



# **HOME Investment Partnerships Program and HOME-American Rescue Plan**

## **Program Manual and Underwriting Guidelines**

Updated September 2024

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## Introduction

Community Development Program of Beaver County administers federal funds received from the US Department of Housing and Urban Development (HUD). The County receives funding under the HOME Investment Partnerships Program (HOME). The County uses the funds to preserve neighborhoods, create and preserve Affordable Housing, and stimulate economic revitalization. The HOME regulations are found at 24 Code of Federal Regulations (CFR) Part 92 and the regulations govern the use of these funds.

As HOME funding is received from HUD, the County will announce the opening of applications for HOME funds which will be made available on an ongoing basis until all funds are committed. Funds will be made available in the form of repayable loans. Applications for funding will be available upon request. Contact Jesse Jamery at [jjamery@beavercountypa.gov](mailto:jjamery@beavercountypa.gov) to request an application.

## Purpose

The purpose of the *HOME and HOME-ARP Program Manual and Underwriting Guidelines* is to identify the County's Affordable Housing policy objectives, describe the activities available to advance the objectives, and describe the manner in which the activities will be evaluated, underwritten, and selected for funding. The guidelines are intended to achieve compliance with federal, state and local regulations and set the standards for all Affordable Housing projects funded by Beaver County.

## Policy Objectives

To receive federal funding under the above-mentioned programs, HUD requires that the County submit a five-year Consolidated Plan, which describes the County's priorities and objectives for each funding source. Additionally, the County must submit an Annual Action Plan for each year of the Consolidated Plan. The Annual Action Plan identifies the activities that will be funded during each fiscal year and the amount of funding allocated to each activity. The County's 2020-2024 Consolidated Plan establishes the policy objectives for the HOME Program. The plan is available for review on HUD's Community Planning and Development website at: <https://cpd.hud.gov/cpd-public/consolidated-plans>

## Disclaimers

Beaver County reserves the right to fund projects at a lower amount than requested, and the right to deny applications that are not consistent with the Consolidated Plan goals and policy direction. The County is under no obligation to consider or fund any proposed project that does not demonstrate compliance with national objectives and eligible activities or local or federal program requirements and does not assist in meeting the County's Affordable Housing policy goals and/or objectives.

The County reserves the right to determine project eligibility and select the funding source to be used for any proposed project. Funding decisions will be based on a variety of factors, not just Application scores. Other factors considered are:

1. How the project aligns with the County's priorities;
2. Operational and management capacity of the Applicant;
3. Financial capacity of the Applicant;
4. Ability to meet loan payment obligations; and
5. Leveraging of additional public and private investments.

The *HOME and HOME-ARP Program Manual and Underwriting Guidelines* is not intended to address every circumstance that may be encountered in the development process, nor is it a verbatim restatement of all regulatory requirements. Omission of any federal or local regulatory requirements does not relieve the County or the Applicant from their respective obligations that may be required by the funding source.

Once a Contract has been executed between the County and the Applicant for the purpose of developing Affordable Housing according to these guidelines, in case of any conflict between the program guidelines and the Contract, the terms of the Contract shall prevail.

HOME program guideline changes as a result of federal, state or local regulatory or legal requirements may be implemented immediately by the Director of the County's Community Development Department. Revision of the program guidelines usually occurs annually; however, additional revisions can be initiated by the Community Development Director at any time. While stakeholder outreach is the goal of the County, such revisions may occur without notice and are applicable to all pending and future Applications. Applicants are responsible for complying with any changes.

## Definitions

The following terms are defined for the purpose of this document:

**Accessible:** As defined by Section 504 of the Rehabilitation Act of 1973, accessible dwelling units or facilities are located on an accessible route and can be approached, entered and used by individuals with physical disabilities. For a housing unit to be classified as accessible, the improvements must meet the Uniform Federal Accessibility Standards (UFAS).

**Acquisition of vacant land:** HOME funds may be used for Acquisition of vacant land only if construction will begin on a HOME project within 12 months of the date of purchase. Construction financing must be secured at the time of Application. A current appraisal is required. Land banking is prohibited.

**Adaptable Units:** Certain elements of a dwelling unit or facility can be added to, raised, lowered or altered to accommodate the needs of individuals with disabilities, or to accommodate the needs of persons with different types or degrees of disability.

**Adjusted Income:** Gross household Income limit that has been modified according to the number of persons residing within a dwelling unit.

**Affordable Housing:** In general, housing for which the household is paying no more than 30 percent of its Income for gross housing costs, including utilities.

**AMI:** Area Median Income as defined by HUD and updated annually. Please consult with the Community Development Program of Beaver County for updated Income tables.

**Annual Income:** The gross amount of Income of all adult household members that is anticipated to be received in the upcoming twelve (12) month period.

**Applicant:** Any eligible entity proposing to acquire and rehabilitate, convert, or construct Affordable Housing utilizing HOME program funds. Eligible Applicants include:

- Non-profit Affordable Housing Developers
- For-profit Affordable Housing Developers
- Certified CHDOs
- Public Housing Authorities (though public housing is not eligible)
- Joint Ventures

**Application:** The completed forms, exhibits, attachments, and any additional documentation requested in the HOME and/ or HOME-ARP Application package. The HOME and HOME-ARP Application is a two-step application process. The initial application is submitted with

preliminary plans and loan commitments. The second application is submitted with final plans and executed financial commitments for underwriting.

**Audit:** Complete and current financial statements that have been Audited by a Certified Public Accountant (CPA) licensed by the State of Pennsylvania. A current Audit is considered to be one that is no more than twelve (12) months from the date the Audit was performed. Non-Federal entities that expend \$750,000 or more of Federal Funds in a year are required to have a Single Audit conducted to include the Audit specifications and requirements described in 2 CFR Part 200, Subpart F.

**Capital Needs Assessment:** Property inspection reports that estimate the future costs of property maintenance, as well as determining the cost to repair any parts of a property that must be fixed urgently. For multifamily rental rehab housing projects of 12 or more total units, the participating jurisdiction must determine all work that will be performed in the rehabilitation of the housing and the long-term physical needs of the project through a capital needs assessment of the project.

**Community Housing Development Organization (CHDO):** A type of Non-profit, community based service organization that has, as part of its mission, the development of Affordable Housing for low- and moderate-income households. HUD requires the organization to meet certain requirements to be classified as a CHDO.

**CHDO Roles:** CHDO set-aside funds may be used by CHDOs for those HOME activities where the CHDO acts as the Developer, sponsor and/or owner of the housing.

**Owner:** The CHDO is an owner when it holds valid legal title to or has a long-term (99-year minimum) leasehold interest in a rental property. The CHDO may be an owner with one or more individuals, corporations, partnerships or other legal entities.

**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. At Project Completion, the CHDO may maintain ownership and manage the project over the long-term, or it may transfer the project to another entity for long-term ownership and management.

**Sponsor:** A CHDO is a sponsor for HOME-assisted rental development project when the CHDO develops a project that it solely or partially owns and agrees to convey ownership to a second Non-profit organization at a predetermined time. The conveyance may take place prior to, during or upon completion of the development phase. The second Non-profit must be identified at the time of Application for HOME funding.

A CHDO is a sponsor for HOME-assisted homeownership units when the CHDO owns a property, then shifts responsibility for the project to another Non-profit at some specified time in the development process. 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.

**CHDO Low-Income Input Process:** Input from the Low-Income community is not met solely by having Low-Income representation on the board. The CHDO must also provide a formal process for low- Income program beneficiaries to advise the CHDO on design, location of sites, development and management of Affordable Housing. The process must be described in writing and must be included in the organization's by-laws or a board resolution.

**Debt Coverage Ratio (DCR):** The ratio of Net Operating Income (NOI) to total Debt Service (DS) during a given time period ( $DCR = NOI \div DS$ ).

**Debt Service:** Required minimum monthly loan payment of principal and interest.

**Davis-Bacon and Related Acts:** Ensures that mechanics and laborers employed in construction work under Federally assisted contracts are paid wages and fringe benefits equal to those that prevail in the locality where the work is performed. This act also provides for the withholding of funds to ensure compliance, and excludes from the wage requirements apprentices enrolled in bona fide apprenticeship programs. Davis-Bacon Act labor standards provisions apply to any contract for the construction of 12 or more HOME-assisted units. (Section 286, National Affordable Housing Act of 1990, as amended.) For additional details regarding the Davis Bacon Act and how it applies to HOME funds, please visit the following link on the HUD Exchange website: <https://www.hudexchange.info/programs/home/>

**Development Costs:** The total costs incurred in the development of a project that are considered reasonable and necessary.

**Developer:** Any individual, association, corporation, joint venture, or partnership, which possesses the capacity to successfully produce affordable multifamily and/or single-family housing.

**Elderly Person:** A person sixty-two (62) years of age or older.

**Eligible Costs:** Project costs that can be paid with HOME funds. Costs include, but are not limited to, costs or partial costs of Acquisition, verifiable hard construction costs, reasonable soft costs, architectural and engineering fees, surveys, market studies, legal fees and materials testing.

**Fair Market Rents:** Rental rates as established and updated periodically by HUD that are determined to be fair, affordable and appropriate rents for a geographical area.

**HOME-Assisted Unit:** The specific unit(s) in a project that is funded with HOME funds. For properties with both assisted and non-assisted units, the program administrator must select “fixed” or “floating” units at the time of project commitment.

**Fixed HOME Unit:** When HOME-assisted units are “fixed,” the specific units that are HOME assisted (and, therefore, subject to HOME rent and occupancy requirements) are designated and never change.

**Floating HOME Unit:** When HOME-assisted units are “floating,” 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. The floating designation gives the owner some flexibility in assigning units and can help avoid stigmatizing the HOME-assisted units. If the floating designation is used, the owner must ensure that the HOME-assisted units remain comparable to the non-assisted units over the affordability period in terms of size, features and number of bedrooms.

**HOME Rents:** Rental rates established by HUD as fair, affordable and appropriate rents for low to moderate Income households within a defined geographical area. HOME Rents apply to HOME-funded projects and are revised annually by HUD. The applicable HOME Rents are provided within this manual.

**Initial HOME Rents:** For rental projects with four (4) or less HOME assisted units, all HOME assisted units must be made available for households at or below 60% of the AMI and utilize the HOME High Rent standard. For rental projects with five (5) or more units, no less than 20% of the units must be made available for households at or below 50% AMI and utilize the HOME Low Rent standard. Furthermore, all remaining HOME assisted units must initially target households at or below 60% of the AMI and utilize the HOME High Rent standard.

**Long Term Rents:** Upon subsequent leases(s) for rental projects with four (4) or less HOME assisted units, all HOME units may be made available for households at or below 80% AMI and may utilize the HOME High Rent standard. For rental projects with five (5) or more HOME assisted units, no less than 20% of the units must remain available for households at or below 50% AMI and utilize the HOME Low Rent Standard. All remaining HOME assisted units may be made available for households at or below 80% AMI and utilize the HOME High Rent standard.

**Homeless and Chronically Homeless:** As defined in The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act) (24 CFR 578.3). An individual who lacks a fixed, regular, and adequate nighttime residence; as well as an individual who has a primary nighttime residence that is a supervised publicly or privately operated shelter designated to provide temporary living accommodations, an institution that provides a temporary residence for individuals intended to be institutionalized, or a public or private place not designed for or



ordinarily used as a regular sleeping accommodation for human beings.

**Household:** All persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements (24 CFR 570.3).

**HUD:** U.S. Department of Housing and Urban Development

**Identity of Interest Transactions:** Identity of interest refers to situations where the owner, Developer or project sponsor control or own the services to be provided in a project, including, but not limited to the general contractor, subcontractor, property manager or other service provider. A declaration of subcontractors or suppliers for which there is an identity of interest through joint ownership with the owner or Developer must be declared in the Application for funding. Failure to declare an identity of interest situation may deem a project ineligible.

**Income:** All reference to "Income" shall mean the Annual Income as defined in 24 CFR 5.609, referred to as "Part 5 Annual Income". Income cohorts are defined below. Income limits are updated annually by HUD and can be found at [HOME Income Limits - HUD Exchange](#)

**Extremely Low Income:** Households whose Income is less than 30% of the median Income for Pittsburgh, PA HUD Metropolitan FMR Area, as determined by HUD, with adjustments for smaller or larger families.

**Low Income:** Households whose Incomes are between 31% and 50% of the median Income for Pittsburgh, PA HUD Metropolitan FMR Area, as determined by HUD, with adjustments for smaller or larger families.

**Moderate Income:** Households whose Incomes are between 51% and 80% of the median Income for Beaver County, PA HUD Metropolitan FMR Area, as determined by HUD, with adjustments for smaller or larger families.

**In-fill Development:** Development or redevelopment of land that is/has been vacant, bypassed, and underutilized but is located within areas that already have infrastructure, utilities, and public facilities. The use of infill development, among others, promotes the best use of resources and also will tend to have a positive impact upon the tax and other fiscal policies.

**Letter of Commitment:** An original executed letter, contract, or agreement from each funding source verifying that the Applicant has a commitment of funds for the project. The commitment letter must include: (a) the amount of funds being provided; (b) any conditions for receiving the funds; (c) expiration of the funds or a timeframe in which the funds must be spent; (d) whether the funds are being provided as a loan or grant; and (e) the term and interest rate, if applicable,

for the funds. Lines of credit and letters of credit are temporary funding and are not considered permanent commitments. All commitments must be submitted at time of Application.

**Liquid Cash Resources:** The County defines Liquid Cash Resources as cash, cash equivalents, an unrestricted line of credit and investments held in the name of the entities and/or persons, including cash in bank accounts, money market funds, U.S. Treasury bills, and equities traded on the New York Stock Exchange or NASDAQ. Certain cash and investments will not be considered Liquid Cash Resources, including, but not limited to: 1) stock held in the Applicant's own company or any closely held entity, 2) investments in retirement accounts, 3) cash or investments pledged as collateral for any liability, and 4) cash in property accounts including reserves.

**Marketing Plan:** A document that provides information on how the Applicant will attract eligible persons from all racial, ethnic, age, and gender groups to the available housing being provided in the particular market area.

**Market Study:** An independent third-party report prepared to review the market conditions in a specified area. It includes a study of the economic forces of supply and demand and their impact on real estate returns, risks, and values.

**Net Operating Income (NOI):** Income stream generated by the operation of the property, independent of external factors such as financing, depreciation, amortization, and Income taxes. A property's yearly gross Income less operating expenses. Gross Income includes both rental Income and other Income such as parking fees, laundry and vending receipts, etc. Operating expenses are costs incurred during the operation and maintenance of a property. They include repairs and maintenance, as well as insurance, management fees, utilities, supplies, property taxes, etc. The following are not operating expenses: principal and interest, capital expenditures, depreciation, Income taxes, and amortization of loan points.

**Non-profit Organization:** A not-for-profit, non-sectarian organization, which is designated by the Internal Revenue Service (IRS) under Section 501(c)(3), as a tax-exempt organization.

**Permanent Housing:** Housing in which the program participant must be the tenant on a lease for a term of at least one year, which is renewable for terms that are a minimum of one month long and is terminable only for cause.

**Permanent Supportive Housing:** Permanent housing in which supportive services are provided to assist special needs populations to live independently.

**Person with a Disability:** A person with a physical or mental impairment that substantially limits one or more major life activities; or a record of such impairment; or is regarded as having such

impairment.

**Program Income:** Gross Income received by the subrecipient directly generated from the use of HOME funds with some exceptions. (24 CFR 570.500 and 24 CFR 92.2)

**Project Completion:** Occurs when all necessary title transfer requirements have been finalized; HOME loan closing documents have been recorded and returned to the County; one hundred percent (100%) of the construction has been completed; a certificate of occupancy (CO) or a certificate of completion has been issued; the final draw down of HOME funds has been disbursed for the project; the Project Completion reports have been submitted to, and approved by, the County; and the project activity has been closed-out in HUD's Integrated Disbursement and Information System (IDIS).

**Rehabilitation:** Essential repairs or improvements to existing structures intended to meet one or more of the following: Uniform Physical Conditions Standards, HUD's Lead-Safe Housing Rule, Section 504 of the Rehabilitation Act, Titles II & III of the Americans with Disabilities Act, the Fair Housing Act, and local codes, ordinances, and zoning requirements.

**Scattered Site Development:** Noncontiguous parcels within the County will be considered one project and cannot be separated into multiple HOME projects regardless of target population. The following requirements must also be met:

- a) All buildings must be under the ownership of one entity;
- b) All buildings must be developed under one plan of financing and considered a single development by all funding sources;
- c) All units must be managed by one management entity;
- d) All sites must be within a 5 mile radius. (i.e. 2 furthest properties cannot be more than 5 miles apart); and
- e) Positive site characteristics will be measured from the parcel with the longest distance; Detrimental site characteristics will be measured from the parcel with the closest distance.

**Section 3:** Section 3 of the Housing and Urban Development Act of 1968 requires that, to the greatest extent feasible, opportunities for training and employment arising from HOME will be provided to Low-Income persons residing in the program service area. Also, to the greatest extent feasible, contracts for work (all types) to be performed in connection with HOME will be awarded to business concerns that are located in or owned by persons residing in the program service area. For more information on the Section 3 requirements for HOME funded activities, please use the following link to the HUD Exchange website: <https://www.hudexchange.info/programs/home/section-3/>

**Single Family Housing:** A one to four-family residence, condominium unit, cooperative unit, or manufactured housing. (24 CFR 92.2 & Building HOME 4-1)

**Special Needs Housing:** Supportive housing that is designed to meet the housing and service needs of a target Special Needs Population and provides Supportive Services for residents.

**Special Needs Populations:** Homeless persons, victims of domestic violence, persons recovering from substance abuse, seniors, veterans and persons with disabilities.

**Supportive Services:** Services provided to individuals with special needs which enable individuals to achieve a greater level of independence and/or self-sufficiency such as health services, housing counseling, employment counseling and referral and other services as defined at 24 CFR Section 882.802.

**Transitional Housing:** Housing where all program participants have signed a lease or occupancy agreement, the purpose of which is to facilitate the movement of Homeless individuals and families into Permanent Housing within 24 months and includes Supportive Services. The program participant must have a lease or occupancy agreement for a term of at least one month that ends in a maximum of 24 months and cannot be extended. Transitional housing is not an eligible use of HOME funding.

**Uniform Physical Condition Standards (UPCS):** The inspection protocol that is used to evaluate the condition of housing.

**Uniform Relocation Assistance and Real Property Acquisition Act 1970 (URA):** The Act provides important protections and assistance for people affected by the Acquisition, Rehabilitation, or demolition of real property for Federal or federally funded projects. This law was enacted by Congress to ensure that people whose real property is acquired, or who move as a direct result of projects receiving Federal funds, are treated fairly and equitably and receive assistance in moving from the property they occupy.

**Displaced Person:** The term "Displaced Person" includes any person (family, individual, business, Non-profit organization or farm), that moves from the real property, or moves his or her personal property from the real property, permanently, as a direct result of Acquisition, Rehabilitation or demolition for a federal or federally assisted project.

## Eligibility

### Eligible Activities

Funding will be available for the following project types:

- Acquisition with rehabilitation of existing units for homeownership or rental opportunities
- Rehabilitation of existing units for homeownership or rental opportunities
- New construction of housing for homeownership or rental opportunities

### Eligible Applicants

The following organizations will be eligible for funding:

- Non-profit Affordable Housing Developers
- For-profit Affordable Housing Developers
- Certified CHDOs
- Public Housing Authorities (though public housing is not eligible)
- Joint Ventures formed by any of the above eligible Applicant types

### Eligible Uses of Funds

Funds may be provided for the following uses:

- Construction Financing
- Permanent Financing
- Gap Financing (repayable)

### Ineligible Activities & Uses of Funds

- Acquisition of vacant land (unless additional financing is committed for the construction of Affordable Housing)
- Demolition (unless new construction is also part of the project)
- Public housing
- Predevelopment Loans
- Payment of delinquent taxes or liens
- Transitional Housing

### **Eligible Properties**

- Property must be located within the Beaver County limits.
- Property may be vacant land or a combination of multiple vacant parcels. All vacant land must be purchased with a specific plan for development. Development must begin within 12 months of land Acquisition.
- Property may be a single building or multiple buildings - on a single site or on scattered sites.
- Property may be privately or publicly owned (with the exception of public housing).

### **Ineligible Properties**

- Public Housing
- Projects assisted under Title VI of NAHA (prepayment of mortgages issued by HUD)
- Commercial Properties (except when converted to residential)
- Homeless Shelters
- Transitional Housing
- Mobile Homes
- Properties previously assisted with HOME funds that are still under the HOME affordability period
- Student Housing

### **Eligible Costs**

- Hard Costs: including Acquisition costs and construction costs.
- Soft Costs: architectural and engineering fees, financing costs, credit reports, title insurance, recording costs, transaction taxes, appraisals, environmental reviews and builder or Developer fees. Project-related soft costs may be awarded on a limited basis and will be at the recommendation of staff and based on need determined during the underwriting review.
- Operating deficit reserve for rental projects, during the initial rent-up period (up to 18-months). The reserve may be used to pay for project operating expenses, scheduled payments to a replacement reserve and debt service.
- Predevelopment Costs: It is outside current policy to deliver award proceeds prior to Acquisition or completion of construction/rehabilitation of the subject property. However, costs incurred prior to settlement of the award may be reimbursed under specific circumstances. If HOME funds are used to pay off a construction loan, bridge financing or guaranteed loan, the payment of principal and interest for such loan is an eligible cost only if:
  - The loan was used for Eligible Costs specified in this section AND
  - The HOME assistance is part of the original financing for the project and the project meets the requirements of the program.

**Ineligible Costs**

Project components may be deemed non-essential elements by the County and therefore removed from the total project cost. Such items may include, but are not limited to: carpeting for kitchens, bathrooms or patios; window treatments; dumbwaiters; greenhouses, hot tubs or whirlpool baths; outdoor fireplaces or hearths; swimming pools or swimming pool decks (except repair of existing); television antennae; tennis courts; or items deemed to be a luxury.

## General Project Requirements

The following are general project requirements for all Applicants seeking funding from the City for housing related projects.

### Threshold Requirements

- Site(s) must be located within the Beaver County limits.
- Project must consist of one (1) or more residential units.
- Site(s) must have adequate access to utilities.
- Acquisition and Rehabilitation or Rehabilitation projects must:
  - Meet the Uniform Physical Conditions Standards (UPCS)
  - Have amenities that will allow it to compete effectively in the local market area as determined by the County
  - Complete a third-party Capital Needs Assessment (CNA) for projects with twelve (12) or more units
- Project must meet HUD environmental review requirements.
- HOME assisted units must be made available to households with Housing Choice Vouchers.
- Project must be completed within four years of funding commitment.

### Site Control

Project Applicants must have control of any site that will receive HOME funding for Acquisition, Rehabilitation and new construction activities. Site control must be documented at the time of Application. To document site control one of the following must be submitted: a deed or other proof of ownership; an executed lease agreement; an executed contract of sale; or an executed option to purchase or lease. Please keep in mind URA regulations apply and must be followed or Applications cannot be considered for funding.

### Appraisal

A property appraisal will be required for projects that will receive HOME funding for Acquisition or where the value of donated land is being considered as part of the project costs. Additionally, all projects proposing homeownership must include an as-built appraisal for each of the proposed homeownership units. The appraisal(s) must be provided at the time of Application submittal. An appraisal cannot be more than six (6) months old. The appraiser must have a current Pennsylvania Appraisers License. Beaver County reserves the right to require an appraisal on completed activities.



### **Reasonable Costs**

The County is responsible for ensuring that the costs are reasonable by examining the sources and uses for each project. Assessment may include comparison to similar projects within the local market, market trend analysis, survey of industry participants, County experience and other third-party sources.

### **Work Write-Ups**

For Acquisition of existing buildings (not slated for demolition) and Rehabilitation, the County must approve work write-ups (i.e., plans and specifications) to determine compliance with HUD's Uniform Physical Conditions Standards and Beaver County Property Rehabilitation Standards. The project cannot be bid, and work cannot begin until approval from the County is received.

### **Cost Estimate**

For Acquisition of existing buildings (not slated for demolition) and Rehabilitation, the County must approve written cost estimates to ensure that the costs are reasonable. The project cannot be bid and work cannot begin until approval from the County is received.

### **Procurement**

Applicants must comply with all applicable federal, state and County procurement requirements. Executed copies of all contracts shall be forwarded to the County. Developers are **not** required to follow the procurement requirements of 2 CFR Part 200.

### **Debarment and Suspension**

Developers, contractors or subcontractors working on a HOME funded project cannot be located on any federal, state or local debarment or suspension list. Prior to awarding a contract, the Developer must provide proof from the federal System for Award Management (SAM) website or secure approval from the County to ensure that the proposed contractor is eligible.

### **Davis Bacon Weekly Payrolls**

If applicable, Davis Bacon payrolls must be submitted weekly on the most current Department of Labor form. The most current Davis Bacon and Labor Standards forms can be found here: [https://www.hud.gov/program\\_offices/davis\\_bacon\\_and\\_labor\\_standards/olrform](https://www.hud.gov/program_offices/davis_bacon_and_labor_standards/olrform)

### **Marketing Plan**

Developers must create an affirmative Marketing Plan to further the County's commitment to

non-discrimination and equal opportunity housing. Affirmative marketing consists of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, gender, religion, familial status, disability, sexual orientation, gender identity, or marital status. Records should be maintained describing actions taken by the Developer to affirmatively market units. Documentation is required by the Fair Housing Act and the County will review the documentation at each monitoring visit but may request to review the documentation annually. Applicants are required to use the most current version of HUD form 935.2a – *Affirmative Fair Housing Market Plan – Multifamily Housing*.

### **Waiver Requests**

The County acknowledges that each project may face unique site, design, financing, population or market constraints for which full compliance may be difficult or impossible. It is intended that such unique constraints are identified during the design process and that the Applicant may request a modification or waiver to specific standards and requirements, which will be reviewed on a case-by-case basis to determine whether specific standards should be modified or waived for reasons and purposes acceptable to the County. Requests for modification or waiver to specific standards must be in writing and document the Applicant's need and unique situation. When such modifications or waivers are granted, additional requirements may be imposed by the County.

## Underwriting Guidelines

HOME funds can be combined with other subsidy sources such as Low Income Housing Tax Credit (LIHTC), Federal Home Loan Bank, etc. However, the HOME Final Rule requires that all other sources of financing for a project be committed to the project prior to committing HOME funds. Therefore, the County cannot accept any proposed, or anticipated to be applied for, funding sources as part of the project's financial structure.

### Loan-to-Value Limits

For Acquisition requests, the loan amount awarded by the County, plus the principal amount of all loans with a senior claim to the subject property shall not exceed 100% of the Acquisition cost or appraised value, whichever is lower.

For new construction and Rehabilitation requests, the loan amount awarded by the County, plus the principal amount of all loans with a senior claim to the subject property shall not exceed 100% of the "as-built" value.

### Subsidy Layering

HUD establishes limits on the amount of HOME funds that may be invested in affordable housing on a per-unit basis. Before committing funds to a project that combines any other sources of financing (local, state, federal, private, etc.), the County must evaluate the project to ensure that the County does not invest any more funds than necessary to provide Affordable Housing. Applicants must demonstrate that they have structured projects to maximize other available financing sources thereby limiting HOME funding to the lowest amount necessary to assure project feasibility.

Additional funding will not be loaned to a project once the project has been completed, as previously defined.

The maximum HOME funding to be awarded to a single project will be limited to \$500,000, not to exceed HOME maximum per-unit subsidy limits. The maximum amount of funding that can be applied to a HOME assisted unit is based upon the Section 234 - Condominium Housing basic mortgage limits, for elevator-type projects, as published each year by HUD. The limits can be found at <https://www.hudexchange.info/resource/2315/home-per-unit-subsidy/>.

### Funding Conditions - Acquisition Phase

Loans for site Acquisition will not be funded unless all pre-conditions of the construction phase funding have also been achieved. Acquisition loans must be recorded in first lien position unless

otherwise approved by the County.

### **Funding Conditions - Construction Phase**

Prior to or concurrently with construction phase funding, the borrower must provide evidence that all other necessary construction-funding sources have been committed and that binding commitments are in place for all sources of permanent financing.

### **Loan Repayment**

HOME funds are secured through an Applicant's execution of a Promissory Note and the recordation of a Mortgage Agreement and related Land Use Restriction Agreement. Repayment may not be required during the Acquisition, construction and lease- up phase. If triggered due to underwriting and subsidy layering analysis, generally, loan repayment will begin 45 days after the Acquisition of existing units. For construction or Rehabilitation projects, loan repayment will begin within 45 days of project stabilization. Stabilization is generally defined as of the last day of the month in which 90% of units have been occupied for a minimum of 90 days.

### **Assignment**

Loans or loan commitments are not assignable without the prior written approval of the County. If the assignment is approved, the assignee must assume all loan obligations including, but not limited to, the affordability requirements.

### **Material Changes**

Any material changes to the project during underwriting or construction must be reported in writing to the County. Failure to do so may constitute an event of default under the terms and conditions of the HOME Contract.

### **Recourse**

Acquisition, construction, and permanent loans are provided on a non-recourse basis and are secured as noted above.

### **Loan Position: Subordination to Senior Debt**

The County's loan may be subordinated to another lender's mortgage lien if subordination is required as a condition of that lender's loan approval; however, all debt on the property must be subordinate to a LURA, as described above. Terms, conditions and covenants of **all** debt instruments recorded against the subject property must be reviewed and approved by the

County prior to disbursement of an award.

### **Debt Coverage Ratio (DCR)**

Applicants must demonstrate that rent proceeds or other funding sources will allow for adequate reserves to meet capital needs for the length of the compliance period. The minimum initial debt coverage ratio shall not be less than 1.15:1, including all amortized project debt. The *maximum* allowable initial debt coverage ratio shall be 1.30:1. The debt coverage ratio must remain above 1.1:1 for the term of the HOME loan.

### **Developer Fee**

A Developer fee is compensation to the Developer for the time and risk involved to develop the project. The fee is based on the size of the project, the total development cost and the risk associated with the project. Developer fees include all amounts received by the Applicant whether characterized as project management, overhead or Developer fee. Consultants are commonly utilized to assist the Developer/owner by providing specific expertise in completing the project. The maximum aggregate allowable Developer and consultant fees are calculated as a percentage of Total Project Costs, less land, project reserves, other cost category adjustments, and the Developer/Consultant Fee category.

Developer fees will be limited to 15% of total development cost, not including the developer fee.

Developer fees that are not deferred may be distributed as follows, subject to the approval of other project lenders, tax credit equity investor, etc.:

- 25% upon 50% construction/Rehabilitation completion benchmark
- 25% upon construction/Rehabilitation completion (50% aggregate)
- 50% upon stable occupancy (90% occupied) and receipt of all tenant certifications for restricted units. (100% aggregate)

### **Replacement & Operating Reserves (Rental Only)**

The amount of required reserves must be specifically approved by the County in the final HOME Contract or through the annual budget review and approval process.

- Annual replacement reserves must be maintained at a rate of \$1,000 per unit per year.
- Initial Operating Reserves must equal to three months of debt service and operating costs.
- Replacement reserves must be kept in a restricted fund and the balance reported

to the County annually.

**Vacancy Rate and Collection Loss**

Annual vacancy rate and collection loss for rental developments shall be no less than 7% for all Income. Developments with project-based vouchers may project a 5% vacancy rate for all residential Income.

**Annual Income Growth**

Annual Income (rent) growth will be projected at a 2% increase per year.

**Annual Operating Expense Growth**

Annual expense growth will be projected at a 3% increase per year

**Per-Unit Operating Cost**

An applicant's proposed annual operating expenses will be reviewed for project and market feasibility and standards. The County shall use the following standard: New Construction - \$4,500 per unit, per year; Acquisition/rehab - \$6,500 per unit, per year.

**Net Operating Income**

Net operating income must be a minimum of \$900 per unit, per year.

## Market Analysis

A market analysis is an evaluation of the economic conditions of supply, demand and rental rates for the type of Low-Income housing development being proposed as well as the rent levels proposed for the project. The analysis must determine the feasibility of the proposed project and state conclusions as to the impact of the property with respect to the determined housing needs. All data presented should reflect the most current information available and the report must provide source data. All steps leading to the calculated figures must be presented in the report. The County will commission a market demand needs analysis which will satisfy this requirement. A copy of the analysis will be made available to the applicant.

## Developer Capacity

The Developer must have the organizational capacity to implement the project. Developer capacity will be evaluated on information demonstrating experience and skills as provided in the funding Application.

### Threshold Criteria

- Applicants and Applicant's team members must have met all contract terms related to previous grants, loans, or loan commitments.
- Applicants must affirm that there are no defaults or negative collection actions relating to any financial obligation, either to Beaver County or to any other public agency or private lender.
- Applicant cannot be on any local, state, or federal debarment list.
- An Applicant, Developer or contractor who is the subject of an open HUD finding must submit an explanation of the circumstances related to the finding and a timeline for resolution.
- The Applicant cannot be:
  - in breach of any prior donation agreement or County code provisions by which the County donated property to the Applicant for the development of Affordable Housing;
  - in breach of any of the conditions or requirements of a County grant award or program;
  - delinquent for Beaver County property taxes on any real properties owned by the Applicant.
  - be delinquent on payment of liens, including code enforcement, nuisance liens, demolition liens, or other county liens or fines, on real property owned by the Applicant and incurred after the Applicant took ownership of the real property;
  - in litigation against the County other than as an agent, attorney, guardian, or personal representative of an estate.

## **Experience**

Considerations include, but may not be limited to, the following skills of the Developer and development team.

- Recent, similar, successful experience
- Similar project location, size, and scope
- Years of experience developing Affordable Housing
- Managing affordable rental projects
- Using multiple funding sources
- Staffing

## **Development Skills**

Considerations include, but may not be limited to, the following skills of a Developer and the development team:

- Project management
- Market analysis
- Site selection and control
- Property management
- Planning and construction
- Design, architecture, engineering
- Legal and accounting
- Federal funding rules
- Other funding source rules

## **Fiscal Soundness**

The Applicant will be asked to provide evidence of financial ability to implement the project. Applicants will be required to provide proof of commitments from other funding sources, current financial statements and proof of sufficient reserves or a line of credit available, if necessary, to complete the project. The County will assess the financial capacity of the Applicant or Applicant group based on their financial statements. Submitted financial statements must meet the following:

- a. Financial statements must have been compiled, reviewed or Audited by an independent CPA licensed by the State of Pennsylvania.
- b. Financial statements must include a balance sheet dated within 90 days of the date of application.
- c. An Applicant or Applicant group must have a minimum of unrestricted Liquid Cash Resources of 20% of the sum of all HOME funds requested in the current HOME cycle.



- d. The County defines Liquid Cash Resources as cash, cash equivalents, an unrestricted line of credit and investments held in the name of the entities and/or persons, including cash in bank accounts, money market funds, U.S. Treasury bills, and equities traded on the New York Stock Exchange or NASDAQ. Certain cash and investments will not be considered Liquid Cash Resources, including, but not limited to: 1) stock held in the Applicant's own company or any closely held entity, 2) investments in retirement accounts, 3) cash or investments pledged as collateral for any liability, and 4) cash in property accounts including reserves. All Liquid Cash Resources must be identified in the submitted financial statement.
- e. If no individual member of an Applicant group meets the minimum financial requirements, then members may combine assets to meet the requirements by including a combined schedule in addition to their individual statements.
- f. The County reserves the right to verify information in the financial statements and all financial capacity statements made by Applicants, lenders, accountants, and others. If false statements are found to have been made at any point in time, all entities and/or persons associated with the Application will be debarred from all County programs for three (3) year

## Site Selection and Neighborhood Capacity

The determination of the site location is a very important part of the project preparation process and should not be overlooked. A well-chosen site location can significantly increase the success of the project. Issues to consider include orientation, access to water and sewer, gas and/or electric utilities, storm-water management, access to public transportation, proximity to employment and proximity to community amenities.

## Development Requirements

### **Minimum Units**

The minimum number of HOME units for any proposed project is one (1) unit.

### **Building Codes & Zoning Compliance**

All projects must conform, at minimum, to prevailing building codes and standards as well as all zoning requirements of Beaver County. Proper zoning must be in place at the time of Application.

### **Capital Needs Assessment**

Per, 24 CFR 92.251(b)(1)(ix), for the Acquisition of existing multi-family structures with twenty six (26) or more units, not slated for demolition, and Rehabilitation projects with twenty six (26) or more units, a Capital Needs Assessment (CNA) per the Uniform Physical Condition Standards (UPCS) must be completed. The CNA must identify the useful life of major systems to include: structural support, roofing, cladding, weatherproofing (windows, doors, siding, gutters), plumbing, electrical, heating, ventilation and air conditioning. If the remaining useful life is less than the compliance period, a replacement reserve as well as a replacement schedule is required to ensure the items can be adequately maintained and addressed throughout the compliance period. The CNA must be conducted by a qualified third party that is independent of the Developer.

### **Sustainability and Energy Efficiency**

Designing and locating Affordable Housing with sustainable design and green building in mind will ensure efficient land use, reduce energy costs and add to the appeal of the property. It is important to the County that housing positively contributes to the environmental health of our residents and neighborhoods by decreasing energy and water usage, reducing operating and maintenance costs and improving the efficiency and longevity of the building system. Construction projects of new and existing buildings must be designed and constructed to be energy and water efficient, reducing tenant costs while improving the structure's sustainability.

- Appliances, mechanical systems, windows, doors, insulation must meet Energy Star standards.
- Toilets, faucets, shower heads must meet the Water Sense low volume standards.

Per the 2024 proposed HOME Rule, the County will have the ability to exceed the maximum per-unit subsidy described in § 92.250(a) by 5 percent for a project that meets one of the acceptable Green Building standards, as outlined by HUD. The County will assess each individual project's ability to meet the Green Building standards on a case-by-case basis and consider this when determining how much funding will be allocated to a project.

### **Accessible and Adaptable Units**

Assistance may not be provided for the Acquisition of multi-family units that will not allow a portion of the units to be made Accessible to persons with disabilities. Projects incorporating

five (5) or more units must contribute to increasing the number of Accessible and/or Adaptable Units through the following *minimum* requirements:

#### Acquisition of Existing Units (no demolition) and Rehabilitation Projects

- At least one (1) or 10%, whichever is greater, of all units rehabilitated must be made Accessible for persons with mobility disabilities.
- Additionally, at least (1) unit or 2%, whichever is greater, of all units rehabilitated must be made adaptable for persons with hearing and/or visual disabilities.

#### New Construction

- At least one (1) or 10%, whichever is greater, of all new units must be made Accessible for persons with mobility disabilities.
- Additionally, at least (1) unit or 2% of all new units must be made Accessible to accommodate the needs of persons with hearing and/or visual disabilities.

#### Distribution of Accessible Units

- To the greatest extent possible, Accessible dwelling units should be distributed throughout the project and should be available in a sufficient range of sizes and amenities.
- The choice of an individual with a disability should be comparable to that of other prospective tenants.
- Accessible dwelling units should not be concentrated in one area of the property
- An elevator does not have to be installed for the sole purpose of allowing Accessible units to be located above the ground floor.

#### **Occupancy of Accessible Dwelling Units Policy**

Owners/managers of projects that have Accessible units should ensure that information regarding the Accessible units reaches individuals with disabilities. Additionally, owners/managers should take non-discriminatory steps to maximize the utilization of Accessible units by qualified individuals with disabilities. This can be done by maintaining a waiting list for Accessible units and offering vacant Accessible units to Applicants in the following order:

1. To a current occupant of another unit in the same property or other comparable property within the owner/manager's control, who has a disability requiring the accessibility of the vacant unit and who currently occupies a unit that does not have the accessibility features.
2. To a qualified Applicant on the waiting list who has a disability requiring the accessibility features of the vacant unit.
3. To a qualified Applicant who does not have a disability requiring the accessibility features of the unit; however, the owner/manager may incorporate language in the

lease that the Applicant will agree to move to a non-Accessible unit when one becomes available.

### **Development in the Floodplain**

Affordable Housing development will not be allowed within any local or federally-designated 100-year floodplain. Development within the 500-year floodplain may be permitted. Applicants with a site located in the 500-year floodplain are strongly encouraged to contact the County early in the planning process for assistance with the potential environmental impacts of the site location and required procedures for approval.

## Federal Requirements

Applicants must comply with all state and federal regulations related to the construction, rehabilitation, or provision of housing. These regulations include, but are not limited to:

- Home Investment Partnerships Program – HOME
- Title III of the Americans with Disabilities Act (ADA) of 1990
- Section 504 of the Rehabilitation Act of 1973
- Architectural Barriers Act of 1968 – ABA
- Fair Housing Act
- Davis-Bacon and Related Acts
- Copeland Anti-Kickback Act of 1934
- Conflict of Interest Requirements
- Identity of Interest Transactions
- The National Environmental Policy Act (NEPA) \*
- The Lead-Based Paint Poisoning Prevention Act and Lead Safe Housing Rule
- Uniform Administrative Requirements (UAR) 2 CFR 200
- Section 3 - Economic Opportunities for Low and Very Low Income Persons
- Uniform Relocation Assistance and Real Property Acquisition Policies Act – URA\*\*

\*Compliance with the National Environmental Policy Act requires the limitation of certain activities from the time of initial contact with the County to the completion of the environmental review process. Specifically, no activity shall be undertaken prior to completion of the environmental review that would have an adverse environmental impact or limit the choice of reasonable alternatives. Choice limiting activities include real property Acquisition, repair, Rehabilitation, construction, demolition, and site clearance.

\*\*Compliance with the URA begins at the time of initial contact with the County. All projects involving Acquisition, Rehabilitation, or demolition are subject to the URA and Section 104(d). In order to avoid ineligibility for funding, applicants are encouraged to schedule a pre-application conference with County staff to discuss the project and the compliance requirements that may apply.

## Application Submission and Evaluation Process

The project underwriting procedure follows these steps:

- ☐ Application Submission (two-step process)
- ☐ Application Evaluation
- ☐ Meeting(s) with applicant and staff
- ☐ Environmental Review
- ☐ Additional documentation needed for underwriting requested
- ☐ Contract negotiation and final underwriting
- ☐ Written Agreement/Commitment
- ☐ Disbursement
- ☐ Reporting
- ☐ Monitoring and Inspections

### Application Submission and Requirements

Applications must be submitted directly to the HOME program manager via email. Applications submitted via email must include:

- Completed application workbook
- Completed application checklist
- All required documentation

Applicants will also be required to complete a paper copy of the application coversheet and conflict of interest form. Paper forms must include wet signatures. Contact the HOME program manager to coordinate drop off and signing of the application coversheet and conflict of interest form.

Please refer to the Application checklist to ensure that a proposal is complete and please follow the submission requirements. Note that any commitments entered into by the Applicant prior to an award of funds do not constitute a rationale for an award. Applicants are therefore advised to ensure any and all agreements dependent on an award of County funding contain adequate escape mechanisms to minimize adverse consequences in the event funding is not available or the proposal is not awarded funds.

Applications will be accepted on a rolling basis.

### Application Evaluation

- 1. Initial review.** County staff ensures that the application is complete and the basic mandatory evaluation criteria are met. The mandatory criteria are designed to meet local, state and federal compliance requirements and County objectives. Incomplete applications

will be returned to applicants identifying the deficiencies. The application will not be eligible for further consideration until a complete application is submitted.

- 2. Staff analysis.** County staff reviews the initial applications that meet mandatory evaluation criteria and prepares a staff analysis. Staff will meet with the applicant to ask clarifying questions and gather additional details concerning the project. Staff may conduct a tour of the subject site or property, obtain additional information from outside sources and/or consult with other departments within the County.
- 3. Final Decision.** Applicants may then be considered for contract negotiations and final underwriting. **Applicants submit an updated application with final development plans and executed financial commitments for underwriting.** Applications are approved or denied by the Application Review Team, a panel of County staff knowledgeable in the development process. Final approval is subject to environmental clearance.

## **Relocation**

The federal requirements for relocation of households or businesses are extensive and extremely complex. The County discourages permanent relocation of households or businesses.



## Award Notification & Post Award Instructions

The County will notify the Applicant of a decision to enter into contract negotiations and final underwriting. Unless provided in writing by the County, no person or organization shall construe any discussions or written information provided by County staff to constitute an acceptable Application or an obligation or commitment for funding.

### Environmental Review

All projects must undergo environmental review. The National Environmental Policy Act requires the limitation of certain activities from the time of initial contact with the County to the completion of the environmental review process. Specifically, no activity shall be undertaken prior to completion of the environmental review that would have an adverse environmental impact or limit the choice of reasonable alternatives. Choice limiting activities include real property Acquisition, repair, Rehabilitation, construction, demolition, and site clearance.

Environmental review can begin with the submission of the development plan. It generally will not begin sooner. The review can take 90 - 120 days to complete. The County reserves the right to require, at Applicant's expense, a Phase I Environmental Site Assessment for new developments on vacant land and rental projects involving five (5) or more units.

### Written Agreement/Commitment

Once Applicants have been notified of funding approval, the County will complete the environmental review and provide notice of any required mitigation measures as a condition of the funding commitment. Developers may not begin work on a project until they are given a written notice to proceed. Applicants will be provided a copy of the draft agreement documents for review and comment.

A County funding agreement includes the following documents:

- HOME Contract
- Promissory Note
- Mortgage and Security Agreement
- Land Use Restriction Agreement (LURA)
- Inter-creditor Agreement

Developers that are required to comply with the Davis Bacon prevailing wage regulations as a condition of the commitment, must schedule a pre-construction conference to ensure the development team and contractor understand the prevailing wage monitoring and include the appropriate provisions in the construction contracts.

## **Loan Closing**

In preparation for loan closing, County staff will perform the following:

1. Verification of closing conditions: review the Contract, Promissory Note, Mortgage Agreement, and Land Use Restriction Agreement to ensure that the borrower has complied with all pre-conditions of funding and provided necessary documentation.
2. Circulate for signatures: The County will provide all documents required for the commitment of funds to the project, collect signatures from the borrower, and forward the documents to the appropriate County Official for final signatures.
3. Funding: prior to execution of the Funding Agreement, the Applicant must provide the County with the following:
  - Certified copies of executed loan documents from all funding sources
  - Proof of current property tax payments
  - Proof of insurance meeting County insurance requirements
  - Title insurance meeting County standards

## **Disbursement**

Prior to the draw of any funds, County-required legal documents must be executed and the Applicant must demonstrate that all funding conditions have been satisfied. HOME funds will be released on a reimbursement basis only as will be outlined in the HOME Contract. The timing and method of disbursements will be determined through project underwriting and outlined in the Contract.

## **Reporting**

HOME-assisted projects require long-term commitments by the owner/Developer. Reporting will be required during the contract period as well as through the affordability period for rental projects. These requirements will be outlined in detail in the HOME Contract. Should the Applicant fail to produce the required reporting in a timely manner or as prescribed, the County may consider this a default of the Contract and any associated loan documents.

## Long Term Affordability Requirements

Income and rent restrictions are required for all HOME-assisted units for a period of time known as the “affordability period.” The affordability period is enforced using a legally binding deed restriction recorded with Beaver County Recorder of Deeds, that assures that a specified number of units meet certain affordability restrictions for the specified period of affordability. The affordability period begins upon issuance of a Certificate of Occupancy for new construction or upon completion of rehabilitation. The affordability period will remain in effect per the agreement, term of the loan or compliance period, whichever is greater.

### Affordability Requirements for HOME funded Rental Developments

The County will record a mortgage for the amount of HOME assistance provided for rental properties that are acquired or rehabilitated with HOME funds. The affordability requirements will be enforced through a deed restriction that will be in force throughout the term of the affordability period. The deed restriction will be recorded in compliance with Pennsylvania recordation laws.

Per HOME regulations, the affordability for rental housing project will be as follows:

Rental Housing Activity	Period of Affordability
Rehabilitation or acquisition of existing housing: under \$15,000 of HOME funds per unit	5 years
Rehabilitation or acquisition of existing housing: \$15,000 to \$40,000 of HOME funds per unit	10 years
Rehabilitation or acquisition of existing housing: over \$40,000 of HOME funds per unit or rehabilitation involving refinancing	15 years
New construction	20 years

Please note that the repayment of the HOME loan does not terminate the affordability period.

Homeownership Assistance	Period of Affordability
Under \$15,000 in assistance	5
\$15,000 to \$40,000 in assistance	10
Over \$40,000 in assistance	15

For homeownership activities, the affordability period will be determined based the amount of Direct Subsidy provided to the project.

### **Affordability Requirements for HOME funded Homeownership Activities**

The County will utilize recapture provisions to enforce the affordability requirements for homeownership activities.

The recapture requirements will ensure that, if the housing does not continue to be the principal residence of the family for the duration of the period of affordability (if the property is sold, transferred, or otherwise ceases to be the principal residence of the HOME-assisted buyer) the funds invested in the unit will be returned to the County upon the sale of the home.

The recapture provision will be enforced through a Mortgage Agreement and Promissory Note that will be in force throughout the term of the affordability period. These documents will be recorded in compliance with Pennsylvania recordation laws.

### **Income Determination Method**

An Applicant must determine Income eligibility of each household using 24 CFR Part 5, commonly referred to as the “Section 8” method or “Part 5” method. A Part 5 Income Worksheet, and [\*HUD’s Technical Guide to Determining Income for the HOME Program\*](#) may be found on the HUD Exchange website: <https://www.hudexchange.info>

The most current HUD Area Median Income Limits can be found here: <https://www.hudexchange.info/programs/home/home-income-limits/> . Please contact the County for questions concerning Income calculations.

### **Income Recertification Schedule (Rental Only)**

The Applicant must adopt a schedule for annual recertification of tenant Income and a copy must be provided to the County. Income can be recertified on the anniversary of the original Income evaluation, at lease renewal, or on an annual schedule whereby all tenants are recertified during the same month. Recertification of Income eligibility must be conducted by collecting source documentation annually.

- Rent restrictions must be strictly enforced during the compliance period.
- All new tenants must meet the Income limits established by the County.
- Serving lower percentages of AMI will be evaluated and required on a case-by-case basis but needs to ensure the project will cash flow. If a tenant pays utilities, the maximum allowable rents must be reduced by the amount of the applicable utility allowance.

### **Rent Restrictions: Maximum HOME Rent Limits**

As per 24 CFR Part 92.252 (b) the maximum rent charged cannot exceed the High HOME Rent as published by HUD. The most current HOME Rent Limits can be found here: <https://www.hudexchange.info/programs/home/home-rent-limits/>

In rental projects with five or more HOME-assisted rental units, at least 20 percent of the HOME-assisted units must be occupied by very low-income families and meet one of the following rent requirements:

- (1) The rent does not exceed 30 percent of the annual income of a family whose income equals 50 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families. HUD provides the HOME rent limits which include average occupancy per unit and adjusted income assumptions.
- (2) The rent does not exceed 30 percent of the family's adjusted income. If the unit receives Federal or State project-based rental subsidy and the very low-income family pays as a contribution toward rent not more than 30 percent of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the Federal or State project-based rental subsidy program.

### **Temporary Exceptions to Rent Limitations**

The following are exceptions to the rent restrictions stated above:

- If the project is occupied at the time HOME assistance is awarded to the project, existing tenants who earn more than the Income limits stated above must pay no more than 30% of their Adjusted Income in rent and utilities.
- If a tenant is residing in a designated HOME assisted unit and the tenant's Income increases to more than the unit's Income restriction during the term of the lease, the tenant must pay no more than 30% of their adjusted gross income in rent and utilities. The rent must be adjusted at the annual recertification.
- Only when the tenant chooses to leave or not renew the lease, the unit must then be rented to a new tenant who meets the Income limits. Vacancies should be filled with Income qualifying tenants to bring the project back into compliance with the affordability requirements. County policy is that tenants should not be displaced if their Income increases to a level higher than the eligible household Income during the lease term.

## Monitoring & Inspections

### Monitoring Rental Projects

After a project has been completed and all funds have been drawn, the awardee will submit annual reports in compliance with the funding agreement or loan covenant. Delinquent reporting could result in disqualification from future funding opportunities.

During the review process an analysis of randomly selected client files will confirm compliance with resident eligibility and documentation standards. A written summary will be sent to the awardee within thirty days of the site review. A determination of noncompliance will be communicated to the awardee in writing with the required corrective actions and the cure period. Non-compliance may constitute a breach under the Contract and will result in disqualification from future funding opportunities.

Projects will be inspected regularly based on HOME program requirements and the County's policies and procedures for HOME funded projects. At a minimum, projects will be inspected (onsite) as follows:

<b>Frequency of On-Site Property Inspections During the Affordability Period</b>	
<b>Number of Units</b>	<b>Inspection Required</b>
1-4 units	Every 3 years
5-25 units	Every 2 years
26 or more units	Annually

### Monitoring Homeownership Projects

For homeownership projects, the County will annually confirm that the property is still being utilized as the primary residents for the assisted buyer. The County will employ one of the following methods to confirm that the unit is still the homebuyer's principal residency:

- Utility Bills – verify the name and address of record for utilities
- Mail Service – the county will send a mailer to each homebuyer on an annual basis to ascertain from the post office whether mail is delivered to the address or if a forwarding address has been filed
- Tax records – the county will check the address to which the bill for property taxes is mailed
- Inspection – the County may perform an on-site inspection to ensure the homebuyer resides at the property.

# Community Housing Development Organizations (CHDOs)

## CHDO Definitions and Overview

A Participating Jurisdiction (PJ) is any state, local government or County that has been designated by HUD to administer a HOME Program. Beaver County is the PJ and the HOME Program is administered by Community Development Program of Beaver County.

At a minimum, each PJ must commit 15% of its HOME allocation to certain eligible activities to be undertaken by CHDOs. The CHDO set-aside provides equity for community-based organizations to undertake projects, build their capacity to serve a broad range of Affordable Housing needs, and provide guaranteed resources for Affordable Housing development.

Please note that qualification is only one step in the overall funding process. PJs separately determine an agency's eligibility for the various benefits of being a CHDO. Just because an agency is qualified does not entitle it to any CHDO funding.

An agency must maintain and be able to certify its CHDO status for the entire life of a project. PJs will continue to require agencies to update CHDO documentation and certification when there are open CHDO projects, including rental projects within the required compliance period.

In addition, keep in mind that "success" as a CHDO Developer is not determined by whether it has qualified as a CHDO, but whether it has the capability to undertake and manage housing development projects. Tool 4 in Part III of the [CHDO Survivor Kit](#) combines the CHDO qualification standards (those items in the list where the "deficiency" column is grayed out) with some of the capacity measures used to determine a CHDO's success as a Developer. Qualification is just the first step toward becoming a CHDO.

The CHDO Certification process is governed by Housing and Urban Development regulations as stated in Title 24 of the Code of Federal Regulations part 92 Chapter 3; however, additional requirements for certification are at the discretion of the PJ.

## CHDO Qualifications

The County must certify that an organization qualifies as a CHDO. A CHDO must meet certain requirements pertaining to its:

- Legal status
- Organizational Purpose & Structure
- Organizational Capacity
- Staff Experience

The County must annually recertify its CHDO(s) each year that the CHDO is awarded funding.

### **Legal Status**

Organized under state/local law: CHDOs must be organized under state and local law. The CHDO must provide documentation of its legal status.

### **Organizational Purpose & Structure**

Purpose of organization: Provision of decent housing that is affordable to low- and Moderate-Income persons must be among the purposes of the organization. This commitment must be evidenced in the CHDO's:

- charter;
- articles of incorporation;
- bylaws; or
- a resolution of the CHDO's board of directors.

No individual benefit: No part of the CHDO's earnings (profits) may benefit any members, founders, contributors or individuals.

Clearly defined service area: A CHDO must have a clearly defined geographic service area.

Nonprofit status: CHDOs must have received a tax-exempt ruling from the IRS under Section 501(c)(3) of the Internal Revenue Code of 1986 in order to be designated by the PJ as a CHDO.

A CHDO is intended to respond to the community's needs. The structure of the board of directors of a CHDO is viewed as the main indicator of community control over the CHDO.

CHDO Board of Directors: The CHDO board must be composed as follows:

- At least one-third must be
  - Residents of low-income neighborhoods
  - Other low-income community residents, or
  - representatives of the Low-Income community, including representatives of



organizations addressing housing or supportive service needs in low-income areas.

- No more than one-third may be composed of officials or employees of the County. This limitation is intended to ensure that separation exists between PJs and CHDOs, and that CHDOs are indeed community-based and community-controlled organizations.
- The balance of the board is unrestricted.

Low-Income input: Input from the Low-Income community is not met solely by having Low-Income representation on the board. A CHDO must also provide a formal process for Low-Income beneficiaries to advise the CHDO on project needs. The process must be in writing and must be included in the organization's by-laws or adopted by board resolution.

### **Organizational Capacity & Experience**

A CHDO must demonstrate that it has, at a minimum, one year of experience serving the community where it intends to develop HOME-assisted housing. In addition, the PJ requires proof of the production (Acquisition/rehab/resale or rental, Acquisition/new construction of rental housing or Single-Family Housing for homeownership) of affordable housing in the recent past. Proof provided must be in the form of staff resumes, job descriptions, and records of past projects.

Newly created organizations, one year or less than one year 501(c)(3) status, wishing to become CHDOs can meet this requirement if the parent (or sponsoring) organization is a non-profit and has provided services to the community for at least one year.

To qualify as a CHDO, a Non-profit must have paid staff whose experience qualifies them to undertake CHDO set-aside activities. Capacity cannot be demonstrated by use of a consultant, except in the first year that a CHDO becomes certified. CHDOs must demonstrate the capacity of its key staff to carry out the HOME assisted activities it is planning. This means that CHDOs must have experienced key staff members who have successfully completed projects similar to those proposed by the CHDO.

The capacity and experience of volunteers who are board members or officers of the CHDO may be considered when determining whether an organization meets CHDO capacity requirements. Additionally, CHDOs acting in the developer sponsor role may share the role with another entity that can augment the development team's capacity, provided that the CHDO maintains decision-making authority, including:

- site selection
- obtaining permit approvals and all project financing
- selecting architects, engineers, general contractors
- overseeing project progress
- determining reasonable costs
- identifying eligible homebuyers and overseeing sale of housing

## CHDO Proceeds

Community Housing Development Organizations (CHDOs) that receive funds from the County's HOME Investment Partnerships Program must manage any proceeds generated from the use of HOME funds in accordance with federal regulations and the County's established policies. CHDO proceeds typically include revenues from the sale, lease, or other disposition of properties developed or rehabilitated with HOME funds, as well as any operating income generated by rental housing funded through the program.

CHDO proceeds may be used by the CHDO for additional eligible HOME activities, subject to the County's approval. Eligible activities include the development or rehabilitation of affordable housing for low-income households or other related costs such as maintenance and operating expenses for properties funded through the HOME program. The use of proceeds must align with the goals outlined in the County's ConPlan and AAP.

CHDOs must track and report all proceeds received from HOME-funded activities. The County requires CHDOs to submit annual financial reports detailing the receipt and use of these proceeds. CHDOs must maintain records that provide a clear audit trail for all transactions involving HOME proceeds, ensuring that these funds are utilized for eligible activities and in compliance with federal guidelines.

The County will conduct regular reviews of CHDO proceeds to ensure compliance with applicable regulations. If a CHDO fails to use the proceeds for eligible activities or does not follow the County's reporting procedures, the County reserves the right to recapture the funds. In such cases, recaptured proceeds will be returned to the County's HOME Program fund for future eligible activities.

## CHDO Affordability Requirements

CHDOs that receive HOME funding must adhere to affordability requirements for all assisted housing units. These requirements ensure that housing developed, rehabilitated, or otherwise supported with HOME funds remains affordable to low-income households over a specified period, as outlined by federal regulations and the County's HOME program policies.

The length of the affordability period is determined by the amount of HOME assistance provided and the nature of the housing activity. Long-term affordability requirements are described on pages 36 – 38 of the manual. CHDOs must maintain the affordability of these units for the full duration of the applicable period.

The County will conduct ongoing monitoring to ensure CHDO compliance with affordability requirements throughout the affordability period. CHDOs must submit annual reports detailing tenant incomes, rent levels, and other relevant data. Noncompliance with affordability requirements may result in penalties, including repayment of HOME funds or the imposition of corrective actions to restore compliance.

CHDOs may implement affordability requirements for homeownership activities in their own mortgage

documents, as is common practice with Habitat for Humanity organizations. If the CHDO does not have the capacity to do so, then the County will follow the same process of ensuring affordability as they do with non-CHDO developers.

## Appendix A - HOME-American Rescue Plan (HOME-ARP)

### Introduction

On March 11, 2021, President Biden signed the American Rescue Plan (ARP) into law, which provides over \$1.9 trillion in relief to address the continued impact of the COVID-19 pandemic on the economy, public health, State and local governments, individuals, and businesses. To address the need for homelessness assistance and supportive services, Congress appropriated \$5 billion in ARP funds to be administered through HOME to perform four activities that must primarily benefit qualifying individuals and families who are homeless, at risk of homelessness, or in other vulnerable populations. These activities include: (1) development and support of affordable housing, (2) tenant-based rental assistance (TBRA), (3) provision of supportive services; and (4) acquisition and development of non-congregate shelter units.

### Eligible Beneficiaries

ARP requires that funds be used to primarily benefit individuals and families in the following specified “**qualifying populations**.” Any individual or family who meets the criteria for these populations is eligible to receive assistance or services funded through HOME-ARP without meeting additional criteria (e.g., additional income criteria). One hundred percent of HOME-ARP funds used by a PJ for supportive services, and acquisition and development of non-congregate shelter units must benefit individuals and families in qualifying populations.

### Homeless

Homeless, as defined in 24 CFR 91.5 *Homeless* (1), (2), or (3):

1. An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:
  - a. An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;
  - b. An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); or
  - c. An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;

2. An individual or family who will imminently lose their primary nighttime residence, provided that:
  - a. The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance;
  - b. No subsequent residence has been identified; and
  - c. The individual or family lacks the resources or support networks, e.g., family, friends, faith-based or other social networks needed to obtain other permanent housing;
3. Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:
  - a. Are defined as homeless under section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)), or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a);
  - b. Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately preceding the date of application for homeless assistance;
  - c. Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and
  - d. Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment;

## At Risk of Homelessness

At risk of Homelessness, as defined in 24 CFR 91.5 *At risk of homelessness*:

1. An individual or family who:
  - a. Has an annual income below 30 percent of median family income for the area, as determined by HUD;
  - b. Does not have sufficient resources or support networks, e.g., family, friends, faith based or other social networks, immediately available to prevent them from moving to an emergency shelter or another place described in paragraph (1) of the “Homeless” definition in this section; and
  - c. Meets one of the following conditions:
    - i. Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;
    - ii. Is living in the home of another because of economic hardship;
    - iii. Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;
    - iv. Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by federal, State, or local government programs for low-income individuals;
    - v. Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 people per room, as defined by the U.S. Census Bureau;
    - vi. Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or
    - vii. Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved consolidated plan;
2. A child or youth who does not qualify as “homeless” under this section, but qualifies as “homeless” under section 387(3) of the Runaway and Homeless Youth Act (42 U.S.C. 5732a(3)), section 637(11) of the Head Start Act (42 U.S.C. 9832(11)), section 41403(6) of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2(6)), section 330(h)(5)(A) of the Public Health Service Act (42 U.S.C. 254b(h)(5)(A)), section 3(l) of the Food and Nutrition Act of 2008 (7 U.S.C. 2012(l)), or section 17(b)(15) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)(15)); or
3. A child or youth who does not qualify as “homeless” under this section but qualifies as “homeless” under section 725(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a(2)), and the parent(s) or guardian(s) of that child or youth if living with her or him.

## Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking

For HOME-ARP, this population includes any individual or family who is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking. This population includes cases where an individual or family reasonably believes that there is a threat of imminent harm from further violence due to dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return or remain within the same dwelling unit. In the case of sexual assault, this also includes cases where an individual reasonably believes there is a threat of imminent harm from further violence if the individual remains within the same dwelling unit that the individual is currently occupying, or the sexual assault occurred on the premises during the 90-day period preceding the date of the request for transfer.

1. **Domestic violence**, which is defined in 24 CFR 5.2003 includes felony or misdemeanor crimes of violence committed by:
  - a. A current or former spouse or intimate partner of the victim (the term "spouse or intimate partner of the victim" includes a person who is or has been in a social relationship of a romantic or intimate nature with the victim, as determined by the length of the relationship, the type of the relationship, and the frequency of interaction between the persons involved in the relationship);
  - b. A person with whom the victim shares a child in common;
  - c. A person who is cohabitating with or has cohabitated with the victim as a spouse or intimate partner;
  - d. A person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving HOME-ARP funds; or
  - e. Any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction.
2. **Dating violence** which is defined in 24 CFR 5.2003 means violence committed by a person:
  - a. Who is or has been in a social relationship of a romantic or intimate nature with the victim; and
  - b. Where the existence of such a relationship shall be determined based on a consideration of the following factors:
    - i. The length of the relationship;
    - ii. The type of relationship; and
    - iii. The frequency of interaction between the persons involved in the relationship.
3. **Sexual assault** which is defined in 24 CFR 5.2003 means any nonconsensual sexual act proscribed by Federal, Tribal, or State law, including when the victim lacks capacity to consent.

4. **Stalking** which is defined in 24 CFR 5.2003 means engaging in a course of conduct directed at a specific person that would cause a reasonable person to:
  - a. Fear for the person's individual safety or the safety of others; or
  - b. Suffer substantial emotional distress.
5. **Human Trafficking** includes both sex and labor trafficking, as outlined in the Trafficking Victims Protection Act of 2000 (TVPA), as amended (22 U.S.C. 7102). These are defined as:
  - a. *Sex trafficking* means the recruitment, harboring, transportation, provision, obtaining, patronizing, or soliciting of a person for the purpose of a commercial sex act, in which the commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such act has not attained 18 years of age; or
  - b. *Labor trafficking* means the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.



## Other Populations

Other Populations where providing supportive services or assistance under section 212(a) of NAHA (42 U.S.C. 12742(a)) would prevent the family's homelessness or would serve those with the greatest risk of housing instability. HUD defines these populations as individuals and households who do not qualify under any of the populations above but meet one of the following criteria:

1. Other Families Requiring Services or Housing Assistance to Prevent Homelessness is defined as households (i.e., individuals and families) who have previously been qualified as "homeless" as defined in 24 CFR 91.5, are currently housed due to temporary or emergency assistance, including financial assistance, services, temporary rental assistance or some type of other assistance to allow the household to be housed, and who need additional housing assistance or supportive services to avoid a return to homelessness.
2. At Greatest Risk of Housing Instability is defined as household who meets either paragraph (i) or (ii) below:
  - a. has annual income that is less than or equal to 30% of the area median income, as determined by HUD and is experiencing severe cost burden (i.e., is paying more than 50% of monthly household income toward housing costs); 8
  - b. has annual income that is less than or equal to 50% of the area median income, as determined by HUD, AND meets one of the following conditions from paragraph (iii) of the "At risk of homelessness" definition established at 24 CFR 91.5:
    - i. Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;
    - ii. Is living in the home of another because of economic hardship;
    - iii. Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;
    - iv. Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by Federal, State, or local government programs for low-income individuals;
    - v. Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 persons reside per room, as defined by the U.S. Census Bureau;
    - vi. Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or

- vii. Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved consolidated plan

Veterans and Families that include a Veteran Family Member that meet the criteria for one of the qualifying populations described above are eligible to receive HOME-ARP assistance.

## Eligible Activities

### HOME-ARP Rental Housing

HOME-ARP funds may be used to acquire, rehabilitate, or construct affordable rental housing primarily for occupancy by households of individuals and families that meet the definition of one or more of the qualifying populations.

Eligible HOME-ARP rental housing includes “housing” as defined at 24 CFR 92.2, including but not limited to manufactured housing, single room occupancy (SRO) units, and permanent supportive housing. Emergency shelters, hotels, and motels (including those currently operating as non-congregate shelter), facilities such as nursing homes, residential treatment facilities, correctional facilities, halfway houses, and housing for students or dormitories do not constitute housing in the HOME-ARP program. However, HOME-ARP funds may be used to acquire and rehabilitate such structures into HOME-ARP rental housing.

### Eligible Costs

HOME-ARP funds may be used to pay for up to 100% of the following eligible costs associated with the acquisition, development, and operation of HOME-ARP rental units:

1. Development hard costs – defined in 24 CFR 92.206(a).
2. Refinancing – the cost to refinance existing debt secured by a rental project that is being rehabilitated with HOME-ARP funds in accordance with 24 CFR 92.206(b)(2) and the PJ’s HOME-ARP refinancing guidelines, as stated in their HOME-ARP Allocation Plan.
3. Acquisition – the costs of acquiring improved or unimproved real property.
4. Related soft costs – defined in 24 CFR 92.206(d).
5. Relocation costs – as defined in 24 CFR 92.206(f), 24 CFR 92.353
6. Operating Cost Assistance – HOME-ARP funds may be used to pay ongoing operating cost assistance or capitalize an operating cost assistance reserve for HOME-ARP-assisted units restricted for occupancy by qualifying populations in a project where it is determined in underwriting that the reserve is necessary to maintain the HOME-ARP units’ long-term operational feasibility. Costs include costs for administrative expenses, property management fees, insurance, utilities, property taxes, and maintenance of a unit that is designated as a HOME-ARP-assisted unit and required to be occupied by a

qualifying household. Operating costs must be reasonable and appropriate for the area, size, population(s) served, and type of project.

- a. Project administrative expenses include payroll costs, which are gross salaries and wages paid to employees assigned to the property, including payroll taxes, employee compensation, and employee benefits; employee education, training, and travel; advertising; and general administrative costs which are costs for goods and services required for administration of the housing, including rental or purchase of equipment, supplies, legal charges, bank charges, utilities, telephone/internet services, insurance, and other administrative costs that are reasonable and customary for the general administration of a rental unit occupied by qualifying populations.
- b. A property management fee includes the total fee paid to a management agent by the owner for the day-to-day management of a HOME-ARP rental unit restricted for occupancy by qualifying populations. A management agent must cover its costs of supervising and overseeing operations of a HOME-ARP unit out of the fee they receive.
- c. A reserve for replacement must be based on the useful life of each major system and expected replacement cost in a HOME-ARP project. Scheduled payments to a reserve for replacement of major systems included in the operating costs allocated to a HOMEARP unit restricted for a qualifying household may be made from the operating cost assistance reserve. A reserve for replacement allocated to the HOME-ARP units may also be capitalized in the initial year of the minimum compliance period of the HOMEARP units. HOME-ARP funds cannot be used to both capitalize a reserve for replacement and provide payments to the reserve for replacement from a capitalized operating reserve during the minimum compliance period.
- d. The operating cost assistance reserve for HOME-ARP units for qualifying households must be held by the project owner in a separate interest-bearing account and sized, based on an analysis of projected deficits remaining after the expected payments toward rent by qualifying households are applied to the units' share of operating costs. Funds in a capitalized operating cost assistance reserve can only be drawn to address operating deficits associated with HOME-ARP units restricted for occupancy by the qualifying populations.

Supportive services costs are not eligible operating costs of HOME-ARP units, however, qualifying households occupying HOME-ARP rental units may receive supportive services through the HOME-ARP supportive services eligible activity.

### *Underwriting and Subsidy Layering*

Beaver County will evaluate each project to determine the amount of HOME-ARP capital subsidy and operating cost assistance necessary to provide quality affordable housing that meets the requirements of HOME-ARP regulations and is financially viable throughout the minimum 15-year HOME-ARP compliance period.

To secure HOME-ARP rental units for qualifying households, HOME-ARP funds may be invested in different types of projects, including permanent supportive housing, mixed-finance affordable housing, and market-rate projects. The underwriting analysis will not be limited to the HOME-ARP units. The long-term viability of HOME-ARP units is contingent upon the financial health of the entire project. SCRHC will take a holistic approach to underwriting that examines the overall feasibility of the entire project.

The following assumptions will be used to review HOME-ARP Rental development proposals:

#### **Vacancy Rate and Collection Loss**

Annual vacancy rate and collection loss for rental developments shall be no less than 7% for all Income. Developments with project-based vouchers may project a 5% vacancy rate for all residential Income.

#### **Qualifying Population Rent**

Rents for units occupied by Qualifying Populations will be estimated to be 30% of the adjusted income of a household whose income is equal to or less than 50% of the Area Median Income, as determined by HUD with adjustments for number of bedrooms in the unit.

#### **Annual Income Growth**

Annual Income (rent) growth will be projected at a 2% increase per year.

#### **Annual Operating Expense Growth**

Annual expense growth will be projected at a 3% increase per year.

#### **Per-Unit Operating Cost**

An applicant's proposed annual operating expenses will be reviewed for project and market feasibility and standards. The County shall use the following standard: New Construction - \$4,500 per unit, per year; Acquisition/rehab - \$5,500 per unit, per year. If HOME-ARP related supportive services are offered, the standard should be increased.

## **Replacement & Operating Reserves**

Annual replacement reserves must be maintained at a rate of \$1,000 per unit per year. Initial Operating Reserves must equal to three months of operating costs. Upon completion of subsidy layering review and underwriting, the project may be deemed eligible to receive funding for future operating reserves.

## **Net Operating Income**

Net operating income must be a minimum of \$900 per unit, per year.

## **Developer Fee**

A Developer fee is compensation to the Developer for the time and risk involved to develop the project. The fee is based on the size of the project, the total development cost and the risk associated with the project. Developer fees include all amounts received by the Applicant whether characterized as project management, overhead or Developer fee. Consultants are commonly utilized to assist the Developer/owner by providing specific expertise in completing the project. The maximum aggregate allowable Developer and consultant fees are calculated as a percentage of Total Project Costs, less land, project reserves, other cost category adjustments, and the Developer/Consultant Fee category.

Developer fees will be limited to 15% of total development cost, not including the developer fee.

Developer fees that are not deferred may be distributed as follows, subject to the approval of other project lenders, tax credit equity investor, etc.:

- 25% upon 50% construction/Rehabilitation completion benchmark
- 25% upon construction/Rehabilitation completion (50% aggregate)
- 50% upon stable occupancy (90% occupied) and receipt of all tenant certifications for restricted units. (100% aggregate)

## *Market Analysis*

For HOME-ARP units for qualifying households, a market assessment is not required.

For projects containing units restricted for occupancy by low-income households or market-rate households, the PJ must conduct a market assessment in accordance with 24 CFR 92.250(b)(2).

## *Targeting and Occupancy Requirements*

**Targeting:** HOME-ARP funds can only be invested in units restricted for qualifying households or low-income households as follows:

1. Not less than 70 percent of the total number of rental units assisted with HOME-ARP funds by Beaver County must be restricted for occupancy by households that are qualifying households at the time of the household's initial occupancy; and,
2. Not more than 30 percent of the total number of rental units assisted with HOME-ARP funds by Beaver County may be restricted to low-income households. These rental units do not have to be restricted for occupancy by qualifying households, however rental units restricted to low-income households are only permitted in projects that include HOME-ARP units for qualifying households.

**Occupancy:** ARP requires HOME-ARP activities to primarily benefit households in the qualifying populations. To improve the feasibility and maintain the long-term viability of projects with HOME-ARP rental units for qualifying households, Beaver County may invest HOME-ARP funds in units that are not restricted for occupancy solely for qualifying populations

1. **Qualifying Households:** Units restricted for occupancy by qualifying households must be occupied by households that meet the definition of a qualifying population at the time of admission to the HOME-ARP unit. A qualifying household after admission retains its eligibility to occupy a HOME-ARP rental unit restricted for qualifying populations, irrespective of the qualifying household's changes in income or whether the household continues to meet the definition of a qualifying population. As such, a unit restricted for a qualifying household remains in compliance with the HOME-ARP unit restriction as long as the unit is occupied by a qualifying household that met the definition of a qualifying population at the time of admission.
2. **Low-Income Households:** At initial occupancy, units restricted for low-income households must be occupied by households that meet the definition of low-income in 24 CFR 92.2. If a tenant's income increases above the applicable low-income limit during the compliance period, the unit will be considered temporarily out of compliance. Noncompliance requires the PJ to take action in accordance with the rent and unit mix requirements in Sections VI.B.15 and VI.B.17 of this Notice, respectively.

## *Rent Limitations*

Units Restricted for Occupancy by Qualifying Households: In no case can the HOME-ARP rents exceed 30% of the adjusted income of a household whose annual income is equal to or less than 50% of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit. HUD will publish the HOME-ARP rent limits on an annual basis.

Units Restricted for Occupancy by Low-income Households: HOME-ARP rental units occupied by low-income households must comply with the rent limitations in 24 CFR 92.252(a) (i.e., the lesser of the Fair Market Rent for existing housing for comparable units in the area, as established by HUD, or a rent equal to 30 percent of the income of a family at 65 percent of median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit).

## *Minimum Compliance Period*

HOME-ARP-assisted units must comply with the requirements of HOME-ARP for a minimum period of 15 years, irrespective of the amount of HOME-ARP funds invested in the project or the activity being undertaken.

## HOME-ARP Non-Congregate Shelter

A non-congregate shelter (NCS) is one or more buildings that provide private units or rooms as temporary shelter to individuals and families and does not require occupants to sign a lease or occupancy agreement. HOME-ARP funds may be used to acquire and/or rehabilitate or construct HOME-ARP NCS units to serve qualifying populations. Acquisition of vacant land or demolition of existing structures may be undertaken only as part of a HOME-ARP NCS project.

### *Eligible Costs*

HOME-ARP funds may be used for actual costs of acquiring NCS or developing HOME-ARP NCS as follows:

1. Acquisition – Costs to acquire improved or unimproved real property.
2. Demolition – Costs of demolishing existing structures for the purpose of developing HOME-ARP NCS.
3. Development Hard Costs - Costs identified in 24 CFR 92.206(a) to rehabilitate or construct HOME-ARP NCS units.
4. Site Improvements - Costs to make improvements to the project site, including installation of utilities or utility connections, and the construction or rehabilitation of laundry, community facilities, on-site management, or supportive service offices.
5. Related Soft Costs: Reasonable and necessary costs incurred by the PJ and owner associated with the financing, acquisition, and development of HOME-ARP NCS projects, including costs identified in 24 CFR 92.206(d) with the following exceptions:
  - a. Costs to provide information services such as affirmative marketing to prospective homeowners and tenants are not eligible.
  - b. Costs of funding an initial operating deficit reserve are not eligible.
  - c. Costs of project-specific assistance to community housing development organizations, including technical assistance and site control loans or seed money loans as specified in 24 CFR 92.301 are not eligible.
6. Replacement Reserve: Costs to capitalize a replacement reserve to pay the reasonable and necessary costs of replacing major systems and their components whose useful life will end during the restricted use period. Major systems include structural support, roofing, cladding, and weatherproofing, plumbing, electrical and HVAC. The costs of replacing major systems must be determined through a Capital Needs Assessment or documented in writing after an inspection by a certified inspector to assess the remaining useful life of major systems expected upon completion of the HOME-ARP NCS project. The costs of a replacement reserve must be included in the project budget in the written agreement along with a list of major systems to be replaced with the reserve and projected replacement schedule during the restricted use period.



### *Prohibited Costs*

HOME-ARP funds may not be used to:

1. Pay any operating costs of a HOME-ARP NCS project.
2. Provide additional HOME-ARP investment in a HOME-ARP NCS project during the restricted use period, except that additional HOME-ARP funds can be invested in the project up to one year after project completion in IDIS for eligible costs.
3. Pay costs of a conversion of HOME-ARP NCS
4. Provide non-Federal matching contributions required under any other Federal program.
5. Provide assistance for uses authorized under section 9 of the U.S. Housing Act of 1937 (42 U.S.C. 1437g) (Public Housing Capital and Operating Funds).
6. Provide assistance to eligible low-income housing under 24 CFR part 248 (Prepayment of Low-Income Housing Mortgages).
7. Pay for the acquisition of property owned by the PJ, except for property acquired by the PJ with HOME-ARP NCS funds, or property acquired in anticipation of carrying out a HOME-ARP NCS project.
8. Pay delinquent taxes, fees, or charges on properties to be assisted with HOME-ARP NCS funds.

### *Underwriting*

Before awarding HOME-ARP funds to a HOME-ARP NCS project, Beaver County will determine if acquisition and/or development of the project is financially feasible. Beaver County will consider whether the HOME-ARP NCS project has secured or has a high likelihood of securing operating funding because operating costs cannot be paid with HOME-ARP.

### *Restricted Use Period*

The restricted use period begins at project completion and must be imposed for at least the following periods:

1. New Construction: Newly constructed HOME-ARP NCS units must be operated as HOME-ARP NCS units for qualifying populations for a restricted use period of 15 years, regardless of the amount of HOME-ARP funds invested in the project.
2. Rehabilitation: HOME-ARP NCS units which receive any amount of HOME-ARP funds for rehabilitation but are not designated as new construction by the local building code requirements must be operated as HOME-ARP NCS units for qualifying populations for a restricted use period of 10 years.
3. Acquisition Only: Units acquired for use as HOME-ARP NCS that do not require rehabilitation for occupancy must serve the qualifying populations for a restricted use period of 10 years.

Beaver County imposes the HOME-ARP NCS requirements through a deed restriction and a legally binding agreement restricting the use of the property and recorded on the property in

accordance with State recordation laws.

### *Property and Habitability Standards*

HOME-ARP NCS projects must meet the minimum HOME-ARP property standards prior to occupancy and the HOME-ARP NCS ongoing property standards throughout the restricted use period.

### *HOME-ARP Supportive Services*

HOME-ARP funds may be used to provide a broad range of supportive services to qualifying individuals or families as a separate activity or in combination with other HOME-ARP activities.

### *Eligible Supportive Services Activities:*

There are three categories specifically included as supportive services under HOME-ARP:

1. McKinney-Vento Supportive Services: McKinney-Vento Supportive Services under HOME-ARP are adapted from the services listed in section 401(29) of McKinney-Vento.
2. Homelessness Prevention Services: HOME-ARP Homelessness Prevention Services are adapted from eligible homelessness prevention services under the regulations at 24 CFR 576.102, 24 CFR 576.103, 24 CFR 576.105, and 24 CFR 576.106.
3. Housing Counseling Services: Housing counseling services under HOME-ARP are those consistent with the definition of housing counseling and housing counseling services defined at 24 CFR 5.100 and 5.111, respectively, except where otherwise noted. The requirements at 24 CFR 5.111 state that any housing counseling, as defined in 24 CFR 5.100, required under or provided in connection with any program administered by HUD shall be provided only by organizations and counselors certified by the Secretary under 24 CFR part 214 to provide housing counseling, consistent with 12 U.S.C. 1701x.
  - a. Housing Counseling surrounding the following topics are ineligible under HOME-ARP:
    - i. Resolving or preventing mortgage delinquency, including, but not limited to default and foreclosure, loss mitigation, budgeting, and credit;
    - ii. Home maintenance and financial management for homeowners, including, but not limited to: Escrow funds, budgeting, refinancing, home equity, home improvement, utility costs, energy efficiency, rights and responsibilities of homeowners, and reverse mortgages.

### *Eligible Costs for McKinney Vento Supportive Services and Homelessness Prevention Services:*

Eligible costs for supportive services under either of these two categories include costs associated with the following services:

1. Childcare
2. Education services
3. Employment assistance and job training

4. Food
5. Housing search and counseling services
6. Legal services
7. Life skills training
8. Mental health services
9. Outpatient health services
10. Outreach services
11. Substance abuse treatment
12. Transportation
13. Case management
14. Mediation
15. Credit repair
16. Landlord/Tenant liaison
17. Services for special populations
18. Financial assistance costs
  - a. Rental application fees
  - b. Security deposits
  - c. Utility deposits
  - d. Utility payments
  - e. Moving costs
  - f. First and Last month's rent
  - g. Payment of rental arrears
19. Short-term and medium-term financial assistance for rent

Ineligible costs - Financial assistance cannot be provided to a program participant who is receiving the same type of assistance through other public sources. Financial assistance also cannot be provided to a program participant who has been provided with replacement housing payments under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 USC 4601 et seq.) and its implementing regulations at 49 CFR part 24, or Section 104(d) of the Housing and Community Development Act of 1974 (42 USC 5304(d) and its implementing regulations at 24 CFR part 42, during the period of time covered by the replacement housing payments.

#### **Eligible Costs Associated with Housing counseling under 24 CFR 5.100 and 5.111**

Costs associated with housing counseling services as defined at 24 CFR 5.100 and 5.111 are eligible under HOME-ARP. As homeowner assistance and related services are not eligible HOME-ARP activities, costs for the provision of services related to mortgages and homeownership to existing homeowners are also not eligible under HOME-ARP. If a program participant is a candidate for homeownership, costs associated with pre-purchase homebuying counseling, education and outreach are eligible under HOME-ARP. Eligible costs are those costs associated with the services listed in 24 CFR part 214 and include, but are not limited to:

1. Staff salaries and overhead costs of HUD-certified housing counseling agencies related to directly providing eligible housing counseling services to HOME-ARP program participants;
2. Development of a housing counseling workplan;
3. Marketing and outreach;
4. Intake;
5. Financial and housing affordability analysis;
6. Action plans that outline what the housing counseling agency and the client will do to meet the client's housing goals and that address the client's housing problem(s);
7. Follow-up communication with program participants.

## Nonprofit Operating Assistance

CHDOs and other nonprofit organizations that will carry out activities with HOME-ARP funds may receive assistance to pay operating expenses.

### *Eligible Costs*

Operating expenses are defined as reasonable and necessary costs of operating the nonprofit organization. These costs include employee salaries, wages and other employee compensation and benefits; employee education, training, and travel; rent; utilities; communication costs; taxes; insurance; equipment, materials, and supplies.

HOME-ARP funds used for operating expenses must be used for the “general operating costs” of the nonprofit organization. These operating costs must not have a particular final cost objective, such as a project or activity, or must not be directly assignable to a HOME-ARP activity or project.

Because ARP does not permit any HOME-ARP funds to be used to operate a shelter, all costs related to operating a non-congregate shelter (e.g., allocable overhead and staffing costs, insurance, utilities) also cannot be paid with HOME-ARP funds.

### *Limitations on Assistance*

In any fiscal year, operating assistance provided to a nonprofit organization may not exceed the greater of 50% of the general operating expenses of the organization for that fiscal year or \$50,000.

## Appendix B – HOME Rehabilitation Standards

Reviewed and adopted May 4, 2012

Property Standards are the housing quality standards used to determine whether a housing unit is decent, safe and sanitary. They are the standards against which the actual physical condition of a property is judged in the inspection process. Using the property standard as a baseline, a housing inspector determines the scope of rehabilitation necessary to address the physical deficiencies of a unit. The County has adopted the following, written rehabilitation standards to provide a common basis for contractor bids. This ensures that all contractors are bidding work using identical methods and material.

### **Attic and Crawl Spaces**

Access to attics shall be provided by means of conveniently located scuttles or disappearing or permanently installed stairways. For crawl space, the minimum access opening shall be 18 inches by 24 inches. For attics, the minimum access opening shall be not less than 22 inches by 30 inches with a clear height of over 30 inches. However, if either are to contain mechanical equipment, the access opening shall be of sufficient size to permit the removal and replacement of the equipment, and shall have a means of access provided, i.e., ladder of steps.

### **Basements, Cellars**

The floors of all basement or cellar furnace rooms, or basements shall be covered with a concrete slab with a minimum 3.5-inch thickness. Habitable rooms in basements or below grade, intended for occupancy, shall comply with all local codes and zoning regulations.

### **Basement and Foundation Walls**

All foundation walls shall be able to carry the safe design and operating dead and live loads. Basement and foundation walls shall prevent the entrance of water or moisture into a basement or crawl space area. Cracks in the walls shall be effectively sealed and loose or defective mortar joints replaced. Where necessary, interior or exterior face of the wall shall be damp proofed by bituminous coating or cement parging.

### **Bath Facilities**

Complete bathing and sanitary facilities shall be provided within each living unit. They shall consist of a water closet, a tub or shower, and a lavatory and provide an adequate supply of hot water to the tub or shower stall and lavatory and cold water to all fixtures. Arrangement of fixtures shall provide for the comfortable use of each fixture. Each installation in a living unit shall be installed in a manner as to afford privacy to the occupant. A bathroom shall not be used as a passageway to/or a habitable room, or exit to the exterior. Each building and living unit, within the building, shall have domestic hot water in quantities sufficient for needs of the occupants. Existing water heaters shall be in good serviceable condition. The minimum storage capacity shall be 30 gallons or the equipment shall be replaced. No water heater shall be installed in any room used or designed for sleeping purposes. No water heater shall be located in a bathroom, clothes closet, under any stairway, or in a confined space with access only to the above locations. All fuel burning water heaters shall be connected to a vent leading to the exterior. All pumps and disposal systems shall operate as designed or the equipment shall be repaired or replaced. The plumbing system and its appurtenances shall provide satisfactory water supply, drainage, venting, and operation of all fixtures. Plumbing systems, including sewers, shall operate free of fouling and clogging, and not have cross connection which permit contamination of water supply or back

siphonage between fixtures.

#### **Ceiling Heights**

All habitable rooms, hallways, and corridors shall have a ceiling height of not less than seven feet measured to the lowest projection of the ceiling. Variations to these areas and dimensions may be permitted when existing partitions preclude compliance, and the available area or dimensions do not hinder the normal use of the space.

#### **Chimneys, Vent**

Chimneys and vents shall be structurally safe, durable, smoke tight, and capable of withstanding the action of flue gasses. Existing unlined masonry chimneys, having open mortar joints or cracks, shall be made safe by the installation of a flue liner or corrosion resistant pipe within the interior of the chimney.

#### **Electric Wiring**

All habitable rooms and other appropriate spaces requiring electrical service shall be provided with a system of wiring, wiring devices, and equipment to safely supply electrical energy to proper illumination, appliances, and other electrical equipment. Existing wiring and electrical equipment shall not be a potential source of electrical hazard or ignition of combustible materials, and shall be so determined by the proper authority. Wherever these potential hazards are determined to be present, replacement of existing wiring and/or equipment shall be made. Every dwelling unit shall be served by a main service that is not less than 60 amperes/three wire. Existing facilities that are dangerously overloaded and inadequate to meet the anticipated demand shall be increased. For new electrical work, the appropriate provisions of the **National Electrical Code** shall be used as a guide for design layout and installation.

#### **Exterior Accessory Structures**

All exterior appurtenances or accessory structures, in a deteriorated code violation condition, may be repaired to a safe condition to the extent that funds are available or shall be removed. Such structures include existing porches, entrance platforms, garages, carports, fences, and storage sheds.

#### **Exterior Doors**

Exterior doors shall be furnished with operable keys. All exterior doors and hardware shall be maintained in good condition. All locks shall tightly secure the door.

#### **Exterior Walls**

Foundations and exterior walls shall provide safe and adequate support for all loads upon them, and prevent the entrance of water or excessive moisture. Serious defects shall be repaired and effectively sealed.

#### **Flashing**

To prevent the entrance of water, all critical joints and exterior and roof and wall construction which are exposed, shall be protected by sheet metal or other suitable flashing material.

#### **Flooring**

All floor construction shall provide safe and adequate support for all existing or probable loads and shall be reasonably free of vibration. A suitable surface for finished flooring shall exist or be provided. Finished floors shall be appropriate to the use of space, be in good condition, provide reasonable ease of maintenance, and extended service life. Finished floors in habitable rooms shall be wood flooring, a resilient tile, or sheet material or carpeting over suitable underlayment. Floors, in kitchens and

bathrooms, shall be of durable waterproof, non-absorbent material over a suitable underlayment.

#### **Gutters**

Each dwelling shall have a controlled method of disposal of water from roofs, where necessary, to prevent damage to the property and to avoid unsightly staining of walls, etc.

#### **Heating and Ventilating**

All heating and ventilating equipment and systems shall be installed so that maintenance and replacement can be performed. Existing mechanical equipment and systems shall be inspected for faulty operation, fire and/or other hazards. Heating facilities shall be provided for each living unit and other spaces that will assure interior comfort, be safe and convenient to operate, be economical in performance and be quiet in operation. Forced air heating systems shall not supply more than one dwelling unit. Each heating system or device shall have a recognized approval for safety and shall be capable of maintaining a performance and be quiet in operation. Each heating system or device shall have a recognized approval for safety and shall be capable of maintaining a temperature of at least 68 degrees Fahrenheit within the living units, corridors, public spaces, and utility spaces where the outside temperature is at zero degrees. No open flame, radiant type space or floor heaters shall be permitted. Appropriate clearances around all heating equipment shall be provided and walls and ceilings protected in an acceptable manner.

#### **Illegal Construction**

Any building or part of a building for which there was no permit for construction or which is determined to be not in compliance with the local Building and/or Zoning Codes shall be made to conform to the code to the extent that funds are available, if such non-permit construction is judged to be harmful to the health and safety of the occupants.

#### **Insulation**

Insulation shall be installed where possible in any new walls, attics, crawl spaces when other work is performed. Weather stripping and/or weather-proof thresholds shall be installed around all doors. Insulation and weather-stripping shall comply with the Department of Energy and Housing and Urban Development's Initiative of Energy Efficiency on Housing.

#### **Interior Doors**

Provide door for each opening to bedroom, bath, or toilet compartment. Bath or toilet compartment doors are to be furnished with privacy-type locks.

#### **Interior Finishing**

Where painted surfaces are in good condition or show evidence that maintenance has taken place, painting shall not be required. In all cases, it is urged that the homeowner take upon himself the accomplishment of this normal maintenance item. All interior walls and ceilings shall provide a finished surface without noticeable irregularities or cracking, a waterproof and hard surface and spaces not subject to moisture, a suitable base for painting or other decoration and reasonable durability and economy of maintenance.

#### **Kitchen Space**

Each living unit shall have a specific kitchen space which contains sink with counter work space, and has hot and cold running water, adequate space for installing cooking and refrigeration equipment, and for



storing cooking utensils.

#### **Light and Ventilation**

All habitable rooms shall be provided with aggregate glazing area of not less than eight percent of the floor area of such rooms. One-half of this required area of glazing shall be **open able**. The glazed area may be omitted in rooms where an approved mechanical ventilation system is provided capable of producing .35 air change per hour. Bathrooms, water closet compartments, and other similar rooms shall be provided with approved glazing, except in the case of artificial light and ventilation as stated above.

#### **Non-Living Space Ventilation**

Natural ventilation of spaces such as attics and enclosed crawl spaces shall be provided by opening of sufficient size to overcome dampness and minimize the effect of conditions conducive to decay and deterioration of the structure, and to prevent excessive heat in attics. Exterior ventilation openings shall be effectively screened where needed.

#### **Painting and/or Exterior Finishing**

Exterior surfaces of structures shall be painted and/or waterproofed as required by type and location of existing surface. Repairs or replacements shall be made to defective exterior wall finished materials. Exterior walls should be free of holes, cracks, and broken or rotted finished materials. A protective and decorative finished coating or surfacing shall be required to provide adequate resistance to weathering, protection of finished surfaces from moisture or corrosion, and attractive appearance and reasonable durability.

#### **Partitions, Columns, and Posts**

Partitions, columns and posts, and other vertical supports which are to be continued in use shall be free of excessive leaning, buckling, or other defects. All structural members shall be maintained free from deterioration and shall be capable of safely supporting the imposed dead and live loads.

#### **Privacy and Arrangement**

A degree of privacy shall be provided commensurate with suitable living conditions by means of the proper location of exterior openings and by the interior arrangement of rooms. Access to all parts of a living unit shall be possible without passing through a public hall.

#### **Roofing**

Roof covering shall be capable of resisting fire appropriate to the type of construction and location, and new installation shall be accordance with nationally accepted standards. All roofs shall have a suitable water-tight and reasonably durable covering free of holes, cracks, excessively torn surfaces or other defects. The placing of new covering over an existing covering shall not take place if two or more layers exist. Replacement roof materials shall be consistent with current technology. Wood shakes, shingles, and clay tile roofs shall not be replaced.

#### **Screen**

Screens shall be provided for all operable windows. Existing screens, which are to be continued in use, shall be in suitable condition to serve their intended purpose. Combination storm and screen windows and doors shall be furnished where economically feasible.

**Stairs, Exterior**

All exterior stairways must conform to the design requirements of the National Property Maintenance Code as amended as to width, handrails, tread and riser dimensions, etc.

**Stairs, Interior**

All stairways shall provide safety of ascent, and stairs and landing shall be arranged to permit adequate headroom and space for the passage of furniture and equipment. All living units shall have access to an approved exit. All exit stairways shall be protected at the sides by acceptable railings as per one and three-family dwelling code.

**Structural Soundness**

All structural components of the building shall be rehabilitated to a sound and serviceable condition for the expected useful life of the building. Sagging or out of level floors, partitions, stairs, wall, etc., are to be supported and/or braced or rebuilt so as to prevent a recurrence of these conditions. Individual structural members, in a seriously deteriorated condition, shall be replaced.

**Vermin Infestation**

A careful inspection shall be made of each building and/or accessory structure to be rehabilitated for evidence of actual or potential infestation. Defects, permitting the entrance of vermin, will be addressed with preventive measures. Corrective actions of a professional exterminator may be a qualified rehabilitation expense.

**Walkways**

Appropriate paved walks and exterior steps shall be provided. Walkways shall be of a safe level surface. Serious defects shall be repaired or replaced.

**Water Diversion**

The open space of each property shall provide, or shall have provided for the immediate diversion of water away from the buildings and the prevention of soil saturation detrimental to structures and use of the property.

**Window-Doors/Replacement**

Existing windows and doors, including their hardware, shall operate satisfactorily and give evidence of continuing acceptable service. Defective glass blocking or lifting hardware shall be replaced or corrected. At a minimum, the bottom half of all double hung windows shall operate satisfactorily. The following guide shall be used to determine the need for repair or replacing window sash, doors, and/or frames:

- Repair if work can be done in place.
- Replace if entire component needs to be removed in order to restore.
- Refinish if only the surface needs work in order to restore same to new condition.

**Housing Rehabilitation Standards**

All dwelling units rehabilitated with HOME funds for housing rehabilitation in the County shall be upon completion, is substantial compliance with one of the following: Local housing code; or The articles on property or sanitary standards in one of three model codes (Uniform Building Code (ICBO), the National Building Code (BOCA), or the The Council of American Building Officials (CABO) one or two family code; or The Minimum Property Standards (MPS) in 24 CFR 200.925 or 200.926.

## Appendix C – Affirmative Fair Housing Marketing Plan Policies & Procedures

### Statement of Policy

In accordance with the Regulations of the HOME Investment Partnerships Program (HOME), 24 CFR Part 92.351, and in furtherance of the County of Beaver's commitment to non-discrimination and equal opportunity in housing, the County of Beaver establishes procedures to affirmatively market units constructed or rehabilitated under the HOME Program. These procedures are intended to further the objectives of Title VIII of the Civil Rights Act of 1968, and Executive Order 11063.

The County of Beaver believes that individuals and families of similar economic levels in the same housing market area should have available to them a like range of housing choices, regardless of their race, color, religion, sex, national origin, familial status, or disability.

The County of Beaver is committed to the goals of affirmative marketing for rental and homeownership projects that will be implemented in the HOME Program through a specific set of steps that the county and participating property owners will follow. These goals will be reached through the following procedures:

#### Informing Property Owners

The County of Beaver will inform property owners who have expressed interest in participation in the HOME program about the fair housing and affirmative marketing policies prior to entering into a project agreement. In addition, affirmative marketing policies will be made a part of all formalized agreements.

### Requirements for Property Owners to Inform Potential Home Owners, Tenants, and the General Public About Available Newly Constructed and Rehabilitated Units

It is the County of Beaver's policy to require substantial steps by property owners to carry out affirmative marketing. Property owners should provide for costs associated with these requirements in their planned operating costs and county's subsidy decisions, which by necessity will take these costs into account. These affirmative marketing procedures for property owners will not apply to owners of properties that are rented to households with Housing Choice Vouchers provided by the Beaver County Housing Authority. Property owners of small properties with limited management staff may seek waivers of these requirements on a case-by-case basis from the County of Beaver. The County will carry out the following requirements when waivers are granted:

1. Advertisements in the Beaver County Times, If the property owner ordinarily advertises available property sales and rentals in the news media.
2. The placement of flyers describing the availability of units in various government offices, e.g. Unemployment Claims Centers, since lower income persons who may be seeking housing often utilize such government services.
3. Notifying the Beaver County Housing Authority and requesting that staff inform applicants on its waiting list about upcoming vacancies.

The County of Beaver will require that property owners selected for participation in the program comply

with affirmative marketing requirements by means of an agreement, as defined at 24 CFR 92.504, that will be applicable for the Period of Affordability, as defined in 24 CFR 92.252(e) for rental and at 92.254(a)(4) for homeownership. Failure to carry out the agreement could make the property owner subject to execution of deed restrictions and/or mortgage provisions and restrict participation in the HOME Program with future projects.

### Special Outreach

In order to inform as well as solicit applications from persons in the housing market area who are not likely to apply for units without special outreach, the County of Beaver has established methods property owners must use to in order to reach this objective.

It is required that property owners begin their special outreach activities immediately upon learning that a property will become available or that a vacancy will occur. Property owners have been asked to request a thirty (30) day notification from the tenants intending to move so that special outreach can begin before notification to the general public. While owners may not always have early notice from tenants, the County hopes that thirty (30) day period will be the norm.

Property owners should advertise in Beaver County newspapers and/or contact the following organizations:

1. The local chapter of the NAACP
2. Beaver County Community Development Program
3. Beaver County Housing Authority

### Recordkeeping

The County of Beaver will require that property owners receiving HOME assistance keep records on:

1. The racial, ethnic, and gender characteristics of tenants and applicants in the ninety (90) days following construction or rehabilitation as required of the county by 24 CFR 92.351.
2. Activities they undertake to inform the general renter public, specifically:
  - a. Copies of advertisements placed in the newspapers
  - b. Dates and locations of where flyers were posted in government offices
  - c. Dates the property owner contacted the Beaver County Housing Authority
3. Activities they take for special outreach, specifically:
  - a. Copies of the ads placed in newspapers
  - b. Date of contact with the local chapter of the NAACP, the Beaver County Community Development Program, and the Beaver County Housing Authority

The County will also ask property owners to provide, where possible, data on how applicants learned of the housing opportunities.

### Assessment and Corrective Action

The Beaver County Community Development Program will assess the affirmative marketing efforts of property owners as follows:

1. To determine good faith efforts have been made:
  - a. Examine records the could had required property owners to maintain on the actions they have taken, and compare them with the actions the county required them to take. If it is found that the required actions have been carried out as specified, the county will assume that the property owners have made good faith efforts to carry out these procedures
2. To determine results:
  - a. Assess property owners' affirmative marketing efforts in relation to whether or not persons from the variety of racial and ethnic groups in the county, in particular Black/African American residents, have in fact applied for and/or become owners of tenants in the constructed or rehabilitated units. If it is found that they have, the county will assume that the property owners have carried out #2 and #3 above.

If the representation of racial/ethnic groups is not broad or the identified groups are not represented, the affirmative marketing procedures will be reviewed to see what changes, if any, need to be made to improve their effectiveness.

Property owners and the staff of the Community Development Program will be asked for their analysis and suggestions concerning the affirmative marketing procedures.

#### Corrective Action

The County of Beaver will take corrective action if it finds that a property owner failed to carry out the procedures required or fails to maintain the records on homebuyers or tenants in accordance with 24 CFR 92.351. If there are problems, discussions may be held to improve the property owners' efforts prior to taking corrective action.

As an initial step, the county will require property owners with vacancies to notify the Community Development Department immediately upon learning that a unit will become vacant.

If a property owner continues to fail to meet affirmative marketing requirements, the County of Beaver, after fair warning and an opportunity to correct identified deficiencies, could disqualify a property owner from further participation in future HOME Investment Partnerships Programs administered by the County.

The County of Beaver will carry out assessment activities and prepare a written assessment of the affirmative marketing efforts in time to report results of the HOME Program in the Comprehensive Annual Performance and Evaluation Report (CAPER) as required by 24 CFR 91.520(d), submitted to the U.S. Department of Housing and Urban Development annually.