

HOME

HOME Investment Partnerships Program

Policies and Procedures Guide



County of Ventura

HOME PJ – Participating Jurisdiction

Community Development – County Executive Office
CEO Office #L1940
800 South Victoria Avenue
Ventura, CA 93009
(805) 654-2876

April 2008
Revised
July 2013



GUIDE TO HOME POLICIES AND PROCEDURES
TABLE OF CONTENTS

Introduction.....3

Annual HOME Funding Cycle.....3

County of Ventura Standard Agreement Requirements.....3

Organization of Standard Agreement4

Market Study Guidelines.....6

Single Audit Compliance Policy.....6

HOME Contractor Responsibility.....6

HOME Program Affordability Requirements.....7

Occupancy Standards.....7

Definition of Income-Determining Income Eligibility7

Purchase Price & Value Limits for HOME-Assisted Housing.....8

HOME Rent Limits.....8

Required Period of Affordability.....8

“Fixed” or “Floating” Rental Units.....8

Calculating the Amount of HOME Assistance.....9

Maximum Investment of HOME Dollars in a Project with Comparable Units.....9

Minimum Number of HOME Units in a Project with Comparable Units.....9

Maximum Investment of HOME Dollars in a Project with Non-Comparable Units.....9

Subsidy Layering Analysis.....10

Determination of Cost Reasonableness.....11

The Process for Disbursing Funds.....11

Record Retention.....11

TBRA Program Guidelines.....12

Homebuyer Program Guidelines.....12

Rental Housing Development Guidelines.....12

Design Standards for Construction and Rehabilitation Projects.....12

Match.....13

Program Income Reuse Plan.....14

Affirmative Marketing Plan & Minority & Women’s Business Outreach Statement.....14

National Environmental Policy Act Clearance.....14

Monitoring of HOME Funded Projects.....14

IDIS and Other HUD HOME Reports.....16

Appendix #1 HOME Application and Score Sheet Sample
Appendix #2 Written Agreement Sample - HOME Rental Agreement
Appendix #3 Written Agreement Checklists - HUD
Appendix #4 Rental Lease Attachment and Certification Forms
Appendix #5 Market Study Guidelines
Appendix #6 Single Audit Compliance Policy
Appendix #7 Occupancy Standards
Appendix #8 Definition of Income
Appendix #9 Determining 95 Percent of Median Purchase Price Limit
Appendix #10 Project Rents– High and Low Rents
Appendix #11 County of Ventura HOME Program Subsidy Layering Analysis
Appendix #12 Determination of Cost Reasonableness
Appendix #13 ESPR Form and Instructions
Appendix #14 County of Ventura HOME TBRA Program Guidelines
Appendix #15 County of Ventura HOME Program Homebuyer Assistance Guidelines
Appendix #16 Design Standards Multifamily Section I and II
Appendix #17 Design Standards SRO Section I and II
Appendix #18 Design Standards Elderly Housing Section I and II
Appendix #19 Design Standards Homeownership Rehab Standards
Appendix #20 Design Standards County of Ventura 2010 Building Code
Appendix #21 Sample Match Log
Appendix #22 Program Income Reuse Plan
Appendix #23 Affirmative Marketing Plan & Minority & Women’s Business Outreach
Appendix #24 Sample Monitoring Packet
Appendix #25 Risk Analysis and Monitoring Plan - HOME
Appendix #26 On-Site Rental Property Inspection Sample Schedule and Checklist
Appendix #27 Useful HUD HOME Reports
Appendix #28 Sample HOME Master Calendar
Appendix #29 HOME Checklists

Introduction

The HOME Program was created under Title II (the HOME Investment Partnerships Act) of the National Affordable Housing Act of 1990, and has been amended several times by subsequent legislation. The objectives and intent of the HOME Program are: provide decent affordable housing to lower-income households; strengthen the ability of state and local governments to provide housing; expand the capacity of non-profit housing providers; and leverage private sector participation. In addition, Congress intended the HOME program to operate in ways that will help the participating jurisdiction (PJ) undertake its own affordable housing strategy.

HOME funds are allocated by formula to PJs. The formula is based in part on factors including population, age of units, substandard occupied units, and the number of families below the poverty line. The County of Ventura is the PJ for all jurisdictions within the CDBG entitlement area including the unincorporated area and the cities of Santa Paula, Fillmore, Port Hueneme, Moorpark and Ojai. At the present time, there are two other HUD designated jurisdictions in Ventura County (the City of Ventura and the City of Oxnard). All other cities in Ventura County may participate in the HOME Program by applying for funds made available by the State of California HOME Program.

Annual HOME Funding Cycle

Pursuant to HUD regulations regarding the Citizen Participation Process, an annual public hearing regarding needs in the community, is publicly noticed and usually held in November. Representatives from the Entitlement Area cities and the County serve as a hearing board. Requests for Proposal (RFP) forms for HOME, ESG, and CDBG program funds are made available to all interested parties at the public hearing. The forms are also available on the County of Ventura website, as is the Consolidated Plan and Annual Plan. **The Consolidated Plan and the Annual Plan provide a description of the County's housing needs and how HOME funds will be used to address those needs.**

HOME proposals (applications) are submitted usually by the end of the year and staff review is conducted during January-February. The County Board of Supervisors decides on preliminary funding recommendations by mid-March and finalizes its funding decision by the end of May.

The HOME application (see Appendix #1) was designed to walk the applicant through all of the HOME requirements as it applies to the type of project or program they are applying for. If the applicant can successfully answer all questions and fully complete the application, it becomes an important tool in evaluating the capacity of the applying agency. A HOME score sheet is used to evaluate and score the application to determine if all requirements are met.

County of Ventura Standard Agreement Requirements

Successful applicants receive notification from the Community Development Division that constitutes a conditional reservation of funds. After that, HOME agreements are developed collaboratively with those organizations receiving funds.

Once fully executed, the agreement represents a mutually agreed to, legally binding document between the County and the HOME funds recipient. The agreement must be followed in its entirety in order to receive HOME funds. The agreement describes the scope of work and establishes completion and other important dates, the agreement amount, and match and leveraging requirements. All activities eligible for reimbursement must comply with the agreement.

Once an agreement has been fully executed, the County Executive Office Fiscal staff will fund the project in HUD's Integrated Disbursement and Information System (IDIS), allowing for disbursements.

The HOME contractor must meet all the specific pre-disbursement conditions, set-up conditions, and other appropriate special conditions and requirements stated in the agreement within defined time periods in order for the County to disburse any funds. The obligations to meet these conditions are in effect from the moment the agreement has been fully executed by both parties. If these terms and conditions are not met, the County may withhold the funds and may even terminate the agreement. Any change to the agreement requires a formal agreement modification, which must be executed before the change may occur.

Specific contents of agreements will vary, depending upon the role of the particular contractor and the type of activities undertaken. At a minimum, however, the agreement must include:

- Identification of the roles and responsibilities of each party;
- A full description of the project or program being funded, explaining the eligible use of funds;
- Allowable uses of funds, including tasks to be performed, a schedule for completing tasks and a budget in sufficient detail to effectively monitor performance;
- A requirement that the contractor will comply with applicable federal administrative requirements including OMB Circular A-87 and applicable provisions of 24 CFR Part 85 for governmental entities, or OMB Circular A-122 and applicable provisions of 24 CFR Part 84 for non-profit entities;
- Other requirements that must be met, including nondiscrimination and equal opportunity; affirmative marketing and minority outreach; environmental review; displacement, relocation and acquisition; labor standards; and lead-based paint;
- A requirement that HOME funds cannot be requested until funds are needed for reimbursement of eligible costs; exceptions to this requirement may be made at the discretion of the County, but such exceptions must be specified in the agreement;
- A requirement that certain records must be maintained in accordance with the five-year recordkeeping requirements, and a requirement that certain information and reports must be submitted and their due dates;
- A means for enforcing the provisions of the written agreement between all parties, usually in the form of a Promissory Note secured by a Deed of Trust;
- A description of all requirements applicable to the type of program or project(s) funded (such as affordability requirements, property standards, rents, homeowner or renter eligibility requirements, and recapture or resale provisions);
- An identification of all fees, costs or charges a contractor receives or may receive as compensation for loan origination, loan processing or loan servicing, including any pass through of loan processing cost, and prohibition of the contractor charging participants any such fee as a condition of program participation;
- A project timetable with performance standards;
- A warning of the consequences of non-performance.

Organization of Standard Agreement

The Standard Agreement is generally organized as follows, including County contractual obligations and 24 CFR Part 92 federal requirements:

- Section I Purpose – defines in very general terms project activities, the amount of HOME funds to be allocated, and the terms of the allocation (The County of Ventura HOME Program only provides assistance in eligible forms as defined in 24 CFR 92.205(b).

- Section II Incorporation of Exhibits by Reference – exhibits may include Legal Description, Current Income Review, Initial Rent Review, Rent Limits, High/Low HOME Rents, Procedures of Rent Increases, Fixed or Floating Units, Promissory Note, Deed of Trust, Proformas, Conflict of Interest, Rehabilitation Standards, and others as they apply to the specific project/program.
- Section III Provisions to Clarify Roles and Expectations – clarifies roles and responsibilities including environmental requirements.
- Section IV Project Descriptions – clarifies project and property description, eligible HOME costs as it applies to the project, beneficiaries, description of units and subsidy limits, identifying floating or fixed units and site and neighborhood standards if applicable.
- Section V Funding – identifies approval of funds, obligation and release of funds, availability of funds, funding structure, how to draw down funds, HUD timelines and timeliness requirements, fiscal control, single audit requirements, reversion of assets and CHDO provisions, CHDO proceeds and program income if applicable.
- Section VI Developer Fees – clarifies use, estimated amount, disbursement, restrictions and treatment of developer fees.
- Section VII Performance, Scope of Work and Schedules – clarifies performance goals and standards, details the amount of HOME funds to be allocated and identifies the Project Numbers and thereby the Program Year from which the HOME funds are derived, lists project tasks with start and completion dates, defines under what circumstances and in what timeline changes may be made (note that all changes must be approved by the County prior to their implementation) and performance monitoring.
- Section VIII Provisions to Convey Affordability Requirements – identifies affordability period, duration and term, HOME Income Limits, High and Low Rent Limits, Income-Eligibility requirements, and the Project Rule if applicable.
- Section IX Tenant and Participation Protections – clarifies tenant leases in regards to the term, prohibitive lease terms, termination, selection requirements.
- Section X Property Standards – identifies requirements to ensure the Project meets all applicable Property Standards as outlined in Subpart F of 24 CFR Part 92 including but not limited to 92.251.
- Section XI Other Provisions Related to Cross-Cutting Federal Requirements – clarifying applicable requirements with non-discrimination and equal access, employment and contracting, environmental requirements (See Section III. B.-“Provisions to Clarify Roles and Expectations – Environmental Assessment”), lead-based paint (See Section X. C. - “Property Standards - Lead Based Paint”), and relocation to ensure the Project is compliant.
- Section XII Reporting Provisions – identifies all reports in form, content and frequency as required by the County to meet all HOME funded reporting requirements as set forth by HUD.
- Section XIII Record Retention and Monitoring – clarifies type of documents, access to, time frames, data collection and retention as it applies to the type of HOME project/program.
- Section XIV Matching Contribution – identifies the amount and source of match that must be provided by the recipient of the HOME funds.
- Section XV Insurance – identifies County of Ventura Insurance requirements as it applies specifically to the project/program.
- Section XVI Requests for Technical Assistance – clarifies how to request and access assistance.
- Section XVII Notices – clarifies who, what and how communications concerning the Agreement shall be handled.
- Section XVIII Amendments/Modifications - states that an agreement modification must be made in order to substantively revise activities described in the agreement.
- Section XIX Warranties – clarifies the developer is stating they are duly organized, qualified, licensed, valid and in good standing under the laws of the State of California.
- Section XX Severability – clarifies if any provision in the agreement is held invalid, the remainder of the agreement is not affected.
- Section XXI Termination/Suspension – defines the terms of termination of the agreement.

- Section XXII Section Headings and Subheadings – clarifies the agreement headings shall not limit the terms of the agreement.
- Section XXIII Waiver – clarifies the failure of the County to exercise or enforce any right or provision shall not constitute a waiver of such.
- Section XXIV Hold Harmless/Indemnification – clarifies all activities/work covered by the agreement is at the risk of the developer alone.
- Section XXV County and Developer Authority Approval - provides signature space for both the County and the HOME contractor.

As part of the standard agreement for rental property acquisition, rehabilitation, or construction, or for homebuyer loans or homeowner rehabilitation, a Promissory Note secured by a Deed of Trust on the property being assisted will be included in the agreement.

See Appendix #2 – Written Agreement Sample - HOME Rental Agreement. This document was structured by including all provisions as outlined in HUD’s Checklist for Written Agreements. The developer is required to input data into the draft document to ensure their full participation in understanding all HOME requirements as it applies to their particular project. The draft document is then reviewed and edited by County Community Development staff prior to execution.

See Appendix #3 –Written Agreement Checklists – HUD checklists for Contractors, Rental Developers, Homebuyer Beneficiary, Homebuyer Developer, Homeowner, and Subrecipients.

See Appendix #4 – Rental Lease Attachment and Certifications

Refer to CDBG Policies and Procedures for all Federal Cross Cutting regulations for Davis Bacon and Related Acts, Section 3, and the HUD Reporting Schedule for all grants.

Market Study Guidelines

Providing a Market Analysis is one of the new HOME requirements. This needs to be completed during the application process and will be one of the tools to help determine whether a project will be recommended for HOME funding. This applies to both homebuyer and rental development projects. This does not apply to rental assistance programs unless it is a part of a rental project funded by HOME.

See Appendix #5 – Market Study Guidelines

Single Audit Compliance Policy

Each HOME funded agreement requires the certification that recipients of HOME funding acknowledge the requirement to comply with the Single Audit Act of 1984 and OMB Circular A-133 if they have expended \$500,000 or more in federal funds during the previous fiscal year.

See Appendix #6 – Single Audit Compliance Policy

HOME Contractor Responsibility

Home contractors are bound by the programmatic and regulatory obligations defined in the HOME Investment Partnerships Program Final Rule 24 CFR Part 92.

Although the HOME contractor may enter into a subcontract with a third party to perform the work as defined in the agreement, the HOME contractor is responsible to ensure the subcontractor meets and

conforms to all of the terms, requirements, conditions, and special conditions established in the agreement.

If the County monitors or audits an agreement, the Home contractor will be held accountable for demonstrating that all the HOME funds were expended correctly and that records are maintained.

HOME Program Affordability Requirements

HOME-assisted housing is held to sales price/value limits and subsidy limits that restrict the amount of HOME funds that can be used for the housing. In addition, housing assisted with HOME funds must be affordable to those making 80 percent or less of area median income, through restrictions on the incomes of eligible households and restrictions on rents (low HOME rents and high HOME rents), as well as restrictions on occupancy, including requirements for deeper targeting in rental housing projects. These affordability requirements are defined in the HOME agreement. Recipients of HOME funds are responsible for making sure that these requirements are met for the full period of affordability.

Occupancy Standards

To avoid overcrowding and maximize use of space, each dwelling unit shall be evaluated in accordance with the occupancy standards set forth in Appendix # 7 – Occupancy Standards.

Definition of Income - Determining Income Eligibility

HOME regulations allow three different ways to determine income eligibility. Beneficiaries of HOME funds - homebuyers, homeowners or tenants - must be low-income or very-low-income. Their income eligibility is determined based on their annual income. Annual income is the gross amount of income anticipated by all adults in a family during the 12 months following the effective date of the determination. NOTE: Annual income is sometimes referred to as gross income or annual (gross) income. The three definitions of income to calculate annual (gross) income are:

- **Section 8 (Part 5) annual (gross) income:** The HOME program has always used the Section 8/Part 5 definition of annual income. It is still an acceptable definition to use for funded activities.
- **IRS adjusted gross income:** The final rule allows HOME participants to determine annual income by using the calculation for “adjusted gross income” outlined in the federal income tax IRS Form 1040. (Note: while the IRS calls this calculation “adjusted gross income,” it is considered “annual income” for the purposes of the HOME program. “Adjusted income” under the HOME program -- used only when calculating rents or TBRA -- requires taking annual income and adjusting it in accordance with Section 8 rules. See Chapter 6: Rental Housing Activities for a complete discussion.)
- **Census long form annual income:** The final rule also allows HOME participants to determine annual income as defined for the Census long form for the most recent decennial Census.

As a policy, the County of Ventura HOME program will use only one definition of income, the **Section 8 (Part 5) annual (gross) income**, for all HOME funded activities. The following provides the details for this definition along with the Part 5 income inclusions and exclusions as stated in the Code of Federal Regulations. For further assistance, HUD provides a “Technical Guide for Determining Income and Allowances for the HOME Program” which can be found online at (cut and paste into your browser): <http://1.usa.gov/18YDrC8>

It is important to note that income documentation cannot be older than six months from when HOME funds are committed. Once an initial income verification is completed, it is not required to re-examine the applicant's income unless six months has elapsed before assistance is provided.

See Appendix #8 – Definition of Income

Purchase Price & Value Limits for HOME-Assisted Housing

Acquisition of single-family dwellings and rehabilitation of owner-occupied single-family dwellings are governed by the Section 203(b) Single-family Home Purchase Price Value Limits. HUD guidelines state the lesser of the initial purchase price or the appraised value of any dwelling purchased or built with HOME assistance shall not exceed 95% of the median purchase price for the same type of single family housing (1 to 4 family residence, condominium unit, or cooperative unit) in the County of Ventura as determined by HUD from time to time, or the Single Family Mortgage Limits under Section 203(b) of the National Housing Act. In the recent past these limits have not accurately reflected the reality of home prices in Ventura County. For that reason, special market studies have been submitted to the HUD Los Angeles Field Office in order to reach more realistic housing price limits.

See Appendix #9 – Determining 95 Percent of Median Purchase Price Limit

HOME Rent Limits – High and Low Rents

All HOME-assisted rental housing is subject to rent limits designed to ensure their affordability to lower-income households. These maximum rents are issued by HUD and are referred to as HOME rents. They are adjusted annually by HUD.

There are two HOME rents established for rental projects: High HOME rents and Low HOME rents. For all rental housing, 90 percent of the units must be occupied by households making 60 percent or less of area median. These households can be charged no more than the High HOME rent. In rental projects with five or more HOME units, 20 percent of the HOME-assisted rental units have to be occupied by households making no more than 50 percent of area median income and shall be charged no more than the Low HOME rent during the entire HOME period of affordability.

See Appendix #10 – Project Rents – High and Low Rents

Required Period of Affordability

Rental and first-time homebuyer units assisted with HOME funds are required to remain affordable for a designated length of time. The affordability period is dictated by the amount of HOME funds committed to each HOME-assisted unit and the type of housing activity funded. Federal Final Rule Section 92.252 (e) addresses the period of affordability for rental units and Section 92.254 (a) (4) addresses the period of affordability for homeownership. Note that these are the minimum required periods of affordability and the County at its discretion may impose longer affordability periods.

“Fixed” or “Floating” Rental Units

For properties with both HOME-assisted and Non-HOME-assisted units (which is usually the case in the County HOME Program's funding history), HOME regulations require that a choice between fixed and floating unit designation must be determined at the time of project commitment. A fixed unit designation requires that specific units be identified for HOME rent and occupancy restrictions. A floating unit designation indicates that the HOME-assisted units may change over time as long as the total number of

HOME=assisted units in the project remains constant.

It is the policy of the County HOME Program to always fund only floating units and this designation is to be understood in all County HOME Program funded rental projects.

Calculating The Amount Of HOME Assistance

The minimum amount of HOME funds is \$1,000 per HOME-assisted unit. Tenant-based rental assistance is exempt from this minimum limit. HUD establishes and annually updates maximum HOME subsidy limits, called the Section 221(d)(3) limits, for HOME projects. Adjusted by the number of bedrooms, the 221(d)(3) limits represent the maximum amount that a HOME project may receive for each of its HOME-funded units. In order to calculate the amount of HOME per unit subsidy for a rental project several factors must be considered. These factors include the proportion of total rental project cost that is HOME-eligible, the number of HOME-assisted units in proportion to the total number of units, the financial needs of the project, and the results of the subsidy layering analysis.

Formulas for Calculating HOME assistance may include the following:

Maximum Investment of HOME Dollars in a Project with Comparable Units

Allocation analysis:

HOME Units divided by Total Units = HOME Units %

HOME Units % X Total Eligible Costs = Total HOME Investment

Maximum per unit subsidy analysis:

HOME Units X HOME per unit subsidy limit = Total 221 (d) (3) limit.

If the allocation analysis results in a total HOME investment that is less than what is allowable by the 221 (d) (3) limit, the lesser amount should be used. However, it is important to note that the per unit subsidy limit must never be exceeded.

Minimum Number of HOME Units in a Project with Comparable Units

Unit analysis:

HOME Investment divided by Total Eligible Costs = HOME Investment %

HOME Investment % X Total Units = Total HOME Units

Per unit subsidy analysis:

HOME Investment divided by the per unit subsidy limit = Total HOME Units.

The analysis that results in the greater number of HOME units should be used to ensure an appropriate return on the HOME investment.

Maximum Investment of HOME Dollars in a Project with Non-Comparable Units

Allocation analysis:

HOME Square Footage divided by Total Square Footage = HOME Sq Ft %

HOME Sq Ft % X Total Eligible Common Costs = HOME Allocated Common Costs

HOME Allocated Common Costs + HOME Units Costs = Total HOME Investment

Maximum subsidy analysis:

HOME Units X HOME per unit subsidy limit = Total 221 (d) (3) limit.

If the allocation analysis results in a total HOME investments that is less than what is allowable by the 221 (d) (3) limit, the lesser amount should be used. However, it is important to note that the per unit subsidy limit must never be exceeded.

Subsidy Layering Analysis

The HOME Program conducts a subsidy layering analysis of all rental housing projects prior to releasing any funds to ensure that the amount of HOME funds is not more than the amount necessary to provide affordable housing.

For first-time homebuyer projects, the HOME contractor must ensure that the HOME loan is only the amount necessary based upon an analysis of each borrower's household income, all other financing, home sales price, and compliance with any loan to value ratio limit(s) adopted by the HOME contractor. For owner-occupied rehabilitation projects, the HOME contractor should also analyze the homeowner's income if the HOME loan requires repayment, and verify that the rehabilitation work is complete, reflects reasonable costs, and meets the applicable local, state, or national building codes.

For rental projects, the HOME contractor should evaluate the aggregate amount of financing (HOME and non-HOME) necessary to ensure the feasibility of the assisted project, long-term needs of the project and its targeted tenant population, reasonable development costs, and reasonable cash flow.

Rental project subsidy layering reviews usually take into account the following information, which should be provided to the County as part of the application for HOME funding:

Sources of Funds

- Commitment letters with all terms and conditions for all mortgages, grants, subordination agreements, bridge loans, tax credits, investor contributions; and
- If a partnership, the partnership agreement and equity letters indicating the general and limited partner contributions.

Uses of Funds

- Earnest money agreement, option, or closing statement for land and/or building(s);
- Construction cost estimate;
- Construction contract or bids;
- Regulatory or loan agreements governing project operations and reserves;
- Appraisal substantiating the value of the land and property after rehabilitation or construction;
- Rent schedule;
- Operating budget;
- Multi-year pro forma for the period of HOME affordability;
- Construction and permanent sources and uses (for tax credit projects, the sources and uses should show the proceeds from the sale of credits as a funding source and the syndication costs like legal, accounting, tax opinions, etc);
- Preliminary title report;
- Market analysis showing the comparables for the project rents, vacancy rates, and operating expenses to other subsidized and market rate rental projects.

Key Evaluation Points for HOME Projects:

- Total proposed funding (public and private) does not exceed the total activity costs for the project or program;
- Proposed activity costs are customary and reasonable according to industry standards;
- Projected rates of return are reasonable and applicants are not receiving excess profit or windfalls.

HOME applicants are encouraged to evaluate their rental project proposals to ensure compliance with the County of Ventura HOME Program Subsidy Layering Analysis (see Appendix #11).

Determination of Cost Reasonableness

Acquisition, new construction and rehabilitation are all eligible activities under the HOME funded program. The developer/subrecipient is responsible for ensuring all expenditures are cost reasonable. County staff must review and approve costs through the ESPR (Expenditure Summary and Payment Request) reimbursement system. The policies and procedures for this requirement are found at:

Appendix #12 – Determination of Cost Reasonableness

The Process for Disbursing Funds

- The County receives the HOME contractor’s Expenditure Summary Payment Request (ESPR), which is due by the 10th of each month. It is approved by the HOME Program Manager, and processed by the Community Development Division Fiscal Unit staff.
- See Appendix #13 for ESPR Form and Instructions.
- A request is forwarded to the County Executive Office Fiscal staff, which will electronically authorize a HOME Program Payment Certification Voucher via IDIS, and begin processing a request for the issuance of a County warrant.
- HUD wires the funds to the County Treasurer within 48 to 72 hours from the time the HOME Program Payment Certification Voucher was processed in IDIS.
- The County Auditor Controller mails the County warrant to the HOME contractor, usually within 7 working days from the day the voucher was processed in IDIS.

Record Retention

Rental Housing Project Records

- General records are kept for five years after project completion; and
- Tenant income, rent and inspection information are kept for the most recent five years, until five years after the affordability period ends.

Homeownership Records are kept for

- Five years after project completion; and
- For recaptured records, five years after the affordability period ends.

Agreements are maintained for five years after the agreement end date.

TBRA Records must be kept for five years after rental assistance ends.

HOME contractors must also maintain an accurate and complete set of accounting records for all financial transactions. They must also maintain supporting documents, statistical records, and all other records pertinent to the HOME Program until all loans made under the HOME Program have been repaid, **or** for a period of five years after the Project Completion, whichever occurs later.

Records and files shall include, at a minimum, the following:

- HOME Program Application;
- Agreement and any modification thereto;
- Correspondence to the County describing steps taken to satisfy agreement condition(s) and supporting documentation;
- Correspondence from the County accepting compliance with the agreement condition(s);
- Environmental review documentation;
- HOME Program Activity Budgets;
- Expenditure Summary Request Forms submitted to the County.

TBRA Program Guidelines

The County HOME TBRA program is contracted through the County's Human Service Agency under the RAIN program. Program guidelines can be found in Appendix #14.

Homebuyer Program Guidelines

Currently (as of 1/1/2013) the County HOME First Time Homebuyer Program, previously administered by the Home Ownership Center, is unfunded. See Appendix #15 "First-Time Homebuyer Down Payment Assistance Program Summary for the guidelines that were used for the program. The City of Port Hueneme First Time Homebuyer is also currently not funded with HOME funds.

Rental Housing Development Guidelines

Recognizing the difficulty of the rental housing development process, the County HOME Program makes every effort to work collaboratively with its non-profit developers. However, because of expenditure deadlines and other federal requirements of the HOME Program, the following suggested timeframes for the implementation of rental housing development projects should be adhered to as closely as possible:

- Projects must be set up in the federal Integrated Disbursement Information System within 3 months of the date of the grant award letter;
- Projects are not funded in IDIS until the HOME agreement is fully executed.
- Project developers shall submit all necessary documentation to comply with the National Environmental Policy Act (NEPA) within 6 months of the date of the award letter;
- Permanent financing must be committed within 12 months of the date of the award letter, or within 18 months for rental projects proposing tax credits;
- Construction loan closing must occur within 24 months of the date of the award letter, except for self-help construction projects, for which construction loan closing must take place within 30 months;
- Final expenditure deadline for projects is 42 months from the date of the award letter.

Design Standards for Construction and Rehabilitation Projects

Housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. The developer shall adhere to the participating jurisdiction's written standards for rehabilitation, if applicable to the Project, that ensure that HOME-assisted housing is decent, safe, and sanitary. In the absence of a local code for new construction or rehabilitation, HOME-assisted new construction or rehabilitation must meet, as applicable: one of three model codes (Uniform Building Code (ICBO), National Building Code (BOCA), Standard (Southern) Building Code (SBCCI)); or 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. To avoid duplicative inspections when FHA financing is involved in a HOME-assisted property, a participating jurisdiction may rely on a Minimum Property Standards (MPS) inspection performed by a qualified person. Newly constructed housing must meet the current edition of the Model Energy Code published by the Council of American Building Officials.

All other HOME-assisted housing (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR 982.401.

The following guides are for the County's HOME program:

Appendix #16 Design Standards Multifamily Section I and II
Appendix #17 Design Standards SRO Section I and II
Appendix #18 Design Standards Elderly Housing Section I and II
Appendix #19 Design Standards Homeownership Rehab Standards
Appendix #20 Design Standards County of Ventura 2010 Building Code

Match

HOME Federal Final Rule 24 CFR Part 92 requires HOME Contractors to provide a 25% match on each HOME dollar the contractor receives. Match contributions must be from nonfederal sources.

Eligible forms of match are identified in 24 CFR 92.220 and are listed briefly below:

- Cash Contributions/Cash Equivalents
- Foregone Fees, Taxes, and Charges
- Donated Land or Other Real Property
- On-Site & Off-Site Infrastructure
- Proceeds from Affordable Housing Bonds
- Donated Use of Site Preparation & Construction Materials
- Donated Use of Site Preparation & Construction Equipment
- Donated or Voluntary Labor & Professional Services
- "Sweat" Equity
- Direct Cost of Supportive Services Provided to HOME-Assisted Families
- Homebuyer Counseling Services

The following resources cannot be counted as match (they are ineligible):

- Contributions made with or derived from federal resources or funds, regardless of when the funds were received or expended, including CDBG funds.
- Interest rate subsidy attributable to federal tax exemption on financing (e.g., state or local bonds), or the value attributable to federal tax credits.
- Owner equity or investment in a project, except "sweat" and state tax credit equity. Owner equity or investment is generally ineligible because it is not considered a permanent contribution to the project, but rather value accruing to the owner.
- Any contributions from applicants for, or recipients of, HOME assistance or contracts, or from investors who own, are working on, or are proposing to apply for, assistance under the HOME program. (This does not prohibit contractors who do not own any HOME project from

contributing professional services, in accordance with 24 CFR 92.220(a)(8), or prohibit persons from contributing “sweat equity”, in accordance with 24 CFR 92.220(a)(9).)

- State Recipient or CHDO cost of administering HOME-assisted programs or projects, or HOME match-eligible projects.
- Contributions already counted as match toward any other federally-funded program.
- Any form of match not meeting the requirements of 24 CFR 92.220.

The County of Ventura HOME Program documents and reports match annually as part of the CAPER process. See sample match log Appendix #21.

Program Income Reuse Plan

The County, as the direct recipient of CDBG and HOME funds from the U.S Department of Housing and Urban Development, is required to track and report all program income generated from the use of CDBG and HOME funds. The Plan contains the policies relating to this as administered by the County in compliance with 24 CFR Part 570.

See Appendix #22 – Program Income Reuse Plan

Affirmative Marketing Plan & Minority and Women’s Business Outreach Statement

As part of its affirmative marketing plan, the County of Ventura will ensure that affirmative marketing, equal employment opportunity, office training, proper noticing, and nondiscrimination policies are required to be undertaken by all HOME subrecipients. The County of Ventura will utilize policies adopted for the Community Development Block Grant (CDBG) program as part of the HOME Program's Minority and Women's Business Outreach activities, and the County's policy on contract compliance. See Appendix #23.

National Environmental Policy Act Clearance

All HOME projects must comply with the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321), NEPA related laws and authorities, and the implementing regulations (24 CFR Part 58) prior to the expenditure of HOME funds. The regulations can be found at:
www.hud.gov/offices/cpd/affordablehousing/lawsandregs/fedreq/e/environmental.cfm

Currently a County of Ventura Resource Management Agency planner prepares environmental reviews for all County of Ventura HOME Program projects.

All HOME projects must clear the NEPA review process before any funds can be drawn.

NEPA Environmental Review Expenses. To encourage timely submission of the NEPA environmental review, County HOME funds may be used to reimburse expenses for preparing the NEPA review incurred by a successful applicant at any time, including prior to the date of the Conditional Reservation of Funds notification. These expenses must be reasonably necessary for the proposed project, and will only be paid when the agreement is fully executed.

Monitoring of HOME Funded Projects

HOME Program regulations require the annual monitoring and certification of HOME-funded projects. Monitoring and certification are designed to ensure that programs continue to meet affordability, income and other requirements. The County of Ventura HOME Program annually mails out packets of Annual

Certification forms to all HOME funded projects that remain in their affordability period. The mail out consists of packets of forms that are tailored to each project.

FOR RENTAL PROJECTS:

1. Transmittal Letter
2. HOME Income and Rent Limits Chart
3. Annual Program Compliance Certification (HUD-6C modified)
4. Project Compliance Report Certification (HUD-6D modified)
5. Tenant Information and Income Certification
6. Affirmative Marketing Certification
7. Adequate Budget Control Certification
8. Drug Free Workplace Certification
9. Federal HQS Standards
10. Residual Receipts (for projects with a residual receipts agreement)

FOR HOMEBUYER PROJECTS:

1. Transmittal Letter
2. HOME Income and Rent Limits Chart
3. Certification of HOME Assisted Loans
4. Affirmative Marketing
5. Adequate Budget Control
6. Drug Free Workplace

FOR TBRA PROJECTS:

1. Transmittal Letter
2. HOME Income and Rent Limits Chart
3. Annual Program Compliance Certification
4. Security Deposit Clients Served List
5. Tenant Information and Income Certification
6. Affirmative Marketing Certification
7. Adequate Budget Control Certification
8. Drug Free Workplace Certification
9. Federal HQS Standards

FOR HOMEOWNER REHAB PROJETS:

1. Transmittal Letter
2. HOME Income and Rent Limits Chart
3. Certification of HOME Assisted Loans/Grants

4. Affirmative Marketing
5. Adequate Budget Control
6. Drug Free Workplace

MONITORING GUIDES

See Appendix #24 for a sample Desktop Monitoring packet (for rental housing).

See Appendix #25 – HOME Risk Analysis and Monitoring Plan

In addition to the annual certification by mail process, the County HOME Program is required to do on-site monitoring. HOME regulations describe the minimum schedule, which is based on the total, not just HOME-assisted, number of units in the project, as follows:

Total # of units in project	Minimum Schedule
1 – 4 units	every 3 years
5 – 25 units	every 2 years
26+ units	annually

See Appendix #26 – On-site Rental Property Inspection Sample Schedule and Checklist

IDIS and Other HUD HOME Reports

Regularly scheduled monitoring of IDIS and other HUD HOME reports is a key factor in ensuring that the County HOME Program is in compliance with federal requirements related to expenditure deadlines, project completion, and income and rent limits. Viewing these reports regularly also provides program performance measurement data. Reports are printed from the HUD website on a periodic basis and are located in the HOME files under “HUD-IDIS Reports”. Samples of the reports listed below may be found in Appendix #27.

- IDIS Report PR02 List of Activities by Program Year and Project; lists all activities by activity number and name and for each provides the funded amount, disbursed amount, and balance. The report also lists program year totals for all activities.
- IDIS Report PR22 Status of HOME Activities: lists activities by type and for each activity lists the activity number, address, committed and disbursed amounts, percent of disbursed to committed fund, status (open, final draw, completed or cancelled), and status date.
- IDIS Report PR 25 Status of CHDO Funds by Fiscal Year
- IDIS Report PR 27 Status of HOME Grants: displays the status of commitments, requirements, disbursements and administration funds.
- HUD HOME Performance Snap Shots: These quarterly cumulative performance reports are useful in tracking progress of activities undertaken with HOME funds.
- HUD HOME Deadline Compliance Status Report These monthly Reports assist in monitoring compliance with the 2-year commitment and CHDO reservation requirements and the 5-year expenditure requirement.
- HUD HOME Status of Open Activities: This report is an MS Excel spreadsheet, which lists open activities in IDIS including activities with 100 percent of the funds drawn and with a status code of FD, or final draw. The HOME final rule at 24 CFR 92.502(d)(1) requires PJs to enter project completion data into IDIS within 120 days of making a final draw for a project. In addition, one can view activities that have been open (OP) for several years with little or no HOME funds drawn. These projects, if not progressing, should be cancelled.

HOME Checklists

To ensure compliance with all HOME deadlines and regulatory requirements, the following systems have been established. The HOME Master Calendar identifies key reporting timelines. The HOME Checklists identifies all core HOME timelines, program specific requirements, written agreement requirements, and underwriting and monitoring requirements.

See Appendix #28 – Sample HOME Master Calendar

See Appendix #29 – HOME Checklists