



Joseph N. DiVincenzo, Jr.
Essex County Executive

Anibal Ramos, Jr.
Department of Economic Development, Training & Employment

George F. Serio, Jr.
Division of Housing and Community Development

HOME Investment Partnerships Program (HOME)

2020 HOME Application and Instructions

Division of Housing and Community Development

20 Crestmont Road, Verona, New Jersey 07044 **T** 973.655.0200 **F** 973.655.0983

www.essexcountynj.org

Joseph N. DiVincenzo, Jr.

Essex County Executive

Board of Chosen Freeholders

Brendan W. Gill, President, Freeholder-At-Large

Wayne L. Richardson, Vice President, District 2

Rufus I. Johnson, Freeholder-At-Large

Patricia Sebold, Freeholder-At-Large

Romaine Graham, Freeholder-At-Large

Robert Mercado, District 1

Tyshammie L. Cooper, District 3

Leonard M. Luciano, District 4

Carlos M. Pomares, District 5

Anibal Ramos, Jr.

DEPARTMENT DIRECTOR

973-395-8400

George F. Serio, Jr.

DIVISION DIRECTOR

973-655-0200

Esther Martinez

SENIOR LOAN ADVISOR

973-655-0200 Ext. 317

Craig Lombardi

PROJECT COORDINATOR

973-655-0200 Ext. 323

John Soares

FINANCE COORDINATOR

973-655-0200 Ext. 318

Table of Contents

Application Requirements	5
Program Description	5
Program Guidelines	5
General HOME Regulations	6
Eligible Activities	6
Eligible Properties	6
Forms of Financial Assistance	7
Letter of Credit/Collateral	7
Property Standards	7
HOME Investment Per Unit	7
Match Requirements	7
Cost Overruns	8
Cost Reasonableness	9
Beginning of Construction	9
Other Funding	9
Release of Funds	9
Other Federal Rules / Implementation Guidelines	9
Essex County Continuum of Care	9
Equal Opportunity and Fair Housing	10
Handicapped Access	10
Environmental Review	10
Lead-Based Paint	10
Labor Standards	11
Debarment and Suspension	11
Flood Insurance	11
Conflict of Interest	11
Relocation	11
Insurance	12
Employment Eligibility Verification	12
Section 3	12
Community Housing Development Organizations	12
Rental Housing Regulations	13
Eligible Property Types	13
Underwriting	13
Single Room Occupancy (SRO) / Group Housing	13
Property Standards	13
Mixed-Income / Mixed-Use Projects	13
Tax Credits	14
Initial HOME Rents	14
Affordability Period	14
Homebuyer Regulations	14
Eligible Owners	15
Eligible Property	15
Forms of Ownership	15
Subsidy Approaches	15
Property Value Limits	15
Principal Residence	15
Single-Family Properties with Rental Units	16
Resale Provisions	16
Homebuyer Program Deadlines	16
Program Goals	16
Part I - General	16
Part II - Project Schedule	16
Part III - Certification	17
Part IV - Project Details	17
Part V - Performance Measurement	17
Part VI - Financial Details	18
Part VII - Federal Requirements	18
HOME Program Application and Instructions	

Part VIII - HOME Rental Pro-forma / Multi Family Underwriting Template
Scoring Criteria
Application

18
19
19

The Essex County Division of Housing and Community Development reserves the right to reject any application that is not completed in accordance with the following instructions.

Application Requirements

The application must be completed with all attachments, exhibits and funding commitments submitted by the due date in order to be considered for inclusion in the **Annual Plan**. Along with submittal of the paper copies of the application, each prospective applicant must submit on a removable **USB** (thumb) drive a copy of the HOME pro-forma application. If the organization fails to submit the application/drive by the due date on the form, the application will not be considered for inclusion in the County Action Plan. Any application form that has been altered will be rejected and returned. The charts in the application must be completed on the application form; any attachments that are not asked for in the application will not be considered in the ranking of your submission. The attachments must have a cover page stating the organization's name. Attachment number and exhibits are to be completed on the forms provided. If no projects are approved for the County Plan, then the County may consider accepting completed applications on a rolling basis during PY 2020

Program Description

The HOME Investment Partnerships Program (HOME) is designed to assist communities fund a wide range of HOME projects, including acquisition, new construction, and/or rehabilitation of affordable housing units for rental or homeownership, often in partnership with local not-for-profit and for-profit corporations, individuals, and publicly owned entities. The affordable housing units created will serve very low, low, and moderate income households at or below 80% of the Newark, NJ HUD Metro Area Median Income (AMI) Limits.

Program Guidelines

The HOME Investment Partnerships Program (HOME) is a Gap Funding Program. When applying for HOME funds it is **mandatory** that the applicant secure commitments from other sources of funding before an application will be considered for approval for the Essex County HOME Program. Eligible applications must adhere to the County's HOME Program Loan Guidelines. Projects will be competitively ranked based on completeness of application, feasibility of project and readiness to proceed, financial and implementation capacity of organization, experience of applicant, project design, need for HOME funds to complete project, and the project's impact on community residents and households.

General HOME Regulations

Eligible Activities

Within the priorities listed above, the following specific activities are eligible:

- Rehabilitation
- Conversion - Conversion of any existing structure from an alternative use to affordable housing. If project involves new walls beyond the existing structure, the project is described as new construction.
- Reconstruction - Building a new structure on the foundation of a previous structure.
- New Construction - Includes: newly built projects; existing projects which involve the addition of new units outside the existing walls of the structure; and units which received their initial certificate of occupancy within one year prior to the commitment of HOME funds.
- Acquisition of Property - The County will reimburse private developers of Low-Income Housing Tax Credit projects for acquisition costs in accordance with the following schedule: 90% of the County funds may be released when the project is 50% complete; the balance of the funds will be released upon the issuance of Certificates of Occupancy by the local municipality.
- Acquisition of vacant land - HOME funds can only be used when HOME or other funds have been committed for the full cost of development.
- Site Improvements - Must be "in keeping with improvements to surrounding standard projects."
- Demolition - HOME funds can only be used when HOME or other funds have been committed for the full cost of reconstruction.
- Project "Soft" Costs - Must be reasonable and necessary. They must be paid for by the owner as part of the project and must be for services rendered by a third party. The County prefers to use HOME funds for the actual construction costs. The County reserves the right to revise proposed budgets to reach this goal. This goal is more flexible for not-for-profit organizations.
 - Finance related costs such as: origination fees, credit reports, title reports and updates, recording fees, legal fees, appraisal, loan processing fees and other customary fees approved by the County. The applicant's legal fees should be reasonable and necessary.
 - Construction related costs such as: architectural and engineering fees, preparation of work write-up/cost estimate and builder / developer fees. The County requires that owner's sign fixed fee contracts with architects/engineers.
 - Design costs, including but not limited to: as-built final plans and specifications, cost estimates, building permits, planning and zoning approval. Will be limited to 7% of the project's proposed construction cost.
 - Project coordination costs, including but not limited to: bidding coordination and review, progress inspections, progress payments, change orders, design changes and final sign-off. Will be limited to 3% of the project's proposed construction cost. This percentage is the maximum, not a guaranteed percentage. The County does not expect the cost for a 4-unit moderate rehabilitation to be as high as for a 4-unit gut rehabilitation. The County reserves the right to limit fees below the maximums outlined if it considers them unreasonable. All costs in excess of the percentages outlined above and/or what the County considers reasonable will be kept off budget and paid by the owner.
 - Affirmative marketing and fair housing.

Eligible Properties

HOME funds may be used in all Essex County municipalities which have chosen to be members of the Urban County Consortium. This includes all Essex County municipalities except the City of Newark, City of East Orange and the Township of Irvington, which receive their own allocations. In order for the Division to fund projects in those towns, the applicant must have documented commitments from those towns and units developed must be for populations that are consistent with the County's number one priority, which is people with special needs, especially those transferring out of facilities such as foster care, mental health facilities, homeless shelters, correctional facilities, drug treatment facilities, etc. As the HOME Consortium includes the Township of Bloomfield, the County has agreed to consider applications for Bloomfield based projects.

Forms of Financial Assistance

The County's approach to providing HOME funds is to provide the "gap" financing necessary to make the project affordable under the HOME rental / purchase and income guidelines. The focus of this type of underwriting is to maximize private financing and minimize HOME funds. Detailed underwriting standard for rental housing projects are noted under the rental housing section of these guidelines.

The County will consider providing HOME funds in the following manners:

- Interest bearing loans
- Non-interest bearing loans
- Deferred loans (forgivable or repayable)

Applicants may propose any of the forms listed above. However, non forgivable loan proposals receive a higher priority. Projects that can be completed solely with private financing are not eligible.

Letter of Credit/Collateral

The County reserves the right to request a letter of credit, or other liquid security acceptable to the County, to ensure successful completion of the project and/or provide sufficient loan collateral. The amount of the letter of credit will be determined by the County. This letter of credit is particularly important when an owner is acting as a general contractor. In such a case the County will request a letter of credit in an amount equal to the difference between the contractor's cost and the County's cost to hire a general contractor through a public bidding process. Letters of credit must be irrevocable, non-documentary, issued by a reputable bank approved by the County and in a form acceptable to the County. Other forms of security will be subject to County approval.

The County HOME Loan will be secured by a lien against the project site property. The County may require additional collateral if the Loan-to-Value (LTV) ratio of the County HOME Loan relative to the value of the existing liens against the project site exceeds 90% LTV. Additional collateral may include personal and/or corporate guaranties, letter of credit, real estate investments, etc.

Property Standards

All State Building Codes must be met upon completion of the project along with Federal Housing Quality Standards, and applicable UPCS Standards. Projects must also meet all local building codes and ordinances. All new buildings and gut rehabilitations shall be designed to meet the National ENERGY STAR efficiency performance specifications. All projects must comply with the National Home Energy Rating System guidelines and use ENERGY STAR mechanical systems and appliances. Other Energy Star and "green" components are encouraged as practicable. See the HUD.gov web site and the HUD Energy Efficiency Program Guide for more information re the Energy Star program.

HOME Investment Per Unit

The minimum HOME subsidy per unit is \$1,000. The maximum HOME subsidy per unit is:

Maximum per Unit Subsidy - Section 234 - Elevator				
0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
\$149,868	\$171,801.60	\$208,912.80	\$270,266.40	\$296,666.40

Match Requirements

The HOME Program requires that HOME funds be "matched" with non-federal forms of subsidy. The matching requirement is \$0.25 for every \$1 in HOME funds. The premise of the "match" is that the provision of affordable housing is a community responsibility and, as a result, the local community should make a

financial contribution to "match" the federal HOME funds. It is important to note that an owner, an investor or anyone who the County may determine has an interest in the project may not provide the match.

This is a "program rule" rather than a "project rule" meaning HUD reviews the County's program and not each project for compliance. However, the County must impose a matching requirement on projects to meet the program rule. As such, HOME projects should make an effort to provide as many matching dollars as possible. Projects providing matching funds will receive a higher priority.

Eligible sources of match are described below. It is important to note that the match can be a direct contribution which lowers a project's development cost (e.g. NJHMFA housing grant or a bank waiving closing costs) or a contribution which lowers the operating cost of the project in the future (e.g. a low-interest loan from a local utility company or a partial tax waiver from the municipality). Direct contributions should be noted on the development budget as appropriate. Contributions that will affect future operating costs should be noted in Question 34 and not on the development budget.

Eligible sources of match obligations include:

- Permanent cash contributions from non-federal funding programs such as NJHMFA Housing programs and Federal Home Loan Bank Affordable Housing programs.
- Grant equivalent of below-market interest rate loans.
- Non-profit equity
- Value of waived taxes, fees, or other charges normally imposed by local jurisdictions.
- Value of land or real property donated or provided at less than appraised value.
- Value of support services (i.e. DDD) or shelter support vouchers
- Cost of infrastructure improvements not made with federal resources.
- Reasonable value of donated site-preparation, construction materials and voluntary labor.
- Homeowner sweat equity (not investor sweat equity).

Ineligible forms of match include:

- Contributions made with or derived from federal funds.
- Interest rate subsidy attributable to federal tax-exempt financing or the value of federal tax credits.
- Owner equity or investment in a project. Investor sweat equity.
- Cash or other forms of contributions from applicants or recipients of HOME funds, or investors who own, are working on, or are proposing to apply for, assistance for a HOME-assisted project. This includes private bank mortgages.

Cost Overruns

Applicants should make every effort to be as realistic as possible when developing the construction and development budgets. Construction and development budgets should be comprehensive and consider items such as the removal of lead based paint, asbestos and relocation expenses, if applicable.

The County does not keep a reserve account for cost overruns. The County's HOME Program is generally 100% allocated. Requests for additional funds must be submitted as part of the County's annual HOME allocation cycle and will be considered after all new projects have been considered. As a result, it is unlikely that County funds will be available to pay for cost overruns. Cost overruns will be the responsibility of the owner. It is noted that requests for additional HOME funds after a Written Agreement has been entered into will not be considered. To ensure compliance, the Division requires all applications to disclose a previous HOME award for the project site address, and the date of such commitment.

Cost Reasonableness

The County will review all development and construction budgets for cost reasonableness. Projects where the County determines that the costs are not reasonable will be denied funding.

Beginning of Construction

Construction funded by County HOME funds from PY 2018 may not begin on an approved project until the County has executed a HOME contract with HUD. Some costs incurred prior to this date are ineligible for reimbursement.

Other Funding

Most HOME projects have additional funding sources. Projects where such funding is committed will receive a higher priority than projects that have or are going to apply for funds.

Release of Funds

The County will no longer release all of its funds at the beginning of a project. All owner equity must be invested in the project prior to the release of any County funds. Ten (10) percent of the County funds will be held until the issuance of Certificates of Occupancy by the local municipality.

Other Federal Rules / Implementation Guidelines

A number of federal regulations apply for all HOME activities. Below is a list of the regulations and brief description of each. More detailed information is available from the Division of Housing & Community Development upon request.

Affirmative Marketing

Projects with 5 or more HOME units must develop an affirmative marketing plan. The basic marketing steps should include:

- Placing "apartment for rent" notice in Star-Ledger. The notices can be placed in other newspapers. The notice must include the following statement: "Equal Opportunity Housing."
- Sending copy of the "apartment for rent" notice to the Essex County Section 8 Program.
- Sending copy of the "apartment for rent" notice to community organizations in the County.
- Posting fair housing notice at the rental office/location; this action is required.

Prohibited Lease Provisions

As defined in 24 CFR 92.253, there are specific Prohibited Lease Provisions that should not be contained in any lease for rental housing assisted with HOME funds. If a lease does contain a prohibited provision, then said provision will not apply and will not be enforced by the Landlord/Owner.

Essex County Continuum of Care

The Essex County Continuum of Care has a document, created by the Essex County Division of Community Action, which describes the homeless delivery system in Essex County and outlines the goals and strategies for eliminating homelessness, with a focus on chronic homelessness. The CoC is available for review at the office of the Division of Community Action. The U.S. Department of Housing and Urban Development is encouraging municipalities to use resources such as the HOME Program to assist in the creation of transitional and permanent housing for the homeless with a focus on the chronically homeless. As such we have added the creation of such housing as a priority in our Consolidated Plan and the HOME application review. If you would like further information on how to use HOME funds to assist the homeless please refer to CPD Notice 03-08 which is available at the following website: <https://www.hudexchange.info/resources/documents/Notice-CPD-03-08-Using-HOME-Funds-HOMElessness.pdf>

Equal Opportunity and Fair Housing

All HOME program participants must comply with all state and federal laws and regulations regarding fair housing and equal opportunity. No person in the United States shall be denied benefits or subjected to discrimination under any program funded in whole or in part by HOME funds based on race, color, national origin, religion, sex, or sexual orientation .

To the greatest extent feasible, opportunities for training and employment arising from the HOME Program will be provided to low-income persons residing in the program service area. To the greatest extent feasible, contracts for work to be performed in connection with the HOME Program will be awarded to businesses which are located in, or owned by persons residing in, the County. All, projects must follow federal procurement requirements (see 24 CFR 85.36).

Applicants must outreach to the County's MBE/WBE list when securing bids for work to be paid for by the County. Documentation of this outreach must be submitted to the County.

Handicapped Access

HOME projects must comply with Section 504 of the Rehabilitation Act of 1973 which prohibits discrimination in federally assisted programs on the basis of handicap. Depending on the type of rehabilitation and the number of units, a percentage of the units in a project must be handicapped accessible (see 24 CFR 8 - Sub Part C). The NJ State Building Code may require a higher percentage than Section 504. Site and Neighborhood Standards

Housing provided through the HOME Program must promote greater choice of housing opportunities. The County will consider this benefit during the application process.

Environmental Review

The County must conduct an environmental review on every project. It is the responsibility of the owner to insure that the County has all the information necessary to complete the review. Project may not begin and funds may not be expended until the review is completed and funds are released by HUD.

Lead-Based Paint

All projects funded must comply with HUD's Lead-Based Paint (LBP) Regulations entitled "Requirements for Notification, Evaluation and Reducing of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance". These requirements are imposed on all buildings built pre-1978, when lead was removed from all paint by federal law. **The cost to remove LBP must be included in the construction budget. The County does not have a separate fund to pay for these expenses. Please note that clearance must be conducted on any rehabilitation project (include gut rehabilitations) if the building was built pre-1978.**

Federal Expenditure Per Unit			
Activity	\$5,000 or less	\$5,001 - \$25,000	\$25,001 or more
Safe Work Practices	X	X	X
Paint Testing	X	X	X
Risk Assessment		X	X
Interim Controls		X	X
Abatement			X
Clearance	X	X	X

The following are definitions for the activities noted above:

Safe Work Practices - All removal of lead-based paint must be completed by an EPA certified contractor. Safe work practices also include: protection of the occupants (including possible temporary relocation); preparation of the worksite; avoiding prohibited treatments and worksite clean-up.

Paint Testing - Testing of samples of dust and paint chips by a certified laboratory.

Risk Assessment - Must be completed by a certified Risk Assessor. Includes a visual assessment and testing to determine the existence, nature, severity and location of lead-based paint hazards.

Interim Controls - Measures to temporarily reduce human exposure to lead-based paint, including: paint stabilization; treatment of friction and impact surfaces; cleaning and dust control and lead-based paint soil control. All work must be performed by a trained worker or a worker under a Certified Supervisor.

Abatement - Involves the permanent elimination of a lead-based paint by an EPA certified contractor.

Clearance - Conducted when lead hazard reduction or elimination activities are completed and debris is removed. It involves a visual assessment and testing of dust samples to determine that lead-hazards have been reduced or eliminated.

All occupants of a building undergoing the reduction or removal of lead-based paint must be notified of the project and given a brochure on the hazards of lead-based paint.

It is recommended that you contact the County directly if you suspect your building has lead-based paint. The full lead-based paint regulation can be reviewed on the internet at http://portal.hud.gov/hudportal/HUD?src=/program_offices/healthy_homes/enforcement/regulations.

Labor Standards

Davis-Bacon compliance (prevailing wages) and other Federal laws and regulations pertaining to labor standards apply to all contracts containing 12 more HOME-assisted units.

Debarment and Suspension

Participants in HOME Projects (owners, contractors and professionals) must certify that they are not debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from the covered transaction.

Flood Insurance

HOME funds may not be invested in housing located in an area identified by the Federal Emergency Management Agency as having special flood hazards unless flood insurance is obtained and the community participates in the National Flood Insurance Program.

Conflict of Interest

In procurement of property and services, 24 CFR 85.36 and OMB Circular 110 rules regarding conflict of interest apply. If a person is an employee, agent, consultant, officer, elected official or appointed official of the County or has HOME related responsibility or access to inside information, that person may not obtain a financial benefit or interest from any HOME activity for themselves or those with whom they have family or business during their tenure or for one year thereafter.

Relocation

HOME projects must comply with the Uniform Relocation Act (URA) whenever displacement occurs as a direct result of HOME-assisted rehabilitation, demolition or acquisition.

HOME Program Application and Instructions

If your proposed project is occupied at the time of application, contact the County for the detailed regulations. Failure to do so may result in disqualification of your application as you may be required to submit notifications as part of your application. **It is the expressed policy of the County to strictly comply with the URA and to minimize displacement. Relocation expenses must be included in your development budget. The County does not have a separate fund to pay relocation expenses.**

Insurance

Applicants must meet the following County insurance requirements:

- Statutory Worker's Compensation coverage, in compliance with the Compensation Law of the State of New Jersey.
- General Liability Insurance coverage in the comprehensive general liability form including blanket contractual coverage for the work under this Agreement in the amount of \$1,000,000. This insurance shall include coverage for bodily injury and property damage.

Employment Eligibility Verification

Applicants, and any contractors and prime sub-contractors, must warrant to the County they are in compliance with all Federal Immigration laws and regulations that relate to their employees. They will be required to certify they have U.S. Department of Homeland Security, Form I-9 – Employment Eligibility Verification (OMB No. 1615-0047) forms on file for each employee working on the HOME-funded project. The County will in its agreement with the applicant reserve the right to conduct random verification of the employment records of the Contractor and any of subcontractors to ensure compliance.

Section 3

Section 3 regulations require that “the employment and other economic opportunities generated by Federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing.”

Specifically the regulation requires that projects with more than \$200,000 in HOME funds and where a contractor or subcontractor are awarded a contract in an amount that exceeds \$100,000, they must commit to employ Section 3 residents for 30 percent of the aggregate new hires for each year over the duration of the project. Section 3 residents are those people who live in the neighborhood in which the HOME-funded project is located, and/or low-income residents of the county.

Community Housing Development Organizations

Community Housing Development Organizations (CHDOs) are a specific type of non-profit organization defined exclusively for the HOME Program. Below is a list of the primary CHDO eligibility standards:

- CHDOs must be organized under state or local law.
- Must have 501(c)(3) status from the IRS.
- Provision of affordable housing must be among the purposes stated in the charter, articles of incorporation, resolutions or by-laws.
- At least 1/3 of the governing board of CHDOs must be residents of low-income neighborhoods; other low-income residents of the community; or elected representatives of low-income neighborhood organizations.
- No more than 1/3 of the governing board of the CHDO may be appointed by state or local government nor may more than 1/2 of the board be public officials.
- CHDOs must provide a formal process for low-income persons to advise the organization on design, location of sites, development and management of affordable housing.
- CHDOs may not be public bodies or instruments of public bodies.

- CHDOs may not be controlled by nor under the direction of for-profit individuals or entities seeking profit from the organization.
- CHDOs must have standards of financial accountability that conform to attachment F of OMB Circular A-110 (Rev) "Standards for Financial Management Systems."
- CHDOs must have at least one year of experience serving the community where they are provided HOME assisted housing.

Once approved by HUD, all CHDOs must be re-certified on a yearly basis.

In accordance with HOME regulations, the County will reserve at least 15% of its HOME allocation for project development activities carried out by area CHDOs. However, due to the demand for limited HOME funds available during PY 2016, the County does not plan to consider applications for CHDO operating funds during PY 2016.

Rental Housing Regulations

Eligible Property Types

- one or more buildings on a single site that are under common ownership, management and financing.
- buildings scattered on more than one site as long as the sites are under common ownership, management and financing, and received HOME assistance as part of a single undertaking.

Ineligible properties include: projects assisted under Title VI of NAHA - Prepayment of Mortgages Insured under the National Housing Act; Public Housing projects; Rental Rehabilitation Program funded projects; properties with existing obligations to any federal, state or local housing programs.

Underwriting

It is the County's stated position to provide gap financing and require that private financing be maximized. It is also the position of the County to give higher points to projects which request HOME loans with scheduled interest and/or principal payments to the County.

All rental projects will be underwritten assuming a mortgage, at a current rate (determined by the County), with a minimum 1.2 debt coverage ratio for the private financing. All income available at a 1.2 ratio must be used for private financing.

Single Room Occupancy (SRO) / Group Housing

Permanent SRO's and group housing are eligible under the HOME Program. They must generally comply with the rental housing guidelines. Specific guidance is available through CPD Notice 94-01 "Using HOME funds for Single Room Occupancy (SRO) and Group Housing" available from the County. Please request this notice if you are applying for such a project.

Property Standards

Refer to general program property standards noted on page 4. Additionally, rental housing property owners must maintain these housing standards for the duration of the regulatory period. Periodic inspections will be conducted by the County to insure these standards are complied with.

Mixed-Income / Mixed-Use Projects

The HOME Program allows only a portion of a mixed income/use project to be HOME assisted. Mixed-income and mixed-use (i.e. residential and commercial) are eligible for HOME funds. However, project costs must be allocated on a rational, documented basis in accordance with the actual unit-by-unit expenditures, or prorated expenditures reflecting the proportion of HOME units in the project; or a combination of both.

In a mixed-income project, designated HOME-assisted units may change over time (called "floating units") as long as the total number of affordable units remains the same and the substituted units are comparable in size, features and number of bedrooms.

Tax Credits

Low Income Housing Tax credits and HOME funds may be used together to finance an affordable housing project. The rules for the two programs are compatible, but the Tax Credit rules are generally followed if and when Tax Credit and HOME rules conflict. Any project receiving Tax Credit and HOME funds requires a layering review to insure that the project is not receiving an excess amount of subsidy.

Initial HOME Rents

Initial project rents may not exceed the following High Home Rent limits:

High HOME Rent Limits				
0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
\$1,042	\$1,188	\$1,447	\$1,728	\$1,908

For projects with five or more HOME units, 20% of the units must be at or below the following Low Home Rents:

Low HOME Rent Limits				
0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
\$881	\$943	\$1,132	\$1,308	\$1,458

If an applicant chooses to not include utilities in the rent, the rents must be reduced by the applicable allowances listed in Exhibit A. Allowances are based on building type.

Affordability Period

The Affordability Period will commence when a Certificate of Occupancy and Project Completion report has been submitted to the County; the project has met the Project Completion requirements described in 24 CFR 92.2, which requires that construction/rehabilitation be complete, all property standards are met, all HOME funds have been disbursed and drawn from the U.S. Treasury; and project completion data has been entered in HUD’s Integrated Disbursement Information System (IDIS).

Minimum Affordability Periods			
HOME Dollars per HOME Assisted Unit	<\$14,999 per unit	\$15,000 - \$39,999 per unit	>\$40,000 per unit
Rehab or Acquisition of 14 Existing Housing	5 Years	10 Years	15 Years
New Construction or Acquisition of New Housing	20 Years	20 Years	20 Years

Homebuyer Regulations

The following regulations apply to the creation of homeownership opportunities through new construction or rehabilitation.

Eligible Owners

County HOME funds for homeownership are limited to “first-time homebuyers” who will occupy the property as their principal residence. A “first-time homebuyer” is any low-income household that has not owned a home within the past three years. A household can have a gross income no greater than 80% of the area median income, adjusted for family size, as established by the U.S. Department of Housing and Urban Development. The following are the current income limits. Newark, NJ HUD Metro Area Median Income Limits

Income Limits Effective 6.1.2018			
Household Size	30% of AMI	50% AMI	80% AMI
1	\$21,150	\$35,250	\$52,850
2	\$24,200	\$40,250	\$60,400
3	\$27,200	\$45,300	\$67,950
4	\$30,200	\$50,300	\$75,500
5	\$32,650	\$54,350	\$81,550
6	\$35,050	\$58,350	\$87,600

Some households that have owned a home within the past 3 years can participate if they meet the established definition of a “displaced homemaker”

Eligible Property

Any one unit property that will serve as the principal residence of the purchaser can be used in the program. This may include:

- Single-family home (one-two-three unit)
- Condominium units
- Town home unit

Forms of Ownership

Program rules permit a variety of ownership approaches including fee simple title, 99-year leasehold interest, and ownership or membership in a condominium or cooperative unit.

Subsidy Approaches

There are many ways to subsidize home ownership under the HOME program. This application is limited to the development subsidy approach. Under this approach funds are invested in acquisition, construction and/or rehabilitation prior to the initial sale to the first time homebuyer. Upon sale to the first time homebuyer, the County’s funding is distributed amongst the HOME units and a lien is placed in the deed at transfer to the first time homebuyer.

Property Value Limits

The HOME Program requires that all properties used in a homeownership program have a value that does not exceed 95 percent of the median value for the area. HUD regulations governing the HOME program use the FHA 203(b) mortgage limits as the proxy for the 95 percent of median value. The property value must be supported by a certified appraisal.

Principal Residence

The property occupied by the first time homebuyer must be retained as the principal residence by the

owners and subsequent purchasers for a period of 15 years (20 years for new construction) commencing on the date of purchase by the eligible homebuyer. A deed restriction must be placed on the property to insure compliance with this requirement.

Single-Family Properties with Rental Units

Use of single-family properties that contain one, two or three rental units in a HOME-assisted first-time homebuyer program may require compliance with additional HOME rental program requirements.

Compliance will be determined based on the amount of subsidy requested. Please contact the County for more information if your project contains rental units.

Resale Provisions

Resale is restricted for a period as outlined in the table on page 10 of these guidelines. This restriction period is called the period of affordability. If the original first-time homebuyer retains ownership of the property for the full period of affordability, no resale restrictions will apply. However, if there is a property transfer during the period of affordability, affordability must be ensured using one of the two following options:

Recapture – The original first time homebuyer repays the funds to the County. These funds will then be used by the County to assist another eligible first-time homebuyer.

Resale – The original first time homebuyer may resell to another income eligible homebuyer.

Homebuyer Program Deadlines

As per the 2013 HOME Final Rule, a sales contract with an eligible homebuyer for HOME assisted housing must be executed and ratified within nine (9) months of the date of completion of construction or rehabilitation. If a HOME assisted homebuyer unit is not under a contract of sale within this nine month time frame, the unit must be converted into a rental housing unit and rented to an income eligible tenant, or the HOME funds invested in the unit must be repaid.

Program Goals

The HOME Program is designed to create affordable housing units in the County of Essex, New Jersey. These affordable housing units will become a place where very low, low, and moderate income persons can establish homeownership opportunities and find an affordable place to call home.

Part I - General

The application form should be typed, not hand written.

Provide organization's permanent title, address for physical location, Data Universal Numbering System (DUNS) Number, System Award management (SAM) number, telephone number, fax number and email address for the primary contact person.

Provide closing attorney's name, address, and email and check the applicable box(es) describing the organizational structure of applicant. Attach applicable supporting organizational documents (i.e. 501 (c)(3) letter, Certificate of Incorporation, Partnership Agreement, Operating Agreement, etc) as **Attachment 1**.

Provide project title and the address where the proposed project will be located. Provide the requested amount of HOME funds and the per unit subsidy. Next, provide total development cost per unit, the construction cost per unit, and total development cost. Make sure all the information is typed in correctly.

Part II - Project Schedule

Type in the start date for the project (i.e. June 2020) and the scheduled completion date (i.e. May 2021)
HOME Program Application and Instructions

Part III - Certification

Provide name of the organization and an authorized responsible representative for the organization (i.e. CEO, president, principal, etc.) Sign and date the application (signature must be hand written).

Part IV - Project Details

Section 1 - Check the applicable Type of Project.

Section 2 - Check the applicable description of the property type to be subsidized with HOME funds. If "Other", provide description.

Section 3 - Select what site control you currently have on the proposed project site and attach the supporting document as **Attachment 2**. Provide square footage for each unit to be assisted as part of the entire project. Confirm if the property taxes are current (leave blank if Not Applicable), and if the site is located in a floodplain. Provide census tract, block and lot of the property for your proposed project.

Section 4 - Check the applicable tenure type of the units in your proposed project.

Section 5 - Check off all required permits and permits which you have obtained, and type in the date the permit was given or the expected date of approval. Attach a copy of each permit and/or approval as **Attachment 3**.

Section 6 - **Type in a concise** description of the proposed project (i.e. We are going to rehab 25 one (1) bedroom units, of which 5 will be assisted with HOME funds; for senior citizens in a 3-story building on municipal owned land). **Do not add attachments, only what is typed in the space will be considered to rank your application.**

Section 7 - Provide total number of units to be rehabilitated and/or constructed and the total number of units planning to be assisted with the requested HOME funds.

Part V - Performance Measurement

Section 1 - Provide number of HOME assisted units and number of persons or households to be assisted next to income category.

Section 2 - Respond, (yes) or (no) to questions regarding Energy Star mechanical systems and/or appliances in your budget, and whether your proposed project contains any energy efficient features besides mechanical systems and/or appliances. If so, give a concise list in the space provided, **do not add attachments.**

Section 3 - Check category which describes the national objective for your proposed project. **List in the space provided** the special population which you will serve. **Type in the spaces provided** how your proposed project will fit the needs of the population you plan to serve (i.e. constructing 25 one (1) bedroom ADA accessible units will provide senior citizens proximity to services they may need). **Type in the space provided** how your proposed project will assess the needs of your target population (i.e. the rehabilitated units will incorporate monitoring systems and proximity to trained counselors to serve in case of an emergency). **Type in the space provided** how you will measure the success of the proposed project (i.e. the organization regularly monitors the status of the population served by performing annual income certifications, financial documentation, etc.). **Type in the space provided** the way that your proposed project satisfies any of the priorities set forth by the County of Essex in the 2015 One (1) Year Action Plan (i.e. the rehabilitation of 5 units with HOME funds will create affordable rental housing for low income persons and satisfy the County of Essex's first priority).

Section 4 - Check the national outcome(s) which will be satisfied with the completion of your proposed project.

Part VI - Financial Details

Section 1 - List in the space provided any form of legal issues against your organization or principals of the organization.

Section 2 - Calculate the required matching funds for the proposed project (25% of requested HOME funds). List the other funding sources which your organization has applied for and/or has already received and **add as Attachment 4** the supporting documents.

Section 3 - Fill out Exhibits 1-6 as thoroughly possible. Exhibit 2 must be filled out for the entire period of affordability. If more space is needed for Exhibits 1,2 and 5, alternative forms can be used as long as they meet all categories listed in the Exhibits provided.

Part VII - Federal Requirements

Section 1 - Any proposed project involving rehabilitation of a structure constructed before 1978 must attach an outline (no longer than 1 page) listing every step taken to comply with the Federal Lead Based Paint Regulations. **Add as Attachment 5**

Section 2 - Provide on a separate sheet **as Attachment 6** the form of insurance obtained if the proposed projects site is located within a flood plain. Respond to the environmental questions provided. Provide as **Attachment 7** an "As Is" and "As Completed" appraisal of the project site property (not over 90 days old). MAI Certified Appraisal preferred.

Section 3 - Provide **as Attachment 8**, a 4" x 6" aerial map showing the location and service area for the proposed project.

Section 4 - Provide **as Attachment 9**, six (6) colored photos of the site and/or structure. **No polaroids are accepted.**

One (1) facing down the street - One (1) facing up the street - One (1) facing the front of the property One (1) facing the back of structure - One (1) facing north - One (1) in front facing away from site.

Part VIII - HOME Rental Pro-forma / Multi Family Underwriting Template

For projects **WITH** tax credits prepare and submit the 2020 Essex HOME Multifamily Underwriting template.

For projects **WITHOUT** tax credits prepare and submit the 2020 Essex HOME Rental Pro-forma.

Scoring Criteria

The county will score applications based on a weighted scale of 100 points plus 5 Bonus Points for supporting documentation of Energy Star compliance. The scoring criteria is as follows:

Organizational and Implementation Capacity of Applicant **40 Points**

- Capacity of Development Team Staff 10 points
- Previous Development Experience and Projects/Construction Timeliness 10 points
- Financial Capacity of Development Team 10 points
- Funds Management Capacity of Applicant 10 points

Project Design **40 Points**

- Sources and Uses Budget 20 Points
- Development Pro Forma 20 Points

Readiness to Proceed **20 Points**

- Due Diligence on Property to be used 10 Points
- Pre-Approved & Income-certified Homebuyers or Renters 10 Points

Energy Star Compliance - Bonus Points **5 Points**

- Energy Star Compliance - Supporting Documentation 5 Points

Application

Application begins on the next page.