





I. INTRODUCTION:

The HOME Investment Partnerships Program (HOME) was created under the Title II of the National Affordable Housing Act of 1990. Under the HOME Program, the Department of Housing and Urban Development (HUD) allocates funds to Participating Jurisdiction (PJ) to be used to implement housing strategies in accordance with Federal HOME regulations 24 CFR Part 92. The City of Canton has been designated as a PJ to receive an allocation of HOME funds.

Through the use of HOME funds, the City of Canton strives to encourage and stimulate neighborhood revitalization. As a HUD designated PJ, the City of Canton, operating through the Department of Development, is charged with the proficient administration of HOME funds. In an effort to increase the efficiency in which HOME funds are utilized and the impact of these dollars on our community, the Department of Development has developed the following policies and procedures.

HOME funds may be used for acquisition, new construction or rehabilitation of affordable housing for low-income families. The intent of the HOME program is to:

-  Provide decent, safe, and affordable housing to low-income families;
-  Expand the capacity of nonprofit housing providers;
-  Strengthen the ability of state and local governments to provide housing; and
-  Leverage participation of government and private sector partner and funds.

Priorities for HOME funding are developed during the Consolidated Planning process.

The procedures contained in this manual apply to all projects receiving HOME funds through the Department of Development. Any violation of the requirements of the HOME program or policies contained within could result in the repayment of HOME funds received by the recipient.

II. GENERAL REQUIREMENTS OF CANTON'S HOME PROGRAM:

A. **MINIMUM HOME SUBSIDY**

The minimum HOME subsidy for any project is \$1,000.00 per unit in accordance with HOME regulations 24 CFR 92.205(c).

B. **MAXIMUM HOME SUBSIDY**

Reference Notice CPD-15-003. HUD is to publish a rule for comment proposing a new maximum per-unit subsidy limit for the HOME Program. Until a new rule can be published for effect, HUD adopted an interim policy directing PJs to use the Section 234-Condominium Housing basic mortgage limits for elevator-type projects as an alternative to the Section 221(d)(3) limits in order to determine the maximum amount of HOME funds a PJ may invest on a per-unit basis in HOME-assisted housing projects. This interim policy remains in effect until the effective date of new final rule provisions amending the existing provisions of 24 CFR 92.250(a).

C. **USE OF HOME FUNDS**

HOME funds may be used for the construction, purchase, or rehabilitation of single-family (one unit) homes and for developer projects multi-unit rental apartments may be considered. All housing units developed with HOME assistance (homeownership and rental) must be affordable to buyer and renter households earning 80% of Area Median Income (AMI) or below as determined by utilizing the HUD Part 5 definition of income. Construction may be one or a combination of several methods including stick-built, panelized, or modular. Mobile and manufactured homes are NOT eligible for HOME funding assistance. For the purposes of this manual, the following definitions apply:

1. STICK-BUILT: A house that is constructed primarily on-site from raw materials. This construction method may utilize some pre-construction elements such as roof framing.
2. PANELIZED: A house that is brought to the construction site in pre-built panels (wall sections), assembled on-site, and finished. Panelized houses are stick built houses with some of the components constructed off-site.
3. MODULAR: A home which is stick-built in modules (two or more boxes) in a factory, transported to the site by truck, and placed on a permanent basement or crawl space foundation by a crane. The modules are bolted together, finished, and may also involve on-site additions; i.e. porches, garages, and other customization. These houses are essentially the same as stick-built on-site only the majority of the construction is accomplished in a controlled factory environment.
4. MOBILE: A house that is fully constructed in a factory on a steel chassis, brought to the site on wheels, but not permanently affixed to a foundation.

5. **MANUFACTURED:** A house that is fully constructed as a single unit in a factory, brought to the site by truck, and placed on a fixed foundation.

D. EQUAL OPPORTUNITY AND FAIR HOUSING

The Department of Development will not exclude any organization or individual from participation under any program funded in whole or in part by HOME Program Funds on the grounds of age, disability, race, creed, color, national origin, familiar status, religion, or sex. The following Federal requirements as set forth in 24 CFR 5.105(a), *Nondiscrimination and Equal Opportunity*, are applicable to HOME Program developments:

- Fair Housing Act 24 CFR 100
- Executive Order 11063, as amended 24 CFR 107
- Title VI of the Civil Rights Act of 1964. 24 CFR 1
- Age Discrimination Act of 1975 24 CFR 146

E. ALLOCATION OF FUNDS

HOME Program allocations to nonprofit entities, and CHDO activities, will be in the form of forgivable deferred loans.

F. SUBSIDY LAYERING

Layering is the combining of other federal resources on a HOME-assisted development. Department of Development (DOD) will analyze each application to ensure that only the minimum amount of assistance is allocated to the development. In no case may the amount of HOME Program funds allocated exceed the maximum allocation limit. Refer to HOME Regs 24 CFR Part 92.250(b) and Notice CPD 98-01 for guidance.

G. AFFIRMATIVE MARKETING

Any entity applying for HOME Program funds must utilize the affirmative marketing procedures and requirements developed by the DOD for all HOME-assisted housing. The Affirmative Marketing Plan and Requirements for HOME-assisted housing include:

- Methods for informing the public, owners, and potential tenants about fair housing laws and policies of the local program.
- A description of what owners and/or the program administrator will do to affirmatively market housing assisted with HOME Program Funds.
- A description of what owners and/or the program administrator will do to inform persons not likely to apply for housing without special outreach.
- Maintenance of records to document actions taken to affirmatively market HOME-assisted units and to assess marketing effectiveness.
- A description of how efforts will be assessed and what corrective actions will be taken when requirements are not met.

H. ENVIRONMENTAL REVIEW

In implementing the HOME Program, the environmental effects of each activity must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 and the related authorities listed in HUD's regulations at 24 CFR Parts 50 and 58. HOME Program funds are approved as a conditional commitment until the environmental review process has been completed, with the option to proceed, modify, or cancel the project based upon the results of the review. The City of Canton DOD will be responsible for the Environmental Review.

I. LEAD-BASED PAINT REQUIREMENTS

The Lead-Based Paint Regulations described in 24 CFR Part 35 require that lead hazard evaluation and reduction activities be carried out for all developments constructed before 1978 and receiving HOME Program assistance. Applications for rehabilitation funds for existing buildings constructed prior to 1978 must include a lead hazard evaluation conducted by the City of Canton Health Department. All HOME Program fund allocations will be contingent upon the applicant agreeing to complete lead hazard reduction, evidenced by a clearance report performed by the City of Canton Health Department.

J. CONTRACTOR REQUIREMENTS

All general contractors working on HOME-funded developments must have an active license issued by the City of Canton Building Department as well as have a Lead Safe Renovator's Certificate and/or Lead Abatement License. Lead Abatement Contractors must be licensed by the Ohio Department of Health Division of Quality Assurance Lead Poisoning Prevention Program. The DOD also requires your worker's compensation information, bond and/or insurance.

K. LABOR STANDARDS

Davis-Bacon wage compliance and other federal laws and regulations pertaining to labor standards apply to all contracts for rehabilitation or construction of twelve (12) or more HOME-assisted units in a development. Davis-Bacon and related laws include:

- Davis-Bacon and Related Acts (40 USC 276a-276a-7)
- Contract Work Hours and Safety Standards Act (40 USC 327-333)
- Copeland (Anti-Kickback) Act (18 USC 874; 40 USC 276c)
- Fair Labor Standards Act of 1938, as amended (29 USC 201, et seq.)

The construction contract for any HOME-assisted activity must contain the applicable wage provisions and labor standards. DOD will monitor all development subject to Davis-Bacon requirements to ensure compliance with all applicable regulations.

L. INSPECTIONS

Inspections are required with all activities that are funded through the HOME Program.

- Pre-construction Meetings - a DOD inspector must attend any pre-construction meetings for multi-family developments.
- Periodic Inspections - a DOD inspector will perform periodic inspection to monitor work progression.
- Building Dept. rough/final inspections - The Building Department will inspect pertaining to permits.
- Final Inspections - a DOD inspector will perform final inspections.
- Rehabilitation Projects - when a project is ready for a draw on funds, the property must be inspected to verify that the work has been completed to standard. DOD will only make payments on work included in the scope of work that has been completed, inspected and approved by a DOD inspector.

M. CHANGE ORDERS

DOD recognizes that changes in a development occur from time to time. It is important that HOME Program participants submit requests for change orders on the proper DOD form. All change orders **must be** approved by the DOD Staff prior to initiating work. No payment of HOME funds will be made on change orders that have not been approved by DOD.

N. DEBARMENT

DOD will not enter into contract with a contractor, subcontractor, developer or subrecipient who has been debarred.

O. PROCUREMENT

All projects, except for CHDO projects, must be sent out for bid regardless of other funding sources in the project.

A sealed bid procedure must be followed.

P. SUBMITTING A HOME PROGRAM APPLICATION

CHDO & DEVELOPER

Department of Development (CCD) will evaluate each application to determine if the proposal meets threshold criteria. Threshold criteria includes submission of a complete application; proposal of an eligible activity; proposal of a development that, in the opinion of DOD is physically, financially and administratively feasible; provision of written verification in support of the proposed activity from the chief elected official of the area where the activity will be undertaken; and proposal of a development that meets the requirements of 24 CFR, Part 92. Applications will be taken through a request for proposal process.

Q. PERFORMANCE STANDARDS

Successful applicants must disburse twenty-five percent (25%) of the total HOME Program funds within ninety (90) days of the notice to proceed. Seventy-five percent (75%) of total HOME Program funds allocated must be disbursed on the development within one year from the date of the notice to proceed. If these performance standards are not met, any unspent HOME Program funds may be recaptured and reallocated to fund other affordable housing developments. Applicants approved for funding that do not complete the required number of units will be considered in default of their HOME Agreement and jeopardize future funding through the HOME Program.

For applicants also applying for Low Income Housing Tax Credits (LIHTC), the ninety (90) day performance standard will begin upon the LIHTC reservation. For developments applying for both HOME Program funds and LIHTC, any allocation of HOME Program funds is contingent upon the successful reservation of LIHTC.

If a participant has a HOME project underway at any given time period it is within DOD's discretion to evaluate a participant's capacity in regards to undertaking multiple projects.

R. CONSTRUCTION CONTINGENCY

DOD allows up to ten percent (10) of the HOME allocation for construction contingencies. The contingency will only be used for unforeseen circumstances necessary to complete the scope of work and must be approved by management.

S. FLOOD INSURANCE

DOD discourages development in flood hazard areas. DOD is willing to assist existing housing located in flood plains but flood insurance must be obtained and maintained for the full period of affordability. DOD will not fund new construction in flood plains.

T. 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, including acquisition for homebuyer activities. If the DOD proposed project is occupied at the time of application, contact the DOD for 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 DOD to strictly comply with the URA and to minimize displacement.

U. SITE AND NEIGHBORHOOD STANDARDS

New construction projects must ensure that the project conforms to the "Site and Neighborhood Standards" as described in 24CFR 983.6(b).

V. AFFORDABILITY PERIOD

CHDO's and Developers are required to maintain HOME funded properties as affordable for a minimum affordability period based on the amount of HOME funds spent on the project. The guidelines are as follows:

- Under \$15,000 per unit 5 years
- \$15,000 - \$40,000 per unit 10 years
- Over \$40,000 per unit 15 years
- New construction or acquisition within one Year of construction (for rental projects) 20 years

A HOME Written Agreement will be prepared and must be signed by the owner/buyer. This agreement establishes the occupancy and affordability requirements for the property as well as the owner's obligations to the City of Canton Department of Development. In signing the agreement, the owner agrees to the restrictions on the use of the property set forth in the document.

W. INCOME DETERMINATION

DOD insures that HOME Funds are targeted to low-income households by using the Part 5 Definition of Income to determine eligibility. This definition was formerly commonly referred to as the Section 8 definition.

CHDO's & Developers in charge of HOME assisted units are responsible for determining income and re-evaluations annually during the affordability period of the project. An income calculator is available at the HUD website to provide assistance with calculating income.
<http://www.hud.gov/offices/cpd/affordablehousing/training/web/calculator/calculatoroff.cfm>

X. PAYMENT/RELEASE OF FUNDS

Project Funds are disbursed on a reimbursement basis.

Final payment will not be disbursed until the final inspection is approved, permits have been finalized and the contractor's signed release of liens has been received.

Y. MONITORING

During the period of affordability, the Department of Development must perform on-site compliance and monitoring inspections of all rehabilitation and new construction of single-family and multi-family developments utilizing HOME Program Funds to determine compliance with the Final Rule.
<http://hud.gov/offices/cpd/affordablehousing/lawsandregs/regs/finalrule.pdf>

Z. AUDIT

DOD requires that recipients have an audit conducted of Federal Funds received in accordance with the Single Audit Act Amendments of 1996

(U.S.C. 7501-7507) and revised OMB Circular A-133, "Audits of States, Local Government, and Non-Profit Organizations "as required in 24CFR, Part 84 and 85 respectively.