

**Question 1:** What is the regulation requiring that Participating Jurisdictions only commit HOME funds to a project after it has underwritten the project (Minimum amount of HOME assistance needed)?

**Answer 1:** The underwriting referenced in the workshop is regulatory, found in the HOME Program regulations as follows:

Subpart F—Project Requirements

§92.250 Maximum per-unit subsidy amount, underwriting, and subsidy layering.

(a) *Maximum per-unit subsidy amount.* The total amount of HOME funds and ADDI funds that a participating jurisdiction may invest on a per-unit basis in affordable housing may not exceed the per-unit dollar limitations established under section 221(d)(3)(ii) of the National Housing Act (12 U.S.C.17151(d)(3)(ii)) for elevator- type projects that apply to the area in which the housing is located. HUD will allow the per-unit subsidy amount to be increased on a program-wide basis to an amount, up to 240 percent of the original per unit limits, to the extent that the costs of multifamily housing construction exceed the section 221(d)(3)(ii) limit.

(b) *Underwriting and subsidy layering.* Before committing funds to a project, the participating jurisdiction must evaluate the project in accordance with guidelines that it has adopted for determining a reasonable level of profit or return on owner's or developer's investment in a project and must not invest any more HOME funds, alone or in combination with other governmental assistance, than is necessary to provide quality affordable housing that is financially viable for a reasonable period (at minimum, the period of affordability in §92.252 or §92.254) and that will not provide a profit or return on the owner's or developer's investment that exceeds the participating jurisdiction's established standards for the size, type, and complexity of the project. The participating jurisdiction's guidelines must require the participating jurisdiction to undertake:

(1) An examination of the sources and uses of funds for the project and a determination that the costs are reasonable; and

(2) An assessment, at minimum, of the current market demand in the neighborhood in which the project will be located, the experience of the developer, the financial capacity of the developer, and firm written financial commitments for the project.

(3) For projects involving rehabilitation of owner-occupied housing pursuant to

§92.254(b):

(i) An underwriting analysis is required only if the HOME -funded rehabilitation loan is an amortizing loan; and

(ii) A market analysis or evaluation of developer capacity is not required. Page 47

(4) For projects involving HOME-funded down payment assistance pursuant to §92.254(a) and which do not include HOME-funded development activity, a market analysis or evaluation of developer capacity is not required.

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**Question 2:** If the need for HOME funds is determined by assessing the need of the low-income family or families to be assisted, what happens for an application for HOME funds that is requesting funding for the beginning of a development project, such as for land acquisition, where families have not been identified yet? How will the underwriting process work in that situation?

**Answer 2:** City of Asheville Community Development staff will work with you to prorate the amount of HOME funds per unit, and then review your underwriting procedures to confirm that you are still adjusting the amount of assistance provided (from all funds) to match the specific needs of each particular household.

**Question 3:** The construction application requires that the building site be identified. We have a list of applicants who may be eligible, but we do not currently have funds to qualify the applicants or their homes for a rehabilitation program. These are activities that would be funded by this grant, if awarded. Therefore, must we have the exact households and properties identified and qualified in order to submit a competitive application?

**Answer 3:** HOME rehab beneficiary homes do not need to be identified in advance; it would be helpful to the application, however, to provide information about your waiting list or other measurable indication of the market. You should be aware that you will need to comply with HOME Property Standards (S. 92.251) which have changed significantly in the new HOME rule. You will need to develop rehabilitation standards, which must be approved by the COA Community Development Division. Please be aware that compliance with the new HOME rules might affect your budgets and proposed deliverables.

**Question 4:** Can the NCFHA Rehabilitation Standards for their HOME funded Single-Family Rehab program be used for a City of Asheville HOME application for rehab activities?

**Answer 4:** The HOME rule (92.251) requires the Participating Jurisdiction (PJ) to establish written rehabilitation standards, however, we have left, in part, this requirement to each Subrecipient to establish their own written rehab standards based on the HOME rule and their local needs. Our review of NCFHA written rehab standards indicates that they are in compliance with the HOME rule. If awarded funding under a HOME program eligible rehab activity, the Subrecipient would be required to establish written rehab standards. NCFHA's standards would be a helpful guide for you to follow in developing such standards.

**Question 5:** Do CHDO's need to submit a CHDO application each year? And if so, where is the application form?

**Answer 5:** The Community Development Division re-certifies CHDO Organizations every year (24 CFR Part 92.2 Subpart A and Subpart G). Existing CHDO's may complete the following Re-certification application and submit it along with their regular application for new funding –

