

HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

City of Duluth

FY 2012 Application Guidelines

The HOME program, created under the HOME Investment Partnerships Act, is part of the Federal Government's commitment to providing decent, safe, and affordable housing for all Americans and to alleviate problems of excessive rent burdens, homelessness, and deteriorating housing stock. The HOME program allows the City to:

- Design and implement affordable housing strategies that are tailored to Duluth's needs and priorities.
- Extend and strengthen partnerships among all levels of government and the private sector, including for-profit and nonprofit organizations, in the production and operation of affordable housing.
- Build the capacity of Community Housing Development Organizations (CHDOs), who play a significant role in implementing local strategies.
- Leverage and mobilize community resources to address housing needs and priorities within the At-Home targeted neighborhoods.

PROGRAM PREFERENCES

The HOME program provides grants and loans to implement the City of Duluth's housing strategies, which are designed to increase homeownership and affordable rental housing for very low to moderate-income residents. This year, to encourage applications that help meet the goals of the Consolidated Plan and increase the availability of affordable housing in Duluth, the Community Development Committee has determined preferences for funding projects. They are:

- **Production of additional housing units.** This could be achieved through new construction, renovation of condemned or vacant housing so it can be occupied, development of units in "recycled" buildings (i.e., schools, warehouses, empty floors in commercial buildings, etc.), or other activities that create additional affordable housing units. Proposed projects can be either owner-occupied or rental housing.

- **Joint housing rehab programs that include two or more agencies.** There have been a number of homes receiving funds from multiple housing agencies for the same rehab project. Depending on the level of coordination by agencies, these projects generate varying amounts of duplicative administrative costs such as documents repeated in each agency's project files, owners filling out separate applications and each agency determining the same eligibility, additional inspections of the property, etc. In order to encourage agencies to work efficiently and to streamline administrative costs per rehab project, applications for jointly-administered rehab programs will be given preference for funding over single-agency applications. Joint programs that include a CHDO partner are encouraged to discuss their application with staff prior to submission.

ELIGIBLE PROGRAM APPLICANTS

Eligible applicants include 501(C)3 nonprofit housing providers, Community Housing Development Organizations (CHDOs), Housing and Redevelopment Authorities (HRAs) and private developers. CHDOs are community-based nonprofit organizations certified by the City of Duluth. CHDOs must be awarded no less than 15% of the City's HOME funds, and may apply for pre-development assistance. Contact Community Development (730-5480) for information on CHDO certification.

TYPE OF APPLICATIONS

Homeowner Development Projects

Eligible Applicants: CHDOs, 501(C)3 nonprofit housing providers, HRAs, private developers. Development projects which create or maintain affordable owner-occupied housing. Allowable activities include demolition and reconstruction, property acquisition, rehabilitation, and new construction. Additional budget information must be provided with the application. Should HOME funds be awarded, prior to contracting a scope of work, architectural drawings and specifications, relocation plan, affirmative marketing plan, and lead-based paint remediation plan will be required as applicable to the project. **Major housing development projects may wish to apply for a "pre-commitment" of future HOME program dollars if, due to the timing of the project, HOME dollars will not be needed in 2012.**

CHDO Project Specific Loan and CHDO Operating Support

Eligible Applicants: CHDOs. Project specific loans are short-term no-interest loans, for feasibility studies or qualified pre-development expenses tied to a specific project. The loan is payable at the time of permanent financing of the development project and is forgivable by the City if a feasibility study determines the proposed project is not viable. Operating support provides grant funds for staff, pre-development activities, project planning, project financing, and other activities directly leading to the development of affordable housing units.

By providing operating support, the City assumes that HOME Program development funds will be awarded within two years for the planned housing development that creates HOME units.

HOME Buyer Assistance Project

Eligible Applicants: CHDOs, 501(C)3 nonprofit housing providers, HRAs, private developers, and mortgage lenders. Applicants must have experience in home purchasing and financial management and knowledge of HOME program rules and regulations and related federal requirements. Projects may provide downpayment and/or closing cost assistance, pre-paid interest subsidies, or "soft second" mortgage financing.

Tenant-Based Rental Assistance

Eligible Applicants: A collaborative application including the HRA and other housing agencies. Funded using HOME Program dollars, Tenant-Based Rental Assistance (TBRA) is similar to "Section 8" or the "Housing Voucher Program" currently administered by the Duluth HRA. Qualified low-income renters who are homeless or at risk of becoming homeless receive a rent subsidy in an apartment of their choice, provided it meets basic quality standards and other program requirements. This portion of the program will be geared to meeting a strategy of the 10-Year Plan to End Homelessness.

Homeowner Property Rehabilitation Program

Eligible Applicants: 501(C)3 nonprofit housing agencies and HRAs. Applicants must have extensive experience in loan administration, contractor oversight, financial management, knowledge of HOME program regulations and related federal requirements, and demonstrate the ability to expend all funds awarded within 15 months. This portion of the program will be matched to the Lead Remediation – Healthy Homes portion of the grant.

Rental Redevelopment Projects

Eligible Applicants: CHDOs, 501(C)3 nonprofit housing providers, HRAs, private developers. Development projects which create or maintain affordable rental units for transitional or permanent housing, as outlined in the Ten-Year Plan to End Homelessness. Allowable activities include demolition and reconstruction, property acquisition, rehabilitation, and new construction. Additional budget information must be provided with the application. Should HOME funds be awarded, prior to contracting a scope of work, architectural drawings and specifications, relocation plan, affirmative marketing plan, and lead-based paint remediation plan will be required as applicable to the project. **Major housing development projects may wish to apply for a "pre-commitment" of future HOME program dollars if, due to the timing of the project, HOME dollars will not be needed in 2012.**

PROGRAM REQUIREMENTS

Please refer to the following (available upon request or at www.hud.gov):

HUD Notice CPD-97-11: Guidance on CHDOs under the HOME Program
2010 HOME Program Limits
24 CFR Part 92 HOME Final Rule
HUD Notice CPD-96-09: Project-Specific Assistance
HUD Homebuyer Assistance Program
City of Duluth's Community Development Local Recapture/Resale Policy
"Tenant Based Rental Assistance - A HOME Program Model" HUD, January 1997
HUD Regulation on Lead-Based Paint Hazards
URA, Uniform Relocation Act

Please contact one of the following staff persons regarding questions on the application:

Karen Olesen (kolesen@duluthmn.gov) Housing/HOME
Char McLennan (cmclennan@duluthmn.gov) Housing/HOME
Suzanne Kelley (skelley@duluthmn.gov) Housing/HOME