

# **Shelby County HOME Program**

## **CHDOs**

### **Community Housing Development Organizations**

#### **SECTION XIV: CHDO RFP Application**

**October 2011**

**Shelby County HOME Program**

# Community Housing Development Organizations

## PART 1

### General Information

Each organization is required to provide the following documentation and complete the CHDO Checklist. **Applications without this information will not be considered for funding.**

Legal Name of the Organization: \_\_\_\_\_

IRS Tax Exempt Number: \_\_\_\_\_

#### **CHDO Checklist:**

The information contained in this checklist refers to the definition of Community Housing Development Organizations (CHDOs) in Subpart A, Section 92.2 of the "HOME Investment Partnership Program: Final Rule", published in the Federal Register September 16, 1996. Referenced documents must be on file with the non-profit organization to document compliance with the regulations. Attach documentation as required.

#### **I. LEGAL STATUS**

- A. The nonprofit organization is organized under State or local laws, as evidenced by:

\_\_\_ a Charter, **OR**

\_\_\_ Articles of Incorporation.

- B. No part of its net earnings inure to the benefit of any member, founder, contributor, or individual, as evidenced by:

\_\_\_ a Charter, **OR**

\_\_\_ Articles of Incorporation

- C. Has a tax exemption ruling from the Internal Revenue Service (IRS) under Section 501 (c)(3) or (4) of the Internal Revenue code of 1986, as evidenced by:

\_\_\_ a 501(c)(3) or (4) Certificate from the IRS. **OR**

Is classified as a subordinate of a central organization non-profit under section 905 of the Internal Revenue Code, as evidenced by:

\_\_\_ a group exemption letter from the IRS that includes the CHDO.

- D. Has among its purposes the provision of decent housing that is affordable to low- and moderate-income people, as evidenced by a statement in the organization's:
- \_\_\_ Charter,
  - \_\_\_ Articles of Incorporation,
  - \_\_\_ By-laws, **OR**
  - \_\_\_ Resolutions.

## II. CAPACITY

- A. Conforms to the financial accountability standards of Attachment F of OMB Circular A-110, "Standards for Financial Management Systems," as evidenced by:
- \_\_\_ a notarized statement by the president or chief financial officer of the organization;
  - \_\_\_ a certification from a Certified Public Accountant, **OR**
  - \_\_\_ a HUD approved audit summary.
- B. Has a demonstrated capacity for carrying out activities assisted with HOME funds, as evidenced by:
- \_\_\_ resumes and/or statements that describe the experience of key staff members who have successfully completed projects similar to those to be assisted by HOME funds, **OR**
  - \_\_\_ contract(s) with consultant firms or individuals who have housing experience similar to projects to be assisted with HOME funds, to train appropriate key staff of the organization.
- C. Has a history of serving the community within which housing to be assisted with HOME funds is to be located, as evidenced by:
- \_\_\_ a statement that documents at least one year of experience in serving the community, **OR**
  - \_\_\_ for newly created organizations formed by local churches, service or community organizations, a statement that documents that its parent organization has at least one year of experience in serving the community.

The CHDO or its parent organization must be able to show one year of serving the community prior to the date the participating jurisdiction provides HOME funds to the organization. In the statement, the organization must describe its history (or its parent organization's history) of serving the community by describing activities which it provided (or its parent organization provided), such as, developing new housing, rehabilitating existing stock and managing housing stock, or delivering non-housing services that have had lasting benefits for the community, such

as counseling, food relief, or childcare facilities. The statement must be signed by an official of the organization.

### III. ORGANIZATIONAL STRUCTURE

- A. Maintains at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations as evidenced by the organization's:

By-Laws;  
 Charter, **OR**  
 Articles of Incorporation.

Under the HOME program, for urban areas, the term "community" is defined as one or several neighborhoods, a city, county, or metropolitan area. For rural areas, "community" is defined as one or several neighborhoods, a town, village, county, or multi-county area (but not the whole state).

- B. Provides a formal process for low-income, program beneficiaries to advise the organization in all of its decisions regarding the design, siting, development, and management of affordable housing projects, as evidenced by:

The organization's By-Laws  
 Resolutions, **OR**  
 A written statement of operating procedures approved by the governing body.

- C. A CHDO may be chartered by a State or local government, but the following restrictions apply:

- (1) The State or local government may not appoint more than one-third of the membership of the organization's governing body;
- (2) The board members appointed by the State or local government may not, in turn, appoint the remaining two-thirds of the board members; and
- (3) No more than one-third of the governing board members are public officials (including any employees of the PJ), as evidenced by the organization's:

By-Laws,  
 Charter, **OR**  
 Articles of Incorporation.

- D. If the CHDO is sponsored or created by a for-profit entity, the for-profit entity may not appoint more than one-third of the membership of the CHDO's governing body, and the board members appointed by the for-profit entity may not, in turn, appoint the remaining two-thirds of the board members, as evidenced by the CHDO's:

By-Laws,  
 Charter, **OR**  
 Articles of Incorporation.

#### IV. RELATIONSHIP WITH FOR-PROFIT ENTITIES

- A. The CHDO is not controlled, nor receives directions from individuals, or entities seeking profit from the organization, as evidenced by:

The organization's By-laws, **OR**  
 A Memorandum of Understanding.

- by B. A Community Housing Development Organization may be sponsored or created a for-profit entity, however:

- (1) The for-profit entity's primary purpose does not include the development or management of housing as evidenced:

In the for-profit organization's By-laws

**AND;**

- (2) The CHDO is free to contract for goods and services from vendor(s) of its own choosing, as evidenced in the CHDO's:

By-Laws,  
 Charter, **OR**  
 Articles of Incorporation.



5. **PROPOSED ACTIVITY:**

Type of Activity	Number of Units	HOME funds Requested	Total HOME Funds Requested per Unit	Total Project Funds
New Construction				
Acquisition				
Down Payment/ Closing Cost				
Project Related Soft Costs*				
TOTAL				

6. **PROPERTY TYPE:** (Check all that apply)

- Single Family Home Rehab (one unit)
- Single Family Home New Construction (one unit)
- Two to Four Unit Property
- Condominium Unit
- Manufactured Home
- Co-operative Unit (in a single-family or multi-family building)

7. **DESIGN:** If a new construction project, please describe the proposed housing unit design (i.e. the number of bedrooms and baths, square footage, appearance). Attach proposed floor plan, if possible.

8. **FORM OF OWNERSHIP PROPOSED:**

- Fee Simple
- 99-year Leasehold Interest
- Ownership or Membership in a Cooperative or Condominium Unit



12. **RELOCATION INFORMATION:**

- A. Does this project require any relocation and/or displacement of tenants?  
\_\_\_ Yes  
\_\_\_ No
- B. Describe extent to which this relocation is anticipated. Also, describe who will be responsible and how it will take place.

13. **SITE INFORMATION: Please include a map of the proposed project site if a new construction project.**

- A. Is site properly zoned for project?  
\_\_\_ Yes  
\_\_\_ No (If no, when will the zoning issue be resolved? (month/year). Discuss the status of the zoning for the proposed project).  
\_\_\_\_\_  
\_\_\_\_\_
- B. Is the site properly subdivided?  
\_\_\_ Yes  
\_\_\_ No (If no, discuss future plans for subdividing).\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- C. Are utilities presently available at the site?  
\_\_\_ Yes  
\_\_\_ No (If no, which utilities need to be made available:)  
\_\_\_ Electricity \_\_\_ Water \_\_\_ Gas \_\_\_ Sewer  
\_\_\_ Other
- D. Is project site vacant?  
\_\_\_ Yes  
\_\_\_ No

- E. Is site(s) located in a locally-designated or National Register historic district or in a potential historic district? Source \_\_\_\_\_  
 \_\_\_ Yes  
 \_\_\_ No
- F. Is site(s) located in a flood plain? Source \_\_\_\_\_  
 \_\_\_ Yes  
 \_\_\_ No
- G. Is site(s) located in an airport noise zone? Source \_\_\_\_\_  
 \_\_\_ Yes  
 \_\_\_ No
- H. Is site(s) located within 100 feet of a railroad or major highway?  
 \_\_\_ Yes  
 \_\_\_ No

14. **HOME BUYER SUBSIDY ASSISTANCE:**

- A. Down Payment and Closing Cost Assistance:
1. Will you require the home buyer to contribute real cash toward the down payment and closing cost?  
 \_\_\_ Yes (minimum amount or percentage required \_\_\_\_\_)  
 \_\_\_ No
  2. What form of subsidy will you use for down payment/closing cost assistance?  
 \_\_\_ Unsecured Loan: *Identify Source* \_\_\_\_\_  
 \_\_\_ Deferred Loan: *Identify Source* \_\_\_\_\_  
 \_\_\_ Grant: *Identify Source* \_\_\_\_\_
- B. Other Forms of Assistance (check those that apply)  
 \_\_\_ Direct Loan for Acquisition: *Identify Source* \_\_\_\_\_  
 \_\_\_ Interest Subsidy to the Lender: *Identify Source* \_\_\_\_\_  
 \_\_\_ Principal Reduction or "Gap" Financing: *Identify Source* \_\_\_\_\_

15. **FINANCIAL INFORMATION**

- A. Briefly describe the financial system and personnel that will help insure proper financial management of this project.

- B. Complete the following section identifying the sources and uses of funds for the proposed project:

**SOURCE**

	<b>Amount</b>
Shelby County Department of Housing	\$
Developer Equity	\$
Lender Financing (indicate financier: _____)	\$
Other (specify) _____	\$
Other (specify) _____	\$
Other (specify) _____	\$
<i>TOTAL SOURCES</i>	\$

**USES**

	<b>Amount</b>
Acquisition	\$
Surveying, engineering, design, and infrastructure	\$
Construction management (soft costs)	\$
Infrastructure Construction (hard costs)	\$
Housing Construction (excluding overhead and profit)	\$
Marketing	\$
Overhead	\$
Profit	\$
Other (specify) _____	\$
Other (specify) _____	\$
<i>TOTAL USES</i>	\$

\*\* TOTAL SOURCES MUST EQUAL TOTAL USES

C. Complete the following profit and loss statement:

**Revenue**

	<b>Amount</b>
Sale of Housing Units	\$
<u>Less Selling Costs</u>	\$
<i>TOTAL REVENUE</i>	\$

**Costs**

	<b>Amount</b>
Land Acquisition	\$
Planning/Engineering	\$
Site Improvements	\$
Housing Construction	\$
Estimated Financing Costs	\$
Interest Rate:	\$
<u>Administration and Other Costs</u>	\$
<i>TOTAL COSTS</i>	\$

*NOTE: Estimated financing costs = (House Construction X 80% x Interest Rate)/2*

16. Attach a copy of your organization's (or sponsoring organization's) most recent, signed audit that was prepared by a certified Public Accountant as well as its most recent tax return.
17. Provide project and financial references, including evidence of complete financing (such as a lender letter of commitment, if available).

18. **DESCRIPTION OF DEVELOPMENT TEAM / PROJECT PARTICIPANTS**

a. Identify who will be providing marketing assistance and describe their credentials: \_\_\_\_\_  
\_\_\_\_\_

b. Identify who will be doing the engineering and describe their credentials: \_\_\_\_\_  
\_\_\_\_\_

c. Identify who will be doing the site and land development and describe their credentials: \_\_\_\_\_  
\_\_\_\_\_

d. Identify who will be doing the construction and describe their credentials: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

19. Describe your marketing plan for the proposed project:

20. Provide a detailed plan of action.

21. Describe the applicable impact of the proposed project, as appropriate, to the proposed activity: i.e., the number of units constructed, number of units rehabilitated, local firms to be utilized in the project and their respective roles, etc.).

## PART 3

### APPLICATION CERTIFICATIONS

The undersigned applicant seeks an allocation or grant through Shelby County (hereafter "County"), of HOME Investment funds. The applicant understands these funds are made available through the United States Department of Housing and Urban Development (HUD) and to facilitate the receipt of these funds the grant recipient agrees and certifies to comply with all applicable County and HUD rules, and specifically agrees and certifies as follows:

1. The applicant, government, or organization will abide with all the requirements of 24 CFR Part 92 HOME Investment Partnership Program.
2. If the application is approved, the government or organization will develop and implement a "Policy and Procedures for Outreach to Minority and Women Business Enterprises" acceptable to the County.
3. If the application is approved, the government or organization will develop and implement an "Affirmative Marketing Policies and Procedures" acceptable to the County.
4. That the government of organization will comply with other applicable Federal Requirements in 24 CFR Part 92 as follows:
  - a. Section 92.350 Equal Opportunity and Fair Housing.
  - b. Section 92.351 Affirmative Marketing.
  - c. Section 92.352 Environmental Review (but limited to providing the county with the information the County requires to carry out its environmental review function).
  - d. Section 92.353 Displacement, Relocation and Acquisition.
  - e. Section 92.354 Labor.
  - f. Section 92.355 Lead-Based Paint.
  - g. Section 92.356 Conflict of Interest.
  - h. Section 92.357 Executive Order 12372.
5. That it is not primarily a religious organization or will not use its funds to assist a primarily religious organization as provided by Section 92.257 of 24 CFR Part 92.
6. That, if the organization is approved, it will provide staff and other resources at its own expense to adequately administer and supervise the project including additional administrative functions as may be required during the "affordability period" of the project.
7. That it will administer the program according the uniform administrative requirements of OMB Circular No. A-87 and the requirements of 24 CFR Part 85, Sections 85.6, 85.12, 85.20, 85.22, 85.26, 85.35, 85.36, 85.44, 85.51, and 85.52.
8. If the applicant is a non-profit organization, it will abide by the requirements of OMB Circular No. A-112, and OMB Circular A-110, B, F, H paragraph 2, and O.

9. Before committing any funds to a project, the applicant will evaluate the project in accordance with the guidelines provided by the County for this purpose and will not invest any more HOME funds in combination with other federal assistance than is necessary to provide affordable housing.
10. It will comply with the acquisition and relocation requirements of Uniform Relocation assistance and Real Estate Property Acquisition Policies Act of 1970, as amended, implementing regulations at 49 CFR Part 24 and the requirements of 24 CFR Part 92.253.
11. It will use HOME funds pursuant to the County's Consolidated Plan approved by HUD and all requirements of 24 CFR Part 92.
12. It will or will continue to provide a drug-free workplace by:
  - a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
  - b. Establishing an ongoing drug-free awareness program to inform employees about:
    - (1) The dangers of drug abuse in the workplace,
    - (2) The participating jurisdiction's policy of maintaining a drug-free workplace,
    - (3) Any available drug counseling, rehab, and employee assistance programs, and;
    - (4) Penalties that may be imposed upon employees for drug abuse violations in the workplace;
  - c. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (1).
  - d. Notifying the employee in the statement required by paragraph (1) that, as a condition of employment under the grant, the employee will:
    - (1) Abide by the terms of the statement, and
    - (2) Notify the employee in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
  - e. Notifying the agency in writing, within ten calendar days after receiving notice under paragraph 4(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working,

unless the federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

- f. Taking one of the following actions, within 30 calendar days of receiving notice under paragraph 4(b), with respect to any employee who is so convicted:
  - (1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the rehabilitation Act of 1973, as amended, or
  - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or the appropriate agency;
- g. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 14 A, B, C, D, E and F;
- h. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

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- 13. To the best of its knowledge and belief:
  - a. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
  - b. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions;
- 14. If HUD orders the County to take any corrective or remedial actions as outlined in Section 92.551 that are the result of any action taken by the applicant, the applicant will take any action required to prevent a continuation of the deficiency, mitigate to the extent possible, its adverse effects or consequences and prevent its recurrence. These remedies could, among other action, include repaying HOME funds to the HOME Investment Trust Fund.

**NAME OF AGENCY OR NON-PROFIT ORGANIZATION:**

\_\_\_\_\_

(Must be signed by an authorized individual of the non-profit organization)

**SIGNATURE:** \_\_\_\_\_

**TYPED NAME AND TITLE:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

**STATE OF TENNESSEE**

**COUNTY OF**

On the \_\_\_\_\_ day of \_\_\_\_\_, before me, a notary public for the state and county aforesaid, appeared \_\_\_\_\_ to me personally known, to be the same individual(s) directed who executed the foregoing instrument and that he/she/they executed the same.

IN WITNESS WHEREOF, I have set my hand and official seal or office.

**NOTARY PUBLIC**

**MY COMMISSION EXPIRES:**

# **Shelby County HOME Program**

## **CHDOs**

### **Community Housing Development Organizations**

#### **MATCH GUIDELINES 24 CFR 92.219 – 92.220**

## 92.219 Recognition Of Matching Contribution

[Code of Federal Regulations]

[Title 24, Volume 1]

[Revised as of April 1, 2001]

From the U.S. Government Printing Office via GPO Access

[CITE: 24CFR92.219]

- a. Match contribution to HOME-assisted housing. A contribution is recognized as a matching contribution if it is made with respect to:
  1. A tenant who is assisted with HOME funds;
  2. A HOME-assisted unit;
  3. The portion of a project that is not HOME-assisted provided that at least 50 percent of the housing units in the project are HOME-assisted. If the match contribution to the portion of the project that is not HOME-assisted meets the affordable housing requirements of 92.219(b)(2), the percentage requirement for HOME-assisted units does not apply; or
  4. The commercial space in a mixed-use project in which at least 51 percent of the floor space is residential provided that at least 50 percent of the dwelling units are HOME-assisted.
  
- b. Match contribution to affordable housing that is not HOME-assisted. The following requirements apply for recognition of matching contributions made to affordable housing that is not HOME-assisted:
  1. For tenant-based rental assistance that is not HOME-assisted:
    - i. The contribution must be made with respect to a tenant who is assisted with tenant-based rental assistance that meets the requirements of **92.203** (Income determinations) and paragraphs (a), (c), (f), and (i) of **92.209** (Tenant-based rental assistance); and
    - ii. The participating jurisdiction must demonstrate in writing that such assistance meets the provisions of 92.203 and 92.209 (except 92.209(e)).
  
  2. For affordable housing that is not HOME-assisted:
    - i. The contribution must be made with respect to housing that qualifies as affordable housing under 92.252 or **92.254**.
    - ii. The participating jurisdiction or its instrumentality must execute, with the owner of the housing (or, if the participating jurisdiction is the owner, with the manager or developer), a written agreement that imposes and enumerates all of the affordability requirements from 92.252 and 92.253(a) and (b)

(Tenant protections), or 92.254, whichever are applicable; the property standards requirements of 92.251; and income determinations made in accordance with 92.203. This written agreement must be executed before any match contributions may be made.

- iii. A participating jurisdiction must establish a procedure to monitor HOME match-eligible housing to ensure continued compliance with the requirements of 92.203 (Income determinations), 92.252 (Qualification as affordable housing: Rental housing), 92.253(a) and (b) (Tenant protections) and 92.254 (Qualification as affordable housing: Homeownership). No other HOME requirements apply.
- iv. The match may be in any eligible form of match except those in 92.220(a)(2) (forbearance of fees), (a)(4) (on-site and off-site infrastructure), (a)(10) (direct cost of supportive services) and (a)(11) (direct costs of homebuyer counseling services).
- v. Match contributions to mixed-use or mixed-income projects that contain affordable housing units will be recognized only if the contribution is made to the project's affordable housing units.

# 92.220 Form Of Matching Contribution

[Code of Federal Regulations]  
[Title 24, Volume 1]  
[Revised as of April 1, 2001]  
From the U.S. Government Printing Office via GPO Access  
[CITE: 24CFR92.220]

- a. Eligible forms. Matching contributions must be made from nonfederal resources and may be in the form of one or more of the following:
  1. Cash contributions from nonfederal sources. To be recognized as a cash contribution, funds must be contributed permanently to the HOME program (or to affordable housing not assisted with HOME funds), regardless of the form of investment provided to the project. Therefore, to receive match credit for the full amount of a loan to a HOME project, all repayment, interest, or other return on investment of the contribution must be deposited in the local account of the participating jurisdiction's HOME Investment Trust Fund to be used for eligible HOME activities in accordance with the requirements of this part. A cash contribution to affordable housing that is not assisted with HOME funds must be contributed permanently to the project. Repayments of matching contributions in affordable housing projects, as defined in § 92.219(b), that are not HOME-assisted, must be made to the local account of the participating jurisdiction's HOME Investment Trust Fund to get match credit for the full loan amount.
    - i. A cash contribution may be made by the participating jurisdiction, non-Federal public entities, private entities, or individuals, except as prohibited under paragraph (b)(4) of this section. A cash contribution made to a nonprofit organization for use in a HOME project may be counted as a matching contribution.
    - ii. A cash contribution may be made from program income (as defined by 24 CFR § 85.25(b)) from a Federal grant earned after the end of the award period if no Federal requirements govern the disposition of the program income. Included in this category are repayments from closed out grants under the Urban Development Action Grant Program (24 CFR part 570, subpart G) and the Housing Development Grant Program (24 CFR part 850), and from the Rental Rehabilitation Grant Program (24 CFR part 511) after all fiscal year Rental Rehabilitation grants have been closed out.
    - iii. The grant equivalent of a below-market interest rate loan to the project that is not repayable to the participating jurisdiction's HOME Investment Trust Fund may be counted as a cash contribution, as follows:
      - A. If the loan is made from funds borrowed by a jurisdiction or public agency or corporation the contribution is the present discounted cash value of the difference between the payments to be made on the borrowed funds and payments to be received from the

loan to the project based on a discount rate equal to the interest rate on the borrowed funds.

- B. If the loan is made from funds other than funds borrowed by a jurisdiction or public agency or corporation, the contribution is the present discounted cash value of the yield foregone. In determining the yield foregone, the participating jurisdiction must use as a measure of a market rate yield one of the following, as appropriate:
  - 1. With respect to one- to four-unit housing financed with a fixed interest rate mortgage, a rate equal to the 10-year Treasury note rate plus 200 basis points;
  - 2. With respect to one- to four-unit housing financed with an adjustable interest rate mortgage, a rate equal to the one-year Treasury bill rate plus 250 basis points;
  - 3. With respect to a multifamily project, a rate equal to the 10-year Treasury note rate plus 300 basis points; or
  - 4. With respect to housing receiving financing for rehabilitation, a rate equal to the 10-year Treasury note rate plus 400 basis points.
- iv. Proceeds of bonds that are not repaid with revenue from an affordable housing project (e.g., general obligation bonds) and that are loaned to a HOME-assisted or other qualified affordable housing project constitute a cash contribution under this paragraph.
  - (v) A cash contribution may be counted as a matching contribution only if it is used for costs eligible under §§ 92.206 or 92.209, or for the following (which are not HOME eligible costs): the cost of removing and relocating an ECHO housing unit during the period of affordability in accordance with § 92.258(d)(3)(ii), payments to a project reserve account beyond payments permitted by §92.206(d)(5), operating subsidies, or costs relating to the portion of a mixed-income or mixed-use HOME-assisted project not related to the affordable housing units.

2. Forbearance of fees.

- i. State and local taxes, charges or fees. The value (based on customary and reasonable means for establishing value) of State or local taxes, fees, or other charges that are normally and customarily imposed or charged by a State or local government on all transactions or projects in the conduct of its operations, which are waived, foregone, or deferred (including State low-income housing tax credits) in a manner that achieves affordability of HOME-assisted projects, may be

counted as match. The amount of any real estate taxes may be based on post-improvement property value. For taxes, fees, or charges that are forgiven for future years, the value is the present discounted cash value, based on a rate equal to the rate for the Treasury security with a maturity closest to the number of years for which the taxes, fees, or charges are waived, foregone, or deferred.

- ii. Other charges or fees. The value of fees or charges associated with the transfer or development of real estate that are normally and customarily imposed or charged by public or private entities, which are waived or foregone, in whole or in part, in a manner that achieves affordability of HOME-assisted projects, may be counted as match. Fees and charges under this paragraph do not include fees or charges for legal or other professional services; professional services which are donated, in whole or in part, are an eligible matching contribution in accordance with paragraph (a)(7) of this section.
  - iii. Fees or charges that are associated with the HOME Program only (rather than normally and customarily imposed or charged on all transactions or projects) are not eligible forms of matching contributions.
3. Donated Real Property. The value, before the HOME assistance is provided and minus any debt burden, lien, or other encumbrance, of donated land or other real property may be counted as match. The donation may be made by the participating jurisdiction, non-Federal public entities, private entities, or individuals, except as prohibited under paragraph (b)(4) of this section.
- i. Donated property not acquired with Federal resources is a contribution in the amount of 100% of the value.
  - ii. Donated property acquired with Federal assistance may provide a partial contribution as follows. The property must be acquired with Federal assistance specifically for a HOME project (or for affordable housing that will be counted as match pursuant to § 92.219(b)(2)). The property must be acquired with the Federal assistance at demonstrably below the appraised value and must be acknowledged by the seller as a donation to affordable housing at the time of the acquisition with the Federal assistance. The amount of the contribution is the difference between the acquisition price and the appraised value at the time of acquisition with the Federal assistance. If the property is acquired with the Federal assistance by someone other than the HOME project (or affordable housing) owner, to continue to qualify as a contribution, the property must be given to the HOME project (or affordable housing) owner at a price that does not exceed the amount of the Federal assistance used to acquire the property.
  - iii. Property must be appraised in conformance with established and generally recognized appraisal practice and procedures in

common use by professional appraisers. Opinions of value must be based on the best available data properly analyzed and interpreted. The appraisal of land and structures must be performed by an independent, certified appraiser.

4. The cost, not paid with Federal resources, of on-site and off-site infrastructure that the participating jurisdiction documents are directly required for HOME-assisted projects. The infrastructure must have been completed no earlier than 12 months before HOME funds are committed to the project.
5. Proceeds from multifamily and single family affordable housing project bond financing validly issued by a State or local government, or an agency or instrumentality of a State or local government or a political subdivision of a State and repayable with revenues from the affordable housing project financed as follows:
  - i. Fifty percent of the loan amount made from bond proceeds to a multifamily affordable housing project owner may qualify as match.
  - ii. Twenty-five percent of the loan amount from bond proceeds made to a single-family affordable housing project owner may qualify as match.
  - iii. Loans made from bond proceeds may not constitute more than 25 percent of a participating jurisdiction's total annual match contribution.
6. The reasonable value of donated site-preparation and construction materials, not acquired with Federal resources. The value of site-preparation and construction materials is to be determined in accordance with the participating jurisdiction's cost estimate procedures.
7. The reasonable rental value of the donated use of site preparation or construction equipment.
8. The value of donated or voluntary labor or professional services (see § 92.354(b)) in connection with the provision of affordable housing. A single rate established by HUD shall be applicable for determining the value of unskilled labor. The value of skilled labor or professional services shall be determined by the rate that the individual or entity performing the labor or service normally charges.
9. The value of sweat equity (see § 92.354(c)) provided to a homeownership project, under an established component of a participating jurisdiction's program, up until the time of project completion (i.e., submission of a project completion form). Such labor shall be valued at the rate established for unskilled labor at paragraph (a)(8) of this section.

10. The direct cost of supportive services provided to families residing in HOME-assisted units during the period of affordability or receiving HOME tenant-based rental assistance during the term of the tenant-based rental assistance contract. The supportive services must be necessary to facilitate independent living or be required as part of a self-sufficiency program. Examples of supportive services include: case management, mental health services, assistance with the tasks of daily living, substance abuse treatment and counseling, day care, and job training and counseling.
  11. The direct cost of homebuyer counseling services provided to families that acquire properties with HOME funds under the provisions of § 92.254(a), including ongoing counseling services provided during the period of affordability. These services may be provided as part of a homebuyer counseling program that is not specific to the HOME Program, but only the cost of services to families that complete purchases with HOME assistance may be counted as match.
- b. Ineligible forms. The following are examples that do not meet the requirements of paragraph (a) of this section and do not count toward meeting a participating jurisdiction's matching contribution requirement:
1. Contributions made with or derived from Federal resources or funds, regardless of when the Federal resources or funds were received or expended. CDBG funds (defined in 24 CFR 570.3) are Federal funds for this purpose;
  2. The interest rate subsidy attributable to the Federal tax-exemption on financing or the value attributable to Federal tax credits;
  3. Owner equity or investment in a project; and
  4. Cash or other forms of contributions from applicants for or recipients of HOME assistance or contracts, or investors who own, are working on, or are proposing to apply for, assistance for a HOME-assisted project. The prohibition in this paragraph (b)(4) does not apply to contractors (who do not own any HOME project) contributing professional services in accordance with paragraph (a)(8) of this section or to persons contributing sweat equity in accordance with paragraph (a)(9) of this section.