



MEMO

To: Potential Ancillary Financing Funding Applicants
From: Eric Alexander, Assistant Director of Development
Lauren Farley, HOME & Housing Trust Fund (“HTF”) Program Coordinator
Date: October 13, 2020
Subject: HOME/HTF Funding Round Frequently Asked Questions

Q: What is a Choice Limiting Action?

A. HOME housing projects must meet the requirements of 24 CFR §92.352 prior to funding, and applicants must not take any “Choice Limiting Actions” until RIHousing has completed an environmental review per 24 CFR Part §58, and Authority to Use Grant Funds (“AUGF”) has been received.

Examples of choice limiting actions include, but are not limited to:

- Property acquisition or execution of a legally binding agreement for acquisition;
- Bidding for construction activities;
- Execution of any construction contract or other contract involving physical work on the site;
- Performance of any physical construction activity on the site, including site work or demolition.

Prior to receipt of the AUGF, you may not spend either public or private funds (HOME, HTF, CDBG, other Federal or non-Federal funds) on any actions that would preclude the selection of alternative choices until environmental clearance has been achieved. Activities that have physical impacts or which limit the choice of alternatives cannot be undertaken, even with the project participant’s own funds, prior to receiving an AUGF. Activities that are clearly planning in nature (e.g., architectural design activities, environmental assessment of the site, engineering design, etc.) are allowed. Financial expenditures made prior to the completion of the environmental review process and the signing of the HOME Agreement may be ineligible for reimbursement from HOME funds.

Q: Do Choice Limiting Actions apply to the Housing Trust Fund?

A: No. However, HTF projects must meet the requirements of the HTF Environmental Provisions at 24 CFR §93.301(f)(1) or (2) at project completion. However, it must be determined prior to funding if a project will meet the HTF Environmental Provisions. If a project cannot meet the HTF Environmental Provisions, the project cannot be funded by HTF. For additional information, please review:

<https://files.hudexchange.info/resources/documents/Notice-CPD-16-14-Requirements-for-HTF-Environmental-Provisions.pdf>

Q: How much information from the 2020 Developer’s Handbook regarding design and construction guidelines (Section 3, page 12) found at <https://www.rihousing.com/developers-handbook/> is required at application?

A: We ask that you provide as much information and documentation as is available to you at time of application to demonstrate “readiness to proceed” but completion and submission of all items is not required. At a minimum, we need schematic design and specifications, and detailed construction estimates. Bear in mind though that more information generally results in a stronger proposal with higher competitiveness. Please note that for both HOME and HTF projects, the HTF rehabilitation standards apply and can be found in Section 14 of the 2020 Developer’s Handbook.

Q: Do HOME and HTF require a specific form of Tenant Selection Plan?

A: While HOME and HTF do not require a specific form of Tenant Selection Plan per se, certain elements are required to be included. To make developing a compliant Tenant Selection Plan as easy as possible for our partners, RIHousing has created a HUD-approved template which can be customized for your proposal. It can be found under the “Sample Tenant Selection Plan Outline” link at <https://www.rihousing.com/HOME-HTF/>.

Q: Is a HUD Form 935.2 and written Affirmative Marketing Plan required if a development has less than 5 units? Is the HUD form required even if the information is included in the Tenant Selection Plan?

A: We ask for the HUD Form 935.2 and written marketing plan for all projects, no matter the number of units to assist us in reviewing your marketing strategy for underserved populations. The form is required even if you choose to present the information in the Tenant Selection Plan.

Q: Is a Phase 1 Environmental Assessment required prior to application?

A: If you have a completed Phase 1, we ask that you submit it with your application but it is not a required component of the application. If you have not completed it at the time of submission, please note your expected date of completion within the application. While a Phase 1 is not required at application, it provides essential information for the environmental review process and is required prior to closing.

Q: How can we determine the maximum allowable HOME investment?

A: There are two factors to consider – subsidy limits and cost allocation.

The subsidy limits are issued by HUD for the region and were effective as of 6/4/2020. They are as follows:

Bedrooms	HOME Maximum Per-Unit Subsidy
0	\$153,314
1	\$175,752
2	\$213,718
3	\$276,482
4+	\$303,490

Subsidy limits are a good general guide for how much HOME can be requested. They are not the whole story though. We are also required to complete a cost allocation to determine the “necessary and reasonable” investment of HOME funds into a project. The cost allocation is an exercise conducted by RIHousing program staff after receipt of applications. The allocation is based on number of units, square footage, other sources, ineligible/eligible HOME expenses, etc.

Given that there is no one answer, as each proforma and project will be different, we will be working with applicants after initial cost allocation has been performed, and we will offer the opportunity for applicants to remedy proformas that exceed the maximum during the initial application review stage.

Q: What are the HOME and HTF rent and income limits?

A: The limits can be found on the HUD Exchange website here:

HOME

Rent Limits: https://files.hudexchange.info/reports/published/HOME_RentLimits_State_RI_2020.pdf

Income Limits:

https://files.hudexchange.info/reports/published/HOME_IncomeLmts_State_RI_2020.pdf

HTF

Rent Limits: https://files.hudexchange.info/reports/published/HTF_RentLimits_State_RI_2020.pdf

Income Limits: https://files.hudexchange.info/reports/published/HTF_IncomeLmts_State_RI_2020.pdf

Q: What is the allowable Developer Fee?

A: The maximum developer fee calculation can be found in the Developer’s Handbook, under Section 9, page 2, Section II, “New Production with Additional Subsidy (9% LIHTC and/or state or federal subsidies (other than 4% LIHTC))”, located online here:

<https://www.rihousing.com/developers-handbook/>

Q: How do I become a CHDO?

A: Key requirements for CHDOs under the HOME Regulations (24 CFR 92.300(a)(1)) include:



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- Having a governing board consisting of not less than 1/3 low income persons and no more than 1/3 public officials
- Having a 501(c)(3) or (c)(4) designation from the IRS
- Having demonstrated capacity to carry out activities
- Having a history of service within the community where HOME-assisted housing is to be located (spanning longer than one year)
- Having an official purpose to provide decent, affordable housing to low- and moderate-income persons.

Organizations seeking certification or recertification as a CHDO should reach out to RIHousing staff for required information and documentation. Recertifications occur upon award of HOME funds.

Documentation of CHDO status is not expected until that time but we strongly advise you not to wait to review and gather the applicable documentation.

Q: The CHDO Operating Budget Request asks for documentation to support the request. What would need to go along with this to substantiate the request?

A: Documentation of payrates for staffing, a sample bill for utilities, brochures or registrations for expected training expenses, etc. would help substantiate your cost projections. This will allow us to determine and support the “cost reasonableness” of your request.

Q: My organization has applied in previous rounds. Can we use the same proforma?

A: No. Proforma V11 is the only acceptable version. Applications submitted with obsolete forms will not be evaluated.

Q: What is the expected turn-around time for applications?

A: Applicants should expect to receive preliminary feedback on their applications within 30 days. Our intention is to bring funding recommendations to the May 2021 meeting of the RIHousing Board of Commissioners.