

**Barnstable County HOME Consortium  
Homeownership Development Program Guidelines  
March 2007**

**SECTION I. INTRODUCTION**

Barnstable County through the Cape Cod Commission accepts applications from non-profit organizations, housing authorities, municipalities and private entities interested in receiving HOME funds to assist them in undertaking the acquisition, rehabilitation, and/or construction of affordable housing to be sold to income eligible first-time homebuyers. No single funding award, unless determined otherwise by the Consortium, will exceed \$125,000 unless it is a Community Housing Development Organization (CHDO) sponsored project in which case the project maximum is \$150,000. Funding applications can be acquired by visiting the Cape Cod Commission office, located at 3225 Main Street, Barnstable, MA 02630 or by calling Paul Ruchinkas at (508) 362-3828 ext. 337.

**SECTION II. PROGRAM GUIDELINES**

Any application for Homeownership development funds must comply with, but will not be limited to, the program guidelines set forth below. Applicants should note that the minimum HOME expenditure is an average of \$1,000 per HOME assisted unit, while the maximum award is \$25,000 per HOME assisted unit or \$30,000 per unit for CHDO sponsored projects.

As the HOME assisted units are sold to eligible first-time homebuyers, each deed will include a separately recorded affordable housing restriction that will govern the use and subsequent resale of the unit for a period of at least 15 years. The affordable housing restriction requires that the property serve as the purchaser's primary residence during the term of the restriction. Any applicant receiving HOME funds will be required to execute a Loan Agreement, Note, and Mortgage between the County and the Developer.

The obligation of the County to advance HOME funds is subject to the project's plan being approved by all federal, state, regional and local authorities having jurisdiction over the work, the issuance of building permits with respect to the project and all other conditions set forth by the Consortium.

## **A. Eligible and Ineligible Property Types**

Homeownership funds to be used for the following types of properties:

- 1-2 family residence
- condominium unit
- cooperative unit
- manufactured home and lot

Properties included in an application may be located on a single site or on scattered sites. HOME assisted units are subject to the following maximum value limits as of September 2006: \$362,790 for a single family unit and \$438,700 for a two-family unit.

The Consortium anticipates that properties included in the application that are to be acquired and rehabilitated will have low acquisition costs due to the level of rehabilitation required to bring them into compliance with applicable code standards as well as those changes attributed to the project's design. All properties comprising the project must have an as-is and an as-completed appraisal included in the application or on file with the Consortium prior to the loan closing.

HUD regulations prohibit the use of Homeownership development funds both for social services and also for commercial initiatives.

The Consortium will not accept Homeownership applications for projects containing less than three (3) HOME assisted units, unless determined otherwise, each of which must be secured with a signed Purchase & Sale Agreement or some other comparable evidence of site control at the time of application. Please note that HUD requires sponsors of projects containing twelve (12) or more HOME assisted units to conform to all provisions of the Davis-Bacon Act.

## **B. Eligible Costs**

Homeownership development funds may be used to pay the following eligible costs:

1. Development Hard Costs. These include acquisition of property, site improvements, rehabilitation, construction, conversion and demolition.
2. Development Soft Costs. These include financing costs such as loan interest, permits, legal fees, property appraisals, credit and title costs, etc. Also included are engineering, architectural, or related professional services, project related audit costs, relocation costs, affirmative marketing, fair housing information, and developer fees and overhead.

HUD requirements specifically state that project soft costs must be "reasonable and necessary".

### **C. Ineligible Costs**

Homeownership development funds may not be used for the following:

- Providing non-federal matching contributions required under any other federal program;
- Providing assistance to a project previously assisted with HOME funds during the established period of affordability except if the unit's affordability is in danger of being lost because of an impending foreclosure;
- Impact fees.

### **D. Developer Overhead and Profit**

Developer overhead and profit shall not exceed 15% with 5% overhead and 10% profit as the generally acceptable maximums.

### **E. Property Standards; Design Guidelines; Accessibility**

At a minimum, HOME assisted units involving rehabilitation must meet Section 8 Housing Quality Standards (HQS). Such units must also comply with local codes, ordinances, zoning standards and all applicable federal, state and regional standards. Please refer to the HOME Consortium Project Design Guidelines of September 2003 for more detailed information about unit and room sizes, etc. For new construction, adoption of visitability standards is strongly encouraged (contact Cape Organization for the Rights of the Disabled- 508-775-8300 or see <http://concretechange.home.mindspring.com>). In addition, HOME regulations require that homes must be made accessible upon the request of a prospective buyer if an expected occupant has a disability that requires accessibility features. Finally, attainment of the minimum Energy Star construction standards in new construction projects is also strongly encouraged.

### **F. Income Targeting**

HUD regulations restrict use of Homeownership development funds to be invested in dwelling units that are:

1. Occupied by households whose incomes do not exceed 80% of the median family income as determined by HUD, with adjustments for smaller and larger households at the time of occupancy or at the time funds are invested, whichever is later; or
2. The HOME assisted units are occupied by households having such incomes.

NOTE: HOME incomes are published annually by HUD and are available at the HOME Consortium section of the Commission's web site: [www.capecodcommission.org](http://www.capecodcommission.org).

## **G. Affordable Sales Prices**

In order to provide a marketing window, the affordable sales prices must be set at a level no greater than that which a household earning 70% of the area median income could afford. Refer to the separate guidance document on the Commission web site that describes the methodology the Consortium uses to determine the affordable sales prices in a development.

## **H. Homebuyer Targeting**

Homeownership funds are to be targeted to households who are considered first-time homebuyers. A first-time homebuyer is defined as follows:

- a. A household that has NOT owned a home during the THREE YEAR period immediately prior to purchase with HOME funds; or
- b. A single parent as defined by HOME regulation; or
- c. A displaced homemaker as defined by HOME regulation.

## **I. Long-Term Affordability and Resale Provisions**

As stated previously, HOME assisted units will be deed restricted to ensure long-term affordability. Generally, the length of the term is as follows:

- 15 years for award below \$15,000;
- 20 years for award between \$15,000 to \$29,999;
- 30 years for award between \$30,000 to \$49,999;
- 40 years for award between \$50,000 to \$74,999;
- 50 years for award of \$75,000 or more.

All HOME assisted units will be required to execute a separately recorded affordable housing restriction that uses the Consortium maximum resale formula that is based upon the HUD median income.

## **J. Resident Selection**

Applications for HOME funds should include a description of the process that will be used to select first-time homebuyers. In general, the Consortium will insist, at a minimum, that such a plan includes use of a lottery. Please note that the buyer selection plan cannot have the effect of excluding non-residents from a project. The Consortium may consider establishment of a local preference that is consistent with the state's Local Initiative Program and includes an affirmative outreach plan. Should a local residency preference be included in the selection process, the Consortium requires that the lottery be conducted according to DHCD's Local Initiative Program guidelines, including those for minority participation. The HOME Consortium defines a local resident as someone who lives in, works in, grew up in, or has immediate family in that town.



9. Project's wastewater is tied to sewer, local package system, or employs alternate denitrifying system that exceeds Title V standards- 10
10. Project involves permanent displacement of income eligible households- (- 10)
11. Total development costs per unit- less than \$150,000- 5  
     \$150,000- \$174,999- 4  
     \$175,000-\$199,999- 3  
     \$200,000- \$224,999- 2  
     \$225,000+- 1
12. Total development costs per square foot (sf)- less than \$150/sf- 5  
     \$150- \$174/sf- 4  
     \$175- \$199/sf- 3  
     \$200- \$224/sf- 2  
     \$225+/sf- 1

**MINIMUM POINTS NEEDED TO CONSIDER FUNDING: 50**

**L. HOME Statutory Requirements and HUD Regulations**

A number of federal regulatory requirements apply to the use of HOME program funds. A brief summary of the requirements is as follows:

Environmental Review: Prior to committing HOME funds to any project, a site specific checklist must be completed. This checklist will indicate whether any additional measures need to be taken in order to comply with the requirements of the National Environmental Policy Act of 1969 and implementing regulations at 24 CFR 92.352. Note that no construction activity can occur on site until the environmental review has been completed and HUD has formally released HOME funds for the project.

Uniform Relocation Act: HOME projects are subject to relocation requirements under the Uniform Relocation Act of 1970 and implementing regulations at 24 CFR 92.353. URA requirements are initiated whenever displacement occurs as a direct result of rehabilitation, demolition, or acquisition of a HOME-assisted project. If Community Development Block Grant funds are used in conjunction with HOME funds, Section 104 (d) requirements must be initiated if displacement occurs as a result of demolition or conversion.

Affirmative Marketing: To be considered for HOME funding, all applicants are required to include policies and procedures for the affirmative marketing of housing opportunities for projects with five or more units.

Site and Neighborhood Standards: All units assisted with HOME funds must promote greater choice of housing opportunities. Specifically, HOME-assisted units must facilitate and further compliance with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Section 3 of the Housing and Urban Development Act and Executive Order 11063.

Other Regulations: The HOME program also requires conformance with other important regulations including the Davis-Bacon Act, equal employment opportunities, historic preservation statutes, and lead-based paint poisoning prevention requirements.

### **SECTION III. EVALUATION CRITERIA**

Applications for HOME funding will be evaluated on the following criteria that will be weighted equally.

1. Experience of the Applicant and of Development Team Members.
2. Financial Strength - Adequacy to Carry Out Project - Project Feasibility.
3. Responsiveness of Proposal to Program Guidelines and Funding Application.

### **SECTION IV. SUBMITTAL REQUIREMENTS AND OTHER INFORMATION**

Applications (3 copies) are to be mailed or hand delivered to the Cape Cod Commission's office, located at 3225 Main Street, PO Box 226, Barnstable, MA 02630. Please note that a One Stop application may be submitted in lieu of the Consortium's application; however, Section 5- Threshold Scoring System- of the Consortium's application must be submitted along with the One Stop.

The Commission reserves the right to seek additional information from any and all applicants, to select finalists and to schedule interviews.

The Commission reserves the right to reject any and all applications; to waive any requirements of this application format, to waive any minor informalities in applications; to modify or amend, with the consent of the respective firm, any application, if otherwise permitted by law; and to effect any agreement deemed by the Commission to be in its best interest.

Applicants are encouraged to contact Consortium staff prior to submitting an application. Technical questions about this application for Homeownership development funds should be directed to Paul Ruchinkas, Affordable Housing Specialist at the Commission: (508) 362-3828 (p); (508) 362-3136 (f); e-mail- pruchinkas@capecodcommission.org.

We look forward to your application for Homeownership development funds from the Barnstable County HOME Consortium.