2023 HOME RFP- FAQ’s

1. Q: Since the property is already owned by the tax credit ownership entity, is a third-party appraisal still required?

   A: Yes, an appraisal is still required.

2. Q:Since the property is in operations, is a market study required or should we provide a current rent roll with our waitlist?

   A: Since the property is currently in operation/occupied, documentation of the rent rolls, occupancy/vacancy numbers for the property, and current waiting list would be sufficient in place of a market study. All documents would be reviewed with the application.

3. Q:What is the average award in prior rounds

   A:The award is specific and dependent on the specific application/ project type. The maximum award is $750,000 per project. In previous years, awards for multifamily projects have generally been between $200,000-$300,000. However, specific award amounts are tied to many factors such as overall project size, number of funded units, underwriting, other funding sources, and other factors. These numbers also reflect that the per unit and maximum award amounts were different in previous years.

4. Q: One of our concerns is finding renters in this specific income level that will be able to afford the appropriate rent cost since our customer pool will naturally be smaller with these restrictions. Say we have issues renting to someone for a unit that revived funding, is there a time frame that we must find a renter? What if we can’t get anyone to rent it, do we have to forfeit the money we got? How exactly does that work? If we only have the issue on one unit, do we have to pay back all the funds back, or just the portion for that unit? If so, is there a payment plan or is the entire amount due immediately. Just trying to plan for the worst case scenarios.

   A: HOME ensures affordability by restricting the rents of HOME-assisted units and occupancy to income-eligible households for a minimum period of time. This minimum period of time is called the "affordability period." Hamilton County must ensure that project owners limit rents and verify tenant incomes both initially (prior to occupancy) and annually thereafter throughout the affordability period.

There is a 12-month occupancy deadline for multifamily units. HOME-assisted rental units that remain vacant 18-months following project completion do not qualify as HOME units, so the HOME subsidy invested in those units must be repaid. A rental project meets the definition of project completion when all construction work is done, the HOME property standards are met, the property is ready for occupancy, and Hamilton County has taken its final drawdown of funds. The timeline for lease-up begins at project completion.

If any units in the project are not occupied by 6 months, the Hamilton County must submit a marketing plan to HUD to explain how it will market the units and ensure lease-up before the 18-month deadline. This 6-month interim deadline is important because it provides Hamilton County with an opportunity to work with owners to address any marketing difficulties before the 18-month deadline, and may help Hamilton County, and the project owner avoid repayment of funds.

5. Q: I understand that the intent of the grant is to lower the cost for developers like us and pass the savings on to the tenants, but does HUD offer direct funds to the renter to help subsidize the rent at all? If so, are renters aware of this, or is that something we help them with?

A: Tenant based rental assistance (TBRA) is an approved activity for HOME funds, however, Hamilton County Community Development does not have an active TBRA program at this time, and the current RFP only provides funding for New Construction of affordable housing units and Rehabilitation of multifamily units.

6. Q: How does the funding work, do we get a lump sum loan once everything is approved and just spend the funds as we need to, or do we have to submit receipts and get reimbursed? I just need to alert our contractors, so they know what to expect.

A: If awarded, the subrecipient would receive funding as reimbursement for completed work throughout the life of the project. This includes providing invoices, specific labor standard reporting that is applicable to the project., and the appropriate AIA Contract Document for all construction agreements. Any additional documentation requested by Community Development will need to be provided and approved before reimbursement.

7. Q: Can you explain Section 3 ?

A: Section 3 applies to construction projects where $200,000 or more of federal funding is allocated. Please review the resources below for more information on Section 3:

https://www.hudexchange.info/programs/section-3/

https://www.hudexchange.info/faqs/crosscutting-requirements/section-3/general/how-does-section-3-differ-from-the-minority-business-enterprise-women/
https://www.hud.gov/sites/documents/11SECFAQS.PDF

8. Q: What if we have more questions, not this time. How do we get those answered?

   A: You can email all questions to the Community Development Administrator, Maria Collins, at Maria.Collins@hamilton-co.org

9. Q: What is Permanent Supportive Housing? Do they physically have to be housed at the property? Can they have an offsite office? Does the RFP allow for operating cost of PSH?

   A: No, the PSH does not have to live on the property, but should have a designated area to meet with residents. Yes, they can have an offsite office. The RFP does not allow for operating costs for the PSH. Please see the link below for more information on PSH: https://www.hudexchange.info/homelessness-assistance/coc-esg-virtual-binders/coc-program-components/permanent-housing/permanent-supportive-housing/

10. Q: These funds can be used for the rehabilitation of existing affordable housing units?

    A: Yes, the funds can be used for the rehabilitation of existing affordable housing units.

11. Q:Do the units have to be on one site or can they be on a scattered site?
    A: The units can be on scattered sites.

12. Q: What are the high low rent limits?
    A: Per 24 CFR Part 92.252, HUD provides the following maximum HOME rent limits. The maximum HOME rents are the lesser of:

    The fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 888.111; or

    A rent that does not exceed 30 percent of the adjusted income of a family whose annual income equals 65 percent of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit. The HOME rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions.
    In rental projects with five or more HOME-assisted rental units, twenty (20) percent of the HOME-assisted units must be occupied by very low-income families and meet one of following rent requirements:

1. The rent does not exceed 30 percent of the annual income of a family whose income equals 50 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families. HUD provides the HOME rent limits which include average occupancy per unit and adjusted income assumptions. However, if the rent determined under this paragraph is higher than the applicable rent under 24 CFR 92.252(a), then the maximum rent for units under this paragraph is that calculated under 24 CFR 92.252(a).

2. The rent does not exceed 30 percent of the family's adjusted income. If the unit receives Federal or State project-based rental subsidy and the very low-income family pays as a contribution toward rent not more than 30 percent of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the Federal or State project-based rental subsidy program.

To learn more about high low rent limits please visit: HOME Rent Limits - HUD Exchange

13. Q: In our situation, we have already purchased the property (about a year ago) and had to secure the entrances (windows and doors) as people kept breaking in. When we are estimating the total cost of the budget (Project Budget tab in the Excel file), we would include these expenses, correct? These are part of our Total Development Costs - am understanding that correctly? Now obviously we won't be reimbursed for those past costs, and we would then just use the potential funds to cover eligible futures expenses. Is that right?

    A: Correct, you would include the full budget and all expenses included in the project. You would not get reimbursed for past costs, and all potentially awarded funds would go towards work completed after the award is made.

14. Q: Where can we find an example of a previous HOME application? What about the attachments, can we get examples of those? For example, what needs to be included in a Letters of Commitment, MBE Commitment?
    A: Letters of commitment would include letters from your other source of funds committing funds to the project. The MBE Commitment could include a list of contractors or businesses that you have worked with, intend to work with, or a plan to partner with such businesses.

15. Q: I am confused by the Market Research section of the application. At one point it says one is needed, but then as I read that section, it also states, "Hamilton County has sufficient evidence related to the need for affordable housing and the market study does not need to formally address this aspect of the project". Basically do we need to include this, and does pretty much every application get the 5 points for this?

    A: This is often dependent on the application/ type of project. If the units are not filled or if there is no active waiting list for such units, a market study is required.

16. Q: Architectural and site plans under the 25-point Project Feasibility and Readiness section. This proposed project involves light renovation/repairs of units that will not require permitted plans. Each unit will require a slightly different scope. Is submitting the scope of work acceptable to meet the point criteria for this section?

    A: Yes, the scope of work would be acceptable in this situation. For all rehabilitation projects with HOME funds, the scope of work must bring the funded units up to code. Rehabilitation is not intended for the main purpose of cosmetic upgrades.

17. Q: Funding Commitments under the 10-point Leverage of Other Funds section. This is a distressed property that was previously financed and renovated back between 2016-2018. The request for resources from the county is tied to our larger deal that was financed at that time. Are we able to utilize the finance commitments we closed on previously to meet the point criteria.

    A: The commitment or leverage of funds needs to be for active projects. If funds were committed in 2016-2018, none of the funds were expended, and they are in use for the for the current project, then they would be acceptable. However, if the funds committed in 2016-2018 have already been used for previous renovations, they would not be factored into this project, and only the funds committed to the current project/ units will be considered.

18. Q: MBE/WBE Section 3 – What documentation is required to submit for this section at the time of application to meet the point criteria? Is it acceptable to commit that we will meet the requirement and provide the certification prior to commencing work or do we need to provide the contractors certification at the time of the RFP application?
    A: The MBE/ WBE and Section 3 portion of the plan could include a list of contractors or businesses that you have worked with, intend to work with, or a plan to partner with such businesses. The Section 3 part of the application could include a plan to meet the specific criteria for Section 3 if the project requires it.

19. Q: What is the maximum we can request? The below from the RFP says there is approximately $1.3 million left? But, another section lists the max of $750 per project. Seems like we can apply for $750k? Please confirm

    A: The total of all project awards is approximately $1.3 million for this RFP round. The maximum award amount per project is $750k and is the maximum award that one project/awardee can apply for.

20. Q: When providing proformas, specifically ones that need source/use, income, expenses, unit mix, etc, we always provide our internal proforma. An example of one is attached. This proforma provides all the necessary information. Can we provide the attached in our response vs the template provided? We believe this is easier to read, more accurate, and provides all the needed info.

    A: You can provide your proforma in the initial application, however the scoring committee may ask for you to submit the provided pro forma. You can also submit both.

21. Q: In the RFP documentation, there are some sections that I was unclear if we needed to address as part of our application. From what I read on the various websites, I don't think they apply to me as an applicant, but I wanted to double check. For example, Match Requirement is listed, but isn't this something that is the PJ's responsibility? Similarly, under the commitment of funds, it says that "underwriting and subsidy layering analysis" needs to be completed. That's not something we need to provide is it? Also, for choice limiting actions, not something we address directly?

    A: Generally, these are all things that are on the County's end or a prohibition:

    - "Match" does refer to a program requirement from HUD for the totality of Hamilton County's HOME funds. However, the "Leverage" scoring criteria is one of the methods Hamilton County uses to encourage these "Match" funds be present.

    -Underwriting and subsidy layering will be carried out for the County by a contracted agency after applications are received and are under review.

    -Choice limiting actions are any physical site manipulations undertaken by the owner/recipient prior to completion of the environmental and historical reviews by the County. This includes any acquisition, rehabilitation, construction or contracting/committing to any of these actions. Choice limiting actions are prohibited and would result in the County not being able to proceed with a particular project. Basically, you cannot do anything to change the site until the County give the OK.

22. Q: We are rehabbing an existing property that we've already procured (not a new build), do we need an environmental review? I have read through this portion of the HudExchange website, but I still cannot tell if I can/need to initiate a review for our project, and if so, how to do it. Any help on this topic would be appreciated.

    A: The environmental review will be initiated and conducted by Hamilton County Planning and Development Department prior to the execution of a contract and any construction, rehabilitation, or other site changes after applying for HOME funds. The short answer is no, we do it.

23. Q: Under construction schedule, regarding Final Draw of Funds - it says that final inspection is complete and units must be occupied. I guess I'm asking how much is the final draw as I would think we would have used at least 95% of it to get the property to a point it could be subjected to a final inspection. Could it literally just be the last penny cannot be withdrawn until it's all done? I guess I'm just a little confused on the final draw actually means.

    A: Generally, the County holds back a retainage of 10% of the award amount for this final draw. This is to ensure all the above-listed criteria for project completion are met before the County reimburses for the final amount. As a reminder, all HOME funds are paid as reimbursements of invoices for eligible costs.