



# **HOME FUNDS FRAMEWORK FOR HOUSING DEVELOPMENT PROJECTS**

**HOME CONSORTIUM OF  
WAUKESHA, JEFFERSON, OZAUKEE, WASHINGTON COUNTIES**

*The purpose of this manual is to describe the process used for applying for funds to be used for the new construction or rehabilitation of housing (for sale or rental) using funds from the HOME Consortium. The manual provides specific information on the types of projects that will be considered and how project applications will be evaluated.*

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## SECTION 1

### ***SUMMARY, MISSION, AND CHART OF MAJOR HOUSING OBJECTIVES***

#### **HOME CONSORTIUM HOUSING OBJECTIVES**

The mission of the Community Development programs for Waukesha County and the HOME Consortium, including Jefferson, Ozaukee, Washington and Waukesha counties, is “to meet community needs related to low and moderate income households, to improve the quality of life, provide decent affordable housing, suitable living environments and expanding economic opportunities.” The HOME program works with individuals, non-profit community and neighborhood groups, and their associated business, resident, and neighborhood partners to plan, develop and invest in projects which contribute to the housing objectives established by the HOME Board as part of the 2020-2024 Waukesha County Consolidated Plan.

The 2020 – 2024 Consolidated Plan established six primary housing goals for the use of HOME funds to be administered by the HOME Consortium. The goals and objectives are derived from the Waukesha County Five-Year Consolidated Plan and support other strategic goals, objectives and allocation processes within these four counties. Copies of the Five-Year Plan, or its summary, may be obtained from the Waukesha County’s website at [www.waukeshacounty.gov/communitydevelopment](http://www.waukeshacounty.gov/communitydevelopment) or by calling 262-548-7920.

#### **PURPOSE OF MANUAL**

This document focuses solely on the portion of the Consortium HOME funds that are budgeted for ***project development by developer groups***, including for profit and nonprofit organizations, and those that are designated Community Housing Development Organizations (CHDOs). Specifically, the Waukesha County Five Year Consolidated Plan identifies expected funding of approximately \$1 million dollars for the development of rental and owned housing, including projects located near job centers that will be affordable to service employees and other low-wage members of the workforce. In addition, about \$750,000 will be allocated for CHDO-eligible projects to be completed by designated CHDO’s in the four county area. Other HOME funds are used for programs that directly serve individuals to rehab existing properties or provide down payment assistance and for planning and administration.

## SECTION 2

### ***PROJECT PREFERENCES AND CHARACTERISTICS***

The Waukesha County Consolidated Plan identifies two general types of housing development that will be supported by HOME funds. This includes new construction or rehab of housing for sale and new construction or rehabilitation of housing for rent. Specific requirements and preferences in these two areas are shown below.

#### **HOMEOWNER HOUSING**

HOME Funds will be targeted to the development of homeowner housing that will be made available to eligible households for purchase of the housing units. The HOME Board may use a portion of other funds available from certain funding sources to provide down-payment and closing cost assistance in order to promote opportunities for first-time homebuyers or longer-term affordability.

#### **Preferences: Homeowner Housing**

The HOME Consortium Board will give preference to homeownership projects that:

- are designed to assure a period of housing affordability that is greater than HOME affordability requirements
- create new affordable units through new construction or conversion of commercial or rental property to homeowner units
- are constructed in a “high opportunity” area, as noted in on Map 1, PROJECTED JOB/HOUSING IMBALANCES IN SEWERED COMMUNITIES IN THE SOUTHEASTERN WISCONSIN REGION, which can be found on the Community Development Website at [http://www.waukeshacounty.gov/uploadedFiles/Media/PDF/Parks\\_and\\_Land\\_Use/Community\\_Development/Apply\\_for/Job%20and%20Housing%20Imbalances.pdf](http://www.waukeshacounty.gov/uploadedFiles/Media/PDF/Parks_and_Land_Use/Community_Development/Apply_for/Job%20and%20Housing%20Imbalances.pdf)
- best meet the Subsidy Layering standards listed in Section 4

#### **RENTAL HOUSING**

Funds will be applied to the acquisition and construction of permanent or transitional rental housing with rents at HOME rent levels (or alternative rent limits established by the HOME Consortium).

#### **Preferences: Rental Housing**

The HOME Consortium Board will give preference to rental projects that:

- provide affordable housing for households with incomes less than 50% of the area's median income
- create new workforce housing units through new construction or conversion of commercial properties to rental units
- create transitional or permanent housing units with formal arrangements for supportive services
- are constructed in a “high opportunity” area, as noted in on Map 1, PROJECTED JOB/HOUSING IMBALANCES IN SEWERED COMMUNITIES IN THE SOUTHEASTERN WISCONSIN REGION, which can be found on the Community Development Website at [http://www.waukeshacounty.gov/uploadedFiles/Media/PDF/Parks\\_and\\_Land\\_Use/Community\\_Development/Apply\\_for/Job%20and%20Housing%20Imbalances.pdf](http://www.waukeshacounty.gov/uploadedFiles/Media/PDF/Parks_and_Land_Use/Community_Development/Apply_for/Job%20and%20Housing%20Imbalances.pdf)
- best meet the Subsidy Layering standards listed in Section 4

**Other Requirements for Housing Development:**

1. Funds may be used only for housing units which do not exceed the HOME purchase price or after-rehab value limit designated by the Federal Department of Housing and Urban Development (HUD) found at 24 CFR. 92.254 (a)(2)(iii). See [www.hudexchange.info](http://www.hudexchange.info) for the limits by county.
2. Housing that is newly constructed with HOME funds must meet all applicable State and local codes, ordinances, and zoning requirements. In the absence of a State or local building code, the International Residential Code or International Building Code of the International Code Council is used. In addition all new construction must meet the following requirements:
  1. Accessibility
  2. Disaster mitigation
  3. Written cost estimates
  4. Construction progress inspections
3. All other housing developed as part of a HOME project must comply with:
  - a. HOME Consortium’s written rehabilitation standards
  - b. State and local code requirements
  - c. Accessibility requirements of Section 504, where applicable
  - d. Lead Safe Housing Rule

- e. Site and neighborhood standards for newly constructed rental housing
4. Newly constructed housing projects will be limited to the development of a total of 11 or fewer HOME units.
5. HOME funds may be provided in a variety of forms, depending upon the developer type and project characteristics. In most cases, the HOME Board shall secure its funding for capital costs with a mortgage in the form of a recourse or non-recourse loan. Funds may be provided in the form of a long-term deferred loan payable upon sale of property or change in use of the property, or an amortizing loan with repayments starting within several years after project completion. The terms of the HOME funding will be negotiated with the HOME Board. The mortgage will require a repayment:
  - a. For Profit Developers: Equal to the amount of HOME funds invested in the project plus an interest rate established by the HOME Board.
  - b. Nonprofit Developers: Equal to the amount of HOME funds invested in the project. The loan may or may not be interest-bearing, to be determined on a case-by-case basis by the HOME Board.
6. All projects must comply with the relevant funding source requirements. The HUD Community Development Office will require that HOME-funded projects comply with all regulations in 24 CFR Part 92.
7. The HOME Board may invest in transitional or permanent housing related to homelessness but will only assist projects that support the local Continuum of Care strategy.
8. All HOME funded development projects must start construction within 12 months of the signing of the written agreement for the funds, which signifies the commitment of HOME funds.
9. All HOME funds for development projects must be spent within 4 years of the date of the execution of the written agreement. If funds are not expended within this time period, the project is deemed ineligible and the developer must repay all funds that have been invested in the project.
10. All HOME funded projects must follow the HOME Consortium's equal opportunity requirements for marketing and advertising, but projects consisting of 5 or more HOME designated units must comply with the Fair Housing Act requirements set forth in 24 CFR Part 109 and Waukesha County's Affirmative Marketing Guidelines. The developer/owner of the project must advertise within the Milwaukee—Waukesha—West Allis MSA for prospective tenants. At a minimum, this includes

purchasing paid advertisements promoting the PROJECT in the Milwaukee Courier and the Milwaukee Times newspapers.

11. Occupancy requirements:

Rental units must be occupied within 18 months of completion or the developer will be required to repay all HOME funds invested in the unit. Six months after project completion, if a unit is not occupied by an eligible tenant, the developer will be expected to present a marketing plan to the HOME consortium demonstrating that the unit can be expected to be occupied within the following 12 months.

Units for Ownership must be sold to an income eligible household within nine months of completion; if this is not accomplished, the unit converts to a HOME rental unit.

**Other considerations – Rental**

1. When HOME funds are provided for rental units, the written agreement will specify whether units will be designated as fixed or floating in. If fixed, units will be designated at the time of occupancy.
2. 90% of households assisted must have incomes that do not exceed 60% of area median income. The balance of rental units must assist tenants with incomes that do not exceed 80% area median income.
3. Projects of 5 or more units must have at least 20% of HOME assisted rental units occupied by families who have annual incomes that are 50% or less of median income. The Low HOME rent must be charged.
4. The Part 5 definition (sometimes referred to as the Section 8 definition) of calculating annual gross household income must be used. For rental housing, the household income must be recertified annually.

## SECTION 3

### ***COMMUNITY HOUSING DEVELOPMENT ORGANIZATION PROJECTS***

The Federal HOME rules require that a consortium award at least 15% of its annual allocation to special types of non-profit organizations called Community Housing Development Organizations (CHDOs). CHDO's are organizations that meet specific requirements related to mission and Board composition. Current HOME rules require that the CHDO designation be verified with each project application. As a result, if you are submitting funds for a CHDO funded project, you must also provide information that demonstrates you meet these qualifications as established in 24 CFR, Section 92.300. The Application Instructions include a list of information that must be provided to demonstrate that your organization is eligible to receive CHDO funds.

The Waukesha County Consortium's CHDO Policy is:

1. All non-profit organizations with housing as a primary purpose are invited to apply to the HOME Consortium for CHDO designation.
2. The HOME Consortium Board, with the advice of the Consortium staff, reserves the right to make final determinations on all CHDO designation and the eligibility of projects to receive CHDO set-aside funding.
3. Organizations that are not sure that they qualify should contact the Waukesha County Community Development office for information and consultation.
4. Organizations may be eligible for technical assistance from the Consortium or a qualified consultant. Technical assistance provided by the Consortium ONLY will be for determining and assisting the organization to qualify to be certified as a CHDO and to initially determine the eligibility of potential CHDO projects.
5. CHDO projects must be consistent with the applicable Consolidated and Annual Plans of the HOME Consortium. The projects must be consistent with the primary housing goals of the Plan and address the priority needs identified by the Plan.
6. Each request for CHDO designation and for funding of projects must include a narrative and quantitative description of how the organization and the project will address the housing goals and priority needs.
7. The HOME Board shall set aside at least 15% of its HOME funds each year for allocation to qualified CHDO projects. In its funding process, the HOME Board shall first consider



all CHDO eligible proposals, and then recommend funding for an amount equal to or greater than the 15% set-aside. Once the 15% set-aside has been awarded, the HOME Board will then consider the remaining CHDO proposals in the context of its overall Five-Year objectives related to development of rental and homebuyer housing, adjusted for the initial round of CHDO funding.

## SECTION 4

### ***UNDERWRITING AND SUBSIDY LAYERING STANDARDS FOR HOME-FUNDED DEVELOPMENT PROJECTS***

The HOME Consortium will evaluate proposals consistent with HOME rules defined in *24 CFR 92.250*, which state that:

*“ (b) Underwriting and subsidy layering. Before committing funds to a project, the participating jurisdiction must evaluate the project in accordance with guidelines that it has adopted for determining a reasonable level of profit or return on owner's or developer's investment in a project and must not invest any more HOME funds, alone or in combination with other governmental assistance, than is necessary to provide quality affordable housing that is financially viable for a reasonable period (at minimum, the period of affordability in §92.252 or §92.254) and that will not provide a profit or return on the owner's or developer's investment that exceeds the participating jurisdiction's established standards for the size, type, and complexity of the project.”*

Based on these requirements, as part of project evaluation we will consider the following underwriting standards:

1. The HOME Board will consider a maximum per-unit investment of up to 20% of the HOME single-family value limit. This value is currently \$80,000 per unit, but this standard will change over time.
2. We will evaluate the per unit level of assistance to be provided to a project by considering: (1) the project's contribution and “value added” to increase the housing stock; (2) upon project need; (3) ‘fair siting’ to increase homeownership and rental opportunities throughout the Consortium region, and (4) availability of resources. The HOME Board will give consideration to the higher end of this \$80,000 limit per unit when the proposal creates new affordable housing units through construction or conversion of commercial or rental property to housing.
3. Projects may not exceed a total secured funds-to-value ratio greater than 100% from all sources.
4. HOME loans retained in an assisted property for an individual household may not exceed a loan-to-value ratio of 100% from all sources. The HOME Board has established

additional policies on subordination and sales to second-generation buyers of HOME-funded properties.

5. A minimum of 85% of all HOME funds received shall be applied to capital costs including acquisition and closing costs, construction, labor and materials, design and engineering costs and relocation costs. A maximum of 15% of the total HOME funds received may be applied to staffing and other project delivery costs.
6. The overall percentage of HOME funds to total funds shall not exceed 50% for the total project, but may exceed 50% on HOME-assisted units within a larger project. The overall developer fee shall not exceed 10% of the total capital costs of the project. The ratio of soft costs (see Glossary of Terms) to hard costs (see Glossary of Terms) shall not exceed 25%.
7. The gross profit margin for a homebuyer project shall not exceed 15% of the total costs of the project; for a for-profit rental housing project, the internal rate of return shall not exceed 12% of the developer equity invested in the project. For a CHDO project, the gross profit margin shall not exceed 15% of the total costs of the project; for a rental CHDO project, the developer fee shall not exceed 15% of the total project development cost.

## SECTION 5

### ***PROJECT SELECTION PROCEDURES, INCLUDING RANKING FACTORS***

The HOME Consortium will allocate housing resources according to the priorities established in the County's adopted Five Year Consolidated Plan for Housing Activities and will fund development proposals that are well thought out and adequately financed. To this end, and to ensure a reasonable selection process, all development proposals will be evaluated according to the following procedures:

#### **SELECTION PROCEDURES**

The selection procedures are designed to assist the PJ in analyzing projects that should be funded. These procedures will be organized in 4 steps.

1. **Threshold Review:** The Threshold Review is designed to determine if the proposal meets minimum HOME and Consortium requirements. A proposal **MUST** pass each of the Threshold steps. Failure to pass any one of the Threshold requirements will disqualify the proposal from further consideration.

The Threshold Review will be conducted by staff of the HOME Consortium to determine:

- a. if the project meets the HOME regulatory requirements or if there are elements in the proposed project that would be ineligible under the HOME requirements;
  - b. if the project meets the minimum underwriting and subsidy layering requirements established by the HOME Board and complies with the HOME layering standards found in 24 CFR 92.250 (b) and layering guidance found in CPD Notice 15-11.
  - c. The project scores at least 45 points upon staff review. Developers may self-score their project using the Ranking Factors and submit this as part of their application. The self-scoring will be reviewed by the Primary Reviewers as part of the threshold review.
2. **Primary Review:** Proposals that meet the Threshold requirements will be further evaluated and assessed (using the Ranking Factors provided below) by staff and the HOME Board Executive Committee.
  3. **Final Review:** The entire HOME Board will review the Primary Review scores given to each proposal that has been determined to meet the Threshold requirements. The role of the HOME Board is not to re-rate or re-score the proposals - unless questions are raised which may change the score provided by the primary reviewers (See Step 4 below) - but to ensure

fairness and completeness in the review and rating process. HOME Board members should ensure the following:

- a. Proposals were responsive to the needs and priorities of the Consortium HOME Program and any RFP that was issued, if applicable;
  - b. Ratings were made based on the contents of the submitted proposals and not subjective or personal information not included in the documentation;
  - c. The final applications do not contain ambiguities, inconsistencies, errors, or deficiencies which should have been surfaced during Steps 1 & 2 of the process; and
  - d. Reviewers properly documented the basis for the scores assigned and indicated the strengths and weakness of each proposal.
4. **Final Decision:** The HOME Board and staff will review and compare the scores given to the proposal during the Primary Review in Step 2 and Final Review in Step 3.

If there are significant discrepancies in the scoring, the HOME Board will request that the Primary and Final Reviewers meet to resolve the discrepancies. Once discrepancies are resolved, the proposals may be re-rated by the HOME Board in consultation with the staff. If discrepancies cannot be resolved, the Board may either have the proposal returned to the applicant with a request that additional information or explanation be provided within seven (7) days of the request, or the Board may determine that the proposal is not fundable and reject it with an explanation provided in the file and in a letter to the applicant.

The HOME Board will rank the proposals by adding the numerical scores assigned to the ranking factors and finding the average for each proposal. Funding will be from the highest ranking downward, until the appropriate funding level is reached.

The HOME Board may need to consider a range of funding among several categories of projects. The HOME Board may choose to not fully fund the top ranked proposal nor not fund the bottom ranked proposal in each category, but may try to achieve some balance among them in order to meet portfolio objectives related to geography, timeliness, population target, and leverage.

The HOME Board also reserves the right to reject or amend or negotiate specific terms on individual projects to strengthen its effectiveness with regard to the Consortium's goals.

The Consortium may also consider an increase or change in the preferences, conditions or funding limitations on specific projects which it determines may contribute substantially to a neighborhood revitalization or redevelopment strategy adopted by the County Boards or the HOME Board.

**Contract Process:**

The HOME Board will issue a contract for a minimum of a one-year period and a maximum of a three year period, contingent upon successful performance and receipt of similar funding from HUD. The HOME Board may also issue certain projects contracts for less than a one-year period when the Board determines that the project faces uncertainty regarding other funding or special environmental or regulatory conditions.

**Fund Allocation:**

The HOME Board will allocate all development funds estimated to be available each year within the context of the Five-Year Plan except for the reserve funds. The Consortium will reserve sufficient funds to allow for emergency or short-lived opportunities that arise during the year.

**RANKING FACTORS**

The project scoring is a tool for evaluation, but is not the sole criterion for a decision. To ensure a fair and accurate selection process, all development proposals must provide all required information in the application form. Failure to provide the required information or providing inaccurate information may result in the proposal being disqualified from consideration.

Projects will be evaluated in 5 general areas, including:

Evaluation Criteria	Description	Total Points
Project Scope	Does the project address a need identified in the current Waukesha County Consolidated Plan?	20 points
Project Design	Is the project sited correctly? Does the project meet the design standards present in the community? Is there a demonstrated market for this project?	15 points
Affordability	Does the project serve low to moderate income households?	10 points
Financial Feasibility	Is the project feasible within the established budget? How certain are other sources of funding expected for the	25 points

	project? Is sufficient “match” provided? Is the project sustainable? Are the HOME funds being request reasonable?	
Developer Capacity	Does the developer have the experience and financial capacity to carry out the project? Is the organization a CHDO?	30 points

The specifics of each are described below.

**1. Project Scope**

**(Maximum 20 points)**

Relationship to Strategic Plan Priority

Projects will be scored based on how well the proposal addresses one of the stated priorities in the 5-Year Consolidated Plan for housing activities. Proposals will be scored based on whether the principal beneficiaries and results of the proposal results in:

Specific Evaluation Criteria	Points Assigned
Development of NEW housing units for sale OR	5
Development of NEW rental units OR	7
Single family rehabilitation for sale OR	3
Rental housing rehabilitation	2
ALSO Income Levels to be Served	5
ALSO Consolidated Plan Priorities	5
ALSO Market Study	3
<b>TOTAL POSSIBLE</b>	<b>20</b>

**2. Project Design**

**(Maximum 15 points)**

In order to receive points in this section for site specific development proposals, adequate design information must be submitted with the application, such as a scaled site plan, and building elevation and floor plan drawings, to document the design characteristics of the proposed development.

a. Project Location (Maximum 5 points)

- i. Up to 5 points will be awarded based on the appropriateness of the site for the proposed development, taking into consideration such siting issues as

appropriate zoning, accessibility to social, recreational, educational, commercial, and health facilities and services, and other municipal facilities and services that are at least equivalent to those typically found in neighborhoods consisting largely of unassisted, standard housing of similar market rents and/or values. Higher points will be awarded to projects located in ‘high opportunity’ areas of the HOME Consortium.

- ii.* Siting factors that will reduce the number of points awarded (by one point each) include: locations impacted by environmental or other problems; sites near existing or proposed freeways; sites near airports; areas subject to flooding; close proximity to potential odors or pollution from industrial uses.
- iii.* HOME funded new construction rental projects must meet certain site and neighborhood standards.<sup>1</sup>

b. Design Quality (Maximum 5 points)

Up to 5 points will be awarded to projects that are well planned and designed. Characteristics of good site design include attractive entryways, connected streets, consistent building setbacks, sidewalks, and accessible open space and park areas. In single family developments, good site design will include driveways or alleyways that allow for adequate off-street parking that is not located within the front yard zone of the lot. Examples of quality building design features include front porches, well detailed trim-work, front gables and dormers, spacious room layouts, kitchens with an abundance of counter top working space and cabinets, and storage space other than bedroom closets.

c. Readiness to Proceed (Maximum 5 points)

Maximum points will be awarded to project that have site control and appropriate zoning, making the projects “shovel-ready”.

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<sup>1</sup>It is HUD general policy that proposed sites for new construction projects with HOME funds cannot be located in areas of minority concentration (see 24 CFR 92.202 and 24 CFR 983.57). Areas of minority concentration are areas where the percentage of minorities is more than 50%. However, a project may be located in an area of minority concentration only if: (A) “sufficient” and “comparable opportunities” exist for housing for minority families, in the income range to be served by the proposed project, outside areas of minority concentration; or (B) The project is necessary to meet overriding housing needs that cannot be met in that housing market area.



### 3. Affordability

(Maximum 10 points)

a. Population Served (Maximum 5 points)

100% of units serve households with incomes less than 30% AMI	5 points
100% of units serve households with incomes less than 50% AMI	3 points
100% of units serve households with incomes less than 60% AMI	2 points
100% of units serve households with incomes less than 80% AMI	1 point

b. Development Type (Maximum 2 points)

Up to 2 points will be awarded if less than 50 percent of the units in the overall development are HOME units.

c. Long Term Affordability (Maximum 3 points)

Projects that include provisions to ensure the long-term affordability of the HOME units being developed are eligible for points based on the length of the affordability period.

- i.* Projects that ensure affordability for 21-25 years will receive 2 points.
- ii.* Projects that ensure affordability for more than 25 years will receive 3 points.

### 4. Financial Feasibility

(Maximum 25 points)

a. Total Cost Per Unit (Maximum 5 points)

Up to 5 points will be awarded to projects that have a total cost per unit that is reasonable for the type of project proposed.

b. Review of Financials (Maximum of 8 points)

Up to 8 points will be awarded to projects where there is clear documentation of the sources and uses of funds and includes all expected costs necessary to complete the project, including contingencies. For rental projects an operating pro forma is required, covering at a minimum the required period of affordability. Rental project budgets should also include information about any anticipated rental subsidies and operating reserve funds.

c. Secure Sources/Leverage (Maximum of 5 points)

Up to 5 points will be awarded when clear documentation of the availability of all non-Consortium funds is provided. Consortium HOME funds are expected to be used as gap financing to cover development costs that cannot reasonably be obtained from other sources. Points will be awarded based on the percentage of

non-HOME funds identified in the sources and uses of funds statement contained in the application. Non-HOME funds will include all other funding sources, including private equity investment, private loans, value of land and land improvements if pre-purchased by the developer, and other governmental loans and grants.

- d. HOME cost per unit (Maximum 2 points)  
More points will be awarded if the percent of per unit costs that will be paid for with HOME funds is less than 25%.
- e. Program Income (Maximum 2 points)  
It is an objective of the HOME Consortium to generate program income, where feasible, to assist other affordable housing development activities. Proposals will be evaluated based on their likelihood of returning funds to the Consortium for reuse.
  - i. Projects likely to return more than 50% of the amount of Consortium funding assistance within 20 years from the provision of those funds will receive 2 points.
  - ii. Projects that are likely to return some funding to the Consortium within 20 years, but less than 50% of those funds originally provided will receive 1 point.
  - iii. All other options receive no points
- f. Match (Maximum 3 points)  
Every dollar of HOME funds used must be matched with at least 25 cents from nonfederal sources, which may include donated materials or labor, the value of donated property, proceeds from bond financing, and other resources.
  - i. 2 Points will be awarded to projects that will match every dollar of HOME funds received with 25 cents or more from allowable nonfederal sources.
  - ii. 3 Points will be awarded to projects that will match every dollar of HOME funds received with more than 25 cents from allowable nonfederal sources.
  - iii. 1 Point will be awarded to projects that provide 25% in a total of cash and non-cash match.

## **5. Developer Capacity (Maximum 30 points)**

- a. Clarity of Proposal (Maximum 5 points)

Proposals will be evaluated on whether all information requested in the application is included, whether the community needs are being addressed and objectives of the proposal are clearly stated, and whether the roles and responsibilities of all partners in the proposal are clear and documented.

b. Organizational and Staff Experience (Maximum 15 points)

Applicants should possess the level of experience necessary to undertake the project being proposed. Consideration will be given to proposals that link applicants with less experience with partners with more substantial experience if adequate documentation is provided describing the roles, responsibilities and contractual agreements between the partners.

- i.* Up to 7 points will be awarded to organizations with experience implementing projects similar in scope and scale to the proposed development.
- ii.* Up to 8 points will be awarded to organizations who have a development team with experience managing projects similar to that proposed in the application.

c. Financial Capacity (Maximum 5 points)

The creditworthiness of the applicant and their eligibility to obtain the necessary financing for the project will be determined based on the applicant's audited financial statements for the past three years that are submitted with the application.

d. CHDO (5 points)

Organizations that are certified as a CHDO will receive 5 points.

## SECTION 6

### ***GENERAL CRITERIA AND CROSS-CUTTING POLICIES AND GOALS***

#### **GENERAL CRITERIA**

The Waukesha County Consortium will require projects to meet these national, state and local cross-cutting statutory and regulatory requirements:

1. Serve low and moderate income persons.
2. Utilize minority business enterprises and comply with Section 3 goals.
3. Promote affirmative action, non-discrimination and equal opportunity in each of its assisted programs.
4. Comply with physical accessibility standards.
5. Minimize negative environmental impacts, and meet environmental goals.
6. Reduce lead paint hazards.
7. Comply with Federal Fair Labor Standards, and local Living Wage requirements.
8. Minimize displacement in acquisition or rehabilitation projects.
9. Promote the goal of fair housing, housing diversity, and housing choices across each of the four counties involved in the Consortium.
10. Minimize both the direct and indirect displacement of persons. Where appropriate, the Consortium will adhere to the state and federal benefit levels and procedures. The HOME Consortium will also use its funds only in projects that minimize the demolition or conversion of affordable housing units to another use.
11. Avoid conflict of interest situations, and comply with anti-lobbying requirements.
12. Adhere to the constitutional and regulatory provisions of separation of church and state and avoidance of public funding of inherently religious activities.
13. Design program operations to safeguard vulnerable populations, such as young children and frail elderly people.

## CONCLUSION

Questions or comments and suggestions about this Framework are always welcome.

Mail: Waukesha County CDBG Office  
515 W. Moreland Blvd, AC320  
Waukesha, WI 53188

Phone: 262-548-7920

Fax: 262-896-8510

E-Mail: [ksilva@waukeshacounty.gov](mailto:ksilva@waukeshacounty.gov)

Web: <http://www.waukeshacounty.gov/communitydevelopment/>

IF YOU NEED SPECIAL ACCOMMODATIONS SUCH AS A TRANSLATOR OR MATERIALS IN AN ALTERNATE FORMAT, PLEASE CALL THE CD OFFICE AT 262-548-7920.

**ATTACHMENT**  
***HOME Glossary of Terms***

**Adjusted Income:** "Adjusted income" is "annual (gross) income" reduced by deductions (or allowances) for dependents, elderly households, medical expenses, disability assistance expenses, and child care. This method of income calculation is only used for rental projects to determine the total tenant payment.

**Administrative Costs:** Costs for general management, oversight, coordination, evaluation, and reporting on eligible activities. Such costs do not include costs directly related to carrying out eligible activities, since those costs are eligible as part of the activity delivery costs of such activities.

**Affordability:** As used in the HOME Program, affordability refers to the requirements of the HOME Program that relate to the cost of housing both at initial occupancy and over established timeframes, as prescribed in the HOME regulations. Affordability requirements vary depending on the nature of the HOME-assisted activity (i.e., homeownership or rental housing).

<b>ACTIVITY</b>	<b>AVERAGE PER-UNIT HOME \$</b>	<b>MINIMUM AFFORDABILITY PERIOD</b>
Rehabilitation or Acquisition of Existing Housing	<\$15,000/unit	5 years
	\$15,000-\$40,000/unit	10 years
	>\$40,000/unit	15 years
New Construction or Acquisition of New Housing	Any \$ amount	20 years

**Annual Income:** The HOME Consortium requires the Part 5 definition (formerly referred to as the Section 8 definition) be used to calculate total household income. It includes the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period. It also includes income earned from assets held or owned by the household (such as interest earned on a bank account or retirement account).

**Commitment:** As used in the HOME Program, commitment means one of three things. The participating jurisdiction has:

1. executed a legally binding agreement (that includes the date of the signature of each person signing the agreement) with a State recipient, subrecipient, or contractor to use a specific amount of HOME funds to produce affordable housing, provide downpayment assistance, or provide tenant-based rental assistance; or
2. executed a written agreement reserving a specific amount of funds for a Community Housing Development Organization; or
3. met requirements to commit to a specific local project as defined below.

For tenant-based rental assistance, commitment means that a rental assistance contract between the participating jurisdiction (or other entity) and the tenant or owner has been executed. HUD recognizes a commitment when the project is set up in the Integrated Disbursement and Information System (IDIS).

**Commitment to a Specific Project:** Commitment to a specific local project means that a legally binding agreement was executed meeting one of the following sets of requirements:

1. For rehabilitation or new construction projects, the PJ (or other entity) and the project owner will execute an agreement for an identifiable project. Prior to executing the agreement the PJ must ensure that all necessary financing has been secured, a budget and schedule has been established, underwriting is complete, and construction is scheduled to start within 12 months. If the project is owned by the PJ or State recipient, the project must be set up in the Integrated Disbursement and Information System (IDIS) and construction must be reasonably expected to start within 12 months of the set-up date.
2. For projects consisting of the acquisition of standard housing by the PJ, the agreement must be a binding contract for the sale of an identifiable property and the property title must be transferred to the PJ (or other entity) within six months of the date of the contract.
3. For projects involving the acquisition of standard housing and where the PJ is providing HOME funds to a purchaser under the agreement, the title of the property must be transferred to the purchaser within six months of the agreement date.
4. For projects consisting of tenant-based rental assistance (TBRA), the PJ must enter into a rental assistance contract with the owner or the tenant in accordance with the provisions of 24 CFR Part 92.209.

**Community Housing Development Organization (CHDO):** A CHDO is a federally defined type of nonprofit housing provider that must receive a minimum of 15 percent of all Federal HOME funds. The primary difference between CHDO and other nonprofits is the level of low-income resident participation on the Board of Directors. A CHDO must be designated prior to the start of any project to be funded with CHDO set aside funds. Designation is made upon

submission of all paperwork demonstrating that the organization meets requirements. An application may be obtained from Waukesha County Staff.

**Consolidated Plan:** A Con Plan is a document written by a State or local government describing the housing needs of the low- and moderate-income residents, outlining strategies to meet the needs and listing all resources available to implement the strategies. This document is required to receive HUD Community Planning and Development funds.

**Consortium:** Geographically contiguous units of general local government consolidated to be in a single unit of general local government for HOME Program purposes when certain requirements are met. For the HOME Consortium this includes Waukesha, Jefferson, Ozaukee, and Washington counties.

**Continuum of Care:** Policies designed to address the critical problem of homelessness that include a coordinated community-based process of identifying needs and building a system to address those needs. The approach is predicated on the understanding that homelessness is not caused merely by a lack of shelter, but involves a variety of underlying, unmet needs-physical, economic, and social.

**Family:** Family means a household composed of two or more related persons. The term family also includes one or more eligible persons living with another person or persons who are determined to be important to their care or well being, and the surviving member or members of any family described in this definition who were living in a unit assisted under the **HOPWA** program with the person with AIDS at the time of his or her death.

**Final Rule:** The Final HOME Rule was published at **24 CFR Part 92** on July 24, 2013.

**HOME-Assisted Units:** Units within a HOME project for which rent, occupancy, and/or long-term affordability restrictions apply. The number of units designated as HOME-assisted affects the maximum HOME subsidies that may be provided to a project.

**HOME Funds:** All appropriations for the HOME Program, plus all repayments and interest or other return on the investment of these funds

**HOME Investment Partnerships Program:** The HOME Investment Partnerships Program (HOME) provides formula grants to states and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. It is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households.

**HOME Investment Trust Fund:** The term given to the two accounts, one at the Federal level and one at the local level that "hold" the participating jurisdiction's HOME funds. The Federal HOME Investment Trust Account is the U.S. Treasury account for each participating



jurisdiction. The local HOME Investment Trust Fund account includes repayments of HOME funds, matching contributions, and payment of interest or other returns on investment.

**Homeownership:** Homeownership means ownership in fee simple title or a 99 year leasehold interest in a one- to four-unit dwelling or in a condominium unit, or equivalent form of ownership approved by HUD. The ownership interest may be subject only to the restrictions on resale required under 92.254(a); mortgages, deeds of trust, or other liens or instruments securing debt on the property as approved by the participating jurisdiction; or any other restrictions or encumbrances that do not impair the good and marketable nature of title to the ownership interest.

Housing located in insular areas must have a ground lease for at least 40 years. Housing located on Indian land must have a ground lease for at least 50 years. Housing located on land owned by a community land trust must have a ground lease for at least 50 years. Manufactured housing on leased land must have a ground lease for at least the applicable affordability period.

A contract for deed (also known as an installment contract or land sales contract) is NOT an eligible form of homeownership.

Ownership or membership in a cooperative or mutual housing project that received Low-Income Housing Tax Credits is NOT homeownership. It is rental housing.

**Household:** One or more persons occupying a housing unit

**Housing:** Housing includes manufactured housing and manufactured housing lots, permanent housing for disabled homeless persons, transitional housing, single-room occupancy housing, and group homes. Housing also includes elder cottage housing opportunity (ECHO) units that are small, free-standing, barrier-free, energy-efficient, removable, and designed to be installed adjacent to existing single-family dwellings. Housing does not include emergency shelters (including shelters for disaster victims), halfway housing, or facilities such as nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, dormitories (including farmworker dormitories) and *all* types of student housing..

**Low-Income Household:** A household is low income if income does not exceed 80 percent of the median income for the area, as determined by HUD, with adjustments for smaller or larger families. HUD may establish income ceilings higher or lower than 80 percent of the median for the area median on the basis of HUD's findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes.

Students may not participate in HOME programs if they are enrolled in a higher education institution, under age 24, not a veteran of the military, not married, does not have dependent children, is not a person with disabilities, and is not otherwise individually eligible or has parents who, individually or jointly, are not eligible on the basis of income. Excluded students are

prohibited from receiving any HOME assistance, including renting HOME-assisted rental units, receiving HOME TBRA, or otherwise participating in the HOME program independent of their low- or very-low income families.

**Match:** Match is a PJ's contribution to the HOME Program - the local, non-Federal contribution to the partnership. The PJ's match contribution must equal not less than 25 percent of the HOME funds drawn down for projects in that fiscal year.

**New Construction:** New construction is the creation of new dwelling units. Any project that includes the creation of additional dwelling units outside the existing walls of a structure is also considered new construction.

**Nonprofit organization:** Any nonprofit organization (including a State or locally chartered, nonprofit organization) that:

1. Is organized under State or local laws;
2. Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;
3. Has a functioning accounting system that is operated in accordance with generally accepted accounting principles, or has designated an entity that will maintain such an accounting system; and
4. Has among its purposes significant activities related to providing services or housing to persons with acquired immunodeficiency syndrome or related diseases.

**Participating Jurisdiction (PJ):** PJ is the term given to any State or local government that HUD has designated to administer a HOME Program. HUD designation as a PJ occurs if a State or local government meets the funding thresholds, notifies HUD that it intends to participate in the program, and obtains approval by HUD of a **Consolidated Plan**.

**Program Income:** Gross income received by the PJ, State recipient, or a subrecipient directly generated from the use of HOME funds or matching contributions. It does not include gross income from the use, rental, or sale of real property received by the project owner, developer, or sponsor, unless the funds are paid by the project owner, developer, or sponsor to the PJ, subrecipient, or State Recipient.

**Project:** A project is one or more buildings on a single site or multiple sites that are under common ownership, management, and financing and are to be assisted with HOME funds as a single undertaking. For TBRA, project means assistance to one or more families.

**Project Completion:** The stage at which (1) necessary title transfer requirements and construction work has been performed, (2) the project complies with all HOME requirements, (3) the final draw-down has been disbursed for the project, and (4) the project completion

information has been entered in the **Integrated Disbursement and Information System** (IDIS) established by HUD. For rental housing project completion occurs upon completion of construction and before occupancy. For tenant-based rental assistance (TBRA), project completion means the final draw-down has been disbursed for the project.

### **Project Costs:**

*Development hard costs:* The actual cost of constructing or rehabilitating housing. These costs include the following:

1. For new construction, costs to meet the applicable new construction standards in § 92.251;
2. For rehabilitation, costs:
  - i. To meet the property standards in § 92.251;
  - ii. To make essential improvements, including energy-related repairs or improvements, improvements necessary to permit use by persons with disabilities, and the abatement of lead-based paint hazards, as required by part 35 of this title.
3. For both new construction and rehabilitation, costs:
  - i. To demolish existing structures;
  - ii. To make utility connections including off-site connections from the property line to the adjacent street; and
  - iii. To make improvements to the project site that are in keeping with improvements of surrounding, standard projects. Site improvements may include on-site roads and sewer and water lines necessary to the development of the project. The project site is the property, owned by the project owner, upon which the project is located.
4. For both new construction and rehabilitation of multifamily rental housing, costs to construct or rehabilitate laundry and community facilities which are located within the same building as the housing and which are for the use of the project residents and their guests.
5. Costs to make utility connections or to make improvements to the project site, in accordance with the provisions of § 92.206(a)(3)(ii) and (iii) are also eligible in connection with acquisition of standard housing.

*Refinancing costs.* The cost to refinance existing debt secured by housing that is being rehabilitated with HOME funds:

1. For single-family (1- to 4-family) owner-occupied housing when loaning HOME funds to rehabilitate the housing, if the refinancing is necessary to reduce the overall housing costs

to the borrower and make the housing more affordable and if the rehabilitation cost is greater than the amount of debt refinanced.

2. For single family or multifamily projects, when loaning HOME funds to rehabilitate the units if refinancing is necessary to permit or continue affordability under § 92.252. The participating jurisdiction must establish refinancing guidelines and state them in its consolidated plan described in 24 CFR part 91. Regardless of the amount of HOME funds invested, the minimum affordability period shall be 15 years. The guidelines shall describe the conditions under which the participating jurisdictions will refinance existing debt. At minimum, the guidelines must:
  - i. Demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing;
  - ii. Require a review of management practices to demonstrate that disinvestment in the property has not occurred, that the long term needs of the project can be met and that the feasibility of serving the targeted population over an extended affordability period can be demonstrated;
  - iii. State whether the new investment is being made to maintain current affordable units, create additional affordable units, or both;
  - iv. Specify the required period of affordability, whether it is the minimum 15 years or longer;
  - v. Specify whether the investment of HOME funds may be jurisdiction-wide or limited to a specific geographic area, such as a neighborhood identified in a neighborhood revitalization strategy under 24 CFR 91.215(e)(2) or a Federally designated Empowerment Zone or Enterprise Community; and
  - vi. State that HOME funds cannot be used to refinance multifamily loans made or insured by any Federal program, including CDBG.

*Acquisition costs.* Costs of acquiring improved or unimproved real property, including acquisition by homebuyers.

*Related soft costs.* Other reasonable and necessary costs incurred by the owner or participating jurisdiction and associated with the financing, or development (or both) of new construction, rehabilitation or acquisition of housing assisted with HOME funds. These costs include, but are not limited to:

1. Architectural, engineering or related professional services required to prepare plans, drawings, specifications, or work write-ups.
2. Costs to process and settle the financing for a project, such as private lender origination fees, credit reports, fees for title evidence, fees for recordation and filing of legal

documents, building permits, attorneys fees, private appraisal fees and fees for an independent cost estimate, builders or developers fees.

3. Costs of a project audit that the participating jurisdiction may require with respect to the development of the project.
4. Costs to provide information services such as affirmative marketing and fair housing information to prospective homeowners and tenants as required by § 92.351.
5. For new construction or rehabilitation, the cost of funding an initial operating deficit reserve, which is a reserve to meet any shortfall in project income during the period of project rent-up (not to exceed 18 months) and which may only be used to pay project operating expenses, scheduled payments to a replacement reserve, and debt service. Any HOME funds placed in an operating deficit reserve that remain unexpended after the period of project rent-up may be retained for project reserves if permitted by the participating jurisdiction.
6. Staff and overhead costs directly related to carrying out the project, such as work specifications preparation, loan processing inspections, and other services related to assisting potential owners, tenants, and homebuyers, e.g., housing counseling, may be charged to project costs only if the project is funded and the individual becomes the owner or tenant of the HOME-assisted project. For multi-unit projects, such costs must be allocated among HOME-assisted units in a reasonable manner and documented.
7. For both new construction and rehabilitation, costs for the payment of impact fees that are charged for all projects within a jurisdiction.
8. Costs for environmental review and release of funds in accordance with 24 CFR Part 58 that are directly related to the project.

*Community Housing Development Organization (CHDO) costs.* Eligible costs of project-specific assistance are set forth in §92.301.

*Relocation costs.* The cost of relocation payments and other relocation assistance to persons displaced by the project are eligible costs.

1. Relocation payments include replacement housing payments, payments for moving expenses, and payments for reasonable out-of-pocket costs incurred in the temporary relocation of persons.
2. Other relocation assistance means staff and overhead costs directly related to providing advisory and other relocation services to persons displaced by the project, including timely written notices to occupants, referrals to comparable and suitable replacement

property, property inspections, counseling, and other assistance necessary to minimize hardship.

*Costs related to payment of loans.* If HOME funds are not used to directly pay a cost specified in this section, but are used to pay off a construction loan, bridge financing loan, or guaranteed loan, the payment of principal and interest for such loan is an eligible cost only if:

1. The loan was used for eligible costs specified in this section, and
2. The HOME assistance is part of the original financing for the project and the project meets the requirements of this part.

**Reconstruction:** Reconstruction means the rebuilding, on the same lot, of housing standing on a site at the time of project commitment, except that housing that was destroyed may be rebuilt on the same lot if HOME funds are committed within 12 months of the date of destruction. The number of housing units on the lot may not be decreased or increased as part of a reconstruction project, but the number of rooms per unit may be increased or decreased. Reconstruction also includes replacing an existing substandard unit of manufactured housing with a new or standard unit of manufactured housing. Reconstruction is rehabilitation for purposes of this part.

**Targeting:** Targeting is the requirement of the HOME Program related to income or other characteristics of households that may occupy HOME-assisted units.

**Tenant-Based Rental Assistance (TBRA):** HUD assists low- and very low-income families in obtaining decent, safe, and sanitary housing in private accommodations by making up the difference between what they can afford and the approved rent for an adequate housing unit.

**Total Development Cost:** The sum of all costs for site acquisition, relocation, demolition, construction and equipment, interest, and carrying charges.

**Transitional housing:** Transitional Housing is a project that has as its purpose facilitating the movement of homeless individuals and families to permanent housing within a reasonable amount of time (usually 24 months). Transitional housing includes housing primarily designed to serve deinstitutionalized homeless individuals and other homeless individuals with mental or physical disabilities and homeless families with children.

**Transit level of service:** It means characteristics of transit service provided which indicate its quantity, geographic area of coverage, frequency and quality (comfort, travel, time, fare and image).

**Very Low-Income Households:** Households whose incomes do not exceed 50 percent of the median area income for the area, as determined by HUD, with adjustments for smaller and larger families. HUD may establish income ceilings higher or lower than 50 percent on the basis of HUD findings that such variation are necessary because of unusually high or low incomes,

prevailing levels of construction costs or fair market rents. An individual does not qualify as a very low-income family if the individual is a student (see Low-Income Families definition).