

# HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

City of Duluth

## FY 2017 Application Guidelines

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The HOME program, created under the HOME Investment Partnerships Act, is part of the Federal Government's commitment to providing decent, safe, and affordable housing for all Americans and to alleviate problems of excessive rent burdens, homelessness, and deteriorating housing stock. The HOME program allows the City to:

- Design and implement affordable housing strategies that are tailored to Duluth's needs and priorities.
- Extend and strengthen partnerships among all levels of government and the private sector, including for-profit and nonprofit organizations, in the production and operation of affordable housing.
- Build the capacity of Community Housing Development Organizations (CHDOs), who play a significant role in implementing local strategies.
- Leverage and mobilize community resources to address housing needs and priorities within the At-Home targeted neighborhoods.

### PROGRAM PREFERENCES

The HOME program provides grants and loans to implement the City of Duluth's housing strategies, which are designed to increase homeownership and affordable rental housing for very low to moderate-income residents. This year, to encourage applications that help meet the goals of the Consolidated Plan and increase the availability of affordable housing in Duluth, the Community Development Committee has determined preferences for funding projects. They are:

- **Energy Improvements.** Housing rehabilitation projects, either owner-occupied or rental housing, must achieve a 20% energy savings with the completion of the improvements.

- **Collaboration of housing rehab programs.** To encourage agencies to work efficiently and streamline administration of programs, requests for housing rehab activities must be part of the collaborative Housing Resource Connection. This includes homeowner rehab and emergency repairs; rental rehab; property acquisition/rehab for resale; weatherization and energy improvements.

- **Healthy Homes.** Housing rehab projects will be inspected using a Healthy Homes approach, and identified hazards addressed in the scope of work, including lead-paint hazards. Completed rehabs must meet housing code, and show energy improvements as stated above.

## **ELIGIBLE PROGRAM APPLICANTS**

Eligible applicants include 501(C)3 nonprofit housing providers, Community Housing Development Organizations (CHDOs), Housing and Redevelopment Authorities (HRAs) and private developers. CHDOs are community-based nonprofit organizations certified by the City of Duluth. CHDOs must be awarded no less than 15% of the City's HOME funds, and may apply for pre-development assistance. Contact Community Development (730-5480) for information on CHDO certification.

## **TYPE OF APPLICATIONS**

### Homeowner Development Projects

Eligible Applicants: CHDOs, 501(C)3 nonprofit housing providers, HRAs, private developers. Development projects which create or maintain affordable owner-occupied housing. Allowable activities include demolition and reconstruction, property acquisition, rehabilitation, and new construction. Additional budget information must be provided with the application. **Major development projects may wish to apply for a pre-commitment of future HOME program dollars if the project will not be under construction in 2017.**

### CHDO Project Specific Loan and CHDO Operating Support

Eligible Applicants: CHDOs. Project specific loans are short-term no-interest loans, for feasibility studies or qualified pre-development expenses tied to a specific project. The loan is payable at the time of permanent financing of the development project and is forgivable by the City if a feasibility study determines the proposed project is not viable. Operating support provides grant funds for staff, pre-development activities, project planning, project financing, and other activities directly leading to the development of affordable housing units.

**By providing operating support, the City assumes that HOME funds will be awarded within two years for a housing development creating HOME units.**

### HOME Buyer Assistance Project

Eligible Applicants: CHDOs, 501(C)3 nonprofit housing providers, HRAs, private developers, and mortgage lenders. Applicants must have experience in home purchasing and financial management and knowledge of HOME program rules and regulations and related federal requirements. Projects may provide downpayment and/or closing cost assistance, pre-paid interest subsidies, or soft second mortgage financing.

### Tenant-Based Rental Assistance

Eligible Applicants: This program is administered by the Duluth HRA, in partnership with providers serving homeless individuals and families. Tenant-Based Rental Assistance (TBRA) is similar to "Section 8" or the Housing Voucher Program currently administered by the Duluth HRA. Qualified low-income renters who are homeless or at risk of becoming homeless receive a rent subsidy in an apartment of their choice, provided it meets quality standards and other program requirements. This program is designed to meet a strategy of the 10-Year Plan to End Homelessness.

### Homeowner Property Rehabilitation Program

Eligible Applicants: 501(C)3 nonprofit housing agencies and HRAs. Applicants must have extensive experience in loan administration, contractor oversight, financial management, knowledge of HOME program regulations and related federal requirements, and demonstrate the ability to expend all funds awarded within 15 months. Requests for funding must be incorporated as part of the Housing Resource Connection.

### Rental Redevelopment Projects

Eligible Applicants: CHDOs, 501(C)3 nonprofit housing providers, HRAs, private developers. Development projects which create or maintain affordable rental units, or for permanent supportive housing as outlined in the Ten-Year Plan to End Homelessness. The Community Development Committee may choose a focus neighborhood for the program year. Allowable activities include demolition and reconstruction, property acquisition, rehabilitation, and new construction. Additional budget information must be provided with the application. **Major housing development projects may wish to apply for a pre-commitment of future HOME program dollars if the project will not be under construction in 2015.**

## **PROGRAM REQUIREMENTS**

***NOTE:*** On July 24, 2013, HUD published a new final rule for the HOME Program that institutes significant changes in the requirements. Applicants should become familiar with the rules and how they may affect proposed HOME projects.

Please refer to the following (available upon request or at [www.hud.gov](http://www.hud.gov)):

HUD Notice CPD-97-11: Guidance on CHDOs under the HOME Program  
2014 HOME Program Limits  
24 CFR Part 92 HOME Final Rule – with changes as published on July 24, 2013.  
HUD Notice CPD-96-09: Project-Specific Assistance  
HUD Homebuyer Assistance Program  
City of Duluth's Community Development Local Recapture/Resale Policy  
Tenant Based Rental Assistance - A HOME Program Model  
HUD Regulation on Lead-Based Paint Hazards  
URA, Uniform Relocation Act

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**Please contact one of the following staff persons regarding questions on the application:**

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