



**City of Chandler  
Housing and Human Services Commission**

***HOME Investment Partnership Program***

***REQUEST FOR PROPOSAL GUIDELINES***

***2017 - 2018***

*Applications Available: October 19, 2016*

*Applications Due: November 22, 2016*

**COMMUNITY DEVELOPMENT STAFF**

Barbara Bellamy  
*CDBG Program Supervisor*

[barbara.bellamy@chandleraz.gov](mailto:barbara.bellamy@chandleraz.gov)  
480-782-4353

Melissa Vizzerra  
*Community Development Coordinator*

[melissa.vizzerra@chandleraz.gov](mailto:melissa.vizzerra@chandleraz.gov)  
480-782-4357

Rudy Tietje  
*Housing Rehab Specialist*

[rudy.tietje@chandleraz.gov](mailto:rudy.tietje@chandleraz.gov)  
480-782-4356

# City of Chandler HOME Funding Criteria & Proposal Guidelines

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## HOME REQUEST FOR PROPOSAL INTRODUCTION

Thank you for your interest in City of Chandler HOME funding. The proposal guidelines are designed to help organizations write more effective grant applications. The guide provides a greater understanding as to why each question is important to the Housing and Human Services Commission (HHSC) and the City's understanding of your proposal and request for funding.

### HOME FUNDING

The HOME Investment Partnership Program was created under Title II of the National Affordable Housing Act of 1990. The general purposes of HOME are expanding the supply of decent and affordable housing, particularly rental housing, for low and very low income residents. The City of Chandler has utilized and awarded HOME funding for a number of housing activities and receives an annual allocation of HOME funding from the Maricopa County HOME Consortium. Through this program, activities have been undertaken to enhance ongoing neighborhood revitalization efforts.

### 2013 HOME FINAL RULE

HUD published a Final Rule in the *Federal Register* on July 24, 2013 to amend the HOME Investment Partnerships (HOME) Program regulations. These amendments to the HOME regulations represent the most significant changes to the HOME Program in 17 years. *As a result of the new HOME rules applicants will be required to provide additional information at the time of proposal submission. Please review Section 7 of this guide for further details.*

## HOUSING AND HUMAN SERVICES COMMISSION

The Housing and Human Services Commission (HHSC) is an eleven member Commission that advises the City Council on the operation and development for City housing projects and matters relating to the welfare of the City's low- and moderate-income citizens. The HHSC assesses the human service needs of the community and makes a funding recommendation to City Council for General Funds (non-federal) and HUD's Community Development Block Grant (CDBG) and HOME Investment Partnership Program funds. Established in 1998 by Ordinance No. 2857 and amended in 2005 by Ordinance No. 3649, the eleven-member Commission serves in an advisory capacity to the City Council and Public Housing Authority Commission. Commissioners are appointed by the Mayor and are eligible to serve two, three-year terms. Commissioners must be a qualified elector and a Chandler resident for at least one year preceding appointment.

### **2017-18 HHSC Members**

### **Term Expires**

### **Date Appointed**

#### **Louise Moskowitz,**

**2018**

**01-26-2012**

After a 30-year career with APS managing their statewide low income and educational outreach programs, Louise recently retired. Now she has time to delve into some of her other passions like volunteering, genealogy and scrapbooking. Louise received her BA in Human Relations from Pace College in New York City, earned an MA in Organizational Management from the University of Phoenix, and an Advanced Certificate in Corporate Community Relations from The Center for Corporate Citizenship at Boston College.

#### **Justin Lisonbee, Vice Chair**

**2018**

**08-19-2010**

Justin Lisonbee has worked for nearly eight years in various aspects of the management of the CDBG, HOME, and Human Services General Funds with two different municipal agencies. Before leaving the human services field, Justin was the CDBG Program Coordinator for the City of

<b>2015-16 HHSC Members</b>	<b>Term Expires</b>	<b>Date Appointed</b>
<b>Rick Becker</b>	<b>2017</b>	<b>03-22-2012</b>
Rick is a retired Navy Supply Officer and also worked 15 years for the City of Chandler in Public Works Administration. He currently works at a Chandler senior assisted living facility providing logistical services and serving the residents through various program activities. He has volunteered at various non-profit agencies, has a Bachelor of Science in Business Management, and is an ASU Certified Public Manager.		
<b>Jadine Bowens</b>	<b>2019</b>	<b>04-25-2013</b>
Jadine A. Bowens is an educator and a linguist, currently working as an instructor with the Kyrene School District. She served as a community activist in the Escalante community of Tempe where she helped to expand the Orbit Transit Line and worked with the homeless population. Jadine holds a B.A. in Spanish /Linguistics from Montclair State University in N.J.; Certification in Technical Communications from M.I.T in Cambridge, M.A and an M.Ed. in Educational Leadership from NAU. She is her second year on the Commission and has participated in and volunteered for events like the Back to School Backpack Drive which is held yearly.		
<b>Irene Artigas</b>	<b>2018</b>	<b>10-22-2015</b>
Irene Artigas has spent her entire professional career working in social services, education, and non-profit organizations. Irene worked as a caseworker for the Texas Department of Human Services, and spent 11 years working for the Chandler Unified School District, in various roles of service, including Human Resources and Parent Education Specialist. She currently works as a Community Impact Coordinator with Valley of the Sun United Way.		
<b>Joseph Curbelo</b>	<b>2019</b>	<b>09-26-2013</b>
Jose "Joseph" Curbelo moved to Chandler in 2005 from Bellflower, California. He is currently a Real Estate Broker with Homesmart. His passion is community leadership and diversity and is a dedicated volunteer, experienced professional and involved homeowner. Joseph enjoys working with people, both on professional and personal levels. He is committed to working hard for the residents of Chandler. He is a Graduate of the 2013 Chandler Chamber Community Foundation Leadership Institute, 2011 Graduate of the SE Valley Regional Association of REALTORS® Leadership program, and Kino Institute Catechetical Studies and Parish Leadership Formation.		
<b>Dylan Raymond</b>	<b>2018</b>	<b>08-14-2014</b>
Dylan was born and raised in Chandler, Arizona, graduating from Chandler High School in 2013 through the International Baccalaureate Program with Honors. Following graduation, Dylan moved to Flagstaff, Arizona where he attended Northern Arizona University for a year. Dylan moved back to Chandler, Arizona to pursue a degree from W.P. Carey School of Business at Arizona State University. While attending college, Dylan works full time assisting homeowners with their loan closing on the purchase of their new home. Dylan has served on the General Funds Allocation Youth Panel for 4 years and has been on the commission for 2 years. Dylan loves to be involved in the community and believes that giving back is the greatest way to bring unity and happiness.		
<b>Tammy Clow-Kennedy, Chair</b>	<b>2017</b>	<b>01-12-2012</b>
<b>Vanessa Agee</b>	<b>2019</b>	<b>05-11-2016</b>
<b>Dean Quелlette</b>	<b>2019</b>	<b>05-11-2016</b>
<b>Greg Rodriguez</b>	<b>2019</b>	<b>05-11-2016</b>

*We would also like to recognize additional panel members from other City of Chandler Boards and Commissions and the Community at Large who have served on the HHSC Funding Subcommittees for the last four years.*

## KEY FOCUS AREAS FOR HOME FUNDING ALLOCATIONS

The City of Chandler has established funding priorities by population and key focus areas. The Focus Areas for the HOME program year 2017-2018 is described below. **Proposals submitted outside of the specified priority funding areas will not be considered for funding.**

### 2017-18 HOME Eligible Activities

- **Single Family Housing Rehabilitation**
- **Single Family Housing Reconstruction**
- **Tenant Based Rental Assistance (TBRA)**
- **First Time Homebuyers Program**

### HOME FUNDING PRIORITIES

Housing Activities are programs designed to provide low- and moderate-income homeowners with assistance to improve their living conditions. HOME funds may be used to assist City of Chandler homeowners with the repair and rehabilitation of owner-occupied housing units.

- ***Homeowner Rehabilitation***

Homeowner rehabilitation programs include City operated rehabilitation programs such as the Exterior Rehabilitation, Moderate Rehabilitation and Home Modification Program for Persons with Disabilities. Other programs which provide low to moderate income homeowners with assistance to bring their home up to the standards of local codes are also included in this category.

- ***Housing Reconstruction***

Housing Reconstruction is the rebuilding a structure on the same lot where housing is standing at the time of project commitment. The number of units may not be decreased

- ***Tenant Based Rental Assistance – Housing Assistance (TBRA)***

Tenant Based Rental Assistance (TBRA) is direct financial assistance to subsidize a tenant's rent for a period of time. (Project based assistance is not eligible).

- ***First Time Homebuyer Program***

A variety of first time homebuyer programs are eligible for HOME funding. Households must be at or below 80 percent of the Area Median Income (AMI), homebuyers must occupy the property as their principal residence and first-time homebuyer counseling is required. HOME funds have certain restrictions on the use of the assisted property. If the homebuyer moves out or sells the home before the allotted time period has expired, a portion or all of the HOME funds may need to be repaid by the homebuyer.

## SECTION 1 GENERAL PROPOSAL CRITERIA

Agencies requesting HOME funding through the City of Chandler's Housing and Human Services Commission, will adhere to the Request for Proposal guidelines and criteria outlined below.

### **HOME Applicants**

Funds are available to City, or non-profit organizations, as well as to for-profit private housing developers/owners.

Applicants must be incorporated for profit or nonprofit able to undertake affordable housing activities within the boundaries of the City of Chandler.

Applicants must demonstrate the financial management and programmatic expertise to successfully develop, design, implement and monitor the proposed activities. This expertise is demonstrated through previous experience in successfully developing projects similar to the one proposed, either by partners or key staff within the business or organization.

Applicants must be able to meet other Federal requirements relative to the HOME program, specifically those concerning equal opportunity and fair housing, affirmative marketing, environmental review, displacement, relocation, and acquisition, labor, lead-based paint, conflict of interest, debarment and suspension, and flood insurance. Federal requirements include those listed in Title 42, Chapter 130 and CFR Title 24 Part 92. Applicants are responsible for being aware of the all additional federal requirements apply.

### **HOME Tenant Based Rental Assistance (TBRA) Proposals**

The City of Chandler is seeking a nonprofit partner to provide a Homeless Tenant-based Rental Assistance (TBRA) Program for homeless persons in Chandler.

TBRA funds may be used to provide rental assistance to help pay the cost of monthly rent and utility costs, and to pay security deposit assistance to tenants regardless of whether rental and utility subsidies are being provided. Utility deposit assistance may be provided only in conjunction with rental assistance subsidy or security deposit assistance, and cannot be a stand-alone TBRA activity. HOME TBRA funds may be used to pay for reasonable planning and administrative expenses associated with operating a TBRA program. Such expenses are subject to the 10 percent limitation on administrative costs.

- The City desires that the selected program target homeless households with incomes at or below 50 percent of the Area Median Income.
- The selected program will be required to facilitate the provision of case management and other supportive services to participants in the program to assist in their transition from homelessness to improved self-reliance and long term stability. Funds for case management will not be permitted to be funded from HOME dollars.
- The selected program will partner with Valley of the Sun United Way, other Chandler funded service providers, or other agencies to provide supportive case management or other services to Chandler homeless clients.
- Other agencies may have resources available to provide case management for program participants and the selected program will research this potential and describe innovative partnerships to take advantage of these resources.

- HOME Program guidelines require that the selected program provide the following in addition to meeting all HOME Program requirements:

Income Verification: Program participants must have an initial household income less than 50% AMI. Income must be verified annually using the Section 8, Census Long Form, or IRS Form 1040 method. See the Technical Guide for Determining Income and Allowances for the HOME Program for more information at “www.HUD.org”

Lease: Participants will sign a lease agreement that complies with HOME and TBRA requirements. The lease must be for at least 1 year unless tenant and owner agree otherwise. If housing is provided by the program, participants may be permitted to move out of these units into other private market rentals.

Housing units rented by participants must pass an HQS inspection at move-in and annually thereafter. The program must comply with lead based paint requirements, including inspection of pre-1978 units.

Rent standards must be created and implemented that identify the maximum and minimum tenant payment and meet HUD’s HOME Program guidelines.

If funded, the contract must identify supportive services that are available to program participants.

HOME funds are available only to provide rental assistance to tenants and up to 10% can be used to cover program costs directly related to clients that receive rental assistance.

***Ineligible TBRA Activities***

<p>TBRA as relocation assistance:</p>	<p>City cannot require households who receive TBRA as relocation assistance to participate in self-sufficiency programs.</p>
<p>Cooperatives:</p>	<p>TBRA may not be used to assist a resident owner of a cooperative or a mutual housing unit when that resident is recognized by state law as a homeowner.</p>
<p>Rental Rehabilitation Program displacement:</p>	<p>TBRA may not be used to prevent the displacement of tenants from projects assisted with Rental Rehabilitation Program funds.</p>
<p>Temporary shelter:</p>	<p>City may not provide TBRA to homeless persons for overnight or temporary shelter.</p>
<p>Duplication of existing rental assistance programs:</p>	<p>Households already receiving assistance under other rental assistance programs may not also receive assistance under HOME TBRA (unless they are still paying more than 30% of their income for rent).</p>

## **PROPOSAL REQUIREMENTS**

Agencies seeking HOME funding for any type of activity must adhere to these requirements:

1. Must be a Arizona nonprofit corporation with a 501(c)(3) tax exempt status or a City of Chandler department/division.
2. Proposals must be in compliance with all HOME program regulations.
3. Proposer cannot be indebted to the IRS, or any public entity nor have judgments, liens or levies.
4. Proposers must submit their single audit report if they expended \$750,000 or more in a year in federal funds. For institutions expending \$750,000 or more they may submit either an organization-wide audit or an audit of each federal award. Audits must be conducted by an independent accounting institution able to render unqualified statements regarding the fiscal status of the organization for three years.
5. One hundred percent (100%) of funds received from the City of Chandler must serve Chandler residents. Funds will be returned to the City if it is found that an agency is not meeting this requirement.
6. Priority will be given to agencies physically based in Chandler, except under the following conditions:
  - a. There is no Chandler-based service provider meeting the identified need; or
  - b. An agency outside of Chandler collaborates with or offers essential services to Chandler-based organizations or residents. In this case, the applicant agency will need to provide documentation (such as a letter of partnership, signed agreement, or memorandum of understanding) that outlines the relationship between the applicant agency and the Chandler-based organization/entity (i.e., school, church, etc.) where services are provided.
7. Funding for any given year does not guarantee funding for succeeding years.
8. Agencies may apply for HOME funds and Chandler's General Funds Categories. Submit individual proposals for each funding request. Copies of all requested forms and documentation should be attached to each proposal/application. Organizations submitting multiple proposals under the HOME Investment Partnerships Program should complete a separate proposal for each type of program. Careful attention should be given to completing each question and attaching documentation requested.
9. Premature committing of funds prior to City Council award, environmental clearance and the execution of the HOME contract are not eligible for reimbursement.
10. Programs, projects, information, participation, communications and services must be accessible to persons with disabilities and comply with Americans with Disabilities Act.
11. Agencies must follow nondiscrimination employment practices and have a Drug Free Workplace.
12. Submitted proposals shall become the property of the City of Chandler and shall become a part of the public record available for review pursuant to Arizona law.

13. As mandated by Arizona Revised Statutes 41-4401, the City of Chandler is prohibited from awarding funds to any Agency/Contractor who fails to comply with the Arizona Revised Statute 23-214-A, which requires that employers verify the employment eligibility of their employees through the Federal E-Verify system. The City is authorized to randomly inspect records related to an employee of the Agency to ensure they are complying with the state statutes. Agency must certify that it does not have a scrutinized business operation in either Sudan or Iran.
14. The City reserves the right to request additional information or documentation not specified in this Request for Proposal at any stage during the process and conduct discussions with applicants for the purpose of understanding minor proposal irregularities. Applicants will be expected to respond and comply with any additional requests in a timely manner.
15. The proposal narrative portion, not including the required attachments, should be brief and limited to the word count provided. All pages must be consecutively numbered and project budgets should reflect all costs associated with carrying out the project.
16. **HOME proposals are NOT submitted through eC-impact.** Proposals are to be submitted to directly to the City and be postmarked or delivered by the due date. Late proposals shall be rejected.
17. Applicants should be aware of the following proposal information:
  - a. The City of Chandler reserves the right to accept or reject any or all proposals received.
  - b. The City of Chandler reserves the right to seek additional information from organizations, especially those not previously funded by the City.
  - c. The City reserves the right to establish spending guidelines for all projects.

**18. Proposal document submission requirements are as follows:**

The following documents are all required to complete your HOME proposal. If a document is not applicable, then please state on a piece of paper “not applicable” and submit with your proposal.

- a. Submit one (1) original and two (2) copies of the of the entire application package. The original must be *TYPED and UNBOUND* on 8.5” x 11” standard paper, single printed pages **by 5:00 pm, Tuesday, November 22, 2016.**
- b. Do not submit any document that is bound (stapled, spiral bound), or on heavy grade, or legal paper. Documents inappropriately format will not be reviewed.
- c. Proposals must include the following attachments:

**Proposal Attachments:**

1. Project Proforma (see page 25 for details of new HOME rules)
2. Project Market Study
3. Matching Funds Verification
4. 501 (c)( 3) Letter
5. Agency Organizational Chart
6. Agency Board of Directors
7. Most Recent Single Audit or Financial Statement
8. Certificate of Good Standing from the Corporation Commission

## **FUNDING ALLOCATION TIMELINE**

October 19, 2016	Agency Request for Proposal Orientation
October 19 – November 18	Technical Assistance available for agency applicants
November 22, 2016	Proposal Submittal Deadline - 5:00 p.m.
December, 2016	Proposal Eligibility Reviews <ul style="list-style-type: none"> <li>• Agencies notified if proposal is not eligible.</li> <li>• Proposal Technical Review mailed to agencies</li> </ul>
January 10, 2017	Agency responses to Technical Review due by 12 noon
January 18, 2017	HHSC Allocation Orientation & Subcommittee Assignments
February 6-10, 2017	HHSC CDBG/HOME Subcommittee Meetings
February 15, 2017	Agency Presentations
February 16, 2017	Follow Up Questions to Agencies. Agency responses to questions due to the City Feb. 21
February 24, 2017	Agency Responses provided to CDBG/HOME Subcommittee
Feb 27 – March 3	HHSC Special Meeting re: CDBG Scoring Recommendations Reviewed and Initial Funding Recommendation Developed
March 22, 2017	Agencies Notified of Initial Funding Recommendation
March 23, 2017	HHSC Special Meeting – CDBG/HOME Public Hearing – Annual Plan and Final Funding Recommendations
April 13, 2017	City Council Public Hearing for CDBG and HOME 2017-2018 Annual Action Plan including Final Funding Recommendations
May 11, 2017	City Council approves CDBG/ HOME recommendations
May 19, 2017	Award Letters to agencies
June 2017	CDBG and HOME Pre-Contract Agency Orientation
July 1, 2017	General Funds & CDBG Funds available (contingent upon approval by City Council). CDBG Contracts developed and environmental reviews underway.

## **SECTION 2 PROPOSAL REVIEW PROCESS AND EVALUTION CRITERIA**

The proposal review process is designed to increase effectiveness and standardize of the evaluation process. The City intends to ensure the delivery of fair and objective funding recommendations to the Mayor and City Council for approval of awards to selected applicants whose proposals are results oriented and will serve City of Chandler low and moderate income residents to the fullest degree. New applicants and organizations that have previously been funded are encouraged to apply.

### **Proposal Review Process**

- All applications will be initially reviewed by City staff for eligibility, completeness, and feasibility.
- Proposals that are ineligible, incomplete or not feasible will not be considered for funding. Agencies will be notified if their proposal is not eligible and will be given an opportunity to appeal the decision.
- The HHSC is provided eligible proposals, staff technical summaries with past performance history (report card) and any responses to the staff technical review.
- The HHSC will review, evaluate, and score each proposal based on the criteria outlined in the RFP Guidelines. All correspondence with the HHSC and agencies will be distributed via email.
- From the proposal score ranking, the HHSC will develop the funding recommendations and forward their recommendations to the Mayor and City Council for approval.

### **Proposal Evaluation Criteria**

#### **PROJECT DESCRIPTION AND NEED (0 to 10 points)**

- Well-defined project with realistic implementation plan
- Addresses unmet needs and is not duplicative of other services
- Evidence of collaboration with existing programs and services
- Evidence of sustainability for future program years

#### **PROPOSED OUTCOME (0 to 10 points)**

- Proposal addresses the priority
- Results oriented, measurable outcomes and objectives which are challenging yet realistic
- No. of low/moderate income residents to benefit from the project in relation to funds request

#### **AGENCY PAST PERFORMANCE – REPORT CARD (0 to 10 points)**

- Prior experience with documented results in the type of work being proposed
- Date organization formed or incorporated
- Fiscal and organizational capacity to implement project
- Appropriate level of licensing or site control

#### **PROJECT BUDGET (0 to 10 points)**

- Amount of project leveraging of other resources
- Funding request is realistic and budget/expenses are reasonable
- HOME funds are an appropriate resource for the project
- Project is ready to start and all needed resources are on hand

CRITERIA	POOR		FAIR		AVERAGE		GOOD		EXCELLENT	
Project Description	1	2	3	4	5	6	7	8	9	10
Proposed Outcomes	1	2	3	4	5	6	7	8	9	10
Past Performance / Report Card	1	2	3	4	5	6	7	8	9	10
Project Budget	1	2	3	4	5	6	7	8	9	10
<b>TOTAL POINTS</b>										

**SECTION 3 AGENCY PRESENTATIONS & TECHNICAL ASSISTANCE**

As a part of the FY 2017-18 HOME allocation process, all applicants will be asked to give a three minute presentation before the HHSC CDBG Subcommittee regarding the specifics of their funding request as follows:

- A timer will be used to keep the presentations on schedule. The HHSC CDBG Subcommittee will have an opportunity for follow-up questions. City staff will follow up with agencies to obtain answers to questions asked by the HHSC if the Agency is not able to address during the presentation.
- Staff will mail the presentation date and time well in advance to allow agencies plenty of time to prepare their presentation. The presentation letter will also provide guidance on presentation content and format. Applicants should be prepared to have an agency representative available to attend and present during this appointed time.
- Presentations will be heard in order as they appear in the schedule and will not be rescheduled.
- The presentations are public meetings and agencies will be asked to arrive at least 10 minutes prior to their scheduled time.
- Power point, audio tape presentations and printed program materials will not be permitted. However, agencies will have the option of bringing a photo display board (no larger than 24" x 36") to compliment their presentation.
- The agency proposal and presentation is taken into consideration by the HHSC Subcommittee. The HHSC Subcommittee will make funding recommendations to the full HHSC and forward to the Mayor and Council for approval.

**Technical Assistance**

Technical Assistant is available to help organizations develop a viable proposal. Staff reviews will consist of checking for HOME eligibility and the proposals compatibility with the RFP criteria including funding priorities and eligible activities. If you have specific questions, regarding the eligibility of a proposed activities and/or their compliance with national objectives or technical questions regarding specific activities proposed for grant funding, please contact the Neighborhood Resources Office staff noted below.

## COMMUNITY DEVELOPMENT STAFF

City of Chandler  
Neighborhood Resources / Community Development  
235 S. Arizona Avenue  
Chandler AZ 85225

Barbara Bellamy, CDBG Supervisor  
480-782-4359 or [Barbara.bellamy@chandleraz.gov](mailto:Barbara.bellamy@chandleraz.gov)

Melissa Vizzerra, Community Development Coordinator  
480-782-4357 or [Melissa.vizzerra@chandleraz.gov](mailto:Melissa.vizzerra@chandleraz.gov)

Rudy Tietje, Housing Rehab Specialist  
480-782-4356 or [Rudy.tietje@chandleraz.gov](mailto:Rudy.tietje@chandleraz.gov)

## SECTION 4 HOME PROGRAM REQUIREMENTS

### **HOME MATCH**

All applicants must contribute or match 25 cents for each dollar of HOME funds spent on affordable housing. As the PJ (Maricopa County HOME Consortium) draws funds from HOME Investment Trust Funds, they incur a match liability, which must be satisfied by the end of each Federal fiscal year. The matching contribution adds to the resources available for HOME-assisted or HOME-eligible projects. Applicants are required to show evidence of the matching funds for the proposal submitted.

### **Eligible HOME Households**

The eligibility of households for HOME assistance varies with the nature of the funded activity. For rental housing and rental assistance, at least 90 percent of benefiting families must have incomes that are no more than 60 percent of the HUD-adjusted median family income for the area. In rental projects with five or more assisted units, at least 20% of the units must be occupied by families with incomes that do not exceed 50% of the HUD-adjusted median. The incomes of households receiving HUD assistance must not exceed 80 percent of the area median. HOME income limits are published each year by HUD.

### **HOME Homeownership Value Limits**

Section 215(b) of NAHA requires that the initial purchase price or after-rehabilitation value of homeownership units assisted with HOME funds not exceed 95 percent of the area median purchase price for single family housing, as determined by HUD.

### **Existing Housing**

The new HOME homeownership value limits for existing HOME units is 95 percent of the median purchase price for the area based on Federal FHA single family mortgage program data for existing housing and other appropriate data that are available nation-wide for sale of existing housing in standard condition. Nationwide, HUD has established a minimum limit or floor based on 95 percent of the state-wide nonmetropolitan area median purchase price using this data. HUD has used the greater of these two figures as their HOME homeownership value limit for existing housing in each area.

### **Income Determinations**

The HOME program has income targeting requirements for HOME-assisted projects. HOME subrecipients must comply with federal requirements regarding determining each household annual income for each family assisted.

### **Affirmative Marketing**

HOME subrecipients must adopt and comply with affirmative marketing procedures and requirements for rental and homebuyer projects containing 5 or more HOME-assisted housing units. Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familial status or disability. (The affirmative marketing procedures do not apply to families with Section 8 tenant-based rental housing assistance or families with tenant-based rental assistance provided with HOME funds.)

### **Minority Outreach**

HOME subrecipients must adopt and comply with a minority outreach program within its jurisdiction to ensure the inclusion, to the maximum extent possible, that minority business enterprises and women business enterprises are used when possible in the procurement of goods, services, labor and materials.

### **Environmental Review**

An Environmental Review is required for each project/program that receives federal funding. If the proposal is funded, City staff will initiate the review and notify the agency when the project is cleared to proceed.

### **Uniform Administrative Requirements, Cost Principles and Audits - 2 CFR Part 200**

The federal Office of Management and Budget published the [Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#) 2 CFR 200 in the December 26, 2013, Federal Register. This new guidance streamlines the requirements from eight existing circulars into one Uniform Grant Guidance document (Super Circular).

### **Audit Requirements 2 CFR Part 200.501**

The type/level of audit required by OMB 2 CFR Part 200 (Super Circular) is based on the amount of federal financial assistance, referred to as federal awards, received by a Subrecipient in any given year. Federal awards means financial assistance provided by the federal government to the entire agency (not just one department or division) in the form of: grants, loans, property, contracts, loan guarantees, insurance, donated property, cooperative agreements, interest subsidies, direct appropriations, food commodities or other assistance.

A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part.

A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single audit conducted in accordance with §200.514 Scope of audit except when it elects to have a program-specific audit conducted in accordance with paragraph (c) of this section.

A non-Federal entity that expends less than \$750,000 during the non-Federal entity's fiscal year in Federal awards is exempt from Federal audit requirements for that year, except as noted in §200.503 Relation to other audit requirements, but records must be available for review or audit by appropriate officials of the Federal agency, pass-through entity, and Government Accountability Office (GAO).

### **System for Awards Management – Debarment List**

System for Awards Management (SAMS) shows suspension and debarment information. SAMS provides enhanced information and can identify an organization as a woman owned, minority owned or small business. **The City is not able to contract with businesses or organizations that are not a registered provider in SAMS.**

### **Conflicts of Interest**

The general rule is that no employee, board member, officer, agent, consultant, elected official, or appointed official of the recipients or sub-recipients that are receiving funds under a CDBG or HOME assisted project who have responsibilities with respect to the federal-assisted activities or are in a position to participate in decision making processes or have access to inside information with regard to the activities can obtain a financial interest or benefit from a CDBG or HOME-assisted activity during their tenure or for one year thereafter (Federal Regulation 24 CFR 570.611). Agencies should maintain a written code of standards of conduct governing the purchase of materials, product, supplies, and services and awarding and administering sub-recipient contracts. Personnel involved in the procurement process must be trained to recognize situations that create conflicts of interest, or the appearance of a conflict of interest. The agency personnel should be familiar with the agency's code of ethics and potential conflict of interest issues and not take gifts or gratuities from persons or organizations associated with the procurement process.

### **Minimum Documentation Standards**

Funded subrecipients must maintain at least three major categories of records as follows:

**Administrative records** – files and records that pertain to the program administration

**Financial records-** chart of accounts, ledgers, accounting journals, source documentation (invoices, receipts, cancelled checks, timecards, payroll, client eligibility records, etc), legal files, contracts, reimbursements, corporation papers

**Project / Case Files** – document activity undertaken with respect to specific beneficiaries, property owners, properties, public service beneficiaries, ect.

### **Recordkeeping & Records Retention**

The City of Chandler is responsible for ensuring that subrecipient activities are on track with the objectives outlined in the agency contract. Accurate recordkeeping is crucial to the successful management of HOME funded programs and projects. Insufficient documentation can lead to delayed payments and monitoring findings which are hard to resolve if records are missing, inadequate or inaccurate. All CDBG & HOME files must be maintained for at least six (6) years following completion of all program reporting.

For each project, the agency should determine what data must be maintained in the project files and establish a system for ensuring that every file contains the necessary information. In general most project should include the following:

- Grant proposal, City contract, procurement information, bids and other contracts
- budget, expenditure and payment information with supporting documentation
- characteristics and location of clients served, client eligibility documentation
- project status, progress reports, audits, monitoring reports and correspondence

### **Access to Records**

The U.S. Department of Housing and Urban Development and the Comptroller General of the United States, or their authorized representatives, have the right to access subrecipient agency program records. All HOME grantees are required to provide citizens with

reasonable access to records regarding past and current funded projects, consistent with applicable state and local laws regarding privacy and confidentiality.

### **Financials**

These are the types of financial records that must be maintained by the agency:

- chart of accounts, written accounting procedures, accounting journals/ledgers;
- payment and source documentation (bills, receipts, cancelled checks, etc.);
- procurement files (bids, contracts, etc.) and real property inventory;
- bank account and payroll records, financial reports, correspondence and audit files.

### **Written Agreements**

Organizations that are funded will be required to execute a written agreement with the City and HOME funds are reimbursed on a monthly based upon documented receipts for eligible costs incurred. Funded agencies must acknowledge the HOME contribution to the funded program in materials, brochures and written acknowledgements. Funded agencies will be required to comply with all federal regulations associated with the funding and will be required to submit documents demonstrating administrative and financial capacity to manage a federally funded project. Funded agencies will be required to track and report accomplishment data in accordance with HUD's Performance Measurement System. Performance Measurements and IDIS were developed to help HUD and its grantees use a standardized methodology and system to measure the outcomes of HOME. The system classifies activities, objectives, outcomes and indicators.

Funded subrecipients must abide by HUD's program rule regarding timely expenditures. HUD can withhold future grants if the City does not effectively spend existing resources.

With the enormous need for community development programs, it is vital that funds are spent quickly. Subrecipients under contract to receive funds must complete project work within time specified in the contract unless an extension is obtained from the City. Failure to complete project scope of work may be grounds, at the City's discretion for contract termination. Agencies shall comply with all applicable federal, state, and local laws, and with applicable license requirements. Funded program records are subject to review by the City of Chandler and/or HUD.

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### **Procurement Standards**

HOME participating jurisdictions, and subrecipients must follow proper procurement of goods, services, labor and materials. This includes procurement procedures to ensure that professional service providers or consulting services are properly procured.

### **Monthly Reporting & Section 3 Compliance**

To ensure compliance, the non-profit must submit a concise monthly report. For projects involving residential rehabilitation or public facilities construction/ renovation, the report must follow the format provided by a form from the Division of Housing Assistance. HUD Form 60002: Section 3 Summary Report must also be submitted monthly along with the reports.

## **SECTION 5 PROGRAM MONITORING**

The City of Chandler Neighborhood Resources is responsible for ensuring that federally assisted activities are carried out in accordance with administrative, financial and programmatic requirements. This includes assuring that performance goals are achieved within schedule and budget, and for taking appropriate actions when performance problems arise.

As a part of the City's ongoing monitoring standards, staff will evaluate the adequacy of a subrecipient by conducting a risk assessment, review contract performance and takes appropriate action when problems arise (24 CFR 570.501(a)). The City's monitoring goal is to improve delivery of services to low and moderate income Chandler residents.

Monitoring programs for **compliance is not a one-time event** and happens throughout the contract year. Formal site visits are conducted throughout the year using checklists and other materials to guide a comprehensive review of the funded activities. **Levels of reviews are selected based upon a risk assessment analysis for program areas** and on information gathered from desk audits and monthly performance reporting. **City staffs perform formal site visits as needed according to a risk assessment.** The formal site visit will review program operations, recordkeeping and overall accountability for the federal funds. Monitoring is also accomplished by requiring fiscal audits on a yearly basis from all sub-grantees. Audit reports are then reviewed for findings and concerns.

In June each year, **Pre-Contract training sessions are held with all City and non-City project sponsors** to explain the required federal and other applicable laws, monitoring standards and procedures. Internal written agreements explaining all program requirements and monitoring standards are executed with City Departments using federal funds. Detailed contracts are executed for all agency (non-City) project sponsors. **Non-profits are required to submit pre-contract documents and information** on fiscal and program capability, non-profit status, handicapped accessibility, and other required information prior to the execution of a contract. **City staff performs desk audits of the pre-contract documents** and when necessary conduct site visits to determine whether the agency can meet the requirements for undertaking a federally funded project.

**All agreements and contracts require written measurable objectives** and monthly reporting on spending and progress in meeting the objectives. **Payment to non-City entities is made on a reimbursement basis contingent upon the agency's submittal of supporting source documents.** These expenses are checked by City staff for accuracy, allowability and reasonableness before processing for reimbursement.

Monthly **fiscal and program reports are reviewed to assure that expenditures are within budget and that program objectives are being met in accordance with the contract.** All construction draws are reviewed by an agency architect and the CDBG Program Supervisor. Documentation of an open solicitation and outreach/utilization of minority and women owned business enterprises is required for procurement of goods, services and labor.

#### **Formal Site Visit Selection & Monitoring Procedures**

Grants Administration staff will conduct formal site visits on projects based on a Risk Assessment and the Program Performance Monitoring Checklist (below) will be used to conduct the review as follows:

1. Prior to site visit, staff will conduct a desk audit of the program and answer as many questions as possible contained in the Program Performance Monitoring Checklist. Since it would take staff an excessive amount of time to ask each question on the checklist at a site audit, a risk analysis of factors and prioritizing of questions and areas should occur. This will allow for proper in-depth review of the more serious areas. The values assigned to each question (1 to 10, with 10 being "essential or necessary") should be used as a guide in prioritizing factors.

2. Six general areas will be examined as part of this risk analysis:

- a. Program Outcomes - Progress in meeting outcome objectives in Scope of Work, review

of rehabilitation work payments, review and totaling of service data and other information provided in monthly reports.

b. Handicapped Accessibility Assessment – building accessibility compliance and verification.

c. Fiscal Management Assessment- identification of weaknesses; review of Fiscal Audit Reports and any findings, review of Audit Management Letters regarding adequacy of agency's internal controls.

d. Procurement – review of agency procurements procedures and documentation for open procurement and cost reasonableness.

e. Program/Client Records – review of target population served, and verification of compliance with national low/moderate income objective.

f. Board Operations - Review list of Board members and backgrounds, other information in file pertaining to Board.

3. Once the areas for review have been identified, staff will coordinate the site visit date with the Executive Director of the Agency.

4. A formal site visit letter will then be mailed confirming the date and identifying the priority areas to be reviewed. Letter is mailed a minimum of two weeks before the date of the site visit.

5. At the formal site visit, the following general steps will occur:

a. Entrance discussion with Executive Director, Program Manager and Grant Accountant to review the nature and purpose of the formal monitoring, obtain info on general program issues.

b. Review of Handicapped Accessibility items, inspection of bathrooms, handicapped parking, ramps, barriers to handicapped accessibility, conformation of handicapped policy and ADA brochure language and other program announcements, confirmation that the agency has completed a self-evaluation to remove all barriers to accessibility.

c. Review of fiscal records, transactions, procedures, internal control, agency wide financial statements showing budget variances, review of financial statements regularly by governing board.

d. Review of procurement policies, confirmation of MBE/WBE outreach and bids to verify open procurement, testing of cost reasonableness and allowability.

e. Review Board Minutes, ascertain if Board is actively involved in governance and knowledgeable about CDBG & HOME regulations, obtain copy of most recent audit.

f. Exit Conference – City staff will indicate preliminary findings and concerns and give a date for a formal letter to be sent to agency. The City will normally send its formal letter to the Agency within 30-45 days.

g. Development of Site Visit Report Letter to Agency, including timelines for response to areas of concern and corrective action if applicable. Review of agency response to City monitor corrective actions to ensure they have been addressed.

## **SECTION 6 HOME PERFORMANCE MEASUREMENTS**

### **Performance Measurement**

This is systematic organized process for gathering information to determine how well programs are meeting established goals. The measurement system was established to enable HUD and the City to standardized methods to measure outcomes. The system provides a framework for classifying activities in the City's Consolidated Plan and for reporting in IDIS and the CAPER. There are three main components to the Outcomes Performance Measurement System 1) objectives; 2) outcomes; 3) indicators.

Objectives: Three possible objectives to choose from for each activity:

- Creating Suitable Living Environments
- Providing Decent Housing
- Creating Economic Opportunities

Outcomes: further define the City's objectives and capture the nature of the change or result of the objective. Three possible outcomes to choose from for each activity:

- Availability / Accessibility
- Affordability
- Sustainability

Indicators: further define the City's objectives and capture the nature of the change or result of the objective. Three possible outcomes to choose from for each activity:

- Availability / Accessibility
- Affordability
- Sustainability

## **SECTION 7 2013 HOME FINAL RULE**

### **Overview of the 2013 HOME Final Rule**

HUD published a Final Rule in the *Federal Register* on July 24, 2013 to amend the HOME Investment Partnerships (HOME) Program regulations. These amendments to the HOME regulations represent the most significant changes to the HOME Program in 17 years.

The HOME Program is the largest federal block grant program for affordable housing. It provides funding to State and local governments for rental and homebuyer housing development, homebuyer (down payment) assistance, homeowner rehabilitation assistance and tenant-based rental assistance.

HUD made significant changes to the HOME program regulations with the overall goal of providing PJs and their partners with regulatory guidance to enhance the efficiency and effectiveness of the HOME Program.

### **New Rule Summary of Changes**

The 2013 Rule contains many new provisions and changes that will have substantive and broad-based impact on how participating jurisdictions administer HOME activities. The 2013 Rule also

codifies existing policy guidance that has been previously issued by HUD, and addresses a number of technical and non-substantive “housekeeping” items within the HOME regulation.

**Key substantive changes in the regulation are intended to:**

- Accelerate the timely production and occupancy of assisted housing,
- Strengthen the performance of the City and their partners in producing and preserving affordable housing units,
- Provide the City with greater flexibility in the design and implementation of their programs, and
- Increase administrative transparency and accountability.

**Timely Production and Occupancy of Assisted Housing**

The 2013 Rule revised a number of commitment and completion deadlines and imposed new occupancy deadlines:

- **HOME projects must be completed within four years of commitment.** Any project that is not completed timely will be terminated and the City will be required to repay HOME funds drawn. [§92.205(e)(2)]
- **HOME-assisted rental units must be occupied by income-eligible households within 18 months of project completion;** if not, the City must repay HOME funds for the vacant units. Note, for units that remain vacant six months following completion, the City must identify and develop an enhanced marketing plan and report this information to HUD. [§92.252]
- **A homebuyer unit must have a ratified sales contract within nine months of construction completion,** or the City must either convert it to a HOME rental unit or repay the full HOME investment. [§92.254(a)(3)]

**Strengthen Performance in Producing and Preserving Affordable Housing**

The 2013 Rule provides regulatory guidance to strengthen the City’s performance in the production and preservation of HOME- assisted projects. These changes relate to underwriting, property standards and construction oversight, CHDO qualifications and capacity, and long-term viability of projects.

**Underwriting and Program Design**

- **The City must underwrite all HOME projects** to ensure that each project is financially sustainable over its affordability period. The underwriting review evaluates cost reasonableness, market demand, developer capacity, and the commitment of other funding sources. [§92.250(b)]
- **The City must adopt program policies for homebuyer programs** that include underwriting guidelines to determine the appropriate amount of assistance necessary to assist the low-income buyer; assessment of a buyer’s ability to purchase and remain in the home (e.g., housing and consumer debt ratios, anticipated income, and available assets); and anti-predatory lending and subordination policies. [§92.254(f)]
- **Homebuyers must receive housing counseling** before receiving HOME assistance (downpayment assistance) or purchasing a HOME-assisted unit. [§92.254(a)(3)]

## **Property Standards and Construction Oversight**

- **Property standards are updated** to reference current national codes and to require that the City establish standards that will sustain quality assisted housing for at least the affordability period. Within the 2013 Rule, property standards requirements are reorganized by project type – new construction, rehabilitation, acquisition without rehabilitation, and manufactured housing. [*§92.251*]
- **The City must identify and plan for major systems repairs.** For rental rehabilitation projects with 26+ units, this must be done via a capital needs assessment. The City must require that the scope of rehabilitation work and replacement reserves deposits must be sufficient to ensure the useful life of essential building components throughout the period of affordability. For homeownership housing, major systems must have a useful life of at least five years upon project completion. [*§92.251(b)(ii) and (viii)*]
- **The City must develop inspection policies and procedures,** including initial inspections of properties to be rehabilitated or acquired to determine the necessary scope of work to bring each property up to applicable standards; and progress and final inspections for all new construction and rehabilitation projects to ensure projects are constructed according to approved plans. HUD will issue guidance to identify for PJs the minimum required inspectable elements based on the Uniform Physical Conditions Standards. [*§92.251(g)*]

## **CHDO Qualification and Capacity Requirements**

- **To qualify as a CHDO, a nonprofit must have paid staff whose experience qualifies them to undertake CHDO set-aside activities.** Capacity cannot be demonstrated by use of a consultant, except in the first year that a CHDO becomes certified. [*§92.2 Community housing development organization*]
- **Each time the City commits HOME funds, it must re-certify a nonprofit's qualifications** to be a CHDO and its capacity to own, sponsor, or develop housing. [*§92.300(a)*]
- **The roles of owner, developer, and sponsor for CHDOs using set-aside funds are more specifically defined.** Among other changes, the 2013 Rule permits a City to provide CHDO set-aside funds for a CHDO that owns rental housing that it does not develop. [*§92.300(a)(2) – (6)*]

## **Long-Term Viability of Rental Projects**

- **During the affordability period, the City must examine the financial condition of projects** with 10 or more HOME-assisted units at least annually, and must take action where feasible to correct problems that threaten a project's financial viability. [*§92.504(d)(2)*]

## **Provide Flexibility in Program Design and Administration**

The 2013 Rule provides flexibility to the City by permitting new ways to design and administer local HOME Programs for increased program efficiency and effectiveness.

- **The City may utilize a risk-based monitoring system and adjust the schedule of ongoing rental unit inspections** as part of a risk-based monitoring system, but inspections must occur no less frequently than every 3 years. The first on-site inspection must occur within 12 months of project completion. [*§92.504(d)*]

- **Cities are permitted to charge certain fees:** reasonable application fees, homebuyer counseling fees, and ongoing rental monitoring fees. The cost of inspections and income determinations for Tenant-Based Rental Assistance (TBRA) recipients may be charged as project soft costs. [*§92.214(b)(1) and §92.209(a)*]

### **Increase Administrative Transparency and Accountability**

The rule requires the City to develop several new written policies and procedures, making local program requirements clearer to program participants and the public as a whole.

- **The City must develop risk-based monitoring systems** for all HOME funded activities and projects, including on-site monitoring schedules and financial oversight protocols for rental properties. [*§92.504(a) and §92.504(d)(2)*]

Additional information can be found at: <https://www.onecpd.info/home/home-final-rule/highlights-of-the-changes-in-the-home-final-rule>

### **Proposal Requirements for HOME Final Rule Compliance**

To ensure the City receives the project information necessary to meet the new HOME program requirements, proposals will have an additional focus on market analysis and underwriting requirements. Proposers will be required to provide a detailed development and operating or sales proforma which include sources and uses of funds. Letters of commitment from all funding sources will be required as a part of an applicant's proposal.

### **Rental Projects**

Rental projects require an operating proforma to include revenues by unit size and type, vacancy rates, expenses, and debt service for the HOME period of affordability or ten years, whichever is longer.

### **Homeownership Projects**

Homeownership projects, the sales proforma must include sales prices, closing costs and other costs to the buyer, and a schedule of anticipated sales by quarter that includes the timing of HOME and other funding and if applicable the use(s) of project proceeds.

### **Market Study**

The City must evaluate market demand to determine the probable success of individual HOME-funded projects. All City-funded HOME development activities, including new construction, acquisition, rehabilitation or a combination of these activities must be accompanied by a market demand analysis. The market demand analysis submitted with the application must include data and information that substantiates the project will be occupied by and/or purchased by the proposed service population.

The City will accept three types of market demand formats (see below), based on the type of project and total number of units in the project as outlined below. The study must not be more than 12 months old at time of application submission.

- 1) market studies completed for other funding;
- 2) market demand analyses for single-site projects consisting of eleven (11) or more total units;
- 3) market demand analyses for scattered site projects or projects consisting of ten (10) or fewer units.

The City may require additional information to supplement the market demand analysis prior to considering or approving a HOME application for development activities. Market studies must be provided along with the proposal.

For single-site rental and homebuyer projects that include 11 (eleven) or more total (including HOME-assisted) units:

- A description of the proposed site(s) and site neighborhood, including the positive and negative attributes of the site and neighborhood and their impact on project marketability. The site location should be described using the nearest roadways.
- A description of the proposed project's market area that includes clearly defined geographic boundaries and the methodology and rationale for selecting the boundaries. The market area should be the smallest geographic area from where the subject development will draw most of its residents.
- A profile of the most likely prospective residents, including the minimum income needed to afford the proposed units, the maximum income permitted by the HOME regulations, and other demographic characteristics.
- Information regarding other housing opportunities available to the target population in the market area.
  - For rental projects at least three comparable projects near the proposed project must be evaluated and information regarding current rents, occupancy levels and amenities provided.
  - For homebuyer projects where other comparable projects are under development the projects must be evaluated and information regarding current sales prices and sales volume provided. Also include information on the number of rental units with rents comparable to the expected monthly mortgage payment of purchasers.
  - For homebuyer projects where no comparable projects are under development, provide current sales prices and sales volume, and trends in sales prices and sales volume. Also include information on the number of rental units with rents comparable to the expected monthly mortgage payment of purchasers.
- The anticipated number of months it will take the proposed development to reach stabilized occupancy (generally defined as 90% occupancy or greater). If available provide supporting evidence from recently developed or rehabilitated projects in the market area.
- The number of comparable units under construction, rehabilitation, or concurrently planned that are targeting the same population. Include the number of building permits issued and building permit applications for comparable units in the past twelve months.

- The status of applications for the project, including the date applications were first accepted or will be first accepted for the proposed project. If a waiting list is currently maintained, indicate when the list was started, for what purpose (the proposed project or other housing opportunities), and the number of names or applications that have been collected. Indicate if applicants have been pre-screened for eligibility and the number and percentage of applicants estimated to be eligible.

For scattered-site rental and homebuyer projects or single-site projects that include 10 (ten) or fewer total (including HOME-assisted) units:

- A description of the proposed area in which units are located or will be acquired, including the positive and negative attributes of the area(s) and their impact on project marketability.
- A description of the proposed market area that includes the relationship of the market area to the proposed area in which units are located or will be acquired. The market area should be the smallest geographic area from where the subject development will draw most of its residents.
- The status of applications for the units, including the date applications were first accepted or will be first accepted for the proposed units. If a waiting list is currently maintained, indicate when the list was started, for what purpose (the proposed units or other housing opportunities), and the number of names or applications that have been collected. Indicate if applicants have been pre-screened for eligibility and the number and percentage of applicants estimated to be eligible. Except:
  - If the units will exclusively serve a special population, a letter from a service provider certifying that sufficient clientele are available to adequately fill the proposed units may be provided.
  - If future occupants have already been identified, a letter certifying that a sufficient number of households have been pre-screened and qualified for occupancy of the units may be provided.
- A profile of the most likely prospective residents, including the minimum income needed to afford the proposed units, the maximum income permitted by the HOME regulations, and other demographic characteristics.
- Information regarding other housing opportunities available to the target population in the market area, including:
  - For homebuyer projects – current sales prices and sales volume, and trends in sales prices and sales volume; and the number of rental units with rents comparable to the expected monthly mortgage payment of purchasers.  
For rental projects – the number of comparable rental units, current monthly rents, trends in monthly rents, and occupancy rates.