



Rental Housing Development (RHD) Program Guide

The Wisconsin Department of Administration
Division of Energy, Housing and Community Resources (DEHCR)
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1. Introduction

1.1 Purpose

The Rental Housing Development (RHD) Program Guide provides a general overview of Wisconsin's RHD Program, as administered by the Wisconsin Department of Administration, Division of Energy, Housing and Community Resources (DEHCR). It is designed to acquaint prospective applicants and recipients with the basic features and requirements of the program. This program guide is primarily an informational tool and is not a complete and exhaustive statement of all rules or requirements of the RHD Program. The RHD Program is governed by federal regulations [24 CFR § 92](#), the HOME Investment Partnerships Program (HOME) and other applicable federal and state laws and policies.

In the event that there is conflict between the language specified in the Rental Housing Development (RHD) Program Guide and a written RHD agreement, understand that the provisions in the RHD agreement shall take precedence.

For additional information regarding the Rental Housing Development (RHD) Program, visit the RHD Home Page at [DEHCR Rental Housing Development Program \(RHD\)](#). If you have additional questions and require additional information about the RHD Program, you may contact the RHD Program at DOADOHAffordableHousingHelp@wisconsin.gov.

1.2 HOME Investment Partnerships Program (HOME) Overview

The Home Investment Partnerships Program (HOME) or [24 CFR § 92](#) was created under Title II of the National Affordable Housing Act of 1990. It has been amended multiple times through subsequent federal legislation, including the Housing and Community Development Act of 1992. The general purpose of HOME includes:

- To expand the supply of decent, safe, sanitary and affordable housing; particularly rental housing, for very low-income and low-income households.
- To strengthen the ability of state and local governments to design and implement strategies for achieving adequate supplies of decent and affordable housing.
- To 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.

Federal HOME funds are allocated by the U.S. Department of Housing and Urban Development (HUD) to Participating Jurisdictions (PJ) in each state. In Wisconsin, the State, the cities of Eau Claire, Green Bay, Kenosha, La Crosse, Madison, Milwaukee, Racine; the county of Dane, and a consortium of communities in Milwaukee County and Rock County (including Janesville;) and the multi-county consortia of Jefferson, Ozaukee, Washington, and Waukesha are independent PJs. The Wisconsin Department of Administration, Division of Energy, Housing and Community Resources (DEHCR) has been designated as the administrator of the state allocation of the HOME funds.

Each PJ is required to set aside a portion of their HOME allocation to be delivered to Community Housing Development Organizations (CHDOs). A CHDO is a nonprofit organization that has met established criteria under [24 CFR § 92](#) and is therefore eligible to receive a CHDO designation from the State.

For more information regarding the HOME Investment Partnerships Program (HOME), visit the HUD Exchange at <https://www.hudexchange.info/programs/home/home-overview/>.

1.3 Rental Housing Development (RHD) Program Overview

The RHD program provides HOME funds to support the development and preservation of affordable rental housing throughout Wisconsin. The program aims to:

- Increase the supply of affordable rental housing for low-income¹ and very low-income² families.
- Support housing for targeted populations.
- Promote universal design, visitability, accessibility and compliance with updated property standards.
- Support the development of rental housing that meets accessibility requirements, energy efficiency standards and sustainability.
- Provide gap financing and leverage private and public investment in affordable rental housing.

2. Activities and Applicants

2.1 Eligible Activities ([24 CFR § 92.205](#))

Eligible activities under the RHD Program may be categorized as the following:

Activity Type	Description
<i>Rehabilitation Only</i>	Rehabilitation of existing housing without acquisition.
<i>New Construction Only</i>	Construction of new housing outside the walls of an existing structure.
<i>Acquisition Only</i>	Acquisition of a structure that received a certificate of occupancy at least 13 months before acquisition without rehabilitation.
<i>Acquisition and Rehabilitation</i>	Acquisition of real property and rehabilitation of existing housing.
<i>Acquisition and New Construction</i>	Acquisition of real property and construction of new housing outside the walls of an existing structure.

If an eligible activity is a presidentially declared major disaster area, a historic preservation area, a Brownfield redevelopment area or a conversion from non-residential to residential use; this must be clearly indicated in the application.

The type of activity and level of investment of HOME funding will determine the period of affordability³ for a project. All new construction will have a 20-year period of affordability, regardless of the level of investment of HOME funding.

Ineligible Activities

Activities that are prohibited under [24 CFR § 92.214](#) and therefore, ineligible for RHD Program includes:

- Public housing modernization, maintenance, and operation.
- Tenant subsidies for certain special purposes mandated under Section 8.
- Utilizing HOME funds as a nonfederal match for any other federal programs.
- Activities under the Low-Income Housing Preservation Acts of 1987 and 1990.
- Emergency and temporary housing; this includes emergency shelters (including shelters for disaster victims) or facilities such as nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, halfway houses, housing for students, or dormitories (including farmworker dormitories).
- Funding project reserve accounts for replacements or unanticipated increases in operating costs or subsidies.

¹ Low-income families are those whose annual incomes do not exceed 80 percent of the median income for the area.

² Very low-income families are those whose annual incomes do not exceed 50 percent of the median income for the area.

³ The period of affordability is the minimum length of time that HOME-assisted units must remain affordable to low-income and/or very-low-income families.

2.2 Eligible Costs ([24 CFR § 92.206](#))

Eligible costs must be *necessary and reasonable* to develop affordable rental housing and meet requirements outlined in [24 CFR § 92.206](#). Projects may accrue hard costs, acquisition costs, soft costs and/or relocation costs.

Hard Costs are directly related to the construction or rehabilitation of a project. These costs must comply with HOME property standards (24 CFR § 92.251) and applicable building codes.

Acquisition Costs are related to acquiring improved or unimproved real property for the project.

Soft Costs are associated with the financing or development of a project.

Relocation Costs are related to the displacement of people when applicable.

2.3 Eligible Applicants

Eligible applicants may include:

- Nonprofit Housing Developers
- Community Housing Development Organizations (CHDOs)
- For-Profit Developers
- Public Agencies and Housing Authorities
- Tribes

Regardless of type, all applicants must demonstrate:

- Organizational capacity (qualified staff, financial systems, development experience),
- Financial feasibility (sounds project pro forma and committed leverage),
- Good standing (no unresolved compliance findings) and
- Ability to meet HOME requirements and RHD Program requirements (including updated property standards, rent/income limits and reporting).

Section 226 of Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended (NAHA) requires the PJ to have a contractual relationship with the owner of the rental project to ensure compliance with the HOME requirements. The PJ cannot provide HOME funds for the acquisition, development, or rehabilitation of affordable rental housing to an entity that will then loan the HOME funds to the owner (i.e., limited partnership (LP) or limited liability company (LLC)) of the affordable rental housing.

Community Housing Development Organization (CHDO) – Certification

Each time an organization presents as a CHDO, the RHD Program will certify that the organization meets the definition of a CHDO per [24 CFR § 92.2](#). CHDOs must identify a role for each specific project, which means the CHDO must satisfy the requirements to be an owner, developer, or sponsor. Governmental agencies such as HOME Participating Jurisdictions (PJs), Tribes, Public Housing Authorities, Indian Housing Authorities, Housing Finance agencies and Community Development Authorities are not eligible to be certified as a CHDO. Agencies that intend to create a CHDO whose primary purpose is the development or management of housing cannot be certified as a CHDO, which includes builders, contractors, developers, or real estate management firms.

3. Income and Rent Limits

3.1 Income Eligibility

HOME-assisted units⁴ are subject to specific income restrictions. HOME Income Limits are published annually by HUD and are based on area median income (AMI) for each county or metropolitan area. HOME-assisted units will be categorically designed to target different income groups as depicted below:

HIGH-(60%)	LOW-(50%)	SUB-(30%)	SRO (Single Room Occupancy)
Household gross income does not exceed 60% area medium income (AMI) at initial occupancy.	Household gross income does not exceed 50% area medium income (AMI) at initial occupancy.	Household gross income does not exceed 30% area medium income (AMI) at initial occupancy.	This unit designation is special and is rarely used (see description below). Household gross income does not exceed 30% area medium income (AMI) at initial occupancy.

Single Room Occupancy (SRO) housing means housing consisting of single room dwelling units. SRO units are required to contain either food preparation or sanitary facilities, however it may contain both facilities, if the project activity is new construction, conversion of non-residential space, or reconstruction. Exceptions for acquisition or rehabilitation of an existing residential structure may allow for neither food preparation nor sanitary facilities to be in the unit. If the units do not contain sanitary facilities, the building must contain sanitary facilities that are shared by tenants. SRO does not include facilities for students.

Applicants will be required to have a minimum of one sub-(30%) HOME-assisted unit and at least 20% of all HOME-assisted units at LOW-(50%).

3.2 Rent and Income Limits ([24 CFR § 92.252\(a\)](#))

HOME-assisted units must comply with HUD-published HOME Income Limits and HOME Rent Limits, updated annually. Rent limits include rent + utilities.

	HIGH-(60%)	LOW-(50%)	SUB-(30%)	SRO (Single Room Occupancy)
Income Limits	The “60% Limits” from the HOME Income Limits.	The “Very Low Income” limit from the HOME Income Limits.	The “30% Limits” from the HOME Income Limits.	The “30% Limits” from the HOME Income Limits.
Rent Limits	The rent with utility allowance may not exceed the “HIGH HOME Rent Limit” from HOME Rent Limits.	The rent with utility allowance may not exceed the “LOW HOME Rent Limit” from HOME Rent Limits.	The rent with utility allowance may not exceed half of the “65% Rent Limit” from HOME Rent Limits.	The rent with utility allowance may not exceed 75% of “Fair Market Rent” of the Efficiency (0-bedroom unit) from HOME Rent Limits.

HUD Exchange – [HOME Income Limits](#)

HUD Exchange – [HOME Rent Limits](#)

⁴ HOME-assisted units refer to specific rental housing units that receive funding through the HOME Investment Partnerships Program (HOME).

Despite HOME Rent Limits being updated annually, recipients are not required to lower rent limits below the published HOME rent limit that is in effect at the time the agreement is signed.

Utility Allowance ([24 CFR § 92.252\(b\)](#))

A utility allowance for each HOME-assisted unit size must be determined if utilities are paid by the tenant. The maximum rent that a tenant can pay in a HOME-assisted unit is the maximum HOME rent limit minus the utility allowance. The written lease should indicate the utilities that the tenant and owner are each individually responsible for.

$$\text{Rent} + \text{Utility Allowance (UA)} = \text{Maximum HOME Rent Limit}$$

LIHTC ([24 CFR § 92.252\(a\)\(2\)\(iii\)](#))

If a HOME-assisted unit is regulated under the LIHTC program and categorically has a LOW-(50%) HOME rent limit, then the HOME-assisted unit may be permitted to use LIHTC rent limits.

Rental Assistance and Subsidy Payments ([24 CFR § 92.252\(a\)](#))

If a tenant is receiving rental assistance or subsidy payment provided under a Federal, State or local program, then rental limits do not apply; but the tenant cannot pay more than 30% of the family monthly adjusted income or 10% of the family monthly income.

4. Application and Funding

4.1 Application

Applications are due on the first Monday of each month, excluding January and December. All applications must be submitted by 11:59pm central time via ACCESS.gov. In the event that the first Monday of the month falls on a federal holiday, the application will be due the next regular business day.

All submitted applications will be reviewed for completeness and adherence to threshold requirements. Eligible applicants will be scored and undergo underwriting, subsidy layering review, and a project assessment in accordance with [24 CFR § 92.250\(b\)](#).

For more information about what is required and how to complete an application, see the [RHD Application Reference Guide](#).

Threshold Requirements

Applicants must be able to demonstrate that they can meet the following threshold requirements:

Financial Viability

Applicants must demonstrate that the proposed project will be financially sound with a minimum 1.05 Debt Coverage Ratio (DCR) for the full period of affordability. Long-term financial viability must be documented with the following assumptions:

- Revenues with a maximum 2% annual escalator,
- Expenses with a minimum 3% annual escalator,
- Reasonable vacancy rates,
- 4-6 months of operating reserve,
- A minimum of 4 months' rent per unit for marketing and lease-up reserve, and
- Annual per-unit replacement reserves in the operating budget.

Readiness to Proceed

Applicants must be able to demonstrate that they have cite control and have firm commitments to funds, including match funds. Cite Control may be demonstrated by being able to provide a deed, purchase contract or option to purchase. Firm commitments to funds may be demonstrated by providing letters of intent or commitments for all funding streams for the proposed project.

Relevant Experience

Applicants must be able to demonstrate that the development team (developer, general contractor, management company and supportive services provider) has experience with similar projects in the last five years. Applicants should be ready to answer questions regarding previous projects.

Applicants that are unable to meet the minimum threshold requirements may be denied.

Preliminary Commitment Letter

Applicants can expect to receive either a preliminary commitment letter or a denial letter within 90 days of submitting their RHD application and ERR. The preliminary commitment letter will provide award information, outline programming tasks and list possible contingencies for progression. All contingencies listed in the preliminary commitment letter must be satisfied.

4.2 Environmental Review ([24 CFR § 92.352](#))

Applicants must complete and submit the Environmental Review Report (ERR) at the same time as the RHD application via ACCESS.gov. The ERR is a required component of a complete RHD application.

The environmental effects of each activity must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321) and the related authorities listed in HUD's implementing regulations at 24 CFR parts 50 and 58.

Note: No funds may be committed or released until the ERR is fully completed and approved, the project is publicly noticed, and HUD has issued the Authority to Use Grant Funds (AUGF).

4.3 Displacement, Relocation and Acquisition ([24 CFR § 92.353](#))

Applicants should consider the implications of relocating tenants for a proposed project, when applicable.

Relocation expenses could make a viable project infeasible. When a proposed project is either partially or fully occupied by tenants, additional information must be completed and submitted concurrently with the application.

Applicants should make efforts to minimize displacement of tenants. Tenants who are required to temporarily move must be provided with reimbursement for relocation costs to suitable, decent, safe, and sanitary housing. Tenants must be given advance written notice of the date and duration of the temporary relocation. Temporarily relocated tenants must be provided with a reasonable opportunity to lease and occupy a suitable and affordable unit in the rehabilitated building upon completion of the project.

Relocation benefits may be triggered under the Uniform Relocation Act (URA) when tenants occupy the property. Examples of situations that would be considered displacement include:

- Failure to inform tenant in a timely manner,
- Involuntary moves if a tenant must move in response to a notice to vacate premise,
- Non-renewal of lease if a move results from the owner's refusal to renew an expiring lease; and
- Economic displacement caused by the changing rental structure of the proposed project.

Applicants must comply with State procedures and federal regulations regarding displacement and relocation of tenants.

4.4 Funding

Funding is provided as a grant or a 30-year loan. Interest rate is zero percent with amortized payments beginning after project completion. Payments are set to begin after construction is complete and normal operation has started, approximately three years after the agreement is executed.

Award Amount

An applicant may be awarded a maximum of two awards per year, at a maximum of \$1,000,000 per award. CHDO applicants may submit more than two applications a year. The actual amount of funding awarded for any one project is dependent upon the square footage of each individual HOME-assisted unit, number of bedrooms per HOME-assisted unit, and the mix of rent categories.

The amount awarded for each intended HOME-assisted unit will be subject to the following calculations:

Step 1: Determine applicable table.

Table 1 is for non-CHDO applicants and table 2 is for CHDO applicants.

Step 2: Determine the proposed rent category for each HOME-assisted unit size being considered for HOME funds.

Step 3: Multiply the rent category sq. ft. rate by the unit's square footage.

Step 4: Make a comparison of the maximum unit amount against the project calculation to determine the maximum amount.

Step 5: Add the amounts for all HOME-assisted units for the maximum amount.

Table 1: NON-CHDO Applicants

	Bedrooms in HOME-assisted Unit	0	1	2	3	4
Rent Category	Rent Category per Sq. ft. Rate	400 MAX. Sq. Ft.	700 MAX. Sq. Ft.	900 MAX. Sq. Ft.	1200 MAX. Sq. Ft.	1350 MAX. Sq. Ft.
HIGH-(60%)	\$45.00	N/A	\$31,500	\$40,500	\$54,000	\$60,750
LOW-(50%)	\$65.00	N/A	\$45,500	\$58,500	\$78,000	\$87,750
SUB-(30%)	\$90.00	N/A	\$63,000	\$81,000	\$108,000	\$121,500
SRO-(30%)	\$105.00	\$42,000	N/A	N/A	N/A	N/A
MAXIMUM UNIT AMOUNT						

Table 2: CHDO Applicants

	Bedrooms in HOME-assisted Unit	0	1	2	3	4
Rent Category	Rent Category per Sq. ft. Rate	400 MAX. Sq. Ft.	700 MAX. Sq. Ft.	900 MAX. Sq. Ft.	1200 MAX. Sq. Ft.	1350 MAX. Sq. Ft.
HIGH-(60%)	\$45.00	N/A	\$37,100	\$47,700	\$63,600	\$71,550
LOW-(50%)	\$65.00	N/A	\$52,500	\$67,500	\$90,000	\$101,250
SUB-(30%)	\$90.00	N/A	\$73,500	\$94,500	\$126,000	\$141,750
SRO-(30%)	\$105.00	\$48,000	N/A	N/A	N/A	N/A
MAXIMUM UNIT AMOUNT						

Community Housing Development Organization (CHDO) - Funding

Funding to CHDO applicants is based on the CHDO role. If the role of the CHDO is an owner or developer, the funding is provided as a grant directly to the CHDO. If the CHDO is a sponsor that uses an LLC or LP to own the activity/project (as commonly done with LIHTC-funded projects) funding will be provided as a loan to the entity. The RHD program must provide the HOME funds directly and enter into the written agreement with the entity that owns the project. The ownership entity shall execute a note secured by a recorded mortgage as is done with non-CHDO loans. A CHDO sponsor will require the subsidiary owner entity acting as general partner or managing member to be wholly owned by the CHDO. Additionally, if the organizational documents (the partnership agreement for a limited partnership or the operating agreement for a limited liability company) allow the CHDO, or its wholly owned subsidiary to be removed as general partner or managing member, the agreement must provide that the removal must be for cause and that the CHDO must be replaced with another CHDO.

Community Housing Development Organization (CHDO) - Operating Funds

All CHDO applicants (owner, developer or sponsor) may be eligible for CHDO operating funds. Requests for operating funds must include a line-item budget outlining the anticipated and eligible use of the funds ([24 C.F.R. § 92.208](#), reasonable and necessary costs for the operation of the CHDO).

Calculating CHDO operating funds:

- If the award amount is *less than or equal to \$500,000*; limited operating funds may be up to *10 percent* of awarded amount.
- If the award amount is *greater than \$500,000*; limited operating funds cannot *exceed \$50,000*.

CHDO operating funds are not guaranteed or may be set at an amount less than 10 percent of the activity funds awarded or subject to limits imposed by HUD or the RHD Program.

Matching Funds Requirement ([24 CFR § 92.220](#))

Projects must demonstrate at least 25% of the award amount in other eligible funding sources. Eligible funding sources must be permanent non-federal contributions. Applicants should list all anticipated eligible match sources (committed and uncommitted) in the application. Funding recipients should be prepared to provide documentation of the eligible funding source credit prior to executing an agreement.

Ineligible funding sources include but are not limited to; contributions made with or derived from Federal resources, interest rate subsidies attributable to the federal tax-exemption on financing or the value attributable to Federal tax credits; owner equity contributions or contributions from builders, contractors or investors, sweat equity.

5. Agreement, Construction and Payments

5.1 Agreement

Terms will be set forth in an agreement between the Wisconsin Department of Administration and the applicant as outlined in [24 CFR§ 92.504](#). Prior to the agreement, the RHD Program will provide time for a federally mandated public comment period of about 32 days for each project. **Acquisition, relocation of occupants, rehabilitation or construction may not begin prior to the execution of an agreement.** The agreement set forth by the Wisconsin Department of Administration is non-negotiable for change. If an applicant accepts HOME funding

through the RHD Program, they will accept the terms and conditions of the agreement. Applicants will be required to enter into a Land Use Restrictive Agreement (LURA) for the full period of affordability, which will mandate the use of the land.

Construction must begin within 12 months of the signed agreement.

5.2 Property Standards ([24 CFR § 92.251](#))

All projects must ensure they adhere to property standards based on the activity type, as outlined in [24 CFR § 92.251](#). HOME-assisted units must, at a minimum, meet the Uniform Physical Condition Standard (UPCS). Any newly constructed housing must meet the requirements of the Wisconsin Uniform Dwelling Code (Chs. SPS 320-325). In areas where there is no local building code, any failed UPCS item must be brought up to the standard set forth by UDC.

Accessibility

Projects must comply with the accessibility requirements of:

- The Fair Housing Act and Section 504 of the Rehabilitation Act of 1973 (29 USC 504, et. Seq.),
- The Americans with Disabilities Act (42 USC 12101, et. Seq.), the Fair Housing Amendments Act of 1988 (24 CFR 1 App. II),
- Architectural Barriers Act of 1968 (42 USC 4151, et. Seq.), and
- Barrier-Free Building Code (WI Stats. SPS 362, et. Seq.).

Disaster Mitigation

Projects must be constructed to mitigate the impact of future disasters (e.g., earthquakes, hurricanes, flooding, and wildfires) in accordance with State and local codes, ordinances, and requirements, and such other requirements that HUD may establish.

Broadband Infrastructure

Projects must include the installation of broadband infrastructure for new construction projects with more than four rental units and substantial rehabilitation projects with more than four rental units. Funds provided by the RHD program may not be used to pay for furniture or equipment for a computer room.

Carbon Monoxide and Smoke Detection

Projects must have carbon monoxide alarm installed in the housing unit in a manner that meets or exceeds the carbon monoxide detection standards set by HUD through Federal Register publication. Hardwired smoke alarms must be installed:

- On each level of the housing unit,
- Near each sleeping area,
- In the basement of each housing unit and common areas,
- Within 21 feet of any door to a sleeping area measured along a path of travel, and
- Where a smoke alarm installed outside a sleeping area is separated from adjacent living areas by a door, a smoke alarm must be installed on the living area side of the door.

Lead-Based Paint

Projects are subject to the Lead-Based Paint Poisoning Prevention Action ([42 U.S.C. 4821-4846](#)), the Residential Lead-Based Paint Hazard Reduction Act of 1992 ([42 U.S.C. 4851-4856](#)), and implementing regulations at part 35, subparts A, B, J, K, M and R of this title.

Visitable

A project is considered visitable if >50% of HOME- assisted units are visitable. Visitable is defined as having *all three items* below:

- 32" clear openings in all interior and bathroom doorways,
- Providing at least one accessible means of egress/ingress for each unit and
- Have one bathroom on the first floor of the unit.

Energy Efficiency Standards

Newly constructed projects shall meet the energy efficiency standards promulgated by the Secretary in accordance with section 109 of the Cranston-Gonzalez National Affordable Housing Act (42 USC 12709).

Green Building Standards

Newly constructed housing shall meet or exceed the 2021 IECC and ASHRAE 90.1-2019, or other "green standards" including: LEED-Certified, Enterprise Green Communities Program, Wisconsin Environmental Initiative's Green Built Home, etc.

Universal Design is encouraged for all projects.

5.3 Build America, Buy America Act (BABA) and Buy America Preference (BAP)

The recipient, the recipient's agents, prime contractor(s) and all subcontractor(s) (all tiers) must comply with the requirements of the BABA and all applicable rules and notices. Any funds obligated by HUD on or after the applicable BAP implementation dates are subject to BABA requirements, unless excepted by a waiver.

All iron and steel, construction materials, and manufactured products (i.e., covered materials) used in this project that are subject to BABA – BAP will be/have been produced in the United States in a manner that complies with the BABA requirements applicable to the HOME.

For more information about BABA, see RHD Build America, Buy America Act (BABA).

5.4 Good Standing, Debarment or Suspension

Recipients must ensure that all contractors are in good standing and not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excused from participation from any federally assisted construction projects. For more information about debarment and suspension see [24 CFR Part 24 Appendix B, Executive Order 12549](#).

5.5 Section 3 (24 CFR § 75)

Section 3 is a provision of the HUD Act of 1968 that requires recipients of \$300,000 or more in HUD housing and community development financial assistance (e.g. HOME, CDBG, HTF) **to the greatest extent feasible, provide construction-related training, jobs, and contracting opportunities to low- and very-low income individuals.**

The recipient will be required to meet Section 3 requirements, including meeting labor hour benchmarks as established by HUD. Recipients will be considered to have complied with the Section 3 requirements, in the absence of evidence to the contrary, if they certify that they have followed the required prioritization of effort and met or exceeded the applicable Section 3 requirements. If a recipient does not meet the benchmark requirements but can provide evidence that they have made several qualitative efforts to assist low- and very low-income individuals with employment and training opportunities, the recipient or contractor is considered to be in compliance with Section 3.

Recipients will be required to complete a Semi-Annual Data Report for collecting Section 3 requirements, including labor hour benchmarks at least twice a year during the performance period, as outlined in the agreement.

Reporting Period	Report Due
October 1 st through March 31 st	March 25 th
April 1 st through September 30 th	September 25 th

Recipients must keep records demonstrating compliance with Section 3 requirements. This means that recipients are required to establish and maintain documentation to demonstrate that workers meet the definition of a Section 3 worker or Targeted Section 3 worker, at the time of hire or the first reporting period. This includes requiring written reports from developers or contractors summarizing the totals hours for Section 3 workers and Targeted Section 3 workers.

For more information about Minority and Women and Owned Businesses (MBE/WBE) requirements, see [RHD Section 3 & MBE/WBE Reporting](#).

5.6 Minority and Women Owned Businesses (MBE/WBE)

Recipients are required to proactively assure that minority-owned (MBE) and female-owned (WBE) businesses have equal opportunity to obtain or compete for contracts and subcontracts. **As part of MBE/WBE, recipients must make proactive attempts to utilize the State certified MBE and WBE businesses.** Recipients may access the State of Wisconsin [Supplier Diversity Program](#) online. Recipients are to keep documents on outreach efforts and racial/ethnic or gender character of each business entity receiving a contract or subcontract of \$25,000 or more.

For more information about Minority and Women and Owned Businesses (MBE/WBE) requirements, see [RHD Section 3 & MBE/WBE Reporting](#).

5.7 Project Publicity

Projects are required to post RHD Program signage on project construction sites. At least one sign is required per project. If the project involves multiple phases, more than one sign may be needed to ensure a RHD project sign remains posted for each phase of the project. The sign must be posted at or near the site where the construction activities (e.g., new construction, demolition, renovation, expansion) are occurring. If a project involves construction at multiple locations, the RHD project sign should be erected at the site in the highest traffic area, or at a central location between all the construction sites (in a high-traffic area).

Sign specifications include:

Dimensions: 4 feet by 8 feet

Font/Text: Smallest font/text must be readable from 50 feet away.

- Font/text must be in black.
- The following font/text must be in red: “A RENTAL HOUSING DEVELOPMENT PARTNERSHIP FINANCED IN PART BY HOME FUNDING FROM THE WISCONSIN DEPARTMENT OF ADMINISTRATION AND THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.” See example below:

**A RENTAL HOUSING DEVELOPMENT PARTNERSHIP
FINANCED IN PART BY HOME FUNDING FROM THE
WISCONSIN DEPARTMENT OF ADMINISTRATION AND THE
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Material: Must be on plywood panel APA Rated A-B Grade-Exterior and must be high quality, professional-grade signage (i.e., paper taped to plywood board is not acceptable).

Placement: Must be erected outdoors and weatherproof for outdoor posting.

The sign must include the current DEHCR and DOA logo, the project title, the project activity type, reference to the Rental Housing Development (RHD) Program and funding sources (Wisconsin Department of Administration and U.S. Department of Housing and Urban Development) and name and title of the current Governor of the State of Wisconsin and the current Secretary of the Department of Administration. See sign template and example below:

PROJECT Name (e.g., Senior Flats)	
Project Type (Rental Housing – New Construction or Rehabilitation)	
Address	
A RENTAL HOUSING DEVELOPMENT PARTNERSHIP FINANCED IN PART BY HOME FUNDING FROM THE WISCONSIN DEPARTMENT OF ADMINISTRATION AND THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	
(Insert DOA and DEHCR logo here)	(Governor Name), Governor (Secretary Name), Secretary
State and Federal Equal Opportunity laws apply in the construction and use of this project.	

SENIOR FLATS		
Rental Housing Development – New Construction 204 East Main Street		
A RENTAL HOUSING DEVELOPMENT PARTNERSHIP FINANCED IN PART BY HOME FUNDING FROM THE WISCONSIN DEPARTMENT OF ADMINISTRATION AND THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
		(Governor Name), Governor (Secretary Name), Secretary
State and Federal Equal Opportunity laws apply in the construction and use of this project.		

5.8 Davis Bacon Labor Standards ([24 CFR § 92.354](#))

Any project that contains 12 or more HOME-assisted units will be subject to a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 3141), to all laborers and mechanics employed in the development of any part of the housing, as outlined in the agreement.

5.9 Payments

Funds will be distributed to recipients in two separate payments: first payment and final payment. The first payment is about 85% of the total award, while the final payment is about 15% of the total award. **Recipients are responsible for requesting payment of funds.**

First Payment

An initial request for payment should be made within six months of the signed agreement. If an initial request for payment is not received within six months, a progress report must be submitted to the RHD Program. The recipient shall not request payment of funds until it is needed for reimbursement of eligible costs and expenses incurred during the performance period. All requests shall be accompanied by itemized invoices and/or supporting documentation showing itemized amounts, as described below.

Prior to the first payment, recipients must provide:

Owner's Cost Breakdown - A written statement from the owner showing sources and applications of all funds for the project, which includes names and addresses of those contracted.

Contractor's Cost Breakdown - A written statement from the general contractor setting forth in detail the names of all contractors and material suppliers with whom it has contracted (and, to the extent known to general contractor, those with whom its subcontractors and suppliers have contracted), their addresses, work or materials to be furnished, amounts of the agreements, amount paid to date, amounts of current payments and balances.

Payment Request Form - Identifying the disbursements to be made (including those payable to Title Company), the names and addresses of the payees, and the source(s) of funds (and the respective amount from each source) to be applied in making each line-item disbursement, which shall be approved in writing by each party providing funds for disbursement; and ensure funds sufficient to fund the draw request.

Build America, Buy America Act (BABA) - BABA Compliance Certification and BABA Covered Materials List, as applicable.

Project Publicity - A colored picture of the [signage on the construction site](#).

Final Payment

A request for the final payment must be submitted upon project completion. Requests for final payment should be submitted within 60 days of the end of the performance period.

Prior to the final payment of funds, recipients must provide:

Project Completion Report - A Project Completion Report must be completed and submitted at the time construction is completed, prior to lease up activity, along with required attachments.

Build America, Buy America Act (BABA) - BABA Compliance Certification and BABA Covered Materials List, as applicable.

Energy Standards - Documentation of compliance with HUD's minimum energy standards. This includes Architect/Builder certification and relevant test results.

Once all the documents have been received, an on-site inspection of the property will be conducted to determine that work was done in accordance with the agreement and that the project complies with property standards. It is the responsibility of the RHD recipient to notify DEHCR when the project is ready for an onsite inspection, prior to leasing units.

Community Housing Development Organization (CHDO) - Operating Funds

CHDO operating funds must be requested with a first or final payment request. Documentation of the use of operational support funds must be submitted with the request.

5.10 Project Completion

Project completion is met when all necessary title transfer requirements and construction work have been performed, including:

- The project complies with the requirements [24 CFR § 92](#),
- The final payment of funds has been disbursed for the project, and
- The project completion information has been entered into the disbursement and information system (IDIS) established by HUD.

The identification of fixed HOME-assisted units⁵ shall occur prior to the leasing of such units. Notice of 'fixed' HOME-assisted units shall be provided in writing at Project Completion utilizing Exhibit "A" to Attachment "A" and will be incorporated into the agreement in its entirety upon approval and signature by the Department.

HOME-assisted units must be leased up within six months of project completion. Failure to lease HOME-assisted units within six months will require submitting a marketing plan to the RHD Program identifying a plan for leasing the remaining units within an additional 12-month period. If leases of HOME-assisted units are not entered into within 18 months, funds shall be subject to repayment.

6. Compliance and Monitoring

Anti-Lobbying Policy ([24 CFR § 87](#))

All projects must comply with the anti-lobbying rules which require the following express language to be included in written agreements with any municipal agencies or public entities defined as sub-recipients of the State:

1. "No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal agreement, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal agreement, grant, loan or cooperative agreement."
2. "If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal agreement, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions."

⁵ Fixed HOME-assisted units indicate that the units remain the same throughout the period of affordability.

6.1 Period of Affordability

The period of affordability is the minimum length of time that HOME-assisted units must remain affordable to low-income and/or very-low-income families. During the period of affordability, recipients will be required, per the agreement, to keep HOME-assisted units in good condition, maintain affordability, and comply with Fair Housing Laws, programmatic policies and federal regulations [24 CFR § 92](#). The length of the period of affordability depends on the amount of HOME funding provided per HOME-assisted unit.

HOME Funding per HOME-assisted Unit	Period of Affordability
Under \$25,000	5 Years
\$25,000 to \$50,000	10 Years
Over \$50,000	15 Years
New Construction	20 Years

The period of affordability will be enforced through deed restriction of the assisted property for rental activities. Repayment of HOME funds may be required if the project does not meet the requirements as defined in the agreement with the Wisconsin Department of Administration, the mortgage, and/or the Land Use Restriction Agreement (LURA). Rental project repayment is not prorated; all funds are returned if the project is deemed noncompliant.

6.2 Affirmative Marketing ([24 CFR § 92.351](#))

The Wisconsin Department of Administration has established the following affirmative marketing policies and procedures that recipients must adopt when the project contains five or more HOME-assisted units.

Affirmative Marketing Policy

Recipients shall make *good faith and documented efforts* to inform and otherwise attract persons from all racial, ethnic, religious, disability and gender groups and families in the housing market area to the available housing. Special outreach efforts may be needed to solicit participation from persons in the housing market area who are not likely to apply for HOME-assisted housing.

Affirmative Marketing Procedures

In accordance with HOME regulations at [24 CFR § 92.351\(a\)](#) and in furtherance of Wisconsin's commitment to nondiscrimination and equal opportunity in housing, the State has established procedures to affirmatively market HOME-assisted units. These procedures are intended to further the objectives of Title VIII of the Civil Rights Act of 1968, the Fair Housing Amendments of 1988, Federal Executive Order 11063, and Wisconsin's Fair Housing Law contained in Wisconsin Statutes § 106.50. Recipient is required to adopt the following affirmative marketing procedures:

Affirmative Marketing Actions

Recipients must ensure that the public, property manager, and likely residents of such units are informed that the recipient is operating under an established affirmative marketing policy, applicable Federal fair housing laws and other applicable federal, State and local housing laws. This policy must be stated in agreements with property managers, be promoted in the community through media and other outlets and be communicated to tenants in buildings that will be or have been assisted with HOME funds.

- The recipient shall affirmatively market its units by advertising vacant units in local newspapers and using other appropriate methods.
- The recipient must provide appropriate notification when any units become vacant.
- All forms of program marketing should depict the Equal Housing Opportunity logotype or slogan.

- As part of recipient's efforts to ensure that available units are affirmatively marketed to persons not likely to apply for such housing, the recipient is encouraged to make HOME information available in non-English languages spoken by minority groups residing in or near the community.
- The recipient is encouraged to distribute marketing materials to area social service agencies that work with minorities, disabled individuals, or other protected class groups.

Affirmative Marketing Record Keeping

Affirmative marketing record keeping activities must include documentation of all good faith efforts to inform minorities, handicapped individuals or other protected groups of vacant HOME-assisted units. This includes informing social service agencies and the general public how HOME-assisted units can be occupied. Record keeping should include the number of people that respond directly to any program marketing effort. The number of people residing in or planning to reside in HOME-assisted units that became aware of the units through local affirmative marketing efforts should be documented.

Affirmative Marketing Reporting

Summaries of affirmative marketing efforts should be available for public review. These "reports" should detail affirmative marketing activities and identify actions to undertake or correct any noncompliance with affirmative marketing policies or to mitigate any nonperformance problems in implementing plans. If corrective measures have been identified, actions taken such measures must be reported. The Wisconsin Department of Administration may review reports at any time to determine compliance with affirmative marketing regulations.

6.3 Equal Opportunity and Fair Housing

Recipients are required to adhere to the Equal Opportunity and Fair Housing Act.

6.4 Tenant Protection and Selection ([24 CFR § 92.253](#))

Lease Duration ([24 CFR § 92.253\(a\)](#))

There must be a **written lease between the recipient and the tenant for a period of one year**, unless by mutual agreement, the recipient and the tenant agree on a shorter period. If a shorter period is agreed upon and specified, there must be documentation on file outlining the agreement and time frame.

Prohibited Lease Terms ([24 CFR § 92.253\(b\)](#))

The lease may not contain any of the following provisions:

- **Agreement to be sued.** Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the owner in a lawsuit brought in connection with the lease;
- **Treatment of property.** Agreement by the tenant that the owner may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. The owner may dispose of this personal property in accordance with State law;
- **Excusing owner from responsibility.** Agreement by the tenant not to hold the owner or the owner's agents legally responsible for any action or failure to act, whether intentional or negligent;
- **Waiver of notice.** Agreement of the tenant that the owner may institute a lawsuit without notice to the tenant;
- **Waiver of legal proceedings.** Agreement by the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;
- **Waiver of a jury trial.** Agreement by the tenant to waive any right to a trial by jury;
- **Waiver of right to appeal court decision.** Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease;

- **Tenant chargeable with cost of legal actions regardless of outcome.** Agreement by the tenant to pay attorney's fees or other legal costs even if the tenant wins in a court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses; and
- **Mandatory supportive services.** Agreement by the tenant (other than a tenant in transitional housing) to accept supportive services that are offered.

Lease Termination (24 CFR § 92.253(c))

Recipients may not terminate a lease or refuse to renew the lease of a tenant living in a HOME-assisted unit, unless there is serious or repeated violation of the terms and conditions of the lease; for violation of applicable Federal, State, or local law; for completion of the tenancy period for transitional housing or failure to follow any required transitional housing supportive services plan; or for other good cause. Good cause does not include an increase in the tenant's income or refusal of the tenant to purchase the housing. To terminate or refuse to renew a lease, the recipient must serve a written notice upon the tenant specifying the grounds for the action at least 30 days before the termination of a lease.

The leases must reflect Wisconsin statute(s) regarding the most recent language related to abandonment of personal property.

Tenant Selection (24 CFR § 92.253(d))

Recipients must adopt written tenant selection policies and criteria that:

- Limit the housing to very low-income and low-income families;
- Are reasonably related to the applicants' ability to perform the obligations of the lease (i.e., to pay the rent, not to damage the housing; not to interfere with the rights and quiet enjoyment of other tenants);
- Limit eligibility or give a preference to a particular targeted population if permitted in the agreement;
- Do not exclude an applicant with a voucher under the Section 8 Tenant-Based Assistance: Housing Choice Voucher Program (24 CFR part 982) or an applicant participating in a HOME tenant-based rental assistance program because of the status of the prospective tenant as a holder of such voucher or comparable HOME tenant-based assistance document;
- Provide for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable;
- Give prompt written notification to any rejected applicant of the grounds for any rejection; and
- Comply with the VAWA requirements.

These policies and criteria must be made available to prospective tenant applicants.

Targeted Populations

HOME-assisted units identified as set-asides for targeted populations must be held open for 30 days while outreach/marketing efforts occur. Documentation of these efforts must be captured and maintained by the recipient. Depending on the type of population and the interior layout within the HOME-assisted unit, the set-aside may or may not, be able to float within the HOME-assisted unit mix because there may not be a comparable equivalent.

Violence Against Women Act (VAWA) Requirements (24 CFR § 92.359)

Recipients are prohibited to deny or terminate assistance or eviction solely because an applicant or tenant is a victim of domestic violence, dating violence, sexual assault, or stalking.

Fees (24 CFR § 92.214)

Application fees may be charged to prospective tenants to cover costs associated with background checks and/or other processes necessary to determine a household's eligibility. The amount of application fees must be

appropriate to the type of application and may not create an undue impediment to a low-income families. Reasonable late fees may be charged beginning on the 5th of the month, if written into lease.

6.5 Income Determination ([24 CFR § 92.203](#))

HOME-assisted units are subject to [HOME Income Limits](#); therefore, **families must be income eligible**.

Recipients are required to determine if a family is initially eligible by verifying the family's annual income⁶. Initial eligibility may be determined by collecting two months' source documentation, which includes:

- Wage statements,
- Interest statements, or
- Unemployment compensation statements.

Initial eligibility may also be determined if the family is already being assisted by:

- A Federal or State project-based rental subsidy program,
- A Federal tenant-based rental assistance program (e.g., housing choice voucher, etc.), or
- A form of Federal, State or local public assistance (e.g., TANF, Medicaid, LIHTC, local rental subsidy program, etc.) which examines the annual income of the family each year. A statement must be provided that states the family's size and the amount of the family's annual income, within the last 12 months.

Recipients must re-examine a tenant's annual income for income eligibility. For properties with five or more HOME-assisted units, the recipient must re-examine the tenants' income each year. For properties with four or less HOME-assisted (small-scale housing), the recipient may re-examine the tenants' income every three years. Eligibility may be redetermined by:

- Examining at least two months of **source documentation** (as listed above), or
- Obtaining a **statement** from the family regarding their annual income and family size, along with a **certification** that the information is complete and accurate. The certification must state that the family will provide source documentation upon request.

Recipients who re-examine a tenant's annual income by obtaining a statement and certification must at least obtain source documentation every sixth year. If there is evidence that a tenant's statement and certification failed to completely and accurately state information about the family's size or annual income, a tenant's income should be re-examined by collecting at least two months of source documentation.

Over-Income Tenants ([24 CFR § 92.252\(h\)](#))

Any tenant who are no longer income eligible after re-examination must pay a rent amount that is equal or lesser of the amount payable by the tenant under State or local law or 30 percent of the family's adjusted income, except tenants of HOME-assisted units that have been allocated LIHTC must pay rent governed by section 42 of the Internal Revenue Code of 1986 (26 U.S.C. 42).

HOME-assisted units will continue to qualify as affordable housing despite temporary noncompliance caused by increases in the incomes of existing tenants if actions satisfactory to HUD and State, are being taken to ensure that all vacancies are filled in accordance with [24 CFR § 92.252](#).

6.6 Compliance Report

Each year during the period of affordability, recipients are required to complete a compliance report, which includes reporting on occupancy and eligibility data for HOME-assisted units. The objective of this report is to collect all occupancy and lease-up information. Additionally, this report serves to certify compliance with HOME rent and income limits. The report must include all data for HOME-assisted units that run from October 1 of the previous year through September 30 of the current year (one year reporting period).

The compliance report is due annually on December 1 via ACCESS.gov.

6.7 In-Service Report

Each year during the period of affordability, recipients are required to complete an in-service report, which must include:

- The prior year's operating budget with debt coverage ratio (DCR) for the property,
- The current year's operating budget with debt coverage ratio (DCR) for the property, and
- A most recent third-party audited financial report.

The DCR is calculated by dividing the net operating income (NOI) by the total debt service. The NOI, total debt service and DCR should be evident in the operating budgets. Recipients will also be required to certify that the property has a current insurance policy that identifies DEHCR as the "mortgagee," or "additional interest" in the policy declaration page.

The in-service report is due annually on April 21 via ACCESS.gov.

6.8 Inspections

During the period of affordability, properties will be subject to inspections as outlined [24 CFR § 92.251](#) and standards set forth by HUD. An initial on-site inspection of the property will be conducted to determine that work was done in accordance with the agreement and that the project complies with property standards. After the initial inspection, another on-site inspection will occur within 12 months after project completion. Thereafter periodic on-site inspections will occur at least every 3 years to ensure owners maintain decent, safe, sanitary and in good repair rental housing. Properties that receive periodic on-site inspection within the last 12 months from another entity may be eligible for a file review in lieu of an on-site inspection if the on-site inspection meets or exceeds the standards set forth by HUD and [24 CFR § 92.251](#).

Inspections will be based on a random sample of HOME-assisted units. For properties with one-to-four HOME-assisted units, all HOME-assisted units will be inspected. For properties with one to 20 HOME-assisted units, four HOME-assisted units will be inspected. Any deficiencies observed during an inspection must be addressed in a timely fashion.

Recipients will be contacted via email to schedule inspections, as applicable.

6.9 Non-Compliance

If for any reason the property is found to be out of compliance, corrective remedies will be suggested, including corrective actions and a timetable. Non-compliance may result in loan default and may impact future ability to receive HOME funding or other funding provided through DEHCR.

6.10 Loan Payments

Loan payments will begin about three years after the dated agreement. Loan payments are subject to the existence of surplus cash in the project operating budget as defined in the mortgage note of the agreement. Payments can be submitted to:

Department of Administration
Division of Energy, Housing and Community Resources
Attn: Fiscal - Rental Housing Development (RHD) Program
P.O. BOX 7970
Madison, WI 53707-7970

Payments must include a contract number and property address.

If insufficient cash surplus exists, a request for deferral of loan payment must be submitted one month prior to the payment deadline. A copy of the property's audited financial statement, as well as WHEDA computations of surplus cash (for those projects with WHEDA financing) must be submitted with a request for deferral. Deferral requests are to be submitted via email to RHDCompliance@wisconsin.gov. The deferral does not forgive principal, and the loan will still accrue interest, when applicable. The full amount of the loan is still owed on the date of maturity.

Loan payments are due annually on April 1, unless specified in the individual contract.

6.11 Record Keeping ([24 CFR § 85.10\(e\)](#) and [24 CFR § 84.53\(e\)](#))

The State, any of its authorized representatives and the U.S. Government shall have access to and the right at any time to examine, audit, excerpt, transcribe, and copy on the recipient's premises any directly pertinent records and computer files of the recipient involving transactions relating to an RHD agreement. Similarly, the State shall have access at any time to examine, audit, test, and analyze all physical projects subject to the RHD agreement. If the material is held in an automated format, the recipient shall provide copies of these materials in the automated format, or such computer file as may be requested by the State. Such materials shall be retained until such time as the State notifies otherwise.

6.12 Resale of Property

Purchase by Tenant ([24 CFR § 92.255](#))

During the period of affordability, the owner may sell the HOME-assisted unit to an existing tenant. However, refusal by the tenant to purchase the HOME-assisted unit does not constitute good cause for termination of tenancy or failure to renew the lease.

Notification Requirement Prior to Any Sale

It is the responsibility of the owner to notify RHD Program staff in writing and in advance of any planned sale or transfer of a HOME-assisted unit, including sales to existing tenants.

- DEHCR must receive notice before any purchase agreement is executed.
- Failure to provide advance notice may result in noncompliance findings and may jeopardize the project's standing under the HOME program.
- This requirement ensures DEHCR can verify continued compliance with affordability restrictions and maintain accurate ownership records.

Affordability Requirements After Sale

- If no additional HOME funds are used to enable the tenants to become homeowners, the HOME-assisted unit is subject to the remaining period of affordability.

- If additional HOME funds are used to directly assist the tenants to become homeowners, the HOME-assisted unit is subject to the remaining period of affordability or the required period under [24 CFR § 92.254\(a\)\(4\)](#); whichever is longer.
- If the tenant is not low-income at the time of the purchase, then the tenant must occupy the HOME-assisted unit as a principal residence and impose resale restrictions in accordance with [24 CFR § 92.254\(a\)\(5\)](#).

Community Housing Development Organization (CHDO) – Sale of Property ([24 CFR § 92.300\(a\)\(3\)](#))

A Community Housing Development Organization (CHDO) may be permitted to sell a property with HOME-assisted units to a nonprofit organization if the CHDO no longer has the capacity to own and manage the property for the full period of affordability and there are no other CHDOs in the jurisdiction with capacity to own and manage the property.
