



# HOME

## Rental Housing Development (RHD) Program Guide

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Wisconsin Department of Administration (DOA)  
Division of Energy, Housing and Community Resources (DEHCR)

This Program Guide provides a general overview of Wisconsin's HOME Rental Housing Development (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 with the basic features and requirements of the HOME Program and thereby assist them in applying for HOME RHD Program funds. It is primarily an informational tool, and not a complete and exhaustive statement of all rules or requirements of the HOME Investment Partnerships Program Rental Housing Development Program.

The HOME Program is governed by Federal regulations 24 CFR 92 "HOME Investment Partnerships Program Final Rule" ("Regulations") and applicable state and federal laws. The HOME Final Rule released in July 2013 can be found at:

<http://www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm>

In the event of conflict between the language specified in the contract and this handbook or other supporting documents, the provisions in the HOME agreement contract shall take precedence.

If you require additional information about the HOME Rental Housing Development Program, email inquiries to [DOADOHAffordableHousingHelp@wisconsin.gov](mailto:DOADOHAffordableHousingHelp@wisconsin.gov)

**For additional information, visit the Bureau of Housing HOME RHD Home Page at:**

<https://energyandhousing.wi.gov/>

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## I. HOME OVERVIEW

The *Home Investment Partnership Program* (HOME Program) was created under Title II of the National Affordable Housing Act of 1990 and amended and reauthorized by the Housing and Community Development Act of 1992. The general purposes of HOME are:

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

The HOME Program is governed by Federal regulations 24 CFR 92 "HOME Investment Partnerships Program; Final Rule" ("Regulations") and applicable state and federal laws. The latest version of the HOME Final Rule, released in July 2013 can be found at:

<https://www.hudexchange.info/programs/home/home-final-rule/>

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 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 the HOME Program and has received a current CHDO designation from the State.

## II. THE RENTAL HOUSING DEVELOPMENT PROGRAM

### The Priorities of The Home RHD Program:

- To provide leverage of private financing for affordable rental housing.
- To provide persons at or below 30% of County Median Income (CMI) additional affordable housing units.
- To provide gap financing for affordable rental housing.
- To construct buildings that provide accessibility features following Universal Design and follow visitability principles.
- To develop projects that emphasize high energy efficiency and sustainability.
- To promote supportive housing projects for populations with special needs.
- To facilitate affordable rental projects that are “shovel-ready” and will start construction within 12 months of contract execution.

### Eligible activities:

All rental activities must include two or more rental units involving:

Brief descriptions of Activity Types funded by HOME.

- **Rehabilitation Only:**  
A HOME-assisted rehabilitation activity that does not include acquisition of real property.
- **New Construction Only**  
An activity that involves the addition of units outside the existing walls of the structure and the construction of new residential units.
- **Acquisition Only**  
Acquisition of a structure that received a certificate of occupancy at least 13 months before acquisition that did not require rehabilitation.
- **Acquisition and Rehabilitation**  
A HOME-assisted rehabilitation activity that includes the acquisition of real property.
- **Acquisition and New Construction**  
An activity that included the acquisition of real property. This includes acquisition of a structure that has received an initial certificate of occupancy within a one-year period prior to acquisition.

For reporting purposes if any of the following apply the application must indicate:

- **Presidentially Declared Major Disaster Area:**  
Only when an area is declared a major disaster under Subchapter IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act should it be reported under this measure. Areas that carry other disaster designations should not be reported here but may be reported as a local target area if the grantee is concentrating funding to the area.
- **Historic Preservation Area:**  
The grantee must indicate if the activity is in an area designated for historic preservation by local, state, or Federal officials.
- **Brownfield Redevelopment Area:**  
The grantee must indicate if the activity is in a brownfield. For reporting purposes, a brownfield is defined as an abandoned, idled, or underused property where expansion or redevelopment is complicated by real or potential environmental contamination.
- **Conversion from Non-Residential to Residential Use:**  
For example, converting an old non-residential warehouse into rental units or condominiums.

### **Prohibited Activities:**

The following projects are considered prohibited under the HOME RHD Program:

- Public housing modernization, maintenance, and operation.
- Tenant subsidies for certain special purposes mandated under Section 8.
- Providing nonfederal matching funds for any other federal programs.
- Activities under the Low-Income Housing Preservation Acts of 1987 and 1990.
- Emergency and temporary housing; Housing does not include 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). 24CFR92.2
- Providing assistance to properties previously assisted with HOME funds; and
- Funding project reserve accounts for replacements or unanticipated increases in operating costs or subsidies.

### **CHDO Application and Certification:**

The State will certify that an organization as a CHDO satisfies the CHDO requirements each time it commits funds to a project. CHDOs must identify a role to undertake the specific project, the CHDO must select one role as owner, developer, or sponsor of rental projects. CHDO roles are detailed within the *Building HOME: A HOME Program Primer - Training Manual* “. The CHDO should be prepared to demonstrate its capacity to undertake this specific local project at the time of application.

### **Application Timing and Proposed Project Structure**

All applications must be received by DEHCR before the end of business day on the due date. In the case the due date falls on a federal holiday the due date will be moved to the next regular business day.

Application submission rounds will be accepted on the 1st Monday of each month commencing February 3, 2025. These rounds are open to all eligible housing organizations, including Community Development Organizations (CHDOs).

**Units For Targeted Populations within HOME assisted units:**

Applies to projects that contain special population targeting. HOME assisted units identified as set-aside units must be held open for 30 days while outreach/marketing efforts are made to lease to targeted populations. Documentation of these efforts must be maintained. 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. The project's market study or other documentation must show demand demographics for the units. To qualify as serving targeted populations, these applications must provide a minimum of 40% of HOME assisted units as set-aside for one of the following population groups listed below.

- **Veterans**  
Any household that includes a member with a record of active service including in the National Guard. At least 75% of targeted HOME units for vets must be designated for households with incomes at or below 30% CMI and must be rented to a veteran unless special dispensation is provided by RHD staff. These units are not required to have supportive services attached but must show demand demographics for the units.
- **Homeless**  
Units designated for homeless households must include optional supportive services.
- **Frail Elderly**  
Including Memory Care or Residential Care facilities.
- **Disabled**  
Any household including a member with a physical or mental disability. Designated units must include optional supportive services.
- **Large Families**  
Households with five or more members.
- **Other**  
Please describe the population, why it requires special targeting and whether you will be providing supportive services or not.



## Award Amount

The maximum of two awards per year per developer, maximum \$1,000,000 per award. For CHDO applicants only, more than two applications may be submitted in a year. The actual amount of funding provided for any one project is limited by the square footage of each individual unit, number of bedrooms per unit, and the mix of income categories.

HOME Program requests are subject to the following calculations:

1. Determine the Rent Category for each unit size being considered for HOME funds.
2. Multiply the Rent Category Sq. Ft. rate by the proposed unit's square footage.
3. Make a comparison of the maximum unit amount against the project calculation to determine the maximum request.
4. Add the amounts for all proposed HOME units to be considered in the application.

**RHD TABLE 1 – NON-CHDO**

<b>RENT CATEGORY</b>	Bedrooms in Unit	0	1	2	3	4
	<b>MAX. SQ. FT.</b>	<b>400</b>	<b>700</b>	<b>900</b>	<b>1200</b>	<b>1350</b>
	<b>SQ. FT. RATE</b>					
<b>HIGH-(60%)</b>	<b>\$45.00</b>	<i>n/a</i>	<b>\$31,500</b>	<b>\$40,500</b>	<b>\$54,000</b>	<b>\$60,750</b>
<b>LOW-(50%)</b>	<b>\$65.00</b>	<i>n/a</i>	<b>\$45,500</b>	<b>\$58,500</b>	<b>\$78,000</b>	<b>\$87,750</b>
<b>SUB-(30%)</b>	<b>\$90.00</b>	<i>n/a</i>	<b>\$63,000</b>	<b>\$81,000</b>	<b>\$108,000</b>	<b>\$121,500</b>
<b>SRO-(30%)</b>	<b>\$105.00</b>	<b>\$42,000</b>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>

**RHD TABLE 2 - CHDOs ONLY (CHDO certification required)**

<b>RENT CATEGORY</b>	Bedrooms in Unit	0	1	2	3	4
	<b>MAX. SQ. FT.</b>	<b>400</b>	<b>700</b>	<b>900</b>	<b>1200</b>	<b>1350</b>
	<b>SQ. FT. RATE</b>					
<b>HIGH-(60%)</b>	<b>\$53.00</b>	<i>n/a</i>	<b>\$37,100</b>	<b>\$47,700</b>	<b>\$63,600</b>	<b>\$71,550</b>
<b>LOW-(50%)</b>	<b>\$75.00</b>	<i>n/a</i>	<b>\$52,500</b>	<b>\$67,500</b>	<b>\$90,000</b>	<b>\$101,250</b>
<b>SUB-(30%)</b>	<b>\$105.00</b>	<i>n/a</i>	<b>\$73,500</b>	<b>\$94,500</b>	<b>\$126,000</b>	<b>\$141,750</b>
<b>SRO-(30%)</b>	<b>\$120.00</b>	<b>\$48,000</b>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>

## RHD Funding Structure

Funding through the RHD program is provided as a low interest loan over 30 years. Interest rate is zero percent with amortized payments beginning after project completion. Payments to begin after construction is complete and normal operation has started, approximately three years after the contract is executed.

## CHDO Funding

Funding to CHDO applicants is based on the CHDO Role. CHDO role CHDO-Owner or CHDO-Developer activity is provided as a grant directly to the CHDO. CHDO Sponsor activity that use an LLC or LP to own the activity as commonly done with LIHTC funded projects will be provided as a loan to the entity. The State must provide the HOME funds directly to and enter into the written agreement with the entity that owns that project. The ownership entity shall execute a note secured by a recorded mortgage as is done with non-CHDO loans.

## CHDO Sponsor Activities

CHDO Sponsor activities will require the subsidiary owner entity acting as sole general partner or sole 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 sole general partner or sole managing member, the agreement must provide that the removal must be for cause and that the CHDO must be replaced with another CHDO.

## CHDO Operating Assistance

All CHDO roles (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 CFR 92.208, reasonable and necessary costs for the operation of the CHDO).

- **Calculating CHDO Operating Expenses**

- HOME awards less than or equal to \$500,000:
  - limit operating funds at 10 percent of the HOME activity funds awarded.
- HOME awards greater than \$500,000:
  - limited to not exceed \$50,000.
- 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 State.

## Not Eligible for CHDO Certification

- Government agencies are not eligible to be certified as a CHDO, examples include other HOME Participating Jurisdiction, Tribe, Public Housing Authority, Indian Housing Authority, Housing Finance Agency or CDA's.
- Agencies that intend to create a CHDO whose primary purpose is the development or management of housing cannot be certified as a CHDO. Examples include builders, contractors, developers, or real estate management firms.

## Contracting

All potential grantees agree that the contracts and agreements set forth by the Department of Administration are non-negotiable for change. If a grantee accepts RHD funding, they are accepting the terms and conditions, as is.

### III. PROJECT REQUIREMENTS

#### UNIT REQUIREMENTS

The HOME Program Guidelines and restrictions stipulated by HUD regulations include rent and income limits. HUD annually publishes HIGH and LOW rent limits, as well as income limits per county or Metropolitan Statistical Area. The HUD published or calculated HOME rent limits are defined to include unit rent and utilities.

Rent limits are published on the hudexchange:

<https://www.hudexchange.info/programs/home/home-rent-limits/>

Income limits are published on the hudexchange:

<https://www.hudexchange.info/programs/home/home-income-limits/>

#### Unit Designations

The DEHCR RHD Program allows for four Unit Category Designations targeted to different income groups.

<b>HIGH</b>
Household gross income not to exceed 60% CMI at initial occupancy. Income Limit: The <b>“60% Limits”</b> from the Adjusted HOME Income Limits. Rent Limit: The rent with utility allowance may not exceed the <b>“HIGH HOME Rent Limit”</b> from HOME Program Rents.
<b>LOW</b>
Household gross income not to exceed 50% CMI at initial occupancy. Income Limit: The <b>“Very Low Income”</b> limit from the Adjusted HOME Income Limits. Rent Limit: The rent with utility allowance may not exceed the <b>“LOW HOME Rent Limit”</b> from HOME Program Rents.
<b>SUB</b>
Household gross income not to exceed 30% CMI at initial occupancy. Income Limit: The <b>“30% Limits”</b> from the Adjusted HOME Income Limits. Rent Limit: The rent with utility allowance may not exceed <b>half of the “65% Rent Limit”</b> from HOME Program Rents.
<b>SRO</b>
This unit designation is special and is rarely used, (see description below). Income Limit: The <b>“30% Limits”</b> from the Adjusted HOME Income Limits. Rent Limit: The rent with utility allowance may not exceed <b>75% of “Fair Market Rent” of the Efficiency (0-bedroom unit)</b> from HOME Program Rents.
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.

**RHD applicants will be required to include a minimum of one 30% CMI unit in their mix of HOME assisted units.** In any single project, 20% of the HOME assisted units must be restricted for persons who initially are at or below 50% CMI. The HOME assisted units fixed in categories of LOW (50%), SUB (30%) or SRO (30%) units shall satisfy this requirement. Identification of “Fixed” HOME units shall occur at Project Completion prior to lease up.

*HUD defines project completion upon completion of construction and before occupancy. The project completion report is due upon construction completion. Lease-up of ALL HOME assisted units is due within 6 months of construction completion. Construction completion date is commonly recognized with the issuance of an occupancy permit from the inspecting jurisdiction.*

## UTILITY ALLOWANCE

If utilities are paid individually by the tenant, the project must determine a utility allowance for each unit size. The maximum rent that a tenant can pay is the HOME maximum minus the utility allowance plus any subsidies. The written lease should indicate the utilities that the tenant and owner are each individually responsible for.

**Note: Until further notice from HUD Headquarters (HUD HQ) continue to use your county’s Public Housing Authority utility allowances.**

In addition, the amount of RHD subsidy that is provided per unit cannot exceed the Section 221(d)(3) limits as published by HUD in 2012 (these are no longer being published on an annual basis).

$$\text{Max Rent} = \text{Tenant Rent} + \text{Utility Allowance (UA)} + \text{Subsidy}$$

## ACCESSIBILITY

HOME Program regulations require all assisted housing to 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
- the Barrier-Free Building Code (WI Stats. SPS 362, et. Seq.).

Mandatory requirements for accessibility features in HOME funded new construction units:

1. Lever-style handles on all interior doors.
2. Bath/kitchen faucets being replaced or initially installed must be single-lever type.
3. Non-skid tub/shower pattern covering 75% of tub/shower floor.
4. All walls within 36” of toilet and in tub/shower area shall have ¾” plywood behind drywall to provide sufficient support for grab bars or other assist devices.
5. Bathtub/shower stalls with offset controls.
6. Low-profile thresholds – ¼” maximum vertical height or ½” maximum beveled at 1:2 are required between ALL interior common areas and in all dwelling unit openings when floor transition height differs.

Universal Design is encouraged.

## REHABILITATION REQUIREMENTS

Acquisition/rehab activity projects must submit a Capital Needs Assessment (CNA) to document that the proposed rehab meets HUD Uniform Physical Condition Standards (UPCS) and to bring

all systems up to a reasonable useful life. If the useful life is not commensurate with the project's affordability period, the budget must show appropriate reserves for their replacement when needed.

**PROJECT VACANCIES (24 CFR Part 100, Subpart M)**

All projects, new construction and acquisition/rehab must adhere to [Affirmative Fair Housing Marketing Plans \(AFHMP\)](#). Grantees must list their project vacancies on the [WIHousingSearch.org](#) website to facilitate with lease-up and to enable renter households to be able to access information about vacant units.

**ENVIRONMENTAL REVIEW ([24 CFR 92.352](#))**

Participants must comply with HUD and State policies regarding the responsibility of conducting environmental reviews on proposed development sites.

## IV. APPLICATION PROCESS

Upon receipt of a completed application package, RHD staff will perform a technical overview to determine the completeness of the application and adherence to threshold requirements. RHD staff will score the application, perform underwriting, Subsidy Layering Review (24 CFR 92.2), a project assessment (24 CFR 92.250(b)) and respond to the applicant with comments and recommendations accordingly. DEHCR RHD Staff will contact applicants if portions of the application need clarification or additional information is needed prior to the State's final decision-making process. A limited amount of time to respond will be provided to resolve any clarifying questions.

It is a necessity for the Environmental Review (separate form) to be submitted for a complete application.

There is an estimated 90-day turnaround time from the date of the application deadline until funding determinations are made by the State.

Following the State's decision-making process either a conditional commitment letter or denial letter will be provided to the applicant. Any and all contingencies must be satisfied prior to executing a contract.

The actual terms of the agreement will be set forth in a contract to be negotiated between State and the Applicant. A limited amount of time will be provided from the date of the conditional commitment letter to satisfy outstanding contingencies, submit additional documents and information needed to develop the contract. In the event of conflict between the language specified in the contract and this handbook or other supporting documents, the provisions in the contract shall take precedence.

**No acquisition, relocation of occupants, rehabilitation or construction of HOME related units may begin prior to the execution of a contract, without written authorization from the State, and prior to the completion of the environmental review process.** The conditional commitment letter does not serve as an authorization to begin project activity. The proposed development must be shovel-ready, construction must begin within 12 months of the date of the signed contract with the State and a first Request for Payment within 6 months of signing the contract.

**Note:** Most projects will require a federally mandated public comment period of 28 to 32 days. No work that includes ground disturbance may begin and funds cannot be released until this period has been completed.

## CRITERIA

In evaluating applications for RHD funds the State will use the following set of threshold criteria:

### APPLICATION THRESHOLD ITEMS:

- All HOME RHD Forms from the HOME RHD Application and applicable attachments.
- **Long Term Financial Viability of Proposed Development:**

- i. Applications must establish that the project will be financially sound, with a 1.05 minimum DCR for a minimum of the HOME affordability period\*\*. Long Term Financial Viability must be documented in a 20-year proforma, including the following assumptions:
    - a. revenues with a maximum 2% annual escalator; expenses with a minimum 3.0% annual escalator.
    - b. reasonable vacancy rates.
    - c. 4-6 months of operating reserve,
    - d. a minimum of 4 months' rent per unit for marketing and lease-up reserve, and
    - e. annual per-unit replacement reserves in the operating budget.

\*\* On a case-by-case basis projects that warrant going below 1.05 DCR in years >12, may still be considered financially sound if the applicant can establish how and why the project will return to a >1.05 DCR within 5 years.
  - ii. Development Budget: document construction costs for new construction, or acquisition/rehab.
    - a. If the applicant is a CHDO requesting CHDO operating funds, submit a separate line item budget showing what those funds will be used for.
  - iii. Capital Needs Assessment (CNA): Acquisition/rehab projects must submit a capital needs assessment (CNA), or detailed inspection with specs to document needed rehab to bring all systems up to reasonable useful life and meet HUD Uniform Physical Condition Standards. The scope of work must ensure property standards and useful life for at least the compliance affordability period.
  - iv. Maximum Cost Model: Applicants should provide documentation that project costs meet the cost guidelines set by WHEDA's Multifamily Maximum Cost Model. Go to <https://www.wheda.com/> and use WHEDA's Appendix F- Maximum Cost Model.
  - v. Audited Financials: Developer and Co-developer must submit the most current year's audited financials.
- Development Team Experience
 

The development team must demonstrate experience of a similar activity in the prior 5 years. This includes:

    - Developer
    - General Contractor
    - Management Company
    - Supportive Services Provider, as applicable to projects with set-aside units should provide relevant experience.
  - CHDO Applicants
    - CHDO Certification
      - Each application must include all documentation to demonstrate the agency is eligible to be CHDO certified.
    - CHDO Role
      - The CHDO role selected by the HOME applicant will serve to evaluate the CHDO capacity to undertake the proposed activity.

- Unique Entity Identifier Number
- Unique Entity Identifier Number for Owner of the proposed HOME assisted activity.
- Debarment Certification
  - Certification of no debarment for each entity (not individuals) involved must accompany the application. Print out page from <https://www.sam.gov/> showing that the entity is not debarred. The SAM system registration may require the tax identification number and other business information.
- W-9
  - The entity that receives funds must complete a W-9. This is the Owner name or the Entity that owns the proposed HOME assisted activity.

### **Market Demand:**

A market study provided by a [WHEDA approved market analyst](#) is required for all HOME-funded rental projects. To demonstrate the demand for the project and all units including not just those units that are designated HOME-assisted. The scope of the assessment should be relative to the project scope.

- At a minimum the assessment should contain:
  - An analysis of local market trends.
  - A clear definition of the market area from whom the buyers or renters can reasonably be expected to be drawn.
  - Analysis of the demand, supply, and competition.
  - The assessment should have been performed less than 12 months prior to the commitment of HOME funds.

### **Department of Financial Institutions Documentation:**

Documentation of [Department of Financial Institutions](#) (DFI) certification of good standing.

### **Readiness to Proceed:**

Documentation of executed option or accepted offer to purchase; zoning appropriate to proposed development; Letter of Intent (LOI) or commitment documentation for all financing/ equity and Match funds must be provided. Commitment documentation is required; any submissions with deficiencies will be denied and suggested to reapply when all items are obtained.

### **Unit Mix:**

- A minimum of one 30% CMI HOME assisted unit and,
- A minimum of 20% of all HOME assisted units at 50% CMI, and
- The balance of units must be available to households at less than or equal to 60% CMI.

### **Visitable**

A project is considered visitable if >50% HOME units are visitable. Documentation of the project's Architect Certification required with the initial application.

DEHCR defines a visitable unit as having all three items below:

1. 32" clear openings in all interior and bathroom doorways,
2. providing at least one accessible means of egress/ingress for each unit and
3. having one bathroom on the first floor of the unit.



**Energy Efficiency and Sustainability**

- Green Building Standards
  - Projects built to meet existing green building standards. HUD requires new construction projects to meet or exceed the 2021 IECC and ASHRAE 90.1-2019. Other "green standards" include: LEED-Certified, Enterprise Green Communities Program, Wisconsin Environmental Initiative's Green Built Home, etc.
  - Documentation of compliance with HUD's [minimum energy standards](#) is required prior to receiving final draw funds. This includes Architect/Builder certification and relevant test results. ([Final Determination Document: 2024-08793 \(89 FR 33112\)](#))
- Energy Star
  - Developments using Energy Star-labeled bathroom fans (exhausted to the outdoors and equipped with humidistat sensor or timer) AND using Energy Star-labeled power vented fans or range hoods (exhausted to the outdoors).
- Resource Conservation
  - Minimum of 20% recycled content material – excluding mechanical equipment and electrical equipment. Architect Certification required with initial application.
  - A minimum of 35% of wood products that are either salvaged wood, engineered materials, and/or Forest Stewardship Council certified wood products and materials.

**Narrowing the Digital Divide Through Installation of Broadband Infrastructure**

Applies to HUD-Funded Rental Housing ([81 FR 92626](#))

- Requires the installation of broadband infrastructure at the time of new construction or substantial rehabilitation of multifamily rental housing that is funded or supported by HUD. This applies to all activities and awards funded by the States RHD program.
- HOME funds may not be used to pay for furniture or equipment for a computer room, even as part of a multifamily assisted rental property.

## V. FEDERAL AND STATE PROGRAM REQUIREMENTS

In the event of conflict between the language specified in the contract and this handbook or other supporting documents, the provisions in the contract regarding federal and state program requirements shall take precedence.

### AFFIRMATIVE FAIR MARKETING HOUSING PLAN (AFHMP) for Multifamily Housing

([24 CFR 92.351](#)) [AFHMP](#) applies to projects with five (5) or more HOME assisted units.

- Maintain and follow the written tenant selection policy.
- Properly determine tenant income eligibility
- Do not refuse to lease to Section 8 Certificate or Voucher holder or households with comparable assistance.
- Leases should be for at least one year.
- Leases do not contain prohibited provisions.
- Termination of tenancy or refusal to renew leases preceded by 30-day notice specifying the grounds for such action.

### AFFIRMATIVE MARKETING

The Department has established the following affirmative marketing policies and procedures that Grantee must adopt with respect to the HOME Agreement contract. These policies and procedures are based upon 24 CFR § 92.351.

1. **Affirmative Marketing Policy.** Good faith and documented efforts shall be made 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.
2. **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 units assisted under HOME. 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. Grantee is required to adopt the following affirmative marketing procedures:
  - a. **Affirmative Marketing Actions.** Grantee must ensure that the public, Grantee's property manager, and likely residents of such units are informed that the Grantee 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.
    - i. The Grantee shall affirmatively market its units by advertising vacant units in local newspapers and using other appropriate methods.
    - ii. The Grantee must provide appropriate notification when any units become vacant.
    - iii. All forms of Program marketing should depict the Equal Housing Opportunity logotype or slogan.

- iv. As part of Grantee's efforts to ensure that available units are affirmatively marketed to persons not likely to apply for such housing, Grantee is encouraged to make HOME information available in non-English languages spoken by minority groups residing in or near the community.
  - v. Grantee is encouraged to distribute marketing materials to area social service agencies that work with minorities, disabled individuals, or other protected class groups.
- b. **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 units assisted with HOME funds and inform Grantees of HOME-assisted units, social service agencies and the general public how these units can be occupied. Record keeping should include the number of people that respond directly to any Program marketing efforts. The number of persons residing in or planning to reside in HOME-assisted units that became aware of the units through local affirmative marketing efforts should be documented.
- c. **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 State may review reports at any time to determine Grantee's compliance with affirmative marketing regulations.

## ANTI-LOBBYING POLICY

All projects must comply with the anti-lobbying legislation ([24 CFR Part 87](#)) which requires the following express language 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 contract, 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 contract, 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 contract, 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".

## DAVIS BACON LABOR STANDARDS ([24 CFR 92.354](#)) for projects with greater than 11 units.

**Good Standing, Debarment or Suspension for Owners of the HOME Assisted Rental Project**

All contractors used in connection with HOME funded projects must be certified to not be presently debarred, suspended, proposed for debarment, and declared ineligible or voluntarily excused from participation from any federally assisted construction projects.

(For details see: [24 CFR Part 24 Appendix B, Executive Order 12549](#))

Pursuant to Section 226 of Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended (NAHA) requires the Participating Jurisdiction (the State) to have a contractual relationship to the owner of the HOME rental project to ensure compliance with the HOME statutory and regulatory requirements. The State 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.

Section 226 of Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended (NAHA) requires the PJ to have a contractual relationship to the owner of the HOME rental project to ensure compliance with the HOME statutory and regulatory requirements. (42 U.S.C. 12756). Specifically, Section 226 requires the State ensure long-term compliance with the HOME statute and provide remedies for breach through both agreements with project owners and other such measures of enforcement of HOME requirements by the State (e.g., deed restrictions, liens on real property, or covenants running with the land). (See 24 CFR 92.504(c); 92.252(e)(ii)). As specified in the HOME statute, these other measures to ensure compliance are in addition to the requirement that the State ensure long-term compliance through binding contractual agreements with project owners. Pursuant to 24 CFR 92.504, the State enters into a written agreement with the project owner to provide the HOME funds for the development or rehabilitation of affordable rental housing and to impose HOME requirements on the project to ensure compliance with the statutory and regulatory provisions. The example of providing HOME funds to an entity that will then lend the HOME funds to the owner entity, the State would not be providing HOME funds to the project owner but rather to an intermediary entity. Even though the entity may impose HOME requirements on the owner entity, the agreement nonetheless violates the HOME statutory requirement to “ensure long-term compliance” through “binding contractual agreements with owners” by providing funds to an entity other than the owner.

### **TENANT DISPLACEMENT, RELOCATION AND ACQUISITION** ([24 CFR 92.353](#))

Potential applicants should carefully consider how their development may be impacted by the Uniform Relocation Act (URA) before making the final decision to apply for HOME funds or to obtain site control of a given property.

In all cases in which a proposed project is either partially or fully occupied, additional information must be completed and submitted concurrently with the application. Stop and contact the State for instructions BEFORE PROCEEDING. The effective date for relocation assistance may be either the date of the application for HOME funds or the date the Applicant or co-owners obtain site control. Relocation expenses could render a viable project infeasible.

Relocation benefits may be triggered under the URA when tenants occupy the property. Some examples of situations that would be considered displacement are (note that this is not an exhaustive list):

- Failure to Inform Tenant in a Timely Manner of the impact of the project on him/her.
- Involuntary Moves if a tenant must move in response to a notice to vacate premises because of impending acquisition and rehabilitation, or demolition.

- 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.

Residential tenants of projects assisted with HOME funds who are required to move temporarily must be provided reimbursement for relocation to suitable, decent, safe, and sanitary housing and given advance written notice of the date and duration of the temporary relocation. Such temporarily relocated residents 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. URA requirements may be applicable in many instances when HOME funds are used.

Participants must comply with State procedures and federal regulations regarding displacement and relocation of households affected by projects using HOME funds.

*(For details see: the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1976 [URA] [49 CFR Part 24], and the Fair Housing Act)*

## **EQUAL OPPORTUNITY AND FAIR HOUSING** <https://www.hud.gov/fairhousing>

## **QUALIFICATION AS AFFORDABLE HOUSING: RENTAL HOUSING** ([24 CFR 92.252](#))

### **INCOME DETERMINATION/CERTIFICATION**

The HOME program has income targeting requirements for the HOME program and for HOME projects. Therefore, each family must be income eligible by determining the family's annual income. See § 92.203.

Owners or Owners Management Agent must initially determine annual income by examining at least 2 months of source documents evidencing annual income (e.g., wage statement, interest statement, unemployment compensation statement) for the family.

Subsequent income determinations during the period of affordability, may use any one of the income calculation methods in accordance with § 92.252(h).

The income of each tenant must be determined initially in accordance with § 92.203(b)(1)(i). In addition, each year during the period of affordability the project owner must re-examine each tenant's annual income in accordance with one of the options in § 92.203(b)(1) selected by the participating jurisdiction. An owner of a multifamily project with an affordability period of ten years or more who re-examines tenant's annual income through a statement and certification in accordance with § 92.203(b)(1)(ii), must examine the income of each tenant, in accordance with § 92.203(b)(1)(i), every sixth year of the affordability period, except that, for units that receive Federal or State project-based rental subsidy, the owner must accept the income determination pursuant to § 92.203(a)(1); and for a Federal tenant-based rental assistance program (e.g. housing choice vouchers, etc.) a participating jurisdiction may accept the income determination pursuant to § 92.203(a)(2). Otherwise, an owner who accepts the tenant's statement and certification in accordance with § 92.203(b)(1)(ii) is not required to examine the income of tenants in multifamily or single-family projects unless there is evidence that the tenant's written statement failed to completely and accurately state information about the family's size or income.

Owners or Owners Management Agent must calculate the annual income of the family by projecting the prevailing rate of income of the family at the time the participating jurisdiction determines that the family is income eligible. Annual income includes income from all persons in the household, except live-in aides, foster children, and foster adults. Income or asset enhancement derived from the HOME-assisted project shall not be considered in calculating annual income. Families may use the certification process in § 5.618 of this title to certify that their net family assets are below the threshold for imputing income used in § 5.609(a)(2) of this title, as applicable. For families living in HOME-assisted rental housing units, any rental assistance provided to the family under a Federal tenant-based rental assistance program or any Federal or State project-based rental subsidy provided to the HOME rental housing unit shall not be counted as tenant income for purposes of determining annual income.

Over Income Tenants:

1. HOME-assisted units continue to qualify as affordable housing despite a 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 92.252 until the noncompliance is corrected.
2. Any tenants who no longer qualify as low-income families must pay as rent the lesser of the amount payable by the tenant under State or local law or 30 percent of the family's adjusted income, except that tenants of HOME-assisted units that have been allocated low-income housing tax credits by a housing credit agency pursuant to section 42 of the Internal Revenue Code of 1986 (26 U.S.C. 42) must pay rent governed by section 42.

## **LEAD-BASED PAINT** ([24 CFR 92.355](#))

## **LEASE AND LEASE PROVISIONS** ([24 CFR 92.253](#))

There must be a written lease between the tenant and the owner of rental housing assisted with HOME funds that is for a period of not less than 1 year, unless by mutual agreement between the tenant and the owner a shorter period is specified. The lease must incorporate the VAWA lease term/addendum required under § 92.359(e), except as otherwise provided by § 92.359(b).

DEHCR requires that one-year leases be utilized unless a request for a shorter term is submitted and approved in advance. Any shorter term must be mutually agreed to with documentation in file.

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

### **Prohibited lease terms.**

The lease may not contain any of the following provisions:

1. 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.
2. 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.

3. 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.
4. Waiver of notice. Agreement of the tenant that the owner may institute a lawsuit without notice to the tenant.
5. 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.
6. Waiver of a jury trial. Agreement by the tenant to waive any right to a trial by jury.
7. 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.
8. 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
9. Mandatory supportive services. Agreement by the tenant (other than a tenant in transitional housing) to accept supportive services that are offered.

Owners/developers must adopt written tenant selection policies and criteria that conform to the HOME regulations. These policies and criteria must be made available to prospective tenant applicants. It is State DEHCR policy, per HUD Final Rule 24 CFR 92.214 (b)(1)(ii) that "nominal" application fees may be charged to prospective tenants to cover costs associated with background checks and other processes necessary to determine a household's eligibility and incurring a cost.

Reasonable late fees may be charged beginning on the 5<sup>th</sup> of the month. If you have questions regarding what is reasonable, please contact RHD staff to discuss your policy.

Termination of tenancy. An owner may not terminate the tenancy or refuse to renew the lease of a tenant of rental housing assisted with HOME funds, except for 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 tenancy, the owner must serve written notice upon the tenant specifying the grounds for the action at least 30 days before the termination of tenancy. This documentation needs to be retained until monitored by RHD Staff.

Per the Final HUD HOME Rule, 2013 transitional housing project leases may include requirements that tenants accept and utilize support services offered as a condition of tenancy. Transitional housing projects are identified within the application and placed into service as such. Conversion to transitional housing within the affordability period is not permitted unless permitted exclusively by DEHCR in writing.

**MATCHING FUNDS REQUIREMENT** ([24 CFR 92.220](#))

Affordable housing developments assisted with HOME funds must demonstrate eligible matching sources. Eligible sources must be permanent, non-federal contributions totaling at least 25% of the project award.

HOME RHD Applicants can list all anticipated eligible match sources (committed and uncommitted) in the application. HOME funds recipients should be prepared to provide, documentation of the MATCH source credit prior to executing a HOME loan contract.

Please note these contributions are specifically prohibited from being recognized as eligible match, this list is not exhaustive and includes contributions from builders, contractors or investors, sweat equity [[§92.220\(b\)\(4\)](#)], owner equity, contributions from applicants/recipients of HOME assistance or involved with HOME-assisted projects. [[§92.220\(b\)\(3\)](#)].

**MAXIMUM PER-UNIT SUBSIDY AND AFFORDABILITY PERIOD** ([24 CFR 92.250](#))

In addition to the maximum amounts based on square footage, HOME-assisted rental units in a development are limited to maximum dollar amounts and must adhere to the [rent](#) and [income](#) limits during the Affordability Compliance Period.

**MINORITY AND WOMEN OWNED BUSINESSES AND EQUAL OPPORTUNITY**

The [Wisconsin Supplier Diversity Program](#) requires proactive attempts to utilize State certified MBE and WBE business, requirements are further delineated in program contracts.

**Equal Opportunity**

Grantees are obligated to ensure that persons with Limited English Proficiency (LEP) have meaningful and equal access to benefits and services. This assistance goes beyond provision of brochures in Spanish, Hmong, or any other language. As some individuals may not read English, or another language, the Grantee must have a mechanism to communicate orally with people with LEP.

Grantees are obligated to ensure that eligible households shall have equal access to benefits and services enumerated in this Agreement without regard to actual or perceived sexual orientation, gender identity, or marital status as stated in 24 CFR § 5.105(a)(2).

**PROPERTY STANDARDS** ([24 CFR 92.251](#) and [24 CFR 92.504\(d\)](#))

All HOME-assisted units must, at a minimum, meet the Uniform Physical Condition Standard (UPCS) and the National Standards for the Physical Inspection of Real Estate (NSPIRE). Any housing newly constructed 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.

**PROPERTY SIZE**

The development size is not limited for the purpose of the HOME RHD application, although it must be consistent with market demand. The size of the development will be considered in reviewing the feasibility of the project.

In multi-family structures it is encouraged, and often necessary, to have units available for a variety of income levels, including market rate. Developments that have mixed incomes are



eligible for HOME funds; however, these funds must be used exclusively for the identified HOME assisted units. The term mixed income used in the application shall mean a development that has a set number of units set aside as the identified HOME units and other units at market rate and/or set aside under other restrictions.

Developments that have mixed uses, incorporating both commercial and residential uses, are permissible; however, HOME RHD funds must be used exclusively for HOME residential units.

### **SECTION 3** ([24 CFR part 135](#))

Section 3 is a provision of the Housing and Urban Development Act of 1968. Section 3 is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

The owner will need to demonstrate and meet the Safe Harbor Section 3 benchmarks set out by HUD. Owners will be considered to have complied with the Section 3 requirements and met the safe harbor, 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 benchmarks. If a recipient agency or contractor does not meet the benchmark requirements but can provide evidence that they have made several qualitative efforts to assist low- and very low-income persons with employment and training opportunities, the recipient or contractor is considered to be in compliance with Section 3

Grantees must keep records demonstrating compliance with Section 3 requirements on a project-level basis. Grantees are required to establish and maintain documentation to demonstrate that workers on Section 3 projects 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 for Labor hours and Section 3 worker Labor hours and documentation from employees or employers certifying that they met the Section 3 worker definitions (see Section VI). Any information that is provided to Division of Housing in aggregate reports must have written documentation demonstrating accuracy of the data. Additionally, grantees must retain documentation that ensures 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. FAQ: <https://www.hud.gov/sites/documents/11SECFQAQS.PDF>

### **TENANT PROTECTIONS AND SELECTION** ([24 CFR 92.253](#))

Owners/managers understand and take the following required steps when an accessible unit becomes vacant, regardless of the status of the waiting list:

- First, offer the unit to a current occupant of the property who might require or benefit from the accessibility feature(s) of the unit.
- Second, offer the unit to an eligible qualified applicant on the waiting list who requires the accessibility feature(s) of the unit; and
- Last, offer the unit to a non-disabled person on the waiting list.
- A non-disabled tenant may rent an accessible unit only when the owner/manager has made all reasonable efforts to attract a tenant with a disability and has followed the above steps.

## VI. COMPLIANCE

### PROJECT DEADLINES

Leasing units at the time of project completion: Lease up within six months; failure to lease units within six (6) months will require the submittal of a marketing plan to the Department identifying a plan for leasing the remaining units within an additional twelve (12) month period. If leases of HOME assisted units are not entered into within eighteen (18) months, HOME funds shall be subject to repayment.

Identification of “Fixed” HOME units, as provided under 24 CFR § 92.252(j), shall occur at Project Completion, as defined under 24 CFR § 92.2, prior to the leasing of such units. Notice of Fixed units shall be provided to the Department in writing at Project Completion utilizing Exhibit “A” to Attachment “A” and will be incorporated into this Agreement in its entirety upon approval and signature by the Department.

A Project Completion Report must be submitted to the Department upon completion of construction and approval by the Department of “Fixed” HOME units.

Upon receipt of the Project Completion Report, the Department will monitor the Project and confirm compliance with the requirements of this Agreement.

Upon approval of the Project Completion Report and satisfactory confirmation that the requirements of this Agreement have been met, a request for the final draw of HOME funds must be submitted to the Department.

### AFFORDABILITY PERIODS

The length of the affordability period depends on the amount of the HOME investment in the property. Throughout the affordability period, the HOME-assisted housing must be occupied by income-eligible households. The affordability period requirements shall be enforced through deed restriction of the assisted property for rental activities.

HOME assistance per unit	Length of affordability period (years)
Under \$15,000	5
\$15,000 to \$39,999	10
\$40,000 and over	15
New Construction	20

Repayment of HOME funds are required if the housing does not meet the affordability requirements as defined in the agreement with the State, mortgage, and the Land Use Restriction Agreement (LURA). Rental project repayment is not prorated, all funds are returned if the project is deemed ineligible.

### DEHCR FORMS DURING CONSTRUCTION AND LEASE-UP

**Activity Set-Up Form** Prior to submission of the first payment request.

**Request for Payment Forms**

Request for Payment Forms (RFP) must be submitted upon each request, along with the required documentation (including pictures for first and last RFP's). This RFP form is created by The Department and is issued prior to the first draw. The required supporting documentation due with each request for payment is detailed within the HOME agreement. Typical elements that are required attachments to the request for payment include owner's certification, architect's certification, general contractor's certification to the itemized list of eligible costs to be reimbursed by the HOME program. See also Program Guide Section VII: COLLECTING PAYMENT, DRAWING DOWN HOME FUNDS

Land Use Restriction Agreement and/or Real Estate Mortgage recordation will occur prior to disbursement of funds.

**Completion Report**

A HOME Program Completion Report must be completed and submitted at the time construction is completed, **prior to lease up**, along with required attachments: identification of HOME assisted units, evidence of Matching funds, and occupancy approval from the relevant jurisdiction, i.e., the occupancy permit or satisfactory code inspection.

Once the HOME Program Completion report is received an onsite inspection will be scheduled.

**REPORTING FORMS****Section 3 Report**

The Section 3 program requires that recipients of certain HUD financial assistance, to the greatest extent feasible, provide job training, employment and contracting opportunities for low or very low-income residents and for low or very low income businesses in connection with projects and activities in their communities as provided under 24 CFR Part 75. Including tracking and reporting on labor hours, per 24 CFR part 75 which sets benchmark criteria for Section 3 compliance, for all workers, i.e., total labor hours, Section 3 workers labor hours and Targeted Section 3 workers labor hours. Section 3 reports must be submitted on a semi-annual basis. Reports for the period October 1 – March 30 and for the period April 1 – September 30 are due by the Grantee upon the Department's request. This is submitted as a combined report with WBE/MBE.

**Equal Opportunity Report (WBE/MBE Report):**

WBE/MBE reports must be submitted on a semi-annual basis. Reports for the period October 1 – March 30 and for the period April 1 – September 30 are due by the Grantee upon the Department's request. This is submitted as a combined report with Section 3.

**The RHD Compliance Data Report Form ([AccessGov](#))**

The compliance report covers the report period from October 1<sup>st</sup> through September 30<sup>th</sup> of each year during the Affordability Compliance Period. The objective of this report is to collect all occupancy and lease-up activity from within the report period. Additionally, this form serves to certify compliance with HOME program rent and income requirements as well as tenant occupancy eligibility. The report is due to be received on or before **December 1** of each year.

Compliance Report: <https://wi.accessgov.com/doa-wi/Forms/Page/housing/rhd-compliance-report/>

### **HOME Rental Housing Development Program In-service Report ([AccessGov](#))**

The HOME Rental Housing Development Program In-service Report will be required each year during the period of affordability, to be received on or before **April 21<sup>st</sup>**. The report shall consist of a combination of financial detail and insurance detail. The financial information is as follows: Project-specific Operating budget for the previous year and Project-specific Operating budget for the current year, as well as audited financials covering the previous 12-month period. The form automatically calculates the project Debt Coverage Ratio (DCR). DCR is calculated by dividing Project's net operating income by the Project's total debt service.

$$\text{Debt Coverage Ratio} = \text{Project's net operating income} / \text{Project's total debt service}$$

The net operating amount used in the calculation should be evident in the financial report, it is recommended to include the DCR calculation on a separate page showing the calculation of the quotient. The insurance information is as follows: Grantees will 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, it is recommended that the In-service report has a copy of the current insurance declaration for the project.

In-Service Report: <https://wi.accessgov.com/doa-wi/Forms/Page/housing/rhd-in-service-report/0>

### **RECORD KEEPING ([24 CFR 85.10\(e\)](#)) and [24 CFR 84.53\(e\)](#)**

The Department, 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 Grantee's premises any directly pertinent records and computer files of the Grantee involving transactions relating to an RHD Agreement. Similarly, the Department 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 Grantee shall provide copies of these materials in the automated format, or such computer file as may be requested by the Department. Such material shall be retained until such time as the Department notifies otherwise.

### **MONITORING (24 CFR 92.504)**

The State or its assigns will continually monitor developments to ensure compliance with HOME regulations and other relevant federal regulations as required by 24 CFR 92.504.

The Grantee shall recognize and accommodate ongoing monitoring of Project processes, documentation, and physical infrastructure. Monitoring shall take the form of submission of scheduled annual reporting, provision of documents upon Department request, and on-site inspections. Any monitoring conducted more frequently than any required minimums shall be conducted at the Department's discretion.

During the period of affordability, ongoing periodic inspections of HOME-assisted rental housing must perform with on-site inspections of HOME-assisted rental housing to determine compliance with the property standards of § 92.251 and to verify the information submitted by the owners in accordance with the requirements of § 92.252. The inspections must be in accordance with the inspection procedures that the participating jurisdiction establishes to meet the inspection requirements of § 92.251. The on-site inspections must occur within 12 months after project completion and at least once every 3 years thereafter during the period of

affordability. On-site inspections are HOME Assisted unit inspections and must be based on a statistically valid sample of units appropriate for the size of the HOME-assisted project, as set forth by HUD through a document published in the Federal Register. For projects with one-to-four HOME-assisted units, all the HOME-assisted units must be inspected and all inspectable areas for each building with HOME-assisted units.

HOME assisted activities that receive physical inspection from WHEDA and that WHEDA physical inspection meets or exceeds the compliance regulation mandated by HOME may be eligible to substitute a Desk Monitoring in lieu of the ongoing, periodic On-Site physical inspection, subject to the discretion of RHD Staff.

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

## TENANT FILES

The Grantee shall maintain a separate file for each tenant that rents an applicable unit under the HOME Agreement contract which shall include: all leases in compliance with 24 CFR § 92.253; annual income certifications and third party verifications; all leases in compliance with Violence Against Women Act (VAWA) 24 CFR § 92.359 and 24 CFR § 92.504(c)(3)(v)(F), applications and third party verifications; letters of complaint and responses; and notices of default and responses.

## PROJECT FILES

The Grantee shall maintain records which document the following:

- The Project is in compliance with applicable property standards.
- Whether the Project is mixed income, mixed use, or both and that the Project complies with the applicable eligibility provisions.
- The race and ethnic heritage of each tenant and each applicant for tenancy, and whether each such household is headed by a man, woman, or both.
- Actions undertaken by the Grantee to meet equal opportunity and fair housing regulations, and the Grantee's outreach to minority owned and female owned businesses, including data indicating the racial/ethnic or gender character of each business entity receiving a contract or a subcontract of \$50,000.00 or more paid or to be paid with proceeds of the Loan, the amount of the contract or subcontract, and documentation of the Grantee's affirmative steps to ensure that minority and women business enterprises have equal opportunity to obtain and compete for contracts and subcontracts as sources of supplies, equipment, construction and services;
- In compliance with affirmative marketing procedures as described in this attachment.
- In compliance with federal and state environmental review requirements.
- In compliance with the requirements of any laws related to relocation and labor standards, including Davis-Bacon Act.

**HOME RHD Monitoring Checklist Form** An example form used to monitor HOME assisted development.

## PROJECT PUBLICITY

DEHCR signage must be posted on all construction sites acknowledging the use of these funds in the project. The logo can be obtained from the [DEHCR website](#). A color picture of the posted

sign on the construction site must be included with the first draw request (electronic or hard copy is acceptable).

DEHCR requests notice of all project related press releases, ground breakings and grand openings, and that HOME RHD assistance funds are recognized in both the print and during on-site events.

## **VII. COLLECTING PAYMENT, DRAWING DOWN HOME FUNDS**

Disbursements may be made upon request by the Grantee. It is the responsibility of the Grantee to ensure requests for disbursements are submitted to the Department of Administration.

Request for the first draw must be made within six (6) months of execution of this Agreement. If a draw is not received within the required time frame, a progress report must be submitted by the Grantee to the Department within thirty (30) days.

Prior to the first disbursement of Funds, Division of Housing RHD Staff shall be furnished with: A written sworn statement from Owner showing the sources and applications of all Funds for the Project, and providing the names and addresses of those with whom Owner has contracted and who will be paid Funds (“Owner’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 contracts, amount paid to date, amounts of current payments and balances due (the “Contractor’s Cost Breakdown”); A “Draw Request” from Owner 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 (“Draw Funds”).

Grantee shall not request disbursement of Loan proceeds until such time funds are needed for reimbursement of eligible costs and expenses incurred during the performance period. All requests for disbursement shall be accompanied by itemized invoices and limited to the amount shown by invoice with supporting documentation as detailed within the HOME agreement.

Until approval of the Project Completion Report and satisfactory completion inspection confirm that contract requirements have been met, 15 percent of the original principal amount of the loan will be retained. A request for the Final Draw of HOME funds must be submitted to the Department upon Project Completion.

Requests for final payment shall be received by the Department within 60 days of the end of the Performance Period.

CHDO Operational support funds draw requests may be made at the same time as activity draw requests. Documentation of the use of operational support funds must be submitted with each request.

Land Use Restriction Agreement and/or Real Estate Mortgage recordation will occur prior to disbursement of funds.

## VIII. LOAN PROCEDURES

Initiation of loan payments is deferred until approximately three years after the date of contract execution. Payments are subject to the existence of surplus cash in the project operating budget as defined in the Mortgage Note. If insufficient surplus cash exists, a request for deferment of loan payment must be submitted one month prior to the payment deadline. A copy of the development's audited financial statement must accompany all requests for deferral as well as WHEDA computations of surplus cash for those projects with WHEDA financing. Partial payments may be required.

If a payment is deferred, the grantee shall incur no additional interest but will be required to pay the full principal amount, including any deferments and unpaid interest, at the time of loan maturity. In the event of conflict between the language specified in the contract and this handbook or other supporting documents, the provisions in the contract regarding loan procedures shall take precedence.

## IX. FORM REFERENCES:

[Application: https://wi.accessgov.com/doa-wi/Forms/Page/housing/rhd-home-app/](https://wi.accessgov.com/doa-wi/Forms/Page/housing/rhd-home-app/)

[Application Reference Guide:](https://energyandhousing.wi.gov/Documents/RHD%20Application%202023%20Reference%20Guide.rev072023.pdf)

<https://energyandhousing.wi.gov/Documents/RHD%20Application%202023%20Reference%20Guide.rev072023.pdf>

[Environmental Review: https://wi.accessgov.com/doa-wi/Forms/Page/housing/home-enviro-review/1](https://wi.accessgov.com/doa-wi/Forms/Page/housing/home-enviro-review/1)

[RHD Activity Set-up Report:](https://energyandhousing.wi.gov/Documents/Housing/RHD/RHD%20Activity%20Set-Up%20Report.docx)

<https://energyandhousing.wi.gov/Documents/Housing/RHD/RHD%20Activity%20Set-Up%20Report.docx>

[RHD In-Service Report \(due annually April 21<sup>st</sup>\): https://wi.accessgov.com/doa-wi/Forms/Page/housing/rhd-in-service-report/0](https://wi.accessgov.com/doa-wi/Forms/Page/housing/rhd-in-service-report/0)

[RHD Compliance Report \(due annually December 1<sup>st</sup>\): https://wi.accessgov.com/doa-wi/Forms/Page/housing/rhd-compliance-report/](https://wi.accessgov.com/doa-wi/Forms/Page/housing/rhd-compliance-report/)