Municipal Building 625 52nd Street – Room 204	***HOME Program Commission Agenda***	**July 21, 2014** **5:00 p.m.**
Alderperson Curt Wilson, Alderperson Anthony Kennedy, Alderperson Dave Paff, Alderperson Kurt Wicklund, Anita Faraone, Ron Frederick and Anderson Lattimore		

Call to Order and Roll Call

Approval of Minutes from April 7, 2014

1. HOME Policies and Procedures – Public Hearing

Public Comments

Commissioner Comments

Staff Comments

Adjournment

Community Development & Inspections
625 52nd Street – Room 308
Kenosha, WI 53140
262.653.4030 phone / 262.653.4045 fax
www.kenosha.org

If you are disabled in need of assistance, please call 262.653.4030 at least 72 hours before this meeting.

Notice is hereby given that a majority of the members of the Common Council may be present at the meeting. Although this may constitute a quorum of the Common Council, the Council will not take any action at this meeting.

Community Development Division 625 52nd Street Kenosha, WI 53140 262.653.4030	HOME Program Commission FACT SHEET	July 21, 2014	Item 1
Home Policies and Procedures – PUBLIC HEARING			

ANALYSIS:

- The Revised 2013 HOME Final Rule was published by HUD on July 24, 2013. The 2013 HOME Final Rule requires that the City of Kenosha develop and follow written policies, procedures, and systems, including a system for assessing risk of activities and projects, and system for monitoring entities, to ensure that HOME requirements are met.

- A series of separate Policies and Procedures have been followed by the City of Kenosha prior to the amendment of the HOME Final Rule. These had been developed by staff and integrated into written agreements such as Tenant-base Rental Assistance, Senior multifamily HOME agreements, and CHDO agreements, as well as contractor agreements for the production of home buyer units. Additional policies, such as home buyer and rental policies were included in the HOME Program Description. Other policies such as the Affirmative Marketing Policy were on file in the Department.

- The HOME Final Rule requires that each Participation Jurisdiction, such as the City of Kenosha, formally adopt a comprehensive document for its governing Policies and Procedures by July 24, 2014. The attached document will meet the requirement.

RECOMMENDATION:

A recommendation is made to approve the attached Policies and Procedures.

Mike Maki, AICP, Community Development Specialist

Jeffrey B. Labahn, Director

/u2/acct/cp/crobynm/Maki/HomeProg-FactElec7-21-14.odt

HOME Policies and Procedures

Kenosha, WI

FY 2014

Adopted July 21, 2014

Table of Contents

Introduction.... 4

Purposes and Goals.... 4

Distribution of Funding.... 5

Definitions.... 5

Application for funds.... 12

Application Timeline.... 12

Allocation.... 12

Maximum Funding Amount.... 13

Eligible Applicants/Sponsors and Capacity.... 13

Joint Applicants.... 14

Eligibility Requirements.... 14

Consolidated Plan.... 14

Disclaimers.... 15

Use of Contractors.... 15

Project Threshold Criteria.... 16

Contributes to Implementation of Strategic Goals of the Consolidated Plan.... 16

Site Control.... 16

Financially Feasible Project.... 16

Project Time Frame.... 16

Leverage of HOME funds.... 16

Evidence and Capacity of Development Team.... 17

General Policies and Procedures.... 18

Minimum Subsidy..... 18
Types of Housing..... 18
Expenditure Time Frames..... 18
Project Maximums..... 19
Rent Limits..... 19
Per Unit Subsidy – Rental..... 19
Homeownership Value Limit..... 19
Section 504 and Fair Housing Act..... 19
Monitoring..... 19
Quarterly Status Reports..... 19
Annual Monitoring..... 19
Payment Requests..... 20
Income Determination and Eligibility..... 20
Record Retention..... 20
General..... 20
Match Requirements..... 21
Affordability Period..... 21
Lead-based Paint..... 22
Useful Life of Major Systems and Capital Needs Assessments..... 22
CHDO..... 23
CHDO Commitment of Funds..... 23
CHDO Certification..... 24
CHDO Policies and Procedures..... 24
Rental Projects..... 25

General Requirements..... 25

Rental Property Standards..... 26

New Construction..... 26

Rehabilitation..... 27

Occupancy..... 27

Tenant Selection..... 28

Fixed/Floating Units..... 28

Rent Restrictions..... 28

Site and Neighborhood Standards..... 29

Project Completion..... 29

Funding Levels..... 29

Homeownership Activities..... 30

Construction/Rehab of Homeownership Units for Resale..... 30

Bid Procedures..... 31

Payment/Release of Funds..... 31

Relocation..... 32

Cost Overruns..... 32

Developer Fees..... 32

Project Completion..... 32

Funding Levels..... 33

Tenant-based Rental Assistance..... 34

Owner Occupied Housing Rehabilitation..... 35

Down Payment Assistance..... 35

2014 HOME Rent Limits..... Appendix 1

Per Unit Subsidy..... Appendix 2

Homeownership Value Limits..... Appendix 3

Affirmative Marketing Policy..... Appendix 4

Subsidy Layering Guidelines & Underwriting Standards..... Appendix 5

CHDO Policies and Procedures..... Appendix 6

TBRA Program Guidelines..... Appendix 7

HOME INVESTMENT PARTNERSHIPS PROGRAM

POLICIES AND PROCEDURES

The City of Kenosha has created the HOME Policies and Procedures manual as a guide to help recipients of HOME Investment Partnership Program funds understand their responsibilities under the program and how the Department of Community Development and Inspections staff views potential/actual projects. However, the information in this manual is not a substitute for federal laws and regulations governing the program. Recipients of funds are responsible for compliance with program requirements. Applicants for HOME program funding are encouraged to familiarize themselves with both this manual and the HOME regulations which can be found on the U.S. Department of Housing & Urban Development's website at:

https://www.onecpd.info/home

The policies and procedures contained in this manual apply to all projects receiving HOME funds through the City of Kenosha. Any violation of the requirements of the HOME program or policies contained within could result in the repayment of HOME funds received by the recipient.

The HOME Program Commission oversees the administration of the HOME program.

These Policies and Procedures will be updated as the HOME program changes in the future or as needed.

Purposes and Goals

INTRODUCTION

The HOME Investment Partnerships Program (HOME) was created under Title II of the National Affordable Housing Act of 1990. The HOME program has been amended several times since then by subsequent legislation, most recently on July 23, 2013. Under the HOME program, the Department of Housing and Urban Development (HUD) allocates funds to Participating Jurisdictions (PJ) to be used to implement housing strategies in accordance with Federal HOME regulations (24 CFR Part 92). The City of Kenosha has been designated as the Participating Jurisdiction (PJ) to receive HOME funds.

Through the use of HOME funds, the City of Kenosha strives to encourage and stimulate neighborhood revitalization. As a HUD designated PJ, the City is charged with the proficient administration of HOME funds. In an effort to increase the efficiency in which HOME funds are utilized and increase the impact of these dollars on our community, the City has developed the following policies and procedures.Purposes and Goals

The intent of the HOME program as established by HUD is to:

- Provide decent, safe, and affordable housing to low-income families, up to 80% of Area Median Income (AMI);
- Expand the capacity of non-profit housing providers;
- Strengthen the ability of state and local governments to provide housing; and
- Leverage private sector participation through public, private and non-profit partnerships to address affordable housing.

HOME funds may be used for the purposes of creating, maintaining and expanding affordable rental and homeownership housing for low income families through the following eligible activities:

- Acquisition (including assistance to homebuyers);
- New construction (including adding additional units to an existing structure);
- Rehabilitation of non-luxury housing with suitable amenities including related costs such as:
    - Property acquisition,
    - Site improvements,
    - Demolition, and

    - Other eligible expenses including financing costs, relocation expenses of any displaced persons, families, businesses, or organizations;
- Down payment and/or Closing Cost assistance;
- Tenant-based rental assistance to eligible households including security deposits;
- Operating expenses of Community Housing Development Organizations (CHDO's).

*All housing supported with HOME funds must be permanent or transitional housing.

** A HOME assisted project that is terminated before completion, either voluntarily or otherwise, constitutes an ineligible activity and will be subject to recapture.

Distribution of Funding

The City of Kenosha distributes HOME funds geographically within its boundaries and among different categories of housing need, according to the priorities of housing need identified in its approved consolidated plan and HOME Program Description. The City of Kenosha only invests HOME funds in eligible projects within its boundaries.

Applications for City of Kenosha Home funds are solicited on a continuous basis, with the exception of CHDO funds, (subject to fund availability) and reviewed competitively. CHDO funds are available on annual basis. Existing CHDO's are required to submit a CHDO Recertification document to the City by April of each calendar year. The City of Kenosha only accepts applications for projects noted as "Eligible HOME Program Activities" in the adopted HOME Program Description. Before committing funds to a project, the City of Kenosha underwrites and evaluates the project and will not invest any more HOME funds, in combination with other governmental assistance, than is necessary to provide affordable housing.

The competitive selection criteria for projects, if applicable, will be published at the time applications are solicited.

Definitions

1. Action Plan: The one-year portion of the Consolidated Plan. It includes the PJ's annual application for HOME funds.
2. Adjusted Income: Adjusted income is annual (gross) income reduced by deductions for dependents, elderly households, medical expenses, handicap assistance expenses and childcare (these are the same adjustment factors used by the Section 8 Program). Adjusted income is used in HOME to compute the actual tenant payment in TBRA programs and the low HOME rent in rental projects in which rents are based on 30% of a family's adjusted gross income.
3. Affordability: The requirements of the HOME Program that relate to the cost of housing both at initial occupancy and over established timeframes, as prescribed in the HOME Final Rule.

Affordability requirements vary depending upon the nature of the HOME assisted activity (i.e., homeownership or rental housing).

4. Annual Income: Annual income as defined in 24 CFR 5.609, referred to as "Part 5 annual income", also known as the rules for determining income under the Section 8 voucher program, or adjusted gross income as defined for the purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual Federal annual tax purposes. Part 5 annual income shall be used for rental and TBRA projects. Adjusted gross income as reported on Form 1040 shall be used for homebuyer, homeowner rehabilitation and down payment assistance programs.

5. Commitment: Commitment means (1) The participating jurisdiction has executed a legally binding written agreement (that includes the date of the signature of each person signing the agreement) with a Community Housing Development Organization (CHDO), subrecipient, or a contractor to use a specific amount of HOME funds to produce affordable housing, provide down payment assistance, or provide tenant-based rental assistance; or has met the requirements to commit to a specific local project, as defined in paragraph (2) of this definition. (See § 92.504(c) for minimum requirements for a written agreement.) An agreement between the participating jurisdiction and a subrecipient that is controlled by the participating jurisdiction (e.g., an agency whose officials or employees are official or employees of the participating jurisdiction) does not constitute a commitment. In addition, and only until October 21, 2013, a properly executed written agreement reserving a specific amount of funds for a CHDO may constitute a commitment. As of October 22, 2013 the requirements for commitment to a specific local project will apply to all CHDO fund commitments.

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

(1) For rehabilitation or new construction projects, the PJ (or other entity) and the project owner will execute an agreement for an identifiable project for which all necessary financing has been secured, a budget and schedule have been established, and underwriting has been completed and under which construction is scheduled to start within 12 months of the agreement date. If the project is owned by the City of Kenosha , the project must be set up in the disbursement and information system and construction reasonably expected to start within 12 months of the set-up date.

(2) If the project consists of acquisition of standard housing by the PJ, the agreement must be a binding contract for the sale of an identifiable property and the property title must be transferred to the PJ (or other entity) within six months of the date of the contract.

(3) If the project involves the acquisition of standard housing and the City of Kenosha is providing HOME funds to a purchaser, under the agreement, the title of the property must be transferred to the purchaser within six months of the agreement date.

(4) If the project consists of TBRA, the City of Kenosha/Subrecipient must enter into a rental assistance contract with the owner or the tenant in accordance with the provisions of 24 CFR Part 92.209.
(5) Note that preliminary or conditional "commitments" may be made, but no funds are considered committed under the rules unless the above conditions have been met.
7. Consolidated Plan: A plan prepared in accordance with the requirements set forth in 24 CFR Part 91 which describes community needs, resources, priorities and proposed activities to be undertaken under certain HUD programs, including HOME.
8. Community Housing Development Organization (CHDO): A private, nonprofit organization that meets a series of qualifications prescribed in the HOME regulations at 24 CFR Part 92.2. The HOME New Rule requires that CHDO's have paid staff with demonstrated capacity appropriate to the CHDO's role (this requirement cannot be met through volunteer, donated staff, shared staff, or board members). A participating jurisdiction must award at least 15 percent of its annual HOME allocation to CHDOs.
9. Draw-Down: The process of requesting and receiving HOME funds. The City of Kenosha draws down funds from a line of credit established by HUD.
10. Final Rule: The Final HOME Rule was published at 24 CFR Part 92 on July 24, 2013 and became effective on August 24, 2013.
11. HOME-Assisted Units: A term that refers to the units within a HOME project for which rent, occupancy and/or resale restrictions apply. The number of units designated as HOME-assisted affects the maximum HOME subsidies that may be provided to a project.
12. HOME Funds: All appropriations for the HOME Program, plus all repayments and interest or other returns on the investment of these funds.
13. HOME Investment Trust Fund: The term given to the two accounts - one at the Federal level and one at the local level - that "hold" the City of Kenosha's HOME funds. The Federal HOME Investment Trust Account is the U.S. Treasury account for each participating jurisdiction. The local HOME Investment Trust Fund account includes repayments of HOME funds, matching contributions and payment of interest or other returns on investment.
14. Household: One or more persons occupying a housing unit.
15. Jurisdiction: A state or unit of general local government.
16. Low-Income Families: Families whose annual incomes do not exceed 80 percent of the median income for the area (adjusted for family size).
17. Match: Match is the City of Kenosha's contribution to the HOME Program – the local, non-Federal contribution to the partnership. The City of Kenosha's match contribution must equal not less than 25 percent of the HOME funds drawn down for projects in that fiscal year.
18. New Construction: The creation of new dwelling units. Any project which includes the creation of new or additional dwelling units in an existing structure is considered new construction.
19. Participating Jurisdiction (PJ): The term given to any state, local government or consortium that has been designated by HUD to administer a HOME Program. HUD designation as a PJ

occurs if a state or local government meets the funding thresholds, notifies HUD that they intend to participate in the program and has a HUD-approved Consolidated Plan.

20. Program Income: Gross income received by the City of Kenosha, a CHDO that does not retain CHDO Proceeds, or a sub recipient directly generated from the use of HOME funds or matching contributions.

21. Project: A site or an entire building or two or more buildings, together with the site or sites on which the building or buildings is located, that are under common ownership, management and financing and are to be assisted with HOME funds, under a commitment by the owner, as a single undertaking. The HOME Final Rule eliminated the requirement that all buildings fall within a four block radius.

22. Project completion: All necessary title transfer requirements and construction work have been performed; the project complies with all HOME requirements; the final draw-down of HOME funds has been disbursed for the project; and the project completion information has been entered in the disbursement and information system established by HUD, except that with respect to rental housing project completion, for the purposes of § 92.502(d) of this part, project completion occurs upon completion of construction and before occupancy. For TBRA, project completion means the final draw-down has been disbursed for the project.

23. Reconstruction (also rehabilitation): The rebuilding, on the same lot, of housing standing on a site at the time of project commitment. Except that housing that was destroyed may be rebuilt on the same lot if HOME funds are committed within 12 months of the date of destruction the number of housing units on the lot may not be changed as part of the reconstruction project, but the number of rooms per unit may change. Reconstruction also includes replacing an existing substandard unit of manufactured housing with a new or standard unit of manufactured housing.

24. State Recipient: State PJs can award their HOME funds to units of local government to run HOME locally. Any unit of local government designated by a state to receive HOME funds is called a "state recipient." The state is responsible for ensuring that HOME funds allocated to state recipients are used in accordance with the HOME regulations and other applicable laws.

25. Sub recipient: A public agency or nonprofit organization selected by the City of Kenosha to administer all or a portion of the City of Kenosha's HOME Program. A public agency or nonprofit organization that receives HOME funds solely as a developer or owner of housing (CHDO) is not a sub recipient.

26. Targeting: Requirements of the HOME Program relating to the income or other characteristics of households that may occupy HOME-assisted units.

27. Tenant-Based Rental Assistance (TBRA): A form of direct rental assistance in which the recipient tenant may move from a dwelling unit with a right to continued assistance. Includes security and utility deposits associated with the rental of dwelling units.

28. Very-Low-Income Families: Families whose annual incomes do not exceed 50 percent of the median income for the area (adjusted for family size).

Policies and Procedures

APPLICATION FOR FUNDS

Application Timeline

The City of Kenosha will accept applications on a continuous basis, unless otherwise noted.

Complete applications must be received in the offices of the Department of Community Development and Inspections. Prior to submitting applications to the Department, applicants are required to discuss the project with Program Staff. Faxed or emailed applications will NOT be accepted.

Three original proposals with original signatures including a hard copy of the required pro forma pages must be submitted to:

City of Kenosha HOME Program
Attention: Mike Maki
625 52nd Street, Room 308
Kenosha, WI 53140

Applications become the property of the City of Kenosha and will not be returned. Inaccurate information contained in an application will disqualify the Applicant from consideration. The Minimum Threshold Requirements for each HOME application are included in the Ranking Criteria. **Applicants who fail to meet any minimum threshold requirement will not be considered for funding.** Minor corrections to applications may be allowed, but applications requiring substantial revision or which are substantially incomplete will not be reviewed or ranked.

Allocation

The amount for eligible activities on an annual basis is 90% of allocated HOME funds after allocating the allowable 10% administrative funding. Up to 90% of Program Income funds may also be used for eligible activities.

A minimum of 15% of the total HOME funds is available exclusively for certified Community Housing Development Organizations (CHDO) performing CHDO eligible activities. Please refer to the CHDO section of these policies to determine an organization's eligibility as a CHDO and also to determine eligible CHDO activities. An additional 5% of the total annual HOME grant funding may be used for CHDO administrative expenses, up to a maximum of $25,000.

Maximum Funding Amount

When allocating funds, HOME considers the total amount of assistance from both public and private sources needed to ensure project feasibility. Applicants are encouraged to request for only the amount of HOME funds needed as gap financing to make the project feasible. Requesting funds for administration is not allowed; however, applicants may request reasonable dollars for developer fees and soft costs in an amount corresponding to the following housing activities. All HOME costs, including soft costs must be tied to specific housing addresses.

- **Eligible Project Related Soft Costs,** as described in 24 CFR 92.206(d), area costs that can be directly tied to an address of the project or individual being assisted. These costs must be reasonable and necessary costs associated with the financing or development (or both) of new construction, rehabilitation, or acquisition of housing assisted with HOME funds. These include the following:
    - Project-specific fees for a HOME-assisted project (such as private lender origination fees, credit reports, fees for title evidence, fees for recordation and filing of legal documents, building permits, attorneys fees, private appraisal fees, and fees for an independent cost estimate);
    - Architectural, engineering, or related professional services required to prepare plans, drawings or specifications of a project;
    - Preparation of work write-ups, work specifications, and cost estimates or review of these items if an owner has had them independently prepared;
    - Construction inspection and oversight;
    - Project document preparation;
    - Costs to process and settle the mortgage financing for a project;
    - Pre-purchase homebuyer counseling for a HOME-assisted homebuyer;
    - Costs to inspect property for compliance with property standards or to conduct a visual assessment for deteriorated paint;
    - Cost of inspection units for the presence of lead hazards or defective paint;
    - Developer fees (limited).

NOTE: Indirect costs are not eligible soft costs.

Applicants should request only the level of funding necessary to carry out their projects and must be in combination with other proposed funding sources, to complete the proposed activities within the contract period.

Eligible Applicants/Sponsors and Capacity

Applicants/Sponsors must have prior experience in developing and managing the type of project they plan to undertake. Applicants/Sponsors must demonstrate that they or their development team has the skills, experience, and capacity needed to develop and operate the

property for a minimum period of affordability. Collaborative efforts with experienced parties and/or experienced development teams will be considered.

The following types of organizations are eligible to apply for funds:

- Non-profit organizations, including Community Housing Development Organizations (CHDO). The CHDO must be certified by the City of Kenosha.
- For profit entities, including individuals, partnership, corporation and limited liability companies.
- City of Kenosha Housing Authority

Joint Applicants

Two or more eligible applicants may submit one application under the following conditions:

- One joint applicant is designated as the Lead Applicant during the term of the HOME project and period of affordability. The lead applicant must accept full responsibility for application submission and for administrative, regulatory, and financial management requirements.

Eligibility Requirements

Applicants, including all entities of a joint application, currently administering a HOME project are eligible to apply for additional HOME funds if:

- The applicant is in compliance with the project implementation schedule contained within its HOME funding agreement with the City for any open HOME-assisted housing project.
- There are no unresolved audit, monitoring, or performance findings for any previous HOME funding allocations to the applicant.
- All projects three years or older are completed and conditionally closed out (have submitted the final draw and may just be awaiting the submittal of demographic information) before applying for additional funds.

Consolidated Plan

HOME program applicants must submit proposals that are consistent with the City's current Consolidated Plan (Con Plan) and HOME Program Description. Before submitting an application, the applicant must review the Con Plan and HOME Program Description (found on the Department of Community Development and Inspections web site, www.kenosha.org/) to ensure that the activities are in conformance with the Plan and Description. Additionally, applicants are required to discuss the project with Program staff prior to submitting an application.

Disclaimers

The City of Kenosha reserves the right to recommend to the HOME Program Commission and Common Council and other other approving bodies to not award all available funds if submitted proposals do not meet the project threshold and evaluation and funding criteria or do not address the program priorities. Funds not allocated during a funding cycle may be awarded during a subsequent application cycle. City of Kenosha also reserves the right to allocate these funds to projects during the course of the year, prior to the next application round.

City of Kenosha reserves the right to reserve and allocate HOME funds to any project. City of Kenosha may deny HOME funds for any project, regardless of the ranking score under the project selection criteria, if applicable, if it determines, in its sole discretion, the project is unacceptable based on, but not limited to the following:

- Negative comments or lack of support from community organization(s) and stakeholder(s), or
- Information that a particular market is saturated with affordable housing projects, or
- The likelihood that the project may not comply with HOME program requirements in a timely manner, or
- The applicant's (including any related party's) lack of or unacceptable prior experience and performance related to compliance with housing assistance or other government-sponsored programs, regardless of type and location.

Use of Contractors

In accordance with federal regulations, HOME funds may not be used to directly or indirectly employ, award contracts to, or otherwise engage the services of any contractor or Suprecipient during any period of debarment, suspension, or placement of ineligibility status.

Project Threshold Criteria

All projects submitted for funding consideration through the HOME Investment Partnership Program must meet the following threshold criteria to be eligible for a funding commitment:

Contributes To Implementation Of Strategic Goals Of The Consolidated Plan

Proposed projects must match one or more of City of Kenosha Funding Priorities as listed in the Consolidated Plan. Applicants must familiarize themselves with the City of Kenosha Consolidated Plan. The current plan will expire December 31, 2014. The new Consolidated Plan is in process and will cover the period of January 1, 2015 – December 31, 2019. All Consolidated Plan currently cover a period of 5 years from the end of the previous Consolidated Plan.

Site Control

For projects that require site control, applicant must have sight control or the opportunity of site control for all properties necessary for project completion. Applicant must provide proof of site control with its application for funding.

Financially Feasible Project

Applicant has submitted a Project Development Pro Forma, which must cover the entire HOME affordability period of the proposed project, that provides evidence of a financially feasible project, evidenced by a complete listing of committed and anticipated funding sources available to the project and a Pro Forma that illustrates reasonable assumptions regarding interest rates, confidence in availability of funds, and evidence of market need. For homeownership projects - cost, sales, and market analysis are required. For rental projects - reasonable rent and operating cost assumptions are required.

If applicant has applied for tax credits from WHEDA, a copy of the WHEDA Subsidy Layering Review should be included with the application.

Project Time Frame

Applicant has submitted a timeline for project completion that makes reasonable assumptions concerning land acquisition and site-preparation, funding cycles and parameters for all funding sources, construction time, sales absorption or rent-up period, and capacity of the development team. An applicant's history in project development/completion will also be considered.

Leverage Of Home Funds

Priority consideration will be given to projects with budgets that require less than 50% of permanent funds from the sum of HOME and CDBG sources. Although projects that serve very low-income households may require higher public subsidies, leveraging other funds with HOME

and CDBG is strongly encouraged. For awarded projects, City of Kenosha will make conditional commitments early in the project development process to assist the developer in seeking funds from other sources.

Commitment of HOME funding (in the form of the signed Funding Agreement) will not occur until all project financing has been secured and a budget and project time frame provided. The Project must also be ready to expend funds within 12 months of project commitment.

Evidence And Capacity Of Development Team

Applicant should have a track record of successful project development, timely completion and projects-in-service or, in the case of a new or emerging developer, evidence of real estate development and project management expertise. Application should indicate what skills and roles the non-profit staff will be assuming and any other members of the project development team.

Note: City of Kenosha is interested in investing HOME Partnership Funding only in viable projects that will provide quality affordable housing in an efficient, and timely manner. Housing developers with minimal development experience are encouraged to partner with experienced developers to enhance their ability to produce and deliver housing efficiently. All applications for HOME funding will be reviewed for tangible evidence that the capacity of the development and construction team is solid. Projects with strong development capability will receive higher consideration for HOME funding.

General Policies and Procedures

Minimum Subsidy

The minimum HOME subsidy for any project is $1,000 per unit in accordance with HOME regulations.

Types Of Housing

HOME funds may be used for the construction or purchase of single-family (one unit) homes, doubles (two units sharing a common wall but owned individually), townhomes, cooperatives, and multi-unit rental apartments. All housing units developed with HOME assistance (homeownership and rental) must be affordable to buyer and renter households earning 80% of Area Median Income (AMI) or below. Construction may be one or a combination of several methods including stick-built, panelized, or modular. Mobile and manufactured homes are not eligible for HOME funding assistance. For the purposes of this manual, the following definitions apply:

- ✓ Stick-Built – a house that is constructed primarily on-site from raw materials. This construction method may utilize some pre-constructed elements such as roof framing.
- ✓ Panelized – a house that is brought to the construction site in pre-built panels (wall sections), assembled on-site, and finished. Panelized houses are stick built houses with some of the components constructed off-site.
- ✓ Modular – a home which is stick-built in modules (two or more boxes) in a factory, transported to the site by truck, and placed on a permanent basement or crawl space foundation by a crane. The modules are bolted together, finished and may also involve on-site additions i.e. porches, garages, and other customization. These houses are essentially the same as stick-built on-site only the majority of the construction is accomplished in a controlled factory environment.
- ✓ Mobile– a house that is fully constructed in a factory on a steel chassis, brought to the site on wheels, but not permanently affixed to a foundation.
- ✓ Manufactured – a house that is fully constructed as a single unit in a factory, brought to the site by truck and placed on a fixed foundation.

Expenditure Time Frames

All HOME funds for a project must be expended within twelve (12) months of project commitment (see information above relative to project commitment). Exceptions may be made by the City of Kenosha HOME program under special circumstances. Projects must be closed out (completion and demographic data submitted) within 90 days of the final HOME request for funds.

PROJECT MAXIMUMS

Rent Limits

For rental projects, HOME rent limits are published each year. The current rent limits can be found in Appendix 1 or accessed at https://onecpd.info/resource-library/home-rent-limits/ .

Per Unit Subsidy – Rental

HUD establishes maximum per unit subsidy, known as the 221(d)3 limits. The maximum per unit subsidy can be found in Appendix 2. HOME funding may not be utilized on projects that exceed these maximum per unit subsidies.

Homeownership Value Limit

HUD establishes, and updates periodically, the maximum allowable value for homeownership housing units. This is the after-rehab value for units that are either acquired or rehabilitated utilizing HOME funding. This is called the Homeownership Value Limes or the 95% limit. Section 92.254(a)(2)(iii) states that two (2) values will be established for the median purchase price/after rehab value. One is for newly constructed housing and one for existing housing. HOME funds may not be utilized on any property that exceeds these values. The current limits can be found in Appendix 3 or accessed at: https://www.onecpd.info/resource/2312/home-maximum-purchase-price-after-rehab-value/ .

SECTION 504 AND FAIR HOUSING ACT

All projects receiving HOME funds must comply with section 504 of the Rehabilitation Act of 1973 and the Fair Housing Act of 1988. It is the applicant's responsibility to become familiar with these legislative acts.

MONITORING

Quarterly Status Reports

Quarterly progress reports must be submitted to the City of Kenosha by the tenth (10th) working day of April, July, October and January. Completion Reports must be given to the City of Kenosha within ninety (90) days of the final draw of funds allocated for a project. Failure to submit reports in a timely manner could result in retention of future funds.

Annual Monitoring

At a minimum, City of Kenosha staff will do a "desk monitoring" all HOME funded projects on an annual basis. Rental Projects, in accordance with the updated 2013 Final Rule, will be monitored a minimum of every 3 years. Construction projects will be monitored more frequently at the discretion of City of Kenosha. Follow-up monitoring and inspections will be completed in accordance with HUD guidelines.

Payment Requests

At a minimum, agencies receiving HOME funding commitments should submit requests for payment on a quarterly basis. Failure to draw funds in a timely manner could result in a reduction of funding. Requests for payment may be made as often as needed (i.e. does not necessarily need to be done by the 1st of the month).

Requests for payment must be on the prescribed City of Kenosha form, or forms acceptable to the City of Kenosha.

Income Determination and Eligibility

Individuals receiving assistance through the HOME program must be determined income eligible using the most current definition of IRS Form 1040 Adjusted Annual Gross Income. Individuals receiving rental assistance must be determined income eligible using the most current definition of the "Part 5" Annual Income as defined at 24 CFR 5.609. An income calculator is available at the HUD website to provide assistance with calculating income. The income determination is the responsibility of the agency providing the assistance, not that of the City of Kenosha. Income re-evaluations for rental projects and Tenant-based Rental Assistance must be completed annually during the affordability period of the project.

Initial income must be verified via third-party documentation. Income must be re- certified annually in accordance with HOME regulations, utilizing third-party documentation every six (6) years. A minimum of two (2) months of income source documentation shall be reviewed when determining income.

Applicant requirements and documentation must be consistent for all participants of a project (i.e. criminal history checks, credit reports, etc.)

Record Retention

All records must be maintained and accessible for a minimum of five (5) years beyond the end of the affordability period.

General

The City of Kenosha will not accept proposals from any applicant having projects that have not commenced that received previous years' City of Kenosha HOME funding commitments.

In the event there is a turnover in agency staff administering any HOME funded project, City of Kenosha must be notified within thirty (30) days in order to provide technical assistance to new and/or reassigned staff to ensure program compliance.

All applications for either homeownership projects containing more than one unit or rental projects, <u>must</u> be accompanied by a 10-year (or longer) operating Pro Forma, as well as, a "Sources and Uses Statement". Applications not containing this information may not be reviewed or funded.

Match Requirements

All projects for HOME assistance must provide a minimum of 25% match.

- Eligible forms of project match include:
  - ✓ Cash contributions from non-federal sources
  - ✓ Participation of Federal Home Loan Bank Affordable Housing Program, Trust Fund, State and other public or private sources
  - ✓ Grants contributing to a below-market interest rate loan
  - ✓ Waived fees for a HOME-eligible project
  - ✓ Donation of real property
  - ✓ Donated labor and/or sweat equity

- Ineligible forms of match include:
  - ✓ Owner equity or investment in a project
  - ✓ Interest rate subsidy attributable to the Federal tax-exemption on financing or Federal tax credits
  - ✓ Cash or other forms of contributions from applicants or recipients of HOME assistance (with the exception of sweat equity).

- Documentation of match must be submitted to the City of Kenosha upon receipt. Agencies must also maintain documentation of match for a minimum of five (5) years after the completion of the project.

Affordability Period

HOME project owners/buyers are required to maintain HOME funded properties as affordable for a minimum affordability period based on the amount of HOME funds spent on the project. The guidelines are as follows:

Under $15,000 per unit	5 years
$15,000 - $40,000 per unit	10 years
Over $40,000	15 years
New construction or acquisition within one year of construction (for rental projects)	20 years

A deed restriction and/or restrictive covenant will be prepared by the City of Kenosha, a sub-recipient, or a CHDO, and must be signed by the owner/buyer. This agreement establishes the occupancy and affordability requirements for the property as well as the owner's obligations to the City of Kenosha. In signing the agreement, the owner agrees to the restrictions on the use of the property set forth in the document. This agreement will then be recorded by the City of Kenosha, its sub-recipient or CHDO, in the office of the Kenosha County Register of Deeds and therefore binds the project owner and all subsequent owners for the full term of the agreement.

If a homebuyer sells the home before the HOME affordability period has expired, the City will re-capture the pro-rated HOME subsidy out of the net available proceeds from the Homeowner. The City and Homeowner will split the net available proceeds up to the amount of the HOME financial assistance to the Homeowner.

Failure to comply with affordability requirements will require repayment of all HOME funds extended to the project by the project sponsor, owner or developer.

Lead-based Paint

Housing that is purchased, rehabilitated or assisted in some way with HOME is subject to the Lead-based Paint Poisoning Prevention Act, the Residential Lead-based Paint Hazard Reduction Act and the implementing regulations for these Acts.

HUD maintains a website for the Office of Healthy Homes and Lead Hazard Control where lead-based paint requirements are described as they apply to HUD programs. The website is located on the main HUD site at www.hud.gov/offices/lead/index.cfm.

Applicants for HOME funds shall discuss acquisition projects where units that are older than 1978 are being purchased with City of Kenosha HOME funds prior to purchase. Lead paint was used in all residential paints prior to 1978.

Testing for lead, an assessment of its presence, and a plan for stabilization or removal will be required if HOME funds are used to acquire pre-1978 units.

Useful Life of Major Systems and Capital Needs Assessments

The 2013 Final Rule requires a Capital Needs Assessment to estimate the useful life of major systems when HOME funds assist a project. To this extent, the City of Kenosha is required to estimate the remaining useful life of majors systems (based on age and current condition). Where it is estimated that the useful life is less than the affordability period, the City through project underwriting is required to ensure that a replacement reserve is established and annual payments made to the replacement reserve are adequate to replace and/or replace major systems when needed. HOME funds are not eligible to fund replacement reserve accounts, but a larger HOME subsidy may be permitted to reduce debt payments and overall operating expenses, allowing a larger share of operating revenue to fund the replacement reserves.

For homeowner acquisition and/or rehabilitation projects and rehabilitation of owner-occupied housing, the City of Kenosha is required to ensure that each major system has a remaining useful life of at least five (5) years at the time of project completion. Major systems with a useful life of less than five years after project completion would be required to be rehabilitated or replaced to meet this requirement.

CHDOs

CHDO

Federal regulations require a minimum of 15% of the annual HOME allocation to the City be set aside for housing projects that are owned, sponsored or developed by CHDOs. A **CHDO** is a non-profit organization that meets a variety of criteria outlined in the HOME regulations. HUD has specific requirements to qualify as the owner, sponsor, or developer.

Rental Housing

- OWNER – A CHDO that is an owner is required to own the HOME project during the development and throughout the period of affordability, and is required to hire a project manager or have a contract with a development contractor to oversee all aspects of the development.
- DEVELOPER – A CHDO that is a developer of rental housing must arrange for the construction financing and is in sole charge of the construction, and must own the HOME-assisted housing throughout the period of affordability.
- SPONSOR – A CHDO that is a sponsor of HOME-assisted rental housing "owns" and "develops" the rental housing project that it agrees to convey to a private non-profit organization at a predetermined time after completion of the development of the project.

Homebuyer Projects

- DEVELOPER – Housing is developed by a CHDO if it is the owner (in fee simple absolute, or long-term ground leases) and developer of new housing that will be constructed or existing substandard housing that is owned or will be acquired by the CHDO and rehabilitated for sale to low-income families, in accordance with 92.254. The CHDO must arrange financing of the project and be in sole charge of the construction.

Sole General Partner

- 24 CFR 92.300(a)(a1) requires that if a CHDO owns a project in partnership, or owns the project through its wholly-owned for-profit or non-profit subsidiary, it must be the managing general partner. This also extends to LLCs.

CHDO Commitment Of Funds

CHDO funds must be committed by City of Kenosha within 24 months of the obligation of HOME funds. Funds may not be committed to a project until all necessary project financing is secured,

a budget and time schedule are established and underwriting and subsidy layering review are completed, as noted in Appendix 5. Construction must commence within 12 months of the project commitment.

The City of Kenosha urges CHDOs, which plan to submit for projects, plan well in advance so that all financing is secured and the budget and time schedule are completed. This ensures that HOME funding may be utilized and that no funds will be withdrawn from the project for lack of being able to move forward and meet the HOME requirements.

The City of Kenosha will not undertake the underwriting and subsidy layering review until all funding has been identified.

The CHDO and City of Kenosha will enter into a written agreement which will stipulate all of the conditions of the HOME funding as well as the legal documents that will need to be signed and/or recorded for the project.

As mentioned above, CHDOs must apply for certification as a City of Kenosha CHDO at the time of project application. It is advisable to begin work on this process prior to application submission as it may take some time for the City to certify.

CHDO Certification

An organization that meets the requirements of a CHDO found at 24 CFR 92.300 may apply for City CHDO Certification. This application must be done at the same time that application for funding is made. City of Kenosha will certify only those organizations applying for CHDO set-aside funding each year. City of Kenosha reserves the right to make the final determination on whether an organization meets all of the requirements of the HOME regulations.

CHDO Policies and Procedures

CHDO Policies and Procedures are reviewed and modified as needed on an annual basis. Those policies and procedures are included as Appendix 6 to these policies.

Rental Projects

HOME funds may be used for acquisition, new construction or rehabilitation of affordable rental housing. Owners of the rental housing may be small property owners, for-profit developers, non-profit housing providers, CHDOs or government agencies. Owners will be "desk monitored" on an annual basis by the City of Kenosha to ensure compliance in occupancy, rent restrictions, affordability requirements, and property standards. Additionally, an on-site inspectiion will be required to be conducted a minimum of once every three (3) years.

General Requirements

- ✓ Funds may not be committed to a project until all necessary project financing is secured, a budget and time schedule are established and underwriting and subsidy layering review (if necessary) are completed, as noted in Appendix 5. Construction must commence within 12 months of the project commitment. Agreements will not be signed until this information has been submitted to and approved by the City of Kenosha.
- ✓ Project records must be maintained by the owner for a minimum of five (5) years beyond the required affordability period.
- ✓ Owners must adopt a written tenant selection policy. A copy of the policy must be on file with the City of Kenosha. Any changes to an existing policy must be provided to the City of Kenosha immediately.
- ✓ Tenant files must be maintained on all HOME units. Files must contain a current lease signed by the tenant, documentation of income, application and household information including family composition, documentation of Section 8 subsidy showing tenant and subsidized portions and documentation of correspondence with tenant, yearly income verifications, as well as any other pertinent information on the tenant (i.e. background/criminal checks, etc.)
- ✓ Third party documentation of income must be verified to determine eligibility prior to family moving in. Income documentation must be no more than three (3) months old.
- ✓ Income must be verified annually to ensure compliance and maintained in the tenant's files. Third-party documentation must be performed every six (6) years.
- ✓ Tenant files must be maintained for a minimum of five (5) years after the tenant vacates the unit.
- ✓ All units must be maintained in compliance with HUD Housing Quality Standards and City of Kenosha Minimum Housing Rehabilitation Standards and/or other governing jurisdiction building codes.

- ✓ Owner must adhere to Equal Opportunity, Affirmative Marketing and Fair Housing (contained within these policies) practices in all marketing efforts, eligibility determinations and other transactions. Owners must solicit applications from persons in the housing market not likely to apply without special outreach efforts. All marketing efforts must be documented.
- ✓ The Equal Housing Opportunity Logo or statement must be used in all written communication and advertising of vacant units and must be displayed in the housing/ rental office.
- ✓ No bidding or contracting may occur prior to written authorization of the City of Kenosha. **Failure to follow these requirements will cause the funding agreement to become void**.
- ✓ Progress inspections will be conducted by the City of Kenosha in order to ensure that work is progressing in a timely manner, that the work is completed in accordance with the codes and construction contract and documents, and to initiate a progress payment. No final payment of HOME funds will be made until all construction is complete and the unit is ready for occupancy.
- ✓ City of Kenosha will monitor the project during the period of affordability. This will include on-site inspections to determine that the unit(s) continues to meet the property standards as well as a monitoring of files as required by HOME regulations. The Owner may be required to pay a fee that will be invoiced to the Owner by the City of Kenosha to cover the cost of on-going monitoring.

PROPERTY STANDARDS

New Construction

All newly constructed rental units must meet the applicable State and Local residential and building codes upon project completion.

All newly constructed rental units must also meet the accessibility requirements of 24 CFR Part 8 (implements Section 504 of the Rehabilitation Act of 1973) and Titles II and II of the Americans with Disabilities Act implemented at 28 CFR Parts 35 and 36, as applicable. Covered multifamily dwellings, (buildings consisting of 4 or more dwelling units if such buildings have one or more elevators; and ground floor dwelling units in other buildings consisting of 4 or more dwelling units) must also meet design and construction requirements at 24 CFR 100.205.

Rehabilitation

City of Kenosha has adopted a modified version of the State of Wisconsin Minimum Housing Rehabilitation Standards as the standard for all rehabilitation work. A copy of these standards is available on the City of Kenosha web site.

Occupancy

Upon initial occupancy, renters must be at or below 50% of the Area Median Income (AMI). If after initial occupancy the family's income increases above 80% AMI, the family may continue to occupy the unit with the stipulation that they pay at least thirty percent (30%) of their adjusted monthly income as rent. An exception is made for units financed with Low Income Housing Tax Credits, in which case tax credit regulations apply.

In rental project of five (5) or more units, at least twenty percent (20%) of the HOME assisted units must be occupied by families with an annual gross income at or below fifty percent (50%) of the AMI. Rents for these units must be at or below the Low HOME rents. The City of Kenosha's current policy is that all HOME assisted units in rental projects are subject to Low HOME rents.

All HOME assisted units must be fully occupied within 18 months of construction/rehab completion. Project completion is specified below. If a unit is not occupied within 18 months, the Owner will be required to repay the HOME funds that have been invested on that unit.

All tenants in HOME assisted units must have a lease that meets all of the requirements of the HOME program.

1. Leases
    a. Lease must be for at least one year
    b. Lease may not contain any of the following provisions:
        i. **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.
        ii. **Treatment of property**: Agreement by the tenant that the owner may seize or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This provision does not apply to disposition of personal property left by a tenant who has vacated a property.
        iii. **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.
        iv. **Waiver of notice**: Agreement of the tenant that the owner may institute a lawsuit without notice to the tenant.

v. **Waiver of legal proceedings**: Agreement of 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.

vi. **Waiver of a jury trial**: Agreement by the tenant to waive any right to a trial by jury.

vii. **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.

viii. **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.

ix. **Mandatory supportive services:** Agreement by the tenant (other than a tenant in transitional housing) to accept supportive services that are offered.

c. Owners may terminate tenancy or refuse to renew a lease upon 30 days' written notice, and only for: serious or repeated violation of the terms and conditions of the lease; violation of applicable federal, state, or local law; completion of the tenancy period for transitional housing or for other good cause in accordance with 24 CFR 92.253(c).

Tenant Selection

The Owner must comply with the Affirmative Marketing Policy (Appendix 4). The Owner must also adopt and follow written tenant selection policies and criteria (24 CFR 92.253 (d)). The Owner must submit the tenant selection policies and criteria to the City of Kenosha with the funding agreement. These policies and criteria must be approved by the City of Kenosha prior to the leasing/renting of any properties.

Fixed/Floating Units

The City of Kenosha has determined that all HOME assisted units will be fixed units. Fixed units require the owner to assign a permanent address to the assisted units. Fixed units will be designated through the Written Agreement and a recorded Land Use Restriction Agreement (LURA).

Rent Restrictions

Owners of HOME projects must keep units affordable to low-income tenants during the entire affordability period. Maximum rent limits are published by HUD annually and distributed to recipients of funds. Current rent limits are contained in Appendix 1. In the event that limits go

below the rate published at the time of contract execution, owners will not be required to lower rents and may retain their current rates.

Owners may request an increase in rent as rent limits change. However, the owners may not change a tenant's rent prior to the expiration date on the lease agreement. Owners must provide tenants at least thirty (30) days notification of rent increases. The City of Kenosha shall review and approve all proposed rent increases.

Site and Neighborhood Standards

New construction rental projects must ensure that the project conforms to the "Site and Neighborhood Standards" as described in 24CFR 983.6(b).

Project Completion

Rental projects are considered complete once construction is completed and the units are ready for occupancy. All HOME units within a rental projects must be rented to an initial occupant within 18 months of project completion. All HOME funding will be required to be repaid to HUD for units not occupied within the 18 month time frame.

All HOME assisted units must be completed within four (4) years of signing the funding agreement between the Owner and the City of Kenosha. Funds expended on units that are not complete within the required 4 years will result in the repayment of all HOME funding to the City of Kenosha for reimbursement to HUD. Funding agreements must be signed within 12 months of the beginning of the program year.

Funding Levels

The minimum amount of funding that can be applied to a HOME assisted unit is $1,000.

The maximum amount of funding that can be applied to a HOME assisted unit is the 221(d)(3) limit as published each year and provided to the City of Kenosha by HUD. The current limit is attached as Appendix 2.

Homeownership Activities

Construction/Rehab of Homeownership Units for Resale

City of Kenosha HOME funds may be utilized by entities for the construction or rehabilitation of units for resale for homeownership to qualified low-income (up to 80% of AMI) individuals and/or families.

- Environmental and historical reviews must be conducted by City of Kenosha on every project. City of Kenosha will notify the agency of documentation needed to complete the review. It is the responsibility of the owner/developer to insure that City of Kenosha has all information necessary to complete the reviews. Environmental and historical reviews will be completed prior to the award of a Grant Agreement. Projects may not commence and funds may not be expended (federal or non-federal) until the review is completed and HUD releases the project.
- Grant agreements will only be signed upon the submission of project timeline and final commitment and proof of all other funding sources.
- Construction plans and/or work specifications must be submitted to City of Kenosha to be reviewed prior to the execution of the HOME Grant Agreement between the City of Kenosha and the owner/developer (non-profit). All plans must be approved prior to commencement of construction. Any changes to the approved plans must be submitted to City of Kenosha for approval.
- Funds may not be committed to a project until all necessary project financing is secured, a budget and time schedule are established and underwriting and subsidy layering review (if necessary) are completed, as noted in Appendix 5. Construction must commence within 12 months of the project commitment. Grant agreements will not be signed until this information has been submitted to and approved by the City of Kenosha.
- The City of Kenosha will not approve a grant agreement until a buyer is pre-approved to purchase the property upon completion.
- HOME Grant Agreements must be signed within fourteen (14) days of the receipt of the funding agreement from the City of Kenosha.
- Construction must begin within three (3) months of plans and/or work specification approval by the City of Kenosha.
- For projects that require acquisition of land or property, the agency may obtain a purchase option agreement in lieu of full ownership. The agreement must state that the

purchase of the property is contingent upon the results of the environmental review and the release of funds by HUD.

- All legal notices and advertisements pertaining to construction of the project must be reviewed by the City of Kenosha prior to publication.
- All new construction projects must meet the federal energy efficiency standards and must meet or exceed building codes as established by City of Kenosha or other governing jurisdiction.
- All rehabilitation projects must meet the City of Kenosha Minimum Housing Rehabilitation Standards adopted by the City of Kenosha and follow all local applicable building codes.
- Construction files must be maintained and accessible for a minimum of five (5) years beyond the affordability period.

Bid Procedures

- All projects, except for CHDO projects, must be sent out for public bid regardless of other funding sources in the project. (Projects involving Low-Income Housing Tax Credit (LIHTC) funding may request a waiver of this requirement.) Bid documents **must** be approved by the City of Kenosha prior to advertisement. Failure to receive prior approval will result the project non-compliance and termination of the funding agreement.
- Bid packets must be available for pickup for a minimum of two (2) weeks.
- Bids must be sealed when submitted to the agency. All bids will be opened by the agency at a pre-designated date and time.
- City of Kenosha staff and all bidders must be notified of date and time of bid opening.
- Normally the lowest, responsive bidder will be awarded the contract. In the event the agency selects a bid other than the lowest, they must submit the bids along with documentation to support the selection to the City of Kenosha for approval. This may or may not be approved by the City of Kenosha.

Payment/Release of funds

- Funds are disbursed on a reimbursement basis. If the Agency is unable to meet the cost of construction and/or services on a reimbursement basis, payment terms must be discussed and approved by City of Kenosha staff prior to construction.
- Agencies must submit one copy of a HOME Request for Payment form along with copies of the invoice from the contractor or service provider. Claims submitted without proper back-up documentation will be returned to the Agency. No faxed copies of the "HOME Request for Payment" form will be accepted. However, a scanned copy with an original signature in blue ink will be accepted.
- The City of Kenosha may hold payment including final payment for the project pending inspection and approval by the City of Kenosha for possible Davis Bacon and all other

federal requirements as well as requirements of the Grant Agreement. The funds will not be released until the City of Kenosha has received and approved all required documentation. All new construction projects must have a *Certificate of Occupancy* from City of Kenosha or other governing jurisdiction. All rehab projects must be inspected by a City of Kenosha housing inspector and have documentation indicating the property complies with building code regulations.

Relocation

- HOME projects must comply with the Uniform Relocation Act (URA) whenever displacement occurs as a direct result of HOME-assisted rehabilitation, demolition or acquisition, including acquisition for homebuyer activities. If the proposed project is occupied at the time of application, contact the City of Kenosha for detailed regulations. Failure to do so may result in disqualification of your application as you may be required to submit notifications as part of your application. It is the expressed policy of City of Kenosha to strictly comply with the URA and to minimize displacement.

Cost Overruns

- Applicants should make every effort to be realistic when developing the construction and development budgets. Construction budgets should be comprehensive and should consider items such as the removal of lead based paint and asbestos, the effect of cost estimating now for work to be performed some months into the future, and contingencies.
- The City of Kenosha does not keep a reserve account for cost overruns. Funds will not be available to pay for cost overruns. Overruns will be the responsibility of the owner or developer. The protocol for payment of HOME funds to the project is:
  - GAP
  - Contingency
  - Developer Fee

Developers Fees

- Developer fees may not exceed 15% of the total project costs. The final payment of Developer fees will be the last funds paid for a project. In the event of cost overruns, developer fees must be used as a contingency fund if no other funds are available.

Project Completion

A Homeownership housing project is considered complete when:

- all necessary title transfer requirements and construction work are complete; and

- the project complies with the property standards under 24 CFR 92.251; and
- the final payment of HOME funds has been disbursed; and
- all project completion data has been submitted to City of Kenosha including demographic information on the homeowner and City of Kenosha has approved and entered the completion data into IDIS (Integrated Disbursement Information System).

Project must be completed within four (4) years of the signing of the Grant Agreement with the City of Kenosha.

The 2013 amended HOME Final Rule requires that all units must be sold within nine (9) months of a certificate of occupancy (6 months for projects funded with 2012 HOME funds). Units not sold within this time frame must be converted to rental units. The City's HOME policy is that homeownership units are preferred over rental units. Therefore, the City will not enter into a grant agreement until a buyer is prequalified, and there are a pool of alternate buyers.

Owner must provide a market study to ensure that the units will be sold within the required time frame, along with documentation of a prequalified buyer and pool of alternate buyers.

Funding Levels

The minimum amount of funding that can be applied to a HOME assisted unit is $1,000.

The maximum amount of funding that can be applied to a HOME assisted unit is determined by the HOME Homeownership Value Limits as published each year and provided to the City of Kenosha by HUD. The current limit is attached as Appendix 3.

Tenant-based Rental Assistance

Eligible costs include the rental assistance and security deposit payments made to provide tenant-based rental assistance for eligible households.

Administration of tenant-based rental assistance is eligible under Administrative Expenses (subject to administrative CAP). In accordance with theJuly 23, 2013 revision of the HOME Final Rule, administrative expenses for conducting unit inspections and determining the income of tenant-based rental assistance applicants or recipients are also eligible for project-related soft costs.

Tenant-based Rental Assistance Program Guidelines are reviewed and modified as needed on an annual basis. These guidelines are included in Appendix 7 to these policies.

Owner Occupied Housing Rehabilitation

The City of Kenosha manages and operates an in-house owner occupied housing rehabilitation program. The program policies and guidelines are reviewed and modified as needed on an annual basis.

The maximum after-rehab value of a property assisted with HOME funds may not exceed the HOME Homeownership Value Limits as published each year by HUD.

Down Payment Assistance

The City of Kenosha, a subrecipient, or a CHDO may provide a Down Payment Assistance Grant to eligible homeubyers through HOME Program funds. The Down Payment Assistance Grant requires the homebuyer to pay a minimum of 25% of the required downpayment amount, or $1000, whichever is greater. The homebuyer will be required to live in the unit for a minimum of five (5) years, or the grant amount will be required to be paid back in full, less a 20% reduction for every year the homebuyer resides in the unit.

The City of Kenosha, a subrecipient, or a CHDO may provide a Down Payment Assistance Grant of up to $5,000 for eligible Veterans Administration loan borrowers. Down payment assistance grants will be a lien filed on the property and will be forgiven provided the homebuyer resides at the property for a period of five (5) years after purchasing the property. Where the homebuyer lives in the unit for less than 5 years, the grant amount will be required to be paid back in full, less a 20% reduction for every year the homebuyer resides in the unit.

Appendix 1

2014 HOME Rent Limits

	Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	6 Bedroom
Low HOME Rent	$610	$653	$783	$905	$1,010	$1,114	$1,218
High HOME Rent	$634	$756	$970	$1,184	$1,301	$1,417	$1,534
For Information Only							
FAIR MARKET RENT	$634	$756	$970	$1,409	$1,476	$1,697	$1,919
50% RENT LIMIT	$610	$653	$783	$905	$1,010	$1,114	$1,218
65% RENT LIMIT	$800	$859	$1,033	$1,184	$1,301	$1,417	$1,534

Appendix 2

Per Unit Subsidy

ELEVATOR TYPE	All Wisconsin Participating Jurisdictions	Basic Limits per No. of Bedrooms				
		0	1	2	3	4+
		$53,264	$61,471	$74,749	$96,700	$106,147
	HCP = 240%	**$128,698**	**$147,530**	**$179,398**	**$232,080**	**$254,753**

Appendix 3

Homeownership Value Limits – FY 2014

		Existing Homes HOME Purchase Price Limit							New Homes HOME Purchase Price Limit						
State	Area Name	1-Unit	2-Unit	3-Unit	4-Unit	Unadjusted Median Value	Years Worth of Sales Data	Number of Sales for Unadjusted Median	1-Unit	2-Unit	3-Unit	4-Unit	Unadjusted Median Value	Years Worth of Sales Data	Number of Sales for Unadjusted Median
WI	Kenosha County, Kenosha County MSA	$138,000	$176,000	$213,000	$264,000	$135,950	1	1,036	$223,000	$285,000	$345,000	$427,000	$234,225	8	132

Appendix 4

Affirmative Marketing Policy

Policy: The City shall use a variety of public service announcements to inform persons of all genders, races, ages, ethnic groups, religious orientation, employment status, sources of income, marital status and sexual orientation of the availability of the housing opportunities made under the HOME Program.

Actions: By virtue of the above policy, the City of Kenosha:

1. Will continue to periodically publish information about programs it is implementing. Such information will include reference to the Affirmative Marketing Policy; Federal, State and local fair housing laws; and contain information on the program and housing units. New programs are introduced to the community through special news releases and as such call attention and impart information about them.

2. Does include in its contractual agreement with sub-recipients in the HOME Program, the requirements of an Affirmative Marketing Policy for a period of time equal to their HOME loan term.

   This policy is to include the following requirements:

   a) Inform the Kenosha Housing Authority (KHA) and those community organizations offering referral services when a unit becomes available.

   b) Maintain a log of all households and applications received for occupancy in vacant units and to assess marketing effectiveness.

   c) Use the Equal Housing Opportunity logo, slogan, or statement in all advertising:

      - Equal Opportunity Logo
      - Slogan: "Equal Housing Opportunity"
      - Statement: "We are pledged to the letter and spirit of US policy for achievement of equal housing opportunity throughout the nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion or national origin."

This information will be provided individually unless the advertisement appears in publication which carries a blanket Equal Opportunity logo, slogan, or statement.

d) Maintain a nondiscriminatory hiring policy.

e) Display the Equal Housing Opportunity logo (in office or where there is a project sign).

3. Requires that in support of the Affirmative Marketing Policy, the sub-recipient makes every effort to solicit applications from persons not likely to apply for the housing without special outreach.

   This shall include in addition to notifying the Kenosha Housing Authority of occurring vacancies, the Kenosha Urban League and any other community organizations the City identifies as providing housing referral services.

4. Review sub-recipient efforts to affirmatively market their units on an annual basis and suggest corrective action for sub-recipients who fail to follow the affirmative marketing requirements.

5. Through the Department of Community Development & Inspections, the City will develop and distribute informative materials through community outlets to aid in the affirmative marketing effort of these units.

Records: As a result of the Affirmative Marketing Policy and the actions outlined above, the City of Kenosha will:

1. document its good faith efforts to inform persons about vacant units and how they can be occupied.

2. Conduct evaluations of assisted units to ensure compliance with the Affirmative Marketing Policy and to determine the policy's impact.

3. Maintain and make available records which will detail affirmative marketing actions by the City of Kenosha. The City also maintains documentation and communication with the Equal Housing and Equal Opportunity Office of the Milwaukee Area HUD office.

4. Maintain and make available the following data from each program-assisted project:

a) The race, family size, gender, and income of households moving into assisted projects.

b) The race, gender family size, and income of any household displaced as a result of program activities.

This data will be reviewed annually or periodically as determined by the City to effectively and efficiently report such information to HUD. This data will be used to assess the program's impact, households benefiting from program activities and the sub-recipients efforts to affirmatively market the assisted units. Any sub-recipient found not marketing the units in an affirmative manner will face actions outlined in this policy.

Affirmative Marketing And Outreach To Minority And Women Owned Businesses Policy

The City of Kenosha shall administer its HOME Program in a manner that will further the purposes of federal, state, and local affirmative marketing and equal opportunity requirements. To that end, the City of Kenosha will:

- Conduct its affirmative marketing and outreach to minority (MBE) and women owned businesses (WBE) in conformance with 24 CFR Part 85.36 (e).
- Compile and utilize a listing of all known MBE;s and WBE's, their capabilities, services, supplies and/or products in the Kenosha area.
- Encourage MBE's and WBE's to participate in the City of Kenosha's HOME Program.
- Require HOME sub-recipients to take affirmative steps to use MBE's and/or WBE's in HOME funded projects.
- Require HOME sub-recipients to maintain appropriate records to document the number and types of contracts and subcontracts it awards, the dollar value of each award, and the gender and ethnic/racial status of the management/ownership of the business.
- Compile an annual record of MBE's and WBE's participating in the HOME Program and conduct an annual review to assess the effectiveness of efforts to encourage participation by minority and women owned businesses.

Appendix 5

Subsidy Layering Review and Underwriting Guidelines:

As described in 24 CFR 92.250, the City of Kenosha is required to:

1. Evaluate subsidy layering and conduct or examine the underwriting of all projects to ensure that the HOME subsidy is not excessive and does not result in an undue or excessive return to the owner; and

2. Assess, at a minimum, the current market demand in the neighborhood in which the project will be located, the experience of the developer, the financial capacity of the developer, and firm financial commitments for the project.

Underwriting capacity does not apply to owner-occupied rehabilitation projects where is assistance is provided as a grant or deferred, forgivable loans to owner-occupants, or to homebuyer assistance projects that do not involve development or rehabilitation of housing, such as downpayment assistance.

Underwriting capacity does apply to owner-occupied rehabilation projects with an amortizing HOME-funded rehabilitation loan.

The City of Kenosha also will not be required to perform neighborhood market analyses or evaluate developer capacity for owner-occupied rehabilitation projects, or projects involving HOME-funded downpayment asssistance, but no HOME-funded delopment.

The City of Kenosha will use the the following types of subsidy layering review before committing HOME program funds to any project:

1. A subsidy layering review produced by HUD, when the source of funding is provided by HUD, and HUD conducts a subsidy layering review;

2. Subsidy layering analysis produced by WHEDA, when Low-Income Housing Tax Credit (LIHTC) is used, and WHEDA conducts an evaluation to determine whether there are excess tax subsidies;

3. A subsidy layering analysis produced by the developer and reviewed by the City of Kenosha in accordance with the guidelines in HUD Notice CPD 98-1

Documentation Needed:

Project Pro Forma including sources and uses of funds statement, operating pro forma (rate of return on equity investment) that covers the entire HOME affordability period of the proposed

project, project development budget along with certification of federal assistance. The pro forma should include achievable rent levels, market vacancies, and operating expenses.

Sources of Funds

a. Commitment letters with all terms and conditions for all mortgages, grants, subordination agreements, bridge (interim) loans and investment tax credits (historical, low-income, if applicable); and
b. If a partnership, a copy of the partnership agreement, which indicates the cash contribution by the general partner(s) and/or limited partner(s)
c. Documentation of owner cash equity and any deferred developer fees

Uses of Funds

- ♋ Earnest money agreement; option or closing statement for land and/or buildings
- ♌ Construction cost estimate including acquisition costs, rehabilitation or new construction costs, financing costs and professional fees
- ♍ Construction contract or preliminary bid(s)
- ♎ Agreements governing the various reserves which are capitalized at closing (to verity that the reserves cannot be withdrawn later as fees or distributions)
- ♏ Appraisal (to substantiate the value of the land and the value of the property after rehabilitation or construction of the structure being built)
- ♐ If low-income tax credits are utilized, documentation on the syndication costs (legal, accounting, tax opinion, etc) from the organization/individual who will syndicate and sell the offering to ensure that the project can support the fees necessary to syndicate/fund the project
- ♑ Supporting documentation for all other costs specified in the Sources/Uses of Funds statement

Certification of Federal Assistance

a. Formal certification concerning any other governmental assistance provided or to be provided to the project – one certification for each funding source
b. If no other governmental assistance, certification to this affect
c. If this changes during the course of the project, the City of Kenosha needs to be informed immediately in the form of a new certification.

Project Development Budget

The City of Kenosha will review the project development budget to determine that the development costs are necessary and “reasonable”. The budget will include all costs associated with the development, regardless of the funding sources.

"Reasonableness" of costs shall be based on the following factors:
1. Cost of comparable projects in the same geographical area;
2. The qualifications of the cost estimators for the various budget line items; and
3. Comparable costs published by recognized industry cost index services.

Underwriting Standards:

City of Kenosha HOME projects will utilize the underwriting criteria as set forth below. Generally underwriting will review the risk analysis of the project including: market risk, developer risk, and project risk. Market risk is defined as the likelihood that the units can be sold. Developer risk is defined as the likelihood that the developer can complete the project on time and budget. Project risk is defined as the adequacy and reasonableness of the costs and sources to complete and sell the project.

1. Developer fees & overhead and any consultant fees may not exceed the sum of:
    a. 15% of total rehabilitation and new construction eligible basis; and
    b. 5% of total acquisition eligible basis; however a fee up to 10% of total acquisition eligible basis will be permitted for projects that require the approval of HUD for the transfer of the property.

2. Limits for Contractor Fee, Contractor Overhead and General Requirements will be calculated as follows:
    c. Contractor Fee = 6% of hard construction costs
    d. Contractor Overhead = 2% of hard construction costs
    e. General Requirements = 6% of hard construction costs.

3. Total soft costs may not exceed 35% of total eligible basis. Total soft costs equal the sum of general requirements, contractor overhead, contractor profit, architectural fees, survey costs, engineering fees, permanent loan fees, cost of tax-exempt bond issuance, taxes, appraisal, market study, environmental report, rent-up/marketing costs, title & recording fees, non-syndication legal fees, accounting fees, developer fees & overhead, consultant fees, organizational fees, and syndication expenses.

Appendix 6

CHDO Policies and Procedures

Community Housing Development Organization (CHDO) Policies & Procedures

- Requirements
- CHDO Set-Aside and CHDO Roles
- Eligible and Ineligible Activities
- How to Apply for CHDO Certification

Department of Community Development & Inspection
625 52nd Street, Room 308
Kenosha, WI 53140
(262) 653-4030

Table of Contents

1. Background 2
2. Purpose 2
3. Regulatory Requirements for CHDO Certification 2
4. Requirements for CHDO Certification 4
5. Organizational Structure Requirements for CHDO Certification 4
6. Experience, Capacity, and Financial Requirements for CHDO Certification 5
7. CHDO Service Area 5
8. CHDO Certification & Recertification 5
9. Project Development Using CHDO Set-Aside 6
10. Eligible and Ineligible Uses of CHDO Set-Aside Funding 7
11. Progress Reporting 9
12. Additional Requirements and Affordability Period 10
13. Process for Drawing of CHDO Funds 11
14. CHDO Proceeds 11
15. CHDO Procurement 11
16. How to Apply for CHDO Certification 11

City of Kenosha
Community Housing Development Organizations (CHDO) Procedures Manual

1. Background

The HOME Investment Partnerships (HOME) Program was established under Title II of the National Affordable Housing Act. The purpose of HOME funding is:

A. To expand the supply of:

- Decent, affordable housing
- Nonprofit housing providers

B. To strengthen:

- Ability of state and local governments to provide housing
- Public-private partnership

The HOME program is administered through the U.S. Department of Housing and Urban Development (HUD). The City of Kenosha, as a participating jurisdiction (PJ), receives funds under the HOME Program. HUD HOME regulations require PJs to set aside 15% of their HOME allocation for Community Housing Development Organizations (CHDOs). The CHDO funds can be obtained by organizations that have a qualified project without match requirements.

2. Purpose

A CHDO is a private, non-profit, community based organization whose primary purpose is to develop affordable housing for the community it serves. The CHDO either has staff or has a contract with an organization that has staff with the capacity to develop affordable housing. The contracted organization must have a written plan for training the CHDO's staff.

3. Regulatory Requirements for CHDO Certification

The U.S. Department of Housing and Urban Development has established standard criteria for organizations to be eligible for CHDO certification.

A. Organized under State/Local Law: The nonprofit organization must show their articles of incorporation as evidence of being organized under State of Wisconsin law.

B. IRS Nonprofit Status: Organizations must have a 501(c)3 non profit status of exemption letter of certification from the Internal Revenue Service (IRS).

C. Purpose of Affordable Housing: Providing decent and affordable housing must be the organization's primary purpose. This is evidenced by the organization's By-laws or Articles of Incorporation.

D. Benefit No Individual: No part of the CHDO's profits may benefit any members, founders, contributors, or individuals. This requirement must be evidenced in the Articles of Incorporation.

E. Service Area: The organization must have a clearly defined geographic service area.

F. Board Representation: The board of directors must contain no more than 1/3 representation from the public sector and a minimum of 1/3 representation from the low-income community it serves.

G. For-Profit Sponsorship: CHDOs may be sponsored by for-profits; however, the CHDO cannot be controlled by the for-profit and must be free to contract for goods and services. The primary purpose of the for-profit cannot be housing ownership/management as evidenced by the for-profit's Articles of Incorporation.

H. Low-Income Input: A formal process that is described in the By-laws or Resolutions, has been established and implemented for low-income program beneficiaries from the organization's service area to advise the organization in all of its decisions regarding design, location, development and management of affordable housing.

I. Capacity and Experience: Key staff and board members must have significant experience and capacity to carry out CHDO eligible HOME-assisted projects in the community where it intends to develop affordable housing as evidenced by resumes. Capacity can also be demonstrated by contracts with consulting firms or individuals who have successfully completed projects similar to those to be assisted with CHDO funds. The consulting firms or individuals must have written plans detailing the training of CHDO personnel.

The 2012 HOME Appropriation requires that CHDO's have paid staff in order to satisfy the CHDO Development Capacity. Per the 2012 HOME Appropriation, paid staff can be satisfied through full or part time staff, independent contractors, shared staff and/or donated staff. The 2013 HOME Final Rule requires that paid staff be directly employed through the CHDO, through independent contractors, or through consultants (during the first year as a CHDO).

J. Serving the Community: A minimum of one year of relative experience serving within the City of Kenosha must be demonstrated. The experience may be demonstrated through letters of community support, written statement of organization's community activities, Articles of Incorporation, Bylaws, or similar documents..

K. Accounting Standards: The organization must meet and adhere to financial accountability standards found in 24 CFR 84.21.

L. Organizations having revenues in **excess** of $300,000 **MUST** submit an audit performed by a Certified Public Accountant, along with their most recently filed IRS Form 990.

Organizations having income **less** than $300,000 **MUST** submit the organization's most recently filed IRS Form 990, along with the items from either (**a**) **or** (**b**):

a) A set of Basic Financial Statements, which MUST include the industry equivalent of a "Balance Sheet", "Statement of Cash Flows", "Income Statement" and the "Notes to the Financial Statements". These must have been certified as official financials and evidenced by a copy of the board minutes showing that they were presented and accepted as official financial statements by the entity's board or governing body.

OR

b) A compiled set of Basic Financial Statements, along with a letter that the compilation was performed in accordance with American Institute of Certified Public Accountants' industry standards. The compilation must include the industry's equivalent of the "Balance Sheet",

"Statement of Cash Flows", "Income Statement" and the "Notes to the Financial Statements".

NOTE: Audit or Certified Financial Statements must be completed in accordance with generally accepted accounting principles and prepared during the last fiscal year.

4. City of Kenosha Requirements for CHDO Certification

In addition to the regulatory requirements from HUD, the Consortium has established additional criteria for CHDO certification. The organization must:

A. Maintain a record of good standing with the Wisconsin Department of Revenue;

B. Maintain a record of good standing with the City of Kenosha.

The criterion above is not all-inclusive and City of Kenosha may require additional information prior to determining CHDO certification. Meeting the above requirements does not guarantee CHDO certification and City of Kenosha reserves the right to deny or revoke CHDO certification based on its evaluation of the nonprofit organization's performance.

5. Organizational Structure Requirements for CHDO Certifications

HUD has established organizational structure requirements for CHDOs to ensure that the governing board is not controlled by influence from outside the community it serves. These requirements are also designed to ensure that the CHDO is capable of decisions and actions to serve the community needs.

The requirements relating to the organization's board must be evidenced in the organization's Articles of Incorporation or By-Laws.

A. Low Income Representation: At least one-third of the organization's board must be representatives of the low-income community the CHDO serves. To meet the 1/3 minimum requirement, the organization's board could consist of either:

- Residents that live in the low-income community where 51% or more of the residents are low-income. The persons need not be low income;
- Residents of the community who are qualified as low-income (below 80% of the median income); or
- Elected representatives of low-income neighborhood organizations.

The CHDO is required to certify the status of all low-income representatives and the low-income Board representation should be included in the CHDO's By-laws, Charter or Articles of Incorporation.

B. Public Sector Limitations: A CHDO may be chartered by state or local government, however restrictions apply. Only one-third or less of the organization's board may be representatives of the public sector, including elected public officials, appointees of elected public officials or employees of City of Kenosha, as discussed in the CHDO's By-laws, Charter or Articles of Incorporation. If a person qualifies as a low-income representative and a public sector representative, the role of public sector

representative supersedes their residency or income status. This person would therefore count toward the one-third public sector limitation.

C. Low Income Advisory Process: The CHDO must provide a formal process for low-income program beneficiaries to advise the CHDO on design, location of sites, development and management of affordable housing. This process must be described in the CHDO's By-laws or Resolutions. Each project the CHDO undertakes should allow for the potential program beneficiaries to provide input on the project from start to finish. This may be accomplished by creating a project advisory committee for each project located in the areas the project will serve. Proof of low-income beneficiary input will be required at the CHDO's annual recertification.

D. For-Profit Limitations: If a CHDO is sponsored by a for-profit, the for-profit may not appoint more than one-third of the board, as evidenced by the CHDO's By-laws, Charter or Articles of Incorporation. Board members appointed by the for-profit may not appoint the remaining two-thirds of the board members.

6. Experience, Capacity and Financial Accountability Requirements for CHDO Certification

Organizations must demonstrate sufficient experience, capacity and financial accountability to be certified as a CHDO.

A. Experience and Capacity: CHDOs must demonstrate a history of serving the community in which the housing activities will take place. This can be demonstrated by providing:

- A statement that documents one year of experience serving the community, or
- A statement that a parent organization (if applicable) has at least one year experience serving the community.

B. Financial Accountability: CHDOs must have financial accountability standards that conform to the requirements detailed in 24 CFR 82.21, "Standards for Financial Management Systems". This can be evidenced by a notarized statement by a Certified Public Accountant or the Chief Financial Officer of the CHDO to certify the organization's financial system is in compliance with financial accountability standards of 24 CFR 82.21.

7. CHDO Service Area

The City of Kenosha CHDO service area shall include the entire City of Kenosha.

CHDOs will be required to provide updates on how active and visible their organization's contributions are to the community or communities they are serving.

8. CHDO Certification & Recertification

The City of Kenosha may accept new CHDO applications throughout the year, provided funding is available.. As part of the certification process, the City shall review the organization's structure, Board make-up, service area, experience and capacity (as described above) to assess the organization's ability to carry out a HOME funded project utilizing the required guidelines.

In addition to certification, the City of Kenosha also has the responsibility of recertifying CHDOs. Non-profit organizations may experience transitions in board composition and management. Charters or by-laws may be amended at any given time. After the initial certification, the City will re-certify CHDOs annually to keep all information current and verify that the organization still satisfies the criteria to be designated a CHDO.

In order to maintain CHDO status, the CHDO must re-apply on an annual basis during the annual recertification period. The CHDO annual re-certification period begins April 1st of each year. Upon review of completed re-certification applications and applicable documents, the CHDO will be certified upon approval by the City thru March 31, of the following year. If the re-certification application and applicable documents are not received by April 1st, the CHDO will need to complete a new certification application. Failure to submit an application for re-certification may cause the CHDO certification to expire and the organization will be ineligible for CHDO set-aside funds.

If the organization is not recertified, it is not eligible to receive any funds and/or services reserved for CHDOs until such time as the organization is able to prove to the satisfaction of the City of Kenosha that they still meet all of the criteria necessary to obtain CHDO certification.

The status of the CHDO certification will be verified by City of Kenosha prior to awarding either CHDO Set-aside or CHDO Operating funds.

9. Project Development Using CHDO Set-Aside

The HOME requirements in 24 CFR Part 92.300 require the City to set aside at least 15 percent of its annual HOME allocation for projects owned, developed or sponsored by CHDOs.

A certified CHDO must be an owner, developer or sponsor of a HOME-eligible project to use CHDO set-aside funds. A CHDO may serve in one of these roles or in a combination of roles, such as being owner and developer.

A. CHDO as Owner: As owner, the CHDO holds valid legal title or has a long-term leasehold investment to the property (99 year minimum). The CHDO may be an owner with one or more individuals, corporations, partnerships or other legal entities. However, the CHDO must be the managing general partner with effective control (decision making authority) of the property.

The CHDO may be both owner and developer of its own project.

B. CHDO as Developer: A CHDO is a developer when the CHDO owns the property and develops the project or has contractual obligations to the property owner to develop the project.

If the *CHDO owns* the property, it must rehabilitate or construct the project.

- *HOME Assisted Homebuyer Projects*
  CHDO transfers title of the property and the HOME obligations to an eligible homebuyer within a specific timeframe of the project.

If the CHDO *does not* own the property, it must have a contractual obligation to the property owner to obtain financing and rehabilitate or construct the property. All risks and rewards are assumed by the CHDO under this agreement. A written contract between the CHDO and the property owner must specify the CHDO's obligations.

If the CHDO develops the project for an owner according to a written agreement with the City, the CHDO is acting as a Subrecipient. Organizations receiving funds as subrecipients cannot use funds from the 15 percent CHDO set-aside for that particular project.

C. CHDO as Sponsor: CHDOs may sponsor homebuyer projects.

For HOME-assisted homebuyer projects – The CHDO is a sponsor when it owns the property and shifts responsibility to a second nonprofit at a specified time in the development process. The following requirements apply:

- HOME funds must be invested in the project owned by the CHDO, and
- The second nonprofit must acquire the completed units or complete the rehabilitation or construction of the property.

Upon completion of the project, the second nonprofit is required to transfer the property, along with all HOME obligations, to a HOME-qualified homebuyer.

D. CHDOs as Developers or Sponsors: The CHDO developer and sponsor roles are similar. In both, the CHDO assumes the principle project development activities, like acquisition, financing, construction management, and assembling a development team to complete the project; however, as developer, the CHDO need not own the property. As sponsor, the CHDO must own the property, in whole or in part, and shift the responsibility to another nonprofit at a specified time in the development process. The transfer could occur, for example, at the:

- Initiation of construction;
- Completion of construction; or
- Issuance of the certificate of occupancy.

The CHDO will be required to describe and justify its role in project applications to the City. Such description will be reviewed and approved by the City prior to allocation of any CHDO set-aside funds.

10. Eligible and Ineligible Uses of CHDO Set-Aside Funds

A. Eligible Activities – Owners, Sponsors, and Developers: A CHDO acting as owner, sponsor or developer may use the 15 percent CHDO set-aside for the following activities:

- Acquisition and/or rehabilitation of homebuyer property;
- New construction of homebuyer property; and
- Direct financial assistance to homebuyers of HOME-assisted property developed or sponsored by the CHDO.

CHDO set-aside HOME funds must be used during the construction or rehabilitation of the property.

B. Ineligible CHDO Activities - Ineligible uses of the HOME CHDO set-aside are:

- Homeowner rehabilitation;
- Tenant-based rental assistance (TBRA); and
- Downpayment and/or closing cost assistance to purchasers of housing not developed with HOME CHDO funds.

C. Operating Assistance - Up to 5 percent of the City's HOME allocation may be used to provide funds for CHDO operating assistance, up to a maximum of $25,000, as permitted through the HOME Program Description. This allocation does not count toward the 15 percent set-aside funds used by CHDOs for projects. To be eligible for CHDO operating assistance, the CHDO must submit a funding application for a CHDO-eligible project.

CHDO operating assistance, as noted through the HOME Final Rule may not exceed whichever is greater:

- $50,000 each fiscal year, or
- Fifty percent (50%) of CHDO's total annual operating expenses for that year.

A certified copy of the CHDO's most recent operating budget must be submitted for review by the City, to determine the amount of assistance. Operating funds are provided on a year-by-year basis provided funds are available and the organization has acceptable performance in the community. CHDOs applying for operating funds must be prepared to submit detailed project plans. Operating assistance is provided on a performance basis in accordance with the project submitted.

Consideration will be given to organizations that are starting out and need a target area plan. The Planning section can help develop the plan and funding will be provided to the CHDO based on progress toward the plan.

The City reserves the right to delay payment of CHDO Operating funds if it is evident that the CHDO project is experiencing delays.

The City reserves the right to reduce the amount of or not award operating assistance based on its evaluation of the CHDO's production, overall performance, responsiveness and/or need.

Eligible operating expenses are:

- Salaries, wages, benefits, and other employee compensation;
- Rent and utilities;
- Communication costs;
- Taxes and insurance; and
- Equipment, materials, and supplies.

The provision of CHDO operating assistance is to nurture successful CHDOs. The City will periodically evaluate the performance of any CHDO wishing to receive CHDO Operating funds.

D. Pre-development Loans: Cannot exceed 10 percent of the funding amount reserved as CHDO Set-aside funds.

The City has established a one year deferred balloon pre-development loan. Loans for pre-development costs are available to certified CHDOs to ensure access to funds for upfront, eligible project expenditures. The pre-development loan is only available to CHDOs with current CHDO certification by the City. Eligible CHDOs requesting a pre-development loan must submit a funding application for a CHDO-eligible project, evidence the need for such pre-development loan, and detail the payback process.

The maximum pre-development loan award is $20,000, or 10% of the CHDO Set-aside, whichever is less, for pre-development activities at a zero percent interest rate. The pre-development loan is amortized as a one year deferred balloon note. The term of the one year deferred balloon note is as follows:

12 months of deferred payments

11 months of amortized payments

24th month, final payment and balance due

The City reserves the right to make changes as required to loan terms requested, based on an analysis of project feasibility.

Eligible Costs for Pre-development Loans

* Market study
* Architect fees (plans and specifications)
* Legal
* Appraisals
* Site control expenses (Permits)
* Engineering studies
* Title clearance costs
* Consultation fees
* Zoning approval
* Cost of preliminary financial application

All costs must be related to a qualified HOME eligible project in order to be eligible to receive the pre-development loan option.

Prohibited Costs

- Pre-development loans may not be used to pay CHDO staff or administrative costs.
- Cost associated with any non HOME eligible projects.
- Cost associated with projects other than specified on funding application.

All pre-development loans must be repaid from construction loan proceeds or other project income. Pre-development loans contain a special provision allowing for the forgiveness of loan obligation if there are impediments to project development, permanent financing cannot be secured or other documented information indicates the project is not feasible, as determined by the City.

11. Progress Reporting

To document progress and be eligible for CHDO operating funds, the CHDO must provide quarterly progress reports coinciding with the quarterly draw requests for CHDO Operating funds.

The CHDO must submit the quarterly progress report and include:

A. The status of the current funded CHDO project.

B. A description of what the receipt of the CHDO Operating funds has enabled the CHDO to accomplish along with a detailed narrative of specific uses of the CHDO Operating funds.

C. A report on the community involvement and participation in the CHDO with regard to beneficiaries of the projects as well as partner organizations and other entities involved in serving low-and moderate-income households.

D. A listing of activities and involvements of the board of directors in planning and development of CHDO projects.

E. A description of the ongoing development of its staff and board of directors; i.e., trainings completed, certifications achieved, recognition awarded, etc.

12. Additional Requirements and Affordability Period

A. Additional Requirements. In order to be eligible to receive operating assistance, CHDOs must also meet the following requirements:

- Demonstrate increasing production goals and/or expansion of its services to the community.
- Submit a copy of its annual audit. Document resolved compliance findings on any funded projects in a timely manner. If a compliance finding is noted, it must be resolved before the next CHDO Operating funds draw. The finding and resolution must be detailed in the quarterly progress report.

B. Affordability Period. To ensure affordable housing over the long term, the HUD HOME program imposes occupancy requirements. For current Median Family Income limits, please see the HUD website at www.hud.gov.

The length of the affordability period depends on the amount of the HOME investment and the nature of the activity.

Activity	HOME Assistance Per-Unit	Minimum Affordability Period
Rehabilitation /or Acquisition of Existing Housing or New Construction Single Family Homes	$15,000/unit	5 Years
	$15,000 - $40,000/unit	10 Years
	>40,000/unit	15 Years

13. Process for Drawing of CHDO Set-aside Funds

CHDO Set-aside funds are awarded on a calendar year basis. Draw requests for eligible expenses can be made on a monthly reimbursement basis or the CHDO may submit invoices directly to the City for payment. In the case of reimbursement, the CHDO must first expend the funds and then request reimbursement from the Department of Community Development and Inspections for approval. For example, the CHDO may submit a request for reimbursement in April for expenses incurred and paid in March.

14. CHDO Proceeds

City of Kenosha may choose to allow a CHDO to retain proceeds. To be eligible for CHDO proceeds retention, the use of CHDO proceeds must be negotiated and incorporated into the CHDO written agreement.

Proceeds are funds resulting from:

- Permanent financing of a CHDO project used to pay off a CHDO-financed construction loan;
- The sale of CHDO-developed homeownership housing to a homeowner or a second non-profit; and
- Interest and principle payments from a loan to buyer of CHDO-developed homeownership housing.

15. CHDO Procurement

CHDOs are not subject to requirements of 24 CFR, Part 84 in regard to procurement of goods and services. This exemption is for CHDO-funded projects only; CHDOs must still follow appropriate procurement procedures that are compliant with Part 84 for their non-CHDO projects. The City may request a copy of the CHDO's procurement policy for any non-CHDO project.

16. How to Apply for City of Kenosha CHDO Certification

- Complete the City of Kenosha CHDO Certification Application.
- Include all requested attachments, documentations and forms.
- Mail or hand-deliver the application and attachments to the address below. Fax or e-mail copies are not acceptable.

City of Kenosha
c/o Department of Community Development & Inspection
625 52nd Street, Room 308
Kenosha, WI 53140

Appendix 7

Tenant-based Rental Assistance Program Guidelines

City of Kenosha
HOME Tenant-Based Rental Assistance (TBRA)
Program Guidelines

1. GENERAL PROGRAM INFORMATION:

The City of Kenosha has allocated HOME Program funding to support a HOME Tenant-Based Rental Assistance (HOME TBRA) Housing Assistance Program for households meeting the Eligibility Requirements identified below.

2. ELIGIBLE HOUSEHOLDS/TARGET POPULATION:

Eligible households for the HOME TBRA program must have adjusted household income below 50% of Kenosha County Median income adjusted for their family size.

Additionally, assistance through the HOME TBRA Program will be restricted to City of Kenosha residents and the following special needs groups that are currently on the Section 8 Waiting List:

A. Elderly with disabilities household;

B. Elderly Veteran household; and

C. Elderly (no disabilities) household

3. GRANTEE ACTION PLAN:

The local Grantee Agency will be responsible for completing a Grantee Action Plan ("Plan") that is responsive to local needs and priorities and that establishes appropriate affirmative outreach, referral and participant selection policies. The Plan must be submitted in the format prescribed by City of Kenosha.

To ensure compliance with HOME rules and regulations, the Plan requires City of Kenosha approval **prior to implementation**. Once approved, amendments to the Plan can be initiated by the Grantee, but must be submitted to and approved in writing by, City of Kenosha **prior to implementation**.

4. PARTICIPANT ELIGIBILITY CERTIFICATION BY GRANTEE:

In order to receive HOME TBRA funds, the Grantee must commit to providing continuing outreach and Self Sufficiency program support to the participating households to support success in achieving and maintaining housing stability within a two-year period.

5. GENERAL ADMINISTRATIVE STRUCTURE:

A. The Grantees program must provide and document appropriate supportive services and administrative support to administer the HOME TBRA funds.

B. The Grantee will maintain primary responsibility for all issues of consumer management, housing placement, tenant-landlord relations, housing unit initial and annual inspections, assurance of all necessary certifications/verifications and program accountability and documentation.

C. The Grantee will have a written Memorandum of Understanding with other service providers pertinent to provision of long-term support for tenants when that support is essential to the implementation of the Grantee Plan.

6. ADMINISTRATIVE COSTS:

HOME funds may be used to pay for reasonable planning and administrative expenses associated with operating a TBRA program. Such expenses are subject to the HOME 10 percent (10%) limitation on administrative costs. The 2013 HOME Final Rule also allows administrative costs related to determining the income of tenant-based rental assistance applicants or recipients, and conducting unit inspections as project-related soft costs.

General management, oversight, and coordination are administrative costs. They include staff salaries, wages and other costs related to executing HOME TBRA activities.

Other examples of eligible administrative costs:

- Data collection/reporting
- Program planning
- Form development

7. INCOME LIMITS, DEFINITION OF ANNUAL / ADJUSTED INCOME AND VERIFICATION REQUIREMENTS:

A. Income limits are established by household size and revised annually by the U. S. Department of Housing and Urban Development (HUD). In order to be eligible, program participants' total Gross Annual Income must be at or below the applicable income limit as defined by Grantee.

B. Income must be verified with a third party before assistance is provided and re-examined at least annually thereafter. Gross and Adjusted Annual Income are calculated using the Section 8 definitions of income and allowances.

1. Income Limit at Admission: Household Gross Annual Income must be at or below 50 percent of the area median income.

2. Income Limit after Admission: Assistance must be terminated if the household's Gross Annual Income goes above 80 percent (Lower Income Limit) of the area

median income at the end of one year of participation. The owner and the family must receive at least 30 days written notice of the termination.

8. FAMILY CONTRIBUTION, MINIMUM FAMILY CONTRIBUTION AND MAXIMUM TBRA SUBSIDY:

A. ***Family Contribution:*** Participating households must pay 30% of Adjusted Monthly Income towards rent and utilities.

B. ***Minimum Family Contribution:*** Zero (i.e., family reports no income – 30% x $0 = $0)

C. ***Maximum TBRA Subsidy:*** The TBRA subsidy may not exceed the difference between the established HOME Rent Standard and Family Contribution identified above. The HOME Rent Standard is the same as the KHA's Section 8 Housing Choice Voucher Program Payment Standard.

9. OUTREACH TO ELIGIBLE HOUSEHOLDS:

The Grantee will utilize its existing Section 8 Waiting List for TBRA. At such time as when all Eligible Households, as defined in Section 2, are exhausted, the Grantee shall implement the following outreach policy.

The Grantee has an obligation to ensure that information about the program reaches the broadest possible range of potentially qualified applicants. To further fair housing objectives, the Grantee should identify those households 'least likely to apply' and determine what special outreach activities will ensure that this population is fully informed about the program.

HOME TBRA must be affirmatively marketed to all qualifying members of the target population and/or special needs group identified in the Plan. To ensure that program access is not limited to a particular facility's or program's clients, the Grantee's marketing approach must be included in the Plan and must address: (1) *how* the program will be announced (i.e., identify specific outreach and marketing strategies); (2) *where and for how long* applications will be taken (i.e., at one site or more); (3) *when* applications will be accepted (i.e., daily, during normal working hours or extended hours, for a specific time period, etc.); and (4) the method for taking applications (i.e., in person, by mail).

10. WRITTEN TENANT SELECTION POLICY:

Each Grantee must have a written tenant selection policy that clearly specifies how families will be selected to receive assistance. The tenant selection policy must be clearly identified in the Plan. Participation (admission to the waiting list and receipt of program benefits) may be restricted to persons/households who are residents within the grantee's identified target population so long as basic fair housing requirements are met.

If admission is restricted (targeted), the assistance must be available to all persons

who fall into the target population identified in the Plan. **Access to the waiting list and subsequent rental assistance cannot be limited to a particular service provider agency or service program.** It can, however, be targeted to a particular category or class (i.e., households participating in transitional housing, homeless households, Family Self Sufficiency Program services, etc.). Although participants may be required to obtain services required to live independently, they must be free to choose where those services are provided.

Requiring Continued Participation in Support Services:

If HOME TBRA Housing Assistance is targeted to participants requiring support services (i.e., Family Self Sufficiency Program, Case management, Mental Health or AODA services etc.), continued participation in those services may be a condition for continued receipt of HOME TBRA assistance if it is:

1. Stated in the Grantee Action Plan, Tenant Selection Plan and any other such program and marketing materials;

2. Directly related to the strategy for serving persons with special needs;

3. Applied to all participants (depending on their needs); and

4. Stated in any agreement between the program and the participant.

11. USING A WAITING LIST:

The demand for rental assistance is far greater than available resources. The Grantee will maintain the names of all applicants who are apparently eligible on the waiting list. As a result, a waiting list must be maintained to ensure that households are selected for assistance in a fair and equitable manner. Applicants who are determined ineligible must be notified in writing of this decision and offered the opportunity to appeal the decision (see section entitled 'Denying and Terminating Assistance' below for more details).

The Grantee has several options regarding maintenance of the waiting list. Therefore, the Grantee Action Plan must identify how the waiting list will be created, if reopened, and maintained. Identified below are several options the Grantee may want to consider when establishing its waiting list procedures:

1. Order in which assistance is offered (i.e., approved preference selection policy based on aggregate needs, local residency preference, first come-first served; lottery, etc.)

2. Length and time of waiting list (i.e., maintain list for a fixed period of time such as 6 months and then start over; accept applications for a fixed period of time and do not open again until all eligible applicants receive assistance; continuously take applications; etc.)

3. Severity or intensity of need

The Grantee must document the date on which assistance was offered to all households to verify that the order of selection is consistent with the waiting list. The offer date must be recorded and placed in the applicant's file.

Effect of HOME TBRA on Households Status on Section 8 Waiting List: The HOME statute requires that HOME TBRA recipients who have also applied for Section 8 assistance (either project or tenant based) retain, for the purpose of the Section 8 waiting list, any tenant selection preference for which they qualified at the time HOME TBRA was provided. This policy enables households to receive HOME TBRA without jeopardizing the opportunity to receive Section 8 assistance.

Households on the Kenosha Housing Authority's Section 8 Waiting List when selected for HOME TBRA Program must remain in their place on the waiting list while receiving the HOME TBRA.

12. PROHIBITION AGAINST DUPLICATIVE RENTAL ASSISTANCE:

Participating households cannot receive HOME TBRA if they are receiving rental assistance under another Federal, state or local rental assistance program **IF** the HOME subsidy would result in duplication of subsidies. However, if another rental subsidy program does not provide assistance sufficient to lower a tenant's rental payment to 30 percent of their monthly adjusted income, HOME TBRA could be provided as supplemental assistance to further reduce the tenant's rent payment to 30 percent of monthly adjusted income.

13. INELIGIBLE USES OF TBRA ASSISTANCE:

TBRA **cannot** be used to:

- Make commitments to specific owners for specific units/projects. Tenants must be free to use the assistance in any eligible unit;
- Assist resident owners of cooperative housing that qualifies as home ownership housing. TBRA may, however, be used by a tenant who is renting from a cooperative unit owner;
- Prevent displacement of, or provide relocation assistance to, tenants as a result of activities other than the HOME Program.
- Provide TBRA to homeless persons for overnight or temporary shelter. The HOME TBRA subsidy must be sufficient to enable the homeless person to rent a transitional or permanent housing unit that meets Housing Quality Standards (HQS) and City of Kenosha Property Maintenance Code Standards.

14. RENTAL UNITS OWNED BY GRANTEE OR SUB-GRANTEE (i.e. Other Participating Program Partner):

The assisted unit **cannot** be owned by the Grantee or other partner agencies **unless an exception is approved in writing by City of Kenosha**. In order to be considered for an exception, the Grantee must submit a written request to City of Kenosha. The request must, at a minimum, include the following information:

- An explanation why the exception is necessary/appropriate; **and**
- A rent reasonableness analysis on a form prescribed by City of Kenosha to demonstrate cost effectiveness; **and**
- Documentation of adequate outreach to owners so as not to limit access; **and**
- Assurance that occupancy of the unit is not a 'requirement' placed on the participating household and that they have a free choice of units.

15. RENT STANDARDS:

1). Payment Standards

HOME Payment Standards are per HUD Notice: CPD 96-07.

For each unit size, the rent standard may not be less than 80% of the published Section 8 Existing Housing fair market rent (FMR) in effect when the Grantee adopts its rent standard amount.

For each unit size, the rent standard may not be more than the FMR or HUD-approved community -wide exception rent (discussed below) in effect when the Grantee adopts its rent standard amount.

For not more than 20% of the total number of units assisted in their TBRA program, the Grantee may approve, on a unit-by-unit basis, a subsidy based on a rent standard that exceeds the applicable FMR by up to ten percent (10%).

2). Contractor and Tenant Rent Contributions

The maximum amount of subsidy the Grantee may provide to a family is the difference between 30% of the family's monthly adjusted income and the payment standard established by the Grantee for the size of unit the family will occupy. The Grantee contribution toward rent may vary each year because the family relocates, the rent on the unit increases or decreases, or the family's income changes.

The Grantee also must establish a minimum tenant rent contribution. If the Grantee is assisting a tenant with a very low-income, that contribution may be minimal.

16. UTILITY ALLOWANCE SCHEDULE – ADJUSTING FOR TENANT-PAID UTILITIES:

Utility Allowance Schedules are used to estimate the average cost of utilities for typical types of housing (single family, duplex/townhouse, apartment, etc.) and for various utilities (natural gas, propane, electricity, etc.). Telephone and cable/dish TV are not considered utilities for this purpose.

The household's contribution is intended to cover both rent and utilities. If all utilities are included in the rent, the household's entire contribution goes to the owner. However, this is rarely the case. Most tenants are responsible for payment of at least some utilities and in some instances may receive a Utility Reimbursement.

Grantee Utility Allowance Schedule:

1. Use local Public Housing Agency's Section 8 HOME Program TBRA Voucher Program Utility Schedule.

Below are two examples (with and without a Utility Reimbursement):

Example #1 – No Utility Reimbursement

Assumptions:

Monthly Adjusted Income = $1000
Total Tenant Contribution = $300 ($1000 X .30)
Rent for Unit = $575
Utility Allowance = $75 (gas & electricity)
Gross Rent = $650 ($575 + $75) – Note this is higher than the Rent Standard
Rent Standard = $600
Maximum Subsidy = $300 ($600 Rent Standard - $300 Total Tenant Contribution)

Calculating Subsidy Payment:

$600 - Lesser of Rent Standard or Gross Rent
($300) – Total Tenant Contribution (30% of Monthly Adjusted Income)
$300 - Subsidy Payment

Calculating Tenant Rent to Owner:

$575 – Rent to Owner
($300) – Subsidy Payment
$275 – **Tenant Rent to Owner

****Note:** Tenant is also responsible for paying gas and electricity

Example #2 – Includes a Utility Reimbursement to Tenant

If the Gross Rent (Rent to Owner + Utility Allowance) for the unit is less that the Rent Standard **AND** the Total Tenant Contribution is less than the Utility Allowance, a Utility Reimbursement may occur (NOTE: both of these conditions must exist in order to have a Utility Reimbursement).

Assumptions:

Monthly Adjusted Income = $167
Total Tenant Contribution = $50 ($167 X .30) – Note this is less than the Utility Allow.
Rent for Unit = $500
Utility Allowance = $75 (gas & electricity)
Gross Rent = $575 ($500 + $75) – Note this is less than the Rent Standard
Rent Standard = $600
Maximum Subsidy = $550 ($600 Rent Standard - $50 Total Tenant Contribution)

Calculating Subsidy Payment:

$575 - Lesser of Rent Standard or Gross Rent
($ 50) – Total Tenant Contribution (30% of Monthly Adjusted Income)

$525 - Total Subsidy Payment (TSP)
($500) – Rent to Owner (If Less than TSP Balance is UR to Tenant)
$ 25 – Utility Reimbursement to Tenant

Calculating Tenant Rent to Owner:

$500 – Rent to Owner
($500) – Subsidy Payment to Owner (Lesser of Rent to Owner or TSP)
$ 0 – Tenant Rent to Owner

Tenant is responsible for paying gas and electricity and will receive $25/month toward the expense.

17. OUTREACH TO PROSPECTIVE OWNERS:

The willingness of owners to participate in the HOME TBRA program significantly affects the options and opportunities available to HOME Program TBRA Voucher holders. Grantees should conduct outreach to owners of rental property to stimulate their interest in the program. Mailing program notices to owners using tax or PHA records as sources, and participating in meetings of owner and landlord associations are often effective outreach methods.

Many owners will use the Section 8 program as their frame of reference. Grantee staff should be prepared to describe how the HOME TBRA program is similar to, and different from, the Section 8 Program.

18. UTILITY DEPOSITS:

Utility deposit assistance may be provided in conjunction with the TBRA or a security deposit program.

19. STATE AND LOCAL RENTAL LAWS:

As an advocate for participating households, the Grantee must have a thorough understanding of state and local rental laws. A copy of ATCP 134 Residential Rental Practices is attached for your information.

The booklet entitled "*The Wisconsin Way, A Guide for Landlords and Tenants",* is designed to provide a basic explanation of what happens when a rental agreement is made. It serves as a helpful and informative reference tool concerning the rights and responsibilities of both the tenant and owner. A copy of *"The Wisconsin Way" Guide* is provided to each Grantee for their information and use.

20. NONREFUNDABLE FEES, SECURITY DEPOSITS AND INVENTORY CHECKLISTS:

A. ***Nonrefundable Fees*.**

Nonrefundable fees **cannot** be paid from TBRA program funds.

There may be charges in addition to the security deposit at the time tenancy begins. These charges may be reasonable and nonrefundable, such as a cleaning charge or fee for wall washing, carpet cleaning, drapery cleaning, etc. A cleaning fee does not negate the obligation of the tenant to maintain the unit in a normal sanitary manner. These nonrefundable fees or charges are separate items from the security deposit and, as such, are not covered by the security deposit law.

B. ***Using Program Funds to Pay for Security Deposits*.**

TBRA funds **may be** used to provide security deposit payments. A security deposit may be provided only **once** to any participating household. Whether or not the deposit is paid by the household or from program funds, **the deposit must be returned to the tenant**.

The Grantee must identify its specific policies regarding payment of security deposits in its Plan submitted to, and approved by, City of Kenosha. The Grantee's policy must provide for consistent treatment of all program participants (i.e., cannot be based on individual need – must either provide for all households or no households).

C. ***General Information on Security Deposits*.**

A security deposit includes any money the tenant gives the owner beyond the first month's rent (except for specifically stated nonrefundable fees), whether or not the owner defines the money as a security deposit. Wisconsin law does not limit the amount of a security deposit. Anything paid to the landlord over one month's rent is considered to be a security deposit.

The Administrative Rule ATCP 134.06 is quite specific about the procedures governing deposits. This law assigns tenant and owner responsibilities the moment the lease is signed or a unit is occupied; knowing and following the procedures from the start prevents misunderstandings. It is important that the Grantee fully understands and assists the tenant in following the required procedures.*)*

D. ***Inventory Checklists and Major Tenant Responsibilities Regarding Security Deposits*:**

In order to protect the deposit and assure its return (whether or not program funds are used), the Grantee should assist the household to understand their responsibilities as summarized below:

1. Complete an Inventory Checklist at the start of occupancy (within seven days of moving in);
2. Give the owner a forwarding address within four days after moving out. If the tenant does not do this, the right to an itemized list of damages from the owner is forfeited. However, this requirement only applies if the owner has informed the tenant of this requirement in writing within 14

days after the tenant has moved in;

3. Respond **in writing**, if he or she disputes the charges against the security deposit within 7 days of receipt of notice. It is a good practice to retain some type of proof of mailing.
4. Has a right to the refund of the security deposit if the owner does not send a list of damages within 30 days from the end of occupancy and does not file the case within 45 days from the end of occupancy.

21. GRANTEE LEASE REVIEW:

The Grantee must review the owner's lease to assure that it does not include any prohibited lease provisions. The easiest way to accomplish this is to use the required Lease Addendum that nullifies any such provisions that exist in the owner's lease. This eliminates the need for an in-depth legal review of the owner's lease. In addition, the Lease Addendum includes key HOME program requirements that are not routinely included in private sector leases. To this end, the Lease Addendum provided by City of Kenosha is required for all HOME TBRA-assisted units. The lease under the HOME TBRA may not contain any of the following terms per 24 CFR 92.253(b) listed below:

1. 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. 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. In that case, the owner may dispose of this personal property in accordance with state law.

3. Agreement by the tenant not to hold the owner or the owner's agents legally responsible for any action or the failure to act, whether intentional or negligent.

4. Agreement of the tenant that the owner may institute a lawsuit without notice to the tenant.

5. 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. Agreement by the tenant to waive any right to a trial by jury.

7. Agreement by the tenant to waive the tenant's right to appeal or to otherwise challenge in court a decision in connection with the lease.

8. Agreement by the tenant to pay attorney 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.

22. TERM OF LEASE:

A. ***Minimum Lease Term:*** The initial term of the assisted lease should be for not less than 1 year or 12 months **(unless by mutual agreement between the tenant and owner)**.

B. ***Maximum Lease Term:*** No more than 2 years or 24 months.

C. ***Notice to Terminate:*** The Lease Agreement must require at least 30 days written notice to terminate.

23. TERM OF HOUSING ASSISTANCE CONTRACT (Maximum Allowable Term is Two (2) Years or Twenty-Four (24) Months:

The term of the TBRA Housing Assistance Contract (the Contract) runs in conjunction with the term of the Lease (cannot exceed 2 years or 24 months). The Contract automatically terminates on the last day of the term of the Lease. The Lease and Contract term may be renewed based on the availability of funds but must end no later than the end date on the HOME TBRA Contract between the Grantee and City of Kenosha. If a Grantee continues to administer a TBRA program and has available funds, assistance on behalf of an individual household **can be extended** under subsequent contracts.

24. TERMINATION OF TENANCY:

The Owner may evict the Tenant following applicable state and local laws.

City of Kenosha has established the following minimum standards outlining when participating owners may terminate tenancy or refuse to renew a new lease. These minimum standards are included in the Lease Addendum to the Lease Agreement between the owner and participant and the corresponding Housing Assistance Contract between the owner and the Grantee.

During the term of the lease, the owner may only terminate the tenancy because of:

a. Serious or repeated violation of the lease;
b. Violation of Federal, State, or local law that imposes obligations on the tenant in connection with the occupancy or use of the unit and the premises;
c. Criminal activity; or
d. Other good cause.

Owners must comply with all state and local laws. **Other requirements should only be imposed if the Grantee has a specific reason for intervening in the tenant-landlord relationship**. For example, since TBRA assistance is being used in conjunction with some other program (i.e., self-sufficiency, life-skills, etc.) in which the Grantee is providing additional counseling or support, the Grantee may want to consider requiring the owner to notify the Grantee **BEFORE** taking any termination

action. At a minimum, the owner must provide the tenant with at least 30 days' written notice of the termination. The owner must notify the Grantee in writing when eviction proceedings are begun. This may be done by providing the Grantee with a copy of the required notice to the tenant.

The Grantee's Plan must identify how termination of tenancy will affect the participant's TBRA assistance. For example, if the household is evicted for cause, the Grantee's policy must identify whether assistance will also be terminated or whether the tenant may receive assistance in another unit.

25. ELIGIBLE UNITS:

TBRA participants may select units that are privately-owned. TBRA may not be provided to a family who proposes to rent a unit that receives project-based rental assistance through Federal, state or local programs, **IF** the HOME assistance would provide a duplicative subsidy (see 'Prohibition Against Duplicative Subsidy' above for more details). Under certain circumstances, City of Kenosha may approve an exception allowing the participant to self-select a unit owned by the Grantee or other participating agency. (See 'Rental Units Owned by Agency Participating in the Continuum' above for more details.)

26. RENT REASONABLENESS:

TBRA assisted units must rent for a reasonable amount, compared to rents charged for comparable, unassisted units. Grantees must document the basis for their rent reasonableness determinations on a form prescribed by City of Kenosha. The prescribed form provides a rent analysis for three (3) comparable unassisted units. Key components of a comparability analysis include:

a. Location in Community: In many markets location is the key determinant of housing price (i.e., good/safe neighborhood, close to schools/bus routes, etc.).
b. Size: Only units of comparable size (both in terms of number of bedrooms and square footage) should be used.
c. Rent for Unit: Amount of rent being charged by owner
d. Utilities Included: Consider the type and fuel source of utilities.
e. Condition: Only units in similar condition should be compared.
f. Amenities: Consider such amenities as garage, appliances and lot size.

27. HOUSING QUALITY STANDARDS (HQS) & CITY OF KENOSHA PROPERTY MAINTENANCE CODE REQUIREMENTS:

TBRA assisted units must meet Section 8 Housing Quality Standards (HQS) and City of Kenosha Property Maintenance Code requirements. The unit must pass an HQS/Property Maintenance Code Inspection prior to the effective date of the initial Housing Assistance Contract and corresponding lease executed and annually during the length of the TBRA assistance.

If a unit fails to pass an HQS/Property Maintenance Code inspection, the owner must be notified in writing of the specific deficiencies and the necessary corrective action. Owners should be given a reasonable period of time (i.e., 24 hours for emergency conditions or 30 days for less serious conditions) to correct the deficiencies.

28. OCCUPANCY STANDARDS/SUBSIDY ISSUANCE SIZE DETERMINATION:

City of Kenosha has developed occupancy standards that comply with HQS requirements and specify how the number of bedrooms needed by the household will be determined as related to both: (1) determining the appropriateness of the actual unit size; and (2) calculating amount of TBRA rental assistance. **The following basic standards can be modified to take into consideration specific household composition and circumstances (i.e., pending child custody cases, chronic illnesses, family member who is absent most of the time, etc.).**

A. ***General Issuance Size/Occupancy Standard Policy (i.e., criteria used to determine size of Housing HOME Program TBRA Voucher and adequacy of actual unit):***

1. No more than two persons are required (or should) occupy a bedroom;
2. Persons of different generations (i.e., grandparents, parents, children), persons of the opposite sex (other than spouses/couples) and unrelated adults are not required to share a bedroom;
3. Children of the same sex (regardless of age) and couples living as husband and wife (whether or not legally married) must share the same bedroom for purpose of assigning the bedroom size on housing HOME Program TBRA Voucher;
4. Unborn child may be considered for purpose of assigning the bedroom size on housing HOME Program TBRA Voucher.
5. A live-in care attendant who is not a member of the family is not required to share a bedroom with another household member.
6. Individual medical problems (i.e., chronic illness) sometimes require either separate bedroom for household members who would otherwise be required to share a bedroom or an extra bedroom to store medical equipment. (Note: Documentation supporting the larger sized unit and related subsidy is required.)
7. In most instances, a bedroom is not provided for a family member who will be absent most of the time, such as a member who is away in the military. A larger size Housing HOME Program TBRA Voucher may be issued for an absent family member if individual circumstances warrant.

B. Occupancy standards are used to provide consistent criteria for determining the unit size for which the household is eligible and thus, the amount of assistance to be provided. Fair housing rules permit a household to select smaller units that do not create seriously overcrowded conditions. Participants may also select larger units at their own expense (i.e., TBRA subsidy will not cover the increased cost of a larger unit). In addition to the number of bedrooms, both the size of the unit and the size of the bedrooms should be considered when evaluating the individual circumstances of the family.

C. The Grantee must annually re-examine the TBRA household's size and

composition to determine whether its circumstances have changed. A household whose size or composition has changed may be required to find a unit that is suitable to its current circumstances.

29. IMPACT OF ACTUAL UNIT SIZE ON THE SUBSIDY CALCULATION:

The Rent Standard used to calculate the housing assistance payment is based on the **LESSER OF** the actual unit size or the size of the Housing HOME Program TBRA Voucher issued to the household. In other words:

A. ***Undersized Units:*** If a family elects to occupy a unit that is **smaller** than the size listed on their Housing HOME Program TBRA Voucher, the following provisions apply:

1. The Rent Standard is based on the **actual** unit size (i.e. # of bedrooms)
2. The utility allowance is based on the **actual** unit size (i.e., # of bedrooms)

B. ***Oversized Units:*** If a family elects to occupy a unit that is **larger** that the size listed on their Housing HOME Program TBRA Voucher, the following provisions apply:

1. The Rent Standard is based on the **Housing HOME Program TBRA Voucher eligibility/issuance size** (i.e., size of unit household is eligible for based on above occupancy standards)
2. The Utility Allowance is based on the **actual** unit size (i.e., # of bedrooms)

30. SUMMARY KEY PROCESSING STEPS FOR INITIAL LEASE-UP:

Step 1: Marketing and Outreach Activities

A. Public Announcement of Program (if Waiting List is open).
B. Outreach to Eligible Households.
C. Outreach to Prospective Owners.

Step 2: Accept Applications

A. All Applications must be in writing on a form prescribed by City of Kenosha. The application includes information that enables the Grantee to determine household income and eligibility.

B. If long waiting lists are anticipated, Grantees may elect to use a short form of the application to accept a preliminary application. Using this method, potentially eligible applicants are placed on the waiting list based upon the preliminary application. Nearer the time that an applicant would be selected from the list, the City of Kenosha form Application is completed, and more current information is used to verify eligibility.

C. Each Application received must be reviewed for completeness and to determine if the applicant is obviously ineligible. Grantees may elect to fully determine eligibility at the time the household makes application. However, it is rare that households bring or

provide sufficient documentation to confirm eligibility at the time of application. Generally speaking, Grantees will place the names of all applicants who are determined eligible on the waiting list

D. If an applicant is determined to be ineligible, they must be notified in writing. The written notice must identify the reason(s) the household is ineligible and state that the applicant has 10 days from the date of the notice to request an informal review of the decision.

E. A tenant file must be created for each application. This file will ultimately contain the application, documentation of the household's eligibility, copies of program forms, unit information (lease/assistance contract, HQS Inspection) correspondence, etc.

Step 3: Determine Eligibility

Applicants are selected from the waiting list in the order established by the Grantee's Tenant Selection policy. To determine a household's eligibility, the Grantee must verify:

A. The household's *eligibility status*. Eligibility is not always verified at the time of application, but it must be verified before the household receives assistance. If the applicant does not meet the eligibility criteria, the applicant's name is removed from the waiting list. If the applicant is determined ineligible, they must be notified in writing. The notice must identify the reason the applicant is ineligible and offer the opportunity for an informal review of the decision.

B. The household's *size and composition*. This enables the Grantee to determine the unit size for which the household qualifies.

C. Household *income and adjustments* to income. This enables the Grantee to determine if the household is income eligible, and to calculate the subsidy amount for which the household qualifies.

Verification of the information provided by the household can be accomplished through a variety of sources and documents. See Policy Bulletin #11 and Addendum #1 thereto for more details regarding income verification requirements.

Step 4: Issue Housing HOME Program TBRA Voucher

The issuance of a HOME Program TBRA Voucher authorizes the household to begin the search for housing. The HOME Program TBRA Voucher is generally issued in person, during a counseling session with the household, often called the "TBRA Briefing."

THE HOME TBRA Briefing: The purpose of the briefing is to ensure that the household (1) understands its responsibilities, as well as those of the Grantee and the owner; and (2) has sufficient guidance to make an informed choice of housing. The briefing must cover:

a. **Roles and responsibilities** of the tenant, owner and Grantee.

b. **Limitations on the rent** the owner may charge (i.e., a description of rent reasonableness), including how utility allowances are used in this determination.

c. **Subsidy calculations**, including how the Grantee and tenant shares will be calculated.

d. **Security deposit policy**, including how much may be charged, who pays, and who receives any refund.

e. **Housing HOME Program TBRA Voucher Issuance Period and Extension Policies**.

f. **Guidance on selecting a unit**, including HQS requirements and procedures for submitting the Request for Lease Approval/Rental Unit Information form. Families should be counseled against signing any lease until the Grantee has approved the unit.

g. **Lead-Based Paint** information.

h. **Fair housing information**, including any search assistance that may be available, and the process for filing a complaint in the case of discrimination. The Grantee should consider maintaining a list of available properties to assist households in their search. However, if such a list is provided, the Grantee must make it clear that the HOME Program TBRA Voucher Holder is free to choose units other than those on the list.

i. Prohibited Lease Provisions/Lease Addendum

Step 5: Unit/Lease Approval

Once the household has located a unit and the owner has agreed to participate, the household and the owner jointly submit the Request for Unit Approval/Rental Unit Information form. This form provides essential information about the property (bedroom size, utility combination, proposed rent, ownership information). The submission of this document triggers the Grantee's inspection, rent negotiations and review of the owner's lease.

Housing Quality Inspection: Each unit must be inspected to confirm that it meets Section 8 HQS. If the unit initially fails HQS, the owner may be given a reasonable amount of time to correct deficiencies, or the HOME Program TBRA Voucher Holder may elect to look for another unit. A Housing Assistance Contract with an owner must not be executed until the owner has made all repairs. (An exception may be made for corrections to defective exterior paint during the winter in climates where the weather makes this impossible.) The results of each inspection must be recorded on an inspection form prescribed by City of Kenosha and retained in the participant file.

Rent Determination: The rent for each must be determined to be reasonable when

compared to comparable, unassisted units. See above for key components of Rent Reasonable determination.

Lease Review: The Grantee must review the owner's lease to assure that it does not include any of the prohibited lease provisions. The Lease Addendum provided by City of Kenosha is required for all HOME TBRA-assisted units.

Final Subsidy Calculation: Once the unit has been approved, a final subsidy calculation is required to determine the tenant's share and assistance amount.

Step 6: Contract/Lease Execution

The Lease Agreement and Lease Addendum are executed by and between the tenant and owner only. The Rental Assistance Contract is executed by and between the owner and Grantee on behalf of the tenant. Each Rental Assistance Contract should begin on the first of the month whenever possible.

Step 7: Initiation of Payments

Setup in IDIS : The TBRA Program is set up in the Integrated Disbursement and Information System (IDIS) by the City of Kenosha. The TBRA Program is set up as one project, similar to a multi-family building, with up to 99 tenants listed under a single project.

Drawing Down Funds: As with all HOME funds, TBRA funds drawn down from City of Kenosha must be expended within 15 days. Draws must be at least monthly to cover rental assistance payments.

Owner Acknowledgment: Many Grantees include special endorsement language on owner checks in which the owner acknowledges receipt of the funds, certifies that the payments received are correct and commits to return any excess amounts paid.

Financial Records: Grantees must maintain their financial records in such a manner that is easily possible to summarize subsidy amounts provided by household and owner. Grantees must report to the Internal Revenue Service annually the amount of rental income paid to owners.

31. DENYING AND TERMINATING ASSISTANCE:

The purpose of informal review procedures is to resolve applicant/participant disputes with the Grantee without legal action and, if applicable, to correct errors. In most circumstances when a decision affects eligibility or assistance, families must be notified of their right to an informal review.

The term 'applicant' refers to a household who is applying for or whose name is on the waiting list; or whose name has been 'pulled' from the waiting list but a Housing Assistance Contract has never been entered on their behalf. The term 'participant' refers to a household whose Housing HOME Program TBRA Voucher has been under contract at least once and is still active.

A. Denial of Assistance (applies to Applicants only) may include any or all of the following:

1. Refusal to place the applicant's name on a waiting list;
2. Refusal to issue a Housing HOME Program TBRA Voucher when the applicant's name reaches the top of the waiting list;
3. Withdrawal of a Housing HOME Program TBRA Voucher;
4. Refusal to enter into a Housing Assistance Contract or approval an owner's lease; and
5. Refusal to process requests to transfer Housing HOME Program TBRA Voucher to alternative location inside the City of Kenosha.

B. Termination of Assistance (applies to Participants only) may include any or all of the following:

1. Refusal to enter into a new Housing Assistance Contract or approve an owner's lease;
2. Refusal to issue a Housing HOME Program TBRA Voucher;
3. Terminating an existing Housing Assistance Contract; and
4. Refusal to process requests to transfer Housing HOME Program TBRA Voucher to alternative location inside the City of Kenosha.

32. INFORMAL REVIEW PROCEDURES:

The Grantee must give applicants/participants a written notice of denial/termination that provides the specific reason(s) for the action and states that the household has 10 days from the date of the notice to request an informal review. All informal reviews must be conducted by any person or persons designated by the Grantee, other than a person who made or approved the decision under review or a subordinate of this person. The review process should be consistent with the Grantee's appeal process for other programs administered by the Grantee and must be included in the Action Plan.

A. ***Most Common Reasons for Denial/Termination:***

1. Household does not meet established target population eligibility criteria;
2. Household income exceeds the income limit or Total Tenant Contribution exceeds the Rent Standard;
3. Applicant/participant did not respond to requests for information;
4. Applicant has a history of violent criminal activity or drug related criminal activity;
5. Applicant has a delinquent debt from a previous housing assistance program;
6. Failure to comply with a family participation contract;
7. Request to transfer HOME TBRA voucher outside of City of Kenosha.

B. ***Informal Review Required for Decisions Concerning:***

1. →Denial of listing on waiting list;
2. →Refusal to issue a Housing HOME Program TBRA Voucher;

3. →Refusal to sign Housing Assistance Contract (i.e., denial of participation);
4. →Determination of household's annual or adjusted income, and application of such income to compute the Total Tenant Contribution, tenant rent to owner and assistance payment;
5. →Determination of appropriate Utility Allowance (if any);
6. →Determination of Housing HOME Program TBRA Voucher size;
7. →Determination to deny the household's request for a unit size exception;
8. →Decision to terminate a participant's assistance for **ANY** reason;

C. *Informal Review Not Required for Decisions Concerning:*

1. →Establishment of utility allowances;
2. →Housing HOME Program TBRA Voucher issuance period expires;
3. →Determination to deny an extension or suspension of the Housing HOME Program TBRA Voucher;
4. →Determination not to approve a unit or lease;
5. →Determination that an assisted unit does not comply with HQS. Includes HQS violations due to family size (i.e., unit is too small);
6. →Determination to exercise or not to exercise any right or remedy against the owner under a Housing Assistance Contract;
7. →Discretionary administrative decision such as the establishment of Rent Standards;
8. →Determination that requested unit is outside the City of Kenosha.

33. ONGOING PROGRAM ADMINISTRATION:

A. Annual Housing Quality Standards (HQS) Unit Inspections

All units assisted with TBRA funds must meet HQS. Each unit under contract must be inspected at least annually to assure all HQS requirements are met. The unit may also be inspected as a result of complaints initiated by the owner or tenant.

If a unit fails to pass an inspection, the owner must be notified in writing of the specific deficiencies and the necessary corrective action. Owners should be given a reasonable period of time (i.e., 24 hours for emergency conditions or 30 days for less serious conditions) to correct the deficiencies. If the owner fails to make the needed corrections, the Grantee has several options. The Grantee may: (1) with adequate notice to the owner and household, terminate the HOME Rental Assistance Contract and require the household to move to another location in order to continue to receive assistance. The Grantee may also temporarily suspend its payments until the owner remedies the HQS deficiencies. (Note: If this second approach is taken, the tenant should be encouraged to continue to pay its share of the rent in order to prevent eviction.).

B. Interim Eligibility Determinations

The family is advised to notify the Program Administrator of all changes in income and family composition. If this occurs, the following procedures apply:

1. ***Increases in Family Income:*** If the family reports a increase in income, an interim recertification must be completed. The increase in tenant payment and subsequent decrease in assistance payment must take effect the first month following verification of the increase. Both the owner and tenant must be notified in writing of the change in the payment structure.

2. ***Decreases in Family Income:*** If the family reports a decrease in income, an interim recertification must be completed. The decrease in tenant payment and subsequent increase in assistance payment must take effect the first month following verification of the decrease. Both the owner and tenant must be notified in writing of the change in the payment structure.

C. Annual Eligibility Determinations

Each household's eligibility to participate in the program and its share of the rent must be confirmed annually. The Re-examine process should begin 90-120 days in advance of the household's one year anniversary date to assure that the process is completed on time and that adequate notice is given to both the owner and tenant of changes in the household's eligibility or share of the rent. (State law requires at least 30 days notice of any rent increases to the tenant.)

If a household's income is enough that they pay all the rent and not assistance payment is generated, the household can remain on the program at 0 assistance for up to 6 months.

D. Processing Requests for Rent Increases

Typically owners offer leases that specify the rent for one year. Therefore, unless the initial rent negotiations were for the two-year period (very unlikely because this would also mean a two-year lease), most owners will request a rent increase at the end of the first year of the contract. The Addendum to Lease requires at least 60 days written notice to increase the rent. This allows the Grantee enough time to review and approve the requested increase (determine that the proposed rent is reasonable in comparison to rents charged for other comparable, unassisted units) **AND** provide the tenant with the required 30 days written notice.

E. Moves and Termination of Tenancy

Tenant may elect to move to another unit as permitted by the lease. The TBRA Rental Assistance Contract contains provisions that terminate the Grantee's agreement with the owner when the household moves out. To assure that TBRA subsidies are not paid on units no longer occupied by an eligible tenant, the lease agreement must require that the household provide **a minimum** of 30 days written notice of their plans to relocate to both the owner and Grantee.

A tenant who wishes to move may be issued another Housing HOME Program TBRA Voucher following the procedures used to issue the original HOME Program TBRA Voucher.

F. Updating Policies and Procedures

Key operating procedures will be reviewed at least annually to determine if revisions are necessary. At a minimum, City of Kenosha, in conjunction with the Grantee, will assess the appropriateness of the Rent Standard and Utility Allowance schedules.

G. Monitoring Performance:

City of Kenosha will monitor ongoing progress and implementation of the program to assure that the regulatory and statutory requirements are met, and to assess program outcomes. Some key performance indicators that will be considered are identified below:

→***Budget vs. Actual Spending:*** Since the initial estimate of funding required is based upon estimates, close monitoring of actual expenditures is essential. If participating households have incomes that are lower than expected, the number of families assisted may need to be reduced.

→***On Time Payments:*** One of the Grantee's most important functions is making sure that rent checks are distributed on schedule because late checks can reduce the credibility of the program with owners willing to rent to those receiving HOME TBRA.

Grantee will not be expected to use their own funds to cover rent funds or administrative funds. City of Kenosha will use disbursement system that provides requests payments in advance of the assistance being used for program participants.

→ ***Outreach and Success Rates:*** Grantees should analyze participant success rates and make use of the results to determine if aspects of program design should be changed to improve the success rate.

→ ***Administrative Efficiency:*** Grantees should review the length of time that various aspects of the TBRA program take, including the time between initial application and HOME Program TBRA Voucher issuance, and between HOME Program TBRA Voucher issuance and lease-up.

While many factors can affect these time frames, this information can give clues about ways to improve the administrative efficiency of the program. For example, if the time between HOME Program TBRA Voucher issuance and lease-up is lengthy, it could be attributable to slow HQS monitoring procedures, poor communication with property owners, or slow paperwork processing, all of which are with the program administrator's control.

→ ***Turnover:*** High turnover could indicate that at one extreme that owners are quitting the program out of frustration and the family subsequently leaves the program. At the other extreme, it may be that families are becoming self-sufficient. The Grantee should examine the reasons for turnover in the program.