



2018 HOME Investment
Partnerships Program
(HOME) and
2019 Low-Income Housing
Trust Fund (LIHTF) Program
Guide

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1. PROGRAM GUIDE INTRODUCTION

The Nevada Housing Division ("Division") is accepting applications for HOME/LIHTF projects located within the non-entitled areas of the State as well as Community Housing Development Organization (CHDOs) projects, throughout Nevada.

This Program Guide is intended to provide additional information regarding the Division's HOME/LIHTF Programs for the current application cycle. The Program Guide is primarily oriented to rental housing development and rehabilitation. Many of the general requirements apply to all project types. When applicable, requirements for other types of projects have been noted.

The Division encourages all applicants to read and understand the HOME Final Rule and/or the LIHTF Guidelines in their entirety prior to applying for HOME/LIHTF funding:

- HOME Program regulations can be located on the HUD Exchange website: <https://www.hudexchange.info/programs/home/> and by accessing 24 CFR 92.
- The Administrative Guidelines for LIHTF can be located at the following link: [LIHTF Administrative Guidelines](#)

IN THE CURRENT 2018/2019 APPLICATION CYCLE, THE DIVISION WILL BE ACCEPTING APPLICATIONS FOR ALL ELIGIBLE HOME/LIHTF ACTIVITIES. LOW INCOME HOUSING TAX CREDIT PROJECTS AND COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO) PROJECTS ARE A PRIORITY FOR THE DIVISION.

Please direct all questions concerning the HOME/LIHTF Programs to Martha Welden, Grants and Projects Analyst, Nevada Housing Division, (775) 687-2231 or mwelden@housing.nv.gov.

2. GENERAL REQUIREMENTS

When submitting applications:

- The application and all relevant exhibits must be completed entirely and attached in order. Incomplete applications will not be considered for funding.
- The proposed project must provide permanent housing and not shelter housing or housing for workers on a seasonal basis (transitional housing is eligible as defined in 24 CFR §92.2).
- The proposed project must demonstrate that the neighborhood market conditions adequately reflect a need for the project.

- Applicants will be assessed on their developmental capacity and fiscal soundness.
- Applications will be evaluated to ensure that an excessive amount of federal subsidy is not proposed (underwriting). The amount of award provided for a development may not exceed the amount that is necessary to result in a financially feasible development.
- The project must comply with applicable HOME/LIHTF requirements throughout the period of affordability.
- An assessment of the current neighborhood market demand for all HOME-funded rental and homebuyer development projects, conducted within the last 12 months, must be attached to the application.
- The proposed project must be consistent with the State's Consolidated Plan:
<https://housing.nv.gov/uploadedFiles/housingnvgov/content/Public/20152019ConPlanFinal.pdf>
- If tenants (residential and/or commercial) reside in the property, or if the project involves acquisition, then the Uniform Relocation Act or Section 104(d) may be applicable (CFR §92.353). Prior to submission of the application, notices for both acquisition and/or relocation must have been issued and copies of the letters and documentation of their receipt by the tenant or seller must be submitted with the application in addition to the relocation plan. For rental projects, applications must also include a project pro forma for the minimum of the period of affordability for the project. The pro forma will also provide estimated relocation costs.
- All applicants must have a DUNs number.

3. FORM OF ASSISTANCE

Financial assistance will be provided in the form of loans and in some instances, grants. The loans may be deferred or be another type of loans. The Division will require all such grants and loans to be secured by an acceptable Deed of Trust at the time of project funding. Funding will be awarded in an amount appropriate to the scope of the proposed project, and the needs and resources of the applicant. The Division reserves the right to adjust the amount of funds awarded to a project, and to negotiate modifications to the proposed work plan and budget prior to executing a grant agreement.

Additionally, the Division reserves the right to award projects which reflect the most efficient use of funds.

4. ELIGIBLE APPLICANTS

Eligible applicants include local governments and 501(c)(3) or (4) nonprofit organizations, cities, housing authorities, nonprofit community-based organizations such as CHDOs, community development corporations (CDCs), and community action programs (CAPs). For-profit firms may apply for financing in conjunction with projects successful in obtaining Low Income Housing Tax Credits.

5. USE OF AWARD BY RELIGIOUS ORGANIZATIONS

HOME funds may be provided to primarily religious organizations. The completed housing project must be used exclusively by the owner entity for secular purposes, available to all persons regardless of religion. In particular, there must be no religious or membership criteria for tenants of the property. Further clarifications may be found in HUD CPD Notice 04-10: Guidelines for Ensuring Equal Treatment of Faith-based Organizations participating in the HOME, CDBG, HOPE 3, HOPWA, Emergency Shelter Grants, Shelter Plus Care, Supportive Housing, and Youth-build Programs, <https://www.hudexchange.info/resources/documents/Notice-CPD-04-10-Equal-Treatment-Faith-Based-Organizations.pdf>

6. ELIGIBLE BENEFICIARIES

The Division requires that 100% of the assisted, rental units in a HOME funded project, initially be occupied by families who have annual incomes that are 60% or below area median income. If the project has 5 or more HOME units, at least 20% of the assisted units must be occupied by families who have annual incomes that are at or below 50% of area median income. The most recent income guidelines established by HUD, can be viewed using this link:

https://www.hudexchange.info/resource/reportmanagement/published/HOME_Income Limits State NV 2017.pdf

7. ADMINISTRATIVE CAPACITY

HOME/LIHTF requires that applicants have the experience necessary to administer the complex requirements of the program. If applicants do not have adequate experience administering other state, federal or local programs, the Division may require the applicant to contract with an experienced entity to assist in administering and managing the HOME/LIHTF project. (CFR §92.500- §92.509)

8. ELIGIBLE PROJECTS

“Project” means a site or sites together with any building (including a manufactured housing unit) or buildings located on the site(s) that are under common ownership, management, and financing and are to be assisted with funds as a single undertaking under this part. The project includes all the activities associated with the site and building. For tenant-based rental assistance (TBRA), project means assistance to one or more families. (CFR §92.2)

9. PROHIBITED ACTIVITIES

HOME/LIHTF funds may not be used for projects assisted under part 965 (PHA-Owned or Leases Projects--Maintenance and Operation), carry out activities authorized under part 968 (Public Housing Modernization), or provide assistance to eligible low-income housing under part 248 (Prepayment of Low Income Housing Mortgages). HOME funds cannot be used as the "non-federal" match for other federal, state or local initiatives, or used for shelters or commercial properties. However, LIHTF awards can serve as a "non-federal" match for other federal, state or local initiatives (NAC 319.910).

For a comprehensive list of prohibited activities please refer to CFR §92.214.

10. ELIGIBLE ACTIVITIES

New construction includes newly built projects, rehabilitation projects that include new construction of one or more units outside the existing walls of the structure, and any project that received its first certificate of occupancy within one year prior to receiving HOME/LIHTF assistance.

Rehabilitation includes repairs to existing structures and the conversion of an existing structure to affordable housing. Rehabilitation also includes the reconstruction or rebuilding, on the same lot of housing as long as the number of housing units remains the same. However, the number of rooms per units may be increased or decreased. The reconstructed housing must be substantially similar to the original housing. Reconstruction also includes replacing an existing substandard unit of manufactured housing with a new or standard unit of manufactured housing.

In general, HOME/LIHTF assisted rental housing must provide permanent housing for low and very low-income tenants. Transitional housing is an eligible HOME/LIHTF activity and must be designed to provide housing and appropriate supportive services to persons, including, but not limited to: de-institutionalized individuals with disabilities, homeless families and children, and homeless individuals with disabilities. The intent of providing housing assistance is to move individuals and families to independent living within a reasonable time period. Applicants undertaking transitional housing must submit a

transitional plan with the application which describes the housing and supportive services that will be provided to the tenants in order to transition them to independent living. The plan must also include the estimated time period it will take to transition the tenants.

For new construction, conversion of non-residential space, or reconstruction projects with Single Room Occupancy (SRO) units, each SRO unit must contain either food preparation or sanitary facilities (or both). For acquisition or rehabilitation of an existing residential structure, neither food preparation nor sanitary facilities are required in each SRO unit. If individual units do not contain sanitary facilities, they must be provided in the building for tenants to share.

Construction can reasonably be expected to start within twelve months of the project set-up date (CFR §92.2(2)(i)). It is important that projects be ready to proceed within this time frame or funds may be revoked.

For a comprehensive list of eligible activities please refer to CFR §92.205.

11. ELIGIBLE COSTS

Related soft costs: Other reasonable and necessary costs incurred by the owner or participating jurisdiction and associated with the financing, or development (or both) of new construction, rehabilitation or acquisition of housing assisted with funds (CFR §92.206).

Development hard costs: The actual cost of constructing or rehabilitating housing and ensuring the project meets respective standards stated in CFR §92.251.

Acquisition costs: Costs of acquiring improved or unimproved real property, including acquisition by homebuyers. *Funds cannot be used to reimburse an applicant for a property that is already a part of their housing inventory.*

Site Improvements: To make improvements to a project site to align with improvements of surrounding, standard projects. Site improvements may include: on-site roads, sewer lines and water lines. The project site is the property, owned by the project owner, upon which the project is located and is required for the project.

Initial Operating Reserves: At present, the Division does not support the use of HOME funds for this activity.

Relocation costs: The cost of relocation payments and other relocation assistance to persons displaced by the project as a result of HOME-specific requirements are eligible costs. Relocation costs that are triggered or associated with other funding programs or

additional incentives or monetary payments paid to occupants in connection with their relocation from a HOME-assisted project must be treated as ineligible HOME costs. Relocation payments include replacement housing payments, payments for moving expenses, and payments for reasonable out-of-pocket costs incurred in the temporary relocation of persons. Other relocation assistance means staff and overhead costs directly related to providing advisory and other relocation services to persons displaced by the project, including timely written notices to occupants, referrals to comparable and suitable replacement property, property inspections, counseling, and other assistance necessary to minimize hardship.

For comprehensive information on eligible costs refer to CFR §92.206-§92.209.

Please note: Costs incurred prior to execution of a grant agreement are at the sole risk of the developer and may not be eligible for reimbursement from HOME/LIHTF award. Entering into a sales agreement for acquisition should be made contingent upon receipt of funds. HUD has indicated that the use of financial options to obtain site control is the preferred method.

12. INELIGIBLE COSTS

Funds cannot be used to:

- Provide a project reserve account for replacements, a project reserve account for unanticipated increases in operating costs, or operating subsidies;
- Off-site improvements such as sidewalks, aprons, roadways and sewer lines;
- Refinance existing debt;
- Provide assistance to a development previously assisted with HOME/LIHTF funding during the “period of affordability”. However, additional funds may be provided to a development up to one year after “project completion”, subject to other limitations of this section, but the total amount of funds in the development may not exceed the maximum per-unit subsidy amount established in CFR §92.250.

For comprehensive information on prohibited activities and fees refer to CFR §92.214.

13. DETERMINATION OF THE NUMBER OF HOME ASSISTED UNITS

To estimate the number of HOME assisted units, divide the awarded HOME/LIHTF amounts by eligible project costs. Multiply this percentage by the number of units in the project. The tool below may be used as an estimation and should not be interpreted as a final determination.

\$ Amount of HOME/LIHTF Funds (Should include all sources of HOME funds)	Divided By	Total \$ of HOME/LIHTF Eligible Project Costs	Multiplied By	Total # of Project Units	Equals	Minimum # of HOME/LIHTF Assisted Units
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The initial determination of the number of HOME assisted units calculated above must then be reconciled against per unit subsidy limitations identified in the next section. If per unit subsidy limitations are exceeded, the number of assisted units must be increased to the point where per unit subsidy limits are not exceeded. The preliminary determination of the number of assisted units made at the time of application is subject to re-determination at the time of project completion and the submission of a final cost certification.

Funds may only be used to pay the actual costs of HOME assisted housing. If the units in a project are comparable in terms of size, number of bedrooms, and amenities, then the actual costs can be determined by pro-rating the total development costs. The funding would pay the pro-rated share of the HOME assisted units. When units are not comparable, funds may only pay the actual costs incurred for the HOME assisted units. In this case, the true and actual costs for rehabilitating or constructing each assisted unit must be calculated and separated from the total project costs.

14. MINIMUM AND MAXIMUM PER UNIT SUBSIDY

The minimum investment of funds is \$1,000 per unit.

The maximum amount of subsidy cannot exceed the lesser of, and is limited by:

- The number of award assisted units in the project - The assistance cannot exceed the maximum subsidy allowed per unit.
- Projects may not receive more subsidy than is required to produce financially feasible projects.
- The amount of funds requested may not exceed the subsidy maximum limits that are listed in the table below, based on the number of HOME assisted units proposed. If the amount of funds requested exceeds this amount, the applicant must either (i) reduce the amount of funds requested (ii) commit to an additional number of HOME assisted unit(s) necessary to increase the allowable subsidy.

- Twelve (12) or more units assisted with funds must contain a provision requiring the payment of not less than the wages as prescribed by the Davis-Bacon Act (40 U.S.C. 3141 *et seq.*), to all laborers and mechanics employed in the development of any part of the housing project. Such contracts will also be subject to the overtime provisions, as applicable, of Fair Labor Standards Act (29 U.S.C. 201 *et seq.*).

For comprehensive information on prohibited activities and fees refer to CFR §92.205 and §92.250.

Maximum Per-Unit Subsidy Limits

(Effective February, 2018)

Bedroom Size	Sect.234-Elevator Base Limit	X	HOME 240%	=	New Maximum Per-unit Limit
0	\$58,787	X	2.40	=	\$141,089
1	\$67,391	X	2.40	=	\$161,738
2	\$81,947	X	2.40	=	\$196,673
3	\$106,013	X	2.40	=	\$254,431
4+	\$116,369	X	2.40	=	\$179,286

Assistance cannot exceed the actual per unit development costs for the HOME assisted units in the project.

15. MATCH

The HOME Program requires Participating Jurisdictions to make a permanent contribution from non-federal sources equaling at least 25% of eligible HOME funds drawn from the U.S. Treasury in a given fiscal year. Expenditures from the Low-Income Housing Trust Fund Program have been sufficient to meet this match liability.

For comprehensive information on the HOME match, refer to: CFR §92.218-§92.222.

16. UNDERWRITING AND SUBSIDY LAYERING

Funds are often used in conjunction with other funding sources including Low-Income Housing Tax Credits and Private Activity Bonds. The HOME/LIHTF funds fill in “gaps” in the financial layering that is required to complete large new construction and rehabilitation projects. Local priority is also given to projects that have applied for Continuum of Care

funding such as the Supportive Housing Program which has a primary focus of securing permanent, supportive housing.

HOME/LIHTF projects will be evaluated for conformance with 92.250(b) and HUD Notice CPD 15-11 (<https://www.hudexchange.info/resources/documents/Notice-CPD-15-11-Requirements-for-the-Development-and-Implementation-of-HOME-Underwriting-and-Subsidy-Layering-Guidelines.pdf>) to ensure that each project is underwritten to be financially viable for the duration of the affordability period and an excessive amount of federal subsidy, or "layering", is not being proposed. During the underwriting and subsidy layering review, the Division will evaluate the need for gap funds. The review may result in a reduction of assistance; a deviation in rents; or a change in operating expenses. Factors considered during the review include:

- Use of funds in combination with other governmental assistance;
- Assessing the firm written financial commitments for the project;
- Examining the sources and uses for each project and determining whether the costs are reasonable;
- Assessing the market conditions of the neighborhood in which the project will be located;
- Assessing the experience and financial capacity of the developer;
- Assessing the reasonableness of profit or return to the owner or developer, for the size, type, and complexity of the project;
- Anticipated project completion date; and
- Ensuring that the project will be financially viable throughout the affordability period.

For comprehensive information on underwriting and subsidy layering, refer to CFR §92.250.

17. PROPERTY STANDARDS

All projects funded must adhere to the property standards outlined in CFR §92.251.

Please note: *A Capital Needs Assessment for multifamily rental housing with 26 or more units, done by a certified, independent third party, is required as part of the HOME/LIHTF*

regulations. The Capital Needs Assessment ensures that all work will be performed, and identifies as well as addresses, long-term physical needs of the project.

18. NON-DISCRIMINATION & ACCESSIBILITY STANDARDS

In addition to complying with state and local codes, ordinances and zoning requirements, all properties must meet non-discrimination requirements including Section 504 of the Federal Rehabilitation Act of 1973; the Fair Housing Act; and the Americans with Disabilities Act (ADA). Both new construction and rehabilitation of multi-family housing assisted with funds are subject to and must meet the standards of Section 504. Section 504 standards apply to all units in a project and not just the award assisted units.

For new construction of all multi-family units and for rehabilitation projects with 15 or more units for which the rehabilitation cost will equal at least 75% of the replacement cost: 5% of the units in the project must be accessible to individuals with mobility impairments, and an additional 2% must be accessible to individuals with sight and hearing impairments.

When rehabilitation is less extensive, then: every alteration to a unit must make the unit accessible to the maximum extent feasible until 5% of the units in the project are fully accessible to people with mobility impairments. Alterations to common spaces must always make the project accessible to the maximum extent feasible. The Fair Housing amendments should be consulted with regard to the rehabilitation of 1-4 unit rental properties, which are not eligible under this funding cycle.

Section 504 accessibility standards are further described in the Uniform Federal Accessibility Standards (UFAS). Applicants should provide this information to their architects early in the process to ensure that projects meet the accessibility criteria as defined in Section 504.

New construction of certain multi-family housing projects is also subject to the accessibility requirements in the Fair Housing Act of 1988. The Americans with Disabilities Act (ADA) has a broader application than the Fair Housing Act or Section 504, in that it addresses employment practices, public services, transportation and public accommodations. Although the ADA does not specifically address residential housing, since housing is covered by Section 504 and the Fair Housing Act of 1988, recipients should be aware of the ADA's scope and requirements.

Recipients will need to verify that the plans/specifications meet the Section 504, ADA and Fair Housing standards prior to signing a grant agreement. Architects or other qualified persons must verify at the completion of the project that the constructed/rehabilitated units have met these standards.

19. PERIODS OF AFFORDABILITY

When applicable, the Deeds of Trust will include restrictions on projects to ensure the periods of affordability are met with regards to maintaining affordable housing. The period of affordability is based upon the investment of funds per unit:

Rehabilitation or Acquisition of Existing Housing	\$1,000-\$14,999	5 years
Rehabilitation or Acquisition of Existing Housing	\$15,000 - \$40,000	10 years
Rehabilitation or Acquisition of Existing Housing	Over \$40,000 or Rehabilitation Involving Refinancing	15 years
New Construction or Acquisition of Newly Constructed Housing	Any Amount	20 years

Applicants may propose longer periods of affordability which will be reflected in the Agreement and the Deed of Trust, in an effort to receive additional consideration in the competitive rating process.

The Period of Affordability begins on the date in which the project is complete as evidenced by HUD acceptance of a Project Completion Report, submitted by the Division. The Period of Affordability ends after the designated number of years has elapsed and the project sponsor submits a request for Release of Lien together with a current (completed during the previous 60 days) "passed" HQS, or current property standards, Inspection Report for each HOME-assisted unit. All costs related to releasing the lien(s) shall be at the expense of the project owner.

The applicant should note that a reduction in development costs during the development phase, without a commensurate reduction in the sources of funds, may result in an amended determination of the number of HOME-assisted units and effect the term of the Period of Affordability.

20. INITIAL OCCUPANCY OF AWARD ASSISTED UNITS

The Division requires that 100% of award assisted rental units be initially occupied by families whose incomes do not exceed 60% of the area median income. Exceptions to this rule may be considered on a case-by-case basis such as for a mixed-income project. Homebuyer and Homeowner Rehabilitation Programs may be used to assist households at or below 80% of AMI.

21. ALLOWABLE RENTS

The Division requires that 100% of HOME assisted rental unit rents do not exceed the Low Rent limits established by HUD.

The HOME/LIHTF-assisted units must meet requirements to qualify as affordable housing and be occupied by households that are eligible low-income families. If the housing is not occupied by eligible tenants within six months following the date of project completion, submission of marketing information and, if appropriate, submission of a marketing plan, will be required by the Division. Recipients will be required to repay funds invested in any housing unit that has not been rented to eligible tenants 18 months after the date of project completion. .

(a) Rent limitation: HUD provides the lower and maximum rent limits. The rent limits include rent plus the utilities or the utility allowance. The maximum rents (High Rents) are the lesser of:

- A rent that does not exceed 30 percent of the adjusted income of a family whose annual income equals 65 percent of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit. The rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions.

(b) Additional rent limitations (Low Rents): The participating jurisdiction may designate (in its written agreement with the project owner) more than the minimum units in a rental housing project, regardless of project size, to have Low Rents that meet the requirements of this paragraph. In rental projects with five or more HOME assisted rental units, at least 20 percent of the assisted units must be occupied by very low-income families and meet one of the following rent requirements:

- The rent does not exceed 30 percent of the annual income of the family whose income equals 50 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families. HUD provides the rent limits which include average occupancy per unit and adjusted income assumptions. However, if the rent determined under this paragraph is higher than the applicable rent under paragraph (a) of this section, then the maximum rent for assisted units will comply with paragraph (a).
- If the unit receives federal or state project-based rental subsidy and the very low-income family pays as a contribution toward rent not more than 30 percent of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the federal or state project-based rental subsidy program.

(c) Additional rent limitations for SRO projects: For SRO units that have both sanitary and food preparation facilities, the maximum rent is based on the zero-bedroom fair market rent. The project must meet the requirements of paragraphs (a) and (b) of this section.

- For SRO units that have no sanitary or food preparation facilities or only one of the two, the maximum rent is based on 75 percent of the zero-bedroom fair market rent. The project is not required to have low rents in accordance with paragraph (b), but must meet the occupancy requirements of paragraph (b).

(d) Initial rent schedule and utility allowances: The participating jurisdiction must establish maximum monthly allowances for utilities and services (excluding telephone) and update the allowances annually. The participating jurisdiction must use the HUD Utility Schedule Model or otherwise determine the utility allowance for the project based on the type of utilities used at the project.

The maximum rent limits are recalculated on a periodic basis after HUD determines fair market rents and median incomes. HUD provides the new maximum rent limits to participating jurisdictions. Regardless of changes in fair market rents and in median income over time, the rents for a project are not required to be lower than the rent limits for the project in effect at the time of project commitment.

For comprehensive information on tenant protections and selections, refer to CFR §92.252.

22. TENANT SELECTION CRITERIA

Recipients must adopt written tenant selection policies that:

- Limit the housing to very low-income and low-income families;
- Are reasonably related to program eligibility and the applicant's ability to perform the obligations of the lease;
- Give reasonable consideration to the housing needs of families that would have a federal preference under Section 8 Program (i.e., occupy substandard housing or are homeless, are paying more than 50% of household income for rent, or are involuntarily displaced);

- Provide for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable;
- Give prompt written notification to any rejected applicant of the grounds for any rejection.

For comprehensive information on tenant protections and selections refer to CFR §92.253.

23. INCOME ELIGIBILITY OF TENANTS

To determine a household's potential eligibility to occupy an award assisted unit, the annual adjusted income of each household occupant over the age of 18 must be assessed when calculating the total adjusted household income. ✓

For families who are tenants in award assisted housing and not receiving TBRA, the participating jurisdiction must initially determine annual income. Below are the following methods that can be used; ✓

- Examine at least 2 months of source documents evidencing annual income (e.g., wage statement, interest statement, unemployment compensation statement) for the family.
- Obtain from the family a written statement of the amount of the family's annual income and family size, along with a certification that the information is complete and accurate. The certification must state that the family will provide source documents upon request.
- Obtain a written statement from the administrator of a government program under which the family receives benefits and which examines each year the annual income of the family. The statement must indicate the tenant's family size and state the amount of the family's annual income; or alternatively, the statement must indicate the current dollar limit for very low- or low-income families for the family size of the tenant and state that the tenant's annual income does not exceed this limit.

For all other families (i.e., homeowners receiving rehabilitation assistance, homebuyers, and recipients of TBRA), the participating jurisdiction must determine annual income by examining at least 2 months of source documents evidencing annual income (e.g., wage statements, interest statements, unemployment compensation statements for the family.

The rents for very low-income families established under CFR §92.252(b)(2) are based on adjusted income. In addition, the amount of TBRA is based on the adjusted income of the family. Recipients of funds should refer to:

HUD's "Technical Guide for Determining Income and Allowances for the HOME/LIHTF Program"

(<https://www.hudexchange.info/resources/documents/HOMEGuideForIncomeAndAllowances.pdf>) for more detailed information on calculating income of tenants.

For comprehensive information on income determination refer to CFR §92.253.

24. LEASE CONDITIONS AND RESTRICTIONS

The length of a lease for an award assisted unit must not be less than one year, unless otherwise modified by *mutual* agreement between owner and tenant.

Recipient will follow lease requirements established in agreement.

At a minimum, termination of tenancy or refusal to renew a lease may only be for serious or repeated violation of the terms and conditions of the lease; for violation of applicable federal, state, or local law; for completion of the transitional housing tenancy period; or for other good cause. Termination or refusal to renew must be served upon the tenant a minimum of 30 days in advance. There is no exception to the 30-day notice for tenants residing in an award assisted unit, as this is a statutory requirement.

For comprehensive information on tenant selection and protection refer to CFR §92.253.

25. COMPLIANCE RESPONSIBILITIES DURING PERIOD OF AFFORDABILITY

HUD will publish the Rents on an annual or periodic basis. The recipient is responsible for recalculating maximum monthly rents and utility allowances on an annual basis. All recalculations of rent and utility allowances must be reviewed and approved by DIVISION prior to changes being implemented, and tenants must be given at least 30 days written notice of any increase.

All increases are also subject to other provisions of the lease agreements.

The recipient must annually provide the Division with documented certification, in a format acceptable to the Division that the income of each of the tenants residing in an award assisted unit is within the allowable income limits. Tenants may remain in their unit should their income increase over 80% of median income; however, the tenant's rent and utilities must be adjusted to 30% of the monthly income.

During the Period of Affordability, the recipient must ensure that award assisted units comply with all local housing code requirements and HUD's published Housing Quality Standards (HQS). The inspections must be made by an individual or agency that is familiar with and certified to complete a review of building code and HQS. The recipient may need to coordinate with a local housing authority or an inspection agency that has the ability and qualifications to complete this inspection.

The Division will annually assess a project's affirmative marketing program to determine the success of affirmative marketing activities and any necessary corrective actions.

For comprehensive information regarding period of affordability compliance refer to CFR §92.252.

26. BID SOLICITATION AND CONTRACTING

Recipients are required to provide evidence that bids are reasonable. To ensure cost effectiveness, recipients should acquire at least three bids for each contract. If awarded funding, recipients must provide documentation to the Division, illustrating the method used to obtain bids and copies of the bids, if requested.

Additionally, recipients must provide outreach to encourage participation by minority and women-owned businesses. The Division can provide a list of these contractors upon request. Bid advertisements must include a statement that states, "Minority and women-owned businesses are encouraged to apply."

All work should be covered by written contracts stating, minimally, start and end dates, scope of work and contract amount. Recipients are subject to the requirements of Section 3 standards and Davis-Bacon wage requirements as applicable.

For comprehensive information regarding affirmative marketing and minority outreach, refer to CFR §92.351.

For comprehensive information regarding Davis-Bacon, refer to CFR §92.354.

27. ENVIRONMENTAL REVIEW

The environmental effects of each funded activity must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321) and the related authorities as listed in HUD's regulations 24 CFR parts 50 and 58. The environmental review must be completed before any activity can take place on the project.

For comprehensive information regarding Environmental Review refer to CFR §92.352.

28. AGREEMENT REQUIREMENTS

Recipients will be required to enter into an agreement which will include, but not limited to, the following:

- A scope of work specifying how funds will be used;
- A detailed budget appropriate to the project;
- A project development timeline;
- A provision for the administration of the funds according to generally accepted financial accounting procedures; regular periodic reporting to the Division; and for the disposition of funds in accordance with the intended use;
- A provision for the cessation of payments if the Division determines that the applicant is not using the funds for its intended purposes or is not proceeding satisfactorily with the development of the project;
- A provision requiring compliance with program requirements (24 CFR Part 92 and LIHTF Administrative Guidelines) and the provisions of the agreement for the period of affordability;
- A statement acknowledging that the applicant and its architect, and not the Division, are responsible for obtaining necessary licenses and permits, if any, for ensuring that all aspects of the development comply with all applicable laws, regulations, ordinances, and codes, and for all costs of the development in excess of the amount of approved grant; and
- A promise to defend and hold harmless, the Division from any action arising from its alleged failure to award funds under the applicable program.

For comprehensive information regarding Agreement requirements, refer to CFR §92.504.

29. RESTRICTIONS OF AWARD

If the project changes purpose without prior approval by the Division and no longer adheres to the original intent as described in the application, the Division may revoke use of the funds for the project and require repayment of all expended funds.

Recipients cannot bypass the affordability requirements for tenant incomes and rent. Under all circumstances, the deed restrictions will stay in effect and run with the land for the period of affordability.

If funds are spent on a project that is terminated before completion, whether voluntarily by the recipient (or authorized contractor or sub-recipient) or otherwise, an amount equal to the funds disbursed for the project must be repaid to the Division.

Breach of the deed restrictions may result in the Division revoking an existing award; withholding unexpended funds; repayment of expended funds; and barring a recipient from applying for future assistance.

30. PROGRESS REPORTS

Progress reports must be submitted to the Division's HOME/LIHTF Program Analyst on a semi-annual basis after the agreement has been executed, whether or not the project is requesting reimbursement of funds.

The recipient's financial system must be capable of generating regular financial status reports which indicate the dollar amount allocated for each activity, the amount obligated, and the amount expended for each activity, from each funding source. The system must permit the comparison of actual expenditures and revenues against budgeted amounts.

Additionally, recipients are required to submit beneficiary data on all projects completed during the preceding year and a report on all contractor activity.

For comprehensive information regarding reporting and recordkeeping, refer to CFR §92.508.

31. RETAINAGE OF FUNDS

Ten percent (10%) of the awarded allocation will be retained by the Division until the project meets the definition of Project Completion found at CFR §92.2 and all required information required to verify compliance with HOME and LIHTF requirements have been submitted and verified by the Division including a Final Cost Certification.

32. FINAL COST CERTIFICATION

The recipient shall provide to the Division a certified statement of Final Development Costs. The certification shall include:

- A report of all expenditures, costs, and disposition of all development and all funds;
- A summary report of all work completed by budget category;

- A certification that funds provided by the Division were used in accordance with the agreement;
- The signature of the recipient's Executive Director (or equivalent) or designated representative certifying that the information provided on the Final Cost Certification is a true and accurate statement of the total development costs..
- Project photographs showing the work completed under the agreement;
- A Project Completion Report (form HUD 40097); and
- A Contract and Subcontract Activity Report (form HUD 2516).

33. RECORD KEEPING AND RETENTION

The recipient must establish and maintain sufficient records to enable the Division, or its designee, to determine whether the recipient has met the requirements of the agreement.

At a minimum, the following records shall be kept by the recipient:

- Records that demonstrate that the project meets the property standards in CFR §92.251;
- Records that demonstrate that the rental project meets the affordability requirements of CFR §92.252. Records must be retained for each family assisted;
- Records that demonstrate compliance with the Tenant and Participant Protections requirements of CFR §92.253;
- Equal opportunity and fair housing records containing data on the extent to which each racial and ethnic group and single parent households (by gender of household head) have applied for, participated in, or benefited from any program or activity funded in whole or in part with award;
- Documentation of actions undertaken to meet the requirements of CFR §92.350 which implements Section 3 of the Housing Development Act of 1968, as amended (12 U.S.C. 1701 u);
- Document and data on the steps taken by the recipient to implement outreach programs to minority-owned and female-owned business including data indicating racial/ethnic or gender of each business entity receiving a contract or subcontract of \$25,000 or more paid, or to be paid, with award; the amount of the contract or

subcontract; and documentation of the recipient's affirmative steps to assure that minority business and women's business enterprises have an equal opportunity to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction, and services;

- Documentation of the actions the recipient has taken to affirmatively further fair housing;
- Records indicating the affirmative marketing procedures and requirements under CFR §92.351;
- If applicable, records which demonstrate compliance with the requirements of CFR §92.353 regarding displacement, relocation, and real property acquisition, including project occupancy lists identifying the name and address of all persons occupying the real property on the date described in CFR §92.353 (c)(2)(1)(A), moving into the property on or after the date described in CFR §92.353 (c)(2)(1)(A), and occupying the property upon completion of the project;
- Records demonstrating compliance with labor requirements in CFR §92.354 (Davis Bacon Requirements), including contract provisions and payroll records;
- Records concerning lead-based paint under CFR §92.355;
- Records demonstrating compliance with flood insurance requirements under CFR §92.358;
- Records of written agreements and monitoring required by CFR §92.504;
- Financial and related records required by CFR §92.504;
- Records of audits and resolution of audit findings; and
- Invoices, purchase vouchers, payrolls, and project records reflecting fund expenditures must be secured and retained for three years after grant closeout. Please note that a grant does not "close out" until the period of affordability has been satisfied.

34. ADDITIONAL RESOURCES

Additional resources can be found on the NHD website:

<https://housing.nv.gov/programs/HP/Exhibits/>