



**HOME
HOUSING PRODUCTION
PROGRAM**

**FY 2024
POLICY GUIDELINES**

January 5th, 2024

**COUNTY OF MONMOUTH
DIVISION OF PLANNING
OFFICE OF COMMUNITY DEVELOPMENT
ATTENTION: MARISSA CORTESE
HALL OF RECORDS ANNEX
ONE EAST MAIN STREET, 2ND FLOOR
FREEHOLD, NJ 07728
(732) 431-7460**

MONMOUTH COUNTY
2024 HOME PROGRAM
PRELIMINARY APPLICATION PACKAGE

This package contains an Application Form for a 2024 HOME Program grant/loan and specific instructions for completion. Note this form may be photocopied.

Please contact Marissa Cortese at marissa.cortese@co.monmouth.nj.us to request an electronic copy of the application forms in Microsoft Word.

If you have questions on the application please call the Office of Community Development at 732-431-7460.

Completed applications must be received by the close of business (4:30 p.m.) on **February 02, 2024** at the location listed below.

Applications can be mailed or delivered to:

Office of Community Development
Hall of Records Annex
One East Main Street
Freehold, NJ 07728

Electronic submissions will not be accepted as original signatures are required.

HOME HOUSING PRODUCTION
POLICY GUIDELINES

INTRODUCTION

Enacted as part of the Cranston-Gonzalez National Affordable Housing Act, the HOME Investment Partnership program provides formula grants to fund a wide range of affordable housing activities. Distributed to localities on a formula basis, this program is geared towards activities helping low and very low-income households. Eligible activities for funding under this program are new residential construction, acquisition, rehabilitation, and substantial rehabilitation.

Monmouth County is currently soliciting applications for projects requesting HOME Program funding assistance. Successful applicants will be required to comply with all applicable aspects of Federal regulations related to the HOME Program. The enclosed application is not intended to be the final submission for this project. If preliminary funding is approved or granted, additional detailed financial and legal documentation will be required

APPLICATION PROCESS

A. SCHEDULE

The Monmouth County schedule for processing HOME Program applications will be as follows:

- Distribution of Applications and Solicitation of Proposals Friday January 05, 2024

- Complete Project application due in the County Office Friday February 02, 2024

- Presentation of Applications to HOME Project Selection Committee Friday March 01, 2024

(A representative of the Applicant must be available for the presentation)

B. APPLICATION REQUIREMENTS

While Monmouth County is soliciting applications for funding under the HOME Program, the County notes the following terms relate to this solicitation.

1. Monmouth County and the County's HOME Project Review Committee reserve the right, without limitation, to reject any and all applications for assistance and to select for consideration those projects deemed to be in the best interest of the County.
2. Any grant or loan recommended by the County's HOME Project Review Committee is subject to approval by the Board of Chosen Freeholders and the approval and release of funds by the U.S. Department of Housing and Urban Development. Release of payments will be subject to documenting compliance with all requirements listed in a Grant or Loan Agreement to be executed with Monmouth County. In addition, applicant must submit all information required to conduct a thorough underwriting review of the prospective project. This review may require applicant to submit additional historical, legal, and financial data that the County may deem necessary at a later date.
3. Implementation of any project funded in full or in part with HOME Program Grant or Loan funds may not commence without full execution of a Project Agreement, Mortgage, Mortgage Note, and/or Deed Restriction with the County.
4. Monmouth County and the Office of Community Development will not be responsible for any project costs incurred prior to the full execution of a Grant or Loan Agreement.
5. The Office of Community Development must approve all contractors prior to the execution of any contract to be funded in full or in part with the HOME Program Grant or Loan funds.

C. SELECTION CRITERIA

The County will evaluate projects in accordance with the following criteria:

1. Priorities for allocation of resources, as established in the Monmouth County 2020-2024 Consolidated Plan, shall apply in the review of applications for HOME Program funds.
2. In addition to the Consolidated Plan allocation priorities, the County will consider the following factors in the selection of applicants:
 - a) Capacity and experience of the applicant in implementing comparable projects.

- b) Ability of the applicant to implement the project in a timely manner.
- c) Effective use of other available assistance, resources and private financing.
- d) Cost effectiveness of the use of HOME Program funds in providing affordable housing resources.
- e) Highest priority consideration will be given to applications from qualifying Community Housing Development Organizations (CHDO) and non-profits willing to restructure as CHDOs.

KEY HOME PROGRAM CONSIDERATIONS

****NOTE: All HOME projects must comply with the new 2013 HOME Final Rule issued July 24, 2013. The information below is intended to assist applicants to design a project in compliance with these regulations. Detailed HUD guidance can be found at: <https://www.onecpd.info/home/home-final-rule>**

A. ELIGIBLE ACTIVITIES

The HOME Program is a Federal program funded by the U.S. Department of Housing and Urban Development. Major activities eligible for funding under the HOME Program include:

1. Housing Production and Rehabilitation
 - a) New Construction
 - b) Rehabilitation
 - c) Conversion
 - d) Reconstruction
2. Acquisition of Housing
3. Acquisition of Vacant Land (only when applied for in conjunction with above the listed eligible activities)
4. Site Improvements(only when applied for in conjunction with the above listed eligible activities)
5. Demolition (only when applied for in conjunction with the above listed eligible activities)

B. MAXIMUM PER UNIT FUNDING LEVELS

These limits have been formulated in accordance with Notice CPD-15-003 & HOMEfires - Vol. 12, No.1, Rev. July 2017, and are effective as of April 7, 2023. Note that Monmouth County uses the

Section 234 Condominium Housing basic mortgage limits, for elevator-type projects, Basic Limit x 240 percent High Cost Percentage Exception.

Type of Unit	Maximum HOME Funding
0 Bedrooms	\$ 173,011
1 Bedrooms	\$ 198,331
2 Bedrooms	\$ 241,176
3 Bedrooms	\$ 312,005
4+ Bedrooms	\$ 342,482

PROJECT REQUIREMENTS

A. RENTAL PROJECTS

All rental projects must meet the following three conditions:

1. Targeted Income Groups

- a) 100% of assisted units must be occupied by households with an income of 80% of median or less.
- b) 90% of assisted units must be occupied by households with an income of 60% of median or less.
- c) 20% of assisted units must be occupied by households with an income of 50% of median or less.

Preference will be given to the projects that serve the largest number of very low- income persons.

- Income Limits for Monmouth County: Based on the June 2023, HUD published income limits for Monmouth County, these incomes are as follows:

Household Size (Persons)	Income Category (% of Median)			
	0-30%	31-50% Very low income	60%	<80% Low Income
1	\$27,100	\$45,150	\$54,180	\$66,300
2	\$31,000	\$51,600	\$61,920	\$75,750
3	\$34,850	\$58,050	\$69,660	\$85,200
4	\$38,700	\$64,500	\$77,400	\$94,650
5	\$41,800	\$69,700	\$83,640	\$102,250
6	\$44,900	\$74,850	\$89,820	\$109,800
7	\$48,000	\$80,000	\$96,000	\$117,400
8	\$51,100	\$85,150	\$102,180	\$124,950

- Maximum Chargeable Gross Rents: The maximum gross rent (including all utilities and fees) which may be charged for an assisted unit is established by Federal regulations. These maximums will be revised annually by the U.S. Department of Housing and Urban Development, effective June 2023 and are as follows:

Unit Size	Gross Rent		
	Fair Market Rent	LOW HOME	HIGH HOME
Efficiency	\$1,146	\$1,128	\$1,146
1 Bedroom	\$1,279	\$1,209	\$1,279
2 Bedroom	\$1,602	\$1,451	\$1,602
3 Bedroom	\$2,193	\$1,677	\$2,145
4 Bedroom	\$2,441	\$1,871	\$2,374
5 Bedroom	\$2,807	\$2,064	\$2,601
6 Bedroom	\$3,173	\$2,257	\$2,827

B. SALES PROJECTS

Applicants considering development of sales projects must meet the following factors in their analysis:

- Targeted Income Groups: All assisted units must be occupied by households with an income of 80% of median or less.
- Maximum Appraised Value** - Federal regulations restrict the appraisal value of assisted units to the following current (effective July 1, 2023) limits:

<u>Type of Structure</u>	<u>Appraisal Value</u>
1 family & Condominium	\$499,000
2 family	\$638,000
3 Family	\$773,000
4 family	\$958,000

3. Maximum Principal, Interest, Tax, and Insurance (PITI): The monthly housing payment (mortgage payment, taxes, insurance, and homeowners association fees, if applicable) will be calculated for the purchase of HOME funded units. The monthly housing payment may not exceed 40% of the applicant's adjusted monthly gross income.

All homebuyers must receive housing counseling before receiving HOME assistance or purchasing a HOME-assisted unit.

Applicants are encouraged to seek assistance and guidance from the Monmouth County Office of Community Development. In addition, certain key program provisions are summarized below.

C. OTHER FEDERAL REQUIREMENTS

1. Lead-Based Paint Regulations - All units in a project assisted with HOME funds **MUST** comply with the regulations implementing the Lead-Based Paint Poisoning Prevention Act of 1971.
2. Handicapped Accessibility - All units in a project assisted with HOME funds must comply with all applicable regulations governing accessibility, including:
 - a) Architectural Barriers Act of 1968, as amended
 - b) Americans with Disabilities Act
 - c) Section 504 of the Rehabilitation Act of 1973
 - d) Fair Housing Act

D. MATCH

All projects assisted with HOME funds incur a match liability in an amount equal to no less than 25% of the total HOME funds granted to the project. In order to qualify as match, the match must be a permanent non-Federal contribution to the project.

1. Eligible sources of match are:

- a) Cash or cash equivalents from a non-federal source
- b) Value of waived taxes, fees, or charges associated with HOME projects
- c) Value of donated land / real property
- d) Percentage of the proceeds of single- or multi-family housing bonds issued by state, state instrumentality, or local government
- e) Value of donated materials and/or labor
- f) Sweat equity
- g) Direct costs of supportive services to residents of HOME projects
- h) Direct cost of homebuyer counseling to HOME-assisted households

2. Ineligible Sources of Match

- a) Contributions made with or derived from federal resources or funds (including CDBG), regardless of when the funds were received or expended
- b) Subsidies from tax-exempt financing/tax credits
- c) Owner equity in a project (except sweat equity)
- d) Match for any other federal program.

E. RESOLUTION OF SUPPORT FOR THE PROJECT

All applicants MUST obtain a resolution supporting the project from the governing body of the municipality in which the project is located. The resolution should be submitted prior to the applicant's presentation to the review committee (scheduled for March 01, 2024).

F. DEADLINES FOR TIMELY PRODUCTION & OCCUPANCY

The 2013 Rule revised a number of commitment and completion deadlines and imposed new occupancy deadlines for HOME projects. These include:

- a) HOME projects must be completed within four years of commitment. Any project that is not completed in a timely manner will be terminated and the applicant will be required to repay HOME funds drawn. [§92.205(e)(2)]
- b) HOME-assisted rental units must be occupied by income-eligible households within 18 months of project completion; if not, applicant must repay HOME funds for the vacant units. Note, for units that remain vacant six months following completion, the applicant must identify and develop an enhanced marketing plan and report this information to HUD. [§92.252]
- c) A homebuyer unit must have a ratified sales contract within nine months of construction completion, or the applicant must either convert it to a HOME rental unit or repay the full HOME investment. [§92.254(a)(3)]
- d) CHDO set-aside funds must be committed (through a written project agreement) to specific projects within 24 months of the County receiving its HOME allocation. [§92.2 Commitment, §92.300(a)(1)]
- e) CHDO set-aside funds must be expended within 5 years of when the County receives its formula allocation. [§92.500(d) (1)(A) and (C), and §92.500(d)(2)]

G) UTILITY ALLOWANCES

It is the responsibility of the owner to obtain accurate utility allowances in comparing HOME rents to the maximum program rent for the property. The utility allowance schedule should include all costs to be paid by the resident for utilities including heat, electricity, water, sewer, oil, gas or trash.

HUD has developed a Utility Schedule Model that enables the applicant to calculate utility schedules by housing type after entering utility rate information. This model provides a consistent basis for determining utility schedules throughout the United States.

Instructions model can be downloaded here:

<https://www.huduser.gov/portal/resources/utilallowance.html>

Note that the Utility Allowance is subtracted from the High or Low HOME Rent (as determined by HUD annually) to determine the maximum rent a tenant can be charged.