

City of Wilmington HOME Appropriations Policy
for
Complying with the FY2012 HOME Appropriations Law
(*Consolidated and Further Continuing Appropriations Act of 2012 P.L. 112-55*)

Purpose

The City Council has established the following goals as part of the City's focus on Welcoming Neighborhoods and Public Spaces:

- To support diverse housing options and unique neighborhoods and plan for sustainable, quality redevelopment.
- To ensure equitable access for low-to-moderate income and special populations to safe, decent and affordable housing.
- To support long-term affordability of housing stock.
- To preserve the quality of housing stock and maintain diverse and sustainable neighborhoods.

These goals align with the U.S. Department of Housing and Urban Development's (HUD) objective to expand the supply of decent, safe sanitary and affordable housing available to low-income and very low-income households.

The City utilizes HUD's HOME Partnership Investment Program (HOME) funds to achieve these goals and meet HUD's objectives. HOME funds are used to support acquisition, construction or rehabilitation of rental or homeownership housing, homebuyer assistance, homeowner rehabilitation, and tenant-based rental assistance.

The purpose of this policy is to ensure that projects funded by the City of Wilmington under the FY2012-13 Consolidated Plan/Annual Action Plan with HOME funds comply with the requirements set forth in the federal *Consolidated and Further Continuing Appropriations Act of 2012 (P.L. 112-55)* and any subsequent federal regulations that maintain the requirements of the Act.

This policy and resulting procedures shall remain in effect as long as successive HOME regulations remain germane to the requirements of the FY12HOME Appropriations Act. This policy is subject to Council action to amend or remove requirements at the direction of the U.S. Department of Housing and Urban Development.

Background

As the national and local real estate market continues to recover, some HOME funded homebuyer units are sitting unsold. These unoccupied units are of concern to HUD. They are not serving the housing needs of low-income households and can contribute to neighborhood distress. The FY2012 HOME appropriations law attempts to mitigate this problem for future housing development.

The City of Wilmington is a participating jurisdiction (PJ) in the HOME program administered HUD. The *Consolidated and Further Continuing Appropriations Act of 2012* imposed new requirements on projects that receive FY2012 HOME funds. These requirements are intended to improve project and developer selection by PJs and ensure that there is adequate market demand for FY2012 HOME projects.

Requirements

1) Four-Year Project Completion

Projects funded with FY2012 HOME funds must be completed within four years of the commitment date, as determined by a signature of each party to the written agreement. Failure to complete projects within the four year period will result in the City repaying funds to the HOME Investment Trust Fund. If projects are not completed due to circumstances beyond the City's control, the City may request a one-year extension subject to HUD approval.

For the purpose of complying with this requirement, **completion** shall mean that all necessary construction work has been completed and the project has received a certificate of occupancy or other local certification indicating that construction or rehabilitation has been completed and the project is ready for occupancy. Additionally, terms for project completion and close-out shall be specified in project funding agreements including, but not limited to, requirements for disbursement of funds and retention of a percentage of funds pending successfully project close-out. For owner-occupied rehabilitation projects, completion means that all rehabilitation work has been completed, the City or its designee has performed a final inspection, and the homeowner has accepted the work, as indicated by a final sign-off.

This requirement is applicable to all HOME activities set up in Integrated Disbursement and Information System (IDIS) under a 2012 Consolidated Plan/Annual Action Plan, regardless of the grant year from which the funds are disbursed.

2) Assessment of Project Underwriting, Developer Capacity, and Market Need

Before entering into a legally binding written agreement to provide HOME funds to a HOME activity set up in IDIS under a 2012 Consolidated Plan/Annual Action Plan Project, the City must:

- Underwrite the project or evaluate the underwriting of another funder;
- Assess the development capacity and fiscal soundness of the developer; and
- Examine neighborhood market conditions to ensure adequate need for each project.

This requirement is not applicable to an activity that does *not* involve development activities that necessitate project underwriting, assessing developer capacity and financial soundness, and an

examination of neighborhood market conditions (e.g. tenant based rental assistance, homeowner rehabilitation, CHDO operating expenses), *or* if the City is committing HOME funds to an activity *not* set up in IDIS under a 2012 Consolidated Plan/Annual Action Plan Project.

3) Conversion of Homebuyer Units to Rental Units

Any FY 2012 HOME homebuyer units that have not been sold to an eligible homebuyer within six months of completion must be converted to a HOME rental unit that complies with all HOME requirements for the period of affordability applicable to such rental units.

This requirement is applicable to all HOME activities set up in IDIS under 2012 Consolidated Plan/Annual Action Plan Projects.

For the purpose of complying with this requirement, *completing project construction* shall mean that all necessary construction work has been completed and the project has received a certificate of occupancy or other local certification indicating that construction or rehabilitation has been completed and the project is ready for occupancy.

4) CHDO Development Capacity

The City may not reserve FY 2012 HOME funds to a Community Housing Development Organization (CHDO) for development activities unless the City has determined that the CHDO has staff with demonstrated development experience. The City must ensure that the current CHDO staff has experience developing projects of the same size, scope and level of complexity as the activities for which HOME funds are being reserved or committed.

This requirement applies to all reservations and commitments of CHDO set-aside funds made from a City's FY 2012 HOME allocation in which the CHDO is acting as the developer.