

HOME 2004 Training
January 29, 2004
Questions & Answers

American Dream Down Payment Initiative - Does the applicant turn in the apps to OHFA or does it go to American Dream?

OHFA Response:

ADDI will be part of the 2004 application process for HOME. OHFA is awaiting interim and final rules from HUD on how the program will work. OHFA will provide guidance as soon as these are released. Probably in the June 2004 timeframe.

Threshold Factors

No questions asked

Specific Evaluation Criteria

Detailed Project Description

Q1 If an app earns a portion of 25 points?

OHFA Response: Yes each criteria is reviewed for response factors and scored according to the number of factors documented or provided.

Q2 How does the 2 people reviewing app – how scored?

OHFA Response: HOME applications are reviewed and scored individually by two staff members. The scores are compared during a team review and if there is a significant difference in their individual scores then they review together to determine a score both can agree is appropriate.

Q3 Is there was a review process form?

OHFA Response: Yes there is and it will be provided to applicants who wish to have a copy.

Q4 If applicant answers all questions; can they get a perfect score?

OHFA Response: Yes

Project Management Functions

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Q2 If Org. Structure/Capacity was specific to a project or specific to an agency?

OHFA Response: This criterion is specific to both the project and the agency. It is important that the applicant demonstrate both the structure and capacity for the type of project being developed.

Q3 Asked for an example.

OHFA Response: We determine by reviewing and applicants plan of action and how their capacity will deal with administering the project and complete the project.

Financial Management

Q1 What other forms of government assistance did we want to see?

OHFA Response: OHFA would like to see where the applicant has the capacity to deal with funds dealing with housing etc. We look to see the applicants' ability to handle CDBG, Weatherization, and other housing specific funds.

Q2 If financial information on all partners in a LIHTC project was needed for the HOME app as well.

OHFA Response: Yes

Project Development Partners – Darcy

Q1 What is the purpose of reviewing agreements?

OHFA Response: OHFA reviews these agreements and contracts between the parties to see if they are fair and equitable.

Q2 Can we give an example of fair and equitable?

OHFA Response: It depends on the specifics of the contract. In reviewing these agreements and contracts OHFA is concerned that the CHDO receives a fair return on

Project Structure

Project Financing

Q1 What reasons would OHFA consider for forgiving a loan.

OHFA Response: OHFA might forgive the loan if, after looking into the project, it turned out to be unfeasible.

Q2 Asked for an example.

OHFA Response: Several factors are involved in looking at a project, the first evident one is financing, if the project is just economically unfeasible. Cash flows and loan commitments create the biggest challenge to funding a project. Problems with a site during the environmental or engineering study could render a project unfeasible.

Leveraging

Q1 why can't Match be counted as leverage?

OHFA Response: There are certain resources that are brought to a project that can count as Match and also count as leverage. These resources cannot be used for both match and leverage.

Q2 Our definition of leverage says that it must be a permanent contribution that factors into the assets of the development. Please explain.

OHFA Response: Leverage does not always represent a permanent asset of a project. OHFA will identify this issue during our application review on the scoring sheets. This definition will be reworded and cleared up in the 2005 application.

Project Readiness

Q1 Are we were going to have another workshop on environmental.

OHFA Response: HUD has identified that they have Technical Assistance training

HOME Application Matrix

Q1 If one application could be made for a MF development and TBRA for the same development.

OHFA Response: Each activity requires its own application. Applicants are reminded that OHFA is targeting this rental assistance to a distinct special needs population, individuals living with mental illness and individuals living with both mental illness and substance abuse, and their families. This specific category of individuals with disabilities has an unmet need, and this funding is needed to narrow the gap in benefits and services.

CHDO Certification

Q1 Is OHFA going to follow the CPD notice regarding Board Structure.

OHFA Response: Yes.

Q2 OHFA is taking too restrictive an interpretation of the CPD notice.

OHFA Response: Staff sought additional guidance and clarification at the NCSHA HOME conference in January in DC. There was not much guidance or response from other HOME PJ's. OHFA will accept comments, and we will review this issue as we prepare to develop our CHDO re-certification process.

CHDO Operating

Q1 If a CHDO had to have a current funded project to get CHDO OP, or could it be part of the plans set forth in the application.

OHFA Response: The applicant should have a current project or a detailed plan to identify and produce affordable housing.

General application or HOME program questions:

Q1 Is there would be enough money to fund the applications we had in house

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Additional Questions e-mailed to OHFA

Question

OHFA intends to use 2004 State HOME funds in other US HUD Metro PJs.
Who's idea was this and why is it being done?

OHFA Response:

OHFA was asked to consider allowing funding in another PJ's designated area if it could be proved that there was an unmet need.

We do provide HOME funds to the Tulsa Consortium in their rural areas.

OHFA took this request under consideration and decided that OHFA would consider allowing funding in another PJ's service area if several issues were resolved to our satisfaction.

They are:

1. Current Funding in our HOME program is not being fully utilized.
2. Applicant can prove that there is an unmet need and the other PJ in configuring their HOME program resources has no plans to meet the need. (Not just lack of HOME funds) Example: A city designating a recovery zone or other area that all their HOME funds will be utilized.
3. The unmet need would have to be in a very rural area of PJ's jurisdiction and has been underserved for some lengthy period of time.
4. OHFA receives a memorandum of understanding with the participating jurisdiction.
5. Local HUD has no real objection.
6. Our Board approves such a use of our HOME funds.

OHFA's mission continues to be to serve the rural areas of Oklahoma.

Community Action Agency of Oklahoma/Canadian County requested that we consider this change.

Question

Page 51 indicates:

"HOME Program Funds: OHFA does not allow the use of HOME funds in the form of non-interest bearing loans by CHDOs, Sub recipients and State Recipients. The use of long term-deferred loans is strongly discouraged; however, when HOME funds are used as deferred loans by grantees, the deferral period should not exceed 30 years. Grantees **must use** HOME funds as a loan when other entities are involved **and** must charge an interest rate of no less than one percent (1%) and set loan terms from 15 to 30 years, along with amortized payments."

Does this mean that projects for all activities must structure HOME funds as an interest-bearing loan?

In other words DPA must be provided as a loan as must TBRA, OOR etc.

The policy above is not presented in the context of a particular activity but rather as topical guidance applicable to all activities undertaken by all types of Grantees.

Follow-up question.

You indicated in your response that DPA, TBRA and HOR are intended to be grants, not loans. Since OHFA's policy requires a recapture provision to be used for DPA, the assistance must be provided as a forgivable loan, not grant. Do you agree?

Assuming you agree with the above statement, will you allow DPA to be structured as deferred interest bearing loans and fully amortized interest bearing loans?

OHFA Response:

This is intended to apply only to the situation of loans, although it could be confused. DPA, TBRA and HOR are intended to be grants, not loans. This language could be cleared up, especially the third sentence. We intended to address the issue of HOME funds invested in large projects for single and multi family projects where developers are involved.

Tenant Based Rental Assistance is a grant - with no expectation of repayment.

Homeowner Rehabilitation is a grant - with expectation of repayment should the homeowner sell the property during the period of affordability. This is imposed by OHFA at our discretion, as there is no long-term affordability or occupancy requirements associated with rehabilitation assistance.

DPA is a grant - with expectation of repayment should the homeowner sell the property during the period of affordability? This homebuyer activity and the recapture option refers to only the homeowner selling their home during the period of affordability. OHFA has long practiced having the requirement for DPA and HOR on repayment through grants. I think this is at the discretion of a participating jurisdiction

Follow-up Question

After thinking about the definitions you cited below regarding grants and deferred loans, I looked at HUD's definitions in the HOME Primer on pages 3-2 and 3-3. Your definitions don't appear to match HUD's in terms of forgivable loans. Since you are using different definitions, you may want to consider publishing some type of notice.

OHFA Response:

Grantees that receive a HOME award from OHFA may use those funds to provide financial assistance in the form of grants or loans, as approved by OHFA. Short-term forgivable loans are acceptable when appropriate for the type of activity proposed. OHFA strongly discourages the use of long-term deferred loans; however, when HOME funds are used as deferred loans by grantees, the deferral period should not exceed 30 years.

Grantees proposing multi-family and single family rental projects are strongly encouraged to use HOME funds as a loan, and to charge an interest rate of no less than one percent (1%). Said grantees should set loan terms of no more than 30 years, and require amortized payments. When combining HOME funds with other federal and state programs, grantees should be aware that the rules governing said programs may require the HOME funds to be loaned to the project through an interest-bearing, amortized loan.

Question:

Page 8 of the 2004 HOME Application Packet indicates administrative funds will be provided for homeownership projects as follows, "Homeownership - Down Payment and Closing Cost stand alone project - Four percent (4%) of the HOME contract"

In the past, HOME contract totals have included the matching funds.

So, is the 4% admin based really based on the "HOME contract" or did you mean to say it is 4% of the HOME project funds request not inclusive of the match?

OHFA Response:

It's not inclusive of match, can change the wording to make it clearer.

Question

Please provide me with copies of all 2004 HOME Program application threshold and specific evaluation criteria forms for all eligible activities that will be used by OHFA staff in the analysis and rating of proposals.

Question

Quote below from the 2004 HOME Application Packet.

"Operating expenses will only be awarded to CHDOs that are receiving set-aside funds for an activity (or activities) or are under a written agreement with OHFA to receive set-aside funds within 24 months of the agreement."

How will this rule be applied?

Does this mean that in order to be eligible for CHDO operating funds a CHDO must currently possess an open contract for CHDO project funding and be in the implementation phase of a HOME contract in order to be baseline eligible?

Does this mean that CHDOs without active projects and open contracts must, at the time of application, specify a future CHDO project which will then become part of the operating award? i.e. awards of 2004 HOME CHDO operating funds will now specify a future CHDO project to be undertaken and a specific award future amount/guarantee of HOME funding for the project specified?

If you could give me some examples it would be helpful.

OHFA Response:

A CHDO applying for HOME funds for operating expenses would not have to have an open contract or be in the implementation stage of a HOME Contract. CHDO's applying for HOME funds for operating if not currently working on or in a CHDO set-aside activity would in their application identify what set-aside project eligible activity(ies) they will be making a HOME application and would start on or complete in the future 24 months ahead of their award of HOME operating expense.

Example: A CHDO is planning to apply for and complete a HOME CHDO eligible set-aside activity as an owner, developer, or sponsor: Acq. and/or Rehab. - rental housing, new construction of rental housing, Acq. and/or Rehab. of homebuyer properties, direct financial assistance to purchasers of assisted housing sponsored or developed by the CHDO with HOME funds.

Any of these set-aside activities when clearly identified in the operating expense application as future CHDO project would be sufficient in an application to be considered for funding.

Question

Are site maps, floor plans and photos required submission items for OOR applications? The published 2004 "Submission Checklist for Homeowner Rehabilitation Applications", Item #3, "Project Structure" page 38, indicates that Tab 14 must include a site map, floor plans and photos. However, the "Project Readiness" rating criterion on pages 26 and 27 do not instruct applicants for any activities to include site maps, floor plans or photos. Additionally, page 27 indicates applicants for OOR are not required to perform recipient pre-selection.

If the above referenced items are required for OOR submissions, can you give me an example that indicates how to meet these requirements, given that recipients and properties are not known at the point of application?

OHFA Response:

For Homeowner Rehab, if the homeowners have been pre-selected we would like to see where the home is located and photos of the present condition of the house. If they are doing reconstructs, we would like to see the floor plans. If the homeowners have not been pre-selected, a site map and photos would be considered not applicable, and we would not count it against the Applicant. We would still like to see floor plans if they are proposing reconstructs. Each case is different, and we don't count off for anything that is not applicable to the application we are reviewing.

Question

Must OOR applications provide proof of ownership?

The excerpt below is taken from the published 2004 HOME Program Application Packet.

"To establish project readiness, applicants must provide all of the following:

1. Proof of acceptable form of ownership
2. Production and project implementation schedules that clearly identify all major phases of the proposed project.
3. Production and implementation schedules of no more than eighteen (18) months
4. Proof of ability to begin construction within sixty (60) to ninety (90) days of contract execution.
5. Evidence that Applicant has started or has the capacity to do environmental and/or historic clearance at the time of the Application for HOME funds.

Homeowners Rehabilitation Only - Recipient Selection Process:

Applicants for Homeowner Rehabilitation funds must provide a detailed narrative and

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OHFA Response:

If the HOR applicant has not pre-selected families for the HOME funds then the "proof of ownership" is not applicable". This requirement then would be addressed in the "HOR only" part " provide a detailed narrative" as to the actions to be taken to secure proof of ownership and what documentation will be relied on for this requirement.

Question

Does an OOR applicant that has pre-selected owners and provided proof of ownership receive greater consideration in the evaluation and rating process?

OHFA Response:

No - the proof of ownership requirement would be considered in scoring as part of the percentage of points received for the response.

Question

The 2004 HOME Application Packet indicates applicant's administrative costs must conform to CPD Notice 94-13. Did you mean to reference CPD Notice 96-09?

I have searched USHUD's website of CPD Notices and find no reference to CPD Notice 94-13.

Please send me a reference/web link/hard copy of CPD Notice 94-13.

OHFA Response:

Yes reference should have indicated 96-09 which (Supersedes CPD Notice 94-13)
December 20, 1996.

Question

Page 46 of the 2004 HOME Application Packet states, "Project Soft Costs-Capped at 12% of Project Costs." Since project costs include match, does the calculation of a project's soft cost limit include match too?

For example:

Total Project hard costs=\$100,000

Total match=\$25,000

12% soft cost limit calculation would be: \$125,000 X 12%= \$15,000

OHFA Response:

The project soft costs will be calculated based upon the HOME project dollars (HOME contract amount) in the project. This excludes Match etc.