



WILL COUNTY LAND USE DEPARTMENT COMMUNITY DEVELOPMENT DIVISION

HOME Investment Partnership Program (HOME)

Policies and Procedures

*Will County Land Use Department
Community Development Division
58 E. Clinton Street, Suite 500
Joliet, Illinois 60432
Phone: (815) 774-7890*

Effective February 19, 2015



2015 Request for Proposals

Will County anticipates receiving Home Investment Partnership (HOME) funds from the U.S. Department of Housing and Urban Development (HUD) for the period of October 1, 2015 – September 30, 2016 (PY 2015) and is presently accepting proposals. The allocation amount for the upcoming program year, however, is unknown. Will County may not receive final notification of the annual HOME award amount from the Department of Housing and Urban Development until April or May 2015. The County will reserve the right to award more or less than previous funding levels as the allocation is dependent on the final entitlement amount authorized by Congress and the Department of Housing and Urban Development. (See Page 13 for full application details)

February 23, 2015	Applications available for municipalities/agencies
February 24, 2015-May 7, 2015	Communities to hold public hearings and complete application-Review with CDD staff as needed
March 11, 2015	Application Workshop
May 8, 2015	APPLICATION DUE DATE (by 4:00 p.m. at CDD office) 58 E. Clinton Street, Suite 500, Joliet, Illinois
May 11, 2015-June 1, 2015	CDD to review applications and conduct project site visits-Application recap/summaries mailed to Advisory Board for review
May 15, 2015	Publish Public Hearing Notice
May 28, 2015 1pm-3pm	Public Hearing CDBG Advisory Board Meeting
June 12, 2015 1pm-3pm	CDBG Advisory Board meeting to prepare final recommendations and review project funding for the Executive Committee
June 14, 2015-July 15, 2015	2015-2019 Consolidated Plan/ 2015 Action Plan Display Period
July 19, 2015	Executive Committee Meeting
July 16, 2015	County Board Meeting
October 1, 2015	Beginning of CDBG Program Year

Will County Board 2015-2016

DISTRICT #1

HOWARD, ROBERT
OGALLA, JUDY

DISTRICT #2

MOUSTIS, JIM
SINGER, CORY

DISTRICT #3

MORAN, DONALD A.
RICE, BETH

DISTRICT #4

HARRIS, KENNETH E.
TRAYNERE, JACQUELINE

DISTRICT #5

BENNEFIELD, DARREN
FRITZ, GRETCHEN

DISTRICT #6

FREITAG, RAGAN
GOULD, DON

DISTRICT #7

BALICH, STEVE
FRICILONE, MIKE

DISTRICT #8

BROOKS, JR., HERBERT**
WINFREY, DENISE E.

DISTRICT #9

PARKER, ANNETTE
STALEY-FERRY, LAUREN

DISTRICT #10

BABICH, JOSEPH M.
WILHELMI, STEPHEN M.

DISTRICT #11

HART, SUZANNE
MAHER, CHARLES E. (CHUCK) *

DISTRICT #12

McDERMED, MARGO
WEIGEL, TOM

DISTRICT #13

COLLINS, LIZ
FERRY, MARK

* Republican Caucus Chair

** Democratic Caucus Chair

HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

The HOME program was created under Title 11 (the Home Investment Partnerships Act) of the Cranston-Gonzales National Affordable Housing Act of 1990. This program represented a historic affirmation of the Federal Government's commitment to providing decent, safe, and affordable housing for all Americans and to alleviating the problems of excessive rent burdens, homelessness, and deteriorating housing stock nationwide.

Eligible HOME activities include:

HOME funds may be used to provide incentives to develop and support affordable rental housing and homeownership affordability through the following activities:

- Acquisition (including assistance to homebuyers);
- New construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities, including real property acquisition, site improvements, conversion, demolition;
- Other housing expenses, including financing costs, relocation expenses of any displaced persons, families, businesses, or organizations;
- Tenant-based rental assistance, including security deposits;
- Payment of reasonable administrative and planning costs; and
- Payment of operating expenses of Community Housing Development Organizations (CHDO).

The housing must be permanent or transitional housing. The specific eligible costs for these activities are set forth in 24 CFR 92.206 through 209. The activities and costs are eligible only if the housing meets the property standards as outlined at 24 CFR 92.251 upon project completion

Further, HOME funds are set aside for use by CHDOs (Community Housing Development Organization). CHDOs are nonprofit organizations certified by the County of Will as meeting the federal criteria to undertake certain housing development activities. Those activities include acquisition and/or rehabilitation of rental housing and homebuyer properties or to construct rental or homebuyer properties. CHDOs must act as Owner, Developer or Sponsor. Additional guidance on CHDO uses of HOME funds can be found at 24 CFR Part 92 G. (See additional information on CHDOs on Page 11).

Affordability Periods for HOME Activities

Investment of HOME funds into a homebuyer project requires an affordability period be attached to that home. The affordability period represents the minimum length of time a homeowner must reside in the property as his/her primary residence. The affordability period begins after project completion. The periods are based on the amount of HOME funds provided for the property. When the homebuyer sells or fails to reside in the property as his/her primary residence during the affordability periods, repayment of a portion of the HOME subsidy is required.

Homeownership Assistance Activities HOME amount per-unit	Minimum period of affordability
Under \$15,000	5 years
\$15,000 to \$40,000	10 years
> \$40,000	15 years

Production, rehabilitation or acquisition of rental housing also requires an affordability period to ensure that the housing remain affordable for low to moderate income people. The affordability periods represent the minimum length of time (beginning upon project completion) a recipient of HOME assistance must be in compliance with HOME rules and regulations regarding maximum HOME rent limits, tenant income, and other applicable requirements. The periods are based on the amount of HOME funds provided for the property. When the recipient fails to comply with the HOME regulations during the designated affordability period, repayment of the HOME subsidy is required.

Activity	HOME Subsidy	Unit Must Remain Affordable for at Least
Rehabilitation or Acquisition of existing housing	Less than \$15,000/unit	5 years
	\$15,000-\$40,000/unit	10 years
	> \$40,000/unit	15 years
Rehabilitation with refinancing	Any amount	15 years
New Construction or Acquisition of New Housing	Any amount	20 years

Minimum/Maximum Investment Amounts

Minimum HOME investment: The minimum amount of HOME funds is an average of \$1,000 multiplied by the number of HOME-assisted units in a project. The minimum only applies to the HOME funds in a project, and does not include any other funds.

Maximum HOME investment: The maximum per-unit HOME subsidy varies and is determined by HUD. Consult Community Development Division staff for current maximum investment levels.

HOME Subsidy Layering and Underwriting Policy

Before committing funds to a project, Will County must evaluate the proposal to determine that there will be a reasonable level of profit or return on owner's or developer's investment in a project and that no more HOME funds is invested, alone or in combination with other

governmental assistance, than is necessary to provide quality affordable housing that is financially viable for the entire affordability period. This evaluation will include:

- (1) An examination of the sources and uses of funds for the project and a determination that the costs are reasonable; and
- 2) An assessment, at minimum, of 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 written financial commitments for the project.
- (3) For projects involving rehabilitation of owner-occupied housing units a market analysis or evaluation of developer capacity is not required.
- (4) For projects involving HOME-funded down payment assistance and which do not include HOME-funded development activity, a market analysis or evaluation of developer capacity is not required.

The Division may rely upon the guidelines developed and/or evaluations conducted by other agencies, such as when Low Income Housing Tax Credits (LIHTC) or other HUD program funding, are used.

Applicants seeking HOME funds for rental projects are required to submit to the Will County Community Development Division:

- The Affordable Housing Underwriting Template which is available at <http://willcountylanduse.com/community-development>
- Commitment letters with all terms and conditions for the following:
 - Mortgages
 - Grants and/or other governmental assistance
 - Subordination agreements
 - Bridge (interim) loans
 - Investment tax credits (historic, low-income, if applicable)
 - Copy of partnership agreement (if the applicant is a partnership), which indicates the cash contributions by the general partners and/or limited partners

Note: The proceeds from the sale of tax credits must be identified as a source of funding.

Documentation to verify the sources indicated in the Template including:

- Earnest money agreement, option or closing statement for land and/or buildings
- Construction cost estimate
- Construction contract or preliminary bids
- Agreements governing the various reserves which are capitalized at closing (to verify that the reserves cannot be withdrawn later as fees or distributions)
- Appraisal (to substantiate the value of land and property after rehabilitation/construction)

If low-income housing 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. All assumptions in the offering should be verified in the supporting documentation.

If the documentation is not adequate and does not support the costs as stated, the County will request additional documentation or a second opinion and/or reference from an appropriate source, such as another construction cost estimator, architect, or lawyer. When required documentation cannot be obtained, the County may deny HOME funding for the project.

Rent, Occupancy and Income Requirements

HOME distinguishes between the units in a project that have been assisted with HOME funds and those that have not. A project may consist of a unit with various sizes and amenities, some of which may be HOME-assisted, while others are not. *HOME-assisted units* is a term that refers to the units within a HOME project for which rent, occupancy and/or resale restrictions apply. The number of units designed as HOME-assisted affects the maximum HOME subsidies that may be provided to a project.

Every HOME-assisted rental unit is subject to rent limits designed to help make rents affordable to low-income households. These maximum rents are referred to as “HOME rents.” HUD publishes the rent schedule each year based on changes in area income levels or market conditions.

For properties with both assisted and non-assisted units, there must be a designation of “fixed” or “floating” units. Fixed units are the specific units that are HOME-assisted that are designed at the time of project commitment. These units never change and are subject to HOME rents and occupancy standards. Floating units are units that are HOME-assisted, but may change over time. The total number of HOME-assisted units remains constant over time, and all floating units are subject to HOME rents and occupancy standards.

Will County allows two methods of income calculation to determination of participant eligibility in HOME-assisted housing units. Those are defined in the HOME Program Policy and Procedure Manual and will be specified in the Agreement awarding HOME funds. Properties with multilayered financing such as Tax Credits will be allowed to use the method preferred by the other funding sources.

Rental projects subsidized by the HOME Program must comply with the Program Funds Rule and the Project Rule, as established by the U.S. Department of Housing and Urban Development. The Program Funds Rule states that 90% of the total households assisted (HOME subsidized units) must have incomes that do not exceed 60% of the Area Median Income (AMI). The Project Rule specifies the occupancy of units in each rental project. In projects of 5 or more HOME-assisted units, at least 20% of the HOME assisted units must be occupied by families who have annual incomes that are 50% or less of the AMI (Low Home Rent Units). Projects with fewer than 5 HOME-assisted units do not have to restrict any units to Low HOME Rents or limit occupancy to tenants at 50% or below of the AMI.

HUD provides an online income calculation tool that project owners may use to determine income eligibility of tenants. It can be found at <https://www.onecpd.info/incomecalculator/>

Other HOME Requirements

Underwriting Standards for Homebuyer Assistance

Will County Community Development Division has adopted a set of policies and standards specific to use of HOME funds for assistance to homebuyers. These standards were adopted in January 2014 and can be found at:

<http://www.willcountyllinois.com/County-Offices/Economic-Development/Land-Use/Community-Development/Grant-Programs>

This document is also available from CDD staff.

Minimum Property Standards (Construction, Rehabilitation and Acquisition)

All HOME-assisted units must meet local codes and standards. In the absence of local codes, housing should conform to the model codes identified in the program rule at 24 CFR Part 92.251.

Minority and Women's Business Enterprises

The requirements of Executive Orders 11625, 12432, 12138 and 24 CFR 85.36(e) applies to grants under this part. Consistent with HUD's responsibilities under these Orders, the Applicant must make efforts to encourage the use of minority and women's business enterprises in connection with funded activities.

Section 3

Section 3 of the Housing Development Act of 1968 will apply as amended (12 U.S.C. 1701U), relative to the hiring and training of low-and moderate-income persons and the use of local Section 3 certified businesses. The purpose of Section 3 is to ensure that the employment and other economic opportunities generated as a result of U.S. HUD assistance or by a U.S. HUD-assisted project covered by Section 3, shall to the greatest extent feasible, be directed to low-and very-low income persons, particularly persons who are recipients of U.S. HUD housing assistance.

Labor Standards

Construction (rehabilitation or new construction) of housing that includes 12 or more units assisted with HOME funds requires the payment of prevailing wages (Davis-Bacon) for the area to all laborers and mechanics employed in the development of any part of the housing. This also applies to homebuyer projects that do not include other project activities.

When HOME funds are only used to assist homebuyers to acquire single-family housing, and not for any other project costs, the wage provisions apply to the construction of the housing if there is a written agreement with the owner or developer of the housing that HOME funds will be used to assist homebuyers to buy the housing and the construction contract covers 12 or more housing units to be purchased with HOME assistance. The wage provisions apply to any construction contract that includes a total of 12 or more HOME-assisted units, whether one or more than one project is covered by the construction contract.

Contractors and subcontractors must comply with Federal laws and regulations regarding labor standards and the HUD Handbook 1344.1 (Federal Labor Standard Compliance in Housing and Community Development Programs) as applicable to the project.

The prevailing wage provisions do not apply to volunteers who receive no compensation and are not otherwise employed at any time in the construction work. The provisions also do not apply to members of a family providing labor in exchange for acquisition of property for

homeownership or in lieu of, or as a supplement to, rent payments. For more information about labor standards, see 24 CFR 92.354.

Environmental Review

The environmental effects of each activity carried out with HOME funds must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and related authorities listed in HUD's implementing regulations at 24 CFR Parts 50 and 58.

Construction must NOT commence and funds will NOT be committed for a project until the environmental review has been completed. .

Flood Insurance

Under the Flood Disaster Protection Act of 1973 (U.S.C. 4001-5128) HOME funds may not be used with respect to the acquisition, new construction, or rehabilitation of a project located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, unless:

- The community in which the project is situated is participating in the National Flood Insurance Program (44 CFR Parts 57-59) or
- Flood Insurance is obtained as a condition of approval or commitment.

Accessibility

The Applicant must comply with the applicable provisions of the Americans with Disabilities Act (42 U.S.C. 12101-12213) and assist the County with complying with the implementing regulations at 28 CFR part 35. All new construction housing developments receiving HOME subsidies with 5 or more units must design and construct 5 percent of the dwelling units, or at least one unit, whichever is greater, to be accessible for persons with mobility disabilities. These units must be constructed in accordance with the Uniform Federal Accessibility Standards (UFAS) or a standard that is equivalent or stricter. An additional 2% of the dwelling units, or at least one unit, whichever is greater, must be accessible for persons with hearing or visual disabilities.

For more information on the accessibility requirements for federally assisted new construction and substantial alterations of existing federally assisted housing, refer to Section 504: Disability Rights in HUD Programs.

Affirmative Marketing Guidelines

Rental and homebuyer projects containing five or more HOME-assisted units are required to comply with affirmative marketing procedures. Owners of projects must inform and solicit applications from persons in the housing market areas who are least likely to apply for the housing without the benefit of special outreach.

Applicants must include a description of how the project plans to inform the public, owners, and potential tenants about their affirmative marketing policy and the Federal fair housing laws and a statement of procedures used by owners to inform and solicit applications from persons in the housing market areas who are least likely to apply for the housing without special outreach.

Lead-Based Paint Evaluation Procedures

Housing assisted with HOME funds is subject to the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42

U.S.C. 4851-4856), and implementing regulations at part 35, subparts A, B, J, K, M and R Title 24: Housing and Urban Development.

Uniform Relocation Act

The Uniform Act, passed by Congress in 1970, is a federal law that establishes minimum standards for federally funded programs and projects that require the acquisition of real property (real estate) or displacement of persons from their homes, businesses, or farms. The Uniform Act's protections and assistance apply to the acquisition, rehabilitation, or demolition of real property for federal or federally funded projects. The Applicant agrees to adhere to 49 CFR Part 24 for HUD funded programs and projects.

Conflict of Interest Provisions

Applicants must guarantee that no member of, or Delegate to, the Congress of the United States shall be admitted to any share or part of a contract or to any benefit to arise from the same.

Additionally, the Applicant must agree that no members of the governing body of the locality in which the Project Sponsor is situated, no other public official of such locality or localities, and no person, unless expressly permitted by HUD, who is an employee, agent, consultant, officer, or elected or appointed official of the Applicant, and who exercises or has exercised any functions or responsibilities with respect to HOME-assisted activities, or who is in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from the HOME-assisted activity, or have any interest in any contract, subcontract, or agreement with respect thereto, with respect to the proceeds there under, either for himself or herself or for those with whom he or she has family or business ties, during his or her tenure or for one (1) year thereafter.

The Applicant agrees that the codes of conduct provisions in 24 CFR § 84.42 shall apply to the procurement of supplies, equipment, construction and services. In all cases not governed by 24 CFR § 84.42, the provisions of 24 CFR § 92.356 shall apply. Such cases include the acquisition and disposition of real property and the provision of assistance by the Applicant or assistants of the Applicant to individuals, businesses, and other private entities under eligible activities that authorize such assistance (e.g. rehabilitation, preservation, and other improvements of private properties or facilities pursuant to 24 CFR 92).

The Applicant represents that it presently has no interest, and shall not acquire such interest, financial or otherwise, direct or indirect, nor engage in any business transaction or professional activity or incur any obligation of any nature which would conflict in any manner with the performance of scope of service required hereunder.

Without receiving prior written authorization by the County, the Applicant shall not (i) retain any individual or company with whom the Applicant or any individual member thereof has a financial or other conflict of interest; nor (ii) in fulfillment of this Agreement, do business with a for-profit entity in which the Applicant or any individual member has a financial or other interest therein.

The Applicant warrants to the County that no gifts or gratuities have been or will be given to any County employee or agent, either directly or indirectly to obtain this Agreement.

SET ASIDES

Through HOME the federal government invests in local nonprofit housing groups by requiring that each jurisdiction reserve at least 15 percent of its total HOME allocation to fund housing that will be owned, developed, or sponsored by entities designated as Community Housing Development Organizations (CHDOs).

Community Housing Development Organizations (CHDOs)

A CHDO is a private nonprofit, community-based organization that has staff with the capacity to develop affordable housing for the community it serves. In order to qualify for designation as a CHDO, the organization must meet certain requirements pertaining to their legal status, organizational structure, and capacity and experience

A CHDO is a specific type of private nonprofit entity. CHDOs must meet certain requirements pertaining to their legal status; organizational structure; and capacity and experience. HUD's governance for CHDO's can be found at 24 CFR Part 92. An overview of these requirements is provided below:

- *Legal Status:* The 501(c) nonprofit must be organized under state/local law, must identify decent affordable housing as a purpose of its existence, there must be no individual benefit from earnings, and it must have a clearly defined service area.
- *Organizational Structure:* At least one-third of its board of directors must be low-income residents, reside in a low-income area, or serve as an elected representative of the low-income community. Further, no more than one-third of the directors may be public officials or employees of Will County. The CHDO must additionally provide a formal process for input from the low-income community.
- *Capacity and Experience:* The CHDO must demonstrate that it has at least one year of experience serving the community where it intends to develop the housing and it has paid staff with the capacity to carry out the proposed activities and experience serving in the role proposed in the application. The CHDO must also have financial accountability standards that conform to 24 CFR § 84.21, "Standards for Financial Management Systems."

CHDO Role

CHDO set-aside funds may be used by CHDOs for those HOME activities where the CHDO acts as the owner, developer, and/or sponsor of the housing. Each role is described below.

Owner: The CHDO owns the rental property in fee simple during the affordability period, but does not directly undertake the development of the property. The CHDO can purchase standard rental housing that it will own and operate. Or, in projects involving rehabilitation or new construction, the CHDO purchases the land or project, and contracts with a developer to carry out those development activities. The CHDO must maintain control of the development process.

If it lacks in-house capacity, it may hire or contract with an experienced project manager to oversee the project on its behalf.

Developer: In the developer role, the CHDO must own and directly develop the property. For rental projects, the CHDO is required to own the housing, act as the developer in sole charge of the development process, and then continue to own the project in fee simple absolute and maintain effective project control during the period of affordability.

For homebuyer projects, the CHDO must be the owner and developer of the project, arrange project financing, and remain in sole charge of the development process until it sells the unit to an eligible homebuyer.

Sponsor: There are two models for a CHDO serving as sponsor. As with the original HOME sponsorship model, a CHDO owns and develops a rental project on behalf of another nonprofit organization, then transfers ownership of the project to that nonprofit at a pre-determined point in the development process. The CHDO must obtain title to the project before development begins. It must also identify the nonprofit that will eventually own the property before it enters into a written agreement for HOME funds with the participating jurisdiction. Recent changes to the HOME regulations states that the nonprofit to which ownership is transferred cannot be an entity created by a governmental entity. If transfer does not occur for any reason, the CHDO retains responsibility for both the HOME funding and the HOME project. The second model that applies to CHDO set-aside projects that will be owned by a wholly owned subsidiary of the CHDO or a partnership of which the CHDO or its wholly owned subsidiary is the sole managing member or sole general partner.

Rental projects – Rental project partnerships are permitted on the Sponsor definition. In these cases the CHDO, or its wholly owned subsidiary, must be the sole general partner of a limited partnership or the sole managing member of a limited liability company. When a CHDO set-aside project is owned by a Limited Partnership or Limited Liability Company under this sponsorship model, the PJ must ensure that the partnership agreement does not permit the CHDO or its subsidiary to be removed as sole general partner or sole managing member except for cause – such as mismanagement of the project. If the partnership agreement permits removal of the CHDO or its subsidiary for cause, it must also stipulate that the new sole general partner or managing member can only be another CHDO.

Reporting Results

HUD reports program outcomes at a national level. The purpose for this reporting is to demonstrate program results to policy makers and the public, to allow HUD and the grantees to capture program accomplishments, to help enhance program capacity and results, and to build public support for the funded programs. Because the group of grantees and their activities are so diverse, data must be reported consistently so that it can be nationally aggregated. HUD requires each activity funded by HOME to report on standard objectives and outcomes. HOME project results will be most often reported in terms of the number of households assisted with improved access to decent, affordable housing. CHDOs will be responsible for reporting all required information to the County prior to the closeout of any activity.

Application and Review Process

The Will County Community Development Division of the Land Use Department invites qualified organizations and municipalities with eligible projects to apply for CHDO and/or HOME funds. The County seeks proposals from organizations that can demonstrate the capability of addressing the priority needs of the Consolidated Plan.

The County will hold a Request for Proposals workshop at the Will County Community Development Office and attendance of the workshop is encouraged but is not mandatory. The purpose of this workshop is to facilitate responses to all Proposers' questions concerning the content of RFP.

The County reserves the right to:

- Withdraw the RFP at any time without prior notice. Furthermore, the County makes no representation that funding will be awarded to any Proposer responding to this RFP.
- Retain all proposals submitted. The proposals become property of Will County.
- Withdraw funding upon the county's determination that reasonable attempts to negotiate an agreement have failed. Prior to accepting the award, the Proposer must meet applicable administrative and regulatory rules to adhere to Federal and local requirements, codes, and other conditions. It is the Proposer's responsibility to be familiar with these requirements prior to accepting the award and commencing negotiations.
- Deny a funding recommendation to a Proposer with outstanding disallowed costs, defaulted loans, debarment actions or any other legal encumbrance, regardless of the merits of the proposal submitted.
- Reject any proposal from any Proposer that has defaulted on past loans or has unmet debt obligations with the County contrary to the terms set forth in the original agreement in any of the housing-related categories addressed in this RFP.
- Reject the proposal of any applicant that is not in a position to fulfill a resulting contractual obligation.

Evaluation Criteria

Proposals will be reviewed and scored on a competitive basis relative to the evaluation criteria below. The maximum possible score is 100 points.

Project Summary (10 points). Proposer will receive scores ranging from 0 to 10 points based upon the clarity with which the project is summarized. The summary should demonstrate that all elements of the project have been analyzed and the project plan is thorough and complete.

Demographic Commitment (5 points). The Applicant will receive 5 points for projects that exclusively serve senior citizens, severely disabled (as defined by the Bureau of Census Current Population Reports), victims of domestic violence, or homeless persons.

Organizational and Staff Capacity (20 points). Applicant will receive scores ranging from 0 to 20 points based upon the capacity of the organization, the staff assigned to the project and their experience with similar projects. Capacity must be demonstrated with resumes included as attachments to the application.

Readiness to Proceed (20 points). Applicant will receive scores ranging from 0 to 20 points based upon demonstration of readiness to proceed. Factors that will be considered include site control, appropriate zoning, environmental assessment, staffing, and the commitment of other funding sources.

Leveraging of Funds (25 points). Applicant will be awarded points based upon the ratio of County funds requested and previously committed compared with other funding included in the total project budget. Points will be awarded as follows:

- 25 points = 50% or more of the project is leveraged
- 20 points = 40-49% of the project is leveraged
- 15 points = 30-39% of the project is leveraged
- 10 points = 20-29% of the project is leveraged
- 5 points = 10-19% of the project is leveraged
- 0 points = Less than 10% of the project is leveraged

Financial Feasibility (20 points) Applicant will be awarded 0 to 20 points based on the Affordable Housing Underwriting Template. Criteria presented in the Template that will be evaluated include the feasibility of the development budget, long-term sustainability of the project, and affordability of the units for low-to-moderate income persons.

Major Environmental Issues Review (REQUIRED) Proposer is required to respond to this section to preliminarily assess the project's environmental impact.

All points will be awarded on a full point basis. If information is not contained in application or not sufficient, points will not be awarded. The number of awards will be determined by the number of qualifying proposers and the amounts requested by each. Award amounts may not be equal to the full amount requested in the proposal.

Review of Project Budget: The project development budget, as presented in the Template, will be evaluated to determine if development costs are necessary and reasonable. The review will ensure that the costs being funded by the HOME Program are eligible costs and the HOME funds per unit do not exceed the maximum per-unit subsidy limits.

Reasonable costs are defined in OMB Circular A-87 (Relocated to 2 CFR Part 225) as follows: A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.

Federal regulations require that projects involving land acquisition be supported by an appraisal documenting the current land value. Any upward deviation from the appraised value necessitates

written justification explaining how the cost meets the “necessary and reasonable” test in OMB Circular A-87 (Relocated to 2 CFR Part 225).

Rate of Return on Equity: The project Template information will be reviewed to determine the reasonableness of the rate of return on equity investment and/or to determine whether the cash flow projections are reasonable paying particular attention to current economic conditions.

Market Study: The Proposal should contain documentation that demonstrates a need for the development in the community. The developer should provide evidence that the market has been evaluated and it is determined that sufficient demand exists to support the proposed number of units.

Overall Evaluation: If the County determines that the total amount of HOME assistance and other governmental assistance exceeds the amount that the County determines is necessary to make the project feasible due to the unreasonableness of the costs and/or the projected rate of return, the County can consider several options:

- 1) Reduce the amount of HOME assistance through reducing the development budget accordingly or increasing the non-public funding of the project;
- 2) Make other adjustments to the project, such as lowering the rents to be charged, reduce the term of the loan in order to lower the rate of return; or
- 3) Deny HOME assistance if the applicant refuses to make reasonable adjustments or to limit its return/costs.

The Key Evaluation Points referenced above pertain to single-family rental housing of 1 to 4 units as well as multi-family rental housing. However, if the rental project is owner-occupied and the owner’s unit is being rehabilitated with Federal funds, the rental income and rehabilitation expenses applicable to the owner’s unit must be excluded from the pro-forma evaluations.

Application Submittal

1. Only one proposal per applicant per year. Please note that if you are a current CHDO with the County and your project qualifies as a CHDO project, you should check the box for CHDO application. If you are not a current CHDO and would like to apply for HOME funds for a project that qualifies under the HOME Investment Partnership Act, please check the box for HOME application.
2. Submit one original with all attachments and a USB drive containing your entire proposal (including all supporting documents, underwriting template, maps etc.). The original MUST contain ORIGINAL signatures.

A complete proposal requires:

- Include all exhibits, appendices, and attachments etc. in their entirety as outlined on the Application Checklist.
- Must be submitted in the order of the Application Checklist.
- The Affordable Housing Underwriting Template must be completed by all applicants (rental or homebuyer as appropriate) and submitted with the application packet (printed) and be included in the USB Drive.

a. **APPLICATIONS RECEIVED AFTER THE DEADLINE SHALL BE REJECTED.**

b. **If any section or part of the full application is missing, that application shall be rejected.**

3. All originals must be signed.
4. Submit proposal by May 8, 2015 at 4:00 p.m. to the Will County Community Development Division, 58 E. Clinton St., Suite 500, Joliet, IL. Proposals may be mailed or hand delivered. Fax submittals will **not** be accepted.