

**FUNDING – HOME APPLICATIONS, RISK ANALYSIS ASSESSMENT AND MONITORING/FINANCIAL**

**VIABILITY OF HOME FUNDED PROJECTS** (Approved by HOME Advisory Committee on 07/01/2014; Updated April 24, 2017, Approved by the HOME Advisory Group on May 2, 2017; Updated 11/xx/2024, Approved by HOME Advisory Group on 12/xx/2024)

- 1. Background and Applicability.** DuPage County has specific processes for accepting applications for HOME funded projects and underwriting those projects (risk assessment). The HOME Investment Partnerships Program regulations, as revised by final rule published on July 24, 2013, require that DuPage County have and follow written policies, procedures, and systems (including a system for assessing risk of activities and projects and a system for monitoring entities) and that ongoing viability of projects be determined through financial oversight of HOME projects. The purpose of this policy is to formalize those policies, procedures, and systems currently in use and to update them to meet new requirements. This policy shall apply to rental and homeownership projects funded under the HOME program.
- 2. Application for Funding.** From time to time as funding levels permit, and at the ~~discretion-direction~~ of the HOME Advisory Group (HAG), DuPage County Community Development Commission (CDC) will issue a Notice of Funding Availability (NOFA) and ~~call for application for~~ housing projects Letters of Intent (LOI). Dependent upon the priorities of the HAG, the NOFA may restrict types of projects for which funding is being made available. CDC staff will review the LOI and determine whether a full application should be submitted. The LOI information, application process, information and forms will be available on the CDC website, ~~and~~ ~~p~~Parties that have previously expressed an interest in CDC programs will be notified of the opportunity to ~~apply for fundings~~submit an LOI. The application process will require submittal of sufficient information regarding the developer/~~subrecipient~~ owner/sponsor of the project and the proposed project to enable CDC staff to underwrite the project as to eligibility, feasibility, financial viability, and sustainability and to perform a subsidy layering review. The CDC ~~may~~ place an LOI and application deadline on the Notice of Funding Announcement NOFA, but also or may accept LOIs and applications on a rolling basis throughout the year.
- 3. Evaluation of Letters of Intent.** When LOIs have been received in accordance with an issued NOFA, CDC staff will review the LOI and required attachments. Staff will consider factors including, but not limited to, meeting ConPlan priority needs, project readiness and ability to proceed in a timely manner to meet federal timeliness and deadlines, organizational capacity, cost per unit, past successful projects utilizing federal funds, and compliance with any previous federal or local funded contracts and/or agreements.
- 4. Evaluation of Applications.** Upon review of submitted LOIs, CDC staff may invite applicants to submit a full application. When applications have been received ~~in accordance with an issued NOFA~~, CDC staff will review the applications and documentation provided. Staff may contact applicants for further information as questions arise during the review process. Each application will not receive a

Formatted: Font: Bold

Formatted: Font: Not Bold

Formatted: List Paragraph, No bullets or numbering

numbered score, but will be evaluated in a number of categories to determine ~~project~~ the viability and ~~the~~ capacity of the developer/owner/sponsor or subrecipient. Staff will then prepare a memorandum for placement upon the HAG meeting agenda which contains project recommendations and information about the applications, as well as a full underwriting memorandum for each recommended project. Full copies of the applications will also be available at the HAG meeting for review.

**5. Staff Recommendation. Staff will recommend a Preliminary Set-Aside or Conditional Commitment of HOME funds for each application to HAG.**

**Preliminary Set-Aside.** A recommendation for a preliminary set-aside indicates the project meets established criteria, however, there are contingencies which must be met prior to committing HOME funds under a HOME Agreement. Contingencies may include, but are not limited to, firm funding commitments from other financing sources, zoning approval, environmental clearance, etc. Preliminary set-aside status does not represent a commitment, financial or otherwise, from the County.

**3- Conditional Commitment.** A recommendation for a conditional commitment indicates there are no outstanding contingencies and the project may proceed to a HOME Agreement and placement on the Human Services Committee agenda, and County Board approval. If a project originally received a preliminary set-aside, staff would update project underwriting accordingly and present the project again to HAG, recommending approval of a conditional commitment.

**6. Approval of Projects.** HAG will vote whether to accept staff recommendations, reject staff recommendations, or table an application pending resolution of HAG questions. ~~Accepted projects may be granted a "preliminary set aside" or "conditional commitment" of HOME funds status. A granting of "preliminary set-aside" indicates that the project meets all funding criteria, but is not ready to go to agreement because of contingent conditions (examples: finalization of zoning or firm funding commitments from other funders). When contingencies have been met, the underwriting for the project will be updated and the project presented again to HAG for "conditional commitment" status. "Conditional commitment" status indicates the project may proceed to environmental review, environmental clearance, agreement, placement on the Health and Human Services Committee agenda, and County Board approval.~~

**4-7. Environmental Review Records.** Projects assisted in part with HOME funding must have an Environmental Review Record (ERR) completed in accordance with 24 CFR Part 58. Staff may begin the ERR process once a preliminary set-aside has been approved by HAG. However, if the project requires LIHTC to move forward, or if all financing has not been secured, staff may elect to await LIHTC award announcements or confirmation of secured funding prior to beginning the ERR process.

**5-8. Project Development Period.** Each approved HOME project will be assigned to a CDC staff member as the lead person on the project. Such staff member will oversee the project until completion and will be responsible to call to the attention of CDC

Formatted: List Paragraph, No bullets or numbering

Formatted: Font: (Default) Times New Roman, 12 pt

Formatted: List Paragraph, Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.06" + Tab after: 0.56" + Indent at: 0.56"

Formatted: Font: (Default) Times New Roman, 12 pt

Formatted: Font: Bold

Formatted: No bullets or numbering

management (the Manager of CDC, Administrator of Community Development, or Director of Community Services) any issue that arises during the development period that could impact the eligibility, feasibility, financial viability and/or sustainability of the project. Management and staff will consult HAG, State's Attorney's Office, County internal and/or external auditors, and/or the U.S. Department of Housing and Urban Development (HUD) as necessary during the project development period to resolve any such issues in a manner compliant with HOME regulations.

#### **6.9. Post Development Affordability Period – Risk Analysis and Monitoring.**

**Homebuyer projects** – CDC staff will monitor for occupancy compliance through receipt of appropriate insurance documents and tax roll records. CDC has policies in place to address non-compliance.

**Rental projects** - During the period of affordability, DuPage County will:

- Examine at least annually the financial condition of HOME-assisted rental projects with 10 or more units to determine the continued financial viability of the housing and will take appropriate actions to correct problems, to the extent feasible. The CDC will rely on the DuPage County HOME Inspection and Monitoring Procedures approved in February 2016 to determine the required inspections to conduct.
- Perform on-site inspections of rental projects in a manner and with the frequency required by the HOME regulations.
- Monitor the project compliance as to the financial viability of the project, correct number of HOME units, proper rent levels, eligible tenants, and adequate tenant documentation in a manner and with the frequency required by the HOME regulations and as outlined within the HOME & NSP Rental Project Monitoring Procedures, which may be updated as needed. Staff will complete the HOME Risk Analysis for each project upon receipt of all required information and documentation, which will determine projects that will receive on-site file reviews as part of monitoring. Projects not identified for on-site file reviews will have a desktop monitoring review completed. Projects with an acceptable on-site monitoring visit in any given year will be considered low risk and may be monitored through a desk monitoring the following year provided there has been no change in management.