



MADISON COUNTY

2018 Notice of Funds Availability

Madison County Community Development HOME Investment Partnerships Program

http://www.co.madison.il.us/departments/community_development/

RFP Deadline: **April 6, 2018**

Madison County reserves the right to accept or reject all funding requests and rescind the request for proposals. Madison County reserves the right to request additional information, as determined necessary to review any application. Madison County has the right to cancel or retract this RFP. All information that is submitted through this solicitation becomes the property of Madison County.

Madison County Community Development (MCCD) announces the availability of approximately \$400,000 in **HOME Investment Partnerships Program (HOME)** funds. HOME funds are federal funds that come from the U.S. Department of Housing and Urban Development (HUD). The available HOME funding is comprised of the 2017 funding year (October 1, 2017 to September 30, 2018) allocation.

PROJECT AREA

All Madison County, IL municipalities are eligible.

PRIORITIES

Madison County Community Development (MCCD) has established priorities, set forth in the MCCD Five-Year **Consolidated Plan**, for HOME Program activities that propose affordable housing on a **long-term basis**. **The HIGHEST priority is appropriately addressing the rental housing needs of the households with incomes below 30 percent of the area median income.**

The following is the list of the **HIGH** priorities listed in the Plan:

- ❖ Rental Housing for families and/or individuals with incomes below 50 percent of the area median income.
- ❖ Rental housing for the physically disabled persons and/or the elderly with incomes below 30 percent of area median income.
- ❖ Permanent supportive housing for persons with mental illness with incomes below 50 percent of area median income.
- ❖ Homeless families and/or individuals with incomes below 50 percent of area median income.
- ❖ Preserving existing HUD-assisted and other affordable rental housing serving households at or below 50 percent of area median income.

Proposals must be consistent with the Consolidated Plan in order to be eligible for HOME funding.

Applications will be reviewed by MCCD and certified as to whether or not the proposed activity is consistent with the Consolidated Plan. Proposals with rental housing with a mixed income rental structure can be assisted; however, all HOME-assisted units must meet the HOME requirements. Tenant-based rental assistance applications will not be accepted during the initial funding process.

In addition to the Consolidated Plan priorities, applications will be given additional points if they align with the following **other County priorities****:

- ❖ Vacant and Foreclosed Property
- ❖ Sustainable Communities
- ❖ Transit Oriented Development (TOD)

**More information on the other County priorities is available at the end of this document.

ELIGIBLE APPLICANTS

Eligible applicants include governmental agencies, nonprofit agencies, for-profit entities and Community Housing Development Organizations (CHDO). Requests for assistance to individuals will not be accepted through this RFP.

FORM OF ASSISTANCE

As a goal, the County is looking for project and applicant partners to create long-term affordable housing opportunities. Therefore, assistance provided is structured in a way to achieve that goal.

This usually means that rental and ownership applicants must be willing to commit to being part of the project long term.

Rental projects assisted with HOME funds will be offered the assistance in the form of a **low interest bearing loan**. **The amount loaned and loan terms will be determined by Madison County based on the project's need and ability to repay the loan.** HOME loans will require full repayment of principal and interest, whenever feasible. Loans must be repaid at the point of loan maturity, sale of the property, or if the project does not meet the terms and conditions of the contractual agreement. For projects involving acquisition, new construction, and/or substantial rehabilitation, the HOME loan agreement may contain a profit-sharing provision. Regardless of the structure of the loan **OR** if it is repaid prior to maturity of the loan,

all rental projects must comply with the HOME regulations for at least the **ENTIRE** minimum affordability period. The term of the assistance and the affordability period will be determined by the MCCD and be included in the written agreement.

Homeownership projects, depending upon the structure of the project, project applicant will be required to ensure that units will be resold to subsequent eligible buyers at an affordable price and give the seller a fair return on their investment **OR** that funds will be recaptured, with a fair return to the seller if the housing unit is sold prior to the end of the required affordability period. Homeownership projects that are required to recapture funds will typically be structured in the form of a deferred, interest bearing loan that must be repaid at the point of maturity, sale, or if the homeowner does not meet the terms and conditions of the contractual agreement.

Homeowner Rehabilitation projects will typically be structured in the form of loans (deferred, interest bearing, or non-interest bearing) that must be repaid at the point of maturity, sale, or if the homeowners does not meet the terms and conditions of the contractual agreement.

Tenant Based Rental Assistance (TBRA): In light of the large increase of families in emergency shelters, the Consortium **may** set aside funds for a TBRA Program with shallow rental subsidies. The administration of the subsidy program will be awarded to an entity with previous subsidy experience; the ability to, at a minimum, coordinate needed services; and that is able to cover administration costs with other funds.

PROGRAM REQUIREMENTS (24 CFR Part 92) — 2013 HOME FINAL RULE

On July 24, 2013, HUD published a new Final Rule titled "HOME Investment Partnerships Program: Improving Performance and Accountability; Updating Property Standards". In the Rule, HUD made changes to HOME Program and provided clarification to try to improve performance of the program and accountability. Some of changes were implemented immediately and others will be implemented over time.

The updated Federal regulations at (24 CFR Part 92) governing the program are available by going to the HUD website for the HOME Program
<http://www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm>

A successful applicant will become familiar with the regulations that govern the HOME Program and applicable "additional crosscutting Federal Regulations", which are summarized later. An agreement outlining the complete requirements must be executed at the point of final commitment. Sample agreement documents are available upon request. **All of the HOME and other Federal requirements are very detailed and can impact the timing and budget of your project. Budgets and schedules should reflect complete and realistic costs and time required to meet these requirements. Applicants funded with HOME must comply with the HOME Program regulations for the ENTIRE required period of affordability.**

The following is not intended to cover all of the HOME Program requirements and is only a SUMMARY of the requirements:

Eligible Projects

Acquisition of property, construction of new housing for permanent rental and ownership, moderate or substantial rehabilitation of units, and site improvements for HOME-assisted projects. Other reasonable and necessary expenses related to the development of affordable, non-luxury housing, homeowner purchase assistance and tenant-based rental assistance.

PROJECTS REQUIRING LOW-INCOME HOUSING TAX CREDIT (LIHTC) AWARDS FOR FINANCIAL FESABILITY, MUST HAVE PROOF OF AN APPROVED PRELIMINARY PROJECT ASSESSMENT (PPA) FROM THE ILLINOIS HOUSING DEVELOPMENT AUTHORITY (IHDA)

Income Limits

All households served must be low-income households, as defined by HUD in the HOME regulations as households at or below 80 percent of Area Median Income (AMI). There are additional targeting requirements for different activities funded with HOME that are described in the regulations. Currently, the income limits **for the HOME Program** are as follows:

Income Level (effective June 15,2017)	Household Size					
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30% of Median (Extremely Low Income)	\$15,650	\$17,900	\$20,150	\$22,350	\$24,150	\$25,950
50% of Median (Very Low Income)	\$26,100	\$29,800	\$33,550	\$37,250	\$40,250	\$43,250
60% of Median	\$31,320	\$35,760	\$40,260	\$44,700	\$48,300	\$51,900
80% of Median (Low Income)	\$41,750	\$47,700	\$53,650	\$59,600	\$64,400	\$69,150

Rent Limits -- HOME RULE CHANGE

HOME-assisted rental units must be occupied by low-income households (60 percent of area median or less) and bear non-publicly, assisted monthly rents, **INCLUDING** all tenant paid utility costs, which do not exceed the HIGH HOME limits. **IN ADDITION**, for projects that have five or more HOME-assisted units, 20 percent of the units must be occupied by very-low income households (50 percent of area median or below) and bear non-publicly, assisted monthly rents, **INCLUDING** all tenant paid utility costs, which do not exceed the LOW HOME limits. Currently the rent limits are as follows:

RENT LIMITS (EFF. JUNE 15, 2017)	UNIT SIZE					
	0 BEDROOM	1 BEDROOM	2 BEDROOM	3 BEDROOM	4 BEDROOM	5 BEDROOM
LOW HOME RENT ²	609	690	838	968	1081	1192
HIGH HOME RENT	609	690	896	1188	1385	1576
FAIR MARKET RENT	609	690	896	1188	1385	1593

Leasing/Marketing Requirements

ALL HOME funded projects are required to:

- ❖ Create and follow an Affirmative Marketing Plan that provides outreach to individuals that would not normally apply to live at the project; **and**
- ❖ Create and follow a Tenant Selection Plan that is consistent with providing affordable housing; that is reasonably related to the program eligibility and ability to comply with the lease; that selects applicants from the waiting list in chronological order; and that provides prompt written notification to rejected applicant noting reason(s) for the rejection; **and**
- ❖ Rental projects are required to accept the Section 8 Voucher Program; **and**
- ❖ Rental projects are required to have a written lease. The lease must have an initial term of one year; be free of any of the HUD prohibited lease provisions; and must provide a 30-day period of notification for termination of tenancy.

There are more details on the rental compliance and monitoring requirements under "**HOME Program Guide**" available on the County website, http://www.co.madison.il.us/departments/community_development/

Per Unit Subsidy Limits

The minimum HOME per unit investment is **\$1,000**. Maximum HOME per unit investment is the **lesser** of the **actual** per unit cost **or** the HOME limits set by HUD. The current limits are as follows:

Effective :	Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
5-24-2017	141,088	161,738	196,672	254,431	279,285

Homeownership Limitations — HOME RULE CHANGE

Homeownership activities funded with HOME funds must be modest housing. For the acquisition of newly constructed or standard housing, the value cannot exceed the HOME mortgage limits for the area. For acquisition and rehabilitation activities, the **after** rehabilitation value cannot exceed the HOME mortgage limits for the area. The limit used by the HOME Program was set up for the FHA financing insurance program and does not directly correlate to a price that is affordable to households at or below 80 percent of AMI.

Effective date	Existing Single Family Unit	Existing Duplex	New Construction Single Family Unit	New Construction Duplex

3-1-2017	\$143,000	\$184,000	\$224,000	\$286,000	
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Construction/Rehabilitation Standards -- HOME RULE CHANGE

Projects **must** meet the MCCD’s adopted "**Construction and Rehabilitation Standards.**" These standards include the minimum construction, energy, lead paint, radon, asbestos, fair housing, accessibility, nondiscrimination, and material installation. **The Construction and Rehabilitation Standards are available on the HOME Program page on the County website,** http://www.co.madison.il.us/departments/community_development/

MCCD is also encouraging the applicants to include the following design features to help reduce energy expenditures, enhance the health, well-being and productivity of the building occupants in HOME assisted projects:

- ❖ Sustainable Design. www.co.madison.il.us/departments/planning_and_development/sustainability_plan.php
- ❖ Energy Star products, standards and building certification. www.energystar.gov
- ❖ The Principals of Universal Design; "The design of products and environments to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design."

Matching Requirements

Applicants will need to leverage Match from **non-federal** sources, an amount equal to or greater than **25 percent** of the HOME funding request. These non-federal sources **cannot** be used for funds that have been used for Match for any other federal program. *In order to receive points for Match, applications must identify and provide documentation of the source and commitment of the required Match that will be **permanently** contributed to the HOME project.* Refer to the application for the full list of eligible Match items.

A few examples of **eligible** Match are:

- the face value of a forgivable loan;
- the present discounted value of yield foregone on a below market rate loan;
- or the documented value of donated property or services.

Examples of **ineligible** forms of Match are:

- owner equity;
- owner donations and/or deferred fees;
- and Tax Credit Equity.

Additional Federal Regulations

Other Federal Regulations **will be** triggered by the use of HOME funds in the project. All applicable requirements must be met. Applications should account for all applicable requirements in all budgets and timelines. **The following is intended only as a SUMMARY of the additional requirements:**

Environmental Regulations. - An Environmental Assessment (EA) process must be completed for every funded project and neither the recipient or County may commit or expend HUD or other funds prior to receiving the required Release of Funds. This process will include a minimum 30-day review of the site by the State Historic Preservation Officer (SHPO). It will also require the publication of a public comment notice, prior to the submission to HUD for the Release. MCCD will not begin the required EA until the project has been selected for HOME funding.

Once an application has been submitted through this RFP, "no choice limiting action" can be taken by the applicant prior to receiving the Release of Funds.

Choice limiting actions include, but are not limited to:

- any physical action on the site;
- commitment or expenditure of HUD or non-HUD funds for property acquisition,
- rehabilitation, conversion, lease, repair, or construction activities.

Applicants that proceed with any choice limiting action(s) will be forfeiting access to the HOME funds for the project. Purchase Agreements for property should be contingent upon this requirement.

Lead Based Paint. The regulations titled "Evaluation and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance," at 24 CFR 35, contain the applicable lead hazard evaluation, testing, disclosure and reduction requirements for properties built prior to January 1, 1978. The requirements are detailed in the **Construction and Rehabilitation Standards**, referenced earlier in this RFP.

Fair Housing Act. Prohibits discrimination in all housing related transactions based on race, color, religion, national origin, sex, familial status and disability. It also includes minimum accessibility design requirements for all new construction and rehabilitation projects. These requirements state that all ground floor units must be accessible in buildings with no elevator, when feasible, if built prior to March 13, 1991. Buildings built after March 13, 1991 must comply. For buildings with elevators, all units must be accessible. Additional requirements apply to the common areas. Finally, it requires that reasonable accommodations be made in rule, policies, practices, services and reasonable structural modifications.

Section 504 of the Rehabilitation Act of 1973. Prohibits discrimination based on disability and requires that everyone have equal opportunity to obtain housing built with federal funds. HUD regulations require that five (5) percent (rounded up) of all NEW **AND** REHABILITATED units must be fully accessible for mobility impairments (physically handicapped) **AND** an additional two (2) percent (rounded up) of all NEW units must be fully accessible for sensory (hearing or vision) impairments. The accessibility must meet the Uniform Federal Accessibility Standards (UFAS). These requirements apply to single family developments. Additional requirements apply to the common areas.

Davis Bacon Act and Section 3. Every contract for housing with 12 or more HOME assisted units must contain provisions requiring the payment of not less than the Federal Prevailing Wage. IF the Davis Bacon Act is not triggered, State Prevailing Wages must be used. Contracts must also be subject to overtime provisions. If HOME funds are used to pay construction contracts of \$100,000 or more will trigger the Section 3 requirements.

Women and Minority Business Enterprises (W/MBE). All funded projects must complete, track and report on outreach and contracts given to women and minority owned businesses to ensure their inclusion, to the maximum extent possible, in all procurement of property and services.

Uniform Relocation Assistance and Real Property Acquisition Policies Act (Uniform Act or URA) 49 CFR Part 24. Activities triggering the Uniform Act are Acquisition, Demolition or Rehabilitation (not including voluntary homeowner rehabilitation). Acquisition includes purchasing real estate, including vacant parcels, even if the actual purchase is with non-federal funds if the subsequent construction activity is federally assisted. It also includes providing purchase assistance to homebuyers. Any of the activities that could result in temporary or permanent displacement and the relocation of tenants will require the creation of a relocation plan. **ALL activities will trigger the need for one or more disclosure notices for the sellers, buyers and/or occupants.** They are provided at different times during the project. The timing and which notices will depend upon the type of project and the entity completing the project.

Financial Management. For each type of recipient, there is a set of Federal principles, which determine allowable costs under Federal grants and other agreements with states and local governments in accordance with the applicable OMB Circular. These also include single audit requirements, as applicable.

HOUSING SERVICES

Madison County expects applicants to provide the appropriate and necessary level of services for their projects. Services will vary depending upon the type of housing and the client population. Madison County will prioritize new supportive housing proposals based on clearly defined operating and service budgets, including realistic funding sources. **Applicants should be aware that public funding for operations and**

supportive services is scarce and highly competitive. MCCD encourages applicants to consider operationally-funded resident services.

Homeownership Housing -- HOME RULE CHANGE! Applicants must consider how to provide for the pre-purchase and post-purchase needs of the population(s) being served in the proposed ownership (homebuyer and homeowner rehabilitation) projects. Specifically, applicants need to show how they will ensure successful ownership to achieve housing stability through written affirmative marketing/selection guidelines policies **AND** written program/project guidelines. The narrative sections will not be sufficient to capture the detailed written guidelines and/or policies, therefore applicants **must submit** their separate written guidelines and/or policy with the application. ****NOTE** The HOME Program now requires that all HOME assisted homebuyers receive at least pre-purchase homebuyer counseling.**

Rental Housing Applicants shall consider the applicable level of service needs and preferences of the population(s) being served in rental projects specifically to minimizing tenant turnovers and/or providing permanent housing solutions in achieving housing stability for the occupants. Specifically, applicants need to show how they will achieve and ensure housing stability through written marketing and tenant selection plans/policies. **The narrative sections will not be sufficient to capture the detail in the required marketing and selection plans therefore applicants must submit their written marketing plan and tenant selection policy for the property with the application.**

Participation in social services should be based upon choice by the individual and should not be a condition of housing. Housing services should assure culturally sensitive outreach, programming and/or culturally appropriate living and community spaces.

Applications for rental development shall describe the housing and supportive services as either/and:

Level A - Residents make their own arrangements for services. Owner/Management Company does not arrange or monitor residents' use of supportive services and is likely to be unaware residents having a service provider.

Level B - 1. The owner/management company (or its employees or subcontractors) arranges for supportive services (on-site or off-site) upon request by a resident; **OR**; 2. Alternatively, the owner/management company, et al, does not provide any referral services but assists resident's service provider by communicating and cooperating in situations where the resident needs help to maintain stable housing.

Level C - The owner/manager directly provides supportive services to residents. In some housing models, residents may be required to accept some services as a condition of obtaining and retaining housing.

FUNDING COMMITMENTS

Projects will be selected based upon established review and ranking criteria. A Selection Committee will make a funding recommendation to the Grants Committee and the Madison County Board. **The initial funding award letter and commitment will serve as a preliminary (soft) commitment.** Madison County reserves the right to cancel funding commitments if the project is not proceeding satisfactorily towards the proposed activity, as indicated in the timeline submitted with this application. **The point at which a contractual agreement has been executed will be the final (firm) commitment.** The contractual agreement will include additional Madison County requirements, which include but are not limited to: providing a Lender's Title Policy; abiding by the County's Affirmative Action and Equal Opportunity; providing a Legal Opinion Letter; defending, indemnify and hold Madison County harmless from any and all claims or lawsuits that may arise from the Applicant's activities; agreeing to abide by Madison County's insurance coverage requirements and to provide evidence of insurance in form and content satisfactory to Madison

County, and naming Madison County Community Development as mortgagee and additional insured, as appropriate. Typical insurance requirements include general liability, auto, builder's risk, worker's compensation, and other insurance related to the project.

RESERVED FUNDING

Community Housing Development Organization (CHDO): A *minimum of 15 percent* of the 2016 HOME funds, approximately \$100,000, is reserved for CHDO projects. The HOME Regulations define a CHDO at 24 CFR Part 92.2: A CHDO is a private nonprofit, community-based service organization with the purpose and the capacity to provide and develop decent, affordable housing for the community it serves. A CHDO must document that they meet the CHDO criteria **each time** they apply for CHDO set-aside funding. The deadline for all qualified CHDO requests may be extended until all funds have been committed to CHDO eligible projects that meet the RFP priorities and requirements.

Tenant Based Rental Assistance (TBRA): In light of the large increase of families in emergency shelters, the Consortium **may** set aside funds for a TBRA Program with shallow rental subsidies. The administration of the subsidy program will be awarded to an entity with previous subsidy experience; the ability to, at a minimum, coordinate needed services; and that is able to cover administration costs with other funds.

APPLICATION FOR 2018

Please review each application to ensure that you are using the appropriate application (rental or homeownership) for the type of project you are proposing. Each application has its own checklist of items needed for submission with the application forms. The applications forms are in Word and Excel formats. General questions regarding the HOME application can be directed to: Stephanie Vonnahme at (618) 296-4955 or by e-mail at smvonnahme@co.madison.il.us

APPLICATION SUBMISSION FORMAT

The application should not be altered in any way. Incomplete or altered applications, applications missing documentation or not received in duplicate will not be acceptable for review. Applicants must submit **A HARD COPY with original signatures** OF THE COMPLETE APPLICATION PACKAGE, follow the instructions in the application. Applicants **MUST ALSO SUBMIT an ELECTRONIC COPY (e-mail or CD)** OF THE COMPLETE APPLICATION PACKAGE.

APPLICATION SCHEDULE AND ASSISTANCE

1. Distribution of Applications and Solicitation of Proposal.....February 5, 2018
2. Optional - Information Session TBD
3. Completed HOME Application Due.....April 6, 2018
4. County Board approval of the funding (subject to change).....May 18, 2018

DEADLINE FOR SUBMISSION OF PROPOSALS

All requests for Madison County HOME funds must be received with the required application and all attachments, **no later than 4:30 p.m. on April 6, 2018**

Deliver/Mail to: **Madison County Community Development - HOME RFP**
Attn: Stephanie Vonnahme

130 Hillsboro Ave.

Edwardsville, IL 62025

All information that is submitted through this solicitation becomes the property of Madison County.

Application Checklist

Please submit one (1) original application package, including:

Section A

- A resolution or other acceptable documentation designating the authorized signatory for the application submission. (required for non-profit or public entities)

- For applicant:
 - a) If non-profit: 1) Copy of IRS 501(c) determination and Date of Incorporation, and
2) Most recent Annual Report and/or audited financial statements. (Certified financial statements may be substituted for the audited financial statements)
 - b) If for-profit: 1) Date of Incorporation, and
2) Most recent Audit/financial statements, and
2) List of officers and directors of corporation or partnership.
 - c) If proprietorship: 1) Personal financial statement (one copy for confidential internal review).

- General Release Form

Section B - Application Package Sections:

- 1. Applicant Information

- 2. Applicant History

- 3. Proposal Basics

- 4. Project Basics

- 5. Narratives

- 6. Partner Information

- 7. Applicant, Architect & Contractor Experience

- 8. Other Required Information
 - 8.1 Budget
 - 8.2 Sources & Uses/Funding Commitments
 - 8.3 Environmental Questionnaire
 - 8.4 Maps & Photos
 - 8.5 Other
 - 8.6 Letters of Support
 - 8.7 Certifications