



Community Development Department

**HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)  
AFFORDABLE HOUSING DEVELOPMENT PROGRAM  
APPLICATION GUIDELINES**

**Grant Program Year: July 1, 2026 – June 30, 2027**

**Application Deadline: Friday, April 13, 2026 (by 3:00 pm)**

# I. INTRODUCTION

Cumberland County Community Development announces the availability of Home Investment Partnerships Program (HOME) funds under the Affordable Housing Development Program (AHDP). The goal of this request is to increase the supply of decent and affordable housing in Cumberland County. The proposed project must create new affordable housing units or protect and preserve existing affordable housing through rehabilitation. Qualified for-profit and non-profit developers (Applicants) including Community Housing Development Organizations (CHDOs) are invited to submit applications for the rehabilitation or construction of affordable housing units. The HOME funds received by Cumberland County are used within the County’s geographic jurisdiction. **IMPORTANT: Projects must meet the minimum requirements outlined in Section VI to be considered for further review.**

The HOME program was established by Congress to address affordable housing needs under Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended. Final HOME Rule and Regulations may be found at 24 CFR Part 92. The United States Department of Housing and Urban Development (HUD) provides Cumberland County annual entitlements such as the Community Development Block Grant (CDBG) and the HOME funds to address a broad range of housing and community and economic development needs. These guidelines provide background and application process information for the HOME funds.

Cumberland County’s Consolidated Plan (5-year strategic plan) identifies the community’s priority needs such as housing, homelessness, special needs, community development, and economic development. Cumberland County uses its funds to further its community development efforts and meet identified priority needs. Therefore, the selected project(s) should address the priority need below:

Priority Needs	Goals and Objectives
<b>Housing</b>	<p><b>Goal:</b> Improve, preserve, and expand the inventory of affordable housing for low- and moderate- income persons and families living in Cumberland County.</p> <p><b>Objectives:</b></p> <ul style="list-style-type: none"> <li>• <b>Homeownership Assistance</b> - Promote and assist in developing homeownership opportunities for low- and moderate-income households.</li> <li>• <b>Housing Construction</b> - Promote and assist in the development of new affordable housing inventory for both rental and sales housing.</li> <li>• <b>Housing Rehabilitation</b> - Promote and assist in the preservation of existing owner and renter occupied housing inventory in Cumberland County.</li> <li>• <b>Fair Housing</b> - Affirmatively further fair housing by promoting fair housing choice throughout Cumberland County.</li> <li>• <b>Housing Education</b> - Promote and assist in educating homeowners, tenants, landlords, and new homebuyers in best practices for purchase and maintenance of affordable housing rentals, including foreclosure and eviction prevention.</li> <li>• <b>Housing Purchase</b> - Provide funds for down payment assistance and acquisition for rehabilitation to make housing affordable to low- and moderate-income persons and families.</li> </ul>
<b>Homelessness</b>	<p><b>Goal:</b> Improve the living conditions and support services and increase the availability of housing for homeless persons and families in Cumberland County and eliminate unfair housing practices that may lead to homelessness.</p> <p><b>Objectives:</b></p> <ul style="list-style-type: none"> <li>• <b>Housing</b> - Promote and assist in developing housing opportunities for persons and families experiencing homelessness, and those who are at-risk of becoming homeless.</li> <li>• <b>Operations/Support</b> - Promote and assist in program support services for the homeless.</li> </ul>

	<ul style="list-style-type: none"> <li>• <b>Homeless Prevention</b> - Promote and eviction defense and prevention of unfair housing practices which may contribute to homelessness.</li> <li>• <b>Permanent Supportive Housing</b> - Promote and assist in the development of permanent supportive housing and services.</li> <li>• <b>Shelter Housing</b> - Support and assist in the development and operations of shelters for persons who are homeless or victims of domestic violence.</li> </ul>
<b>Special Needs</b>	<p><b>Goal:</b> Improve, preserve, and expand opportunities and services for persons with special needs and the disabled in Cumberland County.</p> <p><b>Objectives:</b></p> <ul style="list-style-type: none"> <li>• <b>Housing</b> - Promote and assist to increase the supply of affordable, decent, safe, sound, and accessible housing for the elderly, persons with disabilities, the developmentally delayed, and persons with other special needs through rehabilitation of existing housing and construction of new accessible housing.</li> <li>• <b>Social Services</b> - Promote and assist in supporting social service programs and facilities for the elderly, persons with disabilities, the developmentally delayed, and persons with other special needs.</li> <li>• <b>Accessibility</b> - Promote and assist in making accessibility improvements to owner occupied housing through rehabilitation and improve renter occupied housing by promoting reasonable accommodations for the physically disabled.</li> <li>• <b>Reasonable Accommodations</b> – Promote, support, and advocate for reasonable accommodations that should be made to assist the physically disabled to live in accessible housing.</li> </ul>
<b>Community Development</b>	<p><b>Goal:</b> Improve, preserve, and create new public and community facilities, infrastructure, and public services to ensure the quality of life for all residents of Cumberland County.</p> <p><b>Objectives:</b></p> <ul style="list-style-type: none"> <li>• <b>Infrastructure</b> - Improve the County’s infrastructure through rehabilitation, reconstruction, and new construction of streets, walks, curbs, ADA ramps, retaining walls, sewer, linear lines, water, flood control, storm water management and separation, bridges, bike trails, green infrastructure, etc.</li> <li>• <b>Community Facilities</b> - Improve the County's parks, recreational centers, and public and community facilities through rehabilitation, preservation, and new construction.</li> <li>• <b>Public Services</b> - Improve and increase public service programs for the youth, the elderly, developmentally delayed, disabled, and target income population, including nutrition programs and social/welfare programs throughout the County.</li> <li>• <b>Public Transit</b> - Promote the expansion and development of additional bus routes and improvements to the public transportation system for low- and moderate-income persons, and special needs.</li> <li>• <b>Architectural Barriers</b> - Remove architectural barriers and make public and community facilities accessible to all residents.</li> <li>• <b>Public Safety</b> - Improve public safety through upgrades to facilities, purchase of new equipment, crime prevention, community policing, and ability to respond to emergency situations.</li> </ul>

You may view the 2024-2029 Consolidated Plan as a point of reference at the Cumberland County Community Development (CCCD) Department Office, 707 Executive Place, Fayetteville, NC or on the CCCD website at [ConPlan](#).

**II. FUNDING PROGRAM YEAR**

Awards for selected projects will begin in the upcoming Program Year 2026 (July 1, 2026 – June 30, 2027). HOME funds cannot replace local funding of low-income activities but is meant to supplement that funding. Cumberland County will not reimburse costs involved in applying for HOME funding. No activities can begin for a proposed project until a Subrecipient Agreement is fully executed. Beginning activities before the effective date of the agreement will result in project ineligibility and no reimbursement.

**III. ELIBLE APPLICANTS**

Eligible applicants include:

1. Public Agencies;
2. Private agencies: Nonprofits or For-profit Agencies; and
3. Certified Community Housing Development Organizations (CHDO’s)

**IV. FUNDING AVAILABILITY / FORMS OF ASSISTANCE**

**Funding Availability**

The maximum amount of HOME funding available is \$800,000. Cumberland County may fund multiple projects from this allocation. Receipt of these funds is contingent upon the availability of HUD funding for the HOME program. Therefore, there is no guarantee that any funds will be available for local allocation. Submission of an application does not guarantee funding, nor does the receipt of funds in prior years guarantee or increase the likelihood of receiving program funds. Costs associated with the preparation of this application is the responsibility of the applicant and may not be paid from any HOME funds awarded to the applicant organization by the County.

**Forms of Assistance**

Funds may be awarded as a grant or as an amortizing loan or as a combination of both.

Type of Applicant	Available Funding Options
Non-profit / Public Agencies	Up to 1% interest loan amortized for a period of up to 30 years and per HOME regulations.
CHDO	100% of HOME grant funding subject to affordability requirement and subject to 15% HOME set aside amount for CHDO.
For Profit	Up to 2% interest loan amortized for a period of up to 30 years and per HOME regulations.

The terms of repayment may vary depending on the individual needs of the project. When funds are provided to entities, the funding will be secured by loans and property liens executed between the County and the entity. Failure of the entity to comply with the terms or other requirements of the loans will render the loan “due and payable” in full.

**Leveraging**

Projects that bring additional resources that can leverage the HOME investments will be more competitive than projects relying solely on HOME funds. Leveraged funds that are immediately accessible and committed to the project. Leverage funds can include cash, loans, or in-kind resources available to finance the project costs. In-kind contributions must have a specific dollar value established in accordance with generally accepted accounting principles. The basis of determining the value for personal services and donated materials and supplies must be identified. Volunteer services may be counted if the service is an integral and necessary part of the project. To determine in-kind volunteer contributions, use the estimated amount of what a paid worker would earn doing the same type of work (verification documentation may be requested).

**V. APPLICATION SUBMITTAL REQUIREMENTS AND TIMELINE**

**Deadline:** CCCD must receive grant applications by **Friday, April 13, 2026, by 3:00 p.m.**

### What to Submit

The complete application must include:

- Cover Sheet / Checklist
- Part I: Agency Information
- Part II: Project Information
- All required attachments (labeled)

**Applications will need to be mailed or delivered to:**

Rayshonia Manuel, Director  
Cumberland County Community Development  
707 Executive Place  
Fayetteville, NC 28305

Please include **one (1) signed original and one (1) digital copy (this may sign the document digitally and send it as a PDF via email or provide it on a flash drive) of the completed application with attachments.** If you are planning to deliver your application in person, please contact the office at (910) 323-6112 prior to coming to the office.

When completing the application, please answer each question thoroughly. If you feel a response is not applicable to your project/program, please indicate not applicable or “N/A” in that section. An application checklist has been included in the application to assist you in packaging your application.

### Funding Application Request

Applications may be requested by contacting the CCCD office through email at [ccdapplications@cumberlandcountync.gov](mailto:ccdapplications@cumberlandcountync.gov) or by calling 910-323-6112.

### Estimated Timeline

Date	ACTIVITY
Friday, March 13, 2026	Request for Proposal Released
Friday, April 13, 2026 (3:00 p.m.)	Project Applications due to CCCD
May 2026	Project Selection Committee Evaluates Applications. Applicants present before the Committee (Optional). Notice sent to all project applicants of the Project Selection Committee’s decision.
June 2026	Environmental Review, Board Approval, and Contract Preparation/Execution.
July 1, 2026 – June 30, 2027	Ongoing Monitoring and Unit Inspections / Reporting / Closeout

In the event that CCCD determines, in its sole discretion, that it is necessary to revise any Part of the application guidelines, an addendum, supplement, or amendment to these guidelines will be posted on the Community Development Department’s webpage at [https://www.cumberlandcountync.gov/departments/community-development-group/community\\_development/request-for-proposal-applications](https://www.cumberlandcountync.gov/departments/community-development-group/community_development/request-for-proposal-applications). It is the responsibility of the proposer to check the website for any such addendums, supplements, or amendments made to the guidelines.

## VI. APPLICATION GRANT REVIEW AND SELECTION PROCESS

Upon meeting the minimum threshold requirements, project applications will be evaluated by a project selection committee. Applicants will be given the opportunity to present their project before the committee during the evaluation period. CCCD has established the following criteria for review of applications for funding:

1. The committee will review project applications to determine if the project will meet the priority needs and support the goals and objectives identified in CCCD’s Consolidated Plan.
2. A project **must meet the minimum threshold requirements** in order to be considered for funding:
  - a. Project applicants must be an eligible entity;
  - b. If a rental project, the unit(s) assisted with County HOME funds must target renter households with incomes at or below 60% of the area median income or if the proposed project is for homebuyers, then the County HOME funded unit(s) must target households with incomes at or below 80%;
  - c. The Project must consist of five (5) or more units; and
  - d. Project must be located within Cumberland County’s geographic service area.
3. Each application will be reviewed based on the following criteria:

**a. Development Team Capacity and Experience (Max: 40 pts)**

The Applicant’s documentation demonstrates that the development team has the experience and capacity to implement the proposed project. The Applicant documented experience on similar projects implemented and completed, years in service, funding sources provided, and work performed. Team members are not listed on the Excluded Parties List System (EPLS) website. The Applicant has the financial capacity to carry out the proposed activity. The Applicant’s financial reports and audits demonstrate that the organization is liquid enough to initiate and complete the project. The Applicant includes MBE/WBE partners. The Applicant has no current unresolved findings with Federal, State, or local County programs.

**b. Consistency with Local Needs and Demand / Market Study (10 pts for each criterion met – Max: 20 pts)**

- 1) The project will address the housing needs of low-income residents identified in the Cumberland County Consolidated Plan and the applicable Annual Action Plan; and
- 2) Market Study: The Applicant documented the market feasibility of the proposed project based on a current market study which was prepared by a qualified independent market analyst not affiliated with the members of the development team. The market analysis is an evaluation of the location and characteristics of the housing and residents in the neighborhood where the proposed project will be located.

**c. Financial Feasibility / Cost Reasonableness and Effectiveness (Max: 30 pts)**

The applicant included all of the required project financial information listed in the application. The project demonstrates necessary and reasonable costs. The applicant documented/explained the basis of the calculation or estimate.

**d. Leveraging (Max: 15 pts)**

CCCD will consider the need of each project for funds and the reasonableness of project costs. It is expected that these funds will leverage other sources of funds, including private foundation support, federal low-income tax credit allocation, private equity and debt financing. The applicant is required to provide evidence of financial commitments. For all projects, points are awarded based on the percentage of financing coming from other sources.

Sources (Private, LIHTC, etc.) other than HOME Funds / Total Project Cost	Points
51 percent or more	15 pts
25 – 50 percent	10 pts
5 – 24 percent	5 pts
4 percent or less	0 pts

**e. Project Affordability (See Below for Points Given)**

All HOME-assisted units must be occupied only by low-income households. The units **assisted with HOME funds must serve households at or below 60% of the area median income for rental units and at or below 80% of the area median income for homebuyer units.** In projects with five or more HOME-assisted units, at least 20 percent

of the HOME-assisted rental units must be occupied by families who have annual incomes that are 50 percent or less of median income. These very-low-income tenants must occupy units with rents at or below the Low HOME Rent level. Projects that target special populations and/or households with incomes at 30% or below the area median income, will receive the highest points per unit.

<b>Target Population Within Area Median Income (AMI) Category</b>	<b>Points Given Per Unit Made Affordable</b>
51 – 80% of the AMI	.5 pts per unit
31 – 50% of the AMI	1 pts per unit
30% or below the AMI	2 pts per unit
Special Populations (elderly who are 62and older, disabled, homeless, victims of domestic violence, and large families with 5 + HH members)	2 pts per unit

**f. Project Site and Building Consideration (Max: 20 pts)**

1) Site Control (5 pts)

The Applicant has a specific site for development and has a fully executed document evidencing site control. Site control may be evidenced by a valid option to purchase, purchase contract or ownership.

2) Zoning and Land-Use (Max = 5 pts)

The proposed project meets applicable zoning and land use requirements, or evidence is included as part of the application demonstrating that the applicable requirements will be met. The application provides detailed schedule of dates, timeline for obtaining required approvals. If zoning change, variance or exception is required, the application documents present status of proposed change, variance or exception and process required.

3) Energy Efficient Design (Max = 5 pts)

The project is designed to meet ENERGY STAR guidelines, Green Build, LEED, etc.

4) Broadband (Max = 5 pts)

The project will include installation of cables, fiber optics, wiring, or other permanent (integral to the structure) infrastructure.

**g. Preliminary Marketing and Management Plan (Max: 5 pts)**

The Applicant outlines methods for providing information and otherwise attracting eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, sexual orientation, religion, familial status or disability.

**h. Readiness to Proceed (Max: 5 pts)**

The application demonstrates project readiness to proceed and include a reasonable project completion schedule. The applicant described projected dates by which commitments will be obtained; the closing will take place, construction start-up, substantial completion, final completion, and occupancy. Timeframes are realistic and achievable. All funded projects are able to start construction within 12 months of contract execution. All HOME assisted homebuyer units must be sold within 6 months of construction completion and rental units must be occupied within 18 months of construction completion.

**i. Application Completeness (Max: 5 pts)**

Includes all required information and attachments.

4. Applicants may be given the opportunity to present before the selection committee. Only applicants who submit proposals that adequately address the above criteria will be invited for final interviews. Applications will be reviewed and ranked according to the total number of points awarded as it reflects in the criteria stated above. Selected applicants will be invited to a final interview to discuss their proposal. Following the interview, additional items may be required. Recommendations of Cumberland County Community Development staff will be made based on the application, interview and additional materials as requested by Cumberland County Community Development.

Cumberland County Community Development commitments will be issued as projects are ready and applications completed. All sources of financing must be identified prior to Cumberland County Community Development’s final evaluation and secured prior to closing. Commitments will be valid for one year.

Selected applicants will be required to enter into a Loan Agreement, Promissory Note, Deed of Trust, Regulatory Agreement, Restrictive Covenant, and depending on the project, other agreements at closing which will incorporate all regulatory compliance and specific project information.

CCCD reserves the right to reject any and all proposals received or to negotiate on the terms of the funds so as to best serve the interests of CCCD and the citizens of Cumberland County, based upon the project's compliance with the strategies identified in the Cumberland County Consolidated Plan.

## VII. HOME ELIGIBLE ACTIVITIES

### Activities Allowable

The following are examples of some housing activities that are eligible for HOME funding. This list is not all-inclusive, and a full list is available in the code of federal regulations (CFR), Part 24, section 92.205 – 92.212.

1. New construction of both rental and ownership housing;
2. Rehabilitation of an existing structure;
3. Reconstruction (rebuilding) of a structure on the same lot;
4. Conversion of an existing structure from another use to affordable residential housing;
5. Site Improvements;
6. Acquisition of existing standard property, or substandard property in need of rehabilitation;
7. Acquisition of vacant land;
8. Demolition of an existing structure (only if construction will begin on the project within 12 months);
9. Relocation costs; and
10. Project-related soft costs.

For projects that is or will become public housing under Section 9 of the 1937 Act, HOME funds **cannot** be used in public housing units that receive Public Housing Capital and Operating Funds under Section 9 of the 1937 Act.

### Broadband Internet Connections to Housing

As part of a new construction or rehabilitation activity, the HOME rule at § 92.206(a)(3)(ii) states that HOME may pay for the development costs to make utility connections, including connections from the property line to the adjacent street. This includes broadband internet connections.

However, HOME funds cannot be used for any off-site improvements, including running broadband internet cable or wires to the project site. Use of HOME funds is limited to the improvements on the project site, i.e., the land, owned by the project owner, upon which the HOME-assisted project is located.

Further, the HOME rule at § 92.205(d)(1) specifies that only the actual HOME development costs of the assisted units may be charged to the program. If a multi-unit project does not contain 100 percent HOME-assisted units, then only a portion of the cost of the utility connections may be charged to the HOME program.

### Ineligible HOME Activities

The following are activities which may not be assisted with HOME funding (CFR Part 24, 92.214):

1. Provide project reserve accounts, except as provided in § 92.206(d)(5), or operating subsidies;
2. Provide tenant-based rental assistance for the special purposes of the existing section 8 program, in accordance with section 212(d) of the Act;
3. Provide non-federal matching contributions required under any other Federal program;
4. Provide assistance authorized under section 9 of the 1937 Act (Public Housing Capital and Operating Funds);
5. Provide assistance to eligible low-income housing under 24 CFR part 248 (Prepayment of Low-Income Housing Mortgages), except that assistance may be provided to priority purchasers as defined in 24 CFR 248.101;
6. Provide assistance (other than tenant-based rental assistance or assistance to a homebuyer to acquire housing previously assisted with HOME funds) to a project previously assisted with HOME funds during the period of affordability established by the participating jurisdiction in the written agreement under § 92.504. However, additional HOME funds may be

committed to a project up to one year after project completion (see § 92.502), but the amount of HOME funds in the project may not exceed the maximum per-unit subsidy amount established under § 92.250.

7. Pay for the acquisition of property owned by the participating jurisdiction, except for property acquired by the participating jurisdiction with HOME funds, or property acquired in anticipation of carrying out a HOME project; or
8. Pay delinquent taxes, fees or charges on properties to be assisted with HOME funds.
9. Pay for any cost that is not eligible under §§ 92.206 through 92.209.
10. Participating jurisdictions may not charge monitoring, servicing and origination fees in HOME-assisted projects. However, participating jurisdictions may charge nominal application fees (although these fees are not an eligible HOME cost) to project owners to discourage frivolous applications. Such fees are applicable credits under OMB Circular A-87.

### Affordability Periods

To ensure that HOME investments yield affordable housing over the long term, HOME imposes rent and occupancy requirements over the length of an affordability period. For homebuyer and rental projects, the length of the affordability period depends on the amount of HOME assistance to the project or buyer, and the nature of the activity funded. Table 1-1 provides the affordability periods.

**Table 1-1: Determining the HOME Period of Affordability**

HOME Assistance per Unit or Buyer	Length of the Affordability Period
Less than \$15,000	5 years
\$15,000 - \$40,000	10 years
More than \$40,000	15 years
Refinancing of rental housing	15 years
New construction of rental housing	20 years

Throughout the affordability period, income-eligible households must occupy the HOME-assisted housing.

### Property Standards

HOME-funded properties must meet certain minimum property standards to include State and local standards, model codes, housing quality standards, or rehabilitation standards.

### Rental Housing

HOME-assisted units must be occupied only by low-income household. Rents must not exceed HUD’s published maximum rents for the HOME program. In projects with five or more HOME-assisted units, at least 20 percent of the HOME-assisted rental units must be occupied by families who have annual incomes that are 50 percent or less of median income. These very-low-income tenants must occupy units with rents at or below the Low HOME Rent level. Projects with fewer than five HOME-assisted units do not have to restrict any units to the Low HOME Rents or limit occupancy to tenants at 50 percent or below of the area median income.

Within **6 months** of the date of project completion, every HOME-assisted rental housing unit must be occupied by income-eligible tenants. If a unit is not leased up, the Applicant must submit marketing information to HUD and, if appropriate, submit a new marketing plan. Within **18 months** of the date of project completion, if any housing unit is not yet rented to an income-eligible tenant the Applicant must repay HOME funds invested in the unoccupied HOME unit(s). When units become vacant during the affordability period, subsequent tenants must be income eligible and must be charged the applicable HOME rent.

### Homebuyer Assistance

All HOME funds that are used for existing owner-occupied housing or to assist homebuyers must benefit units that are occupied by households with incomes at or below 80% of area median income. Homebuyer units that are not sold to eligible homebuyers within nine months of the project’s completion are to be rented to eligible tenants. If a home purchased with HOME assistance is sold during the affordability period, resale or recapture provisions apply to ensure the continued provision of affordable homeownership.

### Maximum Value

The maximum purchase price may not exceed 95 percent of the median purchase price of homes purchased in the area. In the case of a purchase-rehabilitation project, the value of the property after rehabilitation may not exceed 95 percent of the area median purchase price for that type of housing. The after-rehabilitation value estimate should be completed prior to investment of HOME funds.

## Assistance to Homebuyers

The homebuyer must belong to a low-income family, and the family must use the home as a principal residence.

- The initial purchase price or value after rehabilitation must be no more than 95% of the median purchase price of homes in the area, as determined by the Secretary of HUD and adjusted as the Secretary deems necessary for different types of structures and the age of the housing.
- Homebuyer units must continue to meet the definition of affordability described above between five and fifteen years, depending on the per-unit amount of HOME funds expended on a project.
- The housing must be single-family housing.
- If the housing is newly constructed, it must meet energy-efficiency standards.
- Participating jurisdictions must impose resale or recapture restrictions on units in which they have assisted the homebuyer using HOME funds. These restrictions specify that if a homeowner sells his or her home during the affordability period, he or she is required to sell it to another qualified low-income buyer (resale) or to return some of the proceeds of the sale to the PJ in order to cover the HOME funds that were invested in the home (recapture).
- HOME-assisted homebuyers must receive housing counseling.

## VIII. COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO)

At least 15 percent of HOME Investment Partnerships Program (HOME) funds must be set aside for specific activities to be undertaken by a special type of nonprofit called a Community Housing Development Organization (CHDO). 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.

With Participating Jurisdiction (PJ) approval, CHDOs may use HOME funds for all eligible HOME activities. However, in order to count towards the 15 percent set-aside, a CHDO must act as the owner, developer, or sponsor of a project that is an eligible set-aside activity. These eligible set-aside activities include: the acquisition and/or rehabilitation of rental housing; new construction of rental housing; acquisition and/or rehabilitation of homebuyer properties; new construction of homebuyer properties; and direct financial assistance to purchasers of HOME-assisted housing that has been developed with HOME funds by the CHDO.

A private nonprofit organization that:

- Is organized under State or local laws;
  - Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;
  - Is neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization.
- A community housing development organization may be sponsored or created by a for-profit entity, but:
- The for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, developer, or real estate management firm.
  - The for-profit entity may not have the right to appoint more than one-third of the membership of the organization's governing body. Board members appointed by the for-profit entity may not appoint the remaining two-thirds of the board members; and
  - The community housing development organization must be free to contract for goods and services from vendors of its own choosing;
- Has a tax exemption ruling from the Internal Revenue Service under section 501(c)(3) of the Internal Revenue Code of 1986 (26 CFR 1.501(C)(3)-1);
  - Does not include a public body (including the participating jurisdiction). An organization that is State or locally chartered may qualify as a community housing development organization; however, the State or local government may not have the right to appoint more than one-third of the membership of the organization's governing body and no more than one-third of the board members may be public officials or employees of the participating jurisdiction or State recipient. Board members appointed by the State or local government may not appoint the remaining two-thirds of the board members;
  - Has standards of financial accountability that conform to 24 CFR 84.21, "Standards for Financial Management Systems;"
  - Has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons, as evidenced in its charter, articles of incorporation, resolutions or by-laws;
  - Maintains accountability to low-income community residents by:
    - Maintaining at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representative of low-income neighborhood organizations. For urban areas, "community" may be a neighborhood or neighborhoods, city, county or metropolitan area; for rural areas, it may be a neighborhood or neighborhoods, town, village, county, or multi-county area (but not the entire State); and

- Providing a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, siting, development, and management of affordable housing;
- Has a demonstrated capacity for carrying out activities assisted with HOME funds. An organization may satisfy this requirement by hiring experienced key staff members who have successfully completed similar projects, or a consultant with the same type of experience and a plan to train appropriate key staff members of the organization; and
- Has a history of serving the community within which housing to be assisted with HOME funds is to be located. In general, an organization must be able to show one year of serving the community before HOME funds are reserved for the organization. However, a newly created organization formed by local churches, service organizations or neighborhood organizations may meet this requirement by demonstrating that its parent organization has at least a year of serving the community.

## IX. HOME HOMEOWNERSHIP VALUE LIMITS

Section 215(b) of the National Affordable Housing Act (NAHA) requires that the initial purchase price or after-rehabilitation value of homeownership units assisted with HOME funds not exceed 95 percent of the area median purchase price for single family housing, as determined by HUD. Historically, HUD used the FHA Single Family Mortgage Limit (known as the 203(b) limits) as a surrogate for 95 percent of area median purchase price. However, statutory changes require the 203(b) limits to be set at 125 percent of area median purchase price. Consequently, PJs can no longer use the 203(b) limits as the HOME Program homeownership value limits (i.e., initial purchase price or after rehabilitation value).

In Section 92.254(a)(2)(iii) of the Final Rule published on July 24, 2013, HUD established new homeownership value limits for HOME Participating Jurisdictions (PJs). This new Rule was effective August 23, 2013.

**Newly Constructed Housing.** The new HOME homeownership value limits for newly constructed HOME units is 95 percent of the median purchase price for the area based on Federal Housing Administration (FHA) single family mortgage program data for newly constructed housing. Nationwide, HUD established a minimum limit, or floor, based on 95 percent of the U.S. median purchase price for new construction for nonmetropolitan areas. This figure is determined by the U.S. Census Bureau. HUD has used the greater of these two figures as their HOME homeownership value limits for newly constructed housing in each area.

**Existing Housing.** The new HOME homeownership value limits for existing HOME units is 95 percent of the median purchase price for the area based on Federal FHA single family mortgage program data for existing housing and other appropriate data that are available nationwide for sale of existing housing in standard condition. Nationwide, HUD has established a minimum limit, or floor, based on 95 percent of the state-wide nonmetropolitan area median purchase price using this data. HUD has used the greater of these two figures as their HOME homeownership value limits for existing housing in each area.

**PJ Determined Limits.** In lieu of the limits provided by HUD, a PJ may determine 95 percent of the median area purchase price for single family housing in the jurisdiction annually in accordance with procedures established at § 92.254(a)(2)(iii). The PJ must submit these limits as part of its Consolidated Plan/Annual Action Plan.

For the most recent homeownership value limits, please refer to the link below:

<https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/>

## X. HUD INCOME LIMITS

There are three income limits used for determining HUD program eligibility: Extremely Low-Income (30% of median income), Very Low-Income (50% of median income), and Low Income – (80% of median income). The “LOW INCOME LIMIT” (80%) of median represents the maximum allowable income for a family in order to be eligible for a program funded by CDBG or HOME funds where there are income eligibility restrictions. Therefore, use the 80% median income to determine low/moderate income eligibility.

These income limits are based on the median income for the Cumberland County/Fayetteville area. Income guidelines are adjusted annually by the United States Department of Housing and Urban Development. Please contact CCCD staff for technical assistance and guidance if you need additional information or clarification of required report documentation if funds are awarded for your project. The term “low- and moderate-income persons” is defined as families and individuals whose incomes are no more than 80 percent of the median income of the area involved. The ‘area involved’ is determined for the CDBG or HOME program the same way it is determined

for the Section 8 Housing program. The 80% of median income figure is determined by HUD based on a four-person family and is adjusted upward or downward for larger or smaller families.

For the most recent HUD income limits, please refer to the link below:

<https://www.huduser.gov/portal/datasets/il.html>.

## XI. HUD RENT LIMITS

Per 24 CFR Part 92.252, HUD provides maximum HOME rent limits. The maximum HOME rents are the lesser of:

- The fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 888.111; or
- A rent that does not exceed 30 percent of the adjusted income of a family whose annual income equals 65 percent of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit. The HOME rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions.

In rental projects with five or more HOME-assisted rental units, twenty (20) percent of the HOME-assisted units must be occupied by very low-income families and meet one of the following rent requirements:

- The rent does not exceed 30 percent of the annual income of a family whose income equals 50 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families. HUD provides the HOME rent limits which include average occupancy per unit and adjusted income assumptions. However, if the rent determined under this paragraph is higher than the applicable rent under 24 CFR 92.252(a), then the maximum rent for units under this paragraph is that calculated under 24 CFR 92.252(a).
- The rent does not exceed 30 percent of the family's adjusted income. If the unit receives Federal or State project-based rental subsidy and the very low-income family pays as a contribution toward rent not more than 30 percent of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the Federal or State project-based rental subsidy program.

For the most recent HUD rent limits, please refer to the link below:

<https://www.huduser.gov/portal/datasets/fmr.html>

<https://www.hudexchange.info/programs/home/home-rent-limits/>

## XII. REQUIREMENTS FOR AGENCIES AWARDED FUNDING

**Documents Needed:** Funded agencies will be required to execute a contract with CCCD and provide the required insurance certificates, endorsements, and other required documents before or at the time of contract signing and before incurring expenses. No activities can begin for a proposed project until a Subrecipient Agreement is fully executed. Beginning activities before funds are officially released will result in project ineligibility and no reimbursement.

**Appraisal Requirements:** For projects using HOME funds for acquisition of properties, a property appraisal is required to ensure that the Applicant does not purchase the property for more than the fair market value. An appraisal, dated no more than six (6) months prior to the date the HOME application is signed, is required with submission of the application.

**Environmental Review Record:** No HOME funds will be committed until an environmental review has been completed in accordance to the HUD Environmental Review regulations, 24 CFR part 58.

**Davis-Bacon Prevailing Wage Rate Labor Standards:** Every contract for the construction (rehabilitation or new construction) of housing that includes 12 or more units assisted with HOME funds must contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 3141), to all laborers and mechanics employed in the development of any part of the housing. Such contracts must also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. 3701).

**Reporting and records:** CCCD and HUD shall have access to program records. Agencies will be required to obtain and provide individual client data including but not limited to ethnicity, income, disability, race, female head of household, clients 62 years and older

and accomplishment data. If Limited Clientele -Client Based option was selected individual client income verification documents need to be obtained. If Limited Clientele - Presumed Benefit option was selected individual income data is not required, but other client data is. If Area Benefit option is used than individual income data is not required but area income information and other client data will be required. Monthly, quarterly and/or year end performance reports are required. Grant files and individual client files must be maintained for a minimum of 4 years after the program has ended.

**Budget and Draw Requests:** Agencies will be required to follow application budget line-item amounts in draw requests. Agencies must ensure line items are feasible and give the agency flexibility in program expenditures. Funds will be provided on a reimbursement basis and supporting documentation must be approved by the CCCD staff prior to payment. Reimbursement requests must be submitted at least on a monthly basis.

**Lead-based Paint:** Any activities involving the presence of lead-based paint shall comply with the requirements of 24CFR Part 35.

**Monitoring and Technical Assistance / Inspections:** The program will be monitored by CCCD for compliance with CCCD and HUD requirements and regulations. HUD staff may also monitor the program for compliance. Program requirements including performance, accomplishments, eligibility, and expenditures will be included in desk and site reviews. CCCD will provide technical assistance as needed or requested to assist with the project progress and success. If the agency is not following the program requirements and regulations funding may be terminated and funding reimbursement required.

CCCD staff or its agents may perform on-site inspections of HOME-assisted projects when the project is completed and, for HOME-assisted rental housing, throughout the affordability period. HOME-assisted rental units must be inspected at least every three years during the affordability period (or more frequently if problems related to health and safety are discovered) and the property owner must certify annually that the project and the HOME-assisted units are "suitable for occupancy." CCCD will review the financial viability of HOME-assisted rental projects (with ten or more units) at least annually during the affordability period.

**Section 504 of the Rehabilitation Act of 1973 and the Fair Housing Act Requirements** - HUD regulations implementing Section 504 at 24 CFR 8.22(a) require that new construction of multifamily projects be designed and constructed to be readily accessible to and usable by persons with disabilities. Multifamily housing projects are defined at 24 CFR 8.3 as "projects containing five or more dwelling units." Both the individual units and the common areas in the building must be accessible.

For new construction of multifamily rental projects, a minimum of 5 percent of the dwelling units in the project (but not less than one unit) must be accessible to individuals with mobility impairments. An additional 2 percent of the dwelling units (but at a minimum, not less than one unit) must be accessible to individuals with sensory impairments (i.e., hearing or vision impairments) unless HUD prescribes a higher number pursuant to 24 CFR 8.22(c).

Substantial alterations - Section 504 requires that if alterations are undertaken to a housing project that has 15 or more units, and the rehabilitation costs will be 75 percent or more of the replacement cost of the completed facility, then such developments are considered to have undergone "substantial alterations" (24 CFR 8.23 (a)). For substantial alterations of multifamily rental housing, the accessibility requirements contained in 24 CFR 8.22 must be followed -- a minimum of 5 percent of the dwelling units in the project (but not less than one unit) must be accessible to individuals with mobility impairments, and an additional 2 percent, at a minimum (but not less than one unit), must be accessible to individuals with sensory impairments.

Other alterations -- When other alterations that do not meet the regulatory definition of substantial alterations are undertaken in multifamily rental housing projects of any size, these alterations must, to the maximum extent feasible, make the dwelling units accessible to and usable by individuals with disabilities, until a minimum of 5 percent of the dwelling units (but not less than one unit) are accessible to people with mobility impairments, unless HUD prescribes a higher number pursuant to 24 CFR 8.23(b)(2). If alterations of single elements or spaces of a dwelling unit, when considered together, amount to an alteration of a dwelling unit, then the entire dwelling unit shall be made accessible. For this category of rehabilitation, the additional 2 percent of the dwelling unit's requirement for individuals with sensory impairments does not apply. Alterations to common spaces must, to the maximum extent feasible, make those areas accessible. A recipient is not required to make a dwelling unit, common area, facility or element accessible, if doing so would impose undue financial and administrative burdens on the operation of the multifamily housing project (24 CFR 8.23(b)). Therefore, with regards to covered alterations, recipients are only required to provide access up to the point of being an undue financial and administrative burden.

**Non-Discrimination and Equal Access:** Projects receiving HOME funding must include accessibility and comply with the Americans with Disabilities Act guidelines. The Fair Housing Act prohibits discrimination in the sale or rental of housing, the financing of housing, or the provision of brokerage services, including otherwise making unavailable or denying a dwelling to a person, because of race, color, religion, sex, national origin, or familial status.

**Provide Recognition of funding:** The agency is required to provide recognition for the role of CCCD in services provided through this grant. All activities and items utilized pursuant to this grant shall be prominently labeled as to the funding source.

**Coordinated Intake and Referral (For projects addressing homelessness):** The local Continuum of Care (CoC) has developed a coordinated intake and referral housing system that will help simplify housing referral and placement process for individuals and families experiencing homelessness. The coordinated entry represents a standardized access and referral system for all individuals to ensure that people experiencing homelessness receive appropriate assistance with both immediate and long-term housing and service needs. For more information on how to participate in this process, contact the CCCD office.

**Addressing Homelessness Goals and Objectives:** In an effort in achieving, its objectives to reduce homelessness in Cumberland County, CCCD may require the subrecipient (especially housing providers and/or developers) to serve a certain percentage of clients with incomes that are at or below 30% of the area median income.

The information presented should not be construed as a complete list of the regulations and requirements governing CCCD financing through these programs. Upon filing an application, you acknowledge that you assume all risks of change in CCCD's rules and regulations or policies concerning this program, together with any adverse effects upon you therefrom and any resulting costs thereof.

### XIII. DEFINITIONS

*Reference HUD's website for additional definitions.*

**Community Housing Development Organization (CHDO)** - 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. Please refer to HUD's website for more information: <https://www.hudexchange.info/programs/home/topics/chdo/#policy-guidance-and-faqs>.

**Consolidated Plan** - A document written by a State or local government describing the housing needs of the low- and moderate-income residents, outlining strategies to meet the needs and listing all resources available to implement the strategies. This document is required to receive HUD Community Planning and Development funds.

**Continuum of Care** - The Continuum of Care (CoC) consist of a coalition of agencies and individuals that promote communitywide commitment to the goal of ending homelessness.

**Low-income family** - is defined as a family whose income does not exceed 80 percent of area median family income (MFI). (In CDBG program operations this category was referred to as "**moderate income**".)

**Very low-income family** - is defined as a family whose income does not exceed 50% of the area median family income (MFI). (In CDBG program operations this category was included as "**low income**".)

**Extremely low-income family** - is a newly created term to address the homeless population or those at risk at becoming homeless. It is defined as a family whose income does not exceed 30% of area median family income (MFI). (In CDBG program operations this category was included as "**low income**".)

**Housing counseling** is independent, expert advice customized to the need of the consumer to address the consumer's housing barriers and to help achieve their housing goals and must include the following processes: Intake; financial and housing affordability analysis; an action plan, except for reverse mortgage counseling; and a reasonable effort to have follow-up communication with the client when possible. The content and process of housing counseling must meet the standards outlined in 24 CFR part 214. Homeownership counseling and rental counseling are types of housing counseling.

**Urban County Area** - The Cumberland County urban county entitlement area includes: unincorporated areas of Cumberland County and the Towns of Falcon, Godwin, Hope Mills, Linden, Spring Lake, Stedman, and Wade.

**Program Income** - For the purposes of the HOME program, program income means gross income that is received by either a recipient or subrecipient and has been directly generated from the use of HOME funds. For those program income-generating activities that are only partially assisted with HOME funds, such income is prorated to reflect the actual percentage of HOME funds that were used. Examples: (Please note that this list is not exclusive and therefore other types of funds may also constitute program income.)

- Proceeds from the disposition by sale or long-term lease (15 years or more) of real property purchased or improved with grant funds.

- Proceeds from the disposition of equipment bought with grant funds.
- Gross income from the use or rental of real property that has been constructed or improved with grant funds and that is owned (in whole or in part) by the recipient or subrecipient. Costs incidental to the generation of the income are deducted from the gross income.
- Payments of principal and interest on loans made using grant funds.
- Proceeds from the sale of loans made with grant funds.
- Proceeds from the sale of obligations secured by loans made with grant funds.
- Funds collected through special assessments that are made against properties owned and occupied by non-low and moderate-income households where the assessments have been made to recover some or the entire grant portion of a public improvement.

**Reconstruction** - The rebuilding of a structure on the same site in substantially the same manner. Deviations from the original design are permitted for reasons of safety or if otherwise impractical. The structure to be reconstructed may be residential or nonresidential, and either publicly- or privately-owned. For reconstruction involving housing, the number of housing units on a site may not be increased, but the number of rooms per unit may be increased or decreased. [Note that any *decrease* in the number of units on a site may require compliance with the one-for-one replacement of L/M income dwelling units at 24 CFR part 42, subpart C.]. Reconstruction of residential structures would also permit replacing an existing substandard unit of manufactured housing with a new or standard unit of manufactured housing.

**Rehabilitation** - To restore or bring to a condition of HEALTH, SAFETY, or useful and constructive activity, primarily associated with both single and multi-family housing that is existing.

**Sub Grantee** (subrecipient) - An entity (nonprofit or public entity) who receives HOME funding from Cumberland County.

## XIV. REGULATIONS AND OTHER REFERENCES

If you need a copy of these regulations, circulars, reporting requirements, etc., copies can be found on the HUD web site at [www.hudexchange.info](http://www.hudexchange.info) or request copies from Cumberland County Community Development. The following are related Act, OMB Circulars and regulations that must be complied with when using grant funds. The following is a list and brief description of some of these:

### FEDERAL ACTS

- Title I of the Housing and Community Development Act of 1974, as amended.
- Title II of the Cranston-Gonzalez National Affordable Housing Act

-24 CFR 92 – Home Investment Partnerships Program (HOME)

HOME Maximum Per-Unit Subsidy Limits - <https://www.govinfo.gov/content/pkg/FR-2011-12-22/pdf/2011-32811.pdf>

### OTHER FEDERAL REGULATIONS - CFR Title 24

- Part 58 - Environmental Review Procedures for the CDBG, Rental Rehabilitation and Housing Development Programs.

The Catalog of Federal Domestic Assistance number (CFDA) for HOME is 14.239. This number must be made available to the accountants who perform your organization's audit or audited financial statements.

2 CFR Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

### OTHER RELATED REGULATIONS

**Disclosure Requirements** - (C.F.R., Part 12 "Accountability in the Provision of HUD Assistance")

Any applicant applying for Federal assistance from HUD for a specific project or activity or that is distributing HUD assistance must disclose certain information if you have allocated/received or can reasonably expect to receive in excess of \$200,000 in aggregate, from Federal, State, or local CDBG funds during the Federal Fiscal Year.

**Labor Standards Provisions** (Davis-Bacon) - Construction projects receiving \$2,000 in (federal) funds will be required to comply with prevailing wage requirements.

**Environmental Regulations** - All funded projects will need to have an environmental review to ensure compliance with NEPA (National Environmental Protection Act) regulations. Cumberland County conducts these reviews but needs Subgrantee cooperation.

**Housing One for One Replacement** - If your project involves acquisition/demolition of housing, each unit (bedroom) must be replaced with similar number of affordable units. Contact our office if you need more information.

**Housing Displacement/Relocation** - If your project involves dislocating or relocating people or businesses, there are additional regulations so do contact our office for more information.

Other Program Requirements (570.600) Fair Housing - Receipt of Federal funds also requires compliance with Public Law 99-352 and Public Law 90-294 by Subgrantee to affirmatively further fair housing.

Public Law 99-352 refers to Title VI of the Civil Rights Act of 1964 which provides that no person in the United States shall on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

Public Law 90-294 refers to Title VIII of the Civil Rights Act of 1969, popularly known as the Fair Housing Act, which provides that it is the policy of the United States to provide, within constitutional limitations, for fair housing throughout the United States and prohibits any persons from discriminating in the sale or rental of housing, the financing of housing, or the provision of brokerage services, including otherwise making unavailable or denying a dwelling to a person, because of race, color, religion, sex, or national origin.

ADA Compliance - Projects receiving Federal funding involving building or public facilities improvements must include accessibility and comply with the Americans with Disabilities Act Guidelines (ADAG).