

Georgia Department of Community Affairs (DCA)
Office of Program and Public Affairs
Community HOME Investment Program (CHIP)
Program Description

GENERAL OVERVIEW AND REQUIREMENTS
APPLICABLE TO ALL CHIP-FUNDED PROGRAMS

- Purpose:** To expand the supply of and access to decent, safe, sanitary and affordable housing for low income households through the active participation of local governments, public housing authorities, and non-profit housing providers to undertake program eligible activities.
- Funds Authorized:** A HOME funding amount final determination will be made based on the availability of Federal funds after de-obligation from underperforming communities, expected demand for CHIP assistance based on applications passing Threshold Review as well as demand on other HOME funded programs administered by DCA. Final CHIP funds authorized will be made at the sole and absolute discretion of DCA, subject to the requirements of the State's Citizen Participation Plan.
- Maximum Award Amounts:** The maximum award amount for any Application for project costs is \$300,000.
- For awards that include Homeowner Rehabilitation Assistance Activities and/or New Construction, DCA will award an additional 2% of the awarded project cost amount to administer the Application's activities. In such instances, the total amount of assistance requested in a single Application cannot exceed \$300,000 for project costs for rehabilitation and \$600,000 for new construction and 2% for administrative fees.
- Application proposals developed should be consistent with the community's needs and ability to commit and expend the total award within the timeframe required in this Program Description. Unexpended funds at the end of the grant period will be returned to DCA, at its sole and absolute discretion, and may reflect negatively in any future applications by the State Recipient or Sub-recipient and, if applicable, any associated Administrator.
- Pre-Award Costs:** Pre-award costs, including fees for preparation of applications to DCA (including the application fee required for submission of the CHIP Application), are ineligible costs and will not be reimbursed.
- Award Adjustments:** State Recipients and Subrecipients that are approved for an award adjustment for project-related funds will also receive a corresponding adjustment of administrative funds, as applicable.
- Application Fee:** A \$250 Application fee payable to the Georgia Housing and Finance Authority is due at time of Application. If application fee is returned due to insufficient funds, the applicant will be required to pay an insufficient funds fee of \$35.00 and the application will not be scored or considered for funding.

Application Funding
Determination:

Applications will be evaluated in accordance with minimum threshold requirements and policies as described in the Program Description. Each Application will be scored based on the criteria established for each Activity type.

Only those Applications that meet threshold requirements will be considered for an award. Failure to provide required documentation will automatically result in threshold failure and application will not be scored and considered for funding. Such determination during the review process will be made at DCA's sole and absolute discretion. Passage of threshold review does not guarantee an award.

All Applications received, as stated in the Application Deadline section to this Program Description, and meeting threshold requirements will be scored and ranked. DCA will award all funds to the highest scoring Applications until all funding available is committed. However, DCA reserves the right to not fund an Application if the remaining funds available will not entirely fund the next highest scoring Application.

Grant Agreements will only be made by DCA in its sole and absolute discretion.

Award Agreements:

Written Agreements shall be entered into between the Georgia Housing and Finance Authority (GHFA), and the Applicant. DCA administers CHIP on behalf of GHFA.

Funds Disbursement:

Funds will be disbursed following guidelines established in the CHIP Administration Manual for the activity funded.

Eligible Activity Types:

Applications will be received by DCA to fund implementation of programs that will offer the following activities in their community or service area:

- Homeowner Rehabilitation Assistance
- New Construction

DCA has restricted the eligible entities that may administer each activity type and has established program requirements specific to each activity type. Applicants should follow the requirements outline in both the "General Overview and Requirements Applicable to All CHIP-Funded Programs" as well as the requirements for the applicable Activity Type for which funds are sought when designing their program and preparing their funding application.

Applicants may design a program to implement multiple activity types provided that the threshold requirements of each activity type are satisfied.

Ineligible Activities:

HOME program regulations prohibit the following CHIP activities:

1. Project reserve accounts: CHIP funds may not be used to provide project reserve accounts (except for initial operating deficit reserves) or to pay for project operating subsidies.
2. Project-based rental assistance: Use of CHIP funds for rental assistance

activities that are tied specifically to a unit are not permitted under the Federal HOME regulations.

3. Match for other Federal programs: CHIP Program funds may not be used as the “nonfederal” match for other federal programs.
4. Operations or modernization of public housing: CHIP funds may not be used for the development or modernization of public housing or to provide annual contributions for the operation of public housing. (Public housing is established under the 1937 Housing Act).
5. Properties receiving assistance under 24 CFR Part 248 (Pre-payment of Low Income Mortgages): Properties receiving assistance through the Low Income Housing Preservation and Resident Homeownership Act (LIHPRHA) or the Emergency Low Income Preservation Act (ELIHPA) are not eligible for CHIP assistance unless the CHIP assistance is provided to priority purchasers. These programs are no longer funded.
6. Double-Dipping: During the first year after the start of the Period of Affordability, the State Recipient or Sub-recipient may commit additional funds to a project. After the first year, no additional CHIP funds may be provided to a CHIP-assisted project during the relevant Period of Affordability except that a home buyer may be assisted with CHIP funds to acquire a unit that was previously assisted with CHIP funds.
7. Acquisition of Owned Property: A State Recipient or Sub-recipient may not use CHIP program funds to reimburse itself for property in its inventory or for property purchased for another purpose. However, in anticipation of a CHIP project, a State Recipient or Sub-recipient may use CHIP funds to acquire property and to reimburse itself for property acquired specifically for a CHIP project with other funds.
8. Delinquent Taxes, Fees or Charges: CHIP funds may not be used to pay for delinquent taxes, fees or charges on properties to be assisted with CHIP funds.

DCA will also prohibit the use of CHIP funds for the following activities:

9. New Construction or Rehabilitation of Rental Housing: CHIP funds may not be used to construct or rehabilitate (including reconstruction) housing for the purposes of leasing to an eligible household.
10. Lease Purchase: CHIP funds may not be used as down payment for a lease purchase agreement.
11. Reconstruction of Manufactured Homes: CHIP funds may not be used to reconstruct Manufactured Homes.
12. Tenant-Based Rental Assistance: CHIP funds may not be used to provide rental assistance to eligible households.

Governing Statute:	<p>All activities must be conducted in full compliance with all program statues and the U.S. Department of Housing and Urban Development regulations published at 24 CFR Part 92. No provision of this Program Description shall be enforced if HUD or DCA determines that such provision is invalid under the federal or state statute or regulations.</p> <p>If any provision of this Program Description conflicts with any federal or state requirement and DCA determines that a modification to this document is necessary, DCA will make such revision and post the change on its web site at: http://www.dca.ga.gov/housing/housingdevelopment/programs/homeinvestme nt.asp.</p> <p>Such changes will be made at DCA’s sole and absolute discretion.</p>
Manual and Related Documents:	<p>The CHIP Administration Manual, the Homeowner Rehabilitation and New Construction Guide, Application, Application Instructions, Compliance Monitoring and Policy Memoranda are incorporated into the CHIP Program Description and can be found on DCA’s web site at: http://www.dca.ga.gov/housing/housingdevelopment/programs/homeinvestme nt.asp.</p>
Reporting:	<p>All reporting requirements as outlined in this Program Description, the Manual(s) and the Final Rule must be met throughout the Period of Affordability for each project.</p>
Non-Profit Reporting Compliance with O.C.G.A 50-20:	<p>At time of application, all non-profit Applicants must be in compliance with 50-20-1 through 50-20-8. Successful Applicants must remain in compliance with this section through program closeout. DCA will not fund any activity should the non-profit fall out of compliance with O.C.G.A 50-20 until such time that the entity’s compliance has been determined by Georgia Department of Audits and Accounts and, subsequently, the Commissioner of DCA has authorized proceeding with funding of existing commitments.</p>
False Claims Act 18 U.S.C. § 286, 18 U.S.C. § 287, 31 U.S.C. § 3279 et seq.	<p>Federal statute setting criminal and civil penalties for falsely billing the government, over-representing the amount of a delivered product, or understating an obligation to the government.</p>
Recordkeeping:	<p>All Award Recipients must maintain documentation of their program implementation based on the requirements outlined in the HOME Final Rule and the Administration Manual.</p>
Income Verification:	<p>All programs must use the Section 8 Annual Income Method to determine eligible annual gross income according to the “Technical Guide for Determining Income and Allowances for the HOME Program.” Income determination must be based on the examination of at least three (3) months of source documents.</p>
Property Standards – General:	<p>CHIP funded properties must meet certain property standards. At minimum, all units must meet HUD’s Uniform Physical Condition Standards (UPCS). However, the HOME regulation also requires that all housing that is</p>

rehabilitated or financed with HOME funds must meet all applicable local codes (including state codes), rehabilitation standards, ordinances, and zoning ordinances at the time of project completion.

Since the State of Georgia has adopted mandatory residential construction codes, they are applicable to CHIP, regardless of whether or not the local government enforces the codes. There are no exceptions on meeting these requirements for units constructed, reconstructed, or rehabilitated using CHIP funds. The State of Georgia has adopted twelve (12) "State Minimum Standard Codes." Of the twelve (12) State Minimum Standard Codes, there are eight (8) mandatory codes. Of the eight (8) mandatory codes, four (4) apply to the construction, alterations, and renovation of all detached one-and two family dwellings and townhomes not more than 3 stories in height. These four mandatory codes are as follows:

International Residential Code
International Plumbing Code
National Electrical Code
International Energy Conservation Code

Regarding the above referenced codes, the latest edition as adopted and amended by DCA shall be used.

Please note that the chapters regarding Plumbing (Chapters 25 through 33) of the International Residential Code are deleted by the State of Georgia and the State substitutes the Georgia State Minimum Standard Plumbing Code (International Plumbing Code with Georgia State Amendments).

Please also note that the chapters regarding Electrical (Chapters 34 through 43) of the International Residential Code are deleted by the State of Georgia and the State substitutes the Georgia State Minimum Standard Electrical Code (National Electrical Code with Georgia State Amendments).

Please note that the chapter regarding Energy Efficiency (Chapter 11) of the International Residential Code is deleted by the State of Georgia and the State substitutes the Georgia State Minimum Standard Energy Code (International Energy Conservation Code with Georgia State Supplements and Amendments).

Of the twelve (12) State Minimum Standard Codes, there are four (4) permissive codes. The permissive codes are:

1. International Property Maintenance Code (Required).
2. International Existing Building Code.
3. National Green Building Standard.
4. International Swimming Pool and Spa Code

Of the four (4) permissive codes listed above, State Recipients and Subrecipients must comply with the International Property Maintenance Code; the latest edition as adopted and amended by DCA, as well as the related administrative procedures and penalties, for all CHIP funded units.

State Recipients and Subrecipients must develop inspection policies and procedures, including initial inspections of properties to be rehabilitated or acquired to determine the necessary scope of work to bring each property up to applicable standards; and progress and final inspections for all new construction and rehabilitation projects to ensure projects are constructed according to approved plans. DCA will issue guidance to identify for State Recipients and Subrecipients the minimum required inspectable elements based on the Uniform Physical Conditions Standards. [*§92.251(g)*]

Service Procurement
Policy
(Does not apply to
contracts with Regional
Commissions):

These provisions apply, typically, to contracts with Administrators, engineers, architects and other private consultants. Applicants are advised that CHIP payments for professional services are subject to the “competitive negotiation” requirements of 24 CFR Part 85 (the "Common Rule").

To comply, the Applicant (not the individual or firm proposing to provide services) must:

1. Develop a Request for Proposals (RFP) that includes evaluation factors that indicate the level of importance of each factor selected by the applicant. The RFP could include such factors as the respondent’s previous CDBG and CHIP housing experience; qualifications of key personnel; capacity of the respondent’s organization; current workload of the respondent; level of services provided; mobility and proximity to project; experience with similar projects; cost to perform services; and the local government’s past experience with the applicant. A Request for Qualifications (RFQ) is also acceptable for engineering or architectural services. All RFP’s and RFQ’s must provide a preference for Section 3 businesses or covered individuals. Contact DCA for assistance.
2. Publicize the RFP or RFQ in the legal organ of the community in which the program is proposed. Additionally, a notice of the RFP’s or RFQ’s availability must (1) also be placed in other publications attracting Section 3 businesses/residents and minority and women owned businesses, and (2) posted at the local Public Housing Authority. The notice may be advertised using other local electronic and print media to market and promote contract and business opportunities. The Applicant must allow thirty (30) calendar days for receipt of responses to the RFP or RFQ.
3. Send letter with a copy of the RFP or RFQ to a number of the known professional service providers. When soliciting firms to develop applications/administer projects, RFPs should be sent to at least seven (7) known providers. When soliciting engineering/architectural services, the RFP or RFQ should be sent to at least ten (10) known providers. As a service, DCA maintains a list of professionals who have expressed an interest in responding to RFPs and RFQs on CHIP funded projects (See Administration Manual). DCA does not endorse or select professionals. Selection of any entity through this process is the sole responsibility of the Applicant or Recipient.
4. Check the published lists of debarred organizations to make sure the respondents are eligible to participate. www.epls.gov.

5. Negotiate with, preferably at least two (2), respondents to the RFP or RFQ.
6. Prepare documentation that evaluates proposals based on criteria in the RFP or RFQ and establishes reasons for selection and contracting. Prepare recommendation and proposed contract based on this documentation.
7. Consult with the appropriate attorney of the organizations with your recommendations and proposed contract.
8. Based upon established reasons and attorney's recommendation, obtain full council/commission approval if a local government or board approval, if a nonprofit or public housing authority, and execute contract. Letter(s) thanking unsuccessful respondents for making a proposal should then be sent. Based on evaluation criteria contained in the RFP or RFQ, this letter should state the reasons why the respondent was not selected.

Because CHIP funds cannot be used to pay application development costs, Applicants may (or may not at their discretion) use this procurement process to select professionals for the preparation of an application. Applicants are cautioned, however, only to obligate CHIP funds after a grant is awarded. Initial contracts should only obligate the applicant to compensate for costs of application development. If the professional is selected to prepare the application and provide additional services upon award, then the procurement process outlined above must be utilized.

If an acceptable procurement process was followed within the past 12 months for an Application that is being resubmitted because it was denied within the past 12 months, the Applicant does not need to re-advertise for professional services if they choose to retain the same firm for the same application. If the procurement is more than one year old, a new advertisement and solicitation of RFPs or RFQs is required.

The procurement guidelines for nonprofits are defined in OMB Circular A-110, and require written standards of conduct and procurement practices ensuring that the nonprofit pays the most reasonable price for goods and services acquired with federal funds.

To comply with these procedures shall provide for, at a minimum, that :

1. Recipients avoid purchasing unnecessary items.
2. Where appropriate, an analysis is made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the Federal Government.
3. Solicitations for goods and services provide for all of the following.
 - i. A clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features which unduly restrict competition.

ii. Requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals.

iii. A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.

iv. The specific features of "brand name or equal" descriptions that bidders are required to meet when such items are included in the solicitation.

v. The acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement.

vi. Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient.

Georgia Security and Immigration Compliance Act:

The Georgia Security and Immigration Compliance Act requires employers to ensure that anyone they pay, whether as an employee or an independent contractor, is legally able to work. Employers who do not verify workers would not be able to deduct payments made to illegal workers on state income tax returns and would not be eligible for state contracts. To insure compliance with the Georgia Security and Immigration Compliance Act, contractors must complete the Immigration and Security Form. The State Recipient and Sub Recipient must retain copies of the completed Immigration and Security Form within (See Administration Manual) and submit to DCA.

The new immigration law went into effect on July 1, 2013. The new immigration law changes the requirements for immigration compliance in two key areas that will impact DCA.

CONTRACTS – E-Verify

- The “*physical performance of services*” related to using E-Verify for the award of contracts by a public entity has been redefined by the law as follows: “*any performance of labor or services for a public employer using a bidding process or by contract wherein the labor or services exceed \$2,499.99.*”
- Individuals licensed by the State of Georgia (O.C.G.A. titles 26 & 43) or by the State Bar of Georgia are exempt from the contract requirement above.
- Every state agency, city, county or other public entity must comply with the E-Verify provisions for hiring employees and for contracts regardless of their number of employees.

PUBLIC BENEFITS – S.A.V.E.

- “*Public benefits*” are now clearly defined in state law (O.C.G.A. 50-36-1) and contracts have been removed as a category of public benefit.

(Since contracts are covered by the E-Verify provisions above, affidavits may still be required, but contracts executed after July 1, 2013, are no longer considered public benefits.)

- “A copy or facsimile of” an applicant’s secure and verifiable document is acceptable on or after July 1, 2013. Applicants may now also submit their documents up to nine months prior to the date of their application as long as the documents remain valid during that period.
- Applicants who are younger than 18 years old at the time of their application for a public benefit must submit a completed affidavit attesting to lawful presence within 30 days of the applicant’s eighteenth birthday.
- Documents may be submitted by applicants in person, by mail or electronically.
- U.S. Citizens renewing an application for a public benefit issued within the same agency, or applying for a new public benefit within the same agency after they have already been verified for one, do not have to repeat the affidavit and document verification process.

REPORTING

- A new combined report covering the immigration compliance requirements for both E-Verify and S.A.V.E. is now due to the Georgia Department of Audits and Accounts by December 31 of each year. The report due this December will ask for DCA’s contract and public benefit data for the period December 1 through June 30; the old immigration laws will apply to this period. The same report will ask for DCA’s contract and public benefit data from July 1 through November 31 under the requirements of the new immigration law.
- The new law states that “Any agency or political subdivision failing to provide a report... shall not be entitled to any financial assistance, funds or grants from the Department of Community Affairs.” The Community Development Division will provide the list of ineligible governments and political subdivisions to all DCA offices after the list is published by DOAA in January.

For more information about the immigration laws or assistance with affidavits or the S.A.V.E. verification system, contact: John Turner, Community Development Division, 404-632-6846.

*Environmental Review
Clarification
Effective Date: August
23, 2013*

§92.352 Environmental Review - General. The environmental effects of each activity carried out with HOME funds must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321) and the related authorities listed in HUD’s implementing regulations at 24 CFR parts 50 and 58. The applicability of the provisions of 24 CFR part 50 or part 58 is based on the HOME project (new construction, rehabilitation, acquisition) or activity (tenant-based rental assistance) as a whole, not on the type of the cost paid with HOME funds.

§92.352 is revised to address the applicability of the environmental review regulations in 24 CFR parts 50 and 58. This change clarifies that the applicability of environmental review regulations is based on the type of

HOME project (new construction, rehabilitation, acquisition) or activity (tenant-based rental assistance), not the particular cost paid with HOME funds. *For example*, if a HOME-assisted project is a new construction project, but the HOME funds are used for acquisition of vacant land for the project, the environmental review is based on new construction of housing, as well as the acquisition of the land.

Definitions:

Acquisition and New Construction

A HOME-assisted new construction activity which includes the acquisition of real property. This activity includes the acquisition of a structure that has received an initial certificate of occupancy within a one year period prior to acquisition.

Acquisition and Rehabilitation

A HOME-assisted rehabilitation activity, which included the acquisition of real property.

Acquisition Only

An activity that involves the acquisition of a structure that received a certificate of occupancy at least thirteen (13) months before acquisition, which did not require rehabilitation, and which is being used to provide affordable housing.

Administrator

A private for-profit or non-profit organization under contract to the Applicant to administer the program on behalf of the Applicant.

Annual Income

Annual Income is defined as the gross amount of income of all adult household members (not just family members - 18 years of age and over) that is anticipated to be received during the coming twelve (12) month period.

Applicant

The organization submitting an application for funding to DCA for CHIP resources.

Application

All and any part of the documents submitted by an organization for CHIP funding consideration under this Program Description.

Atlanta MSA

The Atlanta Metropolitan Statistical Area (MSA) includes all jurisdictions located in the following counties: Barrow, Bartow, Butts, Carroll, Cherokee, Clayton, Cobb, Coweta, Dawson, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Haralson, Heard, Henry, Jasper, Lamar, Meriwether, Newton, Paulding, Pickens, Pike, Rockdale, Spalding, and Walton.

Award Recipients

Organizations collectively that enter an agreement with DCA to administer CHIP funds as a State Recipient or Sub-recipient.

Broker

A legally organized business entity with a properly licensed business office located in the State of Georgia or in a State contiguous to and licensed in Georgia, regulated by Georgia Department of Banking and Finance, that has not been debarred, and whose principal purpose is the origination of secured single family residential mortgage loans.

<i>CHIP – Community HOME Investment Program.</i>	DCA’s name for the HOME funds administered by DCA for eligible local governments, non-profits and public housing authorities under this program description.
<i>CHDO – Community Housing Development Organization</i>	A private, non-profit organization that meets a series of qualifications prescribed in the HOME regulations at 24 CFR Part 92.2. A participating jurisdiction must award at least 15 percent of its annual HOME allocation to CHDOs. CHDOs may own, develop, or sponsor HOME-financed housing.
<i>Consolidated Plan</i>	Developed by local and state governments with input from citizens and community groups, the Consolidated Plan serves as a planning document for each state and community that lays out priorities and the jurisdictions 3-5 year strategy to implement HUD programs and as an application to HUD for funds under the CDBG, HOME, ESG, and HOPWA programs.
<i>CFR – Code of Federal Regulations.</i>	A codification of the general and permanent rules published in the Federal Register by the Executive departments and agencies of the Federal Government.
<i>Extremely Low Income</i>	Households whose annual income does not exceed 30 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger household sizes.
<i>First Time Home Buyer</i>	A household purchasing a unit who does not have a present ownership interest and has not had an ownership interest in a home used as his or her principal residence in the three (3) years prior to closing on the Second Mortgage loan.
<i>Low Income</i>	Households whose annual incomes do not exceed 80 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger household sizes. All households receiving CHIP funded assistance must be low income.
<i>Manufactured Housing</i>	Dwelling units of at least 320 square feet in size with a permanent chassis to assure the initial and continued transportability of the home and that carry a label by the manufacturer that the home section is built in accordance with U.S. Department of Housing and Urban Development’s construction and safety standards published in the Code of Federal Regulations at 24 CFR 3280.
<i>New Construction</i>	An activity that involves either (a) addition of units outside the existing walls of the structure and (b) the construction of a new residential unit.
<i>Participating Jurisdiction (PJ)</i>	A jurisdiction that has been designated by HUD for the receipt of HOME funds. GHFA is the PJ for the State of Georgia.
<i>PDC – Project Delivery Cost</i>	A portion of the project soft costs related to the application and qualification of a household to participate in the CHIP funded program or the environmental clearance of a housing unit.

<i>Period of Affordability</i>	The length of time which restrictions on the use and occupancy of the CHIP-assisted property are placed based on the requirements of the federal HOME regulations at 24 CFR Part 92 and this Program Description.
<i>PHA – Public Housing Authority</i>	An organization established under State law to develop and operate public housing using federal assistance.
<i>Project</i>	A site or sites together with any buildings (including manufactured housing units) located on the site(s) that are under common ownership, management and financing, that are to be assisted with the CHIP funds as a single undertaking. The “project” includes all of the activities associated with the sites and buildings.
<i>Purchase Price</i>	The total cost to acquire the completed residential unit, excluding financing costs such as closing costs and pre-paid items.
<i>Reconstruction</i>	All activities that involve the demolition of an existing unit and the construction of a new unit on the same lot such that the total number of units on the lot does not change. Also includes housing destroyed by disaster that will be rebuilt on the same lot, when HOME funds are committed to the project within twelve (12) months of the destruction of the housing unit. “Reconstruction” is considered a “rehabilitation” activity.
<i>RC – Regional Commission</i>	An agency established under the Official Code of Georgia at 50-8-30 to develop, promote, and assist in establishing coordinated and comprehensive land use, environmental, transportation, and historic preservation planning in the state, to assist local governments to participate in an orderly process for coordinated and comprehensive planning, to assist local governments to prepare and implement comprehensive plans which will develop and promote the essential public interests of the state and its citizens and advance positive governmental relations among the state, regional, and local levels, and to prepare and implement comprehensive regional plans which will develop and promote the essential public interests of the state and its citizens.
<i>Rehabilitation</i>	<p>Any activity that involves one of the following: (a) repairs or improvement of the residential unit(s) to bring the unit(s) up to the property standards required by 24 CFR 251; (b) the reconfiguration of a structure to reduce the total units in order to increase the number of large family units; (c) the addition of a room or rooms outside the existing walls for the purposes of meeting occupancy or code standards and (d) the adding of a unit or units within the existing structure.</p> <p>“Reconstruction” is considered “rehabilitation” under this definition.</p>
<i>RFP – Request for Proposals.</i>	Part of a method used by CHIP Applicants to procure Administrators.
<i>RFQ – Request for Qualifications</i>	Part of a method used by CHIP Applicants to procure professional or construction services.

<i>Section 8 Annual Income Method</i>	The method selected by DCA as allowed under the HOME regulations to determine income eligibility under the CHIP program. This method is also known as the Part 5 method as defined in 24 CFR Part 5.
<i>Special Needs</i>	Individuals with disabilities that may be physical, mental, or developmental.
<i>SR – State Recipient</i>	A State PJ can award their HOME funds to units of local governments to administer HOME funds. Any unit of local government designated by a State to receive HOME funds is called a “State Recipient.” The State is responsible for ensuring that all State Recipients allocated CHIP funds are used in accordance with the HOME regulations and other applicable laws.
<i>Subrecipient</i>	A public agency or non-profit organization selected by a PJ to administer all or a part of the PJ’s HOME program. A public agency or nonprofit organization that receives HOME funds solely as a developer or owner of housing is not a Sub-recipient. The State is responsible for ensuring that all Sub-recipients allocated CHIP funds are used in accordance with the HOME regulations and other applicable laws.
<i>Very Low Income</i>	Households whose annual incomes do not exceed 50 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger households.
<i>Visitability</i>	The features in home construction which provide basic access in order to permit people with mobility impairments to live in and visit the unit.

HOMEOWNER REHABILITATION ASSISTANCE ACTIVITY REQUIREMENTS

Each **Homeowner Rehabilitation** Assistance activity carried out by the State Recipient or Sub-recipient must meet all the criteria listed below.

Eligible Applicants

Eligible Local Government Applicants: Eligible CHIP applicants include local governments that have not been designated by HUD as a Participating Jurisdiction (PJ) for the HOME program. Local governments that are designated as PJs, and therefore are ineligible, include: City of Albany, City of Atlanta, City of Macon, City of Savannah, Athens/Clarke County, Augusta/Richmond County, Columbus/Muscogee County, Clayton County, DeKalb County, Gwinnett County, Georgia Urban Consortium (Cobb and Cherokee Counties and the Cities of Marietta and Canton) and Fulton County Consortium (Fulton County and City of Roswell).

Under State statutes, local government CHIP applicants must comply with State planning and financial reporting laws, including:

- The Georgia Planning Act
- The Service Delivery Act (HB 489)
- The Local Government Audit Act
- DCA Local Government Finance Report requirements

In certain instances of non-compliance, these laws prohibit DCA from providing grant assistance.

For the purposes of CHIP, local government applicants receiving CHIP funds will act as a State Recipient according to the HOME Final Rule Section 92.201(b)(2).

Any past State Recipient with a grant older than 3 years on December 1, 2013, (i.e. received in the 2009 or prior Grant Year) and with unexpended funds (both administrative and project funds) is ineligible.

Eligible Non-profit and Public Housing Authorities: Organizations designated with a 501(c)(3) or 501(c)(4) status or Local Public Housing Authorities which meet CHIP experience threshold requirements on the application due date.

For the purposes of CHIP, non-profits and public housing authorities receiving CHIP funds from DCA will act as a Sub-recipient according to the HOME Final Rule at Section 92.2.

Applicants must not be out of material compliance or disqualified from any program administered by DCA or under debarment, proposed debarment or suspension by a federal agency, and must meet all requirements outlined in this Program Description, the Manuals, and the Final Rule.

Ineligible Project Locations

Eligible applicants may not implement any projects using CHIP resources which are located in the following areas (including any cities therein): City of Albany, City of Atlanta, City of Macon, City of Savannah, Athens/Clarke County, Augusta/Richmond County, Columbus/Muscogee County, Cherokee County, Clayton County, Cobb County, DeKalb County, Fulton County, and Gwinnett County.

Form of Subsidy

CHIP funds may be used to assist existing low income homeowners with the repair, rehabilitation or reconstruction of their homes. Whenever CHIP funds are used for rehabilitation, the work must be performed according to the PJ's Written Rehabilitation Standards which describes the methods and materials(which address health and safety, habitability and functionality, useful life of major systems, lead-based paint, accessibility, disaster mitigation, and other improvements), work write-ups and cost estimates, property inspections procedures, frequency of inspections; and payment schedule. At a minimum, when performing rehabilitation, the unit must be brought up to state and local codes and must pass an inspection that addresses all of the inspectable items under HUD's Uniform Physical Condition Standards (UPCS). State Recipients or Sub-recipients will be required to adopt and submit as an addendum to DCA's Written Rehabilitation Standards the local codes applicable to their locality.

Because units being rehabilitated must be brought up to state and local codes, Applicants may not undertake any form of special purpose homeowner repair program such as: weatherization programs, emergency repair programs, or handicapped accessibility programs. All of these types of repairs are eligible if they are undertaken within a more comprehensive scope of work that brings the unit up to state and local codes. The total cost of weatherization and handicapped accessibility modifications are capped at \$15,000.

All Applicants engaging in Homeowner Rehabilitation Assistance activities must record at closing and use the standardized loan documents provided in the Manual.

All Homeowner Rehabilitation Assistance Activities, including Reconstruction, will be classified as a Rehabilitation activity.

Amount of Subsidy

All construction hard costs, except those associated with the identification mitigation, abatement, or clearance of lead based paint issues, will be made available to the homeowner as a 0% deferred payment second mortgage loan payable only when the home is sold, refinanced, or no longer used for their principal residence per the Recapture Requirements for Homeowner Rehabilitation Activities. The term of the second mortgage loan will equal the Period of Affordability established for the assistance amount to the homeowner.

All costs associated with the identification, mitigation, abatement or clearance of lead-based paint will be made available to the homeowner as a grant.

All funds made available for project delivery costs of the activity will be

made as a grant to the homeowner and paid to the State Recipient or Sub-recipient on behalf of the homeowner.

Stick-built or Modular Housing:

The total amount of CHIP assistance provided for any single owner-occupied, stick-built or Modular Housing unit being rehabilitated must not be less than \$1,000 or exceed \$49,000, including all project soft costs. Under special circumstances, DCA may waive this maximum limit upon the request of the State Recipient or Sub-recipient; however, in no case will the amount of CHIP assistance exceed the per unit dollar limits established under Section 221(d)3(ii) of the National Affordable Housing Act as set forth for elevator-type structures that apply to the area in which the housing is located.

Before committing funds to a project, the State Recipient or Subrecipient must evaluate the project in accordance with locally adopted guidelines and may not invest any more CHIP funds, in combination with any other governmental assistance, than is necessary to provide affordable housing.

Manufactured Homes

The total amount of CHIP assistance provided for any single owner-occupied, unit of Manufactured Housing unit being rehabilitated must not be less than \$1,000 or exceed \$8,000, including all project soft costs.

Property Types

To be eligible for CHIP assistance, a property must be occupied by an income eligible homeowner and be the owner's principal residence. The eligible property types include:

- a. Traditional single family housing (Stick-built or Modular) that is owned in fee simple. (This housing may contain one to four dwelling units.).
- b. A condominium unit (Stick-built or Modular).
- c. A cooperative unit or unit in a mutual housing project (Stick-built or Modular).
- d. Manufactured Housing that is (1) on land owned by the homeowner or having a lease in the name of the homeowner extending beyond the required Period of Affordability and (2) on a permanent foundation.

Low Income Benefit

Each State Recipient and Sub-recipient must use one hundred (100) percent of its CHIP funds to assist households with incomes at or below eighty (80) percent of the area median income (AMI) based on household size for the county within which the property is located, as determined by HUD. However, programs may target their assistance to individuals at the extremely low, very low, or other income designations as part of their program design.

The Administration Manual includes the applicable HUD HOME Program Income Limits; however, the State Recipient and Sub-recipient must always use the most current version of these income limits.

Policies: DCA has implemented the following policies governing the program's implementation:

Administrative Fees

DCA will permit an administrative fee for all State Recipients and Sub-recipients to cover eligible costs of administering the program, including:

- Providing citizens with information about the CHIP funded program including outreach activities
- Preparing a budget and schedule
- Preparing reports and other documents related to program performance
- Office space and utility costs
- Purchasing equipment, insurance and office supplies
- Compliance monitoring
- Resolving audit and monitoring findings

DCA will permit an administrative fee equal to 2% of the total funds awarded for project costs to a State Recipient or Sub-recipient to be used to cover eligible administrative costs. Administrative fees will not be advanced prior to the completion of a Homeowner Rehabilitation Assistance Activity. Administrative Fees will be disbursed to the State Recipient or Sub-Recipient by applying the applicable administrative fee percentage (2%) multiplied by the total amount of funds requested to be drawn for eligible project costs, including Project Delivery Costs. Administrative fees may only be requested at time of the final draw for project-related costs.

Application Fee Charged to Homeowners

An application fee may not be charged by any State Recipient or Sub-recipient to a prospective participant associated with any CHIP-financed Homeowner Rehabilitation Assistance Activity.

Commitment & Expenditure Deadlines

All project funds must be committed within twenty-four (24) months of the date of the State Recipient or Sub-recipients Agreement with GHFA.

All funds must be expended within thirty (30) months of the date of the State Recipient or Sub-recipients Agreement with GHFA.

Penalties:

DCA may recapture funds awarded to or may debar from future participation any State Recipient or Sub-recipient that fails to meet these requirements at DCA's sole and absolute discretion.

Environmental Review Tier One Review

State Recipients:

Under HUD requirements, State Recipients are permitted to complete the Environmental Review process as the Responsible Entity. As such, the Environmental Review process may be initiated either (1) prior to the submission of the Application to DCA for funding assistance in order to demonstrate the community's readiness to proceed; or (2) after submission of the Application to DCA, but prior to the announcement of the CHIP award; or (3) after announcement of the CHIP award. If the local government chooses either Option #1 or #2, DCA will not reimburse any costs incurred in preparing the Environmental Review should the local government not receive CHIP funding. However, in all three scenarios, the Environmental

Review process, including DCA approval, must be concluded within sixty (60) days of the effective date of the CHIP Agreement with GHFA. For State Recipients choosing option 2 or 3, the Environmental Review process must be completed and submitted to DCA within forty-five days (45) days after entering into the CHIP Agreement with GHFA. DCA will review and provide notice back to the State Recipient within fifteen (15) days of submission in order to complete this sixty day process.

During this period as the Environmental Review process is being completed by the State Recipient and DCA, the State Recipient may initiate activities that have no physical impact on any property proposed to be served. Should any physical impact occur prior to completion of the Tier Two Review (i.e. DCA's issuance of the Notice to Proceed to the State Recipient), all costs associated with the property impacted will not be eligible for CHIP funding assistance under any circumstances at DCA's sole and absolute discretion.

Subrecipients:

Under HUD requirements, Sub-recipients are not permitted to complete Tier One of the Environmental Review process. DCA will complete its role in Tier One process scope of work on behalf of the Sub-recipient within forty-five (45) days of the effective date of the CHIP Agreement with GHFA. DCA will be required to submit its determination to HUD for approval. In general, as guidance only, the HUD approval process takes fifteen (15) days to complete.

During this period as DCA and HUD are completing the Environmental Review process, the Subrecipient may initiate activities that have no physical impact on any property proposed to be served. Should any physical impact occur prior to completion of the Tier Two Review (i.e. DCA's issuance of the Notice to Proceed to the Subrecipient), all costs associated with the property impacted will not be eligible for CHIP funding assistance under any circumstances at DCA's sole and absolute discretion.

Environmental Review – Tier Two Review – State Recipients:

Once State Recipients, as Responsible Entities, have completed the Tier One process, an individual project site has been identified, and prior to beginning any work that will have a physical impact on any property proposed to be served, the State Recipient must complete the pre-set process which includes the submittal of an Owner Occupied Rehabilitation or Reconstruction – New Construction Site Specific Environmental Screening Checklist which reviews each of the items on the Statutory Checklist for applicability to the specific property proposed. Any items that are triggered by regulations listed on the Screening Checklist must be addressed in accordance with the appropriate statute. For example, if the property is fifty (50) years of age or older, any activity must be reviewed for its possible effect under the National Historic Preservation Act.

The State Recipient must submit to DCA the Screening Checklist along with all documentation to show how the federal regulation was cleared. Upon

review and approval of these items, DCA will then issue a notice to proceed for the project.

During this period as DCA and HUD are completing the Environmental Review process, the State Recipient may initiate activities that have no physical impact on the property proposed to be served. Should any physical impact occur prior to completion of the Tier Two Review (i.e. DCA's issuance of the Notice to Proceed to the State Recipient), all costs associated with the property impacted will not be eligible for CHIP funding assistance under any circumstances at DCA's sole and absolute discretion.

Subrecipients:

Once Subrecipients have completed the Tier One process, an individual project site has been identified, and prior to beginning any work that will have a physical impact on any property proposed to be served, the Subrecipient must complete an Owner Occupied Rehabilitation or Reconstruction – New Construction Site Specific Environmental Screening Checklist which DCA will utilize to review each of the items on the Statutory Checklist for applicability to the specific property proposed. Any items that are triggered by regulations listed on the Screening Checklist must be addressed in accordance with the appropriate statute. For example, if the property is fifty (50) years of age or older, any activity must be reviewed for its possible affect under the National Historic Preservation Act.

During this period as DCA and HUD are completing the Environmental Review process, the Sub-recipient may initiate activities that have no physical impact on the property proposed to be served. Should any physical impact occur prior to completion of the Tier Two Review (i.e. DCA's issuance of the Notice to Proceed to the Subrecipient), all costs associated with the property impacted will not be eligible for CHIP funding assistance under any circumstances at DCA's sole and absolute discretion.

*Experience
Requirements for
Administrators*

An Administrator must meet one of the following requirements to be considered an "Experienced Administrator":

1. An Administrator must have successfully closed out one CHIP or Community Development Block Grant (CDBG) grant in which Homeowner Rehabilitation was an activity.

OR

2. Have entered into a contract with an Administrator who has successfully closed out one CHIP or CDBG grant in which Homeowner Rehabilitation was an activity. If this provision is utilized, the consulting contract must have provisions to train the staff of the inexperienced Administrator on the administration of the CHIP funded activities. An inexperienced entity will only be permitted to utilize this qualifying criterion in a single instance for Homeowner

Rehabilitation, regardless of staff turnover and other circumstances affecting the entity.

OR

3. Have experience on staff of at least one individual designated as the primary lead contact who has at least three (3) years of direct work experience at a state or local Participating Jurisdiction administering the HOME program, a state or local Entitlement Jurisdiction administering the CDBG program, or experience administering another federally funded rehabilitation activity. Individuals must meet all Conflict of Interest requirements under the Final HOME Rule.

*Experience
Requirements of Local
Governments*

A Local Government Applicant must have either administered directly and successfully closed out a CDBG or CHIP grant in which Homeowner Rehabilitation was an activity, have a person on staff designated as the primary lead contact, who has at least three (3) years of direct work experience with CDBG, HOME, NSP, or a USDA-Rural Development funded Rehabilitation activity, or have entered into a contract with an Experienced Administrator for Homeowner Rehabilitation Activities.

*Experience
Requirements of Non-
profit and Public
Housing Authority
Applicants*

Nonprofits and public housing authorities seeking to administer a Homeowner Assistance program must either:

1. Demonstrate within their Application that they have completed since April 1, 2008, the new construction or rehabilitation of at least 50% of the number of units proposed under the Application.

OR

2. Have entered into a contract with an Experienced Administrator for Homeowner Rehabilitation Activities. If an Administrator is used, the consulting contract must have provisions to train the staff of the non-profit or public housing authority on the administration of the CHIP funded activities.

*General Property
Improvements in
Homeowner
Rehabilitation Activities*

General Property Improvements outside the scope of bringing a unit up to the state and local standards are generally not permitted unless the purpose of the improvement is to increase the energy efficiency or handicapped accessibility of the unit. The costs of weatherization and handicapped accessibility improvements may not exceed \$15,000 or more than 50% of the total cost of the rehabilitation work.

Historic Preservation

Any project involving property that is fifty years old or older or any new construction in a historic district must be submitted to the State Historic Preservation Office for approval before work can commence.

Lead-Based Paint

Based on the Lead-Based Paint Poisoning Prevention Act--(42 U.S.C. 4831-5 et al) and HUD implementing regulations at 24 CFR part 35, whenever

Requirements for Homeowner Rehabilitation Activities

housing built before 1978 is under consideration for CHIP funding, the State Recipient and Sub-recipient must follow HUD's regulation, "Requirements for Notification, Evaluation and Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance." The regulations can be accessed at: <http://www.hud.gov/offices/lead/>.

Please note that changes to the Lead Safe Housing Rule effective April 22, 2010, incorporated one major change – Renovation firms must be certified. At least one certified renovator must be on-site during certain phases of the work and be available by phone during all other stages of the project and must be able to be on the job site within one hour at all times while renovations are being conducted. The certified renovator may be a certified Lead Based Paint abatement supervisor who has completed the 4-hour Renovation, Repair and Painting Rule (RRP) refresher course. DCA requires all Recipients to provide updated certification information based on Georgia EPD requirements.

Lead-Based Paint – Visual Assessment

EPA's lead renovation, repair and painting (RRP) program rule (found at www.epa.gov/lead/pubs/renovation.htm) requires contractors to be certified in lead-safe work practices and training providers to be accredited by EPA. All Applications must identify as part of the Program Design at least one individual who has completed the on-line certification course for visual assessment. The course may be found on-line at: www.hud.gov/offices/lead/.

The person identified in the application must be the person who conducts the visual assessment for all funded projects. If the State Recipient or Sub-recipient must use another individual, the State Recipient or Sub-recipient must provide to DCA a copy of the visual assessment certification completed prior to the inspection of any unit. All persons conducting visual assessment for CHIP funded projects will be required by DCA to update their certification yearly.

NOTE: For Application scoring purposes, a copy of the certificate must be received at DCA by the Application due date. Applicants are encouraged to take the on-line visual assessment certification course as early as possible as HUD indicates that receipt of the certification may take as long as three (3) weeks. DCA will not award points for any certification received after the Application due date.

Other Federal and State Requirements

In addition to the basic HOME rules previously outlined, a number of other federal and state regulations must be adhered to in the course of administering CHIP funds. The certifying official of the Applicant is responsible for ensuring that the proposed program, activities, goals and timetables are in compliance with all federal and state laws, regulations and executive orders. The major applicable laws, regulations and executive orders include, but are not limited to, the areas outlined below:

Non-Discrimination and Equal Access:

Applicants must take measures to ensure non-discriminatory treatment, outreach and access to CHIP resources. This applies to employment and

contracting, as well as to marketing and selection of program participants. DCA does not discriminate based on disability in the administration of Federal HOME funds allocated to CHIP. Please see the Administration Manual for DCA's Notice to the Public, Nondiscriminatory Policy Based on Disability.

Fair Housing and Equal Opportunity:

Applicants and their activities must comply with all of the federal laws, executive orders and regulations pertaining to fair housing and equal opportunity listed below:

- Title VI of the Civil Rights Act of 1964, As Amended (42 U.S.C. 2000d et seq.)
- The Fair Housing Act (41 U.S.C. 3601-3620)
- Section 104(b) (2) of the Fair Housing Act
- Fair Housing Act implementing regulations for HUD programs at 24 CFR Part 100-115
- Equal Opportunity in Housing (Executive Order 11063, As Amended by Executive Order 12259)
- Equal Opportunity in Housing Regulations at 24 CFR Part 107
- Age Discrimination Act of 1975, As Amended (42 U.S.C. 6101)
- Title VIII of Civil Rights Act of 1968 (2 U.S.C. 3601 et seq. and implementing regulations, as amended)
- Affirmative Marketing in accordance with the HOME Investment Partnerships Act and 24 CFR 92.351 and per DCA policy for all CHIP awards
- Georgia Fair Lending Act

Accessibility for Individuals with Disabilities:

The HOME regulations require adherence to the following four regulations governing the accessibility of federally assisted buildings, facilities and programs:

- Americans with Disabilities Act (42 U.S.C. 121310)
- 47 U.S.C. 155, 201, 218, and 225
- Fair Housing Act implementing regulations at 24 CFR 100.205 for design and construction requirements of multi-family dwellings
- Section 504 of the Rehabilitation Act of 1973

In addition, the State of Georgia requires compliance with the following law for all new construction of single family housing financed by DCA:

- 8-3-172 of the Official Code of Georgia

Employment and Contracting:

- HOME regulations require that Applicants comply with the regulations listed below governing employment and contracting

opportunities, including equal opportunity, labor requirements and contracting/procurement procedures

Equal Opportunity:

- Equal Employment Opportunity Executive Order 11246, as amended, and implementing regulations at 41 CFR Part 60
- Section 3 of the Housing and Urban Development Act of 1968
- Minority and Women's Business Enterprise under Executive Orders 11625, 12432, and 12138 and Section 281 of the National Affordable Housing Act and 24 CFR 85.36.

Labor Requirements:

- Davis Bacon and Related Acts (40 U.S.C. 276 (A) – 7)
- Contract Work Hours and Safety Standards Act, As Amended (40 U.S.C. 327 – 333)
- Copeland (Anti-Kickback) Act (40 U.S.C. 276 c)
- Fair Labor Standards Act of 1938, As Amended (29 U.S.C. 201 et seq.)

Contracting and Procurement:

- Procurement Standards at 24 CFR 85.36 and for non-profit organizations at 24 CFR Part 84 and OMB Circular A-144
- HOME Program Conflict of Interest Provisions at 24 CFR 92.356
- Debarred, Suspended or Ineligible Contractors at 24 CFR Part 5

Environmental:

- National Environmental Policy Act of 1969 (NEPA) and the related authorities listed in HUD's implementing regulations at 24 CFR Parts 50 and 58

Lead Based Paint:

- Section 1012 and 1013 of the Residential Anti-Lead Based Paint Hazard Reduction Act of 1992, which is Title X of the Housing and Community Development Act of 1992 and implementing regulations at 24 CFR Part 35

Acquisition and Relocation:

- Uniform Relocation Act (URA)
- Section 104(d) of the Housing and Community Development Act known as the Barney Frank Amendments

Financial Management:

- 24 CFR Part 85 (“Common Rule”) and for non-profit organizations see 24 CFR Part 84
- Federal OMB Circular A-133
- Federal OMB Circular A-87

Housing:

- The Truth in Lending Act (Regulation Z)
- Title I Consumer Protection Act (PL 90321)
- Construction Industry Licensing Board Act (O.C.G.A. Section 43-14-1, et seq).
- Georgia Industrialized Building Act of 1982, As Amended (O.C.G.A. Title 8, Chapter 2, Article 2, Part 1 “Industrialized Buildings”; Part 2 Manufactured Housing [Mobile Homes])
- Mandatory State Construction Codes, as well as the International Energy Conservation Code
- Construction and Safety Standards at 24 CFR 3280 for new manufactured housing; Senate Bill 423 Regarding Handicapped Accessibility Requirements
- Georgia Fair Lending Act

General:

- Title II of the National Affordable Housing Act of 1990, As Amended
- 24 CFR Part 92, HOME Investment Partnerships Program
- 24 CFR Part 5 A, 5.105, Other Federal Requirements
- Title 50, Chapter 18, Article 4, Official Code of Georgia, Georgia Open Records Act

Owner Contribution Requirements

All Homeowner Rehabilitation Activities using CHIP funds must not require any contribution for eligible project costs from an eligible homeowner with an income as adjusted for household size:

Period of Affordability

To ensure that CHIP investments yield affordable housing over the long term, DCA imposes occupancy requirements over the length of the Period of Affordability. Based on HUD requirements, the Period of Affordability begins on the date that the project is marked as completed in HUD’s Integrated Disbursement and Information System (IDIS).

The length of the affordability period depends on the amount of CHIP investment in the property and the nature of the activity funded. The amount of CHIP investment includes all funds invested in a unit, including all Project Soft Costs.

Length of required affordability period depends on the type of activity:

<u>Activity Type</u>	<u>Length of Affordability Period</u>
Homeowner Rehabilitation	5 years
Homeowner Reconstruction	10 years

CHIP funds that are invested in projects that do not meet the established Period of Affordability requirements will be subject to recapture based on policies outlined in this Program Description and the Manual(s).

Project Cost Exceptions The State Recipient or Sub-Recipient may increase the amount of assistance provided to any Homeowner Rehabilitation Activity by up to 20% above the original project cost without seeking approval from DCA for the increased costs. All costs must meet eligibility requirements under the HOME Final Rule and the CHIP Program Description. Any increases in project cost above 20% of the original project cost must be approved by DCA prior to initiating any work associated with the cost amendment.

Project Related Soft Costs The following eligible Project-Related Soft Costs may be charged to the activity:

- Lead based paint inspections, risk assessments and clearance testing.
- Asbestos testing.
- Architectural, engineering or related professional services required to prepare plans, drawings or specifications of a project.
- Fees for recordation and filing of legal documents, building permits, attorneys, private appraisals, and independent cost estimates.
- Preparation of work write-ups and work specifications.
- Construction inspections.
- Project Delivery Costs:
 - Processing of applications from the homeowner.
 - Project underwriting.
 - Project document preparation.
 - Tier One Environmental Review.
 - Tier Two Site -Specific Environmental Review.
 - Costs associated with informing a homeowner about relocation rights or benefits.

For Stick-built or Modular Housing, the total Project Delivery Cost may not exceed \$3,000.

For all Manufactured Housing, the Project Delivery Cost may not exceed \$1,000.

All Project Soft Costs will be disbursed based on submission of invoices or other documentation evidencing the costs incurred. First draw for Project Soft Costs may be submitted at the time of first draw for construction costs.

Project related soft costs - excluding project delivery costs and costs associated with lead based paint inspections, risk assessments and clearance testing - will be included as an eligible project cost associated with the deferred payment loan to the home buyer.

*Project Delivery Costs – State Recipients:
Environmental*

The State Recipient will incur costs for the Environmental Review, including time spent in preparing the required documentation and advertising the Finding of No Significant Impact. The State Recipient may request reimbursement of these costs as a Project Delivery Cost on a per project basis. The total cost incurred must be divided out on a per project basis based on the total number of units proposed to be served in the State Recipient's Application for CHIP funding. The costs assigned to any unit not completed as part of the work will not be reimbursed to the State Recipient.

Subrecipients:

In preparation of the Environmental Review, DCA will be required to advertise a Finding of No Significant Impact in the newspaper designated as the legal organ for the community(ies) served by the program. DCA will bill the costs of the advertisement to the Sub-recipient. Payment will be due from the Subrecipient within thirty (30) days of our billing.

The Sub-recipient may request reimbursement of these fees as a Project Delivery Cost either (1) through a single project for which funds are Committed in IDIS or (2) if the *Atlanta Journal Constitution* is used as the legal organ, may divide out these costs on a per project basis based on the total number of units proposed to be served in the Sub-recipient's Application for CHIP funding. If the second option is selected, the costs assigned to any unit not completed as part of the work will not be reimbursed to the Sub-recipient.

*Property Standards for
Homeowner
Rehabilitation*

The HOME regulations require that all housing that is rehabilitated with HOME funds must meet all applicable local codes (including the applicable state codes), rehabilitation standards, ordinances, and zoning ordinances at the time of project completion.

In the absence of a local code for rehabilitation, CHIP requires that all units must meet the International Residential Code and the International Property Maintenance Code.

State Recipients and Subrecipients must conduct initial inspections of properties to be rehabilitated to determine the necessary scope of work to bring each property up to applicable standards; and progress and final inspections for all rehabilitation projects to ensure construction according to approved plans. DCA will issue guidance to identify for State Recipients and Subrecipients the minimum required inspectable elements based on the Uniform Physical Conditions Standards. (UPCS) [*§92.251(g)*]

To meet the standards set by the HOME Final Rule, DCA requires that each State Recipients and Subrecipients must use the Policy & Procedures and Written Rehabilitation Standards issued by DCA.

Property Value

In compliance with Section 203(b) of the National Housing Act, the

maximum Property Value for existing or reconstructed properties must be equal to or less of the 203(b) limits.

While the HOME regulation removed the requirement for an appraisal, Applicants must use a reasonable method to determine the After-Rehabilitation Value of the property. Project files must contain the estimate of value and document the basis for the value estimates. Acceptable methods include:

1. Estimate of value by the State Recipient or Sub-recipient provided the project file contains documentation as to the basis for the value estimate;
2. Appraisals, whether prepared by a licensed fee appraiser or by a staff appraiser of the State Recipient or Sub-recipient, provided the project file documents the appraisal approach used; and
3. A tax assessment for a comparable property located in the same neighborhood may be used to establish the after-rehabilitation value **if** the assessment is current and accurately reflects market value **after** rehabilitation.

Note: In order to ensure that the “After-Rehabilitation Value” falls within the HUD prescribed maximum value limitations, the After-Rehabilitation Value must be established prior to any rehabilitation work being performed utilizing one of the acceptable methods described above.

Public Notification

Local Government Applicant:

Must provide a resolution of the municipal or county government detailing the proposed program activities, the number of households to be served, the targeted population groups to be served (if any), the addresses of activities (if known), and amount of funds to be requested. No formal public hearing is required.

Non-Profit and Public Housing Authority Applicants Proposing Activities in a Single Jurisdiction:

Must submit a copy of a letter sent to the chief elected officer (and copied to the city/county administrator, if applicable) of the jurisdiction in which the activity will be implemented that details the proposed program activities, the proposed number of households to be served, targeted population groups to be served by the program (if applicable), addresses of activities (if known), and amount of funds being requested. No formal public hearing is required.

Non-Profit and Public Housing Authority Applicants Proposing Activities in Multiple Jurisdictions:

Must submit a copy of a letter sent to the chief elected officer (and copied to the city/county administrator if applicable) of each city and county in which the activity is proposed. The letter must detail the proposed program

activities, the proposed number of households to be served, targeted population groups to be served (if applicable), the addresses of activities (if known), and the amount of funds being requested. No formal public hearing is required.

Recapture Requirements A percentage of the loan amount for homeowner rehabilitation activities must be forgiven annually in equal installments over the Period of Affordability. Any funds subject to recapture will be paid to the Georgia Housing and Finance Authority unless approved by DCA as noted below.

Reconstruction and Visitability All reconstruction activities must meet the visitability requirements of 8-3-172 of the Official Code of Georgia.

Written Rehabilitation Standards The HOME Final Rule requires each State Recipient and Sub-recipient to adopt Written Rehabilitation Standards for rehabilitation work assisted with HOME funds. This section will assist Applicants to understand:

- 1) Written Rehabilitation Standards;
- 2) Their function in administering CHIP funds; and,
- 3) How Written Rehabilitation Standards differ from property standards.

“Property Standards” Defined:

State and local codes are the property standards or the Housing Quality Standards used to determine whether a housing unit is decent, safe and sanitary. They are the standards against which the actual physical condition of a property is judged in the inspection process. Using the property standard as a baseline, a housing inspector determines the scope of rehabilitation necessary to address the physical deficiencies of the unit and to bring the unit up to the standard or code(s).

The HOME Final Rule also requires that the standard for rehabilitation be included in the Written Agreement between the State Recipient or Sub-recipient and the homeowner.

“Written Rehabilitation Standards” Defined:

Written Rehabilitation Standards establish the standards for the actual rehabilitation work that will bring substandard housing into compliance with the property standard or code(s). The Written Rehabilitation Standards prescribe the method and materials to be used in the rehabilitation of the property. The Written Rehabilitation Standards are sometimes referred to as “specs” or “specifications” and include details such as the grade of lumber to be used, the number of nails per square foot, the type of material that can or cannot be used for doors serving as fire exits, the distribution pattern and material of roofing tiles, etc.

The Written Rehabilitation Standards provide a common basis for contractor bids. This commonality is particularly important because by ensuring that all

contractors are bidding on work using identical methods and materials, the State Recipient or Sub-recipient can make an accurate determination of the cost reasonableness of bids. By holding all contractors to a single rehabilitation standard, consistent and high quality rehabilitation is assured.

Applicants must adhere to the methods and materials set forth in the locally adopted Written Rehabilitation Standards as set forth in the CHIP Manuals.

Funding Determination

DCA will award CHIP funds based on a statewide competition. All applications will be reviewed by a DCA Housing Review Panel and compared based on the items described below as represented in the application. Each item will be reviewed and a score determined at DCA's sole and absolute discretion.

DCA will rely solely on the documentation submitted at time of application in making this funding determination.

All successful Applicants that receive points within any of the following categories must adhere to that commitment throughout the implementation of the program.

At its sole and absolute discretion, DCA reserves the right to allocate resources to lower ranked proposals to achieve a better geographical distribution of resources or for any other reasons determined by DCA to be meritorious. Any decision DCA makes, and any action or inaction by DCA in administering, managing, and operating the funding competition, shall be final and conclusive and shall not be subject to any review, whether judicial, administrative or otherwise, and shall not be covered by, subject to, or required to comply with or satisfy any provisions of Chapter 13 of Title 50 of the Official Code of Georgia Annotated, the "Georgia Administrative Procedures Act."

Duplication of Effort:

DCA reserves the right to reject any application as a result of the proposed duplication of effort within a single jurisdiction if submitted by multiple Applicants under this Program Description. DCA will fund the application that receives the higher point score and may or may not fund any duplicate application receiving a lower score based on DCA's sole and absolute discretion.

Disposition of Applications:

CHIP Award commitments will be forwarded to eligible Applicants whose applications are approved for funding.

Applicants whose programs are denied will be notified of the denial. DCA's decisions regarding awards and denials will be based on the Program Description, the Applicant's Manual, the rating and selection criteria outlined herein, and the final ranking of all applications based on the points awarded to each Applicant. DCA's funding decisions are final and DCA may waive any irregularities consistent with the Program Description.