



Notice of Funding Availability

**OPERATING EXPENSE ASSISTANCE (OEA)
FOR COMMUNITY HOUSING DEVELOPMENT ORGANIZATIONS
(CHDO's)**

**Notice of Intent to Apply Registration Deadline: 4:30 P.M.
Anchorage Local Time, February 7, 2020.**

**Application Deadline: 4:30 p.m. Anchorage Local Time
March 20, 2020.**

For more information, contact:

**Andy Petroni
Alaska Housing Finance Corporation
PO Box 101020
Anchorage, AK 99510-1020
907-330-8275
apetroni@ahfc.us**



ALASKA HOUSING FINANCE CORPORATION

Operation Assistance Expense (OEA) Program APPLICATION INSTRUCTIONS & PROVISIONS

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I. GENERAL INFORMATION

A. Purpose and General Applicable Provisions

Through the Operating Expense Assistance Program (OEA), Alaska Housing Finance Corporation (AHFC) provides funds to eligible Community Housing Development Organizations (CHDOs) for organizational operating costs. To receive OEA funds, a CHDO must demonstrate that it has, within the past six months, or can substantially show that it will, in the next 18 months, develop, sponsor, or own a HOME-eligible project.

For the purposes of this Notice of Funding Availability (NOFA), a **HOME-eligible project** is defined as: new HOME assisted housing that is owned, developed or sponsored by the applicant and funded by AHFC's HOME Investment Partnerships Program CHDO Reserve. For the purposes of this part, developing, sponsoring, or owning HOME assisted housing shall have that meaning as defined in Federal regulation at 24 CFR Part 92. AHFC's HOME Pre-Development Program and the HOME Opportunity Program do not qualify as HOME-eligible projects for OEA. Please contact the HOME Program Manager if you need more information or clarification regarding the above mentioned regulation.

B. Amount of Funding Available and Funding Limitations

For this year's NOFA, a minimum of \$150,000 is available for this funding round for CHDOs certified by AHFC; eligible CHDOs must serve communities (or a community) outside of the Municipality of Anchorage.

Assistance may not exceed \$45,000 each federal fiscal year per CHDO. AHFC reserves the right to award less (or more) if it is determined by AHFC to be in the best interest of the program. CHDOs that have received OEA for two consecutive years and, in AHFC's sole opinion, have failed to demonstrate significant steps towards the development of HOME units may not be considered for funding. Refer to Section IV., B., of this document for information pertaining to funding levels and priorities. Awards are contingent on the amount of funding available as well as the anticipated number of HOME-eligible projects AHFC will be able to fund in the next 18 months.

C. Application Submission Stages and Deadlines

The application process for OEA funding involves two (2) stages. Applicants must (1) register for the online application system by **February 7, 2020, 4:30 PM Anchorage Time**, and (2) submit a OEA Application using the online application system by **March 20, 2020, 4:30 PM Anchorage Time**.

STAGE 1: Intent to Apply (Applicant Registration) - Only the applicants who have successfully submitted an Intent to Apply Form for the AHFC SFY2020 OEA Program are eligible to apply. Registration was announced through a public notice. To register for the application, return the following information to apetroni@ahfc.us by **Friday, February 7, 2020, 4:30 PM Anchorage Time**.

Registration Request	
Organization	Registration
Name of Applicant Entity: [REDACTED]	User Name (person who will be using the online application system): [REDACTED]
Address: [REDACTED]	User Phone Number: [REDACTED]
City, State, Zip: [REDACTED]	User Email Address: [REDACTED]
Phone Number: [REDACTED]	Name(s) and Location(s) of Project(s):
Email Address: [REDACTED]	[REDACTED]

STAGE 2: Request for Applications - Only applicants who have successfully submitted the information above will be eligible to apply. Applicants that are not eligible to apply will not receive access to the online application. Applications must be submitted to AHFC through the AHFC online application system **no later than 4:30 p.m. Anchorage Local Time on Friday, March 20, 2020**. Applications may NOT be submitted via telefax, e-mail or hard copy. The official time for application submittal will be documented in the online application software. Only applications that have been submitted by the deadline will be considered for funding.

Please note: In the online application system, applicants can save their progress prior to formally submitting their applications through the system. **An application is not “submitted” until the applicant clicks the “submit” button in the online application system and the submission is accepted by the system.** AHFC will only consider applications from applicants that have fully submitted their applications through the online system. If an applicant has saved work in the system prior to the application deadline, but does not “submit” their application through the system, AHFC will neither consider the application for funding nor evaluate any materials the applicant has saved in the online system.

In the event the online application system is unavailable for an extended period of time on the day of the application deadline, AHFC reserves the right to extend the deadline for online submissions up to one full business day following the restoration of system access.

Please note: except as provided below, the definition of “an extended period of time” in the preceding paragraph will be left to AHFC’s sole discretion based on the facts and circumstances surrounding the system access complications, if any, which arise on the day of the application deadline.

If the online application system is unavailable due to technical complications within 1 hour of the application deadline, AHFC will automatically extend the application deadline for one full business day following confirmation that the system access has been restored.

Summary of Submission Stages and Deadlines	
Intent to Apply Form Due	February 7, 2020, 4:30 PMAKST
OEA Application Available on the online application system	February 14, 2020 (est)
OEA Application Due	March 20, 2020, 4:30 PMAKST
Notice of Intent to Award Funds	April 10, 2020 (est)
Estimated Grant Execution Date	April 30, 2020 (est)
Estimated Grant Performance Period	February 1, 2020 – January 31, 2021

D. Proposal Costs

All costs of responding to this NOFA are the responsibility of the applicant.

E. Acceptance of Terms

By submitting an application, an applicant accepts all terms, conditions and requirements of this NOFA, and those contained in AHFC regulations 15 AAC 154.010 - 154.080 and 15 AAC 154.700 - 154.835, and in Federal regulations at 24 CFR Part 92. The applicant’s proposal will become part of the CHDO’s OEA grant agreement in the event that the applicant is awarded funds. The applicant will be bound by the content of the proposal, unless otherwise approved in writing by AHFC.

Proposals and other materials submitted in response to this NOFA become the property of AHFC and may be returned at AHFC’s sole discretion. Applications are public documents and

may be inspected or copied by anyone after they have been reviewed and evaluated, and a Notice of Intent to Award Funds has been issued by AHFC. Financial statements included in the application may be considered public information unless a specific written request to restrict distribution is made by the applicant and approved by AHFC.

F. Appeals Process

All awards made under this NOFA are subject to the appeal processes required in 15 AAC 150.220. The protest must be in writing, sent to the attention of Daniel Delfino, AHFC Planning Department Director, and must include at least the following information:

1. The name, address and telephone number of the appellant;
2. The signature of the appellant or the appellant's designated representative;
3. Identification of the solicitation, contract or grant agreement at issue;
4. A detailed statement of the legal and factual grounds of the appeal including copies of relevant documents; and
5. The form of relief requested.

G. Misstatements

If AHFC determines that an applicant for, or recipient of, OEA funds has made a material misstatement relating to the applicant's application for OEA funds, AHFC will, at its discretion, remove the application from any further funding consideration. In the event that OEA funds have already been received, the sub-recipient will be required to repay the funds to AHFC, together with accrued interest on the amount of the funds received calculated at the highest rate allowed by law from the date of funds disbursement by AHFC.

H. NOFA and Application Questions

If you have any questions regarding this NOFA package, including the program requirements, online application system or any information included in the Application please email Andy Petroni at apetroni@ahfc.us.

II. PROGRAM REQUIREMENTS AND LIMITATIONS

A. Eligible Applicants

To be eligible for OEA funds, the applicant must be an AHFC certified CHDO, in good standing, in accordance with 24 CFR Part 92.2 and meet one of the following requirements:

- i. Be the prior recipient of AHFC HOME funds, within the past six months, for the purpose

of developing, sponsoring, or owning a HOME-eligible project and be able to substantially demonstrate that it will, in the next 18 months, develop, sponsor, or own a new HOME-eligible project.

- ii. Have a formal organizational plan to develop, sponsor, or own a new HOME-eligible project within 18 months following the receipt of OEA funds.

For the purposes of this part, developing, sponsoring, or owning HOME assisted housing shall have that meaning as defined in Federal regulation at 24 CFR Part 92. The 2013 Final Rule has significantly changed the definitions "Owner", "Developer" and "Sponsor" as they apply to CHDOs and effective project control. The Final Rule also requires that CHDOs demonstrate experience and capacity to carry out the obligations of each role that the CHDO will perform.

Developer: The CHDO may act as developer if the CHDO owns (in fee simple absolute or long-term ground lease) the HOME project. As developer, the CHDO must be in sole charge of all aspects of the development process, including obtaining zoning and other approvals, securing financing, selecting contractors, overseeing work progress and determining reasonableness of costs. The CHDO must own the project during development and for multi-family rental projects, throughout the period of affordability. This option is NOT available where the project is owned by a partnership entity (see Sponsor).

Prior to publication of the 2013 Final Rule, CHDOs were allowed to act as developer in projects where the CHDO had no long-term ownership interest if the CHDO had a contractual relationship with the project owner (i.e. a Development Services Agreement) to develop the project. This option is no longer available.

Sponsor: The 2013 Final Rule provides two definitions of "Sponsor" of HOME assisted rental housing:

1. A CHDO "sponsors" a project when the property is "owned" or "developed" by:
 - a. An affiliated subsidiary of the CHDO, which is wholly owned by the CHDO;
 - b. A limited partnership in which the CHDO or its wholly owned affiliated subsidiary is the sole general partner; or
 - c. A limited liability company in which the CHDO or its wholly owned affiliated subsidiary is the sole managing member.

Note: Selection "b" is the option most commonly used in tax credit projects.

2. A CHDO may “sponsor” a project in situations where the CHDO owns (in fee simple absolute) and develops the housing and agrees to convey the housing to a different private non-profit organization at a predetermined point in time after completion of the development. The non-profit to which the project will be conveyed does not need to be a CHDO, but must be identified and approved by the Department prior to commitment of HOME funds. Additionally, this non-profit cannot be created by a governmental entity. If for any reason the project is not transferred to this non-profit, the CHDO remains liable for the HOME funds and the project for the term of the affordability period.

Owner: The CHDO is required to own (in fee simple absolute or long-term ground lease) the HOME project during development and throughout the period of affordability. As owner, the CHDO is required to oversee all aspects of the development process. In instances where the CHDO lacks developer capacity, the CHDO may own the project and hire a qualified project manager or contract with a development contractor to oversee all aspects of development. This option is available to CHDOs having experience and capacity to own and operate affordable rental housing, but lack the experience or capacity to develop the project. This option is NOT available where the project is owned by a partnership entity (see Sponsor).

B. Eligible Operating Costs

Eligible operating expenses include reasonable and necessary costs for the operation of the CHDO and are subject to provisions outlined at 24 CFR 92.208. Such costs include salaries, wages, and other employee compensation and benefits; employee education, training and travel; rent; utilities; communication costs; taxes; insurance; and equipment, materials and supplies. These costs must be general operating expenses, and may not include, for example, project-specific costs, such as the salary or wages of a loan officer. Successful applicants will be required to submit an OEA Budget Form for AHFC approval prior to disbursement of funds.

C. CHDO Succession Planning

CHDOs that are awarded Operating Expense Assistance will be required to develop and maintain a succession plan during the period of performance. The purpose of the succession planning process is to identify and develop internal CHDO staff with the potential to meet AHFC’s development experience requirements in the event of turnover in CHDO staff(s). Federal mandates prohibit AHFC from awarding development funds to CHDOs that cannot demonstrate that they have paid staff with demonstrated development experience.

D. CHDO Business Plan Development

CHDOs that are awarded Operating Expense Assistance may be required to develop, maintain or create a CHDO business plan during the period of performance. AHFC, in consultation with the CHDO, will make a determination in regards to any specific requirements that may be incorporated into the OEA grant agreement with respect to business plan development.

III. APPLICATION REQUIREMENTS

A. Required Application Material (Threshold Review)

Each application proposal will be subject to a threshold review. In AHFC's sole opinion, an application which has not met all the required Threshold (T) Criteria identified in this section, will be considered non-responsive, and may NOT be considered further in this Notice of Funding Availability cycle. AHFC reserves the right to request technical corrections to the application. If an applicant does not respond or is unable to resolve technical corrections within the time allotted by AHFC, the applicant may not be considered for funding.

Threshold Criteria includes the following:

- T-#1: The online application submitted prior to the application deadline, completed in the entirety, including all applicable sections, attachments and signatures.
- T-#2: A **resolution of the applicant's governing body** authorizing the request for SFY 2020 OEA funds.

Attach a resolution of the applicant's governing body authorizing the request for SFY 2020 OEA funds. Resolutions may be dated up to six months prior to the application deadline.

If a resolution is not able to be produced by the application deadline, the applicant must submit a memo stating the date at which the resolution will be reviewed and a determination made; the memo must be on the applicant's letterhead, and must be signed by the applicant's Executive Director or Chief Executive Officer. Applicants who do not provide a board resolution with the application will be required to do so as an award condition prior to grant execution. In the event that total requests exceed available funding, priority will be given to applicants who have submitted a board resolution.

T-#3: A **certified statement by the applicant's Executive Director or Chief Executive Officer** which states, *"to the best of the applicant's knowledge and belief, all of the information contained in this application and attachments is true and correct, and the activities proposed in this application have been duly authorized by the governing body of the applicant"*. The certified statement must be on the applicant's letterhead.

T-#4: **Evidence of CHDO certification or recertification from AHFC or a completed CHDO certification or recertification application.** Organizations that have not previously been certified as a CHDO for SFY2020 by AHFC must submit the certification application via email to apetroni@ahfc.us no later than the OEA application deadline as determined in this document. Recertification information can be found online at <http://www.ahfc.us/pros/grants/service-assistance-grants/operating-expense-assistance-program-oea/>. An applicant must be successfully certified by AHFC as a SFY2020 CHDO in order to be eligible for OEA funding.

CHDOs certified by AHFC in SFY18 and SFY19 may complete the CHDO recertification application. All other applicants shall complete a CHDO certification application. A copy of the last certification letter the CHDO received must also be included in this application.

If the same attachments are also requested elsewhere in these application instructions, do not include more than one copy. Simply reference the location of the attachments in the CHDO application.

T-#5: **Outstanding AHFC Audit Findings.**

CHDO must list any outstanding audit findings with Alaska Housing Finance Corporation and a plan for addressing the findings (if applicable). If the CHDO fails to list all outstanding AHFC audit findings in the application, the application may be disqualified or ***all OEA payments may be withheld until findings are resolved.*** A finding is outstanding if it is older than three (3) months and uncorrected by the due date of the OEA application.

In addition, during the term of the OEA grant, AHFC may withhold payments or terminate the grant if any AHFC audit finding has been outstanding for at least 30 days during the term of the OEA grant without a corrective action plan approved by AHFC. It is the responsibility of the CHDO to inform the AHFC Planning and Program Development Department at the email address listed in Section I. H. of the resolution of audit findings in writing to avoid termination

or suspension of the grant.

T-#6: **Most recent audited financial statements**, or unaudited financial, if audited are not available, for previous two years.

T-#7: **A written development plan** which identifies the CHDO's organizational goals and objectives related to a HOME-eligible project, as defined in Section I. A., page 3 in the Application Instructions, within eighteen months following the receipt of OEA funds. For CHDOs that have produced a HOME-eligible project in the most recent six months, this plan must demonstrate the CHDO's ability and intention to apply for HOME funds for a HOME-eligible project. The development plan must identify the specific AHFC NOFA under which the CHDO intends to apply for HOME funds: GOAL, SNHG and/ or the Homeownership Development Program (HDP).

If the CHDO has applied for CHDO operating assistance in previous years, the Development Plan should include an explanation of any changed circumstances or other reasons for significant variations from Development Plans submitted in the past. CHDOs not currently producing a HOME-eligible project are required to submit a completed *Supplemental Development Plan form* in addition to the agency's written development plan. The *Supplemental Development Plan form* must demonstrate, in AHFC's sole opinion, that the applicant will be ready to develop a HOME-eligible project within eighteen months.

T-#8: **A CHDO Board resolution which attests to the adoption of the development plan required above and the agency's intention to apply for HOME funds from AHFC for the purpose of owning, developing or sponsoring new HOME units.**

Resolutions may be dated up to six months prior to the application deadline.

If a CHDO Board resolution is not able to be produced by the application deadline, the applicant must submit a memo stating the date at which the resolution will be reviewed and a determination made; the memo must be on the applicant's letterhead, and must be signed by the applicant's Executive Director or Chief Executive Officer. Applicants who do not provide a board resolution with the application will be required to do so as an award condition prior to grant execution. In the event that total requests exceed available funding, priority will be given to applicants who have submitted a board resolution.

T-#9: **CHDO Capacity and Experience:** In order to be considered for OEA and the CHDO development set-aside, applicants must establish that sufficient capacity exists to develop and operate a HOME project.

CHDOs must have paid employee staff with housing development experience in order to receive CHDO designation and be considered for OEA funding. Nonprofit organizations are permitted to meet the organizational capacity requirement for CHDOs through the use of consultants or through a plan for staff to be trained by consultants **ONLY during the first year** of operation as a CHDO. In addition, the capacity requirement cannot be met through the use of volunteers, donated staff, shared staff or board members. While volunteers and consultants can be used to fill occasional skill gaps or undertake activities that are required only on a periodic basis, the use of volunteers and consultants cannot be the basis of determining a CHDO's capacity. Submit resumes, **not to exceed two pages per staff person,** for all development staff that possess the required development experience.

Unlike the development experience threshold, the property management experience threshold can be satisfied by contracting with an entity that possesses the required experience.

Use of Consultants to Demonstrate Development Capacity (New CHDO's ONLY)

The CHDO cannot rely exclusively upon consultants to demonstrate development capacity, but a consultant may be hired to fill a capacity gap, provided that the following conditions are met:

- a. The CHDO and consultant must enter into a written agreement which specifies the tasks to be performed by the consultant;
- b. The consultant must demonstrate sufficient experience to perform the assigned tasks;
- c. The written agreement must include a provision that the consultant will provide training to CHDO staff; and
- d. A detailed training plan must be submitted with the certification application. The plan must specifically state the scope of the training and a timeline for the completion of the training. Training must commence within 6 months after the CHDO is certified and must be completed no later than two years of the certification date.

Demonstration of the following will be required to pass the experience threshold:

Development Team Member	Threshold Level
Developer	Within the past ten years, a minimum of three years of successful development experience. Two years of this experience must involve projects using HOME funding or projects of a nature sufficiently similar, in AHFC’s sole determination, to the project being proposed. The CHDO’s paid staff must possess the required development experience.
Project Sponsor	Two Years of Audited or un-Audited Financial Statements. If the project Sponsor is a newly formed entity, other materials such as prior year Tax Returns, evidence of guarantor capacity, etc. of principals deemed sufficient, in AHFC’s sole determination, may be accepted in lieu of Financial Statements.
Property Management Team	Within the past ten years, a minimum three years of successful property management experience. Two years of this experience must involve multi-family rental properties with the requested funding sources or projects of a nature sufficiently similar, in AHFC’s sole determination, to the project being proposed. Please note: this requirement does not apply to CHDOs that are developing with HDP funds.

T-#10: **Organizational Chart for the CHDO applicant.** If the project sponsor and/ or property management team for the proposed HOME-eligible project differ from the CHDO applicant, the organizational charts for those entities must be submitted in addition to the CHDOs organizational chart. The organizational chart(s) must clearly identify the staffing structure (lines of authority and responsibility). The organizational chart must indicate the staff persons (or positions if currently vacant) who possess the necessary experience requirements outlined in Threshold Item #9.

T-#11: **Applicant is a “responsible bidder”.** The applicant must be considered, at AHFC’s sole discretion, a “responsible bidder”. AHFC reserves the right to reject any grant application or request for funding from any applicant who is a “non-responsible bidder” that has failed to perform in any of the following ways or is partnered with a person or organization which:

- a. failed to perform any previous grant or contract with AHFC, or has previously failed to perform properly or to complete on time contracts of a similar nature;

- b. qualifies or changes terms and conditions of the Notice of Funding Availability (NOFA), applicable restrictive covenants or loans in such a manner that is not responsive to the purpose sought by AHFC in issuing the NOFA, covenants or loans;
- c. submits an application that contains faulty specifications or insufficient information that, in the opinion of AHFC, makes an application non-responsive to the NOFA;
- d. submits a late application;
- e. has not signed the application or submitted the proper certification;
- f. is not in a position to perform the work proposed in the application;
- g. habitually and without just cause neglected the payment of bills or otherwise disregarded its obligations to subcontractors, material suppliers, or employees;
- h. has shown a consistent practice of non-compliance with State and federal rules that govern housing development programs;
- i. has unpaid taxes due to the State of Alaska or the U.S. government;
- j. has a conflict of interest involving the applicant, board member or employee of AHFC;
- k. AHFC determines that the application is not in AHFC's best interest.

B. Required Application Format

All applications must be submitted via the AHFC online application system. In rare circumstances, AHFC may approve an applicant's prior written request to submit an application or a portion of an application in another format.

IV. EVALUATION CRITERIA AND FUNDING

A. Evaluation and Selection

Applicants that AHFC determines to be eligible to receive OEA and to have passed the Threshold Review requirements may be considered for funding. The application must be materially complete and the required attachments provided. AHFC reserves the right to request technical corrections to the application. Applications that do not meet Threshold Review requirements, as determined by AHFC, will not be considered further in this NOFA process.

If the aggregate funding requested exceeds the availability the department shall prioritize funds in the following order: 1) Most projects awarded by AHFC within the past five (5) years. 2) Most applications submitted to AHFC in the past five (5) years.

B. Funding Levels and Priorities

Funding levels are determined by the following priorities:

Priority One: Producing CHDOs. For the purposes of this NOFA, Producing CHDOs are defined as either having:

- An open AHFC grant agreement for a HOME-eligible project OR a Notice of Intent to Award from AHFC for a HOME-eligible project; OR
- Been awarded funds for a HOME-eligible project within the past four years AND are preparing to develop a HOME-eligible project within 18 months.

Priority One Funding Level:

- Total funding available divided by the number of Priority One eligible applicants (NTE \$45,000 per agency)

Priority Two: Emerging CHDOs. For the purposes of this NOFA, Emerging CHDOs are defined as CHDOs that have not met the above criteria for a Producing CHDO. Emerging CHDOs must pass the Threshold Review and AHFC must determine that the Emerging CHDO is eligible to receive OEA.

Priority Two Funding Level:

- Total funding available (after Priority One is funded) divided by the number of Priority Two eligible applicants (Minimum of \$10,000 per agency).
- A CHDO categorized under Priority Two must demonstrate that it will, in the next 18 months develop a HOME-eligible project.
- A CHDO that receives two years of OEA funding under Priority Two will not be eligible for OEA again until the CHDO has been awarded AHFC HOME funds for a HOME-eligible project.

C. Funding Provisions

- a. AHFC reserves the right to award less (or more) than these amounts if it is determined by AHFC to be in the best interest of the program. The minimum OEA award amount is \$7,500; a calculated award amount that is less than \$7,500 will not be honored.
- b. Award amounts may be further limited for applicants that are receiving any additional organizational support and housing education provided a CHDO receives under 233(b)(1), (2), and (6) of the HOME Investments Partnerships Act at title II of the Cranston-Gonzalez National Affordable Housing Act.
- c. AHFC reserves the right to reduce an applicant's allocation award if: the applicant has failed to perform under any previous grant or loan; the applicant has previously failed to perform properly or to complete on time projects of a similar nature; or if the applicant habitually and without cause neglected the payment of bills or otherwise disregarded obligations to subcontractors, material suppliers or employees.
- d. Under the new rule projects to which HOME funds are committed on or after August 23, 2013 must be completed within 4 years of the date funds are committed to that project as reflected by the dated signatures to the written agreement. The new rule also imposes a 9-month deadline for the sale of all homebuyer units. All HOME homebuyer units must be sold to an eligible homebuyer within 9 months of construction completion. Units that remain unsold at the end of the sales deadline must be converted to HOME rental units, or the CHDO must repay the HOME funds invested in the unsold unit. The new rule requires initial occupancy of HOME-assisted rental units to occur within 18 months of project completion.