Commitment Checklist for "Specific Local Projects"

Purpose: This checklist is a tool to determine whether or not the HOME requirements for committing funds to a specific local project have been met, in accordance with the definition of commitment at 24 CFR 92.2 and the subsidy layering and underwriting requirements at 24 CFR 92.250(b).

Applicability: This checklist applies to HOME commitments made to rental and homebuyer housing development projects, including acquisition of standard housing.

While funds are committed when the PJ has executed a legally binding written agreement with a State recipient or subrecipient to undertake a program, the commitments that State recipients and subrecipients make to specific local projects must comply with the requirements in this checklist.

How to Use: PJs and Field Office staff can use this checklist to help ensure that commitments of HOME funds meet HUD's minimum requirements. HOME written agreements for specific local projects must reflect all of the requirements contained in §92.504(c).

Requirements for Committing HOME Funds to "Specific Local Projects"

Project Name: Click here to enter text.
IDIS Activity Number: Click here to enter text.
Commitment Date: Click here to enter the date the HOME written agreement was executed

Requirement	Documentation / Basis of Qualification	Comments		
Association with an approved Action Plan				
The HOME project is associated with one of the PJ's approved Consolidated Plan/Annual Action Plan projects	Program year: Click here to enter year		Yes ☐	No ☐
Environmental Review (ER)				
The ER review requirements have been met	☐ The ER is complete (receipt of an Authority to Use Grant Funds form from HUD or the State) **OR** ☐ The ER is not complete, but the written agreement is a "conditional commitment" pending environmental review		Yes ☐	No ☐
The Project				
There is an identifiable project	☐ Address **OR** ☐ Legal description of property		Yes ☐	No ☐
Assessment of Market Demand				
There is an assessment that identifies market demand for the project	☐ PJ documented assessment of market demand Date the PJ reviewed, documented, and approved assessment: Click here to enter date ☐ assessment was performed not more than 12 months prior to commitment ☐ assessment is based on current, reliable data: Click here to enter data source and date ☐ assessment identified appropriate neighborhood target area ☐ proposed pricing for project (rents, sales prices) is		Yes ☐	No ☐

<table>
<tr><th>Requirement</th><th>Documentation / Basis of Qualification</th><th>Comments</th><th></th><th></th></tr>
<tr><td></td><td>appropriate for neighborhood and within HOME requirements</td><td></td><td></td><td></td></tr>
</table>

Financing

<table>
<tr><td>Project budget</td><td>Total HOME funds: Click here to enter amount
Total project costs: Click here to enter costs

The budget is in sufficient detail to determine total project development costs and funding—
☐ Yes
☐ No</td><td></td><td>Yes
☐</td><td>No
☐</td></tr>
<tr><td>All necessary financing has been secured</td><td><u>Firm commitments</u> from all project funders. List each funding source below. Total sources must equal total development costs identified in project budget:

<table><tr><th>Funding Source</th><th>Amount</th><th>Type of Documentation</th></tr><tr><td></td><td>$</td><td></td></tr><tr><td></td><td>$</td><td></td></tr><tr><td></td><td>$</td><td></td></tr><tr><td></td><td>$</td><td></td></tr><tr><td></td><td>$</td><td></td></tr><tr><td>Total:</td><td>$</td><td></td></tr><tr><td>Total Development Costs:</td><td>$</td><td></td></tr></table></td><td></td><td>Yes
☐</td><td>No
☐</td></tr>
<tr><td>Subsidy layering and underwriting</td><td>PJ has reviewed, documented, and approved:
☐ Appropriateness of the HOME assistance—
• the developer’s/owner’s profit/return on investment is appropriate and complies with PJ policies
• the HOME funds are reasonable and necessary (to provide quality affordable housing that is financially viable for at least the period of affordability)
• HOME funds are needed to fill a funding gap</td><td></td><td>Yes
☐</td><td>No
☐</td></tr>
</table>

Requirement	Documentation / Basis of Qualification	Comments		
	☐ Sources and uses statement— • costs are reasonable, eligible, and within PJ guidelines • development cost statement adequately reflects the costs of the project • there are sufficient funding sources to pay all anticipated development costs • developer fee is appropriate and within PJ guidelines For <u>multi-unit</u> housing only: ☐ Cost allocation— • determined number # of HOME units • HOME funds are within per unit subsidy limits For <u>rental</u> housing only: ☐ Operating pro forma— • covers entire period of affordability • assumptions about anticipated revenue and expenses are reasonable and complete • anticipated revenues are sufficient to pay debt service and other projected costs • projected rents are supported by a market assessment and meet HOME rent restriction requirements • underwriting ensures sustainability and financial feasibility through period of affordability (through sufficient capital reserves, conservative revenue trending, etc.) For <u>homebuyer</u> housing only— ☐ Projected sales analysis based on reasonable range of low-income buyers • price appropriateness for income-eligible buyers • anticipated closing costs reasonable (projected for sale) • reasonable estimates of how much HOME funding is being used for direct assistance to buyer(s)			

Requirement	Documentation / Basis of Qualification	Comments		

Developer Capacity

There is an assessment of the developer's financial capacity	☐ The PJ has documented its assessment ☐ Date of determination is prior to commitment date: Determination date: Click here to enter date Commitment date:		Yes ☐	No ☐
There is an assessment of the developer's experience	☐ The PJ has documented their assessment ☐ Date of determination is prior to commitment date		Yes ☐	No ☐

Project Schedule

There is a completion schedule for the project			Yes ☐	No ☐
Construction is expected to start within 12 months	☐ The feasibility of the project commencing within 12 months is documented in the file		Yes ☐	No ☐

For CHDO Set-Aside Projects ONLY

The CHDO meets the CHDO qualification requirements at §92.2	☐ Date of determination is prior to commitment date Determination date: Click here to enter date Commitment date:		Yes ☐	No ☐	N/A ☐
The CHDO has the capacity to undertake this specific local project (relative to their role as owner, developer, sponsor)	☐ Date of determination is prior to commitment date Determination date: Click here to enter date Commitment date:		Yes ☐	No ☐	N/A ☐
The CHDO meets the definition of (select one): ☐ Owner ☐ Developer ☐ Sponsor			Yes ☐	No ☐	N/A ☐

Legally Binding Written Agreement

Identifies all parties to the agreement			Yes ☐	No ☐
Provides dated signatures for each party			Yes ☐	No ☐