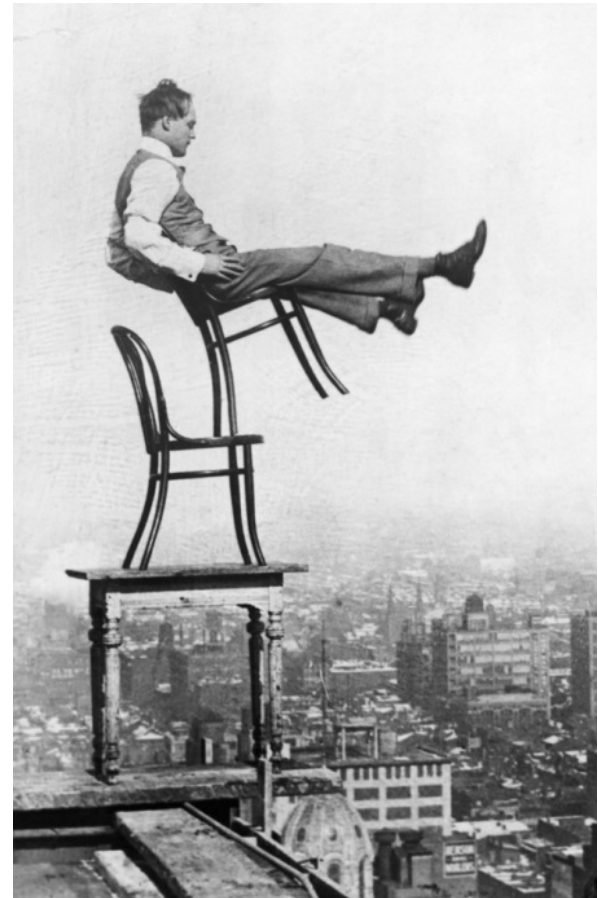


HOME PROGRAM IMPLEMENTATION

Robert Muollo, Housing Programs Manager
City of Quincy, MA

Outline

- Underwriting
- Rehabilitation Standards
- Implementation Strategies
- Insource vs Outsource



Implementing: HOME Underwriting

- What has changed:

The 2013 Rule amends §92.250(b) by requiring underwriting of **all** HOME projects (rental and homebuyer) whether or not the projects are assisted with other governmental assistance.

Implementing: HOME Underwriting

- Establish standards to:
 - ▣ Assess reasonableness of profit / return
 - ▣ Examine sources and uses for cost reasonableness
 - ▣ Assess neighborhood market conditions
 - ▣ Assess developer's experience and financial capacity
 - ▣ Determine firm financial commitments

Implementing: HOME Underwriting

Review
existing
policies

Now what?

- Subsidy layering policy
- Homebuyer
- Rental
- Homeowner
- Refinancing

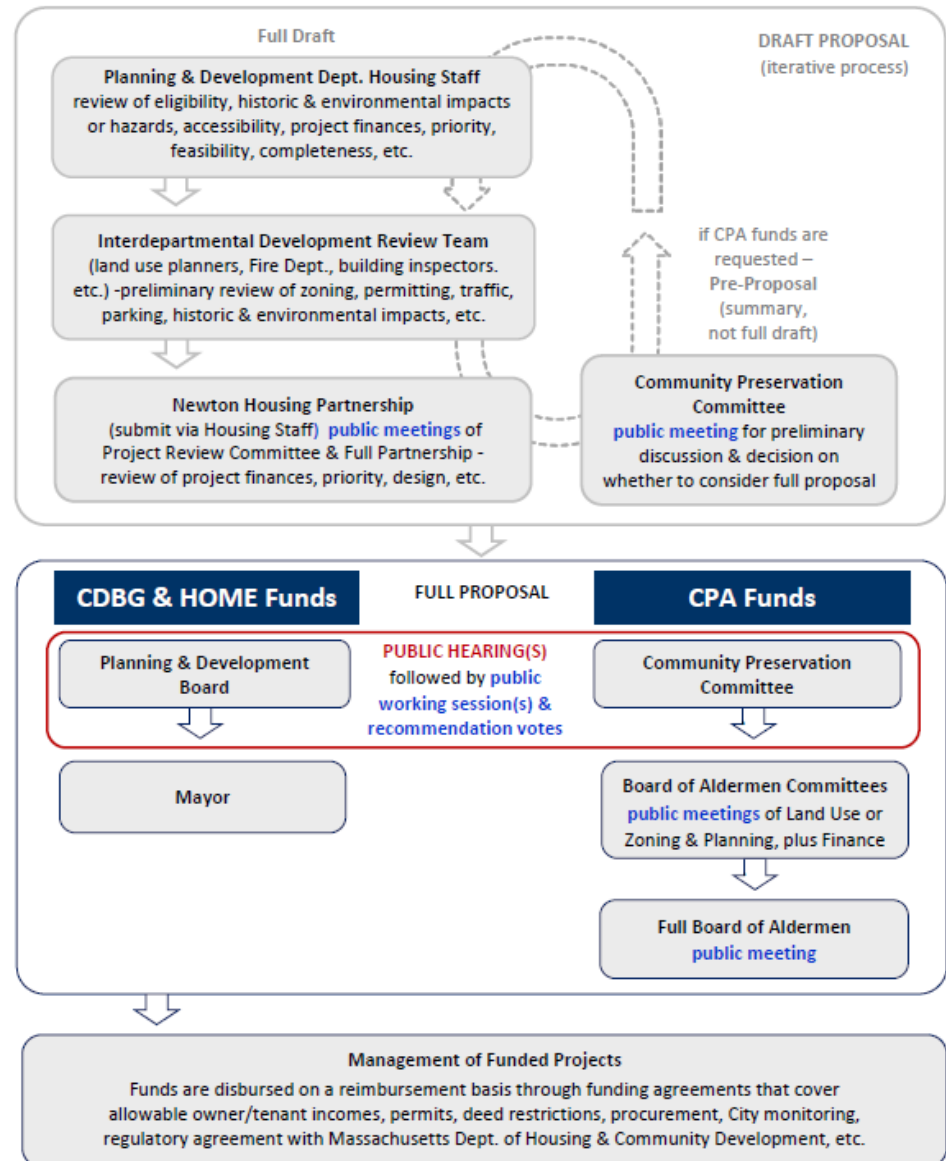
Underwriting

Review existing policies

Identify current approval process(es)

REVIEW & APPROVAL of CDBG, HOME and/or CPA FUNDING for AFFORDABLE HOUSING DEVELOPMENT

updated
April
2013



Implementing: HOME Underwriting

Review
existing
policies

Identify
current
approval
process(es)

Identify the
standards

Identify and minimize risk:

- Market
- Capacity
- Project
 - ▣ Affordability
 - ▣ Feasibility
 - ▣ Viability
 - ▣ Return / Profit

Implementing: HOME Underwriting

Review
existing
policies

Identify
current
approval
process(es)

Identify the
standards

- Identify best practices and industry norms:
 - ▣ Tax credit / QAP requirements
 - ▣ State guidelines
 - ▣ Other local programs
 - ▣ Banks
- ❖ Flexibility and ranges
- ❖ Ratios and indicators

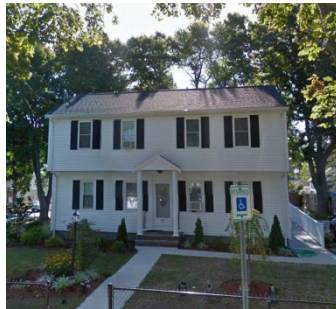
Implementing: HOME Underwriting

Review
existing
policies

Identify
current
approval
process(es)

Identify the
standards

- What are the product types?



- Who is your audience?
 - ▣ Small for- and non-profits
 - ▣ Large for- and non-profits
 - ▣ Staff / committees / public officials

Implementing: HOME Underwriting

Review
existing
policies

Identify
current
approval
process(es)

Identify the
standards

Develop the
policy

- Coordinate timing of submittals
- Obtain feedback
- Guidelines
- Funding application and documentation
- Mode of review and documentation
 - ▣ Memorandum with rationale
 - ▣ Underwriting checklist
 - ▣ HUD multifamily (or other) spreadsheet

Implementing: HOME Underwriting

Review existing policies

Identify current approval process(es)

Identify the standards

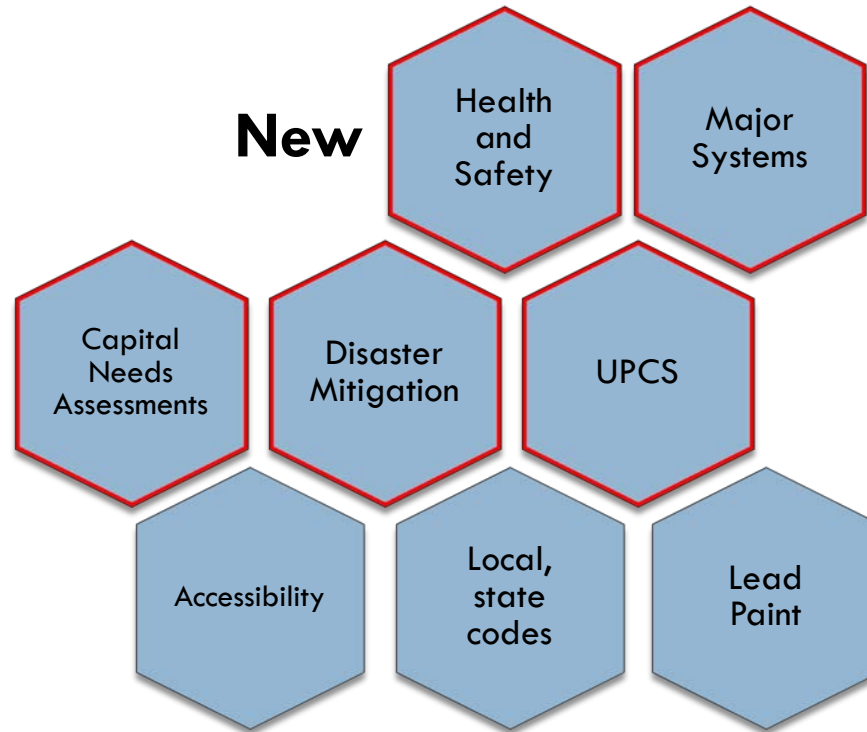
Develop the policy

Test the process

- Run scenario for each activity type
- Adjust timing and expectations
- Costs are:
 - ▣ Eligible
 - ▣ Necessary
 - ▣ Complete
 - ▣ Documentable
- Don't lose sight of:
 - ▣ Affordability, Feasibility and Viability

Implementing: Rehabilitation Standards

What's
Changed?



Implementing: Rehabilitation Standards

What's
Changed?

Implementation
Strategies

- **Obtain Feedback**
 - Define health and safety requirements
 - Define major systems
 - Enhance expectations (e.g. visitability, stretch code)

- **Standardization**
 - Build into funding applications
 - Inspection Checklists (e.g. Form HUD-52580)
 - Inspection Logs and progress reports

- **Assigning Roles**
 - In house rehabilitation specialist
 - Contract / Subrecipient
 - Code enforcement

What about outsourcing?

Opportunities

- Second set of eyes
- Expertise
- Develop best practices
- W/MBE
- Technology
- Consistency

Challenges

- Added admin cost
- Coordinating parties
- Training and monitoring (if subrecipient)

HOME Rule Implementation

□ Resources:

HOME Multifamily Underwriting Template:

www.hud.gov/.../training/web/underwriting/template.xls

HOME Comprehensive Checklists:

http://www.newtonma.gov/gov/planning/hcd/west_metro_files.asp

Quincy HOME Consortium Guidelines and Checklists:

rmuollo@quincyma.gov

(617) 376 - 1417