

**Home Investment Partnerships
(HOME)
Program Guide**



**SAINT PAUL
MINNESOTA**

August 2023



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Table of Contents

- REGULATIONS 4**
- FEDERAL CROSS-CUTTING REQUIREMENTS..... 4**
- CHAPTER 1 – INTRODUCTION 6**
 - 1.01 BACKGROUND..... 6
 - 1.02 HOME PROGRAM PURPOSE AND DESCRIPTIONS 6
 - 1.03 HIGHLIGHTS OF THE HOME FINAL RULE 7
 - 1.04 PROGRAM SUMMARY 8
- CHAPTER 2 – ELIGIBLE USES AND ELIGIBILITY CRITERIA..... 10**
 - 2.01 ELIGIBLE PROJECTS..... 10
 - 2.02 INELIGIBLE PROJECTS..... 10
 - 2.03 ELIGIBLE COSTS AND ACTIVITIES..... 11
 - 2.04 INELIGIBLE COSTS AND ACTIVITIES 11
 - 2.05 ELIGIBLE OWNERS, SPONSORS, DEVELOPERS AND CAPACITY..... 12
 - 2.06 DESIGN AND PROPERTY STANDARDS..... 13
 - 2.07 ENVIRONMENTAL REVIEWS..... 14
 - 2.08 LEAD HAZARD EVALUATION AND REDUCTION 14
 - 2.09 OBTAINING BIDS 16
 - 2.10 FUNDS FOR FINAL DRAW..... 16
 - 2.11 CONSTRUCTION PROCESS MONITORING 16
 - 2.12 CONSTRUCTION DRAWS..... 16
 - 2.13 CHANGE ORDERS..... 16
 - 2.14 INSPECTIONS – INITIAL AND CONSTRUCTION..... 16
 - 2.15 PROJECT COMPLETION..... 17
- CHAPTER 3 – UNDERWRITING CONSIDERATIONS..... 18**
 - 3.1 UNDERWRITING FOR NEW CONSTRUCTION 18
 - 3.2 UNDERWRITING FOR REHABILITATION 18
 - 3.3 WRITTEN AGREEMENT – COMMITMENT OF FUNDS TO A PROJECT 18
 - 3.4 LOAN TERMS..... 19
 - 3.5 RESERVES..... 19
 - 3.6 LIMIT ON GOVERNMENTAL ASSISTANCE – SUBSIDY LAYERING REVIEW 19
 - 3.7 MARKET ANALYSIS..... 19
 - 3.8 SITE AND NEIGHBORHOOD STANDARDS..... 20
 - 3.9 UNIT COMPARABILITY ANALYSIS AND COST ALLOCATION 22
 - 3.10 SECURED FINANCING..... 23
 - 3.11 CAPITAL NEEDS AND MAJOR SYSTEMS 23
 - 3.12 MINORITY-OWNED BUSINESS ENTERPRISES (MBE)/ WOMEN-OWNED BUSINESS ENTERPRISES (WBE) 24
 - 3.13 SECTION 3 REQUIREMENTS..... 24
 - 3.14 LABOR STANDARDS FOR HOME FUNDED PROJECTS 24
 - If prevailing wage requirements apply, contractors must:* 25
 - 3.15 SUBORDINATION TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS..... **ERROR! BOOKMARK NOT DEFINED.**
 - 3.16 MONITORING AND REPORTING REQUIREMENTS..... 26
 - 3.17 AFFORDABILITY PERIOD 27
- CHAPTER 4 – FEES..... 28**

CHAPTER 5 – APPLYING FOR FUNDS	29
CHAPTER 6 – COMPLIANCE	29
6.01 FINANCIAL REPORTING AND RESERVES	29
6.02 ONGOING PROPERTY INSPECTIONS AND PROPERTY STANDARDS	29
6.03 INCOME AND RENT LIMITS	30
6.04 RENT AND INCOME ELIGIBILITY DURING OCCUPANCY	31
6.05 UTILITY ALLOWANCES.....	33
6.06 LEASE TERMS AND TENANT SELECTION POLICIES	33
6.07 MANDATORY LEASE TERMS	33
6.08 PROHIBITED LEASE TERMS	34
6.09 TERMINATION OF TENANCY	35
6.10 VIOLENCE AGAINST WOMEN REAUTHORIZATION ACT	35
6.11 AFFIRMATIVE ACTION.....	35
6.12 EQUAL ECONOMIC AND EMPLOYMENT OPPORTUNITY	36
6.13 DISPUTES CONCERNING LABOR STANDARDS AND PAYMENT OF WAGES FOR HOME FUNDED PROJECTS	ERROR! BOOKMARK NOT DEFINED.
CHAPTER 7 – UNIFORM RELOCATION ACT	37
7.02 TENANT RELOCATION PLAN	37
7.03 NOTICES	39
7.04 RELOCATION NEEDS ASSESSMENT INTERVIEWS	40
7.05 CLAIM FORMS.....	41
7.06 APPEALS	41
7.07 REPORTING	41
7.08 MONITORING	41
7.09 RECORDS RETENTION	42
7.10 GUIDING STATUTES, REGULATIONS AND REFERENCE MATERIALS.....	42
7.11 URA FLOWCHART	43
CHAPTER 8 – FAIR HOUSING POLICY	44
CHAPTER 9 – PROGRAM CONTACTS	44
ATTACHMENT	
A Compliance Checklist Form	
B HOME Lease Addendum	

Regulations

HOME program specific federal statutes and rules referenced in this guide can be found at the following link: [HOME Investment Partnerships Program](#)

Federal Cross-cutting Requirements

HOME resources are federal funds that require compliance with various cross-cutting requirements, which impact the entire project. The Initiation of Negotiations (ION) for the cross-cutting requirements is triggered upon the approval of HOME funding by the HRA.

No choice limiting actions can be taken after the ION has been triggered until the environmental review process is complete.

The following chart helps identify some, but not all, of the major federal cross-cutting requirements, their trigger points and the term of compliance with the requirement. More detailed explanations of these requirements can be found in the Code of Federal Regulations (CFR) Part 92. Violating the choice limiting actions prohibition could cause the federal funds to be withdrawn from the project. If you have questions about choice limiting actions, please contact the Grants Team member listed as the Program Contract on Chapter 9.

Requirement	Trigger Point	Term of Requirement
Environmental Reviews regarding choice limiting actions; refer to 24 CFR Part 93.301	ION (Initiation of Negotiations)	ION – clearance or release of funds
Uniform Relocation Act (URA)	ION	ION – project construction closeout
Section 3	ION	ION – project construction closeout
Black, Indigenous and people of color-owned Business Enterprise (FKA Minority)/Women-owned Business Enterprise	ION	ION – project construction closeout
Davis Bacon and Related Acts – HOME	ION	ION – project construction closeout
Lead-based Paint	ION (pre-1978 construction date)	ION – ongoing
Fair Housing-Accessibility	ION	ION – ongoing
Fair Housing-Marketing	ION	ION – ongoing
EEO-included in contracts	ION	ION – project construction closeout
Debarment/Suspension	ION	ION – project construction closeout
Physical Condition Standards	ION	ION – term of the loan

Chapter 1 – Introduction

1.01 Background

The City of Saint Paul (City) is a direct grantee of the HOME Investment Partnership program (HOME). HOME is a federal program and is dependent on the continued availability of federal funds.

1.02 HOME Program Purpose and Descriptions

The information presented in this guide is not intended to be a complete description of the owner/developer's responsibilities under the U.S. Department of Housing and Urban Development's (HUD) HOME program.

The HOME Program can either preserve or increase the supply of decent, safe and sanitary affordable housing for low-income individuals and families. The HOME Program provides financing for any of the following activity types:

- New construction
- Acquisition with rehabilitation
- Rehabilitation without acquisition

1.03 Highlights of the HOME Final Rule

The 2013 HOME Final Rule contains many provisions that impact how the City administers HOME activities. It also codifies existing policy guidance that has been previously issued by HUD and addresses a number of technical and non-substantive “housekeeping” items within the HOME regulation. This guide specifies areas where the City has implemented more restrictive requirements.

The provisions of the HOME Final Rule listed below are of particular importance as they relate to changes in how the HOME Program is administered. Details can be found in subsequent chapters specific to the change.

- Revised commitment and completion deadlines
- Occupancy deadlines
- Regulatory guidance to strengthen performance in the production and preservation of HOME assisted projects
- Long-term financial viability of the HOME project over its affordability period
- HOME projects are required to maintain property conditions throughout the affordability period
- Capital needs will be evaluated during underwriting to plan for major systems repairs
- Reserves deposits must be sufficient to ensure the useful life of essential building components throughout the period of affordability
- Community Housing Development Organization (CHDO) qualification and capacity requirements increased

1.04 Program Summary

Statutory Authority	Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, as amended
Regulatory Authority	24 CFR Part 92
Purpose	<ul style="list-style-type: none"> • Preserve the supply of decent, safe, and sanitary affordable housing for low-income individuals and families • Meet identified priority housing needs, through development or rehabilitation of rental housing <p>City determines:</p> <ul style="list-style-type: none"> • Priority housing need throughout the city
Allocation	Formula
Formula Factors	<p>Shortage of standard housing:</p> <ul style="list-style-type: none"> • Overcrowding, having incomplete kitchen facilities, having incomplete plumbing, or a high rent to income ratio <p>Rental households in poverty:</p> <ul style="list-style-type: none"> • Poverty relative to national average • Inadequate housing – low vacancy, poor renters • Pre-1950 housing stock occupied by poor households • Fiscal incapacity • Cost of producing housing relative to national average
Minimum Income Targeting	<ul style="list-style-type: none"> • 100% for low-income households (≤ 80% of AMI) • 90% (of HOME rental units) for households at ≤ 60% of AMI <p>20% of HOME assisted units in projects with five or more HOME units for households at ≤ 50% of AMI</p>
Eligible Activities	<ul style="list-style-type: none"> • New construction • Acquisition • Acquisition and rehabilitation
Limits on Eligible Activities	<ul style="list-style-type: none"> • The City will be using HOME for rental properties
Rents	<ul style="list-style-type: none"> • High HOME rents (including utilities) are capped at the lesser of the Fair Market Rent (FMR) for the area or 30% of the income of a household whose income is 65% of AMI. • Low HOME rents (including utilities) are capped at 30% of the income of a household whose income is 50% of AMI, or, if there is federal or state project-based rental assistance, 30% of the tenant's adjusted gross income

Maximum Per-Unit Subsidy Limits	Interim Policy – CPD-15-003 Section 234- Condominium Housing, elevator- type. Section 234 basic mortgage limits will be used in place of the Section 221(d)(3) limits until further HUD guidance. <ul style="list-style-type: none"> • Cannot exceed 240 percent of the Section 234 basic mortgage limit
Affordability Periods	Rental Projects – Rehabilitation, Rehabilitation and Acquisition: <ul style="list-style-type: none"> • 5, 10, 15 years depending upon the amount of the HOME investment Rental Projects – New Construction: <ul style="list-style-type: none"> • 20 years
Funding Commitment Deadline	Currently suspended
Project Completion Deadline	Four (4) years from commitment date (execution of Written Agreement)

Chapter 2 – Eligible Uses and Eligibility Criteria

2.01 Eligible Projects

- The HOME program allows for the funding of new construction, rehabilitation and acquisition.
- A property may contain one or more buildings on a single site. Properties may also be located on more than one site if it meets all of the following:
 - The properties are under common ownership
 - The properties are under common management and financing
 - The housing units are being rehabilitated in each building as part of a single undertaking
- A property must also meet all of the following:
 - Conform to all applicable zoning ordinances
 - Possess all appropriate use permits
 - Be used primarily for residential purposes (51 percent or more of the gross floor area of each structure must be residential space)
 - Provide permanent housing (e.g., no emergency shelters or other facilities such as nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, halfway houses, housing for students, dormitories [including farmworker dormitories])

2.02 Ineligible Projects

- A property under the Emergency Low-Income Housing Preservation (ELIHPA) Act of 1987
- A property under the Low-Income Housing Preservation and Resident Homeownership (LIHPRA) Act of 1990
- Public housing property, unless otherwise specified by HUD
- A property owned by a trust
- A property owned by a borrower who previously received funds from the City and who did not maintain compliance with affordability, property standards or otherwise defaulted under its loan
- A property where there are encumbrances, judgments or outstanding liens that are not acceptable to the City
- A property with a history of negative cash flow that will not be corrected during the acquisition and rehabilitation of the property.

- A property previously funded under the HOME Program (by the City or other Participating Jurisdiction) that is still within its effective period unless a waiver has been granted by the City and HUD.

NOTE: The terms affordability period, effective period, and compliance period all mean the length of time that the property has to be in compliance with the program requirements.

2.03 Eligible Costs and Activities

Hard Costs

- Eligible hard costs include the actual cost of constructing or rehabilitating housing, including the activities in 24 CFR Part 92.206(a) for HOME. The City can help determine what types of costs can be included in a specific project.
- Permanent improvements that bring the property into compliance with applicable state and local codes, zoning ordinances and lead-safe housing as stated in HOME regulations under Part 92.251, The City's adoption of Minnesota Housing's Rental Housing Design/Construction Standards, and Uniform Physical Condition Standards (UPCS) specified in 24 CFR Part 5.70.5
- Acquisition costs, for properties to be rehabilitated.

NOTE: HOME funds are restricted in their use for public housing units. Applications for public housing units must meet the eligibility requirements of 24 CFR Part 92.213.

Soft Costs

- Architectural, engineering or related professional services required to prepare plans, drawings, specifications or work write-ups if they are incurred no more than 24 months prior to the execution of the written agreement that commits the funds to the property or during the construction phase
- Costs for environmental testing (Phase 1), Lead-based Paint (LBP) assessment, radon, asbestos- containing materials (ACM) assessment
- Developer fees up to five percent of the loan
- Finance-related costs
- Affirmative marketing and fair housing information to prospective tenants or owners of an assisted project
- Temporary relocation costs
- Other soft costs eligible under 24 CFR Part 92 and are approved by the City in advance of incurring the soft costs

2.04 Ineligible Costs and Activities

Additional detail for ineligible activities and fees can be found under 24 CFR Part 92.214. and owners are encouraged to review this section of the regulation.

NOTE: Ineligible improvements and expenses may be completed at the expense of the owner.

Ineligible Improvements and Expenses

- Recreational or luxury improvements
- Installation of fireplaces or wood burning stoves
- Materials purchased prior to the commitment of federal funds
- Acquisition that is not in conjunction with rehabilitation of the project
- Improvements that started prior to loan closing
- Equipment and furnishings not considered part of the real estate
- Materials, fixtures or landscaping of a type or quality exceeding those customarily used in similar neighborhood properties
- Improvements not included in the scope of work and the loan amount

Ineligible Soft Costs

Ineligible soft costs can include items such as:

- Operating or replacement reserves
- Application fees
- Management agent fees
- Monitoring fees
- Displacement of tenants
- Other soft costs incurred prior to loan closing that have not been approved by the City

2.05 Eligible Owners, Sponsors, Developers and Capacity

Eligible Entities must be either:

- A for-profit entity
- A 501(c)(3) nonprofit entity
- A government unit (excluding the federal government)
- A religious organization

NOTE: For a project funded with HOME to be eligible to receive Community Housing Development Organization (CHDO) set-aside funds, the owner must be certified by the City as a CHDO. CHDOs are private nonprofit, community-based organizations that meet certain requirements pertaining to legal status, organizational structure, and capacity and experience. More information on CHDOs and how they can certify can be found at 24 CFR Part 9.300.

The owner must provide evidence of a qualifying interest in the property. Such interest must be recorded and appear in the county records. The minimum qualifying interest is 100 percent fee

simple interest that may also be subject to a mortgage.

Owner and Development Team Debarment Review

The City will confirm that no members of the project team, including the owner, are debarred or excluded from receiving federal assistance prior to selection or entering into a Written Agreement or closing the loan.

- If the owner(s) are listed on HUD's Limited Denial of Participation (LDP) list or they are in the System for Award Management (SAM), they will not be eligible to receive HOME funds.
- If anyone on the owner's development team is listed on either HUD's LDP or the SAM debarment list, they must be replaced by someone who does not appear on HUD's debarment lists.

Contractor Debarment

Before issuing a contract to a general contractor, the owner must verify with the City that the general contractor is not debarred or excluded from working on federally assisted projects.

- If the general contractor is listed on HUD's LDP list or in the SAM, they are not eligible to work on the project and will have to be replaced by another contractor who does not appear on HUD's debarment lists.
- It is the general contractor's responsibility to provide documentation to the City that verifies all subcontractors working on the project are not on the LDP list or in the SAM.

Developer Capacity

Developer's capacity, including but not limited to prior experience and financial capabilities, will be assessed prior to selection for funding.

Community Housing Development Organization (CHDO) Capacity

- To receive the HOME CHDO set-aside funds, the developer must complete and submit a CHDO Qualification Form and supporting documentation to the City for review and approval.
- CHDO certification must be completed for every project.
- If CHDO set-aside funds are awarded to a project, the CHDO must recertify every year throughout the term of affordability.
- If a project is receiving CHDO set-aside funding, the CHDO can only be replaced as the general partner for just cause, and the CHDO must be replaced with another certified CHDO.
- A nonprofit must have paid staff whose experience qualifies them to undertake CHDO set-aside activities.

2.06 Design and Property Standards

HOME Property Standards

- Properties served with HOME funds must comply with all applicable state and local codes, standards, and ordinances by project completion. In cases where standards differ, the most restrictive standard will apply. In the absence of a state or local building code, the International Residential Code or International Building Code of the International Code Council will apply.
- Properties must meet local housing habitability or quality standards throughout the effective period. If no such standards exist, HUD's Uniform Physical Conditions Standards (UPCS), as set forth in 24 CFR Part 5.705, will apply.

Adoption of Minnesota Housing Rental Housing Design/Construction Standards

- All projects funded through the HOME programs must follow Minnesota Housing's Rental Housing Design/Construction Standards. These guidelines are available on Minnesota Housing's website at www.mnhousing.gov: Rental Housing Design/Construction Standards.
- All rehabilitation projects with 26 or more units are required to have the useful remaining life of the major systems determined. Major systems include structural support; roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning.
- For rehabilitation projects, if the useful remaining life of one or more major system(s) is less than the applicable effective period, the system(s) must be either included in the scope of work or a replacement reserve must be established and monthly deposits made to the reserve account to adequately repair or replace the systems as needed.

2.07 Environmental Reviews

HOME requires an environmental review prior to execution of the written agreement.

The environmental review requirements are found under 24 CFR Part 92.352. This section's regulations align with the environmental review requirements found under 24 CFR Part 58. After the ION, no choice limiting actions can be taken until the environmental review has been completed. It is important for developers to consult with the project manager to review the noted regulations to ensure the relevant protocols are followed. Written agreements will not be entered into until an environmental review is completed.

2.08 Lead Hazard Evaluation and Reduction

Risk Assessments

Risk Assessments must be performed on all projects funded with CDBG or HOME funds. Properties built after 1/1/78 and properties needing emergency rehab assistance are exempt from Lead Based Paint regulation requirements.

Lead Paint Property Clearance and Visual Assessment Report

A Clearance Test for lead-based paint dust is required at the end of the job. If the Clearance Test indicates lead levels above an acceptable amount, the Contractor must reclean the work area at no additional cost to the Owner. Final payment to Contractor is subject to final Clearance.

If the property passed the initial Risk Assessment and lead dust testing, the project is exempt from Lead Paint Final Clearance.

State Licensed Lead Abatement Contractors

Contractors must possess a lead supervisor license or lead firm license or use an entity/individual who meets the requirements if: lead hazard reduction work is recommended in the Risk Assessment Report and the lead hazard reduction work exceeds 20 sq. feet on the exterior or the lead hazard reduction work exceeds 2 square feet on the interior.

2.09 Obtaining Bids

All projects must be awarded to a single general contractor except if the project includes asbestos work. If asbestos work is included, it is acceptable to have a general contractor for the asbestos work and a general contractor for the remaining scope of work. The selected single prime general contractor will be responsible for their scope of work.

The contractor selection process can be through competitive or negotiated bids. If the bid for a general contractor is negotiated, all subcontractors must be competitively solicited. Refer to Section 2.05 for important information on eligible contractors and subcontractors.

2.10 Funds for Final Draw

The City will withhold a minimum of five percent of the HOME loan proceeds until the final draw, in addition to any construction retainage, pending satisfactory evidence that all program and compliance responsibilities have been met and that all associated documentation needed for the project closeout is complete.

For projects using HOME for new construction, The City will withhold the final draw until all federally assisted units are occupied by income-eligible tenants and all federal due diligence has been reviewed and approved.

2.11 Construction Process Monitoring

The owner's contracts with the architect and general contractor must include language that requires the architect and general contractor to provide regular construction administration and site observations.

2.12 Construction Draws

The City reviews and approves all monthly draws for HOME prior to disbursement of any funds. The City cannot approve a draw or disburse HOME funds if a property is out of compliance with program obligations during the construction period. This may include, but is not limited to, failure to provide labor information and reports, Uniform Relocation Act (URA) reports and Section 3 documentation.

Draws may be withheld until compliance with program obligations, loan terms and the Written Agreement is met, and in cases where compliance cannot be achieved, the City may pursue all available remedies as outlined in the loan documents.

2.13 Change Orders

All change orders and other contract modifications will be provided to the City for approval.

2.14 Inspections – Initial and Construction

- All projects funded through HOME must have a scope of work and bid specifications prepared by an architect licensed to practice in Minnesota. Initial property inspections performed by the project team must be in accordance with Minnesota Housing's Rental

Housing Design/Construction Standards.

- In addition, the program requires an initial property inspection for rehabilitation projects to identify any Uniform Physical Condition Standards (UPCS) deficiencies. This inspection is completed by City staff or by an entity or person contracted by the City.
- Findings of the initial inspection deemed an emergency will be required to be remedied per UPCS protocol. The remaining UPCS violations and findings, including those categorized as routine maintenance, will then need to be integrated into the scope of work.
- Improvements that are identified as routine maintenance may, at the City's discretion, be included in the scope of work or completed separately by the owner. If the owner chooses to complete the maintenance work separate from the project's scope of work, the maintenance must be completed prior to the final project closeout inspection and must meet all applicable Minnesota Housing Rental Housing Design/Construction Standards.
- The City may attend the draw meetings and perform property inspections during construction.
- A final project closeout inspection must be completed by City staff or by an entity or person contracted by the City after project construction is complete. All UPCS violations, including those categorized as routine maintenance, from all earlier inspections must be corrected prior to the project closeout inspection.

2.15 Project Completion

Project completion for projects funded with HOME is defined to mean that:

- All necessary title transfer requirements and construction work have been performed
- The project complies with the requirements of program regulations, including property standards
- The final drawdown of funds has been disbursed for the project
- The project completion information has been entered into HUD's Integrated Disbursement and Information System (IDIS)

HOME assisted rental units must be occupied by income-eligible households within 18 months of project completion; for units that remain vacant six months following completion, an enhanced marketing plan and report will be required to be submitted to HUD per 24 CFR Part 92.252.

NOTE: To help ensure that new construction properties fully comply with HUD's HOME project completion requirements, the City will withhold the final HOME draw until all federally assisted units are occupied by income-eligible households and all federal project close-out due diligence has been reviewed and approved. Reference 24 CFR Parts 92.251 and 92.502(d).

Chapter 3 – Underwriting Considerations

All projects funded through the HOME program must follow the City’s underwriting standards. These standards include requirements for debt coverage ratio and loan to value.

The City will provide technical assistance to facilitate commitment of HOME funds and will assist owners with understanding their compliance obligations.

3.1 Underwriting for New Construction

Projects undergoing new construction have unique differences that include, but are not limited to, site and neighborhood standards, occupancy and marketing approaches, operating costs, energy efficiency and fair housing and accessibility.

3.2 Underwriting for Rehabilitation

Projects undergoing acquisition and rehabilitation have unique differences that include, but are not limited to, market demand, occupancy and marketing approaches, operating costs, energy efficiency, relocation and fair housing and accessibility.

3.3 Written Agreement – Commitment of Funds to a Project

Written Agreements are required for:

- HOME capital funds
- HOME CHDO set-aside funds

The owner and the City must sign and date the applicable Written Agreement in order to receive federal funds. The Written Agreement must be signed prior to construction activities. The Written Agreement may be signed in advance of, or concurrent with, loan closing as long as all HOME Program and Written Agreement requirements have been satisfied.

Each Written Agreement outlines the minimum responsibilities and expectations that must be met prior to signing the Written Agreement and throughout the term of the affordability period. The City reserves the right to include additional requirements.

All projects using these federal sources for capital expenses must demonstrate the ability to begin construction within 12 months from the date of the signed Written Agreement.

NOTE: If funds are not committed via execution of the Written Agreement by their commitment deadline, HUD will recapture the federal funds from a project. The commitment deadline for HOME funds is currently suspended through December 2023 as a result of the Consolidated Appropriations Act of 2019.

Even if the Written Agreement is signed in advance of loan closing, absolutely no site work can begin until after loan closing.

3.4 Loan Terms

City staff will determine loan terms based on the projects proforma and underwriting reviews. The loan terms will not be less than 30 years.

3.5 Reserves

If the useful remaining life of one or more major system(s) is less than the applicable effective period, the system(s) must be either included in the scope of work, or a replacement reserve must be established and monthly deposits to the reserve account must be made to adequately repair or replace the systems as needed.

3.6 Limit on Governmental Assistance – Subsidy Layering Review

As part of the underwriting process, the City is required to conduct a subsidy layering review to ensure that the sources and uses of funds for the project are reasonable and only the necessary amount of program funds are invested in the housing project.

The City will refer to its underwriting standards as a guide for conducting the subsidy layering review analysis of reasonable project costs.

For the purposes of the subsidy layering review, governmental assistance includes any loan, grants (including Community Development Block Grant funds), guarantee, insurance, payment, rebate, subsidy, credit tax benefit, or any other form of direct or indirect assistance from the federal, state or local government for use in, or in connection with, a specific housing project.

To complete the analysis, the City will review all sources and uses of funds. The City will confirm that all costs are reasonable. The reasonableness of the project's costs is determined by reviewing the project's quality, construction costs, architectural and engineering fees and consulting fees.

The City's project manager reviews the cost estimates, costs of comparable projects in the same geographic area, qualifications of the cost estimates for various budget line items, comparable costs published by recognized industry cost index services, and the comparable bids obtained.

The reasonableness of the rate of return on the applicant's equity investment is assessed through a review of the pro forma during the underwriting process.

3.7 Market Analysis

The programs require an assessment of market demand. The purpose of the requirement is to ensure that there will be adequate market demand for a project before committing federal funds.

An assessment must include, at minimum, the current market demand in the neighborhood in which the project will be located, the experience of the owner/developer, the financial capacity

of the owner/developer, and firm written financial commitments for the project.

If a project is also receiving tax credits, the market study for tax credits will be used to assess the market demand for the project.

3.8 Site and Neighborhood Standards

The City will administer HOME in a manner that provides housing that is suitable from the standpoint of facilitating and furthering full compliance of fair housing laws and regulations and promotes greater choice of housing opportunities.

In carrying out the site and neighborhood requirements with respect to new construction of rental housing, the City will review the project information to ensure that the proposed site for new construction meets the requirements in 24 CFR Part 983.57(e)(2).

Project records must illustrate that a site and neighborhood standards review was conducted for each project that included new construction of rental housing assisted to determine that the site meets the requirements of 24 CFR Part 92.202.

HOME requires that the property comply with 24 CFR Part 983.57(e)(2) and (e)(3):

(e) New construction site and neighborhood standards. A site for newly constructed housing must meet the following site and neighborhood standards:

(2) The site must not be located in an area of minority concentration, except as permitted under paragraph (e)(3) of this section, and must not be located in a racially mixed area if the project will cause a significant increase in the proportion of minority to non-minority residents in the area.

(3) A project may be located in an area of minority concentration only if:

(i) Sufficient, comparable opportunities exist for housing for minority families in the income range to be served by the proposed project outside areas of minority concentration (refer to paragraph (e)(3)(iii), (iv), and (v) of this section for further guidance on this criterion); or

(ii) The project is necessary to meet overriding housing needs that cannot be met in that housing market area (refer to paragraph (e)(3)(vi) of this section for further guidance on this criterion).

(iii) As used in paragraph (e)(3)(i) of this section, “sufficient” does not require that in every locality there be an equal number of assisted units within and outside of areas of minority concentration. Rather, application of this standard should produce a reasonable distribution of assisted units each year that, over a period of several years, will approach an appropriate balance of housing choices within and outside areas of minority concentration. An appropriate balance in any jurisdiction must be determined in light of local conditions affecting the range of housing

choices available for low-income minority families and in relation to the racial mix of the locality's population.

- (iv) Units may be considered “comparable opportunities,” as used in paragraph (e)(3)(i) of this section, if they have the same household type (elderly, disabled, family, large family) and tenure type (owner/renter); require approximately the same tenant contribution towards rent; serve the same income group; are located in the same housing market; and are in standard condition.
- (v) Application of this sufficient, comparable opportunities standard involves assessing the overall impact of HUD assisted housing on the availability of housing choices for low-income minority families in and outside areas of minority concentration, and must take into account the extent to which the following factors are present, along with other factors relevant to housing choice:
 - (A) A significant number of assisted housing units are available outside areas of minority concentration
 - (B) There is significant integration of assisted housing projects constructed or rehabilitated in the past 10 years, relative to the racial mix of the eligible population
 - (C) There are racially integrated neighborhoods in the locality
 - (D) Programs are operated by the locality to assist minority families that wish to find housing outside areas of minority concentration
 - (E) Minority families have benefited from local activities (e.g., acquisition and write-down of sites, tax relief programs for homeowners, acquisitions of units for use as assisted housing units) undertaken to expand choice for minority families outside of areas of minority concentration
 - (F) A significant proportion of minority households has been successful in finding units in non-minority areas under the tenant-based assistance programs
 - (G) Comparable housing opportunities have been made available outside areas of minority concentration through other programs
- (vi) Application of the “overriding housing needs” criterion, for example, permits approval of sites that are an integral part of an overall local strategy for the preservation or restoration of the immediate neighborhood and of sites in a neighborhood experiencing significant private investment that is demonstrably improving the economic character of the area (a “revitalizing area”). An “overriding housing need,” however, may not serve as the basis for determining that a site is acceptable, if the only reason the need cannot otherwise be feasibly met is that discrimination on the basis of race, color, religion, sex, national origin, age, familial

status, or disability renders sites outside areas of minority concentration unavailable or if the use of this standard in recent years has had the effect of circumventing the obligation to provide housing choice.

3.9 Unit Comparability Analysis and Cost Allocation

The owner is required to perform a unit comparability analysis on all units in the project. The City will use this information and the eligible project costs to determine the maximum amount of HOME that the project may receive and the required number of federally assisted units.

The City will work with the owner to determine if the federally assisted units will be designated as fixed or floating. The federal funding must only pay the share of project eligible costs proportionate to the number of federally assisted units. Assisted units must be evenly distributed among the different unit types.

The City will determine the estimated number of federally assisted units as required under the HOME program. The final number and type of units to be assisted will be determined prior to signing the Written Agreement. If there are any changes to loan amounts or eligible costs during construction, the number of federally assisted units and maximum funding will be recalculated. This recalculation may result in revising the number of federally assisted units and/or the affordability period.

Fixed Units

- Comparable Units:
 - When all units in the project (separated by the number of bedrooms), are satisfactorily demonstrated to be comparable (in terms of size, features, configuration, and number of bedrooms), the owner and the City will determine whether or not the federally assisted units should be fixed or floating.
 - When federally assisted units are fixed, the units remain the same during the effective period. Units designated as fixed **must** be occupied by tenants that meet the income and rent restrictions of the specified program for the duration of the effective period.
- Non-comparable Units:
 - When the units are determined to be non-comparable, the federally assisted units must be fixed.
 - The eligible costs must be prorated such that funding is only used for the federally assisted units plus a share of the common area costs.
 - Projects with project-based rental assistance will have HOME units fixed on the units with rental assistance whenever possible.

Floating Units

- Comparable Units:
 - To designate the federally assisted units as floating they must be comparable to the non- assisted units.

- When federally assisted units are floating, the units may change during the effective period so long as both apply:
 - The total number of federally assisted units in the project remains the same, and
 - Any newly designated units must be comparable and maintain the applicable unit mix.

If the project is receiving HOME funds from another Participating Jurisdiction, i.e. Minnesota Housing, the owner must ensure that the other participating jurisdiction's HOME assisted units are separate from the designated City HOME assisted units.

If a Low-HOME unit receives a federal or state project-based rental subsidy, and the tenant pays as a contribution toward rent not more than 30 percent of the tenant's adjusted income, the maximum rent is the rent allowable under the federal or state project-based rental subsidy program.

In HOME properties, a unit set at a low HOME rent (including a subsidized unit set at the rent allowable under the project-based rental subsidy) must be occupied by a tenant at or below 50% of AMI for the term of the affordability period. If the units are fixed and a tenant's income in a low HOME unit increases above 50% of AMI, the unit no longer qualifies as a low HOME unit. The allowance to use the higher Project-based Rental Assistance (PBRA) rent no longer applies.

If that unit were going to remain a HOME unit, the rent would need to be changed to the high HOME rent. The unit could still receive PBRA, but not in an amount that exceeds the high HOME rent.

If the units are floating and a tenant's income in a low HOME unit increases above 50% of AMI, the unit would be in temporary non-compliance, and the owner could float the HOME designation to another comparable unit.

3.10 Secured Financing

Projects cannot receive federal funds, or have them committed to the project, until proof of due diligence is provided to show all financing for the project has been secured.

3.11 Capital Needs and Major Systems

The City must underwrite all projects to ensure that each project is financially sustainable over its affordability period. Capital needs will be evaluated during underwriting to plan for major systems repairs. The scope of rehabilitation work and replacement reserves deposits must be sufficient to ensure the useful life of essential building components throughout the affordability period per 24 CFR part 92.251(b)(ii).

After construction has been completed and as part of the project closeout, the owner must provide an updated capital needs assessment that will document the property's needs for the term of the affordability period. The City reviews and approves the assessment before the project starts its affordability period. Handling of reserves during the affordability period can be

found in Chapter 6.

3.12 Minority-Owned Business Enterprises (MBE)/ Women-owned Business Enterprises (WBE)

The City's Contract Compliance division maintains the Vendor Outreach Program that applies to contracts over \$50,000. Under its goals, 5% to MBE and 10% to WBE. City project managers will require contract tracking.

More information on the program can be found on the City's website:

<https://www.stpaul.gov/departments/human-rights-equal-economic-opportunity/contract-compliance-business-development/vendor>

3.13 Section 3 Requirements

Properties that have work completed using federal funds are subject to the requirements of Section 3 of the Housing and Urban Development (HUD) Act of 1968 (12 USC 1701u), as amended. These requirements are described in 24 CFR Part 75. Recipients are evaluated according to how well they meet the HUD defined benchmarks with respect to the percentage of the total number of labor hours worked by Section 3 Workers and by Targeted Section 3 Workers compared to the total number of labor hours worked on a Section 3 project.

The City requires certain documentation and tracking information be provided to verify compliance with these benchmarks.

To demonstrate compliance with Section 3 compliance requirements, owners, contractors, and subcontractors must identify and certify all eligible Section 3 Workers and Targeted Section 3 Workers that will work on a Section 3 project. Their labor hours and the total labor hours worked on the Section 3 project must be tracked as well. The owner, contractor, and subcontractors must also report on the qualitative nature of their activities undertaken to target employment and training opportunities to Section 3 Workers and contracting opportunities to Section 3 Business Concerns. Noncompliance with HUD's Section 3 regulations may result in sanctions and debarment or suspension from future Section 3 covered Contracts.

It is the owner's responsibility to ensure that bid packages include all applicable Section 3 information and forms. It is recommended that the owner deem any bid submitted without the required information as incomplete and not valid.

More information on the Section 3 requirements can be found on the City's website:

<https://www.stpaul.gov/departments/human-rights-equal-economic-opportunity/contract-compliance-business-development/hud>

3.14 Labor Standards for HOME Funded Projects

The Federal Davis-Bacon and Related Acts require all contractors and subcontractors performing work on federally-funded construction projects in excess of \$2,000 to pay their laborers and mechanics not

less than the prevailing wage rate (as determined by the U.S. Department of Labor) for corresponding classes of laborers and mechanics employed on similar projects in the area.

The [City Ordinance](#) requires all contractors and subcontractors performing work on city-funded (or state funded) construction projects in excess of \$25,000 to pay their laborers and mechanics not less than the prevailing wage rate (as determined by the Minnesota Department of Labor and Industry) for corresponding classes of laborers and mechanics employed on similar projects in the area.

City of Saint Paul construction projects using State of Minnesota funds (ex., DEED, MHFA, Met Council), may also require complying with state prevailing wage laws and requirements.

Pursuant to [Chapter 185 of the Saint Paul Legislative Code](#), [Section 82.07 of the Saint Paul Administrative Code](#), [Section 5200 of the Minnesota Administrative Rules](#), [Minnesota Statutes Section 175.171](#), and the [Davis-Bacon and Related Acts](#) the City of Saint Paul has the authority to monitor contractor's compliance with local, state, and/or federal prevailing wage laws on publicly-funded construction projects in Saint Paul.

If prevailing wage requirements apply, contractors must:

- Certify and electronically submit weekly payroll via [LCPTTracker](#) showing payment of prevailing wages;
- Ensure all subcontractors submit certified payroll;
- Ensure required prevailing wage contract language is incorporated into all contracts with subcontractors and any lower-tier subcontractors.
- Post the applicable prevailing wage decision and [Notice to All Employees](#) poster(s) in a highly visible and protected location at the project site.
- Submit and keep current the [identification of the prime contractor and any subcontractors](#) working on the project.
- Submit a [Contractor Profile form](#) for all contractors that are performing on-site construction.
- Provide proof that apprentice(s) are registered in approved programs. See [Apprenticeship Guidelines](#).
- Permit City of Saint Paul compliance officers access to employees when conducting on-site employee interviews.
- Payroll records must be kept for a period of 3 years.

More information including documents and resources can be found on the City's website: <https://www.stpaul.gov/prevailingwage> and in the [Prevailing wage Policy Manual](#).

3.15 Monitoring and Reporting Requirements

During Underwriting

Regular reporting throughout the underwriting period for certain activities include:

- Uniform Relocation Act (URA) requirements
- Tenant vacancy status and eligibility
- Section 3: Before the execution of any contracts, Section 3 Workers and Targeted Section 3 Workers must be identified and certified. Qualitative efforts to provide employment and training opportunities to Section 3 Workers and contracts to Section 3 Business Concerns must be documented.
- Vendor Outreach Program - MBE/WBE: Before closing, requirements of the VOP program including goal status report must be completed.

During Construction

Regular reporting throughout the construction period for certain activities include:

- Uniform Relocation Act (URA) requirements
- Tenant vacancy status and eligibility
- Section 3: Project labor hours for Section 3 Workers and Targeted Section 3 Workers must be documented either weekly in LCPtracker if Davis Bacon applies to the project, or monthly during draw requests if Davis Bacon does not apply to the project
- Vendor Outreach Program - MBE/WBE: Updated goal status report must be submitted.

The HOME Program also requires reporting for labor standards (Davis Bacon) during the period of construction. These requirements are described earlier in this chapter.

During the Affordability Period

- HOME requires regular reporting during the affordability period.
- HOME affordability periods are based on specifics details of the project and can range from five to 20 years. Note, some projects may have longer affordability periods due to other funding sources. The HOME restrictions must meet these affordability periods as a minimum.
- Annual reporting must include:
 - Household composition and demographic data, annual income, and rent

- Annual owner certifications
- Financial records to conduct financial oversight

3.16 Affordability Period

The affordability period marks the time during which the assisted units must remain in compliance with specific program guidelines.

The City reserves the right to require a longer affordability period as a condition of funding. The affordability period begins within 15 days of final disbursement of all project funds to the owner. The final disbursement occurs after project completion and submission of all required documentation. After the final disbursement is completed, an Effective Period Certificate will be executed and filed in the respective county's records.

HOME Acquisition and Rehabilitation Affordability Periods:

- Five-year affordability period for loans less than \$15,000 per HOME assisted unit
- Ten-year affordability period for loans between \$15,000 and \$40,000 per HOME assisted unit
- Fifteen-year affordability period for loans over \$40,000 per HOME assisted unit

HOME New Construction Affordability Period:

- Twenty-year affordability period for all new construction

Chapter 4 – Fees

Certain fees and costs are eligible to be charged and paid for using federal funds.

- Costs to process and settle the financing for a project, such as:
 - Private lender origination fees
 - Credit reports
 - Fees for title evidence
 - Fees for recording and filing of legal documents
 - Building permits, attorneys' fees
 - Private appraisal fees
 - Fees for an independent cost estimate
 - Builders' or developers' fees
- Costs for both new construction and rehabilitation, such as:
 - Architectural, engineering or related professional services required to prepare plans, drawings, specifications, or work write-ups. The costs may be paid if they were incurred not more than 24 months before the date that funds are committed to the project and the grantee expressly permits funds to be used to pay the costs in the Written Agreement committing the funds
 - Costs to process and settle the financing for a project, such as private lender origination fees, credit reports, fees for title evidence, fees for recording and filing of legal documents, building permits, attorneys' fees, private appraisal fees and fees for an independent cost estimate and builders' or developers' fees
 - Costs of a project audit, including certification of costs performed by a certified public accountant, that the City may require with respect to the development of the project
 - Costs to provide information services such as affirmative marketing and fair housing information to prospective homeowners and tenants as required by 24 CFR Part 93.350
 - Payment of impact fees that are charged for all projects within a jurisdiction.

HOME funds may not be used to pay delinquent taxes, fees or charges on properties to be assisted with HOME funds or for any costs that is not eligible under 24 CFR parts 92.206 through 92.209.

Chapter 5 – Applying for Funds

Funds are available for projects on an ongoing (pipeline) basis through the City, dependent on federal appropriations.

The projects will be recommended by the City’s Resource Committee prior to commitment of funds. All project recommendations must be approved by HRA and the City Council. Signing of the Written Agreement must occur prior to loan closing.

Chapter 6 – Compliance

All standards contained in this chapter must be met at project completion and throughout the affordability period. Properties will be monitored for compliance with affordability and property standards for the duration of the affordability period.

The HOME Program establishes specific compliance responsibilities prior to, during and after project completion for the duration of the affordability period and the term of the loan.

These compliance requirements are specific to the HOME program. Note that the City requires with a series of compliance items beyond HOME. A checklist of those current requirements are found in attachment A.

6.01 Financial Reporting and Reserves

For projects that receive HOME funds, the City may require the owner to establish a replacement cost reserve account any time prior to repayment of the HOME loan. The replacement cost reserve account will be held and maintained by either the City or a depository designated by the City.

If, during the HOME affordability period, the owner has a previously established replacement cost reserve account with a lender other than the City, the owner is required to furnish to the City evidence of the spending activity of the replacement cost reserve account. Evidence must include, but is not limited to, the current balance, deposits and disbursements made from the account, purpose of the disbursements and any other information as the City may request.

If the borrower has established a replacement cost reserve account that is not held by a lender, then during the effective period (as defined herein), the borrower must, within 10 business days, furnish to the City, as may be requested from time to time, evidence of the spending activity of the replacement cost reserve account in a form acceptable to the City. Evidence must include the current balance, deposits and disbursements made from the account, purpose for which disbursements were made and any other information as the City may request.

6.02 Ongoing Property Inspections and Property Standards

Ongoing property inspections are required during the affordability period as noted in 24 CFR

Part 92.251.

The first monitoring inspection will be conducted in conjunction with project completion.

6.03 Income and Rent Limits

INCOME

HOME income limits are published by HUD on an annual basis.

Very low-income families (ELI) means low-income families whose annual incomes do not exceed 50 percent of the median family income for the area, as determined by HUD with adjustments for smaller and larger families.

Low-income (LI) families means low-income families 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 families.

RENTS

In the event rent limits decrease for an area, or utility allowances increase, an owner may be required to reduce the rent charged but will not be required to lower rents below those in effect at the time of project commitment (when written agreement is executed).

The HOME program requires annual review and approval of rents for the assisted units.

HOME Rents

Every HOME assisted unit is subject to maximum allowable rents based on bedroom size for the county in which the property is located. These maximum rents are referred to as HOME rents. There are two HOME rents established for properties; high and low HOME rents represent the maximum that owners can charge for rent, including an allowance for tenant-paid utilities.

Assisted units subject to low HOME rents must have gross rents (contract rent plus tenant paid utilities) that do not exceed 30% of the annual income of a family whose income equals 50% of the median income for the area, as determined by HUD.

Assisted units subject to high HOME rents must have gross rents (contract rent plus tenant paid utilities) that are the lesser of the fair market rent for existing housing for comparable units in the area as established by HUD or a rent that does not exceed 30% of the adjusted income of a family whose annual income equals 65% of the median income for the area, as determined by HUD.

Properties Receiving Federal Project-based Rental Assistance :

- If a HOME assisted unit receives federal project-based rental assistance, such as project-based Section 8, and the unit is occupied by a very low-income (50% of AMI) household who pays not more than 30 percent of the household's adjusted gross income for rent, the maximum rent (tenant contribution plus the project- based rental subsidy) is the rent allowable under the federal

project-based rental subsidy program.

- Because the rent under the federal rental assistance program will typically be higher than allowable HOME Program rents, this will provide the owner the highest possible rent.
- Adjustments to HOME rents: The rent charged for HOME assisted units must be adjusted to comply with the low HOME rents at a time when/if federal project-based assistance is no longer available.
- Rents also must be adjusted if a household's income at annual recertification exceeds 50% of AMI.

Housing Support (fka GRH). Properties receiving Housing Support and HOME:

When using current rent limits and taking into consideration the current Housing Support room and board rate, the amount of rent being charged for assisted units that are also subsidized with Housing Support is within applicable rent limits provided that the project is in compliance with 24 CFR Part 92.214(b)(3).

- Owners are prohibited from charging fees that are not customarily charged in rental housing.
- Project owners may charge fees for meals, as long as the services are voluntary.
- That receipt of board is optional for units with Housing Support in order to remain in compliance with applicable program regulations.

6.04 Rent and Income Eligibility During Occupancy

All HOME assisted units in a rental housing project must be occupied by households that are eligible as low-income families, with the following additional requirements.

Properties with five or more HOME-assisted units:

Initial occupancy at project completion:

- At least 90% of all HOME-assisted units must be initially occupied by families with annual gross incomes at or below 60% of AMI with rents at or below the high HOME rent limit.
- At least 20% of the HOME-assisted units must be initially occupied by very low-income households with incomes at or below 50% of AMI with rents at or below the low HOME rent limit, unless a greater percentage is specified in the Declaration.
- The remainder of the HOME-assisted rental units must be initially occupied by families with annual gross incomes at or below 80% of AMI with rents at or below the High HOME rent limits.

Subsequent to initial occupancy:

- The minimum percent of the HOME-assisted units designated in the Declaration must continue to be occupied by families with annual gross incomes at or below 50% of AMI with rents at or below the Low HOME rent limit. The remaining HOME-assisted units

must be occupied by families with annual gross incomes at or below 80% of AMI with rents at or below the High HOME rent limit.

Properties with fewer than five HOME-assisted units:

Initial occupancy at project completion:

- All HOME-assisted units must be initially occupied by families with annual gross incomes at or below 60% of AMI with rents at or below the High HOME rent limit.

Subsequent to initial occupancy:

- All HOME-assisted units must continue to be occupied by families with gross annual incomes at or below 80% of AMI, with rents at or below the High HOME rent limit.

The following chart illustrates the income targeting requirements by the number of HOME assisted units. **NOTE:** More restrictive requirements may be imposed by the City.

Number of HOME Units		Income Requirements At Initial Certification	Income Requirements After Initial Certification	Rent Requirements
5 +	Very Low Income/Low HOME Rent	At least 20% of the units must be occupied by very low-income households at 50% of AMI or less	At least 20% of the units must be occupied by very low-income households at 50% of AMI or less	At least 20% of the units must pay the lower of FMR, 50% rent limit (Low HOME Rent), or 30% of the family's adjusted income
	Low Income/High HOME Rent	*Up to 10% of the units may be occupied by households above 60% AMI (up to 80% AMI)	*The remaining 80% of the units may be occupied by households Above 60% AMI (up to 80% AMI)	The remainder of the units may pay the lower of FMR or 65% rent limit (High HOME Rent)
1 – 4		All HOME assisted units must be occupied by households with incomes at or below 60% of AMI	All HOME assisted units must be occupied by households with incomes at or below 80% of AMI	Lower of FMR or 65% rent limit (High HOME Rent)

NOTE: You must have at least 10 HOME assisted units to qualify for one unit with a household at 80 percent of AMI.

6.05 Utility Allowances

The HOME statute and the regulations at 24 CFR Part 92 establish gross rent limits for HOME assisted rental units. Gross rent limits include the contract rent plus a utility allowance (UA) for any tenant-paid utilities. Owners are required to establish maximum monthly allowances for utilities and services (excluding telephone) and update these annually.

The HOME Rule requires all owners to use a project-specific UA. The City requires use of the HUD Utility Schedule Model, but will allow a different methodology with approval by City staff.

6.06 Lease Terms and Tenant Selection Policies

Leases for HOME assisted units must be for a period of at least one year, unless a shorter term is agreed upon by the owner and tenant. Per federal regulation, leases must exclude certain provisions (refer below for a listing of prohibited lease provisions). Additionally, owners must adopt written tenant selection policies and criteria and make these available to the City upon request.

Tenant selection policies and other prohibited activities:

- Tenant selection plans must be consistent with the purposes of providing housing for low- and very low-income families, and housing must be limited to income-eligible families.
- Tenant selection plans must provide for selection of tenants from an existing written waiting list in the chronological order of their application, insofar as is practicable.
- Tenant selection plans must allow for prompt written notification to any rejected application of the grounds for rejection.
- Tenant selection plans must be reasonably related to the applicants' ability to perform the obligations of the lease (e.g., to pay the rent, not to damage the housing; not to interfere with the rights and quiet enjoyment of other tenants).
- Owners should comply with the Fair Housing Act, applicable provisions of 24 CFR Part 5, and any applicable HUD guidance.

6.07 Mandatory Lease Terms

HOME requires written leases. Leases must be for a period of one year unless the tenant and the owner mutually agree to a shorter time.

All leases must contain the following provisions:

- **Tenant Income Certification:**
 - On an annual basis, the tenant must certify the household's income and composition by completing and signing a tenant income certification form that is provided by owner.
 - The owner may terminate the lease or refuse to renew the lease of a household for failure to supply the completed and signed tenant income certification form within 30 days of the request.

- **Third Party Income Verifications:**
 - The tenant must sign consents to third-party income verification as reasonably requested by owner.
 - The owner may terminate the lease or refuse to renew the lease of a household for failure to supply the consent to third party income verification within 30 days of the request.
- **Right of Access:**
 - The tenant must sign an acknowledgement that the owner, or his/her duly authorized agents, employees or representatives, upon reasonable notice to the household, must have the right of access to the dwelling unit for the purpose of examining the condition thereof and for making improvements and repairs, and for the purpose of showing the dwelling unit for re- rental.
- **Lease:**
 - The tenant and owner must sign an acknowledgement that the lease between a tenant and an owner of rental housing assisted with HOME funds must be for not less than one year, unless by mutual agreement between the tenant and the owner.
- **Lease Addendum:**
 - The City will provide the owner with a lease addendum that must be signed and retained in the tenant’s file. This addendum includes the prohibited lease terms. The current addendum is included in attachment B.

6.08 Prohibited Lease Terms

The following terms within tenant leases for HOME assisted tenants are prohibited:

- **Agreement to be sued:** The lease cannot contain a tenant agreement to be sued, admit guilt, or accept a judgment in favor of the property owner in a lawsuit brought in connection with the lease.
- **Treatment of property:** The lease cannot contain a tenant agreement that the property owner may take, hold or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the tenant regarding disposition of personal property remaining in the housing unit after the tenant has moved out. The property owner may dispose of this personal property in accordance with state law.
- **Excusing the property owner from responsibility:** The lease cannot contain a tenant agreement not to hold the property owner or the property owner’s agents legally responsible for actions or failure to act, whether intentional or negligent.
- **Waiver of notice:** The lease cannot contain a tenant agreement that the property owner may institute a lawsuit without notice to the tenant.
- **Waiver of legal proceedings:** The lease cannot contain a tenant agreement that the property owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before

a court decision on the rights of the parties.

- **Waiver of jury trial:** The lease cannot contain a tenant agreement to waive any right to a jury trial.
- **Waiver of right to appeal court decision:** The lease cannot contain a tenant agreement to waive the right to appeal or to otherwise challenge in court a decision in connection with the lease.
- **Tenant chargeable with the cost of legal actions regardless of outcome:** The lease cannot contain a tenant agreement to pay attorney fees or other legal costs even if the tenant wins a court proceeding by the property owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.
- **Mandatory Supportive Services:** The lease cannot require the tenant to accept supportive services that are offered (other than a tenant in transitional housing).

6.09 Termination of Tenancy

The owner must comply with the HOME program requirements on evictions as well as state law regarding eviction procedures. The owner must serve written notice upon the tenant specifying the grounds for the action and providing a specific period for vacating that is consistent with federal, state or local law(s).

Under the HOME Program, tenancy may be terminated for any of the following:

- Serious or repeated violation of the terms and conditions of the lease
- Violation of applicable federal, state or local law(s)
- Completion of the tenancy period for transitional housing
- Other good cause

NOTE: Good cause does not include an increase in tenant income.

6.10 Violence Against Women Reauthorization Act

On November 16, 2016, HUD issued its final rule implementing housing protections authorized in the Violence Against Women Reauthorization Act of 2013 (VAWA). Compliance with VAWA regulatory requirements under the final rule is required for all HOME projects.

One of the key elements of VAWA 2013's housing protections implemented in the rule is the emergency transfer plan, which allows for survivors to move to another safe and available unit if they fear for their life and safety. In addition to emergency transfer plans, the rule includes notification and documentation requirements by owners and a series of new forms. Owners must be familiar with the regulatory requirements impacting their developments, and they should consult with their counsel as needed.

6.11 Affirmative Action

The City works affirmatively to ensure that all persons, regardless of race, color, creed, national origin, sex, religion, marital status, age, status with regard to receipt of public

assistance, disability, sexual orientation, or familial status will be treated fairly and equally in employment or program participation.

All programs financed or administered through the City will contain equal opportunity/affirmative action requirements in the contracts or procedural guides or manuals, regardless of whether or not federal funding is involved.

6.12 Equal Economic and Employment Opportunity

Employers with federally assisted construction contracts must not be discriminatory in employment practices. Whenever contracts involving HOME assistance consist of more than \$10,000, an equal opportunity clause, as detailed by Executive Order 11246, must be incorporated into all construction contracts. Executive Order 11246 was amended in 2015 to also prohibit discrimination on the basis of sexual orientation and gender identity. Sixteen specific equal employment and affirmative action steps are outlined in Executive Order 11246 to establish a good faith effort (these examples are not, however, the only options available to meet affirmative marketing and action requirements).

6.13 Owner's Letter Certifying Compliance for HOME Funded Projects

Upon completion, the owner must submit a letter to the City certifying compliance with all requirements.

Chapter 7 – Uniform Relocation Act

The purpose of the Uniform Relocation Act (URA) is to provide displaced persons or businesses with fair, equitable treatment and protection from disproportionate injury by projects designed to benefit the public. URA requirements must be adhered to by the owner. If the borrowing entity will be displacing or temporarily relocating residential or nonresidential tenants, an experienced relocation specialist must manage the entire process. This section covers basic URA requirements. For lower income residents displaced as a direct result of demolition and conversions in HOME assisted projects, Section 104(d) of the Housing and Community Development Act of 1974 may also apply. The City has a Residential Antidisplacement and Relocation Assistance Plan (RARAP) that covers procedures under these circumstances. For a complete recital of relocation requirements for HUD funded projects, refer to [HUD Handbook 1378: Tenant Assistance, Relocation and Real Property Acquisition](#).

The City, at its sole discretion, retains the right to request additional compliance measures.

7.01 Displacement, Temporary Relocation, Non-displacement

Displacement occurs when a person or business is displaced as a direct result (as defined under federal regulation) of a federally assisted acquisition, demolition, or rehabilitation project. The term displaced person means any tenant, regardless of income, who is forced to move from the property permanently as a direct result of rehabilitation, demolition, or acquisition of a HOME assisted project. This includes, but is not limited to, physical displacement caused by overcrowding, loss of a unit or economic displacement due to an increase in rents.

Temporary relocation occurs when a residential or nonresidential tenant is required to move temporarily, either within the project or to an offsite location, in order to accommodate a federally assisted acquisition, demolition or rehabilitation. Relocation is only considered temporary if the residential or nonresidential tenant's relocation is for 12 months or less. If the relocation exceeds 12 months, it is considered displacement under URA regulations, and relocation benefits must be paid.

Non-displacement occurs when a residential or nonresidential tenant is not moved from their unit as a result of a federally assisted acquisition, demolition or rehabilitation.

Once the ION occurs, the owner/developer will review the scope of work and determine if there will be any displacement, non-displacement, or temporary relocation.

7.02 Tenant Relocation Plan

A residential or nonresidential tenant relocation plan that conforms to all URA requirements is required for all federally assisted projects involving rehabilitation or acquisition. The plan must include an outline of how the residential or nonresidential tenants will be accommodated during construction, an overview of construction activities, a project timeline, an estimated

budget, and whether or not the scope of work will require temporary or permanent relocation, including:

- A description of who is developing the plan
- A description of the project and scope of work
- A list of all sources of funds and whether multiple federal fund sources will be used
- If **temporary relocation** is anticipated for anything exceeding 24 hours, describe:
 - How many tenants will be affected
 - How long the temporary relocation will last for an individual tenant
 - How many tenants will need to be out during business hours vs. overnight or extended time periods
 - Estimated schedule of construction and relocation
 - Where temporarily relocated tenants will be housed (e.g., a vacant unit, nearby hotel)
 - Plans for food and entertainment costs if relocation will be during business hours only
 - Transportation considerations
 - Moving companies available
 - Americans with Disabilities Act (ADA) accommodations
 - Budget of estimated costs and source information for the numbers
- If **permanent displacement** is anticipated, describe:
 - How many tenants will be affected
 - Estimated schedule of construction and relocation
 - How the owner/developer plans to find comparable replacement dwellings
 - How tenants who may be hard to house will be assisted
 - Transportation considerations
 - Moving companies available
 - Americans with Disabilities Act (ADA) accommodations
 - Budget of estimated costs and source information for the numbers
- How the owner/developer plans to accommodate any special needs of the tenants and how needs assessment interviews will be conducted
- What other social services may need to be used
- Relocation budget contingency for unexpected issues (e.g., a tenant is allergic to dust so they are not able to return home after business hours as expected). The City requires a minimum of \$5,000 for the relocation budget.

NOTE: This list is intended as a guide and is not all inclusive.

7.03 Notices

The URA regulations require several notices to be delivered to all residential or nonresidential tenants and/or potential tenants of the property receiving federal funds. Each notice must be written in plain, understandable language. Persons who are unable to read and understand the notice (e.g., due to lack of literacy, limited English proficiency, disability) must be provided with appropriate translation or interpretation services in accordance with HUD limited English proficiency guidance, alternative formats, and/or counseling. Each notice must indicate the name and telephone number (including the telecommunication device for the deaf (TDD) number, if applicable) of a person who may be contacted for answers to questions or other needed help.

Tenant notices should be delivered in one of the following ways:

- Hand delivery
- Certified return receipt (USPS)

Other forms of delivery must receive prior approval from the City. The owner/developer must be able provide proof of delivery.

HUD Information Brochure: A copy of HUD’s brochure must be provided to tenants, homeowners, and businesses who will be permanently displaced. English and Spanish versions can be found on HUD’s [website](#).

General Information Notice (GIN): The GIN informs tenants of the receipt of federal funds for acquisition and/or rehab. Tenants residing in the property at the time of the Initiation of Negotiations (ION) must be provided a GIN **within 30 days**, or adhere to another timeline that the City, in its sole discretion, agrees upon. It is imperative that the GIN is disbursed in a timely manner. Any tenants who move in or out before the GINs are disbursed will be eligible for URA benefits. There are two versions of the GIN, and the owner/developer should work with the grants team at the City to determine which version of the notice (displacement, non-displacement or a combination) should be used.

Notice of Non-displacement: This notice informs tenants who will remain in the project after completion of the assisted activity of their rights and of the terms and conditions for remaining at the property during construction. This is a separate notice and requirement from the GIN;

however, the GIN and the Notice of Non-displacement can be delivered at the same time.

Move-in Notices: Tenants who move into the project after the ION must sign a Move-in Notice prior to signing the lease. This notice informs new tenants that they may be displaced and that they will not be entitled to relocation assistance under URA.

Notice of Eligibility (NOE): The NOE informs tenants who will be permanently displaced of the available relocation assistance, the estimated amount of assistance based on the displaced person's individual circumstances and needs, and the procedures for obtaining assistance. This notice must be specific to the person and their situation so that they will have a clear understanding of the type and amount of payments and/or other assistance they may be entitled to. The NOE must be signed by the tenant(s).

Before an NOE can be provided, a relocation needs assessment interview needs to take place. The development team must also complete form [HUD-40061](#). This form must be retained in the tenant URA file for purposes of monitoring by the City.

Ninety-day Notice: Owners/developers will develop their own vacate notices, which must be provided to tenants who will be displaced, at least 90 days prior to their move out. The notice must not be given before they receive a notice of relocation eligibility (or NOE) for relocation assistance. The date provided in this notice may be different for each person or group of persons in a project based on whether or not the project will be phased, the location of the occupied building(s), or the project schedule.

Additional Notice Requirements – Tenant Track Down: If an owner/developer fails to provide the GIN notices required and occupants vacate the project before being appropriately advised of their eligibility or ineligibility for URA, the owner/developer must initiate all reasonable procedures to locate all former occupants who should have received proper notice. Efforts to locate former occupants may include: appropriate notice in a local newspaper (for at least 30 days); posting notice in an appropriate project location; checking with the local post office for a forwarding address; checking project records for employment or other contact telephone numbers; checking with local utility companies, school districts, churches, or community organizations; hiring a "finding service" available in the local area or over the internet; and/or other appropriate methods. Each occupant's file must be documented with all attempts to make contact and the results. The owner/developer will need to determine the eligibility or ineligibility for relocation assistance for each former occupant who is located and assist the former occupant to access appropriate advisory services and applicable relocation payments.

7.04 Relocation Needs Assessment Interviews

Providing a written notice or series of notices, along with the HUD information brochure, is not sufficient to ensure that a person who is affected by the project understands his/her rights and responsibilities. As soon as feasible, the owner/developer must contact each person who is affected by the project to discuss his/her needs, preferences, and concerns. Whenever feasible,

contact should be in person.

The development team must complete form [HUD-40061](#). This form must be retained in the tenant URA file for purposes of monitoring by the City.

7.05 Claim Forms

HUD provides claim forms on their [website](#) to use when calculating benefits.

Each URA file for residential tenants who are **displaced** requires:

- Form [HUD-40058](#) Claim for Rental Assistance or Down Payment Assistance
- Form [HUD-40054](#) Residential Claim for Moving and Related Expenses

Each URA file for residential tenants who are **temporarily relocated** requires:

- Form [HUD-40058](#) Claim for Rental Assistance or Down Payment Assistance
- Form [HUD-40030](#) Claim for Temporary Relocation Expenses (residential moves).

Each URA file for nonresidential tenants who are **displaced or temporarily relocated** requires:

- Form [HUD-40055](#) Claim for Actual Reasonable Moving and Related Expenses – Nonresidential
- Form [HUD-40056](#) Claim for Fixed Payment in Lieu of Payment for Actual Nonresidential Moving and Related Expenses

7.06 Appeals

Tenants have the right to appeal the claim amount they have been provided. The Tenant Relocation Plan must include details of the appeals process consistent with 49 CFR Part 24.10. Owners/developers must track all appeals submitted and the outcome of each decision. Written responses to tenants must include information regarding the tenant's ability to appeal the decision. Refer to [HUD Handbook 1378: Tenant Assistance, Relocation and Real Property Acquisition](#) for more information on the appeals process.

7.07 Reporting

The development team will be required to send the month's rent roll(s) and any Move-In Notices to the City by the last business day of the month for the City to review.

Construction draws are contingent on the City having current and accurate URA information.

7.08 Monitoring

The City will monitor URA files at project closeout for both temporary relocation and

permanent displacement. The file should, at a minimum, contain the following:

- All applicable notices
- All applicable claim forms
- Copies of all checks and proof tenants received them (e.g., signed check, certified mail signatures)
- Proof the appropriate HUD Information Brochure was delivered
- Any applicable communication
- Any appeals information, if applicable
- For residential tenants who were displaced, the file should contain:
 - [Selection of Most Representative Comparable Replacement Dwelling for Computing Replacement Housing Payment](#)
 - Replacement housing rent and utility costs
 - Proof that the replacement dwelling is decent, safe and sanitary. A dwelling occupied in connection with a rental assistance program that is subject to HUD Housing Quality Standards (HQS) (24 CFR part 982.401), must be deemed to be in compliance with URA decent, safe and sanitary standards if it meets the applicable HQS.

7.09 Records Retention

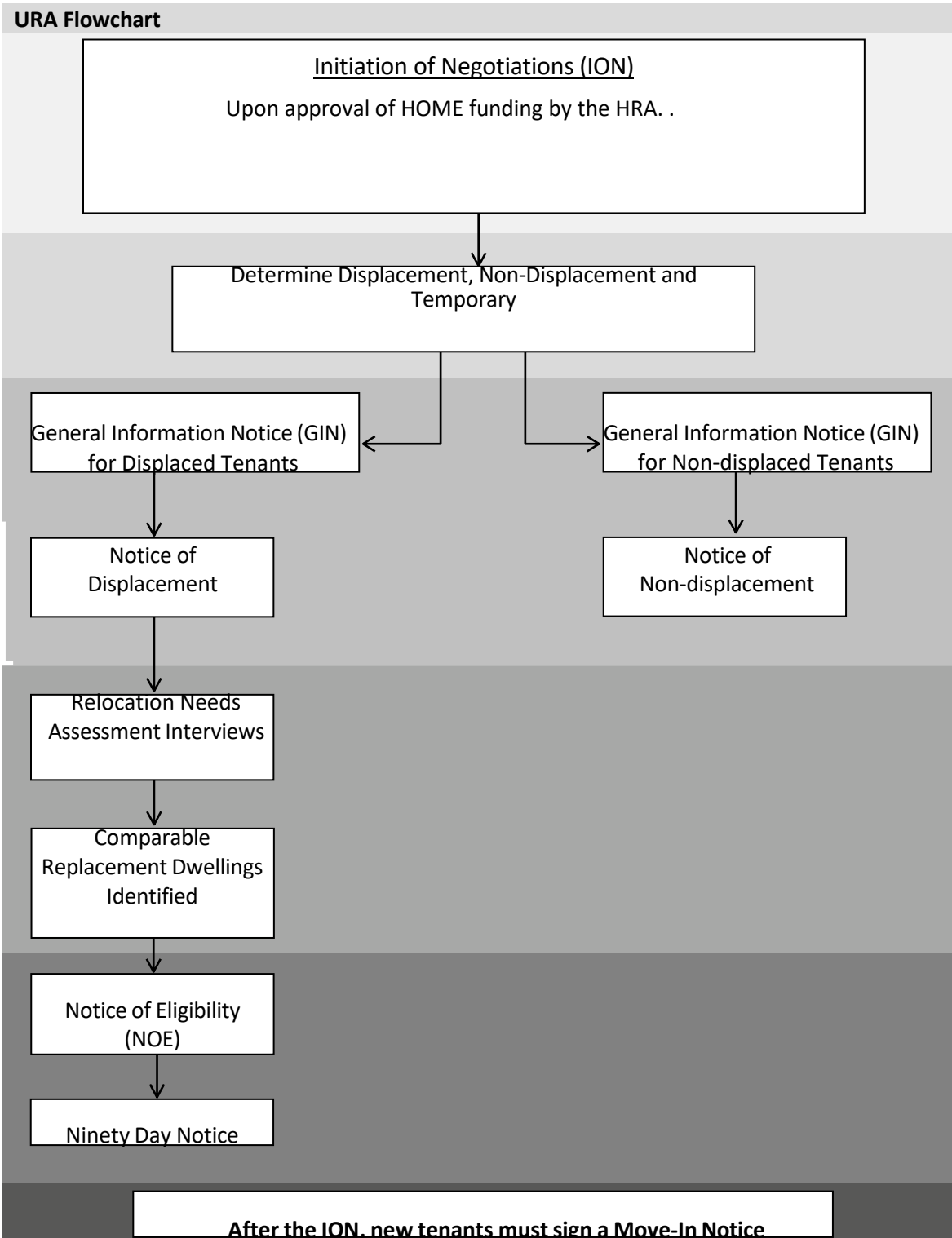
Owners/developers must have a URA file for all tenants. The owner/developer will be responsible for retaining all documentation pertaining to URA including rent rolls, tenant files, notices, claims, etc. All records must be retained for five years after the final claim payment has been made.

7.10 Guiding Statutes, Regulations and Reference Materials

Applicable statutes and regulations pertaining to displacement include:

- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 that applies to displacement resulting from acquisition, demolition, or rehabilitation for HUD assisted projects carried out by public agencies, nonprofit organizations, private developers or others and real property acquisition for HUD assisted projects (whether publicly or privately undertaken)
- Section 104(d) of the Housing and Community Development Act of 1974
- HOME Program regulations found in 24 CFR Part 92
- [HUD Handbook 1378: Tenant Assistance, Relocation and Real Property Acquisition](#), as updated, consolidates relocation requirements for all HUD programs in one document and provides instructions for compliance.

7.11 URA Flowchart



Chapter 8 – Fair Housing Policy

It is the policy of the City to affirmatively further fair housing in all its programs so that individuals of similar income levels have equal access to City programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, gender identity or sexual orientation.

Applicants will be required to submit an Affirmative Fair Housing Marketing Plan at the time of application, to update the plan regularly and to use affirmative fair housing marketing practices in soliciting renters, determining eligibility and concluding all transactions.

Chapter 9 – Program Contacts

For questions on the HOME program requirements, contact your project manager or Zong Vang at zong.t.vang@ci.stpaul.mn.us or 651-266-6564.

ATTACHMENT A

Compliance Checklist Form

Compliance Checklist

Project Name: Fire Station 51
Project Address: 296 7th St W, St Paul MN 55102
Project Manager: Tchu Yajh
Date: September 8, 2022

To identify what compliance applies to this project, the following steps are to be taken by the project manager for the project:

First, complete the HREEO/CAO Contract Compliance Form and this form, and send both forms to HREEO and CAO.

Second, HREEO and the CAO will confirm the compliance areas described below within their respective jurisdictions that apply to this project.

Third, the project manager will consult with the CAO to assure that the contract/agreement compliance language conforms to the compliance requirements.

For any compliance that does not apply, explain reasons it does not apply. Generally, all dollar thresholds are determined by amount of public funds in project, except for vendor outreach program, and federal, state and city labor standards -which are based on total project costs (TPC).

Jurisdiction of HREEO

A. Vendor Outreach Program (\$50,000 TPC) Yes

Explain if does not apply

B. Federal labor standards (\$2,000 TPC) Yes

Explain if does not apply

C. City State labor standards (\$25,000 TPC) Yes

Explain if does not apply

D. Affirmative Action (\$50,000) Yes

Explain if does not apply

E. HUD Section 3 (\$1 of HUD funds) Yes

Explain if does not apply

Compliance areas A – E approved by HREEO

(signature or attachment)

Jurisdiction of HRA/PED

F. Business Subsidy

\$150,000 for wage/job goals	No
\$25,000 for reporting grants	No
\$75,000 for reporting on loans	No

G. Living Wage Ordinance (\$100,000) No

Explain if does not apply

H. Project Labor Agreement (\$250,000) No

Explain if does not apply

I. Sustainable Building Policy (\$200,000) No

Explain if does not apply

J. Two (2) bid policy (\$20,000) No

Explain if does not apply

K. Compliance Agreement for Bonds (all) No

Explain if does not apply

L. Early notification system (\$250,000) No

Explain if does not apply

M. Affirmative Fair Housing Marketing Plan
(5 or more HOME assisted units) No

Explain if does not apply

Compliance areas F – M approved by CAO

(signature)

ATTACHMENT B

HOME Lease Addendum

Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards

Lead Warning Statement

Housing built before 1978 may contain lead-based paint. Lead from paint, paint chips, and dust can pose health hazards if not managed properly. Lead exposure is especially harmful to young children and pregnant women. Before renting pre-1978 housing, Landlords must disclose the presence of known lead-based paint and/or lead-based paint hazards in the dwelling. Tenants must also receive a federally approved pamphlet on lead poisoning prevention.

Landlord's Disclosure

- (a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):
- (i) Known lead-based paint and/or lead-based paint hazards are present in the housing (disclose by attachments) any additional information available, such as the basis for the determination that lead-based paint or lead-based paint hazards exist in the housing, their location, and the condition of the painted surfaces).
 - (ii) Landlord has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.
- (b) Records and reports available to the Landlord (check (i) or (ii) below):
- (i) Landlord has provided the Tenant with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents by attachments): e.g., lead hazard evaluation, lead risk assessment, lead hazard reduction
 - (ii) Landlord has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Tenant Acknowledgment (initial)

- (c) ____ Tenant has received copies of all information listed above or in attachments.
- (d) ____ Tenant has received the HUD pamphlet *Protect Your Family From Lead in Your Home*. (Required at move-in or when application is made.)
- (e) ____ Tenant has received the EPA pamphlet *Renovate Right: Important Lead Hazard Information for Families, Child Care Providers, and Schools*. (Required within 30 days of commencement of rehab).

Landlord Acknowledgment (initial)

- (f) ____ Agent (i.e. management company representative or realtor) has informed the Tenant of the Landlord's obligations under 42 U.S.C. 4852d and is aware of his/her responsibility to ensure compliance.

Disclosure of Household Income and Composition

Tenant Income Certification:

- (a) On an annual basis, Tenant shall certify the household's income and composition by signing a Tenant Income Certification as provided by Landlord.
- (b) Tenant shall provide third party income and asset verification as necessary and reasonably requested by Landlord.
- (c) Landlord may terminate the lease or refuse to renew the lease of a household for failure to supply the items listed in (a) or (b), above, with written notice served upon the household at least thirty (30) days in advance of such termination or refusal to renew.

Disclosure of Prohibited Lease Terms

Agreement to be sued: This lease cannot contain a tenant agreement to be sued, admit guilt, or accept a judgment in favor of the property owner in a lawsuit brought in connection with the lease

Treatment of property: This lease cannot contain a tenant agreement that the property owner may take, hold or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to disposition of personal property remaining in the housing unit after the tenant has moved out. The property owner may dispose of this personal property in accordance with state law.

Excusing the property owner from responsibility: This lease cannot contain a tenant agreement not to hold the property owner or the property owner's agents legally responsible for actions or failure to act, whether intentional or negligent.

Waiver of notice: This lease cannot contain a tenant agreement that the property owner may institute a lawsuit without notice to the tenant.

Waiver of legal proceedings: This lease cannot contain a tenant agreement that the property owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties.

Waiver of jury trial: This lease cannot contain a tenant agreement to waive any right to a jury trial.

Waiver of right to appeal court decision: This lease cannot contain a tenant agreement to waive the right to appeal or to otherwise challenge in court a decision in connection with the lease.

Tenant chargeable with cost of legal actions regardless of outcome: This lease cannot contain a tenant agreement to pay attorney fees or other legal costs even if the tenant wins a court proceeding by the property owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.

Participation in services: This lease cannot contain a requirement that a tenant participates in or receives supportive services as a condition of occupancy.

In addition, Landlord may not terminate tenancy or refuse to renew the lease except for: (i) serious or repeated violations of the terms and conditions of the lease (ii) for a violation of applicable federal, state, or local law; or (iii) for other good cause.

Any termination or refusal to renew the lease must be preceded by the Landlord's service upon the household of a written notice specifying the grounds for the action, at least thirty (30) days in advance of such action.

If any provision in the lease or any other addendum to the lease conflicts with any provision in this Lease Addendum, the provisions of this Lease Addendum shall control. Landlord or their authorized representative and the Tenant(s) have reviewed the above information and agree to the terms of this Lease Addendum and acknowledge the receipt of a signed and dated copy of the Lease Addendum.

Violence Against Women Act (VAWA)

The Attachments below adds the following paragraphs to the VAWA Lease Addendum (Form HUD-91067) for City of St. Paul's HOME assisted developments.

VAWA Protections

1. A Tenant may terminate the Lease without penalty if it is determined that the Tenant has met the conditions for an emergency transfer. A Tenant who is a victim of domestic violence, dating violence, sexual assault, or stalking will qualify for an emergency transfer if: (a) the Tenant expressly requests the transfer; and (b)(i) the Tenant reasonably believes that there is a threat of imminent harm from further violence if the Tenant remains within the same dwelling unit that the Tenant is current occupying; or (b)(2) in the case of a Tenant who is the victim of sexual assault, either the Tenant reasonable believes that there is a threat of imminent harm from further violence if the Tenant remains within the same dwelling unit that the Tenant is currently occupying, or the sexual assault occurred on the premises during the 90-calendar-day period preceding the date of the request for transfer.
2. If a family separates due to the eviction, removal, or termination of occupancy rights of a member who engages in criminal activity directly relating to domestic violence, dating violence, sexual assault, or stalking against a victim of such criminal activity who is also a tenant or lawful occupant, then the remaining tenants may remain in the dwelling unit.

Imminent Threat to Others

Notwithstanding the forgoing, nothing in this Lease Addendum limits the ability of the Landlord to evict a Tenant or lawful occupant if the Landlord can demonstrate: (a) an actual and imminent threat to other Tenants or lawful occupants, or those employed at or providing services to the property, would be present if that Tenant or lawful occupant is not evicted; and (b) there are no other actions that could be taken to reduce or eliminate the threat.

Confidentiality

Any information submitted to the Landlord in relation to this Lease Addendum, including the fact that an individual is a victim of domestic violence, dating violence, sexual assault, or stalking, shall be maintained in strict confidence by the Landlord, unless disclosure is required by law or court order or the tenant gives written permission to release information. Landlord may release information in relation to this Lease Addendum to Minnesota Housing, who will maintain that information in confidence unless disclosure is required by law or court order or if tenant gives written permission to release information.

Other Actions

The Landlord and Tenant acknowledge and agree that Landlord may take any other action in order to comply with Federal, State, or local law, including but not limited to VAWA.

Acknowledgement and Signatures

Certification of Accuracy

The following parties have reviewed the information above and acknowledge that they have read and understood the information contained in this Lease Addendum and certify, to the best of their knowledge, that the information they have provided is true and accurate.

Landlord Signature	Print Name	Date
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Tenant Signature	Print Name	Date
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Tenant Signature	Print Name	Date
------------------	------------	------

Agent Signature	Print Name	Date
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