



**Affordable and Special Needs Housing
Competitive Application
Program Guidelines**

FY 2024-2025

Application Windows:

Fall - September 27 – November 1, 2024

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Program Overview

Background

The Affordable and Special Needs Housing (ASNH) Program is a consolidated, competitive application used by the Virginia Department of Housing and Community Development (DHCD) to award HOME Investment Partnerships (HOME), Virginia Housing Trust Fund (VHTF), and Housing Innovations in Energy Efficiency (HIEE) funds¹ single-family homeownership developments across the Commonwealth.

The Program’s goals are to expand the supply of decent, safe, sanitary, and affordable housing available to low-income, very low-income, and extremely low-income Virginians.

Eligible projects are scored on a 100-point scale (Need – 40 points; Feasibility – 30 points; Developer Capacity – 30 points) and projects with scores above a 60-point threshold are ranked and considered for funding awards of the sources above.

These Program Guidelines are intended to provide guidance on applicant and project eligibility, program and regulatory requirements, funding availability and limits, as well as the application and decision notification process for the FY24 ASNH application cycle. If you require information not contained below, please contact DHCD staff for assistance.

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Funding Sources Available

HOME

The *HOME Investment Partnerships Program* (HOME) was created through the National Affordable Housing Act of 1990. Funds from the HOME program are made available annually through formula allocations to states and local governments (*Participating Jurisdictions* or PJs).

PJs are responsible for conducting needs assessments, establishing priorities and goals, and developing and managing programs to help meet these goals. The ASNH Program is a subset of DHCD’s HOME funding. It uses HOME to support the development of homeownership units made available to first-time homebuyers with incomes at or below 80% AMI.

While projects may be located anywhere in Virginia, DHCD’s HOME program prioritizes projects in cities or counties that do not receive a direct federal HOME allocation through a

¹ DHCD also uses HOME, VHTF, and HIEE funds for other eligible activities administered by other programs.

local PJ or HOME Consortium through a scoring preference. The list of cities and counties which do not receive a scoring preference are listed in **Appendix A**.

The ASNH program also gives DHCD-certified Community Housing Development Organizations (CHDOs) a scoring preference for HOME funding. See DHCD's online resources for more information on [CHDO requirements](#).

Virginia Housing Trust Fund (Competitive Loan Pool)

The *Virginia Housing Trust Fund Competitive Loan Pool* is funded through Virginia's Housing Trust Fund, which is a special allocation of state funds intended to help address the commonwealth's housing needs and reduce homelessness. No less than 80% (eighty percent) of the VHTF must be allocated to a competitive loan pool.

The ASNH Program satisfies this requirement for a competitive loan pool and provides low-interest loans to meet the financing needs of housing projects that address key state housing policies. Funds are awarded to projects developing for sale homes which are made available to first-time homebuyers with incomes at or below 80% AMI.

Virginia Housing Trust Fund expenditures associated with projects funded through the ASNH program will be used to meet the State's federal HOME program match requirement and may not be utilized for any subsequent regulatory match requirement without permission from DHCD.

Housing Innovations in Energy Efficiency (HIEE) Funds

Housing Innovations in Energy Efficiency (HIEE) funds assist affordable housing project development teams in completing energy efficiency upgrades that would not have been feasible otherwise. These funds are made available by DHCD to projects which demonstrate that they are designed to meet the HIEE energy efficiency performance requirements detailed below and supplement competitively awarded state and federal funds.

Projects must score well enough to obtain an award of ASNH's competitive sources (HOME, & VHTF) to be eligible for an allocation of HIEE funds. During the application review process for each cycle, the panel will score and rank projects to determine competitive award recommendations. If a project which requests HIEE funds is recommended for a competitive award, the panel then evaluates the additional required documentation to ensure the project is designed to meet the relevant energy efficiency performance requirements. HIEE energy efficiency performance requirements are detailed in **Appendix B**.

Program Year Available Funds

For the 2024-2025 program year (Virginia FY24), the sources and approximate amounts allocated to the ASNH Program are below. DHCD reserves the right to update these funding amounts during the program year, and the right to roll over funding to future program years at its sole discretion.

Per project and source maximums awards apply, with further details below and under Project Competitive Funding Limits. DHCD reserves the right to restrict the total funds awarded to a project.

SOURCE OF FUNDS	FY25 ALLOCATION ²
HOME Investment Partnerships Program (HOME)	\$9,909,256
Virginia Housing Trust Fund (VHTF)	\$74,014,543
Housing Innovations in Energy Efficiency (HIEE)	\$68,933,231

Project Competitive Funding Limits

Each eligible project is subject to funding request limits, or caps. These caps are inclusive of all DHCD commitments to a project in previous application cycles. DHCD reserves the right to adjust funding offers by funding source to meet project needs and reserves the right to limit funding offers made to a project even if a ‘cap’ remains.

DHCD will consider excluding Vibrant Community Initiative (VCI) commitments from these caps if such a request is made in writing prior to and separate from an ASNH application. Exclusion of VCI commitments is not guaranteed and is granted at DHCD’s sole discretion on a case-by-case basis.

Projects with HOME assistance from any source are ineligible for an award of HOME funds from the ASNH Program while the project is in its HUD-required mandatory HOME compliance period of 15 or 20 years.

NEW IN FY 2025 – DHCD is transitioning to a more flexible application funding process, with the goal of minimizing the number of competitive rounds required to complete the full, original capital stack request by development teams.

However, at DHCD’s sole discretion awards may be made from an alternate source to avoid partial awards and to allow the project to complete its full capital stack. Preference will be given to projects which are utilizing their DHCD ASNH application for true gap funding, and which have secured commitments for all other required funds and are ‘shovel ready.’

Project HIEE Funding Limit

Each project earning a competitive source award (HOME, or VHTF) which is designed to meet the HIEE minimum performance requirements is eligible for an award of up to \$2,000,000 or

² Allocation amounts listed are approximate and subject to change.

ten percent (10%) of its total construction costs as calculated in the ASNH Application Workbook underwriting tab, whichever is the lesser amount. If a project was previously awarded a competitive source (HOME or VHTF) it will automatically be awarded HIEE funding if applied for.

- \$2,000,000 – Maximum HIEE award for an eligible project
- \$4,100,000 – Maximum total awarded funds for an eligible project requesting HOME, VHTF, and HIEE

Eligibility

Applicant Eligibility

Eligible Applicants are non-profit organizations or for-profit housing developers, DHCD-certified Community Housing Development Organizations (CHDOs), and public housing authorities seeking to develop affordable housing projects in Virginia.

The Applicant must be the Owner, Developer, or Sponsor of the proposed project:

- Owner – holds valid legal title to, or long-term leasehold interest in the property
- Developer – owns the property and is developing the project, or has a contractual obligation to develop the project
- Sponsor – is the owner or partial owner and agrees to convey ownership to a second non-profit at a predetermined time before or during development or upon completion (requires consultation with DHCD before application)

The Applicant must be registered in CAMS as an eligible organization defined above and should be the primary partner in the project, responsible for long-term operations and compliance. Applicants with incomplete CAMS profiles (including applicants without UEIs) are ineligible.

Applications made by a project legal entity or limited liability corporation are ineligible.

Applicants with outstanding or unresolved findings from audit or monitoring findings, unresolved IRS findings, unresolved compliance findings – including those issues which may be identified to DHCD by another previous partner such as Virginia Housing (VH or VHDA) –, or which are not in compliance with previous DHCD agreements will not be eligible for a funding commitment for any Project until such findings and/or compliance issues are resolved. DHCD staff are committed to working with any interested party to develop a plan for resolution and restoration of eligible status.

Developer Requirements

Federal regulations require DHCD to certify developer capacity, including Community Housing Development Organizations (CHDOs) prior to the commitment of HOME or VHTF funds.

The evaluation of developer capacity includes reviewing:

- Developer’s demonstrated experience developing similar projects

- Staff experience in housing development (excluding consultants, contractors, or partners)
- Current financial soundness, including compliance with DHCD’s audit policy

DHCD also evaluates the capacity of applicants requesting only state sources of funding. It is critical that applicants and development teams have demonstrated success with similar projects including ongoing operations and long-term compliance. Applicants must be able to clearly articulate the relationship between all partners involved in the development, ownership, and property management of a project, and describe partner capacity and experience.

CHDO Certification Requirements

Applicants must have an approved CHDO Certification application in CAMS, and the related Certification or Re-Certification letter provided by DHCD to be eligible for the five (5) point scoring preference on applications for HOME funds. This scoring preference enables DHCD to meet the ‘CHDO Reserve’ or ‘CHDO set-aside’ requirements of the HOME program.

Generally, CHDOs must meet organizational, mission, financial management, and capacity requirements, which include, but are not limited to, the following:

- Certified nonprofit status
- Being a community-based organization
- Low-income representation in board composition
- Primary mission is the provision of affordable housing
- Demonstrated capacity to develop affordable housing
- Conformance to accounting standards and financial soundness

CHDO requirements must be met at the time of fund commitment, for the duration of the development phase, and through the long-term compliance period for CHDO’s in the role of project/property owner.

Organizations interested in determining if they meet the requirements to become certified as CHDOs and therefore eligible for the HOME scoring preference should refer to the HUD publication [CHDO Survivor Kit](#)³ or the [CHDO Capacity Self-Assessment Tool](#)

Project Eligibility

To be eligible for ASNH funding, all projects must be new construction or substantial renovation of affordable housing units, or the adaptive reuse of buildings to create new affordable housing units for lower-income homeowners. Acquisition-only projects, public housing, and public facilities including emergency shelters, hospitals, nursing homes, intermediate care, or assisted living facilities are not eligible for ASNH funding.

Eligible property types include multi-unit structures, single-family, two- to four-unit structures, and manufactured homes. Scattered site projects are allowable, but all projects must be under common ownership, management, and financing. Regardless of type, the units must be considered modest relative to the neighborhood.

³ Link validated September 2022; document title is searchable on hudexchange.info

Generally, an eligible project must:

- Include a minimum of five units,
- Be under common ownership, management, and financing,
- Represent a minimum investment/development cost of \$15,000 per unit, and
- Meet the affordability requirements of every source for which it is requesting funds.
- ***If the project is considered a Community Land Trust, then a pre-application call must occur before applying for any ASNH funding.***

Eligible Project Types

Projects may be new construction, substantial rehabilitation, or adaptive reuse. Development activity beyond the original footprint will be considered new construction. Projects must meet Section 504 accessibility requirements based on project type, as described in these Guidelines.

For rehabilitation projects, the minimum total development cost per unit is \$15,000 and must include the replacement of at least three out of five major systems (e.g., HVAC, plumbing, roofing, electrical). Development costs are limited to eligible costs and must exclude non-eligible costs such as community buildings, market-rate units, and retail space.

For Community Land Trust (CLT) Projects, Virginia Housing Trust Fund (VHTF) is the only available funding for this type of project. There is still a 5-unit minimum requirement, and HOME funds are not eligible for this project. The project must meet certain CLT restrictions and establish a ground lease agreement that enforces the restrictions on ownership and how it supports lower-income homebuyers. The restrictions should include but not be limited to buyer-eligibility, resale-price restrictions, occupancy and use restrictions, and mortgage financing restrictions. The ground lease agreement should also include but not be limited to recitals, definitions, terms of the lease, use of leased land, lease fee, taxes and assessments, home improvements, financing, liability insurance, damage, and destruction, transfer of home, default, and any other general provisions.

The CLT entity must have been in existence for two years and must be a nonprofit run by a board, staff, and community members. The CLT entity must not have outstanding legal issues, monitoring/compliance issues, and no pattern of complaints. The CLT entity must be willing to accept a 2nd lien on the home for DHCD's investment for the construction costs of the home and not the land. The investment is passed onto the homebuyer in the form of a restrictive Deed of Trust and Note which enforces the affordability period based on the amount of investment. May need approval from the Land Trust Entity.

Projects of any type must meet [DHCD's Minimum Design, Construction, and Rehab Requirements](#) to ensure that no further investment is required during the affordability period.

Homebuyer Project Eligibility

An eligible project must be a homebuyer project. Homebuyer projects must be a minimum of five units of housing, which will be made available for sale to first-time home buyer households earning incomes below 80% AMI. These projects may apply for either HOME or VHTF funds.

Applications designed to provide a greater proportion of lower-income targeting will be given scoring preference on the *need* criteria. The actual number of ASNH-assisted units and income mix will be determined by DHCD during underwriting.

Per-Unit Subsidy for Federal Sources

HUD is required to undertake rulemaking to establish new maximum per-unit subsidy limits for the NHTF Program because it is no longer updating and publishing limits for the Section 221(d)(3) mortgage insurance program.

Based on the above, **for both homebuyer and rental projects**, the maximum investment of HOME or NHTF funds, the limits **effective April 7, 2023** are calculated as follows:

Bedrooms	Base	HCP limit cap	Max. Subsidy
0	\$72,088	240%	\$173,011
1	\$82,638	240%	\$198,331
2	\$100,490	240%	\$241,176
3	\$130,002	240%	\$312,005
4+	\$142,701	240%	\$342,482

Program requirements including the number of required assisted units are based on the total amount of HOME or VHTF assistance (including HOME from other resources) as compared to the total development costs. For this purpose, total development costs are limited to HOME or VHTF-eligible costs (Appendix C) and must exclude non-eligible costs such as community buildings, market rate or unrestricted units, and retail space.

The final number of assisted units in a project will be determined by DHCD during underwriting. Selected projects will always be assisted with the minimum amount of funds needed, as demonstrated by the underwriting and subsidy layering review.

Program Terms & Agreements

Affordability Period

All commitments of ASNH funds to a project result in a mandatory affordability period on the project property, which is the period that the single-family home must be maintained as “affordable” according to the agreement between the developer and DHCD and is enforced through a restrictive covenant deed recorded on the property.

As noted below, for HOME-assisted projects, this affordability period is comprised of a federal compliance period followed by a state-level affordability period. For all sources, the required type and number of source-assisted units to be maintained as “affordable” for this time period determined by DHCD during underwriting.

For ASNH-funded homeownership projects, the affordability periods for any available source are based on the total amount of funds (including HOME funds from local Entitlements or

Consortiums) invested in the project and DHCD’s determination of investment through developer subsidy or direct homeowner assistance.

Homeownership Affordability Periods	
Investment By Unit	Length
HOME or VHTF/HIEE; less than \$15,000*	5 years
HOME or VHTF/HIEE; \$15,000 - \$40,000*	10 years
HOME or VHTF/HIEE; more than \$40,000*	15 years

**If only homebuyer developer subsidy, a resale provision applies. If DHCD DPA is planned to be included, the Applicant must disclose this at the time of application for DHCD approval and updated recapture provision information.*

Funding Structure

When a project is awarded funding, the applicant has no more than one calendar year to execute a grant agreement and record a Deed of Trust for the full award amount overall parcels contained in the application before closing on ANY homeownership projects.

Processing Structure

Homebuyer project assistance is structured as reimbursement-based construction financing. Construction draws are allowed based on predetermined and specific project completion milestones. No reimbursement draws are permitted until DHCD has received a fully executed deferred loan agreement, and a copy of the restrictive covenant deed of trust recorded on all properties under the loan agreement. Reimbursement draws or remittances are sent to the Applicant’s organization address as listed in CAMS via paper check until the organization completes registration with the Department of Accounts for ACH payments.

DHCD reserves the right to charge agency-incurred project costs to the project. These costs include only actual, applicable project costs such as environmental review notices and legal services. Any incurred costs charged to the project are structured as a grant, included in the total amount of project assistance. The total ASNH project assistance is reflected in the restrictive deed, the program agreement, underwriting, and subsidy layering analysis.

For homebuyer developments assisted with any ASNH source, the final reimbursement remittance or draw (typically 10% of the total award) will not be approved until all completion documentation is submitted and approved by DHCD. Completion documentation required may include the Certificates of Occupancy for all properties named on the deed of trust by DHCD and covered by the deferred loan agreement between the Applicant and DHCD, closing disclosures, and lien documentation such as the recorded Deed of Trusts, Promissory Note and Closing Disclosures from each sale, and completion reports such as the HUD HOME Homebuyer Set Up/Completion report with beneficiary information. Non-compliance could suspend eligibility for additional funds and could result in the repayment of all funds to DHCD.

Remittance Processing Breakdown

30% and 60% Draws

Each remittance request must include the DHCD Remittance Cover Sheet explaining the draw request, and a spreadsheet to include a breakdown of all the eligible expenses, and all the pertinent information such as invoices, receipts, etc. that are applicable to the project for reimbursement. The documentation being submitted must total the amount of the request in CAMS. DHCD will set up the project and activity in the HUD system and issue a Federal Reporting Number if the project is **HOME-funded**. Please do not include any items that are not applicable to the project.

90% Draw

The developer must provide a timeline for completion and closing of the project, provide the address and parcel number information to DHCD, who will then prepare a certificate of partial satisfaction. The developer will determine the exact amount of funds that will go into each unit and provide homebuyer's full legal name(s) so the 2nd Deed of Trust and Note can be prepared **10 days** before closing. The developer must provide completion photos of all units being sold.

Final 10%

The developer must submit the Certificates of Occupancy, executed Closing/Settlement Statements such as the recorded Deed of Trusts, Promissory Notes, signed Closing Disclosure, and **HUD Homebuyer completion form** of all units being sold with all the pertinent information filled out (**HOME funds only**). Non-compliance could suspend eligibility for additional funds and could result in the repayment of all funds to DHCD.

Additional Criteria

Income Restriction Criteria

Each ASNH-awarded source has income restriction criteria and regulations about how and when income determinations or qualifications are made.

Projects must be able to meet the ASNH Program requirement of a minimum of five units, but the actual number of assisted units in a project will be determined during underwriting. These units must be made available to eligible households that meet the income-restriction requirements of the source based on Area Median Incomes (AMI). Income calculations must be based on HOME Investment Partnership's income eligibility standard. Income calculations must be created on the HUD Income Calculator tool for the household and presented to DHCD before any partial releases are recorded.

Households must meet income-restriction eligibility requirements at the time that program eligibility is determined, and determinations expire after six months.

All sales must be made to first-time home buyer households at or below 80% AMI regardless of ASNH source. For homebuyer projects, closing must occur within six months of income determinations. If closing does not occur during that time, then income eligibility must be re-established.

Households must attend a HUD-certified first-time home buyer education course and receive housing counseling by a HUD-certified Housing Counselor. Homebuyers must be able to

obtain a certificate after the completion of the homebuyer education course, and it must be good for two years and presented to DHCD before closing.

HOME Program Criteria

Match Funds and non-Entitlement Preference

Eligible projects may be in any locality in Virginia. For projects requesting HOME funds, some criteria change based on the locality in which the project will be developed.

Some localities in Virginia, called HOME Entitlements or HOME Consortiums, receive HOME funds directly from HUD.

Projects located in these localities (listed in **Appendix A**) must meet a *local match requirement*. These projects must commit 25% of their ASNH Program HOME funds request from locally administered funds. Examples of local matches include local HOME, CDBG, or other federal or state funds awarded and administered by a local government. Match requirements can also be met based on the waiver of locally collected fees directly associated with the specific development (e.g., water and sewer connection fees). Documentation of secured local matches must be included in the application.

Projects located in non-entitlement or non-consortium localities do not have a match requirement on their application for ASNH Program HOME funds and have a scoring preference of 5 points on their HOME funds score.

HOME Environmental Reviews

Projects awarded HOME funds will require an additional environmental record review completed and approved by DHCD. **No development activity including the acquisition of the property can occur before the completion of this review, which may include the publication of a notice of findings and the request for release of funds from HUD.** Projects proceeding with development or ‘choice limiting’ activities before the completion of the review may be ineligible.

Examples of ‘choice limiting’ activities are acquisition, rehabilitation, and construction, as well as contracting for or committing to any of these actions, prior to completion of the ERR. If you have HUD site approval before the activities, we will need to see with your application the (AUGF) Authority to Use Grant Funds letter from HUD for the locality that completed Part 58. If you haven’t received approval from HUD, then this would deem your project ineligible for HOME funding.

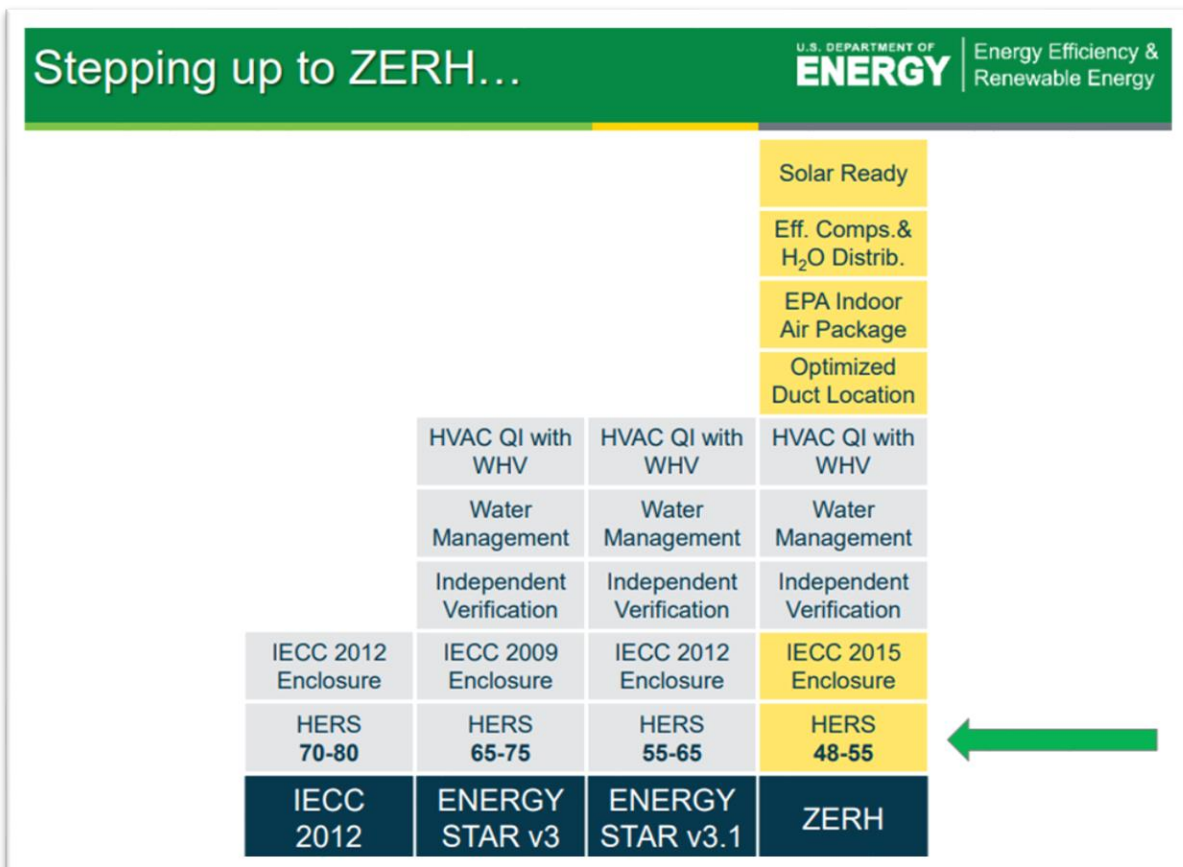
Documentation that must be submitted for the ASNH project file are:

- Final Part 58 reviewed and signed by the locality; must include supporting documentation
- Affidavit confirming publication dates of FONSI/RROF (Request Release of Funds) 7015.15
- 7015.16 (AUGF) letter from HUD

Coordination of the environmental review will be required for any project combining DHCD’s State HOME funds with local HOME or Community Development Block Grant (CDBG) funds.

HIEE Funds Criteria

Projects must meet or exceed the following performance requirements and must submit their HERS rater plan review and preliminary rating, and their preliminary documentation of green build certification. Applications for which these documents are incomplete or missing will be considered ineligible for an award from this ASNH HIEE Supplemental Funding Round, and DHCD staff will advise applicants that they will need to resubmit documentation in conjunction with a completed application for the ASNH competitive loan pool at a later date.



Slide courtesy Newport Partners/Jamie Lyons from the ASNH Webinar: HIEE Requirements
 Presentation recording available at dhcd.virginia.gov/hiee
 Further information available at buildings.energy.gov

HIEE Minimum Energy Efficiency Performance Requirements	
New Construction	Green building certification required* Zero Energy Ready Homes (ZERH)**
Substantial Rehabilitation	Green building certification required*

	<p>Average HERS index of 70 or below across all units OR 40% improvement in HERS index</p> <p>Additional requirements: ACCA Manual J calculations for heating/cooling loads Fresh air ventilation and dehumidification** Duct leakage testing and sealing*** Architect cost certification of upgrades needed to meet HIEE requirements</p>
<p>Adaptive Reuse</p>	<p>Green building certification required* Average HERS index of 80 or below across all units</p> <p>Additional requirements: ACCA Manual J calculations for heating/cooling loads Fresh air ventilation and dehumidification** Duct leakage testing and sealing*** Architect cost certification of upgrades needed to meet HIEE requirements</p>

*Eligible green building certifications include LEED, EarthCraft Gold or higher, National Green Building Standard Silver or higher, and Enterprise Green Communities.

**Dehumidification strategy/equipment shall provide for occupant comfort and health by maintaining interior RH in the 40-60 percent range. For renovations and adaptive reuse projects, if building/unit envelopes are tightened to new construction standards (5 ACH₅₀), ventilation system(s) shall provide fresh air supply per the most current version of ASHRAE 62.1 or 62.2, or the most current version of USBC, whichever is more stringent.

***Existing ductwork shall be sealed and tested to be ≤10 percent total duct leakage; if the HVAC system/ductwork is newly installed, duct leakage shall meet new construction energy code requirements (≤4 percent total duct leakage).

Additional Federal and State Requirements

Fair Housing Act

The Fair Housing Act prohibits discrimination in the sale or rental of housing based on race, color, religion, sex, national origin, handicap, or familial status. This prohibition applies to all projects assisted with the ASNH program, and any project or applicant that discriminates or projects which are structured to discriminate are ineligible.

Lead Safe Housing

Lead Safe Housing policies apply to ASNH projects unless they are found to be exempt. For non-exempt projects appropriate measures must be taken to ensure that:

- Rehabilitation or demolition activities meet lead safe requirements;
- Development costs include associated costs;
- Homebuyers or tenants will receive notification (if applicable);
- Operating costs include ongoing associated maintenance costs for rental projects; and
- Records are maintained to document all measures taken.

Uniform Relocation Act (URA)

Accommodations for any relocations are required for all funding sources. However, the Uniform Relocation Act (URA) applies to all HOME-assisted projects where development activity will result in the permanent or temporary dislocation of households, businesses, farms, and nonprofit organizations. When permanent or temporary dislocation is possible, a notice of the intent and a survey of the occupants must be conducted prior to the ASNH application. All applications must include a completed URA Assessment Form and documentation of the notice and survey results. Development costs must reflect any associated costs that the project anticipates.

Section 3 Requirements

Section 3 requirements apply to all HOME-assisted projects. These requirements mean that development-generated opportunities must be designed to benefit to the greatest degree possible low and very low-income persons in the project services area and the businesses that employ them. Developer hiring, contracting, and subcontracting must be structured to maximize this benefit. Project owners/developers are required to adopt specific goals, develop a Section 3 plan, and comply with required notifications, documentation, and reporting documented to DHCD through CAMS.

Labor Standards

Labor Standards apply to all projects. All projects must assure that workers receive “overtime” compensation at a rate of 1.5 times their basic rate of pay for all hours worked in excess of 40 hours a work week. This applies to all project-associated construction contracts funding in whole or in part with HOME resources.

Davis-Bacon Act and the Copeland “Anti-Kickback” Act requirements apply to projects with 12 or more HOME-assisted units (determined in underwriting by DHCD, in part on the proportion of HOME funds to total development costs). In these cases, Davis-Bacon prevailing

wages must be paid to workers at least weekly without any deductions or rebates except permissible deductions. Reporting requirements include the payroll submissions.

Environmental Review

All HOME applicants must complete and submit with their application a Phase 1 Environmental Site Assessment and Part 58 EA Report. In addition, as stated in the HOME Criteria sections above, a compliant environmental review must be completed before DHCD can execute any HOME Program Agreement to secure a formal commitment of funds. For VHTF only, a Phase 1 Environmental Site Assessment must be submitted with the application.

Developers must not proceed with any project activity (e.g., acquisition, rehabilitation, demolition, construction, etc.) before the execution of the program agreement or the project will likely be rendered ineligible for funding. Applicants must allow sufficient time to complete and submit all required environmental site assessment documentation to DHCD.

Coordination on the environmental review procedure is required if combining ASNH resources with CDBG or other federal funding such as local HOME. Part 58 checklists must be submitted within six months of a HOME award being made and before any potential choice limiting activities being undertaken.

Application Submission and Evaluation

All applications for Affordable and Special Needs Housing (ASNH) must be submitted through DHCD's [Centralized Application and Management System](#) (CAMS) before the application submission deadline.

**The deadline for Fall 2024 submissions is October 30, 2024 at 11:59pm
CAMS automatically closes the application to submissions at this time.**

The CAMS [User Guide](#) provides information and instructions on setting up and managing a CAMS account and should be used first to troubleshoot any errors. Please allow up to two business days for responses to any CAMS Help Desk request. DHCD technical assistance is limited to normal business hours. Applications submitted with incorrect or missing information will be reviewed *as is and* may be ruled ineligible.

DHCD conducts panel reviews of all Applications submitted in CAMS before the submission deadline. During this panel review, the Application is first screened to ensure the Project and Applicant meet the eligibility requirements. Projects or Applicants who do not meet eligibility requirements are not provided with a numerical score.

Applications must be submitted by the primary partner in the Project, which is responsible for long-term operations and compliance. If the property owner is not the primary partner, please indicate in the application who the legal owner of the property is. Applications made by a project legal entity or limited liability corporation are ineligible and will not be accepted or scored.

Applicants with outstanding or unresolved findings from audit or monitoring findings, unresolved IRS findings, unresolved compliance findings – including those issues which may be identified to DHCD by another previous partner such as Virginia Housing (VH or VHDA) –, or which are not in compliance with previous DHCD agreements will not be eligible for a funding commitment for any Project until such findings and/or compliance issues are resolved. DHCD staff are committed to working with any interested party to develop a plan for resolution and restoration of eligible status.

Scoring Criteria

Applications are scored on a one hundred (100) point scale, and Projects must score sixty (60) points or higher to be qualified for funding.

The scoring criteria are as follows

- Need – 40 points
 - The Applicant demonstrates through narrative responses and information in attachments that the Project fills a critical need in the market area.
 - For HOME funds only, projects in non-entitlement or non-Consortium localities receive points (5) in this category
- Feasibility – 30 points
 - The Applicant demonstrates through narrative responses and information in attachments that the Project is likely to come to a timely completion
- Developer Capacity – 30 points
 - The Applicant demonstrates through narrative responses and information in attachments that the development team has the ability to successfully complete projects and deliver affordable housing
 - For HOME funds only, CHDO-involved projects receive points (5) in this category

DHCD staff will rank all qualified Applications based on score. The highest scoring Applications from each round will receive offers of funding from DHCD, up to the amount requested in the Application as available based on per-project caps, and remaining funds for allocation through the ASNH Program. These offers are preliminary awards and are contingent upon the Applicant meeting certain requirements as outlined in the Program Guidelines and the source-specific letter of award offer.

DHCD reserves the right to retain any funds offered during an application cycle or program year as unallocated, and such unallocated funds will carry forward to future application cycles and program years as allowed.

Notification of Funding Decision

The Office of the Governor of Virginia makes the Affordable and Special Needs Housing program funding award announcements public, typically by the publication of a press release.

After the ASNH Program application cycle closes, ASNH staff are unable to answer inquiries as to the timing or contents of this announcement. Any such inquiries will not be returned.

After the public announcement of ASNH Program awards, DHCD staff will send an email to the Project Primary Contact as listed for each Project in CAMS containing either a notification of awarded funds or a denial of funding. Projects that are denied funding may request to schedule a technical assistance call, or *debrief*, with ASNH staff to discuss comments or feedback on the Application.

All awarded projects are required to attend an onboarding conference call. Information regarding this conference call will be provided to the Project Primary Contact, by email, with the terms letter(s).

Execution of Award Terms

Applicants receiving a notification of awarded funds for Projects are considered preliminarily qualified. For each source awarded, the notification of awarded funds is comprised of two documents. The first document is a letter of award, which will be signed by the Senior Deputy Director of Community Development and Housing.

The second document will contain the terms of the awarded funds and detailed program requirements (including environmental review processes). This *terms letter* must be countersigned by the Applicant and returned to DHCD staff prior to the issuance of a Program Agreement.

DHCD's expectation is that all Applicants requesting ASNH funds are prepared to return executed *terms letter(s)* in a timely manner. Applicants who delay the return of an executed terms letter without communicating with their assigned Program Administrator may not be eligible for an extension of time to complete the Program Agreement.

Execution of Program Agreement(s) for New Projects or Phases

New applicants have twelve (12) months from the date the application closes to complete all program requirements and execute the Project's Program Agreement. This window of time is intended to allow both Applicants and DHCD to complete necessary processes which may have predetermined time requirements or DHCD public notice and comment periods.

For FY 2025, all program agreements must be executed by:

- Fall 2024 Round: Friday, October 30, 2025
- Spring 2025 Round: TBD

The Program Agreement (a formal commitment of funds, and a prerequisite for a legal loan commitment for rental projects or a prerequisite to Deeds of Trust and remittance eligibility for homeownership projects.) Program requirements vary by source but may include an environmental review process with public comment periods as required by HUD, and program agreements cannot be issued until all contingencies and program requirements are met.

ASNH Program Agreements expire two years from the date the application closes, by which time the Project should be completed and ready to submit closing disclosures on final home

sales. Written requests for extensions of any deadline above must be received by DHCD prior to the expiration of the agreement and are approved on a case-by-case basis at DHCD's discretion.

For FY 2025, all program agreements will expire on:

- Fall 2024 Round: October 30, 2027
- Spring 2025 Round: TBD

Execution of Program Agreement(s) for Returning Projects

If a returning project receives new sources or additional funds for a pre-existing award in FY 2024, the deadline for execution will not extend past the FY 2024 Spring deadlines:

- Program Agreements for all awarded funds executed no later than October 30, 2025
- Program Agreements for all awarded funds expire on October 30, 2027

Marketing Materials

DHCD and the specific funding source(s) must be included on all marketing materials including press releases, the project website, and signage. DHCD requires that a project sign be installed within thirty (30) days of the execution of the Agreement. Please see [signage requirements](#) for more details.

Appendix A – HOME Consortiums & Entitlements

Projects in these localities must provide evidence of matching funds as detailed in the Program Guidelines to be eligible for an award of HOME funds from the ASNH Program.

HOME Consortiums

Charlottesville Consortium

Albemarle County
Charlottesville
Fluvanna County
Greene County
Louisa County
Nelson County

New River Consortium

Blacksburg
Christiansburg
Giles County
Montgomery County
Pulaski County
Radford

Suffolk Consortium

Franklin City
Isle of Wight
Southampton
Suffolk

Winchester Consortium

Clarke County
Frederick County
Page County
Shenandoah County
Warren County
Winchester

HOME Entitlements

Alexandria
Arlington County
Bristol City (TN Consortium)
Chesapeake
Chesterfield County
Danville
Fairfax County, including
 Fairfax City
 Falls Church
Hampton
Henrico County
Lynchburg
Newport News
Norfolk
Portsmouth
Prince William County, including
 Manassas
 Manassas Park
Richmond
Roanoke City
Virginia Beach

Appendix B – HIEE Minimum Energy Efficiency Performance Requirements

HIEE Minimum Energy Efficiency Performance Requirements	
New Construction	Green building certification required* Zero Energy Ready Homes (ZERH)**
Substantial Rehabilitation	Green building certification required* Average HERS index of 70 or below across all units OR 40% improvement in HERS index Additional requirements: ACCA Manual J calculations for heating/cooling loads Fresh air ventilation and dehumidification** Duct leakage testing and sealing*** Architect cost certification of upgrades needed to meet HIEE requirements
Adaptive Reuse	Green building certification required* Average HERS index of 80 or below across all units Additional requirements: ACCA Manual J calculations for heating/cooling loads Fresh air ventilation and dehumidification** Duct leakage testing and sealing*** Architect cost certification of upgrades needed to meet HIEE requirements

*Eligible green building certifications include: LEED, EarthCraft Gold or higher, National Green Building Standard Silver or higher, and Enterprise Green Communities.

**Dehumidification strategy/equipment shall provide for occupant comfort and health by maintaining interior RH in 40-60 percent range. For renovations and adaptive reuse projects, if building/unit envelopes are tightened to new construction standards (5 ACH₅₀), ventilation system(s) shall provide fresh air supply per the most current version of ASHRAE 62.1 or 62.2, or the most current version of USBC, whichever is more stringent.

***Existing ductwork shall be sealed and tested to be ≤10 percent total duct leakage; if HVAC system/ductwork will be newly-installed, duct leakage shall meet new construction energy code requirements (≤4 percent total duct leakage).

Appendix B.2 – U.S. DOE Zero Energy Ready Home Program



U.S. DOE Zero Energy Ready Home Program
Multifamily National Program Requirements Version 2 DRAFT
Summary of Major Changes from Version 1

Program Component	Version 1	Draft Multifamily Version 2	Rationale
Built-In Best Practices (Mandatory Requirements)			
ENERGY STAR Prerequisite	Requires certification under the ENERGY STAR program applicable to the project. Program version depends on state.	Requires certification under ENERGY STAR Multifamily New Construction (ESMFNC) Version 1.2 , which is the most recent version of ESMFNC.	ZERH-MF V2 builds upon the efficiency and performance of ESMFNC and therefore references the highest efficiency ESMFNC program version available.
Building Envelope Insulation Levels	2015 IECC insulation requirements (Residential Chapter) for opaque areas.	2021 IECC insulation requirements (Residential or Commercial chapter) for opaque areas.	All ZERH projects take advantage of the one chance to build a very high-performance envelope.
Window U/SHGC Values in Dwelling and Sleeping Units	Based on ENERGY STAR V5.0 and 6.0 specs, depending on climate zone.	Based on ENERGY STAR V6.0 specs for all climate zones, except for Very Cold Climates (6-8) which are more rigorous at U 0.25. Allowances provided for structural (Class AW) windows.	Updates the minimum window requirements to higher performance levels. Even higher performance windows may be used to meet performance targets.
Hot Water System Efficiency	Requires an efficient hot water plumbing layout or the use of high efficiency water heater + water conserving fixtures (and a backstop for stored volume in hot water piping).	Also requires a maximum amount of stored volume in hot water piping (similar to V1). Adds pipe insulation requirements for central recirculating systems, and requires WaterSense fixtures for in-dwelling showerheads, bath faucets and aerators.	Targeted measures to reduce water heating energy, improve overall building performance, and generate water use savings.
High Efficiency Lighting in Dwellings	80% requirement.	100% requirement.	Recognizes the cost-effectiveness and availability of LEDs, and increases ZERH efficiency.
Energy Efficient Appliances	All builder-installed refrigerators, dishwashers, and clothes washers are ENERGY STAR qualified.	All builder-supplied and installed in-dwelling refrigerators, dishwashers, clothes washers, and clothes dryers are ENERGY STAR qualified .	Recognizes ENERGY STAR labeling of clothes dryers and increases ZERH efficiency.

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U.S. DOE Zero Energy Ready Home Program
 Multifamily National Program Requirements Version 2 DRAFT
 Summary of Major Changes from Version 1

Program Component	Version 1	Draft Multifamily Version 2	Rationale
Built-In Best Practices (Mandatory Requirements), cont.			
Indoor Air Quality	Certify under Indoor airPLUS (IAP) V1.	Certify under IAP V1 . Advises that DOE may consider updated IAP provisions as they are developed. H/ERVs in Very Cold Climates (6-8).	Maintains requirement to certify under the IAP Version 1 program through at least 2024. Adds energy efficient whole-house ventilation in very cold climates.
Photovoltaic (PV) Ready	Implement the ZERH PV-Ready Checklist in all locations with the requisite annual solar radiation.	PV-Ready Checklist is revised to specifically address Multifamily buildings and provides a solar-ready zone as defined by Appendix CB of the 2021 IECC , covering at least 40% of the roof area. Include additional dead load in the design, conduit to the service panel, space for an additional breaker, and documentation of all solar-ready provisions. These provisions apply everywhere, regardless of annual solar radiation.	Increases PV readiness in multifamily buildings in a flexible manner to provide a streamlined opportunity to add renewable energy in the future.
Electric Vehicle Ready	No requirement.	Provide EVSE, EV Capable, and EV Ready spaces for 40% of units or automobile parking spaces with designated capacity and connections as established by the EV-Ready Checklist.	Provides EV Charging infrastructure for a portion of parking spaces with provisions similar to drafted 2024 IECC requirements.
Heat Pump Water Heater Ready	No requirement.	Dedicated circuit is installed and energized for each installed fossil fuel water heater in dwellings. Space is reserved for a future electric (heat pump) water heater.	Lays the groundwork for the future installation of a HPWH and reduces retrofit cost and complexity.
Heat Pump Space Heater Ready	No requirement.	A dedicated circuit outlet or conduit, and condensate drain, are installed to facilitate a future heat pump installation for dwellings with installed fossil fuel space heaters.	Lays the groundwork for the future installation of a heat pump for space heating and reduces retrofit cost and complexity.

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U.S. DOE Zero Energy Ready Home Program
 Multifamily National Program Requirements Version 2 DRAFT
 Summary of Major Changes from Version 1

Program Component	Version 1	Draft Multifamily Version 2	Rationale
Efficiency Threshold			
Minimum Required Energy Efficiency Threshold	Energy Rating Index (ERI) scores to qualify for ZERH in the 50s.	ERI scores to qualify for ZERH in the low- to mid-40s (when using the ERI compliance pathway). Note: the ASHRAE and Prescriptive pathways are designed to achieve a similar level of energy efficiency (see below).	ZERH builds upon ESMFNC to achieve energy efficiency at least 15% beyond 2021 IECC.
Program Compliance & Certification Oversight			
Building Eligibility	Allows multifamily up to 5 stories.	No height limits on multifamily buildings. Same eligibility provisions as the ENERGY STAR Multifamily New Construction (ESMFNC) program.	Aligning building eligibility for ESMFNC and ZERH-Multifamily allows stakeholders to leverage both programs in a consistent manner where ZERH builds upon the performance of ESMFNC, and to qualify for the 45L tax credit.
Compliance Path Based on ASHRAE 90.1	No ASHRAE 90.1 compliance pathway.	Includes an ASHRAE 90.1 compliance pathway, which is also offered under ESMFNC.	Adding this element makes ZERH-Multifamily more accessible for commercial multifamily builders.
Certification Oversight	EPA-approved Home Certification Organizations (HCOs) required to provide oversight (effective in Revision 8).	DOE-approved HCOs and Multifamily Review Organizations (MROs) for ZERH required to provide oversight and quality assurance for raters and ZERH certifications.	DOE-recognized HCOs and MROs for ZERH assure minimum oversight and quality assurance provisions for ZERH certifications.

Appendix C – Eligible Costs

For all project types, all funded development costs must be allowable:

Eligible or Allowable Costs:

- *Development hard costs*
- (1) For new construction projects, costs to meet the new construction standards in [§ 92.251](#);
- (2) For rehabilitation, costs to meet the property standards for rehabilitation projects in [§ 92.251](#);
- (3) For both new construction and rehabilitation projects, costs:
 - (i) To demolish existing structures; however construction must begin within 12 months
 - (ii) To make utility connections including off-site connections from the property line to the adjacent street; and
 - (iii) To make improvements to the project site that are in keeping with improvements of surrounding, standard projects. Site improvements may include on-site roads and sewer and water lines necessary for the development of the project. The project site is the property, owned by the project owner, upon which the project is located.
- Construction, labor, and materials costs;
- Project development costs (e.g., financing fees, legal fees, affirmative action marketing);
- Relocation costs for any household that was displaced by the project are eligible.

Ineligible Costs:

- HOME/VHTF investments not resulting in HOME/VHTF eligible units.
- Costs for the development, operation, or modernization of any public housing building.
- Other prohibited activities not allowed under 24 CFR 92.214 or not deemed cost-reasonable.
- Miscellaneous items that do not have direct construction tie to the project;
 - Ex: meals for volunteers at the job site, optional leisure activities with employees/contractors, ribbon cutting/celebration expenses, gifts for the homebuyers, delinquent taxes, fees, and reserve accounts

Appendix D – ASNH Application Generic Narrative Questions

1. Please note that DHCD-approved CHDOs (Community Housing Development Organizations) receive scoring preference for ASNH funding. Does this applicant have current DHCD CHDO status? If so, please confirm that the most up-to-date CHDO qualification documents have been submitted to CAMS in the CHDO Certification application.
 - If the applicant wishes to be recognized as a DHCD CHDO, certification must be approved by DHCD before the application deadline.
2. Provide an overview of the proposed development project, including the following:
 - Whether the development is new construction and/or renovation/adaptive reuse,
 - The number of units, including the number of bedrooms and bathrooms,
 - **For new construction**, please describe the planned building and any on-site amenities (e.g. a community space, recreation areas, etc.),
 - **For rehabilitation and adaptive reuse**, please describe the scope of renovation work.
3. Please provide details about the community amenities near the project site. This should include information about job opportunities (not required for senior/elderly developments), transportation options, retailers, grocery stores, public parks or green spaces, and hospitals/urgent care centers. Please specify the distance from each amenity to the development in your response. Please also describe how the scope of the development blends in with the community.
4. Describe the local housing need this project will address, including the need for proposed income targeting and unit sizes. Please reference data collected through the attached Market Study, provider or beneficiary surveys, or other resources where appropriate.
5. Describe any community engagement or participation in this project.
 - **For new construction or adaptive reuse projects**, describe ways in which the surrounding community was made aware of the project and any community or stakeholder involvement in the planning process.
 - **For rehabilitation and adaptive reuse projects**, describe resident notification of the planned renovations and their involvement in the planning process.
6. The Uniform Relocation Act (URA) applies to all projects where development activities will result in permanent or temporary dislocation of households, businesses, farms, and/or nonprofits. Please indicate whether this project will or will not result in any permanent or temporary dislocations, and ensure this response matches the statements made on the required URA attachment. For projects which do not result in formal dislocations, but which will utilize measures such as hospitality suites, please give an overview of those planned measures including resident notifications.

7. Describe how the scope of the proposed development blends in with the surrounding community. All applications are required to complete the "**Site and Neighborhood Standards Review**" tab of the **Application Workbook** attachment. For projects located in an area that is not considered 'low minority of poverty concentration,' please explain how the project site is an area of revitalization, identified by the locality as targeted for development or investment, or otherwise holds opportunity for residents.
8. Describe any financial education programs, and/or HUD-approved homeownership preparation courses offered to potential buyers. Please include the names of agencies providing homeownership counseling and any relevant MOUs/contracts.
9. Please describe how residents of this project can access broadband or high-speed internet. Will the home come pre-wired for this service? Documentation of will-serve letters or proof of availability is recommended for inclusion in an Optional Attachment.
10. Will this project be certified as green built by a third party to the standards of EarthCraft Gold or higher, Enterprise Green Communities, LEED, or National Green Building Standard Silver or higher, or will it include green building features without certification? Please attach any documentation to certify the above.
11. Will this project meet or exceed HIEE performance requirements? For renovation and adaptive reuse projects: Please describe the steps to meet the HIEE "Additional Requirements" for the project type. **HERS rater plan review and preliminary rating documentation is an attachment required for funding eligibility.**
12. Please describe the received or pending funding sources. **If they have been approved, please attach the approval letters under the "Resource Documentation" section.**
13. Projects that receive funding from this application cycle must sign program agreements by **October 30, 2025** (1 year from application) and are expected to complete construction for final home sales by **October 30, 2027** (3 years from application). Please explain any obstacles or challenges to meeting these milestones and discuss any deviation from these dates on the submitted timeline.
14. The applicant must be the primary partner in the project and will be responsible for long-term operations and compliance. Please describe the specific role the applicant will have from project development through the twenty-year affordability period. If there are partners involved, and the applicant is not the owner, please describe their roles, and financial soundness, and explain the applicant's relationship to the project LLC or ownership entity, if applicable.
15. Briefly describe the Applicant's development experience with this type of project, noting previous use of ASNH-awarded funds. If the Applicant has other projects currently in development, list those projects (noting those that have an award of ASNH funds) and provide the status of these projects including whether the project is currently on time for delivery. If you are applying for additional funding for a project with a prior ASNH award, please be specific about the changes in the timeline from the last application.

16. **For Community Land Trust Models** (*if applicable*), please explain the developer's and land trust entity's partnership, operational history, and experience selling and managing community land trust properties. If any projects were not completed, please explain why. Please attach any MOUs or agreements between the entities.

Appendix E – ASNH Application Homeowner-Specific Narrative Questions

1. Has the project received city or county zoning approval? If the project is part of a larger subdivision plan, has the rezoning been approved by the Planning Commission and/or Board of Supervisors? If yes, please provide documentation as an attachment. Also, have the building specification plans been approved by the Planning Commission and/or Board of Supervisors? **Please note that projects must have zoning and subdivision plat approval at the time of application to be eligible for funding.**
2. Does the Applicant organization already have a waitlist or pool of qualified buyers? How many potential buyers have been qualified by the agency? Describe how the Applicant plans to ensure a pipeline of buyers is available so that each completed unit will have a ratified sales contract within six months of an issued Certificate of Occupancy (CO).
3. Please provide the proposed income targeting of the Project, the anticipated sales price (approximate per home or by square foot), and the local median sales price for similar homes (approximate per home or by square foot). Describe why the proposed sales price and size of the homes are suitable for the Project market area.
4. Will down payment assistance or closing cost assistance from a source other than ASNH funds, or zero-/low-interest mortgages be available to buyers in the proposed development? What is the source of these funds or financing? **Funding commitment letters must be included in the Resource Documentation attachment.**
5. Please describe the applicant's typical affordability requirements for home sales, including the use of community land trusts (CLT) or equity-sharing models. Also, explain the affordable pricing methodology and resale formula calculation that will be used, so the seller can receive a favorable return on their investment. DHCD recommends documentation of these requirements be uploaded as an Additional Attachment. **Please note if applying for a Community Land Trust project, a pre-application call must be scheduled prior to submitting an application. VHTF is the only eligible primary funding source available.**
6. Please describe accessibility features of the proposed homes, including any use of visitability or Universal Design features, or additional accommodations made to prospective homebuyers.
7. The ASNH-awarded funding is secured by a restrictive covenant called a Deed of Trust placed on each parcel in the Project and is structured as a deferred loan with funds available at pre-determined construction and completion milestones. No funds are available for remittance until an executed deferred loan agreement and a copy of the

recorded Deed of Trust are returned to DHCD. At the time of sale to a qualified buyer, DHCD requires a second Deed of Trust and Promissory Note recorded to enforce the affordability period and resale restrictions from DHCD's investment. Does the Applicant request any changes to or require prior approval for these terms? If yes, please justify the deviation. Changes to typical terms are approved by DHCD on a case-by-case basis and are not guaranteed.

Appendix F – ASNH Application Attachments

- **ASNH Application Workbook (template; required)**
 - DHCD-provided Excel workbook; Applicants must upload completed workbook
 - Combines the information required in Spring 2024 and prior cycles from the following documents: Application Packet, Project Timeline, Homebuyer Underwriting Template, Site and Neighborhood Standards Review
- **ASNH Application Certifications (template; required)**
 - DHCD-provided PDF; Applicants sign the applicable Certifications
 - An approved CHDO application in CAMS is required in addition to the signed CHDO Certification page for the Application to receive HOME scoring preference
 - Combines the information required in Spring 2024 and prior cycles from the following documents: Application Packet, Zoning Certification, CHDO Certification (optional)
- **Affirmative Marketing Plan (template; required)**
 - DHCD-provided PDF; Applicants should select the applicable Marketing Plan (Multifamily, Single Family, Condominium or Cooperatives) from the ‘PDF Portfolio’ file, and upload the completed applicable Marketing Plan file
- **Uniform Relocation Assessment (template; required)**
 - DHCD-provided Word document; Applicants must complete and submit, at minimum, the first page of this attachment
- **Environmental Phase I (required)**
 - Applicant documentation; DHCD recommends zipping or compressing this file
- **Market Study (required)**
 - Applicant documentation; DHCD recommends zipping or compressing this file
 - A Market Study meeting Virginia Housing’s Low-Income Housing Tax Credit application standards is permissible but not required; but the Applicant must provide relevant data to ensure DHCD can evaluate the need for the Project as proposed in the project site market area (unit size, AMI targeting, vacancy rates, etc.).
- **Property Status Documentation (required)**
 - Applicant documentation
 - Property Status or site control documentation must show that the Applicant has approval to develop the proposed Project on the site within the timeline provided with the Application and may include current title(s), purchase and sale agreements, or other legal documentation.
- **Resource Documentation (required)**

- Applicant documentation
 - Projects in entitlement/consortium localities requesting HOME funds **must** include their 25% match documentation as the **first page** of Resource Documentation.
 - Resource Documentation must include proof of all funding sources listed in the underwriting or narrative responses associated with the Project, which may include; private grant letters of commitment or award, construction or permanent loan documentation, Applicant equity contributions, etc.
- **Community Land Trust Documents (required, if applicable)**
 - **Ground Lease Agreement**
 - Applicant documentation; required **only** if the project is part of a Community Land Trust.
 - Applicant **must** disclose all aspects of the arrangement between the lessor and lessee, and the typical clauses found in a ground lease.
 - Applicant must also provide the **policies and procedures** of the Community Land Trust Entity. Documentation can be uploaded as an additional attachment.
- **Part 58 or HTF Environmental Provisions (optional)**
 - Applicant documentation; not required.
 - For projects that are requesting HOME funds, a completed Part 58 (EA Format, other HUD-approved formats such as CEST) or a 24 CFR 93 (HTF specific) Environmental Compliance checklist may be uploaded.
- **HIEE Documentation (optional)**
 - Applicant documentation; required **only** for Applicants seeking HIEE funds.
 - Applicants must include the Project’s HERS rater plan review and preliminary rating(s), and the preliminary documentation of the approved green build certification.
 - Applicants may include any supporting documentation to their narrative field response, as needed. Projects under substantial rehabilitation or adaptive reuse performance requirements should ensure that the Application includes all information necessary to evaluate those project types ‘*additional requirements*’ as described in the Program Guidelines.
- **Green Build Documentation (optional)**
 - Applicant documentation; not required.
 - Preliminary documentation of a third-party certified green building may be provided here for Applicants not seeking HIEE funds.
- **Additional Attachments (optional)**
 - Two separate files may be uploaded by the Applicant with additional information to support the Project which was not provided in the narrative responses or other attachments.
 - This may include individual résumés for key principals responsible for Project development work or property management/compliance work at completion; Organizational résumés for any Partner in the project; Summaries of on-site

services made available to residents of rental Projects; Summaries of housing counseling or homeownership readiness classes offered to potential buyers for homebuyer projects; Proof of location in a revitalization zone or opportunity zone; and any community land trust documentation.

Appendix G – Additional Program Requirements and Compliance

Long-Term Compliance

During the affordability period each project will be required to submit occupancy reports. DHCD will verify through onsite monitoring compliance occupancy, property standards, and other programmatic requirements. **Non-compliance may suspend eligibility for subsequent commitments and could result in the repayment of all funds to DHCD.**

Projects will be inspected for property standards and program compliance within 12 months of project completion. Projects will be inspected thereafter no less than every three years. Onsite inspections and monitoring frequencies are based on performance and risk assessments.

Homebuyer Projects

Project Completion

While final cost certification and completion reports are required at the end of the development phase and prior to the last reimbursement remittance or draw, progress reports may be required quarterly on each project during the development phase, and regular construction inspections may be conducted to verify progress.

For homebuyer developments assisted with any ASNH source, the final reimbursement remittance or draw (typically 10% of the total award) will not be approved until all completion documentation is submitted and approved by DHCD. Completion documentation required may include the Certificate of Occupancy (for new construction projects) or Certificate of Completion (for substantial rehabilitation projects) for all properties named on the deed of trust by DHCD and covered by the deferred loan agreement between the Applicant and DHCD, closing disclosures and lien documentation from each sale, and completion reports such as the HUD HOME Homebuyer Set Up/Completion report. **Non-compliance could suspend eligibility for additional funds and could result in the repayment of all funds to DHCD.**

HOME-assisted homebuyer developments automatically convert to HOME rental units for the duration of the affordability period if there is no ratified sales contract at nine months after the date a Certificate of Occupancy or Certificate of Completion is issued to the project. HUD allows no exception to this requirement.

Value or Sales Limits

Homebuyer properties must be considered *modest*, based on property sales price or value. The sales price cannot exceed 95% of the median area purchase price, using HUD 203 (b) limits or a local market survey. No luxury homes or amenities as determined by neighborhood standards are allowed for assisted units.

Resale Requirement: Homebuyer Developer Subsidy Projects

Homebuyer units assisted through developer subsidy are subject to a resale provision. A resale provision requires the assisted unit to be resold to an income-eligible household if the original purchaser chooses to sell their home prior to the end of the applicable affordability period.

The developer must monitor sales, foreclosures, and title transfers to assure affordability requirements. The developer must ensure that resale requirements are imposed if the housing does not continue to be the principal residence of the occupant or family for the duration of the period of affordability and must also ensure that the housing is only made available for subsequent purchase to a buyer whose family household qualifies as a low-income family and will use the property as its principal residence.

The resale requirement must also ensure that the price at resale provides the original assisted owner a fair return on investment, which can be an *additional* amount calculated to return, based on the homeowner's original cash/equity investment in the property and any capital improvement made to the property. This calculation limit also ensures that the housing property will remain affordable to a reasonable range of qualified low-income homebuyers for the full period of affordability as determined by DHCD according to the amount of funds invested in the housing.

A "fair return on investment" is determined by the resale price that takes into account a return of the initial homebuyer's initial investment plus any capital improvements made to the housing unit, which are typically set or limited based on changes in area median sales price. These factors typically establish the fair market value for the city or county that the property is located. The intent is to provide a fair return to the seller while limiting price based solely on the Median Sales Price to a potential buyer.

To determine a "a fair return on investment", the ASNH Program will measure the percentage change in median sales prices over the period of ownership as a reasonable index that is directly related to real estate prices in the area which will simplify the resale approach by taking both market appreciation and depreciation into account. It is important to note that in certain circumstances, such as a declining housing market where home values are depreciating, the original homebuyer may not receive a return on his or her investment because the home sold for less or the same price as the original purchase price. DHCD's intent is to set a resale price that provides a fair return to the original homebuyer while ensuring that the property is affordable to the target population, thus reducing the need for additional subsidies to eligible buyers.

A capital improvement is any addition or alteration to real property that meets the following conditions:

- It substantially adds to the value of the real property, or appreciably prolongs the useful life of the real property; and
- It becomes part of the real property or is permanently affixed to the real property so that removal would cause material damage to the property or article itself.

The value of any capital improvement will be determined by the national average increase in value that a specific type of improvement brings at sale. For example, if homeowner's down payment was \$5000, the value of capital improvements is \$9000 and the percentage change of median sales price over the ownership period was 3.5%, then a calculation of $(\$5000 + \$9000) \times .035 = \$490$. The fair return on investment is \$490, and the total return to the original homebuyer at resale would not exceed \$14,490 $(\$5000 + \$9000 + \$490)$.

A "*reasonable range of low-income buyers*" is defined in the ASNH Program as a household or family at or below 80 percent of Area Median Income paying no more than 30 percent of income for principal, interest, property taxes, and insurance.

DHCD will use deed restrictions, covenants running with the land, or other similar mechanisms as the mechanism to impose the resale and continued affordability requirements as outlined in §92.254(a)(5)(i)(A) of the HOME Rule. The developer may use purchase options, rights of first refusal or other preemptive rights to purchase the housing before any conveyance to preserve affordability. The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the termination event, obtains an ownership interest in the housing.

Recapture Provision: Direct Homebuyer Assistance

ASNH Homebuyer HOME-assisted units including DHCD HOME Down Payment Assistance (DPA) direct buyer assistance are subject to a recapture provision in order to assure that the units either remain affordable (i.e., housing eligible clients) or that DHCD recovers its investment based on the terms of the agreement. Recapture applies and the amount to be recaptured is limited to the amount of direct buyer assistance (not the developer subsidy).

Virginia will use the recapture provision at §92.254(a)(5)(ii)1) to recapture the entire amount. The total original amount of the direct buyer assistance is recaptured from the net proceeds in the case of sale, refinance (see exception below), foreclosure or failure to maintain as primary residency prior to the end of the affordability period. In these cases the required amount returned (total assistance amount from net proceeds) is due and payable in full to DHCD to the Treasurer of Virginia.

The assistance may not be subordinated to the refinancing of the first lien position primary mortgage or an equity loan or line of credit during the period of affordability except under special hardship conditions at DHCD's discretion. Affordability requirements are secured by a Restricted Deed of Covenant in the amount of direct assistance. The loan is forgiven in full at the end of the affordability period.