

VI. MATCHING FUNDS

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A. BACKGROUND

A premise of the National Affordable Housing Act of 1990, which authorized the HOME Investment Partnerships Program, is that providing affordable housing to low-income persons is the responsibility of all levels of government. Therefore, matching contributions are required as the state and local government stake in the HOME Program.

“Match” is a permanent contribution made to the HOME partnership for affordable housing. The HOME program requires match in an amount equal to no less than 25% of the total HOME funds drawn down for project costs. The match obligation is incurred by drawing down HOME funds for an activity. The match contribution can be made from numerous sources.

Match is **not** leveraging. Match is the local, non-federal contribution to the affordable housing partnership.

B. MATCH CREDIT

Defining HOME-assisted and HOME-eligible.

HOME-assisted unit is defined as a housing unit, which receives at least \$1,000 of HOME activity funds from a Grantee’s current HOME contract.

HOME-eligible unit is defined as an affordable housing unit that **did not receive HOME contract funds** but complies with all applicable HOME regulations such as, but not limited to, HQS, resident income eligibility and period of affordability. For example, a project funded only with HOME program income would meet the definition; a unit funded with CDBG—another federal source—would not.

Requirements

- Grantees should refer to their HOME Program Contract for specific Match requirements.
- In accordance with HUD regulations, eligible match credit is required on all HOME funds, with the exception of administrative funds. The State of Wisconsin has a 25% match obligation for all activities.
- Match obligated for any other federal program is not eligible to be used as match credit for HOME.

Reporting Match

1. HOME-assisted units' match credit sources need to be identified on the HOME Activity Completion Report.
2. Reporting HOME eligible activities' matching contributions, use HOME Eligible Activity Match Report.
3. Attach ALL necessary Documentation needed for reporting Match. Refer to the Match Notice for requirements.

4. Reporting on rental units, list the total number of units in the whole activity, with the number of HOME assisted units and/or HOME eligible units. The match contribution is in proportion to the total number of units.

Documenting Match

Documentation is required for each activity where match is claimed. The local activity file should contain letters from the funding source, receipts, invoices or purchase orders and written back up regarding any appraisals, interest rate differentials, present value or prorated calculations which were required.

Match Sources

The HOME Activity Completion Report will generally report all sources utilized in the activity whether or not they qualify as HOME match. DHDC staff will be responsible for making final match determinations and will provide periodic feedback on grantee match progress.

Leveraging Funds

All grantees, regardless of activity funding, should leverage funding from as many resources as possible.

NOTE

Contributions that have been or will be counted as satisfying a matching requirement of another Federal grant or award may not count as satisfying the matching contribution requirement for the HOME program.

TIMING OF MATCH CREDIT

Match contributions are credited at the time that the contribution is made. Specifically:

1. A cash contribution is credited when the funds are expended.
2. The grant equivalent of a below-market interest rate loan is credited at the time of the loan closing.
3. The value of state or local taxes, fees, or other charges that are normally or customarily imposed but are waived, foregone, or deferred is credited at the time the state or local government or public or private entity officially waives, forgoes, or defers the taxes, fees, or other charges and notifies the project owner.
4. The value of donated land or other real property is credited at the time ownership of the property is transferred.
5. The cost of investment in infrastructure directly required for a HOME-assisted project is credited at the time funds are expended for the infrastructure or at the time, the HOME funds are committed to HOME-assisted project if the infrastructure was completed before commitment of the HOME funds.
6. The value of donated materials is credited as match at the time it is used for affordable housing.
7. The value of the donated use of site preparation or construction equipment is credited as match at the time the equipment is used for affordable housing.
8. The value of donated or voluntary labor or professional services is credited at the time the work is performed.
9. A loan made with the proceeds of affordable housing bonds is credited at the time of the loan closing.

C. ELIGIBLE SOURCES OF MATCH

The match obligation may be met with any of the following specific sources:

- ◆ Cash or cash equivalents from a non-federal source.

The full, face value of a cash contribution can be counted as match if:

(1) it is from non-federal funds and

(2) the contribution is permanent. Permanent contributions are those where all repayment, interest, or other return on investment is made to the Grantee's HOME account.

Some cash payments are not permanent contributions to the HOME program. This occurs when below-market-interest-rate (BMIR) loans are used as a match, but the principal and interest are repaid to other than the HOME account. The match value of BMIR loans that are not repaid to the HOME account is based on the discounted present value of the yield foregone.

- ◆ Value of waived taxes, fees or charges associated with HOME activities.

There are two classes of waived fees that may be counted as match:

(1) State and local taxes, charges and fees:

The value of foregone real estate taxes must be based on post-improvement value. The value of fees, taxes or charges foregone for future years is the present discounted cash value of the amount forgiven, based on the treasury security rate closest in maturity to the number of years for which fees, taxes or charges are foregone.

(2) Other charges or fees:

These are fees normally associated with property transfer or development, such as title searches, title insurance premiums and utility hook-ups or surcharges.

Waived taxes, charges or fees are not match credit if:

(1) Waived taxes, charges or fees are associated only with the HOME Program. This means you cannot create a fee and waive or reduce it for HOME projects only.

(2) Developers waive their own fees.

- ◆ Value of donated land or real property.

Land or real property permanently contributed to a HOME-assisted or a HOME-eligible activity is a source of match. The property may be **donated** or the property may be **sold** at below its market value.

Property acquired with non-federal funds:

(1) If a property acquired with non-federal resources is donated to a HOME-assisted project or HOME-eligible project, the match credit is equal to 100% of the appraised value minus any debt burden, liens, or other encumbrances.

Properties may be donated by non-federal public entities, private entities, or individuals.

Properties may **not** be donated by applicants for or recipients of HOME assistance or contracts, or investors who own, are working on, or are proposing to apply for HOME assistance.

(2) The value must be determined by an appraisal.
The appraisal must be performed by an independent, certified appraiser.
The appraisal method must conform with generally recognized practices and procedures.
Opinions of value must be based upon the best available data.

Property acquired with federal funds:

(1) if the property is **acquired by the owner/grantee** of the HOME-assisted or HOME-eligible project, the match credit is the difference between the appraised value at the time of acquisition with the federal funds and the acquisition cost. The seller acknowledges in writing at the time of the donation that s/he is making a contribution to affordable housing.

Example: Using HOME, a nonprofit acquires property from a private owner for \$55,000. The appraised value at the time of the acquisition is \$75,000. The private owner acknowledges in writing at the time of the donation that she is making a contribution to affordable housing. The match credit is \$20,000.

(2) If the property is acquired with federal funds by an **entity that donates the property to the owner** of the HOME activity, the match contribution is the difference between the appraised value and the acquisition cost.

Example: A tract of land has an appraised value of \$100,000. Grantsville purchases the property with CDBG funds for \$75,000 and **donates** the land to a CHDO. The seller acknowledges in writing that the \$25,000 discount on the purchase price (the difference between the appraised value and the acquisition price) is a donation to affordable housing. The match credit based on the donation from the seller is the \$25,000. Grantsville used \$30,000 in local funds and \$45,000 in CDBG funds to help purchase the property. This produces additional match credit of \$30,000 (the amount of the local fund contribution, but not the CDBG funds). The total match credit is \$55,000.

- ◆ Cost of infrastructure improvements (non-federally funded) associated with the HOME activity.

To receive match credit the infrastructure improvements must be directly related to the HOME-assisted activity(s). (Infrastructure improvements related to HOME-eligible housing do not provide match credit.) The infrastructure improvement must **directly facilitate the occupancy** of the HOME-assisted units.

Examples include: streets, sidewalks, gutters, street lights, and utility lines and connections. Parks, bridges, or highways are not eligible types of infrastructure improvements.

The improvement must be completed no earlier than 12 months before HOME funds are committed to the activity.

The improvement must be paid for from non-federal funds. The investment must be prorated to reflect service to HOME and non-HOME units.

- ◆ A percentage of the proceeds of single-family housing bonds issued by state, state instrumentality, or local government.
- ◆ Value of donated materials, equipment, labor and professional services.

(1) Materials must have been purchased with non-federal funds. The value must be documented.

(2) The value of the use of site preparation and construction equipment donated may be counted as match at full value (i.e., the rental rate multiplied by the number of hours/days for which the

equipment was donated). Documentation of the match must include a letter from the equipment owner stating the rental rate and number of hours/days donated.

(3) The value of any donated or volunteer labor, including professional services may be counted. The hourly labor rate for unskilled labor is \$10.00.

The value of labor or professional services provided to affordable housing at a reduced rate as a donation by an individual/entity may be counted at the individual's hourly rate. Documentation of the match must include a letter from the individual/entity stating the hourly rate and number of hours donated.

- ◆ Sweat equity.

The value of sweat equity provided to a homeownership activity may be counted as match at the rate of unskilled labor.

- ◆ Direct cost of homebuyer counseling to families purchasing homes with HOME assistance.

The direct cost of counseling services provided may be counted if the services are paid for with non-federal funds AND are provided during the period of affordability. The costs that may be counted as match are limited to salary costs and the cost of materials directly related to the provision of these services. Overhead costs are not considered direct costs.

Ineligible sources of match include:

- ◆ Contributions made with or derived from federal resources, regardless of when the funds were received or expended;
- ◆ The interest rate subsidy attributable to the federal tax exemption on financing or the value attributable to federal tax credits (such as the Low Income Housing Tax Credit Program);
- ◆ Owner equity or investment in an activity (except for sweat equity);
- ◆ Cash or other forms of contributions from applicants for or recipients of HOME assistance;
- ◆ Contributions counted as match toward any other federally-funded program.

D. POTENTIAL FUNDING SOURCES

PUBLIC/PRIVATE FUNDS

- ◆ *Private Grants*

Cash contributions from third party--must be a non-federal source.

Foundation grants

Federal Home Loan Bank--Affordable Housing Program (FHLB-AHP) down payment assistance

Down Payment Plus (Administered by the Wisconsin Partnership for Housing Development, Inc.)

Tomorrow's Home Foundation "Universal Access Grant" for down payment assistance

- ◆ *State/Local Appropriated Funds*

County or local grants

HCRI for down payments, closing costs and soft costs of construction activities

Stripper Well Petroleum Violation Escrow (PVE) funds for asbestos abatement

WHEDA Foundation Grant Program funds

WHEDA EZ Close Loans

WHEDA Affordable Housing Bonds

Department of Administration (DOH), Wisconsin Fund for private sewage systems

Department of Health and Family Services (DHFS)/Community Options Program (COP)

Wisconsin Veterans Administration Loans

'Old' Section 17 Rental Rehabilitation Funds

Public Benefits

- ◆ *Utility Company Funding*
Utility company contributions to projects for weatherization and repair activities
Rebates for appliance purchase and installation
Rebates for weatherization materials and labor
- ◆ *Charitable Organizations*
United Way
Easter Seal Society
Goodwill
Private foundation grants

LOANS

- ◆ Private sector (banks or loan institutions)
- ◆ Governmental loans (rural housing development loans, city/county loans not from foundations)
- ◆ WHEDA Easy Close loan

BOND FINANCING

- ◆ *State/Local Tax Exempt bond Proceeds*
Housing Authority mortgage revenue bonds
WI VETS home purchase, rehab programs
WHEDA loan program funding
Proceeds from the refinancing of projects developed with tax exempt bonds

DONATIONS

- ◆ The value of negotiated discounts for any construction materials or labor
- ◆ Donated construction materials
- ◆ Site preparation
- ◆ Manufacturer rebates for major appliances and materials
- ◆ Volunteer labor not performed by owner--ATTACH MATCH SWEAT EQUITY CERTIFICATION form
- ◆ Homeowner sweat equity--ATTACH MATCH SWEAT EQUITY CERTIFICATION form
- ◆ Professional services, including: architectural/engineering, trades (electrician, plumber, carpenter) homebuyer counseling, supportive services such as case management, mental health services, assistance with the tasks of daily living, substance abuse treatment and counseling, day care, job training and counseling.*
- ◆ Labor from such sources as Correction work crews and non-federal portions of Job Training Partnership Act (JTPA), WEJT and Wisconsin Fresh Start (WFS) programs

FOREGONE TAXES, FEES & CHARGES

- ◆ Waived fees and charges*
- ◆ Foregone property taxes*

DONATED LAND

- ◆ Publicly owned land or property*
- ◆ Private owned land or property*
- ◆ Foreclosed property*

*(documentation is required for all the * items)

INFRASTRUCTURE

Value of adjacent public infrastructure improvements that proportionately benefits HOME project

Sidewalks

Utilities

Streetlights

Improvements must have been constructed within 12 months of the start of the HOME activity to claim as match.

MATCH SWEAT EQUITY CERTIFICATION

Activity #: _____

I, _____ (name of person providing labor), worked
_____ hours on _____ (dates labor performed) at the above
listed HOME Program activity site. A brief description of the labor I donated is as
follows:

Signed: _____

Date: _____

FOR GRANTEE USE:

_____ # Hours Sweat Equity was provided

x\$ 10.00 (multiplied by Standard Rate as determined by HUD)

\$_____ TOTAL Match Value claimed

Reviewed by: _____

Date: _____

(Signature of Grantee staff reviewing match claimed)

Instructions

1. Complete Match Sweat Equity Certification for each household member that provided work to the HOME activity.
2. File copy of each form in local HOME activity file.
3. Report match claimed on Activity Completion Report
4. Submit copy of form with Activity Completion Report to HCD per normal procedures

**MATCH CERTIFICATION
COUNSELING & SUPPORTIVE SERVICES**

Activity #: _____

Date form sent to HCD: _____

Check the appropriate box

Homebuyer Counseling

Supportive Services

_____ Period of Affordability of HOME Activity

_____ Number of years services will be provided to above HOME activity

_____ (HOME Grantee) certifies that the following services WERE/SHALL BE provided (during the Period of Affordability) to the above HOME Activity.

Service Provider and Funding Source(s)	Service Provided (brief description)	# Hours of Service Provided PER YEAR	Normal Rate per Hour \$	Date(s) Service Provided (including YEAR)	TOTAL Match claimed PER YEAR \$

Copy and attach additional pages as needed.

Reviewed by:

Date:

(Signature of Grantee staff reviewing match claimed)

Instructions

1. Obtain written agreement with agency providing services during 'Period of Affordability.'
2. File copy of written agreement with agency in local activity file.
3. Complete Match Certification Form
4. File copy of Form in local activity file
5. Attach original signed form with Activity Completion Report and submit to HCD per normal procedures.

HOME ELIGIBLE COMPLETION REPORT

HOME PROGRAM

SUBMISSION DATE:		CONTRACT #:	
AGENCY NAME:		EMAIL ADDRESS:	
AGENCY CONTACT:		TEL #:	

Type of Property: _____

- 1-Single family
- 2 Condominiums
- 3 Cooperative
- 4 Manufactured Home

Type of Activity: _____

- 1 Rehab Only
- 2 New Construction Only
- 3 Acquisition Only
- 4 Acquisition & Rehab
- 5 Acquisition & new Construction

Accessibility Modification?

- Yes
- No

Lead Paint

***Applicable Lead Paint Requirement:**

- Housing Constructed before 1978
- Exempt: housing constructed 1978 or later
- Otherwise exempt

***Lead Hazard Remediation Actions:**

- Lead Safe Work Practices [24 CFR 35.930(b)]
- Interim Controls or standard Practice [24 CFR 35.930(c)]
- Abatement [24 CFR 35.930(d)]

Initial Purchase Price: \$	HOME Mortgage Limit: \$
After Rehab Value: \$	Appraised Value: \$

1. FEDERAL FUNDS (Specify source & use)

Federal Funds		\$
Other Federal Funds		\$
Other Federal Funds		\$
TOTAL FEDERAL FUNDS		\$

2. STATE/LOCAL FUNDS (Specify source & use)

Housing Trust Funds		\$
State/Local Appropriated Funds		\$
State/Local Tax Exempt Bond Proceeds		\$
TOTAL PUBLIC FUNDS		\$

HOME ELIGIBLE COMPLETION REPORT**HOME PROGRAM**

AGENCY NAME:

Contract #:

3. PRIVATE FUNDS

Lender Name:		Mortgage Amt.:	
Loan Type: ___fixed ___variable	Lock In Date:	Interest Rate:	No. of Years:
Private Loan Amount			\$
Owner Cash Contribution			\$
Foundation Grants			\$
Individual Donations (specify who/what)			\$
TOTAL PRIVATE FUNDS			\$

4. PROGRAM INCOME

TOTAL Program Income Used on this Activity	\$
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TOTAL ACTIVITY COSTS (Total of Items 1 through 4)	\$
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5. DONATIONS

Description*

Site Preparation		\$
Construction Materials		\$
Donated Labor		\$
Owner Sweat Equity		\$
Professional Services		\$
TOTAL DONATIONS		\$

*Provide the documentation

6. DONATED LAND

Description*

Publicly owned land		\$
Private Owned		\$
Foreclosed Property		\$
TOTAL DONATED LAND		\$

* Provide the necessary documentation

7. LOCATION

ACTIVITY ADDRESS:	
COUNTY in which activity is located:	COUNTY CODE:

HOME ELIGIBLE COMPLETION REPORT

HOME PROGRAM

AGENCY NAME:

Contract #:

8. HOUSEHOLD CHARACTERISTICS

Unit No	No. of Bedrooms	Occupant	Monthly Rent* (including Tenant Paid Utilities)			Income Data*		Household Data				
			Tenant Contribution	Subsidy Amount	Total Rent	Monthly Gross Income	% of Area Median	Hispanic - Check if "yes"	Race of Head of Household	Size of Household	Type of Household	Rental Assistance
	0-efficiency 1-1Bdrm 2-2 Bdrms 3-3 Bdrms 4-4 Bdrms 5-5 or more Bdrms	1-Tenant 2-Owner 9-Vacant					1-0-30% 2-31-50% 3-51-60% 4-61-80% 9-Vacant	Hispanic - Check if "yes"	11-White 12-Black/African American 13-Asian 14-American Indian / Alaskan Native 15-Native Hawaiian / Other Pacific Islander 16-American Indian / Alaskan Native & White 17-Asian & White 18-Black/African American & White 19-American Indian/Alaskan native & black/African American 20-Balance/Other 09-Vacant unit	1-1 Person 2-2 Persons 3-3 Persons 4-4 Persons 5-5 Persons 6-6 Persons 7-7 Persons 8-or more Persons 9-Vacant	1-Single/non-Elderly 2-Elderly 3-Related/1 parent 4-Related/2 parent 5-Other 9-Vacant Unit	1-Section 8 2-HOME TBA 3-Other 4-None 9-Vacant Unit
			\$	\$	\$	\$		<input type="checkbox"/>				

*Round to the nearest dollar.

9. Did this household receive homebuyer counseling:

No counseling Post-purchase

Pre-purchase Both Pre- and Post-purchase

10. Did this household have a member with a disability?

Yes No

11. Did this project involve interim controls (lead-safe work) or abatement of lead-based paint?

Yes No

12. Did this project involve a faith-based organization?

Yes No

13. Did you contract with any MBE/WBE contractors/subcontractors for this project?

Yes No

(If "Yes" please attach the MBE/WBE reporting form)

14. Did you contract with any Section 3 person or business for this project?

Yes No

(If "Yes" please attach the Section 3 Reporting form)

Submit the HOME Eligible Completion Report to:

HOME ___ Program
 Department of Administration
 Division of Housing
 PO Box 7970
 Madison WI 53707-7970