Section 523
Self-Help Housing Application Training

PREPARED BY THE T&MA CONTRACTORS
2/1/23
Throughout this slide presentation, the recommended “best practices” will be notated with a *BP.*
Introduction – What Now?

• Should take 3 to 4 months

• A working relationship with Rural Development is critical

• Your T&MA (Technical and Management Assistance) Contractor is available throughout the process

• *BP Use your T&MA Contractor as a resource ANYTIME assistance is needed!
New organizations must pay for:

- The cost of developing the application (staff time, house plans, marketing, securing land, etc.)
- Feasibility study
- Program and organizational development
- This can be costly…be prepared!

*BP – Seek other funds or raise funds from other sources
<table>
<thead>
<tr>
<th>National Office</th>
<th>State Office</th>
<th>Area Office</th>
<th>Local Office</th>
</tr>
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<tbody>
<tr>
<td>Develops program policies</td>
<td>Disburses 502 funds based on a state formula</td>
<td>Responsible for the 523 grant</td>
<td>Makes and monitors the 502 loans</td>
</tr>
<tr>
<td>Interacts with Congress</td>
<td>Reviews smaller grant applications ($300,000 or less)</td>
<td>May be responsible for the 523 grant</td>
<td>Co-signer for checking accounts</td>
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<tr>
<td>Reviews grant applications for more than $300,000</td>
<td>May be responsible for the 523 grant</td>
<td>Construction inspections</td>
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Rural Development
• RD provides administrative and loan funds

• Expects grantees to carry out grant agreement

• *BP A grantees’s working relationship with RD is critical to the success of the program
RD’s Expectations from Grantees

▪ Operate within RD’s regulations
▪ Carry out the responsibilities of the Grant Agreement including:
  ▪ Recruiting low and very-low income applicants
  ▪ Building the number of homes proposed
  ▪ Building the houses in a timely manner
  ▪ Keeping program costs within the guidelines and budget
  ▪ Setting up an acceptable accounting system and adequately tracking the expenses
Feasibility
Feasibility

• **BP** Even experienced grantees cannot bypass feasibility

• The old way is not always the best way

• **Organizations must continually monitor:**
  • Need
  • Affordability
  • Land availability and cost
  • Availability of potential participants
  • Staffing patterns

• **BP** See Feasibility Handbook
Application Format
The format of the application is very important.

Rural Development requires that the information be in a specific order.

Applications are encouraged to be submitted electronically.

Tabbed PDFs are best.

Sections must correspond with item numbers on RD checklist.
An organization can drastically reduce its chances of error by having someone that did not put the application together recheck it for completion and accuracy before sending it to your T&MA Contractor or RD.
RD has a grant checklist

Exhibit G is for both New Construction and Rehab

This new checklist came out on 3/28/22 as PN 561
T&MA Application Checklist

- Checklist the Contractors use to review applications
- It has more detail and will help meet all requirements
- See Application Handbook, Appendix 1 & 2
1. Standard Form 424A

- Standard Form 424, “Application for Federal Assistance” and Intergovernmental Review Response 1994.410(e)
  - First thing that reviewers see, sample in Handbook
  - Provides RD with all of the pertinent information about the project – how many homes, time period, area, funding, etc.
  - Must be complete and signed
- **BP** There are many outdated or incorrect forms out there. Use the correct form!

- Best place to get correct forms... [eForms](#)

- Contact your T&MA Provider or RD if help is needed
2. Waiting List of Participants

Waiting list should include:

- Information on potential applicants interested in participating in the self-help program
- Names, addresses, number of persons in the household and total annual income is required
- Date of initial contact not required but helpful for marketing & recruitment (Sample in Handbook)
- Also track demographic information to help RD with its compliance review and civil rights impact survey
- *BP* Aim to have at least three times as many potential participants as would be needed to complete the grant
3. Proof of Qualified Participants

- Proof is required that participants in the first group have qualified for assistance or been determined “eligible” by RD
- Proof will be Certificate of Eligibility (COE) letters from RD
- Many grantees request that this be a condition of grant closing
  - The grant cannot close until proof of the first group is provided
- For rehab, 10% of participants should be qualified
What Has to Happen for COE letters to be issued:

✓ Full application must be processed and reviewed (*Sent by eForms including required 3-A Disclosure Letters*)
✓ Household income is verified
✓ Credit history is checked
✓ All other eligibility requirements met
✓ Loan Originator determines payment subsidy and maximum loan amount
✓ Letter of eligibility is issued - (3550 HB letter 16 – special COE for SH)
Include a cover page to this section. This narrative should include:

- Number of participants in the first group
- List of participant names
- Total cost estimates
- Total 502 loan amount
- Other loan/grant information that will be used for the participant
▪ If RD’s 502 loan does not cover complete building costs, include narrative indicating how the gap will be covered

▪ If there are additional loans, advise RD’s local office:
  ▪ Additional debt may result in increased debt to income ratios

▪ Proof will be needed that these funds have been secured
4. Lot Options for First Group

- Land for the first group must be in control
  - Purchase agreements
  - Copy of deed if owned
  - Option agreements

- Include a narrative identifying number in first group, how land is controlled, by whom, when it will be purchased and where it is located

- Consider CCRs (covenants, conditions & restrictions) when looking for land
Often grantees need interim financing to obtain land

Control land by purchasing or entering into an option agreement

See sample of Option to Purchase Real Estate in Application Handbook

Caution!! 523 Grant funds **CANNOT** be used to option or purchase land. RD does have a site loan that can be used for this purpose.
For Rehab Application

• List potential homes for sale or owner-occupied homes identified for repair

• Use MLS listings or another source
5. Evidence of Lot Availability

- Evidence of lot availability for remaining groups is required
- Lists of available lots, maps and prices are required
- Include a narrative summarizing what land is available, whether site development is required, timeframe for completion
- For rehab, include list of potential homes
6. House Plans, Specs, Detailed Cost Estimates

- Certified house plans are required for EVERY model that will be built during the grant period.
- Specifications are required for every model and for every family in the first group.
- Detailed cost estimates are required.
For rehab, describe the process of:

- Obtaining home inspections
- Creating a work order
- Cost estimating
- Scope of work selection
- Subcontractor selection process
House Plans

• Certified house plans are required for **EVERY** model that will be built during the grant period.

  A complete set consists of plans and blueprints which have been certified by an architect or engineer licensed in your state.
Blueprints need to include the following views with mechanicals noted:

<table>
<thead>
<tr>
<th>Foundation plan</th>
<th>Floor plan</th>
<th>Cross section</th>
<th>Front and rear elevations</th>
<th>Right and left side elevations</th>
</tr>
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Include a statement of the square footage of livable space for each plan.
Standardize Plans *BP

- Limit selections to three basic plans
  - Plans can have varying living areas and varying number of rooms
  - Cost estimate and use of materials will remain the same
  - Construction Supervisor and participants will become familiar with plans
- Try to standardize the cabinet and kitchen arrangement
- House plans should be prepared in advance of the formation of the first group of participants
- Only one set needs to be certified original, the rest can be copies
Choose plans based on what is in demand by surveying the target area and participants’ affordability!!
Developing Specifications

- After selecting house plans, develop a specification sheet
- If an architect is providing the plans, ask them for the spec sheet
- Use Form RD 1924-2, “Description of Materials”
- One spec sheet should be used for each participant in the first group or at least for each house plan

<table>
<thead>
<tr>
<th>DESCRIPTION OF MATERIALS</th>
<th>No.</th>
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**INSTRUCTIONS**

1. For additional information on how this form is to be completed, number of copies, etc., see the instructions to the left of the blank.
2. If any information is not applicable, write “Not applicable” in the space provided.
3. The construction shall be completed in accordance with the related drawing and the specifications contained in the Description of Materials with any applicable building code.

**TRAVERTINE**

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<th>Description</th>
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**ADDITIONAL INFORMATION**

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<th>Description</th>
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The “Description of Materials” Form 1924-2 is required
https://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/RD1924-2.PDF

Each set of plans must also have a plan certification
https://forms.sc.egov.usda.gov/efcommon/eFileServices/eForms/RD1924-25.PDF

Contact your T&MA Contractor or RD if you need assistance

Material identification should be detailed

Attach additional sheets if necessary and manufacturer’s specification sheets for equipment and/or special materials
The design must meet RD’s requirements which include:

- Must follow local and state building codes
- At a minimum, the home needs to meet RD’s Thermal Performance Standards (1924-A, Exhibit D)
- RD’s Area Loan Limit
- No smaller than 400 sq ft (exceptions can be made based on tiny home communities)
- No income producing facilities
Inspect every spec sheet for accuracy and completeness

If questions arise, the plans and specs submitted will be used by RD

Use the Guide for Inspection of Construction of Dwellings and Buildings

Construction supervisor responsible for completing the specs submitted in each loan application

The State and the RD State Architect must approve the plans and specifications
Cost Estimates

• One of an agency’s primary responsibilities is to accurately estimate the cost of each participant’s home before it is built.
• These cost estimates must be accurate, they eventually become the participant’s 502 mortgage.
• Avoid estimates that are unrealistically low.
• Cost estimates can include up to a 5% contingency for unforeseen costs, but try not to underestimate costs.
If there is a significant gap between the time of actual construction and when the cost estimates were obtained, update the figures to reflect current market prices.
Construction Materials Cost Estimate

To create a material list (take-off), the Construction Supervisor must:

✓ Review the drawings of a single house plan
✓ Record the materials that are called for in the drawings

Once the take-off is completed, you should have a full listing of all materials (quantity and quality) required
After obtaining the material bids, visit the supplier

Meet the salesperson

Discuss delivery format, return policy, service area and inquire about credit accounts for the participants

Look for discounts for bulk purchases or get a guarantee on prices in advance
Subcontractor Bids

After obtaining subcontractor bids:
✓ Interview the potential subcontractors
✓ Ask for and check client references
✓ View their past jobs
✓ Determine their integrity and timeliness
✓ Get a copy of their license and insurance coverage – check the expiration date of both
✓ Provide a list of potential subcontractors to RD for the DNP portal check

Include the participants in this process, they will be signing the contracts

Advise the participants, explain benefits and drawbacks concerning the subcontractors
Prepare a construction contract (sample in handbook) and attach the subcontractor bids

Participants and subcontractors sign the construction contract

Rural Development’s contract is preferred

If construction contracts other than RD’s are to be used, get RD approval
Land and other variable costs

In addition to direct costs, soft costs need to be determined

Soft costs include:
- Land
- Fees (permits, surveys, closing costs, etc.)
- Site improvements (grading, fences, driveways)
- Landscaping
- Contingency funds (up to 5%)
Preparing House Designs

A General Flow of Events

I. Research Building Standards
   - Determine local building codes
   - Determine acceptable RD design

II. Select House Designs
   *BP Have the house designs approved by RD as early as possible to ensure they meet RD standards

III. Get Plans Certified
IV. Estimate Costs for Each House Design

- Prepare material take-offs
- Determine which construction jobs to subcontract
- Issue request for bids, evaluate bids, select suppliers and subcontractors

V. Involve Individual Families

- Each family selects their lot and house plan
VI. Prepare House Documents for 502 Dockets (for each household)
- Detailed house plans and specs
- Plot plan
- Water/waste disposal system (if applicable)
- Cost estimate

VII. Send Docket to RD for Approval

VIII. Send House Documents to Local Officials
- Obtain building permit

IX. Construction
Construction Contract

- See Guide for sample of the RD Construction Contract, Form RD 1924-6
- Other contracts can be used with approval from RD
Guideline for Purchase of Bidding Supplies/Soliciting Subcontractors

- A guideline will need to be established
- Organizations may use their own procurement policies and procedures
- They must meet the *minimum* standards for OMB requirements
See **Application Handbook** for Samples

- ✓ Cost estimate summary
- ✓ Construction task matrix
- ✓ Self-help family time sheets
A self-help organization needs:

- A good program
- A sound budget
- A committed Board of Directors
- Qualified and motivated staff!
The regulations require:

- Proposed hiring schedule
- Availability of prospective employees
- Job descriptions
- Resumes of employees
- Board’s signed statement that authorizes the Executive Director to hire the necessary staff
A hiring schedule should be included in the application.

Include all positions that will be paid out of self-help housing grant funds.

*BP See Application Handbook for a sample.
Hiring Schedule Should Indicate:

- Which positions are filled
- The anticipated hiring date of the remaining positions
- Which positions will be full-time? Part-time?
- What percentage of their time will be charged to the self-help program
Availability of Prospective Employees

To prove the existence of potential candidates, include a resume and letter of commitment from the candidate.

If waiting until grant approval, include a description of how needed staff will be located and a brief report on available personnel in the area.
• **Identifying the availability of personnel in the area will require:**
  
  ✓ the number of applications received for the job advertised
  
  ✓ a narrative describing the expected hiring process

• **Rural Development needs to be notified for approval *prior* to hiring changes occurring**
Job Descriptions

- Job descriptions for each position paid for with grant funds are required
- Samples in Handbook
- Typical staff positions:
  - Executive / Project Director
  - Group Coordinator
  - Construction Supervisor
  - Secretary / Bookkeeper
Resumes are required for each position paid for with grant funds.

Make sure they are updated to include their current position.
Board Signed Statement

A resolution from the Board is required. It should authorize the Executive Director to hire or employ the necessary staff.
8. Authorized Representative of Applicant

Provide the name, address and official position of the applicant’s representative that is authorized to act for the applicant and work with Rural Development.

A copy of the authorizing resolution should be included here.
9. Budget Information – Non-Construction

Requirements:

- 424-A
- Detailed Budget
- Detailed Budget Narrative
- Budget must be on form SF-424A, “Budget Information (Non-Construction Programs)
- Complete it using the example in the Application Handbook
- Look online for the most recent version
Detailed budget

- Include a *detailed* budget
- See sample worksheet in Application Handbook
- Remember to include funds for National Rural Self-Help Housing Association (NRSHHA) dues

**Detailed budget narrative**

- Include a *detailed* budget narrative
- See sample in Application Handbook
*BP Do a *realistic* budget before determining your TA grant amount to see if your budget is truly realistic and falls within RD’s guidelines.

The TA Grant amount depends on organization’s experience and capacity.

Maximum amount for any grant period will be limited to a certain TA cost per house.
Authorized expenses:

- Personnel salaries
- Reasonable office expenses and supplies
- Employment benefit costs
- Purchase or lease of power tools
- Insurance
- Reasonable fees for training
- Consultant and legal fees
- Annual audits

Prohibited use of funds:

- Paying for labor on the houses
- Purchasing real estate or building materials for the families
- Paying any debts, expenses or costs to the participants
- Any lobbying activities prohibited in 2CFR 200 Subpart F
- Any costs or debts incurred prior to the start date of the grant
10. Indirect or Direct Cost

TRANSMITTAL LETTER  RESPONSE  PROPOSAL
An approved direct or indirect cost policy must be submitted

- Document the indirect cost rate, if the organization already has one
- If single funded and using direct cost, the budget narrative approved by the Board will be the direct cost policy
If a new indirect policy is needed:

- Prepare proposal for submission to the Department of the Interior (DOI) for approval and include proposal in application
- DOI will not review proposal until grant is approved
- You could also elect to use the 10% de minimus rate
11. Monthly Activities Schedule

A finalized monthly activity schedule is necessary. Monthly activities schedules allow for:

- Setting specific goals
- Identifying time targets
- Identifying persons responsible for tasks
- Letting everyone know what he/she is supposed to do and whether or not they are on target
- Identifying potential problems and opportunities
- Improving decision-making process
- Focusing on grant activities to results
When planning, estimate a time range instead of a specific date, this keeps your schedule more realistic.

The four most significant time elements are:

- Duration of each step
- Earliest time each step may be started
- Latest time each step may be started
- Latest time each step may be completed
▪ It takes everyone’s commitment to implement the self-help project

▪ The activity schedule should not be created and forgotten

▪ Use it to stay on track

▪ Adjust if necessary

▪ See Application Handbook for samples
The included schedule must contain:

- The number of groups
- The number in each group
- Starting and ending dates for recruitment, loan processing and construction
- Must have months indicated
12. Personnel Practices and Procedures

- A copy of the most recent personnel policies is required
  Must be in compliance with federal, state and local laws that affect employees

- Personnel forms also need to be included in the application and should include:
  - Time Sheets
  - Travel Advance Requests
  - Mileage Forms
  - Leave Requests
  - Employment application
A resolution must be adopted by the Board of Directors (or other governing body):

Authorizing one or more specified persons to act on organization’s behalf. It must state that they are able to:

- Sign the Grant Agreement, 1944-I, Exhibit A
- Sign Form RD 400-4 “Assurance Agreement”
- Work with RD on the self-help program
- Must include person’s name, title, address

Sample in Application Handbook
14. Assurance Agreement

- **RD Form 400-4**
- Commits your organization to carry out the provisions of Title VI of the Civil Rights Act of 1964
- Include a signed copy of this form
- Sample form in Application Handbook
15. Fidelity Bond Coverage

- Provide evidence of adequate fidelity bond coverage/ employee dishonesty insurance
- \*BP Amount of the coverage should be at least equal to the amount of funds and property the organization will have at anytime
- All staff who have authority to make purchases, execute contracts or sign checks should be covered
- Read 2CFR200, deals with “Bonding and Insurance”
  - Determine how it applies to you
  - Review it with a lawyer and accountant
- Complete form RD 440-24 “Position Fidelity Schedule Bond Declarations” to demonstrate compliance
16. Evidence of Interest-Bearing Checking Account and Statement of Repayment of Interest

- Submit a copy of the account agreement of your two-signature interest-bearing checking account.
- Include a signed statement saying that the organization will return, on a quarterly basis, any interest earned in excess of $500 per year.
  - If the grantee is a public body, interest in excess of $100 must be repaid.
- Reference 1944.411(g) for a waiver if necessary.
17. Group/Participation Agreement (including Exhibit B-2)

- Include a copy of your agreement *(Samples in Handbook)*
- It must include Exhibit B-2, indicating the breakdown of construction *(for new construction)*
- *BP* Each member of the group must read the document or have the document read to him/her, thoroughly understand it, and sign it
- *BP* The enforcement of the membership agreement is key to the success of the program
- For Rehab, include how hours will be tracked and how cost savings will be calculated
18. Request for Obligation of Funds Form RD

- Include this completed form, RD 1940-1
- At item 45, on the back, have the authorized representative sign and date the form
- See Application Handbook for sample
19. Self-Help TA Grant Agreement

Grant Agreement is 1944-I Exhibit A

Sign, but don’t date copy of the agreement

Critical to read and understand agreement
20. Certification Regarding Lobbying

Include a signed and dated RD 1940-Q, Exhibit A-1

See Handbook for form

Certification Regarding Contracting, Grants and Loans

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federalgrant or Federal loan, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant or loan.

2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant or loan, the undersigned shall complete and submit Standard Form – 425, "Disclosure of Lobbying Activities," in accordance with its instructions.

3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including contracts, subcontracts, and subgrants under grants and loans) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1552, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

(name) (date)

(title)
21. Statement of Compliance

- Include a statement that the organization complies with the requirements of the appropriate 2 CFR 200, 400 & 415 (or 2CFR 200, 400 & 416 if a state or local government)

- Know what you are agreeing to - 2 CFR 200 establishes uniform requirements for administration of grants

- Authorized rep must sign and date it

- Usually on agency letterhead

- See sample letter in Application Handbook
Part 400 says that USDA adopts 2 CFR 200 Parts A-F in accordance with grant regulations, so that the entire contents of the “Uniform Guidance” is what governs the grant management.

This deals with having uniform administrative requirements, cost principles and audit requirements.
Part 415 (or 416 for State/Local Govt) is specific to Dept of Agriculture (vs. all federal funding rules outlined in Uniform Guidance) for General Administrative Regulations

Part 415 then breaks down further into the subparts

- **A-Application for Federal Assistance**
  - Assuring competition in awarding (or in subawards)

- **B-Miscellaneous**
  - Audiovisuals/Publications will clearly identify USDA support

- **C-Intergovernmental Review – Dept of Agriculture**
  - Intention of fostering intergovernmental partnership between federal (interagency), state, and local programs
  - Describes processing and comment periods
  - Seeks simplification, efficiency
22. RD Area Managers’ Recommendation

Hold a section for this to be added later by RD
23. T&MA Contractor’s Review and Recommendation

Hold a section for this to be added later by RD

Required under National Office Contract
Hold a section for this to be added later by RD
25. Narrative Statement

The narrative statement should begin with a short paragraph that summarizes:

- Number of homes proposed
- Area to be served
- How much grant funds are being requested
- What time period is planned (usually 24 months but can be less)
A description of the area to be served is needed

*BP Include maps, population and housing statistics

*BP Collect current data, include only what supports the need

**Sources:** U.S. Census, State Housing Finance Authority, local government housing plan, area housing authorities, area Board of Realtors
Include housing conditions and why families need self-help housing


A need occurs when very low and low-income families want their own homes but adequate, affordable housing is not available to them!
Prove affordability!

- Estimate the cost of the self-help homes to the participants
- Give estimate of monthly principle, interest, taxes, insurance (PITI) payments and total debt ratios
- Compare this figure to the cost of homes in the area
- Provide evidence of low-income families willing to contribute labor

This information was included earlier in the application, refer the reviewer to the correct section
Evidence of community support is required

- Include letters of support from local officials, individuals and community organizations

*BP Develop and distribute brochures or fact sheets. Develop a relationship with the media. Know the benefits and drawbacks of the program. You will be asked!
Benefits of community support:

- Help organization with leveraging additional dollars for incorporation and start up
- Provide needed political support from town and county governments
- Help create a positive self-help housing image
Sources of Community Support

- Those in need of improved housing
- Town and county governments
- Churches/religious groups
- Civic organizations
- Social service agencies
- Other nonprofits
- General public
- Business/industry sectors
- Media
For a Rehab Grant

- Include policies and procedures for the program
- Minimum / Maximum rehab cost per home
- Relocation policy, if any

- A financial statement is required and should be prepared by an accountant (or by the sponsor’s accountant), and must be no more than 12 months old.
- Must be dated and signed by the Executive Director or Board President.
- Needs to show the specific nature of assets and liabilities.
- The most recent audit is also required.
- If using a sponsor, the same type of financial statement is required of them.
A plan is required of how you propose to reach the very low income families

- It is important to reach families that are living in housing that is deteriorated, dilapidate, overcrowded or lacking in adequate plumbing
- VLI- *Minimum* of 40% of total families building in program should be VLI
- Develop a marketing strategy that will reach and recruit the families needed for your program
28. HUD Fair Housing Marketing Plan 935.2B

Affirmative Fair Housing Marketing Plan
HUD Form 935.2b, required
- Follow instructions
- Use accurate information
- Marketing plan designed to attract those “least likely to apply”
- Special outreach for those groups required
- Plan approved and monitored by Rural Development
- See Form in Application Handbook
29. Determination of TA Grant Amount (for new construction)

- Amount of grant depends on experience and capability of applicant
- Must be justified based on the number of participants assisted
- Three methods for determining grant (four including rehab)
Method A: The Equivalent Value of Modest Housing (EVMH) x 15% x Number of Homes Proposed = Maximum TA Budget

$\text{___________} \times 0.15 \times \text{______} = \$\text{_________________}$

Example:

EVMH = $200,000 \times 0.15 = $30,000 \text{ (TA per home)} \times 12 \text{ homes} = $360,000 \text{ (amount of grant request)}
RD Letter for EVMH

- Include a letter from RD identifying the equivalent value of comparable contractor-built 502 homes, less than 12 months
- Include total square feet and total living area
- Should include the actual or projected cost of an acceptable site and site development
Method B: EVMH – Average mortgage - $1,000 = Maximum TA cost per house (This can only be used by experienced grantees or those who know what their mortgages will be.)

Example: $150,000-$120,000-$1,000=$29,000

Method C: Amount established by the State Director to accomplish a particular goal

*BP Use worksheet in Application Handbook to calculate maximum per unit TA amount
Determination of TA Grant Amount (for rehab)

- Rehab is determined by a negotiated amount
- RD made a goal of having the TA cost be less than or equal to the cost savings of the participants
- There are 3 ways to determine cost savings
  - Include examples of all three
  - See Application Handbook for examples
1. **Contractor Cost Savings**
   Compares contractor bids or estimating software costs to participant work

2. **Appraised Value**
   Compares the improved cost of the home to the appraised value

3. **Hourly Rate of Labor Contribution**
   Establishes an hourly rate for the job and multiplies the number of hours the participant will work
Method of TA Cost Calculation

- Include the calculation of how the total grant amount was calculated
- Indicate which allowable method was used
- See sample calculations in Handbook
30. Intergovernmental Review Submittal

- This section needs to contain proof that the application was submitted to the appropriate state official for review.
- Not all states have this requirement.
- **Google SPOC** (State Single Point of Contact) list for state contacts (list for 2020 in Application Handbook).
- If required, send the SF-424 and SF-424A along with a narrative – the whole application is not needed.
31. Civil Rights Impact Analysis Certification, Form RD 2006-38

- Form RD 2006-38 2006-P, 2006.754(b)
- Rural Development will complete this form
- Hold a spot for this in the application
32. Compliance Review (pre-award)

- Hold a section for this to be added later by RD
- RD may request that the grantee complete Section 1, Statistical Information
- Demographic information for interested applicants and participants should be kept to provide to RD
- Sample form in Application Handbook
33. OGC Review (if necessary)

- If necessary, RD may send organizational documents for OGC for their review
- Hold a section for this to be added later by RD
RD requires that the organization have the financial, legal, and administrative capacity to carry out the responsibilities of the grant.

A narrative statement about the organization’s previous experience and capacity to carry out the Grant Agreement is required. It may include:

- Summaries of previous and current RD funded programs
- Summaries of previous and current other programs
- Description of current capabilities (management, admin, staffing, financial, etc.)
- Experience or capability of relevant staff and Board members
- Objectives of the organization

One must be “Production of affordable housing”
35. Organizational Papers

- A copy of the provisions of state law under which the corporation was organized, or an accurate reference to the provision(s) organized under
- Articles of Incorporation (certified, signed and dated)
- Bylaws (certified, signed and dated)
- Board list (5+, names, addresses, titles)
  - For smaller orgs, less than 5 staff members, boards of 3 OK
- Certificate of Incorporation
- 501(c)(3) certificate
- Evidence of Good Standing from Secretary of State
- If another organization is a member of your organization – its name, address and principal business
- If not formally organized, submit proposed documents
Putting the Application Together
Use the Rural Development Checklist for order and format

Include a Table of Contents and tab the sections

*BP Check every page for completeness, signatures and dates

*BP Send the application to your T&MA Contractor first for a draft review

Submit electronically, we will send it to the designated Rural Development office

*BP See Application Handbook for links to forms
F. Developing a Self-Help Housing Program / Know the Program
Developing a Self-Help Housing Program

- *BP* Be realistic. Go into the process with your eyes open.
- *BP* Know that this is a lengthy process.
- *BP* Recognize the commitment of staff and board time.
- *BP* Be aware that housing is a political animal and requires community support.
- *BP* Don’t expect overnight success.
- *BP* Set realistic expectations.

Application Training
Be committed and serious about developing a self-help program

- Housing will need to be a priority for you
- Accountabilities are high
- Strive to meet time frames set
- Recognize fiscal responsibilities and advantages of self-help housing for your organization
Other ingredients to develop a successful self-help housing program include:

- Obtain all applicable housing regulations
- Subscribe to or request housing publications such as HAC News, NRHC Legislative Update, RD’s GovDelivery
- Have access to federal and state registers
- Join the mailing list of your state housing finance agency
✓ Build a housing resource library
✓ Join your state housing coalitions
✓ Join local and state chapters of housing groups
✓ Know your local housing market
✓ Provide proper orientations and training of the program for board and staff
✓ Visit another self-help housing organization
Program Decisions

*BP Determine the number of homes to build

✓ Be very realistic!
✓ Consider availability of suitable building sites
✓ Consider need for housing in your selected area
✓ Consider number of persons eligible to participate
Determine ways in which to reach very-low income

- Know your target market
- This will help you determine methods of outreach, time needed, manpower necessary and cost
- There is more on recruitment later in the training
Determine staff needs and size

Should correlate with number of homes to be built

Traditionally for a small Self-Help organization, staff consists of 3-4 positions. Areas of responsibility include:

- Executive Director/Project Director
- Group Coordinator/Loan Packager
- Secretary/Bookkeeper
- Construction Supervisor
Know the Program

- **BP** RD instructions provide policy, guidance, and basis for the program operations. Be familiar with them.


- **BP** Know 1944-I!

- Please refer to the Application Handbook for a list of other regulations to become familiar with
*BP You can print out the 1944-I and HB-1 3550 but these instructions change often, so we encourage the use of the internet
F. Grant Closing and Drawdowns
Request for Advance or Reimbursement, Form SF-270

- Form completed monthly and submitted to RD along with a working budget
- Used to notify RD of the grant funds used during the previous month, the unspent funds on hand, and the projected need for the next month
- Written justification should be forwarded if amount exceeds the projected need for the next 30 days
- Must be in the correct RD office 15 days prior to the beginning of the month
- Payment is usually handled electronically, sign paperwork to make this happen
▪ Rural Development can establish an electronic transfer for the funds

▪ They will need the routing and account numbers

▪ The first grant draw can be for the month in which the grant was closed, the following month and can include funds for tool and equipment purchases
Fair Housing
Introduction

The right to fair housing is set by law

Training in this area is crucial

Affects every staff person in the self-help program

Right to fair housing enforced by formal complaint process, litigation, testing and monitoring

Lack of knowledge is not an acceptable excuse
The Fair Housing Act

- Prohibits discrimination because of:
  - Race or color
  - National origin
  - Religion
  - Sex
  - Familial status
  - Handicap / Disability

- Covers most housing - definitely housing that is federally financed

- Law effects sale and mortgage
Other Applicable Laws

Know that housing laws exist and must be enforced. Such laws include:

- Title VI of the Civil Rights Act of 1964
- Section 504 of the Rehabilitation Act of 1973
- Age Discrimination Act of 1975
- Title II of the Americans with Disabilities Act
- Section 109 of the Housing and Community Development Act of 1974
- Title VIII, Title VI
- Record keeping requirements: racial & ethnic data ((1901.202(g))


USDA: http://www.rurdev.usda.gov
Affirmative Far Housing Marketing Plan

- HUD Form 935.2b, required for self-help program
- Follow instructions
- Use accurate information
- Marketing plan designed to attract those “least likely to apply”
- Special outreach for those groups required
- Plan approved and monitored by Rural Development
Fair Housing Advertising

To comply with Fair Housing Act, the following requirements must be met:

- No discriminatory or limiting words or phrases allowed
- No selective use of media and models which can lead to discriminatory results
- Use fair housing policies and practices
- All advertising for real estate must contain the equal housing opportunity logotype, statement or slogan
Equal Housing Opportunity Logotype -

Equal Housing Opportunity Slogan

“Equal Housing Opportunity”

Equal Housing Opportunity Statement

“We are pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the Nation. We encourage and support affirmative fair housing advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, handicap, familial status, or national origin.”
Participant Selection and the Membership Agreement

- *BP Two ways to ensure that all fair housing laws are being followed
  - Consistency
  - Documentation

- A person with a disability cannot be denied the right to participate in the Mutual Self-Help Housing Program

- RD and grantees are to make reasonable accommodations which allow someone with a disability to participate
“Participating family” definition allows substitute labor with prior approval by State Director

In reward or corrective action, participants should be treated equally

*BP Follow rules in Membership Agreement, always
Identifying and Solving Potential Fair Housing Problems

Contact Rural Development or HUD immediately

Use mediation and all available resources

Understand the complaint process
  - Complaints must be filed within one year
  - Either HUD or RD may investigate
  - Try to reach a conciliation agreement
  - If agreement breached, further legal action taken
Additional Resources

Various fair housing training materials exist

HUD’s Fair Housing Information Clearinghouse has brochures, videos, PSAs, posters

Rural Development can also provide materials and training
Stay in Compliance

*BP Review the Affirmative Fair Housing Marketing Plan every quarter to ensure compliance

Enforce Fair Housing Advertising requirements

Display Fair Housing Posters as required by RD

Questions should be addressed to State Civil Right’s Coordinator
The End