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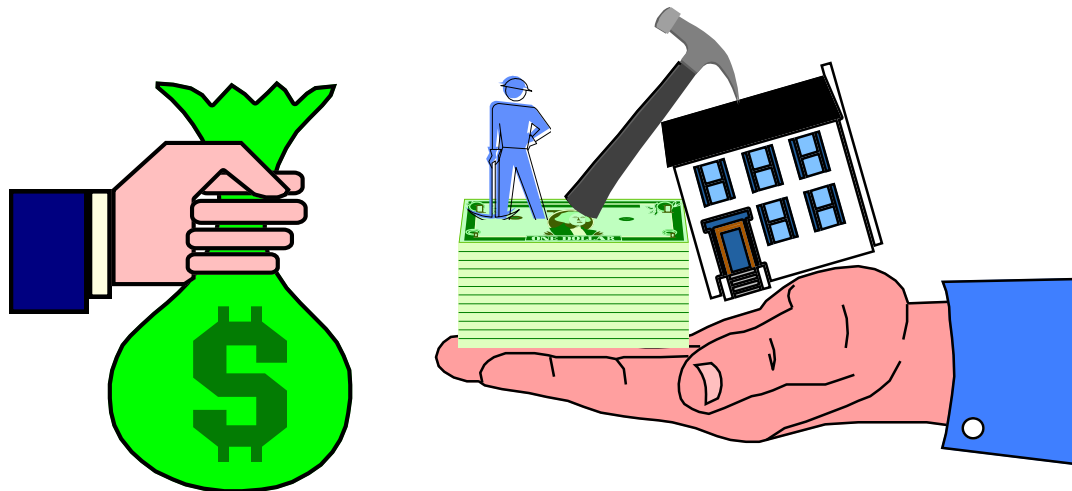
# **BUILDING HOME**

**Match**

# Match



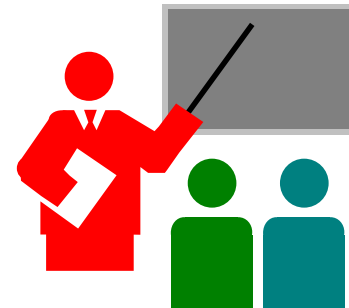
- This chapter covers:
  - ◆ Basic facts about match
  - ◆ Eligible and ineligible forms of match
  - ◆ How to meet the match obligation





# Match Basics

- PJs must match 25% of HOME funds drawn down for project costs
  - ◆ Match must be a *permanent contribution* to the HOME Program
- Match liability must be satisfied by end of federal fiscal year





# Match Requirements

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- No match required for:
  - ◆ FY 1992 funds
  - ◆ Admin and planning costs
  - ◆ Funds to CHDOs for:
    - Operating expenses
    - Capacity building
    - Pre-development loans for projects that don't go forward
  - ◆ Shortfall funds



# Eligible Sources of Match

- Cash or “cash equivalents”
- Value of waived taxes (HOME projects only), fees or charges
- Value of donated land/real property
- Cost of infrastructure improvements related to HOME projects
- Percentage of proceeds of housing bonds





# Eligible Sources of Match

- Value of donated materials and labor
- Sweat equity
- Direct costs of supportive services to residents of HOME projects
- Direct costs of homebuyer counseling to HOME-assisted households



# Cash and Cash Equivalents

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- Cash must be:
  - ◆ From a non-federal source
  - ◆ Permanent contribution
- Cash equivalents means the value of grants and below-market interest rate loans
  - ◆ Match notice includes guidance on calculations



# Forbearance of Fees

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- Two kinds of waived fees may be counted as match:
  - ◆ State and local taxes, fees and charges
    - Only on HOME-assisted projects
    - Value of foregone real estate taxes must be based on after-rehab value
  - ◆ Other charges and fees
    - Fees associated with property transfer or development



# Donated Land/Real Property

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- Can be donated or sold at below-market value
- Can be for a HOME-assisted or HOME-eligible
- Property acquired with non-federal funds counted at 100% of its value
- Match credited when ownership is transferred

# Property Acquired with Federal Funds



- To get match credit:
  - ◆ Property must have been acquired for HOME-assisted or HOME-eligible project
  - ◆ Property must have been acquired at or below the appraised value
  - ◆ Seller must acknowledge the sale at or below market value as a donation to HOME
- Amount of credit varies according to different circumstances



# Infrastructure

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- To get credit, infrastructure must be:
  - ◆ Directly facilitate the occupancy of HOME-assisted project
  - ◆ Completed with the HOME project or within 12 months prior to HOME funding commitment
  - ◆ Paid for with non-federal funds
- In HOME and non-HOME housing, investment must be prorated



# Infrastructure

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- Investment in infrastructure credited:
  - ◆ When funds are expended OR
  - ◆ If improvements made prior to HOME commitment, when HOME funds are committed
- HOME projects only



# Housing Bond Proceeds

- No more than 25% of a PJ's total match obligation can be met through loans made with bond proceeds
- To be eligible, proceeds must be provided to either HOME-assisted or HOME-eligible units





# Housing Bond Proceeds

- Limitations on the amount of match credit that can be counted:
  - ◆ 50% of loans to multi-family projects
  - ◆ 25% of loans to single family projects
- Loans from bond proceeds credited at loan closing



# Donated Labor, Services, Equipment and Materials



- To count donated material, PJs must use normal cost estimating procedures to determine value
- To get credit for donated or reduced-rate equipment,
  - ◆ Calculate normal rental rate
  - ◆ Document with letter from equipment owner



# Donated Labor, Services, Equipment and Materials



- For donated or reduced-rate labor or services,
  - ◆ HUD publishes rates for donated unskilled labor
  - ◆ Skilled labor valued at rate normally charged for the service
- Donations credited at time they are used/contributed to the project





# Sweat Equity

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- Must be contributed as part of an established program of the PJ
  - ◆ Calculate at rate of unskilled labor (provided by HUD)
- Can be contributed up until project completion report submitted



# Supportive Services

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- Services must be provided to residents of HOME-assisted units
- Services must be:
  - ◆ Paid for with non-federal funds
  - ◆ Provided during affordability period
  - ◆ Necessary for independent living OR required in self-sufficiency program
- Match credited when services are provided



# Homebuyer Counseling

- Value of counseling credited only for HOME-assisted homebuyer families
- Ongoing counseling during the affordability period is eligible as match
- Match credited when counseling provided





# Ineligible Match Sources

- Contributions from federal sources
- Interest rate subsidy from tax-exempt financing or tax credits
- Owner equity/investment in a project (except sweat equity)
- Cash/contributions from applicants or recipients
- PJ's administrative cost
- Match for any other federal program

# Meeting the Match Obligation

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- Plan ahead
- Consider timing
- Be creative
- Set up a system
- Have a long-term strategy