§ 954.302 Income determinations.

Whenever a grantee makes a determination under this part based on family income or adjusted family income, it must use the definitions of annual income, adjusted income, monthly income, and monthly adjusted income, as those terms are defined in 24 CFR part...
§ 954.303 Eligible project costs.

HOME funds may be used to pay the following eligible costs:

(a) Development hard costs. The actual cost of constructing or rehabilitating housing. These costs include the following:

(1) For new construction, costs to meet the applicable new construction standards of the grantee and the Model Energy Code referred to in §954.401;

(2) For rehabilitation, costs:

(i) To meet the applicable rehabilitation standards of the grantee or correcting substandard conditions (minimally, the housing quality standards at §882.109 of this title), to make essential improvements including energy-related repairs or improvements, improvements necessary to permit the use by handicapped persons, and the abatement of lead-based paint hazards, as required by §954.4, and to repair or replace major housing systems in danger of failure; and

(ii) To refinance existing debt secured by a single-family owner-occupied unit when loaning HOME funds to rehabilitate the unit, if the overall housing costs of the borrower will be reduced and made more affordable.

(3) For both new construction and rehabilitation, costs to demolish existing structures and for improvements to the project site that are in keeping with improvements of surrounding, standard projects, and costs to make utility connections. The “site” of the improvements include roads, streets, sidewalks, curbs, gutters, and connections to utilities, such as storm and sanitary sewers, water supply, gas, and electricity, and the pro rata development cost of facilities for water supply and sewerage collection utilities.

(4) For new construction or substantial rehabilitation (an expenditure of $25,000 or more per home) the cost of funding an initial operating deficit reserve, which is a reserve to meet any shortfall in project income during the period of project rent-up (not to exceed 18 months) and which may only be used to pay operating expenses, reserve for replacement payments, and debt service. Any HOME funds placed in an operating deficit reserve that remain unexpended when the reserve terminates must be returned to the grantee’s account and shall be reprogrammed for other activities eligible under this part or returned to HUD promptly.

(b) Acquisition costs. Costs of acquiring improved or unimproved real property, including acquisition by homebuyers.

(c) Related soft costs. Other reasonable and necessary costs incurred by the owner and associated with the financing, or development (or both) of new construction, rehabilitation or acquisition of housing assisted with HOME funds. These costs include, but are not limited to:

(1) Architectural, engineering or related professional services required to prepare plans, drawings, specifications, or work write-ups;

(2) Costs to process and settle the financing for a project, such as private lender origination fees, credit reports, fees for title evidence, fees for recordation and filing of legal documents, building permits, attorneys’ fees, private appraisal fees and fees for an independent cost estimate, builder and developer fees;

(3) Costs of a project audit that the grantee may require with respect to the development of a specific project; and

(4) Costs to pay impact fees that are charged to all housing.

(d) Relocation costs. Costs of relocation payments and other relocation assistance for permanently and temporarily relocated individuals, families,