Community HOME Investment Program (CHIP)
Successful Partnerships

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Presentation Overview

- CHIP Overview
- Applicant Eligibility Requirements
- Key Federal Requirements
- Gainesville project example
DCA’s Goal for CHIP Funds

To locate funds in communities with:

- The highest capacity to undertake the work
- Clear housing needs
- Clear housing plans
What is CHIP?

**Community HOME Investment Program**

- Rehab & New Construction of Single Family Homes
- Funded with Federal HUD HOME funds
- $3-6 million statewide annually
- 10-20 grantees per year
- Over last 20 years: $34 million for 4,000 households
Eligible Communities

- City and County Governments
- Public Housing Authorities
- Nonprofits with 501(c)(3) or (c)(4) designation
2017 Application

Application information at
DCA CHIP website:

http://www.dca.state.ga.us/housing/housingdevelopment/programs/CHIPApplication.asp

Applications are due:
Thursday, December 1, 2016 at 4:00 p.m.
Eligible homeowner for rehab projects must:

- Be <80% Average Median Income
- Own property
- Use property as primary residence
- Must be a US citizen or have legal immigration status
Home Owner Relocation During Renovations

- The grantee is responsible for ensuring that homeowners have safe and decent housing during the rehabilitation of their homes.
- Cannot use CHIP funds

Create a plan:
- Stay with relatives?
- Stay in the house with power and water turned on each day?
- Stay in a hotel/motel paid for by grantee?
Rehabilitation Requirements

- Must bring home up to code
- Must test for and abate Lead Paint if the home was built prior to 1978
Home Buyer Responsibilities

- Homebuyers must contribute $1,000
- Homebuyers must receive housing counseling.

  Housing counseling fee must not exceed $100 and can be included as the Grantee’s Project Delivery Costs or be added to the $1,000 homebuyer’s contribution.
Homeowner Lien:

- A lien for the amount of the rehab/new construction cost
- Forgivable over time
- Money owed back if home is sold and if there are funds received

Example: 5 year lien for $25,000 rehab
  Sold at year 4 = $5,000 owed from net sale proceeds

Lien periods:
- 5 Years for Rehab
- 10 Years for Reconstruction
- 15 Years for New Construction
New Construction Deadline

- Must sell property within 9 months of construction completion or it reverts to rental = 20 years of affordability monitoring and maintenance
Variables that each grantee needs to know:

- Fair market value
- Construction cost
- Sale price that would be affordable for an 80% AMI buyer
CHIP Rules:

- Only $20,000 is allowed for developer subsidy to cover construction cost over fair market value
- Only $14,999 is allowed for homebuyer subsidy
New Construction Financing (3 of 4)

Example:

- Fair market value: $100,000
- Construction Cost: $120,000 maximum allowed
- Sale price that would be affordable: $85,000 minimum allowed

Therefore:

- The total CHIP invested would be $120,000
- The total program income would be $85,000
- The total homebuyer lien would be $15,000
- Total CHIP subsidy would be $20,000
New Construction Financing (4 of 4)

Using the example:

**Program Income: $85,000**

- The grantee can use the $85,000 in program income for HOME eligible projects (rehab, new construction, etc.) for HOME eligible families (80% AMI, etc.).

- Must report use to DCA the first time the funds are “recycled”

**Homebuyer lien: $14,999**

- A forgivable loan reduced 1/15 each year for 15 years must be repaid if the home is sold
Gainesville Example

- Awarded $306,000 in 2012
- Projects completed between 3/2014 – 9/2015
- $18,000 in Down Payment Assistance to 3 home buyers
- $78,000 in Rehab Assistance for 2 homeowners
- $207,000 in Reconstruction for 2 homeowners
Questions and Resources

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- CHIP Application and Information Website: Google: [DCA CHIP](#)
- [HUD HOME Investment Partnership Program](#)
- [DCA Housing Outreach Staff](#)
- [Regional Commissions](#)
- Grants Administrators
Links

These are from the other slides copied here for your reference:

DCA CHIP Program:

http://www.dca.state.ga.us/housing/housingdevelopment/programs/homeinvestment.asp

Georgia Initiative for Community Housing:

http://www.dca.state.ga.us/communities/CommunityInitiatives/programs/GICH.asp

HOME regulations and guides:

https://www.hudexchange.info/programs/home/

Census data map:

http://georgia-dca.maps.arcgis.com/home/webmap/viewer.html?webmap=37ea2152c1c046f38f888c86bcb249af

HUD Section 8 income limits:

HUD Section 8 Income Thresholds

DCA Housing Outreach Team regional map:

http://dca.state.ga.us/communities/CommunityInitiatives/documents/HousingOutreachTeammaprev_06_03_13.pdf

Map of Regional Commissions

http://www.dca.state.ga.us/development/planningqualitygrowth/documents/laws.rules.guidelines.etc/map.regions.pdf