

Program Guidelines

Mercer County Affordable Housing Fund PA Act 137 of 1992



September 4, 2002

Recommended by:

Mercer County Affordable Housing Fund Board

To:

Mercer County Board of Commissioners

Background

The Mercer County Affordable Housing Fund Board recommends these guidelines for funding assistance provided from the Mercer County Affordable Housing Fund. The guidelines specify types of projects, applications for funds, ranking and selection of projects, and program administration. The goal is a workable, fair, and productive program to be employed to guide use of the fund.

Program guidelines

Program guidelines revolve around three basic decisions:

Decision #1: How to define affordable housing activities eligible under the act?

The Mercer County Affordable Housing Fund encourages projects meeting the broad intent of Act 137:

“Affordable housing effort – Any program or project approved by the county commissioners which increases the availability of quality housing, either sales or rental, to any county resident whose annual income is less than the median income of the county.”

Specifically, for Mercer County’s program:

- Both development projects and operational funding are eligible.
- There shall be a 20% cap on funding awarded to operational activities in any funding cycle.
- Activities targeting households up to 100% of county median income are eligible.

Decision #2: How to select projects for funding under the act?

A three-part system shall be used to select projects for funding on an periodic basis:

1. An administrative agency shall be designated by the county commissioners to seek applications for funding and conduct a professional, objective review of applications. (The Mercer County Regional Planning Commission was so designated for this purpose.)
2. An advisory board with membership approved by the county commissioners shall be established to cooperate with the administering agency. The advisory board should represent various affordable housing interests and regions of the county, participate with the administering agency in the review and ranking of applications, and recommend projects for funding. (The Mercer County Affordable Housing Fund Board was created by Resolution #23 of 2001 for this purpose.)

3. The Mercer County Board of Commissioners shall have the final authority to select projects for funding.

Applications – The administrative agency will facilitate and manage a periodic application cycle. All applications shall contain a minimum amount of information as shown on the following page – Application Content.

Selection criteria – Applications will be reviewed, ranked, and selected using objective and, where possible, measurable criteria of two types:

- *Threshold criteria* – All applications, in order to be considered for funding, must meet certain minimum criteria. Foremost among those is the leverage of non-Act 137 funds.
- *Competitive selection criteria* – Applications which meet threshold criteria shall be scored and competitively ranked based on a second set of criteria.

Criteria and a point scoring system are shown on a following page – Project Selection Criteria.

Decision #3: How to use the 15% administrative fee allowed by the act?

Operating a county affordable housing trust fund will have certain costs:

- *County recorder* – set up & manage separate fund, collect increased fee, transfer money in and out of fund.
- *County commissioners* – oversight and decision-making.
- *Administrative agency* – development of program materials, outreach & solicitation, proposal review & selection, grant agreements, and monitoring.
- *Audits* – at two levels:
 - An additional amount of work for the county’s single audit (which would address expenses from the fund).
 - The recipient’s project audit (which would be required to ensure the recipient properly spent funds for approved project activities).

Goal – The goal of the administrative system is to minimize the amount of funds used for administrative costs and to maximize the amount of funds used for project activities.

County – If the county determines it requires funding assistance to perform additional administrative tasks associated with the affordable housing trust fund, it should utilize a portion of the 15% administrative fee.

Mercer County Affordable Housing Fund Application Content

All applications must contain the following information ordered and numbered as follows:

- I. **Summary** – Provide a summary (one page maximum) of the project proposal.
- II. **Project proposal** – Describe the proposed project or activity in terms of the following:
 - A. Assessment of needs & demand for the project.
 - B. Goals & objectives of the project, measured in terms of time & quantity.
 - C. Project design, i.e., proposed activities & method of implementation.
 - D. Expected outcome & impact.
 - E. Project budget including a description of the source & use of funds for the project and unit costs for any proposed operational/service activities. *Please indicate any pending deadlines associated with other funding sources included in the project.*

(In the above narrative, the applicant should present information indicating how it addresses the four competitive selection criteria.
- III. **Eligibility** – Documentation that the applicant meets eligibility criteria.
- IV. **Site control** – Appropriate documentation that the application has control of the proposed project site (for construction/development projects only).
- V. **Municipal support letter** – Signed by the chief elected official.
- VI. **Prior year audit** – A copy of the applicant organization's most recent annual audit.

Mercer County Affordable Housing Fund Project Selection Criteria

Eligible applicants

Eligible applicants include any county or local government entity or non-profit organization located in Mercer County.

Threshold criteria

Any project to be considered for funding from the Mercer County Affordable Housing Trust Fund must meet the following criteria:

1. It must lever and utilize other (non-Act 137) funds, public or private. It may not be funded 100% by the housing trust fund.
2. It must have support, in writing signed by the chief elected official, of the municipality in which the project is located.
3. It must be able to begin implementation within 12 months of the date of the housing trust fund award letter.
4. If a development project, the applicant must have site control.
5. The applicant and project must meet PA Act 137 requirements.
6. The applicant must have a clean audit for the most recent past year.

Competitive selection criteria

All projects which meet the minimum criteria will be scored and competitively ranked based on the following criteria:

1. Leverage – 10 points

- The degree to which the project levers and utilizes new or additional non-local/county public funds, or private funds.

2. Need, problem solving & impact – 15 points

- The degree to which the project solves a problem, need, or opportunity.
- The amount of documented unmet demand or need for the project.
- The number of low-moderate income families to be served and other positive impacts to target LMI clientele.

3. Support & collaboration – 5 points

- The amount of support for the project from affected groups and stakeholders and the degree to which they and the public have participated in project planning.
- The applicant's demonstration that the project will not duplicate existing efforts, or the extent of the applicant's collaboration with other organizations in attempt to minimize duplication.
- The extent to which the project addresses appropriate plans (Mercer County Strategic Plan, area consolidated plan, local & county comprehensive plan, etc.).

4. Workability & experience – 10 points

- The workability and financial feasibility of the project and ability to be implemented in a timely manner.
- The documented experience of the applicant in relevant project.

Administrative agency – The Mercer County Regional Planning Commission is currently able to administer the fund without utilizing any of the 15% administrative fee. If MCRPC ever finds itself needing and requesting reimbursement from the fund for administrative costs, the county commissioners shall have the option to seek proposals from agencies interested in administering the fund and select the administering agency from among them. *Whatever administrative agency is selected, it shall not be allowed to apply for affordable housing trust funds* because of the conflict of interest of both applying for funds and sitting in judgment of applications.

Fund recipients – Organizations that receive affordable housing trust funds will be allowed to include charges for a necessary project audit unless audits associated with other funding sources will adequately address trust funds.

Administrative agency responsibilities

The administrative agency shall carry out the following responsibilities:

- Solicit applications for funding (and do related outreach to make sure the fund is well known and interested parties have an opportunity to apply).
- Receive and review applications and facilitate the evaluation and selection process.
- Organize the advisory board and facilitate its meetings and activities.
- Execute sub-grants between the county and fund recipients.
- Monitor project activities.
 - Receive periodic reports.
 - Attend periodic project meetings.
 - (In doing such, the administering agency should accept reports and participate in meetings required by other funding partners – i.e., HUD, PHFA, DCED, etc. – rather than create another layer of reporting.)
- Arrange for payments from the fund (preference is for progress payments made directly to the organization or its contractor by the county, but payments should be flexible to meet special needs such as an up-front “deal-making” payment).
- Coordinate and review audits including:
 - The county’s single audit (which would address expenses from the fund).
 - The recipient’s project audit (which would be required to ensure the recipient properly spent funds for approved project activities).