**Rental Program Guidelines Checklist for Project #\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Instructions:** Program Guidelines should include all items below. Indicate where each is found in the program guidelines by listing both section and page# on the checklist. Depending on the project, DED may request additional items be included in the project’s program guidelines before approval.

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| **The following requirements are addressed in the Program Guidelines** | **Section** | **NA** | **Page** |
| 1. Application Review Process – Describe process for taking in and reviewing applications and if there is a Priority Ranking System used for selection. If using ranking system, guidelines must describe system and it may not include discriminatory criteria. |  |  |  |
| 1. Maximum Per Unit Subsidy – NAHTF financial assistance for new construction and conversion projects will not exceed the maximum NAHTF per unit subsidy adjusted for number of bedrooms. HUD HOME subsidy limits are used and can be found on the DED website ([NAHTF webpage](https://opportunity.nebraska.gov/nahtf)). Rehabilitation projects will state the amount of NAHTF-assisted Rehabilitation allowed per unit. (2023 - $40,000). |  |  |  |
| 1. Income Eligibility – Units remaining affordable must be limited to households at or below 120% of the AMI or as prescribed in an awarded DED contract. Income certification must be completed within 6 months of move in date*.* Recipients shall use guidance of 24 CFR Part 5.609 for determining annual gross income. |  |  |  |
| 1. Rent Limits - Using the HUD Home Rent Limit table found on DED NAHTF web page; rents should be no more than the 65% rent limit established by HUD for the area project is located in. The HUD table assumes landlord/owner is paying utilities; therefore, the total of rent plus tenant paid utilities must fall within the 65% limit on the table. However, if the Fair Market Rent limit shown on the HUD table is lower than the 65% rent limit, project should consider using the FMR as the limit. The *Department recognizes that the HUD table may not be accurate representation of the project area’s FMR.* The rent amount needs to make sense for the area that the project is located in and considers the AMI population being targeted. *Ultimately the Project Application should be able to support the rent amount decision in Pro-Forma*. |  |  |  |
| 1. Relocation policy – Policy stating that “In the event relocation of tenants is necessary, project will follow the Nebraska Relocation Assistance Act 76-1214 to 76-1242, and where either voluntary or involuntary acquisition is anticipated, DED will be contacted prior to any action.” *Applicant should also be clear on which party will pay expense.* |  |  |  |
| 1. Enforcement of Rent and Income Limits – Project will enforce Rent and Income limits, property standards, and all NAHTF requirements during the Affordability Period through use of deed restrictions, covenants running with the land, or other mechanisms that are not affected by the term of the mortgage or transfer of ownership. Describe how project will conduct reviews and ensure that property managers are aware of all NAHTF rent, income, property standards, and reporting requirements per DED contract throughout the NAHTF affordability period*. (NAHTF-affordable units must align with rent limit allowances.* *Following* *an initial income determination, Self-Certification is acceptable form of annual income review.)* |  |  |  |
| 1. Affordability Period – NAHTF-assisted units are subject to a minimum 5-year affordability period but projects may choose longer and period is stated in application. Program Guidelines Affordability Period must be in agreement with DED contract. Describe the length of the affordability period for project and describe how the project will be managed as affordable for the length of the affordability period. |  |  |  |
| 1. Affirmative Marketing Policy - Include statement, “Project will use affirmative marketing procedures including, but not limited to, marketing to local or regional residents & tenants of public housing and manufactured housing, other families assisted by public housing agencies, and households identified to be potentially eligible but least likely to apply, including Seniors and those living with disabilities.” |  |  |  |
| 1. Nebraska Fair Housing Act - Include policy stating program will be in compliance with the Nebraska Fair Housing Act. |  |  |  |
| 1. DED Minimum Rehabilitation Standards - All purchased or rehabilitated units assisted with NAHTF funds will meet the Department’s Minimum Rehabilitation Standards and New Construction projects will meet all applicable Federal, State, and Local building codes. Project sites may not be located in a federally designated 100-year flood zone unless LOMA or current flood insurance are proven, documented and a system of annual verification is put into place. **Self-help costs incurred by private owner are not eligible for reimbursement.** |  |  |  |
| 1. Radon Mitigation Policy – As part of the application process, every tenant shall receive educational material informing them on the risks of radon. In addition, for **new construction,** a passive active radon mitigation system must be installed, and a test conducted. If test indicates need, the system will be activated. **For Rehab projects,** a test kit shall be provided to the tenant. Program guidelines *may* also cover the following: mandatory education; testing, required mitigation (installation of a radon system), steps if levels are found high, (or informed consent to avoid mitigation, etc.) *DED encourages discussions with builders, lenders & program administrators about proactive engagement of radon issues and collaboration with agencies such as Nebraska Dept. of Health and Human Service (*[*http://dhhs.ne.gov/Pages/Radon.aspx*](http://dhhs.ne.gov/Pages/Radon.aspx)*).* |  |  |  |
| 1. Annual Rent Review and Utilities Allowance – Describe process for conducting annual rent review. |  |  |  |
| 1. Tenant Selection Policy - Project will provide policy prior to Special Conditions approval as appendix item. |  |  |  |
| 1. Tenant Rules and Regulations - Project will provide clearly defined Tenant Rules and Regulations prior to Special Conditions approval as appendix to Program Guidelines. |  |  |  |
| 1. Proposed Lease Agreement – Project must have proposed lease agreement that is not in conflict with Nebraska Landlord Tenant Law and does not contain any prohibited provisions either explicitly stated or implied. Proposed lease agreement will be provided prior to Special Conditions approval as appendix to Program Guidelines. |  |  |  |
| 1. If the Project has a lease purchase program, the Applicant must have a Transition Plan (from rental to homeownership). This will be provided prior to Special Conditions approval as an appendix to Program Guidelines. |  |  |  |
| 1. Tenant Education - Tenant education is required for all tenants of fixed unit rental projects. Department recommends new construction and conversion projects with floating units require the tenant education for all tenants in all units and receive proof of completed training. Tenant Education provider may include RentWise, or other Department approved equivalent. Describe process of obtaining tenant education if Rehabilitation project involves existing tenants. |  |  |  |
| 1. Washer and Dryer Requirement – Statement assuring every unit will have its own washer and dryer for new construction projects. For rehabilitation projects (if feasible), assurance that a washer and dryer will be included in every unit, and if not feasible (i.e., size of rehabilitated units will not provide space for washer and dryer) then an on-site laundry facility is required and will be provided. |  |  |  |
| 1. Process of Amending Guidelines – Statement that any revisions made to these program guidelines must be approved by the governing body and submitted for approval of amendment to NDED. |  |  |  |
| 1. Grievance Procedures – Process for applicants (tenants) to address grievances pertaining to application process. |  |  |  |
| 1. Conflict of Interest – Conflict of Interest policy of DED Applicant/Recipient organization. |  |  |  |
| ***The below is provided as a guide for filling out the Rental Pro-Forma. This sheet does not have to accompany the checklist above.*** | | | |
| **Pro forma Spreadsheets**  The Pro Forma Spreadsheet must show the project will be financially viable during the affordability period, based upon reasonable assumptions. DED reserves the right to work with applicant to adjust the Pro Forma and Project Design Spreadsheets to reflect economic and/or market conditions as deemed appropriate. **Pro-Forma must be uploaded as an excel document, not a PDF version.** | | | |
| **Unit Information** | | | |
| 1. Identify the number of NAHTF and non-NAHTF units within the project. Include: bedrooms, units, tenant paid utilities, etc. as identified on the Unit Information Spreadsheet. Check HUD Home Rent Limit table on NAHTF webpage to be sure Rents are within allowable limit. | | | |
| **Development Cost Schedule** | | | |
| 1. Identify all development costs within the project using the Development Cost Schedule Spreadsheet. Do NOT include NAHTF request for administrative expenses. (General Administration, Housing Management, & Lead-Based Paint Testing) | | | |
| **Sources and Uses** | | | |
| 1. Identify all sources, uses, and any equity gap within the project using the Sources & Uses Information Spreadsheet. Cell C15 (NAHTF Funds) should equal the sum of Primary Activity and Support Activity NAHTF requested amounts. Do NOT include NAHTF requested amounts for administrative expenses. (General Administration, Housing Management, & Lead-Based Paint Testing) | | | |
| **Annual Operating Expense Information & Pro Forma** | | | |
| 1. All residential income must be clearly identified within the Annual Operating Expense Information Spreadsheet and both residential and commercial income must be identified within the Pro Forma Spreadsheet. | | | |
| 1. All expenses (including reduced cost or no cost services, all partnership distributions, deferred developer fees, incentive management fees and repayment of loans as expenses, etc.) must be clearly identified within the Annual Operating Expense Information Spreadsheet and within the Pro Forma Spreadsheet. All services or materials provided at a reduced cost or no cost basis must be reflected as both an income and an expense. | | | |
| 1. Identify the rate of increase used to project income and project expenses per year. The rate of income increase must be reasonable and under no circumstances can it be greater than rate of increase of the estimated project expenses. | | | |
| 1. Stabilized vacancy rate must be 3% or above and applicant must be able to support the vacancy rate decision used on the Rental ProForma Spreadsheet. | | | |
| 1. Property management fees should be reasonable and align with industry standards, but not exceed 10% of Gross potential rents. | | | |
| i) The Operating Reserves must be equal to or greater than six (6) months of total annual expenses, including debt service. | | | |
| j) The Replacement Reserve payment schedule must be equal to or greater than $300 per unit per year. | | | |
| k) The debt service coverage ratio (DSCR) must be no less than 1.15 in the first year. Monthly or annual debt service is not required. | | | |
| l) Debt service payments must meet all debt service obligations (must maintain a **1.0 DSCR** throughout the affordability period). | | | |