

NYS HOME Local Program Local Program Administrator (LPA) Budget Policy

This policy defines eligible costs that can be charged for the administration and delivery of a NYS HOME Local Program awarded contract and should be used to develop the program budget for all NYS HOME Local program funded activities.

General Information

- The Program Budget must comply with both this Policy and HOME regulations.
- The budget is approved at contract execution, is included as an attachment, and is enforceable along with all contract provisions.
- Requests for reimbursement must be tracked against the approved program budget.
- The total budget cannot be exceeded. HOME funds will not be disbursed over the amount approved.
- A greater than 10% variation from any category requires prior approval and must have offsetting decreases to another line item or category so as not to exceed the total award amount. All budget revisions must be approved by the LPA's Program Manager.
- Funds provided as HOME Match cannot be reduced without prior approval.
- All costs are paid on a reimbursement basis, supported by documentation. Advances are not provided.
- Project Delivery is capped at 13% of the total HOME award
- Administrative Costs are capped at 5% of the total HOME award.
- When requesting reimbursement of Administrative Costs, the total administrative funds requested cannot exceed 15% of the non-administrative funds requested to date.

Budget Categories

Costs may be reimbursed under the following categories. Examples of common allowable charges and budget line items are included on the individual budget worksheets but may not be applicable to each program.

1. Direct Project Costs

Actual cost of constructing or rehabilitating housing, such as the hard costs of construction or rehabilitation, as defined in 92.206(a) – (c).

2. Project Soft Costs

Costs incurred by the LPA to implement and deliver a specific HOME assisted unit, as defined in 92.206(d). Project soft costs are required to be tied to a specific address and are included as part of the per unit total of HOME funds invested in the unit, not to exceed the HOME maximum limit. Costs charged as project soft costs may not also be charged as Administrative Costs.

3. Project Delivery

Costs that an LPA may incur to pay staff, hired consultants, and/or services to assist in the delivery of HOME assisted units, as defined in 92.206(d)(6) and (8) and 92.206(f). Project Delivery costs are capped at 13% of the HOME award. Project Delivery is required to be tied to a specific address and added into the per unit total of HOME funds invested in the

unit, not to exceed the HOME maximum limit. Costs charged as Project Delivery may not also be charged as Administrative Costs.

Eligible **Project Delivery** costs may include:

Staff Costs incurred for processing specific assisted units/households – Staff costs (including salary and fringe benefits) and contractual services costs of the LPA directly related to carrying out individual projects, including:

- Income qualification and underwriting of assisted households;
- Inspections;
- Work specifications, bidding, and construction management;
- Loan processing, closing and administration; and
- Housing counseling (if the individual becomes owner or tenant of a HOME-assisted project and is not charged for the service)

Relocation Costs. The cost of relocation payments and other relocation assistance services to persons displaced by a HOME-assisted project are eligible Project Delivery costs.

4. Administrative Costs

Costs incurred by the LPA to administer its overall HOME program (general administration and oversight). Administrative Costs are not directly tied to a particular unit or project but can be allocated to the program in general. Administrative Costs are capped at 5% of the HOME award. Costs charged as Administrative Costs may not also be charged to Project Soft Costs or Project Delivery.

Eligible **Administrative Costs** may include:

General management, oversight, and coordination – Staff costs (salary plus fringe benefits), contractual services, travel, office costs (rent, utilities, and supplies) directly related to administration of the program, as defined in 92.207(a). This could include POA monitoring of previous grants.

Staff cost related to processing of units/households not assisted – Salary and fringe benefits for time spent processing applications, cases and projects that were not assisted and not eligible for Project Delivery may be eligible if consistent with 92.206(d)(6) and approved by HTFC – see instructions for incomplete projects below.

Public information, program marketing, fair housing, and environmental costs – Staff costs and expenses related to marketing, affirmative marketing and providing general information to the public regarding the program, for promoting or responding to fair housing requirements, and for environmental clearance of the program or projects.

Indirect Costs – Indirect costs are the organization's general costs of facilities and administration as defined in 2 CFR 200.414 that are not directly chargeable to the program.

- If the LPA has a cost allocation plan approved by a cognizant federal agency under 2 CFR 200.414, the LPA may charge the negotiated indirect rate on the direct costs noted above.
- Otherwise, the LPA may charge the 10% de minimis indirect rate on all direct costs as provided in 2 CFR 200.414(f)

Documentation

Staff costs must be documented by timesheets, Personnel Activity Reports, or other means for documenting time spent on the specific project(s), consistent with the requirements of 2 CFR 200.430(i) - Standards for Documentation of Personnel Expenses. All other costs must be documented with invoices or receipts as evidence of cost incurred, in addition to contracts and approved plans as required.

Costs for Incomplete Projects

Incomplete projects include:

- Projects that were screened and deemed ineligible or infeasible under the program rules and did not receive a commitment.
- Projects that received a commitment but were later unable to be completed in compliance with HOME requirements and were canceled.

If a project is not committed or completed, Project Delivery is not an eligible cost, as there is no HOME-eligible unit.

Costs incurred for processing projects that are uncommitted or incomplete, such as inspections, work write-ups, cost estimates, eligibility determinations, underwriting and other such project qualification costs, may be eligible to be charged to the Administrative line item, *with HTFC approval*, subject to the following:

- The costs must be eligible to be charged as Administrative Costs, as defined in this budget policy and worksheet and 92.207;
- There must be sufficient funds in the LPA's administrative budget line item to cover the costs; and
- The LPA must submit the request for approval to HTFC, with appropriate documentation of project status and costs.

Direct project costs such as rehabilitation hard costs that may have been incurred for projects that are not completed are ineligible to be charged as Administrative Costs and cannot be paid with HOME funds. Such costs, to the extent drawn from HOME, must be repaid by the LPA to HTFC.

Developer Fees

Developers including Community Housing Development Organizations (CHDOs) may be funded under the HOME Local Program and are not subject to the same Federal requirements as Local Program Administrators. Developers do not get reimbursed for Administrative Costs or Project Delivery but may charge a developer fee as a percentage of the total award as limited by the Request for Applications agreed upon at the time of contract.

The developer fee may be invoiced during construction on a per-unit basis according to the draw schedule determined with the contract.