construction payments, any equity or debt using HOME or non-HOME funds, any downpayment and any mortgage loan made in the sale of the unit to the family, and the monthly mortgage payment and the source of funds to make those payments.

The applicant must provide a year-by-year cash flow projection which includes an estimate of all project costs and revenues. The project must be financially feasible from the start. The costs and the revenues must be realistic. The units must be buildable for the amounts shown. The costs must not be unrealistically low, showing more product for less money.

There should be a projection of costs and revenues for the time the work is being carried out as well as the time of maintenance and repair. The costs and revenues projection identifies what the maintenance and repair and major replacement costs for the long term (i.e., not less than the minimum period of affordability, 24 CFR 92.614) are going to be and how they will be paid. The projection must identify what the costs and revenues are. If the source of revenue is a grant, the grant must be identified. The costs and revenues and the cash flow must cover the construction period and the marketing period (if there will be a marketing period); the period of maintenance and repair must be projected separately. The applicant must identify whether there is a need for short-term borrowing for rehabilitation or whether rehabilitation is paid for entirely from HOME and leveraged funds; any years of negative cash flow; and the cumulative negative cash flow. If the project requires financing, i.e., borrowing, to get through periods of negative cash flow, the applicant must show the financing in the cash flow projection. For scoring, see Table 7.

TABLE 7.—SCORING GUIDE

Cash flow projection through project completion		
Good	Fair	Unsatisfactory
3 points	2 points	0 points.

(C) Financial feasibility during the affordability period (3 points maximum). This requirement deals with the financial feasibility of the housing during the affordability period beginning after project completion, i.e., after completion of the acquisition, rehabilitation, or new construction. The affordability period can be from 5 years to 20 years (24 CFR 92.614). The housing has costs and revenues throughout the affordability period. Identify all of the costs and revenues, year by year, and display them to ensure that all of the costs shall be paid by revenues reasonably anticipated to occur.

The housing must be financially feasible for the affordability period, while at the same time remaining affordable as prescribed by the requirements at 24 CFR 92.614 and 92.615. Arrangements to be made for long-term costs must be shown. If during this period developer borrowing is required to get through periods of cumulative negative cash flow, the applicant must show the borrowing. The applicant must show buyer mortgage payments, if any.

As costs occur for the units that are occupied (e.g., owner-occupied rehabilitation, or new construction of rental housing), the application must discuss who will pay those costs and how they will be paid; whether any borrowing will be involved; whether the owner is expected to make the payments and when the payments will occur. The costs and revenues for maintenance, repair, and major replacements must be included in the affordability period cash flow projection. For a rental project, the projection must include how the project management staffing costs described in the staffing plan will be paid. For scoring, see Table 8.

TABLE 8.—SCORING GUIDE

Financial feasibility during the affordability period		
Good	Fair	Unsatisfactory
3 points	2 points	0 points.

(D) Cost effectiveness test (3 points maximum). The cost effectiveness test is related to leverage because the more non-HOME grant money brought to the project, the lower the amount of HOME grant money needed. The cost effectiveness test gives more points to projects that use less HOME funds. The cost effectiveness test also rewards projects which use HOME funds most efficiently.

(*1*) Housing Rehabilitation. For rehabilitation projects, the proposed expenditure of HOME funds shall be no more than 62.5% of the cost of new construction (i.e., no more than 62.5% of the total development cost (TDC)) for substantial rehabilitation and no more than 50% of the cost of new construction for moderate rehabilitation. If the HOME assistance is less than 20% of the maximum allowable, the project receives 3 points; for 20% to 60%, 2 points; for 61% to 99%, 1 point. If it is 100% of the maximum allowable, the project receives 0 points. See Table 9.

(*2*) Acquisition. For acquisition projects, the proposed expenditure of HOME funds shall be no more than 62.5% of the cost of new construction (i.e., no more than 62.5% of the TDC) if it has been substantially rehabilitated and no more than 50% of new construction if it has been moderately rehabilitated. If the HOME assistance is less than 20% of the maximum allowable, the project receives 3 points; for 20% to 60%, 2 points; for 61% to 99%, 1 point. If it is 100% of the maximum allowable, the project receives 0 points. See Table 9.

(*3*) New Construction. For new construction projects, the proposed expenditure of HOME funds shall be less than or equal to 100% of the TDC. If the HOME assistance is less than 20% of the maximum allowable, the project receives 3 points; for 20% to 60%, 2 points; for 61% to 99%, 1 point. If it is 100% of the maximum allowable, the project receives 0 points. See Table 9.

TABLE 9.—SCORING GUIDE

Cost effectiveness test			
0% to 19%	20% to 60%	61% to 99%	100%
3 pts	2 pts	1 pts	0 pts.

(ii) Legal and Administrative Actions—10 points maximum. All policies, procedures, standards, criteria, and planning documents necessary for the type of project proposed must be included in the documentation for the project. Where rental housing is envisioned, this includes the tenant selection requirements for rental housing at 24 CFR 92.622(e). Where assistance for homebuyers is contemplated, this includes the requirements of 24 CFR 92.615. In addition, if the applicant is assisting homebuyers, the applicant must establish guidelines determined by HUD to be appropriate for the subsequent resale of the housing units, required under 24 CFR 92.615(a)(4). Planning documents should include a discussion of steps that will be taken to ensure maintenance of housing quality throughout the affordability period. Points will be awarded based on the inclusion of sample documents, as well as the quality of the documents. See Table 10. Reviewers shall determine points on the extent to which the applications include documentation on the following factors:

(A) Housing Rehabilitation. Data submitted should include adopted rehabilitation policies, including