

assisted with ADDI funds. The rehabilitation assisted with ADDI funds, including the reduction of lead paint hazards and the remediation of other home health hazards, must be completed within one year of the purchase of the home. Total rehabilitation shall not exceed 20 percent of the participating jurisdiction's ADDI fiscal year formula allocation. FY2003 ADDI funds may not be used for rehabilitation.

(b) *Eligible project costs.* ADDI funds may be used for the following eligible costs:

(1) *Acquisition costs.* The costs of acquiring single family housing.

(2) *Rehabilitation costs.* The eligible development hard costs for rehabilitation projects described in §92.206(a) and the costs for reduction of lead paint hazards and the remediation of other home health hazards. FY2003 ADDI funds may not be used for rehabilitation.

(3) *Related soft costs.* Reasonable and necessary costs incurred by the homebuyer or participating jurisdiction and associated with the financing of single family housing acquisition and rehabilitation. These costs include, but are not limited to:

(i) Costs to process and settle the financing for purchase of a home, such as private lender origination fees, credit report fees, fees for title evidence, fees for recordation and filing of legal documents, attorneys fees, and private appraisal fees.

(ii) Architectural, engineering, or related professional services required to prepare plans, drawings, specifications, or work write-ups.

(iii) Costs to provide information services, such as fair housing information to prospective homeowners.

(iv) Staff and overhead costs directly related to carrying out the project, such as work specifications preparation, loan processing inspections, and other services related to assisting a potential homebuyer (e.g., housing counseling), which may be charged to project costs only if the individual purchases single family housing with ADDI assistance.

(v) Costs of environmental review and release of funds (in accordance with 24 CFR part 58) that are directly related to the project.

(4) *Ineligible costs.* ADDI funds may not be used for the development costs (hard costs or soft costs) of new construction of housing or for rental assistance.

(c) *Forms of investment.* A participating jurisdiction may invest ADDI funds as interest-bearing loans or advances, non-interest bearing loans or advances, interest subsidies consistent with the purposes of this subpart, deferred payment loans, grants, or other forms of assistance that HUD determines to be consistent with this subpart. Each participating jurisdiction has the right to establish the terms of assistance, subject to the requirements of this subpart.

(d) *Minimum amount of assistance.* The minimum amount of ADDI funds in combination with HOME funds that must be invested in a project is \$1,000.

(e) *Maximum amount of assistance.* The amount of ADDI funds provided to any family shall not exceed the greater of six percent of the purchase price of the single family housing or \$10,000. This limitation does not apply to FY2003 ADDI funds.

(f) *Limitation on subrecipients and contractors.* A participating jurisdiction may not provide ADDI funds to an entity or organization that provides downpayment assistance, if the activities of that entity or organization are financed in whole or in part, directly or indirectly, by contributions, service fees, or other payments from the sellers of housing, whether or not made in conjunction with the sale of specific housing acquired with ADDI funds.

§92.604 ADDI allocation formula.

(a) *General.* HUD will provide ADDI funds to participating jurisdictions in amounts determined by the formula described in this section.

(b) *Allocation to states that are participating jurisdictions.* HUD will provide ADDI funds to each state in an amount that is equal to the percentage of the national total of low-income households residing in rental housing in the state, as determined on the basis of the most recent available U.S. census data (as adjusted by HUD).

(c) *Local participating jurisdictions.* Subject to paragraph (d) of this section, HUD will further allocate to each

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local participating jurisdiction located within a state an amount equal to the percentage of the state-wide total of low-income households residing in rental housing in such participating jurisdiction, as determined on the basis of the most recent available U.S. census data (as adjusted by HUD).

(d) *Limitation on allocations to local participating jurisdictions.* (1) Allocations under paragraph (c) of this section shall be made only if the local participating jurisdiction:

(i) Has a total population of 150,000 individuals or more, as determined on the basis of the most recent available U.S. census data (as adjusted by HUD); or

(ii) Would receive an allocation of \$50,000 or more.

(2) Any allocation that would have otherwise been made to a local participating jurisdiction that does not meet the requirements of paragraph (d)(1) of this section shall revert back to the state in which the participating jurisdiction is located.

(e) *Consortia with members in more than one state.* A consortium with members in more than one state will receive an allocation if the consortium meets the requirements described in paragraph (d) of this section.

(f) *Allocation of FY2003 ADDI funds.* For the allocation of FY2003 ADDI funds, HUD will consider a participating jurisdiction's need for, and prior commitment to, assistance to homebuyers. Puerto Rico is a "state" for FY2003 ADDI funds.

(1) *Need.* The need of the participating jurisdiction for assistance to homebuyers is measured by its ADDI formula allocation, as calculated under paragraphs (b) through (e) of this section.

(2) *Prior commitment.* Only those participating jurisdictions that have demonstrated prior commitment to assistance to homebuyers will receive FY2003 ADDI funds. A participating jurisdiction has demonstrated prior commitment to homebuyers if it has previously committed funds to such purpose under the HOME program, the Community Development Block Grants (CDBG) program, mortgage revenue bonds, or existing funding from state and local governments.

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§ 92.606 Reallocations.

If any funds allocated to a participating jurisdiction under § 92.604 become available for reallocation, the funds shall be reallocated in the next fiscal year in accordance with § 92.604.

§ 92.608 Consolidated plan.

To receive an ADDI formula allocation, a participating jurisdiction must address the use of the ADDI funds in its consolidated plan submitted in accordance with 24 CFR part 91.

§ 92.610 Program requirements.

The following program requirements contained in subpart E of this part apply to the ADDI:

(a) *Private-public partnership.* The private-public partnership provisions contained in § 92.200 apply to the ADDI.

(b) *Distribution of assistance.* The distribution of assistance requirements contained in § 92.201 apply to the ADDI.

(c) *Income determinations.* The income determination requirements contained in § 92.203 apply to the ADDI.

(d) *Pre-award costs.* The requirements regarding pre-award costs contained in § 92.212 apply to the ADDI.

(e) *Matching contribution requirement.* The matching contribution requirements contained in §§ 92.218 through 92.222 apply to FY2003 ADDI funds only.

§ 92.612 Project requirements.

The following project requirements contained in subpart F of this part apply to the ADDI:

(a) *Maximum per-unit subsidy amount and subsidy layering.* The maximum per-unit subsidy limits and subsidy layering requirements contained in § 92.250 apply to the total HOME and ADDI funds in a project.

(b) *Property standards.* Housing assisted with ADDI funds must meet the property standards contained in § 92.251.

(c) *Qualification as affordable housing.* Housing assisted with ADDI funds must meet the affordability requirements contained in § 92.254(a) and (c). If a project receives both HOME and ADDI funds, the total of HOME and ADDI funds in the project is used for calculating the period of affordability described in § 92.254(a)(4) and applied to