

# THE HFA INSTITUTE 2024

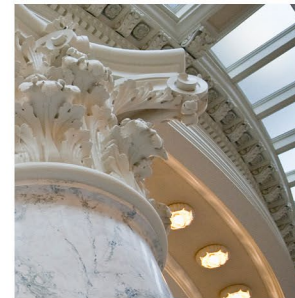
## HOME and HTF Breaking News from HUD



National Council of  
State Housing Agencies



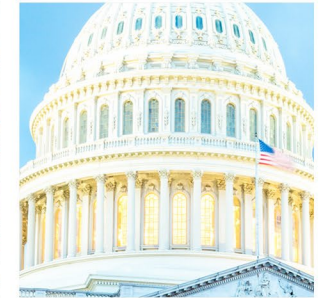
**MRBs and  
Other Federal  
Homeownership  
Programs**  
JANUARY 10 – 12



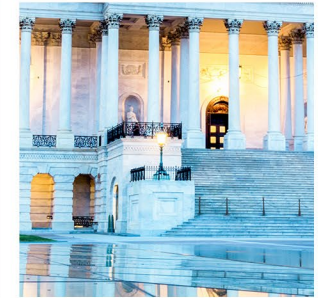
**Housing Credit**  
JANUARY 9 – 11



**Section 8 and  
Other Federal  
Multifamily  
Programs**  
JANUARY 10 – 12



**HOME and  
Housing Trust  
Fund**  
JANUARY 7 – 9



## **SPEAKERS**

### **Virginia Sardone**

Director | Office of Affordable Housing Programs  
U.S. Department of Housing and Urban Development

### **Peter Huber**

Deputy Director | Office of Affordable Housing Programs  
U.S. Department of Housing and Urban Development

### **Danielle Frazier**

Director | Financial and Information Services Division | Office of Affordable Housing Programs  
U.S. Department of Housing and Urban Development

### **Henrietta Owusu**

Director | Program Policy Division | Office of Affordable Housing Programs  
U.S. Department of Housing and Urban Development



# HOME & HTF Breaking News

NCSHA HFA Institute – January 8, 2024

# HOME and HTF Funding - FY 2024

- HOME

- President's Budget: \$1.8 billion
- House: \$500 million
- Senate: \$1.5 billion

- Housing Trust Fund

- Amount GSEs are required to make available for HTF are dependent entirely on volume of mortgage originations
- Mortgage interest rates in 2023 were higher than at any point since HTF's inception



# HOME Proposed Rulemaking

- HUD has developed a proposed rule for HOME Program
  - Seeks to modernize and streamline HOME within statutory constraints
  - As previously identified on OMB Regulatory Agendas, topics include:
    - CHDOs
    - Property Standards
    - Rents
    - Community Land Trusts
  - Concurrently under review at OMB
  - Interested parties will have 60 days to comment
    - Roll out materials will be published on HUD.gov and HUD Exchange



# HOTMA Final Rule

- Published on February 14, 2023 with 1/1/24 effective date
- Revises Part 5 Annual Income and Adjusted Gross Income
  - Certain changes affect HOME, HTF, and other CPD programs
- HUD has delayed compliance date until 1/1/2025
  - Federal Register Notice published December 8, 2023
- OAHP will issue guidance and provide training for HOME/HTF
- CPD Income Calculator will be updated



# NSPIRE Final Rule

- Final Rule published May 11, 2023
  - Effective date for HOME and HTF: October 1, 2023
- PIH published 3 accompanying notices : Inspection Standards, Administrative Procedures, Scoring
  - Do not apply to HOME and HTF
- Federal Register Notice (88 FR 63971) delays compliance for HOME and HTF until October 1, 2024
- OAHP will publish a Federal Register Notice outlining how NSPIRE applies to HOME and HTF



# NSPIRE Final Rule

- Key NSPIRE provisions in HOME and HTF:
  - Replaces references to UPCS and HQS with NSPIRE
  - Imposes basic affirmative requirements (e.g., smoke detectors, source of safe drinking water, etc.) in all housing units
  - Clarifies that the inspection procedures, scoring, ranking and appeals processes from Part 5 do not apply
  - Aligns standards for HOME TBRA with ongoing property condition of HOME-assisted rental housing
- HOME and HTF continue to require compliance with state and local housing quality codes and standards



# Other HUD Policy Initiatives

- Build America Buy America Provision of Infrastructure & Jobs Act
  - HUD is continuing phased implementation of BABA
  - Applicable to HOME and HTF in 2024
  - CPD Notice 23-12: Implementation Guidance for BABA's Domestic Content Procurement Preference
- Affirmatively Furthering Fair Housing Rule
  - Final Rule under development
- Violence of Against Women Act Reauthorization





# Housing Trust Fund

# HTF Risk Analysis and Monitoring

- HTF Risk Analysis Protocol -
  - Published as an update to CPD Risk Analysis Notice (CPD 23-08)
    - Establishes risk factors and scoring rubric for each grantee and program by HUD Field Office
    - Determines which grantees/programs are monitored each year
- HTF Monitoring Exhibits
  - Will be published as a revision to CPD Monitoring Handbook
    - Currently in HUD Departmental clearance
  - Monitoring to commence in FY 2024



# GAO Evaluation of Housing Trust Fund

- GAO conducted lengthy, in-depth review
  - Production rates, costs, etc.
  - Grantee allocation practices
  - HUD oversight and risk assessment
- Report issued on August 8, 2023
  - GAO Report 23-105370 “Improvements Needed in HUD's Oversight of the Housing Trust Fund Program”
  - Included 5 recommendations for HUD



# GAO Recommendations for HUD

## 1) Timely Projection Completion

- Grantees not reporting project completion in IDIS within 120 days of final draw
- Recommendation: Develop centralized process to monitor grantee compliance with requirement to report completion information within 120 days of final project drawdown and provide additional instruction to grantees about requirement.
- HUD Response: HUD will begin tracking compliance with this 120-day requirement.



# GAO Recommendations for HUD

## 2) Independent Cost Certification Requirement

- Grantees not including requirement for cost cert in HTF written agreements and not obtaining cert for each project at completion.
- Recommendation: Use additional methods, such as formal notices and training, to enhance communication of the cost certification requirement to grantees.
- HUD Response: HUD has issued FAQ on this topic and has added information on this requirement to HTF training. HUD will also monitor each grantee for compliance.



# GAO Recommendations for HUD

## 3) Reporting of Total Units in HTF Projects

- Grantees do not always accurately report the number of total units in an HTF project in IDIS, affecting accuracy of HUD reporting on the total cost of HTF units, leveraging, and dispersal of HTF units.
- Recommendation: Develop centralized process to monitor data in IDIS on the total number of units in completed projects for likely errors and provide additional instruction to grantees about inputting these data.
- HUD Response: HUD will stress importance of accurate reporting of total units to Grantees and will include review of this data in monitoring reviews.



# GAO Recommendations for HUD

## 4) HTF National Production Report Can Be Misinterpreted

- Report does not make it clear that “total funds” is for all units in a project (not just HTF units), which may lead to conclusion that HTF units are more costly than comparable unassisted units.
- Recommendation: Revise public reports on HTF to disclose that the amount of non-HTF funds may be underreported and that HTF units are only a portion of total units in HTF-assisted projects.
- HUD Response: Added explanatory language to HTF reports webpage and report’s explanatory document to make clear that there may be non-HTF units in an HTF-assisted project and that other funds reported as leverage for HTF-assisted projects may be underreported.



# GAO Recommendations for HUD

## 5) HUD must assess HTF Fraud Risks

- Grant programs should undergo fraud risk assessment periodically
- Recommendation: Conduct a comprehensive assessment of HTF fraud risks in accordance with GAO's Fraud Risk Framework and HUD's fraud risk management policy.
- HUD Response: HUD is currently developing a fraud risk assessment template for use across the Department. OAHP will use this template as a baseline for all programmatic fraud risk assessments, including HTF.





# HOME Investment Partnerships Program

# Upcoming HOME Guidance

- Revision to Notice CPD 13-02: Procedures for Designation of Consortia as a Participating Jurisdiction for the HOME Program a/k/a “Consortia Notice”
- Revision to CPD Notice 06-05: HOME- Designating New PJs; Reserving, Obligating, Reallocating Funds; Numbering Partnership Agreements a/k/a “New PJ Notice”
- Revision to Notice CPD-97-03: *HOME Program Match Guidance* a/k/a “Match Notice”
- Revision to Notice CPD-20-01: Four-Year Completion Requirement for HOME-Assisted Projects
- Guidance on CLT preemptive purchase rights



# HOME Technical Assistance

- HOME Homebuyer Program training series
  - 5-week series targeted to HOME PJs providing homeownership assistance
  - Local PJ cohorts to promote peer learning, cross-collaboration to address local issues
  - Ensures PJs understand key regulatory requirements related to designing HOME homebuyer assistance programs
  - Includes required reading, live webinar sessions, prerecorded training content, peer-to-peer discussion forums, case studies, and other exercises
  - Completed cohorts in San Francisco, New York and Pittsburgh in 2023
  - Deliveries scheduled for 2024 include Greensboro, Nashville, and Atlanta
  - Registration is announced through your Field Office





# HOME-ARP

# HOME-ARP Administration

- Up to 34 term employees
- Outstationed OAHP positions (PPD)
- Portfolio of PJs and HOME-ARP grants
- 13 Specialists already on board
- (Newark, Baltimore, DC, Birmingham, Louisville, Chicago, San Antonio, Denver, Knoxville, Kansas City)
- Onboarding an additional 18 in January and February
- Almost at staffing target



# HOME-ARP Technical Assistance

- Phase 1: Virtual Clinics - substantial amendments, referral methods, Qualifying Populations (QPs), and preferences with breakouts by cohorts (States, consortia, small, medium and large PJs)
  - 3 Substantial Amendment Clinics
  - Implementing Preferences through Referral Methods
  - Referral Methods and Preferences (Overview and Group Discussion) - January 18, 2024
- Phase 2: Program Launch and general implementation
- Phase 3: Activity-specific in-person clinics
- Quarterly Office Hours with OAHP



# HOME-ARP Technical Assistance

- HOME-ARP Implementation In-Person Problem Solving Clinics
- Up to 43 clinics to be held throughout the country in 2024
- Field office location will depend on space availability/ logistical considerations
- At least 1 delivery in each HUD region addressing each of the 4 eligible activities



# HOME-ARP Technical Assistance

- Direct TA
  - 70 PJ requests tasked for program implementation
    - Policies and procedures
    - RFP Templates
    - Written Agreement Templates
- Environmental:
  - Part 58 Environmental Review Checklist for Rental and NCS activities
  - HOME-ARP in HEROS Tutorial: TBRA and Supportive Service Activities



# HOME-ARP Technical Assistance

- Products/Tools/Webinars
  - Implementing Preferences and Limitations in HOME-ARP
  - HOME-ARP NCS and CE
  - Introduction to HOME-ARP Referral Methods and Coordinated Entry
  - HOME-ARP Sponsor Role in TBRA Fact Sheet
  - HOME-ARP Nonprofit Operating and Capacity Building Assistance Guide and Written Agreement Checklist
  - HOME-ARP Non-Congregate Shelter Costs Guide

Questions? [HOMEARP@hud.gov](mailto:HOMEARP@hud.gov)



# Upcoming HOME-ARP Technical Assistance

## Coming soon:

- Due Diligence Guidebook and Webinar for NCS Projects
- Capacity Assessment for Community Development Administrators (excel spreadsheet product)
- HOME-ARP Rental Underwriting Template and Webinar
- HOME-ARP TBRA Model Guide and Webinar
- Sample Written Agreement for each HOME-ARP Eligible Activity
- Compliance in HOME-ARP Rental Projects: A Guide for PJs



# Upcoming HOME-ARP Technical Assistance

- Templates for activity-specific policies and procedures
- Training and factsheet on operating cost assistance and replacement reserves
- Guide and webinar on tenant selection requirements
- Guide and webinar on HOME-ARP Part 5 Housing Counseling req'ts
- Relocation and lead-based paint requirements for HOME-ARP



# Technical Assistance for Electeds

- HOME-ARP Allocation Plan Process Preventing and Eliminating Homelessness in Your Community
- Path to Allocation Plan Acceptance
- Capacity Assessment for Electeds
- HOME-ARP: Effective Administration of Funds - Pillars of Success



# Upcoming Technical Assistance for Electeds

## Coming soon:

- Timely Expenditure: Is Your Community Spending HOME-ARP Funds?
- Referral Methods and Engaging Stakeholders
- Engaging Stakeholders for Successful HOME-ARP Implementation and Connecting Residents to New HOME-ARP Programs
- Qualifying Populations
- Reporting/Telling Your Story

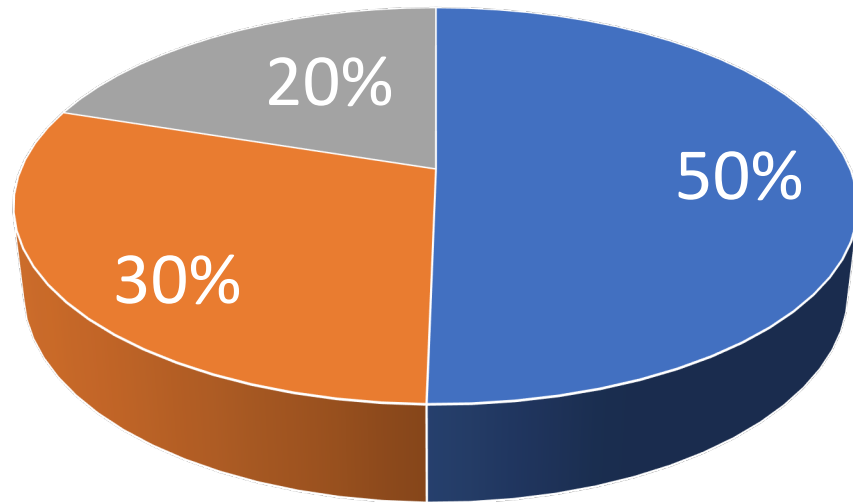




**HOME/HTF Performance, Reporting, etc.**

# HOME FY 2023 Accomplishments

Units Completed in FY 2023



■ Rental ■ Homebuyer ■ Homeowner Rehab

- 13,616 HOME units completed
  - -10% from FY 2022
- 13,016 households assisted w/TBRA
  - -22% from FY 2022



# HOME Program Performance Concerns

- Slow commitment of HOME funds
- Suspension of 24-month requirement not guaranteed
- Allocation Years Uncommitted:
  - National avg. = 2.14 years
  - States avg. = 1.38 years (from 0 to 3.87)
  - 6 PJs / 0 States with > 5 years of allocations uncommitted
  - 45 PJs / 0 States with 4 – 5 years of allocations uncommitted
  - 115 PJs / 4 States with 3 – 4 years of allocations uncommitted
  - 159 PJs / 4 States with 2 – 3 years of allocations uncommitted
  - **325 PJs / 8 States > 2 years of allocations uncommitted**



# HOME Program Performance Concerns

- 2016 HOME grants expire this September (2024)
- PJs not committing funds are at risk of losing funds - even committed funds - to expiration

Year	Unexpended – All PJs	Unexpended – State PJs
2015	\$3,919,245.46	\$539,683.70
2016	\$45,001,391.68	\$9,524,751.63

- 2 States lost unexpended 2015 funds
- States make up 21% of unexpended 2016 funds



# HOME Program Performance Concerns

- Funds must be committed before they can be expended
- Currently \$35,487,061.84 of uncommitted 2016 HOME funds
  - 79% of unexpended funds remain uncommitted
  - 23% (\$8,131,500.28 are uncommitted State HOME funds)
    - 85% of unexpended State funds remain uncommitted
- What can you do?
  - Commit/expend admin funds
  - Move funds out of CHDO set aside
  - Move funds out of general subgrants
  - Move funds (swap) with projects that are funded with more recent funds that are spending more quickly



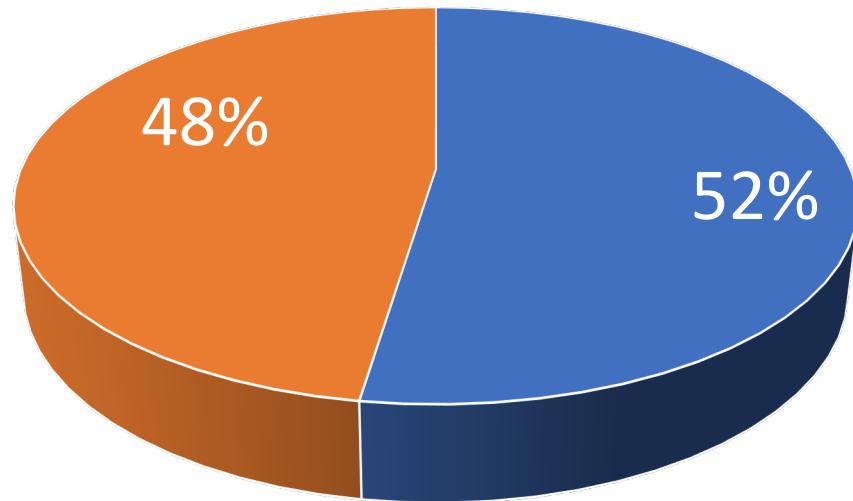
# HOME Program Performance Concerns

- 4-year completion requirement
  - HOME projects must be completed within 4 years of commitment
  - 1-year extension is possible upon request (before deadline)
  - PJ must repay funds disbursed for projects not meeting requirement
  - Currently 91 projects by 18 State PJs do not meet requirement
    - Significant increase from last year
  - See Notice CPD-20-01: *Four-Year Completion Requirement for HOME-Assisted Projects* for more information



# HTF FY 2023 Accomplishments

Units Completed in FY 2023



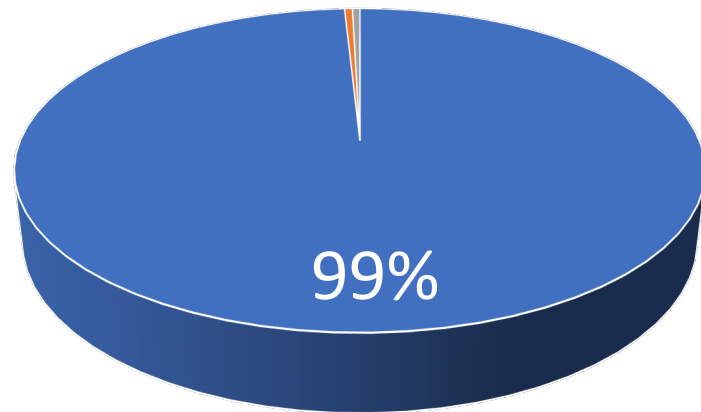
■ New Construction   ■ Rehabilitation

- 1,681 HTF rental units completed in FY 2023
  - +12% from FY 2022



# HTF Household Income

Household Income of Occupied HTF Units



- 0 - 30% AMI
- % of 30+ to poverty line (when poverty line is higher than 30% AMI)
- % of the higher of 30+% AMI or poverty line to 50% AMI

- 5,040 HTF units completed
  - 4,954 = 0-30% AMI
  - 22 = >30% < poverty
  - 21 = >30% & poverty <50%
  - 43 = vacant
- 77% have rental assistance



# HTF Commitments and Expenditures

Fiscal Year	Total Allocations	Total Committed	Total Expended	Commitment Deobligations	Expenditure Deobligations
2016-2023	\$3,029,399,984.65	\$2,095,466,363.09	\$1,186,720,813.05	\$19,061,278.81	\$3,058,275.37

- 9 States commitment / 6 States expenditure deobligations
- 4 States missed commitment requirement more than once
- 3 States missed expenditure requirement more than once
- CPD Notice 18-12: *Commitment and Expenditure Deadline Requirements for the HTF Program*



# IDIS & Reports

- IDIS Release 11.29 – live December 18, 2023
  - Closeout Modules completed for HOME, HOME-ARP, and HTF
    - SF-425 (Federal Financial Report)
    - Closeout Certification
    - Closeout Dashboard Report
  - New HOME-ARP reports
    - Supportive Services - enhanced
    - Non-congregate Shelter (NCS)
  - Updates to existing HOME and HTF reports
- Coming in 2024.....
  - PJ Performance Report
    - Issued 2X / year



# Closeout – HOME, HTF, HOME-ARP

- 2 CFR part 200 requires all grants to be closed out within 1 year from the end of the period of performance
- Subject to this:
  - 2015 HOME grants must be closed out by September 30, 2024
  - 2016 HTF grants must be closed out 7 years from the date of obligation
- Ensure your grant is ready to closeout
  - Complete activities with 2015 HOME or 2016 HTF funds committed/expended
  - Enter beneficiary data for these activities
  - Ensure all CPD monitoring findings, IG audit findings, and/or SAA findings are closed
- Upcoming webinar – January 24<sup>th</sup> at 2:00pm



# HOME-ARP IDIS Guidance

- HOME-ARP IDIS eTutorials coming soon:
  - Rental and Rental Operating
  - Supportive Services
  - Reports (Including webinar and Fact Sheet)
- In-person HOME-ARP IDIS training for PJs
  - 6-8 trainings in field offices this FY with more to follow next FY
- [Ask an IDIS Question](#)
- [HOMEARP@hud.gov](mailto:HOMEARP@hud.gov) – include “IDIS question” in subject line





Questions?