

THE HFA INSTITUTE 2021

Compare & Contrast HOME & HTF

February 11, 2021



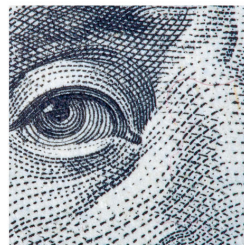
**MRBs and
Other Federal
Homeownership
Programs**
FEBRUARY 1 – 3



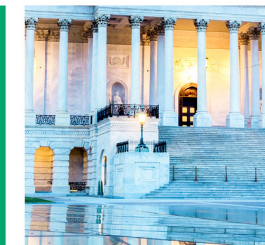
Housing Credit
FEBRUARY 3 – 5



**Section 8 and
Other Federally
Assisted
Multifamily
Housing**
FEBRUARY 8 – 10



**HOME and
Housing Trust
Fund**
FEBRUARY 10 – 12



Welcome & Introductions

- Sponsored by:
 - HUD's Office of Affordable Housing Programs
 - NCSHA
- Trainers:
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 - Ginny Sardone, Director of the Office of Affordable Housing Programs



Goals/Agenda

- Highlight and Demystify Differences between HOME and HTF
 - Statutory v. Regulatory Requirements
 - Funding Source
 - Eligible Grantees
 - Participants and activities
 - Grant and Project level deadlines
 - Commitment requirements
 - Affordability – income targets and periods
 - Cross-cutting requirements
 - Other items of note



Statute and Regulation

- Different statutes at different times → different outcomes
 - HOME: 1990, Cranston-Gonzalez National Affordable Housing Act
 - HTF: 2008, Housing and Economic Recovery Act
- HTF statute borrows some provisions from HOME
 - HTF statute lacks detail to establish a program structure
- HTF regulation borrows from HOME to provide that structure
 - HTF rule parallels HOME in certain ways
 - Some differences between HOME and HTF are result of “unsynched: rulemaking processes from 2010 to 2015.
- HTF statute **does not** include give HUD statutory suspension authority for major disasters (e.g., COVID)



Funding Mechanism

- HOME funds are appropriated annually
 - Subject to political environment
 - Appropriation provides (imperfect) legislative vehicle for statutory updates
 - Generally applied annually without guarantee of continuation
- HTF funded by GSE contributions (to date)
 - Amount determined by to macroeconomic conditions in financial markets, gross funding has been modest to date
 - But no “easy” legislative vehicle for updates
- Statutory allocation formulas offer somewhat
 - Construction cost carries more weight in HTF formula, driving larger share of funding to coastal states



Eligible Grantees

- HOME Program
 - States (including DC and PR)
 - Local governments and consortia
 - Insular areas
- HTF
 - States and state-designated housing entities (including DC and PR)
 - Insular areas



Participants

HOME Role	HTF Analog
Participating Jurisdiction	Grantee
State Recipient	Subgrantee
Subrecipient	No analog
Owner/Developer	Recipient
CHDO	No analog



Activities

- HOME is broader, “four programs in one”
 - Homeowner, homebuyer, rental, and tenant-based rental assistance
 - No operating subsidies, focus on capital costs
- HTF is narrower
 - Primarily rental
 - Max. 10% for homebuyer, but in practice is 100% rental
 - Does allow for operating subsidies, but limited utility given:
 - Regulatory definition of operating costs excludes property mgt. and debt service
 - HTF funding level not adequate to match funding to affordability period



Affordability



- HOME
 - Serves incomes up to 80% AMI
 - Low-HOME rental units at 50% AMI
 - High-HOME rental units mostly at 60% for lease-up
 - Affordability period
 - 15 years for rehab (5 or 10 possible, but you're doing it wrong 😊)
 - 20 year for new construction
- HTF
 - Income limits at greater of 30% AMI or poverty rate
 - Affordability period always 30 years



Program Deadlines

- HOME

- Commitment deadline **suspended** via appropriations for 2016 forward
- Expenditure deadline **removed** from regulation for post-2015 awards
- Appropriated funds still expire after 8/9 years
- Program focus now on project-level deadlines

- HTF

- 24-month commitment deadline **applies**
 - Based on actual grant date, not end of month like HOME
 - **Funds uncommitted beyond 24 months lost to State via deobligation!**
 - e.g., completed for less, project cancelled



A Word on Commitments

- Commitment = Execution of legally-binding written agreement
- **Not** a commitment
 - Award letter, letter of intent, inclusion in action/allocation plan, etc.
 - LIHTC reservation (even if HOME/HTF integrated in same application process)
- Invalid commitments have been the source of several HTF de-obligations
- Some variation in HOME v. HTF regulatory language, but **no functional difference** in commitment requirements
 - Except for timing of environmental reviews
 - See *Commitment Checklist for “Specific Local Projects”* in CPD 15-09
 - See CPD 18-12

**MOVE IT
OR LOSE IT!**



Project Level Deadlines

- HOME

- Four-year project completion deadline (see CPD 20-01)
- Nine-month sales deadline for homebuyer development
- 18-month lease-up deadline for rental units

- HTF

- No project-specific deadlines
- But grant expenditure deadline + requirement to complete project w/in 120 days of final draw = indirect deadline



Cross-Cutting Regulations

- HTF does not fall under Part 58 Env. Review process
 - 😊 So no publication, no choice limiting action prohibitions
 - 😞 **BUT...** no mitigation opportunities (e.g., wetlands, flood plains, etc.)
 - 🤖 Failure to address pre-commitment + 24-month commitment deadline can result in loss of funds
- HTF does not trigger
 - Davis Bacon/labor standards
 - 1:1 replacement under Sec. 104(d)
- URA, VAWA, Sec. 3, Accessibility, LBP, Aff. Marketing, MBE/WBE, etc. all still apply



Other Items of Note

- Max. per unit subsidy
 - HOME specifies, HTF Grantee establishes its own
- Ongoing compliance
 - HTF does not prohibit use of PHA utility allowance like HOME does
 - HTF has not established process for over-income tenants, HOME process driven by statute
 - HTF only requires notice of termination per state law, HOME requires at least 30 days
- Financial oversight
 - HTF requires independent cost-certifications and annual project audits; HOME does not per se (often required by PJs)
 - Cost prohibitive for small projects, practically limiting HTF to larger multi-family projects



Questions

