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MRBs and
Other Federal
Homeownership
Programs
JANUARY 10 – 12







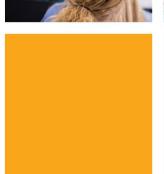


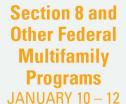


Housing CreditJANUARY 9 – 11

HOME-ARP

Two Part Series











HOME and Housing Trust FundJANUARY 7 – 9







National Council *of* State Housing Agencies



HOME-ARP: Part One





Agenda

Part One

- Overview of HOME-ARP
- PJ Responsibilities for Program Administration
- Providing Access to Qualifying Populations
- Operationalizing HOME-ARP
 - Policies and Procedures
 - Project Selection
 - Written Agreements

Part Two

- Eligible activities
 - Nonprofit Operating and Capacity Building Assistance
 - Rental Housing
 - Tenant Based Rental Assistance
 - Supportive Services
 - Non-Congregate Shelter





HOME-ARP Overview

- \$5 billion of supplemental HOME funds to provide housing, shelter, and supportive services to "qualifying populations" (American Rescue Plan)
- Funds allocated via HOME formula to all FY 2021 HOME Participating Jurisdictions (PJs)
- Funds available until September 2030
- Implemented by CPD Notice 21-10 and CPD Notice 21-10 Appendix
 - CPD Notice 22-13 revised the implementing notice
 - Established plan submission deadline and procedures for HUD reallocation of funds





Qualifying Populations

QP1

Homeless

 Aligns but differs from other homeless programs, specifically with those attempting to or fleeing domestic violence

QP2

At Risk of Homelessness

 Matches definitions from Homelessness Prevention programs, differs from Emergency Rental Assistance Programs

QP3 & QP4

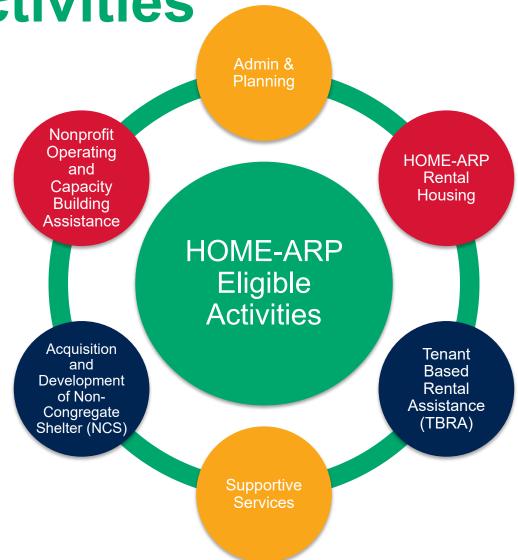
DV/Human Trafficking & Other Populations

New definitions created by the HOME-ARP Notice

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Eligible Activities





HOME-ARP Program Administration Responsibilities & Resources





Program Administration Responsibilities

- CPD Notice 21-10 Section VIII.A and CFR 92.504(a)
 - Managing the day-to-day operations
 - Policies and procedures to implement and maintain meaningful grant oversight and coordination
 - Ensuring that HOME-ARP funds are used accordingly
 - Internal controls to support compliance and capacity
 - Enforce written agreement requirements
 - Responding with action when performance problems arise





Program Administration Responsibilities cont.

- Fund, manage, and oversee eligible activities, including reporting -
- Select projects and activities based on allocation plan
- Ensure projects serve HOME-ARP QPs
- Oversee partners subrecipients, developers, contractors
- Set up and fund projects in Integrated Disbursement and Information System (IDIS)
- Timely processing of invoices to expend funds
- Reporting and recordkeeping





Administration and Planning Resources

Before Allocation Plan Approval



After
Allocation Plan
Approval



Up to 15% admin

Up to 5%

 Remaining funds from before + up to 10% more

Difference:

15% admin for HOME-ARP vs. 10% admin for HOME





Administration and Planning Funding

- Preparation HOME-ARP Allocation Plan as required in the Notice, including:
 - Costs of public hearing, consultations, and publications
- Program management, coordination, monitoring, and evaluation
 - Staff and overhead costs
 - Directly related to carrying out a HOME-ARP project in accordance with the Notice and 24 CFR 92.207(b)
 - Provision of information and other resources to residents and citizen organizations participating in planning, implementation, or assessment of projects being assisted with HOME-ARP funds



HOME-ARP: Program Implementation





Access to Qualifying Populations

Congress intended that all four QPs be served with HOME-ARP

- Allocation plan must address needs & housing/shelter/service gaps of each QP
 A PJ may establish reasonable preferences for HOME-ARP projects and activities
 - Preferences must be identified in allocation plan
 - Implementation of preferences may not exclude or remove eligibility of any QP from its HOME-ARP program

PJs must design and administer their HOME-ARP program to ensure that all QPs have access to their overall HOME-ARP programs





Preferences and Methods of Prioritization

Preferences

- Establish order in which applicants are admitted
- Provide priority in selection of applicants
- QP preference example = QP1
- Subpopulation within a QP example
 persons with disabilities

Method of Prioritization (MOP)

- Process used to determine how two or more preferences are selected for HOME-ARP assistance
- Cannot have MOP without preferences





Limitations

 Exclude certain QPs or subpopulations from eligibility for a project or activity

Is it necessary?

- Can a preference produce the same outcome to address a greater gap in housing or services?
- Have you consulted with the FHEO Division for fair housing and civil rights implications?





Referral Methods

HOME-ARP Expanded Coordinated Entry (CE)

- CE expands to accept all HOME-ARP QPs
- CE adopts the HOME-ARP preferences and prioritization established by the PJ

CE and Other Referral Methods

- CE for certain QPs
- Supplement with referrals from other agencies or project-specific waiting lists to ensure access to all QPs

Waiting List

- Can be used with preferences and limitations
- Default referral method applicants are selected in chronological order





Referral Method Must Ensure Access

- PJs choose the appropriate referral method to administer HOME-ARP assistance to qualifying individuals and families.
 - Provides access to HOME-ARP projects/programs/activities to eligible QPs
 - Connects eligible QP households to HOME-ARP program/project or activity
- A referral to an activity or project—
 - Identifies eligible QP households for a HOME-ARP project or activity
 - The household must meet the QP criteria based on an eligibility assessment
- PJ must comply with all applicable nondiscrimination and equal opportunity laws and requirements listed in the Notice, 24 CFR 5.105(a), and any other applicable fair housing and civil rights laws and requirements when using a referral method.





Referral Methods MUST Ensure Access cont.

A Referral Method:

- Must be affirmatively marketed to qualifying populations
- Prioritizes qualifying households according to PJs preferences and methods of prioritization
- May differ between activities or projects
- Collects documentation to demonstrate and recordkeeping of QP eligibility
- Must be used (and will be monitored) throughout the compliance period
- Can change if chosen method is not effectively connecting QPs with project/activity (must amend written agreement)





Affirmative Marketing

- Affirmative marketing requirements from the Notice and at 24 CFR 92.351 apply to:
 - All Supportive Services (SS) and Tenant Based Rental Assistance (TBRA) programs
 - Rental Housing (Rental) and Non-Congregate Shelter (NCS) projects with 5 or more HOME-ARP funded units
- Requirements include developing procedures that identify:
 - Method used to inform public about the PJ's affirmative marketing policy
 - Compliance requirements for subrecipients and owners
 - Practices to inform and solicit applications from all QPs

Identify roles in written agreements to ensure appropriate parties' records document affirmative marketing efforts and outcomes





Affirmative Marketing cont.

- Different organizations and partners will have experience connecting with different QPs
- Use affirmative marketing requirements to guide conversations and decision making to ensure that all QPs have access
- During HOME-ARP program implementation:
 - Identify referral method and outreach efforts for all four QPs including those least likely to apply for assistance
 - Talk through process to ensure application is accessible to all
 - Identify who is responsible for documenting affirmative marketing efforts and outcomes



Implementation Tools





Implementation Tools

Allocation Plan

Policies and Procedures

Project Selection

Project Selection
Plan

Written Agreements





Policies and Procedures

- Ensures transparency in program administration
- Provide context for new staff
- Create a "living document" (with regular updates)
- Point to your P&P in your written agreements
- Include documentation requirements and retention policies
- Develop compliance protocols based on policies and procedures





Policies and Procedures

Policy

- Rule(s) or guideline(s)
- Ensure fairness and consistency
- Example will prioritize Rental projects for seniors

Procedure

- How policy is implemented
- Provides direction and instructions
- Example process for prioritizing projects (e.g. scoring criteria)





Project Selection

- NOFA or Rolling funding (refer to allocation plan)
- Ensure scoring criteria and review process align with established preferences
- Complete Applications –funding secured for rental and NCS
- Meeting Goals of PJ
- Capacity to administer or develop
- Capacity to manage during compliance period (if applicable)





Client/Tenant Selection

- •Project owner must adopt and follow written client/tenant selection policies and criteria that:
 - Directly reflect the PJ's chosen Referral Method
 - Limit eligibility to qualifying or low-income households
 - Comply with PJ preferences established in HOME-ARP allocation plan
 - Do not violate nondiscrimination requirements
 - Do not exclude an applicant with Section 8 Housing Choice Voucher, an applicant participating in HOME, HOME-ARP or other Federal, state or local TBRA program
 - Complies with VAWA
 - Gives prompt written notification to any rejected applicant including grounds for rejection
- •If PJ requires project-specific waitlist, selection of households is conducted in chronological order insofar as practicable





What is a written agreement?

Contract between PJ or designee and another entity

Legally binds HOME-ARP funds to specific project or program

Execute before PJ disburses HOME-ARP funds for any project or program

Must be separate, stand-alone document from mortgage, deed of trust, promissory note or other loan document





HOME-ARP Written Agreement Provisions

Use of HOME-ARP Funds

Affordability

Reversion of assets

Program Income

Project Requirements

Property Standards

Uniform Administrative Requirements

Other Program Requirements

Affirmative Marketing

Requests to Disburse Funds

Records and Reports

Enforcement

Duration of Agreement

Eligible and Ineligible Fees

- Notice: CPD-21-10 VIII.8.B
- Appendix III.K.5.(c)
- 24 CFR 92.504 (c)





Effective Written Agreements

- Define:
 - Activities to be carried out
 - How they are funded
 - Responsibilities and options of entities involved
- Enforce compliance and support monitoring performance
- Inform parties of specific applications of HOME-ARP rules and other federal regs
- Protect and manage HOME-ARP investment
- Help ensure productivity and performance
- Present clear and concise regulatory language (not just citations)



Using Agreements as a Management Tool



Ensure appropriate project management and monitoring



Communicate expectations across partners



Track progress against agreed upon project/program goals, schedule, and conditions



Incorporate contract performance in future funding decision making





Timing & Duration of Agreements

- Written agreement = commitment under HOME-ARP
- Cannot disburse HOME-ARP funds until written agreement executed
- Cannot execute final agreement until environmental review complete
 - Can execute "conditional agreement" subject to environmental review
- All disbursements conditional upon agreed performance





Timing & Duration of Agreements (cont)

- Tied to project/program period of performance or affordability (if applicable)
- Written agreement should address applicable timeframes, for example:
 - Development stage of rental units
 - Long term compliance
- Include provisions for amendments and expiration date





Entities Involved in Agreements



Subrecipients:

Public agencies and nonprofits



State recipients:

Units of local government





Entities Involved in Agreements (cont)

Owners, developers, and sponsors:

Nonprofits, public agencies and for profits

Beneficiaries of HOME-ARP assistance:

Tenants and/or landlords under TBRA

Contractors performing services (i.e., competitively procured):

- Nonprofits
- For profits
- Public agencies

Any other entity receiving HOME-ARP assistance





Implementation Tips & Reminders

- ✓ Don't Forget! Section VIII of the Notice specifies the provisions that must be in a written agreement between a PJ or subrecipient and any owner, developer, or sponsor.
- ✓ Amend plan when deciding to fund activities that are not reflected in the plan
- ✓ Proper oversight of activities including periodic inspections
- ✓ Reporting and recordkeeping



Part Two: HOME-ARP Eligible Activities

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Eligible Activities





HOME-ARP: Nonprofit Operating and Capacity Building





Nonprofit Operating and Capacity Building Assistance

- Operating Expenses
 - Up to 5% of allocation to pay operating expenses of CHDOs and other nonprofit organizations carrying out HOME-ARP activities.
- Capacity Building
 - Up to an additional 5% of its allocation to pay eligible costs related to developing the capacity of eligible nonprofit organizations to successfully carry out HOME-ARP eligible activities.
- PJs may award operating expense assistance or capacity building assistance if it reasonably expects to provide HOME-ARP funds to the organization for HOME-ARP activities within 24 months of the award





Limitations on Assistance to Nonprofits

- Operating assistance may not exceed the greater of 50% of general operating expense of org for fiscal year or \$50,000
- Capacity Building Assistance may not exceed the greater of 50% of general operating expense of org for fiscal year or \$50,000
- If receiving **BOTH** types of assistance, the aggregate total for the amount is greater of 50% of operating expenses for fiscal year or \$75,000.





HOME-ARP: Rental Housing





HOME-ARP Rental Housing: Eligible Activities

- Rental Housing Eligible Activities:
 - Acquisition of standard rental housing
 - Construction of rental housing
 - Rehabilitation of rental housing
 - Includes conversion of nonresidential buildings to housing





Rental Housing Targeting

- Not less than 70% total HOME-ARP rental units assisted by PJ with its HOME-ARP grant must be restricted for occupancy by qualifying households at time of household's initial occupancy
 - These are "QP units"
 - Each project must have at least one QP unit
- Not more than 30% of total HOME-ARP rental units assisted by PJ may be restricted for occupancy by low-income households
 - These are "LI units", low-income tenants (<80% AMI)</p>
 - Proportions in a project may vary, but LI Units are only permitted in projects that also include QP units restricted for qualifying households





HOME-ARP Portfolio (70/30 Rule)

Example One

3 projects for a total of 30 units

Project A – 10 units

- 7 QP units
- 3 LI units

Project B – 10 units

- 7 QP units
- 3 LI units

Project C – 10 units

- 7 QP units
- 3 LI units

Total Portfolio = 21 QP units / 9 Ll units

Example Two

3 projects for a total of 30 units

Project A – 10 units
• 1 QP unit

- 9 LI units

Project B – 10 units
• 10 QP units

Project C – 10 units
• 10 QP units

Total Portfolio = 21 QP units/ 9 LI units





HOME-ARP Rental Housing Eligible Costs

- HOME-ARP funds may pay for up to 100 percent of the following eligible costs associated with HOME-ARP rental units:
 - Development hard costs
 - Refinancing of existing debt secured by a HOME-ARP rental project rehabilitated with HOME-ARP funds
 - Acquisition costs of improved or unimproved real property
 - Related soft costs
 - Relocation costs as defined in the Notice, 24 CFR 92.206(f), and 24 CFR 92.353
 - Certain costs related to the payment of construction, bridge, or guaranteed loans, if HOME-ARP is part of original financing; and
 - Operating cost assistance, through a capitalized operating reserve or ongoing operating cost payments, for HOME-ARP units restricted for occupancy by qualifying households.





Form and Amount of Assistance

- Eligible forms of assistance include:
 - Equity investments
 - Interest/non-interest-bearing loans or advances
 - Interest subsidies
 - Deferred payment loans
 - Grants
 - Other forms approved by HUD
- Minimum amount of assistance
 - \$1,000 x number of HOME-ARP assisted units in the project
- Maximum subsidy
 - HOME-ARP does not have a maximum per-unit subsidy





HOME-ARP Rental Housing Projects

- Must meet definition of project in the Notice and at CFR 92.2
 - A site or sites together with any building(s) located on the site(s) that are under common ownership, management, and financing and are to be assisted with HOME-ARP funds as a single undertaking
 - The project includes all the activities associated with the site and building
- HOME-ARP Project Parameters:
 - 1 QP unit per project
 - Costs associated with HOME-ARP units and proportionate share of common areas
 - Underwriting/subsidy layering required
 - Cost allocation required when layering with other funding sources and when assisted/unassisted units are **not** comparable





Rental Housing: Other Program Requirements

- Targeting and Occupancy Requirements
- Operating Cost Assistance
- Maximum Per Unit Subsidy (PJ Determination)
- Underwriting/Subsidy Layering
- Property Standards
- Determining Household income
- Rent Limitations

- Tenant Contribution to Rent for QP households (PJ Determination)
- Changes in Income
- Unit Designation/Maintaining Unit Mix
- Minimum Compliance Period
- Tenant Protections
- Project Completion



HOME-ARP: Tenant Based Rental Assistance (TBRA)





TBRA

- HOME-ARP TBRA is tenant based.
 - This assistance is attached to the household and not a particular rental unit.
 - A household may move to another unit with continued assistance as long as the unit meets applicable property standards
 - HOME-ARP TBRA allows PJs to assist qualifying households with payments for housing related costs.
 - A PJ may provide assistance to cover the entire cost or insufficient amounts that the qualifying household cannot pay.





TBRA: Program Characteristics

Eligible Costs include:

- Rental assistance
- Security deposit payments
- Utility payments, as part of rental assistance
- Utility deposit payments, as part of rental assistance or security deposit assistance

- HOME-ARP TBRA sponsors
- Higher subsidy amounts
- PJ chooses term of contract
- If used in HOME or HOME-ARP rental unit, inspections deferred
- Cannot be used in connection with homebuyer programs





TBRA Required Policies

- Tenant selection policies
- Procedures for notifying rejected applicants
- Provisions for combining with supportive services, if applicable
- Minimum and maximum amounts/periods of assistance
- Tenants' contribution to rent
- Policies pertaining to security deposit assistance type (loan or grant)

- Utility assistance policies
- Rent standards
- Procedures enabling households to change units, ensuring new unit is compliant with habitability standards
- Lease requirements
- TBRA portability
- Termination of assistance



HOME-ARP: Supportive Services (SS)





Supportive Services Activity

- HOME-ARP funds may be used to provide a broad range of eligible supportive services to anyone who meets at least one QP definition.
- Supportive Services funding can be awarded as a standalone activity or in combination with other HOME-ARP activities (i.e. Rental Housing, TBRA, etc.)
- There are three **categories** of eligible supportive services under HOME-ARP:
 - McKinney-Vento*
 - Homelessness Prevention*
 - Housing Counseling

^{*} NOTE: McKinney-Vento and Homelessness Prevention <u>eligible services</u> are the same. Housing status determines eligibility and reporting requirements.





Eligible Services for Housing Counseling

Rental Housing Counseling Topics	Pre-purchase Homebuying Topics	Homeless Services Topics
HUD rental and rent subsidy programs	Advice regarding readiness and preparation	Homeless assistance information regarding emergency shelter
Other federal, state or local assistance	Federal Housing Administration insured financing	Other emergency services
Fair housing	Housing selection and mobility	Transitional housing
Rental search assistance	Housing search assistance	Referrals to local, state & federal resources
Landlord tenant laws	Fair housing and predatory lending	
Lease terms	Budgeting and credit	
Rent delinquency	Loan product comparison	
Referrals to local, state & federal resources	Purchase procedures and closing costs	
	Referrals to local, state & federal resources	





Eligible Services for McKinney Vento and Homelessness Prevention

- Child care
- Education services
- Employment assistance and job training
- Food
- Housing search and counseling services
- Legal Services
- Life skills training
- Mental Health Services
- Outpatient Health Services

- Outreach Services
- Substance abuse treatment services
- Transportation
- Case management
- Mediation
- Credit Repair
- Landlord/tenant liaison
- Services for special populations
- Financial Assistance Costs

^{*} NOTE: McKinney-Vento and Homelessness Prevention <u>eligible services</u> are the same. Housing status determines category eligibility and reporting requirements.





Eligible Costs for Providing Supportive Services

Supportive services delivery costs must be attributable to the identifiable objective of the service delivered, and may include:

- Salary and benefit packages of staff who directly deliver HOME-ARP supportive services to eligible participants
- Labor, supplies, and materials necessary to provide HOME-ARP supportive services to eligible participants

PJs should, to the extent practicable, include the actual total program costs and administrative overhead required to provide the contracted services within the PJ's overall 15% administrative cap.





Eligible Costs for Housing Counseling

- Staff salaries and overhead costs of HUD-certified housing counseling agencies - direct housing counseling services
- Development of a housing counseling workplan
- Marketing and outreach
- Intake

- Financial and housing affordability analysis
- Action plans
- Follow-up communication with program participants





PJ Responsibilities

PJs must execute agreements with subrecipients/contractors to implement the supportive services with all required provisions found at VIII.B.3.

PJs' must ensure services providers:

- Document QP eligibility
- Offer services necessary to either obtain housing or maintain housing
- Verify that participants will not receive duplicative services through another program (e.g. ESG, state-funded program)
- Accept participants in the order determined by established preferences and methods of prioritization
- Adhere to record keeping requirements outlined in VIII.F.2.t of the Notice
- If applicable, execute agreements with any partners delivering HOME-ARP services before services are provided
- Document services received by supportive services category





Supportive Services Categories

The PJ must establish requirements for documenting services received by supportive services category

Eligible Category	Eligible Participants
McKinney-Vento	QPs Experiencing Homelessness
Homelessness Prevention	QPs At-Risk of Homelessness
Housing Counseling	Any Qualifying Participants

^{*} NOTE: McKinney-Vento and Homelessness Prevention <u>eligible services</u> are the same. Housing status determines eligibility and reporting requirements.





Supportive Services Policies and Procedures

PJs must establish policies and procedures for:

- Referral methods for projects or activities
- Eligibility of program participants in other HOME-ARP activities
- Duplicate services prevention
- Category documentation (McKinney-Vento, Prevention, or Counseling)
- Maximum amounts and/or periods of assistance
- Eligible cost documentation
- Termination of assistance for participants

PJs must develop additional policies and procedures if providing:

- Transportation services
- Financial assistance for short and medium-term rental payments
- Housing stability case management



HOME-ARP: Non-Congregate Shelter (NCS)





HOME-ARP Non-Congregate Shelter (NCS)

For purposes of HOME-ARP, NCS is defined as one or more buildings that:

- Provide private units or rooms for temporary shelter
- Serve individuals and families that meet one or more of the qualifying populations
- Do not require occupants to sign a lease or occupancy agreement





NCS - Eligible Activities and Costs

Eligible Activities:

- Acquisition of structures
- New construction, with or without land acquisition
- Rehabilitation of existing structures (such as motels, nursing homes)

Eligible Costs

- Acquisition Costs
- Development Hard and Soft Costs
- Replacement Reserve (for costs identified in capital needs assessment)

Ongoing Operating Costs of NCS are NOT eligible costs





NCS Policies and Procedures

PJs policies and procedures must include:

- Due diligence procedures for selecting projects
- On-site inspections, at least once every three years
- Procedures for ensuring compliance post conversion to rental housing units, if applicable
- Monitoring for client selection and referral methods in alignment with approved Allocation Plan





NCS - Restricted and Minimum Use Periods

Restricted Use Period: Must comply with HOME-ARP requirements

New Construction	15 years
Rehabilitation	10 years
Acquisition Only	10 years

Minimum Use Period: Period the facility must act as NCS before conversion is permitted

Acquisition Only	3 years
Moderate Rehabilitation	5 years (Total Investment < 75% Appraised Value)
Substantial Rehabilitation	10 Years(Total Investment > 75% Appraised Value)
New Construction	10 years





Disposition of HOME-ARP NCS

- Remain as HOME-ARP NCS
- Be used as NCS under the Emergency Solutions Grants (ESG) program
- After Minimum Use Period Met:
 - Be converted to HOME-ARP affordable rental housing
 - Be converted to CoC permanent housing

Cost of conversion cannot be paid with HOME-ARP



HOME-ARP: Resources





Policy Resources

- Text H.R.1319 117th Congress (2021-2022): American Rescue
 Plan Act of 2021 | Congress.gov | Library of Congress
- Notice CPD-21-10: Requirements for the Use of Funds in the HOME-ARP Program - HUD Exchange
- Notice CPD-22-13: Revisions to HOME-ARP Allocation Plan
 Requirements and Final Submission Deadline for all HOME-ARP
 Allocation Plans HUD Exchange
- HOME-ARP Policy Brief: Preferences, Methods of Prioritization, and Limitations - HUD Exchange
- HOME-ARP Policy Brief: URA and Section 104(d) HUD Exchange
- HOME-ARP FAQs HUD Exchange





Program Administration Resources

- HOME-ARP Effective Administration of Funds Handout HUD Exchange
- HOME-ARP Part 58 Environmental Review Checklists HUD Exchange
- HOME-ARP Qualifying Populations CoC/ESG Eligible Participants
 Crosswalk HUD Exchange
- HOME-ARP Referral Methods and Coordinated Entry Resources -HUD Exchange
- COVID-19 Homeless System Response: Introduction to HOME-ARP for CoCs - HUD Exchange





Activity Specific Resources

- HOME-ARP Fact Sheets HUD Exchange
- HOME-ARP Eligible Activities CoC/ESG Housing and Services Crosswalk - HUD Exchange
- HOME-ARP Eligible Activities TBRA and CoC RRH Crosswalk -HUD Exchange