

THE HFA INSTITUTE 2025

HOME Essentials

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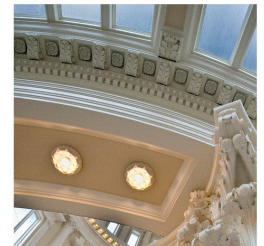
**MRBs and
Other Federal
Homeownership
Programs**
JANUARY 15 – 17



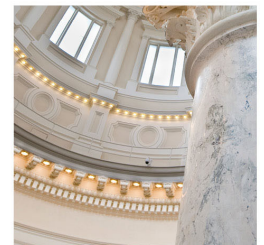
Housing Credit
JANUARY 14 – 16



**Section 8 and
Other Federally
Assisted
Multifamily
Housing**
JANUARY 15 – 17



**HOME and
Housing Trust
Fund**
JANUARY 12 – 14



National Council of
State Housing Agencies

THE HFA INSTITUTE 2025 



Welcome & Introductions

- Sponsored by:
 - HUD's Office of Affordable Housing Programs (OAHP)
 - NCSHA

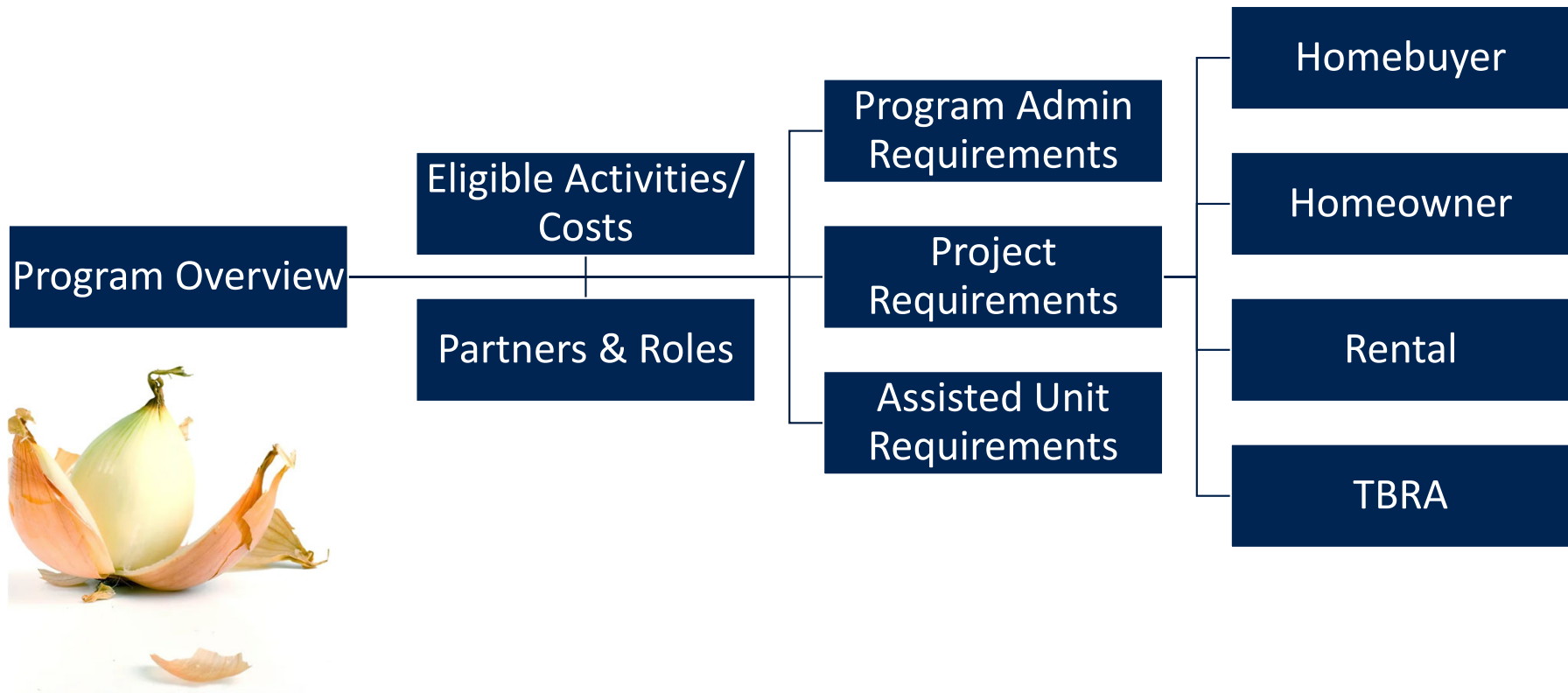


HOME in an afternoon...really?

- HOME is NOT plug 'n play!
 - HOME can do a range of activities, but each with its own requirements
 - Many requirements are statutory
 - The Program is under constant scrutiny & audit
 - Program requirements & guidance are evolving (other federal requirements & best practices) – *2025 Final Rule*
- It takes multiple trainings to fully comprehend
- But once you understand the “framework”



The Framework



Our Schedule

Part 1

(1:00 – 2:30)

- Eligible activities
- Program partners
- Program administration

Part 2

(2:45 – 3:45)

- General project requirements
- Assisted unit requirements

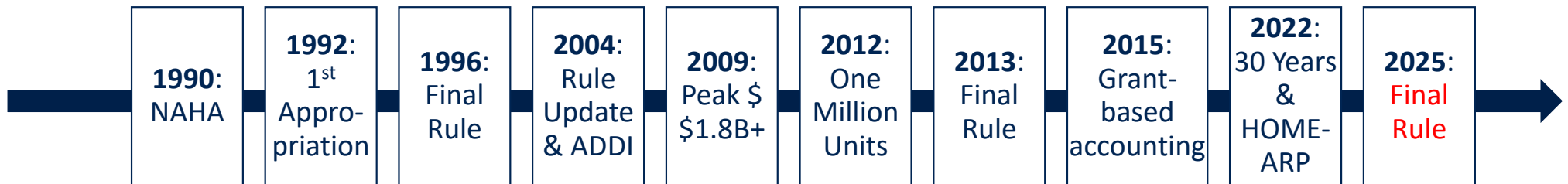
Part 3

(4:00 – 5:30)

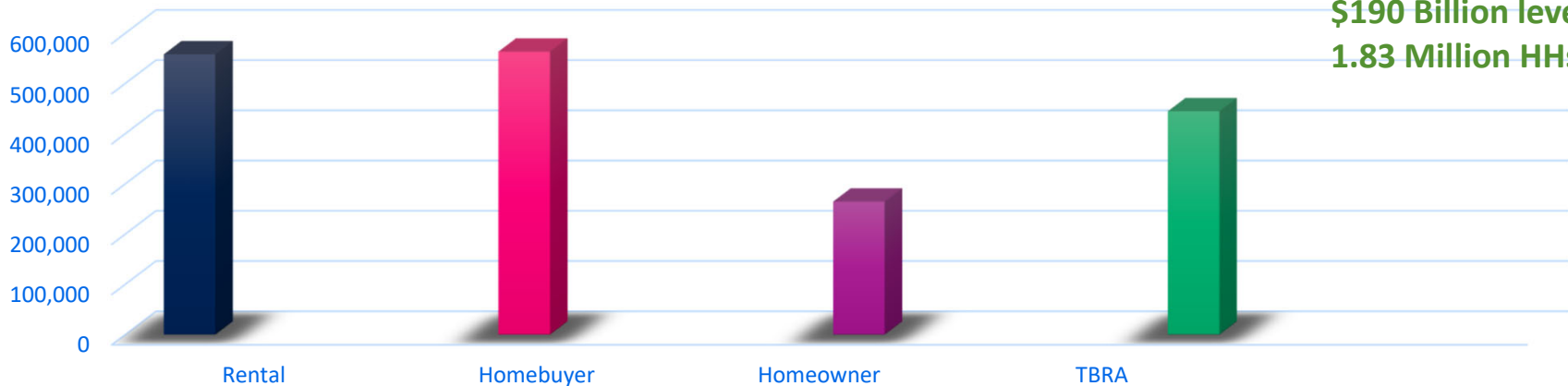
- Homebuyer
- Homeowner
- Rental
- TBRA

First, A Little History...

“Final” doesn’t mean forever.

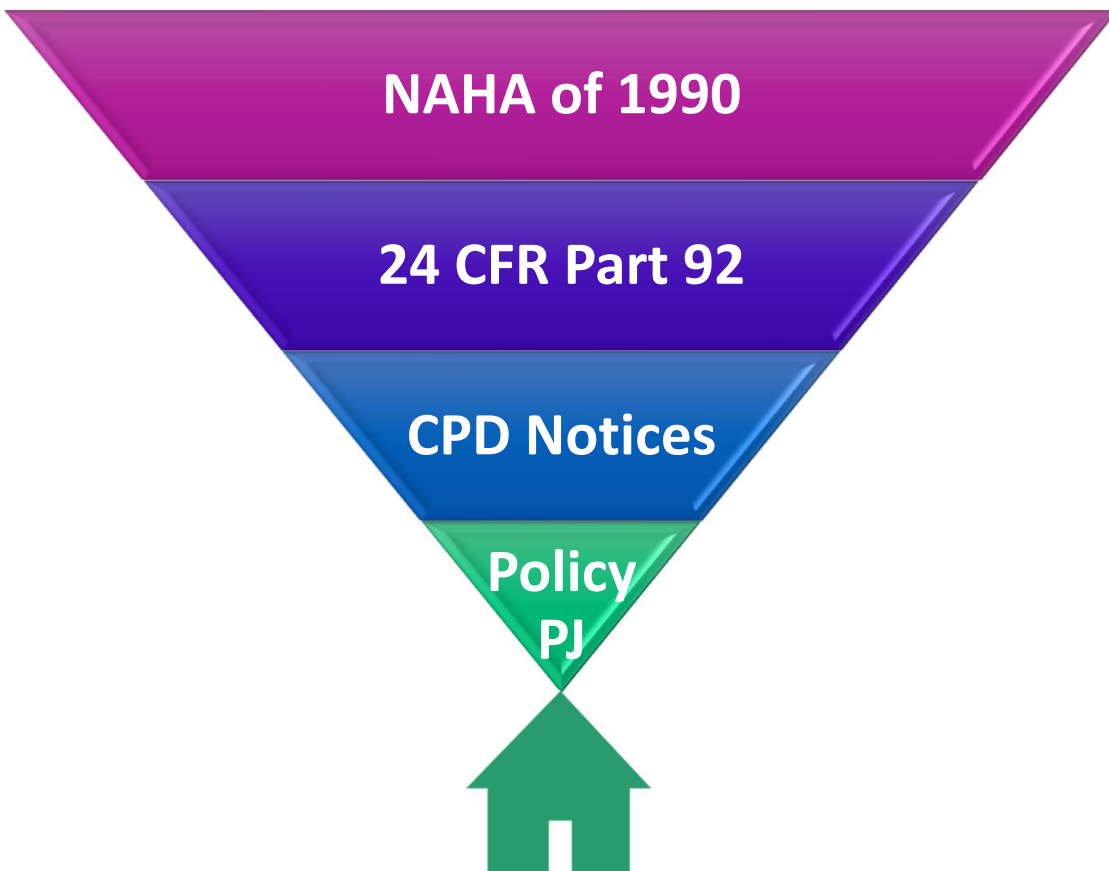


Completed HOME Units (through 11/24)



\$47 Billion authorized
\$41 Billion disbursed
\$190 Billion leveraged
1.83 Million HHs assisted

The HOME Policy “Pyramid”



- Detailed statute
 - Some amendments & suspensions
- “Final” Rule
 - 2024 Proposed Rule; Final Rule expected
- CPD-(Yr)-(#)
 - Guidance: HOMEfires & HOME *FACTS*
- PJ selects activities; sets policies
 - In addition to HUD requirements

The Rule: 24 CFR Part 92

OUT OF ORDER
ON PURPOSE

1. Activity Type Requirements

- 92.252: rental requirements
- 92.254: homeownership requirements
- 92.209: TBRA

2. Project Implementation Requirements

- 92.206/.214: eligible/ineligible costs
- 92.250: project underwriting
- 92.251: property standards
- 92.203: income & documentation
- 92.253: tenant protections & lease
- 92:350-.359: Other Federal
- 92.300: if CHDO

3. Administrative Requirements

- 92.504: written agreements & monitoring
- 92.508: recordkeeping
- 92.502: disbursements
- 92.503: program income

92.2 Definitions

Recent Rule Changes Impacting HOME

- 2013 Final Rule
- VAWA rule: effective 12/16/16
- Final Rule Housing Counseling: effective 1/13/17
- Section 3 Final Rule: effective 11/30/20
- Final Rule on commitments (finalized 2016 interim rule): 10/22/22
- HOTMA: 2/14/23 (effective date extended to 1/1/26)
- NSPIRE: 5/11/23 (HOME compliance extended to 10/1/25)
- ***2025 Final Rule***
 - ***Commitments beginning 2/5/25 (except 1 year compliance delay option); PJ may amend prior agreements except for 92.206(d)(1)-(2), max subsidy, POA thresholds, tenant protections, CHDO changes (92.3(d))***

2025 Rule Changes: ***Red italics***

Recent HUD Guidance

Notices

- CPD-23-12: BABA
- CPD-21-10: HOME-ARP
- CPD-21-07: Section 3 for HOME & HTF
- CPD-20-01: 4-year project completion
- CPD-18-10: 24-month commitment suspension
- CPD-18-09: Homebuyer program P&Ps
- CPD-16-15: Cost allocation
- CPD-15-11: Underwriting guidelines
- CPD-15-03: Maximum subsidy limits

Guidance

- [HOMEfires Vol. 18, No. 1: CHDO Set-aside after 24 mos.](#)
- HOMEfires Vol. 17 No. 1: Revising POAs
- HOMEfires Vol. 16, No. 1: Granting HOME Funds
- HOMEfires Vol. 15, No. 1: Appraisal-based resale formulas
- [HOME FACTS Vol. 12, No. 1: CHDO Predevelopment Loans](#)
- HOME FACTS Vol. 11, No. 1: 9-year expiration of funds
- HOME FACTS Vol. 10, No. 2: Written agreement date in IDIS
- HOME FACTS Vol. 10, No. 1: Project Delivery Costs in IDIS
- HOME FACTS Vol. 7, No. 1: Receipt types (PI, HP, IU)

HOME-ARP

- Appropriated by Congress to address pandemic-related issues
- Constructed on HOME regulatory frame, but:
 - Narrower qualifying populations (QPs)
 - Broader set of activities
 - Rental & TBRA + Supportive Services, NCS, NP Operating/Capacity Building
- Alternative requirements – see Notice CPD-21-10
- This presentation only addresses “regular” HOME

Eligible Activities & Costs

The Big Picture

- 4 categories of **Low Income** (LI) (<80% AMI) housing activities
 - Mixed use & mixed income permitted; HOME “allocated” to LI housing units
- HOME provides **capital funds**, not operating (except TBRA)
- PJ underwrites & sets **terms of investment**
- Program/project **deadlines**: commitment (currently suspended), completion, expenditure
- **Assisted units** must meet requirements for minimum period of affordability (POA): 5 – 20 years
- If requirements not met during POA, funds subject to **repayment**

4 Types of Eligible Activities



Homebuyer



Rental

Owner-occupied rehab



TBRA



Eligible/Ineligible Uses/Costs

Eligible uses/costs

- Capital costs of permanent or transitional Low-Income (LI) housing units
 - Acquisition/Site Improvements
 - Rehab/New Construction
 - Soft Costs
 - *(92.206(d)(1)-(2) 24 mos)*
 - Initial operating deficit (<18 months)
- TBRA

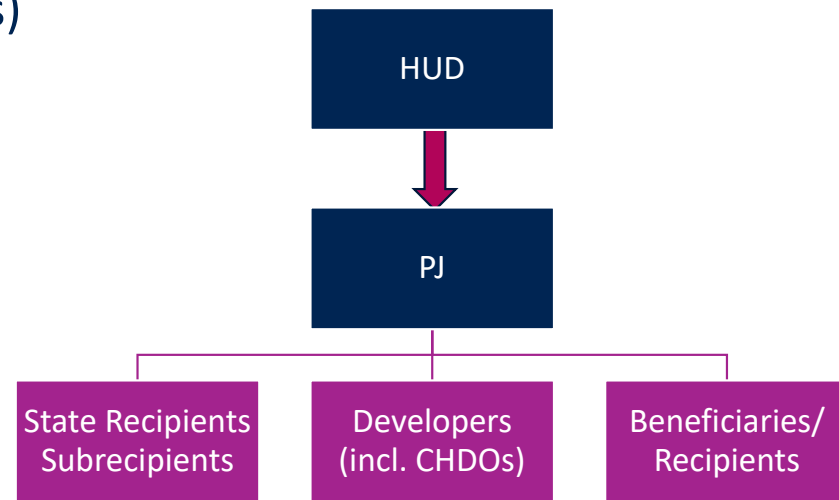
Ineligible uses/costs

- Non-housing space (commercial, outbuildings)
- Non-low-income housing
- Shelters and facilities
- Off-site infrastructure (except connections)
- Project reserves (exc. rental initial op deficit)
- Public housing limits (92.213)

HOME Program Partners & Roles

Key Participants and Roles

- HUD funds & monitors PJ
- PJ can fund and must monitor:
 - Administrators (State Recipients, subrecipients)
 - Beneficiaries/recipients
 - Developers (For-profit, nonprofit, CHDOs)
 - Low-Income owners/households
- All must have written agreements



Programs v. Projects

Programs

- TBRA
- Homeowner rehabilitation
- Homebuyer assistance

- Administered by PJ, subrecipient, contractor

Projects

- Homebuyer development
- Rental housing acquisition, construction, rehabilitation

- Developer/owner

Subrecipients v. Developers



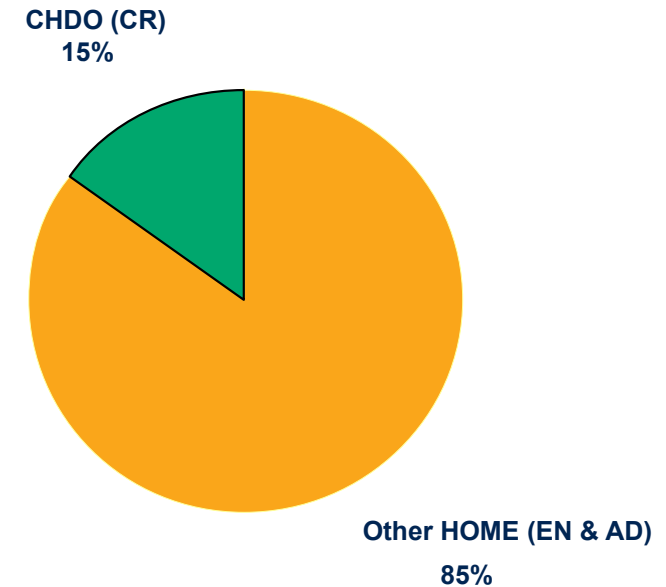
Not-profit or *governmental entity*
Administrator – Carries out a program
Determines eligibility for assistance
Responsible for adhering to program requirements
Responsible for rules & uniform requirements (2 CFR 200)*
Only reimbursed for costs incurred (admin & project delivery)



For-profit, non-profit or public entity
Implements own projects
Only responsible for written agreement requirements
Can earn developer fees as part of project costs

The CHDO Set-Aside

- 15% of PJ annual allocation reserved for CHDO projects:
 - Rental Housing & Homebuyer projects only
 - 92.300 definitions: owned/developed/sponsored
 - COVID suspension: 0% FY 2017-20
 - Reservation suspension: Annually FY 2016 – present*
 - HOMEfires vol 18 no 1: use of set-aside after 24 mos.
- Nonprofits must qualify as CHDOs
 - At time of project commitment
 - CHDO definition (92.2) - capacity requirement (staff)
(some board & capacity clarifications in definition)



Eligible CHDO Activities & Roles

- Project must involve development activity
 - New construction, rehab, or acquisition by CHDO
 - Rental or homebuyer; not “DPA only,” owner-occupied rehab, TBRA
- CHDO must control project: owned, developed, sponsored by definitions (92.300(a)(2)-(6))
 - Control of development/management decisions (*joint ventures with CHDO control*)
 - Owner definition (own, not necessarily develop)
 - Tax Credit projects under “sponsored by” definition (CHDO/subsidiary must be sole general partner/managing member)
 - *Requirements for transfers during POA added to Rule*

CHDO Certification at Funding

Checklist Item	Set-Aside Project	Pre-Development Loan	Operating Expenses
1. Legal Structure	✓	✓	✓
2. Independence	✓	✓	✓
3. LI Community Accountability	✓	✓	✓
4. Capacity	✓	✓	✓*
5. Role	✓	✓	
6. Pre-development costs		✓	
7. Operating expense eligible			✓

*Exception: the operating assistance will allow CHDO to obtain staff capacity needed for project funding

Other CHDO Assistance

- In addition to CHDO set-aside, a PJ may offer CHDOs:

Operating assistance

- CHDO operating expenses, not for project costs
- Up to 5% of PJ annual allocation – from project funds (EN), not from CHDO set-aside (CR)

Pre-development loans

- TA/site control or seed money
- Up to 10% of CHDO set-aside commitments
- Forgivable under certain conditions

Community Land Trusts

- Increasing use of CLTs to make homeownership affordable (within Value Limits) & preserve long-run affordability
- *Added to 2025 Rule*
 - *Definition 92.2*
 - *92.254(b)(3): CLT may retain a right of first refusal or preemptive right to purchase to maintain affordability on HOME-units CLT developed*

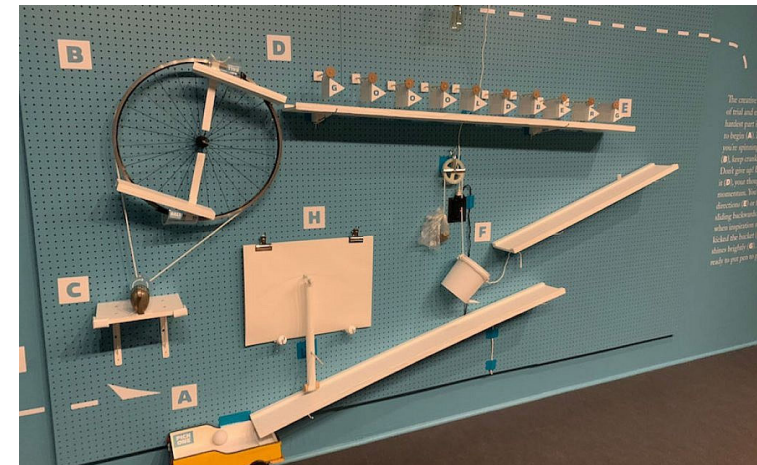
Levels of Administrative Requirements



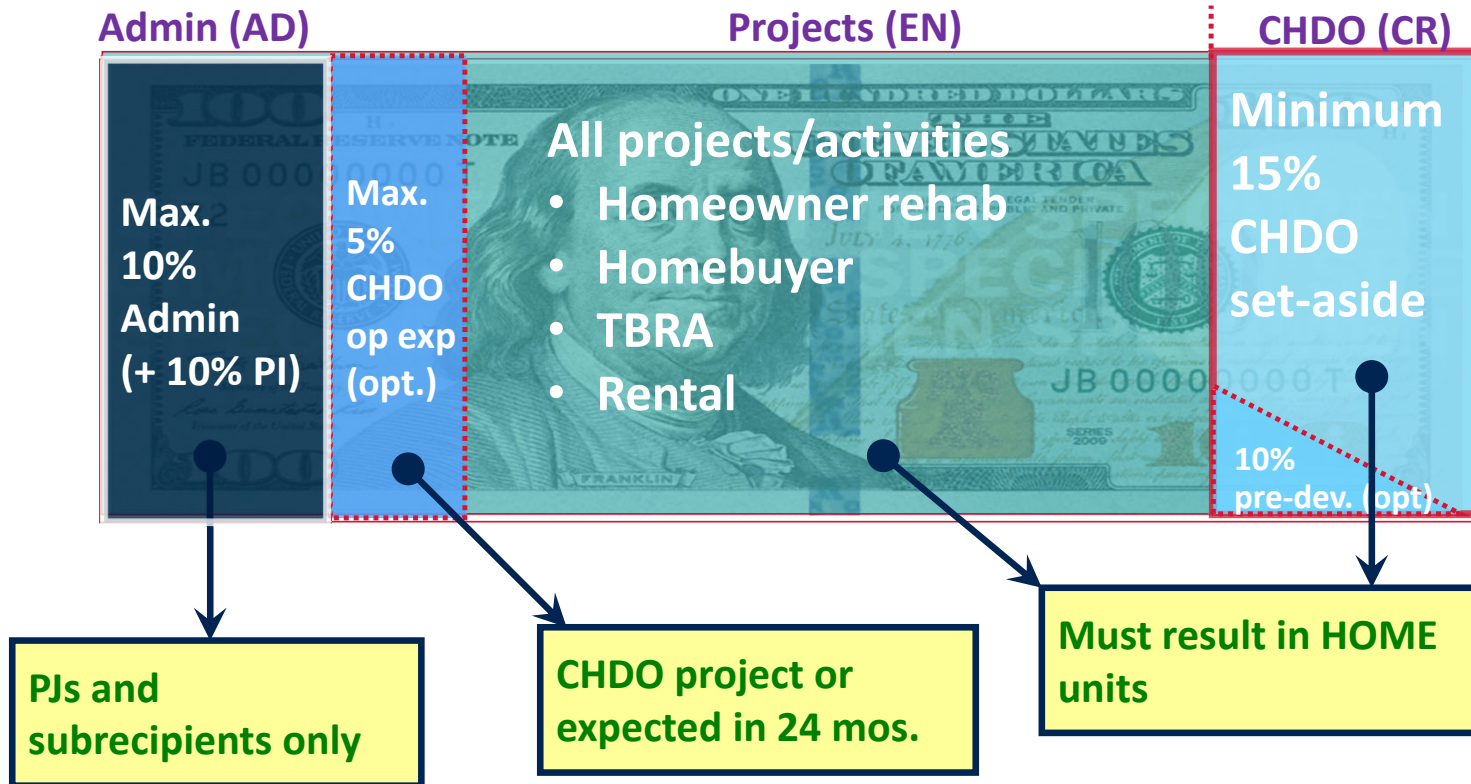
Program Administration

Allocating HOME Funds

- Congress: annual appropriation
- HUD: formula allocation - State & local PJs (& consortia)
- ConPlan/Annual Plan
 - Programs & projects
 - Priorities
 - Policies
- Citizen participation & HUD approval



PJ Annual Allocation Breakdown



Admin v. Project Delivery Cost

Administrative expenses

- PJ administration
 - General program management
 - Public information, ConPlan, Fair housing
 - Staffing & indirect costs (cost allocation)
- 10% of allocation (+PI) cap

Project delivery

- PJ/subrecipient direct costs for specific project:
 - E.g, intake, underwriting, environmental, documents, inspection, compliance costs
- Charged to project (not to LI HH)
 - Subject to maximum subsidy limit
- See HOME FACTS Vol. 10, No. 1

HOME Expenditure Rules

- Program deadlines (Rule: 1/3/17, CPD-18-10)
 - Commitment: 24 months subrecipient, project & CHDO res (& local account funds)
 - Annually suspended in Appropriations
 - 36 months (total) for subrecipient/SR projects (waived)
 - Expenditure: 9 years from appropriation
 - Five-year expenditure deadline removed for 2015 and later grants
 - *Closeout process: 92.507*
- Project deadlines:
 - Expect to draw w/in 12 months; but no auto de-obligation
 - 4 years from commitment to completion (see CPD-20-01)
 - 9 months to sell (*12 months*); 18 months to rent

Disbursement Rules

- PJ (& State recipients/subrecipients) must:
 - Meet 2 CFR Part 200 financial management standards (200.302-.303)
 - Disburse only for HOME-eligible costs (92.206-.209 & 2 CFR Part 200) based on approved budget
 - Document disbursements (15-day rule)
- Integrated Disbursement & Information System (IDIS)
 - Activity set-up & completion reporting
 - Draws from Treasury to Local Account

HUD IDIS Performance Reports

- Monthly activities & production reports (commitments, disbursements, activities)
- Deadline reports
 - Deadline Compliance
 - Expiring Funds
 - Open Activities
 - Vacant Units
- <https://www.hudexchange.info/grantees/reports/#home-reports>

Program Income & Other Funds

- HOME FACTS Vol 7 No 1: IDIS receipt fund types
 - Program income (PI) – local account, eligible for 10% admin
 - Recapture (HP) – local account, no admin
 - Repayment (IU) – local account, no admin
 - CHDO proceeds – PJ may allow CHDO to keep (1st reuse for HOME or other LI housing in written agreement; PJ must monitor)
- Administrative requirements (changed with grant year accounting rule)
 - Don't have to disburse 1st; PJ may accumulate & allocate to next Annual Plan activities

Match

- PJs must match 25% of HOME funds drawn for project costs:
 - Program requirement, not each project
 - Permanent non-Federal contribution to HOME-assisted & some non-assisted projects
 - *(92.219(b) clarification of agreement requirements for non-assisted projects)*
 - Some PJs receive partial or full match waiver for disasters/economic distress
 - COVID suspension of match for funds drawn: only 10/1/19 – 9/30/2022
- Administrative requirements (watch for updated Notice):
 - Cumulative match log & documentation
 - *Documentation for carry-forward credits*
 - CAPER HOME Match Report as of 9/30 each FFY



Eligible Match Sources

- Cash & “cash equivalents”
- Waived taxes, fees
- Donated land/property
- Infrastructure
- % of housing bonds
- Donated materials & labor
- Sweat equity
- Services/counseling



Recordkeeping

- Documentation is critical last step in federal grant admin
- Program & project records: 92.508
- Maintain five years after completion/closeout
 - Legal docs: 5 years after completion of POA
 - Rental occupancy: 5 year rolling basis



“If it isn’t documented, it didn’t happen!”

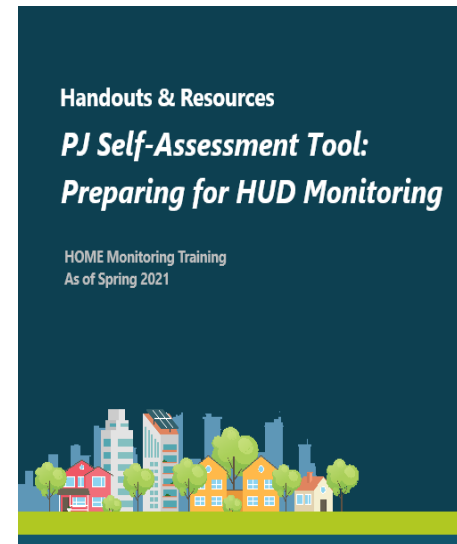
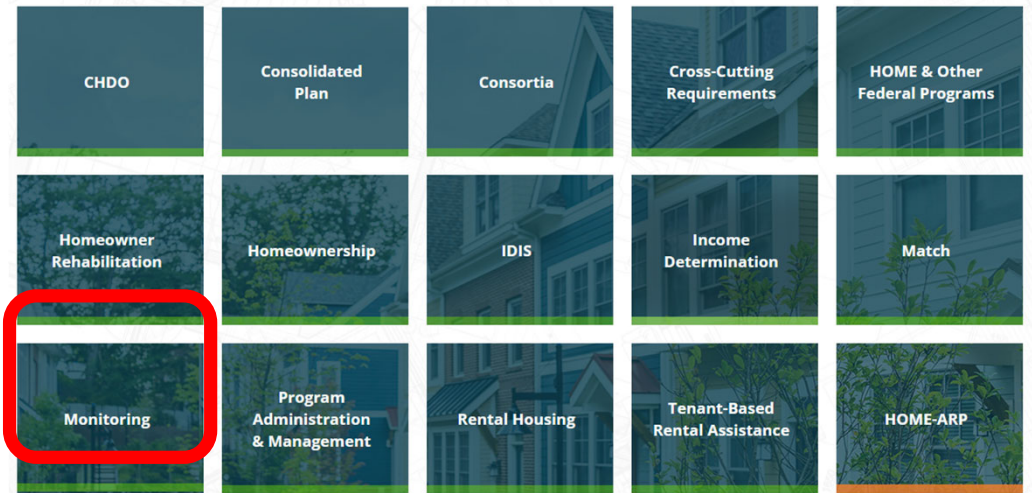
PJ Monitoring

- Recipients must be reviewed at least annually
 - PJ must develop risk-based monitoring plan
- Ongoing rental monitoring:
 - 92.252(f)(2): owners must provide info annually to PJ
 - 92.504(d) on-site sample of files & prop inspections:
 - Within 12 months of project completion & every 3 years
 - 92.504(d)(2) annual financial oversight, 10+ HAUs
- Homebuyer monitoring: continued occupancy & resale/recapture



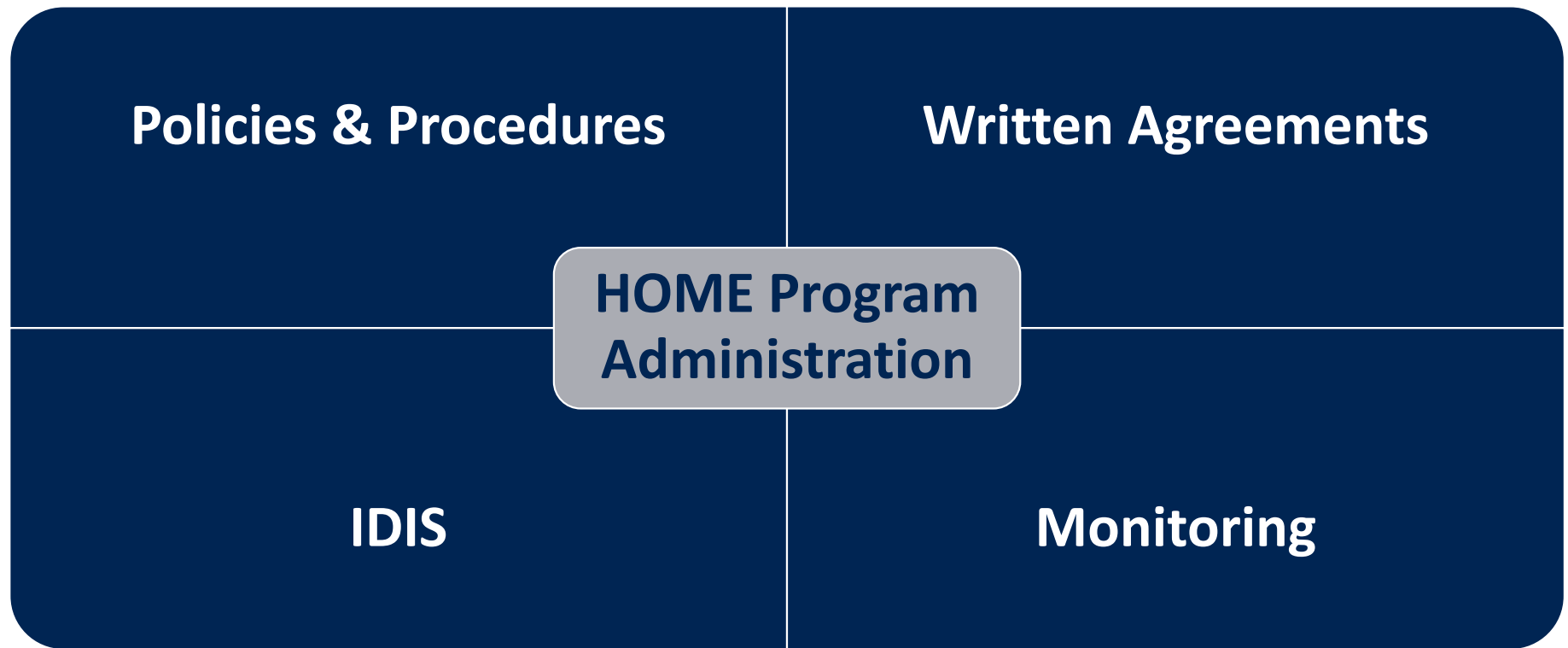
HUD Monitoring

- HUD CPD Monitoring Handbook:
https://www.hud.gov/program_offices/administration/hudclips/handbooks/cpd/6509.2
- HUD Exchange – HOME Monitoring



<https://files.hudexchange.info/course-content/home-monitoring-webinar-series-understanding-monitoring/HOME-Monitoring-PJ-Self-Assessment-Handout.pdf>

Cornerstones of Good Administration





Project & Assisted Unit Requirements

General Project Requirements



Project Commitment

- Legally binding written agreement required for commitment
- All HOME requirements met, including:
 - Underwriting/subsidy layering
 - Environmental clearance
 - CHDO certification (if CHDO)
- Notice CPD-15-09



Project Funding Requirements

- Project underwriting/subsidy layering: §92.250(b)
 - Invest no more than “necessary to provide quality affordable housing that is financially viable”
- Eligible costs: §92.206
 - Eligible: Only eligible development costs (§92.206)
 - *92.206(d)(1)(2) amended – only for post 2/5/25 commitments*
 - Reasonable: 2 CFR Part 200 Subpart E
 - Allocable: assisted unit costs - cost allocation (§92.205(d)(1))
- Maximum per-unit subsidy limits: §92.250(a)
 - <https://www.hudexchange.info/resource/2315/home-per-unit-subsidy/>
 - *May exceed by up to 10% for HUD green bldg stds – post 2/5/25 commitments*

Project Underwriting

- All projects must be underwritten prior to commitment
- PJ must have:
 - Project underwriting & subsidy layering guidelines (92.250(b))
 - Homebuyer underwriting guidelines (92.254(f)(1))
- PJ certifies project underwriting in IDIS set-up
- Notice CPD-15-11

Underwriting Framework

- Objective: HOME investment no more than necessary to provide quality, financially viable housing for at least POA
- PJ guidelines must ensure:
 - Return/profit to developer/owner is reasonable and not excessive
 - Sources and Uses balance, including that all costs are reasonable
 - Market assessment supports occupancy within deadlines
 - Developer's experience and financial capacity is appropriate to project
 - Firm written commitments for other project financing

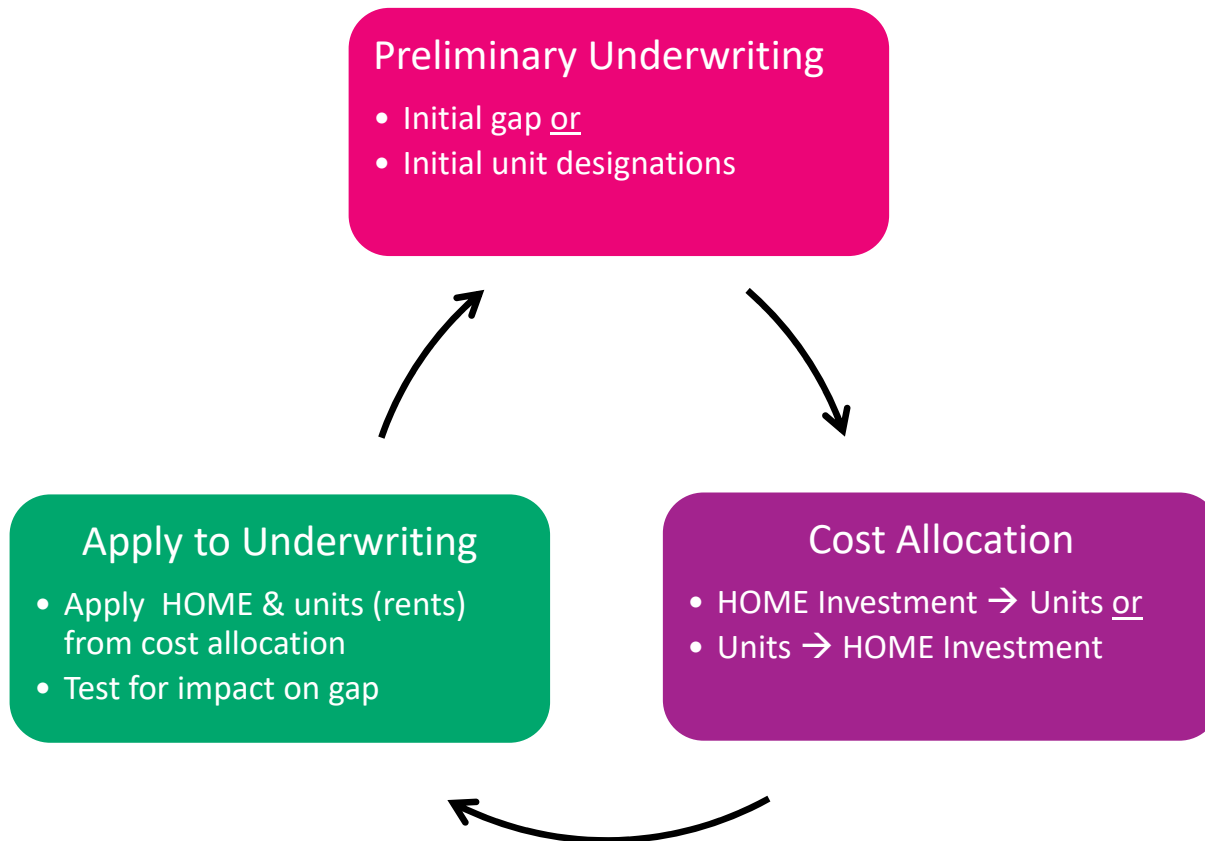
Subsidy Layering

- Must consider all public sources in the project to determine appropriate level of subsidy
 - Integrated with underwriting guidelines & procedures
- PJs may use layering reviews from HUD or State agencies, but must review results using own standards

Cost Allocation

- HOME funds should not pay more than what is eligible & allocable to HOME-assisted units
 - Also limited by Maximum Per-Unit Subsidy
- Mixed-use or mixed-income projects: cost allocation determines
 - Minimum number of HOME units & Maximum HOME investment (CPD-15-003)
- Notice CPD-16-15
 - Standard Method
 - Proration & Hybrid Method permitted only if comparable units

Cost Allocation & Underwriting



Environmental Review

- All projects subject to environmental review
 - Type of review varies by activity (EA, CEST, CENST)
- Limits on pre-clearance actions (58.22)
 - PJ **cannot** commit or expend federal or local funds prior to clearance
 - Developer **cannot** take choice limiting actions (including acquisition, construction & demo)
- PJ can make conditional commitments
 - Was permitted to meet commitment deadlines (currently suspended)
- Projects in progress: stop work (exc. exempt) until clearance

Required Documents

Written Agreement ("commitment")

- Agreement between PJ & developer/owner
- Required for commitment; execute before IDIS setup
- Delineates:
 - All compliance requirements
 - Roles & responsibilities

Recorded Documents

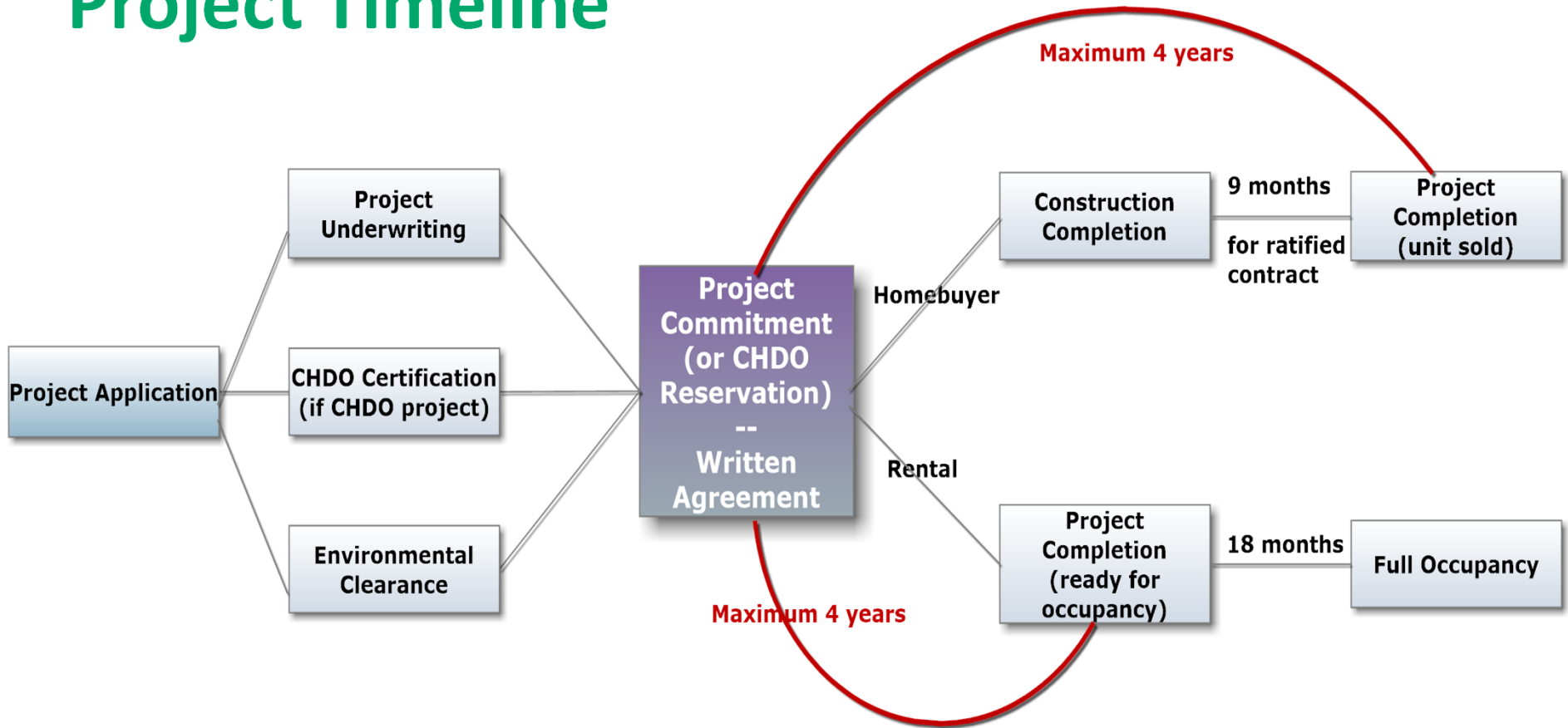
- Note/mortgage, deed covenant, etc. – varies by type of activity
- Recorded at closing
- Governs disbursements & occupancy
- Provides for legal enforcement

Project Deadlines

- Initial draw: expect within 12 months - No longer subject to auto cancelation
- Completion: 4 years commitment to completion (CPD-20-01)
 - Rental: construction completion & funds drawn (lease-up may come later)
 - Homebuyer: construction completion, funds drawn, **and** unit sold
 - PJ can request 1 year extension from HUD (see CPD 20-01)
- Occupancy:
 - 9 months *12 months* to sell (or ratified sales contract)
 - 18 months to initially rent

Date of Agreement
now entered in IDIS
(HOME FACTS Vol. 10,
No. 2)

Project Timeline



Other Cross-Cutting Requirements

- Relocation: URA & HCDA 1974 S. 104(d)
- Labor: Davis Bacon (if 12+ HAUs)
- BABA: FFAs after 8/23/24 – see CPD-23-12
- EEO, M/WBE, Section 3
 - Section 3 Final Rule (24 CFR Part 75, new reporting for HOME commitments on/after 7/1/21) – see CPD-21-07
- Fair housing & accessibility: Section 504 & FHAA

Assisted Unit Requirements

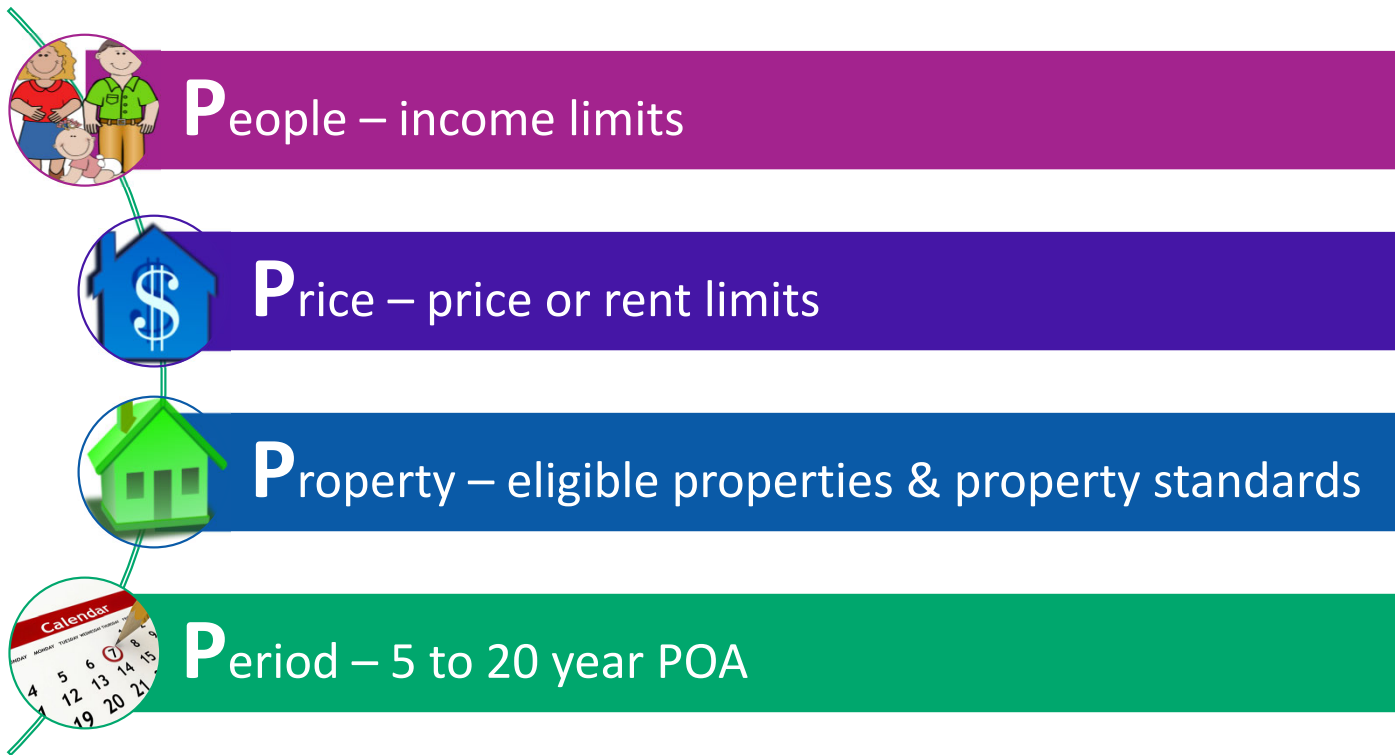


HOME Assisted Unit

- Any unit receiving HOME funds is considered ***HOME-assisted***
 - HOME-assisted units are subject to all HOME requirements
 - Income limits, price limits, property standards, POA, etc.
- “Unassisted” units (mixed project) not subject to HOME
 - But overall project subject to other requirements (e.g., labor, URA)



The P's of HOME Unit Compliance

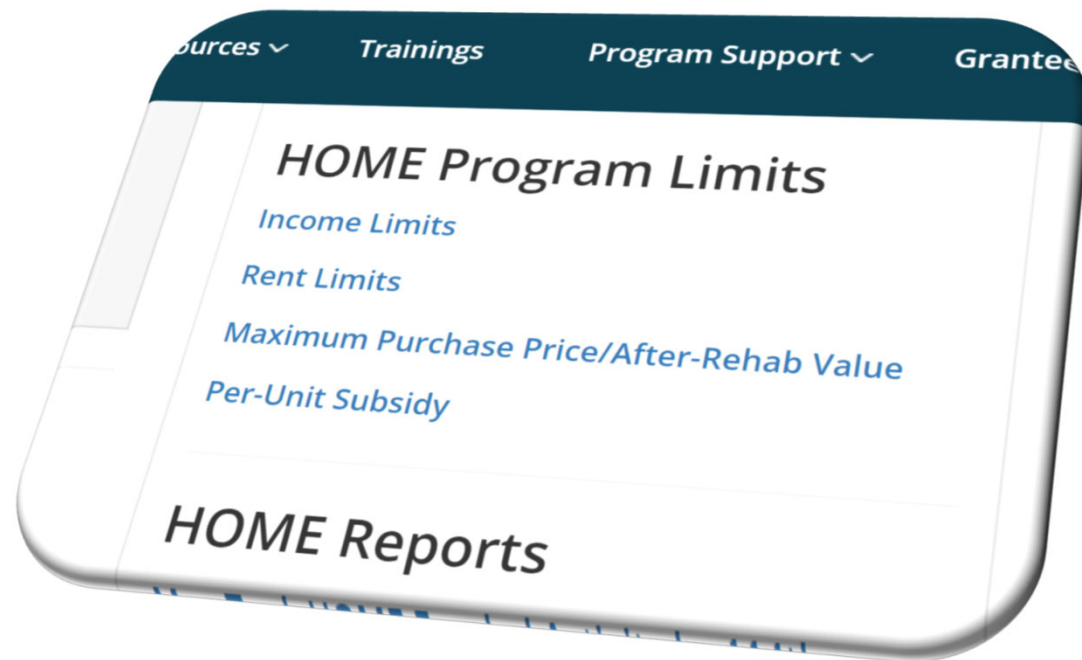


1. People: Income Eligibility

- All HAUs occupied by LI (80% AMI)
 - Deeper 50%/60% targeting for rental/TBRA units
 - Limits on student households
 - Presumed conflict of interest for PJ/subrecipients & developer/owners
- Income determinations
 - Definition: Part 5 or IRS 1040
 - HOTMA changes to Part 5 – delayed implementation to 1/1/26
 - Determined at delivery of assistance (6-month window)

2. Price: Affordability

- Homebuyer: sales price limit
- Rental: rent limits (adjusted for tenant paid utilities)
- Limits updated annually



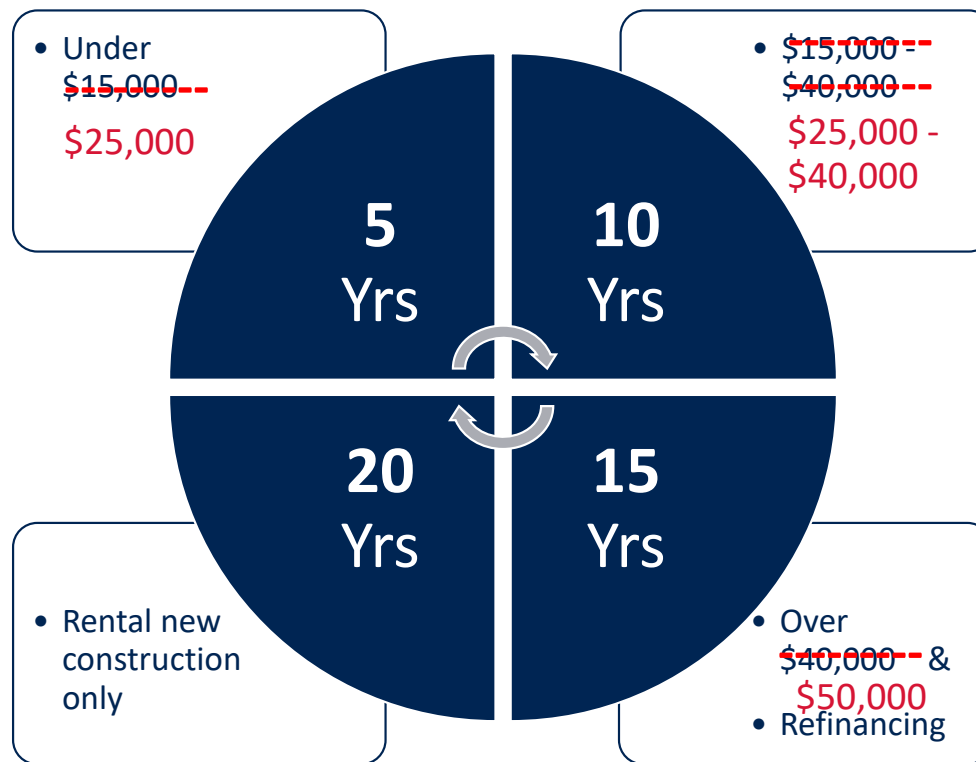
3. Property: Property Standards

- All units must meet property standards to ensure decent & sustainable housing:
 - New Construction – 92.251(a)
 - Rehabilitation – 92.251(b)
 - Acquisition of Standard Housing – 92.251(c)
 - TBRA – 92.251(d)
 - Manufactured Housing – 92.251(e)
 - Ongoing Rental – 92.251(f)
- NSPIRE replaces UPCS/HQS in standards – effective 10/1/25
- *Carbon monoxide and smoke detection added*
- *Clarification of inspection requirements*

Property Standards, cont.

- All units must meet applicable state/local codes
 - Or model codes in absence of state/local adoption
- Additional HUD standards: LBP, accessibility, broadband), minimum deficiencies for existing housing
- PJ inspection requirements
 - Initial (rehab)
 - Progress
 - Final
 - Ongoing rental (*inspection sample sizes prescribed*)
 - *PJ may accept another funder's determination of compliance with 24 CFR 5.703 (rental rehab & ongoing)*

4. Period of Affordability (POA)



New Thresholds apply only to projects committed beginning 2/5/25.

+ local extended use restrictions (HOMEfires Vol 17 No 1)

A 5th P: PJ Policies & Procedures

- Beyond the rules, PJs have discretion to impose additional requirements, e.g.:
 - Lower incomes
 - Lower rents/prices
 - More stringent property standards
 - Longer loan term & extended local affordability periods
 - Other priorities



Part 3: Requirements by Type of Activity

Homebuyer Requirements



Homebuyer



Rental

Owner-occupied rehab



TBRA



Homebuyer Activities

- Direct assistance Program: acquisition assistance only to LI buyer (*DPA replaced by “homeownership assistance”*)
 - Not CHDO-eligible as a standalone activity
- Types of buyer assistance
 - Downpayment assistance
 - Closing cost assistance
 - Purchase gap assistance
- Development Projects
 - Acquisition, rehab, resale
 - New construction
- Development assistance
 - Construction financing
 - “Development Subsidy”: costs > value/price
 - “Pass-thru Assistance”: buyer

Unit Compliance: The 4 P's: People

1. **P**eople:

- Eligible LI buyers (less than 80% AMI)
 - 2 months source documentation required
- Buyer underwriting required (& responsible lending policy)
- Counseling required – HUD-approved counselor
- Principal residency

The 4 Ps: Price

2. Price:

- Price/value < 95% of area median value limit
 - Price or after rehab/construction value
 - 2 limits: for new & existing homes
- Sale (ratified contract) within 9 months construction completion
 - *12 months of completion (2025 Rule commitments)*
 - If not, convert to rental or repay
- Lease-purchase permissible: complete transfer within 3 yrs.

Limits & Allocations

Income Limits

Rent Limits



Homeownership Value Limits

Max Per-Unit Subsidy Limits

Formula Allocations

The 4 Ps: Property

3. Property:

- Single/family, 2 - 4 units, coop, condo – 92.2 definition
- Fee simple (or land trust) – 92.2 definition of homeownership
 - No installment sales or land contracts
- Applicable property standards
 - Acquisition (92.251(c)(2)): codes & no deficiencies (NSPIRE)
 - *If homebuyer assistance & doesn't meet property standards, rehab must be financed and must meet standards within 6 mos. (12 mos. if PJ extends)*
 - Rehab (92.251(b)): codes, 5-year useful life standard
 - New construction (92.251(a))
 - LBP if pre-1978: 24 CFR 35 Subpart K (acquisition) or J (if rehab)
 - *Carbon monoxide & smoke detection*

The 4 Ps: Period

4. **P**eriod of Affordability (POA):

- Compliance period: minimum 5 - 15 years (*increased thresholds*)
 - Note: no 20 years for new construction as required in rental
- No ongoing inspections or income recertification
- Principal residency (Repayment if noncompliance)
- Resale to low income or Recapture direct assistance

Resale/Recapture Options

- Resale to Low Income Buyer
 - Price affordable to reasonable range of LI buyers and
 - Fair return to seller
 - *Itemized, appraisal, index & fixed rate formulas*
- PJ *may* use purchase rights to preserve affordability
 - *May permit CLTs to exercise purchase options (92.254((b)(3))*
- Recapture (out of net proceeds)
 - Full recapture
 - Declining balance recapture
 - Shared net proceeds
 - Owner investment returned first
 - Models approved by HUD (ConPlan)
- PJ *may* allow assumption by subsequent LI buyer

Methods must be explicitly approved by HUD

Required Homebuyer Policies

- 92.254(f) (*renumbered (g)*) policies required:
 - Homebuyer underwriting standards – *Slightly modified*
 - Responsible lending standards
 - Standards for refinancing and subordination of HOME loans
- Counseling required: HUD-approved counselor (8/21)
- 92.254(e) buyer assistance thru lenders
- See CPD 18-09
- Homeownership session tomorrow

Owner-Occupied Rehab Requirements



Homebuyer



Rental

Owner-occupied rehab



TBRA



Owner-Occupied Rehab

- PJ/subrecipient “program” activity
 - Not a “development” activity; not CHDO-eligible
- Same requirements as homebuyer activities, except:
 - Counseling not required
 - Underwriting required only if amortizing HOME loan
 - Ownership: also inherited, life estate, living trust, beneficiary deed
 - Homeownership Value Limit: applies to after-rehab value
 - Property standards: PJ written rehab standards; whole unit
 - POA optional: No minimum period, no resale/recapture required

Rental Housing Requirements



Homebuyer



Rental

Owner-occupied rehab



TBRA



Eligible Rental Activities

- Acquisition
- Rehabilitation
- Acquisition + rehab
- New construction

- Transitional or permanent, not temporary housing or facilities
- Mixed income & use permitted; HOME allocated to LI units

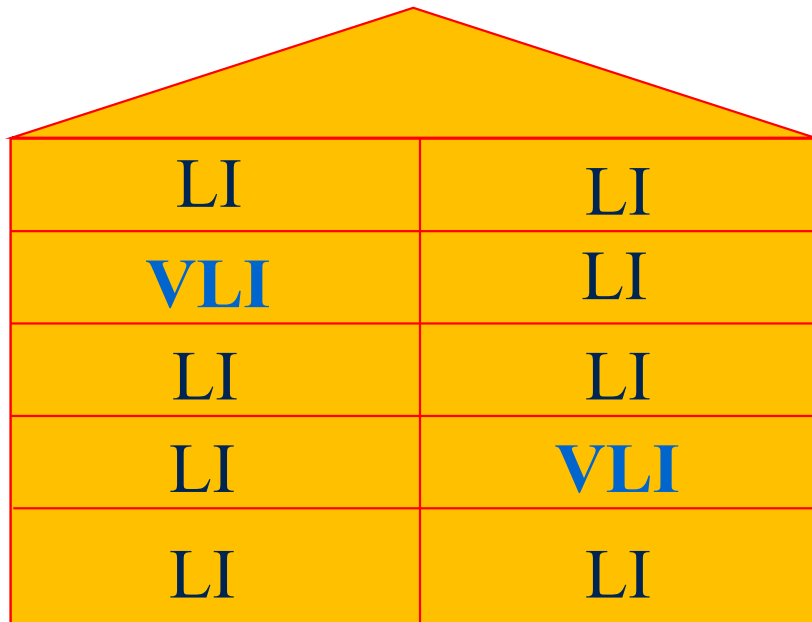
The 1st P: People

- All HOME assisted units at 80% AMI (LI), but also:
 - Project Rule: If 5+ HOME units, 20% @ 50% of AMI (VLI)
 - Program Rule: 90% of initial occupants at 60% AMI
- 18 months to initially lease assisted units (or repay)

Tenant Requirements

- Income determination – at least 2 months source docs
 - *Or PJ may accept PBRA, TBRA, other public assistance determinations*
- Tenant selection requirements 92.253(d) *((e))*
 - Wait list *(small-scale exception)*
 - *May accept PBRA, TBRA, other public assistance determinations*
- Lease requirements *(92.253(b) lease addendum)*
- HHs subject to annual income determinations during POA
 - *Small-scale projects – alternative recertification schedule 92.252(g)(1)*
 - *(HOTMA) may accept determination of public assist. program (92.203(a)(3))*

A HOME Rental Project...



LI	LI
VLI	LI
LI	LI
LI	VLI
LI	LI

- Getting the unit mix right
 - Unit types/sizes
 - Fixed or floating
- ...and maintaining the mix during the POA

The 2nd P: Price

- Low-HOME: 30% at 50% or FMR
 - Rental assistance exception (*incl TBRA*)
 - *LIHTC unit: LIHTC rent limit applies*
- High-HOME units: 30% at 65% or FMR
- All rents adjusted for tenant-paid utilities
 - HOMEfires Vol 13 No 2 *
 - *Can also use PHA UA*
- Rent limits adjusted annually by HUD
- PJ must approve rents & UAs annually
 - *60 day notice of rent increase*
- Prohibited fees (92.214(b)(3)) (*92.214(b)(3)-(4)*)

PROGRAM	EFFICIENCY	1 BR	2 BR
HUD Metro FMR			
▶ LOW HOME RENT LIMIT	796	853	1023
▶ HIGH HOME RENT LIMIT	956	1076	1248
For Information Only: ▶			
FAIR MARKET RENT	956	1076	1248
50% RENT LIMIT	796	853	1023
65% RENT LIMIT	1016	1090	1309



The 3rd P: Property Standards

- Property standards to ensure decent, sustainable housing (92.251):
 - New construction, rehabilitation, acquisition, manufactured
 - New construction: site & nghd standards (983.57(e)(2)-(3))
 - PJ inspection requirements: initial (rehab), progress & final
 - NSPIRE changes effective 10/1/25
- Ongoing (POA): state/local codes & HUD standards
 - Owners certify annually
 - PJ inspections: 1st 12 months + every 3 years of POA
 - *Minimum inspection sample sizes*
 - *Can accept Part 5 standards inspections by other funding sources*



The 4th P: Period of Affordability

- Minimum POA
 - 5 – 20 years
 - *Increased thresholds*
- Enforced by deed restriction in addition to written agreement
- During compliance period:
 - Income certs, rent limits, report (prop standards cert)
 - File review/unit inspections (within 12 months + every 3 yrs)
 - Financial condition review
- Distressed project workout guidelines (92.210)
 - *Some revisions, adding flexibility*

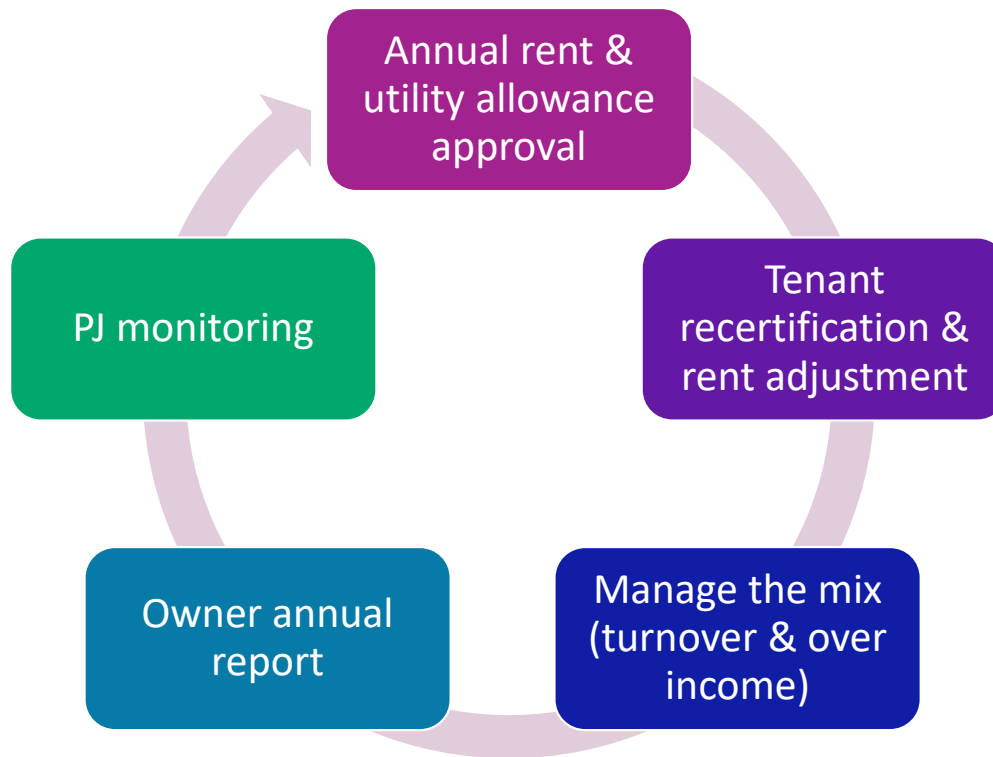
HOME + Other Funds

- HOME projects may have other public subsidies
 - Funding: subsidy layering
 - Development: HOME inspections & deadlines
 - Occupancy: Comply with both HOME & other program(s) requirements (for assisted units)
 - Usually follow most restrictive rule, but not always
- PJ must monitor for HOME compliance
 - May coordinate if same agency or interagency agreement
- Monday sessions will address layered financing

Initial Occupancy Prerequisites



Ongoing Compliance Annual Cycle



TBRA Requirements



Homebuyer



Rental

Owner-occupied rehab



TBRA



Eligible TBRA Activities

Eligible

- Assist with rent, utilities, security/utility deposits
- Contracts up to 24 months
 - May be renewed subject to availability of HOME funding
- May be administered by PJ, or under contract to PHA or subrecipient

Ineligible

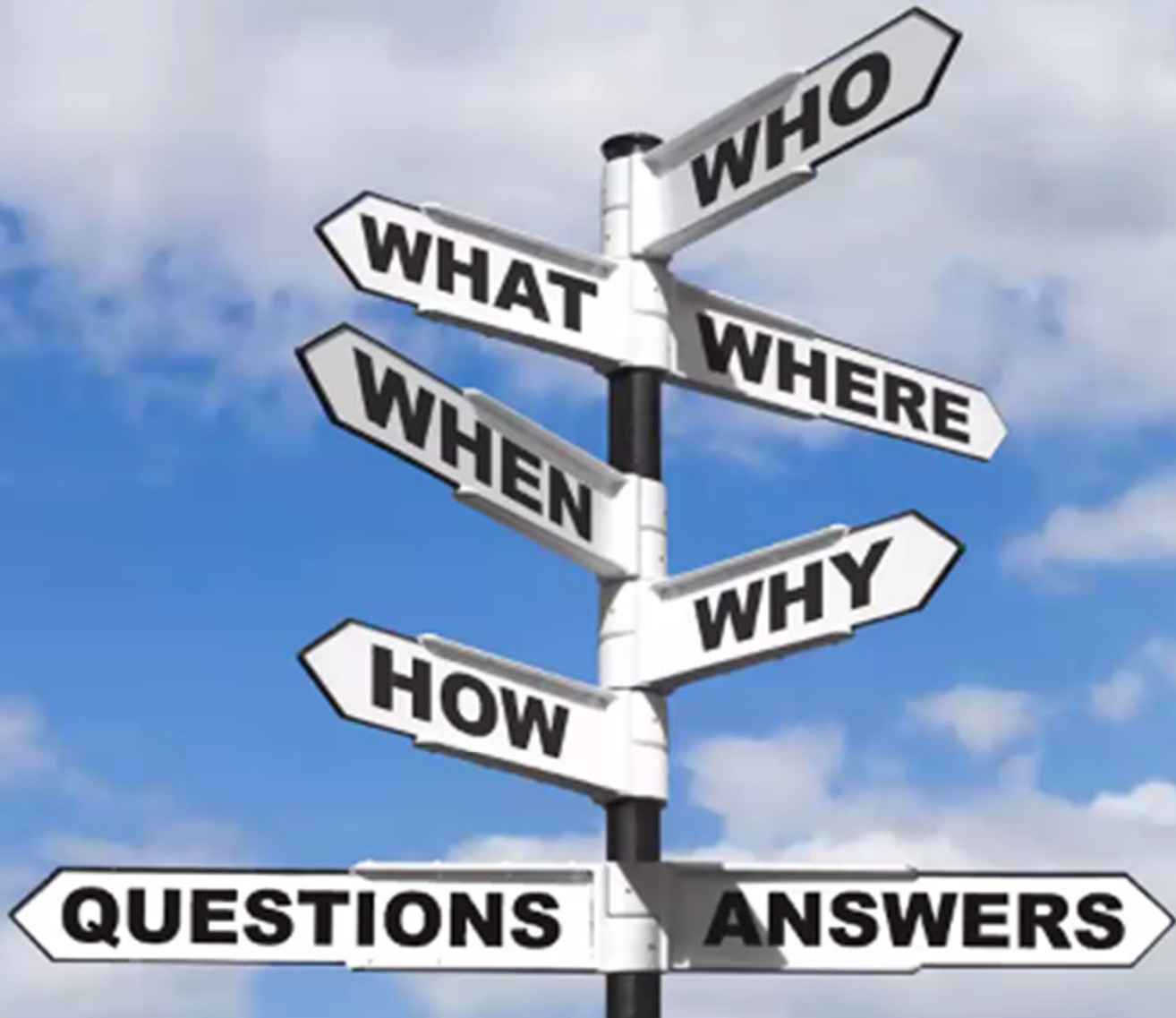
- Tying to specific project
- Co-op or mutual housing units (unless rental)
- Overnight or temporary shelter
- Duplicating rental assistance programs that already reduce rent to 30% of income

Eligibility

- Eligible households: < 80%
 - But TBRA is part of 90% @ 60% “Program Rule” requirement
 - *Annual income recertification requirement not required during existing or amended RAC, but required for renewals*
- Eligible units:
 - Public/private; no other rental subsidy
 - Reasonable rent
 - Property standards (Section 8 HQS) – *NSPIRE standards 10/1/25*
 - *Can accept Part 5 standards inspections by other funding sources*

Assistance

- PJ can provide:
 - Rental assistance
 - Security deposit assistance
 - Utility deposit assistance (only if rent or security deposit assistance)
- Rental assistance amount (up to 2 years):
 - Difference between payment standard & 30% of adjusted income
- Rental assistance contract
 - *Can be 3-party or separate tenant/owner agreements*
 - *Lease addendum 92.253(c) (or (d) for security deposits)*
 - *May begin on 1st day of month in which lease addendum takes affect*



Final Thoughts

1. The primary metric of HOME success: completed and occupied quality units that are sustainable
2. The foundation for HOME assisted unit compliance is the 4 Ps: **P**eople, **P**rice, **P**roperty, **P**eriod
3. PJs depend on partners to perform
 - If they're not ready, you can't commit
 - If they can't complete on time, you must repay
 - If they can't occupy, you must repay
 - If they can't sustain, you must repay

Final Thoughts, cont.

4. Monitor yourself proactively; don't wait for HUD to monitor
 - Review/update your policies & procedures
 - Refer to CPD monitoring checklists
 - Pay attention to IDIS reports & deadlines
 - Document, document, document

HOME on the Web

- HUD HOME Program: www.hud.gov/homeprogram/
- HUD Exchange: www.hudexchange.info/home/
- Mailing list: www.hudexchange.info/maillinglist/



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