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HOME Essentials

Monte Franke, Franke Consulting



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 | | |

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Welcome & Introductions

Sponsored by:

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



HOME in an afternoon...really?

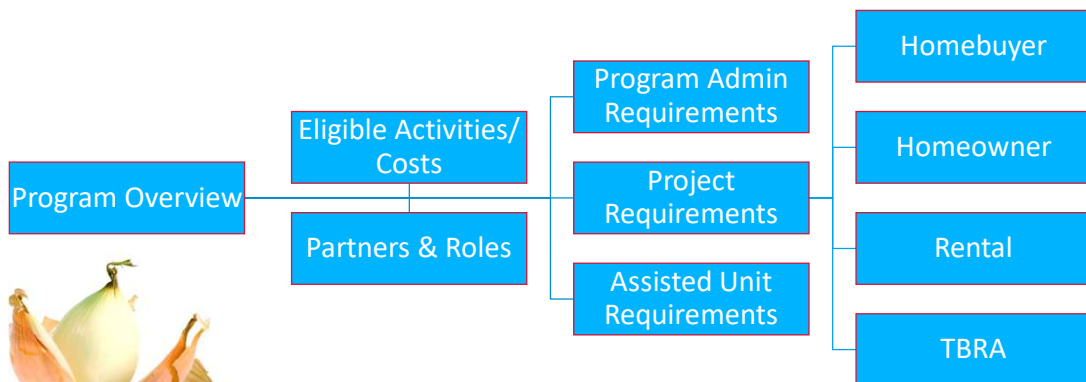
HOME is NOT plug 'n play!


- HOME can do a range of activities, 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)



It takes multiple trainings to fully comprehend
But once you understand the “framework”



The Framework




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Our Schedule


| Part 1 (1:30 – 2:30) | Part 2 (2:45 – 3:45) | Part 3 (4:00 – 5:30) |
|---|--|--|
| <ul style="list-style-type: none"> Eligible activities Program partners Program administration | <ul style="list-style-type: none"> General project requirements Assisted unit requirements | <ul style="list-style-type: none"> Homebuyer Homeowner Rental TBRA |

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First, A Little History...



1990:
NAHA

1992:
1st
Appropriation

1996:
Final
Rule

2004:
Rule
Update
& ADDI


2009:
Peak \$
\$1.8B+

2012:
One
Million
Units

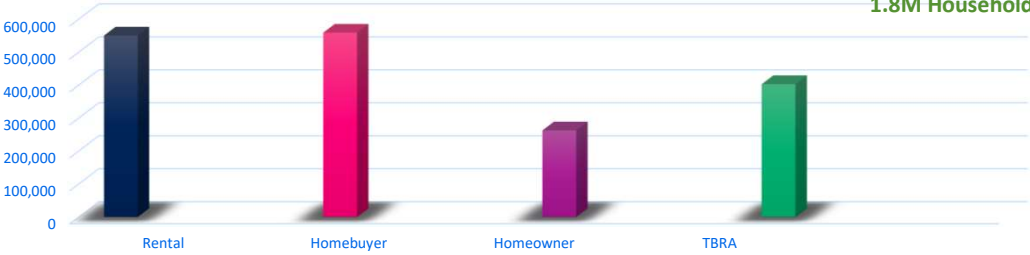
2013:
Final
Rule

2015:
Grant-
based
accounting

2022:
30 Years
&
HOME-
ARP



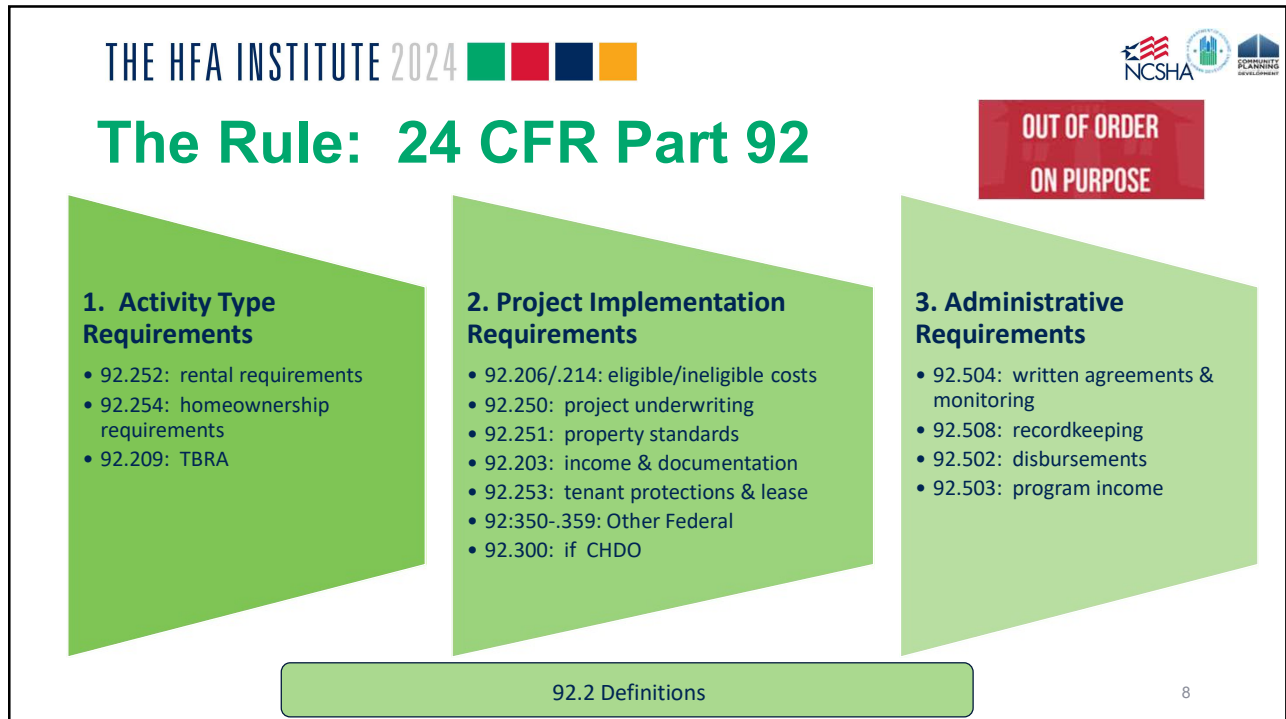
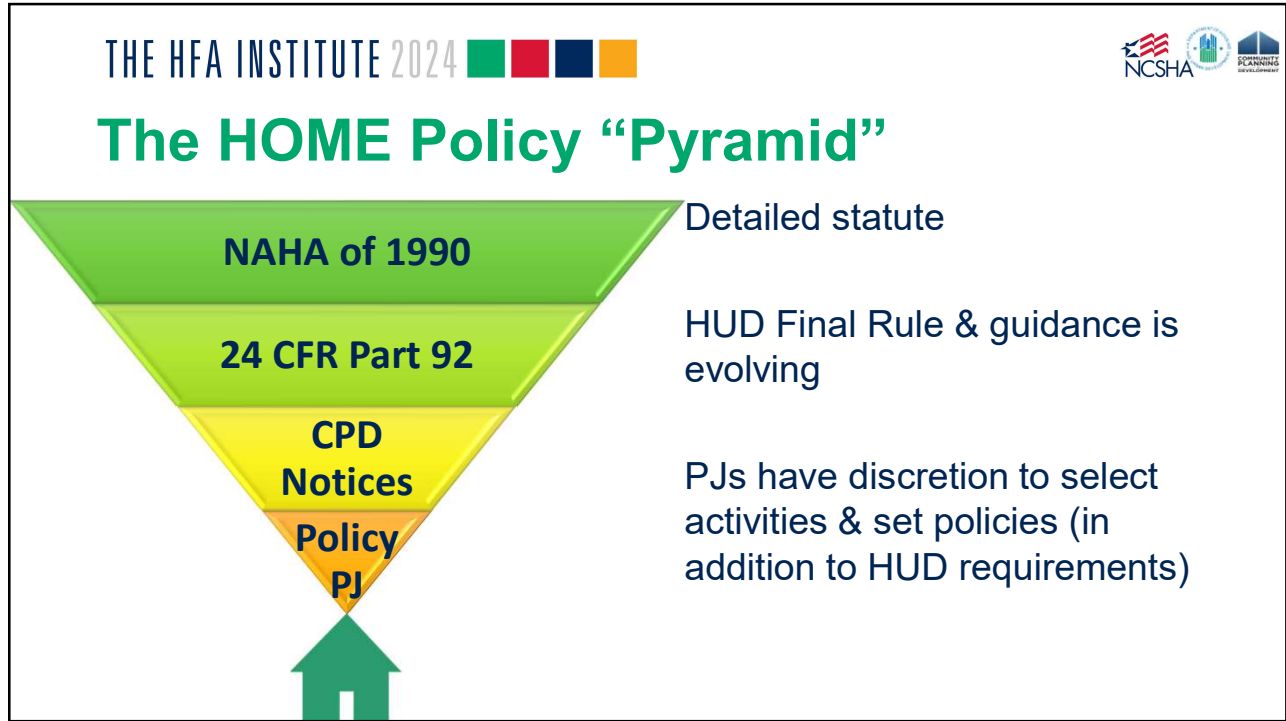
Completed HOME Units (through 11/22)



| Category | Completed HOME Units (through 11/22) |
|-----------|--------------------------------------|
| Rental | ~580,000 |
| Homebuyer | ~580,000 |
| Homeowner | ~300,000 |
| TBRA | ~450,000 |

\$45 Billion authorized
\$40 Billion disbursed
1.8M Households assisted

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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 1/1/25)
- NSPIRE: 5/11/23 (HOME compliance now 10/1/24)
- Expected HOME Rule – tune in tomorrow for HUD Update

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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-15-09: Commitment of HOME Funds
 CPD-15-03: Maximum subsidy limits

Guidance

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. 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. 9, No. 1: Set up, fund & complete TBRA
 HOME FACTS Vol. 8, No. 1: Multi-address activities in IDIS
 HOME FACTS Vol. 7, No. 1: Receipt types (PI, HP, IU)

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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 + **Supp. Services & NCS**)
- Alternative requirements – see Notice CPD-21-10

This presentation only addresses “regular” HOME

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Eligible Activities & Costs

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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 (2-year lookback limit)
- 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)

Program Partners & Roles

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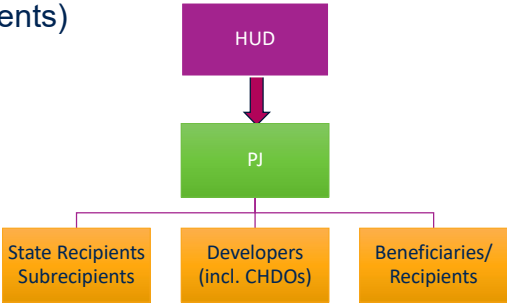
Key Participants and Roles

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





```


            graph TD
            HUD[HUD] --> PJ[PJ]
            PJ --> SR[State Recipients Subrecipients]
            PJ --> Dev[Developers incl. CHDOs]
            PJ --> BR[Beneficiaries/Recipients]
            
```

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Subrecipients v. Developers




Subrecipients

Not-profit or public agency

Administrator – pass-thru assistance to others

Responsible for rules & uniform requirements (2 CFR 200)

Only reimbursed for costs incurred (admin & project delivery)



Developers


For-profit or non-profit entity (or public)



Implements own projects (beneficiaries)

Only responsible for written agreement requirements

Can earn developer fees as part of project costs

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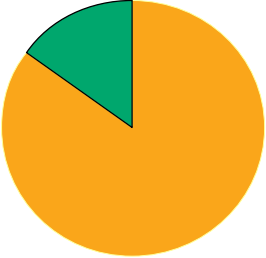
The CHDO Set-Aside

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: FY 2016 – FY 2023*


Nonprofits must qualify as CHDOs



- At time of project commitment
- CHDO definition (92.2) - capacity requirement (staff)



| | |
|----------------------|-----|
| CHDO (CR) | 15% |
| Other HOME (EN & AD) | 85% |

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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))

- Sole control: key development/management decisions
- New owner definition (own, not necessarily develop)
- Tax Credit projects under “sponsored by” definition (CHDO/subsidiary must be sole general partner/managing member)

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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

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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



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Program Administration

Levels of Administrative Requirements



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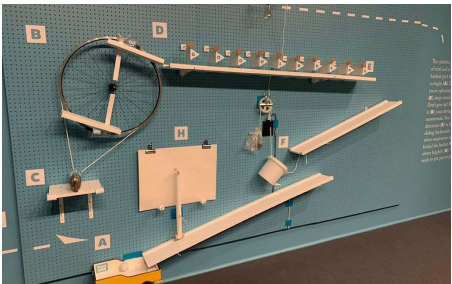



Allocating HOME Funds


Congress: annual appropriation
 HUD: formula allocation - State & local PJs (& consortia)
 ConPlan/Annual Plan



- Programs & projects
- Priorities
- Policies

Citizen participation & HUD approval



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PJ Annual Allocation Breakdown

| Admin (AD) | Projects (EN) | CHDO (CR) |
|------------------------------------|--|--|
| Max. 10% Admin (+ 10% PI) | Max. 5% CHDO op exp (opt.) | All projects/activities <ul style="list-style-type: none"> • Homeowner rehab • Homebuyer • TBRA • Rental Minimum 15% CHDO set-aside 10% pre-dev. (opt.) |
| ↓ | ↓ | ↓ |
| PJs and subrecipients only | CHDO project or expected in 24 mos. | Must result in HOME units |

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Admin v. Project Delivery Cost

| Administrative cost | Project delivery |
|---|---|
| <p>PJ administrative costs</p> <ul style="list-style-type: none"> ▪ General program management ▪ Public information, ConPlan, Fair housing ▪ Staffing & indirect costs (cost allocation) <p>10% of allocation (+PI) cap</p> <ul style="list-style-type: none"> ▪ COVID suspension: 25% cap FY 19-20 | <p>PJ/subrecipient direct costs for specific project:</p> <ul style="list-style-type: none"> ▪ e.g., intake, underwriting, environmental, documents, inspection, compliance costs <p>Charged to project (not to LI HH)</p> <ul style="list-style-type: none"> ▪ Subject to maximum subsidy limit <p>See HOME FACTS Vol. 10, No. 1</p> |

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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

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; 18 months to rent

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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)

Draw from Integrated Disbursement & Information System (IDIS)

- Activity set-up & completion reporting
- Draws from Treasury to Local Account

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HUD IDIS Performance Reports

Monthly activities & production reports (commitments, disbursements, activities)

- SNAPSHOT & Dashboard (performance)

Deadline reports

- Deadline Compliance (disbursements; commitments currently suspended)
- Expiring Funds
- Open Activities
- Vacant Units

<https://www.hudexchange.info/grantees/reports/#home-reports>

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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 for next Annual Plan activities

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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 HOME-eligible projects
- Some PJs receive partial or full match waiver for disasters or 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
- CAPER HOME Match Report as of 9/30 each FFY

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Eligible Match Sources

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



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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!”

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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

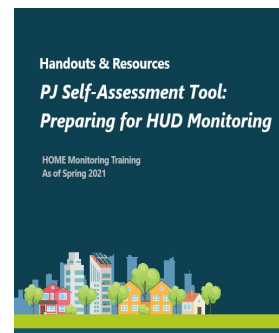
Homebuyer monitoring: continued occupancy & resale/recapture




HUD Monitoring



HUD CPD Monitoring Handbook: https://www.hud.gov/program_offices/administration/hudclips/handbooks/cpd6509.2

HUD Exchange – HOME Monitoring

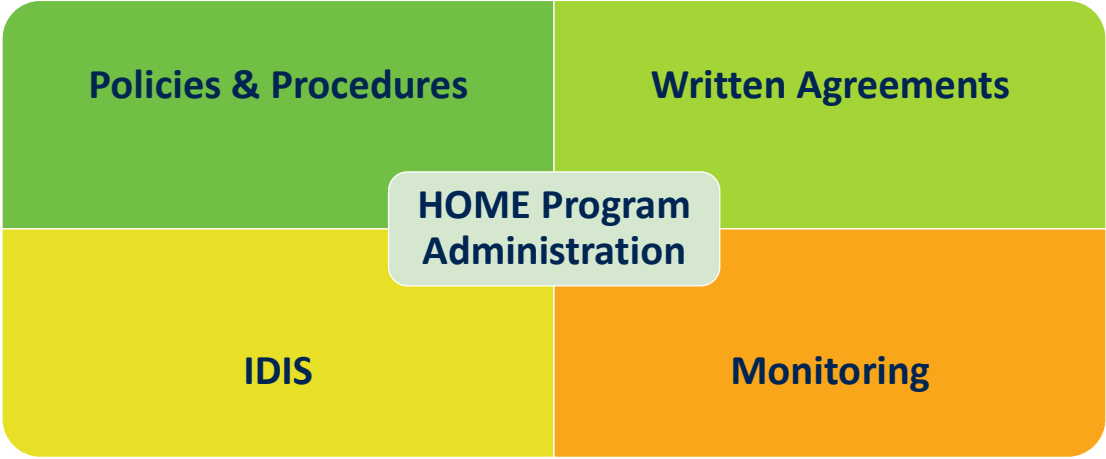


<https://files.hudexchange.info/course-content/home-monitoring-webinar-series-understanding-monitoring/HOME-Monitoring-PJ-Self-Assessment-Handout.pdf>

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Cornerstones of Good Administration



Policies & Procedures

Written Agreements

HOME Program Administration

IDIS

Monitoring

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Project & Assisted Unit Requirements

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General Project Requirements





Program
Administrative
Requirements



Project
Requirements



Assisted Unit
Requirements

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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






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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)
- 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/>

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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

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Underwriting Framework

Objective: HOME investment is no more than necessary to provide quality, financially viable housing for at least affordability period

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

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Subsidy Layering



Must consider all 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

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Cost Allocation

HOME funds should not pay more than what is eligible & allocable to HOME-assisted units

- Also limited by Maximum Per-Unit Subsidy


In mixed-use and 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
- HOME Cost Allocation Tool on HUD Exchange

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Cost Allocation & Underwriting

Preliminary Underwriting

- Initial gap or
- Initial unit designations

Apply to Underwriting

- Apply HOME & units (rents) from cost allocation
- Test for impact on gap

Cost Allocation

- HOME Investment → Units or
- Units → HOME Investment

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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


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Required Documents

Written Agreement (“commitment”) Recorded Documents

- | | |
|--|---|
| <ul style="list-style-type: none"> • Agreement between PJ & developer/owner • Required for commitment; execute before IDIS setup • Delineates: <ul style="list-style-type: none"> • All compliance requirements • Roles & responsibilities | <ul style="list-style-type: none"> • Note/mortgage, deed covenant, etc. – varies by type of activity • Recorded at closing • Governs disbursements & occupancy • Provides for legal enforcement |
|--|---|

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Project Deadlines

Initial draw: expect within 12 months - No longer subject to auto cancellation

Completion: 4 years commitment to completion (CPD-20-01)

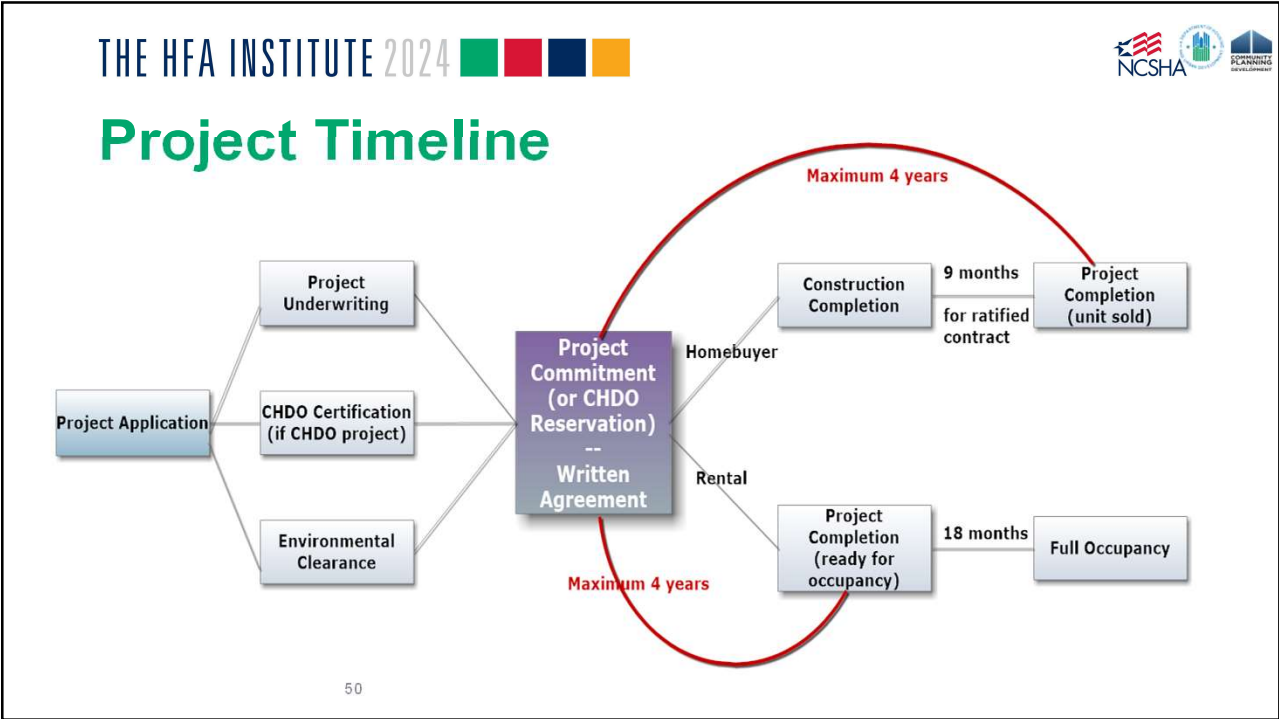
- Rental: construction completion & funds drawn (lease-up may come later)
- Homebuyer: construction completion, funds drawn, **and** unit sold
- PJ can request 1 year extension from HUD (see CPD 20-01)

Occupancy:

- 9 months to sell (or ratified sales contract)
- 18 months to initially rent

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

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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**

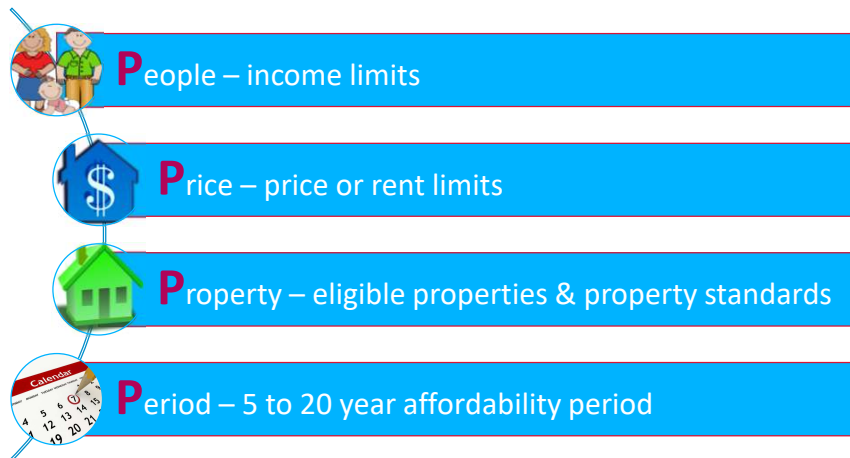
- HOME-assisted units are subject to all HOME requirements
 - Income limits, price limits, property standards, affordability period, etc.

“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



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 – effective 1/1/25 for HOME
- Determined at delivery of assistance (6 month window)

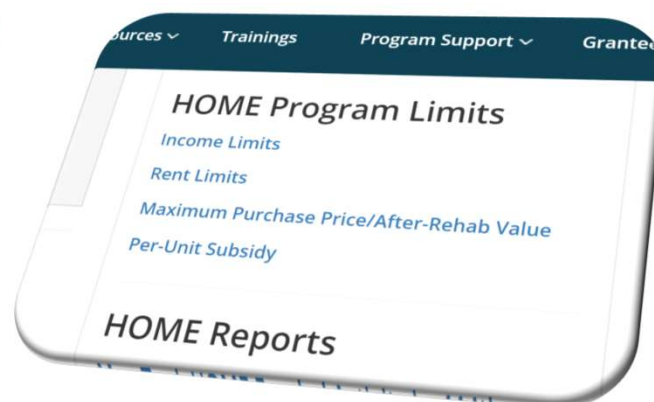
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Price: Affordability

Homebuyer: sales price limit

Rental: rent limits (adjusted for tenant paid utilities)

Limits updated annually



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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 10/1/24

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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


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Period: Min. Affordability Period



| HOME Investment per Unit | Length of Affordability |
|------------------------------------|-------------------------|
| less than \$15,000 | 5 yrs |
| \$15,000 - \$40,000 | 10 yrs |
| more than \$40,000 | 15 yrs |
| refinancing of rental housing | 15 yrs |
| new construction of rental housing | 20 yrs |



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

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A 5th P: PJ Policies & Procedures

Beyond the rules, PJs have discretion to impose additional requirements, e.g.:

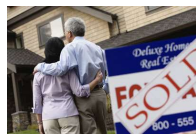
- Lower incomes
- Lower rents/prices
- More stringent property standards
- Longer affordability periods
- Other priorities

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Part 3: Requirements by Type of Activity

Homebuyer Requirements



Homebuyer



Rental

Owner-occupied rehab



TBRA



Homebuyer Activities


- “DPA” Program: acquisition assistance only to LI buyer
 - 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

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Unit Compliance: The 4 P’s: People

1. **P**eople:
 - Eligible LI buyers (less than 80% AMI)
 - Buyer underwriting required (& responsible lending policy)
 - Counseling required – HUD-approved counselor (**August 2021**)
 - Principal residency

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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 completion
 - 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

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The 4 Ps: Property



3. Property:

- Single/family, 2 - 4 unit, coop, condo – 92.2 definition of single-family
- 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)
 - 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)

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The 4 Ps: Period

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

- Compliance period: minimum 5 - 15 years
 - 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

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) policies required:

- Homebuyer underwriting standards
- 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

Homebuyer session tomorrow

Owner-Occupied Rehab Requirements



Homebuyer



Rental

Owner-occupied rehab



TBRA



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Owner-Occupied Rehab

PJ/subrecipient “program” activity

- Not a “development” activity; not CHDO-eligible

Same requirements as homebuyer activities, except:

- Ownership: also inherited, life estate, living trust, & beneficiary deed
- Homeownership Value Limit: applies to after-rehab value
- Property standards: PJ must have written rehab standards; whole unit
- POA: No minimum affordability period & no resale/recapture requirement (determined by PJ)

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Rental Housing Requirements



Homebuyer



Rental

Owner-occupied rehab



TBRA



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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

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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
 - Annual program requirement (IDIS/CAPER)
 - Initial occupancy only; does not apply to recertifications & turnovers

18 months to initially lease assisted units (or repay)

HHs subject to annual income determinations during POA

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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

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The 2nd P: Price

Low-HOME: 30% at 50% or FMR

- Project based rental assistance exception

High-HOME units: 30% at 65% or FMR

All rents adjusted for tenant-paid utilities

- HOMEfires Vol 13 No 2 *

Rent limits adjusted annually by HUD

PJ must approve rents & UAs annually

| 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 |

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The 3rd P: Property Standards

Property standards to ensure decent & sustainable housing (92.251):

- New construction, rehabilitation, acquisition, manufactured
- New construction: site & neighborhood standards (983.57(e)(2)-(3))
- PJ inspection requirements: initial (rehab), progress & final
- **NSPIRE changes effective 10/1/24**



Ongoing (POA): state/local codes & HUD standards

- Owners certify annually
- PJ inspections: 1st 12 months + every 3 years of POA

The 4th P: Period of Affordability

Minimum affordability period


- Less than \$15,000 HOME/unit 5 years
- \$15,000 - \$40,000 10 years
- Greater than \$40,000 (or refi) 15 years
- New construction 20 years



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 years)
- Financial condition review

Distressed project workout guidelines (92.210)

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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 following most restrictive rule will cover both programs, but not always



PJ must monitor for HOME compliance

- May coordinate if same agency or interagency agreement

Tuesday morning session will address layered financing

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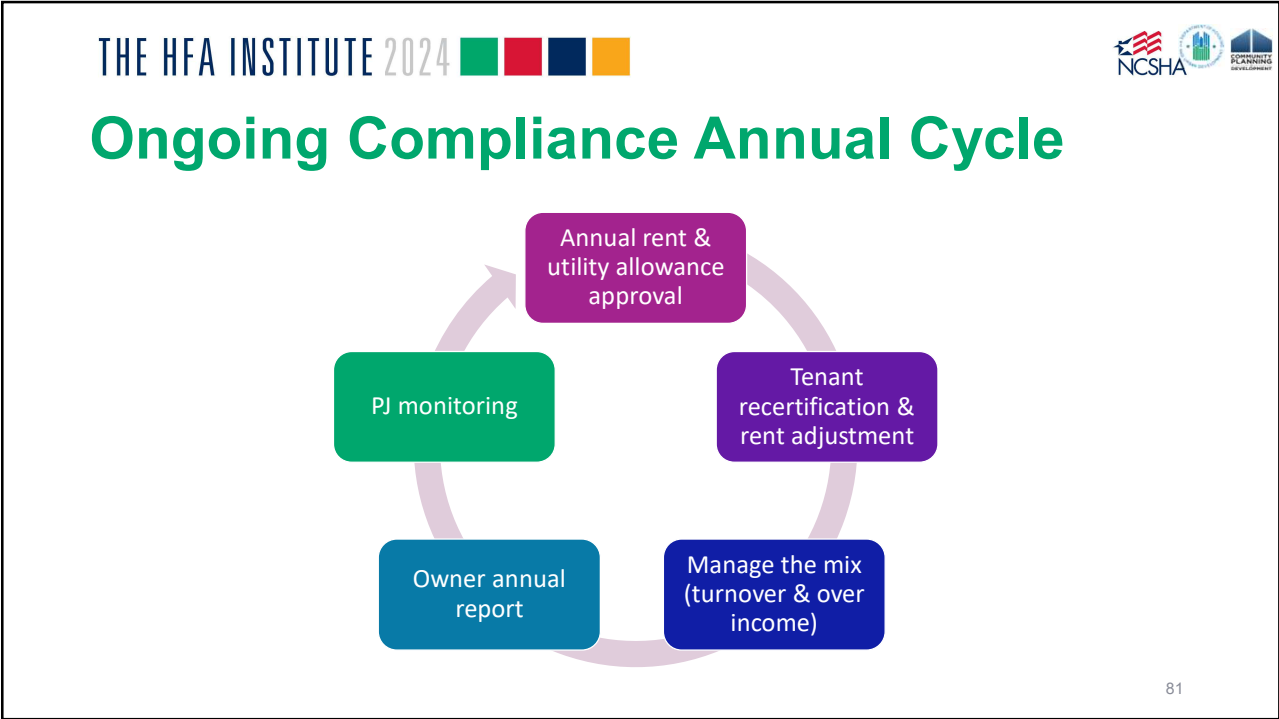
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Initial Occupancy Prerequisites

| | |
|---|--|
| Written Agreement | <ul style="list-style-type: none"> • Unit mix, occupancy requirements, initial rents, deadlines, affordability start |
| Affirmative Marketing Plan (5+ assisted units) | <ul style="list-style-type: none"> • Special outreach to those least likely to apply |
| Tenant Selection Plan | <ul style="list-style-type: none"> • Preferences, selection policies, and procedures for intake, processing, grievances, waitlist |
| Lease | <ul style="list-style-type: none"> • Lease meets 92.253 requirements (approval/addendum) • VAWA addendum |
| Tenant Participation Plan (CHDOs only) | <ul style="list-style-type: none"> • Fair lease & grievance procedure • Tenant participation in management decisions |

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NCSHA  

TBRA Requirements



Homebuyer



Rental



Owner-occupied rehab



TBRA

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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

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Eligibility & Assistance

Eligible households: < 80%

- But TBRA is part of 90% @ 60% "Program Rule" requirement

Eligible units:

- Public/private; no other rental subsidy
- Reasonable rent
- Property standards (Section 8 HQS)

Assistance amount (up to 2 years):

- Difference between payment standard & 30% of adjusted income

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Program Design Options

Section 8 or locally designed

Rent or security deposit

Community-wide or targeted

- Must address an unmet need in PJs' Con Plan; fair housing limitations

Options: self-sufficiency, buyer, anti-displacement

- Targeted assistance permitted, e.g. special needs/homeless (92.209(c)(2))

Inspections & income determinations can be project delivery costs

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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:
People, Price, Property, Period
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

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Final Thoughts, cont.

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

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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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montefranke120@gmail.com

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