

Managing the Essential Link: Affordable Housing & Economic Development

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HOME Investment Partnerships Program (HOME)



HOME Program Structure

- Funded annually beginning in 1992
- Provides affordable housing block grants to 638 State and local “participating jurisdictions” (PJs)
- Law directs 40% of appropriation to States (including DC and Puerto Rico) and 60% to cities/counties/consortia
- Funds allocated by a formula that measures poverty, renters in poverty, age of housing, substandard housing conditions, and cost of construction



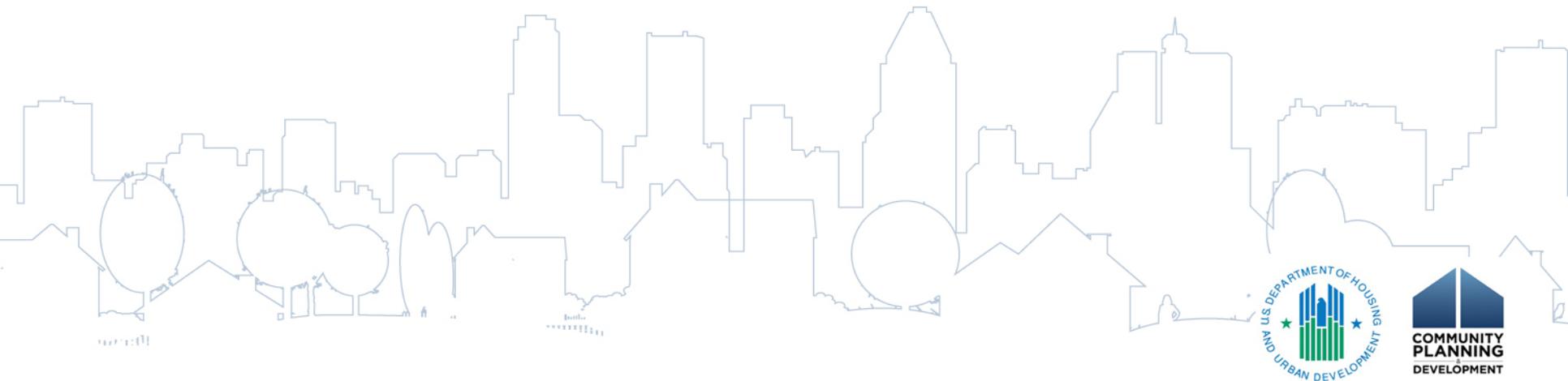
Eligible HOME Activities

- PJs use HOME funds to address locally-determined affordable housing needs and priorities
 - Determined through consolidated planning process
 - Activities/programs must comply with program rules
- Funds must be used for eligible activities
 - Acquisition of standard housing
 - Rehabilitation of housing
 - New construction of housing homeownership housing
 - Provision of tenant-based rental assistance (TBRA)
- Housing may be rental or ownership



Eligible HOME Activities

- PJs may administer 4 types of programs
 - Homebuyer Assistance
 - Rehabilitation for Owner Occupants
 - Rental Housing
 - TBRA



HOME Program Tenets

- HOME project must meet certain requirements for an “affordability period” of 5/10/15/20 years:
 - Income targeting
 - All units occupied by low-income households – 80% of AMI
 - Additional targeting of rental housing units to households at 50% of AMI and 60% of AMI
 - Affordability–maximum rents or resale restrictions
 - Property condition–meet property standards at completion and habitability standards throughout the period of affordability
 - Public–private partnership



HOME for Rental Housing

- PJs can fund permanent or transitional housing, including:
 - Apartments, Group homes, SROs
 - No dormitories, shelters, medical facilities
 - Stick-built or manufactured
 - Permanent supportive housing
 - Other special needs housing



HOME for Rental Housing

- Provides “gap financing” to make projects financially viable/more affordable
 - Market failure to provide affordable housing
 - Soft debt that allows rents to be reduced
- Significant source of gap for LIHTC (Low Income Housing Tax Credits) projects
 - Approximately 22% of LIHTC projects produced over past 10-years received HOME
 - 49% of all HOME funds expended over past 5 years were for LIHTC projects
- Increasing use for RAD (Rental Assistance Demonstration) projects



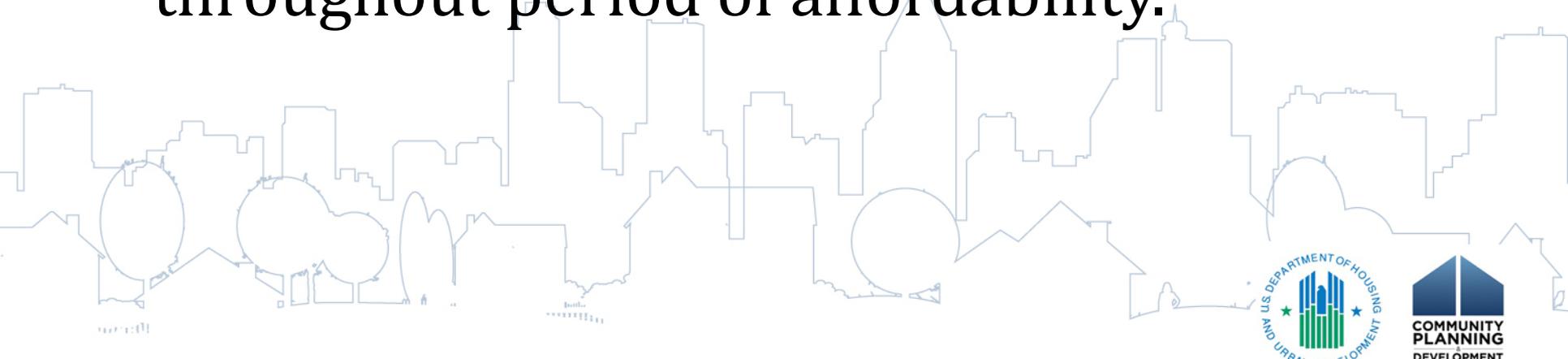
Rental Housing Requirements

- 100% of tenants must be low-income
 - At initial occupancy, 90% of units <60% of AMI
 - Projects w/5 or more units, 20% of units <50 (known as Low HOME Rent Units)
- Maximum Rents:
 - High HOME Rent Units: Lesser of FMR or 30% of income of family at 65% of area median
 - 30% of 50% of AMI or 30% of AGI
 - If PBA/PBV, rent permitted under that program



Rental Housing Requirements

- **Period of Affordability:**
 - New construction: 20 years
 - Acquisition or Rehabilitation: 5, 10, 15 years
- Projects must meet property standards at completion and habitability standards throughout period of affordability.



HOME Homebuyer Programs

- Develop/Rehabilitate units for sale at affordable prices to low-income homebuyers
 - Subdivision development
 - Infill housing
 - Neighborhood revitalization efforts
- Direct Assistance to Homebuyers
 - Downpayment Assistance
 - Second mortgages
 - Interest rate reductions/credit enhancement



HOME Homebuyer Programs

- Homebuyers must qualify as low-income
- Sales price of units limited to 95% of area median purchase price
- Sustainable homeownership – PJ must
 - consider housing debt, total debt, other recurring expenses and assets
 - examine and approve terms of first mortgage



HOME Homebuyer Programs

- Restrictions on resale of property during affordability period
- Resale Provisions:
 - property must be sold at an affordable price to another low-income homebuyer
 - original owner must earn fair return
- Recapture (when there is direct subsidy to buyer):
 - all or a portion of subsidy is recaptured from net proceeds of subsequent sale



Homeownership

- Owner-Occupied Rehabilitation Programs
 - Elderly and low-income homeowners may have difficulty maintain their property
 - No long term affordability restrictions, but PJs place liens on properties
 - Properties brought up to standard condition
 - No emergency repairs or single-purpose rehabilitation
 - Frequently used in the event of natural disasters

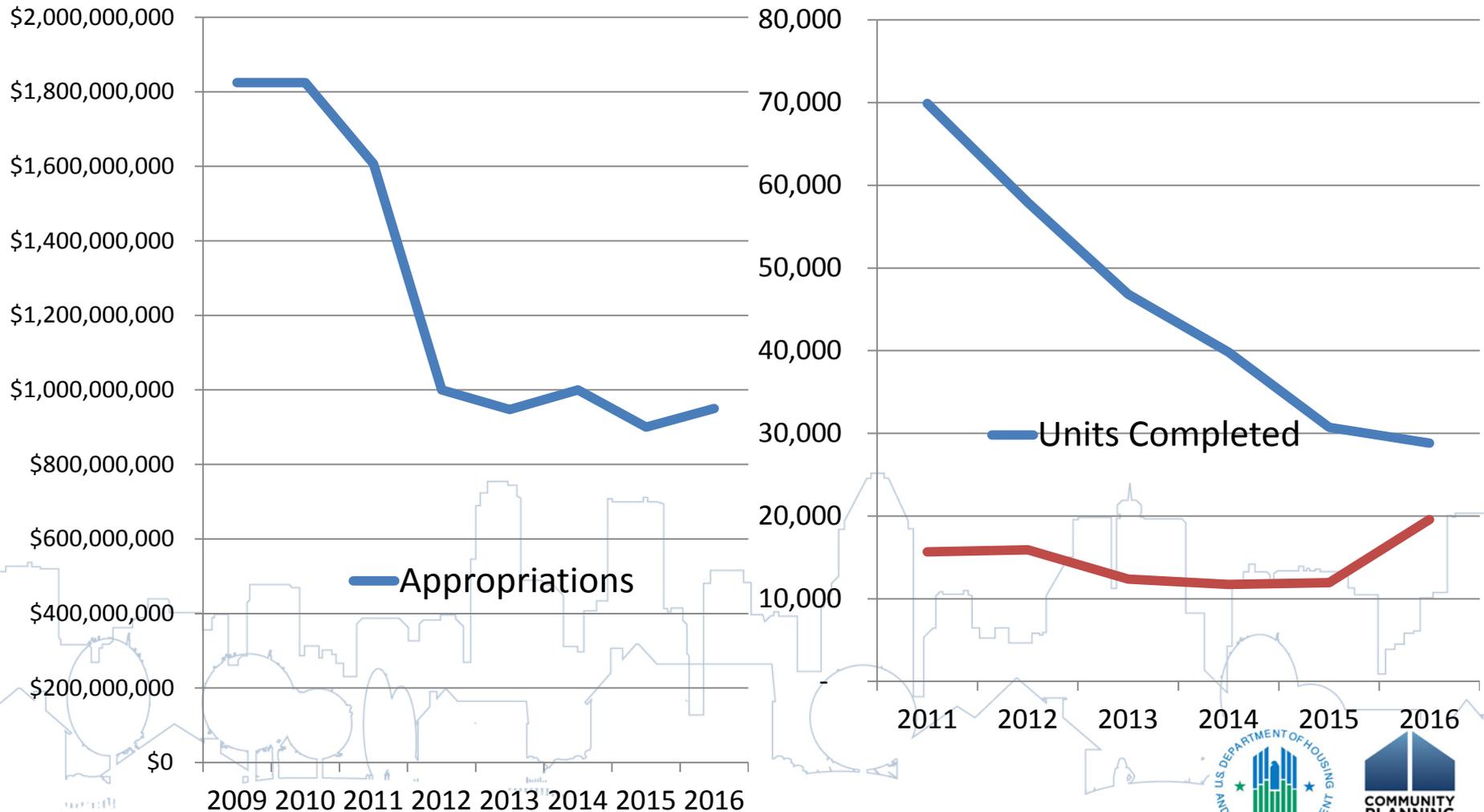


HOME for TBRA

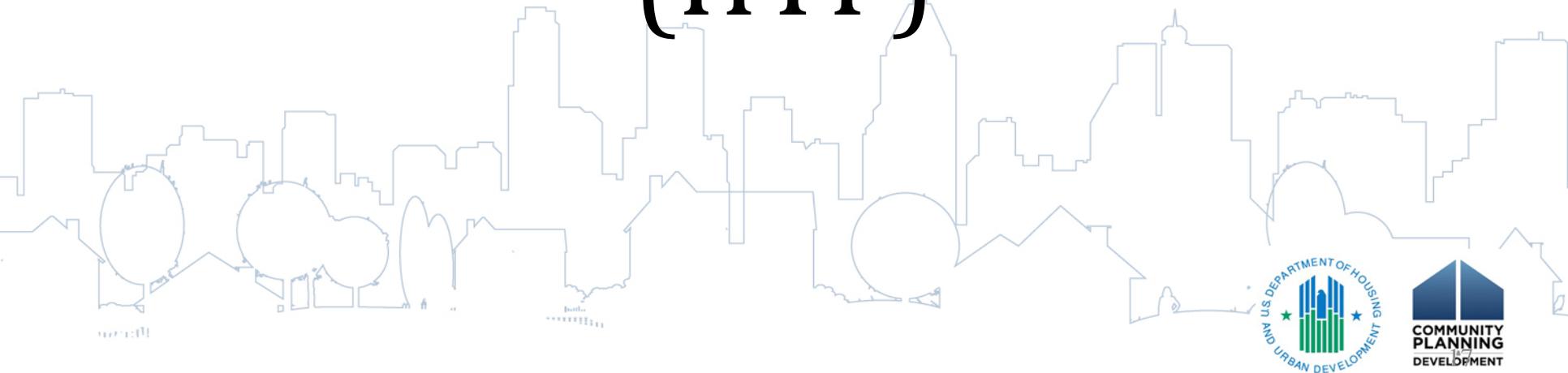
- Ongoing rental assistance for:
 - Community-wide programs, in markets w/high costs or very low-incomes
 - Special needs - homeless, veterans, youth aging out of foster care, victims of domestic violence
 - In conjunction with lease-purchase and self-sufficiency programs
- Security deposit-only programs



Appropriations & Accomplishments FY 2009 – FY 2016



Housing Trust Fund (HTF)



Housing Trust Fund (HTF)

- New program funded from annual assessments on Fannie & Freddie (GSEs) – not appropriations
 - Authorized by Housing & Economic Recovery Act of 2008
 - Contributions suspended until 2015
- Formula grants to States, DC, Puerto Rico and insular areas primarily for housing for extremely low-income households (<30% AMI)
 - FY 2016 - \$173.6 million allocated
 - FY 2017 - \$219.1 million allocated



Use of HTF Funds

- HTF beneficiaries must have incomes less than the greater of ELI limit or Federal poverty line
- Eligible activities include construction or rehabilitation of:
 - Rental housing (minimum of 80% of grant)
 - Homeownership assistance for first-time homebuyers (up to 10% of grant)
- Grantees may use up to 10% of grant for administrative and planning costs



HTF Program Rules

- HUD based parts of HTF regulation on HOME rules to enable funds to be combined
 - HTF can also be combined with LIHTC
- HTF units have compliance period of 30 years, during which they comply with:
 - Affordability – max. rents or resale restrictions
 - Income targeting – $>$ of ELI or poverty level
 - Property standards – initially and continuing



HTF Status

- Total for FY 2016 was \$173,591,160
- 35 grantees received \$3m minimum
- 3 Insular Areas declined allocations
- FY 2016 roll out complete

Plans Approved: 52

Grants Obligated: 43

Projects Underway: 12



Questions?

Resources:

www.hudexchange.info/programs/home/
www.hudexchange.info/programs/htf/

