



**Missouri Housing**  
Development Commission

# Federal HUD Programs

## HOME Program

## HOME-ARP Program

## Housing Trust Fund Program

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# Agenda

- HOME Program
- HOME-ARP Program
- National Housing Trust Fund
  - *Program Overview*
  - *Eligible Costs*
  - *Program Guidelines*

# HOME Program

- The HOME Investment Partnerships (HOME) program provides funding to support affordable housing activities for low-income families.
- MHDC utilizes portion of annual allocation from HUD to support the development of rental housing.

# Eligible Costs

- Capital costs of permanent housing
  - Acquisition/site improvements
  - Rehabilitation/new construction
  - Soft costs
  - Initial operative deficit

# CHDO Set-Aside

- Community Housing Development Organization (CHDO)
  - Private nonprofit, community-based organization with staff capacity to develop affordable housing for the community it services
  - 15% of annual allocation set-aside for CHDO projects
- CHDO must control project: owner/developer/sponsor
- CHDO Certification
  - Legal structure
  - Independence
  - Community Accountability
  - Capacity
  - Role
- Grants available for CHDO operating assistance

# Program Requirements

- Environmental Clearance
  - No acquisition, construction/demo, contracting for services prior to environmental clearance
- Unit Designation
  - Unit analysis to determine number of HOME units
  - Fixed or floating units
- Income Limits
  - HOME Assisted Units occupied by low income households (<80% AMI)
  - If 5+ HOME units, then 20% must be occupied by very low income households (<50% AMI)
- Rent Limits
  - Annual approved rents, adjusted for tenant-paid utilities
  - Low-HOME: 30% at 50% or FMR
  - High-HOME: 30% at 65% or FMR
- Cost Limits
  - Annual maximum per-unit subsidy limits
- Affordability Period
  - Rehabilitation – minimum 15 years, new construction - 20 years

# HOME-ARP Program

- The American Rescue Plan (ARP) provided funding through the HOME-ARP program to target investments in housing and other assistance for people experiencing or at imminent risk of homelessness, or other vulnerable populations.
- Missouri was awarded a one-time allocation.
- Funding must be designated to eligible uses through an allocation plan approved by HUD and based on needs assessment and community engagement.

# Eligible Costs

- Development hard costs/Site improvements
- Acquisition costs of real property
- Soft costs
- Relocation costs



# Program Requirements

- Environmental Clearance
  - No acquisition, construction/demo, contracting for services prior to environmental clearance
- Unit Designation
  - Unit analysis to determine number of HOME-ARP units
  - Fixed or floating units
- Income Limits
  - Must be occupied by households within qualifying population, i.e. homeless, very low income (<50% AMI)
- Rent Limits
  - Rent may not exceed 30% of the adjusted income of households less than 50% AMI (Low HOME rents)
- Cost Limits
  - Suspended maximum per-unit subsidy
- Affordability Period
  - Rehabilitation – minimum 15 years, new construction - 20 years

# Qualifying Populations

1. Homeless
2. At-risk of homelessness
3. Fleeing/attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking
4. Other populations where assistance would:
  - a. Prevent the family's homelessness; or
  - b. Serve those with the greatest risk of housing instability
5. Veterans and families including veteran member that meet one of the preceding criteria

# National Housing Trust Fund Program

- The Housing Trust Fund (HTF) is a federal program authorized by the Housing and Economic Recovery Act of 2008 to increase and preserve the supply of housing for people with the lowest incomes, including families experiencing homelessness.
- Funding is awarded through an annual formula allocation to states.

# Eligible Costs

- Real property acquisition
- Site improvements and development hard costs
- Related soft costs
- Demolition
- Financing costs
- Relocation assistance
- Operating cost assistance for rental housing
  - MHDC can provide up to 1/3 of each annual grant for operating cost assistance and operating cost assistance reserves IF the assisted units do not have project-based assistance

# Program Requirements

- **Environmental Compliance**
  - Environmental Review is required
  - No Desktop Review requirement for points in 2022 RP Application
  - Public notice and comment period not required for NHTF
- **Unit Designation**
  - Unit analysis to determine number of NHTF units
  - Fixed or floating units
- **Income Limits**
  - Extremely low-income households (<30% AMI)
- **Rent Limits**
  - Rents plus utilities are capped at 30% of the income of a household whose income is 30% AMI
  - If NHTF unit receives federal or state project-based rental subsidy, the maximum allowable rent is the allowable rent under the subsidy program, as long as the tenant does not pay more than 30% of their adjusted income
- **Cost Limits**
  - Same cost limits as LIHTC
- **Affordability Period**
  - 30-year period of affordability

# Additional HUD Program Requirements

- Labor Standards: Davis Bacon
  - Required for more than 12 HOME or HOME-ARP assisted units
  - Requirements are passed through to all contractors/subcontractors
- Relocation: URA, RSMO 523.205
  - Required for all MHDC developments with rehabilitation or demolition
  - Relocation compliance begins at time of development approval in order to ensure adequate documentation of compliance
- Section 3
  - Required compliance for all MHDC developments
  - Requirements as passed through to all contractors/subcontractors
- MBE/WBE
  - Required reporting compliance for all MHDC developments

# Environmental Compliance

- Environmental Review Completion
  - Level of review varies based on the type of funding
- Project Description
  - A complete and clear explanation of the full scope of work is necessary
- Other HUD Funds
  - If development will receive HUD funds from another Missouri entity, MHDC will complete the Environmental Review process in partnership with other entity
    - i.e. HOME, HOME-ARP, CDBG, CDBG-DR
- Mitigation
  - Mitigation measures or conditions may be required after environmental clearance in order to maintain compliance

# Choice-Limiting Action

- Definition: “One that may have an adverse impact on the environment or limit the choice of reasonable alternatives.”
- Prohibits physical activity, including acquisition, rehabilitation, and construction, as well as contracting for or committing to any of these actions
- From date of application submittal to notification from MHDC for environmental clearance, no participant in the development process may commit non-HUD funds or undertake any activity
- An option agreement on a proposed site or property is allowable if the option is subject to completion of environmental review
  - **Cannot be a legally binding contract or agreement**
  - See MHDC Application Site Control Memorandum





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# Questions?



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