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*

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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.

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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

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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

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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.

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Eligible Costs

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

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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

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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

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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.

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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

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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

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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 compliance for all MHDC developments

Questions?

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Environmental Compliance

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- Environmental Compliance Overview
- Level of Review
- Evaluation Process

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Environmental Compliance

- All MHDC developments will be evaluated for a minimum review of environmental compliance to ensure the project does not negatively impact the surrounding environment or have adverse environmental or health effects on beneficiaries
- Federal Funded Development
  - HOME
  - HOME-ARP
  - NHTF
  - Risk Share
- Non-Federal Funded Development
  - LIHTC

Level of Review

- The level of review varies based on the type of funding
  - LIHTC
    - Review for developments with no federal funding includes less extensive requirements
    - State and local regulations still apply
  - HOME/HOME-ARP/Risk Share
    - Full Environmental Review under 24 CFR Part 58
    - Requires full environmental clearance process from HUD, including public notice and public comment period
  - NHTF
    - Strict regulatory requirements for airport zones, farmlands, floodplains, historic preservation, noise, safe drinking water, site contamination, and wetlands.
    - Does not require environmental clearance process from HUD

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Environmental Review Completion

- MHDC Role
  - Responsible entity
  - Determination of Level of Review
  - Evaluate scope of work
  - Evaluate for compliance with National Environmental Policy Act (NEPA)
  - Formal and information consultation with related interested parties

- Developer Role
  - Site Plan, surveys, maps
  - Phase I Report
  - Engage Environmental Professional
  - Completion of additional evaluation resources, per MHDC request
  - Communicate changes

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Environmental Review Completion

- "Choice-limiting actions"
  - Prohibits physical activity, including acquisition, rehabilitation, and construction, as well as contracting for or committing to any of these actions
- 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

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Laws and Authorities for Compliance

- Air quality
- Airport clear zones
- Coastal barrier resources
- Coastal zone management
- Endangered species
- Environmental justice
- Explosive and flammable facilities

- Other Requirements
  - Asbestos
  - Lead

- Farmlands protection
- Flood insurance
- Floodplain management
- Historic preservation
- Noise abatement and control
- Site contamination
- Sole source aquifers

- Radon
- Storm Water

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Potential Site Concerns

- Noise
  - Site proximity to roadways, railroads, airports
- Floodplain
  - Location/proximity of floodplain on site or access roadways
- Wetland
  - Location/proximity of wetland on or adjacent to site
- Farmland
  - Conversion of farmland to housing
- Site Contamination
  - Areas of concern in proximity to site include dump, abandoned buildings, animal feeding operation, sewage plant, industrialized area, artillery range, gravel pit, above ground petroleum facility, explosive or flammable operation, etc.

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Resources

- https://www.hudexchange.info/programs/environmental-review/

- HOME Program
  - https://www.hudexchange.info/programs/home/topics/cross-cutting-requirements/#policy-guidance-and-faqs
- HOME-ARP Program
  - https://www.hudexchange.info/resource/6479/notice-cpd-2110-requirements-for-the-use-of-funds-in-the-home-arp-program/
- National Housing Trust Fund
  - https://www.hudexchange.info/programs/environmental-review/htf/

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