HOME & HTF Updates
HOME Regulations
24 CFR §92

HOME Program
Generally Affordability Period:

- 15 years for rehabilitation
- 20 years for new construction

HOME Program
Serves:

- 60% AMI at initial occupancy
- 80% AMI for subsequent occupancy

HOME Program
HTF Regulations

24 CFR §93

Housing Trust Fund
Housing Trust Fund

Serves 30% AMI

Affordability period is always 30 years
Housing Trust Fund

- Works best with project based vouchers
- Contact PHA early and often
Funding Levels
RFP Timing
Underwriting
Reserve Accounts
Fund project-related soft costs
Utility allowances
Environmental reminder

General Updates
HOME Funding Levels

2016 Amount: $3,588,720.00
2016 Program Income: $2,568,676.36
2016 Total: $6,157,396.36

2017 Amount: $3,533,696.00
2017 Program Income: $1,163,776.01
2017 Total: $4,697,472.01
NewHOME: $1,374,799
HOME Leverage Loan: $47,300
HOME Rental: $2,133,200
CHDO Rental: $531,000
CHDO Operating: $141,427
Admin: $469,746

2017 HOME Funding Priorities
HTF Funding Levels

2016
Amount: $3,000,000

2017
Amount: $3,000,000
Rental: Up to $2,700,000
Operating Cost Assistance: Up to $999,999
Admin: $300,000

2017 HTF Funding Priorities
Regulated by
24 CFR §93.201(e)(1)

Operating Cost Assistance
Operating Cost Assistance

OCA may be used as follows:

“Operating costs are costs for insurance, utilities, real property taxes, and maintenance and scheduled payments to a reserve for replacement of major systems (provided that the payments must be based on the useful life of each major system and expected replacement cost) of an HTF-assisted unit.”
RFP Timing

- **October 31, 2017**
  - Pre-Applications – At least one week prior

- **Late May 2018**
  - Pre-Applications – At least one week prior
24 CFR §92.250(b)(2) and §93.300(b)(2):

An assessment, at minimum, of the current market demand in the neighborhood in which the project will be located, the experience of the developer, the financial capacity of the developer, and firm written financial commitments for the project.
Current Market Demand

Current market demand in the neighborhood in which the project will be located

1 to 4 units: Developer prepared market study

5 + units: Professionally prepared market study
Assessment includes, but not limited to:

- Previous projects
- Experience with Federal funds
- Experience with Fund – other programs
- Adequate staff for project

Experience of the Developer
All HOME and/or HTF applications must include the three most-recent audited financial statements from all underlying developers, owners, and guarantors. Fiscal soundness evaluation includes review of financial ratios and trending.
Firm written financial commitments for all other sources must be received prior to executing the HOME or HTF Written Agreement.

Financial Commitments
Includes, but not limited to:

- **Subsidy Layering:** thorough review of sources and uses
- **Project’s annual expenses**
- **Pro forma**
- **HUD Cost Allocation Spreadsheet**

Additional Underwriting
Replacement Reserve Account
Preservation Reserve Account

Reserve Accounts
Replacement Reserve Account

Purpose: To provide a source of funds for capital expenditures not normally paid by the Project’s Operating Account.

Amount: Usually determined in underwriting and can be approximately $300 to $750 PUPA.
Replacement Reserve Account

Written Agreement:

- Held at Fund
- Asset Management Dept. monitors
- Amount to be deposited monthly
- Amount will increase 3% annually
- Request for Release – must submit to Fund
Preservation Reserve Account

Purpose: To provide a source of funds to preserve the Project during the affordability period.

Amount: Usually determined in underwriting as an annual amount and/or 50% of Project’s surplus cash, as noted in Written Agreement.
**Preservation Reserve Account**

**Written Agreement:**

- Held at Fund
- Asset Management Dept. monitors
- For expenses deemed necessary by the Fund to preserve the ongoing economic and physical viability of Project during A/P
- Only used when no other funds available
Fund Project-Related Soft Costs

24 CFR §92.206(d) and §93.201(d)

Permit increasing the commitment to include an amount the Fund will use to reimburse itself for certain Project-related soft costs that include, but are not limited to: underwriting, review, and oversight of Project prior to completion.
How amount is determined:

• Establish a Project-specific time sheet activity line item
• Prior to commitment, calculate current, actual costs and estimate future costs
• Amount is a Source and Use for Project

Fund Project-Related Soft Costs
Utility Allowances

24 CFR §92.252(d)(1)
The participating jurisdiction must use the HUD Utility Schedule Model or otherwise determine the utility allowance for the project based on the type of utilities used at the project.

24 CFR §93.302(c)
The grantee (Fund) must establish maximum monthly allowances for utilities.
HOMEfires – Volume 13, Number 12
Explains the HUD Utility Schedule Model

Utility Allowances
Environmental Reminder

• SHPO Clearance
• Environmental Statutory Checklist
• Asbestos and LBP

Donated property – due diligence
HUD Exchange emails:
https://www.hudexchange.info/mailinglist/

HUSM webinar
https://www.hudexchange.info/trainings/courses/hud-utility-schedule-model-calculating-utility-allowances-for-home-webinar1/
Further Information

HUD Cost Allocation Spreadsheet

https://www.hudexchange.info/resource/5190/home-cost-allocation-tool/
Further Information

HOME & HTF email list serve

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Q & A

HOME & HTF