

HOME Investment Partnerships Program (HOME)

What is HOME?

The HOME program was created under Title 11 (the Home Investment Partnerships Act) of the Cranston-Gonzales National Affordable Housing Act of 1990. This program represented a historic affirmation of the Federal Government's commitment to providing decent, safe, and affordable housing for all Americans and to alleviating the problems of excessive rent burdens, homelessness, and deteriorating housing stock nationwide.

Eligible Activities

The following list includes the types of activities that may be funded under the HOME Program, provided that the activity falls into the objective described above.

Homebuyer Activities

HOME funds may be used to finance new construction and/or the acquisition of land for the construction of homes for homebuyers, as well as programs that provide down-payment and closing cost assistance. The maximum sales price cannot exceed FHA 203 (b) limits for Harris County.

Single family developments providing downpayment assistance to homebuyers are required to utilize the Harris County Downpayment Assistance Program (DAP) or agree to have homebuyers reviewed pursuant to the DAP guidelines unless otherwise agreed.

HOME-assisted homebuyer units carry occupancy restrictions for varying lengths of time, known as the affordability period. The HOME Program requires a minimum affordability period for all homebuyers units receiving HOME funds, depending on the average amount of direct homebuyer benefit. The chart below shows how the activity and direct benefit determine the HOME required affordability period.

Affordability Periods* for Homeownership Activities

HOME benefit to homebuyer	Minimum period of affordability
Under \$15,000	5 years
\$15,000 to \$40,000	10 years
Over \$40,000	15 years

* The affordability period represents the minimum length of time a recipient (beginning after project completion) of homeownership assistance must maintain and reside in the property as his/her primary residence. When the homebuyer sells or

fails to reside in the property as his/her primary residence during the affordability period, the action triggers repayment of the direct HOME subsidy to the County.

Rental Housing

HOME funds may be used to acquire land or existing rental housing and/or rehabilitate or construct affordable rental housing. HOME funds may be used to acquire and/or rehabilitate or construct affordable permanent or transitional rental housing. Unlike other federal grant programs, HOME distinguishes between the units in a project that have been assisted with HOME funds and those that have not. "HOME-assisted units" is a term that refers to the units within a HOME project for which rent and occupancy restrictions apply. The number of units designated as HOME-assisted affects the maximum HOME subsidies that may be provided to a project.

i. Fixed and Floating Units

For properties with both assisted and non-assisted units, the program administrator must select "fixed" or "floating" units at the time of project commitment. When HOME-assisted units are "fixed", the specific units that are HOME-assisted are designated and never change. When HOME-assisted units are "floating", the units that are designated as HOME-assisted may change over time as long as the total number of HOME-assisted units in the project remains constant.

ii. Multi-Unit Occupancy Requirements

The program funds rule requires that at least 90 percent of HOME-assisted units must be reserved for residents whose income does not exceed 60 percent of the area median income. For rental properties of which five or more units will be HOME-assisted, at least 20 percent of the units must be reserved for families who meet the threshold as very-low income (at or below 50 percent median income). The balance of rental units must assist tenants with incomes that do not exceed 80 percent of the area median income.

iii. Rents

Every HOME-assisted rental unit is subject to rent limits designed to help make rents affordable to low-income households. These maximum rents are referred to as "HOME rents." HUD publishes the rent schedule each year based on changes in area income levels or market conditions. There are two HOME rents used in the HOME program:

High HOME Rents are the lesser of:

- The Section 8 Fair Market Rents (FMRs) for existing housing; OR
- Thirty (30) percent of the adjusted income of a family whose income equals 65 percent of median income.

Low HOME Rents:

For properties with five or more HOME-assisted units, at least 20 percent of HOME-assisted units must have rents which are no greater than:

- Thirty (30) percent of the tenant’s monthly adjusted income; OR
- Thirty (30) percent of the annual income of a family whose income equals 50 percent of the median income.

In units receiving Federal or State project-based rental assistance in which the very low-income family pays not more than 30 percent of the family’s adjusted income, the maximum rent allowable may be determined by the Federal or State program.

HOME-assisted rental projects carry rent and occupancy restrictions for varying lengths of time, known as the affordability period. The HOME Program requires a minimum affordability period for all rental projects receiving HOME funds, depending on the average amount of HOME funds invested in each unit and the type of activities performed using HOME funds. The chart below shows how the activity and subsidy determine the HOME required affordability period.

Affordability Periods* for Rental Housing Activities

Activity	HOME Subsidy	Unit Must Remain Affordable for at Least
Rehabilitation or acquisition of existing housing	Less than \$15,000/unit	5 years
	\$15,000-\$40,000/unit	10 years
	Greater than \$40,000	15 years
Rehabilitation with refinancing	Any amount	15 years
New construction or acquisition of new housing	Any amount	20 years

* The affordability period represents the minimum length of time (beginning upon project completion) a recipient of HOME assistance for a rental housing project must be in compliance with HOME rules and regulations regarding maximum HOME rent limits, tenant income, and other applicable requirements. The period is based on the amount of HOME funds provided per HOME-assisted unit. When the recipient fails to comply with the HOME regulations during the designated affordability period, the action triggers repayment of the direct HOME subsidy to the County.

Tenant-Based Rental Assistance (TBRA)

HOME funds may be used to provide financial assistance to tenants for rent, security deposits, and under certain conditions, utility deposits to tenants. Assistance for utility deposits may only be provided in conjunction with a TBRA security deposit or monthly rental assistance program. *Note: Funds for TBRA may not be used for project-related soft costs.*

Community Housing Development Organization (CHDO) Activities

The CHDO set-aside portion of HOME funds may be used to acquire and/or rehabilitate rental housing and homebuyer properties, construct rental or homebuyer properties, and provide direct financial assistance to purchasers of HOME-assisted housing sponsored or developed by a CHDO with HOME funds. CHDOs are also eligible to apply for HOME funds for project pre-development loans and operating assistance but must have a project ready to move forward.

Matching Funds Requirement

In accordance with HOME Program regulations (24 CFR 92.218), HCCSD requires applicants to provide match of at least 25 percent of the total requested amount. Please note that match is not program leveraging, but is a permanent contribution to the affordable housing project and the obligation is created by the “drawdown” of HOME funds for a particular project.

Generally, investments from state or local governments or the private sector qualify as matching contributions, whereas federal funds (such as CDBG, HOME, HOPWA, LIHTC) do not qualify. Eligible sources of match for HOME funds include:

- Cash contributions from non-federal sources
- Donated construction materials or voluntary labor
- Value of donated land or real property
- Value of foregone interest, taxes, fees, or charges levied by public or private entities
- Proceeds from bond financing
- The cost of supportive services provided to families living in HOME-assisted units
- The cost of homebuyer counseling to families purchasing HOME-assisted units

Project Development

In accordance to 24 CFR 983.6, HCCSD requires all organizations utilizing HOME funds for new construction of affordable housing to comply with its Site and Neighborhood Standards policy. These standards require housing units to meet certain requirements in areas such as amenities, proximity to public facilities, location and size.

Harris County must administer its HOME program in a manner that provides housing that is suitable for promoting greater choice of housing opportunities and facilitating and furthering full compliance with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Executive Order 11063, and HUD regulations. HUD requires its participating jurisdictions to establish site and neighborhood

requirements with respect to new construction of rental housing. The determined requirements must meet the requirements stated in 24 CFR 983.6(b).

To be considered for HOME funding, all applicants submitting proposals for new construction of rental housing must adhere to Harris County's Project Development requirements outlined in the Affordable Housing Policies and Procedures. Applicants must read and agree to comply with Harris County's [Affordable Housing Policy & Procedure](#).

**Minimum Acceptable Property Standards
(Construction, Rehabilitation and Acquisition)**

All HOME-assisted units must meet local codes and standards. In the absence of local codes, housing should conform to the property standards identified in 24 CFR 92.251. HCCSD has established the [Minimum Acceptable Standards for Residential Acquisition, Construction and Rehabilitation](#) for single-family and multi-family properties that receive federal assistance. For the applicable projects, the housing unit will be inspected prior to final close-out of the project.