

HOME Funding for Affordable Housing Part 2

Florida Housing Coalition

Presenters:

Michael Chaney, Technical Advisor

Tamara West, Technical Advisor



Our Thanks to the Florida Housing Catalyst Program



AFFORDABLE HOUSING CATALYST PROGRAM

**Sponsored by the Florida Housing
Finance Corporation**



we make housing affordable™

THE FLORIDA HOUSING COALITION



Catalyst Training Schedule

A banner for SHIP Catalyst Training. The left side features a photograph of three people (two men and one woman) smiling and looking at a laptop screen. Overlaid on this photo is the SHIP logo, which consists of a green house icon with a blue cube inside, and the text 'SHIP' in bold black letters, with 'housing a stronger Florida' in smaller text below it. The right side of the banner has a teal background with white text. The text reads: 'Fine Tune Your SHIP Program' followed by 'REGISTER NOW FOR' in smaller letters, then 'CATALYST TRAINING' in large, bold, white letters. At the bottom of the banner, there is a dark teal bar with the text 'Register Now for SHIP Catalyst Training!' in white. Below the banner, there are four small, light gray circles arranged horizontally.

SHIP
housing a stronger Florida

Fine Tune Your SHIP Program
REGISTER NOW FOR
**CATALYST
TRAINING**

Register Now for SHIP Catalyst Training!

The Coalition is Florida's affordable housing training and technical assistance provider.

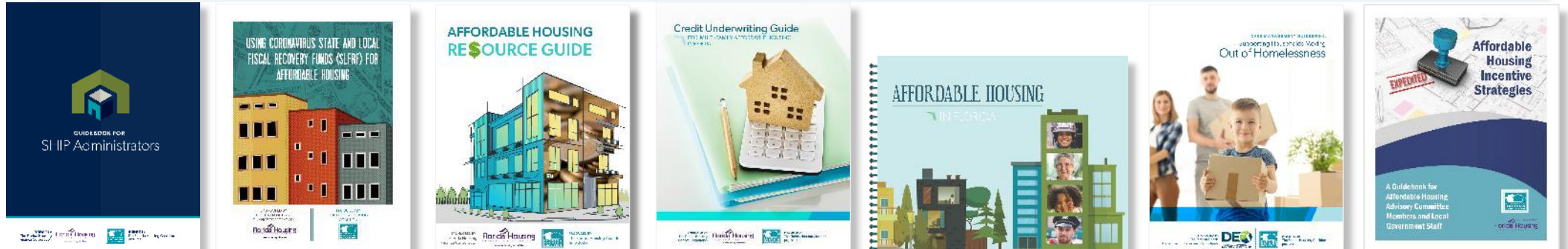
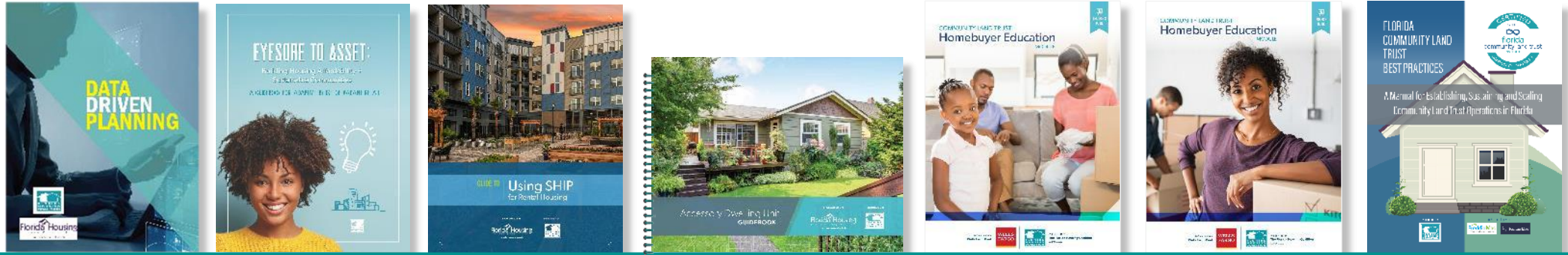
www.flhousing.org

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FLORIDA HOUSING COALITION PUBLICATIONS

Access these valuable resources and more under the Publications tab at Flhousing.org



Weekly Hurricane Member Update

This week: Emergency Preparedness Programming from the Center for Independent Living. Register Here:
[https://us02web.zoom.us/webinar/register/WN_28xAkLXASICvqP7v3oVJzQ](https://us02web.zoom.us/join/https://us02web.zoom.us/webinar/register/WN_28xAkLXASICvqP7v3oVJzQ)
<https://flhousing.org/past-disaster-recovery-webinars/>



Webinar Logistics

- Participants are muted
- Enter your questions in the box in your webinar panel
- If non typing capability, click raise your hand button
- Handouts are available for your review.
- This webinar is being recorded and will be available at www.flhousing.org
- Use headphones for best audio
- A survey will immediately follow the webinar; ***please*** complete it! Thanks!





Overview

- HOME Program Requirements for Purchase Assistance
- HOP Program Requirements
- Presenters:
 - Donna Phillips, Florida Housing Finance Corporation
 - Michelle Taylor, Habitat for Humanity of Hillsborough County
- Monitoring and Compliance

HOME Final Rule 24 CFR Part 92 Published July 24, 2013

- The Rule: 24 CFR Part 92
- 92.2 definitions
- 92.203 income methods & documentation
- 92.206/.214: eligible/ineligible costs
- 92.504: written agreements
- 92.254: homeownership requirements
- 92.250: project underwriting & max subsidy
- 92.251: property standards
- 92.508: recordkeeping

Key Partners

Subrecipient

- Manages program on behalf of PJ
 - Can be public agencies or nonprofit
-

Community Housing Development Organization (CHDO)

- Creates affordable housing
 - Provides input from the low-income community
-

Developer

- Creates housing
 - Can be for-profit or nonprofit
-

Eligible Commitments

PJs may not commit HOME funds to an identifiable project consisting of new construction or rehab until:

- All necessary financing is secured
 - A budget and production schedule is established
 - Underwriting and subsidy layering is completed
 - Market assessment is completed
 - Assessment of the experience and financial capacity of the developer is completed
 - Construction is expected to start within 12 months
-

Project Deadlines

- 4-year project completion deadline
- Projects must be completed 4 years from the date the written agreement is executed

Otherwise, must repay HOME investment

- 9-month sales deadline for homebuyer units
- Must have a ratified sales contract with buyer within 9 months of construction completion

Otherwise, must convert to rental unit or repay HOME investment

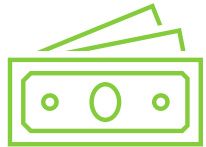
Home Assisted Unit



Any unit that receives HOME funds is considered HOME assisted



HOME units are subject to all HOME requirements, including affordability periods, income restrictions, property standards, etc.



HOME funds may also be spent on mixed income projects, where some units are HOME assisted while others are not

Form of Assistance

PJs generally use:

- Grants

Repayable if affordability requirements are not satisfied

- Deferred payment loans
- Below-market rate loans

Subsidy Limits

- Minimum = \$1,000 per unit
- Maximum is capped by the HUD published subsidy limit
- If multiple government sources, subsidy layering applies

HUD Exchange link to notice CPD 15-003:

<https://www.hudexchange.info/resource/2315/home-per-unit-subsidy/>

Local HUD Field Office Subsidy Limits

2022 MAXIMUM SUBSIDY LIMITS HOME Program Effective March 2022

Capped at 240% Maximum Subsidy Per Unit for HOME Funds

LOCALITY	0 BR	1 BR	2 BR	3 BR	4 BR
Cocoa (Brevard)	\$159,793	\$183,132	\$222,693	\$288,093	\$316,236
Daytona Beach	\$159,793	\$183,132	\$222,693	\$288,093	\$316,236
Ft. Pierce	\$159,793	\$183,132	\$222,693	\$288,093	\$316,236
Gainesville	\$159,793	\$183,132	\$222,693	\$288,093	\$316,236
Jacksonville	\$159,793	\$183,132	\$222,693	\$288,093	\$316,236
Lakeland	\$159,793	\$183,132	\$222,693	\$288,093	\$316,236
Orlando	\$159,793	\$183,132	\$222,693	\$288,093	\$316,236
Panama City	\$159,793	\$183,132	\$222,693	\$288,093	\$316,236
Pensacola	\$159,793	\$183,132	\$222,693	\$288,093	\$316,236
Sarasota	\$159,793	\$183,132	\$222,693	\$288,093	\$316,236
Tallahassee	\$159,793	\$183,132	\$222,693	\$288,093	\$316,236
Tampa	\$159,793	\$183,132	\$222,693	\$288,093	\$316,236

South Florida

2022 MAXIMUM SUBSIDY LIMITS

HOME Program

Effective March 2022

(South Florida)

Capped at 240% Maximum Subsidy Per Unit

LOCALITY	0 BR	1 BR	2 BR	3 BR	4 BR
Ft. Lauderdale	\$159,793	\$183,132	\$222,693	\$288,093	\$316,236
Ft. Meyers	\$159,793	\$183,132	\$222,693	\$288,093	\$316,236
Marathon	\$159,793	\$183,132	\$222,693	\$288,093	\$316,236
Miami	\$159,793	\$183,132	\$222,693	\$288,093	\$316,236
West Palm Beach	\$159,793	\$183,132	\$222,693	\$288,093	\$316,236

24 CFR 92.250(b) requires each PJ to evaluate each project in accordance with the subsidy layering and underwriting guidelines it has adopted before it commits HOME funds to a project. PJs must analyze each project to ensure that the HOME investment is necessary and reasonable to provide quality affordable housing that is financially viable throughout the period of affordability.

To ensure consistency with the provisions of NAHA and 24 CFR 92.250(a), the HOME maximum per-unit subsidy limit that HUD can approve for a PJ cannot exceed 240 percent of the Section 234 basic mortgage limit.

How Much Subsidy?

The amount of actual HOME subsidy per unit will depend upon:

- HUD published maximum subsidy limit
- Amount of total project cost that is HOME eligible
- Number of HOME assisted units
- The financial needs of the project
- Cost allocation process is used to determine subsidy/# of

HOME units

- Applies when mix of HOME and non-HOME units
- Covers both homebuyer and rental units

HOME Affordability Periods

HOME \$ Per Assisted Unit	Length of Affordability
Less than \$15,000	5 years
\$15,000 to \$40,000	10 years
More than \$40,000	15 years

Households

- Low-income must assist households < 80%
- Property will be principal residence
- Income eligibility determined
 - At purchase for existing housing
 - At contract signature for new construction
- No requirements that:
 - PITI be affordable at purchase OR
 - PITI remain affordable over time

HOME income limits published annually and available here:

<https://www.hudexchange.info/resource-library/home-income-limits/>

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Determining Income under HOME

What Counts As Income?

Two definitions:

- Section 8 (Part 5)
- IRS Adjusted Gross Income
 - PJ must use single definition of income for each HOME program, or for each rental project
 - Use the Income Calculator on the HUD Exchange website:
<https://www.hudexchange.info/incomecalculator/>

Eligible Homeownership Activities

HOME can be used for:

- Acquisition
- Acquisition/rehabilitation
- New construction
- Lease-purchase if conveyed within:
- 36 months of signing OR 42 months of project completion
- Rental units converted to homebuyer

Eligible Costs

Hard costs:

Acquisition

Site preparation or demolition

Construction

Soft costs:

Fees and appraisals

Homebuyer counseling

Relocation Costs

Eligible Properties

Eligible property types:

- Single-family home
- Two-to-four-unit property
- Other units may be subject to HOME rents
- Depends on how funds invested
- Condominium unit
- Coop or mutual housing unit (if recognized as ownership by state)

Manufactured home:

- Located on fee simple land, or
- If ground lease, lease at least equal to affordability period

Purchase Price Value Limits

Activity	HUD Limit	Basis
New Construction	New Construction	Sales Price
Acquisition Only	Existing	Sales Price
Acquisition/Rehabilitation	Existing	After Rehabilitation Value: <ul style="list-style-type: none">• Appraisal• Informed staff estimate• Tax assessment if tied to market

HOME Value Limits

<https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/>

		1 to 4 units existing				1 to 4 units new			
FL	Alachua County	\$217,000	\$277,000	\$336,000	\$416,000	\$251,000	\$321,000	\$389,000	\$482,000
FL	Baker County	\$193,000	\$247,000	\$299,000	\$370,000	\$251,000	\$321,000	\$389,000	\$482,000
FL	Bay County	\$223,000	\$286,000	\$346,000	\$429,000	\$251,000	\$321,000	\$389,000	\$482,000
FL	Bradford County	\$193,000	\$247,000	\$299,000	\$370,000	\$251,000	\$321,000	\$389,000	\$482,000
FL	Brevard County	\$225,000	\$288,000	\$349,000	\$432,000	\$251,000	\$321,000	\$389,000	\$482,000
FL	Broward County	\$331,000	\$423,000	\$512,000	\$635,000	\$332,000	\$426,000	\$515,000	\$638,000
FL	Calhoun County	\$193,000	\$247,000	\$299,000	\$370,000	\$251,000	\$321,000	\$389,000	\$482,000
FL	Charlotte County	\$236,000	\$302,000	\$365,000	\$452,000	\$251,000	\$321,000	\$389,000	\$482,000
FL	Citrus County	\$193,000	\$247,000	\$299,000	\$370,000	\$251,000	\$321,000	\$389,000	\$482,000

Recapture/Resale

For each homebuyer, **UP FRONT**, the PJ must select the compliance requirement during the period of affordability, either:

- Recapture (“sell to anyone, but pay back the subsidy”); or
- Resale (“sell to low-income buyer, at affordable price”) sale; must choose one or the other



Florida Housing Finance Corporation

Presenters:

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FHFC Homeownership Purchase Program (HOP)

Homeownership Purchase Program (HOP)

- Florida Housing created the Homeownership Purchase Program (HOP) to enhance the ability and process of Developers to match qualified homebuyers with purchase assistance while increasing the quality of affordable housing in Florida.
- HOP is a noncompetitive and on-going program, where developers reserve funds for eligible homebuyers to provide purchase assistance on a first-come, first-served basis.

How Much Assistance is Available?

- Since 2019 Florida Housing has routinely replenished the different HOP pools so there has always been funds available for HOP Members to reserve funds on behalf of their clients
- Eligible homebuyers, whose adjusted income does not exceed 80% of Area Median Income (AMI), receive a 0% deferred second mortgage loan for up to \$25,000.
- Eligible homebuyers with a disabling condition and eligible homebuyers at 50% AMI or below may receive up to \$35,000 in purchase assistance.

Terms of HOP Assistance

- HOP Mortgage is not forgivable. It is a loan and is not assumable.
- As long as the borrower is not in default, the interest on the Mortgage is 0% per annum with the principal payment deferred until a date 50 years (“Maturity Date”) following the date of the signing of the Mortgage, at which time payment is due in full.
- The client must obtain a 1st mortgage loan by a regulated financial institution. Taxes and insurance must be escrowed with no prepayment penalties. Interest-only mortgages are not permitted and closing costs must not exceed 5% of the purchase price.
- The first mortgage loan must carry a fixed interest rate which cannot be greater than the current 10 year U.S. Treasury Yield + 3.5%.
- The total back-end ratio must be between 29% and 50%.
- FHFC does not require the lender to be on a Lender Approval list to assist the client for this program.

Terms of HOP Assistance

- If any of the following events occur before Maturity Date, the unpaid principal balance of the Mortgage is due in full:
 - The home is sold, transferred or disposed of; voluntarily or involuntarily
 - The original homeowner ceases to occupy the home as a principal residence
 - The original homeowner dies, or if married, the surviving spouse dies
 - The original homeowner refinances the first mortgage loan

Who are Eligible HOP Members?

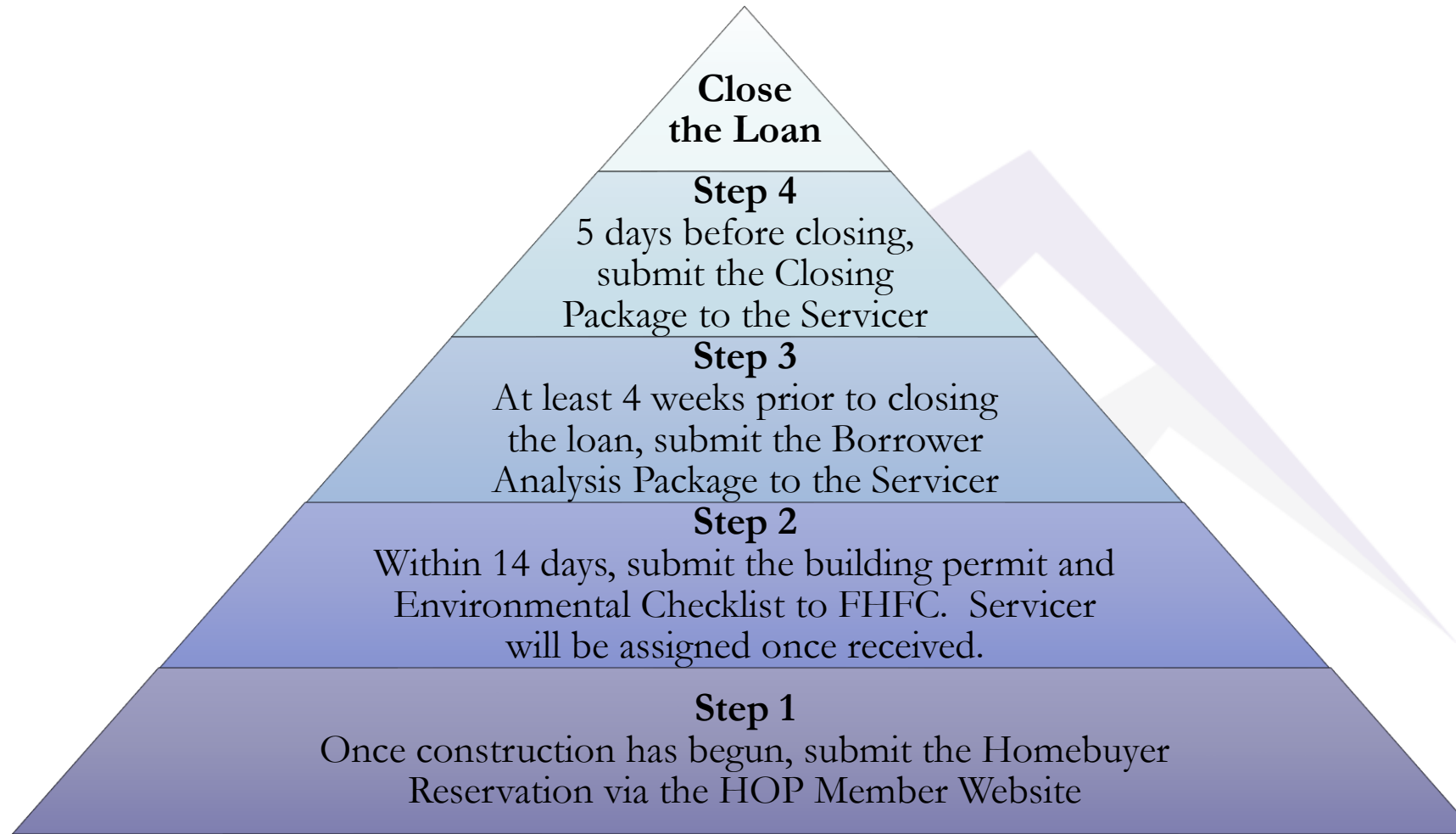
Developers

- Can be non-profit or for-profit companies, including Habitat for Humanity, and the United States Department of Agriculture - Rural Development (USDA-RD)
- Must meet the required experience level.
 - Key team member(s) must have experience in construction of homes and providing homebuyer assistance for at least 5 houses/households.

How Do You Become a HOP Member?

- An application is submitted to Florida Housing, along with the application fee (\$500).
- Florida Housing reviews the application to make sure all required information and experience is included in the application.
- Florida Housing sends approval letter to Member
- Member registers at [https://www.floridahousing.org/programs/homebuyer-overview-page/homeownership-pool-\(hop\)-program](https://www.floridahousing.org/programs/homebuyer-overview-page/homeownership-pool-(hop)-program)

HOP: Step-By-Step



Construction Features

- **Basic Features**
 - Includes: range and oven, washer/dryer hookups, overhead lighting.
- **Accessibility Features**
 - Includes: at least 1 zero-step entrance, lever handles on faucets and doors, doors need to be 34” or wider.
- **Site Development Features**
 - Includes: site must be free from excessive noise, industrial or agricultural hazards, must be primarily residential, off street parking and landscaping that meets local requirements and suitable for terrain and neighborhood.

Construction Features

- **Appliances**
 - Where provided and as applicable, appliances must be Energy Star certified.
- **Green Building Certifications***
 - Units must be certified to one of the following:
 - Energy Star, FGBC, NGBS or LEED.
- **Manufactured Housing is Allowed!**
 - Meet MHCSS, be on a permanent foundation, be considered real property and connected to permanent utility hookups.

Questions?

- Information on the HOP Program can be found:
[https://www.floridahousing.org/programs/homebuyer-overview-page/homeownership-pool-\(hop\)-program](https://www.floridahousing.org/programs/homebuyer-overview-page/homeownership-pool-(hop)-program)

Thank You!

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Habitat for Humanity Presenter:



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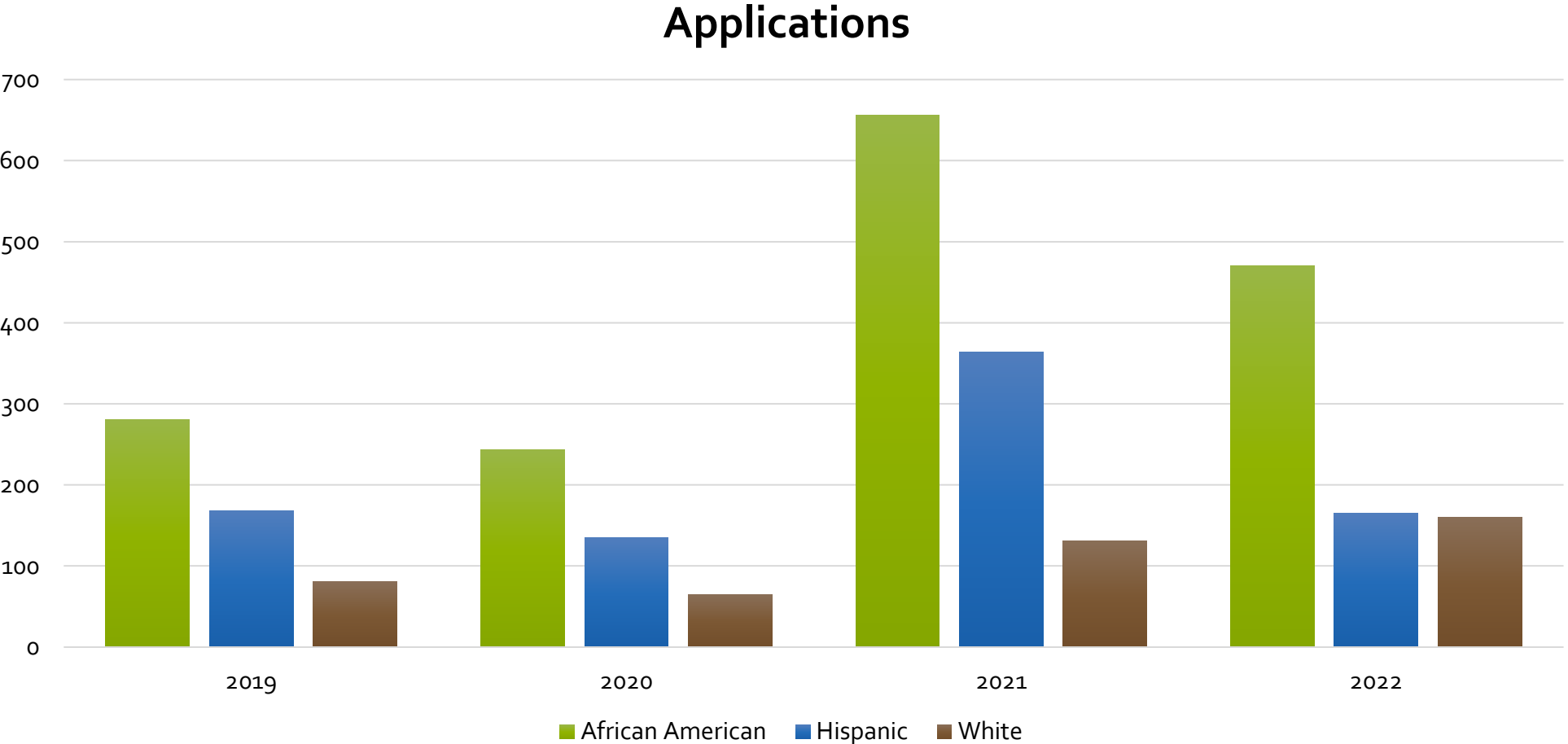
Habitat for Humanity of Hillsborough County



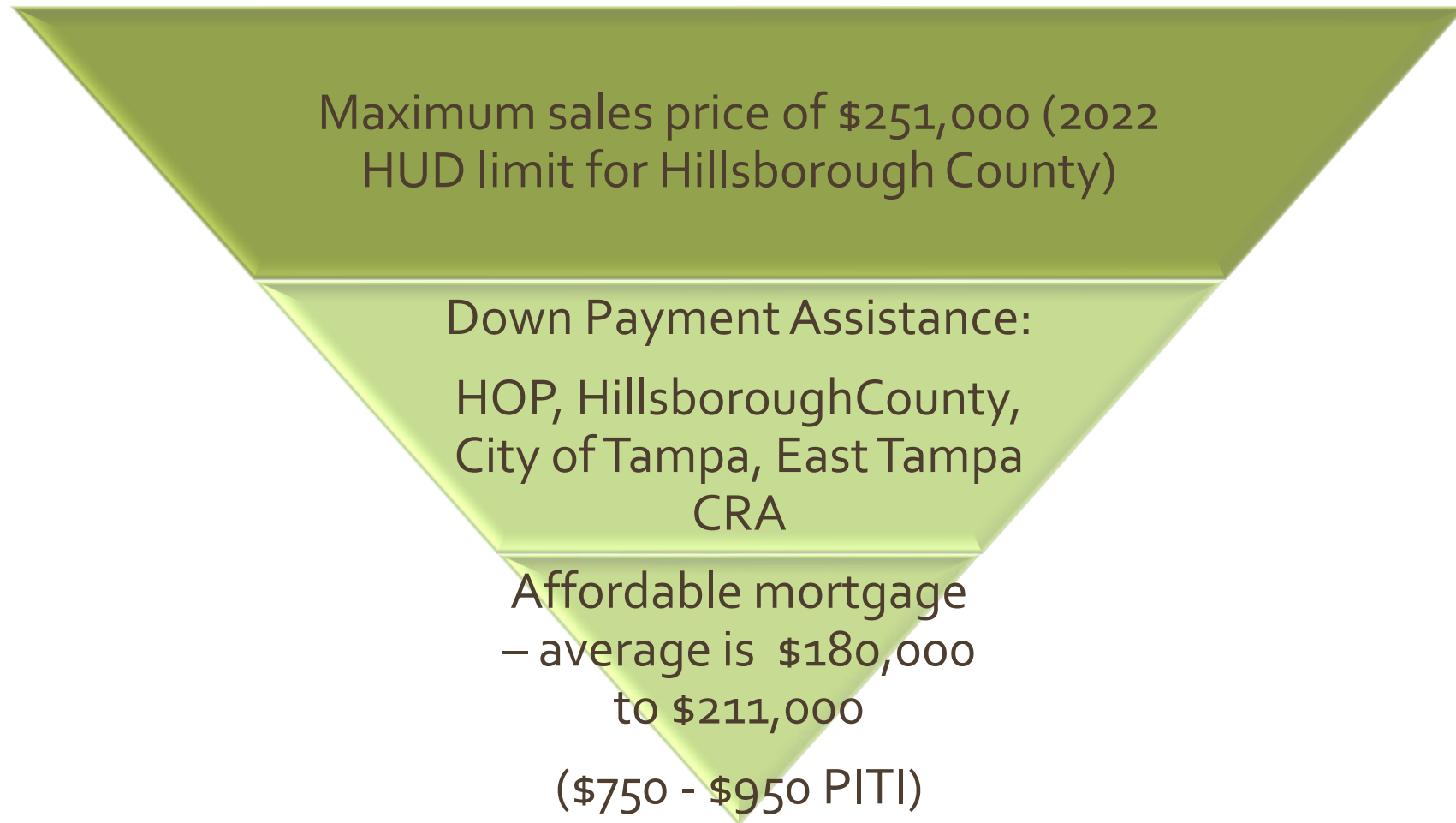
About Habitat Hillsborough


- Habitat Hillsborough is committed to building 120 new homes in the next 3 years with 32 of those homes this fiscal year – this includes 2 brand new subdivisions
- The majority of families served by our program are families of color, single moms, and veterans.
- The average cost to build a 3 bedroom/2 bath home is \$221,400 in Hillsborough County
- HFHH acquires land through traditional open market purchase, donation, RFP's, and partnerships with the City of Tampa, City of Temple Terrace, City of Plant City, and Hillsborough County

Housing Need by Demographic

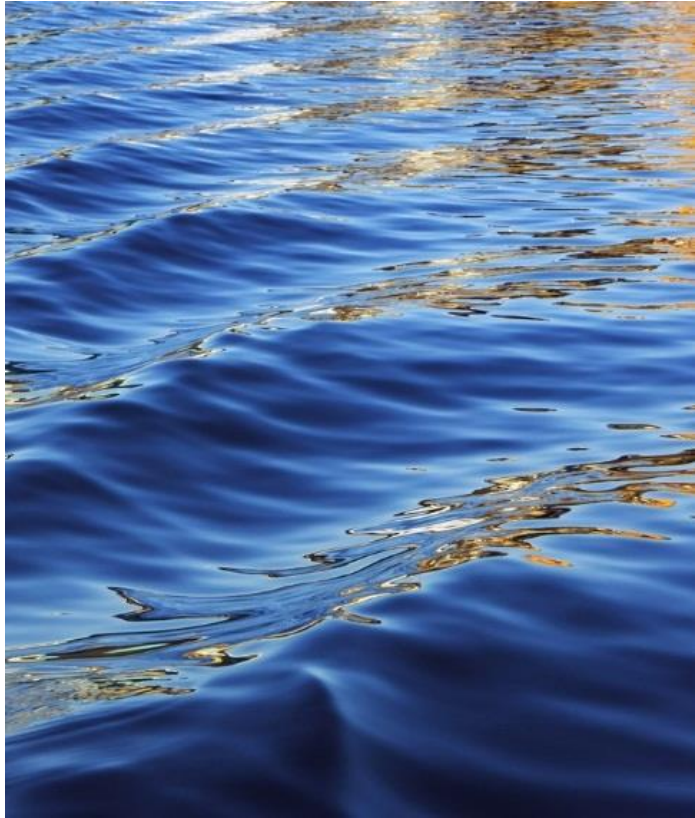


How Habitat Hillsborough makes homes affordable





Building with Habitat Hillsborough



Habitat Hillsborough Homes

All homes built by HFHH are cinder block with hurricane clips that make our homes sustainable up to a Category 3 hurricane.



Our 2-story models are built block over block for added hurricane protection. All homes are also provided hurricane shutters.





 **Habitat**
for Humanity®
of Hillsborough County
Florida, Inc.
Veterans Initiative



HFHH builds to match existing communities including historic districts and town home communities. Where appropriate, we offer metal roofing and solar panels. All of our homes are also Energy Star certified.



Amenities

Every home offers an open floor plan, tile flooring through out, spacious laundry room, in-suite master bathroom, one car garage, and Florida friendly landscaping. Appliances such as refrigerator, stove, microwave, and dishwasher are also included.



Donations





Habitat
for Humanity®
of Hillsborough County
Florida, Inc.

**YOU CAN HELP
MAKE A
DIFFERENCE.
DONATE.**

*Scan the QR code with your phone's
camera to access our secure
donation portal, Or use our DipJar for
easy and convenient donations!*



Every donation impacts the lives of families in Hillsborough County!



Welcome Home

Monitoring Function

Monitoring fosters:

- Production/accountability
- Compliance with requirements
- Responsiveness to community needs
- Effective use of resources
- Good organizational performance

Affordability & Compliance

HOME \$ Per Assisted Unit	Length of Affordability/Compliance
Less than \$15,000	5 years
\$15,000 to \$40,000	10 years
More than \$40,000	15 years

Other Federal Regulations

- HOME regulation lists other requirements that apply
- Refer to source of other requirements for applicability
- List includes regulations about:
 - Non-Discrimination (92.505(a))
 - Handicapped Accessibility (Part 8, Section 504)
 - OMB Circulars and Part 85 (92.505(a))
 - Environmental (Part 58)
 - Lead Paint (Part 35)
 - Relocation/acquisition (Part 42)
 - Labor standards (92.354)
 - Excluded parties (debarred/suspended) (92.350)

PJs Self-Assessment Review

Regulatory Compliance

- Policies & procedures
- File documentation & regulatory limits
- Written Agreements & Legal documents

Program Performance

- IDIS reports
- Production v. Goals

Monitoring & Evaluation

- Results of HUD monitoring and PJ's monitoring of partners
- Beneficiary Citizen/Media comments
- Staff (skills/training)
- Organizational or community changes

Policies & Procedures



Develop monitoring policies, procedures, guides

Include sample:

- Form letters
- Checklists
- Written agreements

Levels of Monitoring I

HUD review of PJs

Annual review

If issues, may result in concerns or findings

If problems not resolved, sanctions may be imposed

Levels of Monitoring II

PJ monitoring of its programs and administration

- Consistency with Consolidated Plan
- Commitment and expenditure of funds – Match
- Compliance in program design/implementation with HOME rules

Must monitor subrecipient programs annually

THE FLORIDA HOUSING COALITION



Levels of Monitoring III

Project monitoring

- Project meets requirements
- Needed regardless of type of project or entity

Beneficiary monitoring

- Make sure families meet income and occupancy requirement

Please complete the evaluation!



Questions?

Contact Michael at:

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Contact Tamara at:

west@flhousing.org

850-518-2235

Technical Assistance Hotline: 1-800-677-4548