

City of North Las Vegas HOME Program Overview (FY 2020/2021)

1. INTRODUCTION

The HOME program is a flexible tool that helps local governments, in conjunction with states and non-profit organizations, develop and support various home ownership and rental opportunities for very low-income (50% or less of median) and low-income (up to 80% of median) families and individuals. This versatility sets the HOME program apart from more traditional federal housing programs, which are largely categorical in design.

HOME grants are awarded on the local level through an Application process. The City of North Las Vegas (City) also receives Account for Affordable Housing Trust Fund (AAHTF) money from the State of Nevada. The two programs have similar requirements, and thus, and are administered accordingly.

This handbook is intended to give an overview of HOME and related housing programs. It also provides information on the Application process.

2. WHAT IS HOME?

HOME is the abbreviated name for Title II of the Cranston-Gonzalez. National Affordable Housing Act of 1990 that is technically entitled the "Home Investment Partnerships Act." The HOME Program has four main purposes:

- A. To expand the supply of decent and affordable housing, especially rental housing, for very low-income and low-income households;
- B. To strengthen the abilities of states and units of general local government to design and implement strategies for achieving adequate supplies of decent, affordable housing;
- C. To provide participating jurisdictions, on a coordinated basis, with various forms of federal housing assistance, including capital investment, mortgage, rental insurance, needed to provide affordable housing for the low-income Americans, including those who will be home buyers; and
- D. To provide participating jurisdictions various forms of federal assistance, both financial and technical, including the development of model programs or approaches for developing affordable low-income housing.

3. WHY HOME?

Substandard living conditions affect the lives of many American families. HOME is an outgrowth of the federal government's recognition of this fact, as well as its resolve to change the current situation. The provisions of HOME enable states, localities, and nonprofit organizations to ameliorate housing conditions within their own jurisdictions. HOME is a method of expanding the supply of decent, safe, and affordable housing.

4. HOW ARE HOME FUNDS ALLOCATED TO STATES AND LOCALITIES?

HUD allocates HOME funds by formula to state and local governments in two different ways. Based on population, each state gets a minimum of \$3 million in HOME funds annually. Since Nevada has a comparatively small population, it receives the \$3 million minimum. This year, the City will receive an estimated \$1,000,000.00 from the Department of Housing and Urban Development (HUD) (federal HOME funds) and the State of Nevada's share of "State HOME funds".

Urbanized areas are also eligible for HOME funding based upon their population and poverty statistics. The entitlement amount varies year-by-year. Such entitlement areas are called "Participating Jurisdictions" or "PJs."

Contiguous urbanized areas may band together to form consortia to deliver housing services more efficiently, and to receive increased HOME funding. Clark County, including Boulder City and Mesquite, together with the City of North Las Vegas, have formed a HOME consortium. It is called the Clark County ("Urban County") HOME Consortium.

Eligible, non-profit and for profit organizations that operate within the boundaries of the City may apply for the City's HOME funds and for HOME funds allocated to the City by the State of Nevada. Government entities, such as housing authorities, may also apply for the aforementioned funds. Also, for-profit firms planning on using the City's Private Activity Bonds (or tax exempt bonds issued by the Nevada Housing Division) to newly construct affordable rental housing in the City may be eligible to receive HOME funds.

The City of North Las Vegas implements its own HOME programs with minimal oversight from Clark County. The cities of Las Vegas and Henderson receive their HOME Program funds directly from the State of Nevada and HUD.

Regardless of the proximate source of the HOME funds (i.e. HUD or the State of Nevada), the Consortium allocates its HOME funds according to a formula. This figure will be derived annually by using that percentage of the total amount received by the City of North Las Vegas and the COUNTY for the most recent CDBG allocation granted by HUD for their entity.

5. THE ACCOUNT FOR AFFORDABLE HOUSING TRUST FUND (AAHTF)

The City also receives money from the Account for Affordable Housing Trust Fund (AAHTF), previously known as the Low-Income Housing Trust Fund (LIHTF). The fund, which was created by an act of the Nevada legislature, is to be used for welfare and for affordable housing purposes. The trust fund monies are raised via a real estate transfer tax, and are disbursed by the Nevada Housing Division, Department of Business and Industry, of the State of Nevada. Since the funds are non-federal, they may be used as "matching funds" for the HOME Program.

AAHTF funds are used in conjunction with HOME Program funds. They may also be used alone for affordable housing efforts that might otherwise be funded by HOME funds. The State of Nevada and the Clark County ("Urban County") HOME Consortium requires recipients of AAHTF funds to adhere to the HOME Program regulations.

Depending upon which "pot" of money a project is funded with, requirements for affordability and recapture of the proceeds from the sale of a housing unit may vary somewhat. Also, annually, 15% of AAHTF funds must be used to assist households at or below 30% AMI. For most purposes, the requirements for the use of AAHTF and HOME funds are identical. **However, the Clark County Assessor does not consider AAHTF funded projects to be eligible for real property tax exemption.**

6. WHAT CAN HOME/AAHTF FUNDS BE USED FOR?

HOME (and/or AAHTF) funds may be used for a broad range of activities,

including:

- Production/Acquisition of Rental Housing
- Moderate Rehabilitation--less than \$25,000 per unit-- (Rental or Homeowner)
- Substantial Rehabilitation--greater than \$25,000-- (Rental or Homeowner)
- New Construction (including land acquisition)
- Tenant Based Rental Assistance
- Site Improvements
- Home Buyer Assistance

In addition, certified Community Housing Development Organizations (CHDOs) may be eligible for "CHDO Operating Expenses." Such expenses are for specific housing development activities. Also, 10% of the HOME funds may be reserved by the PJ for administrative purposes. Through an Interlocal Agreement, the city of North Las Vegas receives a pro-rata share of the allowable HOME administrative funds and is responsible for meeting a pro-rata share of the CHDO requirement. Neither CHDO Operating funds nor administrative funds require match.

HOME funds are often used in conjunction with Low Income Housing Tax Credits and Private Activity Bonds to fill in "gaps" in the financial layering

The HOME Program regulations contained in this manual give a detailed description of the allowable HOME Program activities. **Please note, however, that local priorities may limit the type of programs that local jurisdictions choose to fund.**

7. HOME FUNDS CANNOT BE USED FOR ANY OF THE FOLLOWING ACTIVITIES:

- Public Housing Modernization (CIAP) (i.e., Federal ACC units)
- Tenant Subsidies for Special Mandated Purposes under Section 8

- Matching Funds for Other Programs
- Annual Contributions Contract
- Operating Subsidies for Rental Housing

Other activities may also be precluded. Please consult the HOME Program regulations and/or AAHTF Administrative Guidelines.

8. HOW DOES HOME WORK?

The “HUD Consolidated Plan”, which combines the planning requirements for several HUD programs, including the Community Development Block Grant (CDBG), Emergency Shelter Grant (ESG), and Housing Opportunities for People with AIDS (HOPWA) programs, outlines the housing strategies that will be the focus of the programs for a five year planning period. Projects applying for HOME/AAHTF funds must be consistent with the Urban County Consortium’s HUD Consolidated Plan 2018-2020.

9. THE APPLICATION PROCESS

Each year, a participating jurisdiction must submit a program description (i.e., grant application) within 45 days prior to the start of its program year. The program description must provide the following information:

- The estimated use of HOME funds.
- For States, a description of how it will distribute HOME funds.
- The amount of HOME funds that the participating jurisdiction is reserving for Community Housing Development Organizations (CHDO’s)

Funding for the City of North Las Vegas is per an Interlocal Agreement. At its discretion, North Las Vegas may award HOME or other housing funds for projects within its jurisdiction. This may be done by a competition (e.g., an RFP process), or through other means, such as designation by the City Council. The City of North Las Vegas may elect to retain their HOME funds and undertake projects on their own.

City of North Las Vegas awards its funds through an application process that involves the submission of applications and a review by the City’s HOME Program Application Review Team. (HART) described below. However, the recommendations of HART are advisory only and final decisions vis-à-vis HOME and other awards are made by the HOME program Leadership Team (i.e., Division Manager, Department Director, and City Council).

10. CITIZEN PARTICIPATION

To help ensure that HOME monies are used in a manner that responds to community needs, Housing and Neighborhood Services Division (HNS) relies upon participation and comment by the public. Input from the community is obtained in several ways.

First, HNS publishes an application and HOME Program Manual for HOME and HOME-related programs. The publications are advertised in the newspaper(s) of record within Clark County.

Second, HNS staff undertakes additional outreach, whereby potential HOME sub grantees are made aware of the programs through telephone calls, face-to-face meetings with City staff, and receipt of HOME application materials.

11. TIME-LINE FOR ACTUAL DISBURSEMENT OF HOME FUNDS

Communities receiving direct HOME allocations have 45 days prior to the beginning of its program year to submit a program description to HUD field office (approximately May 15).

HUD has 30 days to review and approve a program description as being consistent with jurisdiction's housing strategy. Given this schedule, a reasonable estimate of the availability of funds to the local jurisdictions would be January 04, 2021.

12. MATCHING FUNDS REQUIREMENT

Beginning in FY 93, participating jurisdictions were required to contribute funds to match federal assistance they receive under the provisions of HOME. Except in economically distressed areas, HOME activities require a non-federal match of 25%. The match need not be in cash. Infrastructure, foregone taxes, waived fees, and in some cases, sweat equity may be used as match. Currently, it is anticipated that the Low-Income Housing Trust Fund will provide sufficient match for the HOME program.

13. PERIOD OF AFFORDABILITY

HOME-assisted units must meet the affordability requirements for not less than the applicable period specified, beginning after project completion. Affordability requirements apply regardless of the term of any loan or mortgage or the transfer of ownership. They are imposed by deed restrictions, covenants running with the land, or other HUD approved mechanisms, but may terminate upon foreclosure or transfer in lieu of foreclosure.

A. Rehabilitation and acquisition of rental housing per unit amount of federal HOME funds:

| | |
|----------------------------|----------|
| Under \$15,000 | 5 years |
| \$15,000 to \$40,000 | 10 years |
| Over \$40,000 | 15 years |

B. New construction or acquisition of newly-constructed housing 20 years

For the HOME Program, a sale, transfer, or other conveyance of the assisted property is subject to the requirements of 24 CFR Part 92. For the AAHTF program, a sale, transfer, or other conveyance of the assisted property is subject to the requirements of

NRS 319 or NAC 319.

14. PROGRAM TARGETING: RENTAL HOUSING

The following rules apply to the use of HOME funds for rental housing:

90% of HOME funds must be invested in units that are initially occupied by families whose incomes do not exceed 60% of the median family income for the area. In theory, the remaining 10% of HOME funds may be used to assist households whose incomes are between 60% and 80% of median family income. **However, City of North Las Vegas requires that 100% of HOME-assisted rental units be initially occupied by families whose incomes do not exceed 50% of the median family income. Exceptions to this rule may be considered on a case-by-case basis such as for a mixed-income project.**

All HOME funds for any individual project must be invested in affordable units. An Affordable Project is one:

- Whose rents are at or below the lesser for the existing Section 8 Fair Market rent or 30% of the adjusted income of a family whose income equals 65% of the median income for the area;
- Where at least 20% of the units (projects with 5 or more units) are occupied by very low income families paying no more than 30% of monthly adjusted gross income for rent, or paying rents set at tax credit levels; and
- That will remain affordable for the remaining useful life of the property or for a period consistent with economic viability as determined by the Secretary of HUD.

15. PROGRAM TARGETING: HOME OWNERSHIP

HOME funds that are used to provide home ownership assistance must benefit homebuyers whose family incomes are at or below 80% of the area median. In addition:

- The assisted housing must be the owner's principal residence.
- Section 92.254(a)(2)(iii) of the Final Rule published on July 24, 2013, HUD established new homeownership value limits for the HOME Participating Jurisdictions (PJs). These new limits apply to homeownership housing to which HOME funds are committed on or after August 23, 2013, and remain in effect until HUD issues new limits. Effective 04/01/2020 for FY 2020 (HUD will issue new limits for FY 2021 in 2021).

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

16. WORKING WITH CHDOS

Community Housing Development Organizations (CHDOs) are a specific type of nonprofit organization defined exclusively for the HOME program. CHDOs must be developers, sponsors, or owners of HOME-assisted housing that are accountable to the low-income communities they serve. CHDOs must have effective management control of projects, and be organized and structured according to strict standards specified in the HOME regulations. A minimum of 15% of the available HOME allocation must be set-aside for. Eligible activities under the 15% CHDO set aside include acquisition, rehabilitation and new construction of rental housing. This set aside does not preclude CHDOs from accessing other HOME funds.

CHDOs can use HOME funds for the same activities as can participating jurisdictions; however, owner-occupied rehabilitation, specific types of homeownership assistance (e.g. down payment assistance) and tenant-based rental assistance are not CHDO activities. When CHDOs are engaged in non-CHDO activities, they are acting as non-profits that are not engaged in housing development per se. Funds expended in this matter do not count against the 15% CHDO set aside, which is specifically intended for the development or expansion of the local housing supply.

17. HOME SCHEDULE (TENTATIVE)

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| 1. September 14, 2020 | Application Available |
| 2. September 28, 2020 | Technical Assistance DEADLINE |
| 3. October 05, 2020 | Preliminary Application Due |
| 4. November 06, 2020 | Application Due (DEADLINE) |
| 5. November 16/17, 2020 | Presentations |
| 6. November 19, 2020 | Application(s) Review and Award (Tentative) |
| 7. December 16, 2020 | Public Hearing/City Council Approval |