
HOME PROGRAM DEFINITIONS

Adjusted Income: The HOME Program uses the income definitions used in the Section 8 Program. Adjusted income is used in HOME to compute actual tenant payment. Adjusted income is annual (gross) income reduced by deductions for dependents, elderly households, medical expenses, handicap assistance expenses, and childcare.

Affordability: The requirements of the HOME Program that relate to the cost of housing both at initial occupancy and over established timeframes. Affordability requirements vary depending upon the nature of the HOME assisted activity (i.e. New Construction or Moderate Rehabilitation).

- Example of Initial Affordability: In HOME assisted rental housing: 80% of HOME assisted rental units must have rents at the lesser of: the Fair Market Rent for existing housing in the area or 30% of adjusted income of a family whose income equals 65% of median income minus tenant paid utilities and 20% of the HOME assisted rental units must have rents which equal 30% of annual incomes for households at 50% of median minus tenant paid utilities (all adjusted for bedroom size).
- Example of Long Term Affordability: For HOME assisted rental housing, 100 percent of HOME assisted units must remain affordable for a fixed period of a minimum of 5 to 20 years.

Annual Gross Income: The HOME Program uses the income definitions used in the Section 8 Program. Annual income is used for homeowner and tenant eligibility and targeting purposes. The annual income definition used in Section 8 is more extensive than the income definitions used in CDBG.

Commitment: The written, legally binding agreement between the Idaho Housing Agency and the project owner, providing HOME funds to a project. Once a commitment occurs HUD expects construction to start or a purchase to occur within six months.

HUD recognizes the commitment when the project set-up report is entered in the Cash Management Information System.

Community Housing Development Organization (CHDO): A community based non-profit organization that meets the following HUD defined criteria:

- **Legal Status**
 - The CHDO must be organized under state or local laws.
 - It must have a tax exempt ruling from the IRS under Section 501(c) of the Internal Revenue Code of 1986. Organizations that have applied for, but not yet received, their 501(c) ruling do not meet this requirement.
 - No part of its earnings (profits) may benefit any members, founders, contributors, or individuals.
 - Provision of decent housing that is affordable to low and moderate-income persons must be among the purposes stated in the charter, articles of incorporation, resolutions or by-laws of the CHDO.
 - CHDOs need not represent a single neighborhood. They may include in their service area an entire community (i.e. city, town, village, county, or multi-county area) as long as they meet the other requirements of being a CHDO (cannot be a whole state).

- **Organizational Structure**
 - At least 1/3 of the governing board must be:
 - Residents of low-income neighborhoods (neighborhoods where 51% or more of the residents are low income);**OR**
 - Other low-income residents of the community (income verification is required); For urban areas, "community" includes neighborhoods in the city, county or metropolitan area, for rural areas, "community" includes neighborhoods, towns, villages, county or multi-county areas (but not the entire state).**OR**
 - Elected representatives of low-income neighborhood organizations.
 - No more than 1/3 of the governing board may be appointed by a state or local government nor may more than 1/3 of the board be public officials.
 - The CHDO must have a formal process for low-income, program beneficiaries to advise the organization on design, location of sites, development and management of affordable housing.

- **Relationship to Public Bodies**
 - CHDOs may not be public bodies or instrumentalities of public bodies. Examples of instrumentalities of public bodies include Public Housing Authorities and Urban Renewal Agencies.
 - State or local governments may charter (file papers of incorporation for) CHDOs. NOTE: Government chartered non-profits that wish to be considered CHDOs are subject to all the other rules for CHDOs including the restrictions on the composition of the board.

- **Relationship to For-Profit Entities**
 - CHDOs may not be controlled by or under the direction of for-profit individuals or entities seeking profit from the organization.
 - CHDOs may be sponsored or organized by a for-profit if:
 - The primary purpose of the for-profit is not development or management of housing; a builder, developer, or real estate management firm may not spin off a CHDO.

 - The for-profit appoints no more than 1/3 of the CHDO's governing board and the board members appointed by the for-profit do not appoint the remaining members of the board.

 - The CHDO is free to contract for goods and services from any vendor it selects.

- **Capacity**
 - The CHDO must have standards of financial accountability that conform to Attachment F of OMB Circular A-133 (Rev) "Standards for Financial Management Systems"
 - The CHDO must have a demonstrated capacity to carry out HOME assisted activities either with:
 - Experienced staff who have successfully completed similar projects; or
 - Experienced consultants: if consultants are in charge of development, there must be a plan to train key staff.

- **CHDOs must have at least one year of experience serving the community where they are providing HOME assisted housing.**
 - For urban areas "community" includes neighborhoods, the city, county or metropolitan areas; for rural areas, "community" includes neighborhoods, towns, villages, or a multi-county area (but not the entire state).
 - Newly created CHDOs formed by local churches, service organizations, or neighborhood groups can show service to the community if the parent organization has provided service to the community for at least a year.

HOME Funds: HOME funds include all appropriations for the HOME Program, plus all repayments and interest or other return on the investment of these funds.

HOME Investment Trust: The term given to the two accounts--one at the federal level and one at the local level that "hold" Idaho's HOME funds. The federal HOME Investment Trust Account is the U.S. Treasury account for each participating jurisdiction. The local HOME Investment Trust account includes repayments of HOME funds, matching contributions and payment of interest or other returns on investment.

Layering Review: Review of funding proposals to ensure that the use of HOME funds with other federal funds does not result in an excessive subsidy to a specific project.

Leveraging: Voluntary use of HOME funds to increase the availability of other public or private sector funds.

Low-Income Families: Families whose annual incomes do not exceed 80% of the median income for the area (adjusted for family size). HUD may establish income ceilings higher or lower than 80% of median income for an area on an exception basis.

Match: Mandatory use of state, local or private resources donated and used in conjunction with HOME funds - a sharing of costs associated with the project.

Moderate Rehabilitation: The term used in the HOME Program to refer to any rehabilitation of residential property at an average total development costs equal to or less than \$25,000 per unit.

New Construction: For purposes of the HOME Program, new construction is any project with commitment of HOME funds made within one year of the date of initial certificate of occupancy. Any project, which includes the creation of additional dwelling units outside the existing walls of a structure, is also considered new construction.

Participating Jurisdiction (PJ): The term given to any state or local government that has been designated by HUD to administer a HOME Program. HUD designation as a PJ occurs if a state or local government meets the funding thresholds, notifies HUD that they intend to participate, and has obtained approval by HUD of a Comprehensive Housing Affordability Strategy.

Project: A site or an entire building or two or more buildings, together with the site or sites on which the building or buildings is located, that are under common ownership, management and financing and are to be assisted with HOME funds, under a commitment by the owner, as a single undertaking.

State Recipient: Any unit of local government designated by a state to receive HOME funds. The state is

Exhibit K:

responsible for ensuring that HOME funds allocated to State Recipients are used in accordance with the HOME regulations and other application laws.

Sub recipient: Means a public agency or nonprofit organization selected by a participating jurisdiction to administer all or a portion of the participating jurisdiction's HOME Program. A public agency or nonprofit organization that receives HOME funds solely as a developer or owner of housing is not a sub recipient.

Substantial Rehabilitation: The term used in the HOME Program to refer to the rehabilitation or residential property at an average total development cost per unit greater than \$25,000 per dwelling unit.

Targeting: Requirements of the HOME Program relating to the income or other characteristics of households that may occupy HOME assisted units.

Very-Low Income: Families whose annual incomes (adjusted for family size) do not exceed 50% of the median income for the area. HUD may establish income ceilings higher or lower than 50% of median income for an area on an exception basis.