

## INTRODUCTION AND PROGRAM DESCRIPTION

### OVERVIEW

The Cranston-Gonzales National Affordable Housing Act of 1990 created the HOME Investment Partnerships Program (HOME).

The intent of HOME program is:

- To expand the supply of decent and affordable housing, with the primary attention to rental housing, for very low-income and low-income persons.
- To mobilize and strengthen the abilities of state and local governments to design and implement strategies for achieving an adequate supply of decent, safe, sanitary and affordable housing.
- To develop and refine, on an ongoing basis, a selection of model programs incorporating the most effective methods for providing decent, affordable housing.
- To assure that federal housing services, financing, and other investments are provided to state and local governments in a coordinated, supportive fashion.
- To expand the capacity of nonprofits to act as owners, sponsors, and developers of affordable housing.

HOME regulations establish an allocation formula that reflects each Participating Jurisdiction's (PJ) share of HOME funds, based on the total need among eligible PJs for an increased supply of affordable housing for very low-income and low-income families. The formula encompasses: age of units, substandard occupied units, number of families below the poverty rate, and population.

If funds become available to a participating jurisdiction under this subchapter are not placed under binding commitment to affordable housing within 24 months after the last day of the month in which such funds are deposited in the jurisdiction's HOME Investment Trust Fund, the jurisdiction's right to draw such funds from the HOME Investment Trust Fund shall expire. The Secretary shall reduce the line of credit in the participating jurisdiction's HOME Investment Trust Fund by the expiring amount and shall reallocate the funds by formula in accordance with section 12747(d) of title 24 CFR.

HOME is designed to be a partnership between the federal government, state and local governments and those who build, own, manage, finance and support low-income housing initiatives. The partnership features of HOME include:

- **Matching Funds**: HOME funds require a 25% match of non-federal resources.
- **Nonprofit Participation**: As the administrator of the State of Idaho's HOME Investment Partnerships program, Idaho Housing and Finance Association (IHFA) is required to maximize participation by the private sector, including nonprofit organizations and for-profit entities, in the implementation of the jurisdiction's housing strategy, including participation in the financing, development, rehabilitation, and management of affordable housing.
- **Monitoring of Compliance**: PJs must carefully monitor rents and occupancy to assure that the funds benefit low-income households. Through enforceable agreements with owners and otherwise, each PJ shall ensure long-term compliance with the provisions of this subchapter.

The Administrative Plan does not cover all statutory and regulatory requirements, or program guidelines of the HOME Program. A complete copy of the HOME statute and Final Rule 24 CFR Part 92 may be accessed at the HOME website

<http://www.hud.gov/offices/cpd/affordablehousing/lawsandregs/regs/finalrule.pdf>

Program participants may find this website useful in obtaining additional guidance on HOME program models, notices, and guides. Prospective HOME program participants and grantees may also request further program clarification and guidance from IHFA by contacting the HOME Technical Assistance Coordinator.

## **PROGRAM DESCRIPTION**

### **Amendments to the HOME Administrative Plan**

IHFA may amend this HOME Administrative Plan as necessary to effectively administer the State of Idaho's HOME Program. Any substantial amendments will follow the adopted Public Participation Process that includes a public comment period. HOME applications are subject to the adopted amendments of that year's Administrative Plan.

The purpose of the State of Idaho HOME Program, as designed by the Idaho Housing and Finance Association (IHFA), is to increase the availability of safe and decent housing for low and very low-income families and individuals. HOME funds will be used to provide flexible loans for upgrading sub-standard existing housing units, to construct rental housing for families at affordable monthly rates, and to provide home purchase assistance.

### **Consistency with the Idaho Five-Year Strategic Plan**

Idaho's HOME Program has been designed to address the affordable housing needs described in the 2010-2014 Strategic Plan. The Five-Year Strategic Plan is the single document through which HUD funds are approved for Idaho's **non-entitlement** areas. As a funding mechanism for the state, the Five-Year Strategic Plan addresses housing and community development needs, market conditions, demographics and strategies. It can be accessed at [www.ihfa.org](http://www.ihfa.org).

Entitlement areas must meet the following criteria:

- Principal cities of Metropolitan Statistical Areas (MSAs);
- Other metropolitan cities with populations of at least 50,000; and
- Qualified urban counties with populations of at least 200,000 (excluding the population of entitled cities) are entitled to receive annual grants.

IHFA will work with various federal, state, and local stakeholders to create and support suitable living environments, and decent housing for the people of Idaho with the greatest need. The following are IHFA's goals and strategies outlined in the State of Idaho Five-Year Strategic Plan for HUD's Housing and Community Development programs.

- Increased access to decent affordable housing by sustaining and increasing homeownership, increase of affordable rental housing and support of equal access to a continuum of housing services.
- Preserve and enhance suitable living environments by improving safety and livability of communities, increased access to quality facilities and services and improved affordability and sustainability of quality facilities and services.

- Increased community investment and involvement by promoting effective partnerships and support efforts to increase local capacity in planning, administration, and implementation.

As the designated participating jurisdiction for Idaho's HOME funds, IHFA is directed by the federal regulations to take appropriate actions to ensure that the funds are utilized as effectively as possible. Meeting this responsibility requires the identification of critical housing needs and targeting the use of funding resources to meet those needs through the strategic planning process.

IHFA reserves the right, when necessary, to address identified housing needs by acting outside the framework of the application process to fund projects that demonstrate exceptional community value. If the need arises to use HOME funds in this way, IHFA will advertise the need, and may act as the sponsor of the project or negotiate with a qualified entity to act as the project sponsor. Such actions require the review and approval of IHFA's Resource Allocation Committee.

IHFA may also place conditions on awards to projects that include, but are not limited to, decreasing rents, periods of affordability, and lower income levels served. All other funding for a project must be committed before a loan agreement for the HOME funds is executed. HOME recipients will be allowed **180** days from the date of award notification to document that all other sources are committed to the project (unless additional time is requested by the applicant for good reason and the request is approved by IHFA). Projects selected for funding are expected to start construction within twelve months of the reservation of HOME funds.

### **Idaho Housing and Finance Association as Administrator**

In January 1991, IHFA was designated by the Governor as the appropriate agency to act on behalf of the State of Idaho for all purposes identified under the Cranston-Gonzales National Affordable Housing Act of 1990.

The Idaho Housing and Finance Association was created by the Idaho State Legislature in 1972 for the purpose of providing "an adequate supply of safe and sanitary dwellings at prices or rents which persons and families of low income can afford." (Title 67, Chapter 62 of the Idaho Code as amended, the "Act".)

The Association is a quasi-governmental, not-for-profit financial services and housing organization. IHFA is a self-supporting corporate body, which uses neither state funds nor state employees in its operations.

In addition to HOME funds, IHFA also administers the Continuum of Care for the state, the Emergency Shelter (ESG) grant program, and the Housing Opportunities for Persons with AIDS (HOWPA) grant program. IHFA is also the Housing Finance Agency for the State and administers multiple contracts with HUD for rental assistance programs in 34 of Idaho's 44 counties. The Association has the commitment, resources, and expertise to complete all contractual obligations in an efficient and effective manner.

### **The Housing Company, Inc.**

The Housing Company, Inc. is a component unit of IHFA, legally separate but financially accountable to the association. Their relationship with The Association is such that exclusion would cause The Association's financial statements to be misleading or incomplete. The Housing Company, Inc., is a separate non-profit organization and is an integral and material component of The Association's reporting entity.

### **Eligible HOME Activities**

The following activities, as they are defined in 24 CFR 92.205(a), 92.252 and 92.254, are eligible uses of Idaho HOME Program funds and have been judged to be responsive to helping fulfill the strategies of

Idaho’s Five-Year Strategic Plan:

- New construction of affordable multi-family rental housing, including units designed for the elderly and special needs populations
- Acquisition and/or rehabilitation of affordable multi-family rental housing
- Direct Down Payment Assistance to single-family homebuyers
- New construction, acquisition, acquisition/rehabilitation of homebuyer properties (sponsored by eligible non-profit organizations)
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- Transitional housing (non-emergency shelter)
- Single Room Occupancy (SRO) Housing (non-emergency shelter)

In order for IHFA to be consistent with the needs as identified in the Consolidated Plan and ensure applications that will meet the requirements of the type of housing identified therein, IHFA will award funds to specific projects. The table below lists the types of projects in each category:

<b>Eligible HOME Activities</b>	
<b>Homeownership</b>	<ul style="list-style-type: none"> <li>• Direct Down Payment Assistance to qualified homebuyers</li> <li>• New construction, acquisition, acquisition and rehabilitation of single-family housing for homeownership.*</li> </ul>
<b>Rental Housing</b>	<ul style="list-style-type: none"> <li>• New construction</li> <li>• Acquisition</li> <li>• Acquisition and rehabilitation</li> </ul>

\*Project activity must be sponsored by a qualified non-profit housing development organization

HOME funds for project categories help ensure HOME funding are available to projects that meet the housing needs in Idaho. If additional funds are available and enough qualified applications are received, the actual award of funds to a particular category of housing could exceed the projected project category.

HOME Program administrative fees will be utilized as needed by IHFA for program design, administration, monitoring, training, and support of program activities.

**Availability of HOME Funding**

Funding levels vary each year with changes in the federal appropriations for the HOME Program and adjustments in the funding formula. The funds are available through a published process referred to as a “Notice of Funding Availability” commonly referred to as a NOFA.

It is noted that regardless of the application receipt date and the date HOME funding reservations are announced, the availability of each year’s allocation of HOME funds is dependent upon HUD’s approval of Idaho’s Consolidated Action Plan for the Program Year, April 1- March 31<sup>st</sup>.

## HOME Allocation

Annual HOME Allocation	Activities
Up to 5%	CHDO Predevelopment Loans
Not less than 15%	CHDO Housing Development activities
Approximately 75%	Non-CHDO Housing Development
Up to 10%	Administrative Costs

The Association reserves the right to reallocate HOME funds within the categories above as long as the federal minimum and maximum limits are observed. 15% of each HOME allocation must be set-aside for development activities undertaken by Community Housing Development Organizations (CHDOs). If the set-aside is not requested and/or awarded to CHDOs for eligible projects within 24 months, HUD will recapture and reallocation to other jurisdictions. The 15% CHDO set-aside can be increased.

**w** Additional information regarding CHDOs is available in Chapter 5.

### USDA-Rural Development Set-Aside

Up to five percent (5%) of the annual HOME allocation may be set-aside for housing development financed and/or guaranteed by USDA-Rural Development located in rural communities with populations under 20,000, or in an area defined as “rural” by the State of Idaho.

### Geographic Distribution

The Association recognizes the need to consider geographic distribution as part of the allocation process. However, HOME funds are awarded to qualified applicants for specific housing projects that are selected by the Association based on a competitive application scoring and review process. Although HOME funds may not awarded based on geographic distribution, a region’s overall population, poverty level, housing needs, and the community’s affordable housing priorities may be considered in the final review process.

<b>Idaho Population and Poverty</b>			
<b>Region</b>	<b>Total Population (2006 estimates)</b>	<b>Percent of total Population</b>	<b>Poverty Rate (small area income and poverty level estimates)</b>
<b>Statewide</b>	<b>1,466,465</b>	<b>100%</b>	<b>15%</b>
<b>Region 1<sup>1</sup></b>	<b>206,140</b>	<b>14.0%</b>	<b>15%</b>
<b>Region 2<sup>2</sup></b>	<b>101,195</b>	<b>7%</b>	<b>17%</b>
<b>Region 3<sup>3*</sup></b>	<b>290,653</b>	<b>20%</b>	<b>17%</b>
<b>Region 4<sup>4</sup></b>	<b>173,626</b>	<b>12%</b>	<b>13%</b>
<b>Region 5<sup>5</sup></b>	<b>156,065</b>	<b>11%</b>	<b>14%</b>

<sup>1</sup> Includes Boundary, Bonner, Benewah, Kootenai, and Shoshone Counties

<sup>2</sup> Includes Latah, Lewis, Nez Perce, Clearwater, and Idaho Counties

<sup>3</sup> Includes Adams, Valley, Washington, Payette, Boise, Gem, Elmore, Canyon, and Owyhee Counties

<sup>4</sup> Includes Camas, Blaine, Gooding, Lincoln, Minidoka, Jerome, Twin Falls, and Cassia Counties

<sup>5</sup> Includes Bingham, Power, Bannock, Caribou, Oneida, Franklin, and Bear Lake Counties

<b>Idaho Population and Poverty</b>			
<b>Region</b>	<b>Total Population</b> (2006 estimates)	<b>Percent of total Population</b>	<b>Poverty Rate</b> (small area income and poverty level estimates)
<b>Region 6<sup>6</sup></b>	<b>184,391</b>	<b>13%</b>	<b>16%</b>
<b>Ada County<sup>7</sup></b>	<b>359,035</b>	<b>24.4%</b>	<b>9.4%</b>

Sources: 2000 U.S. Census Bureau & Northwest Area Foundation

### **Policy Issues**

Funds are awarded to HOME applicants in amounts appropriate to the scope of the proposed project and with regard to the additional resources brought by the applicants. IHFA reserves the right to adjust the amount of HOME funds, financing or repayment terms awarded to projects, and to negotiate modifications to the proposed work plan and budget prior to executing a regulatory agreement. The terms of HOME loans are negotiated on a project-by-project basis and are subject to debt service coverage ratios, proposed rent levels, and the project’s ability to meet the needs of the population served.

As the designated participating jurisdiction (PJ) for Idaho’s HOME funds, IHFA is directed by federal regulations to take appropriate actions to ensure that the funds are utilized as effectively as possible. Meeting this responsibility requires the identification of critical housing needs and targeting the use of funding resources to meet those needs through the Consolidated Planning process. IHFA reserves the right to act as a HOME applicant in order to bring attention to a critical housing need and demonstrate the highest and best use of HOME funds.

IHFA further reserves the right, when necessary, to address certain housing needs by acting outside the framework of the competitive application process to fund projects that demonstrate exceptional community value. If the need arises to use HOME funds in this way, IHFA may act as the sponsor of the project or negotiate with a qualified entity to act as the project sponsor. Such actions would require the review and approval of IHFA’s HOME Resource Allocation Committee.

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<sup>6</sup> Includes Lemhi, Custer, Butte, Clark, Fremont, Jefferson, Madison, Teton, and Bonneville Counties

<sup>7</sup> Includes City of Boise