

# Home Investment Partnerships Program (HOME)



Housing Assistance Council

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The HOME program, established by the National Affordable Housing Act of 1990, provides grant funding through formula allocations to states and local governments to strengthen public-private partnerships and increase the supply of affordable housing for low- and very low-income households. State and local government agencies that administer HOME funds, known as participating jurisdictions (PJs), are required to match a portion of federal funds with non-federal resources. PJs are given broad discretion in determining how HOME funds are spent, although there are prohibited activities. HOME projects and activities in nonmetropolitan and rural areas are generally funded through state PJs.

## PROGRAM BASICS

### Purpose

The HOME program provides funds to states and local governments for permanent and transitional housing acquisition, rehabilitation, and new construction, and for tenant-based rental assistance. PJs may provide assistance through grants, loans, advances, loan guarantees, equity investments, interest subsidies, and other forms of investment approved by HUD. Eligible project costs include development hard costs, related soft costs, acquisition costs, refinancing costs, relocation costs, and certain community housing development organization (CHDO) expenses. PJs are required to set aside a minimum of 15 percent of their HOME funds for housing to be developed, sponsored, or owned by CHDOs. Up to another 5 percent may be used for CHDO operating expenses.

Participating jurisdictions, including states, determine how their HOME funds will be spent through a consolidated planning process, which requires public participation. Full consolidated plans are generally due to HUD every five years.

### Eligibility

**Applicants:** States, metropolitan cities, urban counties, local government consortia and insular areas that meet allocation threshold criteria are eligible to receive formula allocations. Nonprofit and other intermediary organizations are eligible to receive HOME funds to provide technical assistance to PJs and CHDOs. The Native American Housing Assistance and Self-Determination Act (NAHASDA), enacted in 1996, replaced the Indian HOME program with a broader block grant that provides formula allocations to federally recognized Indian tribes.

**Recipients:** Public, for-profit, and nonprofit developers and providers of housing for low-income households may receive HOME funds from PJs. States may designate local governments as state recipients.

**Beneficiaries:** Housing developed with HOME funds must serve low- and very low-income individuals and families (at or below 80 percent of area median income). At least 90 percent of HOME funds used for rental housing must be invested in units that are affordable to and occupied by households whose incomes are at or below 60 percent of area median income. Homeownership units financed with HOME funds must be valued at or below 95 percent of the area median purchase price.

### Terms

Jurisdictions must make contributions (which can include forbearance of fees, property donations, services, and other non-cash resources) to housing that qualifies as affordable under the HOME program in order to receive HOME funds. The annual match contribution must be at least 25 percent of the PJ's HOME funds. Funds used for PJ administration and planning, CHDO operating and capacity building, and CHDO technical assistance and project costs for which CHDO repayment is waived by the PJ are excluded from the match requirement. Jurisdictions in major disaster areas or fiscal distress (as defined in the HOME regulations) may be given match reductions of 50 or 100 percent by the applicable HUD field offices.

PJs must ensure that HOME-funded housing units remain affordable in the long term (20 years for new construction of rental housing and 15 years for construction of homeownership housing and housing rehabilitation, depending on the amount of HOME subsidy). PJs have two years to commit funds (including reserving funds for CHDOs) and five years to spend funds.

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## Comments

The program benefits for CHDOs – a required 15 percent set-aside, technical assistance availability, and the possibility of operating funds – make the HOME program particularly attractive to nonprofit organizations.

## ADDITIONAL INFORMATION

For additional information, contact the nearest HUD office or call HUD's Office of Affordable Housing Programs, Community Planning and Development, in Washington, DC at 202-708-2470. A program description is available at <http://www.hud.gov/offices/cpd/affordablehousing/programs/home/>. HUD's Community Connections at 800-998-9999 provides general information on the HOME program. The state government agency that serves as the HOME PJ in a particular state is generally a good source of information regarding the use of HOME funds in that state.

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HAC, founded in 1971, is a nonprofit corporation that supports the development of rural low-income housing nationwide. HAC provides technical housing services, loans from a revolving fund, housing program and policy assistance, research and demonstration projects, and training and information services. HAC is an equal opportunity lender.

