

# HOME Investment Partnerships Program FAQs

Last Updated: April 25, 2016

Description:

This document contains the HOME Investment Partnerships Program FAQs posted on the HUD Exchange website (<https://www.hudexchange.info/home/>). The FAQs are organized by topic.

# Rental Housing

## HOME and Public Housing

### **Can HOME funds be used for acquisition, rehabilitation or new construction of housing that is or will become public housing under Section 9 of the 1937 Act?**

Updated: January 27, 2014

**No. HOME funds cannot be used in public housing units that receive Public Housing Capital and Operating funds under section 9 of the 1937 Act.** The HOME authorizing statute specifies that HOME cannot be used to provide assistance to units that receive funds authorized under section 9 of the 1937 Act (Public Housing Capital and Operating Funds). For example, a PJ cannot provide HOME funds to a local public housing agency to rehabilitate a public housing project that it owns and operates with HUD Operating Funds.

### **Can HOME funds be used in a project that is also receiving Capital Funds or Operating Funds?**

Updated: January 27, 2014

**Yes. HOME funds can be used in an affordable housing project that also contains public housing units assisted under section 9 of the 1937 Act provided that the units are separately designated and HOME funds are not used in the public housing units.** No HOME funds can be used in a unit that receives public housing Capital and Operating Funds. Therefore, all development costs must be allocated to maintain the separation of units. This also means that the project must have fixed HOME units, and must have separate waiting lists and rent structures for the HOME and public housing units.

For example, in a 100-unit rental housing project funded with both HOME-assisted units and public housing units under section 9 of the 1937 Act, the PJ can designate 10 units as HOME-assisted and the remaining units as public housing. HOME can pay only for the costs of developing the ten HOME-assisted units. The units must be designated as fixed units. HOME rents limits apply to the HOME units. Public housing rents apply to the remaining units. A separate waiting list must be maintained for the two types of unit.

### **Can HOME funds be used for HOPE VI-funded public housing units developed under section 24 of the 1937 Act?**

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**Yes. HOME funds may be used for HOPE VI-funded public housing units developed under section 24 of the 1937 Act, provided there is no Capital Fund assistance used.** Units developed with both HOME and HOPE VI funds may receive Operating Funds under section 9 of the 1937 Act. These units may receive Capital Funds for rehabilitation or modernization only if the 20-year period of affordability required by the HOME regulations has expired. HOME rent limits apply. [Note, this exception is clarified at §92.213(b).]

For example, consider a HOME-assisted rental project with 100 units of housing that involves acquisition and rehabilitation. The entire project can be funded with HOME and HOPE VI and **all 100 units** can be restricted by both programs (i.e., all the units are combined HOME/HOPE VI). However, no Capital Funds [under section 9(d)] may be provided in the development of the HOME-assisted units. After the 20-year HOME period of affordability has expired, Capital Funds may be invested for modernization or rehabilitation.

## Leases and Occupancy

### **What are the new lease-up and occupancy deadlines and associated marketing requirements for HOME-assisted rental units and how will HUD implement them?**

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The 2013 Rule adds two specific deadlines for the initial lease-up/occupancy of HOME rental units:

- Within **six months** of the date of project completion, every HOME-assisted rental housing unit must be occupied by income-eligible tenants. If a unit is not leased up, the PJ must submit marketing information to HUD and, if appropriate, submit a new marketing plan.
- Within **18 months** of the date of project completion, if any housing unit is not yet rented to an income-eligible tenant the PJ must repay HOME funds invested in the unoccupied HOME unit(s).

Project completion, defined at §92.2, means that title transfer requirements and construction work have been performed, the project complies with all HOME requirements, and the final drawdown of HOME funds has been disbursed. For purposes of implementing this definition, HUD will track deadlines using the date that a project is completed in IDIS.

For example, consider a project with 20 HOME-assisted rental units. The project is completed and a Certificate of Occupancy is issued on April 1, 2014. On October 31, 2014 (six months later), five of the units remain vacant. The PJ will need to work with the owner to prepare and submit documentation to HUD on what marketing steps will be taken to rent these vacant units as soon as possible. The PJ may wish to impose a schedule on the owner for undertaking these steps. In the event any of these five units have not been leased a year later (by October 31, 2015), the PJ must repay the HOME funds invested in those units.

These occupancy deadline and marketing requirements apply to projects to which HOME funds are committed on or after August 23, 2013.

## Rental Housing and Utility Allowances

### **Section 92.252(d) requires the participating jurisdiction (PJ) to use the HUD Utility Schedule Model to determine a project's annual utility allowance or otherwise determine a project's utility allowance based upon the utilities used at the project. Is this requirement applicable to a PJ's entire rental housing portfolio?**

Updated: April 25, 2016

HUD has withdrawn this guidance. For questions regarding rental housing and utility allowances, please [contact your local HUD Field Office](#).