

2016 HOME Administrative Plan Proposed Changes

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Chapter 1- Overview

Pg 5 @ USDA-RD Rural Development Set Aside

Revise current definition of "Rural"

Proposed Language

Development located in rural areas with populations of not more than 35,000 as defined in most recent U.S. Census Bureau estimate. This does not apply to cities adjacent to other cities if both populations, when added together, exceed 35,000. The entire state is considered rural with the exception of the following communities: Boise/Eagle, Caldwell, Coeur d'Alene, Idaho Falls/Ammon, Meridian, Nampa, Pocatello/Chubbuck, Twin Falls

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Chapter 2- Eligible HOME Activities

Multifamily Rental Activities

Pg 8 @ Property Standards-

@New Construction- Add new Federal requirements

Proposed language

New Construction:

- 1) American Society of Heating, Refrigerating, and Air-conditioning Engineers (ASHRAE) 90.1 for multifamily buildings;

Pg 11 @ Financing Terms

Add conditions under which the HOME Deed of Trust may be subordinated

Proposed Language

The subordination of the HOME Deed of Trust may occur under the following conditions

- Original or Subsequent funding- It is IHFA policy to subordinate the HOME Deed of Trust to the senior lender's Deed of Trust.
 - Refinance- When a senior loan is refinanced to provide borrower more favorable terms
 - Note: IHFA may, at its sole discretion, approve a cash-out refinance under mutually beneficial circumstances.

Pg 18 Add: Recordation of HOME Documents

New Section

Proposed Language

When HOME-assisted housing fails to meet the affordability requirements during the HOME period of affordability, the total HOME funds invested in the activity must be repaid to HUD, from non-federal sources without regard to any loan terms (HOME and other funding), transfer of ownership, foreclosure, a transfer in lieu of foreclosure, or assignment to HUD. The HOME Memorandum of Restrictive Covenants must be filed in the senior position above all other regulatory agreements, senior liens, and restrictive covenants.

Pg 20 @ Definitions- Add: Affordable Rental Housing Preservation

Proposed Language

Rental Housing Preservation- An affordable rental housing project currently receiving Federal project-based subsidy with rent restrictions and will continue to do so during the HOME

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affordability period.

Pg 21 @ Definitions-Add HOME Commitment of Funding

Proposed language

HOME Commitment- A legally binding written agreement between the current owner with whom HOME assistance will be provided to an identifiable project for which all funding is reasonably secure, is consistent with the PJ's underwriting and other HOME requirements, a budget and schedule have been established, and construction is scheduled to begin within 12 months of the agreement date. Reasonably secure is defined as all other financing has been provided in enough detail to show the transaction(s) can reasonably be expected to close prior to the disbursement of HOME funds. For LIHTC is a reservation from the credit allocator and a good faith offer of equity.

Pg 21 @ Physical Needs Assessment-

Add new requirement- Architect/engineer on multifamily rehabilitation projects now required to certify the rehabilitation work will follow the current American Society of Heating, Refrigerating, and Air-conditioning Engineers (ASHRAE) 90.1 for multifamily buildings (See Exhibit V of this Plan).

Single Family Activities

Pg. 26 @ Single Family Activities

Limit the locations available to the HOME DP/CC Program

Proposed Language

HOME Down Payment/Closing Cost Assistance Program

Limit HOME DP/CC Program to the following cities: Boise City, Nampa, Caldwell, Coeur d' Alene, Post Falls, and Pocatello. HUD requires an IHFA-controlled Code and housing quality standard inspection. In addition, IHFA has suspended the use of HOME funds in all housing units built on or before January 1, 1978.

Pg 27 @ Homebuyer Eligibility Approval

Subheading- Clarifies when the homebuyer household income can be determined and approved.

Proposed Language

Homebuyer Eligibility and Approval

- Downpayment Assistance- Eligibility should be determined by IHFA's HOME Department at the time IHFA-HOME enters into a written agreement with the homebuyer for HOME-assistance. Prior to closing, homebuyer may be required to self-certify household income has not materially changed since initial approval.

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- Homebuyer Properties Activity- When a contract to purchase housing to be constructed or rehabilitated is involved, homebuyer eligibility should be established by IHFA's HOME Department at the time the purchase contract is signed.

If the unit is not sold to the qualified homebuyer within 6 months of the purchase contract, the household income will be re-examined. Prior to closing, homebuyer may be required to self-certify household income has not materially changed since initial approval.

Pg 28 @ Ineligible Properties

Add: Housing constructed on or before January 1, 1978.

Due to the complexity, potential liability, and current conflicting interpretation from HUD and EPA regarding Lead-based Paint Hazard Reduction Activities in Idaho, IHFA has decided to suspend the award of HOME funds to any activity (residential units) constructed on or before January 1, 1978 until further notice. When federal guidance is issued, IHFA will re-assess the suspension.

Pg 29 @ Subsidy Layering

Add language to clarify HOME funds will be the last funds invested in the financing equation unless prior approval is received from IHFA-HOME.

Pg 30 @Homebuyer Education Course Requirement

Revise one borrower to all borrowers now required to complete an IHFA-approved homebuyer education course. Mirrors IHFA-Homeownership Lending requirement.

Pg 38 @ Subsidy Limits to Sponsor

Remove current language that allows a CHDO to receive an additional \$10K per unit if housing is located in a High Cost area. No longer needed because all developers can apply for up to the current HOME Maximum Subsidy Limit.

Chapter 3- Ineligible Activities

Pg 1 @ Ineligible Properties

Add housing on or before January 1, 1978 because of Lead-based Paint concerns

Proposed Language

Due to the complexity, potential liability, and current conflicting interpretation from HUD and EPA regarding Lead-based Paint Hazard Reduction Activities in Idaho, IHFA has decided to suspend the award of HOME funds to any activity (residential units) constructed on or before January 1, 1978 until further notice. When clear federal guidance is issued, IHFA will re-assess the suspension.

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Chapter 4 –No Changes

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Chapter 5- CHDOs

Pg 6 @ CHDO Owner- Rental Housing

Eliminate the use of CHDO Set-Aside funds for all rental housing activities. Revision is suggested due to HOME regulation that requires the CHDO receiving the funds to remain a CHDO during the HOME period of affordability or sell the property to another CHDO. If this is not enforced, IHFA could be required to repay the entire amount of CHDO Set-aside funds to HUD from non-Federal sources.

☆ This change would not preclude a CHDO from owning or developing HOME-assisted rental housing activities. It only limits the type of HOME funds used.

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Chapter 6- Cross-Cutting Federal Regulations

Pg 15 @Unit of Local Government

Remove entire section- Not applicable because IHFA is the HUD-designated Responsible Entity and as such must conduct the State's affordable housing Environmental Reviews.

Pg 18 @ [Environmental Review] Compliance Area

- Add new subheading:
@4) Environmental Assessment Factors

Proposed Language

24 CFR 58.5 The review for rental housing will include an analysis of the project's impact, such as land development, socioeconomic factors, community facilities and services, and natural features.

- Add new Section @ 14) *Alternative Sites and Project Modifications Analysis as a Requirement* for rental housing activity applicants.

Proposed Language

Owner will identify other reasonable courses of action that were considered and not selected, such as other sites, design modifications, or other uses of the subject site. Describe the benefits and adverse impacts to the human environment of each alternative and the reasons for rejecting it. (Additional information can be found in Chapter 8 of this Plan).

Pg 22 @ EPA and HUD Lead-Based Paint Requirements

Suspend all Pre-78 housing from acquisition and/or rehabilitation activities until further notice.

Proposed Language

Due to the complexity, potential liability and current conflicting interpretations from HUD and EPA regarding Lead-Based paint hazard reduction activities in Idaho, IHFA will suspend the use of HOME funds to any activity that includes residential units constructed on or before January 1, 1978 until further notice.

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Chapter 7- HOME Compliance and Monitoring

Pg 2 @ Multi-Family Compliance

Proposed Language

During the Period of Affordability, HOME-assisted projects are subject to compliance monitoring and reporting requirements, including tenant selection plan [§92.2539(d)], physical inspections, financial oversight [§92.504], tenant lease protections [§92.253], cross-cutting Federal requirements [Subpart H], day-to-day operations [§92.504], and recordkeeping [§92.508].

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Chapter 8- Rental Application and Scoring Criteria

Pg 3 @ Minimum Application Threshold Criteria

Add new application threshold requirement

Proposed Language

- Applicant will submit one of the following:
 - (1) If the proposed activity is in a CDBG *Non-Entitlement Area* than submit the local jurisdiction's most recent Fair Housing Assessment Plan approved by the State of Idaho's CDBG Program;
 - (2) If the proposed activity is located in a CDBG Entitlement City (Boise, Nampa, Meridian, Lewiston, Coeur d' Alene, Idaho Falls, and Pocatello), submit that jurisdiction's most recently adopted *Analysis of Impediments To Affirmatively Further Fair Housing*.

Pg 5 Add new section @ Regulatory Requirements- Alternative Site and Project Modification Analysis

New section that requires applicant to submit written documentation of the reasonable courses of actions regarding other sites *not* selected. Applicant will also document the benefits and adverse impacts to the human environment of each alternative site and the reason(s) for rejecting the site [24 CFR 58.5].

Pg 9 @ Conditional Commitment of HOME Funds

HUD-CPD is clear that IHFA-HOME's current Conditional Commitment Letter (CCL) does not meet the definition of a legally-binding written agreement as defined at 24 CFR §92.504. HUD-CPD is also clear that only a legally binding written agreement is sufficient to commit HOME funds to a project. IHFA recognizes other funders/lenders still need the HOME CCL so it will continue to be issued following the same timeframe. However, HOME will also require the project sponsor to sign a HOME Written Agreement when all necessary financing is reasonably secured, a budget and schedule has been established, the underwriting and subsidy laying is complete, developer capacity has been assessed, neighborhood market conditions had been assessed, and environmental clearance is complete.

The HOME written agreement will describe IHFA-HOME terms and conditions of funding for the specific type of activity, outlines all relevant HOME requirements, includes a concise summary of the roles and responsibilities of IHFA and entity receiving the HOME funds, and how IHFA will hold the entity accountable for HOME compliance. The agreement may be replaced by a HOME Loan and Regulatory at loan closing, prior to the disbursement of HOME funds.

Pg 11 @ Maximum Number of HOME Projects and Funding

- Revise maximum allowable number of Open HOME projects with a total HOME funding from current \$1.3 million to \$2 million
- Revise the type of HOME rental activities that will receive additional consideration when the waiver is requested

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Proposed Language

The Following types of HOME rental projects may receive additional consideration

- Project will serve a Special Housing Needs Population as identified in this Plan (see Special Housing Needs Populations scoring category for requirements)
- Project is located in a rural area (see Chapter 1 for definition)
- Project is defined as Affordable Rental Housing Preservation (See Chapter 2@ Definitions)

Pg 19 @ Special [Housing] Needs Populations

- Eliminate the current requirement of 100% of all the units designated to a special needs population to receive points and replace with following language. Points remain the same.

Proposed Language

1 designated unit as Special Needs housing will receive maximum allowable points.

- Revise the definition of "Disabled". Current definition: "ADA, Fair Housing Act, etc.) defines a person with disability as "Any person who has a physical or mental impairment that substantially limits one or more major life activities, has a record of such impairment; or is regarded as having such impairment"

Proposed Language

As defined by Federal Law, Executive Order, or HUD Regulations

Chapter 9- No Changes

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Exhibit R- Lead Safe Housing Requirements Screening Worksheet

Lead Safe Housing Requirements Screening Worksheet- Remove entire worksheet from Plan. HOME Department will determine the type, scope of rehab costs, and hard rehab costs when determining the level of Lead-Based Paint remediation required.

Exhibit S- Pre-Environmental Checklist

Pre- Environmental Checklist To avoid a request for additional information needed to conduct a pre-environmental assessment.

Proposed Language

- Complete legal description if available
- Property address for the site. If not yet issued, or too new to find on Google, provide closest searchable address and map showing relation to the site.
- Detailed Google and Plat maps of the exact location of the proposed site
- Labeled color photos, 4 to a page, including site and surrounding area of the site.
- All contemplated actions i.e. new construction, acquisition only, acquisition & repair/rehabilitation, reconstruction, etc. with full project description. New construction includes historical, past-uses of site going back to 1940.
- **Important-** Indicate all sources of Federal funding that may be used

Exhibit V- IHFA Green Building Standards

Remove "Minimum Property Standards for Housing (HUD Handbook 4910.1) as a requirement on the Preliminary Architect Certification and the As Built Architect Certification. HUD's Minimum Property Standards apply to States that have not adopted a model building code, i.e. International Code Council.

~End~

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