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Homeowner Rehabilitation (Pilot Program)

IHFA continues to recognize the importance of creating and preserving single family homeownership opportunities and piloting new activities within the federal regulations, which are responsive to the needs of the current market. This activity provides more housing choice for recipients of HOME down payment assistance by:

- Making existing housing an option in addition to new construction due to high development costs
- Not triggering federal regulations which are more administratively burdening

This will be a pilot program, based in part on the ongoing FSS pilot started in April of 2025. Homeowner rehabilitation will provide HOME funds for rehabilitation to existing housing, in order to meet applicable quality standards. This will be made available to households who meet all HOME and IHFA underwriting requirements, and whom are working with HOME either through the FSS Program, or through a community-based developer who has been awarded funds for this purpose.

Homeowner rehabilitation funds will accompany HOME DPA for acquisition of housing.

If HOME makes funds available to community partners for homeowner rehabilitation, funds will be awarded through a competitive Request For Proposal (RFP) process. Requirements will be memorialized in recorded documents, as well as non-recorded agreements between the developer, IHFA, and the homebuyer. *Partners working with IHFA to provide homeowner rehabilitation must ensure all the following provisions are met. Additional requirements will be outlined in the RFP.*

All HOME and IHFA regulations will apply, as determined by IHFA, even if not specifically stated in this chapter.

Applicability

HOME

Eligible Activities

Homeowner Rehabilitation

- Rehabilitation funding to meet quality standards for eligible households of fee simple recapture housing (no resale or deed restrictions)

DEFINITIONS & GENERAL REQUIREMENTS

General Requirements

- Direct payments to contractors, or reimbursement to developers (if permitted)
- 0% Interest
- Recorded as junior lien
- Due-on-sale if sale occurs within the first 12 months following rehab completion
- Principal Residency requirement
- 80% AMI or less, per applicable HOME Maximum Income Limits (HUD-CPD) in effect at the time a purchase agreement is executed

Maximum Sales Price Limits

Established and updated periodically by HUD-CPD, maximum sales price limits are based on the median sales price of homes in the area over a certain period. The posted sales price and income limits in effect at the time a household executes a purchase contract are the limits which apply. See [HOME Program Sales Price Limits](#).

The total sales price of the unit PLUS the cost of necessary rehabilitation cannot exceed the maximum sales price limit.

Maximum Subsidy Limits

Defined as the maximum amount of HOME funds that can be invested on a per-unit basis. New HOME subsidy limits are determined periodically by HUD-CPD and based on Section 234-Condominium Housing basic mortgage limits for elevator-type projects. HOME maximum subsidy limits may never be exceeded under any circumstances. See current maximum subsidy limits on IHFA-HOME's website: [HOME Program](#)

Maximum subsidy limits are inclusive of ALL federal funding provided from all sources, including down payment assistance, rehabilitation funding, reimbursements, and/or any other federal funds which may be invested in the unit.

Property Standards

Within 12 months of initial purchase, the unit must meet State and local codes, local property standards, ordinances, and zoning, state or local disaster mitigation requirements and Section 8 Housing Quality Standards (HQS)¹ or the National Standards for the Physical Inspection of Real Estate (NSPIRE)² when officially implemented by HUD.

- Includes residential code requirements, property standards, and ordinances.
- All major systems must have a minimum remaining useful life for a minimum of five (5) years, or the major systems must be rehabilitated or replaced as part of the rehabilitation work to be completed.
- The HOME department will use the Home Inspection Report performed by a HOME department third party inspector to identify the scope of work.
- Section 504 as applicable to federally-assisted homeownership activities, and/or in accordance with all written policies to determine feasibility.
- Americans with Disabilities Act (ADA) as applicable to federally-assisted homeownership housing
- Uniform Federal Accessibility Standards (UFAS) - as applicable to federally-assisted homeownership housing.

Lead-Based Paint Requirements

- Any unit built prior to January 1, 1978 requires a full Risk Assessment performed by an EPA Certified evaluation firm to determine if LBP or other hazardous materials are present. Projects assisted with HOME funds must comply with rules and guidelines of the EPA Renovation, Repair and Paint Rule and HUD's Lead-Safe Housing Rule, as amended [24 CFR Part 35](#), subparts B-R
- Units with no findings exceeding EPA or federal allowances do not require any further action, except submission of the LBP clearance (clear risk assessment) to HOME with the household's application for HOME DPA.
- If Risk Assessment identifies hazards, all directions and guidelines from the EPA Certified risk assessor for clearance and/or abatement must be followed, and a new Risk Assessment must be completed verifying

¹ HUD-CPD adopted Home Quality Standards ("HQS") as the standard for homeownership housing assisted with HOME funds. HQS remains in effect as HOME's default property/housing quality standard until further notice, and/or if no local standard exists.

² HUD-CPD adopted the National Standards for the Physical Inspection of Real Estate ("NSPIRE") as the HOME program's property standards for all housing activities anticipated to be effective October 1, 2026. HQS remains in effect as HOME's default property/housing quality standard until NSPIRE becomes effective, in addition to any local standards in existence.

clearance of all hazards. This may disqualify the unit depending on scope of work due to HOME cost constraints and feasibility. HOME will not exceed \$24,999 inclusive of both LBP mitigation and rehabilitation costs.

- Additional LBP requirements under HUD's Lead Safe Housing Rule: https://www.hud.gov/sites/documents/RRP_LSHR_GUIDANCE.PDF

Manufactured/Modular Housing

Must comply with applicable state and local laws and codes with the following additional requirements:

- Must be connected to permanent utility hook-ups
- Attached to a permanent foundation and other site/foundation conditions as identified at [24 CFR Part 3280](#)
- Located on land that is owned fee simple or a 99-year leasehold by the manufactured/modular housing unit owner
- Must comply with manufacturer's written instructions for installation
- New Manufactured or Modular Housing must meet HOME Construction and Safety Standards of [24 CFR Part 3280](#)
- Engineers Certification required for installation of manufactured or modular housing
- Manufactured or modular housing which has been moved from its original installation site is ineligible
- Proof of Conversion to Real Property will be required prior to purchase. This process varies by County or City – Must comply with local requirements to complete this process.

Property Inspection

An IHFA fully independent third-party Home Inspection Report is required to be completed by an approved IHFA-HOME contracted inspector, and must comply with HQS, NSPIRE (anticipated effective date October 1, 2026) and/or any other applicable HUD or IHFA requirements. IHFA staff will review the inspection report and additional property repairs may be required. A re-inspection is required to verify repairs were completed and unit meets all applicable codes and standards. When initial findings are minimal, photos or other documentation may be accepted in lieu of a reinspection report, at IHFA-HOME's discretion. The unit will not be cleared until the HOME-assisted unit meets local applicable code, local property/housing quality standards, and *Section 8 Housing Quality Standards or NSPIRE, as applicable.*

The following additional inspections **must also** be completed when applicable components are present on the subject property (may not be an all-inclusive list):

- Septic & Well
- Wood Stove, Fireplace insert
- Lead Based Paint (LBP) Risk Assessments
- Risk Assessments/Inspections for risk factors such as Methamphetamine or other hazardous contaminants (*If there's any reason to believe methamphetamines or other hazardous contaminants have been present in any unit (even recreational use - not restricted to known labs), a risk assessment is required to either clear the property, or determine the process and/or level of clean up required to achieve clearance.*)
- Any inspections required by the first mortgage loan or as outlined in the sales agreement
- Any other inspection determined by HOME or any other funding source to be required to meet quality and safety standards

HOME pays for the initial full home inspection report, and the reinspection to clear findings after rehabilitation is complete. HOME will pay for a required risk assessment and clearance report, and *may* pay for additional

required inspections when reasonable. If the subject property requires a risk assessment, as well as other types of additional inspections (in addition to the full property inspection), HOME may determine the cost of such inspections in addition to necessary rehab and mitigation is infeasible or the unit is unsuitable for HOME assistance.

Uniform Relocation (URA) and Voluntary Sales Disclosure (VSD)

Required Documentation:

- Seller and buyer prior to or at the time the purchase offer is made must sign VSD & URA Form. There are no exceptions to this requirement.
- Voluntary Sale Disclosure - Voluntary Acquisition Informational Notice as required by 24 CFR §92.355 and [49 CFR 24.101\(b\)\(2\)\(i\)](#) Completion of the Voluntary Sale/Environmental Review/Uniform Relocation Assistance Disclosure forms. See [Admin Plan Exh O³](#)
- Existing homes utilizing HOME funds for down payment assistance and/or rehabilitation MUST be occupied by the selling owner, or must have been fully vacant for *no less* than 90 days. Non-owner occupied properties, or any property which has been occupied within 90 days of purchase contract execution by persons other than the owners is ineligible for this program due to federal Uniform Relocation Act requirements and costs. This includes tenants, family members occupying without the owners, illegal tenants like squatters, etc.

If tenants are asked to vacate or notified of the potential sale of the unit in any way, the unit is ineligible for any type of HOME funding. If documentation exists to prove tenants left at least 90 days prior, AND this was in no way tied to the sale of the unit, even if voluntary so the unit could be sold, IHFA may review documentation to determine if uniform relocation requirements would be triggered. Voluntarily relocation after being notified of the owner's intent to sell still triggers URA requirements under the federal regulations.

Wait Lists

All nonprofit developers and other development partners who apply to reserve HOME DPA funds for prospective buyers must maintain a wait list, and written wait list policy detailing how applicants are added to the list, what requirements must be met, how applicants are selected from the list, when they are removed from the list, and how the list is managed. All procedures must comply with all federal, state, and local fair housing laws, ADA, and 504 requirements. Lending partners are encouraged to create procedures in which wait list recipients are considered in the order in which they apply AND meet all applicable wait list criteria (i.e. primary loan pre-approval, etc.). It is permitted to keep a separate list of households who are interested, but have not yet met the criteria to be added to the wait list. It is recommended when units are available, the wait list is exhausted first before going through the list of interested households who have not yet met all wait list criteria.

Partners **must** follow their wait list procedures. IHFA may ask for the wait list and wait list procedures to ensure we are reviewing applicants in the correct order, and wait list procedures are being followed.

³ https://www.idahohousing.com/wp-content/uploads/2025/07/2025_Admin-Plan-Exh-O-URA-Voluntary-Disclosure-Sample-Forms.pdf