

1. WELCOME TO THE HOME INVESTMENT PARTNERSHIPS PROGRAM

The Nebraska Department of Economic Development (Department) provides this manual as a resource for local program administrators and property developers, owners and managers implementing HOME Investment Partnerships Program (HOME)-assisted projects and local government, public housing agency and non-profit organization staff who are contemplating applying for activities under the HOME Program.

The on-line version of this manual contains the latest information provided by the Department to assist awardees of State HOME funds in complying with state and federal requirements. Additional reference material and forms are available at the Department's HOME Program web page at <https://opportunity.nebraska.gov/program/home/#guidelines>.

Users of this manual are encouraged to check for updates on the Department's website. Updated material is clearly identified for those wanting only to print off new or updated material to incorporate into their hard copy manuals. Information may change for a variety of reasons, including changes in federal regulations, state requirements, and in the interpretation or clarification of a federal regulation.

1.1 The HOME Program

The HOME Program, created by the National Affordable Housing Act of 1990 (NAHA), is referred to as the HOME Investment Partnerships Act, and has been amended several times by subsequent legislation.

The intent of the HOME Program is to:

- Provide decent affordable housing to lower-income households,
- Expand the capacity of non-profit housing providers,
- Strengthen the ability of state and local governments to provide housing, and
- Leverage private-sector participation.

The United States Department of Housing and Urban Development (HUD) administers the HOME Program. The HUD HOME Program web page is:

<https://www.hud.gov/hudprograms/home-program>.

Most HOME Program resources are available on the HUD Exchange page for the HOME Program: <https://www.hudexchange.info/programs/home/>. Key reference documents:

- Final Rule - <https://www.hudexchange.info/programs/home/home-laws-and-regulations/>
- HOME Program Limits: These limits are published annually on the HOME Program web page in the HUD Exchange. Effective dates are noted when published and are usually effective 30 days after publication. Key Program limits are:
 - o Income Limits: <https://www.hudexchange.info/programs/home/home-income-limits/>
 - o Rent limits: <https://www.hudexchange.info/programs/home/home-rent-limits/>
 - o Max Per-Unit Subsidy Limits: <https://www.hudexchange.info/resource/2315/home-per-unit-subsidy/>
 - o Homeownership Value Limits: <https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/>
- Notices: HUD publishes a series of Notices to provide guidance on the implementation of the HOME Program. The Notices identify the applicable statutory and regulatory requirements, but also provide guidance on how PJs and their partners can implement the activities in full compliance, often providing “safe harbors” or ways to implement activities that are presumptively permissible by HUD.

The HUD Office of Planning and Community Development (CPD) issues notices that pertain to HOME (as well as many other CPD programs.) CPD Notices are labeled “CPD - __ - ___”. The middle two numbers are the year of issuance, and the last two or three numbers are the chronological issuance order.

CPD Notices pertaining to HOME (in reverse chronological order – newest first) can be accessed at: <https://www.hudexchange.info/home/home-cpd-notices>. (by year)

- HOMEfires: HOME Q&As published intermittently by HUD to provide guidance on topics of common interest to Program participants. HOMEfires can be found at the HUD Exchange by year at: <https://www.hudexchange.info/programs/home/homefires/#2019>
- Building HOME Online Training Modules: The basic HOME training course manual and slides can be found at the HUD Exchange at: [Building HOME Online Training - HUD Exchange: https://www.hudexchange.info/trainings/building-home/](https://www.hudexchange.info/trainings/building-home/)
- HOME Model Guides: HUD also has published several dozen model guides and other guidance over the life of the Program. These documents provide suggested administrative practices to help PJs implement the Program. The guides can be

accessed on the HOME Topics page (<https://www.hudexchange.info/home/topics/>), clicking on the relevant topic and then clicking on guidebooks and training manuals.

All users of HOME funds are encouraged to subscribe to the Mailing List to receive emails with notice of updated Program materials at: <https://www.hudexchange.info/maillinglist/>

1.2 HOME in Nebraska

HUD allocates HOME funds by formula to Participating Jurisdictions (PJs). PJs are state and local governments that receive funds directly from HUD to operate the program. The State of Nebraska receives funds as a PJ and the Department administers the program for the State.

States are given broad discretion in administering HOME funds. HUD allows State PJs to use HOME funds anywhere within the state including within the boundaries of local PJs. The Department invests in programs and projects developed, implemented and administered by local and regional organizations. Typical partners involved in the use of the state's HOME allocation:

- Local Governments – Some also qualify as a PJ and receive a direct HOME allocation from HUD. The cities of Omaha and Lincoln are HOME PJs receiving HOME funds directly from HUD. If the Department elects to award HOME funds to a local government for an eligible program or project, the local government is referred to as a “State Recipient.”
- Community Housing Development Organizations (CHDO) – A designation by the Department of a private, non-profit organization that meets a series of qualifications. The Department invests a minimum of 15 percent of its annual allocation of HOME funds for housing owned, developed or sponsored by CHDOs.
- Subrecipients – A public agency or non-profit organization selected by the Department to administer a portion of the HOME Program.
- Developers, Owners and Sponsors – Nonprofits participating in the HOME Program as owners, developers and sponsors of housing.

In this Manual, all the program partners listed above that receive HOME funds from the Department are referred to as “awardees.”

The Department invests HOME funds in the following housing activities:

- Homebuyer Activities: Finance the acquisition and/or rehabilitation or new construction of homes for homebuyers.
- Rental Housing: Affordable rental housing may be acquired and/or rehabilitated, or it may be newly constructed.

The following are the principal means by which the Department describes the investment of HOME funds and provides administrative guidance:

- The Housing and Community Development Consolidated Plan
- The Housing and Community Development Annual Action Plan

- Application Guidelines
- HOME Administration Manual
- HOME Training Workshops

HOME policy may also be communicated by the Department's staff.

1.2.1 Application Process

Most funding within the HOME Program is available to local governments, public housing agencies and non-profits on a competitive basis. The Department notifies potential applicants when application guidelines are available for an upcoming application period. Eligibility requirements for participation in the HOME Program are specified in the application guidelines that are published annually and are consistent with the Housing and Community Development Annual Action Plan. The application guidelines describe eligible applicants, eligible activities, the application process, and the deadline for acceptance of an application.

The Department also holds workshops for the HOME applications each year. It is a good idea to contact the Department's regional housing specialist serving your area before starting an application. Look for information on Department staff contacts, application guidelines and workshops on the Department's website (www.opportunity.nebraska.gov).

Following the Department's application review period, letters will be sent to all applicants informing each of the decision to fund or not fund their application. Those applicants not funded are encouraged to meet with Department staff and work toward a fundable application in the future.

The Notice of Approval notifies the awardee of the amount and type of funds awarded and the activities that the awardee will undertake with the funds. However, the awardee must not obligate or incur project costs prior to satisfying contract conditions and receiving a Notice of Release of Funds from the Department. After Notice of Approval and prior to the Notice of Release of Funds, only costs necessary to complete general administrative requirements such as satisfying the Special Conditions contained in the HOME Contract can be obligated and incurred.

1.3 Definitions & Acronyms

The following terms and acronyms are used throughout the Manual.

- **Adjusted Income** – Adjusted income is annual (gross) income reduced by deductions for dependents, elderly households, medical expenses, handicap assistance expenses and childcare (these are the same adjustment factors used by the Section 8 Program). Adjusted income is not used for household eligibility in HOME; it is used only in HOME in a few circumstances:
 - The tenant contribution or payment in TBRA programs;
 - The low HOME rent in rental projects in which rents are based on 30% of a family's adjusted gross income;

- The rent for an over income tenant; and
- URA payments.
- **Affordability:** The requirements of the HOME Program that relate to the cost of housing both at initial occupancy and over established timeframes, as prescribed in the HOME Final Rule. Affordability requirements vary depending upon the nature of the HOME assisted activity (i.e., homeownership or rental housing).
- **Annual Action Plan** – The one-year element of the Consolidated Plan. It includes the PJ’s annual application for HOME funds.
- **Annual Income** – Annual income as defined in 24 CFR 5.609, referred to as "Part 5 annual income", also known as the rules for determining income under the Section 8 program. This is the income used to qualify households as eligible for HOME units or assistance.
- **Awardee** – The term used in this Manual to refer to any awardee of HOME funds from the Department, including subrecipient administrators, local government State Recipients, for-profit and nonprofit developers, and CHDOs.
- **Community Housing Development Organization (CHDO)** – A private, nonprofit organization that meets a series of qualifications prescribed in the HOME regulations at 24 CFR §92.2. A participating jurisdiction must award at least 15 percent of its annual HOME allocation to CHDOs.
- **Consolidated Plan (Con Plan)** – The plan prepared every 3 – 5 years in accordance with the requirement set forth in 24 CFR Part 91. It describes community needs, resources, priorities and proposed activities to be undertaken under certain HUD programs, including CDBG & HOME. It also includes the Annual Action Plan.
- **Contractors** – A contractor is an entity paid with HOME funds in return for a specific service (e.g., counseling or inspections). Contractors retained by the PJ must be selected through a competitive procurement process.
- **Fair Housing** - Refers to a number of laws and regulations that apply to the HOME program and prohibit a wide range of discriminatory practices and require that the HOME program be administered in a manner, which affirmatively furthers fair housing.
- **HOME Final Rule** – The HUD regulations guiding the administration of the HOME Program published at 24 CFR Part 92, as amended.
- **HOME-Assisted Units** – A term that refers to the units within a HOME project for which rent, occupancy and/or resale restrictions apply. The number of units designated as HOME-assisted affects the maximum HOME subsidies that may be provided to a project.
- **HOME Investment Partnerships Program (HOME)** – The Federal entitlement program that provides funds to states and cities/counties for housing activities.
- **HOME Investment Trust Fund** – The term given to the two accounts - one at the Federal level and one at the local level - that "hold" the PJ’s HOME funds. The Federal HOME Investment Trust Account is the U.S. Treasury account for each participating

jurisdiction. The local HOME Investment Trust Fund account includes repayments of HOME funds, matching contributions and payment of interest or other returns on investment.

- **Household** – One or more persons occupying a housing unit, regardless of familial status.
- **Low-Income (LI) HOME** – Under the HOME Program, a household having an income equal to or less than the Section 8 Low-Income limit (80% of the area median income) as established by HUD.
- **Match** – Match is the jurisdiction’s non-federal contribution to the HOME Program. Generally, a PJ must provide match in the amount of at least 25 percent of the HOME funds drawn down for projects in a fiscal year. Partial and full match waivers are granted in certain years for federal disasters and economic distress.
- **New Construction:** The creation of new dwelling units. Any project which includes the creation of new or additional dwelling units in an existing structure is considered new construction.
- **Office of Management and Budget (OMB)** - This is the oversight agency for all federal grants. OMB establishes uniform guidelines applicable to the management and expenditure of all federal funds, including HOME. OMB requirements historically have been issued in the form of circulars, but most OMB requirements have now been incorporated into 2 CFR Part 200.
- **Participating Jurisdiction (PJ)** – The term given to any state, local government or consortium that has been designated by HUD to administer a HOME Program.
- **Program Income (PI)** – Gross income received by the PJ, state awardee, or a subrecipient directly generated from the use of HOME funds or matching contributions.
- **Project** – A site or an entire building or two or more buildings, together with the site or sites on which the building or buildings is located, that are under common ownership, management and financing and are to be assisted with HOME funds, under a commitment by the owner, as a single undertaking.
- **Project completion:** All necessary title transfer requirements and construction work have been performed; the project complies with all HOME requirements; the final drawdown has been disbursed for the project; and the project completion information has been entered in the disbursement and information system established by HUD by the Department.
- **Regulations** - Refers to the HUD rules governing the use of HOME funds. The HOME regulations can be found at 24 CFR Part §92.
- **Section 3** - Refers to Section 3 of the Housing and Urban Development Act of 1968, as amended, which requires that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low- and very low-income persons, particularly those who are awardees of government assistance for

housing and to businesses that provide economic opportunities to low- and very low-income persons.

- **Subrecipient** – A subrecipient is a governmental or private nonprofit organization chosen by the Department to undertake certain eligible HOME activities as an administrator passing through funds to other beneficiaries. A public agency or nonprofit organization that receives HOME funds solely as a developer or owner of housing is not a subrecipient.
- **Tenant-based rental assistance (TBRA)** – Financial assistance for rent, security deposits and utility deposits (only in conjunction with rent or security deposit assistance) provided as an eligible activity under HOME.
- **Uniform Relocation Act (URA)** – Federal regulations governing the acquisition of real property and the relocation or displacement of persons from federally assisted projects.
- **U.S. Department of Housing and Community Development (HUD)** – HUD established the regulations and requirements for the HOME program and have oversight responsibilities for the use of funds.
- **Very Low-Income (VLI) HOME** – As defined by the HOME Program, a family whose annual income does not exceed 50% of the area median family income.

Other definitions applicable to HOME can be found in 24 CFR §92.2.

1.4 Organization of the Manual & Updates

This Manual is organized into three major sections:

- I. HOME Administrative Requirements – This covers the general administrative requirements that must be followed by the State and the HOME Participating Jurisdiction and its various awardees, including contract execution and administration, financial management, recordkeeping and reporting.
- II. Other Federal Requirements – This section covers other federal requirements that must be followed when implementing HOME projects, including environmental review, relocation, procurement and construction standards.
- III. HOME Project/Activity Requirements – This section addresses the requirements that apply to each type of HOME activity or contract – including CHDO operating assistance, homebuyer activities, homeowner rehabilitation and rental project development and ongoing compliance.

Each awardee of HOME funding from the State must review and adhere to the applicable requirements in each of the sections.

1.5 Agency Contacts

For any questions regarding the HOME Program and/or this Manual, please contact a member of the housing team. A current list of housing team members can be found on the Departments website at <https://opportunity.nebraska.gov/wp-content/uploads/2018/10/Housing-Rep-Map-2021.pdf>.