

# Memorandum

Date: April 9, 2015

## NAHTF Policy Guidance

Policy: 14-01

---

Nebraska Department of Economic Development, 301 Centennial Mall South, Lincoln, NE 68509

<http://www.neded.org/>

**Effective:** April 9, 2015

**Subject:** Policy change on the New Construction Purchase Price or After-Rehabilitation Value Maximum Limits of Homeownership Units Assisted with Nebraska Affordable Housing Trust Funds (NAHTF)

**Purpose:** Recent changes in these HOME limits have created a barrier to developing affordable housing. The Nebraska Commission on Housing and Homelessness (NCHH), acting on a recommendation from their Policy and Issues Committee, requested a change to this policy for NAHTF projects.

This policy change will allow more flexibility in the Purchase Price and After-Rehabilitation Value of projects assisted with NAHTF than is permissible with similar projects using HOME funds. The policy regarding HOME funded grants remains unchanged.

The following Policy will be adopted upon issuance of this Policy Guidance Memorandum and these changes will be reflected in the language found in the NAHTF Administration Manual.

**Background:** NAHTF projects have been required to comply with HOME regulations regarding: Maximum Property Value limits as established by HUD.

### **Currently:**

#### **Maximum Property Value**

To use NAHTF funds, the value of the NAHTF assisted property must not exceed 95 percent of the median purchase price for the area, as published by HUD. The figures published by FHA for its 203(b) program had been used for this number; however, with the passing of HERA and the Economic Stimulus Act, these numbers now exceed those limits permissible under the HOME statute. In early February 2008, FHA issued Section 203(b) mortgage limits based upon the methodology that existed before the Economic Stimulus Act and HERA became law. Grantees may continue to use these February 2008 Section 203(b) mortgage limits as the purchase price or after-rehabilitation value limit for their homeownership activities, or may adopt the actual 95 percent of median sales price for their area. A link to the current limits is provided at the Department's website.

#### Acquisition Only

In the case of property that does not require rehabilitation, the sales price of the NAHTF property to be acquired by a homebuyer may not have a value that exceeds the applicable pre-stimulus 203(b) limit or 95 percent limit.

### Acquisition and Rehabilitation

If rehabilitation is required, the value of the property *after rehabilitation* may not exceed the applicable pre-stimulus 203(b) limit or 95 percent limit. The after-rehabilitation value estimate must be completed prior to investment of NAHTF funds.

### **Upon issuance of this memorandum:**

#### **Maximum Property Value**

To use NAHTF funds, the value of the NAHTF assisted property must not exceed ~~95~~ 140 percent of the median purchase price for the area, as published by HUD. The figures published by FHA for its 203(b) program had been used for this number; however, with the passing of HERA and the Economic Stimulus Act, these numbers now exceed those limits permissible under the HOME statute. In early February 2008, FHA issued Section 203(b) mortgage limits based upon the methodology that existed before the Economic Stimulus Act and HERA became law. Grantees may continue to use these February 2008 Section 203(b) mortgage limits as the purchase price or after-rehabilitation value limit for their homeownership activities, or may adopt the actual ~~95~~ 140 percent of median sales price for their area. A link to the current limits is provided at the Department's website.

### Acquisition Only

In the case of property that does not require rehabilitation, the sales price of the NAHTF property to be acquired by a homebuyer may not have a value that exceeds the applicable pre-stimulus 203(b) limit or ~~95~~ 140 percent limit.

### Acquisition and Rehabilitation

If rehabilitation is required, the value of the property *after rehabilitation* may not exceed the applicable pre-stimulus 203(b) limit or ~~95~~ 140 percent limit. The after-rehabilitation value estimate must be completed prior to investment of NAHTF funds.

Wherever you are in the process – as long as you are under 140% it works

Nebraska Department of Economic Development  
Housing and Community Development Division