HOME Funds and Rental Development

Presented by City of Bethlehem Housing and Community Development

Outcomes

- Understanding of HOME Program
- Increased knowledge of rental project requirements
- Improve project compliance
- Ensure continued affordability for tenants
- Prepare for successful monitoring visit
- Establish foundation for future grant success

AGENDA

- Common Monitoring Issues
- Period of Affordability
- Tenant Income
- Rent Limits
- Inspections and Property Standards
- Lease Do's & Don'ts
- Resources and Next Steps
- Q&A

Common Monitoring Issues

1. Owners unaware of HUD HOME Rules
2. Rent and Income limits not communicated to property owners
3. Income eligibility calculated incorrectly
4. Tenant income certifications missing or incomplete
5. Rents calculated incorrectly
6. Annual occupancy reports not provided or incomplete
7. Neglected maintenance issues leading to distressed properties
8. Prohibited terms in lease agreements

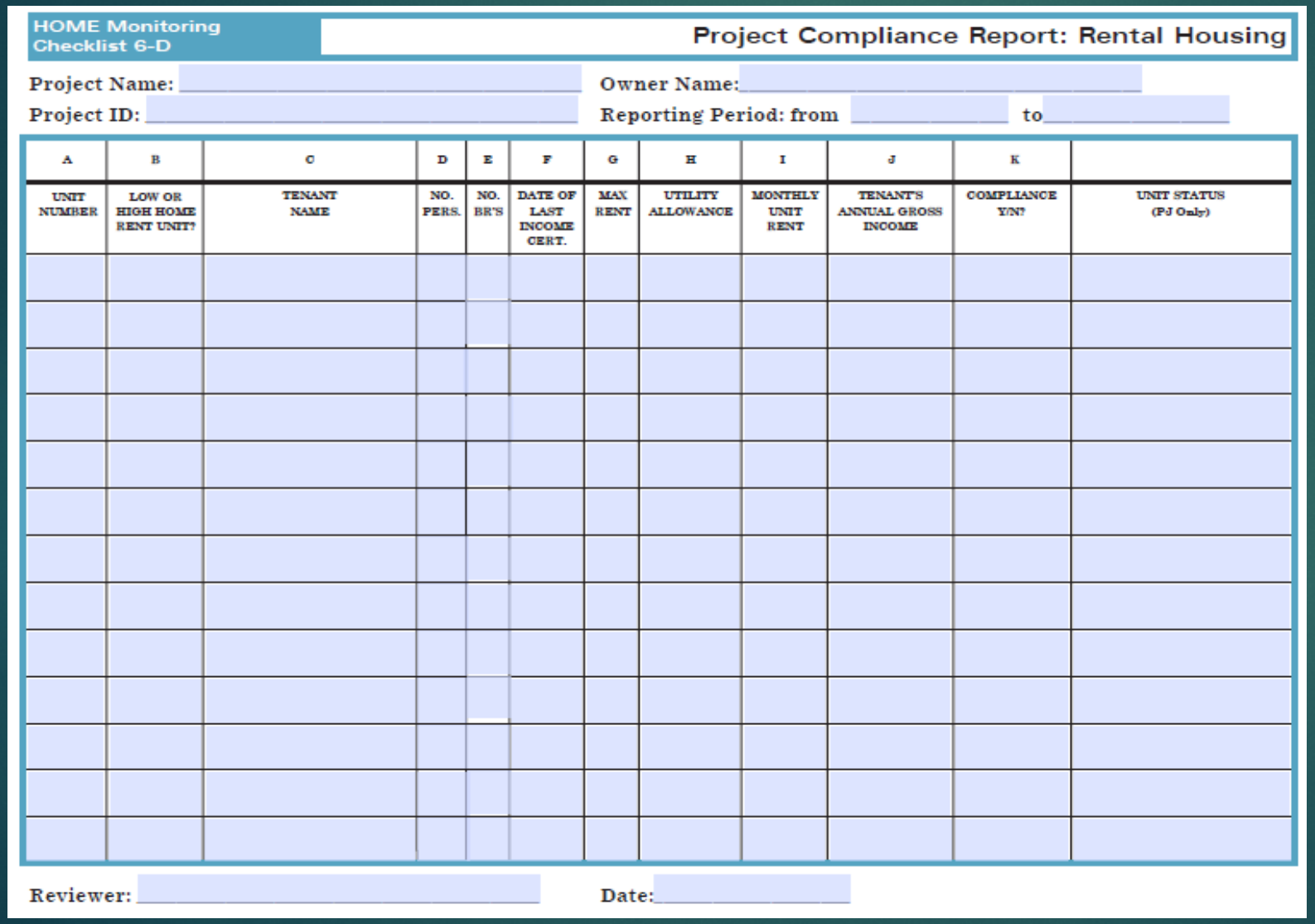
Period of Affordability

- To keep housing available to low-income families, each HOME-assisted project is assigned an "Affordability Period" based on the amount of HOME funds received per unit

Amount of Assistance per Unit (Level of HOME Investment)	Minimum years of affordability
Under $15,000	5
$15,000 to $40,000	10
Over $40,000	15
New Construction	20

- **Double-dipping** - After the first year following completion, no additional HOME funds may be provided to a HOME-assisted project during the relevant period of affordability. "Do it right the *first time*."

Ongoing Compliance During POA



HOME Monitoring Checklist 6-D

Project Compliance Report: Rental Housing

Project Name: _____ Owner Name: _____

Project ID: _____ Reporting Period: from _____ to _____

A	B	C	D	E	F	G	H	I	J	K	
UNIT NUMBER	LOW OR HIGH HOME RENT UNIT?	TENANT NAME	NO. PERS.	NO. BR'S	DATE OF LAST INCOME CERT.	MAX RENT	UTILITY ALLOWANCE	MONTHLY UNIT RENT	TENANT'S ANNUAL GROSS INCOME	COMPLIANCE Y/N?	UNIT STATUS (PJ Only)

Reviewer: _____ Date: _____

- Occupancy Reports
  - Collected and reviewed annually
  - Only HOME-assisted units are reported

Ongoing Compliance During POA

- On-Site Visits
- File Review
  - Lease
  - Income determinations
  - Source documentation
- Inspections

Calculating Tenant Income

- Definition of Household Income
  - IRS 1040 AGI
- Source documentation required at occupancy and every 6th year of POA
- Annual tenant recertifications
  - Source, Self-Certification

Calculating Rent Limits

- High HOME Rent vs. Low HOME Rent - 2020

	Efficiency	1 BD	2 BD	3 BD	4 BD	5 BD
Low Home Rent Limit	$686	$735	$882	$1,019	$1,137	$1,255
High Home Rent Limit	$694	$804	$1,026	$1,291	$1,390	$1,549

- Utility Allowances

HOME rent limits are gross limits that include contract rent plus utilities, or a Utility Allowance (UA) for tenant-paid utilities. If utilities are owner-paid, those costs must be included in the total HOME rent charged. If utilities (other than phone) are tenant-paid, a utility allowance must be calculated and subtracted from the rent limit.

Calculating Rent Limits

2020 HOME Gross Rent Limits

	Efficiency	1 BD	2 BD	3 BD	4 BD	5 BD
Low Home Rent Limit	$686	$735	$882	$1,019	$1,137	$1,255
High Home Rent Limit	$694	$804	$1,026	$1,291	$1,390	$1,549

Example 1: Tenant in a 2 BR High HOME Rent unit is responsible for heat and electric. A utility allowance for a 2 BR unit in the project is calculated as $129. Total contract rent cannot exceed $897 ($1,026-$129).

Example 2: Tenant in a 2BR High HOME Rent unit pays for no utilities. Total monthly rent + utilities cannot exceed $1,026.

Inspections & Property Standards

- Periodic Inspections
  - Within 12 months of project completion
  - At least every 3 years during POA
- Units and Common Areas
  - HUD 52580
- Annual Owner Certification

Lease Requirements

- One year minimum term (*unless mutually agreed upon)*
- Must include rent amount and procedures for adjustments to rents
- Cannot contain prohibited clauses (*or use City-supplied lease addendum)*
- VAWA Protections for projects committed after December 15, 2016.

Prohibited Lease Terms

- *Agreement to be sued.*
- *Treatment of property.*
- *Excusing owner from responsibility.*
- *Waiver of notice.*
- *Waiver of legal proceedings.*
- *Waiver of a jury trial.*
- *Waiver of right to appeal court decision.*
- *Tenant chargeable with cost of legal actions regardless of outcome.*
- *Mandatory supportive services.*

Resources

- Tenant Self-Certification
- Lease Addendum
- Guidebook for Property Owners

- Rental Unit Mix Handout
- CPD Calculator
- FY2020 HOME Income Limits

All Resources are available in our HOME Resource Library at https://www.bethlehem-pa.gov/Community-Economic-Development/Community-Development/CDBG-HOME-(1)

Sign up for HUD updates at **https://www.hudexchange.info/mailinglist/subscribe/**

Program Contacts

Tina Roseberry, ***Housing and Community Development Administrator***

croseberry@Bethlehem-pa.gov

(610) 997-5731

Shawn Fuller, ***Grant Management Specialist***

sfuller@Bethlehem-pa.gov

(610) 419-1447

Next Steps

- 1 Week – Monitoring Visit Letter & Compliance Report
- 3-4 Weeks – On-Site Visits (May/June)
- Next 8 Weeks –Inspections (May/June) – beginning next week, we will notify of date, time and Unit #(s)

Q&A