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Consolidated and Further Continuing Appropriations Act of 2012: Overview of HOME Requirements

HOME Investment Partnerships Program
Office of Affordable Housing Programs, HUD

Welcome!



Background

- The FY 2012 HUD Appropriations Law imposes new statutory requirements on FY 2012 funded HOME projects
- ‘Operating Guidance for Implementing FY 2012 HOME Appropriation Requirements’ (CPD Notice 12-007)
- Separate from HOME Proposed Rule and recent IDIS Enhancements



FY 2012 HUD Appropriations Law Requirements

- 1) Four-Year Project Completion deadline
- 2) Project Certification:
 - assessment of project underwriting, developer capacity, and market need
- 3) Deadline for Sale of Homebuyer Units
- 4) CHDO Development Capacity



FY 2012 HUD Appropriations Law Requirements

Applicability:

- Requirements apply to all 2012 HOME projects
- These projects are defined as any HOME activity that is set up in the Integrated Disbursement and Information System (IDIS) under a 2012 Consolidated Plan or Annual Action Plan Project



Four-Year Project Completion Deadline



Four-Year Project Completion Deadline

Projects must be completed and ready for occupancy within 4 years of the date the *written agreement is executed*.

- If not completed, these projects will be considered ‘involuntarily terminated before completion’ and the HOME investment must be repaid
- “Completion” means that all necessary construction work has been completed and a certificate of occupancy has been issued
- Applies to activities identified as 2012 Consolidated Plan/Annual Action Plan projects



Four-Year Project Completion Deadline

- HUD may grant a one-year extension, but has no authority to grant further extensions
- HUD will block PJ access to these activities in IDIS
- **IMPORTANT NOTE:** IDIS now ‘flags’ ALL activities that were funded more than 4 years ago but are incomplete. No loss of functionality for activities that are not 2012 activities



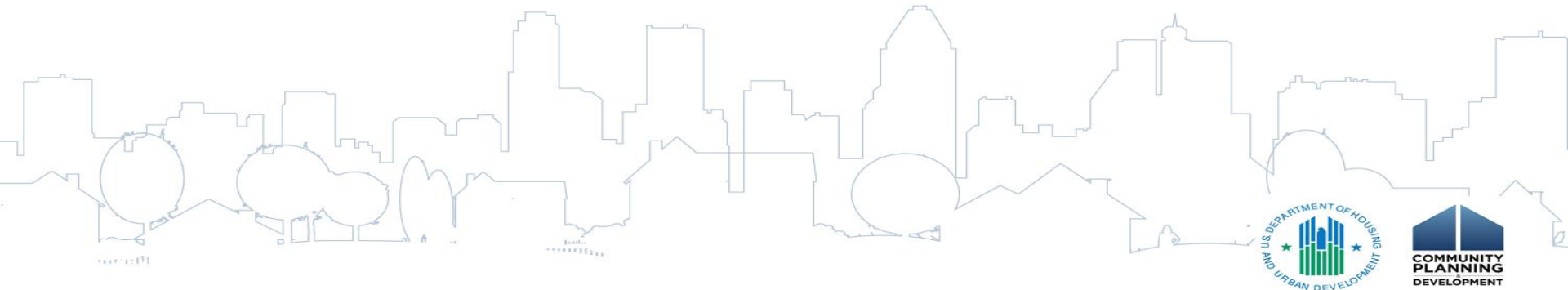
Four-Year Project Completion Deadline

Compliance:

- PJs should evaluate the readiness of each activity before setting it up in IDIS as a 2012 Consolidated Plan/Action Plan project
- PJs must establish a process to track each project's four-year deadline and identify incomplete projects
 - HUD will generate and post monthly, PJ-specific reports which will identify projects approaching completion deadline



Project Certification: Assessment of Project Underwriting, Developer Capacity, and Market Need



Project Certification

Before executing a legally binding written agreement, a PJ must :

- a) conduct an underwriting review;
 - b) assess developer's capacity and fiscal soundness;
 - c) examine neighborhood market conditions to ensure adequate need for project.
- Applies to activities identified as 2012 Consolidated Plan/Annual Action Plan projects



Project Certification

- PJs certify to this statement in IDIS when committing funds to a HOME activity:

*“(iv) for HOME projects identified as 2012 Action Plan activities in IDIS, if the activity involves acquisition, construction, or rehabilitation of rental or homebuyer projects, including down payment assistance, **the Participating Jurisdiction has conducted an underwriting review, assessed developer capacity and fiscal soundness, and examined neighborhood market conditions to ensure adequate need for the project for which these funds are to be drawn**”*



Project Certification

- This certification will appear for all IDIS activities but is not applicable to:
 - tenant based rental assistance, homeowner rehab, administrative costs, and CHDO operating expenses;
 - IDIS activities that are not 2012 activities



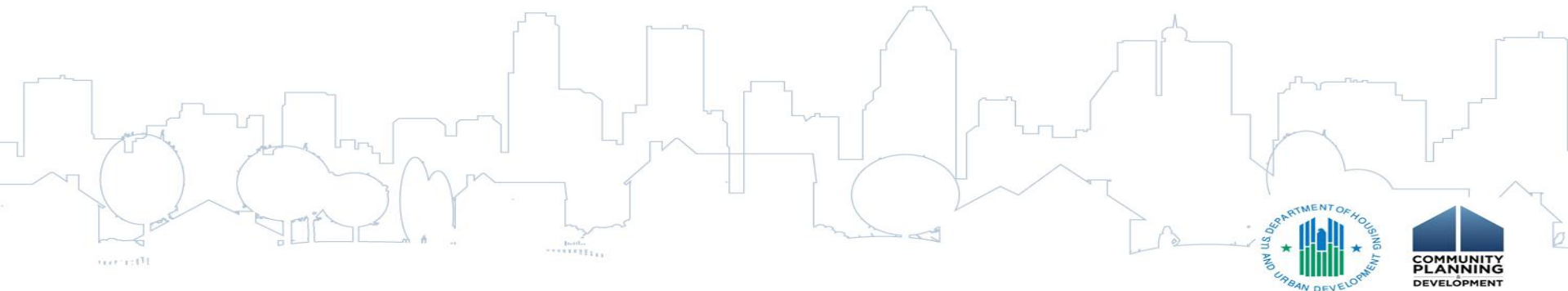
Project Certification

Compliance:

- PJs must develop and implement written policies and procedures which address the requirements of this certification
- PJs may contract with a third-party to conduct these evaluations
- PJs must ensure that individuals responsible for completing the IDIS certification have appropriate authorization



Deadline for Sale of Homebuyer Units



Deadline for Sale of Homebuyer Units

PJs must convert all homebuyer units that have not been sold to a homebuyer within 6 months of construction completion to HOME rental units, or repay the HOME investment

- Applies to activities identified as 2012 Consolidated Plan/Annual Action Plan projects
- HUD has no exception authority



Deadline for Sale of Homebuyer Units

- “Construction completion” means that all necessary construction work has been completed and a certificate of occupancy (or its equivalent) has been issued
- A homebuyer unit is considered to have met the sales requirement when there is a ratified sales contract between the buyer and developer



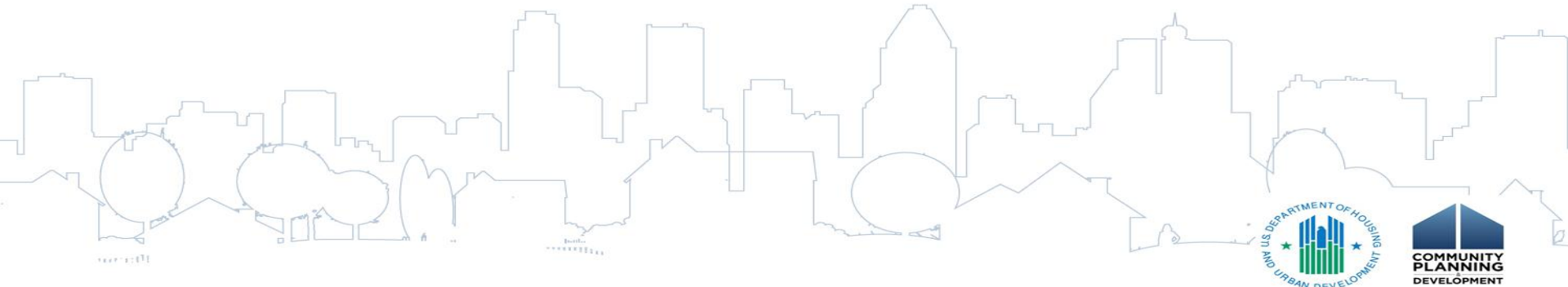
Deadline for Sale of Homebuyer Units

To comply, PJs must:

- Track and monitor all homebuyer activities for compliance with this deadline
 - HUD will generate and post monthly reports which identify homebuyer activities in final draw, and homebuyer activities with more than 90% of HOME funds drawn yet no draws in the past six months
- Develop or modify existing policies and procedures to account for the possibility of rental conversion



CHDO Development Capacity



CHDO Development Capacity

A PJ may not reserve FY 2012 funds to a CHDO unless it has determined that the CHDO has *staff with demonstrated development experience*.

- Experience developing projects of same size, scope, and complexity
- HUD defines CHDO staff as paid employees responsible for day-to-day operations (volunteers, board members, and consultants are not staff)
- Applies to FY 2012 CHDO set-aside funds



CHDO Development Capacity

- Each time a PJ sub grants HOME funds from its 2012 CHDO set-aside (CR) to a CHDO, the PJ must certify to the following statement in IDIS:

“For 2012 CHDO set-aside funds that will be committed to a CHDO project, these funds are being reserved for development activities that are to be carried out by the designated community housing development organization and the organization has demonstrated that it has staff with demonstrated development experience”



CHDO Development Capacity

To comply, PJs must:

- Develop and implement written policies and procedures for assessing CHDO staff capacity
- Maintain assessment documentation
- Ensure that individuals who complete the “HOME CHDO Reservation Certification” in IDIS are authorized to certify or have documentation that an authorized party has certified



FY 2012 Appropriations Law Requirement Review

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IDIS System Enhancements

- **Apply to all HOME activities in IDIS**
- System identification and required action for:
 - Activities in final draw > 120 days
 - Activities with infrequent draws
- Edit to activity completion date
- System improvements
 - New fund type allows a portion of program income to be used for administrative costs
 - New reports



HOME Webinars

Mon. June 4 th	Recent IDIS Changes Affecting HOME PJs
Mon. June 11 th	Market Analysis
Thur. June 14 th	Underwriting & Developer Capacity for <u>Homebuyer</u> Projects
Mon. June 18 th	Deadline for Sale of Homebuyer Units
Thur. June 21 st	Underwriting & Developer Capacity for <u>Rental</u> Projects
Mon. June 25 th	For PJs: Assessing CHDO Development Capacity
Mon. July 10 th	For CHDOs: Understanding the CHDO Development Capacity Requirement



Resources

- For information on upcoming webinars, visit the HOME TA website:
<https://www.hometa.info/>
- “Operating Guidance for Implementing FY 2012 HOME Appropriation Requirements” (CPD Notice 12-007):
<http://www.hud.gov/offices/cpd/affordablehousing/lawsandregs/notices/#2012>
- HOME Reports website: <http://www.hud.gov/offices/cpd/affordablehousing/reports/>
- “Steps for Changing a HOME Homebuyer Activity to a HOME Rental Activity in IDIS” (HOME FACTS - Vol. 4 No. 1, January, 2012):
<http://www.hud.gov/offices/cpd/affordablehousing/library/homefacts/volumes/vol4no1.cfm>
- Join the HOME Listserv
<http://portal.hud.gov/hudportal/HUD?src=/subscribe/signup&listname=Office%20of%20Affordable%20Housing%20Programs&list=home-l>



Thank You!

