

## **HOME-ARP for Rental Housing Reference Guide**

HOME-ARP is subject to the requirements of the Home Investment Partnership Act (HOME) as created by Title II of the National Affordable Housing Act of 1990, except as noted below. HOME-ARP regulatory requirements are found in Notice CPD-21-10, dated September 13, 2021; and Appendix Waivers and Alternative Requirements For Implementation of the HOME American Rescue Plan (HOME-ARP) Program.

Vermont has determined that the best use of HOME-ARP Funds will be for the development of rental housing units to serve those experiencing homelessness or at-risk of homelessness. There are some important differences between HOME-ARP funds and regular HOME Program funds which include:

- Who is eligible to occupy the units ([Qualifying Populations](#))
- The amount of rent that can be charged
- Income restrictions
- The compliance period
- Documentation and reporting

### **Occupancy, Referral Method**

Units designated as HOME-ARP units must be occupied by households that meet the definition of a qualifying population at the time of admission to the HOME-ARP unit. (Qualifying populations: 1. Homeless, as defined in 24 CFR 91.5 Homeless; 2. At risk of Homelessness, as defined in 24 CFR 91.5 At risk of homelessness; 3. Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking, as defined by HUD; 4. Other Populations where providing supportive services or assistance under section 5 212(a) of NAHA (42 U.S.C. 12742(a)) would prevent the family's homelessness or would serve those with the greatest risk of housing instability. See link above for complete definitions.) A qualifying household after admission retains its eligibility to occupy a HOME-ARP rental unit restricted for qualifying populations, irrespective of the qualifying household's changes in income or whether the household continues to meet the definition of a qualifying population.

Applicants for the HOME-ARP units must be referred through the CoC coordinated entry system.

The owner/manager must establish and maintain a memorandum of understanding ("MOU") with an agency that provides housing services to homeless populations. This written agreement, and a tenant selection plan, must specify the method, process and partnering agency(ies) the owner/manager is using to refer and select qualifying households.

### **Documentation of Qualifying Population eligibility**

Developer must submit to VHCB records used in determining and documenting that beneficiaries meet the definition of a qualifying population.

## **Rent Restrictions**

HOME-ARP rents cannot exceed 30% of the adjusted income of a household whose annual income is equal to or less than 50% of the median income for the area, as determined by HUD, with adjustments for the number of bedrooms in the unit. HUD will publish the HOME-ARP rent limits on an annual basis. For units with project based or tenant based rental assistance, there is an exception to the rent limit restriction, described below.

For purposes of establishing the qualifying household's contribution of rent, an owner/manager must examine a HOME-ARP qualifying household's income. Initially, the owner/manager must either examine at least 2 months of source documents evidencing annual income, or obtain a written statement from the administrator of a government program under which the family receives benefits and which examines each year the annual income of the family. The statement must indicate the tenant's family size and state the amount of the family's annual income. Each year during the minimum HOME-ARP Compliance period, the owner/manager must examine the household's annual income for the purposes of establishing rent.

Notwithstanding the foregoing, a unit that receives a Federal or state project based rental subsidy and is occupied by a very low-income household that pays as a contribution to rent no more than 30 percent of the household's adjusted income, may charge the rent allowable under the Federal or state project-based rental subsidy program (i.e., the tenant rental contribution plus the rental subsidy allowable under that program).

Unlike HOME, if a household receives tenant-based rental assistance, the rent is the rent permissible under the applicable rental assistance program (i.e., the tenant rental contribution plus the rental subsidy allowable under that rental assistance program).

## **Income Restrictions**

HOME-ARP does not have income restrictions. Eligibility for a HOME-ARP unit is based on whether the applicant meets the definition of a qualifying population.

Initial determination of household income will be for the purposes of determining an affordable rental contribution by the qualifying household or to establish eligibility for another funding source in the unit that imposes income restrictions (e.g., LIHTC). Each subsequent year during the compliance period, the owner/manager must examine the income of qualifying households to determine the household's contribution to rent. Full third-party documentation is necessary for all HOME-ARP units every sixth year, during the HOME-ARP compliance period. For other years, a signed TIC, or self-certification is the minimum required.

**Changes in Income and Over-income Households:** A household that met the definition of one of the HOME-ARP qualifying populations at initial occupancy and whose annual income at the

time of income re-certification is above 50 percent of median income for the area but at or below 80 percent of the median income for the area must pay the rent specified in 24 CFR 92.252(a) (High HOME rent limit).

A qualifying household that is not low-income at the time of income recertification (i.e., whose income is above 80 percent of the median income for the area) must pay rent that complies with the over income regulatory requirements at 24 CFR 92.252(i)(2)\*, which includes requirements applicable to HOME units that also have LIHTC restrictions.

\*24 CFR 92.252(i)(2):

Tenants who no longer qualify as low-income families must pay as rent the lesser of the amount payable by the tenant under State or local law or 30 percent of the family's adjusted income, except that tenants of HOME-assisted units that have been allocated low-income housing tax credits by a housing credit agency pursuant to section 42 of the Internal Revenue Code of 1986 (26 U.S.C. 42) must pay rent governed by section 42. In addition, in projects in which the Home units are designated as floating pursuant to paragraph (j) of this section, tenants who no longer qualify as low-income are not required to pay as rent an amount that exceeds the market rent for comparable, unassisted units in the neighborhood.

**Compliance period**

The minimum HOME-ARP compliance period is 15 years, irrespective of the amount of subsidy per unit or whether the units are acquired, rehabilitated, and/or newly constructed

**HAP contract & compliance period**

If a project-based rental assistance Housing Assistance Payments (HAP) contract is awarded to a HOME-ARP rental project, the minimum compliance period is the greater of 15 years or the term of the HAP contract.

**Other**

- HOME-ARP may not be used for predevelopment costs. (The requirements in 24 CFR 92.212 are waived and HUD imposes the alternative requirement that **HOME-ARP funds cannot be used for pre-award costs.**)
- In addition to the VHCB-required Market Study for all projects, HOME-ARP units must have documentation **demonstrating that there is unmet need** among qualifying populations for the type of housing proposed. This includes CoC data, public housing and affordable housing waiting lists, point-in-time surveys, housing inventory count, or other relevant data on the need for permanent housing for the qualifying populations.

- **Project Completion and Occupancy:** The HOME-ARP units must be occupied by eligible households from the qualifying populations within six months following project completion. (Project Completion is defined as follows and includes all of the following items: all HOME-ARP funds have been drawn; the certificate of occupancy has been granted and, the project has been closed out in the HUD IDIS accounting system). If the HOME-ARP units are not occupied within 6 months following project completion, the Developer must submit to VHCB all information on its efforts to coordinate with a CoC, homeless service providers, social service, and/or other public agencies to fill said units with eligible households from the qualifying populations. If the HOME-ARP units are not occupied within 12 months of project completion, the Developer must repay any HOME-ARP funds invested in said units that are not rented to eligible households from the qualifying populations.

HOME-ARP rental projects must meet the definition of Project Completion as set forth in the preceding paragraph within 4 years of project commitment (closing date).

- **Expenditure Deadline:** All HOME-ARP funds must be expended no later than September 30, 2030.
- **Fixed and Floating**  
HOME-ARP units may be fixed or floating. This will be established prior to closing and will be in the HOME-ARP Agreement as well as the VHCB Housing Subsidy Covenant.

In a project with floating units, owner/managers are encouraged but not required to shift the HOME-ARP qualifying population designation to another unit to serve another qualifying household if the household's income subsequently is certified to be at or above 80 percent AMI and the household no longer meets the definition of any qualifying population.

The following **Federal Requirements are applicable** to HOME-ARP projects

- HUD Part 58 Environmental Review
- Section 3
- Davis Bacon (for projects with > 11 HOME-ARP units)
- Section 106
- URA
- Affirmative Marketing and Minority Outreach