Your Hosts

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About HPG Network

• Indiana-based national nonprofit
• Mission to “cultivate thriving communities”
• IHCDA partnership to deliver technical assistance & training to agencies funded through IHCDA
• Follow us on facebook
IHCDA’s Focus on CHDOs & Their Boards

Focus on CHDOs
Focus on Boards
Today’s Learning Objectives

• At the end of today’s session, participants will have enhanced ability to:
  – Comply with federal requirements related to the HOME Program by gaining an understanding of Final HOME Rule
  – Determine the period of affordability and know the requirements that apply during that period for HOME-assisted rental projects
Types of Rental Housing Projects

Permanent & Permanent Supportive
Permanent Housing

- Traits
- Eligible Activities
- Ineligible Uses
- Leasing
Permanent Supportive Housing

• Traits
• Eligible Activities
• Ineligible Uses
• Leasing
RENTAL PROJECT REQUIREMENTS
Rental Project Requirements

- Rent & Income Restrictions
- Utility Allowances
- Lease Language
- Tenant Selection
- Marketing
Rent & Income Restrictions

• Application of set-asides
• Where to fine Rent & Income Limits
• Income certification frequency
Utility Allowances

• Determines max rent
• *Cannot exceed* published rent limit
• Updated annually
• Refer to *Federal Programs Ongoing Rental Compliance Manual* for additional information.
Lease Language

- Leases required
- Minimum language to be included
- Prohibited provisions
TENANT SELECTION
Tenant Selection Criteria

• Background Checks
• Occupancy
• Consistency is key
• Citizenship
Tenant Selection Criteria Imposed by Management

- Program eligibility
- Minimum income requirements
- Citizenship requirements
- Other checks
Tenant Selection Criteria Policy

• Rejection of applications
• Application & waiting list
• Transfer policies
• Preferences
• Accessible units
Developing a Tenant Selection Criteria Policy

- Follow the rules
- Review IHCDA’s guidance
MARKETING ACCESSIBLE UNITS
Marketing Accessible Units: Ongoing Leasing

<table>
<thead>
<tr>
<th>Order</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1&lt;sup&gt;st&lt;/sup&gt;</td>
<td>Existing occupants that require accessibility features but are currently occupying a unit that does not offer such features.</td>
</tr>
<tr>
<td>2&lt;sup&gt;nd&lt;/sup&gt;</td>
<td>Qualified applicants on the waiting list that require accessibility features.</td>
</tr>
<tr>
<td>3&lt;sup&gt;rd&lt;/sup&gt;</td>
<td>Market the unit to attract new disabled applicants.</td>
</tr>
<tr>
<td>4&lt;sup&gt;th&lt;/sup&gt;</td>
<td>*Non-disabled person on the waiting list.</td>
</tr>
</tbody>
</table>
PERIOD OF AFFORDABILITY (POA)
<table>
<thead>
<tr>
<th>Activity</th>
<th>HOME Subsidy</th>
<th>Unit Must Remain Affordable for At Least</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homebuyer</td>
<td>Less than $15K</td>
<td>5 years</td>
</tr>
<tr>
<td>• New Construction</td>
<td>$15K - $40K</td>
<td>10 years</td>
</tr>
<tr>
<td>• Acquisition</td>
<td>Greater than $40K</td>
<td>15 years</td>
</tr>
<tr>
<td>• Rehab/Acquisition</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Acquisition</td>
<td>Any amount</td>
<td>15 years</td>
</tr>
<tr>
<td>• Rehabilitation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rehabilitation with refinancing</td>
<td>Any amount</td>
<td></td>
</tr>
<tr>
<td>New construction or acquisition of newly</td>
<td>Any amount</td>
<td></td>
</tr>
<tr>
<td>constructed transitional, permanent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>supportive or rental housing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RHTC Combo Deals</td>
<td>Any amount</td>
<td>Term of RHTC Compliance/Extended Use Period</td>
</tr>
</tbody>
</table>
POA Enforcement

- Enforce POA & related restrictions
- LCRA
- Rental POA
- Recapture
Rental POA Requirements

Three (3) primary areas of compliance

• Rents Charged
• Condition of the Unit
• Income Levels of Tenants
Deadlines for Rental Projects

HOME Final Rule 92.252
Rental Occupancy Deadlines

- Occupancy within 6 months of completion
- Repayment
Tenant Protections & Selection

• Written lease
• Lease terms
• Refusal to renew / termination
Developing a Rental Project

A practical approach
Project Development Phases

- Feasibility
- Pre-Development
- Development
Feasibility Phase

☑ Prepare the Organization
  • Build a Professional Team
  • Prove the Need & Demand for the Project
  • Create a Development Plan
  • Find a Site
  • Test Financial Feasibility
  • Plan for Community Engagement
  • Write the Business Plan
Traits of a Successful Professional Team

- Development “expert”
- Lawyer
- Architect
- Cost “expert”
Traits of a Feasible Project

- Demonstrated Housing Need & Demand
- Identified Target Groups
- Understanding of the People
- Understanding of Needs of Future Residents
Traits of the “Right” Site

• Suits your target residents
Traits of a Financially Tested Project

• Preliminary capital budget completed
• Preliminary operating budget completed
• Pro forma developed
• Determination of how much money is needed
• Pre-development funding secured
• Viable cash flow plan
Traits of a Solid Community Engagement Plan

• Written document
• Builds support among decision-makers
• Builds active community support to address possible community concerns
• Protects & exercises your legal rights
• Uses or responds to the media
Writing a Business Plan

• Brings together all key aspects of your project
• Turns a proposal into a viable idea worthy of support
• Used to gain the support of funders, lenders & community members & leaders
The Pre-Development Phase

• Secure Funding
• Design the Building
• Obtain Municipal Approvals
• Seek a Builder
Traits of a Funding Ready Project

• Capital campaign is developed & ready to implement
• All potential sources of funding have been explored
Traits of a Funding Ready Project cont’d

• Written commitments
• Written agreements
• Lender’s agreement & mortgage insurance
Traits of a Well-Designed Project

• Property secured
• Environmental assessment completed
• Architect drawings prepared
• Capital & operating budgets revised accordingly
Traits of a Permit-Worthy Project

• Permit application submitted
• Community engagement firmly underway
• Any modifications needed to secure the approvals have been made
Traits of a Procurement Ready Project

- Detailed construction drawings
- References of prospective bidders have been checked
- Bid package assembled
- Capital & operating budgets updated
How Ready Is Your Rental Housing Development Project?
Upcoming CHDO Sessions

• 4/27/17 - HOME Homebuyer Guidelines
• 5/10/17 – Project Planning for HOME 1.0 – How to Access Pre-Development Seed Money
• 5/24/17 – Project Planning for HOME 2.0 – Working with the Local Community
• 6/13/17 – Capacity Building 1.0 – Organizational Financing & Project Pipeline
Tools & Resources

• Like us on Facebook
• HUD Webpage for CHDOs: http://www.hud.gov/offices/cpd/affordablehousing/programs/home/topical/chdo.cfm