



INVESTING IN COMMUNITIES

## MEMORANDUM

DATE: October 9, 2014

TO: Developers and Management Companies

FROM: Susan Perry, Development Finance – Portfolio Management

CC: Butch Treadwell, Anne Nicholls

RE: 2013 HOME Program Final Rule

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The Federal regulations which govern the HOME program were updated in July 2013 and are referred to as the 2013 HOME Program Final Rule. HOME regulations can be found in the Federal Register at 24 CFR Parts 91 and 92. The purpose of this memorandum is to list the regulation changes that have affected compliance monitoring procedures for Agency HOME-assisted units.

These updated monitoring procedures will be effective January 1, 2015.

### **Income Eligibility Determination - §92.203**

1. Source documentation – at least two months of source documentation (e.g., wage statements, interest statements, benefit award letters, etc.) is required initially and at each annual recertification. The Third Year Recertification Policy/Procedure for 100% LIHTC projects with Agency financing will no longer be applicable to HOME-assisted units.

### **Low-Income Families and Very Low-Income Families - §92.2**

1. HOME Program adopts the Section 8 Housing Choice Voucher program restrictions on student participation found at 24 CFR 5.612 which exclude any student that:
  - Is enrolled in a higher education institution
  - Is under age 24
  - Is not a veteran of the U.S. military
  - Is not married
  - Does not have a dependent child(ren)
  - Is not a person with disabilities
  - Is not otherwise individually eligible, or has parents who, individually or jointly, are not eligible on the basis of income
2. This change is **not** retroactive to previously approved HOME projects.

### **On-Site Property Inspections - §92.504**

1. HOME Program adopts Uniform Physical Condition Standards (UPCS) in place of Housing Quality Standards (HQS) – please note that further guidance from HUD is pending on this issue. This change is **not** retroactive to previously approved HOME projects.

2. Sample Size

- Projects with one to four HOME-assisted units – 100% of the HOME units must be inspected.
- Projects with more than four HOME-assisted units, at least 20% of the HOME-assisted units in each building must be inspected, but not fewer than four units in each project and one HOME-assisted unit in each building.

**Miscellaneous Owner Requirements - §92.504, §92.252**

1. Owner must annually provide an audited financial statement for rental projects with 10 or more HOME-assisted units. We will require receipt by April 1<sup>st</sup> of each year.
2. Owner must annually certify for HOME-assisted projects that buildings and all HOME-assisted units in the project are suitable for occupancy, taking into account State and local health, safety, and other applicable codes, ordinances, and requirements, and SHRA's ongoing property standards established to meet the requirements of §92.251. We will develop a certification form. The certification will be required as part of our annual inspection process.
3. SHRA must review and approve the rents for each HOME-assisted rental project each year to ensure that they comply with HOME limits and do not result in undue increases from the previous year. We will review rents for HOME-assisted units on the Unit Status Report (USR) submitted in conjunction with our annual inspection. The inspection summary letter will specify approval of the project's HOME rents.

**Utility Allowances - §92.252**

1. SHRA will determine an individual utility allowance for each HOME rental project and update the allowance annually using a method based on the actual utilities used at the project. HUD will issue further guidance on models that can be used in addition to the HUD Utility Schedule Model to determine a project's annual utility allowance.
2. This change is **not** retroactive to previously approved HOME projects.

If you have any questions, please contact Susan Perry at (916) 440-1386 or [sperry@shra.org](mailto:sperry@shra.org).