

# Creating Affordable Housing Using Federal HOME Funding

## HOME Overview

The HOME Program was created in 1990 to provide low income households with homeownership opportunities. Salt Lake City does this by:



## Basic HOME Requirements

**What can we do?** Eligible activities include acquisition/rehabilitation of rental housing, new construction of rental housing, acquisition/rehabilitation of homebuyer properties, new construction of homebuyer properties, and direct financial assistance.

**Who can we help?** Homeowner development projects should target low and moderate income households. These residents might be employed under a skilled trade or social field (e.g. teachers, police officers, and electricians). These households typically can afford housing costs between \$1,025 and \$1,375/month. In addition to low-income households, rental housing development projects can also serve very low-income households. Households eligible for these activities can typically afford housing costs between \$360 and \$1,025/month. These residents might hold positions in the service industry (e.g. home health aides, cashiers, child care providers).

**How do we preserve affordable housing?** To preserve the affordable housing stock in Salt Lake City, providers using HOME funds must commit to keeping the project affordable for a certain period of time. The minimum length of an

ELIGIBLE ACTIVITY	HOME INVESTMENT PER UNIT	AFFORDABILITY PERIOD
Homebuyer and rental housing acquisition and/or rehabilitation	Less than \$15,000	5 years
	\$15,000-\$40,000	10 years
	More than \$40,000	15 years
	New Construction of <b>rental</b> housing	20 years

affordability period depends on the amount of the HOME investment in the property and the nature of the activity, and will be specified in the applicable HOME assistance section and in each project contract.

**When can HOME funds be used?** HUD regulations require that Homebuyer and Rental Development activities be "shovel ready" or well along in the planning stages with the project being completed within 4 years.

### CHDO Overview

Each year, Salt Lake City must commit at least 15 percent of HOME funds for investment into affordable housing led by Community Housing Development Organizations (CHDO). CHDOs are defined as private, nonprofit, community-based, service organizations with the capacity to develop affordable housing for the community it serves. CHDOs must serve in at least one of the following roles:



**How does an organization qualify as a CHDO?** To qualify as a CHDO, a nonprofit must demonstrate that meets certain requirements regarding its:

- Legal and tax-exempt status
- Financial management capacity and accountability
- Staff capacity to carry out HOME-funded activities
- Experience serving the community
- Board representation by community members, with at least one-third of its members representing low-income communities, and
- Lack of for-profit or public control

Agency capacity and qualification for CHDO status will be determined by Salt Lake City Housing and Neighborhood Development during the application process.

### **Why partner with Salt Lake City?**

Working with Salt Lake City as a nonprofit developer or as a CHDO is an opportunity to explore innovative housing initiatives and collaborate with community partners in order to address the need for affordable housing in our community.

In order to meet the needs of the community, Salt Lake City is shifting to a site-specific method of allocating HOME development funds, including CHDO dollars. With the difficult nature of the current market, this method will provide a nimble response to shifting housing demands and allow for a more central focus around consolidated plan goals.