2019 HOME/LIHTF PROGRAM OVERVIEW

Clark County, Nevada
January 22, 2019
HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

- Provided through the U.S. Department of Housing and Urban Development (HUD).
- Established by Congress in 1990.
- Provides formula grants to States and local participating jurisdictions (PJ’s).
- These resources are used to strengthen public-private partnerships.
- Designed to expand the supply of affordable housing for low- and very-low income households.
HOME (Continued)

- Communities often use these funds in partnership with local nonprofit groups.

- To fund the development, acquisition and/or rehabilitation of affordable housing.

- HOME is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households.
LOW-INCOME HOUSING TRUST FUND (LIHTF)

- Established by the State of Nevada in 1989 and administered by the State of Nevada, Nevada Housing Division (NHD).
- Funds are allocated by formula to local governments.
- Designed to expand the supply of affordable housing for low- and very-low income households.
- Used as non-federal match to satisfy HOME requirements.
Home/LIHTF funds are for affordable housing projects

- Not public facilities, like parks or community centers.
- Not for service programs.
- Must provide safe, sanitary housing.
- May include housing identified for seniors or individuals with special needs.
HOME/LIHTF - ELIGIBLE ACTIVITIES

- Homebuyer activities.
- Homeowner rehabilitation.
- Development of Rental Housing.
- Tenant Based Rental Assistance (TBRA).
MAJOR PROGRAM REQUIREMENTS

- All assisted households must be at or below 80% AMI.
- Rental – 90% of all units developed in a year must be initially occupied by households at or below 60% AMI.
- In projects with 5 or more assisted units, a minimum of 20% must be initially occupied by households at or below 50% AMI.
FUNDING NEED

The housing market is unable to produce an adequate supply of rental housing for households below median income, especially very low-income households and for individuals with special needs.
THE AFFORDABILITY “GAP”

Without subsidies, quality housing for low-income households would not be developed:

- The “affordability” of affordable housing is based on the customer’s ability to pay, **not** the developer’s cost to build.
- The lower the income targeting proposed, the less the tenant can pay and the less cash flow the developer will have available to cover operating expenses, including debt service.
EXAMPLE

Fair Market Rent
2 Bedroom $973/per month or;
$11,676/per year – 1 unit.
100 units $1,167,600/per year.

Low HOME Rent
2 Bedroom $788/per month or;
$9,456/per year – 1 unit (the revenue loss is equal to $2,220 /per unit each year).
100 units $945,600/per year, equals $222,000 less cash flow per year.
PUBLIC FUNDS FILL THE “GAP”

- Public subsidy is used to make up the gap in development budget.
- Public money exchanged for public benefit.
- The “benefit” is the development of quality housing - that housing becomes available and affordable to lower income household's.
- Other benefits: long term affordability, special needs, community revitalization.
PUBLIC FINANCING

- Think of housing “subsidies” or other benefits as public financing.
- Like its private counterpart, public financing based primarily on project feasibility.
- The project must make sense as a housing deal.
2019 FUNDING PRIORITIES

- Coordination with other funding sources – AHP, Tax Credits, Bonds, Other Leverage.
- Acquisition Rehabilitation of existing multifamily housing.
- New construction of rental housing with focus on:
  - Very low-income (50% and below AMI)
  - Disabled
  - Homeless
- Projects in Unincorporated Clark County – other jurisdictions receive their own allocations.
2019 HOME/LIHTF FUNDS

- Estimated $7.4 million in funding.
- Eligible Uses:
  - Multifamily Rental Housing Development
    - New Construction
    - Acquisition/Rehab
- 15% of HOME funds targeted to CHDOs.
SET-ASIDE

- Community Housing Development Organization (CHDO) (15% minimum of allocation).

A CHDO is a private nonprofit, community-based organization that has staff with the capacity to develop affordable housing for the community it serves. In order to qualify for designation as a CHDO, the organization must meet certain requirements pertaining to their legal status, organizational structure, and capacity and experience.
HOME/LIHTF FUNDS

- County Administration:
  - County receives a pro-rata share of the allowable 10% HOME administration funds.

- County Set-Aside:
  - Ensures funds are available to support ongoing programs and special projects.
  - Allows flexibility to meet federal expenditure guidelines.

- County Discretionary Funds:
  - 2019 Applicants.
QUESTIONS