

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.
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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.
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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.
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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.
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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.
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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.
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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.
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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.
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QUESTIONS

