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# HOME

The goals of the HOME program are to provide decent affordable housing, fund short term, tenant-based rent assistance, expand the capacity of non-profit housing providers, and leverage private-sector contributions to housing development.

## HOME NEEDS

As described in the housing market analysis, Section Two, there is a lack of affordable rental housing and affordable homeownership opportunities for low-income households.

## PROGRAM DESCRIPTION

The Portland HOME Consortium includes the City of Portland, the City of Gresham and Multnomah County. The City of Portland is the lead agency for the Consortium and allocates HOME funds to the Consortium members in proportion to the percentage of low-income households in each jurisdiction. Portland administers one program on behalf of the Consortium: Community Housing Development Organizations (CHDOs) operating support. In addition, Portland administers Multnomah County's HOME funds for rental housing development. The Housing Authority of Portland administers the Short Term Rent Assistance program (STRA). See description of Portland's Homelessness Prevention and Rapid Re-housing Strategy.

HOME funds programs that promote the development and increase the affordability of rental housing, as well as programs that put homeownership within reach of low-income households. HOME funds may be used to refinance existing debt.

## RECAPTURE / RETENTION PROVISIONS: CITY OF PORTLAND AND MULTNOMAH COUNTY

HOME funds may be used to make homeownership more affordable to low-income households. To ensure that federal subsidy will be retained or recaptured for further use to promote low-income homeownership, the City uses the following mechanisms in its contracts with the community-based agencies that administer its homeownership programs:

- a. Recapture of loans: as loan principle is repaid by the borrower through monthly payments or loan payoff, the funds will be returned to a revolving loan fund to be made available to other low-income homebuyers.
- b. Recapture of investment in Habitat for Humanity homes: at the time of a resale of a Habitat home, 100% of the federal subsidy will be recaptured. If the Habitat home is resold within 10 years of purchase, Habitat shall recapture the subsidy by buying back the home, providing any necessary rehab, and reselling the home to another low-income household. If the Habitat home is resold more than 10 years from purchase, the homeowner shall pay back the full amount of the federal subsidy to Habitat, and Habitat shall use the funds to provide mortgage buy-down opportunities for other low-income households.
- c. Recapture on refinancing: if a borrower refinances its first mortgage and takes equity out of the house in any way, the borrower is required to repay the loan in full under the terms of the original loan agreement. The funds will be returned to a revolving loan fund to be made available to other low-income homebuyers. If the borrower refinances its first mortgage but does not take equity out of the house, the borrower will be permitted to continue to pay off the loan in the ordinary course.
- d. Retention on resale of land trusts: federal funds used in the Community Land Trust program will be retained in perpetuity through the community land trust. The Land Trust will use the federal funds to "buy down" the initial sales price of the property. Proud Ground, a nonprofit, will hold title to the land,

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and the federal subsidy will be retained in the land. The purchaser of a land trust home will take title to the improvements and will sign a 99-year lease for the land with the Land Trust. When the homeowner decides to sell, the value of the land will not be included in the sales price to the new eligible homebuyer.

#### **RECAPTURE / RETENTION PROVISIONS: CITY OF GRESHAM**

To ensure that the benefit of federal investment in Gresham's homebuyer programs accrue to low- and moderate-income households for the HUD-required affordability period (a minimum of 10 years for a subsidy of \$15,000), Gresham uses the following mechanisms:

**Shared Appreciation Mortgages (SAM):** A homebuyer who either sells the home or ceases to live in it as his/her principle residence within 30 years of the house purchase, must repay both the principle amount of the SAM and a share in the appreciation not to exceed 50%. The formula and definitions used to determine the amount of the adjusted appreciation are provided in the mortgage document itself and can be obtained by contacting the City of Gresham Community Revitalization Program. Recaptured funds will be used to address other affordable housing needs in the future. The Buyer-Initiated SAM is available throughout Gresham.

**Resale restrictions:** through a land trust or a form of a deed restriction or land covenant, Gresham may place restrictions on resale of a subsidized property. For example, Gresham may require that a subsidized property be sold at an affordable price to an income-qualified buyer (80% MFI or less, as specified in the deed restriction or land covenant) for a specified number of years or in perpetuity. The City of Gresham will review proposals for resale provisions on a case-by-case basis to ensure compliance with HUD requirements.

#### **MATCH REQUIREMENT**

HOME also promotes development through its match requirements. Pursuant to Federal regulation, the Portland HOME consortium requires HOME funds (including ADDI funds) to be matched by other cash contributions, forbearance of fees, or the equivalent. See 42 CFR Section 92.220(1)(2). The Consortium includes information about the match requirements in RFP materials, discusses it at the Bidders' conference, and makes technical assistance on match available to prospective bidders. The HOME program manager is responsible for ensuring that match requirements are met.

#### **PROGRAM TOOLS**

- Facility-based transitional housing
- Project-based rent assistance
- Short-term rent assistance (STRA), including housing placement assistance and housing case-management
- Grants for new housing development
- Grants for preservation of existing housing
- Technical assistance for CHDOs

#### **PROJECT SELECTION**

Each jurisdiction in the HOME Consortium selects projects through an annual open Notice of Funding Availability (NOFA) process. Gresham accepts applications once a year, while the City of Portland accepts applications on a rolling basis as long as funds remain available. The City of Portland NOFA includes Multnomah County development funds. The specific process is described under the specific activity.

At least 15% of HOME funds will be reserved for eligible activities undertaken by CHDOs. The Consortium will include this information in NOFA materials, discuss it at the Bidders' conference, and make technical assistance available to prospective bidders and to CHDOs. The HOME program manager will be responsible for ensuring that funds are set aside for CHDOs. The Compliance Officer will ensure that CHDOs are properly qualified.

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**PROGRAM ELIGIBILITY**

Households with incomes under 80% of MFI that reside in Multnomah County are eligible beneficiaries of HOME-funded projects. Any program-specific eligibility requirement is described under the activity.

**POTENTIAL BARRIERS**

The HOME program will be somewhat less effective if it is unable to leverage local, state, and federal resources at historic rates, due to budget constraints.

**PARTNER AGENCIES AND ORGANIZATIONS**

The City of Gresham **Urban Design and Planning Department** receives a share of Consortium dollars to benefit low- and moderate-income neighborhoods and low- and moderate-income households in Gresham. Gresham's HOME funded projects are listed in its Action Plan.

Multnomah County receives a share of Consortium dollars typically spent in unincorporated Multnomah County. Multnomah County's HOME funded projects administered by the City of Portland are described in Portland's Action Plan.

**COMPLEMENTARY LOCAL, REGIONAL AND NATIONAL EFFORTS**

The HOME program is the foundation of local, regional and federal programs for the development of affordable housing and permanent supportive housing. HOME leverages funds from CDBG, LIHTC, local general funds, private foundations, service funds, and other sources.

**GEOGRAPHIC SERVICE AREAS (INCLUDING AREAS OF LOW-INCOME FAMILIES AND/OR RACIAL/MINORITY CONCENTRATION)**

HOME funding is administered county-wide through Consortium partners.

**MONITORING**

In addition to the monitoring described in Section One, PHB staff will conduct regular desk and on-site monitoring of organizations for compliance with specific HOME requirements such as layering analysis, accessibility, affirmative marketing, lead-based paint, environmental review, and household income eligibility.