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Affordable Housing Alert

SEPTEMBER 16, 2021

HUD addresses HOME-American Rescue Plan Program in Notice CPD-21-10

By Anthony Ruvolo

On September 13, 2021, HUD issued Notice CPD-21-10 for the HOME-American Rescue Plan Program



What's the Impact

- / The 97-page Notice addresses the eligible activities to benefit qualifying individuals and families
- / A significant portion of the Notice focuses on HOME-ARP Rental Housing
- / HUD acknowledges that there will be challenges underwriting HOME-ARP rental projects

HUD issued Notice CPD-21-10 on September 13, 2021, to state the requirements for the use of \$5 billion available for the HOME-American Rescue Plan Program authorized by the American Rescue Plan Act of 2021 (P.L. 117-2). The 97-page Notice addresses the eligible activities to benefit qualifying individuals and families, which include: (1) development and support of affordable housing, (2) tenant-based rental assistance, (3) supportive services, and (4) acquisition and development of non-congregate shelter units. Qualifying individuals and families include people who are homeless or at risk of homelessness, people fleeing domestic and other violence, and people facing housing instability.

A significant portion of the Notice focuses on HOME-ARP Rental Housing. At least 70% of all HOME-ARP rental units must be occupied by qualifying households. Up to 30% of the qualifying households may be “low-income” families with household income not exceeding 80% of area median income. A Participating Jurisdiction (PJ) may use project-specific waiting lists for referrals of qualified participants. A HOME-ARP rental project must be subject to a 15-year compliance period, although a PJ may impose a longer term. If a project is awarded a project-based HAP contract, the minimum term will be the greater of 15 years or the term of the HAP contract.

HUD acknowledges that there will be challenges underwriting HOME-ARP rental projects. A major challenge will be that the rent for a HOME-ARP unit occupied by a household whose annual income does not exceed 50% of area median must not exceed 30% of the household’s income. If such a tenant receives project-based or tenant-based rental assistance, the rent is permissible under the assistance program. The rent for a unit occupied by a low-income family whose income exceeds 50% of AMI but does not exceed 80% of AMI must not exceed the lesser of the FMR or 30% of 65% of AMI adjusted for the number of bedrooms. If such a tenant receives a form of federal tenant-based rental assistance, the rent is that allowed under the rental assistance program.

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