

Kansas Housing Resources Corp.

HOME-ARP PROGRAM

ELIGIBLE ACTIVITIES & IMPORTANT THINGS TO CONSIDER

This chart contains the five eligible activities under the HOME-ARP program regulations presented for discussion for the purpose of developing the Allocation Plan. The activities to be included in KHRC's Allocation Plan may include one or more of the five eligible activities depending on stakeholder input, and the needs assessment and gaps analysis conducted during the planning process. Also included below are several important issues to consider when determining if an eligible activity could assist in addressing the unmet needs of Kansas's Qualifying Populations.

NEW RENTAL PRODUCTION (acquisition, construction or rehabilitation of rental housing units)	
<p>ELIGIBLE COSTS:</p> <ul style="list-style-type: none"> • The entire project cost is eligible • Occupants are eligible for HOME-ARP TBRA assistance • Acquisition of vacant land or demolition is eligible if construction is expected to start within 12 months of commitment • 100% of hard costs including site improvements, utility costs and connections, rehabilitation of laundry and/or community facilities within the same building as the HOME-ARP units • Refinance existing debt secured by a HOME-ARP rental project • Acquisition of improved or unimproved real property • Related soft costs • Relocation costs (specific) • Certain costs related to payment of construction, bridge or guaranteed loans if HOME-ARP is part of original financing • Operating costs assistance can be capitalized for: (1) ongoing operating costs for assistance OR (2) operating reserve during compliance period 	<p>IMPORTANT THINGS TO CONSIDER:</p> <ul style="list-style-type: none"> • The level and degree of developer capacity to undertake a complex project • No more than 30% of total HOME-ARP assisted rental units may be occupied by Low Income (LI) households (distinct from Qualifying Population households) and rents cannot exceed the greater of FMRs or 30% of AGI (i.e., HOME rents) • Annual rent contributions required for all occupying households (QP and LI) during 15-year compliance period • Not less than 70% of total HOME-ARP units can be QP households • Repayment of HOME-ARP funds is required if a project is not completed within four years of commitment, not rented to eligible households within 12 months of project completion or terminated before completion, or not in compliance with HOME-ARP • QP households remain eligible as tenants regardless if income increases during tenancy but rent must be calculated to income annually • Minimum 15-year compliance period regardless of amount of HOME-ARP funding or term of HAP contract, whichever is greater • Master leasing is permitted

TENANT-BASED RENTAL ASSISTANCE	
<p>ELIGIBLE ACTIVITIES:</p> <ul style="list-style-type: none"> • Rental assistance, security deposit assistance and utility payments • Utility deposits (only if rental assistance or security deposit is paid) • A HOME-ARP sponsor organization may facilitate leasing of a HOME-ARP unit, make rental subsidy payments and pay security deposit on behalf of QP households 	<p>IMPORTANT THINGS TO CONSIDER:</p> <ul style="list-style-type: none"> • Households receiving HOME-ARP TBRA can port out without losing assistance • PJ must determine rent reasonableness • PJ determines maximum term and whether or not it's renewable—all funds must be spent by 2030 • If a PHA receives HOME-ARP for tenant-based rental assistance, then the PHA may need to revise its tenant preferences to include one or more of the QPs • May be difficult in tight rental market and in a market with few participating landlords

NON-CONGREGATE SHELTER (acquisition, rehabilitation or construction of NCS units)	
<p>ELIGIBLE ACTIVITIES:</p> <ul style="list-style-type: none"> • Improved or unimproved real property • Demolition of existing structures to develop NCS units • Improvements to the project site including utilities, utility connections, laundry facilities, community facilities, on-site management, supportive service offices • Reasonable and necessary related soft costs • Capitalization of a replacement reserve to cover reasonable and necessary replacement costs of major systems 	<p>IMPORTANT THINGS TO CONSIDER:</p> <ul style="list-style-type: none"> • Cannot fund operating costs of the facility but can providing supportive services to individuals and households sheltering in the NCS • Occupants cannot be charged rent or a fee and no lease is required • Units can be converted to permanent housing after restricted use period • Cannot use HOME-ARP to fund conversion of NCS units to permanent or transitional housing (although conversion can occur with other sources of funds) • Must operate according to ESG shelter guidelines

SUPPORTIVE SERVICES	
<p>ELIGIBLE ACTIVITIES:</p> <ul style="list-style-type: none"> • Limited to McKinney-Vento Supportive Services, Homelessness Prevention Services and Housing Counseling Services • Under McKinney-Vento: childcare, basic education, employment assistance, job training, providing meals/groceries, securing housing, certain legal services, teaching critical life management skills, financial assistance such as rental application fees, security deposits, utility deposits, rental arrears • Homelessness Prevention Services limited to regaining stability in current permanent housing or moving to other permanent housing to achieve stability • Housing Counseling Services include only services provided by HUD-certified housing counselors and organizations, including costs associated with pre-purchase homebuying counseling 	<p>IMPORTANT THINGS TO CONSIDER:</p> <ul style="list-style-type: none"> • Supportive services have quarterly reporting requirements • Cannot duplicate existing supportive services • Consider how funding of supportive services would be continued after 2030 • Can be combined with other HOME-ARP activities • What is the level of capacity within organizations to provide services?
NON-OPERATING & CAPACITY-BUILDING ASSISTANCE	
<p>ELIGIBLE ACTIVITIES:</p> <ul style="list-style-type: none"> • General operating costs • Provision of capacity building assistance that will result in expansion or improvement in organization’s ability to carry out an eligible HOME-ARP activity 	<p>IMPORTANT THINGS TO CONSIDER:</p> <ul style="list-style-type: none"> • Only available to nonprofit organizations that will carry-out other HOME-ARP activities • Operating assistance cannot exceed the greater of 50% of general operating expenses of the organization for a year, or \$50,000 • Capacity building assistance may not exceed the greater of 50% of general operating expenses for a year, or \$50,000 • If an organization receives both, the aggregate amount cannot exceed the greater of 50% of the organization’s total operating expenses or \$75,000



PREFERENCES, LIMITATIONS AND METHODS OF PRIORITIZATION

This discussion highlights some of the information in HUD’s recent policy brief on setting preferences, methods of prioritization and limitations when considering how to address the unmet needs of QPs. If a PJ intends to implement one or more preferences, the PJ must identify and describe those preferences and methods of prioritization in its HOME-ARP allocation plan. PJs must design and administer their HOME-ARP program to provide all four QPs with access to HOME-ARP projects and activities. Providing access means allowing all four QPs to apply for or be referred to HOME-ARP projects or activities. In practice, this access may not always result in individuals or households from all four QPs being served by a PJ’s HOME-ARP program, but a PJ may not exclude or remove the eligibility of any QP from its HOME-ARP program.

A PJ can set **preferences** to establish the order in which QP applicants are admitted to HOME-ARP housing or shelter or provided with HOME-ARP TRBA or supportive services. A **preference** provides a priority in the selection of applicants for a project or activity among QPs or who are in a specific category or subpopulation within a QP. PJs are permitted to establish reasonable preferences among the four QPs or for a subpopulation of the QPs to prioritize applications in a specific QP or subpopulation for selection of HOME-ARP projects or activities. Any preference must be tied to and justified by the PJ’s needs assessment and gaps analysis. A preference is not a limitation that excludes an individual or household that qualifies under any one of the four definitions from applying for the HOME-ARP project or activity.

While a preference establishes a priority among QPs or QP subpopulations, **limitations** *exclude* certain QPs or QP subpopulations from eligibility of a certain HOME-ARP project or activity. For example, a HOME-ARP NCS may limit admission to individuals or families that qualify under the domestic violence/sexual assault/ trafficking QP, or a HOME-ARP rental project may limit occupancy to homeless veterans, a QP subpopulation. A PJ may only limit a HOME-ARP project or activity to persons within the QPs with a specific disability only as necessary to provide effective housing, aid, benefit, or services that would be as effective as those provided to others. In other words, PJs should not impose a limitation on eligibility unless it is necessary to address a greater gap in effective housing, aid, benefit, or services in the PJ’s geographic area and the HOME-ARP project or activity cannot address the gap through the use of a preference. If a PJ establishes a limitation for one QP, then they are required to fund an activity available to the other QPs. The requirements for limiting to a specific disability are very narrow and subject to Section 504 and 24 CFR 8.4(1)(iv). In general, selection criteria must not violate fair housing, civil rights or other nondiscrimination requirements.

The use of Coordinated Entry (CE) as a PJ’s **method of prioritization** constitutes the use of preferences. Therefore, if a PJ uses CE for direct referrals of QPs to HOME-ARP projects or activities, then the CE must be expanded to accept all four QPs as defined in the HOME-ARP program. If the CE is not expanded to accept all four QPs, then the PJ must require the HOME-ARP project or activity to use other referral methods such as project referrals from other referral agencies or project-specific waiting lists consistent with HOME-ARP requirements.

Reference: [HOME-ARP Policy Brief: Preferences, Methods of Prioritization and Limitations](#)