

**OKLAHOMA HOUSING FINANCE AGENCY  
HOME DEPARTMENT**

<b>Chapter 1</b>	
	<b>Reference: 24 CFR, Part 92.2</b>
<b>Subject: Program Definitions</b>	

**ADMINISTRATIVE AND PLANNING COSTS**

Refer to §92.207. Reasonable administrative and planning costs include general management, oversight, and coordination, staff and overhead, public information, fair housing, indirect cost, preparation of the consolidated plan, and cost to comply with other federal requirements.

**ADJUSTED INCOME**

Refer to §92.203. Adjusted income is derived by subtracting any of five deductions (or allowances) that apply to the household from the household's annual (gross) income.

**ANNUAL INCOME**

Refer to §92.203. Annual income as defined at 24 CFR 5.609 (except when determining the income of a homeowner for an owner-occupied rehabilitation project, the value of the homeowner's principle residence may be excluded from the calculation of Net Family Assets).

**AWARDEE**

Any entity (as described below) selected by the state to receive HOME funds.

**1. State Recipients:** Units of general local government, including cities, towns, counties and Indian tribes.

**2. CHDOs:** A Community Housing Development Organization (CHDO) is a private, nonprofit organization that meets certain qualifications prescribed in the HOME regulations.

**3. Sub-recipients:** A sub-recipient is a public agency or nonprofit organization selected by OHFA to administer all or a portion of the HOME Program. It may or may not also qualify as a CHDO. Sub-recipients administer programs, not projects. An entity administering a single project would not be doing so as a sub-recipient. Sub-recipients may administer part of a program for OHFA; they do not have to administer the entire program.

**4. Nonprofit developers:** A nonprofit developer is a nonprofit housing development organization selected by OHFA, through the competitive application process, to develop a single HOME

**Notes**

Program project.

**5. For-profit developers:** A for-profit developer is a for-profit housing development organization or individual selected by OHFA, through the competitive application process, to develop a single HOME Program project.

## **COMMITMENT**

HOME funds are considered committed when:

There is a legally binding executed written agreement (that includes the date of the signature of each person signing the agreement) with a state recipient, a CHDO, a subrecipient, nonprofit developer or for-profit developer to use a specific amount of HOME funds to produce affordable housing, provide downpayment assistance, or provide tenant-based rental assistance; or has met the requirements to commit to a specific local project, as defined below. (See §92.504(c) for minimum requirements for a written agreement.)

## **COMMITMENTS TO SPECIFIC LOCAL PROJECTS**

HOME funds are considered committed to a local project when:

The project consists of rehabilitation or new construction (with or without acquisition), the awardee and project owner have executed a written legally binding agreement under which HOME assistance will be provided to the owner for an identifiable project for which all necessary financing has been secured, a budget and schedule have been established, and underwriting has been completed and under which construction is scheduled to start within twelve (12) months of the agreement date.

The project is owned by the awardee, the project has been set up in the disbursement and information system established by HUD, and construction can reasonably be expected to start within twelve (12) months of the project set-up date.

The project consists of acquisition of standard housing and awardee and the property owner have executed a legally binding contract for sale of an identifiable property and the property title will be transferred to the awardee within six (6) months of the date of the contract.

The project consists of acquisition of standard housing and the awardee is providing HOME funds to a family to acquire single-family housing for homeownership or to a purchaser to acquire rental housing, the awardee and the family or purchaser have executed a written agreement under which HOME assistance will be provided for the purchase of the single-family housing or rental housing and

the property title will be transferred to the family or purchaser within six (6) months of the agreement date.

The project consists of tenant-based rental assistance, the awardee has entered into a rental assistance contract with the owner or the tenant in accordance with the tenant-based rental assistance. Eligible cost requirements at §92.209.

### **COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO):**

CHDOs are a specific type of nonprofit organization defined exclusively for the HOME program. CHDOs must be:

- Certified by the Oklahoma Housing Finance Agency
- Meet the requirements as defined in 24 CFR, Part 92.2

### **CONCERN**

Issues that are not instances of statutory or regulatory noncompliance but may result in noncompliance if they are not addressed (concerns could have a potential impact on future funding).

### **CHDO PROCEEDS**

Amounts resulting from the CHDO's investment of its CHDO set-aside funds. Examples of CHDO proceeds are funds resulting from: the permanent financing of a CHDO project which is used to pay off a CHDO financed construction loan; the sale of CHDO sponsored rental housing to a second non-profit; the sale of CHDO developed homeownership housing; the principle and interest payments from a loan to a buyer of CHDO developed homeownership housing. Rental income which is generated by a CHDO-owned project does not constitute CHDO proceeds.

### **CONVERSION**

Conversion of any existing structure to affordable housing is rehabilitation, unless the conversion entails adding one or more units beyond the existing walls, in which case the project is new construction.

### **DEMOLITION**

Demolition of existing substandard structures as an integral and necessary part of rehabilitation.

### **DEVELOPMENT HARD COSTS**

The actual cost of constructing and rehabilitating housing. Eligible hard costs include, but are not limited to:

- Costs to meet local construction and/or rehabilitation standards.
- Acquisition of land and existing structures.
- Securing of buildings.

- Construction materials and labor.
- Essential improvements.
- Energy-conservation efficient improvements, if undertaken within a more comprehensive plan of work that brings the unit up to local property standards and the Written Rehabilitation Standards or Written New Construction Standards set forth herein.
- Lead based paint hazard reduction, if undertaken within a more comprehensive plan of work that brings the unit up to local property standards and the Written Rehabilitation Standards or Written New Construction Standards set forth herein.
- Accessibility for persons with disabilities, if undertaken within a more comprehensive plan of work that brings the unit up to local property standards and the Written Rehabilitation Standards set forth herein.
- Repair or replacement of major housing systems in danger of failure.
- Incipient repairs and general property improvements of a non-luxury nature.
- Demolition.
- Site improvements and utility connections.
- Lot clearing, prior to and in conjunction with rehabilitation.
- Temporary relocation costs.

**ELIGIBLE SOFT COSTS:**

Other reasonable and necessary costs incurred by the owner and associated with the financing or development (or both) of rehabilitation or acquisition of housing assisted with HOME funds. **Soft Costs are not a substitute for Administrative Costs.** All soft costs must be a part of the total development costs. Soft costs must be specifically tied to an address. Eligible soft costs include, but are not limited to:

- Financing fees.
- Credit reports.
- Title binders and insurance.
- Recordation fees, transaction taxes.
- Legal and accounting fees.
- Appraisals.
- Architectural/engineering fees, including specifications and job progress inspections.
- Refinancing of secured existing debt if the housing is owner occupied and refinancing allows the overall costs of borrower to be reduced and the housing is made more affordable.
- Work write-ups and cost estimates.
- Building permits.

- Fair Housing information services.
- Environmental Review
- CPA Cost Certification for a project audit
- Energy audits
- Developer fees

## **FINDING**

Areas of statutory or regulatory noncompliance that must be addressed immediately (findings could have a potential impact on future funding).

## **GROUP HOME**

Housing that is occupied by two or more single persons or families. It consists of common space and/or facilities for group use by the occupants of the units (except in the case of shared one bedroom units), and separate private space for each individual/family. Group homes often house the elderly or persons with disabilities. Typically, each individual/family pays a share of the total rent for a group home.

## **HOMEOWNERSHIP**

Means ownership in fee simple title in a one to four unit dwelling or in a condominium unit, ownership or membership in a cooperative, or equivalent form of ownership approved by OHFA. If the cooperative housing project receives Low Income Housing Tax Credits, the ownership does not constitute homeownership.

The land may be owned in fee simple or the homeowner may have a 99-year ground lease.

- For housing located in the insular areas, the ground lease must be 40 years or more.
- For housing located on Indian trust or restricted Indian lands or a Community Land Trust, the ground lease must be 50 years or more.
- For manufactured housing, the ground lease must be for a period at least equal to the applicable period of affordability.

Right to possession under a contract for deed, installment contract, or land contract (pursuant to which the deed is not given until the final payment is made) is not an equivalent form of ownership.

The ownership interest may be subject only to the restrictions on resale of mortgages, deeds of trust, or other liens or instruments securing debt on the property as approved by OHFA; or any other restrictions or encumbrances that do not impair the good and marketable nature of title to ownership interest.

## **HOMEOWNER REHABILITATION**

Any construction, demolition, reconstruction, improvements, repairs

or replacement of major housing systems, incipient repairs and general property improvements of a non-luxury nature. Structures must be single-family structures that are the principal residence of the owner.

## **HOUSEHOLD**

Housing units occupied by one or more persons.

## **HOUSING**

Includes manufacturing housing and manufactured housing lots, permanent housing for disabled homeless persons, transitional housing, single-room occupancy housing, and group homes. Housing also includes elder cottage housing opportunity (ECHO) units that are small, free-standing, barrier-free, energy-efficient, removable, and designed to be installed adjacent to existing single-family dwellings. Housing does not include emergency shelters (including shelters for disaster victims) or facilities such as nursing homes, convalescent homes, hospitals, residential treatment facilities, correctional facilities, halfway houses, housing for students or dormitories (including farmworker dormitories).

## **LOW INCOME FAMILIES**

A family whose annual income does not exceed 80% of the median income for the area, as determined by HUD. An individual does not qualify as a low-income family if the individual is a student who is not eligible to receive Section 8 assistance, which excludes students that:

1. Is enrolled in a higher education institution
2. Is under age 24
3. Is not a veteran of the U.S. military
4. Is not married
5. Does not have a dependent child(ren)
6. Is not a person with disabilities
7. Is not otherwise individually eligible, or has parents who, individually or jointly, are not eligible on the basis of income.

## **OBSERVATION**

Comments that are not a violation in terms of compliance, but has the potential to affect program performance or a deficiency that if unresolved could lead to a finding or concern.

## **OPERATING EXPENSES**

Means reasonable and necessary cost for the operation of the CHDO. Such costs include salaries, wages, and other employee compensation and benefits; employee education training, and travel; rent utilities; communication costs; taxes; insurance; and equipment, materials, and supplies.

## **PERSONS WITH DISABILITIES**

A household composed of one or more persons, at least one of whom is an adult, who has a disability.

(1) A person is considered to have a disability if the person has a physical, mental, or emotional impairment that:

- Is expected to be of long-continued and indefinite duration
- Substantially impedes his or her ability to live independently
- Is of such a nature that such ability could be improved by more suitable housing conditions.

(2) A person will also be considered to have a disability if he or she has a developmental disability, which is a severe, chronic disability that:

- Is attributable to a mental or physical impairment or combination of mental and physical impairments
- Is manifested before the person attains age 22
- Is likely to continue indefinitely
- Results in substantial functional limitations in three or more of the following areas of major life activity: self-care, receptive and expressive language, learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency; and
- Reflects the person's need for a combination and sequence of special, interdisciplinary, or generic care, treatment, or other services that are of lifelong or extended duration and are individually planned and coordinated. Notwithstanding the preceding provisions of this definition, the term "person with disabilities" includes two or more persons with disabilities living together, one or more such persons living with another person who is determined to be important to their care or well-being, and the surviving member or members of any household described in the first sentence of this definition who were living, in a unit assisted with HOME funds, with the deceased member of the household at the time of his or her death.

## **PROGRAM FUNDS RULE (rental projects only)**

90% of HOME funds used for rental housing and tenant-based rental assistance must be used to assist tenants who have annual incomes that are 60% of the area median income or less. The balance of funds may be used to assist tenants with annual incomes between 60% and 80% of median income level.

## **PROGRAM INCOME**

Gross income received by the participating jurisdiction or awardee directly generated from the use of HOME funds or matching contributions.

## **PROJECT**

A site or sites together with any building (including a manufactured housing unit) or buildings on the site(s) that are under common ownership, management, and financing and are to be assisted with HOME funds as a single undertaking under the HOME regulations. The project includes all activities associated with the site and building. For tenant-based rental assistance, project means assistance to one or more families.

## **PROJECT COMPLETION**

All necessary title transfer requirements and construction work have been performed; the project complies with all requirements of this part (including the property standards under §92.251); the final drawdown of HOME funds has been disbursed for the project; and the project completion information has been entered in IDIS, except that with respect to rental housing project completion, for the purposes of §92.502 (d) of this part, project completion occurs upon completion of construction and before occupancy. For tenant-based rental assistance, project completion means the final drawdown has been disbursed for the project.

## **PROJECT RULE (rental projects only)**

The "project rule" specifies the occupancy of units in each rental project.

**At families who have annual incomes that are 50% or less of median income must occupy 20% of the HOME assisted rental units.** These very low-income tenants must occupy the units with the very low rents.

In theory, any family with annual income may occupy the balance of the units less than 80% of median.

In practice, virtually all HOME assisted rental units will be occupied by tenants with annual incomes 60% of median or less in order to meet the overall funds targeting requirements described above.

## **RECONSTRUCTION**

The rebuilding, on the same lot, of housing standing on a site at the time of project commitment, except that housing that was destroyed may be rebuilt on the same lot if HOME funds are committed within twelve (12) months of the date of destruction. The number of housing units on the lot may not be decreased or increased as part of a reconstruction project, but the number of rooms per unit may be increased or decreased. Reconstruction also includes replacing an existing substandard unit of manufactured housing with a new or standard unit of manufactured housing. Reconstruction is rehabilitation for the purposes of HOME.

### **SINGLE ROOM OCCUPANCY (SRO) HOUSING**

Housing (consisting of single-room dwelling units) that is the primary residence of its occupant or occupants. The unit must contain either food preparation or sanitary facilities (and may contain both) if the project consists of new construction, conversion of nonresidential space, or reconstruction. For acquisition or rehabilitation of an existing residential structure or hotel, neither food preparation nor sanitary facilities are required to be in the unit. If the units do not contain sanitary facilities, the building must contain sanitary facilities that are shared by tenants. A project's designation as an SRO cannot be inconsistent with the building's zoning and building code classification.

### **SUBSTANTIAL REHABILITATION**

Refers to the rehabilitation of residential property at an average total development cost per unit greater than \$25,000 per dwelling unit.

### **TENANT-BASED RENTAL ASSISTANCE**

A form of assistance in which the assisted tenant may move from a dwelling unit with a right to continue assistance. Tenant-based rental assistance under HOME also includes security deposits for rental of dwelling units.

### **TRANSITIONAL HOUSING**

Housing that:

- (1) Is designed to provide housing and appropriate services to persons, including (but not limited to) deinstitutionalized individuals with disabilities, homeless individuals with disabilities, and homeless families with children; and
- (2) Has as its purpose facilitating the movement of individuals and families to independent living within a time period that is set by OHFA, awardee or project owner before occupancy.

### **UNIFORM PHYSICAL CONDITION STANDARDS (UPCS)**

Uniform national standards established by HUD pursuant to 24 CFR 5.703 for housing that is decent, safe, sanitary, and in good repair. Standards are established for inspectable items for each of the following areas: site, building exterior, building systems, dwelling units, and common areas.

### **VERY LOW INCOME FAMILIES**

A family whose annual income does not exceed 50% of the median family income for the area, as determined by HUD.