

**OKLAHOMA HOUSING FINANCE AGENCY  
HOME DEPARTMENT**

<b>Chapter 10</b>	
	<b>Reference: 24 CFR, Part 92.250-254</b>
<b>Subject: Maximum Per-Unit Subsidy Amounts and Affordability Requirements</b>	

**General Requirements**

**Notes**

- ❖ Maximum per-unit subsidy. The amount of HOME funds that an Awardee may invest on a per-unit basis in affordable housing may not exceed the per-unit dollar limitations established under section 221(d)(3)(ii) of the National Housing Act (12U.S.C/ 17151(d)(3)(ii) for elevator-type projects that apply to the area in which the housing is located. The dollar amount to be compared to the 221(d)(3) limit is the HOME funds plus any other federal monies in the project.
- ❖ Minimum HOME investment. The minimum amount of HOME funds that must be invested in a project involving rental housing or homeownership is \$1,000 multiplied by the number of HOME-assisted units in the project. The minimum HOME investment does not apply to TBRA activities.
- ❖ The period of affordability needs to be a recorded document. For the Homeowner program there is a five (5) year period of affordability. For the Homebuyer Program and the Rental Program, the affordability is based on amount of HOME funds in unit. See “Building HOME: A HOME Program Primer – Homebuyer Activities or Rental Housing Activities” to determine the correct affordability period required. If homeowner/homebuyer is found in non-compliance with the principal residency requirement, the funds will be recaptured.
- ❖ Qualification as Affordable Housing
  - { The value of any homebuyer/homeowner-occupied property (after rehabilitation or purchase) must not exceed the HOME Homeownership Value Limits provided by HUD.
  - { The HOME-assisted units in a rental housing project must be occupied only by households that are eligible as low-income families and must meet the rent limitations and periods of affordability established by HUD.

## Procedures

### ❖ Rehabilitation, Reconstruction and Homebuyer Activities

#### { Determining maximum subsidy

- ⇒ Establish the market value of the unit before rehabilitation. The market value may be established from estimates, appraisals or tax assessments.
- ⇒ The Awardee prepares a work write-up cost estimate to establish the cost of achieving local rehabilitation standards.
- ⇒ An initial determination is made to rehabilitate, reconstruct, or deny HOME assistance.

] Rehabilitation may proceed where the cost to meet the rehabilitation standards does not exceed 75% of the current market value of the structure.

] Reconstruction is recommended when the costs to rehabilitate exceed 75% of the current market value and a suitable dwelling may be constructed in compliance with the General Requirements. [Section 221(d)(3)(ii) of the National Housing Act (12U.S.C/ 17151(d)(3)(ii) for elevator-type projects that apply to the area in which the housing is located and 95% of the median area purchase price provided by HUD]

] HOME assistance may be denied in all other instances.

#### { Determining after-rehabilitation value: To establish project eligibility, the after-rehabilitation value must be established **prior** to any work being

performed. One or more of the following methods may establish the after-rehabilitation value:

- ⇒ Estimates of value by the local government/agency may be used. Project files must contain the estimate of value and document the basis for the value estimates.
- ⇒ Appraisals, whether prepared by a licensed fee appraiser or by a staff appraiser of the Awardee, may be used. Project files must document the appraised value and the appraisal approach used.
- ⇒ Tax assessment for a comparable property located in the same neighborhood may be used to establish the after rehabilitation value if the assessment is current and accurately reflects market value after rehabilitation.

### **Additional Resources:**

- HOME Homeownership Value
- HOMEfires Vol. 10, No. 1 – Guidance on the HOME Maximum Purchase Price or After-Rehabilitation Value
- 221(d)(3)(ii) Limits