

# NACEDA Policy Paper: HOME Investment Partnerships Program

March 2007

## **Background**

The HOME Investment Partnerships program (HOME) is the largest federal block grant to state and local governments designed exclusively to produce affordable housing for low-income families. It allows states and localities to decide how best to use the scarce HOME funds to meet their most urgent affordable housing needs. Through community-based organizations, states and local participating jurisdictions invest HOME funds in a wide variety of rental and homeownership programs and projects, including new construction, rehabilitation, down payment assistance, and tenant-based rental assistance.

Emphasizing the partnership aspects of HOME, community-based organizations have worked with their local units of government and private partners to produce more than 830,000 affordable homes. Congress created HOME in 1990 to provide a flexible resource to meet a neighborhood's highest priority affordable housing needs. HOME helps approximately 143,000 families secure affordable housing each year.

HOME funds may only assist families earning 80 percent or less of the area median income (AMI). Ninety percent of HOME rental funds must benefit families with incomes of 60 percent of AMI or less. Rental properties with five or more HOME-assisted apartments must reserve 20 percent of those units for families earning 50 percent of AMI or less.

Community-based organizations ensure that HOME-assisted properties have long-term affordability and compliance with program rules. Apartments must remain affordable to low-income families for a period of five to 20 years, depending on the amount of HOME assistance they receive. Ownership properties must remain a family's principal residence for a period of up to 15 years.

HOME helps create jobs, expand local tax bases, and stabilize distressed neighborhoods. Each federal HOME dollar is matched with 25 cents of state, local, or private funds.

Yet, despite this noted success, Congress cut HOME funding by more than 7 percent in FY 2005 and more than 5 percent in 2006.

## **NACEDA Member Priorities**

- Restore funding to previous levels.
- Make the program more user-friendly and flexible—including adopting the CDBG standard for owner occupied rehabilitation.
- Increase the percentage of funds allocated to CHDOs from 15% to 20% of the total HOME allocation
- Restore funding for technical assistance in the CHDO TA and HOME TA programs. In addition, re-establish allocations for single state HOME TA. (CHDO-TA funds have steadily declined and last year there was no HOME TA available.)

- Encourage participating jurisdictions to fulfill the HOME program goal of *expanding the capacity of not-for-profit housing developers* by not only recommending, but requiring, the 5 percent maximum of administrative dollars be allocated to CHDOs for their operating expenses.

### **NACEDA Role & Policy Position**

Because virtually all of our members in every state rely heavily on this program to complete their projects, HOME funding is a critical priority for NACEDA and our respected memberships.

The President's FY 2008 Budget proposes \$1.97 billion for HOME, including all set-asides, a 12 percent increase over FY 2007. However, these numbers do not include inflationary increases nor reflect the previous spending cuts made to the HOME program over the last few years.

We urge Congress to provide at least \$2.1 billion for HOME in FY 2008, with no set-asides, to restore its purchasing power and enable States and localities to meet their pressing housing needs.