



HORRY COUNTY HOME CONSORTIUM

HOME – AMERICAN RESCUE PLAN Policies and Procedures

Horry County Community Development
100 Elm Street
Conway, SC 29526

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HOME-ARP

Introduction

To address the need for homelessness assistance and supportive services, Congress appropriated \$5 billion in ARP funds to be administered through HOME to perform four activities that must primarily benefit qualifying individuals and families who are homeless, at risk of homelessness, or in other vulnerable populations. These activities include: (1) development and support of affordable housing, (2) tenant-based rental assistance (TBRA), (3) provision of supportive services; and (4) acquisition and development of non-congregate shelter units.

The HOME statutory and regulatory provisions at [24 CFR 92](#) are applicable to HOME-ARP except where noted in these Policies and Procedures and as described in the [HOME-ARP Implementation Notice: CPD-21-10](#).

Eligible Beneficiaries

HOME-ARP funds must be used to primarily benefit individuals or families from the following qualifying populations:

Homeless

Homeless, as defined in [24 CFR 91.5](#) *Homeless* (1), (2), or (3):

1. An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:
 - a. An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;
 - b. An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); or
 - c. An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;
2. An individual or family who will imminently lose their primary nighttime residence, provided that:
 - a. The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance;
 - b. No subsequent residence has been identified; and
 - c. The individual or family lacks the resources or support networks, e.g., family, friends, faith-based or other social networks needed to obtain other permanent housing;
3. Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:
 - a. Are defined as homeless under section 387 of the Runaway and Homeless Youth Act ([42 U.S.C. 5732a](#)), section 637 of the Head Start Act ([42 U.S.C. 9832](#)), section 41403 of the Violence Against Women Act of 1994 ([42 U.S.C. 14043e-2](#)), section 330(h) of the Public Health Service Act ([42 U.S.C. 254b\(h\)](#)), section 3 of the Food and Nutrition Act of 2008 ([7](#)

[U.S.C. 2012](#)), section 17(b) of the Child Nutrition Act of 1966 ([42 U.S.C. 1786\(b\)](#)), or section 725 of the McKinney-Vento Homeless Assistance Act ([42 U.S.C. 11434a](#));

- b. Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately preceding the date of application for homeless assistance;
- c. Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and
- d. Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment;

At Risk of Homelessness

At risk of homelessness, as defined in [24 CFR 91.5](#) *At risk of homelessness*:

1. An individual or family who:
 - a. Has an annual income below 30 percent of median family income for the area, as determined by HUD;
 - b. Does not have sufficient resources or support networks, e.g., family, friends, faith based or other social networks, immediately available to prevent them from moving to an emergency shelter or another place described in paragraph (1) of the “Homeless” definition in this section; and
 - c. Meets one of the following conditions:
 - i. Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;
 - ii. Is living in the home of another because of economic hardship;
 - iii. Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;
 - iv. Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by federal, State, or local government programs for low-income individuals;
 - v. Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 people per room, as defined by the U.S. Census Bureau;
 - vi. Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or
 - vii. Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved consolidated plan;
2. A child or youth who does not qualify as “homeless” under this section, but qualifies as “homeless” under section 387(3) of the Runaway and Homeless Youth Act (42 U.S.C. 5732a(3)), section 637(11) of the Head Start Act (42 U.S.C. 9832(11)), section 41403(6) of the Violence

Against Women Act of 1994 (42 U.S.C. 14043e-2(6)), section 330(h)(5)(A) of the Public Health Service Act (42 U.S.C. 254b(h)(5)(A)), section 3(l) of the Food and Nutrition Act of 2008 (7 U.S.C. 2012(l)), or section 17(b)(15) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)(15)); or

3. A child or youth who does not qualify as “homeless” under this section but qualifies as “homeless” under section 725(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a(2)), and the parent(s) or guardian(s) of that child or youth if living with her or him.

Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking

For HOME-ARP, this population includes any individual or family who is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking. This population includes cases where an individual or family reasonably believes that there is a threat of imminent harm from further violence due to dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual’s or family’s primary nighttime residence or has made the individual or family afraid to return or remain within the same dwelling unit. In the case of sexual assault, this also includes cases where an individual reasonably believes there is a threat of imminent harm from further violence if the individual remains within the same dwelling unit that the individual is currently occupying, or the sexual assault occurred on the premises during the 90-day period preceding the date of the request for transfer.

1. **Domestic violence**, which is defined in [24 CFR 5.2003](#) includes felony or misdemeanor crimes of violence committed by:
 - a. A current or former spouse or intimate partner of the victim (the term “spouse or intimate partner of the victim” includes a person who is or has been in a social relationship of a romantic or intimate nature with the victim, as determined by the length of the relationship, the type of the relationship, and the frequency of interaction between the persons involved in the relationship);
 - b. A person with whom the victim shares a child in common;
 - c. A person who is cohabitating with or has cohabitated with the victim as a spouse or intimate partner;
 - d. A person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving HOME-ARP funds; or
 - e. Any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction.
2. **Dating violence** which is defined in [24 CFR 5.2003](#) means violence committed by a person:
 - a. Who is or has been in a social relationship of a romantic or intimate nature with the victim; and
 - b. Where the existence of such a relationship shall be determined based on a consideration of the following factors:
 - i. The length of the relationship;
 - ii. The type of relationship; and
 - iii. The frequency of interaction between the persons involved in the relationship.
3. **Sexual assault** which is defined in [24 CFR 5.2003](#) means any nonconsensual sexual act proscribed by Federal, Tribal, or State law, including when the victim lacks capacity to consent.

4. **Stalking** which is defined in [24 CFR 5.2003](#) means engaging in a course of conduct directed at a specific person that would cause a reasonable person to:
 - a. Fear for the person’s individual safety or the safety of others; or
5. Suffer substantial emotional distress.

Human trafficking includes both sex and labor trafficking, as outlined in the Trafficking Victims Protection Act of 2000 (TVPA), as amended ([22 U.S.C. 7102](#)). These are defined as:

- a. *Sex trafficking* means the recruitment, harboring, transportation, provision, obtaining, patronizing, or soliciting of a person for the purpose of a commercial sex act, in which the commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such act has not attained 18 years of age; or
- b. *Labor trafficking* means the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.

Any individual or family who meets the criteria for these populations is eligible to receive assistance or services funded through HOME-ARP without meeting additional criteria (e.g., additional income criteria).

Other Populations

Other populations where providing supportive services or assistance under section [212\(a\) of NAHA \(42 U.S.C. 12742\(a\)\)](#) would prevent the family’s homelessness or would serve those with the greatest risk of housing instability. HUD defines these populations as individuals and households who do not qualify under any of the populations above but meet one of the following criteria:

1. Other Families Requiring Services or Housing Assistance to Prevent Homelessness is defined as households (i.e., individuals and families) who have previously been qualified as “homeless” as defined in [24 CFR 91.5](#), are currently housed due to temporary or emergency assistance, including financial assistance, services, temporary rental assistance or some type of other assistance to allow the household to be housed, and who need additional housing assistance or supportive services to avoid a return to homelessness.
2. At Greatest Risk of Housing Instability is defined as household who meets either paragraph (i) or (ii) below:
 - a. has annual income that is less than or equal to 30% of the area median income, as determined by HUD and is experiencing severe cost burden (i.e., is paying more than 50% of monthly household income toward housing costs);
 - b. has annual income that is less than or equal to 50% of the area median income, as determined by HUD, AND meets one of the following conditions from paragraph (iii) of the “At risk of homelessness” definition established at [24 CFR 91.5](#):
 - i. Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;
 - ii. Is living in the home of another because of economic hardship;
 - iii. Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;

- iv. Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by Federal, State, or local government programs for low-income individuals;
- v. Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 persons reside per room, as defined by the U.S. Census Bureau;
- vi. Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or
- vii. Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved consolidated plan

Veterans and families that include a veteran family member that meet the criteria for one of the qualifying populations described above are eligible to receive HOME-ARP assistance.

Horry County has not established any additional reasonable preferences among the qualifying populations for prioritizing applicants for HOME-ARP projects or activities in its HOME-ARP allocation plan.

Eligible Activities

HOME-ARP funds must be used to primarily benefit the qualifying populations through the four eligible activities:

1. **Production or Preservation of Affordable Rental Housing** - Acquisition, leasing, construction, or rehabilitation of rental housing for occupancy by individuals and families that meet one of the qualifying populations.
2. **Provision of Supportive Services** – Provision of homeless prevention services and housing counseling. Eligible supportive services include childcare, basic educational skills, employment assistance and job training programs, legal services, rental application fees, security/utility, payment of rental arrears deposits, etc.
3. **Acquisition and Development of Non-Congregate Shelter Units (NCS)** - These structures can remain in use as non-congregate shelter or can be converted to: 1) emergency shelter under the Emergency Solutions Grant program; 2) permanent housing under the Continuum of Care; or 3) affordable housing under the HOME Program (includes locations where each individual or household has living space that offers some level of privacy such as hotels, motels, or dormitories).
4. **Tenant-Based Rental Assistance (TBRA)** – Provision of payments to make up the difference between the amount a household can afford to pay for housing and the local rent standards and other costs to include security and utility deposits.

HOME-ARP Rental Housing

HOME-ARP funds may be used to acquire, rehabilitate, or construct affordable rental housing primarily for occupancy by households of individuals and families that meet the definition of one or more of the qualifying populations.

Eligible HOME-ARP rental housing includes “housing” as defined at [24 CFR 92.2](#), including but not limited to manufactured housing, single room occupancy (SRO) units, and permanent supportive housing. Emergency shelters, hotels, and motels (including those currently operating as non-congregate shelter), facilities such as nursing homes, residential treatment facilities, correctional facilities, halfway houses, and housing for students or dormitories do not constitute housing in the HOME-ARP program. However, HOME-ARP funds may be used to acquire and rehabilitate such structures into HOME-ARP rental housing.

Eligible Costs

HOME-ARP funds may be used to pay for up to 100% of the following eligible costs associated with the acquisition, development, and operation of HOME-ARP rental units:

1. Development hard costs – as defined in [24 CFR 92.206\(a\)](#).
2. Refinancing – the cost to refinance existing debt secured by a rental project that is being rehabilitated with HOME-ARP funds in accordance with [24 CFR 92.206\(b\)\(2\)](#) and the PJ’s HOME-ARP refinancing guidelines, as stated in their HOME-ARP Allocation Plan.
3. Acquisition – the costs of acquiring improved or unimproved real property.
4. Related soft costs – as defined in [24 CFR 92.206\(d\)](#).
5. Relocation costs – as defined in [24 CFR 92.206\(f\)](#), [24 CFR 92.353](#)
6. Operating Cost Assistance – HOME-ARP funds may be used to pay ongoing operating cost assistance or capitalize an operating cost assistance reserve for HOME-ARP-assisted units restricted for occupancy by qualifying populations in a project where it is determined in underwriting that the reserve is necessary to maintain the HOME-ARP units’ long-term operational feasibility. Costs include costs for administrative expenses, property management fees, insurance, utilities, property taxes, and maintenance of a unit that is designated as a HOME-ARP-assisted unit and required to be occupied by a qualifying household. Operating costs must be reasonable and appropriate for the area, size, population(s) served, and type of project.
 - a. Project administrative expenses include payroll costs, which are gross salaries and wages paid to employees assigned to the property, including payroll taxes, employee compensation, and employee benefits; employee education, training, and travel; advertising; and general administrative costs which are costs for goods and services required for administration of the housing, including rental or purchase of equipment, supplies, legal charges, bank charges, utilities, telephone/internet services, insurance, and other administrative costs that are reasonable and customary for the general administration of a rental unit occupied by qualifying populations.
 - b. A property management fee includes the total fee paid to a management agent by the owner for the day-to-day management of a HOME-ARP rental unit restricted for occupancy by qualifying populations. A management agent must cover its costs of supervising and overseeing operations of a HOME-ARP unit out of the fee they receive.
 - c. A reserve for replacement must be based on the useful life of each major system and expected replacement cost in a HOME-ARP project. Scheduled payments to a reserve for replacement of major systems included in the operating costs allocated to a HOME-ARP unit restricted for a qualifying household may be made from the operating cost assistance reserve. A reserve for replacement allocated to the HOME-ARP units may also be capitalized in the initial year of the minimum compliance period of the HOME-ARP units. HOME-ARP funds cannot be used to both capitalize a reserve for replacement and provide payments to the reserve for replacement from a capitalized operating reserve during the minimum compliance period.

The operating cost assistance reserve for HOME-ARP units for qualifying households must be held by the project owner in a separate interest-bearing account and sized, based on an analysis of projected deficits remaining after the expected payments toward rent by qualifying households are applied to the units' share of operating costs. Funds in a capitalized operating cost assistance reserve can only be drawn to address operating deficits associated with HOME-ARP units restricted for occupancy by the qualifying populations.

Supportive services costs are not eligible operating costs of HOME-ARP units, however, qualifying households occupying HOME-ARP rental units may receive supportive services through the HOME-ARP supportive services eligible activity.

Underwriting and Subsidy Layering

HCHC will evaluate each project to determine the amount of HOME-ARP capital subsidy and operating cost assistance necessary to provide quality affordable housing that meets the requirements of HOME-ARP regulations and is financially viable throughout the minimum 15-year HOME-ARP compliance period.

HOME-ARP funds will be awarded as forgivable loans.

To secure HOME-ARP rental units for qualifying households, HOME-ARP funds may be invested in different types of projects, including permanent supportive housing, mixed-finance affordable housing, and market-rate projects. The underwriting analysis will not be limited to the HOME-ARP units. The long-term viability of HOME-ARP units is contingent upon the financial health of the entire project. HCHC will take a holistic approach to underwriting that examines the overall feasibility of the entire project.

The following assumptions will be used to review HOME-ARP rental development proposals:

Vacancy Rate and Collection Loss

Annual vacancy rate and collection loss for rental developments shall not exceed 7% for all Income.

QP Rent

Rents for units occupied by Qualifying Populations will be estimated to be 30% of 50% of the Area Median Income. Rent limits can be found at <https://www.hudexchange.info/resource/6500/home-arp-rent-limits/>

Annual Income Growth

Annual Income (rent) growth will be projected at a 2% increase per year.

Annual Operating Expense Growth

Annual expense growth will be projected at a 3% increase per year.

Per-Unit Operating Cost

An applicant's proposed annual operating expenses will be reviewed for project and market feasibility and standards. The Consortium shall use a standard of \$3,500 per unit, per year. If HOME-ARP related supportive services are offered, the standard should be increased.

Replacement & Operating Reserves

Annual replacement reserves must be maintained at a rate of \$500 per unit per year. Initial Operating Reserves must be equal to three months of operating costs.

Net Operating Income

Net operating income must be a minimum of \$900 per unit, per year.

Developer Fee

A Developer fee is compensation to the Developer for the time and risk involved to develop the project. The fee is based on the size of the project, the total development cost and the risk associated with the project. Developer fees include all amounts received by the Applicant whether characterized as project management, overhead or Developer fee. Consultants are commonly utilized to assist the Developer/owner by providing specific expertise in completing the project. The maximum aggregate allowable Developer and consultant fees are calculated as a percentage of Total Project Costs, less land, project reserves, other cost category adjustments, and the Developer/Consultant Fee category.

Developer fees will be limited to 15% of the total development cost, not including land or building acquisition and the developer fee.

Developer fees that are not deferred may be distributed as follows, subject to the approval of other project lenders, tax credit equity investor, etc.:

- 25% upon 50% construction/Rehabilitation completion benchmark
- 25% upon construction/Rehabilitation completion (50% aggregate)
- 50% upon stable occupancy (90% occupied) and receipt of all tenant certifications for restricted units. (100% aggregate)

Market Analysis

For HOME-ARP units for qualifying households, a market assessment is not required.

For projects containing units restricted for occupancy by low-income households or market-rate households, the PJ must conduct a market assessment in accordance with [24 CFR 92.250\(b\)\(2\)](#).

Property Standards

HOME-ARP rental units must comply with all property standards described in Section VIII.c of the HOME Program Policies and Procedures.

Targeting and Occupancy Requirements

Targeting: HOME-ARP funds can only be invested in units restricted for qualifying households or low-income households as follows:

1. Not less than 70 percent of the total number of rental units assisted with HOME-ARP funds by HCHC must be restricted for occupancy by households that are qualifying households at the time of the household's initial occupancy; and
2. Not more than 30 percent of the total number of rental units assisted with HOME-ARP funds by HCHC may be restricted to low-income households. These rental units do not have to be restricted

for occupancy by qualifying households, however rental units restricted to low-income households are only permitted in projects that include HOME-ARP units for qualifying households.

Occupancy: ARP requires HOME-ARP activities to primarily benefit households in the qualifying populations. To improve the feasibility and maintain the long-term viability of projects with HOME-ARP rental units for qualifying households, HCHC may invest HOME-ARP funds in units that are not restricted for occupancy solely for qualifying populations.

1. **Qualifying Households:** Units restricted for occupancy by qualifying households must be occupied by households that meet the definition of a qualifying population at the time of admission to the HOME-ARP unit. A qualifying household after admission retains its eligibility to occupy a HOME-ARP rental unit restricted for qualifying populations, irrespective of the qualifying household's changes in income or whether the household continues to meet the definition of a qualifying population. As such, a unit restricted for a qualifying household remains in compliance with the HOME-ARP unit restriction as long as the unit is occupied by a qualifying household that meets the definition of a qualifying population at the time of admission.

Tenant Selection

HOME-ARP owners are required to establish a waiting list for each HOME-ARP project or activity. Applications must contain, at a minimum, information that enables them to confirm the person meets the criteria of one of the qualifying populations. All qualifying individuals or families must have access to apply for placement on the waiting list for an activity or project. Qualifying individuals or families on a waiting list must be listed in chronological order according to the date placed on the list.

HOME-ARP Rental Projects must accept referrals from the Total Care for the Homeless Coalition (TCHC) Coordinated Entry System, Charity Tracker, and Julata.

All HOME-ARP units shall be restricted to eligible households throughout the minimum compliance period. HOME-ARP funds are intended to primarily benefit households based on their status as "qualifying populations," without meeting additional criteria (such as additional income criteria).

Determining Household Income

All HOME-ARP units must be restricted for eligible households (i.e., either qualifying or low-income households) throughout the minimum compliance period. Qualifying households are eligible for admission to HOME-ARP rental units solely by meeting the definition of one of the qualifying populations. HOME-ARP does not impose income restrictions on units restricted for qualifying populations.

If there is no income requirement in the qualifying population's definition, a PJ is not required to perform an initial determination of household income except as necessary to determine an affordable rental contribution by the qualifying household or to establish eligibility for another funding source in the unit that imposes income restrictions. Each subsequent year during the compliance period, starting 1 year after initial occupancy, HCHC uses the definition of annual income as defined in [24 CFR 5.609](#) to examine the income of qualifying households to determine the household's contribution to rent.

For low-income households, the PJ must use the definition of annual income as defined in [24 CFR 5.609](#) to examine the household's income at initial occupancy and each subsequent year during the compliance period to determine the household's ongoing income eligibility and applicable rental contribution.

Rent Limitations

HOME-ARP uses the same rent limit data as the HOME Program.

Units Restricted for Occupancy by Qualifying Households: For any HOME-ARP household that meets the criteria as a "qualified population", the rent must meet the following requirements:

1. The rent may not exceed 30 percent of the annual income of a family whose income equals 50 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families. HUD annually provides the HOME Rent Limits, that are also applicable to HOME-ARP, which include average occupancy per unit and adjusted income assumptions. This is also known as the low HOME rent limit.
2. If the unit receives federal or state project-based rental subsidy and the very low-income family pays as a contribution toward rent not more than 30 percent of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the federal or state project-based rental subsidy program.
3. If a household receives Tenant-Based Rental Assistance (TBRA), the rent is the rent permissible under the applicable rental assistance program (i.e., the tenant rental contribution plus the rental subsidy allowable under that rental assistance program).

For any HOME-ARP units occupied by "low-income households," the rent must comply with the rent limitations in [CFR Part 92.252\(a\)](#). The maximum rents are the lesser of:

1. The fair market rent (FMR) for existing housing for comparable units in the area as established by HUD under [24 CFR 888.111](#); or
2. A rent that does not exceed 30 percent of the adjusted income of a family whose annual income equals 65 percent of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit. The HOME-ARP rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions.

This is also known as the high HOME rent limit.

Notwithstanding the foregoing, when a household receives a form of federal tenant-based rental assistance (e.g., housing choice vouchers), the rent is the rent permissible under the applicable rental assistance program (i.e., the tenant rental contribution plus the rent subsidy allowable under the rental assistance program).

The rent limits for low-income households apply to the rent plus the utility allowance established pursuant to Section VI.B.13.d of the [HOME-ARP Notice](#).

Tenant Contribution to Rent – Qualifying Households

If a qualifying household is not receiving project-based or tenant-based rental assistance and cannot contribute any income toward rent, or the contribution is insufficient to cover the unit rent, the project owner may draw from the project's operating cost assistance reserve if projected rental revenue minus the operating costs of the unit results in a deficit.

Income Recertification

Each subsequent year during the compliance period, starting 1 year after initial occupancy, the Subrecipient will use the definition of annual income as defined in [24 CFR 5.609](#) to examine the income of qualifying households to determine the household's contribution to rent for rental housing activities. For low-income households, the Subrecipient must use the definition of annual income as defined in [24 CFR 5.609](#) to examine the household's income at initial occupancy and each subsequent year during the compliance period to determine the household's ongoing income eligibility and applicable rental contribution.

Changes in Income and Over-income Households

A household that met the definition of one of the HOME-ARP qualifying populations at initial occupancy and whose annual income at the time of income re-certification is above 50 percent of median income for the area but at or below 80 percent of the median income for the area must pay the rent specified in [24 CFR 92.252\(a\)](#).

HOME-ARP-assisted units restricted for low-income households continue to qualify as HOME-ARP rental housing despite a temporary noncompliance caused by increases in the incomes of existing households if actions satisfactory to HUD are taken so that all vacancies are filled in accordance with HOME-ARP requirements until the noncompliance is corrected.

A qualifying or low-income household that is not low-income at the time of income recertification (i.e., whose income is above 80 percent of the median income for the area) must pay rent that complies with the over income regulatory requirements at [24 CFR 92.252\(i\)\(2\)](#), which includes requirements applicable to HOME units that also have LIHTC restrictions.

Minimum Compliance Period

HOME-ARP-assisted units must comply with the requirements of HOME-ARP for a minimum period of 15 years, irrespective of the amount of HOME-ARP funds invested in the project or the activity being undertaken.

Horry County will impose the provisions at [24 CFR 92.252\(e\)\(1\)-\(4\)](#) for all HOME-ARP rental requirements through a mortgage, promissory note, and restrictive covenant recorded on the property in accordance with State recordation laws, or other mechanisms as approved by HUD.

The enforceable restrictions will ensure units assisted with HOME-ARP comply with the requirements of the HUD CPD Notice throughout the minimum 15-year compliance period, including:

- Units restricted for qualifying populations must be occupied by households that meet the definition of a qualifying population at the time of initial occupancy.
- The household's contribution toward rent during this period must be affordable.
- The rents for these units must comply with the rent limitations established to include rent provisions at [24 CFR 92.252 \(i\)\(2\)](#) for households whose income increases above 80 percent of the area median income.
- Units available for low-income households must be continuously occupied by households who are income eligible.
- The units must comply with the ongoing property condition standards of [24 CFR 92.251\(f\)](#) throughout the compliance period as demonstrated by an on-site inspection within 12 months of

project completion and an on-site inspection at least once every three years thereafter as required by [24 CFR 92.504](#).

- Each household that occupies a HOME-ARP unit has an executed lease that complies with the tenant protections.

HOME-ARP Non-Congregate Shelter

A non-congregate shelter (NCS) is one or more buildings that provide private units or rooms as temporary shelter to individuals and families and does not require occupants to sign a lease or occupancy agreement. HOME-ARP funds may be used to acquire and/or rehabilitate or construct HOME-ARP NCS units to serve qualifying populations. Acquisition of vacant land or demolition of existing structures may be undertaken only as part of a HOME-ARP NCS project. One hundred percent of HOME-ARP funds used by a PJ for acquisition and development of non-congregate shelter units must benefit individuals and families in qualifying populations.

Eligible Costs

HOME-ARP funds may be used for actual costs of acquiring NCS or developing HOME-ARP NCS as follows:

1. Acquisition – Costs to acquire improved or unimproved real property.
2. Demolition – Costs of demolishing existing structures for the purpose of developing HOME-ARP NCS.
3. Development Hard Costs - Costs identified in [24 CFR 92.206\(a\)](#) to rehabilitate or construct HOME-ARP NCS units.
4. Site Improvements - Costs to make improvements to the project site, including installation of utilities or utility connections, and the construction or rehabilitation of laundry, community facilities, on-site management, or supportive service offices.
5. Related Soft Costs: Reasonable and necessary costs incurred by the PJ and owner associated with the financing, acquisition, and development of HOME-ARP NCS projects, including costs identified in [24 CFR 92.206\(d\)](#) with the following exceptions:
 - a. Costs to provide information services such as affirmative marketing to prospective homeowners and tenants are not eligible.
 - b. Costs of funding an initial operating deficit reserve are not eligible.
 - c. Costs of project-specific assistance to community housing development organizations, including technical assistance and site control loans or seed money loans as specified in [24 CFR 92.301](#) are not eligible.
6. Replacement Reserve: Costs to capitalize a replacement reserve to pay the reasonable and necessary costs of replacing major systems and their components whose useful life will end during the restricted use period. Major systems include structural support, roofing, cladding, and weatherproofing, plumbing, electrical and HVAC. The costs of replacing major systems must be determined through a Capital Needs Assessment or documented in writing after an inspection by a certified inspector to assess the remaining useful life of major systems expected upon completion of the HOMEARP NCS project. The costs of a replacement reserve must be included in the project budget in the written agreement along with a list of major systems to be replaced with the reserve and projected replacement schedule during the restricted use period.

Prohibited Costs

HOME-ARP funds may not be used to:

1. Pay any operating costs of a HOME-ARP NCS project.
2. Provide additional HOME-ARP investment in a HOME-ARP NCS project during the restricted use period, except that additional HOME-ARP funds can be invested in the project up to one year after project completion in IDIS for eligible costs.
3. Pay costs of a conversion of HOME-ARP NCS
4. Provide non-Federal matching contributions required under any other Federal program.
5. Provide assistance for uses authorized under section 9 of the U.S. Housing Act of 1937 ([42 U.S.C. 1437g](#)) (Public Housing Capital and Operating Funds).
6. Provide assistance to eligible low-income housing under [24 CFR part 248](#) (Prepayment of Low-Income Housing Mortgages).
7. Pay for the acquisition of property owned by the PJ, except for property acquired by the PJ with HOME-ARP NCS funds, or property acquired in anticipation of carrying out a HOME-ARP NCS project.
8. Pay delinquent taxes, fees, or charges on properties to be assisted with HOME-ARP NCS funds.

Underwriting

Before awarding HOME-ARP funds to a HOME-ARP NCS project, HCHC will determine if acquisition and/or development of the project is financially feasible. HCHC will consider whether the HOME-ARP NCS project has secured or has a high likelihood of securing operating funding because operating costs cannot be paid with HOME-ARP.

Restricted Use Period

The restricted use period for NCS units begins at project completion and must be imposed for at least the following periods:

1. **New Construction:** Newly constructed HOME-ARP NCS units must be operated as HOME-ARP NCS units for qualifying populations for a restricted use period of 15 years, regardless of the amount of HOME-ARP funds invested in the project.
2. **Rehabilitation:** HOME-ARP NCS units which receive any amount of HOME-ARP funds for rehabilitation but are not designated as new construction by the local building code requirements must be operated as HOME-ARP NCS units for qualifying populations for a restricted use period of 10 years.
3. **Acquisition Only:** Units acquired for use as HOME-ARP NCS that do not require rehabilitation for occupancy must serve the qualifying populations for a restricted use period of 10 years.

HCHC imposes the HOME-ARP NCS requirements through a deed restriction and a legally binding agreement restricting the use of the property and recorded on the property in accordance with State recordation laws.

Property and Habitability Standards

HOME-ARP NCS projects must meet the minimum HOME-ARP property standards prior to occupancy and the HOME-ARP NCS ongoing property standards throughout the restricted use period.

Occupant Selection

Only individuals and families in the qualifying populations are eligible for residency in the NCS.

The NCS Project Owners must develop a general application for admission to their NCS. Applications must contain, at a minimum, information that enables them to confirm the person meets the criteria of one of the qualifying populations.

NCS Projects must accept referrals from the Total Care for the Homeless Coalition (TCHC) Coordinated Entry System, Charity Tracker, and Julata.

HOME-ARP Tenant Based Rental Assistance (TBRA)

HOME-ARP funds may be used to provide tenant-based rental assistance to qualifying households. HCHC can assist qualifying households with payments to cover the entire or insufficient amounts that the qualifying household cannot pay for housing and housing-related costs, such as rental assistance, security deposits, and utility deposits. HOME-ARP TBRA assisted households may choose to rent a unit in a HOME-ARP rental project or any other eligible rental unit. HOME-ARP TBRA is a form of rental assistance that is attached to the household and not a particular rental unit.

HOME policies regarding calculating household income, unit eligibility and rent reasonableness, occupancy standards, and lease requirements are the same for HOME-ARP.

Eligible Costs

Eligible costs under HOME-ARP TBRA include:

- Rental assistance
- Security deposit payments
 - The amount of funds that may be provided for a security deposit may not exceed the equivalent of two months' rent for the unit.
- Utility deposit assistance (only if rental assistance or a security deposit payment is provided)
- Costs of inspecting the housing determining the income eligibility of the family.

Ineligible Costs

HOME-ARP TBRA may not be used to pay for the homebuyer program as defined at [24 CFR 92.209\(c\)\(2\)\(iv\)](#).

Tenant Selection

Only individuals and families in the qualifying populations are eligible to receive HOME-ARP TBRA assistance. HCHC does not provide preferences to any qualifying population or subpopulations.

HOME-ARP Subrecipients will be required to establish a waiting list for each HOME-ARP project or activity. All qualifying individuals or families must have access to apply for placement on the waiting list. Qualifying individuals or families on a waiting list must be listed in chronological order according to date placed on the list.

Only individuals and families within qualifying populations are eligible to receive HOME-ARP TBRA assistance. Households cannot receive HOME-ARP TBRA if they are receiving rental assistance under another Federal, state, or local rental assistance program and receipt of a HOME-ARP subsidy would result in duplicative subsidies. However, if another rental subsidy program does not provide assistance sufficient to lower a tenant's rental payment to 30 percent of their monthly adjusted income, HOME TBRA could be provided as supplemental assistance to further reduce the tenant's rent payment to that amount.

Maximum Subsidy

The maximum subsidy for HOME-ARP TBRA is consistent with HCHC's policies for HOME TBRA as described in Section X1.j of the HOME Program Policies and Procedures.

Housing Quality Standards

Housing occupied by a household receiving HOME-ARP TBRA must comply with all housing quality standards required in [24 CFR 982.401](#).

HOME-ARP Supportive Services

HOME-ARP funds may be used to provide a broad range of supportive services to qualifying individuals or families as a separate activity or in combination with other HOME-ARP activities.

Eligible Supportive Services Activities:

There are three categories specifically included as supportive services under HOME-ARP:

1. McKinney-Vento Supportive Services: McKinney-Vento Supportive Services under HOME-ARP are adapted from the services listed in section [401\(29\) of McKinney-Vento](#).
2. Homelessness Prevention Services: HOME-ARP Homelessness Prevention Services are adapted from eligible homelessness prevention services under the regulations at [24 CFR 576.102](#), [24 CFR 576.103](#), [24 CFR 576.105](#), and [24 CFR 576.106](#).
3. Housing Counseling Services: Housing counseling services under HOME-ARP are those consistent with the definition of housing counseling and housing counseling services defined at [24 CFR 5.100](#) and [5.111](#), respectively, except where otherwise noted. The requirements at [24 CFR 5.111](#) state that any housing counseling, as defined in [24 CFR 5.100](#), required under or provided in connection with any program administered by HUD shall be provided only by organizations and counselors certified by the Secretary under [24 CFR 214](#) to provide housing counseling, consistent with 12 U.S.C. 1701x.
 - a. Housing Counseling surrounding the following topics are ineligible under HOME-ARP:
 - i. Resolving or preventing mortgage delinquency, including, but not limited to default and foreclosure, loss mitigation, budgeting, and credit;
 - ii. Home maintenance and financial management for homeowners, including, but not limited to: Escrow funds, budgeting, refinancing, home equity, home improvement, utility costs, energy efficiency, rights and responsibilities of homeowners, and reverse mortgages.

One hundred percent of HOME-ARP funds used by a PJ for supportive services must benefit individuals and families in qualifying populations.

Eligible Costs of Supportive Services

Eligible Costs for McKinney Vento Supportive Services and Homelessness Prevention Services:

Eligible costs for supportive services under either of these two categories include costs associated with the following services:

1. Childcare
2. Education services
3. Employment assistance and job training
4. Food
5. Housing search and counseling services
6. Legal services
7. Life skills training
8. Mental health services
9. Outpatient health services
10. Outreach services
11. Substance abuse treatment
12. Transportation
13. Case management
14. Mediation
15. Credit repair
16. Landlord/Tenant liaison
17. Services for special populations
18. Financial assistance costs
 - a. Rental application fees
 - b. Security deposits
 - c. Utility deposits
 - d. Utility payments
 - e. Moving costs
 - f. First and Last month's rent
 - g. Payment of rental arrears
19. Short-term and medium-term financial assistance for rent

Ineligible Costs

Financial assistance cannot be provided to a program participant who is receiving the same type of assistance through other public sources. Financial assistance also cannot be provided to a program participant who has been provided with replacement housing payments under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended ([42 USC 4601 et seq.](#)) and its implementing regulations at [49 CFR part 24](#), or Section [104\(d\) of the Housing and Community Development Act of 1974 \(42 USC 5304\(d\)\)](#) and its implementing regulations at [24 CFR part 42](#), during the period of time covered by the replacement housing payments.

Eligible Costs Associated with Housing Counseling under 24 CFR 5.100 and 5.111

Costs associated with housing counseling services as defined at [24 CFR 5.100](#) and [5.111](#) are eligible under HOME-ARP. As homeowner assistance and related services are not eligible HOME-ARP activities, costs for the provision of services related to mortgages and homeownership to existing homeowners are also not eligible under HOME-ARP. If a program participant is a candidate for homeownership, costs associated with pre-purchase homebuying counseling, education and outreach are eligible under HOME-ARP. Eligible costs are those costs associated with the services listed in [24 CFR part 214](#) and include, but are not limited to:

1. Staff salaries and overhead costs of HUD-certified housing counseling agencies related to directly providing eligible housing counseling services to HOME-ARP program participants;
2. Development of a housing counseling workplan;
3. Marketing and outreach;
4. Intake;
5. Financial and housing affordability analysis;
6. Action plans that outline what the housing counseling agency and the client will do to meet the client's housing goals and that address the client's housing problem(s);
7. Follow-up communication with program participants.

Nonprofit Operating and Capacity Building Assistance

CHDOs and other nonprofit organizations that will carry out activities with HOME-ARP funds may receive assistance to pay operating expenses and eligible costs related to developing the capacity of the organization to successfully carry out a HOME-ARP activity. Operating expense assistance or capacity building assistance may be provided to a nonprofit organization HCHC reasonably expects to provide HOME-ARP funds to the organization for any of the eligible HOME-ARP activities within 24 months of the award.

HOME-ARP funds are being made available to provide capacity building and operating cost assistance to nonprofit organizations.

- The capacity building funds are allowed to be used to expand or improve the organization so that it is in a position to carry out a HOME-ARP activity.
- The operating cost assistance is meant to support the existing general operating costs of the organization and cannot be associated with a final cost objective, such as a particular award, internal project, or other direct activity. This guidance outlines eligible costs, and similarities and differences between the activity types.

Eligible Operating Costs

Operating expenses are defined as reasonable and necessary costs of operating the nonprofit organization. These costs include employee salaries, wages and other employee compensation and benefits; employee education, training, and travel; rent; utilities; communication costs; taxes; insurance; equipment, materials, and supplies. HOME-ARP funds used for operating expenses must be used for the “general operating costs” of the nonprofit organization. These operating costs must not have a particular final cost objective, such as a project or activity, or

must not be directly assignable to a HOME-ARP activity or project.

Because ARP does not permit any HOME-ARP funds to be used to operate a shelter, all costs related to operating a non-congregate shelter (e.g., allocable overhead and staffing costs, insurance, utilities) also cannot be paid with HOME-ARP funds.

Eligible Capacity Building Costs

Capacity building expenses are defined as reasonable and necessary general operating costs that will result in expansion or improvement of an organization's ability to successfully carry out eligible HOME-ARP activities. Eligible costs include salaries for new hires including wages and other employee compensation and benefits; costs related to employee training or other staff development that enhances an employee's skill set and expertise; equipment (e.g., computer software or programs that improve organizational processes), upgrades to materials and equipment, and supplies; and contracts for technical assistance or for consultants with expertise related to the HOME-ARP qualifying populations.

Ineligible Capacity Building Costs

Operating costs must not have a particular final cost objective, such as a project or activity, and must not be directly assignable to a HOME-ARP activity or project. If the operating cost can be charged to the HOME-ARP activity, it must be charged to the HOME-ARP activity (e.g., costs to develop HOME-ARP rental housing are paid by a developer fee, which is a project delivery or soft cost).

HOME-ARP as a program prohibits funds being used to cover shelter operating funds. While nonprofit operating expenses are eligible, operation expenses of emergency shelters are prohibited. Costs related to operating an emergency shelter (e.g., services, allocable overhead and staffing costs, property insurance, utilities, etc.) are ineligible.

Limitations on Assistance

In any fiscal year, operating and capacity building assistance provided to a nonprofit organization may not exceed the greater of 50% of the general operating expenses of the organization for that fiscal year or \$50,000.

Nonprofit capacity building assistance will be available for competition either combined in NOFAs with construction for rental housing or NCS, or in separate NOFAs before award of funds for rental housing or NCS. If offered prior to an award of a construction activity, capacity building and nonprofit operating costs will only be awarded to those organizations that HCHC reasonably expects will be successful applicant of a HOME-ARP award within 24 months of the capacity building/operating costs awards.

Disbursement of HOME-ARP Funds

HCHC will disburse HOME-ARP funds in accordance with the HCHC HOME Policies and Procedures Section XV b.

Maximum Per-Unit Subsidy And Limitations On Costs

The maximum per-unit subsidy established in NAHA does not apply to HOME-ARP units. HCHC may pay up to 100 percent of the eligible and reasonable HOME-ARP costs allocated to a HOME-ARP unit, including operating cost assistance associated with units restricted for occupancy by qualifying households. All costs paid by HOME- ARP funds must comply with the requirements of this Notice and the Cost Principles at [2 CFR part 200, subpart E](#) of the Uniform Administrative Requirements, as amended.

HOME-ARP Match Requirement

HUD has suspended the HOME statutory match requirement for HOME-ARP projects. The requirements at [24 CFR 92.552](#): Notice and Opportunity for Hearing apply to HOME-ARP funds, except that the provision at [24 CFR 92.552\(a\)\(2\)\(iv\)](#) related to failure to comply with matching contribution requirements shall not apply.

Record Retention

All accounting records, reports, and evidence pertaining to all HOME-ARP funds shall be maintained and kept available for the duration of the Agreement and thereafter for five (5) years after project completion date with the following exceptions:

- HOME-ARP Rental Housing: Records may be retained for five years after the project completion date; except the records of individual tenant income verifications, project rents and project inspections must be retained for the most recent five-year period, until five years after the affordability period terminates.
- HOME-ARP TBRA: Records must be retained for five years after the period of rental assistance terminates.
- Written agreements: Records must be retained for five years after the agreement terminates.
- Displacements and Acquisition: Records must be retained for five years after the date by which all persons displaced from the property and all persons whose property is acquired for the project have received the final payment to which they are entitled in accordance with [24 CFR 92.353](#).
- If any litigation, claim, negotiation, audit, monitoring, inspection, or other action has been started before the expiration of the required record retention period records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the required period, whichever is later.

Other Federal Requirements

All HOME-ARP projects must comply with the following requirements as described in the HCHC Program Policies and Procedures sections noted below:

1. Affirmative Marketing ([24 CFR 5.151](#)): Section XII a.
2. Conflicts of Interest ([24 CFR 92.356](#)): Section XII b.

3. Participation by Religious Organizations ([24 CFR 92.257](#)): Section XII d.
4. Environmental Review ([24 CFR 58](#)): Section XIV a.
5. Lead Based Paint ([24 CFR 35](#)): Section XIV b.
6. Davis Bacon & Related Acts ([2 CFR 92.354](#)): Section XIV c.
7. Section 3 ([24 CFR 75](#)): Section XIV d.
8. Uniform Relocation Act ([42 U.S.C. 4601 et seq.](#)): Section XIV e.
9. Section 504 ([24 CFR 8](#)): Section XIV f
10. Fair Housing (Title VI of the Civil Rights Act of 1964 ([42 U.S.C. 2000d-2000d-4](#)), the Fair Housing Act ([42 U.S.C. 3601 et seq.](#)), and [25 CFR 5.105\(a\)](#)): Section XIV g.
11. VAWA ([24 CFR 92.359](#)):