

HOME Final Rule: Project Deadlines Webcast Transcript

Welcome to the “Project Deadlines” webcast session, part of HUD’s “Introduction to the New HOME Final Rule” webcast series.

This session will focus on the new project deadline requirements contained in the New HOME final Rule.

HUD established these deadline requirements to ensure that the expenditure of HOME funds results in timely completion and occupancy of affordable housing units.

The HOME program is a housing production program, and a unit that has not served a low-or very-low income household has not met the purposes of the HOME program.

In this session, I will introduce 3 key deadline requirements in the New Rule, including the 4-year project completion deadline, the 9-month homebuyer sales deadline, and the new rental occupancy deadlines along with what participating jurisdictions can do to start implementing these changes.

Finally, I will explain how these new requirements compare to the deadline requirements imposed in the Fiscal Year 2012 and 2013 Appropriation laws.

Under the new rule projects to which HOME funds are committed on or after August 23, 2013 must be completed within 4 years of the date funds are committed to that project as reflected by the dated signatures to the written agreement.

What does HUD consider a “completed project”?

For Homebuyer projects, project completion is achieved when all construction work is finished, title transfer has occurred, the final draw down of HOME funds has taken place, and project completion and beneficiary information has been entered into IDIS.

For rental projects, project completion occurs when construction is finished and the project is ready for occupancy.

For rental projects, PJs can enter project completion information into IDIS before beneficiary information is available for all the units.

Units can be marked as vacant but the PJ must reopen the project and update beneficiary information periodically until all required data has been reported.

HUD will consider projects that are not completed within this four year deadline to be terminated before completion and the PJ will be required to repay the HOME funds invested in the project to its HOME account.

A PJ may request a one-year extension from HUD by submitting information about the status of the project, steps being taken to overcome any obstacles to completion, proof of adequate funding to complete the project, and a schedule with milestones for completion of the project.

HUD will consider the likelihood of the project being completed within the 1-year timeframe in deciding whether to grant an extension.

The new rule imposes a 9-month deadline for the sale of all homebuyer units.

All HOME homebuyer units must be sold to an eligible homebuyer within 9 months of construction completion.

A ratified sales contract is sufficient to demonstrate that a homebuyer unit has been sold.

Units that remain unsold at the end of the sales deadline must be converted to HOME rental units, or the PJ must repay the HOME funds invested in the unsold unit.

The new rule requires initial occupancy of HOME-assisted rental units to occur within 18 months of project completion.

There are two deadlines related to this requirement.

If a unit remains vacant 6 months after project completion, the PJ must submit information to HUD about the current marketing efforts, and if appropriate, an enhanced marketing plan for these unoccupied units.

If a unit is still not occupied 18 months after construction completion, HUD will require the PJ to repay the HOME funds invested that unit.

These new deadline requirements will take effect for all projects to which HOME funds are committed on or after August 23, 2013.

I want to take a few minutes to compare the requirements in the new rule to those imposed on HOME projects by the fiscal year 2012 and 2013 HOME Appropriation laws.

They both include two of the same project deadline requirements, but with some important differences.

There is a 4-year project completion deadline for both the federal fiscal 2012 and 2013 requirements and the new HOME rule.

Under the federal fiscal 2012 and 2013 requirements, HUD has no authority to grant any waiver or extensions beyond the 1 year extension.

However, under the new HOME rule, HUD will have the ability to grant waivers for “good cause” to provide an extension beyond the 1 year.

“Completion”, for the purposes of fulfilling the Appropriation Law’s 4-year deadline occurs at construction completion.

Under the new rule, “completion” occurs when the project complies with the definition of “project completion” in Section 92.2, the requirements of which were discussed earlier.

Both the federal fiscal 2012 and 2013 appropriation laws and the new HOME final rule contain a deadline for the sale of HOME homebuyer units.

The federal fiscal 2012 and 2013 requirements establish a 6 month deadline, under the new HOME rule, the deadline is 9 months.

HUD has no authority to waive or otherwise make exceptions to this deadline under the federal fiscal 2012 and 2013 requirements under the new rule HUD has authority to grant waivers for good cause.

HUD recognizes that PJs and their partners are anxious to begin implementing these new requirements.

In the coming weeks and months, HUD will be working to provide additional guidance and resources to PJs, CHDOs, and other program participants.

To get started, PJs should begin revising their policies and procedures to reflect these project deadlines.

You should begin to consider: Who will be responsible for ensuring compliance?

How will you evaluate projects to ensure that they are on track to achieve timely completion BEFORE you commit funds?

What intermediate benchmarks will you implement, what status reports and updates will you require, and what type of enforcement mechanisms will you impose?

Additionally, PJs need to revise written agreements to reflect these deadlines.

HUD will post reports on the HOME website to help PJs achieve compliance with these project deadlines.

PJs will need to put procedures in place to track projects against these new deadlines.

Thank you for joining the “Project Deadlines” webcast session.

Be sure to tune-in to the additional webcasts in this series, each addressing a specific aspect of the new HOME rule requirements.

You can visit the New HOME Final Rule page on the HOME website for additional guidance and resources.