AHDF Addendum - 2023 Data

VII. Quick Reference for HOME Funds Income/ Rent Limits Associated with RENTAL Projects

Maximum Rents (The 2023 HOME Rent Limits are effective from June 15, 2023 until the 2024 Limits are published.)

Rental projects using HOME funds have rent limits associated with them. The High HOME Rents are: the lesser of the Fair Market Rents, or 30% of adjusted family income of a family whose annual income equals 65% of the median income for the area (see below). The Low HOME rents, for projects containing 5 or more HOME-assisted units for at least 20% of the units, must have rents which are no greater than: Thirty percent (30%) of the tenant's monthly adjusted income, or 30% of the annual income of a family whose income equals 50% of median income. The HOME rents are as follows:

	Efficy.	1 Bedrm	2 Bedrm	3 Bedrm	4 Bedrm	5 Bedrm
Low HOME Rents:	$862	$904	$1090	$1305	$1456	$1606
High HOME Rents:	$862	$904	$1090	$1386	$1515	$1742

NOTE: Maximums listed are applicable when Developer pays all utilities; rents must be adjusted to a lower amount if tenant is responsible for any utility payments. Utility allowances must be developed on a per-project basis – those developed by the local PHA cannot be used for HOME-Funded projects.

Subsidy Limits

Please note that HUD has issued the Section 234 Condominium Housing limits to be used as subsidy limits. These limits are found below, and are adjusted by unit size.

Section 234 Condominium Housing, elevator type mortgage limits (These Subsidy Limits are effective from April 7, 2023 until further notice.)

These are the maximum allowable amounts of HOME funds that can be spent per rental unit on a rental project.

	Efficiency	1 Bedrm	2 Bedrm	3 Bedrm	4+ Bedrm
Elevator - Pgh Base City:	$173,011	$198,331	$241,176	$312,004	$342,482

Reference Materials

HOME Per Unit Subsidy Limits

To ensure that HOME maximum per-unit subsidy limits continue to be updated annually until a new regulation for effect can be issued, HUD is establishing an interim policy requiring PJs to use the Section 234-Condominium Housing, elevator-type, basic mortgage limits in lieu of the Section 221(d)(3) limits. Similar to the Section 221(d)(3) program, the Section 234 - Condominium Housing Insurance Program uses statutory per-unit mortgage limits that vary according to the size of the unit, the type of structure, and the location of the project. The Section 234 program insures blanket mortgages for the construction or substantial rehabilitation of multifamily projects to be sold upon completion as individual condominium units. Over time, the limits issued by HUD for the Section 234 program have been identical to the 221(d)(3) limits. Consequently, substituting the Section 234 basic mortgage limit for the Section 221(d)(3) limit until a new final rule can be published is consistent with the intent of NAHA and the implementing provisions of the HOME Final Rule. To ensure consistency with the provisions of section 212(e)(1) of NAHA, the HOME maximum per-unit subsidy limit that HUD can approve for a PJ cannot exceed 240 percent of the Section 234 basic mortgage limit.

Maximum Income Limits for Renters (The 2023 HOME Renter Income Limits are effective from June 15, 2023 until 2024 Limits are published.)

Ninety percent of the renters receiving HOME tenant-based rental assistance or occupying units assisted with HOME funds must be at or below **60%** of the median area income:

Max. Annual Income	Family Size
$42,180	1 person
$48,240	2 people
$54,240	3 people
$60,240	4 people
$65,100	5 people
$69,900	6 people

Reference Materials

For projects with 5 or more HOME-assisted units, a minimum of 20% of the HOME-Assisted units must be occupied by tenants whose household income does not exceed **50%** of area median income:

Max. Annual Income	Family Size
$35,150	1 person
$40,200	2 people
$45,200	3 people
$50,200	4 people
$54,250	5 people
$58,250	6 people

Quick Reference for CDBG Income/ Rent Limits Associated with RENTAL Projects

Maximum Rents 2023 Fair Market Rent Data—

1. For use in any CDBG funded developments with no funding from the Low Income Housing Tax Credit Program.

The limits are as follows (Fair Market Rents):

Efficiency	1 Bedrm	2 Bedrm	3 Bedrm	4 Bedrm
$862	$904	$1090	$1386	$1456

2. For use in any CDBG funded developments that also have funding from the Low Income Housing Tax Credit Program. ACED reserves the right to adjust these limits for LIHTC Projects with Income Averaging.

Efficiency	1 Bedrm	2 Bedrm	3 Bedrm	4 Bedrm
$1054	$1130	$1356	$1566	$1747

Reference Materials

NOTE: Maximums listed are applicable when Developer/Owner pays all utilities; rents must be adjusted to a lower amount if tenant is responsible for utility payments. (For other unit sizes or for additional information, contact Allegheny County Economic Development.)

Maximum Income Limits for Renters

One hundred percent of the renters occupying units assisted with CDBG funds must be at or below 80% of the median area income. Exceptions may apply if a project is located in a designated Neighborhood Revitalization Strategy Area.

Max. Annual Income (CDBG)	Family Size
$56,250	1 person
$64,250	2 people
$72,300	3 people
$80,300	4 people
$86,750	5 people
$93,150	6 people

VIII. Quick Reference for HOME & CDBG Income/ Purchase Price Limits Associated with HOMEOWNERSHIP Projects

HOME Purchase Price Limits: (These are the 2022 limits which will remain in effect until HUD publishes updated data). These are the maximum allowable purchase prices on homeownership projects assisted with HOME funds. HUD sets these values for the HOME program based on a 95% of median sales price for similar (new or existing, as applicable) units in a given housing market. There is no official limit for CDBG funded units, however, ACED will use the same limits unless critical need can be demonstrated for an alternate.

Existing Homes	New Homes	Unit Size
$197,000	$303,000	1 family unit
$252,000	$388,000	2 family unit
$306,000	$470,000	3 family unit
$332,000	$567,000	4 family unit

Reference Materials

Subsidy Limits
Please note that HUD has issued the Section 234 Condominium Housing limits to be used as subsidy limits following the expiration of the 221 (d) 3 program. These limits are found below, and are adjusted by unit size.

Section 234 Condominium Housing, elevator type mortgage limits (These Subsidy Limits are effective until further notice.)

These are the maximum allowable amounts of HOME funds that can be spent per rental unit on a rental project.

	Efficiency	1 Bedrm	2 Bedrm	3 Bedrm	4+ Bedrm
Elevator - Pgh Base City:	$159,754	$183,132	$222,694	$288,094	$316,236

INTERIM POLICY

To ensure that HOME maximum per-unit subsidy limits continue to be updated annually until a new regulation for effect can be issued, HUD has established an interim policy requiring PJs to use the Section 234-Condominium Housing, elevator-type, basic mortgage limits in lieu of the Section 221(d)(3) limits. Similar to the Section 221(d)(3) program, the Section 234 - Condominium Housing Insurance Program uses statutory per-unit mortgage limits that vary according to the size of the unit, the type of structure, and the location of the project. The Section 234 program insures blanket mortgages for the construction or substantial rehabilitation of multifamily projects to be sold upon completion as individual condominium units. Over time, the limits issued by HUD for the Section 234 program have been identical to the 221(d)(3) limits. Consequently, substituting the Section 234 basic mortgage limit for the Section 221(d)(3) limit until a new final rule can be published is consistent with the intent of NAHA and the implementing provisions of the HOME Final Rule. To ensure consistency with the provisions of section 212(e)(1) of NAHA, the HOME maximum per-unit subsidy limit that HUD can approve for a PJ cannot exceed 240 percent of the Section 234 basic mortgage limit.

Maximum Income Limits for Buyers
One hundred percent of the buyers purchasing units assisted with CDBG or HOME funds must be at or below 80% of the median area income. Exceptions may apply if a project is located within a designated Neighborhood Revitalization Strategy Area.

Reference Materials

Max. Annual Income (CDBG or HOME)	Family Size
$56,250	1 person
$64,250	2 people
$72,300	3 people
$80,300	4 people
$86,750	5 people
$93,150	6 people

RECAPTURE POLICY

Homeownership units that are developed with subsidy provided by the AHDF program require a means to ensure that the units are occupied as the principal residence during the HOME-mandated period of affordability. To ensure compliance, the homebuyers will sign a deferred payment mortgage document with Allegheny County. The guidelines for the mortgage document, which is often subordinated to a mortgage loan that the homebuyer secures from a private bank, follow below. This applies to homebuyer programs, but not owner-occupied repair programs. Recapture policy will be used in areas with nominal likely increase in values so that homeowners can maximize equity in the home.

Allegheny County Recapture Guidelines

Allegheny County, through the Allegheny Housing Development Fund (AHDF), utilizes HOME funds for the development of affordable homeownership housing, including new construction and the acquisition and rehabilitation of single family homes. The HOME regulations at 24 CFR 92.254(a)(4) require that HOME-assisted housing remain affordable throughout the period of affordability. The HOME period of affordability for homeownership housing under a recapture provision is based upon the per-unit amount the direct HOME subsidy provided.

The "direct HOME subsidy" is the amount of HOME assistance that enabled the homebuyer to buy the house. This includes any HOME assistance that reduced the purchase price from fair market value to an affordable price, but excludes the amount between the cost of producing the unit and the market value of the property (i.e., the development subsidy). The County's policy, in accordance with the HOME regulations, requires that all HOME-assisted housing must meet the affordability periods as applicable: a minimum of five years for assistance under $15,000; a minimum of ten years for assistance between $15,000 and $40,000; and a minimum of fifteen years for assistance over $40,000. To ensure long term affordability, the County will utilize the recapture provision at 24 CFR 92.254(a)(5)(ii)(4), "Owner investment returned first" and apply it to HOME-assisted for-sale housing in challenged market communities.

Reference Materials

For HOME housing as well as other homeownership housing assisted with funds from the Allegheny Housing Development Fund, it is expected that Recapture will be the most often used technique. The affordability restriction will be secured using a deed restriction (mortgage) and will expire at the end of the affordability period. If the HOME-assisted homebuyer fails to occupy the unit as his or her principal residence (i.e., unit is rented or vacant), or the home was sold or otherwise transferred during the period of affordability and the applicable recapture provision was not enforced, then the project will be considered in noncompliance. Accordingly, the County will monitor for compliance with the principal residency requirement and the terms of the recapture provision.

Because recapture provisions cannot be used when there is no direct HOME subsidy, as defined above, the County will only provide HOME funds for affordable homeownership housing to projects that include a direct HOME subsidy. The County will not invest HOME funds in homeownership projects that contain only a development subsidy.

To preserve affordability, the County may use purchase options, right of first refusal or other preemptive rights to purchase the house before foreclosure. However, should HOME-assisted housing be sold or transferred (voluntarily or involuntarily) during the period of affordability, recapture will be triggered and the County will recoup all or a portion of the direct subsidy, limited to net proceeds, to the extent that sufficient funds remain. Net Proceeds is defined as the sales price minus the superior non-HOME loan repayment minus closing costs related to the sale (but not the original purchase of the unit). From the available net proceeds, the County will distribute the funds as follows:

1. The homeowner will recover the amount of the down-payment that the homeowner contributed in cash;

2. The homeowner will recover the cost of documented permanent capital improvements, as defined in the guidelines for the Allegheny Housing Development Fund program, made to the property by the owner since the purchase;

3. From the proceeds remaining after items one and two are paid, the County will recapture up to the full amount of the HOME assistance, and the remaining amount, if any, will be remitted to the homeowner; and

4. In the event that net proceeds are not sufficient to pay the above, the County will permit the homeowner to recover up to their entire investment (down-payment and documented capital improvements) and the recapture requirement will be considered satisfied.

Reference Materials

HOME Resale Option

HOME Resale requirements have been established and are consistent with 92.254(a)(5)(i). Thre resale option will be used in market areas where there may be a rapid rise in the resale price of homes and the County wishes to restrict subsequent buyers to low/mod income households with the goal of long-term affordability. If long-term affordability period is not achieved, subsidy funds must be repaid to the County. The County is required to ensure that, when a HOME-assisted homebuyer sells his or her property, either voluntarily or involuntarily, during the affordability period:

- the property is sold to another low-income homebuyer who will use the property as his or her principal residence;
- the original homebuyer receives a fair return on investment, (i.e., the homebuyer's down payment plus capital improvements made to the house); and
- the property is sold at a price that is "affordable to a reasonable range of low-income buyers."

If the County provided HOME assistance to develop the unit and HOME funds are not used to lower the purchase price from fair market value to an affordable price, resale provisions must be used. In addition, these provisions shall apply when the owner of the land on which the unit is developed is a Land Trust entity and not the owner of the structure. (*Affordable housing is defined as housing on which the occupant(s) pay no more than 30 percent of their gross income for housing costs. (HUD Glossary of Terms, 2011)*)

For resale policy units, the County will not invest HOME funds in homeownership projects that contain only a development subsidy. When the County is working with a Community Land Trust (CLT), the CLT model for resale applies. The CLT program requires the homebuyer to sign a ground lease, that remains in effect permanently. Because CLT retains ownership of the underlying land, a CLT home remains permanently affordable, even as the original beneficiary(s) sell and move on. Specifically, the CLT model restricts the home's maximum resale price by the CLT ground lease, ensuring the new homeowner can build equity while also making sure the home price stays affordable.

Resale Provisions are used:

1. in areas with predominantly high home sales prices,
2. in areas subject to rapidly appreciating housing costs,
3. in areas with a shortage of affordable homes for sale and no readily available land to build new homes,
4. in areas where affordability will not be preserved through the unrestricted sale of the unit.

Reference Materials

Allegheny County Permanent Improvements Policy

As noted in the Recapture guidelines above, a homebuyer may retain the cost of permanent capital improvements made to a home during is/her residence. If the home is resold during the period of affordability, the amount of those improvements may be deducted from the amount that the County can recapture from the homebuyer.

For purposes of the Recapture Guidelines, a permanent capital improvement must:

1. Be documented by a receipt showing payment for materials, if installed by homeowner; or payment for an improvement, if installed by a contractor. Receipt should be dated and contain a description of work undertaken.

2. A product or improvement that becomes a permanent part of the property.

3. Improvements will be reviewed for eligibility by the County upon presentation by the homeowner if the homeowner is selling the unit during the period of affordability.

Examples may include, but are not limited to: appliances that are hard-wired and permanently affixed, such as a built-in dishwasher, but not a portable model. The construction or installation of fencing, a deck, a porch or a garage or an addition is an example of a permanent installation. Electrical improvements must be hard-wired. Replacement of maintenance items due to wear or obsolescence (i.e., carpet, window treatments, paint) is not eligible. Eligible items at sole discretion of the County.