HOME tenant-based rental assistance

Overview
The HOME Investment Partnership Program (HOME) provides formula-based block grants that localities and states can use to support a variety of activities related to affordable housing.

Among other eligible uses, states and local jurisdictions can utilize federal HOME funds to expand the amount of tenant-based rental assistance available to low-income households. Specifically, HOME grantees may provide tenant-based rental assistance contracts of up to two years in duration that are renewable at the jurisdiction’s discretion. Cities, towns, and counties have authority to tailor tenant-based rental assistance through the HOME program to meet specific needs, including limiting program eligibility to specific groups (e.g., seniors, persons with a disability, etc.), and provide additional types of assistance to complement the tenant-based rental assistance, such as security deposits and help covering utility costs.

60 percent of HOME funds are awarded directly to participating jurisdictions, which include larger localities (or consortia of smaller contiguous localities) and states. The remaining 40 percent is given to states for allocation to small cities, towns, and rural areas that do not receive an award from HUD. Because participating jurisdictions receive formula allocations each year, they will likely be better-equipped than smaller jurisdictions to administer a tenant-based rental assistance program on a longer-term basis.

Approach
Participating jurisdictions describe how they plan to administer the HOME program and other federal programs to address state or local housing needs in a Consolidated Plan and annual Action Plans that are submitted to HUD each year. While federal regulations establish certain parameters on HOME tenant-based rental assistance, jurisdictions that choose to offer a program need to make some decisions about program design. One key decision is whether a jurisdiction will administer the program directly or designate a partner (called a ‘subrecipient’) to handle day-to-day operations on their behalf. Subrecipients can include a local public housing agency or other public agency, or a nonprofit organization that has experience administering similar
types of programs. While tenants generally pay 30 percent of income toward rent, jurisdictions that offer HOME tenant-based rental assistance also must establish a minimum tenant contribution (e.g., $50 per month).

Jurisdictions offering HOME tenant-based rental assistance also need to decide if their program will provide any assistance or activities in addition to rent payments. For example, HOME program funds can be used to cover the cost of security deposits and utility deposits if participants lack the assets to cover these expenses. Program funds may also support homeownership through a lease-purchase option, although this approach may be challenging to implement in some high-cost markets.

Eligibility

Under HOME program regulations, 90 percent of households that receive HOME-funded tenant-based rental assistance must have incomes at or below 60 percent of the area median income, and the remaining 10 percent may have incomes of no more than 80 percent of the area median income, subject to annual verification. Jurisdictions may require residents who receive HOME-funded tenant-based rental assistance to participate in a self-sufficiency program as a condition of assistance, provided the assistance is not provided as relocation assistance. Jurisdictions may also establish preferences for current residents of the jurisdiction or for individuals with special needs or with disabilities, including seniors and people experiencing homelessness, or with a specific special need or disability (e.g., chronic mental illness) as appropriate to address unmet needs. These preferences should be clearly described in the jurisdiction’s Consolidated Plan.

While assisted households find their own units on the private market, rented units are also subject to certain eligibility requirements established at the federal level. Rent levels must meet reasonableness standards for the unit size, as established by the participating jurisdiction based on local market conditions or housing choice voucher rent limits, and the lease agreement must be in compliance with HOME program specifications. The unit must also meet Housing Quality Standards established under the Housing Choice Voucher program.

Other considerations

- Matching funds. HOME program regulations require states and local jurisdictions to match every dollar of HOME funds spent with 25 cents from nonfederal sources. The match can be provided with local or state funding, bond financing proceeds, or in-kind donations, including labor, property, or materials. Local jurisdictions need to identify a source for the match before using any HOME funds.
Examples

- The city of San Jose, CA uses HOME funds to provide tenant-based rental assistance to help “employable” homeless individuals and families transition out of homelessness and make progress toward self-sufficiency. In its FY 2017-18 Annual Action Plan, the city allocated $2.4 million in HOME funds for this purpose. In conjunction with the rental assistance, the city will contract with 3 agencies to provide intensive case management (funded with the city’s general funds) for participating households. The City of San Diego works with the San Diego Housing Commission (SDHC), the city’s public housing agency, to administer its HOME tenant-based rental assistance program. As indicated in its Consolidated Plan, San Diego allocates only a small portion of its HOME funds to tenant-based rental assistance (3 percent), noting that “with such a high-priced market, strategies which produce affordable housing do more [than tenant-based assistance] to preserve long-term affordability for low-income households. In contrast, programs that provide tenant-based rental assistance...might not be feasible due to market economics, especially in the areas with higher rents.” SDHC uses HOME tenant-based assistance to assist formerly homeless individuals who have completed SDHC’s rapid re-housing program, providing resources to help them move into stable, affordable housing. San Diego’s HOME tenant-based rental assistance program is modeled on the Housing Choice Voucher program, although limited to renewable two-year periods of assistance.

Related resources

- Building HOME, Chapter 7: Tenant-Based Rental Assistance, U.S. Department of Housing and Urban Development (March 2008) – This chapter of the HOME program primer contains practical guidance on why cities and counties might choose to use HOME funds for tenant-based rental assistance, and provides additional details on eligible activities.
- HOME Investment Partnership Program, HUD Exchange – This website is HUD’s main repository for resources related to the HOME program and contains links to information about the program, reporting systems, program reports, and relevant news and announcements.
- An Overview of the HOME Investment Partnerships Program, Congressional Research Service (September 2014) – This report provides basic details on how the HOME program is organized and funded, eligible uses of HOME funds, and program oversight.
- Summary of Key Changes to the HOME Program Regulations in the Final Rule, National Low Income Housing Coalition (August 2013) – This factsheet summarizes recent changes and clarifications to HOME program regulations, including those
that pertain to tenant-based rental assistance activities.