

Hurricane Sandy caused substantial damage to communities along the Mid-Atlantic and New England coastline, destroying residential property and displacing residents. Section 290 of the Cranston-Gonzalez National Affordable Housing Act of 1990 (NAHA), as amended, authorizes HUD to suspend certain statutory requirements under the HOME Investment Partnerships Program for participating jurisdictions located in areas that President Obama declared to be disaster areas under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act to assist them in disaster recovery.

Pursuant to the authority provided in Section 290 of NAHA and 24 CFR 5.110, HUD finds good cause to suspend the HOME statutory requirements and waive HOME regulatory requirements specified in the attachment to this memorandum for the State Participating Jurisdictions of New Jersey, New York, Connecticut and Rhode Island and for local participating jurisdictions in the counties that are declared to be disaster areas under title IV of the Robert T. Stafford Act.

### **HOME Program Waivers Related to Hurricane Sandy**

The following provisions contained in the Cranston-Gonzalez National Affordable Housing Act of 1990, as amended (42 U.S.C. 12721 et seq.) (Act) and in the HOME Program regulations codified at 24 CFR Part 92, as they relate to the use of HOME funds to address disaster relief as a result of Hurricane Sandy, are being suspended pursuant to the authority established in Section 290 of the Act or waived pursuant to the authority established in 24 CFR 5.110. Provisions that are not specifically waived remain fully effective.

Requirement:	<u>Limitation on the Use of HOME Funds for Administrative Costs</u>
Citations:	Section 212(c) (Act), and 24 CFR 92.207
Explanation:	These provisions limit the amount of HOME funds that a Participating Jurisdiction may use for administrative and planning costs associated with its HOME award. A Participating Jurisdiction may expend up to 10 percent of its annual HOME allocation, plus any program income received, for administrative and planning costs. These provisions are suspended to enable the Participating Jurisdiction to expend up to 20 percent of its FY 2011 and FY 2012 allocations and program income received for administrative and planning costs.
Justification:	This suspension is required to provide the participating jurisdiction adequate funds to pay for the increased cost of administering HOME-related disaster relief activities, and to relieve the Participating Jurisdiction of the burden of identifying other general funds to pay these costs.

Applicability: This suspension and waiver apply to the Participating Jurisdiction's FY 2011 and FY 2012 HOME allocations.

Requirement: Source Documentation for Income Determinations for HOME

Citations: 24 CFR 92.203(a)(1) and (2)

Explanation: These sections of the HOME regulation require that initial income determinations for HOME beneficiaries be made using source documentation. Many families whose homes were destroyed or damaged by the hurricane will not have any documentation of income and will not be able to qualify for HOME assistance, if the requirement remains effective.

Justification: This waiver will permit the Participating Jurisdiction to use self-certification of income, as provided in §92.203(a)(1)(ii), in lieu of source documentation to determine eligibility of persons displaced by Hurricane Sandy for HOME assistance. The Participating Jurisdiction or, as appropriate HOME project owners, are required to maintain the household's income self-certification and documentation that the household's income documentation was destroyed or is inaccessible.

Applicability: This waiver applies only to households whose income documentation was destroyed or made inaccessible by the hurricane and remains in effect for 12 months from the date of this memorandum.

Requirement: Match Contributions

Citations: 24 CFR 92.222(b)

Explanation: This provision requires all HOME Participating Jurisdictions to make contributions through the fiscal year to housing that qualifies as affordable housing under the HOME program. The contributions must total no less than 25 percent of the HOME funds drawn from the Participating Jurisdiction's HOME Investment Trust Fund Treasury account. Reducing the match requirement for the Participating Jurisdiction by 100 percent for FY2013 and FY2014 will eliminate the need for the Participating Jurisdiction to identify match for HOME projects related to the damage caused by Hurricane Sandy. The requirement that the Participating Jurisdiction must submit a copy of the Presidential major disaster declaration is waived.

Justification: Given the urgent housing needs created by Hurricane Sandy, and the substantial financial impact the Participating Jurisdiction will face in addressing those needs, the approval of a match reduction will relieve the

Participating Jurisdiction from the need to identify and provide matching contributions to HOME projects.

- Applicability: This match reduction applies to funds expended by the Participating Jurisdiction from October 1, 2012 through September 30, 2014.
- Requirement: Set-aside for Community Housing Development Organizations (CHDOs)
- Citations: Section 231 (Act), and 24 CFR 92.300(a)(1)
- Explanation: These provisions establish a set-aside for CHDOs. The Participating Jurisdiction must use 15 percent of each annual allocation for housing owned, developed, or sponsored by CHDOs.
- Justification: This suspension and waiver are required to relieve the Participating Jurisdiction of requirements that may impede the obligation and use of funds to expeditiously provide housing to displaced persons and repair damaged properties resulting from Hurricane Sandy.
- Applicability: This requirement is reduced to zero percent for the Participating Jurisdiction's FY2011 and FY2012 allocations.
- Requirement: HOME Property Standards for Units Rehabilitated with HOME Assistance
- Citations: 24 CFR 92.251
- Explanation: This section of the HOME regulation requires that housing assisted with HOME funds meet property standards based on the activity undertaken, i.e., for homebuyer assistance, and state and local standards and codes or model codes for rehabilitation and new construction. Property standard requirements are waived for repair of properties damaged by the Hurricane Sandy. Units must meet State and local health and safety codes. The lead housing safety regulations established in 24 CFR Part 35 are not waived.
- Justification: This waiver is required to enable the Participating Jurisdiction to meet the critical housing needs of families whose housing was damaged and families who were displaced by Hurricane Sandy.
- Applicability: This waiver applies only to units damaged by the disaster to which HOME funds are committed within two years of the date of this memorandum.
- Requirement: Tenant and Participation Protections

Citations: Section 225(d) (Act), and 24 CFR 92.253(d)

Explanation: This section of the HOME final rule requires an owner of rental housing assisted with HOME funds to adopt written tenant selection policies and procedures.

Justification: The requirement that rental project owners follow written tenant selection criteria constitutes an impediment to the efforts to house persons displaced by the disaster.

Applicability: This suspension and applies to existing HOME rental projects in the disaster area for a period of 12 months from the date of this memorandum. All other requirements applicable to HOME rental units, including the rent limitations and income targeting requirements at 24 CFR 92.252(a) and (b), continue to apply.

Requirement: Maximum Per Unit Subsidy Limit

Citations: Section 212(e) (Act) and 24 CFR 92.250(a)

Explanation: The total amount of HOME funds that the Participating Jurisdiction may invest on a per-unit basis may not exceed the per-unit dollar limitations established under section 221(d)(3) of the National Housing Act (12 U.S.C 17151(d)(3)(ii)) for elevator-type projects that apply to the area in which the housing is located.

Justification: Due to the damage caused by Hurricane Sandy, many housing units may require substantial funding to either complete the renovation or reconstruction. In addition the costs for new construction of affordable housing will escalate due to the demand for labor and materials. These high or escalating costs may exceed the established maximum per-unit subsidy limits for HOME-assisted projects. Suspending the maximum per-unit subsidy limit will provide the Participating Jurisdiction with the needed flexibility to assist affected low-income households.

Applicability: This suspension and waiver applies to all projects that receive a commitment of HOME funds within two years of the date of this memorandum. For State Participating Jurisdictions, this suspension and waiver applies only to projects located in the designated disaster area.

Requirement: Homeownership Housing Maximum Value/Sales Price Limitation

Citations: Section 215(b)(1) (Act), and 24 CFR 92.254(a)(2)

Explanation: This section of the HOME final rule requires that the sales price or maximum after-rehabilitation value of HOME-assisted housing not exceed 95% of area median sales price.

Justification: This suspension and waiver is necessary to provide the Participating Jurisdiction with flexibility to assist affected low-income homeowners to repair hurricane damage to their homes and low-income homebuyers to purchase available, standard housing in local market areas.

Applicability: This suspension and waiver applies to 1) damaged units in need of rehabilitation or 2) units being purchased by persons directly affected by the disaster, to which HOME funds are committed within two years of the date of this memorandum. For State Participating Jurisdictions, this suspension and waiver applies only to projects located in the designated disaster area. For State Participating Jurisdictions, this suspension and waiver applies only to projects located in the designated disaster area.