

ATTACHMENT F HOME-ARP SET-ASIDE FOR COMMERCIAL CONVERSION

American Rescue Plan HOME Investment Partnership Program (HOME-ARP)

The American Rescue Plan Act of 2021 (ARPA) provided critical supplemental funding to communities in their local response efforts to the COVID-19 pandemic. As part of ARPA, HUD provided a special allocation of HOME Investment Partnership Program (HOME-ARP) funds to the City of Madison.

The overall purpose of the funding is to provide assistance to individuals and families at risk of or experiencing homelessness (referred to as the Qualifying Population), including:

1. Those who are homeless as defined under [24 CFR 91.5](#)
2. Those who are at imminent risk of homelessness as defined in [24 CFR 91.5](#)
3. Those who are fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, as defined by HUD.
4. Other populations where assistance would prevent the family's homelessness or serve those with the greatest risk of housing instability.

Projects funded through this set-aside must serve the four Qualifying Populations.

Commercial Conversion and Available Funding

The CDD seeks development proposals that will convert¹ hotels, motels or other suitable commercial properties into new units of permanent supportive housing to serve the Qualifying Population as described above. CDD recognizes that supportive services are necessary to support the Qualifying Population as they transition out of homelessness.

	Total Funding Available
Supportive Services	\$2,020,000
Rental Housing Development	\$3,056,197

The selected proposal must create at least 11 HOME-ARP units. Supportive service funds allocated to a HOME-ARP project must be used to deliver services to HOME-ARP units. Unlike development funds, which will be awarded to the project as a loan, support service funds will be administered through an annual services contract with the Support Service Provider.

¹ The conversion of suitable commercial properties does not include the clearing and redevelopment of commercial properties into multifamily residential.

Qualifying Population and Referral Methods

Pursuant to the City of Madison [HOME-ARP Allocation Plan](#), projects funded through this set-aside must establish a preference for the Primary Qualified Population: Households experiencing homelessness as defined in Section 3205 of the American Rescue Plan Act of 2021. If there are no eligible households referred from the Homeless Services Consortium Coordinated Entry Priority List (“Coordinated Entry”), Property Management may utilize a Secondary Qualified Population referral wait list of households at imminent risk of homelessness, those fleeing domestic violence, dating violence, stalking, sexual abuse, or human trafficking, or those whose homelessness could be prevented with service provision, as detailed in (#Ref) 2-4 above.

Qualifying Populations that are not served through Coordinated Entry will be served through other referral methods including a waitlist that is developed through coordination with service providers who serve the Qualifying Population(s). Units will be held open for a period of 30 days, from Certificate of Occupancy or turnover, when a vacancy arises for referrals from Coordinated Entry. If a referred applicant is unsuccessful, applicants on the waiting list will be selected in chronological order.

HOME-ARP Federal Requirements

Rental Housing

1. HOME-ARP funds must primarily benefit individuals and families that meet one of the Qualifying Populations as defined above.
2. HOME-ARP rental units must comply with all rental property standards in accordance with 24 CFR 92.251.
3. HOME-ARP unit rents may not exceed 30% of the adjusted income of a household whose annual income is equal to or less than 50% of the median income for the area (i.e., Low HOME Rents). [\[2023 HOME Income and Rent Limits\]](#)
4. Additional HOME-ARP program requirements can be found [here](#).

Supportive Services

HOME-ARP supportive services may be provided to households who are not already receiving the services through another program. Support services under [Section 401\(29\) of the McKinney-Vento Homeless Assistance Act](#) are eligible under HOME-ARP. This includes:

1. Case management
2. Assistance in obtaining permanent housing, employment counseling, and nutritional counseling.
3. Outreach services, advocacy, life skills training, housing search and counseling services.
4. Provision of mental health and trauma counseling, and victim services.
5. Provision of obtaining other Federal, State, and Local assistance available to residents.
6. Transportation services that facilitate an individual’s ability to obtain and maintain employment.
7. Health care
8. Other support services necessary to obtain and maintain housing.

Other federal requirements:

1. All supportive service costs paid for by HOME-ARP must comply with the requirements of the Notice and the Uniform Administrative Requirements at 2 CFR part 200, subpart E, Cost Principles that require costs be necessary and reasonable.
2. Program participants are to receive only the HOME-ARP services needed so there is no duplication of services or assistance.
3. Each household that occupies a HOME-ARP assisted unit must execute a lease that complies with the following:
 - a. **Lease Requirement:** There must be a lease between the qualifying household or the low-income household and the owner of the HOME-ARP-assisted project in accordance with [24 CFR 92.253\(a\)](#).
 - b. **Prohibited Lease Terms:** The lease between the low-income household, qualifying household, or HOME-ARP sponsor and the HOME-ARP project owner or the sublease between the HOME-ARP sponsor and a qualifying household may not contain any of the prohibited lease terms specified in [24 CFR 92.253\(b\)](#).
 - c. **Termination of Tenancy:** An owner may not terminate the tenancy or refuse to renew the lease of a tenant of a HOME-ARP unit or of a HOME-ARP sponsor with a sublease with a qualifying household except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable Federal, State, or local laws; or for other good cause. See [Section VI.B.19](#) of the Notice for more information.

Learn more about HOME-ARP requirements for rental housing by reading the [HOME-ARP Program Fact Sheet: Rental Housing](#).

Other City Requirements

1. Proposals are not required to seek WHEDA tax credits. However, if seeking WHEDA tax credits, proposals must demonstrate ability to achieve a reasonably competitive score under the current QAP. Proposals not seeking WHEDA tax credits must demonstrate sufficient financial feasibility to ensure project viability.
2. Property Management will be required to utilize a Housing First approach to the Tenant Selection Plan to serve the Qualifying Population, in consultation with and subject to City approval.
3. The City's preference is that proposed properties shall be located within the AHF Targeted Area Map's Preferred Transit Oriented Development (purple) areas, however, projects proposed in Eligible Core Transit (green) areas may be considered. Projects located outside of these areas will only be considered in extremely rare exceptions.
4. A **Supportive Service Plan** must be submitted with the application. Generally, a Supportive Service Plan should focus on the following details:
 - a. Describe how support services will be made available to tenants.
 - b. Outline how the Support Service Provider will collaborate with other support partners. Please name potential partners.

- c. Describe how the Support Service Provider will develop rapport with applicants and maintain engagement throughout tenancy.
 - d. Describe the proposed staffing roles structure for support services.
 - e. Estimate the hours and days services will be provided on site.
- 5. Commercial Conversion proposals must meet the requirements and are encouraged to meet the preferences outlined in the AHF-TC RFP above, with the exception of:
 - a. Commercial Conversion proposals are not required to apply for LIHTC.
 - b. Proposals are not required to meet the threshold that 20% of the proposed units must be designated as supportive housing units.
 - c. Proposals must follow the siting requirements under this attachment.
 - d. Tenant Selection Plans must utilize a Housing First approach for HOME-ARP units.