

# HOME-ARP Funded Eligible Activities

There are four primary activities that the City of Gary can spend HOME-ARP funding on:

- Production or Preservation of Affordable Housing
- Tenant-Based Rental Assistance (TBRA)
- Supportive Services, Homeless Prevention Services, and Housing Counseling
- Purchase and Development of Non-Congregate Shelter

In addition, HUD permits the City of Gary to use a small portion (5%) of its total HOME-ARP funds toward nonprofit operating and capacity building assistance and another small portion (up to 15%) for administration and planning.

## Production and Preservation of Affordable Housing:

The City of Gary can use HOME-ARP funds to acquire, rehabilitate, or construct affordable rental housing primarily for households of individuals from one or more of the qualifying populations. HOME-ARP can fund many different types of housing, including manufactured housing, single room occupancy (SRO) units, and permanent supportive housing.

HOME-ARP funding cannot be used toward emergency shelters, hotels, and motels (including those currently operating as non-congregate shelter), facilities such as nursing homes, residential treatment facilities, correctional facilities, halfway houses, and housing for students or dormitories. However, HOME-ARP funds can be used to acquire or rehabilitate those facilities to convert them to affordable rental housing.

At least 70% of all HOME-ARP rental units will admit households based on their status as HOME-ARP qualifying households (compared to the HOME program that targets all households based on income). The other 30% of units can admit low-income households.

Qualifying households retain their right to the HOME-ARP unit regardless of any changes in income or whether they meet the qualifying household definition after they occupy the unit. For units that are made available to low-income households, if a household's income increases above the applicable income limit, they would no longer be eligible for HOME-ARP and the unit would be considered temporarily out of compliance.

Qualifying households living in HOME-ARP units can also receive HOME-ARP supportive services or HOME-ARP tenant-based rental assistance.

For more about HOME-ARP's Production and Preservation of Affordable Housing, see the companion fact sheet.

## Rental Housing

The City of Gary can use HOME-ARP funds to provide tenant-based rental assistance (TBRA). Through HOME-ARP's TBRA, the City of Gary can provide payments to cover the entire rent or partial payments that the qualifying household cannot cover, including housing-related costs

such as security deposits and utility deposits. The TBRA program is only available to HOME-ARP qualifying households (not to low-income households).

Qualifying households who receive TBRA can choose to rent a unit in a HOME-ARP project or any other rental unit. The HOME-ARP TBRA is associated with the household, not the unit, which means that assisted households can move to another unit and continue to be eligible for HOME-ARP TBRA, so long as the unit meets HOME-ARP property standards.

To run a HOME-ARP TBRA program, the City of Gary must develop written tenant selection policies and criteria that are based on local housing needs. When selecting tenants for TBRA assistance, the City of Gary would have to follow the written tenant selection policies and criteria that:

- Limit eligibility to households that meet one of the HOME-ARP qualifying populations. Preferences for households in one or more of the qualifying populations, if any, must comply with the preferences and/or method of prioritization in the Allocation Plan and the policies and procedures for applying such preferences, and must not violate nondiscrimination requirements in the HOME program.
- If HOME-ARP TBRA applicants are selected from a waiting list, the City of Gary must provide for the selection of qualifying households from a written waiting list consistent with the preferences or method of prioritization in the chronological order of their application.
- Give prompt written notification to any rejected applicant and the grounds for rejection.
- Comply with Violence Against Women Act (VAWA) requirements.

The City of Gary may offer HOME-ARP TBRA at the same time it awards supportive services and also provide other non-mandatory services that may be most appropriate for persons with special needs or disabilities.

For more about HOME-ARP's TBRA activities, see the companion fact sheet.

## Supportive Services

HOME-ARP funds may be used to provide a broad range of supportive services to qualifying individuals or families as a separate activity or in combination with other HOME-ARP activities.

The City of Gary can provide supportive services to individuals and families who meet the definition of a qualifying population and who are not already receiving these services through another program. Supportive services include:

- If a person is homeless, then the person is eligible to be provided supportive services that are McKinney-Vento supportive services.
- If a person is housed and the supportive services are intended to help the program participant regain stability in the program participant's current permanent housing or move into other permanent housing to achieve stability in that housing, then the person is eligible for homelessness prevention services; and
- Housing counseling services can be provided regardless of whether a person is homeless or currently housed.

The City of Gary must document in their files the types of supportive services they wish to offer program participants. Only the supportive services that are authorized in the written agreement with the supportive service provider may be provided to program participants by that supportive service provider and only program participants that are eligible for those supportive services may be served. The City of Gary can set a maximum dollar amount that a program participant may receive for each type of service and may also set a maximum period for which a program participant may receive any of the types of assistance or services.

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## Eligible Costs of Supportive Services

**McKinney Vento Supportive Services and Homelessness Prevention Services:** Eligible costs for supportive services under either of these two categories include costs associated with the following services:

- **Childcare:** Includes providing meals and snacks, and comprehensive and coordinated developmental activities.
- **Education services:** The costs of improving knowledge and basic educational skills.
- **Employment assistance and job training:** The costs of establishing and/or operating employment assistance and job training programs, including classroom, online and/or computer instruction, on-the-job instruction, services that assist individuals in securing employment, acquiring learning skills, and/or increasing earning potential.
- **Food:** The cost of providing meals or groceries to program participants.
- **Housing search and counseling services:** Costs of assisting eligible program participants to locate, obtain, and retain suitable housing.
- **Legal services:** Covers fees charged by licensed attorneys and by person(s) under the supervision of licensed attorneys, for advice and representation in matters that interfere with a qualifying individual or family's ability to obtain and retain housing.
- **Life skills training:** The costs of teaching critical life management skills that may never have been learned or have been lost during the course of physical or mental illness, domestic violence, dating violence, sexual assault, stalking, human trafficking, substance abuse, and homelessness. The services must be necessary to assist the program participant to function independently in the community and include the budgeting of resources and money management, household management, conflict management, shopping for food and other needed items, nutrition, the use of public transportation, and parent training.
- **Mental health services:** Direct outpatient treatment of mental health conditions that are provided by licensed professionals.
- **Outpatient health services:** Direct outpatient treatment of medical conditions when provided by licensed medical professionals.
- **Outreach services:** The costs of activities to engage qualified populations for the purpose of providing immediate support and intervention, as well as identifying potential program participants.
- **Substance abuse treatment services:** Substance abuse treatment services designed to prevent, reduce, eliminate, or deter relapse of substance abuse or addictive behaviors and are provided by licensed or certified professionals. Note: Inpatient detoxification and other inpatient drug or alcohol treatment are ineligible.
- **Transportation**
- **Case management:** The costs of assessing, arranging, coordinating, and monitoring the delivery of individualized services to meet the needs of the program participant(s).

- **Mediation:** Mediation between the program participant and the owner or person(s) with whom the program participant is living, provided that the mediation is necessary to prevent the program participant from losing permanent housing in which the program participant currently resides.
- **Credit repair:** Credit counseling and other services necessary to assist program participants with critical skills related to household budgeting, managing money, accessing a free personal credit report, and resolving personal credit problems. Note: Does not include the payment or modification of a debt.
- **Landlord/Tenant Liaison:** Costs of liaison services between property managers/owners and program participants.
- **Services for special populations:** Services for special populations, such as victim services.<sup>1</sup>
- **Financial assistance costs:** Funds can be used to pay housing owners, utility companies, and other third parties for rental housing application fees, utility deposit, utility payments, moving costs, first and last month's rent, one-time rental arrears.
- **Short-term and medium-term financial assistance for rent:** Short-term (up to 3 months) or medium-term (more than 3 months but not to exceed 24 months) financial assistance for rent, provided that the total assistance, including any pre-payment of first and last month's rent, does not exceed 24 months of rental payments over any 3-year period.

**Housing Counseling services** that are ineligible under HOME-ARP include:

- Resolving or preventing mortgage delinquency, including, but not limited to default and foreclosure, loss mitigation, budgeting, and credit; and
- Home maintenance and financial management for homeowners, including, but not limited to: Escrow funds, budgeting, refinancing, home equity, home improvement, utility costs, energy efficiency, rights and responsibilities of homeowners, and reverse mortgages.

For more about HOME-ARP's Supportive Services, see the companion fact sheet.

## Non-Congregate Shelter<sup>2</sup>

HOME-ARP funds may be used to acquire and develop non-congregate shelters (NCS) for individuals and families in qualifying populations, including the acquisition of land and construction, acquisition and/or rehabilitation of existing structures such as motels, hotels, or other facilities. HOME-ARP funds cannot be used to pay the operating costs of an NCS.

The City of Gary will need to consider the availability of ongoing operating funds for the NCS so that the NCS is viable. They can limit a HOME-ARP non-congregate shelter to specific sub-populations, so long as the limitation does not violate non-discrimination laws. They can also

<sup>1</sup> The term victim services means services that assist program participants who are victims of domestic violence, dating violence, sexual assault, stalking, or human trafficking including services offered by rape crisis centers and domestic violence shelters, and other organizations with a documented history of effective work concerning domestic violence, dating violence, sexual assault, stalking, or human trafficking.

<sup>2</sup> Under HOME-ARP, a non-congregate shelter is one or more buildings that provide private units or rooms as temporary shelter to individuals and families and does not require occupants to sign a lease or occupancy agreement.

create preferences for qualifying eligible sub-populations. No one can be excluded, however, for not having a specific disability.

A HOME-ARP funded NCS can:

- Remain a HOME-ARP NCS in compliance with the requirements of HOME-ARP.
- Be used as a non-congregate emergency shelter under the ESG program so long as it complies with all requirements that apply when ESG funds are provided for operating costs or essential services in the shelter. (During any period for which ESG funds are provided, the applicable ESG requirements shall govern in the event of any conflict with HOME-ARP requirement).
- Be converted to permanent affordable housing according to the requirements established above.
- Be converted to permanent housing under the McKinney-Vento Homeless Assistance Act.

HOME-ARP NCS units may only be occupied by individuals or families who are from one or more of the qualifying populations. Qualifying populations cannot be charged occupancy fees or other charges to occupy an NCS unit unless the City of Gary determines fees and charges to be customary and reasonable and they comply CoC rules.<sup>3</sup>

Supportive services may also be provided as needed to qualifying individuals and families served by the HOME-ARP NCS. No individual or family may be denied admission to or removed from a HOME-ARP NCS unit on the basis or as a direct result of the fact that the individual or family is or has been a victim of domestic violence, dating violence, sexual assault, stalking, or human trafficking if the individual or family meets the criteria of one of the qualifying populations.

HOME-ARP funds may be used for actual costs of acquiring NCS or developing an NCS for:

- **Acquisition costs** to acquire improved or unimproved real property.
- **Demolition costs** for demolishing existing structures for the purpose of developing an NCS.
- **Development hard costs**, as defined in the HOME program,<sup>4</sup> to rehabilitate or construct NCS units, except costs must be for meeting the physical standards.
- **Site improvements** to the project site, including installation of utilities or utility connections, and the construction or rehabilitation of laundry, community facilities, on-site management, or supportive service offices.
- **Related soft costs**, which are reasonable and necessary costs incurred by the City of Gary and owner associated with the financing, acquisition, and development of HOME-ARP NCS projects, including costs identified through the HOME program.<sup>5</sup>
- **Replacement reserve** to pay the reasonable and necessary costs of replacing major systems<sup>6</sup> and their components whose useful life will end during the restricted use period.

All HOME-ARP NCS projects must be completed within 4 years of the date of commitment of the HOME-ARP funds based on the date of the last signature on the written agreement. HOME-

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<sup>3</sup> Continuum of Care Rules at 24 CFR §578.77(b)

<sup>4</sup> Home program at 24 CFR §92.206(a)

<sup>5</sup> Home program at in 24 CFR §92.206(d)

<sup>6</sup> Major systems include structural support, roofing, cladding, and weatherproofing, plumbing, electrical and HVAC.

ARP authorizes the conversion of HOME-ARP NCS units into permanent housing under McKinney-Vento or permanent affordable housing, but no HOME-ARP funds may be used for conversion.

For more about HOME-ARP's Non-Congregate Shelter rules, see the companion fact sheet.

## Nonprofit Operating and Capacity Building Assistance

In addition to the above primary activities, the City of Gary may use up to 5% of its HOME-ARP allocation to pay operating expenses of Community Housing Development Organizations (CHDOs) and other nonprofit organizations that will carry out activities with HOME-ARP funds. They may also use an additional 5% to pay eligible costs related to developing the capacity of eligible nonprofit organizations to successfully carry out HOME-ARP eligible activities, including for the following:

- **Operating Expense Assistance:** Operating expenses are “reasonable and necessary costs of operating the nonprofit organization.” They include employee salaries, wages and other employee compensation and benefits; employee education, training, and travel; rent; utilities; communication costs; taxes; insurance; equipment, materials, and supplies. HOME-ARP funds used for operating expenses must be used for the “general operating costs” of the nonprofit organization,
- **Capacity Building Assistance:** Capacity building expenses are “reasonable and necessary general operating costs that will result in expansion or improvement of an organization’s ability to successfully carry out eligible HOME-ARP activities.” Eligible costs include salaries for new hires including wages and other employee compensation and benefits; costs related to employee training or other staff development that enhances an employee’s skill set and expertise; equipment (e.g., computer software or programs that improve organizational processes), upgrades to materials and equipment, and supplies; and contracts for technical assistance or for consultants with expertise related to the HOME-ARP qualifying populations.

For more about HOME-ARP's Non-Congregate Shelter rules, see the companion fact sheet.

## Administration and Planning

The City of Gary may expend, for payment of reasonable administrative and planning costs, up to 15% of its HOME-ARP allocation.