



COUNTY OF DUTCHESS

DEPARTMENT OF PLANNING AND DEVELOPMENT

December 4, 2020

Dear Applicant:

Thank you for your interest in the Dutchess County/City of Poughkeepsie HOME Investment Partnership Program (HOME). The County and City have been partners in the Dutchess County HOME Consortium since 1995 for the purpose of creating affordable housing throughout the county, with a priority for rental housing. The link to the portal and application materials are [available on our website](#). The County will hold a virtual public hearing/workshop on Tuesday, December 15, 2020 at 10:00 a.m. [at this link](#) or for audio only at 516-268-4602 ID 130 662 633#. We **strongly** suggest you contact us prior to completing the application to review your project's eligibility.

We estimate \$810,000 will be available during this round. The table below shows the estimated set-asides for each community. However, since HOME funds may be spent in any Dutchess County municipality, the County and City reserve the right to adjust the set-asides to meet Consolidated Plan objectives. At least fifteen percent (15%) of the allocation must be allocated to a [Community Housing Development Organization \(CHDO\)](#). Additional funds may be available if existing projects fail to move forward and their funds are recaptured.

	Dutchess County	City of Poughkeepsie
Estimated 2021 HOME Funds	\$520,000	\$290,000

We are requesting applications at this time because we must publish an annual action plan listing all proposed projects for public comment and submit this plan to HUD in early 2021. HUD approval is anticipated on or about May 1, 2021. The County may not reimburse for expenses incurred prior to the HUD approval of the plan and compliance with all other program requirements. Although projects may begin on or about May 1, 2021, funds will not be available until approximately July 2021. This preliminary schedule assumes approval of an on-time 2021 federal budget. In recent years the County has been unable to meet these deadlines due to seriously delayed federal budgets.

This year the County has transitioned to the HUD issued Multifamily Underwriting Template. HUD has [a webinar](#) which explains and how to use the template. We **strongly** recommend you watch this webinar. The template and any other required attachments must be uploaded to the [Dutchess County Grant Portal](#).

Applications will be reviewed by the County in consultation with the City. Applications without site control at the time of application or substantial omissions will not be considered for funding. During the review process, staff may request additional information or ask that minor omissions and errors be corrected or clarified. Final recommendations are made by the Community Development Advisory Committee to the Dutchess County Executive.

The portal application and required templates/attachments must be submitted via the [DC Grant Portal](#) by **4:00 p.m. on Friday, January 15, 2021**. Please contact me at (845) 486-3600 or asaylor@dutchessny.gov if you have questions.

Sincerely,

Anne E. Saylor
Community Development Administrator

**DUTCHESS COUNTY/CITY OF POUGHKEEPSIE
HOME INVESTMENT PARTNERSHIP PROGRAM
HOUSING PRODUCTION FUNDING**

2021 POLICIES AND PROCEDURES

The purpose of the HOME Investment Partnership Program (HOME) is to create affordable housing throughout Dutchess County. This program is funded by the U.S. Department of Housing and Urban Development (HUD). The application is available in the [Dutchess County Grant Portal](#).

These guidelines are divided into the following sections: Consolidated Plan, General HOME Regulations, Other Federal Regulations, Local Regulations/Guidelines, Community Housing Development Organizations (CHDO), and Rental Housing Regulations.

CONSOLIDATED PLAN PRIORITY

Although many types of activities are eligible under the HOME Investment Partnership Program (HOME), applications must conform to the priorities in the [County and City's Consolidated Plan](#). The following is summary of the Consolidated Plan priorities. It is set up a checklist to help you identify whether your project meets a plan priority. **Applicants should also refer to the [Dutchess County/City of Poughkeepsie Analysis of Impediments \(AI\) to Fair Housing Choice](#) which is referred to throughout these guidelines.**

Rental Housing:

- ☐ Creation of new rental housing through new construction, rehabilitation of vacant residential buildings, and adaptive reuse of commercial or industrial properties.

Prioritize housing with the following characteristics (check all that apply):

- ☐ Intergenerational or non-restricted housing.
- ☐ Housing in communities or neighborhoods with limited affordable opportunities.
- ☐ Housing that sets aside a portion of the units for hard-to-serve special needs populations.
- ☐ Created through the Dutchess County/City of Poughkeepsie Land Bank or the City of Poughkeepsie Anti-Blight Task Force
 - Housing which:
 - ☐ Is located in established or emerging town/village centers
 - ☐ Is located along transit routes, and near employment and services
 - ☐ Incorporates active design
 - ☐ Incorporates universal design
 - ☐ Green infrastructure

Owner-Occupied Housing:

- ☐ Volunteer rehabilitation programs such as Rebuilding Together and Habitat for Humanity.
- ☐ Homeownership as part of specific efforts to revitalize neighborhoods and expand fair housing choice.
- ☐ Created through the Dutchess County/City of Poughkeepsie Land Bank or the City of Poughkeepsie Anti-Blight Task Force

Homelessness-Transitional and Permanent Housing

- ☐ Permanent or transitional housing for the homeless.

Priority will be given to (check all that apply):

- ☐ Permanent housing.
- ☐ Housing that address needs also identified in the Dutchess County Continuum of Care.
- ☐ Housing that sets-aside a portion of their units for hard-to-serve special needs populations
- ☐ Housing developed by agencies that demonstrate collaboration and are active participants in the DCHC.
- ☐ Created through the Dutchess County/City of Poughkeepsie Land Bank or the City of Poughkeepsie Anti-Blight Task Force

GENERAL HOME REGULATIONS

Eligible Applicants

Both private for-profit and non-profit developers are eligible applicants.

Eligible applicants must be:

- Current on all municipal taxes and fees and have a record of timely payment on these items including but not limited to: property taxes, water and sewer charges, and other types of loan accounts.
- Current on mortgages for all property owned by the applicant.
- In compliance with all the rules and regulations on other developments funded by the HOME Program or other government program.

Eligible Activities

The following specific activities are eligible:

- *Rehabilitation*
- *Conversion* - Conversion of any existing structure from an alternative use to affordable housing. If development involves new walls beyond the existing structure, the development is new construction.
- *New Construction* - Includes: newly built developments; existing developments which involve the addition of new units outside the existing walls of the structure; and units which received their initial certificate of occupancy within the one year prior to the commitment of HOME funds.
- *Relocation Costs* - Any occupied property must include tenant relocation costs as applicable (see page 8).
- *Acquisition of property and/or vacant land* – The Program will only consider these costs for non-profit agencies. HOME funds can only be used for acquisition when HOME or other funds have been committed for the full development cost.
- *Site Improvements* - Must be "in keeping with improvements to surrounding standard developments."
- *Demolition* – The Program will only consider demolition costs for non-profit agencies. HOME funds can only be used for demolition when HOME or other funds have been committed for full reconstruction cost.
- *Development "Soft" Costs* – The Program will only consider these costs for non-profit agencies. These must be reasonable and necessary, paid for by the applicant, and rendered by a third party. These funds may only be reimbursed once all approvals and funding for the project are secured. The County cannot pay for these expenses in the pre-development phase of a project. The following is a list of acceptable soft costs:
 - Finance related costs such as; origination fees, credit reports, title reports and updates, recording fees, legal fees, appraisal, loan processing fees and other customary fees approved by the Program. The applicant's legal fees should be reasonable and necessary.
 - Construction related costs such as; architectural and engineering fees, preparation of work write-up/cost estimate and builder/developer fee. The Program requires that applicants sign fixed fee contracts with architects/engineers. Design costs (including but not limited to: as-builts, final plans and specifications, cost estimates, building permits, planning and zoning approval) will be limited to

7% of the development's proposed construction cost. Development coordination costs (including but not limited to: bidding coordination and review, progress inspections, progress payments, change orders, design changes and final sign-off) will be limited to 3% of the development's proposed construction cost. These percentages are maximums not guaranteed percentages. We do not expect the cost for a 4-unit moderate rehabilitation to be as high as 4-unit gut rehabilitation. All costs in excess of the percentages outlined above and/or what the Program considers reasonable will be kept off budget and paid by the applicant.

- Development audit costs.
- Affirmative marketing and fair housing.

Eligible Property Locations

Rental housing located in any Dutchess County municipality is eligible, but priority will be given to:

- Housing in communities with limited affordable opportunities, or in the case of the City of Poughkeepsie in neighborhoods with limited affordable opportunities, to increase housing choice opportunities for all residents.
- Housing which:
 - Is located in established or emerging town/village centers
 - Is located along transit routes, and near employment and services

Forms of Financial Assistance

The program will consider providing HOME funds in the following forms:

- Interest bearing loans
- Non-interest-bearing loans
- Deferred loans (forgivable or repayable)
- Other forms approved by the Program

Applicants may propose any of the forms listed above; loan proposals receive a higher priority. Developments that can be completed solely with private financing, using HOME rents and conventional underwriting, are not eligible.

Property Standards

The New York State Uniform Fire Prevention and Building Code and federal Housing Quality Standards must be met at the completion of the development. Developments must also meet all local building codes and ordinances. The Program has also adopted the construction standards of the Community Preservation Corporation attached as Appendix "B".

All new buildings and gut rehabilitations shall be designed to meet the National ENERGY STAR efficiency performance specifications. All developments must comply with the National Home Energy Rating System guidelines and use ENERGY STAR mechanical systems and appliances. Other Energy Star and "green" components are encouraged. HUD energy star website - https://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/phecc/federal.

HOME Investment Per Unit

The minimum HOME subsidy per unit is \$1,000. The maximum HOME subsidy per unit is:

Maximum HOME Subsidy by Unit Size	
Unit Size	Maximum Subsidy Amount*
0 – bedroom	\$153,314
1 – bedroom	\$175,752
2 – bedroom	\$213,718
3 – bedroom	\$276,482
<p>* These are the maximums established by HUD for the NY Metro area. Dutchess County rarely funds at these levels. For 2018, the average per unit subsidy was \$43,661. And the per unit subsidies ranged from \$32,566 to \$61,950.</p>	

Match Requirements

The federal guidelines require that HOME funds be matched with local non-federal funding. The matching requirement is \$0.25 for every \$1 in HOME funds. The premise of the "match" is that the provision of affordable housing is a community responsibility and, as a result, the local community should make a financial contribution to "match" the federal HOME funds. This is a program-wide requirement not an individual development requirement (i.e. one development could provide a 100% match while another could provide none). Developments providing matching funds will receive a higher priority.

Match obligations can be met with:

- Permanent cash contributions from non-federal funding programs such as NYS Housing programs and Federal Home Loan Bank Affordable Housing programs.
- Grant equivalent of below-market interest rate loans.
- Non-profit equity.
- Value of waived taxes, fees, or other charges normally imposed by local jurisdictions.
- Value of land or real property provided at less than appraised value.
- Cost of infrastructure improvements not made with federal resources.
- Reasonable value of donated site-preparation, construction materials and voluntary labor.

Ineligible forms of match include:

- Contributions made with or derived from federal funds.
- Interest rate subsidy attributable to federal tax-exempt financing or the value of federal tax credits.
- Applicant/investor/partner equity in a development and applicant sweat equity.
- Private bank mortgages.

OTHER FEDERAL REGULATIONS

A number of federal regulations apply for all HOME activities. Below is a list of the regulations and brief description of each. More detailed information is available from the Department of Planning and Development upon request.

Affirmatively Furthering Fair Housing and Affirmative Marketing

The Program is required to insure that HOME funds are used to “Affirmatively Further Fair Housing”. In general terms this means funds should be used to:

- Eliminate all forms of illegal housing discrimination in Dutchess County, including source of income discrimination
- Promote fair housing choice for all persons in Dutchess County
- Provide opportunities in all areas of Dutchess County for inclusive patterns of housing occupancy regardless of race, color, religion, sex, familial status, disability and national origin.
- Promote and provide housing that is accessible to persons with disabilities
- Foster compliance with non-discrimination provisions of Fair Housing Act in all areas of Dutchess County

The extent to which a development promotes fair housing choice, including school district choice, within Dutchess County and the City of Poughkeepsie will be a factor in the Program’s selection process.

Developments with 5 or more HOME units must develop and implement an affirmative marketing plan. The purpose of this marketing is to promote fair housing choice throughout Dutchess County and identify and encourage those “least likely to apply” to apply for the housing. The basic marketing steps include:

- Provide copy of “apartment for rent/for-sale” notice to the County prior at the beginning of the marketing period.
- Dutchess County will distribute the notice through the Dutchess County Housing Consortium e-mail list and its own Fair Housing/Community Outreach e-mail/ mailing list.
- Developer must:
 - Place "apartment for rent/for sale" notice in Poughkeepsie Journal and Hudson Valley Black Press.
 - Place “apartment for rent” notice on the New York State’s NYHousingSearch.gov website.
 - Send a copy of the "apartment for rent/for sale" notice to all Housing Choice Voucher Programs in Dutchess County. A list of all programs is available from the Program.
 - Notices must include the following required fair housing statement: "Equal Opportunity Housing."
- Post fair housing notice at the rental/sale office/location.
- Developers should proposed additional outreach as appropriate for the development and the community. The Program reserves the right to propose additional measures.

Developers must submit their Affirmative Marketing Plan to the Program for review and approval.

Equal Opportunity and Fair Housing

All HOME developers must comply with all state and federal laws and regulations regarding fair housing and equal opportunity. No person in the United States shall on the grounds of race, color, religion, sex, familial status, disability or national origin be excluded, denied benefits or subjected to discrimination under any program funded in whole or in part by HOME funds.

Applicants must outreach to the Program’s MBE/WBE list when securing bids for work to be paid for by the Program. Documentation of this outreach must be submitted to the Program.

Section 3 Program – Economic Opportunity

Section 3 regulations require that “the employment and other economic opportunities generated by Federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing.”

Specifically the regulation requires that developments with more than \$200,000 in HOME funds and where a contractor or subcontractor are awarded a contract in an amount that exceeds \$100,000, they must commit to employ Section 3

residents for 30 percent of the aggregate *new hires* for each year over the duration of the development. Section 3 residents are those people who live in the neighborhood in which the HOME-funded development is located, participants in HUD Youthbuild, and low-income residents of the county.

Lead-Based Paint

All developments funded must comply with HUD's Lead-Based Paint (LBP) Regulations entitled "Requirements for Notification, Evaluation and Reducing of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance." These requirements are imposed on all buildings built pre-1978, when lead was removed from all paint by federal law. **The cost to remove LBP must be included in the construction budget. The Program does not have a separate fund to pay for these expenses. Please note that clearance must be conducted on any rehabilitation development (include gut rehabilitations) if the building was built pre-1978.**

The following table outlines the activities which must be undertaken based on the amount of Federal funding expended per unit:

Activity	Federal Expenditure Per Unit		
	\$5,000 or less	\$5,001-\$25,000	\$25,001 or more
Safe Work Practices	X	X	X
Paint Testing	X	X	X
Risk Assessment		X	X
Interim Controls		X	X
Abatement			X
Clearance	X	X	X

The following are definitions for the activities noted above:

- *Safe Work Practices* - All removal of lead-based paint must be completed by an EPA certified contractor. Safe work practices also include: protection of the occupants (including possible temporary relocation); preparation of the worksite; avoiding prohibited treatments and worksite clean-up.
- *Paint Testing* - Testing of samples of dust and paint chips by a certified laboratory.
- *Risk Assessment* - Must be completed by an EPA certified Risk Assessor and includes a visual assessment and testing to determine the existence, nature, severity and location of lead-based paint hazards.
- *Interim Controls* - Measures to temporarily reduce human exposure to lead-based paint including: paint stabilization; treatment of friction and impact surfaces; cleaning and dust control and lead-based paint soil control. All work must be performed by a trained worker or a worker under an EPA Certified Supervisor.
- *Abatement* - Involves the permanent elimination of a lead-based paint by an EPA certified contractor.
- *Clearance* - Conducted when lead hazard reduction or elimination activities are completed and debris is removed. It involves a visual assessment and dust samples to determine that lead-hazards have been reduced or eliminated.

All occupants of a building proposed for the reduction or removal of lead-based paint must be notified of the development and given a brochure on the hazards of lead-based paint.

We recommend you contact us directly if you suspect your building has lead-based paint. The full lead-based paint regulation can be reviewed [here](#).

Handicapped Access

HOME developments must comply with Section 504 of the Rehabilitation Act of 1973 which prohibits discrimination in federally assisted programs on the basis of handicap. Depending on the type of rehabilitation and the number of units, a percentage of the units in a development must be handicapped accessible. The NYS Building Code may require a higher percentage than Section 504. Detail guidance is available [here](#).

Environmental Review

The Program must conduct an environmental review on every development. It is the responsibility of the applicant to insure the Program has all the information necessary to complete the review. Funds may not be committed to a development until the review is completed and funds are released by HUD.

Flood Insurance

HOME funds may not be invested in housing located in an area identified by the Federal Emergency Management Agency as having special flood hazards unless flood insurance is obtained and the community participates in the National Flood Insurance Program. New FEMA flood hazard maps were issued in May 2012. Please be sure you check the updated maps to confirm your property's status. A basic assessment can be completed through the [County's Geo Access System](#) but official determinations must be made by the local municipality.

Labor Standards

Davis-Bacon compliance (prevailing wages) and other Federal laws and regulations pertaining to labor standards apply to all contracts containing 12 more HOME-assisted units.

Debarment and Suspension

Participants in HOME Developments (applicants, contractors and professionals) must certify that they are not debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from the covered transaction. The Program will check the [Federal Excluded Parties List System](#).

DC Continuum of Care

The DC Continuum of Care (CoC) is a document, created by the Dutchess County Housing Consortium, which describes the homeless delivery system in Dutchess County and outlines the goals and strategies for eliminating homelessness, with a focus on chronic homelessness. The 2019 Dutchess County CoC application is available [here](#). HUD encourages communities to use resources such as the HOME Program to assist in the creation of transitional and permanent housing for the homeless with a focus on the chronically homeless. As such we have added the creation of such housing as a priority in our Consolidated Plan and the HOME application review process. Further information on how to use HOME funds to assist the homeless is available in [CPD Notice 03-08](#).

Relocation

HOME developments must comply with the Uniform Relocation Act (URA) whenever displacement occurs as a direct result of HOME-assisted rehabilitation, demolition or acquisition. **Relocation expenses must be included in your development budget. If your development is occupied at the time of application you must review the [URA regulation](#) and contact the Program prior to application submission. Failure contact the Program in advance of your application may result in disqualification of your application as you may be required to submit notifications as part of your application.**

Conflict of Interest

In procurement of property and services, 24 CFR 85.36 and OMB Circular 110 rules regarding conflict of interest apply. If a person is an employee, agent, consultant, officer, elected official or appointed official of the County/City or has HOME related responsibility or access to inside information; that person may not obtain a financial benefit or interest from any HOME activity for themselves or those with whom they have family or business during their tenure or for one year thereafter.

LOCAL PROGRAM REQUIREMENTS/GUIDELINES

Application Review and Approval

- The application process is competitive.
- All applications will be reviewed for completion. If an application lacks required items or contains a technical error, such as an incorrect signature, the applicant will be notified by email that it has ten (10) calendar days from the date of notification to correct the error. If the applicant fails to submit the missing material by the deadline the application will be determined ineligible.
- Each application is reviewed to verify it meets the mandatory federal eligibility requirements. A site visit is conducted and a staff evaluation of the application is completed. The components of this review are detailed on Appendix C.
- Preliminary staff funding recommendations are presented to the Community Development Advisory Committee (CDAC). The CDAC reviews the staff recommendations and requests additional information if necessary. Funding recommendations are sent by the CDAC to the Dutchess County Executive, the final authority for the allocation of funds.

Insurance

Applicants must meet the [County's general insurance requirements](#) (pages 9-11) and provide hazard insurance on *Builder's Risk Completed Value* policy form.

Employment Eligibility Verification

Applicants, and any contractors and prime sub-contractors, must warrant to the Program they are in compliance with all Federal Immigration laws and regulations that relate to their employees. They will be required to certify they have U.S. Department of Homeland Security, Form I-9 – Employment Eligibility Verification (OMB No. 1615-0047) forms on file for each employee working on the HOME-funded development.

Cost Overruns

Applicants must make every effort to be as comprehensive and realistic as possible when developing the construction and development budgets. Construction and development budgets must include items such as removal of lead-based paint, asbestos and relocation expenses, if applicable.

Cost overruns are the responsibility of the applicant. The Program does not keep a reserve account for cost overruns. Any requests for additional funds must be submitted as part of the Program's annual application cycle.

Cost Reasonableness

The Program will review all development and construction budgets for cost reasonableness.

Beginning of Construction

Funding may be available upon award and compliance with all applicable HUD requirements. The ability to begin construction in summer 2021 will be a funding consideration.

Other Funding

Most HOME developments have additional funding. Developments where funding is *committed* will receive a high priority.

The applicant must close on any loan or grant funds prior to the disbursement of HOME funds. The Program will negotiate a disbursement agreement with other lender or funders.

The Program reserves the right to request an escrow account, letter of credit or other liquid security acceptable to the Program to ensure that all funds on the final development budget are secure. This security is particularly important when the applicant is not using conventional financing from a conventional lender. Letters of credit must be irrevocable, non-documentary, issued by a NYS bank approved by the Program and in a form acceptable to the Program. Other forms of security will be subject to Program approval.

Release of HOME Funds

All applicant equity must be invested in the development prior to the release of HOME funds. Ten (10) percent of the HOME funds will be held until the issuance of Certificates of Occupancy by the local municipality and submission of all required HOME compliance documents.

Design Considerations

The program will give more consideration to developments that incorporate low impact development and [active design](#) features such as; permeable pavement to help manage stormwater, and the inclusion of bike racks and bike storage.

Amendments

- It is generally not permissible to amend the scope of an approved project. It is possible to amend budget items within an approved project.
- Developers considering amending budget item(s) are required to contact the CD Administrator to discuss the change and the procedure for submitting the budget amendment.
- Budget amendments will be reviewed and approved by the CD Administrator.
- Amendments to an approved project will be considered under extenuating circumstances which are beyond the control of the developer. Such requests will be reviewed by the CDAC who will make a recommendation to the County Executive.

Extensions

- Extension requests will be reviewed and approved by the Commissioner of Planning and Development.
- Only one extension per project will be considered.
- A developer will receive an email six months prior to the contractual project completion date. Should a developer wish to request an extension, this extension request must be submitted in writing.
- The staff will review the extension request and will make the final recommendation to the Commissioner as to whether the extension is to be granted. The CD staff will notify the developer in writing of the final decision.
- An annual summary of extension requests will be presented to the CDAC for their review.

RENTAL HOUSING REGULATIONS

Eligible Property Types

The following are eligible property types:

- One or more buildings on a single site that are under common ownership, management and financing.
- Buildings scattered on more than one site as long as the sites are under common ownership, management and financing, and received HOME assistance as part of a single undertaking.

Ineligible properties include: developments assisted under Title VI of NAHA - Prepayment of Mortgages Insured under the National Housing Act; Public Housing developments; Rental Rehabilitation Program funded developments; properties with existing obligations to any federal, state or local housing programs.

Market Analysis

All HOME developments must define the “neighborhood market” and conduct an assessment of that market to ensure there is adequate demand for the development. The neighborhood market is the area in which the housing will exist and compete, not the area to which an applicant will market for tenants. A development’s marketing area will usually be much larger than the neighborhood market in which the development competes. Applicants are required to provide the following data for the defined area:

- Housing demand
- Demographic trends
- Housing supply
- Construction trends
- Vacancy rates
- Market context

A basic market analysis format is provided in the application. However, developers may need to provide additional information if the information in the basic format is insufficient to make the necessary assurances to HUD.

The following is a list of resources that can be used to complete the market analysis:

[U.S. Census](#)
[2019 Dutchess County Rental Housing Survey](#)
[2019 Dutchess County Major Projects Report](#)
[HUD CPD Mapping Tool](#)

Underwriting

The Program will complete detailed underwriting to insure the short and long-term viability of the development. This will include a financial/risk analysis for both the development and the development team.

The development budget and rental housing proforma will be compared to similar developments and industry standards. The Program requires that private financing be maximized. All rental developments will be underwritten assuming a 30-year

mortgage using current interest rates and debt coverage ratios as determined by the Program.

The Program will look at the following risk areas:

- Development team – experience, skills and fiscal soundness
- Market
- HOME compliance
- Design
- Environmental
- Financial – revenue, operating, capital, cash flow, inadequate sources
- Construction
- Lease-up

More details on HUD's rental housing underwriting requirements are available at:

<https://www.hometa.info/media/trainingCenter/HOMERentalUnderwritingWebinarSlides.pdf>. Within the slides is the link to the full webinar on this topic. A transcript of the webinar is also available.

Single Room Occupancy(SRO)/Group Housing

Permanent and transitional SRO and group housing are eligible under the HOME Program. They must generally comply with the rental housing guidelines. Application of targeting, subsidy and rent rules depends on how the applicant chooses to classify the project: one unit (usually determined by size), or separate and identifiable units. Specific guidance is available through CPD Notice 94-01 "Using HOME funds for Single Room Occupancy (SRO) and Group Housing" available at <http://www.hud.gov/offices/cpd/lawsregs/notices/priorto95/cpd9401.pdf>. You must review this notice and review classification with the Program prior to application if you are applying for such a development.

Property Standards

Refer to general program property standards noted on page 3. These standards must be maintained for the duration of the regulatory period. Periodic inspections will be conducted by the Program to insure compliance.

Mixed-Income/Mixed-Use Developments

The HOME Program allows only a portion of a development to be HOME assisted. Mixed-income and mixed-use (i.e. residential and commercial) are eligible for HOME funds. However, development costs must be allocated on a rational, documented basis in accordance with the actual unit-by-unit expenditures; or prorating of expenditures reflecting the proportion of HOME units in the development; or a combination of both.

In developments with HOME-assisted and non-HOME-assisted units, the HOME-assisted units may be set (called "fixed units"), or may change over time (called "floating units") as long as the total number of affordable units remains the same and the substituted units are comparable in size, features and number of bedrooms. The applicant must select fixed or floating units at the time of application.

Tax Credits

Tax credits and HOME funds may be used together and for the most part the rules are compatible. The general rule is that when Tax Credit and HOME rules conflict Tax Credit rules are to be followed. Any development receiving Tax Credit and HOME funds requires a layering review to insure that the development is not receiving an excess amount of subsidy.

Initial HOME Rents

Initial development rents may not exceed the following High HOME Rents:

2020 High HOME Rents	
Unit Size	Maximum Rent
0 – bedrooms	\$1,021
1 – bedroom	\$1,112
2 – bedrooms	\$1,397
3 – bedrooms	\$1,695

For developments with five or more HOME units, 20% of the units must be at or below the following Low HOME Rents:

2020 Low HOME Rents	
Unit Size	Maximum Rent
0 – bedrooms	\$896
1 – bedroom	\$960
2 – bedrooms	\$1,151
3 – bedrooms	\$1,330

The rent limits noted above includes utilities. If an applicant choose not to include utilities, the rents must be reduced by the applicable allowances listed in Appendix A.

Future HOME Rents

HOME assisted units are rent controlled for varying lengths of time depending on the average amount of HOME funds invested per HOME unit:

Activity	Per Unit HOME Cost	Min. Affordability Period
Rehab or Acquisition of Existing Housing	<\$15,000	5 years
	\$15,000-\$40,000	10 years
	>\$40,000	15 years
New Construction or Acquisition of New Housing	Any amount	20 years

For the applicable period outlined in the table above, the development must maintain the rent levels noted above as required by the HOME regulations. These rents are secured by a mortgage filed by the Program.

The periods noted above are statutory (set by congressional regulation) and cannot be adjusted by the Program. Applicants may not repay the HOME funds during the affordability period to remove the affordability restrictions. You may sell the property during the affordability period with the understanding that the outstanding affordability restrictions will be transferred to the new owner.

Rent Adjustments

HOME rents may be adjusted by the Program as permitted by HUD. Rent increases are permitted within rent maximums, but tenants must be given 30 days written notice before increases are implemented. Any increases are also subject to other provisions of the lease agreement. Please note that HOME rents could decrease but are not required to fall below the HOME rent limits in effect at the time of development commitment.

Occupancy Requirements

In addition to rent limits there are household income limits. All HOME units must be occupied by families whose annual incomes do not exceed 60% of the median income (low income families).

In developments with five or more units, 20% of the units must be occupied by families whose annual incomes do not exceed 50% of the median income. Very low-income families must occupy these units.

The following are the current income maximums for the income groups listed above:

2020 HOME Income Limits by Household Size		
Household Size	50% Income	60% Income
1	\$35,850	\$43,020
2	\$40,950	\$49,140
3	\$46,050	\$55,260
4	\$51,150	\$61,380
5	\$55,250	\$66,300
6	\$59,350	\$71,220

Income limits are adjusted annually by HUD.

Determining Income Eligibility of HOME Tenants

The Program uses the Part 5 income definition which is the same as the Housing Choice Voucher Program (formerly Section 8). Annual income is the gross amount of income anticipated to be received by all persons 18 years of age or older during the 12 months following the effective date of determination. A copy of the "Technical Guide for Determining Income and Allowances for the HOME Program" is available online at <https://www.hudexchange.info/resource/786/technical-guide-for-determining-income-and-allowances-for-the-home-program/>

Each prospective tenant that wishes to rent a HOME unit, after viewing the unit, must complete a Program tenant eligibility form and a prospective tenant with a letter which describes their obligations and rights under the HOME Program, in addition to other documentation required by the applicant. Tenants must provide current pay stubs for at least three months and a full copy of their most recent federal income tax return. Tenants who will not provide this information may not rent a HOME unit. The tenant eligibility form, the prospective tenant letter and the income documentation must be retained by the applicant for future monitoring purposes. These requirements and updated forms are sent to landlords annually upon the release of updated rent and income limits by HUD.

Upon occupancy the applicant must also complete a Program "Tenant Characteristic" form which describes the characteristics for each household occupying a HOME unit.

Annual Income Recertification

Applicants must recertify tenant's income every year. Typically, their income will be recertified on the anniversary of their original income evaluation and lease signing. If their household income remains at or below the program's maximum

income their rent will remain at the maximum program rent. If a tenant's income exceeds the program maximum they may stay in their apartment but they must pay the lesser of 30% of their adjusted monthly income for rent and utilities or the fair market rent. The lease may not be renewed if they refuse to provide the required income recertification information.

Documentation of Ongoing-Income/Rent Compliance

Applicant's will be required to submit annual documentation of compliance with income and rent regulations. This documentation will include completion of the Program's Rental Compliance Report. After review of the submitted reports, the Program may select developments at random for on-site monitoring or submission of the income documentation and leases. Current income and rent limits will be posted on the County's website at <https://www.dutchessny.gov/Departments/Planning/Docs/Homei-Income-Limit.pdf> Income and rent limits are general adjusted by HUD annually in late spring or summer. The County will post them as soon as they are available. Current utility allowances will also be posted. Failure to comply with the income and rent limits will be grounds for foreclosure.

More detailed information on the compliance requirements is available in the HUD guide entitled "Compliance in HOME Rental Projects: A Guide for Property Owners" available at https://files.hudexchange.info/resources/documents/ComplianceinHOMERentalProjects_GuideforPropertyOwners.pdf

Rental Housing Survey

Dutchess County completes an annual rental housing survey. As a condition of funding, the Program requires that all HOME-assisted developments participate in the survey and return surveys in a timely manner.

Appendix A - Utility Allowances

Utility allowances are available for other housing types upon request.

Also, applicants may document lower allowance by providing documentation from your utility provider. This is most applicable when applicants install high-efficiency mechanical systems

Effective: 1/1/2020

	0-Bdrm	1-Bdrm	2-Bdrm	3-Bdrm
Heating				
Natural Gas	\$73	\$93	\$108	\$132
Bottle Gas	\$94	\$126	\$150	\$188
Oil	\$78	\$107	\$128	\$162
Electric	\$112	\$147	\$173	\$215
Hot Water Heating				
Natural Gas	\$8	\$11	\$13	\$16
Electric	\$22	\$28	\$36	\$42
Bottle Gas	\$15	\$20	\$25	\$29
Oil	\$11	\$14	\$18	\$21
Cooking				
Natural Gas	\$15	\$20	\$23	\$25
Electric	\$14	\$17	\$23	\$28
Bottle Gas	\$14	\$19	\$21	\$24
Other Electric, Lighting, Refrigeration...				
Other Electric, Lighting, Refrigeration	\$16	\$20	\$28	\$34

APPENDIX B

Construction Standards

The following is intended as a guide to the Program's construction standards for substantial renovations. It is not necessarily a complete or definitive list. It is intended to highlight items that sometimes come up for discussion.

1. Central heating or new individual units are required for rental properties, preferably with separate hot water heater.
2. All mechanical systems are expected to be replaced, including underground piping up to property line. New water and electric street services.
3. Mechanical systems and appliances must be Energy-Star. The Program strongly encourages the use of Energy-Star doors and windows.
4. Hardwired smoke and carbon monoxide detectors, with battery backup, located as per NYS Building Code for new construction and substantial rehabilitation. Detectors to be tied together to activate all detectors upon activation of any one unit.
5. Kitchen cabinets and bathroom vanities, where provided, should be made from wood. (No flakeboards, pressboard, etc.)
6. In addition to the requirement of tile around bathtub, the Program requires tile at least on wet wall (area behind sink and toilet) and along the side of the toilet bowl. Preferably, we like to see complete 4-foot wainscot.
7. Window installations must be brick to brick and must include wood sills (or better).
8. Stained and sealed hardwood floors are required throughout apartments except kitchens and bath (#2 oak strip, at a minimum). Carpeting may be acceptable in certain areas.
9. Vinyl composite tile is required in kitchen (at a minimum).
10. Vinyl composite tile (at a minimum) in upper public hallways, quarry tile (or similar) on the ground floor or existing tile preserved, throughout.
11. Roof: All existing roofing material must be stripped, removed, and replaced.
12. Security gates or fixed grills at all ground floor windows and security gates at those windows facing fire escapes.
13. Overhead, switch-operated, light fixtures in bedrooms, hallways, kitchen and dining areas.
14. All windows, except fire egress, to have full, sash-height child guards.
15. R-38 roof/ceiling assembly with R-25 exterior walls (minimum requirements).
16. Steam cleaning of all facades that have street exposure.