

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

2025 POLICIES AND PROCEDURES

The purpose of the HOME Investment Partnership Program (HOME) is to create affordable housing throughout Dutchess County, including the City of Poughkeepsie. 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](#). Generally, the purpose of the HOME program is to provide “gap financing,” which is the difference between the total development cost and the amount of funding available via private financing, equity, and other funding sources.

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 a summary of the Consolidated Plan priorities. It is set up as 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.
- Housing that:
 - 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
 - Incorporates green infrastructure
 - Created through the Dutchess County/City of Poughkeepsie Land Bank or the City of Poughkeepsie Anti-Blight Task Force

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 addresses needs also identified in the Dutchess County Continuum of Care (DCCoC).
- 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 DCCoC.
- 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 programs.

Eligible Activities

The following specific activities are eligible:

- *Rehabilitation*
- *Conversion* - Conversion of any existing structure from a non-affordable housing use to affordable housing.
- *New Construction* - Includes: newly built developments; existing developments that involve the addition of new units outside the existing walls of the structure; and units that 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 over 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, in order to increase housing choice for all residents.
- Housing that:
 - Is located in established or emerging town/village centers
 - Is located along transit routes, and near employment and services

Site Control

Applicants must have and submit documentation of site control for a least six months from the date of the application. Applications without site control will be denied. Costs associated with securing site control are the responsibility of the applicant, although they may be included in the final development budget if the project is funded by the HOME program. Site control may be documented via the following ways:

- Deed evidencing ownership by the applicant;
- Contract of sale that describes the terms/conditions for the conveyance at a set-price during a specific period;
- Option to purchase with a term that continues at least six months beyond application submission;
- Other evidence of site control submitted to and approved by the County before the application submission.

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 (from all sources) is:

Maximum HOME Subsidy by Unit Size	
Unit Size	Maximum Subsidy Amount*
0 – bedroom	\$181,488
1 – bedroom	\$208,049
2 – bedroom	\$252,994
3 – bedroom	\$327,293
* These are the maximums established by HUD for the NY Metro area. Dutchess County rarely funds at these levels. For 2024, the average per-unit subsidy was \$74,818.	

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

Several federal regulations apply for all HOME activities. Below is a list of the regulations and a 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 ensure 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 nondiscrimination provisions of the 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 a copy of the “apartment for rent/for-sale” notice to the County before 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 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 propose 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.

Build America, Buy America Act (BABA)

The Build America, Buy America Act (BABA) requires that all iron, steel, manufactured products, and construction materials used for federally funded infrastructure projects are produced in the United States, unless otherwise exempt or subject to an approved waiver. This requirement is known as the “Buy America Preference (BAP),” and the specific requirements are codified in 2 CFR § 184. Projects receiving HOME Investment Partnership funding obligated by the U.S. Department of Housing and Urban Development on or after August 23, 2024 whose total project cost is more than \$250,000 will be subject to the BAP requirements.

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 must meet the following benchmarks:

1. 25% of the total labor hours must be worked by Section 3 workers; AND
2. 5% of the total labor hours must be worked by Targeted Section 3 workers (this 5% is included in the 25% under the first benchmark.)

Section 3 Definitions

A Section 3 worker is any worker who currently fits, or when hired within the past five years fit, at least one of the following categories, as documented:

1. The worker’s income for the previous or annualized calendar year is below the income limit established by HUD (\$66,300 for 2023);
2. The worker is employed by a Section 3 business concern (see Question 5 of part I, below); or
3. The worker is a YouthBuild participant.

A Section 3 targeted worker is a Section 3 worker who:

1. is employed by a Section 3 business concern; or
2. currently fits or when hired fit at least one of the following categories, as documented within the past five years:
 - a. Living within the service area or the neighborhood of the project, as defined in 24 CFR § 75.5; or
 - b. A YouthBuild participant.

A Section 3 business concern is a business that meets at least one of the following criteria, documented within the last six-month period:

1. At least 51 percent owned and controlled by low- or very low-income persons;
2. Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or
3. A business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

Reporting on these measures will be required and the ability to meet these goals will be considered as part of the application review process. More guidance is available on [HUD’s website](#).

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 (including 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 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 whether 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](#).

Accessibility

HOME developments must comply with Section 504 of the Rehabilitation Act of 1973 which prohibits discrimination in federally assisted programs based on disability. 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. Detailed guidance is available [here](#).

Environmental Review

The Program must conduct an environmental review on every development. It is the responsibility of the applicant to ensure 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. A basic assessment can be completed through [FEMA's Flood Map Service Center](#) 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. See [24 CFR § 92.354](#) for details. Also be aware that New York Labor Law § 224-a, new in 2022, requires prevailing wage for projects with total project costs in excess of \$5MM that receive, in the aggregate, more than 30% of their costs from a public entity. There are exemptions for projects that include affordable housing over a certain threshold. Applicants should read the [new labor law here](#) to see if prevailing wage requirements apply to their project.

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](#).

Dutchess County Continuum of Care (DCCoC)

The DCCoC's mission is to "prevent and end homelessness by facilitating collaboration, data collection, planning, education, and advocacy efforts and by promoting the development and preservation of needed resources." HUD encourages communities to use resources such as the HOME Investment Partnership 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 before application submission. Failure to 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 the 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 a few required items or contains a minor technical error, the applicant will be notified by email that it has ten (10) calendar days from the date of notification to correct the error(s). If the applicant fails to submit the missing material by the deadline the application will be determined ineligible. Applications with significant omissions, including a major omission or numerous small omissions, will be denied.
- Each application is reviewed to verify it meets the mandatory federal eligibility requirements. A site visit may be conducted and a staff evaluation of the application will be completed. The City will also be consulted.
- 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 10-11) 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 comply 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 containing materials, and relocation expenses, as 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 and are not guaranteed.

Cost Reasonableness

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

Other Funding

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

priority. Applicants should submit any written preliminary, conditional, or final funding commitment letters available at the time of application.

The applicant must close on any loans, grants, or other funding before the disbursement of HOME funds. As noted in the section below, all equity must be invested into the development before the release of any HOME funds. The Program will negotiate a disbursement agreement for the balance of the funding with other lenders 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 before 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. This is a reimbursement program. Funding in advance is not an option.

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.

Regulatory Agreement

Projects will be subject to a regulatory agreement that details the requirements of the HOME program as well as a note and mortgage, which runs with the land and secures the regulatory agreement.

Amendments

- It is generally not permissible to significantly amend the scope of an approved project. Applicants may amend the target population for a development so long as it is an equal or higher priority within the Consolidated Plan. It is possible to amend budget items within an approved project.
- Developers considering amending budget item(s) are required to contact the Community Development Coordinator to discuss the change and the procedure for submitting the budget amendment.
- Budget amendments will be reviewed and approved by the Community Development Coordinator.
- Amendments to the scope of an approved project will be considered under extenuating circumstances which are beyond the control of the developer. Such requests will be reviewed by the Commissioner of Planning who will make a recommendation to the County Executive.

Extensions

- Extension requests will be reviewed and approved by the Commissioner of Planning and Development.
- A developer will receive an email three (3) months before the contractual project completion date. Should a developer wish to request an extension, this extension request must be submitted in writing to the Community Development Coordinator.
- 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.

RENTAL HOUSING REQUIREMENTS

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.

Site and Neighborhood Standards for Potential HOME Rental Projects

Proposed sites for potential HOME rental projects must meet the following site and neighborhood standards:

- Comply with any locally applicable zoning and building code standards
- Be adequate to accommodate the number and type of units proposed
- Have sufficient utilities and streets to service the site
- Promote greater choice of housing opportunities
- Avoid undue concentration of assisted persons in areas containing a high proportion of low-income persons except as part of a larger revitalization effort or to address overriding housing needs.
- Be accessible to social, recreational, educational, commercial, and health facilities and services
- Be accessible to municipal facilities and services
- Be accessible to places of employment providing a range of jobs for lower-income workers.

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. Developers of large projects (approximately 50 units or more) should submit a professional market study.

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

- [U.S. Census](#)
- [Dutchess County Rental Housing Survey](#)
- [For-Sale Housing Report](#)
- [Dutchess County Major Projects Report](#)
- [Dutchess County Housing Needs Assessment](#)
- [HUD CPD Mapping Tool](#)

Underwriting

The Program will complete detailed underwriting to ensure 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 following chart summarized the aspects of the development the County will consider:

Phase	Feasibility		
	Financial	Experience	Capacity
Development/Construction	✓	✓	✓
Ongoing Operations	✓	✓	✓

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, capacity, 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, including a webinar on the topic, are available at: <https://www.hudexchange.info/trainings/courses/2020-home-multifamily-underwriting-template-webinar/3682/>

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.](#)" You must review this notice and review the classification with the Program staff before applying for such a development.

Property Standards

Refer to general program property standards noted on pages 3-4. These standards must be maintained for the duration of the regulatory period. Periodic inspections will be conducted by the Program to ensure compliance.

Mixed-Income/Mixed-Use Developments-Cost Allocation

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. For projects which include both HOME and non-HOME units, the County is required to perform a cost allocation and identify the number of characteristics of the units to be designated as HOME. A preliminary determination will be made when the application is approved. The preliminary determination will be reviewed, updated (as applicable), and approved before the final commitment. HUD has provided [guidance and a tool](#) to complete this review.

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 require a layering review to ensure that the development is not receiving an excess amount of subsidy.

Initial HOME Rents

HOME rents are generally adjusted annually on or about June 1. The income limits below are for 2024, which are the latest available. A project's minimum rents are set based on the applicable rents at the time the county and the applicant sign the legal agreement committing the funding.

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

2024 High HOME Rents	
Unit Size	Maximum Rent
0 – bedrooms	\$1,126
1 – bedroom	\$1,233
2 – bedrooms	\$1,583
3 – bedrooms	\$1,977

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

2024 Low HOME Rents	
Unit Size	Maximum Rent
0 – bedrooms	\$1,041
1 – bedroom	\$1,115
2 – bedrooms	\$1,338
3 – bedrooms	\$1,547

The rent limits noted above include utilities. If an applicant chooses 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 regulated 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 a minimum 30 days' written notice before increases are implemented. Other notice requirements per New York State law also apply with respect to mandatory noticing for rent increases. 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. Household income limits are adjusted by HUD annually, usually around June 1. 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 2024 income maximums for the income groups listed above:

2024 HOME Income Limits by Household Size		
Household Size	50% Income	60% Income
1	\$40,200	\$48,240
2	\$45,950	\$55,140
3	\$51,700	\$62,040
4	\$57,400	\$68,880
5	\$62,000	\$74,400
6	\$66,600	\$79,920

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 that describes their obligations and rights under the HOME Program, in addition to other documentation required by the applicant. Tenants must provide current income documentation for at least two months and up to six 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 examine each tenant's income every year during the affordability period to determine if the household is income-eligible to occupy a HOME-assisted unit. Owners must verify the income with source documents initially and every sixth year during the affordability period. In alternate years owner may recertify incomes via one of the following methods:

1. Source income documents
2. A written statement from the tenant which states their household's annual income and household size and provides a certification that the information is complete and accurate and that the tenant will provide source documents upon request.
3. Written statement by a government entity that examines benefits. The statement must: indicate the household's size; provide the current income limit for the program; and state that the tenant's household income does not exceed the limit.

Typically, incomes will be recertified on the anniversary of the tenant's 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 the property is considered temporarily out of compliance and the owner must take steps to restore compliance as described on pages 73-82 of HUD's [Property Owner Guide](#), which will vary depending on whether HOME units are considered fixed or floating.

Documentation of Ongoing-Income/Rent Compliance

Applicants will be required to submit annual documentation of compliance with income and rent regulations. This documentation will include the 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/home-investment-program.htm> Income and rent limits are general adjusted by HUD annually around June 1. 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

Ongoing Financial Statements

For rental projects with 10 or more units, a financial statement prepared by an independent CPA must be submitted annually.

Tenant Selection Policy

The property owner will be required to adopt and follow a written tenant selection policy to ensure units are affirmatively marketed. The following is a summary of specific requirements which are elaborated at [24 CFR 92.253](#):

- Housing is limited to income-eligible households
- Requirements that are related to the applicant’s ability to perform the lease obligations
- Outline any preferences in the county agreement
- Don’t exclude households with tenant-based rental assistance (also not permitted by NYS law)
- Select tenants from a written waiting list in chronological order
- Provide written notification to any rejected applicant of the grounds for rejection
- Comply with VAWA requirements

Violence Against Women Policy

All HOME-funded projects are required to comply with the federal Violence Against Women Act (VAWA) which applicants, tenants, and program participants who are victims of domestic violence, dating violence, sexual assault, or stalking from being evicted, denied housing assistance, or terminated from housing assistance. These protections are available to victims regardless of sex, gender identity, or sexual orientation.

Property owners will be required to have a policy to ensure compliance with this law. This will include an addendum in each lease to ensure compliance. The County will provide templates.

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 promptly.

HOMEBUYER-SPECIFIC PROJECT REQUIREMENTS

Eligible Homebuyers

All HOME funds used for homebuyer projects must benefit individuals or families whose incomes are at or below 80% of AMI. All projects shall use the HUD Part 5 definition of income for determining income eligibility of prospective buyers. Homebuyers must occupy the property as their principal residence and must undergo approved housing counseling by a HUD-certified Housing Counselor prior to purchase.

Sales Price

Housing developed with HOME funds must be single family (defined as 1 to 4 unit) and must be modest, meaning the sales/purchase price for homes developed under this program cannot exceed 95% of the median purchase price for the area, as provided by HUD and in effect at the time of project commitment. Newly constructed housing has a different maximum HOME purchase price than existing housing that is rehabilitated. For reference, the maximum HOME purchase prices effective as of September 1, 2024, as published by HUD, are as follows:

HOME Purchase Price Limit (effective 9/1/24)				
	Unit Size			
	1-Unit	2-Unit	3-Unit	4-Unit
Existing Homes	\$383,000	\$490,000	\$593,000	\$735,000
Newly Constructed Homes	\$386,000	\$494,000	\$598,000	\$741,000

Homebuyer Underwriting; Period of Affordability

The sales transaction of each individual homebuyer who purchases a home assisted with HOME funds will also be underwritten to ensure buyers are not overburdened or have predatory loans. All buyers must be income-qualified (approved by the County) and have participated in a HUD-Certified Homebuyer Education program

HOME funds provided for construction of homeowner units will be subject to a resale restriction unless funds are applied to the buyer’s down payment, closing cost, or write-down of the sales prices of the unit, in which case affordability will be enforceable against the homebuyer through a recapture of the HOME assistance upon subsequent voluntary or involuntary transfer of the property. Homebuyers will sign an agreement documenting their understanding of the HOME affordability restriction on their property and requirement that the property remain their legal residence for the period of affordability.

Nine-Month Sales Deadline

Sale of developed homebuyer units must occur within nine (9) months of completion. If there is no ratified sales contract on a home within nine months of the date of completion, the unit must be rented to an eligible tenant in accordance with the HOME rental requirements at 24 CFR 92.252, or the HOME funds must be repaid to the County.

Project Deadlines

Construction Start: If construction is not started within 12 months of the date the County commits funds to a project, the commitment will be subject to cancelation. If the project is canceled because of failure to meet this deadline, the developer must repay to the County any HOME funds disbursed on the project.

Completion: Project completion occurs when construction is complete, all HOME funds have been disbursed by the County and drawn from the U.S. Treasury, title to the property has transferred to an eligible buyer, and all required completion data has been entered into HUD’s IDIS system. Project completion must occur within four (4) years of the date of commitment of funds to the project. If the developer fails to meet this 4-year deadline, it must repay to the County any HOME funds disbursed to the project.

Nine-Month Sales Deadline: Pursuant to 24 CFR 92.254(a)(3), developers must have a ratified sales contract with an eligible buyer for each HOME-funded unit within nine (9) months of completion of construction or the unsold units must be converted to rental housing or the project will be deemed ineligible and all HOME funds drawn must be repaid to HUD. If a unit is unsold after six (6) months, the developer must present an updated sales and marketing plan to the County outlining steps being taken to identify buyers.

Units converted to rental housing must be rented to eligible tenants in accordance with 24 CFR 92.252, which include tenant income eligibility and rent limit requirements. Further, any units converted to rental properties shall be operated in accordance with the County’s rental housing program guidelines, as described above.

Reporting and Recordkeeping

To allow effective oversight of funded projects and document compliance with applicable HOME requirements, all projects must submit periodic HOME funding performance reports to the County. Dutchess County reserves the right to require additional reporting or to alter the reporting format or frequency based on future changes to HOME requirements, Dutchess County policies, or compliance deficiencies.

Appendix A - Utility Allowances

The below chart is the utility allowances for low rise/garden apartments (the most common type of housing constructed under the county's HOME program). Allowances are available for other housing types (high rise with elevator, semi-detached row/townhouse, and single family) 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: 1/1/2025

	0-Bdrm	1-Bdrm	2-Bdrm	3-Bdrm
Heating				
Natural Gas	\$119	\$134	\$141	\$148
Bottle Gas	\$168	\$197	\$212	\$227
Oil	\$152	\$179	\$193	\$207
Electric	\$88	\$100	\$123	\$147
Electric – Heat Pump	\$52	\$62	\$73	\$91
Hot Water Heating				
Natural Gas	\$19	\$22	\$32	\$42
Bottle Gas	\$33	\$38	\$55	\$72
Oil	\$30	\$35	\$50	\$81
Electric	\$35	\$41	\$53	\$75
Cooking				
Natural Gas	\$3	\$4	\$7	\$11
Bottle Gas	\$11	\$13	\$18	\$24
Electric	\$11	\$13	\$18	\$24
Other Electric, Lighting, Refrigeration...				
Other Electric, Lighting, Refrigeration	\$57	\$67	\$93	\$120

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 verified adequate, redesigned or replaced, including underground piping up to property line if necessary. Water and electric street services operation and condition to be verified or replaced if necessary.
3. Mechanical systems, appliances, doors and windows must be Energy-Star.
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 (#2 oak strip, at a minimum) or laminate flooring are required throughout apartments except kitchens and bath. Carpeting may be acceptable in certain areas.
9. Vinyl composite tile or laminate flooring is required in kitchen and bath (at a minimum).
10. Vinyl composite tile or laminate (at a minimum) in upper public hallways, quarry tile or laminate (at a minimum) on the ground floor or existing tile preserved, throughout.
11. Roof: All existing roofing material must be stripped, removed, and replaced and substrate if necessary.
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. Clean/wash all facades that have street exposure.