

NYS HOME Local Program Small Rental Development Initiative (SRDI) Project Management Plan

- This Project Management Plan (Plan) describes the requirements to implement a Small Rental Development Project funded with NYS HOME Local Program funds.
- All requirements contained in this Plan must be followed and are enforceable along with all aspects of the contract and the federal HOME regulations at 24 CFR Part 92.
- Changes to this Plan are subject to prior approval by HTFC.
- Acronyms:

HUD:	US Department of Housing and Urban Development
HCR:	NYS Homes and Community Renewal
HTFC:	Housing Trust Fund Corporation
Developer-owner	Local Program Administrator (LPA)
POA:	Period of Affordability
MWBE:	Minority/Women Owned Business Enterprise
IDIS:	Integrated Disbursement and Information System
WAP:	Weatherization Assistance Provider (NYS HCR)
NYSERDA	NYS Energy Research and Development Authority
RFP:	Request for Proposal
EAU:	Environmental Analysis Unit
OCR:	Office of Community Renewal (HTFC)
24 CFR Part 92	Code of Federal Regulations
HOME Program	Home Investment Partnership Program
NEPA	National Environmental Protection Act
SEQRA	State Environmental Quality Review Act

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1 Project Overview

1.1 Use of Funds

1.1.1 Eligible Projects

- A. Funds may be used by a Developer-owner for the acquisition and/or rehabilitation or construction of affordable residential rental housing to serve low income families.
- B. The Developer-owner may request funds for construction or permanent financing.
- C. The housing must be used for permanent or transitional low income rental housing as permitted by the HOME Final Rule.
- D. The project may contain 2 to 25 units and consist of 1 or more buildings on a single site or multiple sites under common ownership, management and financing.
- E. Permanent and transitional housing, including group homes and SRO's are eligible.
- F. The Developer-owner must be the sole and exclusive owner of the property during development and the required Period of Affordability (POA), typically 15 to 20 years. The project cannot be co-owned with another entity.
- G. The Developer-owner must own or will own the project in fee simple absolute title or have a long term ground lease that is at a minimum, equal to the term of the POA.
- H. The Developer-owner must manage or hire a property manager to oversee the long term management responsibilities of the rental housing throughout the required POA.
- I. The Developer-owner must be in charge of all aspects of development process to include: identification, procurement and oversight of contractors, negotiation of land use/permit approvals, obtaining zoning approvals, securing non-HOME financing as applicable, selecting Architects, Engineers, Housing Rehabilitation Specialists, General Contractors, etc., and must oversee the progress of all work paid with HOME funds and determine the reasonableness of costs.

1.1.2 Non Eligible Projects

- A. Shelters, temporary housing, student housing, Federal public housing units, projects that include State or Federal Low Income Housing Tax Credits as a financing source and properties that were previously financed with HOME and are under an active HOME regulatory agreement and POA.

1.1.3 Project Assistance Limits

- A. The maximum subsidy limit applies specifically to the number of HOME assisted units, not all units must be HOME assisted. The maximum amount of HOME funds that can be invested per unit must be less than the HOME Maximum Subsidy limit (times the number of HOME assisted units) as calculated by HUD in the table below:

2017 HOME Maximum Subsidy Limits	
For all counties in NYS	
Bedrooms	Max Subsidy Per Unit
0	\$140,107
1	\$160,615
2	\$195,304
3	\$252,662
4+	\$277,344

- B. The minimum HOME investment in rental housing is \$1,000 times the number of HOME-assisted units.

1.1.4 Eligible Costs

- A. Please refer to the “Pro Forma Budget Workbook” for specific eligible budget line items. In general, eligible costs include:
- Acquisition of rental properties and acquisition-related costs.
 - Construction, rehabilitation, demolition hard costs of residential units necessary to address the improvements required by HOME property standards, HTFC Housing Rehabilitation Standards and NYS and/or Local Codes.
 - Site improvements and connections to off-site utilities necessary to complete the construction or rehabilitation.
 - Soft costs related to the construction or rehabilitation, including:
 - Third party costs necessary to implement the improvements, such as financing fees, permits, legal and recording fees and interim operating costs.
 - Developer fees.

- c. Relocation costs as necessary
- d. Initial operating deficit reserve (HOME may be used to fund the initial rent up reserve for a period of less than 18 months, HOME cannot be used to fund an operating reserve, however other funds may be accessed for this purpose).

1.1.5 Non Eligible Costs

- A. In general, ineligible costs (may not be paid with HOME funds, but may be paid from other sources) include:
 - i. Costs for luxury improvements or improvements that are not consistent with the HOME Final Rule standard of “non-luxury housing with suitable amenities.”
 - ii. Payment of any deposits, working capital or operating costs.
 - iii. Operating, replacement or other reserves, other than the initial operating deficit reserve.
 - iv. Off-site infrastructure, except for necessary connections to offsite utilities for the assisted unit.
 - v. Refinancing or payment of other debt.
 - vi. HOME funds may not be used to assist non-residential space (community rooms, commercial or civic spaces, etc.) in a project.

1.1.6 Commitment of HOME Funds

- A. Commitment of HOME funds is subject to project underwriting, including:
 - i. Subsidy layering analysis.
 - ii. Maximum per unit subsidy limits.
 - iii. Cost allocation (if not all units will be for HOME assisted low income housing).
- B. Prior to project implementation, all projects are subject to review of costs, construction contracts and documents, and progress and final construction inspections.

1.2 Securing the HOME Assistance & Period of Affordability

- A. HOME funds will be provided as deferred loans at zero percent interest, due on sale, and requires full repayment throughout the period of affordability (POA). The Developer-owner may request funds for construction or permanent financing. HTCF reserves the right to require amortization, principal only payments, or increased payments to reserves if cash flow from the operating budget is excessive.
- B. The HOME loan may be subordinated to other debt subject to the approval of HTFC.
- C. The POA is based on the amount of HOME funds invested per assisted unit as follows: less than \$15,000 per assisted unit = 5 year POA, between \$15,000 and \$40,000 = 10 year POA, \$40,000 and over = 15 year POA, new construction rental = 20 year POA.
- D. The HOME funds will be secured by (1) a regulatory agreement, and (2) a note and mortgage recorded against the property for the required POA.
- E. All Developer-owners receiving assistance must execute a written agreement (contract) for HOME program assistance with HTFC.
- F. No repayment is required if the units remain in compliance throughout the POA. If the property is sold, the regulatory agreement and note and mortgage remain and must be assumed by the new purchaser.
- G. If the Developer-owner fails to maintain compliance, the full original amount of the note and mortgage must be repaid to the HTFC.
- H. The HCR Asset Management Unit will monitor and enforce long term affordability requirements as defined in the HOME contract, note and mortgage and regulatory agreement.
 - i. These remain in force regardless of repayment or transfer of title.
 - ii. Restrictions may be terminated by a third party lender in the event of a foreclosure or transfer in lieu of foreclosure.

1.3 Project Financial Plan

1.3.1 Pro Forma Budget Workbook

- A. The project budget, referred to as the “Pro Forma Budget Workbook” is approved as part of the commitment of funds and is enforceable along with all other contract provisions.

- B. HOME funds will be disbursed only for eligible and approved HOME costs according to the approved pro forma budget workbook and funds will not be disbursed over the amount originally approved.
- C. A variation from this pro forma budget workbook in any line item by more than 10% requires HTFC prior approval. Offsetting decreases to HOME funds from another line item is required.
- D. Requests for budget revisions should be submitted to the Developer-owner's assigned NYS HOME Local Program Manager.
- E. Reimbursement for amounts over any line item will be withheld until approved by HTFC.

1.3.2 Project Schedule

- A. Developer-owner has three (3) years to complete the project. The project schedule is approved prior to contract execution and is enforceable with all other contract provisions.
- B. Federal HOME regulations require all of the HOME assisted rental units in the project to be rented/leased within 18 months of construction completion or the HOME funds expended on the unoccupied units must be repaid to the HTFC.
- C. The schedule contains progress milestones that the Developer-owner must report on a quarterly basis to HTFC. Failure to achieve milestones could result in suspension of funds, increased monitoring and possible required changes to project management. Changes to the quarterly milestones require HTFC approval.
- D. Requests for extended time to complete the program must be approved by HTFC and will be limited or not approved.

1.3.3 Project Management & Staffing

- A. The Developer-owner must maintain adequate staffing (development team) to oversee the development of the project (acquisition and/or rehabilitation, construction) through to completion.
- B. The Developer-owner will provide staffing or a management contract to oversee the operations and management phase of the project (lease up, income and occupancy determinations, on-going property maintenance) to ensure HOME compliance throughout the POA.

2 Project Development Requirements

2.1 Environmental Review

- A. The Developer-owner must provide all necessary information to HTFC as required to conduct the NEPA and SEQRA reviews at the eligible property.
- B. Environmental review and clearance will be conducted by HCR Environmental Analysis Unit (EAU) prior to the execution of a contract. However, HTFC may elect to execute a conditional commitment of HOME funds as permitted by HUD Notice CPD-01-11, p. 10 to meet program commitment deadlines.
- C. 24 CFR 58.22 prohibits the commitment or expenditure of HOME funds or any other funds until the environmental review process is complete and the environmental clearance and subsequent release of funds has been received.
- D. The Developer-owner must refrain from taking any choice limiting actions on the project site(s) prior to environmental clearance of the NEPA and SEQRA reviews. The Developer-owner may not: acquire or enter into a contract to acquire; demolish or clear; construct or rehabilitate or take any other action that would limit the choices of HTFC during the environmental review process. If prohibited activities are undertaken prior to receiving the approval or release of funds, the applicant is at risk for the denial of assistance and repayment of HOME funds.
- E. From the date of the issuance of the RFP through when HCR EAU notifies the Developer-owner of environmental clearance, only project planning and other exempt activities may be conducted. Developer-owner cannot execute a purchase contract for acquisition of property during the time from the release of the RFP through the completion of the environmental clearance, however pre-existing contracts are ok.
- F. Reasonable and documented eligible planning and other exempt activities incurred costs may be reimbursed within 24 months of the Developer-owner's contract execution with the HTFC.

2.2 Insurance Requirements

- A. During the term of the contract, the Developer-owner shall take all adequate measures to insure the property and safeguard against the risk of liability for injuries or death of employees of the Developer-owner, contractors and subcontractors, and any other persons. The Developer-owner must also extend these insurance requirements to contractors hired under this contract.
- B. The Developer-owner's insurance policies must include the HTFC and the State of New York as a loss payee/additional insured on all policies as applicable throughout the POA.

- C. All insurance certificates shall be with a New York State licensed carrier of insurance rated "A" or higher.
- D. All policies applicable to the project must contain a clause requiring 30 days prior written notice to HTFC of cancellation, non-renewal, or change in coverage.
- E. Within two (2) business days of having received any notice of non-renewal, cancellation, termination, or rescindment for any type of insurance required herein, the Developer-owner shall provide HTFC with a copy of such notice, by e-mail (in pdf format) to their assigned NYS HOME Local Program Manager, together with an explanation of any efforts taken to reinstate such coverage.
- F. The Developer-owner may not cancel, terminate or fail to renew any insurance policy required herein, unless and until the Developer-owner has received HTFC's written consent.
- G. The Developer-owner shall maintain the following minimum insurance requirements:
 - i. Comprehensive General Liability Insurance: monetary limits of not less than \$1,000,000 for each occurrence to include Contractual coverage.
 - ii. Property Insurance: monetary limits commensurate with the project's replacement value, Builder's Risk Form - All Risk Coverage.
 - iii. Automobile Liability Insurance: to cover vehicles owned and operated by the Developer-owner, Monetary limits of not less than \$1,000,000.
 - iv. Blanket Position Fidelity Dishonesty Bond: Amount of coverage equal to the amount of the largest anticipated disbursement. Disbursements requested in excess of the fidelity bond/crime coverage will be reduced to the maximum amount of the fidelity bond in effect. HTFC also reserves the right to further reduce such disbursement or to refuse payment of a disbursement if it is determined that previous disbursements have not yet been distributed to contractors or vendors, and such current disbursement will cause the fidelity bond/crime coverage to be exceeded.
 - v. Workers' Compensation and Disability Benefits Insurance: Must be provided by the employer for all employees performing work related to the project. If there are no employees, a certification that this coverage is not presently required (form CO200).
 - vi. Flood Insurance: If the improvements, or any portion thereof, at the project site are located within a Special Flood Hazard Area, flood insurance is required in an amount equal to the replacement cost of the structure or the maximum limit of coverage made available under the National Flood Insurance Program, whichever is less.

- vii. Title Insurance: for acquisition, the project must insure HTFC's interest as mortgagee in the maximum amount of the HTFC financing to be provided.

2.3 Property Standards

2.3.1 Meeting NYS and/or Local Code

- A. All projects/units must be rehabilitated or constructed to meet NYS and/or Local Code upon completion.
- B. At construction completion and prior to submitting a completion report, the Developer-owner must have an inspection performed by a NY State Certified Code Inspector, documenting that the unit appears to have no visible health and safety issues or code violations and meets all applicable NYS and/or Local Code requirements and is ready for occupancy.

2.3.2 Property Standards for New Construction

- A. All new construction must be in compliance with State and Local housing codes and HOME regulations at 24 CFR 92.251.
 - i. HOME assisted new construction projects must meet all applicable State and Local residential and building codes, ordinances, and zoning requirements, as applicable upon completion.
 - ii. The Developer-owner must submit architectural plans and specifications to the HTFC for approval prior to the start of construction.
 - iii. Projects must also meet the requirements described in 24 CFR 92.251 as applicable:
 - i. Accessibility: the housing must meet the accessibility requirements of 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189) implemented at 28 CFR parts 35 and 36, as applicable.
 - ii. Disaster mitigation: where relevant, the housing must be constructed to mitigate the impact of potential disasters (e.g., earthquakes, hurricanes, flooding, and wildfires), in accordance with State and local codes, ordinances, or other State and local requirements, or such other requirements as HUD may establish.
 - iii. Site and Neighborhood Standards

2.3.3 Property Standards for Housing Rehabilitation

- A. All rehabilitation performed under this contract must be in compliance with HTFC Housing Rehabilitation Standards for One- to Four-Unit Structures, regardless if the project contains more than four units. The standards are available on the HCR HOME program website.
- B. An addition was made to the standards in January 2016 pertaining to mold containing components. Developer-owners should refer to the HTFC HOME Local Memo “REV. 1.2016 Mold Requirements” added into the housing rehabilitation standards at Section VIII -Interior standards.
- C. Uniform Physical Conditions Standards (UPCS) deficiencies requirements as applicable (awaiting HUD guidance).
- D. When rehabilitating a unit, HOME rules require that each of the major systems must have a remaining useful life for a minimum of 5 years. If not, the major systems must be rehabilitated or replaced as part of the rehabilitation work. Major systems include structural support; roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning.
 - i. As the maximum units to be assisted is less than 26, a formal Capital Needs Assessment is not required, however, the Developer-owner must do a useful life analysis to determine the future costs of renovation during the POA. The analysis should minimally include an inventory list of components, the estimated useful life and the future replacement costs.
- E. If any system or structural component has a useful life that is less than the POA, the Developer-owner must make provisions for a replacement reserve, either capitalizing the reserve up front or funding it out of cash flow over time.
- F. If funds are available, the HTFC encourages the Developer-owner to replace any aging system or structural component that does not have a useful life through the completion of the POA to be replaced as a part of this project
- G. The Developer-owner must develop the scope of work based on the following construction order of priority:
 - i. Address health and safety issues
 - ii. Address NYS State and/or Local Code violations
 - iii. Ensure major systems have a useful life of at least 5 years

- iv. Ensure meets Lead Based Paint requirements at 24 CFR Part 35.
 - v. Include disaster mitigation standards as necessary
 - vi. Include weatherization and energy efficiency measures
- H. Accessibility: the housing must meet the accessibility requirements of 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), and Titles II and III of the Americans with Disabilities Act (42 U.S.C. 12131-12189) implemented at 28 CFR parts 35 and 36, as applicable.
- I. Developer-owners are encouraged to produce “visitable” units and/or units that incorporate “Universal Design” features.

2.3.4 Lead Based Paint – Housing Rehabilitation

- A. Rehabilitation of pre-1978 properties assisted with HOME (and other HUD or RD funding) is subject to the HUD LBP rule at 24 CFR Part 35. Rehabilitation is subject to the requirements at 35.900 - .930.
- B. All renovation is also subject to the EPA Renovation, Repair and Painting Rule at 40 CFR Part 745. Effectively, this means that rehabilitation work (other than work that must be done by abatement contractors) must be done by an EPA Renovator following HUD rules.
- C. Risk assessments (by an EPA certified Risk Assessor) are required for any rehabilitation project where the federal rehabilitation assistance is over \$5,000. Presumption of LBP in lieu of a risk assessment is not permitted. HTFC requires LBP testing of all areas to be rehabilitated.
- D. The results of the risk assessment must be incorporated into the scope of work. The scope of work needs to be determined prior to application, therefore the risk assessment must be done prior to developing the scope of work. The Developer-owner may be reimbursed for this inspection if awarded funds for the project.
- E. If LBP is present, any hazard control work must be cleared according to the requirements of Part 35. HOME funds may pay for the first LBP clearance test, all other subsequent clearance testing must be paid for by the Developer-owner.

2.3.5 Energy Audit, Weatherization & Energy Efficiency - Housing Rehabilitation

- A. All projects to be rehabilitated with HOME funds must have an energy audit conducted to identify weatherization and energy-related improvements that can be incorporated into the scope of work.

- F. All projects to be rehabilitated with HOME funds must incorporate weatherization and energy efficiency measures from the energy audit into the scope of work to the best of ability and funds available. The scope of work needs to be determined prior to application, therefore the energy audit must be done prior to developing the scope of work. The Developer-owner may be reimbursed for the energy audit if awarded funds for the project.
- B. Developer-owners may access NYSERDA, NYS Weatherization Assistance Provider (WAP) funds, HOME project funds or other funds to pay for weatherization and/or energy efficiency measures to be incorporated into the scope of work.
- C. The HTFC requires the Developer-owner to certify at project completion that the weatherization and energy efficiency measures, as recommended in the energy audit, have been incorporated into the scope of work to the best of ability and funds available.

2.3.6 Weatherization & Energy Efficiency - New Construction

- A. All projects to be constructed with HOME funds must incorporate weatherization and energy efficiency measures in the construction.
- B. The project must be eligible for, will participate in and/or will meet the energy efficiency standards of the New York State Energy Research and Development Authority (NYSERDA) Multifamily New Construction Program or New York Energy Star Certified Homes Program as applicable or the project will meet enhanced energy efficiency standards that provide energy efficiencies and operational cost savings above standard construction requirements, as approved by HTFC.
- C. Developer-owners may access NYSERDA, NYS Weatherization Assistance Provider (WAP) funds, HOME project funds or other funds to pay for weatherization and/or energy efficiency measures to be incorporated into the construction.

2.3.7 Green Building Certification – Substantial Rehabilitation - New Construction

- A. Developer-owners that have elected to, must incorporate green building practices in the substantial rehabilitation or construction of the project.
- B. In order to verify green and energy efficient construction, at a minimum, Developer-owners must choose to certify the project in the Enterprise Green Communities Certification Program or the United States Green Building Council (USGBC) Leadership in Energy and Environmental Design (LEED) for Building Design and Construction or Homes and Multi-family Low-rise Certification Programs, as applicable or other green building certification program, as approved by the HTFC.
- C. HOME Program funds may be used to pay for reasonable costs of certification and construction to deliver a green, energy efficient and sustainable project.

2.4 Procurement & Contracting

- A. The Developer-owner must, at a minimum, follow general procurement requirements as follows:
- i. All procured contracts should be selected based on professional and technical competence, relevant experience, knowledge of local laws, regulations and building codes, price, and capacity to provide services in a timely manner.
 - ii. Procured contracts must reflect a fixed fee or guaranteed price compensation that is structured so that payment is tied to successful completion of the various phases of work proposed.
 - iii. To ensure minimal change orders, the Developer-owner's scope of work and cost estimate should reflect compliance with project property standards and accurate costs.
 - iv. For construction work to be solicited in a bid process: the Developer-owner is responsible to ensure an adequate level of competition to establish cost reasonableness and receive a minimum of 3 bids and may select the lowest, responsible bid.
 - v. The Developer-owner may be approved to use a preferred contractor, with a reasonable cost estimate or selection of other than the lowest responsible bid, as approved by the HTFC prior to execution of the construction contract.
 - vi. All contractors and sub-contractors hired must not have been debarred from working on federally funded projects or known as being on the "Excluded Parties" list and can be checked on the System for Award Management (SAM) website at <https://www.sam.gov/portal/SAM/#1>.
 - vii. HTFC requires all contracts to include State and Federal goals for the participation of Minority and Women-Owned Business Enterprises (M/WBE) and Section 3 eligible enterprises and residents as applicable.
 - a. Developer-owners must execute as applicable, Section 3 and Equal Opportunity/Fair Housing policy statements, available on the HCR HOME Program website, at contract execution
 - b. Developer-owners must report on Section 3 and MWBE activity. The required reporting forms are available at: <http://www.nyshcr.org/Forms/FairHousing/>.
 - c. All M/WBE and Section 3 outreach requirements must be documented through the Developer-owner and contractor's selection process for sub-contractors and suppliers.
 - d. The HTFC will review procurement contracts for reasonableness of costs and clarity of the scope of work to be performed prior to the start of construction.

- e. HTFC reserves the right to require an amendment to procured contracts before funding is provided.
- f. For projects of 12 or more units subject to Davis-Bacon wage requirements, all construction cost estimates should be based on the most current Davis-Bacon wage rates appropriate for the project location and type of construction.

2.5 Construction Management

2.5.1 Written Scope of Work and Cost Estimates

- A. 24 CFR 92.251(b) (2) requires a scope of work to be developed in sufficient detail to be the basis for inspection to determine compliance with property standards.

The Developer-owner must provide a written scope of work (per building and unit), cost estimates, plans and specifications, construction contracts and construction documents as applicable and as requested by the HTFC for approval (site plan, floor plan, elevations, wall sections, photos, etc.).

- B. The Developer-owner must ensure the housing rehabilitation or construction contract(s) and construction documents describe the scope of work to be undertaken in adequate detail so that construction progress inspections can be conducted.
- C. The Developer-owner must review and approve written cost estimates for housing rehabilitation or construction and make a determination that costs are reasonable and as requested by the HTFC for approval.

2.5.2 Construction Inspections

- A. HOME rules require progress and final inspections to determine that work was done in accordance with the work scope, contract and property standards.
- B. The Developer-owner must ensure the construction contract (s) and construction documents describe the work to be undertaken in adequate detail so that inspections can be conducted.
- C. The Developer-owner and HTFC must conduct progress and final inspections of construction to ensure that work is done in accordance with the scope of work, applicable codes, the construction contract and documents.
- D. For all progress payments for construction services, the Developer-owner, contractor and architect (and others as may be required by the HTFC) must sign a dated statement, on the letterhead of the Developer-owner, detailing the work completed and certifying that all work has been completed to satisfaction. All request for payment must include this statement or the request will not be processed. Contractors should use a standard AIA Application and Certification for Payment form along with required HTFC disbursement forms.

- E. The HTFC will conduct construction progress inspections, to be completed by an inspector working for or under contract to HTFC and/or HCR throughout the development process and completion of construction.
- F. The HTFC will conduct an initial inspection, prior to the start of construction, to verify the scope of work.
- G. HTFC and/or HCR will conduct progress inspections at the end of demolition, at completion of rough carpentry and mechanicals, at punch list, and upon final completion or as approved by HTFC. The Developer-owner may request a different construction progress inspection schedule that must be approved by the HTFC, prior to the start of construction.
- H. The final inspection (unit or project) must verify full compliance with the property standards and completion of all construction. The 10% minimum holdback of payment to contractors may not be released/paid to the contractor until after the HTFC approves the final inspection.
- I. The final inspection requires the Developer-owner to certify completion of the scope of work and that the property meets NYS and/or Local Code. The code inspection must be performed by a NYS Certified Code Inspector. Documentation of this inspection must include a signed and dated report from the inspector stating the HOME assisted unit (s) appears to have no visible health and safety issues or code violations and meets all applicable NYS and/or Local Code requirements and is ready for occupancy.
- J. For housing rehabilitation, if Lead based paint (LBP) is present, any hazard control work must be cleared according to the requirements of Part 35.

2.5.3 Required Construction Contract Provisions

- A. A contract must be executed with each contractor providing services to be paid with HOME funds. The standard AIA Owner/Contractor Agreement or AIA Owner/Construction Manager as Constructor Agreement, AIA Contract for Construction (current editions) as applicable should be used to execute construction contracts.
- B. For multi-site projects, the contractor is to provide the construction costs on an individual site basis.
- C. Required contract provisions are attached to 2 CFR Part 200 as Appendix II and the following may be triggered:
 - i. Labor Standards: Davis-Bacon applies only to construction contracts of 12 or more HOME-assisted units. On projects subject to Davis-Bacon, construction contracts and all construction sub-contracts must include the appropriate Federal Labor Standards documents and Davis-Bacon Wage Decision(s). Developer-owners must, prior to signing any

construction contract subject to Davis Bacon, consult with their assigned NYS HOME Local Program Manager to ensure compliance.

- ii. Section 3: Requirements for Developer-owners are triggered at an award of \$200,000 or more. Individual contractors are triggered at a contract of \$100,000 or more.
 - iii. MWBE requirements: All contractors are encouraged to utilize minority and women owned business enterprises and must adhere to State and Federal requirements and goals for hiring, as applicable.
- D. Bonding is not required for construction contracts under \$150,000.
- E. Developer-owners must require that all contractors sign a release of lien form for all construction activity completed and paid for with HOME funds.
- F. Developer-owners must hold back a minimum of 10% (for each construction contract) to the contractor until after the final construction inspection has been approved, all required lien releases and all documentation and satisfactory sign off has been submitted as required by the HTFC.

2.5.4 Construction Completion

- A. There are two final construction inspections required to complete a project/unit:
- i. Final HTFC inspection to certify that work has been done according to scope of work and meets program property standards.
 - ii. NYS and/ or Local Code Inspection must be performed by a NYS Code certified inspector documenting that the unit appears to have no visible health and safety issues or code violations and meets all applicable NYS and/or Local Code requirements.

2.6 Relocation

- A. The HOME Program is subject to an overall policy of minimizing displacement, and is subject to the Uniform Relocation Act (URA) and Section 104(d) of the Housing and Community Development Act of 1974, as amended.
- B. The [HOME & CDBG Residential Anti displacement & Relocation Assistance Plan \(Plan\)](#) establishes the HTFC HOME Program policy to minimize displacement.
- C. Under most circumstances, rehabilitation will not result in permanent displacement, but may produce temporary displacement while work is being completed. Permanent displacement will occur if a tenant in an assisted unit is over-income or otherwise not expected to be housed after rehabilitation. In this case, refer to the HUD Handbook 1378 at:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/cpd/13780 and consult with HTFC before proceeding with the project.

- D. Any legal occupant of a property at the time of application for federal funds is entitled to protections, including the initial notice that is due on the initial application for funds by the Developer-owner. The non-displaced tenant notification form is in Appendix 2; the displaced tenant form is in Appendix 3 of the Plan.
- E. Any existing tenant of a unit to be rehabilitated with HOME funds must be low-income to remain. If over-income, the tenant must be permanently relocated, with full protection of the URA requirements of the program. Please seek additional guidance from HTFC, as the use of cost allocation may be a way to avoid having the unit be HOME assisted so the tenant will not have to be relocated.
- F. If rents are increased due to the rehabilitation and are unaffordable, otherwise non-displaced tenants can claim economic displacement and be entitled to benefits. Developer-owners should review pre- and post-rehab rents to determine if this could occur.
- G. HTFC requires the Developer-owner to comply with the requirements and discourages the acquisition of occupied properties if the Developer-owner does not have detailed knowledge of URA requirements and Handbook 1378. The Developer-owner must consult with HTFC prior to making an offer on a property occupied by individuals or entities other than the seller. HUD Handbook 1378 contains the guidance and sample forms and notices that must be used in the event of acquisition and relocation and is available at: <https://www.hudexchange.info/resource/310/hud-handbook-1378-tenant-assistance-relocation-and-real-property-acquisition/>.

2.6.1 Notices to the Seller (and Tenants) – Acquisition of Property

- A. The seller must receive and acknowledge receipt of a notice of voluntary sale (Appendix 31 of HUD Handbook 1378).
- B. The tenants of the structure are protected as of the date of offer to purchase, and the appropriate notices must be given to tenants, depending on whether they are going to be permanently displaced, temporarily displaced or not displaced. Refer to Handbook 1378 and contact HTFC for guidance.

2.6.2 Temporary Relocation

- A. Temporary relocation may be necessary due to extensive rehabilitation or LBP hazard control work making the housing unusable while work is progressing. Temporary relocation may also be triggered by lead hazard control work following the requirements of 24 CFR 35.1345(a) (2).

- i. Tenants are considered involuntarily displaced and their costs of temporarily relocation must be paid. HOME funds may be used for this purpose.
- ii. Federal requirements give administrators flexibility in determining and paying the costs of temporary relocation. Consult with HTFC if there are questions regarding appropriate eligible HOME program costs of temporary relocation.

2.7 Payment - Disbursement of HOME Funds

- A. The Developer-owner shall not request disbursement of funds under the contract until the funds are needed for payment of eligible costs. Advances of funds are not permitted.
- B. All requests for payment of funds for construction or housing rehabilitation progress and final payments to contractors will require a certification, signed and dated by the Developer-owner, the contractor and other applicable parties as required by the HTFC stating the work has been satisfactorily completed. The Developer-owner and/or contractors should use a standard AIA Application and Certification for Payment form along with required HTFC disbursement forms and any required back up documents.
- C. The amount of each request shall be limited to the amount needed to pay such costs incurred. Payments of funds under the contract are also subject to the Developer-owner's compliance with all HOME requirements and all further documentation which may be requested by HTFC related to any request for funds.
- D. HTFC will not disburse funds if the Developer-owner is in default of any of the provisions of the contract.
- E. All contractor (s) must sign and submit a release of lien form for all construction activity completed and paid for with HOME funds.
- F. Developer-owners must hold back 10% of the final payment (for all construction contracts) to the contractor until after final completion of construction work and all required inspections are complete and required documentation has been submitted.

2.7.1 Developer Fee

- A. Developer-owner may receive up to 23% of the total award as a developer fee to develop and rent the units.
- B. The developer fee may be invoiced to the HTFC based on the following schedule:
 - i. Initial Closing – 10%
 - ii. End of demolition – 20%
 - iii. Completion of rough carpentry and mechanicals: 20%

- iv. At punch list: 20%
- v. At final completion of all construction: 20%
- vi. All HOME units rented with IDIS completion reports submitted: 10%

2.8 Project Completion

- A. A project is completed when:
 - i. All construction work has been performed.
 - ii. The project complies with the required property standards.
 - iii. The project complies with NYS and/or Local Code requirements.
 - iv. The Developer-owner and Contractor (s) have signed a final certification that all construction activity is complete and satisfactory according to program requirements.
 - v. The final drawdown of HOME funds has been disbursed for the project.
 - vi. The HTFC note and mortgage and regulatory agreement have been recorded.
- B. The Rental Set-up and Completion Form must be submitted. If not all units are occupied at time of Completion, the Developer-owner will report tenants using the same form to HTFC as they are approved. All units must be leased within 6 months of construction completion. Failure to report tenants could result in the requirement to repay HOME funds.

2.9 Recordkeeping

- A. Records demonstrating compliance with HOME requirements are to be retained in the project file. Project files must be kept to meet the requirements of 24 CFR 92.508(a)(3). Required documentation is specified in the Project File Checklist available on the HCR website and contained in Section 2.12.
- B. The Developer-owner shall retain all applicable project records to include: property description and location, copies of construction contracts, records regarding project specific requirements, compliance with property standards and on-going inspections, information about contractors and vendors to include verification of non-debarment, verification of qualifications and experience, invoices and payment records, related correspondence, pro forma budget workbook, operating budgets and a schedule for completion or other information as requested by HTFC.
- C. Project file records must be retained for a minimum of five years after project close out and throughout the POA.

- D. Tenant occupancy records must be maintained for the most recent 5 years and throughout the POA.
- E. The Developer-owner will maintain records of the use of funds pursuant to the contract submit reports and cooperate with audits and inspections by HTFC or HUD. Representatives of HTFC, HUD or their designees may examine any records or information pursuant to the contract.
- F. The Catalogue of Federal Domestic Assistance (CFDA) number for this Program is 14.239.

2.10 Reporting

2.10.1 Project Set-up Report

- A. A Rental Set-up and Completion Form should be submitted when a project commitment is ready – that is:
 - i. A written agreement/contract has been executed by the Developer-owner and contractor and housing rehabilitation is ready to commence.
- B. The set-up form and instructions are available on the HCR HOME Program website.
- C. The completed form should be submitted to the NYS HOME IDIS mailbox at: homeidis@nyshcr.org

2.10.2 Project Completion Report

- A. A Rental Set-up and Completion Form should be submitted when a project is completed, which means that:
 - i. The work has been completed to meet the project property standards.
 - ii. The housing is documented to meet NYS and/or Local Code upon completion.
 - iii. The Developer-owner, contractor and HTFC have signed off that all work has been completed to satisfaction.
 - iv. All funds have been disbursed.
 - v. The HTFC note and mortgage and regulatory agreement have been executed and publicly recorded.
- B. The Rental Set-up and Completion Form and instructions are available on the HCR HOME Program website.

- C. The completed form should be submitted to the HOME IDIS mailbox at:
homeidis@nyshcr.org.

2.10.3 Quarterly & Final Reports

- A. Developer-owners must submit quarterly reports on current progress as compared to the schedule and milestones contained in the contract and this Plan.
- B. The quarterly report will be made available at the time of contract execution and will be due within 10 business days after the end of the quarter.
- C. At the end of the contract term and upon final completion of all units to be assisted in the program, the Developer-owner will be sent a completion report from their assigned NYS HOME Local Program Manager detailing the units assisted and funds expended.
- D. Any remaining funds not expended will be de-obligated and re-allocated according to the State's Action Plan. Issuance of this report will terminate the contract and officially close out the program.

2.10.4 Audit

- A. Developer-owners that expend more than \$750,000 in federal funds (not limited to HOME) are subject to the audit requirements at 2 CFR 200.501 - .512 (formerly A-133.).
- B. The Developer-owner must notify HTFC within 60 days of the end of its fiscal year whether or not it is subject to this requirement by using the Federal Assistance Expenditure Form available on the HCR HOME Program website.

2.11 HTFC Monitoring of the Developer-owner

- A. HTFC will monitor the Developer-owner regularly through desk audits, requisitions, and review of reports. HTFC will conduct onsite inspections during construction or rehabilitation, and may conduct other risk-based, on-site monitoring, as needed throughout the contract term.
 - i. The State has implemented a Risk Based Monitoring System (RAS), in compliance with federal HOME program regulations at 92.504(d). The RAS will use a risk analysis tool and scoring system to inform HTFC if the Developer-owner may need increased monitoring and/or technical assistance.
 - ii. HTFC will review the project file for completeness and accuracy prior to IDIS set-up and draws.
 - iii. The Developer-owner will submit the project file information specified in the Initial Project File Submission Checklist referenced in Section 2.12 when the project is

ready for set-up in IDIS. HTFC reserves the right to require additional file submissions if the first file submission is not adequate.

- iv. Requests for disbursement/reimbursement are examined to ensure that only reimbursement for approved project expenditures is being sought. If appropriate back up documentation is not submitted or if information submitted is problematic, the request for disbursement is returned.
- v. The Developer-owner is required to send in quarterly reports documenting project progress. Projects determined to be at high risk that are not performing successfully will be monitored more frequently and may require on-site monitoring. The RAS will identify programs that are at risk which will allow for earlier HTFC intervention to prevent project close out and/or de-obligation of HOME funds.
- vi. At project close out, the closed contract will be transferred to the HCR Asset Management Unit to continue to monitor the projects for the remaining term of the POA.

2.12 Attachments

2.12.1 Small Rental Development Initiative (SRDI) Project File Checklist

File	Check if in file	Date	Notes
Project Application & Contract			
Application			
Award letter			
Executed contract with the HTFC			
Project Development Plan (& amendments)			
Project Budget (& amendments)			
Project Schedule (& amendments)			
Construction Records			
Bid package & selection documentation			
Construction or Rehabilitation contract			
MWBE/Section 3 documentation			
Contractor invoices, approvals, payments			
Permits, NYS Code Inspection			
Required Sign off			
Project Records			
Project environmental clearance			
Project relocation records (if applicable)			
Affirmative marketing & Tenant Selection Plan			
Approved tenant lease/addendum			
Initial rent & utility allowance approval			
Application intake & wait list			
Denials, appeals, fair housing complaints			
Conflict of interest determinations			
Rental Set-up and Completion Report			
Financial Management			
Disbursement requests			
Disbursement documentation			
Receipt/disposition of program income			
Audit (if applicable)			
Ongoing Monitoring			
Program income limits – by year			
Program rent limits – by year			
Annual rent/utility approvals			
Annual Occupancy Report			
Unit inspections - HTFC/HCR monitoring files			
Property transfer approval process			

3 Ongoing Rental Occupancy Requirements

3.1 Rental Unit Requirements

- A. The affordability requirements of §92.252 apply to all HOME assisted rental units throughout the POA, including:
 - i. Low income occupancy – at or below 80% of AMI except If a project has five or more HOME-assisted units, at least 20% of the units must be occupied by households with incomes at or below 50% of AMI.
 - ii. Tenant income eligibility certification
 - iii. HOME rent limits & utility allowances
 - iv. HOME lease provisions in §92.253
 - v. Maintenance of the rental units to §92.251 property standards.
- B. These requirements are imposed throughout the POA and are enforceable through the HTFC note and mortgage and regulatory agreement.

3.1.1 Lease Up Requirements

- A. All assisted units should be leased within 6 months of completion of construction or housing rehabilitation or Developer-owner must submit new marketing plan and a monthly status update to the HTFC.
- B. All assisted units must be initially leased within 18 months, or the unoccupied unit (s) will be deemed ineligible and Developer-owner must repay all HOME funds expended on the units to HUD.

3.1.2 Occupancy and Income Limits

- A. Low income occupancy – at or below 80% of AMI except If a project has five or more HOME-assisted units, at least 20% of the units must be occupied by households with incomes at or below 50% of AMI.
- B. Tenant incomes must be certified at initial occupancy and annually thereafter during the POA.

- C. Owners must maintain the unit mix specified in the HOME contract: assisted units by unit type, High or Low HOME units, fixed or floating.
- D. HOME Program Income limits are by jurisdiction (metro area or county) and are published at: <https://www.hudexchange.info/manage-a-program/home-income-limits/>.
- E. All assisted units must be initially occupied under these requirements within 18 months of completion of construction or rehabilitation.

3.1.3 Rents

- A. HTFC/HCR will determine the permitted rents for any assisted units at time of underwriting, and incorporate them into the contract with the Developer-owner.
- B. The HOME rent limits are the maximum rents, including tenant-paid utility allowance that can be charged to an income-eligible tenant residing in HOME-assisted unit. The rent limits vary by locality and bedroom size and are available on the HUD Exchange website for NY State at : <https://www.hudexchange.info/programs/home/home-rent-limits/>
- C. The HOME Program has two rent limits: High HOME and Low HOME limits. Low HOME Rents apply to at least 20 percent of the units in properties with five or more HOME-assisted units that are occupied by very low-income tenants. The High HOME rent limit applies to all other HOME units.
- D. The HOME rent limits include utilities, meaning that an allowance for tenant-paid utilities must be deducted from the published rent limits to determine the maximum contract rent. The Developer-owner must use the HUD Utility Schedule Model to calculate utility schedules and determine the utility allowance.
- E. The HOME rent limit includes any other tenant-based rental assistance. If units have project-based assistance, contact HTFC.
- F. HTFC must also review and approve rents annually during the POA. The Developer-owner will submit proposed rents to HTFC, but may not implement the rents until approval is received. Changes in rent require a 30 day notice to tenants prior to implementation.

3.2 Tenant Selection & Eligibility

3.2.1 Affirmative Marketing & Minority Outreach

- A. Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available rental housing without regard to race, color, national origin, sex, religion, familial status or disability.

- B. Each Developer-owner must have and follow an affirmative marketing plan, to be submitted prior to marketing the units, consistent with the HOME regulations at 24 CFR 02.351. The plan must define the affirmative marketing procedures that will take place to provide information and otherwise attract eligible persons in the program service area to the available rental housing or assistance without regard to race, color, national origin, sex, religion, familial status or disability. Required elements of the plan include:
- i. Identification of those persons across the protected classes that are expected to be "least likely to apply."
 - ii. Description of how the Developer-owner will inform potential tenants about fair housing and affirmative marketing policies.
 - iii. Description of specific procedures or activities that will be used to inform and solicit applications from those "least likely to apply" without special outreach.
 - iv. Delineation of the records that will be kept to document the affirmative efforts.
 - v. Description of how the Developer-owner will assess the results of the affirmative actions and make corrective actions if necessary.
- C. If the program is targeted to a special need or target population, the Plan should describe:
- i. How the program will be marketed across all protected classes within the special need preference.
 - ii. If the program targets persons with disabilities, how the program will be marketed to all disabilities (however, advertisements can identify the specific services available based on the targeted disability).

3.2.2 Tenant Selection Plan

- A. The Developer-owner must have a written tenant selection policy, to be submitted prior to marketing the units, that clearly specifies how households will be selected for participation. There are three major components of tenant selection:
- i. The tenant must be legal a resident of the United States.
 - ii. Income Eligibility – eligible income levels are defined in Section 3.1.
 - iii. Preferences – a project can target populations of unmet needs as defined in the State's Consolidated Plan. (See §92.209(c)(2)(i) and (ii)).
- B. Applicant selection procedures must:
- i. Clearly articulate any locally established preferences.

- ii. Identify applicants who meet the selection criteria on a “first come, first served” basis in accordance with preference policies.
 - iii. Provide for the selection of prospective tenants from a written waiting list in the chronological order of application.
 - iv. Provide immediate written notification to any rejected applicant of the specific grounds for rejection and maintain records of the rejection.
 - v. Provide for reasonable accommodations for persons with disabilities to ensure they have equal access to be able to apply to rent the unit.
- C. Student household limitation. An adult student enrolled in a higher education institution who is under age twenty-four (i.e., age 18-23) may not qualify as a household independent of their parent income unless the student is: veteran of the U.S. military, married, a parent with dependent children, or has established independence from the parent.
- D. Developer-owner must also comply with the Violence Against Women Reauthorization Act (VAWA) of 2013, as applicable.

3.2.3 Non-Discrimination and Equal Access

- A. No person in the United States shall, on the grounds of race, color, national origin, religion, or sex be excluded, denied benefits, or subjected to discrimination under any program funded in whole or in part by HOME funds. Developer-owners are subject to all federal and State fair housing and equal opportunity laws and orders, as referenced in 24 CFR Parts 92.350 and 92.351 to include: Title V of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d et seq.), The Fair Housing Act (42 U.S.C. 3601-3620.), Equal Opportunity in Housing (Executive Order 11063, as amended by Executive Order 12259), Age Discrimination Act of 1975, as amended (42 U.S.C. 6101-6107.)

3.2.4 Preferences

- A. Preferences for a certain household type is only permissible to the extent that:
- i. The priority or preference does not violate nondiscrimination and fair housing requirements.
 - ii. The household type has been identified in the application and approved by HTFC at contract execution.
 - iii. The priority or preference is fully disclosed in all rental application documents, advertisements and presentations.
 - iv. The HTFC may allow Developer-owners to have a preference that may limit beneficiaries to veterans, the elderly, the physically disabled, and/or or give

preferences to persons in certain occupations, such as police officers, firefighters, or teachers.

- v. If the project elects to serve a special needs population, the Developer-owner must have a current service provider agreement (Memorandum of Understanding) that will send direct referrals of clients to the project to apply to rent a HOME assisted unit.
- vi. If supportive services are included, the Developer-owner must submit a comprehensive service plan with a commitment in writing for those services to be delivered to the special needs population. This plan must be submitted to HTFC prior to marketing the units.
- vii. Any limitation or preference must not violate nondiscrimination requirements in 24 CFR 92.350.
- viii. Limiting programs or giving preferences to students or a group of all employees is not permitted.
- ix. The preference or limitation must be approved by HTFC as part of the Tenant Selection Plan.

3.2.5 Accessibility

- A. HOME regulations require adherence to the following three regulations governing the accessibility of Federally-assisted buildings, facilities and programs: Americans with Disabilities Act (42 U.S.C. 12131; 47 U.S.C. 155,201,218, and 225.), The Fair Housing Act and Section 504 of the Rehabilitation Act of 1973.
- B. All HOME projects are subject to accessibility requirements of 92.251(b)(1)(iv).
 - i. Apply to Rent the Unit: reasonable accommodations are required to make it accessible for all to have an equal opportunity to rent the HOME assisted unit including accessible to persons with disabilities, including affirmative outreach, accessible office locations and assistance with applications.
 - ii. Physical Modifications to the Unit: Reasonable accommodations and reasonable modifications are required for households with accessibility needs. Project funds may be used to make such modifications as applicable.
- C. The Developer-owner must work with any tenant with accessibility needs to address those needs and must be in compliance with the Fair Housing Act, Section 504, as applicable.
- D. Accommodations and modifications to address accessibility needs can and should be paid with HOME funds.

3.2.6 Application Intake & Waiting List

- A. Applications to rent the units must be taken in a manner that ensures fair access, including reasonable time periods and methods of submission. Assistance must be offered to any household requesting assistance in completing the application.
- B. The method for establishing the queue and waiting lists must be disclosed in application materials and briefings.
- C. While preference households may be placed on a separate waiting list, and processed according to the priority, applications must be accepted from any household.
- D. Income eligibility need not be verified to place an applicant in the queue or on a waiting list. Placement on the list can be based upon the applicant's representation of income, with disclosure that income will be verified prior to the offering of assistance.

3.2.7 Determining Income Eligibility

- A. All households assisted must be under 80% of median income as defined by HUD HOME income limits posted at: <https://www.hudexchange.info/manage-a-program/home-income-limits/>.
 - i. If the project has five or more assisted units, at least 20% of those units must serve households at or below 50% AMI.
- B. Existing tenants must be certified as income eligible prior to commitment of the funds to the project. New tenants for vacant units must be certified as income eligible prior to lease execution and occupancy.
- C. Income will be determined using the Section 8 (also known as the Part 5) method, defined at 92.203(b). Developer-owners may use the HUD CPD Income Eligibility Calculator at: <https://www.hudexchange.info/incomecalculator/>.
 - i. All income sources must have at least two months of source documentation (92.203(a) (2)).
 - ii. Income certifications must be signed and dated by the tenant and the Developer-owner.

3.2.8 First Tenant File Review by OCR

- A. For the first tenant selected and certified for occupancy, the Developer-owner will assemble the following documentation and submit to the assigned NYS HOME Local Program Manager for review:
 - i. Tenant income certification and verification documentation
 - ii. Tenant lease with HOME addendum.

- B. The Developer-owner's assigned NYS HOME Local program Manager will review the documentation and require any corrections prior to initial project setup. If the first file submission is acceptable, no further documentation submissions will be required for subsequent tenants.

3.2.9 Annual Occupancy Report

- A. The Developer-owner is responsible for completing an annual report and certification in a format to be specified by HTFC. The Annual Occupancy Report must be submitted within 60 days of the end of a calendar year. The report template will be made available upon completion of development.
- B. The LPA must notify HTFC of any expected vacancies of HOME assisted units or non-compliance with residency requirements related to the HTFC note and mortgage or regulatory agreement, throughout the POA.

3.2.10 Conflict of Interest

- A. The Developer-owner, including its officers, board members, employees and their immediate family members, are subject to the presumption of conflict of interest as stated in 92.356(f). No officer, employee, agent, or consultant of a covered person or entity may occupy a HOME assisted affordable housing unit in the project without the prior approval of HTFC.
- B. Immediate family ties include, whether related by blood, marriage, or adoption: spouse, parent (including step-parent), child (including stepchild), brother, sister (including step brother or step sister) grandparent, grandchild, and in-laws or a covered person.
- C. However, this provision does not apply to an employee or agent of a Developer-owner who occupies a housing unit in a HOME- assisted project as a project manager or maintenance worker.
- D. Exceptions: requests for exceptions to this policy must be submitted to HTFC in advance of selection with the information required by 24 CFR Part 92.356(d) – (e).

3.3 Ongoing Project Monitoring – Rental Units

- A. The Developer-owner is responsible for ensuring full compliance of each assisted rental unit with HOME requirements throughout the POA and for maintaining records and provision of appropriate documentation to HTFC.
- B. HTFC must monitor the rental units for compliance throughout the POA, including the following activities:
 - i. Approve the rents annually, based on updated HOME rent limits and utility allowances, prior to the implementation of rent changes.

- ii. Conduct (or review) tenant income re-certifications during the POA (tenants self-certifications are permitted and source documentation is not required for re-certifications).
 - iii. Conduct unit inspections to certify compliance with HOME ongoing property standards at 24 CFR Part 92.251 in the first year and every three years thereafter during the POA.
 - iv. Developer-owners are required to annually verify that the project and rental units meet all HOME rental and insurance requirements.
- C. HTFC reserves the right to conduct additional monitoring and provide technical assistance as indicated by the monitoring, and to enforce all provisions of the regulatory agreement and note and mortgage for the duration of the POA.