



## New York State Homes and Community Renewal Plus-One ADU Program Program Guide

PROGRAM DESCRIPTION	
<b>Program Allocation</b>	\$85,000,000 (5-year term)
<b>Program Goal</b>	To enable low- and moderate-income homeowners to build accessory dwelling units “ADUs” and/or improve existing ADUs that need to be brought into compliance with local and state building code requirements.
<b>Program Administrators</b>	Municipalities in partnership with non-profit housing developers. Either the non-profit or the municipality can be the lead agency in administering the program. Awardees are selected through a competitive Request for Proposals.
<b>Allocation per Municipality</b>	\$2,000,000 per funding round.
<b>Per Unit Allocation</b>	Homeowners may receive a grant up to \$125,000 outside of NYC; Homeowners in NYC may receive up to \$175,000.
<b>Maximum Program Administration Costs</b>	10 % of total grant award.
ELIGIBILITY REQUIREMENTS	
<b>Eligible Homeowners</b>	Low- and moderate-income homeowners (“Participants”) who must be at or below 100% of the Area Median Income (AMI).
<b>Primary Residence Requirement</b>	The main home must be the Participant’s primary residence. Second homes are ineligible for assistance. Second homes are defined by the IRS publication 936.
<b>Property Type</b>	Single-family homes (1–4-unit homes).  Attached or detached garages or basement apartments permitted for conversions, or other types of permitted units allowable by the municipality. New construction, either attached or detached from the main house is permitted, if allowable by the municipality.
<b>Property Ownership Requirement</b>	Ownership is defined as holding a fee simple title as evidenced by a warranty deed, bargain for sale deed, a quit claim deed to the Property or having an approved lease hold interest and improvement. <ul style="list-style-type: none"> <li>• <b>Homes owned by a Trust:</b> allowed if the participant is one of the listed beneficiaries and an occupant.</li> <li>• <b>Homes owned by an LLC:</b> allowed if the participant is one of the shareholders and an occupant; permission from other shareholders required.</li> </ul>

	<ul style="list-style-type: none"> <li>• <b>Homeowners with Living Trusts/Irrevocable Trusts:</b> allowed if the participant is the occupant of the home; if not an occupant and the program is to benefit another beneficiary, that beneficiary's name must be on the deed and the beneficiary/occupant must meet all eligibility criteria for the program.</li> </ul>
<b>ADU Definition</b>	<p>In general, an ADU, an accessory dwelling unit, or “accessory use or accessory structure” is defined as a secondary residence on the same lot as a primary dwelling with features that allow a complete habitable space that includes provisions for sleeping, cooking, and sanitation. Local codes define in which zones these units can be built or improved on.</p> <p>The definition may vary according to local codes.</p> <p>Grant funds may be used for:</p> <ul style="list-style-type: none"> <li>• small, stand-alone (detached) units on single-family lots, basement apartments, garage conversions, or other permitted units.</li> <li>• secondary units that are considered illegal or unsafe that are within the primary home, but undefined as an ADU in local codes.</li> <li>• to build a new unit, whether it is attached or detached to a single-family home, irrespective of how it is defined as an ADU, if it is permissible by local code.</li> </ul>
<b>Use of ADU</b>	<p>To house a family member or rent to a community member long-term. There are no mandatory income requirements for the rental unit although the local program administrator may choose to implement such requirements. The ADU may not be used as a short-term rental.</p>
<b>GRANT MANAGEMENT</b>	
<b>Award Disbursement Structure</b>	<p>Non-payable loan with a declining balance lien that is fully forgiven if the participant remains on the property and does not refinance their mortgage for a period of 10 years.</p>
<b>Grant Securitization</b>	<p>Grant Agreement between local program administrator and homeowner, in addition to a Recorded Property Restrictive Covenant in the name of NYS HTFC.</p>
<b>Construction and Management</b>	<p>Participants may select their preferred building contractor. However, all professional service contractors must be licensed with New York State.</p> <p>Sweat equity is eligible, for which payment will be made for materials and not labor.</p> <p>Sub-Recipient may recommend professional service providers at the request of participants.</p> <p>Minority/Women Owned Business Utilization and Service-Disabled Veteran Owned Business utilization goals must be met. Targets are based on county.</p>

<b>Environmental Requirements</b>	<p>Prior to the formal commitment or expenditure funds, the environmental effects of each program activity must be assessed in accordance with the State Environmental Quality Review Act (“SEQRA”) at 6 NYCRR Part 617.</p> <p>Each home renovation project must comply with the following laws and regulations: The State Environmental Quality Review Act (SEQR) at 6 NYCRR 617; Section 14.09 of the Parks, Recreation, and Historic Preservation Law (Historic &amp; Cultural Resources); Floodplain Management Criteria for State Projects at 6 NYCRR 502; NYS Agricultural and Markets Law Section 305(4) (Agricultural Districts); Coastal Zones at 19 NYCRR Part 600; Local Zoning Code/Special Use Permits; Lead Based Paint – EPA Renovation, Repair and Paint Rule; Asbestos Containing Materials at 12 NYCRR Part 56.</p>
<b>Eligible Use of Awarded Funds</b>	<ul style="list-style-type: none"> <li>• Pre-development costs associated with establishing an ADU, such as permitting fees, architectural services, environmental studies, legal fees etc.</li> <li>• Construction Costs, such as materials to make converted units legal and safe; or to build new units.</li> <li>• Purchases of modular units or tiny homes independently sited on the primary residence owner’s land.</li> </ul>
<b>Ineligible Costs</b>	<p>Demolition and removal of a home. Reimbursement of costs for construction work previously incurred or costs incurred prior to receiving environmental clearance from HCR and execution of a grant agreement with program administrator.</p>
<b>Disbursement of Funds</b>	<p>Cost-incurred and/or reimbursement basis to the program administrator. Disbursement schedules are based on achieving program milestones.</p> <ul style="list-style-type: none"> <li>• Up to fifty percent (50%) of the Project Delivery costs can be drawn down in the first year of the Agreement.</li> <li>• Pre-development costs can be drawn down after the issuance of HCR Programmatic Environmental Clearance.</li> <li>• Construction costs can be drawn down after obtaining a duly issued building permit and once the program administrator has completed a site-specific Environmental Site Certification</li> <li>• The last ten percent (10%) of construction costs per unit will be withheld until a Certificate of Occupancy or Certificate of Completion (COO/COC) is provided.</li> </ul>
<b>Pairing of Funds</b>	<p>Development budgets may include other government grant or loan sources, or other sources of funding.</p>
<b>Regulatory Period</b>	<p>10 years</p>

<b>Regulatory Requirements</b>	<p>Annual compliance certifications including confirmation that the ADU is being used as permanent housing rather than as a short-term rental, and site visits every two years to ensure appropriate property maintenance and quality housing standards, among other standards.</p> <p>If the municipality has its own compliance monitoring system, the program administrator may opt to use that certification as proof of compliance during the regulatory period.</p>
<b>Property Occupancy Requirement</b>	<p>The main home or newly created ADU must be owned and occupied by the by the eligible program participant. The ADU must be occupied by a long term renter or a related party such as a family member.</p>
<b>Proof of Income</b>	<p>In determining income, the Program uses federal income tax returns (e.g., IRS Forms, 1040, 1040A or 1040EZ). Where tax returns are not available other forms of income documentation such as paystubs, social security statements, etc. may be evaluated.</p> <p>Proxy documents may be accepted, which include letters of proof from membership in any public assistance program such as SNAP, WIC, Medicaid, HEAP, RPTL 467 Tax Exemptions for Persons aged 65+; or RPTL 459 – Property Tax exemptions for persons with limited incomes and disabilities etc.</p>
<b>Hardships</b>	<p>Homeowners who do not meet any of the above terms may request a hardship waiver based on demonstrated need. Applications will be evaluated on a case-by-case basis and subject to approval by HCR staff.</p>