NYS HOME Program Homeownership Assistance With and Without Rehab Administrative Plan

A Guidebook for Grantees

New York State
Office of Community Renewal
HOME Investment Partnership Program (HOME)

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Introduction

Purpose of the Administrative Plans / How to use the Plans

This Administrative Plan (Plan) describes the Federal and State policies, procedures, and requirements applicable to a Homeownership Assistance Program with or without housing rehabilitation. **This Plan is specific to this activity only and supplements the General Administrative Plan that covers all HOME activities.** Chapters 1-6 cover Homeownership Assistance only. Chapter 7 covers Rehabilitation with Homeownership Assistance.

Homeownership Assistance to include Rental Units must be specially approved by HTFC at contract application and is not covered in this Plan.

For the purposes of this Plan, homeownership assistance with or without housing rehabilitation does not include homebuyer development projects, which is covered under the separate Homebuyer Development Administrative Plan.

This Plan must be followed by Local Program Administrators (LPAs) in the administration of a NYS HOME Program and will be enforceable along with all aspects of the contract and Federal HOME Investment Partnership Program regulations at 24 CFR Part 92.

The "Assistance Listing Number" (ALN) for this Program is 14.239.

All forms and related documents referred to in this Plan are available on the HCR HOME Program website at**:** https://hcr.ny.gov/nys-home-program.

Acronyms used throughout the Plan:

HUD:	Housing and Urban Development
HCR:	NYS Homes and Community Renewal
HTFC:	Housing Trust Fund Corporation
LPA:	Local Program Administrator (Non-profit or Municipality)
POA:	Period of Affordability
MWBE:	Minority/Women-Owned Business Enterprise
IDIS:	Integrated Disbursement and Information System
WAP:	NYS HCR Weatherization Assistance Provider
EU:	HCR's Environmental Unit
OCR:	Office of Community Renewal

NYS HOME Local Project Manager: is assigned to the LPA at contract execution and is the HTFC OCR staff representative that will assist the LPA to administer the contract with HTFC.

Chapter One: Activity Eligibility

Eligible Activities

Funds may be used to assist homebuyers at or below 80% AMI to provide down payment and/or closing cost assistance to purchase a single-family home. This includes condominiums, coops, and manufactured homes.

There is no requirement that the applicant be a first-time homebuyer, however, the applicant must not own a home at the time of application for assistance. LPAs can request a waiver for this requirement if the homebuyer owns a property that is valued at less than or equal to $50,000 subject to thorough underwriting review to properly ensure that no homebuyer will be unjustly enriched through homeownership assistance on the purchase of an additional property. Additionally, the unit being purchased must not be under a Period of Affordability (POA) from receipt of previous HOME funds.

Purchases of 2–4-unit properties must cost allocate out rental units to determine the total amount of HOME funds allowable for the project unit unless the LPA received special approval at application to serve rental units. HOME funds can be used for the owner's unit and common areas or shared components, but not for the rental unit. Contact your Project Manager for assistance allocating costs.

Project Assistance Limits

HOME funds may not exceed $80,000 per unit for Homeownership Assistance only or $100,000 per unit for Homeownership Assistance with Rehab, inclusive of all costs. Waivers to exceed this limit may be requested through Project Managers.

Regardless of the limit, the amount of HOME funds necessary for homeownership assistance and housing rehabilitation must be "right sized" for the individual homebuyer's financial situation, and if rehabilitation is necessary, based on the cost of rehabilitation to meet program property standards. This program provides *assistance* and should not cover the majority of the home purchase.

All projects must meet an underwriting and subsidy layering review. See Chapter 4 for more information on underwriting.

Chapter Two: Property Eligibility

Eligible Property Types

Homeownership assistance can be used for the purchase of single family homes to include condominiums, cooperative units or manufactured homes on land owned by the unit owner.

The unit must be documented to be decent, safe, sanitary, and in good condition and meet the property standards of 24 CFR Part 92.251, HOME Rehabilitation Standards for One to Four Unit Structures and NYS and/or local code at the time of purchase. Further consideration should be given to the life expectancy of the unit and its major systems being functional and safe throughout the Period of Affordability. (See section below.)

For down payment assistance only, if the unit does not meet current NYS Property Maintenance Code at the time of purchase, it must be brought up to code to be eligible for HOME funds. If this is not possible the unit is not eligible.

Homeownership Assistance with Rehab (HOME funds for rehab approved as part of the project) must follow HOME Rehabilitation Standards for One to Four Unit Structures. See the General and the Housing Rehabilitation Administrative Plan for more information and the applicable section below.

Manufactured homes must meet the following criteria to be eligible for purchase:

- Sited on land owned by the homebuyer/owner (i.e. personal property). Replacement in parks or coops is not allowed.
- The unit must have been produced after July 1, 2006, based on the date of manufacture listed on the unit data plate/tag.
- The unit must be affixed to a permanent foundation and anchoring that meets all applicable State and local codes, ordinances, and requirements and the Model Manufactured Home Installation Standards at 24 CFR Part 3285
- If rehabilitation is included, the unit must meet the above property eligibility criteria within 6 months of purchase.

Eligible Forms of Property Ownership

The home must be transferred within 6 months of the Written Agreement date and held in compliance with 24 CFR § 92.254:

- Ownership in fee simple title. For manufactured homes, a title to the unit in the name of the buyer/owner meets this requirement. The buyer/owner must also obtain a deed to the land in their name.

- 99-year ground lease or 50 years if with a Community Land Trust.

- Condo or co-op ownership is eligible with proof of ownership shares.

Any other forms of ownership must be approved by HUD.

The ownership interest may be subject only to mortgages or other liens or instruments securing debt on the property or any other restrictions or encumbrances that do not impair the good and marketable nature of title to the ownership interest.

Ownership must be documented in the file.

Ownership and principal residency are documented differently. A person could own a property but not live there as their primary residence. See principal residency section for more detail.

Ineligible Forms of Ownership

Right to possession under a contract for deed, installment contract, or land contract (pursuant to which the deed is not given until the final payment is made) is not ownership. Chattel titles for manufactured homes are not eligible.

Purchase Price Limit

The LPA must verify that the purchase price for unit does not exceed the median purchase price for the area where the home is located, as defined by HUD's Homeownership Sales Price Limits provided by HUD for existing housing. The LPA must also compare the purchase price against the appraisal to determine the appropriateness of the HOME assistance and the applicable security instrument. The purchase price should reflect market value to prevent potential windfall profits to the buyer. See Subsidy Layering and Underwriting Section for more details.

Additionally, if HOME funds are used for rehabilitation, the after-rehab value cannot be exceeded.

"Existing Housing" limits apply, except for new construction projects (built within the last 12 months). The proper number of units should be applied.

HOME Homeownership Value Limits: HOME Homeownership Value Limits - HUD Exchange

Chapter Three: Financial Management

Project Costs

Project costs are those permitted by the NYS HOME Local Program Budget Policy and detailed in Chapter 2 of the General Administrative Plan.

Examples include:

- Acquisition costs and costs for a long-term ground least, including costs of acquisitions of acquisitions by homebuyers.
- If rehabilitation included, rehabilitation hard costs necessary to address the improvements indicated by the HOME Rehabilitation Standards for One to Four Unit Structures and NYS and/or local code upon completion.
    - Site improvements and connections to off-site utilities necessary to complete the rehabilitation.
- Soft costs including:
    - Project delivery
    - Other third-party costs necessary to implement the program such as inspections, legal and recording fees

Applicant Fees - Charges to Homebuyers

The LPA may not charge homebuyers servicing, origination, or other fees for the purpose of covering costs of administering the HOME program.

The LPA MAY charge nominal application fees to discourage frivolous applications. The fees must be appropriate to the type of application and may not create an undue impediment to a low-income family's participation in the program.

Housing counseling fees may be charged only to cover costs not paid by HOME or other funds.

Disbursements

Please refer to the Program General Administrative Plan for details on Disbursements.

Please note - Because HOME is a reimbursement program, most LPAs fund the homeownership assistance and/or closing costs themselves or with a Line of Credit, however, if necessary, funds may be requested when the closing has been scheduled, and closing is imminent. Timing of disbursement cannot be guaranteed Funds must be expended within 15 days of receipt by the LPA, if paying a contractor or loan, otherwise the funds must be returned to the HTFC and re-requested by the LPA when the closing is rescheduled. Disbursement of funds shall not be made to the homebuyer, but rather to the closing parties involved such as lender, attorney, manufactured home retailer, or used to reimburse the LPA for covering the costs.

Chapter Four: Homebuyer Eligibility

Housing Counseling

The homebuyer must receive a Certificate of Completion for pre-purchase housing counseling from a HUD-Certified counselor working for an agency approved to participate in HUD's Housing Counseling program. The prospective homebuyer must be deemed by the counselor as "ready to proceed" to purchase a home.

The agency approved to participate in HUD's Housing Counseling program may have funds from Federal sources other than HOME that will pay the cost for pre-purchase counseling. If so, the cost may not be charged to the HOME program.

Counseling costs may be charged to only one of the following (as permitted in the approved budget):

- To HOME administrative funds (if applicant does not purchase a home)
- As a project delivery cost charged to HOME (if applicant purchases a home)
- To the homebuyer, if the fee is cost-based and reasonable and not charged to the HOME program.

The file must include documentation that the LPA/HUD housing counselor reviewed the first mortgage product and determined that it is not predatory (high fees, high interest rates, etc.) and that it conforms to standard affordable housing lending criteria (fixed rate, no balloon payments, etc.)

Subsidy Layering and Underwriting

Below summarizes standards to minimize mortgage risks and maximize sustainable homeownership. LPAs must review and approve documentation at different milestones throughout the process. Documentation varies but could include:

- Purchase sales agreement
- Closing cost statement
- Homebuyer income documentation
- Homebuyer budgets
- Homebuyer mortgage qualification documents from housing counseling agency and/or lender
- Homebuyer bank statements
- Counseling certificates
- Mortgage approval or estimates

Each Homebuyer must be separately underwritten to determine eligibility. Typically underwriting is performed and documented by a combination of LPA, lender, and housing counselor or knowledgeable homeownership professional assessments.

While there is no grant to purchase price ratio limit, this program provides *assistance* and should not cover the majority of the home purchase. The LPA is required to ensure that appropriate and not excessive assistance is provided. The LPA must document a subsidy layering analysis that determines the need for the HOME funds and the appropriateness of the amount of HOME assistance to the homebuyer. LPAs should "right size" the assistance to the individual homebuyer's financial need and, if applicable, the need for housing rehabilitation to meet property standards. This means homebuyers should be receiving varying amounts of HOME funds. LPAs should not be providing the same amount of HOME funds for each homebuyer.

For subsidy layering analysis, the LPA must determine if the assistance is appropriate by reviewing the appraisal against the home sale price. Home prices that are generally in line with the appraisal do not need further consideration. Properties that are appraised much higher or lower than the sale price require extra

scrutiny. Depending on the value discrepancy the LPA may require a resale restriction, rather than recapture, security instrument to protect the HOME investment. Please consult the assigned HOME Project Manager for more details in determining the appropriate security instrument for sales involving discrepancies between appraised value and sales price.

Homeownership must be affordable and sustainable for the low-income buyer (household income at or below 80% of AMI) throughout the POA. Underwriting standards for homeownership assistance evaluate housing debt and overall debt of the family, the appropriateness of the amount of assistance, monthly expenses of the family, assets available to acquire the housing, and financial resources to sustain homeownership based on 'recurring' monthly expenses budget.

Lending ratios are generally the percentage of gross monthly income used for certain debts, depending on the ratio. Gross monthly income is the total of any recurring income earned whether through active employment, investments, or other sources such as social security, SSD, SSI. A full review of the Homebuyer's front and back-end ratios must meet the following:

- The maximum front-end housing debt to income ratio must be 33%, compensating factors can be taken in consideration. Housing debt should include monthly mortgage payment, property taxes, homeowners' insurance premiums, and homeowner association fees, if applicable.
- The maximum back-end ratio for total debt to income ratio is 45%. Debt should include other housing expenses, plus credit cards, auto loans, child support, student loans. The file must contain supporting documentation on how the front and back-end ratios were calculated.

Financial Resources and Other Monthly Expenses
Homebuyers should be able to demonstrate that the proposed mortgage payment fit into to a regular monthly budget that includes ongoing expenses such as utilities, groceries, child care expenses, Wi-Fi/internet, electricity, gas, phone, and various other expenses that recur monthly but are not necessarily on a credit report.

Post-Closing Liquid Assets
A review of expected income and job stability, estimate future adjustments to property taxes, fees to the municipality, homeowners' insurance, estimate the average monthly cost of utilities, and liquid assets must ensure the Homebuyer will have the minimum equivalent of 1 month of housing payment in personal savings following the purchase and show finances can be maintained at least through the POA must be documented.

Homebuyer Contribution
No minimum buyer contribution is required, although a $1000 down payment in addition to the earnest deposit is suggested. Units may not be purchased with cash. Households with adequate liquid assets to pay for the unit without the need for a mortgage loan or the ability to provide substantial down payment from assets may be denied due to inability to demonstrate need for federal financial assistance. Retirement, investments, or other Homebuyer contributions (assets) must be verified.

Credit History
Credit adequate to obtain a responsible private mortgage is required. Refer to Responsible Lending Policy below.

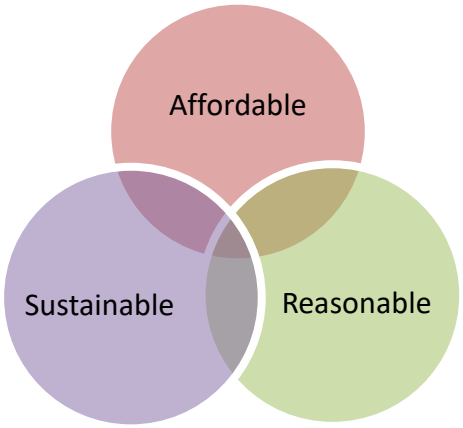
Responsible Lending Policy

Mortgages senior to the HOME loan must be reasonable and sustainable. If they contain terms and conditions that are predatory or harmful (such as excessive fees or interest rates, balloon payments, adjustable interest rates, etc.), the Homebuyer must obtain alternate financing or will not be eligible to purchase the home. Mortgage documents must be reviewed according to the following:

- The interest rate of the permanent mortgage should not exceed the prevailing mortgage rate as published by Freddie Mac: https://www.freddiemac.com/pmms by more than one (1%) percentage point at the time of pre-approval.
- Mortgage cannot exceed a 30-year term and must require periodic payments without risky features and terms (e.g., balloon payments, negative amortization, or interest-only periods). Specialized mortgages with longer than 30-year terms, such as USDA mortgages, may be allowed subject to OCR approval.
- All loans must have a fixed interest rate and be fully amortizing over the term of the loan. There can be no pre-payment penalty for early payoffs or balloon payments.
- The total household debt, including the new housing payment, must not exceed 45% of the gross monthly income (back-end ratio).
- Closing costs and prepaid items must be reasonable according to industry standard and generally should not exceed 6% of the purchase price of the home.
- Taxes and insurance must be escrowed.
- Cash back to the Homebuyer at closing is not permitted.

Source and Uses

A source and uses analysis to demonstrate there are enough assets/funds available to complete the purchase and, if applicable, rehabilitate the home, mortgage commitment, HOME Homeownership Assistance, other non-HOME down payment assistance, savings, gift letter, funds for housing rehabilitation if applicable, other funds, etc.) must be documented in the file.



Chapter Five: Activity Regulations

Environmental Review Tier 2

After receiving Tier 1 (Programmatic) clearance, LPAs must also complete the Tier 2 (Individual Site Specific) check lists. Refer to the Environmental Review section in Chapter One of the General Administrative Plan.

Entering into a purchase contract prior to receiving approval is considered a choice limiting action unless the guidelines for option contracts or conditional contracts are followed.
https://www.hudexchange.info/resource/5032/hud-memo-guidance-on- options-and-conditional-contracts-for-purchase-of-real-property-for-environmental- reviews-conducted-by-a-responsible-entity-under-24-cfr-58/

Specific language from this memo must be included as a condition of the purchase contract or the purchase may be found to be ineligible for HOME funding. If entering into a purchase contract prior to Tier 2 approval, the following language must be in the contract for purchase:

"Notwithstanding any other provision of this Contract, Purchaser shall have no obligation to purchase the Property, and no transfer of title to the Purchaser may occur, unless and until [LPA] has provided Purchaser and/or Seller with notification that it has completed a federally required environmental review. [LPA] shall use its best efforts to conclude the environmental review expeditiously."

Earnest deposits must be reasonable and refundable if environmental approval is not received.
If the deposit is non-refundable, it must be nominal ($1000 or less).

Homeownership assistance purchase *that will include rehabilitation* must include rehabilitation in the description for the Tier 2 checklist.

Lead Based Paint (LBP)

Under federal law, all residential real estate transactions involving housing built prior to 1978 require owners and agents to provide key information about lead and its hazards to people buying homes.

Buyers must receive

Protect Your Family from Lead in Your Home pamphlet Protect Your Family From Lead
and
the Seller Disclosure of LBP and LBP Hazards (if applicable).

The LPA must document that the buyer has received these in the file. (Signature of the buyer confirming receipt.)

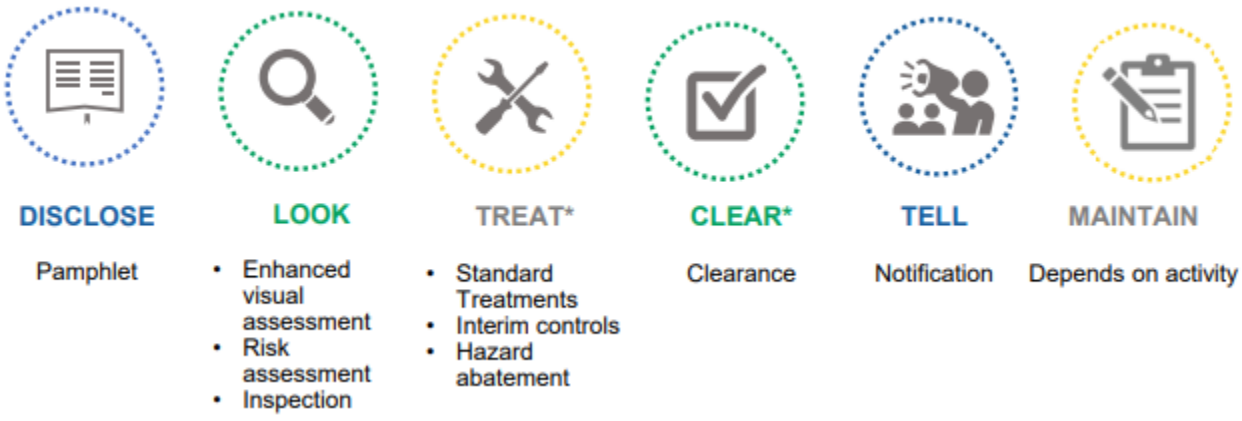
If a home is being acquired was built prior to 1/1/78 *and will not be rehabbed*, then LBP requirements at 35.1000 - .1030 apply. A LBP Risk assessment (by an EPA certified Risk Assessor) is not required however a visual assessment of the unit must be conducted by a person who has completed the HUD visual assessment online training Visual Assessment Training - HUD

See link for additional resources on Lead Safe Hazard Rule → LSHR Toolkit: Subpart K: Acquisition - HUD Exchange

Activity	Requirement
Approach to Lead Hazard Evaluation and Reduction	Identify and stabilize deteriorated paint
Notification	Yes
Lead Hazard Evaluation	Visual Assessment
Lead Hazard Reduction	Paint Stabilization – Safe Work Practices and Clearance
Ongoing Maintenance	Yes (if ongoing federal financial assistance, see Subpart K: LSSO module)
Elevated Blood Lead Level (EBLL) Requirements	No
Options	Test deteriorated paint Use safe work practices only on lead-based paint (LBP) surfaces

If the visual assessment indicates deteriorated or deteriorating painted surfaces requiring repair, the LPA will require that surfaces be repaired following paint stabilization requirements in 24 CFR 35.1330(b) including:

- Repair will be conducted by a person or firm with interim control training under 24 CFR 35.1330 or EPA Renovator certification under 40 CFR 745.226.
- Safe work practices under 24 CFR 35.1350 will be followed, including occupant protections, unless the total painted surfaces disturbed by rehabilitation are less than the de minimis levels of 24 CFR 35.1350(d).
- Worksite clearance will be conducted by an EPA-certified professional under 24 CFR 35.1340, unless the total painted surfaces disturbed by rehabilitation are less than the de minimis levels of 24 CFR 35.1350(d).
- Most of the time there is no money in the budget to cover the costs therefore it is the expense of the seller. Otherwise, the unit is not HOME eligible.



If HOME funds will be used for rehabilitation refer to the Lead Based Paint requirements in the General and Housing Rehabilitation Administrative Plans.

HOME Property Standards, Code Compliance, and Inspections

The unit must meet the HOME Rehabilitation Standards for One to Four Unit Structures and code compliance no more than 90 days prior to the written agreement AND prior to purchase, unless the unit will be rehabbed. This means that code compliance/property standards could come before OR after the written agreement date. This allows the seller to rectify any outstanding code issues, if needed/possible.

If code compliance is not obtained prior to closing or the unit does not meet the HOME Property Standards and will not be rehabilitated, the unit is deemed ineligible to receive HOME funds.

The LPA must complete the Property Standard Attestation form based on their own independent site visit in addition to obtaining NYS code compliance sign off from an official qualified to certify NYS code compliance and retain documentation of both in project files.

The Form is located on the HOME website https://hcr.ny.gov/nys-home-program.

If the unit does not meet the property standards before acquisition, then the housing may still be acquired if all of the following conditions are satisfied:

- The written agreement requires the property to meet the standards within 6 months of acquisition with HOME assistance;
- Funds are sufficient to rehabilitate the unit to meet the property standards; and
- Unless an extension is provided, the LPA conducts a final inspection within 6 months after acquisition and determines that the property meets the standards.
- HTFC may provide an extension of up to 12 months from acquisition to meet the standards. If an extension is provided, the LPA must amend the written agreement to reflect the extension and conduct a final inspection within 12 months of acquisition and determine that the property meets the standards.

URA Seller Notification

The Real Property Acquisition Act (RPAA) under the Universal Relocation Act (URA) referenced in the General section of the Administrative Plan requires when federal funds are used to acquire real property the seller is made a written offer, paid just compensation based on fair market value, and notified that the purchase is voluntary. The RPAA discourages the purchase of real property occupied by individuals or entities other than the seller.

The LPA must provide a disclosure notice to meet these requirements. A template is provided on the following page. This template in not required and the LPA may use its own notice as long as it includes:

a) The fair market value of the property as determined by a qualified appraiser or a person familiar with local real estate values, such as a realtor

b) Notice that if negotiations fail to result in an amicable agreement the purchase will not take place.

c) Owner occupants are not eligible for relocation assistance

The notice should be given to the seller prior to or with the purchase offer, as this requires the seller to acknowledge the voluntary sale.

If an appraisal is not used to estimate market value, a realtor or other person familiar with local real estate values may provide it. The LPA's Program files must include justification for the LPA's estimate of market value.

Note negotiations and final offers may result in a purchase price at, above, or below the amount of the estimate of fair market value.

The date of "Initiation of Negotiations" (ION) with the seller is the date the purchase offer is signed and assumes there is a commitment of Federal Programs homeownership assistance for the Homebuyer.

The LPA must keep a copy of the notice used and indicate the way the notices were delivered (personally served or certified mail, return receipt requested) and the date of delivery.

TEMPLATE

[On grantee letterhead]

VOLUNTARY ACQUISITION

- Informational Notice -

Date

This notice is required for purchases of property involving federal funding, is for informational purposes only, and does not substantially impact the purchase process.

(Homebuyer)_____, is qualified for Homeownership Assistance through (LPA)_____ using federal HOME Program funds and is interested in purchasing your home located at (address)_____

The acquisition of the property is voluntary, and no parties have Eminent Domain authority. In the event that a final agreement for the purchase of this property is not reached, the sale will not proceed and acquisition will not be pursued.

An offer of ($)_____is being made to purchase your property which represents the fair market value.

In accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA), owner-occupants who move as a result of a voluntary acquisition such as this are not eligible for relocation assistance.

If you have any questions about this notice please contact (LPA contact name)_____, (title)_____,(email)_____, (phone)_____.

Sincerely,

File requirement

Manner in which this notice was delivered (e.g., certified mail, return receipt requested, email, included with purchase offer) and the date of delivery, with documentation if appropriate.

Terms of Assistance (POA)

HTFC requires the HOME assistance be secured with an HTFC approved security instrument. The Period of Affordability (POA) or length of the lien is based the activity and/or on the amount of HOME funds invested in the unit. If a project consists of homeownership assistance and rehab it is considered a single homebuyer activity. Therefore, the term of the security instrument or POA is based on the total HOME assistance to the homebuyer.

For homebuyer assistance only (with no rehabilitation), the security instrument for the homeownership assistance funds is signed and recorded at the County Clerk's office at the real estate closing/transfer of title. If funds for housing rehabilitation are included in addition to the homeownership assistance, you must sign the security instrument after all rehabilitation costs have been determined and before the start of housing rehabilitation. It will be held in the LPA file until the rehabilitation is complete. At the completion of the rehabilitation a new security instrument is signed, dated and recorded with the County Clerk's office and the first security instrument is destroyed. The total cost of the homeownership assistance and rehabilitation will determine the POA. Manufactured home and coop purchases also require additional specific security instruments such as a UCC1 and MV900. Refer to the Directory of Security Instruments by Activity located on the HOME website ➔https://hcr.ny.gov/nys-home-program.

Also note - Only hard costs, such as the purchase assistance amount, should be included in the amount of the security instrument. Project soft costs and/or project delivery should not be included.

In most cases, the lien is a zero percent (0%) interest declining balance loan secured by a Grant Enforcement Mortgage. The principal balance will be reduced on each anniversary date of when the unit was completed in IDIS. No repayment/recapture is required if the homeowner remains as principal resident throughout the POA. In some cases, a restrictive covenant resale restriction is appropriate. Resale restrictions may be used in place of repayment when HOME funds are invested in local markets with predominantly high home sales prices, rapidly appreciating housing costs, or where affordability will not be preserved by recapture restrictions.

The LPA must keep a copy of the signed security instrument in the client file before the original gets sent for public filing and recording.

Once the project is completed, LPAs must ensure HTFC receives a filed copy of the recorded security instrument from the County Clerk.

5 Years	• Less than $25,000
10 Years	• $25,000 to $50,000
15 Years	• Over $50,000

The Period of Affordability for Homeownership Assistance is as follows:

See also Chapter 5, Securing HOME Funds and Period of Affordability of the General plan.

Chapter Six: Activity Setup and Completion

Setup

A Homeownership Assistance Set Up Form located on the HOME website should be submitted when:

- First File Part 1 is approved
- Project underwriting and subsidy layering has been completed
- Tier 2 environmental approval received
- The unit has been inspected by the LPA within the last 90 days
- A written agreement for assistance between the LPA and homebuyer has been signed and dated
- The closing or title transfer on the home to be purchased is imminent (contract signed pending closing)
- Scope of work for home repairs has been completed, the rehabilitation contract has been signed and the work is scheduled to start immediately after purchase by homebuyer (if program includes rehab)
- Set ups for manufactured home purchases must document eligibility by including a picture of the unit production tag showing the date of production and a picture of the unit on a permanent foundation.

The setup amount should include hard costs, soft costs, and project delivery.

For homeownership assistance with rehabilitation, the total amount of expected costs (down payment/closing costs and housing rehabilitation) must be submitted in one set up.

All set ups should be submitted to the HOME IDIS mailbox at: homeidis@hcr.ny.gov

Completion

The Completion Report should be submitted with the final disbursement for the project when:

- First File Part 2 approved
- Project is complete and all funds have been disbursed
- Closing has taken place
- If applicable, all housing rehabilitation is complete
- NYS and/or local code is documented
- The security instrument has been publicly recorded

All completions should be submitted to the HOME IDIS mailbox at: homeidis@hcr.ny.gov

Chapter Seven: Rehabilitation with Homeownership Assistance

NOTE: This Section applies only if the rehabilitation was included and approved at contract and in the program budget.

Whether using HOME funds or other sources, rehabilitation must be complete within 6 months of purchase and NYS local code compliance received. HTFC has the discretion to extend the rehabilitation for an additional 6 months (total of 12 months from the date of purchase) to bring the units up to code.

The LPA must document the LPA and homebuyer's role in the housing rehabilitation process, contractor selection, hiring and construction management process to ensure there is the capacity to complete the housing rehabilitation within 6 months of purchase.

The homebuyer is not able to reside in the unit until after all health and safety issues and code violations (related to health and safety issues) are repaired.

Radon *Effective for all 2023 and later contracts

Radon is a radioactive gas that presents health and safety issues for indoor air quality and should be mitigated along with all other structural and environmental health and safety concerns. The radon requirements are applicable to Homeowner Rehabilitation and Manufactured Home Replacement activities.

In accordance with the recent HUD Notice CPD-23-103, all projects must consider radon in the contamination analysis for 24 CFR Part 58. Please note that the HUD notice DOES NOT consider the New York EPA Map of Radon Zones as sufficient documentation for individual project radon concentrations. Below is a brief review of how this process will work to ensure HUD compliance:

1. All Tier 2 submissions to EU must include radon testing results to be reviewed by an environmental analyst. This testing occurs prior to environmental clearance and any work commencing. If radon testing indicates concentrations of radon below the EPA action level of 4 pCi, then no further action will be necessary. If concentrations of radon exceed the EPA action level, proceed to step 2.

2. If pre-work testing indicates concentrations of radon exceeding the EPA action level of 4 pCi, a passive radon mitigation system will be required and must be included in the project scope of work for that Tier 2. Proceed to step 3.

3. **(After environmental clearance)** Radon testing will be conducted at the completion of the implementation of the radon mitigation system and other work activities to ensure the effectiveness of the passive radon mitigation system. Acceptable post work activity radon testing results must be submitted to environmental.reviews@hcr.ny.gov prior to project closeout submission to OCR project management. Should the post work radon testing indicate concentrations of radon above the EPA action level of 4 pCi, the radon mitigation system must be activated and retested. Acceptable activated radon mitigation system retesting results must be forwarded to EU prior to project closeout submission to OCR project management.

Plan Change Update Log

Version Date	Updates
9.08.26	Chapter 1 – Eligible Activities: Revised language regarding rentals and cost allocation. Chapter 5 – Terms of Assistance (POA): added language for manufactured home and coop security instruments.