NYS HOME Local Program Housing Rehabilitation 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 Housing Rehabilitation Program. **This plan is specific to this activity only and supplements the General Administrative Plan that covers all HOME activities.**

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.

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

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 Program 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

HOME funds may be used for the repair or rehabilitation of an owner-occupied single-family unit. The intent is to provide basic repairs that will extend the life expectancy of the unit and deliver a code compliant, healthy, safe, and livable home to the resident.

This can include repairs of manufactured homes both sited on owned land and in parks or coops if the unit meets the following criteria:

- The unit was produced after July 1, 2006, based on the date of manufacture listed on the unit data plate/tag.
- The unit is 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. No foundation replacement or repairs are allowed as the unit must already be on a permanent foundation to receive assistance.

All other requirements for Period of Affordability, 5-year minimum useful life for major systems, and underwriting for cost reasonableness and sustainability are the same. Manufactured homes in parks, resident owned communities, or on personally owned land may be assisted.

All units must meet NYS and/or Local Code upon completion of construction activities and be in compliance with HOME Program Rehabilitation Standards for One to Four Unit Structures.

Special purpose homeowner repair programs that single out specific repairs such as well and septic only, roof only, windows only, weatherization, energy efficiency, emergency repair or handicapped accessibility programs, are not eligible. However, these types of activities may be undertaken with HOME funds *as part of a comprehensive housing rehabilitation project*, provided the unit will meet NYS and/or Local Code upon completion.

Should a specific need emerge and can be documented as an immediate health or safety emergency, the LPA should consult with your program manager on a case-by-case basis.

An owner-occupied unit must continue to be occupied as principal residency and owned by the HOME assisted applicant throughout the required 5-year Period of Affordability (POA).

Ownership of the assisted home must be in compliance with one of the forms of ownership identified in the General Section of this Plan.

Rehabilitation of homes with rental units must cost allocate out rental units to determine the total amount of HOME funds allowable for the project 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 Program Manager for assistance allocating costs/HOME assistance to only the owner's unit.

Project Assistance Limits

Inclusive of all costs:

- "Stick-built" units, HOME funds may not exceed $65,000 per unit,

- Manufactured housing units, HOME funds may not exceed $30,000 per unit. Note the unit must meet code at completion, be connected to permanent utility hook ups, and comply with all other HOME requirements for home repairs. Generally, only minor foundation repairs should be considered, and no foundation replacements are allowed as the unit must already be on a permanent foundation to receive assistance.

Chapter Two: Property Eligibility

Eligible Property Types

Single family owner-occupied housing. Rehabilitation of homes with rental units must cost allocate out rental units to determine the total amount of HOME funds allowable to the project unless the LPA received special approval at application to serve rental units. Funds can be used for the owner's unit and common areas or shared components, but not for the rental unit.

Eligible Forms of Ownership

The home (and land, with the exception of manufactured homes in parks or coops) must be transferred or held in compliance with 24 CFR § 92.2:

- Ownership in fee simple title.
- 99-year leasehold or 50 years if with a Community Land Trust.
- Condo or co-op ownership eligible with proof of ownership shares.
- Inherited property: shares ownership with other non-resident heirs but pays all costs of ownership.
- Life estate: right to live in the property until death, does not pay rent.
- Inter vivo trust: a living trust in which all trust beneficiaries qualify as low-income, and each beneficiary has a legal right to reside in the property until death.
- Beneficiary deed ownership.
- Bill of Sale (Manufactured Home)
- Title of Manufactured Home Unit

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.

After Rehabilitation Value

The estimated value of the property after rehabilitation cannot exceed the HOME Maximum Sales Price Limits

(maximum purchase price/after rehabilitation value limit) as published annually by HUD.

The after-rehab value must be determined before work is started and must be considered when determining the scope of work for the unit.

HTFC requires an LPA to determine after rehabilitation value by using one of the following methods:

1. Licensed Appraisal- Full appraisal prepared by a licensed appraiser.

2. Real Estate Market Assessment (Comparative Market Analysis)- An examination/comparison of the prices at which similar, nearby homes recently sold prepared by a real estate agent.

3. Full Market Value as presented in the municipality's most recent final assessment roll. The value of the proposed rehabilitation work can be added to the Full Market Value to determine the after-rehab value. This method is not acceptable documentation if the after-rehab value calculated is within 15% of the HUD limit. In these cases, the LPA must obtain either a licensed appraisal or a real estate market assessment to make the final determination.

The HUD after-rehab value limits can be found on the HUD Exchange: 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:

- Rehabilitation hard costs necessary to address the improvements indicated by the HTFC Housing Rehabilitation Standards and to meet NYS and/or Local Code upon completion.
- Site improvements and connections to off-site utilities necessary to complete the rehabilitation.
- Soft costs related to housing rehabilitation.
    - Project delivery
    - Other third-party costs necessary to implement the program such as inspections, legal and recording fees
- Relocation costs as necessary.

Applicant Fees - Charges to Homeowners

The LPA may not charge applicants 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.

Disbursements

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

Please note - Because HOME is a reimbursement program, some LPAs fund the cost of rehabilitation upfront or with a Line of Credit, however, funds may be requested when the costs are incurred, and an invoice is available.

Disbursement of funds for rehabilitation work require submission of a certification, signed by the LPAs construction professional, the homeowner and contractor, stating that the work has been satisfactorily completed.

Final disbursement requests must include documentation of code compliance and the signed property attestation. The completion form must be submitted at final disbursement.

Chapter Four: Homeowner Eligibility

At the time of application, the LPA must document that the homeowner:

- Owns the property (proof of ownership)
- Lives in the property as their primary residence (by obtaining a copy of utility bill, bank statement, and/or canceled mail with their name and address)
- Is current on mortgage(s)
- Is current on property taxes and fees owed to the municipality
- Has full replacement value homeowner's and/or flood insurance as necessary and premiums are paid up to date. Should a homeowner not be eligible for homeowners' insurance due to the condition of the property, but receive repairs funded by HOME that would make the unit eligible after rehabilitation, this documentation can be collected after project completion.
- If the homeowner has a mortgage loan modification agreement due to foreclosure, the owner must demonstrate 6 months of on-time payments in the modification agreement, prior to approval for HOME assistance.

Chapter Five: Activity Regulations

Inspections

The file must document a pre-construction conference, and initial, progress, and final/completion inspections to determine that work was done satisfactorily in accordance with the work scope, signed contract, and required property standards at 24 CFR 92.251(b). The final inspection must certify completion of the scope of work and that the property meets NYS and/or Local Code. The LPA rehabilitation specialist, homeowner, and contractor must sign and date these certifications.

All payments to contractors must be signed off by the LPA construction professional, homeowner, and the contractor and submitted with disbursement requests.

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 documentation of both retained in project files.

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

Lead Based Paint

Rehabilitation assisted with HOME (and other HUD or federal funding) is subject to the HUD LBP rule at 24 CFR Part 35.900 - 930.

The Lead Based Paint Calculation Worksheet for Federal Rehab Assistance is required to be completed for every project. The Calculation Worksheet is located on the HOME website https://hcr.ny.gov/nys-home-program under the General Forms Section. This should be completed prior to executing contracts for work to be completed and retained with each project file.

Preliminary scopes of work and cost estimates should be drafted for purposes of the Federal Rehabilitation Assistance calculation and provided to the risk assessor prior to completing a risk assessment (if required).

Risk assessments more than 6 months old must be redone to be relevant to a project.

LPAs are discouraged from limiting HOME funds invested in a project to avoid triggering lead-based paint abatement. The full amount needed to create and sustain a safe, affordable unit that meets or exceeds local code should be provided regardless of lead-based paint rules.

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.

Requirement	≤ $5,000	$5,001 - $25,000	> $25,000
Notification	Same for all categories	Same for all categories	Same for all categories
Evaluation	Paint Testing	Risk Assessment and paint testing	Risk Assessment and paint testing
Reduction	Repair paint	Interim Controls	Abatement
	Lead safe work practices and worksite clearance	Lead safe work practices and unit clearance	Lead safe work practices and unit clearance
Ongoing Maintenance	For HOME rental only	For HOME rental only	For HOME rental only
EBLL Requirements	Not required	Not required	Not required

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 lead-based paint testing of all areas to be rehabilitated.

The results of the risk assessment must be incorporated into the scope of work.

A pre-1978 unit may be exempt if the rehabilitation will not include the painting, repair, replacement, or penetration of any painted surfaces. If any painted surface is disturbed, the rule applies. Examples of jobs that might qualify under this exemption could include septic systems, water/sewer laterals, basement furnace work, and some roof work in which no painted surface such as fascia will be touched.

Repair

- Repair of paint disturbed during rehab includes:
  - Surface preparation
  - Applying a new coat of paint
  - Worksite containment
  - Specialized cleaning
  - Clearance

Interim Controls

- Temporarily reduce exposure to LBP hazards includes
  - Repairs
  - Painting
  - Temporary containment
  - Specialized cleaning
  - Clearance
  - Ongoing maintenance
  - Management and resident education

Abatement

- Permanently eliminate LBP hazards includes
  - Removal
  - Enclosure/encapsulation
  - Replace components
- All preparation, cleanup, disposal, and post abatement clearance testing activities associated with such measures

LBP clearance is required for all applicable housing rehabilitation. The HTFC will allow the LPA to charge the program for a single LBP clearance test. If it does not pass clearance the first time, the LPA or the contractor (per the agreement between the LPA and contractor) must pay for all subsequent clearance testing.

As stated in the Lead Safe Housing Rule Toolkit: → LSHR Toolkit: Introduction - HUD Exchange.

Although there are some differences for the actions to be taken for the different levels of assistance, the general process is the same.

Major steps in rehabilitation (rehab) include:

- Check for exemptions for the property
- Determine the scope of the rehabilitation project without Lead Hazard Control
- Determine the level of evaluation and control required
- Carry out required level of evaluation
- Reassess the scope
- Complete rehabilitation and hazard control
- Clearance and occupant/owner notification

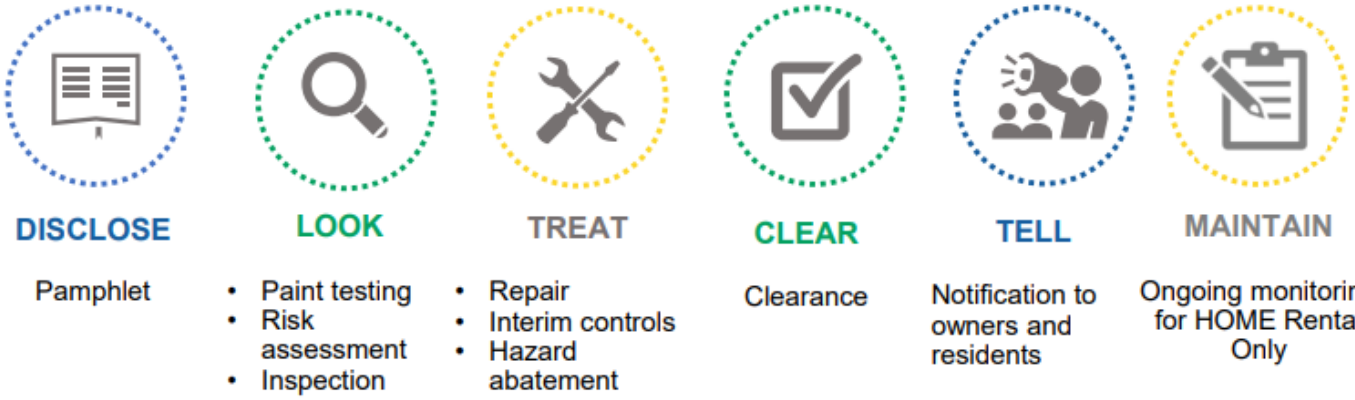
The LPA must provide the following notices to each owner and occupant:

a. EPA Renovate Right – prior to work
b. Protect Your Family from Lead in Your Home – prior to work
c. (If inspection or risk assessment is conducted) Copy of Report
d. (If clearance is done) Copy of Clearance Report
e. Evidence of receipt of each of the above items will be retained with each project file.

The LPA will ensure that the occupants and occupant belongings will be protected during any hazard control work per the requirements of 24 CFR 35.1345(a), including restricted access, protection of belongings, and temporary relocation if needed.

The LPA will require clearance by an EPA certified professional for all hazard control work in compliance with 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), as follows:

a. If the Federal Rehabilitation Assistance calculation does not exceed $5,000, clearance of hazard worksites.
b. If the Federal Rehabilitation Assistance calculation exceeds $5,000, clearance of the unit/property.



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 EAU 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 EAU prior to project closeout submission to OCR project management.

Weatherization Assistance Requirements

The NYS HOME program partners with the NYS HCR Weatherization Assistance Program (WAP) to provide weatherization assistance for housing rehabilitated with HOME funds.

LPAs are highly encouraged to coordinate with the local HCR WAP provider to ensure weatherization measures are incorporated into the scope of work for each applicable HOME assisted unit. It is suggested LPAs and WAPs develop an MOU describing how the housing rehabilitation and weatherization assistance will be combined in one scope of work, how construction will be handled, how both will address priorities, preferences and wait lists and the scheduling of construction activities.

To the extent resources are available, WAP funds and construction services to perform weatherization activities will be made available to rehabilitated units through the HCR WAP provider located in the service area.

If WAP funds are not available, LPAs should use NYSERDA Weatherization Assistance Program that may be applicable.

Terms of Assistance (POA)

HTFC requires that HOME assistance be secured with an HTFC approved security instrument. The Period of Affordability for Rehabilitation is 5 years.

Rehabilitation of manufactured units require additional, specific security documents. See link for Security Instrument(s) to File Based on Activity Chart for more information → https://hcr.ny.gov/nys-home-program.

The security instrument is signed upon determination of the cost of rehabilitation but not recorded at the County clerk's office until work is complete. It is then resigned, dated and recorded at the County clerk's office after the unit has been completed. The original instrument is destroyed. The date the security instrument is

fully executed is the start of the Period of Affordability. If the owner will not or cannot sign a new document, the original should be filed.

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

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 note and mortgage from the County Clerk.

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

Chapter Six: Activity Setup and Completion

Setup

A Housing Rehabilitation Set Up Form located on the HOME website should be submitted when:

- Tier 2 environmental approval received
- A budget and schedule have been established
- Project underwriting and subsidy layering has been completed
- A written agreement for assistance between the LPA and homebuyer has been signed and dated
- Scope of work for home repairs has been completed, the rehabilitation contract has been signed and the work is scheduled to start immediately
- The HTFC note and mortgage has been executed.
- First File Part 1 is approved
- The setup amount should include hard costs, soft costs, and project delivery. Set ups for manufactured home repairs 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.

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

Project Completion

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

- All construction work has been performed.
- The project complies with the required property standards.
- The project complies with NYS and/or Local Code requirements upon completion.
- The homeowner, LPA and Contractor have signed a statement that all construction activity is complete and satisfactory according to program requirements.
- The final drawdown of HOME funds has been submitted for the project.
- The HTFC note and mortgage has been recorded and the documents have been forwarded to HTFC.
- First File Part 2 documentation has been submitted to PM for review and approval

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

Plan Change Update Log

Version Date	Updates
9.08.26	Chapter 5 - Terms of Assistance (POA): Added language about specific security instruments needed for manufactured units. Chapter 1 – Activity Eligibility: Revised language regarding cost allocation of rental units. Chapter 2 – Eligible Property Types: Revised language regarding cost allocation of rental units.