



July 19, 2010

Dear Applicant:

Thank you for your interest in the Dutchess County HOME Investment Partnership Program. The enclosed package includes program guidelines and an application. More detailed information on specific project types (i.e. rental housing) and the federal HOME regulations are available upon request.

We are requesting applications for the County's 2011 HOME funds. An estimated \$530,000 is available for non-profit and private developers. An additional \$94,000 is available solely for Community Housing Development Organizations (CHDO's). In accordance with HUD guidelines any CHDO submitting an application must submit an updated CHDO application which is available from the County.

**Dutchess County
Department of
Planning and
Development**

William R. Steinhaus
County Executive

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Commissioner

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The County is requesting applications at this time because it is required to publish a list of proposed projects in December 2010 for public comment and submit this list to the U.S. Dept. of Housing and Urban Development (HUD) in January 2011. HUD approval of the proposed projects is anticipated on March 1, 2011. HOME projects may begin once HUD approval has been received and the environmental review has been completed, assuming all other program regulations have been met. The County may not reimburse for expenses incurred prior to the beginning of the program year. Although projects may begin on March 1, 2011, funds will not be available until approximately June 2011.

These HOME funds may be used in all Dutchess County municipalities which have chosen to be members of the 2011 Community Development Block Grant Urban County Consortium. Currently the Urban County Consortium includes all Dutchess County municipalities except the Town of Fishkill, Town of East Fishkill and Village of Wappingers Falls. Once again funding is also available in the City of Poughkeepsie although these funds are limited to significant buildings which front or are adjacent to Main Street from Waryus Park to Clinton Street and N. Water Street from Main Street to Dutchess Avenue, including Dutchess Avenue. The County may fund CHDO projects anywhere in the City as necessary to meet its CHDO set-aside obligation. All proposed projects must be in conformance with the 2008-2012 Dutchess County/City of Poughkeepsie Consolidated Plan. The priorities of the Plan are outlined on page 1 of the program guidelines.

It is County policy to use HOME funds to provide the "gap" financing necessary to make the project affordable under the HOME rent/sales price and income guidelines. The focus of this type of underwriting is to maximize private financing and minimize HOME funds. Detailed underwriting standards for rental housing projects are noted on pages 12 of the

program guidelines. All projects must make an attempt to provide matching funds as noted on pages 4-5 of the program guidelines. Applications for owner-occupied housing can skip questions 24 and Exhibit 2 and for question 23 just list the bedroom sizes and sales prices.

In response to recent initiatives at HUD, the County is reinforcing its requirements related to affirmatively furthering fair housing choice/affirmative marketing and Section 3 requirements. Questions regarding these items have been added to the application.

All projects must comply with HUD's Lead-Based Paint Regulations. Be sure to review the details of the Lead Based Paint Regulation on page 8-9 of the program guidelines.

We also ask that you review the tenant eligibility section of the guidelines on pages 14-15. You will be required to submit all documentation noted in this section and will be monitored on site to confirm documentation. Failure to do so will result in a determination of non-compliance and may result in a foreclosure action.

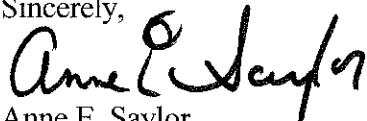
Once again the County is working with the Dutchess County Continuum of Care (CoC) to encourage developers to use HOME funds to assist in the creation of transitional and permanent housing for the homeless in support of the Dutchess County 10-Year Plan to End Homelessness. For this reason we have included a brief description of the CoC to the guidelines and added the creation of such housing as priority in our Consolidated Plan.

Applications will be reviewed by County staff. During the review process, the staff may request additional information or ask that application omissions and errors be corrected. Final recommendations made by the Community Development Advisory Committee to the Dutchess County Executive.

We strongly suggest that you contact us prior to completing the application to review your project's eligibility. Please review the application and guidelines carefully to insure you have completed all questions, exhibits and attachments. Substantially incomplete applications will not be considered for funding.

Applications must be returned to the Dutchess County Department of Planning and Development, 27 High Street, Poughkeepsie, NY 12601 by **Friday, October 1, 2010** at 5:00 p.m. Please note that the application is available in Word format and can be e-mailed to you for completion. Please contact me at (845) 486-3600 or aesaylor@co.dutchess.ny.us if you have any questions.

Sincerely,



Anne E. Saylor
Housing Coordinator

Enc.

DUTCHESS COUNTY HOME INVESTMENT PARTNERSHIP PROGRAM

2011 PROGRAM YEAR GUIDELINES

These guidelines are divided into five sections: Consolidated Plan, General HOME Regulations, Community Housing Development Organization (CHDO), Rental Housing Regulations and Homebuyer Regulations. The Consolidated Plan and General HOME Regulations sections relate to all projects.

In addition to these guidelines, the County has developed a HOME Handbook which details the implementation process and includes copies all relevant documents and forms. An electronic copy of this handbook will be given to each approved applicant. Electronic copies are available to potential applicants upon request.

CONSOLIDATED PLAN

Although many types of activities are eligible under the federal HOME Investment Partnership Program (HOME) regulations, applications for funds must be in conformance with the housing priorities in the County's approved 2008-2012 Consolidated Plan. These priorities include:

- * Support the creation of new rental units through new construction or rehabilitation. Within this priority, there is also a focus on creating housing for young people and families (under 55) and permanent housing for the chronically homeless as defined by HUD.
- * Support the creation of new homeownership opportunities through new construction, rehabilitation and downpayment and closing cost assistance programs.

Priority will be given to any project that is consistent with County initiatives, including but not limited to: creation of new town centers; redevelopment of former psychiatric centers, downtowns, and brownfields; and adaptive reuse of existing buildings.

GENERAL HOME REGULATIONS

Eligible Activities

Within the priorities listed above, the following specific activities are eligible:

- *Rehabilitation
- *Conversion - Conversion of any existing structure from an alternative use to affordable housing. If project involves new walls beyond the existing structure, the project is new construction.
- *Reconstruction - Building a new structure on the foundation of a previous structure.

*New Construction - Includes: newly built projects; existing projects which involve the addition of new units outside the existing walls of the structure; and units which received their initial certificate of occupancy within the one year prior to the commitment of HOME funds.

*Acquisition of Property - It is County policy to only pay acquisition costs for non-profit agencies. The County will reimburse private developers of Low-Income Housing Tax Credit projects for their acquisition costs in accordance with the following schedule: 90% of the County funds may be released when the project is 50% complete; the balance of the funds will be release upon the issuance of Certificates of Occupancy by the local municipality.

*Relocation Costs - Any occupied property must include the costs of relocation.

*Acquisition of vacant land - HOME funds can only be used when HOME or other funds have been committed for full cost of development. It is County policy to only pay acquisition costs for non-profit agencies.

*Site Improvements - Must be "in keeping with improvements to surrounding standard projects."

*Demolition - HOME funds can only be used when HOME or other funds have been committed for full cost of reconstruction. It is County policy to only pay demolition costs for non-profit agencies.

*Project "Soft" Costs - Must be reasonable and necessary. They must be paid for by the owner as part of the project and must be for services rendered by a third party. **The County prefers to use HOME funds for the actual construction costs.** The County reserves the right to revise proposed budgets to reach this goal. This goal is more flexible for non-profit organizations.

- Finance related costs such as; origination fees, credit reports, title reports and updates, recording fees, legal fees, appraisal, loan processing fees and other customary fees approved by the County. The applicant's legal fees should be reasonable and necessary.

- Construction related costs such as; architectural and engineering fees, preparation of work write-up/cost estimate and builder/developer fee. The County requires that owner's sign fixed fee contracts with architects/engineers. Design costs (including but not limited to: as-builts, final plans and specifications, cost estimates, building permits, planning and zoning approval) will be limited to 7% of the project's proposed construction cost. Project coordination costs (including but not limited to: bidding coordination and review, progress inspections, progress payments, change orders, design changes and final sign-off) will be limited to 3% of the project's proposed construction cost. These percentages are maximums not guaranteed percentages. We do not expect the cost for a 4-unit moderate rehabilitation to be as high as a 4-unit gut

rehabilitation. The County reserves the right to limit fees below the maximums outlined if it considers them unreasonable. All costs in excess of the percentages outlined above and/or what the County considers reasonable will be kept off budget and paid by the owner.

- Project audit costs.
- Affirmative marketing and fair housing.

Eligible Properties

HOME funds may be used in all Dutchess County municipalities which have chosen to be members of the 2011 Community Development Block Grant Urban County Consortium. This includes all Dutchess County municipalities except the Town of Fishkill, Town of East Fishkill, Village of Wappingers Falls and City of Poughkeepsie, which has its own allocation. Because of the HOME Consortium with the City of Poughkeepsie, the County has agreed to consider applications from projects in the City of Poughkeepsie for the County's portion of the HOME funds as long as these projects are located within the defined priority area. This year the priority is significant buildings which front directly or are adjacent to Main Street from Waryus Park to Clinton Street and N. Water Street from Main Street to Dutchess Avenue, including Dutchess Avenue. The County may also consider CHDO projects outside of this defined area in the City as necessary to meet our CHDO set-aside requirement. Eligible properties must also be current on all property taxes and municipal fees.

Forms of Financial Assistance

The County's approach to providing HOME funds is to provide the "gap" financing necessary to make the project affordable under the HOME rental/purchase and income guidelines. The focus of this type of underwriting is to maximize private financing and minimize HOME funds. Detailed underwriting standards for rental housing projects are noted under the rental housing section of these guidelines.

The County will consider providing HOME funds in the following manners:

- * Interest bearing loans
- * Non-interest bearing loans
- * Deferred loans (forgivable or repayable)
- * Other forms approved by the County

Applicants may propose any of the forms listed above. However, loan proposals receive a higher priority. Projects that can be completed solely with private financing are not eligible.

Letter of Credit

The County reserves the right to request a letter of credit, or other liquid security acceptable to the County, to ensure successful completion of the project. The amount of the letter of credit will be

determined by the County. This letter of credit is particularly important when an owner is acting as a general contractor. In such a case the County will request a letter of credit in an amount equal to the difference between the contractor's cost and the County's cost to hire a general contractor through a public bidding process. Letters of credit must be irrevocable, non-documentary, issued by a NYS bank approved by the County and in a form acceptable to the County. Other forms of security will be subject to County approval.

Property Standards

The New York State Uniform Fire Prevention and Building Code must be met at the completion of the project and with the federal Housing Quality Standards. Projects must also meet all local building codes and ordinances. The County has also adopted the construction standards of the Community Preservation Corporation attached as Exhibit "B".

All new buildings and gut rehabilitations shall be designed to meet the National ENERGY STAR efficiency performance specifications. All projects must comply with the National Home Energy Rating System guidelines and use ENERGY STAR mechanical systems and appliances. Other Energy Star and "green" components are encouraged as practicable.

HOME Investment Per Unit

The minimum HOME subsidy per unit is \$1,000. The maximum HOME subsidy per unit is:

0 - bedrooms	= \$61,950	2 - bedrooms	= \$86,352	4 - bedrooms	= \$122,623
1 - bedroom	= \$71,014	3 - bedrooms	= \$122,623		

Match Requirements

The HOME Program requires that HOME funds be matched with non-federal forms of subsidy. The matching requirement is .25 cent for every \$1 in HOME funds. The premise of the "match" is that the provision of affordable housing is a community responsibility and, as a result, the local community should make a financial contribution to "match" the federal HOME funds. It is important to note that an owner, an investor or anyone who the County may determine has an interest in the project may not provide the match.

This is a "program rule" rather than a "project rule" meaning HUD reviews the County's program and not each project for compliance. However, the County must impose a matching requirement on projects to meet the program rule. As such, HOME projects should make an effort to provide as many matching dollars as possible. Projects providing matching funds will receive a higher priority. Eligible matches are described below. It is important to note that the match can be a direct contribution which lowers a project's development cost (e.g. NYS housing grant or a bank waiving closing costs) or a contribution which lowers the operating cost of the project in the future (e.g. a low-interest loan from a local utility company or a partial tax waiver from the municipality). Direct contributions should be noted on the development budget as appropriate. Contributions that will affect future operating costs

should be noted in Question 34 and not on the development budget.

Match obligations can be met with:

- *Permanent cash contributions from non-federal funding programs such as NYS Housing programs and Federal Home Loan Bank Affordable Housing programs.
- *Grant equivalent of below-market interest rate loans.
- *Non-profit equity
- *The value of waived taxes, fees, or other charges normally imposed by local jurisdictions.
- *The value of land or real property donated or provided at less than appraised value.
- *Cost of infrastructure improvements not made with federal resources.
- *Reasonable value of donated site-preparation, construction materials and voluntary labor.
- *Homeowner sweat equity (not investor sweat equity).

Ineligible forms of match include:

- *Contributions made with or derived from federal funds.
- *Interest rate subsidy attributable to federal tax-exempt financing or the value of federal tax credits.
- *Owner equity or investment in a project. Investor sweat equity.
- *Cash or other forms of contributions from applicants or recipients of HOME funds, or investors who own, are working on, or are proposing to apply for, assistance for a HOME-assisted project. This includes private bank mortgages.

Cost Overruns

Applicants should make every effort to be as realistic as possible when developing the construction and development budgets. Construction and development budgets should be as comprehensive as possible and should consider items such as the removal of lead based paint, asbestos and relocation expenses, if applicable.

The County does not keep a reserve account for cost overruns. The County's HOME Program is generally 100% allocated. Requests for additional funds must be submitted as part of the County's annual HOME allocation cycle and will be considered after all new projects have been considered. As a result, it is unlikely that County funds will be available to pay for cost overruns. Cost overruns will be the responsibility of the owner.

Cost Reasonableness

The County will review all development and construction budgets for cost reasonableness. Projects where the County determines that the costs are not reasonable will be denied funding.

Beginning of Construction

Construction may not begin on an approved project until the beginning of the program year, March 1, 2011. Costs incurred prior to this date are ineligible for reimbursement.

Other Funding

Most HOME projects have additional funding sources. Projects where such funding is committed will receive a high priority than projects that have or are going to apply for funds.

Release of Funds

All owner equity must be invested in the project prior to the release of any County funds. Ten (10) percent of the County funds will be held until the issuance of Certificates of Occupancy by the local municipality and submission of all required HOME compliance documents.

Other Federal Rules/Implementation Guidelines

A number of federal regulations apply for all HOME activities. Below is a list of the regulations and brief description of each. More detailed information is available from the Department of Planning and Development upon request.

Affirmatively Furthering Fair Housing and Affirmative Marketing

The County is required to insure that HOME funds are used to “Affirmatively Further Fair Housing”. In general terms these means funds should be used to:

- Eliminate all forms of illegal housing discrimination in Dutchess County
- Promote fair housing choice for all persons in Dutchess County
- Provide opportunities in all areas of Dutchess County for inclusive patterns of housing occupancy regardless of race, color, religion, sex, familial status, disability and national origin.
- Promote and provide housing that is accessible to persons with disabilities
- Foster compliance with non-discrimination provisions of Fair Housing Act in all areas of Dutchess County

The extent to which a project promotes fair housing choice in Dutchess County will be one of the factors in the County’s selection process.

Projects with 5 or more HOME units must develop and implement an affirmative marketing plan. The purpose of this marketing is to promote fair housing choice throughout Dutchess County and identify and encourage those “least likely to apply” to apply for the housing. The basic marketing steps include:

- Place an "apartment for rent/for sale" notice in Poughkeepsie Journal and Hudson Valley Black Press. Rentals must also be placed on the New York State’s NYHousingSearch.gov website.

The notices may be placed in other newspapers. The notice must include the following statement: "Equal Opportunity Housing."

- Send a copy of the "apartment for rent/for sale" notice to the Dutchess County Housing Choice Voucher Program (Section 8), c/o Pathstone, 29 Marshall Road, Suite 3F, Wappingers Falls, NY 12590.
- Distribute the "apartment for rent/for sale" notice to the Dutchess County Department of Planning's Fair Housing/Community Outreach e-mail/ mailing list.
- Post fair housing notice at the rental/sale office/location.
- Developers should proposed additional outreach as appropriate for the development and the community. The County reserves the right to propose additional measures.

Developers must submit their Affirmative Marketing Plan to the County 60-days prior to the initiation of marketing for its review and approval. The County will complete its review within 30 days. The developer must submit documentation of compliance with the approved marketing plan. The County will not release the final payment until said documentation is submitted.

There are also specific prohibited lease requirements which must be followed.

DC Continuum of Care

The DC Continuum of Care is a document, created by the Dutchess Housing Consortium, which describes the homeless delivery system in Dutchess County and outlines the goals and strategies for eliminating homelessness, with a focus on chronic homelessness. The 2008 CoC is available on the County's webpage. The U.S. Department of Housing and Urban Development is encouraging municipalities to use resources such as the HOME Program to assist in the creation of transitional and permanent housing for the homeless with a focus on the chronically homeless. As such we have added the creation of such housing as a priority in our Consolidated Plan and the HOME application review. If you would like further information on how to use HOME funds to assist the homeless please refer to CPD Notice 03-08 which is available at the following website: <http://www.hud.gov/offices/cpd/affordablehousing/lawsandregs/notices/index.cfm>.

Equal Opportunity and Fair Housing

All HOME program participants must comply with all state and federal laws and regulations regarding fair housing and equal opportunity. No person in the United States shall on the grounds of race, color, religion, sex, familial status, disability or national origin be excluded, denied benefits or subjected to discrimination under any program funded in whole or in part by HOME funds.

Applicants must outreach to the County's MBE/WBE list when securing bids for work to be paid for by the County. Documentation of this outreach must be submitted to the County.

Section 3

Section 3 regulations require that “the employment and other economic opportunities generated by Federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing.”

Specifically the regulation requires that projects with more than \$200,000 in HOME funds and where a contractor or subcontractor are awarded a contract in an amount that exceeds \$100,000, they must commit to employ Section 3 residents for 30 percent of the aggregate *new hires* for each year over the duration of the project. Section 3 residents are those people who live in the neighborhood in which the HOME-funded project is located, participants in HUD Youthbuild, low-income residents of the county.

Handicapped Access

HOME projects must comply with Section 504 of the Rehabilitation Act of 1973 which prohibits discrimination in federally assisted programs on the basis of handicap. Depending on the type of rehabilitation and the number of units, a percentage of the units in a project must be handicapped accessible. The NYS Building Code may require a higher percentage than Section 504.

Site and Neighborhood Standards

Housing provided through the HOME Program must promote greater choice of housing opportunities. The County will consider this during the application process.

Environmental Review

The County must conduct an environmental review on every project. It is the responsibility of the owner to insure that the County has all the information necessary to complete the review. Project may not begin and funds may not be expended until the review is completed and funds are released by HUD.

Lead-Based Paint

All projects funded must comply with HUD's Lead-Based Paint Regulations entitled "Requirements for Notification, Evaluation and Reducing of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance". These requirements are imposed on all buildings built pre-1978, when lead was removed from all paint by federal law. **The cost to remove LBP must be included in the construction budget. The County does not have a separate fund to pay for these expenses. Please note that clearance must be conducted on any rehabilitation project (include gut rehabilitations) if the building was built pre-1978.**

The following table outlines the activities which must be undertaken based on the amount of Federal funding expended per unit:

Activity	Federal Expenditure Per Unit		
	\$5,000 or less	\$5,001-\$25,000	\$25,001 or more
Safe Work Practices	X	X	X
Paint Testing	X	X	X
Risk Assessment		X	X
Interim Controls		X	X
Abatement			X
Clearance	X	X	X

The following are definitions for the activities noted above:

Safe Work Practices - All removal of lead-based paint must be completed by an EPA certified contractor. Safe work practices also include: protection of the occupants (including possible temporary relocation); preparation of the worksite; avoiding prohibited treatments and worksite clean-up.

Paint Testing - Testing of samples of dust and paint chips by a certified laboratory.

Risk Assessment - Must be completed by a certified Risk Assessor and includes a visual assessment and testing to determine the existence, nature, severity and location of lead-based paint hazards.

Interim Controls - Measures to temporarily reduce human exposure to lead-based paint including: paint stabilization; treatment of friction and impact surfaces; cleaning and dust control and lead-based paint soil control. All work must be performed by a trained worker or a worker under a Certified Supervisor.

Abatement - Involves the permanent elimination of a lead-based paint by an EPA certified contractor.

Clearance - Conducted when lead hazard reduction or elimination activities are completed and debris is removed. It involves a visual assessment and dust samples to determine that lead-hazards have been reduced or eliminated.

All occupants of a building proposed for the reduction or removal of lead-based paint must be notified of the project and given a brochure on the hazards of lead-based paint.

We recommend you contact us directly if you suspect your building has lead-based paint. The full lead-based paint regulation can be reviewed on the internet at www.hud.gov/lea/leahome.html.

Labor Standards

Davis-Bacon compliance (prevailing wages) and other Federal laws and regulations pertaining to labor standards apply to all contracts containing 12 more HOME-assisted units.

Debarment and Suspension

Participants in HOME Projects (owners, contractors and professionals) must certify that they are not debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from the covered transaction.

Flood Insurance

HOME funds may not be invested in housing located in an area identified by the Federal Emergency Management Agency as having special flood hazards unless flood insurance is obtained and the community participates in the National Flood Insurance Program.

Conflict of Interest

In procurement of property and services, 24 CFR 85.36 and OMB Circular 110 rules regarding conflict of interest apply. If a person is an employee, agent, consultant, officer, elected official or appointed official of the County or has HOME related responsibility or access to inside information; that person may not obtain a financial benefit or interest from any HOME activity for themselves or those with whom they have family or business during their tenure or for one year thereafter.

Relocation

HOME projects must comply with the Uniform Relocation Act (URA) whenever displacement occurs as a direct result of HOME-assisted rehabilitation, demolition or acquisition. **If your proposed project is occupied at the time of application contact the County for the detailed regulations.** Failure to do so may result in disqualification of your application as you may be required to submit notifications as part of your application. **It is the expressed policy of the County to strictly comply with the URA and to minimize displacement. Relocation expenses must be included in your development budget. The County does not have a separate fund to pay relocation expenses.**

Insurance

Applicants must meet the following County insurance requirements:

- a. Statutory Worker's Compensation coverage, in compliance with the Compensation Law of the State of New York.
- b. General Liability Insurance coverage in the comprehensive general liability form including blanket contractual coverage for the Work under this Agreement in the amount of \$1,000,000. This insurance shall include coverage for bodily injury and property damage. The County must also be listed as additionally insured.

Employment Eligibility Verification

Applicants, and any contractors and prime sub-contractors, must warrant to the County they are in compliance with all Federal Immigration laws and regulations that relate to their employees. They will be required to certify they have U.S. Department of Homeland Security, Form I-9 – Employment Eligibility Verification (OMB No. 1615-0047) forms on file for each employee working on the HOME-funded project. The County will in its agreement with the applicant reserve the right to conduct random verification of the employment records of the Contractor and any of subcontractors to ensure compliance.

Section 3

Section 3 regulations require that “the employment and other economic opportunities generated by Federal financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing.”

Specifically the regulation requires that projects with more than \$200,000 in HOME funds and where a contractor or subcontractor are awarded a contract in an amount that exceeds \$100,000, they must commit to employ Section 3 residents for 30 percent of the aggregate *new hires* for each year over the duration of the project. Section 3 residents are those people who live in the neighborhood in which the HOME-funded project is located, participants in HUD Youthbuild, low-income residents of the county.

COMMUNITY HOUSING DEVELOPMENT ORGANIZATIONS

Community Housing Development Organizations (CHDOs). CHDOs are a specific type of non-profit organization defined exclusively for the HOME Program. Below is a list of the major CHDO eligibility standards:

- * CHDOs must be organized under state or local law.
- * Must have 501(c)(3) status from the IRS.
- * Provision of affordable housing must be among the purposes stated in the charter, articles of incorporation, resolutions or by-laws.
- * At least 1/3 of the governing board of CHDOs must be: residents of low-income neighborhoods; other low-income residents of the community; or elected representatives of low-income neighborhood organizations.
- * No more than 1/3 of the governing board of the CHDO may be appointed by state or local government nor may more than 1/2 of the board be public officials.
- * CHDOs must provide a formal process for low-income persons to advise the organization on design,

location of sites, development and management of affordable housing.

* CHDOs may not be public bodies or instruments of public bodies.

* CHDOs may not be controlled by nor under the direction of for-profit individuals or entities seeking profit from the organization.

* CHDOs must have standards of financial accountability that conform to attachment F of OMB Circular A-110 (Rev) "Standards for Financial Management Systems."

* CHDOs must have at least one year of experience serving the community where they are provided HOME assisted housing.

RENTAL HOUSING REGULATIONS

Eligible Property Types

* one or more buildings on a single site that are under common ownership, management and financing.

* buildings scattered on more than one site as long as the sites are under common ownership, management and financing, and received HOME assistance as part of a single undertaking.

Ineligible properties include: projects assisted under Title VI of NAHA - Prepayment of Mortgages Insured under the National Housing Act; Public Housing projects; Rental Rehabilitation Program funded projects; properties with existing obligations to any federal, state or local housing programs.

Underwriting

It is the County's stated position to provide gap financing and require that private financing be maximized. It is also the position of the County to give higher points to projects which request loans in hopes of receiving repayments.

All rental projects will be underwritten assuming a 30 year mortgage, at a current rate (determined by the County), with a 1.3 debt coverage ratio for the private financing. All income available at a 1.3 ratio must be used for private financing.

Single Room Occupancy(SRO)/Group Housing

Permanent and transitional SRO and group housing are eligible under the HOME Program. They must generally comply with the rental housing guidelines. Specific guidance is available through CPD Notice 94-01 "Using HOME funds for Single Room Occupancy (SRO) and Group Housing" available from the County. Please request this notice if you are applying for such a project.

Property Standards

Refer to general program property standards noted on page 4. Additionally, rental housing property owners must maintain these housing standards for the duration of the regulatory period. Periodic inspections will be conducted by the County to insure these standards are complied with.

Mixed-Income/Mixed-Use Projects

The HOME Program allows only a portion of a project to be HOME assisted. Mixed-income and mixed-use (i.e. residential and commercial) are eligible for HOME funds. However, project costs must be allocated on a rational, documented basis in accordance with the actual unit-by-unit expenditures; or prorating of expenditures reflecting the proportion of HOME units in the project; or a combination of both.

In a mixed-income project, designated HOME-assisted units may change over time (called "floating units") as long as the total number of affordable units remains the same and the substituted units are comparable in size, features and number of bedrooms. The owner must select fixed or floating unit at the time of application.

Tax Credits

Tax credits and HOME funds may be used together and for the most part the rules are compatible. The general rule is that when Tax Credit and HOME rules conflict Tax Credit rules are to be followed. Any project receiving Tax Credit and HOME funds requires a layering review to insure that the project is not receiving an excess amount of subsidy.

Initial HOME Rents

Initial project rents may not exceed the following High Home Rent:

0 - bedrooms = \$784 2 - bedrooms = \$1,137
 1 - bedroom = \$922 4- bedrooms = \$1,375

For projects with five or more HOME units, 20% of the units must be at or below the following Low Home Rent:

0 - bedrooms = \$730 2 - bedrooms = \$938
 1 - bedroom = \$782 3 - bedrooms = \$1,084

If an applicant chooses to not include utilities in the rent, the rents must be reduced by the applicable allowances listed in Exhibit A. Allowances are based on building type.

Future HOME Rents

HOME assisted units are rent controlled for varying lengths of time depending on the average amount of HOME funds invested per HOME unit:

Activity	Per Unit HOME Cost	Min. Affordability Period
Rehab or Acquisition of Existing Housing	<\$15,000	5 years
	\$15,000-\$40,000	10 years
	>\$40,000	15 years
New Construction or Acquisition of New Housing	Any amount	20 years

For the applicable period outlined in the table above, the project must maintain the rent levels noted

above as required by the HOME regulations. These rents are secured by a mortgage filed by the County.

Rent Adjustments

HOME rents may be adjusted by the County as permitted by HUD. Rent increases are permitted within rent maximums, but tenants must be given 30 days written notice before increases are implemented. Any increases are also subject to other provisions of the lease agreement. Please note that HOME rents could decrease but are not required to fall below the HOME rent limits in effect at the time of project commitment.

Occupancy Requirements

In addition to rent limits there are households income limits. All HOME units must be occupied by families whose annual incomes do not exceed 60% of the median income (low income families).

In projects with three or more units, 20% of the units must be occupied by families whose annual incomes do not exceed 50% of the median income. Very low-income families must occupy these units.

The following are the current income maximums for the income groups listed above:

<u>Household Size</u>	<u>50% Income</u>	<u>60% Income</u>
1	\$29,200	\$35,040
2	\$33,400	\$40,080
3	\$37,550	\$45,060
4	\$41,700	\$50,040
5	\$45,050	\$54,060
6	\$48,400	\$58,080

These maximums may be adjusted periodically.

Determining Income Eligibility of HOME Tenants

Annual income is compared to the income limits listed above to determine a tenant's income eligibility. The Program uses the same definitions of annual income as the Section 8 Program. Annual income is the gross amount of income anticipated to be received by all persons 18 years of age or older during the 12 months following the effective date of determination. A copy of the "Technical Guide for Determining Income and Allowances for the HOME Program" is available online at <http://www.hud.gov/offices/cpd/affordablehousing/library/modelguides/1780.pdf>.

Each prospective tenant that wishes to rent a HOME unit, after viewing the unit, must complete a County tenant eligibility form and a prospective tenant with a letter which describes their obligations and rights under the HOME Program, in addition to other documentation required by the owner.

Tenants must provide current pay stubs for one month and their most recent federal income tax statement. Tenants who will not provide this information may not rent a HOME unit. The tenant eligibility form, the prospective tenant letter and the income documentation must be sent to the County for their review and approval. These requirements and sample letter are outlined in the HOME Program Handbook which is provided to each approved applicant.

Upon occupancy the owner must also complete a County "Tenant Characteristic" form which describes the characteristics for each household occupying a HOME unit. This information is required by the federal government for our project completion report.

Annual Income Recertification

Owners must recertify tenant's income every year. Typically, their income will be recertified on the anniversary of their original income evaluation and lease signing. If their household income remains at or below the program's maximum income their rent will remain at the maximum program rent. If a tenant's income exceeds the program maximum or they refuse to provide the required income recertification information they may stay in their apartment but they must pay the lesser of 30% of their adjusted monthly income for rent and utilities or the market rent.

Documentation of Ongoing-Income/Rent Compliance

Owner's will be required to submit annual documentation of compliance with income and rent regulations. This documentation will include completion of the County's Rental Compliance Report. After review of the submitted reports, the County may select households at random for on-site monitoring or submission of the income documentation and leases. Current income and rent limits will be posted on the County's website at <http://www.co.dutchess.ny.us/CountyGov/Departments/Planning/Forms/PLhomeincomelimit.pdf> Income and rent limits are generally adjusted by HUD annually in late spring. The County will post them as soon as they are available. Current utility allowances will also be posted. Failure to comply with the income and rent limits will be grounds for foreclosure.

HOMEBUYER REGULATIONS

The following regulations apply to the creation of homeownership opportunities through new construction or rehabilitation.

Eligible Owners

County HOME funds for homeownership are limited to “first-time homebuyers” who will occupy the property as their principal residence. A “first-time homebuyer” is any low-income household that has not owned a home within the past three years. A household can have a gross income no greater than 80 percent of the area median, adjusted for family size, as established by the U.S. Department of Housing and Urban Development. The following are the current income limits.

<u>Household Size</u>	<u>80% Income</u>
1	\$45,100
2	\$51,550
3	\$58,000
4	\$64,400
5	\$69,600
6	\$74,750

Even some families that have owned a home within the past 3 years can participate if they meet the established definition of a “displaced homemaker”.

Eligible Property

Any one-four unit property that will serve as the principle residence of the purchaser can be used in the program. This may include:

- * Single-family home (one unit)
- * A two- to four-unit property
- * Condominium units
- * Cooperative unit

Forms of Ownership

Program rules permit a variety of ownership approaches including fee simple title, 99-year leasehold interest, and ownership or membership in a condominium or cooperative unit.

Subsidy Approaches

There are many ways to subsidize homeownership under the HOME program. This application is limited to the development subsidy approach. Under this approach funds are invested in acquisition,

construction and/or rehabilitation prior to the initial sale to the first time homebuyer. Upon sale to the first time homebuyer, the county's funding is distributed amongst the HOME units and a lien is placed in the deed at transfer to the first time homebuyer.

Property Value Limits

The HOME Program requires that all properties used in a homeownership program have a value that does not exceed 95 percent of the median value for the area. HUD regulations governing the HOME program use the FHA 203(b) mortgage limits as the proxy for the 95 percent of median value. The following are the current FHA 203(b) mortgage limits:

1- family	\$271,050
2- family	\$347,000

The property value must be supported by a certified appraisal.

Use of the Property as a Principal Residence

The property occupied by the first time homebuyer must be retained as the principal residence by the owners and subsequent purchasers for a period of 15 years (20 years for new construction) commencing on the date of purchase by the eligible homebuyer. A deed restriction must be placed on the property to insure compliance with this requirement.

Single-Family Properties with Rental Units

Single-family properties that contain one, two or three rental units in a HOME-assisted first-time homebuyer program may require compliance with additional HOME rental program requirements. Compliance will be determined based on the amount of subsidy requested. Please contact the County for more information if your project contains rental units.

Resale Provisions

Resale is restricted for a period as outlined in the table on page 12 of these guidelines. This restriction period is called the period of affordability. If the original first-time homebuyer retains ownership of the property for the full period of affordability, no resale restrictions will apply. However, if there is a property transfer during the period of affordability, affordability must be ensured using one of the two following options:

Recapture – The original first time homebuyer repays the funds to the County. These funds will then be used by the County to assist another eligible first-time homebuyer.

Resale – The original first time homebuyer may resell to another income eligible homebuyer. Details on each of these options is available from the County.

Exhibit A - Utility Allowances

Utility allowances are available for other housing types upon request. Also, owners may document lower allowance by providing documentation from your utility provider. This is most applicable when property owners install high-efficiency mechanical systems.

Effective: 1/1/2010

Apartment House

	0-BR	1-BR	2-BR	3-BR	4-BR
Heating:					
Natural Gas	\$55	\$73	\$97	\$120	\$144
Electric	\$55	\$73	\$97	\$120	\$144
Bottle Gas	\$113	\$143	\$196	\$245	\$294
Oil	\$84	\$110	\$147	\$181	\$218
Cooking:					
Natural Gas	\$8	\$11	\$15	\$18	\$22
Electric	\$8	\$10	\$14	\$17	\$22
Bottle Gas	\$17	\$22	\$30	\$37	\$46
Other Electric; Lighting, Refrigeration, etc.	\$28	\$36	\$48	\$60	\$74
Water Heating:					
Natural Gas	\$11	\$14	\$19	\$23	\$29
Electric	\$14	\$18	\$24	\$30	\$37
Bottle Gas	\$22	\$28	\$38	\$47	\$58
Oil	\$15	\$19	\$25	\$31	\$39

Garden Apartments/Row House/Town House*

	0-BR	1-BR	2-BR	3-BR	4-BR
Heating:					
Natural Gas	\$51	\$68	\$93	\$115	\$140
Electric	\$51	\$68	\$92	\$115	\$139
Bottle Gas	\$104	\$140	\$189	\$236	\$285
Oil	\$77	\$103	\$140	\$174	\$211

* Only the heating allowance is listed as cooking, electricity, and water heating costs are the same as the Apartment House.

EXHIBIT B
Construction Standards

The following is intended as a guide to the County's construction standards for substantial renovations. It is not necessarily a complete or definitive list. It is intended to highlight some items that sometime come up for discussion.

1. Central heating or new individual units are required for rental properties, preferably with separate hot water heater.
2. All mechanical systems are expected to be replaced, including underground piping up to property line. New water and electric street services.
3. Mechanical systems and appliances must be Energy-Star. The County strongly encourages the use of Energy-Star doors and windows.
4. Kitchen cabinets and vanities, where provided, should be made from wood. (No flakeboards, pressboard, etc.)
5. In addition to the requirement of tile around bathtub, the County requires tile at least on wet wall (area behind sink and toilet) and along the side of the toilet bowl. Preferably, we like to see complete 4 foot wainscot.
6. Window installations must be brick to brick and must include wood sills (or better).
7. Hardwood floors are required throughout apartments except kitchens and bath (#2 oak strip, at a minimum). Carpeting may be acceptable in certain areas.
8. Vinyl tile is required in kitchen.
9. Vinyl tile (at a minimum) in upper public hallways, quarry tile (or similar) on the ground floor or existing tile preserved, throughout.
10. Roof: All existing roofing material must be stripped and removed.
11. Security gates or fixed grills at all ground floor windows and security gates at those windows facing fire escapes.
12. Overhead light fixtures in bedrooms, apartment hallways and dining areas.
13. All windows, except fire egress, to have full, sash-height child guards.
14. R-38 roof/ceiling assembly with R-25 exterior walls.
15. Steam cleaning of all facades that have street exposure.

**DUTCHESS COUNTY HOME INVESTMENT PARTNERSHIP PROGRAM
Housing Production Application - 2011 Application Cycle**

1. Applicant: _____ Phone Number: _____
2. Applicant Address: _____
3. Signature of Applicant: _____
(Property owner, Executive Director, CEO...)
4. Applicant Social Security/Federal ID No.: _____
5. Contact Person: _____ Phone Number: _____ E-mail: _____
6. Contact Person Address: _____
7. Project Address: _____
8. Applicant is a: ___ Individual ___ Partnership
 ___ For-profit corporation
 ___ Non-profit corporation/CHDO

Attach Partnership/Incorporation papers as Attachment 1.

9. HOME funds requested: \$ _____
HOME funds per unit: \$ _____
10. Total development cost: \$ _____
Development cost per unit: \$ _____
Construction cost per unit: \$ _____
11. Project Type: New Construction ___
 Rehabilitation ___
12. Structure of subsidy: ___ Loan @ ___% interest rate for ___ years
 ___ Deferred payment loan
13. Number of existing units: _____ Number of units at completion: _____
Number of HOME-assisted units: _____
14. Give a *brief* description of the project in the space provided below.
DO NOT ADD ATTACHMENTS.

15. Proposed Residential Square Footage: _____
Proposed Commercial Square Footage: _____

16. Project site information

a. Tax parcel number: _____

b. Census Tract: _____

c. Acreage: _____

d. Control of Property: _____ Deed _____ Option _____ Contract
Provide documentation of site control as Attachment 2.

e. Are all property taxes current? Yes _____ No _____

f. Is project located in a floodplain? Yes _____ No _____

17. Check all required planning/zoning approvals. Include copies of completed approvals as Attachment 3.

	<u>Date approval received or anticipated</u>
_____ Use/Area Variance	_____
_____ Parking variance	_____
_____ Special permit	_____
_____ Rezoning	_____
_____ Site plan approval	_____
_____ Building permit	_____

18. List any necessary infrastructure improvements (road, sewer, water...)?

19. Does construction budget include cost for Energy Star mechanical systems and appliances? Yes _____ No _____

Other than Energy Star mechanical systems and appliances, does the project include any other "green" features?

20. If the project involves rehabilitation (including substantial rehabilitation) please outline your steps to comply with federal lead-based paint regulations as outlined on pages 8-9 of the guidelines.

21. Describe how you will address the Section 3 requirements listed in page 10 of the guidelines.

22. Check the income category the HOME units will serve. If several categories to be served, write the number of units to serve each category next to the category. (See pages 13 and 15 of program guidelines.)

	<u>Number of HOME units</u>
50% or less of county median income	_____
51-60% of county median income	_____
60-80% of county median income	_____

23. List the anticipated rent/sales price for each HOME unit. If rents do not include utilities deduct the appropriate utility allowances on page 17 of the program guidelines.

Check all utilities **included** in rent: Heat _____
 Hot water _____
 Electric _____
 Cooking _____

Unit No.	No. of Bedrooms	Rent	Unit No.	No. of Bedrooms	Rent
1			5		
2			6		
3			7		
4			8		

24. Are HOME units fixed or floating (see page 12 of program guidelines)
 _____ floating _____ fixed

25. List any special populations (i.e. chronically homeless/homeless, handicapped, etc.) that the project will specifically assist.

26. Will the project remain affordable for longer than the required affordability period? (See page 12 of program guidelines)
 Yes _____ No _____ If yes, list affordability period _____.

27. Provide a one page summary of your affirmative marketing plan as Attachment 4 (see Guidelines Page 6). Please note that the County is currently updating its Analysis of Impediments to Fair Housing Choice and may require additional affirmative marketing options upon its completion.

28. Check below the personnel required to complete this project. If you have begun to secure specific personnel list their names in the space provided.

_____ Architect: _____
 _____ Project Manager: _____
 _____ Construction Manager: _____
 _____ Builder: _____
 _____ Other _____

29. List the property manager and other properties they manage.

Property Manager: _____

Addresses of Properties Managed: _____

28. Complete the following project schedule. Construction may not begin until March 1, 2011.

	<u>Date</u>
Drawings/specification to County	___/___/___
Drawings/specification approved	___/___/___
Bidding begins	___/___/___
Bidding ends	___/___/___
Contractor chosen	___/___/___
Construction begins	___/___/___
Construction ends	___/___/___

Financial

30. Complete Exhibits 1, 2, 3, 4 and 5 (Development Budget, Rental Housing Proforma, Existing Financing, Proposed Funding Sources, Construction Costs). Please note that you may submit Exhibits 1, 2 and 5 on alternative forms which have been used for other funding sources so long as these alternative forms include all the categories noted in the County forms and comply with general banking and construction standards (i.e. AIA Schedule of Values form in lieu of Exhibit 5).

31. State the amount of matching funds required \$ _____

Describe the proposed match and the status of said funding in the chart below. See pages 4-5 of the program guidelines.

Matching Sources

Source	Amount	Status
	\$	
	\$	
	\$	

32. List any judgment, lien, bankruptcy, litigation, indictment, debarment or criminal conviction below. The fact that you have any of the items listed below will not necessarily disqualify you. However, failure to inform the County of such items will probably cause your application to be rejected.

31. Please list all personal and business names under which you have done business in the past 10 years.

DEVELOPMENT BUDGET (Exhibit 1)

	BANK	EQUITY	HOME	OTHER	TOTAL
ACQUISITION/REFINANCING					
Acquisition/Refinancing	\$	\$	\$	\$	\$
Other	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$
CONSTRUCTION COST					
Contractor Price	\$	\$	\$	\$	\$
Contingency @ ___%	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$
PROFESSIONAL FEES					
Legal	\$	\$	\$	\$	\$
Eng/Architect Fees	\$	\$	\$	\$	\$
Bank Eng/Arch Fees	\$	\$	\$	\$	\$
Environmental Review	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$
CLOSING AND OTHER FEES					
Bank Commitment Fee	\$	\$	\$	\$	\$
Appraisal	\$	\$	\$	\$	\$
Bank Legal	\$	\$	\$	\$	\$
Title/Mortgage Tax	\$	\$	\$	\$	\$
Mortgage Insurance	\$	\$	\$	\$	\$
Survey	\$	\$	\$	\$	\$
Other _____	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$
CARRYING COSTS					
Construction Interest	\$	\$	\$	\$	\$
Real Estate/Water/Sewer Taxes	\$	\$	\$	\$	\$
Insurance	\$	\$	\$	\$	\$
Utilities	\$	\$	\$	\$	\$
Marketing	\$	\$	\$	\$	\$
Other _____	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$
TOTAL DEVELOPMENT COST	\$	\$	\$	\$	\$

POST-REHABILITATION RENTAL HOUSING PRO-FORMA (Exhibit 2)

SOURCES OF INCOME		Monthly	Annually
Residential Income			
Gross Monthly Income (GMI)	\$		
Vacancy (____% of GMI)	\$		
Net Monthly Income (GMI - Vacancy)		\$	\$
Commercial Income			
Gross Monthly Income (GMI)	\$		
Vacancy (____ % of GMI)	\$		
Net Monthly Income (GMI - Vacancy)		\$	\$
Total Sources of Income		\$	\$
USES OF INCOME			
Taxes		\$	\$
Water and Sewer		\$	\$
Insurance		\$	\$
Payroll		\$	\$
Cleaning/Exterminating		\$	\$
Utilities (leave blank if paid by tenant)		\$	\$
Utilities common areas		\$	\$
Management		\$	\$
Painting		\$	\$
Repairs/Replacement		\$	\$
Landscaping/Garbage		\$	\$
Legal/Accounting		\$	\$
Building Reserve		\$	\$
Other _____		\$	\$
Total Uses of Income		\$	\$
NET OPERATING INCOME (Sources - Uses)		\$	\$

Debt coverage ratio (NOI/monthly debt service) _____

EXISTING FINANCING (Exhibit 3)

Bank/Agency	Current Balance	Term and Rate	Maturity Date	Check box if this funding is to be refinanced
	\$	___ yrs/___%	___/___/___	
	\$	___ yrs/___%	___/___/___	
	\$	___ yrs/___%	___/___/___	
	\$	___ yrs/___%	___/___/___	
	\$	___ yrs/___%	___/___/___	

PROPOSED FUNDING SOURCES (Exhibit 4)

Bank/Agency	Amount of Funding	Term and Rate	Monthly Payment	Status of Commitment
	\$	___ yrs/___%		
	\$	___ yrs/___%		
	\$	___ yrs/___%		
	\$	___ yrs/___%		
	\$	___ yrs/___%		
	\$	___ yrs/___%		

CONSTRUCTION COSTS (Exhibit 5)

Item	Cost
General Conditions	\$
Demolition	\$
Site Work	\$
Concrete	\$
Masonry	\$
Metals	\$
Carpentry	\$
Roofing and Insulation	\$
Doors and Windows	\$
Finishes	\$
Equipment (appliances,cabinets,misc)	\$
Plumbing	\$
Heating and Ventilation	\$
Electrical	\$
Other	\$
Other	\$
Other	\$
Total	\$