

Nassau County
Office of Housing and Intergovernmental Affairs



HOME Investment Partnerships Program
General Program Guide



Nassau County OHIA
HOME Investment Partnerships Program
General Program Guide

This Program Guide provides a general overview of the structure of the Nassau County HOME Program, as administered by Nassau County Office of Housing and Intergovernmental Affairs ("OHIA"). The Nassau County OHIA is a qualified "Participating Jurisdiction" under the HOME Program, as defined at 24CFR 92.2. This General Program Guide is designed to acquaint prospective applicants with the basic features and requirements of the HOME Program to assist them in applying for Program funds. It is thus primarily an informational tool, and it does not attempt to provide a complete and exhaustive statement of all rules and requirements of the HOME Program. The application directions should be reviewed thoroughly for more details concerning additional criteria for specific project/program types.

The HOME Program is governed by the Federal regulations (the "Regulations") published at 24 CFR Part 92 "HOME Investment Partnerships Program". Prospective applicants should consult the Regulations and the Rules when this Guide does not provide sufficient information. In the event of any inconsistency between this Guide and the Regulations and the Rules, the Regulations and the Rules will control.

If you require additional information about the HOME Program or a copy of the HOME program regulations, please contact Kevin Crean, Technical Director of the Nassau County OHIA, at (516) 571-0394. This program guide includes a summary of the HOME program regulations but is not to be considered the actual HOME program regulations themselves.

General Program Guide

TABLE OF CONTENTS

- I. INTRODUCTION
- II. ELIGIBLE APPLICANTS
- III. APPLICATION PROCEDURE
 - A. Review Process
 - B. Review Criteria
- IV. TYPES OF HOME PROGRAM ACTIVITIES
 - A. Rental Housing
 - B. Single-Family Owner-Occupied Housing
- V. NEW CONSTRUCTION
- VI. PROHIBITED ACTIVITIES
- VII. OTHER REQUIREMENTS
 - A. Maximum Per-Unit Subsidies
 - B. Subsidy Guidelines
 - C. Property Standards
 - D. Displacement, Relocation and Acquisition
 - E. One-For-One Replacement
 - F. Other Requirements Applicable to HOME
- VIII. RECORDKEEPING
- IX. MATCHING FUNDS REQUIREMENTS
 - A. Match Amounts for HOME Funds
 - B. Sources
- X. COMMUNITY HOUSING DEVELOPMENT ORGANIZATIONS
 - A. Funding
 - B. Definition
 - C. CHDO Eligible Activities
 - D. Location of Projects

Nassau County OHIA
HOME Investment Partnerships Program
General Program Guide

I. INTRODUCTION

The HOME Program was created under Title II (the HOME Investment Partnerships Act) of the National Affordable Housing Act of 1990. The general purposes of HOME include:

- To expand the supply of decent and affordable housing, particularly rental housing, for low and very low-income persons.
- To strengthen the abilities of state and local governments to design and implement strategies for achieving adequate supplies of decent, affordable housing.
- To extend and strengthen partnerships among all levels of government and the private sector, including for-profit and nonprofit organizations, in the production and operation of affordable housing.

The HOME Program is not a categorical housing program requiring a specific housing activity. Instead, the HOME Program provides states and local governments flexibility to decide what kind of housing assistance, or mix of housing assistance, is most appropriate to address local housing needs.

Part of the purpose of the Program is to encourage state and local governments to use HOME funds efficiently and to encourage partnerships between public and private entities. Housing initiatives that leverage HOME funds with other funds, are strongly encouraged and will be given priority.

II. ELIGIBLE APPLICANTS

Nassau County OHIA will accept applications from non-profit and for-profit entities, units of local government, housing authorities, and public agencies. Consult the application material for each HOME Program activity. For the purposes of this document, "sponsor" includes all of the above eligible applicants.

III. APPLICATION PROCEDURE

Applications for HOME funds are available from Nassau County OHIA. **Applications must be received by 4:00pm on Monday, April 2, 2007 at the address noted below. Applications received after April 2, 2007 may be considered for funding under the County's rolling application review period, if funding is available.**

A. Review Process

When the program sponsor submits an application to Nassau County OHIA, the OHIA staff reviews the request to determine its feasibility. Feasibility will be determined in accordance with the HOME regulations and Nassau County OHIA's review and ranking criteria and policies. Upon receipt of a complete application, the Nassau County OHIA staff will notify the sponsor of the timing required for the review.

The Nassau County OHIA staff will bring all complete applications to its Grants Committee for consideration. Upon approval by the Grants Committee, a Conditional Commitment Letter will be sent to the sponsor which details the terms and conditions of the proposed project. The Conditional Commitment Letter details the terms and conditions of the proposed project as approved by the Committee. The primary condition of this approval will be the approval of all other funding sources. A

secondary condition is a satisfactory environmental review. **Funds will not be disbursed, and a project may not begin, until the environmental review has been completed.**

Once all other funding has been secured, and other conditions listed in the Conditional Commitment letter have been satisfied, a funding contract will be issued. After contract approval and execution by the County, a "closing" can take place. A closing takes place when all legal documents between the sponsor and Nassau County OHIA have been executed. The legal documents that pertain to HOME projects include some or all of the following: Affordable Home Program Contract, Mortgage, Promissory Note, and a Disclosure Statement. Draft Copies of these documents are available upon request.

No funds may be disbursed until after the closing takes place. When funds are disbursed, **original** copies of payment requests are required.

B. Review Criteria

In evaluating applications for funding, Nassau County OHIA will consider the following general factors:

1. **Program Type.** The extent to which the application addresses the priorities for housing as established in Nassau County's Consolidated Plan. The extent to which the application meets the Nassau County OHIA approved use of funds as outlined in this Program Guide and in the application materials for each application type.
2. **Ability and Preparedness of Applicant and Project or Program:**
 - a. **Sponsor's capacity** Ability of the sponsor to implement the housing proposal. Nassau County OHIA will look at the experience and success of the development team, including the past performance of the applicant in completing housing activities. Refer to the application for specific submission requirements regarding the experience of the development team.
 - b. **Timing and readiness to proceed** Priority will be given to projects that are ready to proceed at the time the application is submitted. Sponsors' ability to meet the time frames established by Nassau County OHIA will be considered. Other factors which indicate readiness to proceed include full development of program or project concept at time of application, site control, commitment of other funds and service providers, completed drawings, identification of the population to be served, appropriate zoning, no adverse environmental impact, and community approval of the project.
3. **Projected Impact of the Program including the following elements:**
 - a. **Relocation costs** Projects, that do not involve relocation of existing occupants, or tenants are strongly preferred to those that involve relocation. Projects with excessive relocation costs or that economically displace tenants by raising rents beyond their ability to pay, may not be funded. Please *carefully review* the relocation section of this program guide.
 - b. **Benefit to low-income families and individuals** Applications for proposals, which serve the greatest percentage of very low-income persons and the greatest number of low-and very low-income persons per HOME dollar invested will be favored. Projects, which do not increase the number of units for low- and very low-income households or do not materially change their living conditions, but are essentially transfer of ownership, will not be eligible for funding.

- c. **Supportive services** Applications that include commitments for services for a targeted population associated with the housing proposal (e.g. elderly, mentally ill, etc.), will be given a preference.

4. Financing Plan of the Program including the following elements:
 - a. **Commitment of other funds** Nassau County OHIA will look for: the amount of private resources to be leveraged by the proposal, other public funding to be committed to the activity, and the availability of matching funds. Proposals, which leverage HOME funds with private financing, are strongly preferred. Nassau County OHIA will **require** all applications to provide evidence of matching funds or contributions in an amount of at least 25% of HOME funds requested. See Section IX of this Guide for sources of funds that qualify as match. Priority will be given to those developments that provide greater than the minimum 25% Match.
 - b. **Form of investment** HOME assistance from Nassau County OHIA may be in the form of **loans** or grants. Loan terms are negotiated with the applicant. Should the project not be able to support debt, the assistance may be provided in the form of a grant.
 - c. **Feasibility of the project over time** Extent to which a project remains feasible using various underwriting scenarios and circumstances.
 - d. **Cost per unit and cost per square foot of the project** Costs will be reviewed for reasonableness. Consideration will be given to extra costs of a project that include supportive services, which address the needs of tenants with special needs.
 - e. **Collateral and mortgage position** Nassau County OHIA's collateral and mortgage position must be clearly identified. Nassau County OHIA reserves the right to deny the award of funding if it deems collateral or mortgage position to be unsatisfactory.
 - f. **Other financing considerations include:** The amount of HOME funds requested, the terms of the HOME financing and other financing sources, the secured position of the HOME funds, the equity contribution of the Applicant, and the amount and appropriateness of non-construction costs.
 - g. **Cash Flow versus Amortized Loans** Financing of the project can be done by an amortized loan or a cash flow loan.
 - ◆ A cash flow loan is defined as the income of a project (rental income, interest income, rental assistance, etc.) minus the expenses of a project (utilities, taxes, insurance, maintenance, management, administration, etc.). Money placed into operational and replacement reserves is also subtracted from the income. Then a percent (generally 50%) of this available cash is taken out in order to make payments on the loan.
 - ◆ An amortized loan is defined as a loan on the property where a certain payment amount is made each year, regardless of cash flow.

5. Locational Factors include the following elements:
 - a. **Community support of the proposal** Applicant should supply evidence of outreach, involvement and cooperative intent with residents or organizations representative of the residents within the target neighborhood(s). Sponsor must provide at least *two* letters of support for the development. One letter must come from the chief elected official of the municipality in which the development is to be located.

- b. **Documented need** for the proposed housing in the community, including the results of any site and market studies conducted, and a demonstration of consistency with the Consolidated Plan (a copy of the plan is available for public viewing at the OHIA office).
- 6. Physical Characteristics of the housing units include the following elements:
 - a. Adherence to applicable requirements for accessibility or adaptability of units for physically disabled individuals.
 - b. Absence of environmental hazards. Projects that are free from actual or potential environmental hazards will be favored.
- 7. Organization of the Project Sponsor:

Nonprofit sponsors will be encouraged to participate in the HOME Program. Community Housing Development Organizations ("CHDOs") proposing to undertake activities eligible under the CHDO set-aside will be given a priority. Please review the CHDO section of this program guide for more details.

IV. TYPES OF HOME PROGRAM ACTIVITIES

Uses of HOME Funds - HOME funds may be used for acquisition, rehabilitation, and new construction of multi-family units and acquisition and rehabilitation of single-family rental units. Project costs eligible for HOME funding are limited to the following:

- 1. development hard costs,
- 2. refinancing costs,
- 3. acquisition costs,
- 4. related soft costs,
- 5. relocation costs, and
- 6. costs relating to payment of loans.

A. Rental

The HOME-assisted units in a rental housing project must be occupied only by households that are eligible as low-income families and must meet the following requirements to qualify as affordable housing. The affordability requirements also apply to the HOME-assisted non-owner-occupied units in single-family housing purchased with HOME funds in accordance with 92.254

- 1. **Rent Limitation.** HUD provides the following maximum HOME rent limits. The maximum HOME rents are the lesser of:
 - a. The fair market rent of existing housing for comparable units in the area as established by HUD under 24 CFR 888.111; or
 - b. A rent that does not exceed 30 percent of the adjusted income of a family whose annual income equals 65 percent of the median income for the area, as described by HUD, with adjustments for number of bedrooms in the unit. The HOME rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions (see Attachments A&B)
- 2. **Additional Rent Limitations.** In rental projects with five or more HOME-assisted rental units, twenty (20%) percent of the HOME-assisted units must be occupied by very low-income families and

meet one of the following rent requirements:

- a. The rent does not exceed 30 percent of the annual income of a family whose income equals 50 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families. HUD provides the HOME rent limits, which include average occupancy per unit and adjusted income assumptions. However, if the rent determination under the paragraph is higher than the applicable rent under (a) of this section, then the maximum rent for units under this paragraph is that calculated under paragraph (a).
 - b. The rent does not exceed 30 percent of the family's adjusted income. If the unit receives Federal or State project-based rental subsidy and the very low-income family pays a contribution toward rent not more than 30 percent of the family's adjusted income, then the maximum rent (i.e. tenant contribution plus project-based rental subsidy) is the rent allowable under the Federal or State project-based rental subsidy program.
3. **Initial rent schedule and utility allowances.** The participating jurisdiction must establish maximum monthly allowances for utilities and services (excluding telephone). The participating jurisdiction must review and approve rents proposed by the owner for units subject to the maximum rent limitations in paragraphs (a) or (b) of this section. For all units subject to the maximum rent limitations in paragraphs (a) or (b) of this section for which the tenant is paying utilities and services, the participating jurisdiction must ensure that the rents do not exceed the maximum rent minus the monthly allowances for utilities and services.
 4. **Nondiscrimination against rental assistance subsidy holders.** The owner cannot refuse to lease HOME-assisted units to a certificate or voucher holder under 24 CFR part 982--Section 8 Tenant-Based Assistance: Unified Rule for Tenant-Based Assistance under the Section 8 Rental Certificate Program and the Section 8 Rental Voucher Program or to the holder of a comparable document evidencing participation in a HOME tenant-based rental assistance program because of the status of the prospective tenant as a holder of such certificate, voucher, or comparable HOME tenant-based assistance document.
 5. **Periods of Affordability.** The HOME-assisted units must meet the affordability requirements for not less than the applicable period specified in the table (on the following page), beginning after project completion. The affordability requirements apply without regard to the term of any loan or mortgage or the transfer of ownership. They must be imposed by deed restrictions, covenants running with the land, or other mechanisms approved by HUD, except that the affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure. The participating jurisdiction may use purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure or deed in lieu of foreclosure to preserve affordability. The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the foreclosure, or deed in lieu of foreclosure, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the project or property.

NOTE: Please refer to the HOME Program Regulations (available from Nassau County OHIA upon request) for the following:

- ◆ Subsequent rents during the affordability period;
- ◆ Adjustment of HOME rent limits for a particular project;
- ◆ Tenant income;
- ◆ Over-income tenants;

- ◆ Fixed and floating HOME units.

Each Applicant should be aware of the market conditions of the area in which projects are located. A waiver of rents may be requested of OHIA and HUD.

Affordability Period - HOME-assisted rental units in a project must adhere to the rent and income limits described in Attachments A&B for the following terms:

Type of Activity	Average HOME funds per unit	Affordability Term
Rehabilitation	Under \$15,000	5 years
Rehabilitation	\$15,000 - \$40,000	10 years
Rehabilitation	Over \$40,000	15 years
New Construction	Any Amount	20 years

B. Single-Family Owner-Occupied Housing

HOME funds may be used for acquisition, rehabilitation and new construction of owner-occupied housing units. All HOME funds used for owner-occupied housing must benefit existing low-income homeowners whose household incomes are below 80% of the area median income. In addition:

- ◆ The assisted housing must be the owner's principal residence;
- ◆ The appraised value of the property after rehabilitation must be less than HUD's Section 203(b) mortgage limit for the type of single-family housing for the area; (Area maximum appraised values are available with the HOME Program Application.)
- ◆ If the house is sold within the recapture period HOME funds will be paid back to the Nassau County OHIA; and
- ◆ The recapture period is related to the level of funding on a per house basis.
- ◆ See chart below for the Affordability Period pertaining to single-family owner-occupied housing.

Homeownership Assistance HOME Amount Per-Unit	Minimum Period of Affordability in Years
Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000	15

- 1) Low HOME Rents are based on 30% of 50% of the area median income.
- 2) High HOME Rents are based on the lower of Section 8 Fair Market Rents or 30% of 65% of area median income.

V. NEW CONSTRUCTION

New construction projects are allowable. Rental new construction projects must meet HUD's Site and Neighborhood Standards in order to be eligible for funding consideration.

Nassau County OHIA will only consider new construction projects through the HOME Program if other public or private sources of funds are part of the submitted application. HOME funds cannot be the only source of financing. There must be a clearly documented need for new construction in the area.

VI. PROHIBITED ACTIVITIES

Activities **prohibited** under the HOME Program include:

- ◆ Public housing modernization, maintenance and operation, or new construction;
- ◆ Tenant subsidies for certain special purposes mandated under Section 8;
- ◆ Providing nonfederal matching funds for any other federal programs;
- ◆ Annual Contributions Contracts;
- ◆ Activities under the Low-Income Housing Preservation Acts of 1987 and 1990;
- ◆ Emergency and temporary housing;
- ◆ Funding operating deficit reserves or replacement reserves (Note: for new construction of substantial rehabilitation projects, the cost of funding an initial operating deficit reserve to meet any shortfall in project income during rent-up, which will be used to pay: operating expenses, replacement reserve payments, and debt service, may be an eligible expense in some circumstances);
- ◆ Providing assistance to properties receiving Rental Rehabilitation Program funds since the requirements of these programs are incomparable;
- ◆ Projects previously assisted with HOME funds; and
- ◆ Emergency repairs, if property is not brought up to housing code standards.

VII. OTHER REQUIREMENTS

A. Maximum Per-Unit Subsidies

To ensure that units developed with HOME funds are non-luxury, affordable housing units, HUD has established a maximum per-unit HOME subsidy on a market-by-market basis, adjusted for unit size, which will be updated and adjusted for inflation annually.

(See Attachment D for Area Maximum per-unit HOME subsidy limits.)

B. Subsidy Guidelines

In order to maximize leveraging of other funds, Nassau County OHIA has established guidelines for maximum assistance per unit, as follows

Affordability Threshold	Maximum Assistance Per Unit Guideline
For units priced affordable to individuals and families between 50% and 80% of Area Median Income	\$35,000
For units priced affordable to individuals and families below 50% of AMI	\$50,000

C. Property Standards

1. Housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion, except as provided in paragraph (2)(b) of this section. The participating jurisdiction must have written standards for rehabilitation that ensure that HOME-assisted housing is decent, safe, and sanitary. In the absence of a local code for new construction or rehabilitation. HOME-assisted new construction or rehabilitation must meet, as applicable: one of three model codes (Uniform Building Code (ICBO), National Building Code (BOCA), Standard Building Code (SBCCI); or the Council of American Building Officials (CABO) one or two family code; or the Minimum Property Standards (MPS) in 24 CFR 200.925 or 200.926. To avoid duplicative inspections when FHA financing is involved in a HOME-assisted property, a participating jurisdiction may rely on a Minimum Property Standards (MPS) inspection performed by a qualified person. Newly constructed housing must meet the current edition of the Model Energy Code published by the Council of American Building Officials. Plans and Specifications must be submitted to Nassau County OHIA so that Model Energy Code compliance can be certified. Other building standards must be documented to Nassau County OHIA by a letter from a licensed, qualified architect upon construction completion.

All other HOME-assisted housing must meet all applicable state and local housing quality standards and code requirements, and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR 982.401

The housing must meet the accessibility requirements in the regulations referenced in 24 CFR 5.105(a) which implement the Fair Housing Act and Section 504 of the Rehabilitation Act of 1973.

2. The following requirements apply to housing for homeownership that is to be rehabilitated after transfer of the ownership interest:
 - a. Before the transfer of the homeownership interest, the participating jurisdiction must:
 - (i) Inspect the housing for any defects that pose a danger to health; and
 - (ii) Notify the prospective purchaser of the work needed to cure the defects and the time by which defects must be cured and applicable property standards met.
 - b. The housing must be free from all noted health and safety defects before occupancy and not later than 6 months after the transfer.
 - c. The housing must meet the property standards in paragraph (C)(1) of this section not later than 2 years after transfer of the ownership interest.
3. An owner of rental housing assisted with HOME funds must maintain the housing in compliance with all applicable State and local housing quality standards and code requirements

and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR 982.401.

4. All housing occupied by tenants receiving HOME tenant-based rental assistance must meet the housing quality standards in 24 CFR 982.401.

D. Maximum Property Value

HOME Program regulations prohibit assisting a single-family residential dwelling with an appraised value in excess of HUD's Section 203(b) mortgage limit for the type of single-family housing for the area. In 2006, the Section 203(b) mortgage limits for single-family housing in Nassau County are as follows:

Nassau County 203 (b) Mortgage Limits				
One-Family	Two-Family	Three-Family	Four-Family	Last Revised
\$362,790	\$464,449	\$561,411	\$697,696	01/01/2006

E. Displacement, Relocation and Acquisition

Potential applicants must carefully consider how their rental proposal may be impacted by the Uniform Relocation Act ("URA") before applying for HOME funds or obtaining site control of a given property. In all cases in which a proposed rental development site is either partially or fully occupied, an Existing Tenant Profile form must be completed and submitted concurrently with the application. Failure to submit this information with the application may result in the proposal being determined ineligible. The effective date for relocation assistance will be the earlier of: the date of application for HOME funds, or the date the sponsor obtains site control. If not taken into account, relocation expenses could render an otherwise viable project infeasible.

Relocation benefits are triggered under the URA when a resident is displaced permanently or temporarily. Some examples of situations, which would be considered displacement, are:

- ◆ Involuntary Moves. If a tenant must move in response to a notice to vacate premises because of impending acquisition and rehabilitation, or demolition;
- ◆ Non-Renewal of Lease. If a move results from the owner's refusal to renew an expiring lease;
- ◆ Failure to Inform Tenant in Timely Manner of the impact of the project on him/her; and
- ◆ Economic Displacement caused by the changing rental structure of the proposed project.

Please note, this is not an exhaustive list of displacement situations.

Residential and business tenants of developments assisted with HOME funds who are required to move temporarily must be provided reimbursement for relocation to suitable, decent, safe and sanitary housing and given advance written notice of the date and duration of temporary relocation. Such temporarily relocated residents must be provided a reasonable opportunity to lease and occupy a suitable and affordable unit in the rehabilitated building upon completion of the project. URA requirements may be applicable in many instances when HOME funds are used. Participants must comply with Nassau County OHIA procedures and federal regulations regarding displacement and relocation of households affected by projects using HOME funds.

If any of the units in the proposed project site are occupied, or if you suspect for any reason that your project may be subject to the URA, **STOP AND CONTACT NASSAU COUNTY OHIA TO LEARN ABOUT RELOCATION BEFORE PROCEEDING.** If Nassau County OHIA discovers there are relocation issues after the submission of an application, the Nassau County OHIA reserves the right to disqualify the application and withdraw their funding commitment.

(For details see: the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (49 CFR Part 24), and the Fair Housing Act)

F. Other Requirements Applicable to HOME Program

Projects, which are funded with HOME funds, are subject to the following requirements in the applicable federal regulations:

1. Equal Opportunity and Fair Housing

No person will be denied the benefits of, or be subjected to discrimination under any program or activity funded by HOME on the grounds of race, color, national origin, religion, sex, age, family status, or handicap.

Opportunities for training and employment related to any project assisted with HOME funds should be given to low income persons in the local area, to the greatest extent possible.

Contracts for work performed in connection with HOME projects should be awarded to businesses located in the same metropolitan area as the project, to the greatest extent possible.

Contracts for the procurement of property and services awarded by recipients and subrecipients shall be awarded to minority business enterprises and women business enterprises to the greatest extent possible.

(For detailed requirements see: the Fair Housing Act and implementing regulations at 24 CFR part 100, Executive Order 11063 as amended-Equal Opportunity in Housing and implementing regulations at 24 CFR part 107, title VI of the Civil Rights Act of 1964 and implementing regulations at 24 CFR part 1, the Age Discrimination Act and implementing regulations at 24 CFR part 145, Rehabilitation Act and implementing regulations at 24 CFR part 8, Executive Order 11246-Equal Employment Opportunity and implementing regulations at 41 CFR Chapter 60. Section 3 of the Housing and Urban Development Act of 1968, Executive Order 11625-Minority Business Enterprise, and Executive Order 12138-Women Business Enterprise)

2. Affirmative Marketing

Participants must comply with affirmative marketing procedures and requirements for multifamily projects with 5 or more HOME-assisted housing units. Nassau County OHIA will evaluate proposals involving single-family projects with 5 or more HOME-assisted units to determine whether affirmative marketing efforts are appropriate. Such efforts include procedures to be used by owners to inform and solicit applications from persons in the housing market area not likely to apply for housing without special outreach. An Affirmative Marketing Plan must be submitted to and approved by Nassau County OHIA before any tenants sign a lease. (Part of this rental housing application packet)

3. Environmental Review

Participants must comply with HUD's policies regarding the responsibility of conducting environmental reviews on proposed development sites. (Site and neighborhood standards apply to new construction rental housing only). **An environmental review must be completed before a Notice to Proceed will be issued from MCCD.**

(For details see: the National Environmental Policy Act and the regulations found in 24 CFR Part 50 and 24 CFR Part 58)

4. Labor

Any contract for rehabilitation or new construction of twelve (12) or more HOME assisted units must require the contractor to pay federal prevailing wage rates. For details see: the Davis-Bacon Act, the Contract Work Hours and Safety Standards Act, and the Federal Labor Standards Compliance in Housing.

5. Section 3

All contracts for rehabilitation and/or new construction must abide by the requirements of Section 3, which requires that efforts be extended to hire low-income persons and businesses located in the project area to work on the project.

6. Lead-based Paint

Any housing which has been assisted in whole or in part with HOME funds must comply with the requirements of the Lead-Based Paint Poisoning Prevention Act and the regulations found in 24 CFR Part 35 and to Title X regulations

7. Debarment and Suspension

All contractors used in connection with HOME-funded projects must be certified to not be presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excused from participation from any federally assisted construction projects.

(For details see: 24 CFR Part 24 Appendix B, Executive Order 12549)

8. Flood Insurance

HOME funds may not be used for acquisition, new construction, or rehabilitation of a project located in an area identified by Federal Emergency Management Agency as having special flood hazards unless the community in which the project is to be located participates in the National Flood Insurance Program or other flood insurance of similar coverage is obtained.

(For details see: the Flood and Disaster Protection Act of 1973 and the regulations found at 44 CFR Parts 59 through 79.)

VIII. RECORD KEEPING

Each sponsor of a HOME-assisted project will be required to maintain certain records, which will be subject to annual review, by the Nassau County OHIA staff upon reasonable notice. The types of records include, but are not limited to:

- A. Records and Nassau County OHIA-approved certifications which evidence compliance with income targeting requirements and rent levels throughout the applicable period of affordability;
- B. Records and Nassau County OHIA-approved certifications, which demonstrate that HOME-financed units meet the applicable property standards;
- C. For rental projects, Nassau County OHIA-approved leases, and low income tenant certifications as well as affirmative marketing and tenant-selection plans;
- D. For homeownership proposals, records and Nassau County OHIA-approved certifications which evidence the compliance with income eligibility provisions and the appraised value of the property after rehabilitation, or the initial purchase price, as applicable;
- E. Records which indicate whether the project is mixed-income, mixed-use or both and that the project complies with the eligibility provisions for mixed-income and mixed-use projects;
- F. Documentation of actions undertaken to meet the equal opportunity and fair housing regulations;
- G. Records indicating compliance with the affirmative marketing procedures and approval of the Affirmative Marketing Plan by Nassau County OHIA.
- H. Records which indicate compliance with the Uniform Relocation Act and the relocation procedures prescribed by Nassau County OHIA. This includes project occupancy lists identifying the name and address of all persons occupying the real property on the date the application was submitted of the applicant had site control and the application is later approved, or the date the Nassau County OHIA approved the site, if the applicant did not have site control at the time of application, and the name and address of all persons occupying the property upon project completion;
- I. Records and Nassau County OHIA-approved certifications indicating compliance with the Davis-Bacon Act including contract provisions and payroll records;
- J. Records and Nassau County OHIA-approved certifications concerning compliance with Section 3;
- K. Records and Nassau County OHIA-approved certifications concerning lead-based paint testing and abatement activities;
- L. Records of certifications concerning debarment and suspension;
- M. Records and certifications demonstrating compliance with flood insurance requirements; and
- N. Records and certifications listing Nassau County OHIA as additional insured on all official insurance documents.

IX. MATCHING FUNDS REQUIREMENTS

Affordable housing developments assisted with HOME funds must include a nonfederal matching source of financing.

A. Match Amounts for HOME Funds

The required "match" contribution is a flat 25% of HOME funds requested for all types of activities. The

following table presents examples of the required matching funds contribution based on several different levels of HOME financing.

Amount of HOME Funds Invested	Amount of Match Contribution
\$10,000	\$2,500
\$350,000	\$87,500
\$500,000	\$125,000

Matching funds must be used for HOME-assisted projects. Requirements are calculated on a project-by-project basis. Nassau County OHIA will give a priority to proposals, which exceed the required source of nonfederal match, all other things being equal.

B. Sources

As a general rule of thumb, permanent, non-federal sources of funds, that are non-refundable contributions from State or local government, or private sources, will be eligible to qualify as a matching contribution. The following table provides many examples of acceptable and unacceptable sources of matching funds.

ACCEPTABLE SOURCES OF MATCH	UNACCEPTABLE SOURCES- OF MATCH
<ul style="list-style-type: none"> -Local or State general revenues -Housing trust funds -Foundations, donations -Value of waived taxes, fees, or charges -Appraisal value of land or real property not acquired with federal funds -Difference between appraised value and acquisition cost, if property is acquired with Federal funds -Grant equivalent of below market interest rate loans to the project -The cost of investments, not made with federal resources, in on-and off-site infrastructure that is directly required for the affordable housing assisted with HOME funds Federal Home Loan Bank grants -Value of donated materials or labor -Sweat equity -Non-federally funded supportive services 	<ul style="list-style-type: none"> -All federal funds, including: CDBG funds, Rental Rehabilitation Program, Homeless housing programs, Weatherization, etc. -Value attributable to federal tax credits -The interest rate subsidy attributable to the federal tax-exemption on financing -Expenditures on program administration

All applications for HOME funds should include anticipated sources of nonfederal matching funds.

X. COMMUNITY HOUSING DEVELOPMENT ORGANIZATIONS

A Community Housing Development Organization ("CHDO") is a nonprofit organization that meets special HUD-established criteria under the HOME Program.

A. Funding

1. **CHDO Set-Aside.** Nassau County OHIA will reserve at least 15% of Nassau County

OHIA's total HOME Program allocation each year for housing to be developed, sponsored or owned by CHDOs. These funds will be distributed on a competitive basis according to the priorities stated herein. More funds may be made available to CHDOs depending on competition and assessed need once eligible CHDOs have been identified.

2. **Predevelopment Loans Set-Aside.** Up to 10% of the CHDO set-aside may be made available for project-specific site control or seed money loans.

B. Definition

In order to qualify as a CHDO under the HOME Program, a nonprofit must meet the following requirements:

1. Is organized under State or local laws;
2. Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;
3. Is neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization. A community housing development organization (CHDO) may be sponsored or created by a for-profit entity, but:
 - a. The for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, developer, or real estate management firm;
 - b. The for-profit entity may not have the right to appoint more than one-third of the membership of the organization's governing body. Board members appointed by the for-profit entity may not appoint the remaining two-thirds of the board members; and
 - c. The community housing development organization (CHDO) must be free to contract for goods and services from vendors of its own choosing;
4. Has a tax exemption ruling from the Internal Revenue Service under section 501(c)(3) or (4) of the Internal Revenue Code of 1986;
5. Does not include a public body (including the participating jurisdiction). An organization that is State or locally chartered may qualify as a community housing development organization. However, the State or local government may not have the right to appoint more than one-third of the membership of the organization's governing body and no more than one-third of the board members may be public officials or employees of the participating jurisdiction or State recipient. Board members appointed by the State or local government may not appoint the remaining two-thirds of the board members;
6. Has standards of financial accountability that conform to 24 CFR 84.21, Standards for Financial Management Systems;
7. Has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons, as evidenced in its charter, articles of incorporation, resolutions or by-laws;
8. Maintains accountability to low-income community residents by:
 - a. Maintaining at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected

representative of low-income neighborhood organizations. For urban areas, a community may be a neighborhood or neighborhoods, city, county or metropolitan area; for rural areas, it may be a neighborhood or neighborhoods, town, village, county, or multi-county area (but not the entire State); and

- b. Providing a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, siting, development, and management of affordable housing;
9. Has a demonstrated capacity for carrying out activities assisted with HOME funds. An organization may satisfy this requirement by hiring experienced key staff members who have successfully completed similar projects, or a consultant with the same type of experience and a plan to train appropriate key staff members of the organization; and
 10. Has a history of serving the community within which housing to be assisted with HOME funds is to be located. In general, an organization must be able to show one year of serving the community before HOME funds are reserved for the organization. However, a newly created organization formed by local churches, service organizations or neighborhood organizations may meet this requirement by demonstrating that its parent organization has at least a year of serving the community.

C. CHDO Eligible Activities

Only the following activities qualify towards the 15% CHDO set-aside:

1. Acquisition and/or rehabilitation of existing rental housing,
2. New construction of rental housing or single family homes, and
3. Acquisition and rehabilitation of existing housing for sale to homebuyers.

D. Location of Projects

CHDO's are eligible to apply for projects located in all parts of Nassau County.

**Attachment A
Yearly Income Limits**

FY 2006 Median Family Income for Nassau & Suffolk Counties = \$91,000

	1-Person Household	2-Person Household	3-Person Household	4-Person Household	5-Person Household	6-Person Household	7-Person Household	8-Person Household
80% Limit	\$51,000	\$58,200	\$65,500	\$72,800	\$78,600	\$84,400	\$90,300	\$96,100
65% Limit	\$41,400	\$47,300	\$53,200	\$59,200	\$63,900	\$68,600	\$73,300	\$78,100
60% Limit	\$38,200	\$43,700	\$49,100	\$54,600	\$59,000	\$63,300	\$67,700	\$72,100
50% Limit	\$31,900	\$36,400	\$41,000	\$45,500	\$49,100	\$52,800	\$56,400	\$60,100

Source: www.hud.gov/offices/cpd/affordablehousing/programs/home/limits/income/2006/uncapped06.xls

Attachment B
Rent Limits

February 2006 HUD HOME Program Rent Limits

	Efficiency/ Studio	1 BedRm	2 BedRms	3 BedRms	4 BedRms	5 Bedrms	6 BedRms
Low HOME Rent Limit	\$620	\$664	\$797	\$921	\$1,027	\$1,134	\$1,240
High HOME Rent Limit	\$786	\$844	\$1,016	\$1,165	\$1,280	\$1,393	\$1,508
Fair Market Rent of MSA	\$940	\$1,003	\$1,133	\$1,406	\$1,556	\$1,789	\$2,023

Source: www.hud.gov/utilities/intercept.cfm?/offices/cpd/affordablehousing/programs/home/limits/rent/2006/newyork.pdf

Attachment C
Utility Allowances

Please contact the Nassau County Office of Housing & Intergovernmental Affairs for the latest information on Allowances for Tenant-Furnished Utilities and Other Services.

HOME RENTAL HOUSING RENT DETERMINATION CHART 2 UTILITY ALLOWANCE

Allowances for Tenant-Furnished Utilities and Other Services

**U.S. Department of Housing
and Urban Development**
Office of Public and Indian Housing

OMB Approval No. 2577-0169 (exp. 8/31/99)

Public reporting burden for this collection of information is estimated to average 3 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0169), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3500. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

Locality:	Unit Type:	Date:
-----------	------------	-------

Utility or Service	Monthly Dollar Allowances					
	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating a. Natural Gas						
b. Bottle Gas						
c. Oil Electric						
Air Conditioning						
Cooking a. Natural Gas						
b. Electric						
c. Bottle Gas						
Water Heating a. Natural Gas						
b. Electric						
c. Bottle Gas						
d. Oil						
Refrigerator						
Water						
Sewer						
Trash Collection						
Other -- specify: (electric lighting, etc.)						

<p>Actual family Allowances To be used by the family to compute allowance. Complete below for the actual unit rented.</p> <p>Name of Family: _____</p> <p>Address of Unit: _____</p> <p>Number of Bedrooms: _____</p>	Utility or Service	per month cost
	Heating	\$
	Air Conditioning	
	Cooking	
	Water Heating	
	Refrigerator	
	Water	
	Sewer	
	Trash Collection	
	Other	
	Total	\$

form HUD-52667 (3/90)
ref. Handbooks 7420.7, 8, & 7475.1

**Attachment D
Subsidy Limits**

**Maximum Statutory Mortgage Limits – 240% Maximum Limits
Section 221 (d)(3) Limits for Nassau County, New York**

Effective January 1, 2006

# of Bedrooms	Non-Elevator Building	Elevator Building
0-Bed Rooms	\$ 109,217	\$114,936
1-Bed Rooms	\$125,928	\$131,753
2-Bed Rooms	\$151,870	\$160,212
3-Bed Rooms	\$194,395	\$207,259
4+-Bed Rooms	\$216,564	\$227,508

Source: <http://www.hud.gov/local/ny/working/localpo/mfhsg.cfm>