

**NASSAU COUNTY
OFFICE OF HOUSING & COMMUNITY DEVELOPMENT**

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 the Nassau County Office of Housing and Community Development ("NC OHCD"). It 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 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 whenever 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 James Nemley of the Nassau County Office of Housing and Community Development at (516) 572-1915. This program guide includes a summary of the HOME Program regulations but is not to be considered the actual HOME Program regulations themselves.

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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 government's flexibility to decide what kind of housing assistance, or mix of housing assistance, is most appropriate to meet their 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, which leverage HOME funds with other funds, are strongly encouraged and will be given priority.

II. ELIGIBLE APPLICANTS

Nassau County Office of Housing and Community Development 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 the Nassau County Office of Housing and Community Development (NC OHCD). Applications are accepted throughout the year.

A. Review Process

When the program sponsor submits an application to Nassau County OHCD, the staff reviews the request to determine its feasibility. Feasibility will be determined in accordance with the HOME regulations and Nassau County OHCD's review and ranking criteria and policies. Upon receipt of a complete application, the Nassau County OHCD staff will notify the sponsor of the time and date when its proposal will be presented to the Grants Committee.

NC OHCD staff will bring all complete applications to its Grants Committee for consideration. Upon

approval by the NC OHCD, a Conditional Commitment Letter will be sent to the sponsor. 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 COMMITMENT of all other funding sources. A secondary condition is a satisfactory environmental review. Nassau County may not issue a final commitment of funds, and a project may not begin, until the environmental review has been completed and a release of funds (if necessary) has been issued by HUD.

Once all other funding has been secured, and other conditions listed in the Conditional Commitment letter have been satisfied, approval commitment letter will be issued. Upon receipt of a signed HOME Funding Agreement and other required documents, the Agreement will be routed for final County approval and execution. A closing can then take place when all legal documents between the sponsor and Nassau County OHCD will be executed. The legal documents that pertain to HOME projects include some or all of the following: HOME Funding Agreement, 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. All disbursements will be subject to a project disbursement schedule to be determined on a project specific basis.

B. Underwriting Criteria

In evaluating applications for funding, Nassau County Office of Housing and Community Development will underwrite each project to ensure that the project is financially sustainable over its affordability period. The underwriting review evaluates cost reasonableness, market demand, developer capacity, and the commitment of other funding sources. NC OHCD will evaluate proposals in accordance with the adopted Underwriting Policies and Procedures which include the following:

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 NC OHCD 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. NC OHCD will look at the experience and success of the development team, including the past performance of the applicant in completing housing activities in addition to the financial status of the organization as demonstrated by financial statements. 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 which are ready to proceed at the time the application is submitted. Sponsors' ability to meet the time frames established by NC OHCD 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. HOME projects must be completed within three years of commitment of funds.

3. Projected Impact of the Program including the following elements:
 - a. **Relocation costs** — Projects which 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, which include commitments for services 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** — NC OHCD 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 that leverage HOME funds with private financing are strongly preferred. NC OHCD 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** — NC OHCD typically only **loans** program funds. Loan terms are negotiated with the applicant. Special financing is available to non-profits.
 - 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** — NC OHCD's collateral and mortgage position must be clearly identified in the application. NC OHCD reserves the right to deny the award of funding if it deems collateral or mortgage position to be unsatisfactory.

- f. **Other financing considerations** — in reviewing funding proposals, NC OHCD will consider 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. **Terms of Loans** — All rental loans will bear at least a provision for “interest only” payment requirement. The minimum interest rate on HOME loans shall be 2%. Nassau County reserves the right to adjust the interest rate.
 - h. Certain loans shall be structured as self-amortizing loans, either from the outset or after an interest only period, should the development demonstrate sufficient income stream to support principal and interest payments
5. Locational Factors include the following elements:
- a. **Community support of the proposal** — Sponsors are expected to provide at least *two* letters of support for the development. One letter should come from the mayor or town supervisor in which the development is located.
 - b. **Documented market demand** — The HOME funding application should substantiate the market demand for the proposed housing in the community. Applications should include the results of any site and market studies conducted and should substantiate consistency with the Consolidated Plan (a copy of the plan is available for public viewing at the NC OHCD office and on NC OHCD’s website).
6. Physical Characteristics of the housing units include the following elements:
- a. **Accessibility/Adaptability** — 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 are 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. To qualify as a CHDO, a nonprofit must have paid staff whose experience qualifies them to undertake CHDO set-aside activities.

The County HOME Program Committee will make the final determination as to the funding of each proposal.

C. Reservation/Commitment of Funds

1. Proposed HOME Award

After all identified issues with a proposed project have been resolved to the satisfaction of NC OHCD, and the project is deemed eligible and fundable, the proposal will be reviewed by the NC OHCD HOME Committee. The Committee will review the proposal against the County's priorities (see Attachment D) and assign it a priority level. Projects that rank high enough to be funded will be issued an award letter. The letter proposes the amount and terms of the County's HOME award. Upon acceptance of the proposed terms by the applicant, NC OHCD will issue a HOME Funding Agreement.

2. Commitment Fee & Administrative Service Charge

Funding contracts are generally subject to a Nassau County Administrative Service Charge of \$533 and a HOME Commitment Fee equal to 2% of the amount of the HOME award. The Administrative Service Charge is to offset the cost of processing the contract. The Commitment Fee is to offset the cost of conducting project related costs such as environmental reviews and on-going performance monitoring to ensure the long-term affordability of each project.

Two checks, covering the Commitment Fee and Administrative Service Charge must accompany the return of a signed HOME Funding Agreement. No Agreement will be routed for final County approval without the required payments.

3. Final Commitment of HOME Funds

The commitment of HOME funds shall not be considered official, for purposes of complying with HUD requirements, until the HOME Funding Agreement is signed by the Nassau County Executive or his designee and the document is affixed with the County seal.

IV. TYPES OF HOME PROGRAM ACTIVITIES

Uses of HOME Funds - HOME funds may be used for acquisition, rehabilitation, and new construction of single or multi-family 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 related 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 either low- or very low-income families and must meet the following requirements to qualify as affordable housing. HOME-assisted rental units must be occupied by income-eligible households within 18 months of project completion. 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.
 - c. **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.

- d. **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.
- e. **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 NC OHCD 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 NC OHCD 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 single-family owner-occupied housing units. All HOME funds used for owner-occupied housing must benefit existing 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 NC OHCD;
 - A homebuyer unit must have a ratified sales contract within nine months of construction completion.
 - 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

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.

NC OHCD 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 or 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 incompatible;
- Projects previously assisted with HOME funds; and
- Emergency repairs, if property is not brought up to code standards.

VII. OTHER REQUIREMENTS

A. 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 (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 NC OHCD so that Model Energy Code compliance can be certified. Other building standards must be documented to NC OHCD by a letter from a licensed, qualified architect upon construction completion.
 - a. 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
 - b. 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 (a)(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.

B. 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 (\$354,000).

C. 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 NC OHCD 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 OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT TO LEARN ABOUT RELOCATION BEFORE PROCEEDING.** If NC OHCD discovers there are relocation issues after the submission of an application, the NC OHCD 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)

D. One-For-One Replacement

NC OHCD will require all sponsors to replace all occupied and vacant occupiable low-and very low-income dwelling units demolished or converted to a use other than low and very low-income housing as a direct result of activities assisted with HOME funds. For example, a development, which currently contains 50 low-income units and will be converted to fewer than 50 low-income units, would be subject to this one-for-one replacement rule. All replacement housing must be provided by the sponsor within three years of the commencement of demolition or rehabilitation relating to the proposed project. **CONTACT NASSAU COUNTY OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT TO LEARN ABOUT ONE FOR ONE REPLACEMENT BEFORE PROCEEDING.**

E. Other Requirements Applicable to the 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, handicap, or source of income.

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 07, 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. NC OHCD 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 for approval by NC OHCD before any tenant signs a lease. (Part of this rental housing application packet.) Applicants are encouraged to utilize form HUD 935.2A or form HUD-935.2B Affirmative Fair Housing Marketing plan (AFHMP) for Multifamily and Single Family Housing respectively for this purpose. Continuing compliance with the Affirmative Marketing Plan will be monitored by NC OHCD during the life of the affordability period.

3. Tenant Selection and Participant Selection

HOME-assisted rental projects of any size must submit a copy of the project's tenant selection procedures and requirements for NC OHCD review and approval.

NC OHCD's will evaluate proposals involving homebuyer, and single-family owner-occupied rehabilitation programs to determine when a formal affirmative marketing plan and participant

selection procedures and requirements are necessary. (Part of this rental housing application packet)

4. 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 NCOHCD.**

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

5. 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 and Community Development Programs)

6. Section 3

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

7. 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

8. 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)

9. 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 NC OHCD staff upon reasonable notice. The types of records include, but are not limited to:

- 1) Records and NC OHCD -approved certifications which evidence compliance with income targeting requirements and rent levels throughout the applicable period of affordability;
- 2) Records and NC OHCD -approved certifications, which demonstrate that HOME-financed units meet the applicable property standards;
- 3) For rental projects, NC OHCD -approved leases, and low income tenant certifications as well as affirmative marketing and tenant-selection plans;
- 4) For homeownership proposals, records and NC OHCD - 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;
- 5) 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;
- 6) Data on the extent to which each racial and ethnic group and single-headed households (by gender of household head) have applied for, participated in, or benefited from, any program funded in whole or in part with HOME funds;
- 7) Documentation of actions undertaken to meet the equal opportunity and fair housing regulations;
- 8) Documentation of a project sponsor's outreach to minority-owned and female-owned businesses including data indicating the racial/ethnic or gender character of each business entity receiving a contract or subcontract of \$25,000 or more paid, or to be paid, with HOME funds, the amount of the contract or subcontract, and documentation of the sponsor's affirmative steps to assure that minority business and women's business enterprises have an equal opportunity to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction and services;
- 9) Records indicating compliance with the affirmative marketing procedures and approval of the Affirmative Marketing Plan by NC OHCD.
- 10) Records which indicate compliance with the Uniform Relocation Act and the relocation procedures prescribed by NC OHCD. 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 NC OHCD 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;

- 11) Records and NC OHCD -approved certifications indicating compliance with the Davis-Bacon Act including contract provisions and payroll records;
- 12) Records and NC OHCD -approved certifications concerning compliance with Section 3;
- 13) Records and NC OHCD -approved certifications concerning lead-based paint testing and abatement activities;
- 14) Records of certifications concerning debarment and suspension;
- 15) Records and certifications demonstrating compliance with flood insurance requirements; and
- 16) Records and certifications listing NC OHCD as additional insured on all official insurance documents.

IX. 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** – NC OHCD will reserve at least 15% of its 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. The HOME Final Rule approved in July 2013 requires that CHDOs that receive CHDO set-aside funds to develop HOME-assisted housing must demonstrate development capacity through paid staff with development experience.; 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 the Nassau Urban County Consortium. CHDO's are encouraged to confirm with NC OHCD that the location of the proposed project is within the consortium prior to preparing a funding application.

Attachment A

**HOME ASSISTED PROJECT
INCOME LIMITS**

EFFECTIVE DATE: MARCH 25, 2015

Income Level	Household Size					
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
50% of Median (Very Low Income)	\$38,150	\$43,600	\$49,050	\$54,500	\$58,900	\$63,250
60% of Median	\$45,780	\$52,320	\$58,860	\$65,400	\$70,680	\$75,900
80% of Median (Low Income)	\$55,800	\$63,750	\$71,700	\$79,650	\$86,050	\$92,400

Attachment B

**HOME ASSISTED RENTAL HOUSING
RENT LIMITS**

Effective: March 2015

Rent Limits¹	Unit Size					
	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom
Low HOME Rent ²	\$953	\$1,021	\$1,226	\$1,417	\$1,581	\$1,744
High HOME Rent	\$1,100	\$1,250	\$1,502	\$1,727	\$1,906	\$2,085

¹ These are the rents which are determined by comparing fair market rents with 50% and 65% rent limits provided by HUD. Please Note: These rents include utilities, and must be reduced if the tenant pays utilities. Utility allowances must be approved by the NC OHCD.

² The Low HOME Rent applies to a minimum of 20% of the units in projects with five or more HOME-assisted units.

Attachment C

HOME ASSISTED RENTAL HOUSING

Utility Allowances

These figures differ based on Community and type of housing. For those rental projects that propose to charge utility costs to the tenant, please contact NC OHCD to obtain the current allowances prior to establishing rents and finalizing your operating pro forma.

Attachment D

Nassau County Priorities

Selection Criteria: All applications will be screened by OCD staff for completeness and compliance with applicable regulations.

The County will review all projects to ensure consistency with:

- HUD HOME Program regulations and objectives;
- Nassau County's Consolidated Plan;
- Nassau County's Fair Housing Initiative to overcoming impediments to fair housing choice by providing housing opportunities for all protected class;
- The recommendations identified in Nassau County's 10 Year Plan to End Chronic Homelessness

County Funding Priorities

Nassau County will give priority in awarding HOME funds to those applications that demonstrate the following:

Program Benefit

- Projects that preserve affordability and create a variety of housing opportunities for Nassau County residents;
- Leveraging of other public and private funding and the level of commitment of the other funding;
- Number of housing units that will be handicapped-accessible at the completion of the proposed project;
- Number and location of new housing units created or preserved by the proposed project — developments that result in affordable housing in high opportunity areas will be given special consideration for funding;
- Compliance with Nassau County's homebuyer income eligibility guidelines;
- Degree of low-income benefit that will be derived from the proposed project.

Selection Criteria: All applications will be screened by OCD staff for completeness and compliance with applicable regulations.

The County will review all projects to ensure consistency with:

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- Compliance with Nassau County's homebuyer income eligibility guidelines.
- Degree of low-income benefit that will be derived from the proposed project.

Project Design:

- Proximity of project to Long Island Rail Road stations and/or Long Island Bus stops.
- Proximity of project to defined “downtown” and/or local Central Business District.
- Inclusion of green rehabilitation or green development standards including meeting national standards such as LEED or Energy Star.
- Project design that incorporates national standards for “Healthy Homes”.
- Architectural design that is attractive throughout and consistent in style with the surrounding community.

Community Outreach and Support:

- Consistency with local visioning and other neighborhood development plans;
- Evidence of required local municipal approvals
- Evidence of outreach, involvement and cooperative intent with residents or organizations representative of the residents within the target neighborhood(s).
- Proposals that include a well designed and implemented fair housing marketing plan for initial and ongoing occupancy.

Organizational Capacity:

- Proven experience in developing housing and organizational capacity to undertake proposed development.
- Financial capacity to complete the proposed project including existing funding commitments.
- Readiness to proceed, including evidence of site control.
- Experience with the HOME Program and/or other public housing grant programs.
- Applications that are thorough and demonstrate the ability to complete the project within 24-months of award.