New York State Housing Trust Fund Corporation (HTFC)
Office of Community Renewal (OCR)

New York State

HOME Local Program

FY 2014-2015

Homebuyer Assistance Workshop

Andrew M. Cuomo, Governor, NYS
Jamie Rubin, Commissioner/CEO, NYS HCR
Christian Leo, President, OCR

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Agenda

- Welcome & Introductions
- Facilities - Presentation & Recording Info
- General Administrative Requirements
- Project Requirements
- 20 Minute Break
- Project Requirements
- Financial Management Requirements
- Q & A Session

Welcome and Introductions
Thank you for taking the time to participate!

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NYS Homes and Community Renewal website:

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Contract Execution Timeline

- **Now:**
  - Resolutions accepting HOME Local Award and authorizing LPA to execute contract with HTFC

- **By April 20th**
  - Contracts, checklist of required documents mailed to LPA's
  - Certification packets mailed to CHDO's

- **By May 20th**
  - All contracts, required documentation returned to HTFC

- **By June 20th**
  - All contracts executed by HTFC and mailed back to LPA's

- **By June 30th**
  - Authority to use grant funds issued

Ann's Comments

- New Rules
- New Staff
- Don't be Afraid to Ask
- Technical Assistance
- Fall Training Sessions
- Plain English
- This is a Partnership
- We want you to succeed!

NYS Homes and Community Renewal website:

www.nyshcr.org

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Homebuyer Assistance

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Homebuyer Assistance

- FY 2014 & 2015 HOME funds awarded:

  - 18 Homebuyer Assistance Programs
  - 3 are CHDO development Projects
  - Total of 195 units

General Program Administrative Requirements

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Program Schedule

2 years = 8 Quarters
Example below is a $200K award for 10 units @ $20k each

Period	Estimate # of applicants qualified for assistance	Estimate # of units in purchase process	Estimate # of units completed in IDIS	Estimate total HOME expenditures
Quarter 1	3			
Quarter 2	3			
Quarter 3	2	2	1	$20,000
Quarter 4	2	2	1	$20,000
Quarter 5		2	2	$40,000
Quarter 6		2	2	$40,000
Quarter 7		1	2	$40,000
Quarter 8		1	2	$40,000
TOTALS	10	10	10	$400,000

Quarterly Report

- LPA's will be required to submit a quarterly report on status of program activities.
- Quarterly report forms will be e-mailed to the LPA at contract execution.
- The information submitted will assist Program Managers to determine if an LPA is at risk of not completing the program according to the contract and schedule.

Budget Policy

- The policy defines eligible costs that can be charged by LPA's, based on HOME eligible activities.

- If the budget submitted in the application is not in compliance with the policy, it will have to be adjusted to be in compliance with the policy prior to contract execution. Please contact your Program Manager for assistance.

Eligible Administrative and LPA Staff Cost of Project Delivery

- LPA: up to 5% of total award for administrative purposes.
- LPA: up to 13% of the total award for LPA staff costs of project delivery.
- CHDO: up to 18% of total award as a developer fee after unit is sold to a HOME eligible buyer.
- Consultants hired to **administer** the program on behalf of an LPA may only be paid from administrative funds.

Budget Categories

- Project Costs
- Project Soft Costs
- Staff Costs of Project Delivery
- Administrative Costs

Eligible Project Costs

- Acquisition of land and existing structures (purchase assistance to include down payment and/or closing costs).
- Construction materials and labor (purchase assistance with HOME funds for housing rehabilitation)
- Demolition
- Securing buildings
- Site preparation and improvements

Eligible Project Soft Costs

- Affirmative Marketing and marketing costs
- Appraisals
- Architectural/engineering fees to include specifications and job progress inspections
- Builders or developers fees
- Credit reports
- Environmental inspection/review
- Environmental investigations
- Financing fees
- Homebuyer counseling provided to purchasers of HOME assisted housing
- Legal and accounting fees
- Recordation fees, transaction taxes
- Relocation costs
- Surety fees
- Title binders and insurance

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Eligible Staff Costs of Project Delivery

- Applicant intake/eligibility review
- Homebuyer/contractor agreement execution
- Housing rehab/new construction job progress inspections
- Preparation of cost estimate
- Preparation of scope of work and specifications
- Preparing for procurement and bidding process
- Real estate closing/loan processing coordination
- Subsidy layering/underwriting review

Staff Costs of Project Delivery

- Must be tied to a specific unit address
- Subject to maximum per unit assistance limits
- In order to invoice, need to keep timesheets allocating staff time to specific unit addresses
- Must provide documentation of time sheets when requesting payment

Eligible Administrative Costs

- Advisory Service for Relocation
- Communication (postage, phone, website)
- Consultant fees for administration
- General management/oversight/coordination
- Homebuyer counseling (for non-HOME assisted units)
- Office insurance/utilities
- Office supplies
- Project Audit/CPA services
- Purchase/rental of equipment
- Staff Fringe
- Staff Salaries/wages
- Travel

Affirmative Marketing Plan

- Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familial status or disability.

- New in 2013 HOME Final Rule, each HOME funded program must have and follow an affirmative marketing plan consistent with the HOME regulations at 24 CFR 02.351.

What must LPA's include in the Plan?

- Identification of those persons across the protected classes that are expected to be "least likely to apply."

- Description of how the LPA will inform potential participants about fair housing and affirmative marketing policies.

What must LPA's include in the Plan?

- Description of procedures or activities used to inform and solicit applications from those "least likely to apply" without special outreach.
- Delineation of the records that will be kept to document the affirmative efforts.
- Description of how the LPA will assess the results of the affirmative actions and make corrective actions if necessary.

If the LPA targets a Special Needs Population, the plan should describe:

- How the program will be marketed across all protected classes within the special need preference.

- If the program targets persons with disabilities, how the program will be marketed to all disabilities (however, advertisements can identify the specific services available based on the targeted disability).

Written Agreements and Legal Documents

- All households receiving assistance must execute a written agreement for HOME program assistance with the LPA that is consistent with HOME requirements at 92.504(b)(5).
- The written agreement with the homebuyer must document the recapture (note and mortgage) or resale (restrictive covenant) provisions.
- The template for this agreement must be approved by HCR/HTFC at contract execution.
- <u>This agreement must be executed with the homebuyer prior to setting up the unit in IDIS.</u>

Written Agreements and Legal Documents

- In most cases, LPA's will secure HOME funds by using the recapture method and will file a lien (note and mortgage) on the property.

- The lien is between the HTFC and the Homebuyer. The LPA is executing (signing) on behalf of HTFC.

- LPA's must use the HTFC provided note and mortgage template, no other forms will be accepted. The template will be made available to LPA's at contract execution.

Written Agreements and Legal Documents

The recapture requirements are self-enforcing through the recorded HTFC note and mortgage; however, LPAs are required to annually verify that the unit meets:

- Principal residency: homebuyer must live in home as principal resident throughout the period of affordability (POA).

- Homeowners' Insurance requirements: HTFC must be listed on the homeowners insurance policy as "additional Insured" throughout the POA).

Written Agreements and Legal Documents

Resale Method Option

- What is the difference between a Note and Mortgage and a Restrictive Covenant?

CHDO Housing Development:

- If the HOME assistance is a development subsidy, the HOME assistance must be secured with the HTFC restrictive covenant.

- The covenant does not require the repayment of HOME funds; rather, it restricts the sale of the home during the POA to another HOME eligible buyer.

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Written Agreements and Legal Documents

- There may be situations where either instrument could be used to more appropriately assist the homebuyer.
- The decision for either option must be for the entire awarded program and in compliance with NYS HOME Local Program Homebuyer Recapture/Resale Guidelines, available on the HCR HOME Program website.
- See handout, required updates by HUD approved February 2016.

Written Agreements and Legal Documents

- The Period of Affordability (POA) is based on the amount of HOME funds invested in the unit as follows:
  - less than $15,000 = 5 years
  - between $15,000 and $40,000 = 10 years
  - $40,000 and over = 15 years

Written Agreements and Legal Documents

- The LPA must record the note and mortgage or restrictive covenant and have the original document returned to the HTFC at the following address:

Housing Trust Fund Corporation (HTFC)
Office of Community Renewal
NYS HOME Local Program
Hampton Plaza 4th Floor South
38-40 State Street
Albany, New York 12207

Written Agreements and Legal Documents

- The HTFC will provide LPA's with an affidavit of exemption at contract execution that will exempt State filing fees for recording the note and mortgage or restrictive covenant.

- For the note and mortgage, the lien is at zero percent interest and the principal balance is reduced annually on the date closed in IDIS.

- Each year during the POA, on the anniversary date of when the unit was closed in IDIS, the principal balance will be reduced by 1/5th, 1/10th or 1/15th as based on the number of years of the POA.

Written Agreements and Legal Documents

- No repayment is required if the homebuyer remains as principal resident throughout the POA. At completion of the POA, homebuyers should contact LPA to request satisfaction of the lien.

- The LPA must request the satisfaction document from the HTFC. Homebuyers will be sent the satisfaction and are required to publicly record the document at their own expense.

- If the home is sold or the owner no longer resides as principal resident, the pro-rated portion of the lien must be repaid to the HTFC per the NYS HOME Local Program Homebuyer Recapture/Resale Guidelines available on the HCR HOME Program website and see handout.

Written Agreements and Legal Documents

- For the restrictive covenant, the document requires no re-repayment of HOME funds; rather it requires that the home must be sold to another HOME eligible buyer during the POA.

- The LPA must assist the owner to qualify a new purchaser as HOME eligible. Funds can't be re-paid to remove this restriction.

- The note and mortgage or restrictive covenant must be prepared by the LPA and must be executed and recorded at the closing/sale of the unit to the HOME eligible buyer.

Written Agreements and Legal Documents

- The note and mortgage or restrictive covenant terms and conditions are assumable by a new HOME eligible buyer during the POA.

- If a CHDO is providing a development subsidy, the restrictive covenant must be used to secure the HOME investment.

What should be included in the lien?

- The lien amount should not include administrative funds or staff costs of project delivery.
- Why? - HUD is already paying for LPAs to administer the program through administrative and staff costs of project delivery, so the owner should not be charged.
- Soft costs are also not to be charged to the homebuyer in the lien.
- **Include only project costs in the amount of the lien.**

Refinancing

- HTFC will **only** consider refinance requests to subordinate the HOME investment for the following reasons:
  - Take advantage of a lower interest rate, no cash out
  - Major home repair expense
  - Major medical crisis expense
  - Major education expense

Project Requirements

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Application Intake and Waiting Lists

- Applications must be taken in a manner that that ensures fair access, including reasonable time periods and methods of submission. Assistance must be offered to any household requesting assistance in completing the application.

- The method for establishing the queue and waiting lists must be disclosed and in application materials and briefings.

- While priority or preference households may be placed on a separate waiting list, and processed according to the priority, applications must be accepted from any household within the eligible service area.

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Application Intake and Waiting Lists

- Waiting lists must be updated within the last 6 months, maintained and available for inspection.

- **Income eligibility need not be verified to place an applicant in the queue or on a waiting list.**

- Placement on the list can be based upon the applicant's representation of income, with disclosure that income will be verified prior to the offering of assistance.

- LPA's may use an already established wait list from a prior program, however, all applicants must have been pre-qualified to be on the list within the past 6 months.

Preferences and Priorities

- The HTFC may allow LPA's to design eligible program activities that may limit beneficiaries to veterans, the elderly, the physically disabled, and/or or give preferences to persons in certain occupations, such as police officers, firefighters, or teachers.

- The priority housing and household type must be identified and approved by HCR/HTFC at contract execution.

- The priority or preference must be fully disclosed in all program documents, advertisements and presentations.

Special Needs Populations Preferences and Priorities

- If the program elects to serve a special needs population, the LPA must have a current service provider agreement/MOU that will send direct referrals of clients to the HOME assisted program.

- Any limitation or preference must not violate nondiscrimination requirements in 24 CFR 92.350.

- Limiting programs or giving preferences to students or a group of all employees is not permitted.

Documenting Immigration Status

- To receive HOME assistance, applicant must be a legal resident of the US and be a US citizen or have Legal Resident Alien status.
- Applicant submits a signed declaration of US citizenship or US nationality to LPA
- LPA can request verification of the declaration by requiring the presentation of a US passport or other appropriate documentation.
- A qualified Alien is a non-citizen that can receive federal public benefits and is defined as legal permanent resident (an alien admitted for lawful permanent residence) or a refugee (an alien who is admitted to the US under the Immigration and Nationality Act).

Underwriting the HOME Assistance

- Before committing funds to a project, the LPA must ensure that no more HOME funds are invested than needed to provide quality, affordable, and financially viable housing throughout POA.

- LPA must conduct and document the following underwriting analysis:

  - Sources – all project funding must be reviewed to determine that all sources are firmly committed.

  - Uses – all project costs must be reviewed and determined to be necessary and reasonable.

Underwriting the HOME Assistance

- HOME funding – the amount of HOME funding (in consideration of all available sources, including other public sources) is reasonable and necessary to provide quality housing that is sustainable throughout the POA and is not excessive, and is within stated program guidelines.

- The home buyer is qualified (or expected to be qualified) for a first mortgage under normal underwriting guidelines that are consistent with typical affordable housing lending practices and that are non-predatory.

Underwriting the HOME Assistance

- LPA's providing funds for housing rehabilitation must document the LPA and homebuyer role in the housing rehabilitation process.

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

- The HTFC wants LPAs to manage the construction process if HOME funds are provided for housing rehabilitation.

Underwriting the HOME Assistance

LPA's must ensure that financial resources are available to sustain future homeownership:

- Document that the first mortgage product is not predatory (high fees, high interest rates, etc.) and that it conforms to standard affordable housing lending criteria (fixed rate, no balloon payments, etc.).
- Review the expected income and job stability.
- Estimate future adjustments to property taxes, fees to the municipality, homeowners insurance.
- Estimate average monthly cost of utilities
- Review liquid assets to ensure the homebuyer will have a minimum of 1 month PITI in personal savings following the purchase.

Underwriting the HOME Assistance

- CHDO's must assess and document that the CHDO and/or developer and other funders or partners in the project have the staff experience and financial capacity to complete the project within the expected time frame.

- Consultants may not administer the project on behalf of a CHDO.

- CHDOs must have site control for the housing to be assisted with HOME funds and have control of the construction process.

Homebuyer Counseling

- Housing Counseling: each applicant must receive a Certificate of Completion for pre-purchase homeownership counseling from a HUD-Certified Counseling Agency.

- The Applicant must be deemed by the counseling agency as “ready to proceed” to purchase a home.

- The HUD-certified counseling agency may have funds from Federal sources other than HOME that will pay the cost for pre-purchase counseling. If so, the cost may not be charged to the HOME program.

Underwriting the HOME Assistance

The 2013 HOME Rule required the HTFC to adopt underwriting guidelines for homebuyer qualifying ratios:

- Housing debt to income ratio: max 35%
- Total debt to income ratio: max 45%
- the housing debt ratio may be a maximum of 40%, provided there is no other total debt.

Underwriting the HOME Assistance

- Buyer must have income to be able to handle all obligations with respect to homeownership – including mortgages, taxes, insurance, utilities and maintenance, for at least the POA.
- Document that the homebuyer has 1 month PITI in cash savings after purchase.
- Evidence and documentation of this analysis must be maintained in the project file.

Underwriting the Homebuyer

- LPA's must conduct and document a subsidy layering analysis to determine the appropriateness of the amount of HOME assistance being made available to the homebuyer.

- LPA's must conduct and document financial sources and uses to demonstrate there are enough assets/funds available to purchase and if applicable, rehabilitate the home (mortgage commitment, down payment assistance, savings, gift letter, funds for housing rehabilitation, other funds).

Feasibility Determination – Denial of Assistance

- Properties/households should be assisted only if sufficient funds exist to assist the buyer to purchase the home.

- If assistance includes housing rehabilitation, properties/households should be assisted only if sufficient funding exists to address the items to be repaired, as identified in the housing rehabilitation inspection; and in order for the unit, within 6 months of purchase, will meet the program property standards at completion.

Feasibility Determination – Denial of Assistance

- If inadequate funding exists, the family cannot sustain the housing or it is determined that this is not a cost effective use of funds, the project should be determined infeasible unless the LPA can correct these conditions.

- Infeasibility determinations should be documented, and the household provided notification including an appeals process.

- Any household denied assistance must be contacted in writing with the reasons for denial disclosed and the process for appealing the denial identified.

☺ Break Time ☺

Please

Enjoy

a 15 minute break!

Maximum Purchase Price and After Rehab Value Limit

- Maximum Property Value: The LPA shall comply with 24 CFR 92.254; qualification as affordable housing and will use the HUD determined limits for existing single-family housing units.

- The LPA will ensure that the value of the unit after housing rehabilitation does not exceed 95% of the median purchase price for the service area, as determined by the annually published HUD limits.

Maximum Purchase Price and After Rehab Value

- If home is purchased with no funds for housing rehabilitation, the purchase price cannot exceed the HOME Maximum Purchase Price/After Rehab Value limit as published annually by HUD for the local jurisdiction at the time of commitment, available at: https://www.hudexchange.info/resource/2312/home-maximum-purchase-price-after-rehab-value/.

- If the home is purchased and includes funds for housing rehabilitation and the property will be rehabilitated after acquisition to meet program property standards, this limit applies to the after-rehab value.

Documenting Maximum Purchase Price and After Rehab Value Limit

- Value must be determined up front, before purchase or construction work is started.
- Must be considered when determining the scope of work for the unit.
- The cost to determine this value is a HOME eligible expense and may be charged as a project soft cost.

Documenting Maximum Purchase Price and After Rehab Value Limit

- HCR/HTFC requires an LPA to determine after rehab value by using one of the following methods:
  - Licensed Appraisal
  - Real Estate Market Assessment
  - Independent estimate of value by a “knowledgeable” professional

Property Standards – Meeting NYS Code

- Local Code Official from the municipality where the property is located should provide the inspection
- HQS inspection not eligible
- Building Permits & Certificates of Completion
- Certificates of Occupancy, Letter from Municipality
- Need to document after rehabilitation with HOME funds, that the housing has no current, visible health and safety hazards or code violations, is decent, safe and sanitary and appears to meet all applicable New York State and/or Local code requirements.

Property Standards - Acquisition Only

- If a home is being acquired and there are no funds for housing rehabilitation, the LPA shall ensure that the housing is decent, safe and sanitary, and meets all applicable New York State and/or Local Code requirements at purchase.

- Minor repairs needed to meet program property standards are not considered rehabilitation, and can be made without triggering rehabilitation standards.

Property Standards - Acquisition Only

- Housing inspections must be performed in compliance with 24 CFR 92.251. The LPA must inspect the housing **no earlier than 90 days before the commitment of HOME assistance.**

- If the existing housing does not meet these standards, it must be rehabilitated under the property standards or it cannot be assisted with HOME funds.

Weatherization Assistance For Applicants under 50% AMI

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Weatherization

- HOME Local and WAP partnering to provide weatherization assistance for units at 50% or less of AMI.

- To the extent resources are available, WAP funds & construction services made available through the HCR WAP provider located in the service area.

- LPA's partner with WAP provider, ensure weatherization measures incorporated into scope of work.

- LPA's and WAP's must work together to develop the scope of work prior to the start of construction activities. WAP's & LPA's should develop 1 scope of work for both programs.

Weatherization

- WAP provider will conduct energy audit prior to developing scope of work.
- When energy audit is complete, LPA and WAP need to coordinate and develop one scope of work together prior to the start of housing rehabilitation.
- LPA and/or WAP may have applicants whose homes don’t qualify, but combining the 2 programs may deliver a feasible project.

Weatherization

- Priority should be given to senior citizens, families with children, and persons with disabilities.
- If household member receives SSI, Public Assistance, Food Stamps, or HEAP benefits, the household is automatically eligible for WAP.
- HOME Local and WAP staff to assist LPA's to coordinate and execute a MOU with WAP providers to ensure weatherization assistance is included for all required units.

Housing Rehab Order of Priority

- Health and safety issues
- NYS and/or Local code violations
- Ensure major systems have a useful life of at least 5 years
- Include disaster mitigation standards as necessary
- Include weatherization and energy efficiency measures in overall scope to deliver NYS and/or Local Code compliant unit

Rehabilitation Scope of Work

- Must be in compliance with HTFC Housing Rehabilitation Standards for One- to Four-Unit Structures, available on the HCR HOME program website.

- HOME rules require that each of the major systems in the unit must have a remaining useful life for a minimum of 5 years. If not, the major systems must be rehabilitated or replaced as part of the rehabilitation work.

- Major systems include structural support; roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning.

Scope of Work and Cost Estimate

- 92.251(b) (2) requires LPAs to develop a scope of work and cost estimate, based on the housing rehab order of priority, in sufficient detail to be the basis for inspection to determine compliance with rehabilitation and property standards.

- The LPA must prepare a written cost estimate for rehabilitation, after determining that costs are reasonable.

- Determine costs through price quotes, cost estimating, rehabilitation specialists estimates, material suppliers, etc.

Procurement and Contracting

- The Super Circular – What Is It?
- Made effective December 2014
- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Recipients of Federal Awards codified at 2 CFR Part 200
- The combined Omni Circular replaces the former Parts 85 and 84 circulars and streamlines eight Federal regulations (including OMB Circulars A-110, A-122, and A-133) into a single, comprehensive policy guide

Procurement and Contracting

- Super Circular citation: 200.318 through 200.326
- New provision covering conflict of interests with parent, affiliate, or subsidiary organizations
- Procurement records must be maintained sufficiently to detail the history of procurement
- Five methods prescribed in great detail:
  - Procurement by micro-purchase
  - Procurement by small purchase
  - Procurement by sealed bids (formal advertising)
  - Procurement by competitive proposal

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Procurement and Contracting

- The LPA must receive a minimum of 3 bids for all procured products and services to be paid with HOME funds and may select the lowest, <u>responsible</u> bidder.

- LPA must follow Federal and State MWBE and Section 3 Requirements

- HOME Local to host upcoming technical assistance webinar on meeting MWBE and Section 3 requirements.

Lead Based Paint

- Housing Rehabilitation assisted with HOME (and other HUD or federal funding) is subject to the HUD LBP rule at 24 CFR Part 35. Rehabilitation is subject to the requirements at 35.900 - .930.

- All renovation is also subject to the EPA Renovation, Repair and Painting Rule at 40 CFR Part 745. Effectively, this means that rehabilitation work (other than work that must be done by abatement contractors) must be done by an EPA Renovator following HUD rules.

Lead Based Paint

- Risk assessments (by an EPA certified Risk Assessor) are required for any rehabilitation project where the federal rehabilitation assistance is over $5,000.

- Presumption of LBP in lieu of a risk assessment is not permitted. HCR/HTFC requires lead based paint testing of all areas to be rehabilitated.

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

LBP - Acquisition Only

- If the housing was originally placed in service before 1/1/78, and will not be rehabilitated, then LBP requirements at 35.1000 - .1030 apply.

- As part of the inspection, any deteriorated paint must be identified and repaired. If it is known to be LBP or is unknown (i.e., was not tested), then repairs should be done using paint stabilization techniques.

  - If housing rehabilitation is required to meet the property standards, then the HUD LBP requirements at 24 CFR 35.900 - .930 and the EPA requirements at 40 CFR Part 745 apply.

LBP - Acquisition Only

- Minor repairs needed to meet program property standards are not considered rehabilitation and can be made without triggering rehabilitation standards.

- Housing inspections must be performed in compliance with 24 CFR 92.251. The LPA must inspect the housing **no earlier than 90 days before the commitment of HOME assistance.**

- If the existing housing does not meet these standards, it must be rehabilitated according to the property standards or it can not be assisted with HOME funds.

Inspections – LBP Clearance

4. Clearance

- EPA Renovator cleaning verification method not permitted
- HUD requires EPA-certified Inspector/Risk Assessor
- As soon as possible after hazard reduction activities (including cleaning) are complete
- Clearance involves:
  - Visual Assessment
  - Dust samples (lab analysis)
  - Report

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Inspections – LBP Clearance

- A clearance examination involves a visual assessment, dust, and soil testing to determine if the unit is safe for occupancy.
- Lab-tested dust samples must be taken.
- The clearance examiner must prepare a clearance report in accordance with (24 CFR Part 35.1340) if lead hazard reduction activities other than abatement are performed.
- Abatement activities are subject to EPA requirements, not HUD requirements.

Inspections – LBP Clearance

- Clearance is best done immediately after hazard reduction activities (including cleaning) are complete (allowing a few hours for the dust to settle).

- HOME Local will pay for 1st clearance inspection, if fails, contractor is responsible to re-clean and pay for all subsequent inspections until unit is cleared of LBP hazards.

- There is no presumption of LBP in the HOME Local program. All areas to be worked on must be tested.

Financial Management Requirements

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Uniform Administrative Requirements for Financial Management

- The LPA shall comply with the Uniform Administrative Requirements as set forth in 2 CFR Part 200 and the Uniform Administrative Requirements, Cost Principals and Audit Requirements and as described in 24CFR Part 92.205, as applicable and as may be amended from time to time.

- CHDO's are exempt from 2CFR part 200 procurement requirements, however must also ensure reasonable cost principles for procurement of needed services.

Uniform Administrative Requirements for Financial Management

LPAs must have financial management systems that meet uniform federal administrative requirements (now restated at 2 CFR 200.301 - .316) that:

- Provide effective control over and accountability for all funds, property and other assets.
- Identify the source and application of funds for federally-sponsored activities including records and reports that verify the eligibility, reasonableness, allowability and allocability of costs.

Uniform Administrative Requirements for Financial Management

- Permit the accurate, complete and timely disclosure of financial results in accordance with HUD reporting requirements or, for sub recipients, grantee reporting requirements.

- Minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by the grantee or sub recipient.

Uniform Administrative Requirements for Financial Management

The financial management standards should provide for:

- Internal Controls – the combination of policies, procedures, job responsibilities, personnel and records that together create accountability in an organization's financial system and safeguard its cash, property and other assets.

Uniform Administrative Requirements for Financial Management

- Budget Controls – procedures to compare and control expenditures against approved budgets.

- Accounting Records – records that sufficiently identify the source and application of HOME funds provided.

- Cash Management – procedures in place to minimize the amount of time that elapses between receipt of HOME funds and the actual disbursement of those funds.

Requests for Disbursements

- The LPA shall not request disbursement of funds under the contract until the funds are needed for payment of eligible costs. Advances of funds are not permitted.

- A CHDO may not request disbursement under the contract until after the home is sold to a HOME eligible buyer. Advances of funds are not permitted.

- Requests for disbursement of funds for homebuyer assisted housing rehabilitation will require submission of a certification, signed by the LPA‘s construction professional, the homebuyer and contractor, stating that the work has been satisfactorily completed.

Requests for Disbursements

- The amount of each request shall be limited to the amount needed to pay such costs incurred; no advance or up-front payments.

- HCR/HTFC will not disburse funds if the LPA is in default of any of the provisions of the contract.

- The LPA shall commit all funds within 12 months of the start date of the contract and expend all funds within 24 months of the start date of the contract.

- Request for payment of LPA administrative funds must be within 15% of project cost expenditure.

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Integrated Disbursement Information System (IDIS)

- The IDIS Red Flag Report details infrequent draw status, final draw for 30 days or more, auto cancellation pending within 30 days, auto cancellation pending within 90 days and auto cancelled within the past year.

- LPA's must respond immediately to program manager requests to resolve issues and remove red flagged units from the report.

- Due to IDIS automatically cancelling projects in the system for no activity, LPA's should not set up units in IDIS unless the project is ready to start construction and/or the LPA is ready request the first disbursement.

Integrated Disbursement Information System (IDIS)

- The POA starts when the unit is completed in IDIS; this requirement is referenced in the HTFC note and mortgage.

- LPA's must ensure unit completion in IDIS and are required to submit the project completion report and documentation the unit meets NYS and/or Local Code along with the request for final payment.

Wrap Up

- This presentation and recording will be made available on our website.
- Please submit all questions on the content of this presentation to: articia.hill@nyshcr.org

Questions?

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If you have questions regarding this presentation, do not hesitate to contact your Program Manager for Assistance.

Thank You for attending!

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