

Valuable Program
Guidelines for Potential
HARC Applicants
AHC Funded

STATEMENT OF PURPOSE

Rensselaer County Housing Resources' Homeowner Assistance for Rensselaer County (HARC) Rehab Program is designed to expand the supply of decent, safe, sanitary and affordable housing for low-income families by covering the cost of home repairs so that it remains affordable for households with incomes at or below 112% of the low income limits for the area as determined by HUD. Funding for the 2015-2016 program year is made possible by New York State Affordable Housing Corporation's Affordable Home Ownership Development Program (NYS AHC).

NYS AHC has two primary goals:

1. To promote home ownership among families of low and moderate income for whom there are few affordable home ownership alternatives in the private market
2. To stimulate the development, stabilization and preservation of New York communities.

PROGRAM NARRATIVE

HARC provides funding to owner occupied households earning below 112% of the low income limits for the area as determined by HUD income guidelines that are revised annually. Funds can be used for the costs of repairs such as health and safety violations, code violations, major systems repairs or replacements, and energy efficiency. Eligible properties are single family homes located anywhere in Rensselaer County. This program is not available for investors seeking repairs to non-owner occupied units.

Staff from Rensselaer County Housing Resources, Inc. (RCHR) will screen all applicants and will determine which applicants meet all of the eligibility requirements of the program. Eligible applicants will schedule a time for the RCHR Rehab Specialist to perform an initial inspection of their home. Eligible applications will be processed on a first come first serve basis until all funding has been expended.

RCHR will participate in the construction management, will disburse the HARC funds, and will ensure that all the necessary paperwork in connection with HARC funds is properly executed. To ensure that the properties repaired with assistance under the program remain occupied by homeowners, the award is set up as a deferred mortgage that needs not to be repaid so long as the recipient remains in compliance with the grant guidelines that are given to all applicants. The property may be sold at the expiration of the 5-year of affordability.

HARC APPLICATION

The HARC application is the primary document in every HARC file and must be completed for every household requesting assistance. Applications should be noted "eligible", "ineligible" or "incomplete".

An application is **not** complete unless it includes at least the following:

- A complete signed and dated application form
- Photo ID
- Two (2) months of most recent pay stubs
- Two (2) most recent years signed federal tax returns (including W-2's)
- If you are self-employed, we need three (3) most recent years tax returns

- Three (3) most recent months of all Checking Account Statements and Savings Account Statements
- Proof of Ownership (copy of deed)
- Paid Receipts for most recent School & Property Taxes
- Most Recent Mortgage Statement if applicable
- Proof of Homeowners Insurance (Declaration Page/Certificate from Agent)

Applications may be submitted by scheduling an appointment with RCHR staff. RCHR will immediately review each application to see that it is complete. Applicants will be notified if their applications are not complete and they will be given an opportunity to submit additional information/documentation to supplement their applications.

Completed applications will be processed in the order that they were first received and deemed complete. Incomplete applications will not be advanced until they are determined to be complete.

The applicants are responsible for obtaining and submitting all information and documentation required. All such information and documentation must be complete, current and correct. Any applicant who withholds any information and documentation will be immediately deemed ineligible for participation in the HARC program and will not ever be permitted to apply for any funding assistance from RCHR.

APPLICATION PRIORITIES

All applications will be date-stamped upon receipt but they will not be advanced until they are determined to be complete by RCHR.

HARC program funding will give priority to eligible applicants in need of repairs in the following order: 1. Health & Safety Hazards 2. Building Code Violations. 3. Major Systems (Foundation, Heating, Plumbing, Electrical, and Roof) and 4. Energy Efficiency. Cosmetic Repairs are not eligible under the HARC program.

ELIGIBILITY – CATEGORICAL

In addition to income eligibility the following requirements shall apply:

- The assisted household must use the property as its principal residence throughout the period of affordability. The period of affordability is 5 years.
- The applicant must not be delinquent in payment on their mortgage or property taxes. If an applicant has resolved a mortgage delinquency by means of a modification, they must show 6 months of on time payments since the modification was executed.
- No grant may exceed \$10,000.
- Proof of flood insurance coverage will be required for properties located in a Flood Zone A (100 year Flood Zone).

ELIGIBILITY – INCOME

Income eligibility is defined as the applicant household’s annual gross income.

Annual income will be calculated by looking at a “snapshot” of the household’s current circumstances and is used to project future income. It should be assumed that today’s circumstances will continue for the next 12 months, unless there is verifiable evidence to the contrary.

The HARC program uses a gross income (“pre-tax”) calculation for income qualification. For income from employment, this typically involves projecting the annual income from the current paystub’s year to date gross income received.

Annual income shall include income from all adult family members older than 17 years of age.

A household must be determined income eligible by RCHR in order for an award letter to be issued. Normally, a determination that a household is eligible will remain in effect and no new documentation will be required for a period of six months from the date made. All construction should be completed no more than 6 months from the date an award letter is issued.

If RCHR has reason to believe that a household’s income has substantially changed since the date the household was determined eligible, then the applicant must be re-certified using more recent documentation, regardless of how recent the determination of eligibility was made.

INCOME GUIDELINES

At the time of closing, eligible applicants must have an annual household income no greater than 112% of the low income for the area as determined by HUD. Current HUD guidelines set 112% of the low income for the area as follows:

Household Size	112% of Low Income	Household Size	112% of Low Income
1	\$51,878	5	\$80,102
2	\$59,315	6	\$86,016
3	\$66,752	7	\$91,930
4	\$74,099	8	\$97,843

The above income guidelines are in effect for all persons who file an application on or after
March 6, 2015

ELIGIBILITY – ASSETS

Household assets include any down payment deposit, monies in savings or checking accounts, certificates of deposit, stocks and bonds, and the value of any real property, less outstanding debt. Combined household assets must be within the following guidelines:

Household assets should be limited to \$15,000. The value of real (primary) property is not included when computing assets for home improvement projects.

ELIGIBLE COSTS

Assistance provided for the repair of the property will be in the form of a deferred payment loan secured by a mortgage on the HARC assisted property. Depending on the condition of the property, the HARC funds may be used to:

- Correct Health & Safety Hazards
- Correct Building Code Violations
- Repair or Replace Major Systems (Foundation, Heating, Plumbing, Electrical, and Roof)
- Retrofit Energy Efficiency upgrades

Please Note: Cosmetic Repairs are not eligible under the HARC program.

GRANT AMOUNTS

The amount of the HARC assistance will be determined according to the repair needs of the property. The HARC program allows up to \$10,000 in assistance based on the inspection of the RCHR Rehab Specialist's inspection and scope of work. Not all applicants/properties will receive the maximum assistance. In no case can the amount of the grant exceed \$10,000 per property.

PROPERTY STANDARDS

After an application is determined eligible, the RCHR Rehab Specialist will conduct a home inspection of the property. All HARC assisted homes must meet applicable rehabilitation standards at the time of completion of the HARC assisted repairs. If this cannot be accomplished without exceeding the maximum per unit amount of \$10,000, the homeowner is given the opportunity to leverage the HARC assistance with their own funds, or through another source. If leveraged funds are not available, the project will not move forward to final project approval. RCHR reserves the right not to proceed to final project approval if any health and safety hazards that are beyond the scope of work are present in the unit.

WORK WRITE UP

A detailed work write-up is required for all projects. After an inspection of the house by the Rehabilitation Specialist, he shall prepare a preliminary work write-up and cost estimate listing all work requested by the Homeowner and/or other items found needing attention. Work items included in the work write-up shall normally be prioritized in accordance with these policies. The Homeowner and Rehabilitation Specialist will discuss items to be included in the final work write-up. The Rehabilitation Specialist will prepare the final work write-up and cost estimate. The final work write-up will include detailed specifications to ensure accurate bidding and performance quality.

CONTRACTORS

A minimum of three bids shall be solicited for all work. Bids will only be accepted for items on the work write-up. Each bid must break down the cost of the job by materials and labor. The winning contractor bid will be the lowest of the 3 bids. Client may chose a more expensive contractor's bid, but MUST pay the difference between the prices on their own. RCHR will serve as a facilitator between Homeowner and Contractor. Work may be contracted to a general contractor for all the work or, to separate contractors. If separate contractors are

used, the homeowner and Rehabilitation Specialist will both be responsible for coordinating the work. Homeowners may not make their own repairs.

Copies of all required fees and permits shall be furnished to the RCHR Office before commencement of work. There shall be no permit and inspection fees charged to applicant owners of this HARC program.

All contractors and sub-contractors shall submit evidence of the following required insurance:

1. Workman's Compensation Insurance for all employees in accordance with the State Worker's Compensation Law.
2. Liability Insurance of \$500,000 each person; \$1,000,000 each occurrence.
3. \$500,000 property damage insurance.

No work may commence prior to the date of the Contractor Owner Agreement for the work. The construction contract will be for a fixed lump sum. The contract shall include but not be limited to provisions for payment, insurance, federal rules and regulations and completion schedule. No changes in the contracted work shall be made without prior written approval of all parties to the contract.

CONTRACTOR PAYMENTS

All payments for the completion of eligible work shall be from RCHR and shall be made out to the Contractor or supplier. Payments may not be used to compensate the Homeowner for his/her own labor. A partial payment schedule may be negotiated between the Contractor and Rehabilitation Specialist and be included in the contract if the work will cost more than \$5,000.

No payments shall be made to the Contractor in advance of start of work. Prior to the release of final payment the Rehabilitation Specialist and homeowner shall inspect and approve the work and authorize a Certificate of Compliance as appropriate.

RCHR will release partial payments to contractors but no partial payment may be for less than \$2,500 for a specific contractor for a specific project address. Partial payments shall only be made for completed work components (e.g. all electrical completed and inspected).

ENVIRONMENTAL REVIEW

Flood Zones: As part of the application process, RCHR will reference Flood Insurance Rate Maps (FIRM) available from the Federal Emergency Management Agency to determine if the property is located in a Special Flood Hazard Area (SFHA). The SFHA is that land within the floodplain of a community subject to a 1 percent or greater chance of flooding in any given year, commonly referred to as the 100-year floodplain. If the property is located within a SFHA, proof that a flood insurance policy has been obtained must be provided to RCHR.

Historic Properties: For any structure more than 50 years old, Historic Resource-Building Structures Inventory forms will be submitted for SHPO review and determination, prior to conducting any rehab work.

Asbestos: The presence of asbestos will be determined according to DOL Pan 56-5.1 All work involving asbestos will be conducted in accordance with DOL regulations at 12 NYCRR Part 56.

LEAD-BASED PAINT POISONING PREVENTION ACT

If a HARC assisted home was built prior to 1978 and the applicant's household includes a child under the age of six, then the initial inspection and all subsequent inspections must include a visual inspection for defective paint surfaces. If defective paint surfaces are identified during the visual inspections, then the HARC -assisted unit must be tested for lead-based paint. Testing will be conducted at the by the Rensselaer County health Department, using an X-ray fluorescence analyzer or laboratory analysis of the paint samples. Where lead paint is identified, treatment will be required in accordance with CFR 982.401(j)(6) as part of the HARC scope of work.

A certificate of compliance issued by the County will be required after treatment. In lieu of the above procedure, the testing requirement may be waived and, instead, treatment of all interior and exterior chewable surfaces in accordance with CFR 982.401(j)(6) shall be required.

Defective paint surfaces may be exempted from treatment if they have been found in a report by a qualified lead-based paint inspector not to be lead paint. Lead based paint is defined as having a lead content of greater than XXmg/cm² or .5 percent by weight or 5000ppm.

When weather conditions prevent treatment of the defective paint condition on exterior surfaces, treatment may be delayed for a reasonable time per the direction of the RCHR Rehab Specialist.

RECAPTURE PROVISIONS

Repayment of the loan is deferred throughout the 5-year period of affordability unless any one of the following occur:

1. The grantee sells the property
2. The grantee transfers title to the property
3. The grantee dies
4. The grantee fails to maintain the property as his/her principal place of residence.
5. The grantee defaults on any of the terms of any mortgage on the HARC assisted property

The above requirements are designed to ensure that the grantee continues to use the HARC assisted home as his/her principal place of residence for the duration of the 5-year period of affordability. If the grantee does not continue to use the HARC assisted home as his/her principal place of residence during the entire period of affordability, AHC will require the recapture the entire amount of the HARC investment from the homeowner.

ENFORCEMENT OF PROGRAM REQUIREMENTS

The HARC assisted household must use the property as a principal residence throughout the period of affordability. If the housing does not continue to be the principal residence of the family for the duration of the period of affordability, the amount of the NYS AHC assistance must be recaptured.

The recapture provision will be enforced by a mortgage on the property.

The note and mortgage shall be in the form of a deferred payment, no interest loan for so long as the homeowner complies with all of the terms and conditions of the note and mortgage.

The note and mortgage shall include a provision prohibiting the homeowner from selling, renting, or conveying any interest in the property, or for failing to occupy the property as a principal place of residence for the period of affordability. Additionally, the note and mortgage shall include a provision prohibiting the homeowner from defaulting on any of the terms and conditions of any loans that are secured by the property.

If the homeowner sells, rents, or conveys any interest in the property, or fails to occupy the property as a principal place of residence or if the homeowner defaults on any of the terms and conditions of the note and mortgage or any other note and mortgage on the property, then the entire principal amount of the note will become immediately due and payable.

COMPLIANCE MONITORING - RESIDENCY

RCHR will monitor compliance with the residency restrictions on homeowners assisted under this program. At least once every other year, RCHR will send a letter by first class mail addressed to the homeowner at the property address requiring that the homeowner submit proof within 30 days that the property continues to be used as a principal place of residence. For any homeowner not responding to the first letter RCHR will send a "second demand" letter. For any homeowner not responding to the "second demand" letter within 15 days, RCHR will send a letter stating that, if the homeowner does not respond within 7 days, then the file will be turned over to RCHR's attorney for legal action.

Proof of residency under this section shall include two (2) of any of the following:

- National Grid, NYSEG, or Oil bill (less than 1 month old) listing the homeowner as the customer at the property address.
- Home Telephone bill (less than 1 month old) listing the homeowner as the customer at the property address
- Cable TV or Satellite bill (less than 1 months old) listing the homeowner as the customer at the property address
- Income Tax return

If the homeowner does not respond to the third letter or, if for any other reason, it appears to RCHR that a homeowner is no longer using the property as a principal place of residence, then RCHR shall refer the matter to their attorney. The attorney, upon further investigation that there is a reasonable basis to believe that the homeowner is not complying with his/her obligations, will first, attempt to negotiate with the homeowner to bring him/her into compliance. If the homeowner does not comply within a reasonable period of time, then the attorney will initiate suit seeking to collect on the mortgage.