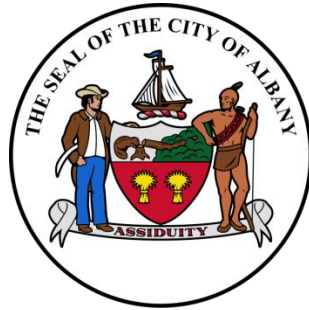

City of Albany
Albany Community Development Agency



HAP Guidelines



Home Acquisition Program

Revised June 29, 2020

1. **Name of the Program**

The name of the program shall be the “**Home Acquisition Program.**”

2. **Purpose of the HAP Program**

To decrease the barriers to homeownership faced by many low-income households.

To provide financial assistance to low income households with annual incomes under 80% of the median and who currently do not own a home; to purchase (for purpose of owner occupancy) a 1 to 4 unit building, condominium or cooperative unit in the City of Albany. This program is designed to provide gap financing to homebuyers and the amount of assistance is based on the actual need of a homebuyer.

A completed HAP application with all supporting documentation must be submitted to ACDA no less than 45 days prior to the bank closing date.

3. **Source of Funds and HOME Eligibility**

Funding for this program is from the U.S. Department of Housing and Urban Development. Use of funding for the HAP program must meet all of the HUD requirements for down payment assistance.

To be eligible under the Home Acquisition Program, which is HUD funded, the homeowner’s unit must be under 80% of the median income. For properties with more than one unit, the household income for the rental units must be no more than 60% initially and subsequently 80% of the HUD-Adjusted median family income for the area upon completion and you agree to structure your rents to be affordable to very low income households. This means that in addition to qualifying under the HAP Program criteria, the project as a whole must be determined to be HUD eligible. Income determination must be taken for all units in the project including the owner occupied units and rental units.

All rental units must be occupied by eligible tenants within six months following the date of project completion.

4. **Single Application**

An application for a HAP project which will combine HAP with HOAP should be submitted as one application so that it can be evaluated as one complete project for eligibility with the HOAP program guidelines. The HOAP Program will provide assistance to bring the unit(s) up to code compliance including Lead based paint internal controls.

5. **Eligible Costs**

Eligible Acquisition costs

(a.) Downpayment Assistance:

HUD regulations require the underwriting of all HUD projects, the underwriting must demonstrate that the PJ (ACDA) is not investing any more HUD funds, alone or in combination with other funds, than are necessary to provide quality, affordable and financially viable housing for at least the period of affordability.

ACDA must make a determination for each HUD funded project that the combination of federal assistance to the project is not any more than is necessary to provide affordable housing. ACDA Rehabilitation Finance staff shall make a determination that federal financial assistance including HUD funded HAP and any other federal resources in the project, shall not exceed the amount necessary to make the project feasible.

(b.) Closing Cost Assistance:

Only certain Closing Costs are eligible, if you choose to use monies for closing cost assistance, ACDA will need to review the Bank Closing Disclosure to determine which items are allowed.

HUD funding can be used only for the following closing costs:

- *Credit Report*
- *Lender Title Insurance*
- *Recording Fees, transfer tax*

6. **Applicant Income Eligibility**

Eligible applicants must prove that their annual household income is at or below 80% of the median Income within 6 months of delivery of services (ACDA Board approval), otherwise it must be updated.

ACDA shall determine the income eligibility of homebuyers using HUD Regulation 24 CFR Part 5 Income determination Methodology.

ACDA shall use the most recent HUD income limits published by HUD.

As of **June 1, 2021** current HUD Income Guidelines for Annual Household Income under 80% median Income is as follows:

Household Size	Maximum Income
1	\$53,550
2	\$61,200
3	\$68,850
4	\$76,500
5	\$82,650
6	\$88,750
7	\$94,900
8	\$101,000

Applicants with assets totaling more than **\$40,000** shall not be eligible to participate in this program. Assets include: savings, checking accounts, certificates of deposit, IRA, 401(K), stocks, bonds, etc.

A not-for-profit organization must have a 501(c) tax exempt status, and must show experience and capacity to undertake a purchase-rehab-resale program satisfactory to ACDA.

7. **Eligibility of Students as Homebuyers**

- The HOME Program excludes certain students from participating independently in the HOME Program. The HOME Program adopts the Section 8 Housing Choice voucher (HVC) program restrictions on student participation found at 24 CFR 5.612, which exclude any student that:
 - Is enrolled in a higher education institution
 - Is under age 24
 - Is not a veteran of the U.S. Military
 - Is not married
 - Does not have any dependent child(ren)
 - Is not a person with disabilities
 - Is not otherwise individually eligible, or has parents who, individually or jointly, are not eligible on the basis of income.

Also, excluded students are prohibited from receiving any type of Home assistance, including renting HOME assisted rental units.

8. **Home Acquisition Program Financial Assistance**

The HAP Program will assist homebuyers in purchasing a home by providing 5% of the purchase price (cannot exceed \$10,000.00) for down payment assistance, closing costs cannot exceed \$4,900.00 (see Eligible Costs pg3). Funding provided will be based on the actual need of each individual applicant.

Minimum amount per HOME assisted unit is \$1,000.00.

9. **Maximum Purchase Price or After Rehabilitation Value Limits**

The value of the HOME assisted property after rehabilitation shall not exceed 95 percent of the median purchase price for the area, as published by HUD. As of April 1, 2020 the limits are as follows:

Number Units	Maximum Purchase Price
One-family	\$209,000
Two-family	\$268,000
Three-family	\$324,000
Four-family	\$401,000

10. **Location of Property**

The Home Acquisition Program shall be available citywide. There are no neighborhood restrictions.

11. **Eligible number of Units in Building**

Buildings with 1 to 4 units are eligible to purchase under the Home Acquisition Program as long as the owner resides in one of the units. Condominium or Cooperative buildings of any size are eligible to purchase under the Home Acquisition Program as long as the owner resides in one of the units.

12. **Number of Bedrooms**

The unit may not be “over-crowded” as defined by Housing Quality Standards (HQS), therefore, a sufficient number of bedrooms are required to provide adequate sleeping space for all members of the household. Generally there must be one bedroom for every two family members (children of the opposite sex cannot share a bedroom). However, for existing tenants, ACDA will review on a case-by-case basis.

13. **Zoning**

Property must comply with local zoning ordinances to be eligible. All required variances and conditional use permits must be secured before application to ACDA.

14. **New Homebuyer**

The Home Acquisition Program is designed to assist households that currently do not own a home. The applicant may not currently be the owner of a housing unit in the City of Albany or any other location, including a single family house, condominium unit, cooperative unit or rental property which could be owner-occupied. If the building has been vacant for more than six months, ACDA will require an architectural drawing/structural engineer report.

15. **Owner Occupancy After Purchase**

It is a requirement that the applicant reside in the property purchased for the life of the Home Acquisition Program and or Home Owner Assistance Program mortgages. In the event of resale or non-occupancy, repayment is required.

16. **ACDA Right to Reject Application**

- 1) ACDA reserves the right to reject any application when, in its judgment, acquisition and rehabilitation of the project is not economically feasible or not in the best interest of current tenants, the owner or the City.
- 2) A rejection shall be in writing.

17. **Delinquency**

No application for assistance will be accepted under the following conditions:

When the owner has filed personal bankruptcy, the bankruptcy must be discharged (*proof of discharge is required*) and credit worthiness must be re-established, as determined by ACDA.

18. Per **Housing and Urban Development (HUD)** the application and support documents are valid for a period of 6 months. After 6 months the application is considered inactive and ALL information will be properly disposed of. Please make copies of anything you do not want us to keep.

19. **Insurance**

Fire and Hazard Insurance

The owner will be required to obtain and keep current for the length of the mortgage, fire and hazard insurance to cover the value of the house defined as the purchase price plus the cost of the rehabilitation. The Albany Community Development Agency must be named on the policy as one of the insured parties.

Flood Insurance

ACDA will determine if the project is located in a flood hazard area according to the most recent FEMA map. If the building is located in a flood hazard area, the owner must obtain flood insurance and keep the insurance coverage current for the life of the mortgage in accordance with the Flood Disaster Protection Act of 1973.

20. **Terms of Assistance for Direct Sale to Homebuyer**

Assistance provided for the purchase of the property shall be in the form of a pro-rated deferred loan with a maximum term of 5 years. The Period of Affordability is for a period of five years beginning on the date of completion of the project and ending five years thereafter.

ACDA will place a Mortgage and HOME Agreement on the property to secure the loan. The mortgage may be subordinated to any other mortgage approved by ACDA which is present or which may be placed on the property.

Repayment of the loan is deferred until the following conditions occur. The pro-rated amount of the assistance shall be due and payable if any of the following occur:

- The sale of the property, or
- Transfer of title to the property, or
- Death of the borrower

Failure of the borrower to occupy one dwelling unit of the premises as his/her principal place of residence will result in the full amount of funds becoming immediately due and payable.

All Homebuyers receiving HOME assistance are required to receive Housing Counseling.

Homebuyer Education Classes are Offered By:

- 1) **Affordable Housing Partnership**
255 Orange Street,
Albany, New York 12210
Tel: (518) 434-1730, (www.ahphome.org)

A Certificate of Completion will be required

If you choose to use another organization it must be approved by ACDA.

21. **Sustainable Lending (Anti-Predatory)**

ACDA will examine the terms of the first private mortgages to ensure that the terms of the mortgage are reasonable and sustainable during the affordability period.

22. **Purchaser's Personal Funds**

The total cost of the project may exceed the assistance to be provided by ACDA, secured from financial institutions, or other funding sources.

In this case the purchaser of the property must provide their own personal funds toward the project.

The personal funds must be expended before ACDA funds.

The personal funds must be submitted to ACDA at the closing and placed in an interest bearing escrow account held by ACDA. ACDA will distribute the funds per payment schedule.

23. **Home Acquisition Program Property Standards**

Housing Code

All units which receive ACDA assistance must meet all applicable local housing codes after rehabilitation is complete.

No assistance will be provided unless the entire property is brought into code compliance. All other units in buildings which receive ACDA funds must also meet applicable local housing codes after project completion, even if HOME funds are not used in those units.

In order for an existing bedroom to be classified as a bedroom and be eligible for ACDA funding, the size of that bedroom must be a minimum of 65 sq. ft. If structural changes will be made to the bedroom then the code requirement for 80-sq. ft. will pertain.

Certificate of Completion

A certification of completion (CC) must be issued prior to closeout of the project with ACDA.

Long Term Code Enforcement

The owner must agree to long-term property maintenance including keeping the property in good repair and not allowing the property to deteriorate.

The property will be subject to inspection by the ACDA staff within one year of the transfer and/or rehab completion.

The Owner of a property with HUD assisted rental units will be required to provide to the Compliance Department a Certificate of Occupancy (C/O) once every three (3) years for the duration of the mortgage.

24. **Fair Housing and Equal Employment Opportunity**

Section 3 Clause

ACDA complies with the provisions of Section 3 of the HUD Act of 1968, as amended, and as implemented by the regulations set forth in 24 CFR 135, providing that training, employment and other economic opportunities generated by HUD financial assistance shall, to the greatest extent feasible, be directed toward low-income persons, and to business concerns, who provide economic opportunities to low- and very low-income persons. More information regarding compliance with Section 3 can be found in ACDA's comprehensive Section 3 Plan.

Section 504

ACDA complies with all Federal regulations issued pursuant to compliance with Section 504 Rehabilitation Act of 1973 (29 USC 794), which prohibits discrimination against the individual with disabilities or handicaps in any Federally assisted program. More information regarding compliance with Section 504 can be found in ACDA's comprehensive Section 504 Plan.