

**HOMEBUYER AND REHABILITATION  
ASSISTANCE PROGRAM  
GUIDELINES**

EFFECTIVE 10/1/12

a. Name of the Program

The name of the program shall be the “Homebuyer and Rehabilitation Assistance Program.

b. Purpose of the Homebuyer and Rehabilitation Assistance 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 rehabilitation and owner occupancy) a 1 to 4 unit building, condominium or cooperative unit in the City of Albany.

c. Source of Funds for HOME Eligibility

1. HOME Investment Partnership Act Program (HOME) funds will be used to fund the Homebuyer and Rehabilitation Assistance Program, including all financial assistance and funds for the direct delivery of the program. All Homebuyer and Rehabilitation Assistance projects must meet all requirements of the HOME program. HOME can be found at 24 CFR. Part 92).

2. To be eligible under the Homebuyer and Rehabilitation Assistance Program, which is HOME 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 Homebuyer and Rehabilitation Assistance Program criteria, the project as a whole must be determined to be HOME eligible. Income determination must be taken for all units in the project including the owner occupied units and rental units

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

d. Eligible Costs

1. Eligible Acquisition costs

- (a) purchase price
- (b) downpayment
- (c) closing costs
- (d) all costs associated with the purchase of the property

2. Eligible Rehabilitation costs

- (a) Improvements required to bring the unit up to code compliance. All improvements must be attached to the building and must be permanent in nature.
- (b) Repair or replacement of major housing systems in danger of failure or upgrade systems to extend the useful life for the term of the agreement (as determined by ACDA).
- (c) Energy conservation improvements that result in substantial cost savings.

- (d) Exterior painting
- (e) Removal of architectural barriers which limit mobility of a handicapped occupant.
- (f) Related soft costs including fees (architectural, engineering)
- (g) Lead based paint internal controls

3. Ineligible Costs

- (a) Property improvements in excess of code compliance requirements or building code.
- (b) Room additions other than bedrooms.
- (c) Taxes, water bills, and homeowners insurance.

e. Applicant Income Eligibility

1. Eligible applicants must prove that their annual household income is under 80% of the median within 6 months of delivery of services (ACDA Board approval), otherwise it must be updated.
  - (a) ACDA shall determine the income eligibility of homebuyers using HUD Section 8 Income Determination Methodology. (see separate section on income determination methodology)
  - (b) ACDA shall use the most recent HUD Section 8 Income Guidelines published by HUD.
  - (c) As of 3/15/13, current HUD Income Guidelines for Annual Household Income under 80% median income is as follows:

| <u>Household Size</u> | <u>80% Median<br/>Maximum Income</u> |
|-----------------------|--------------------------------------|
| 1                     | \$43,550                             |
| 2                     | \$49,750                             |
| 3                     | \$55,950                             |
| 4                     | \$62,150                             |
| 5                     | \$67,150                             |
| 6                     | \$72,100                             |
| 7                     | \$77,100                             |
| 8                     | \$82,050                             |

- (d) Applicants with assets totaling more than **\$40,000** shall not be eligible to participate in this program. Assets include: savings, checking accounts, certificate of deposits, IRA, 401(K), stocks, bonds, etc.
2. A not-for-profit organization whose purpose is to assist households with incomes under 80% of the median to obtain affordable housing is eligible to apply for the Homebuyer and Rehabilitation Assistance Program funds for the purpose of resale to eligible households defined above.
    - (a) a not-for-profit organization must have a 501(c) tax exempt status, and
    - (b) must show experience and capacity to undertake a purchase-rehab-resale program satisfactory to ACDA.
    - (c) A rejection shall be in writing.

f. Location of Property

The Homebuyer and Rehabilitation Assistance Program shall be available citywide. There are no neighborhood restrictions.

g. Eligible number of Units in Building

(a) Buildings with 1 to 4 units are eligible to purchase under the Homebuyer and Rehabilitation Assistance 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 Homebuyer and Rehabilitation Assistance Program as long as the owner resides in one of the units.

h. 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.

i. New Homebuyer

The Homebuyer and Rehabilitation Assistance 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.

j. Owner Occupancy After Purchase

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

k. Maximum Purchase Price or After Rehabilitation Value Limits

1. To use HOME Funds, 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 March 29, 2012 the limits are as follows:

| <u>Number Units</u> | <u>Maximum Purchase Price</u> |
|---------------------|-------------------------------|
| One-family          | \$180,500                     |
| Two-family          | \$231,076                     |
| Three-family        | \$279,321                     |
| Four-family         | \$347,127                     |

2. The monthly housing costs (principal, interest, property taxes, and insurance, known as "PITI" may not exceed 30% of your gross monthly income.

l. Eligibility of Students as Homebuyers

No adult member of the applicant household may be a full-time student, defined as carrying a subject load that is considered full-time under the standards and practices of the educational

institution in which they are enrolled leading to a graduate or professional degree. ACDA will consider a request for a waiver of this provision.

m. Number of Bedrooms

1. 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.

n. Delinquency

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

1. When the owner has filed personal bankruptcy within the last three years unless credit worthiness has been re-established, as determined by ACDA.

o. Insurance

1. 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.

2. 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.

p. ACDA Right to Reject Application

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.

### **Homebuyer and Rehabilitation Assistance Program Financial Assistance**

a. Terms of Assistance for Direct Sale to Homebuyer

1. Maximum assistance towards the acquisition of the property is up to \$14,900.00;
2. Maximum assistance towards the rehabilitation of the property is up to \$25,000.00.
3. The Maximum combined financial assistance under the Homebuyer and Rehabilitation Assistance Program shall not exceed the total cost of acquisition and rehabilitation, up to \$39,900.00.

4. **First time Homebuyers** will be required to complete the Homebuyer 101 course offered by the Affordable Housing Partnership, 255 Orange Street, Albany New York 12210, 434-1730, ([www.ahphome.org](http://www.ahphome.org)). If your not a first time homebuyer, you will be required to attend the Homebuyer Education Workshops at the Affordable Housing Partnership and provide a Certificate of Completion along with your application..
5. Assistance provided for the purchase and rehabilitation of the property shall be in the form of a pro-rated deferred loan with a maximum term up to 15 years. 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.
6. 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:
  - (a) The sale of the property, or
  - (b) Transfer of title to the property, or
  - (c) Death of the borrower
  - (d) 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.

b. Terms of Assistance to Not-for-Profit Organizations

Financial assistance may be provided to not-for-profit organizations for the purpose of resale to eligible homebuyers.

1. The non-profit may manage the property during an interim period under a “lease-to-own” program before transferring title to the property.
2. An eligible “lease to own” purchaser must be located within 12 months from purchase by the not-for-profit.
3. The initial occupant of the owner’s unit, whether tenant during a rental period, tenant during a lease to own period or a homebuyer, must show eligibility under HOME guidelines. The Homebuyer and Rehabilitation Assistance Program is funded by CDBG and HOME, therefore, 100% of the units in the building must be occupied at initial occupancy by households under 80% of the median.
4. Rents (including utilities) which can be charged during the rent-to-own period must be affordable defined as:
  - (a) For household income 50%-80% median: rent cannot exceed 30% of the household’s monthly income. If tenant pays utilities the rent shall be adjusted by the utility allowance.
  - (b) For household income under 50% median: rent cannot exceed 30% of 50% of median. If tenant pays utilities the rent shall be adjusted by the utility allowance.
5. Not-for-profit organizations must submit complete development and operating budgets for the interim period for ACDA review.
6. Not-for-profit organizations must submit a proposed resale price or formula for ACDA review and approval.

7. In all cases, transfer of title to the property from the non-profit to an eligible homebuyer must take place within five (5) years from purchase by the not-for-profit.
  8. If the not-for-profit organization fails to meet these deadlines, the deferred loan shall be due and payable with no interest.
- c. Purchaser's Personal Funds
1. The total cost of the project may exceed the assistance to be provided by ACDA, secured from financial institutions, or other funding sources.
  2. In this case the purchaser of the property must provide their own personal funds toward the project.
    - (a) The personal funds must be expended before ACDA funds.
    - (b) 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.

### **Homebuyer and Rehabilitation Assistance Program Property Standards**

a. Condition Prior to Rehabilitation

Prior to acquisition or rehabilitation, a building must have one or more substandard conditions which would cause the building to fail Building Code inspection.

b. Condition at completion of Rehabilitation

1. Housing Code

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

2. Housing Quality Standards

- (a) In addition to meeting all local code requirements, all units which receive ACDA assistance must also meet section 8 Housing Quality Standards after rehabilitation is complete. In general, HQS requirements will be met by local code compliance except for the following HQS requirement not required by local code.
- (b) To meet HQS all living and sleeping rooms must include at least one window of "appropriate size" (size of window defined by local code).

c. Certificate of Completion

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

d. Long Term Code Enforcement

1. The owner must agree to long-term property maintenance including keeping the property in good repair and not allowing the property to deteriorate.
2. The property will be subject to inspection by the ACDA staff within two years of the transfer and/or rehab completion.
3. The Owner of a property with HOME 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.

**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.