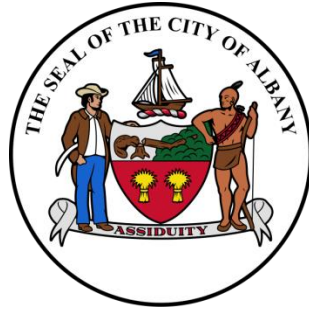

City of Albany
Albany Community Development Agency



HOAP Guidelines



Home Owner Assistance Program

Revised June 29, 2020

HOAP ELIGIBLE PROJECTS

a. Name of the Program

The name of the program shall be the “Home Owner Assistance Program,” hereinafter referred to as HOAP.

b. Purpose of HOAP Program

To increase the supply of code compliant owner occupied buildings in the City of Albany. To provide financial assistance to low income owner-occupied households with annual incomes 80% or below the median income for the purposes of rehabilitating owner-occupied buildings with 1 to 4 units, condominium or cooperative units of any size building .A strong emphasis will be placed on bringing the buildings in compliance with local housing code.

c. Source of Funds and CDBG /HOME Eligibility

1. Community Development Block Grant (CDBG) will be used to fund the HOAP Program, including all financial assistance and funds for the direct delivery of the program. All HOAP projects must meet all requirements of the CDBG program. CDBG Regulations can be found at 24 CFR Part 570. Eligibility for the HOAP Program can be found at 24 CFR Part 570.202 which is the section titled Eligible Rehabilitation and Preservation Activities.
2. HOME Investment Partnership Act Program (HOME) will be used to fund the HOAP Program, including all financial assistance and funds for the direct delivery of the program. All HOAP projects must meet all requirements of the HOME Program. (HOME Regulation can be found at 24 CFR Part 92)
3. To be eligible under HOAP, which is CDBG funded, the homeowner’s income must be under 80% of the median income upon completion. 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 income and you agree to structure your rents to be affordable to very low income households. This means that in addition to qualifying under the HOAP criteria, the project as a whole must be determined to be CDBG/HOME eligible. Income determination must be taken for all units in the project including the owner occupied units and rental units.

d. Rental Unit Eligibility

1. To be eligible under HOAP, existing and future vacant rental units in a project must meet the CDBG/HOME eligibility requirements in c.3. above.

e. **Eligible Costs**

1. *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.
- (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 to the rehab soft costs including fees involved in project.
- (g) Utility connections.
- (h) Lead based paint internal controls

2. **Ineligible Costs**

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

f. **Emergency Assistance Authorization**

In order to address situations that constitute an immediate threat to life, health and safety, the HOAP program will include an expedited procedure to provide emergency assistance.

1. ACDA will make an inspection to determine that an emergency situation, defined as one that is sudden and demanding immediate action, exists.
2. ACDA may then authorize contractors to undertake emergency work items and pay for these expenditures prior to approval of the complete HOAP project by the ACDA Board.
3. If emergency items are authorized, the owners must sign an agreement to complete the rest of the project including bringing the entire structure up to local code and must

assume the cost of these other rehabilitation activities. The owner will be liable for repayment to ACDA of all funds that ACDA paid to the contractor if the project is determined later to be ineligible, or for any other reason in which the project is not completed.

4. The following items will be considered for emergency repairs, when they present an immediate threat to the safety and welfare of the occupants and/or the building:
 - (a) Roof (leaking roof).
 - (b) Plumbing (broken sewer line, broken or inoperable fixtures, leaking pipes).
 - (c) Heating (inoperable, unsafe boilers, inoperable radiators or hot water heaters).
 - (d) Electric (bare wire, shorting receptacles or switches, hazardous temporary wiring, lack of and/or defective service ground).
 - (e) Structural Defects.
 - (f) Other items as determined by ACDA to be an emergency.

g. **Applicant Income Eligibility**

All income and eligibility determinations for HOAP assistance will be conducted by ACDA. At time of application, eligible applicants for HOAP assistance must have a gross annual household income under 80% of the median.

1. ACDA shall determine the income eligibility of a homeowner using HUD Regulation 24 CFR Part 5.
2. ACDA shall use the most recent income limits published by HUD.
3. As of JUNE 1, 2021, current HUD Income Guidelines for Annual Household Income provides that 80% of the 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

4. 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, and the value of any other real estate, etc.

h. Property Ownership

1. The applicant must be the property owner of record at the time of application.
2. ACDA will evaluate, on a case by case basis, the eligibility for HOAP in case of joint ownership, where one of the owners does not reside in the property.
3. There is no required length of ownership of the property to be rehabbed prior to application for HOAP funding.

i. Owner Occupancy after Rehabilitation

1. The owner must reside in the structure at the time of application and continue to reside in the structure for the length of the mortgage. If the owner is not residing in the structure at time of application because it is not habitable, ACDA will do an inspection of the structure to determine if the project is economically feasible. If the building has been vacant for more than six months, ACDA will require an architectural drawing/structural engineer report. ACDA reserves the right to reject any application.
2. The owner may request a waiver of this provision to allow the owner to sell or transfer title to another eligible household at the discretion of ACDA.

j. Location of Property

The HOAP program shall be available citywide. There are no neighborhood restrictions.

k. Eligible Number of Units in Building

Buildings with 1 to 4 units are eligible for rehabilitation under the HOAP program as long as the owner resides in one of the units. Condominiums or cooperative units in any size are eligible for rehabilitation under the HOAP program as long as the owner resides in one of the units.

l. Zoning

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

m. Eligible Household Size

There are no restrictions on household size in the HOAP program.

n. Number of Bedrooms

The unit may not be “over-crowded” as defined by HQS. Therefore, a sufficient number of bedrooms are required to provide adequate sleeping spaces 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).

o. **Delinquency**

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

1. When the applicant is in default on any obligations to ACDA.
2. When there are any unpaid property taxes, school taxes, water and sewer bills.
3. 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
4. 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.

p. **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 total of all debt secured by the property. The Albany Community Development Agency must be named on the policy as one of the mortgages.

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.

q. **ACDA Right to Reject Application**

ACDA reserves the right to reject any application when, in its judgment, rehabilitation of the project is not economically feasible nor in the best interest of current tenants, the owner, or the City.

HOAP Financial Assistance

a. Maximum Assistance

Maximum assistance will be \$40,000.00 for a single family home. If your building has more than one unit, (example: *2family, 3family or 4family*) up to \$10,000.00 of additional funding per unit may be available. The amount of assistance you will receive is based on the inspection and work write up of ACDA's rehab department.

b. Terms of Assistance

1. All HOAP assistance will be in the form of a deferred loan, secured by a mortgage. The mortgage may be subordinated to any other mortgage approved by ACDA which is presently, or which may be, placed on the property.

(a) ACDA shall offer a pro-rated deferred loan with no interest for the term set forth below. (See the chart below)

LOAN AMOUNT	LOAN TERM
Less than 15,000.00	5 years
\$15,000.00 - \$40,000.00	10 years
More than \$40,000	15 years

2. The remaining balance of the loan not forgiven to this date, shall be due and payable if the following conditions occur before the end of the prepayment period or at any time in the case of a deferred loan:
 - (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(s) 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.
3. The obligation may be transferred to another eligible borrower/occupant as determined by ACDA.

c. Additional Financial Assistance

1. Repeat HOAP Assistance

No additional HOAP funds will be put into a property after the first year of project completion.

d. Combining HOAP with Other Programs

1. An application will be evaluated on a case by case basis to determine the compatibility of the various program guidelines and regulations of the funding sources.

2. Single Application

An application for a HOAP project, combined with other funding sources, shall be submitted as one application so that it can be evaluated as one complete project for eligibility with the various program guidelines and with the various funding sources.

e. Property Owners' Personal Funds

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

2. In this case the owner of the property who must use funds from other sources to be used towards the project must do the following:

(a) The owner's funds must be expended first, before ACDA funds.

(b) The owner's 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.

Eligibility of HOAP Rental Units

a. Tenant Income Eligibility

1. "Low income" households are defined as having gross annual household incomes under 60% of the median income adjusted for household size.

2. "Gross Annual Income" is determined using HUD Regulation 24 CFR Part 5.

3. As of June 1, 2021, current HUD Income Guidelines provide that 60% of the median Annual Household Income is as follows:

Household Size	60% Median Maximum Income
1	\$40,200
2	\$45,900
3	\$51,660
4	\$57,360
5	\$61,980
6	\$66,540
7	\$71,160
8	\$75,720

b. Maximum Rent Caps

1. The maximum rent (including utilities) in HUD assisted units is set at 30% of 65% of the median income adjusted for household size as determined by HUD.
2. If the tenant pays utilities, the rent will be reduced by the Section 8 utility allowance.
3. Rent increases are allowed only when HUD publishes the new median household income figures. (approximately annually)
4. Effective June 01, 2021, the rents listed below will apply.

<u>Number of Bedrooms</u>	<u>Rent</u>
1	\$912
2	\$1,117
3	\$1,389
4	\$1,515
5	\$1,742

c. Utility Allowance

For units where the tenant pays the utilities, the rent will be reduced by the utility allowance on a case-by-case basis. ACDA must use the utility allowances published by HUD for the Section 8 program in determining the amount by which to reduce the maximum rent.

d. Income Certification

Signed income certification forms will be required as follows:

1. All occupants of the building at time of application, including owner-occupant and tenants must complete a Monitoring and Certification Agreement Form. The application will not be complete without these forms. ACDA Finance staff will determine the income for these occupants.
2. It is the responsibility of the owner to get signed certification forms from initial occupants of vacant units after the project is 100% complete and forward them to ACDA Compliance Monitoring staff.
3. All new tenants at turnover of units: It is the responsibility of the owner to get a signed certification form from each new tenant selected and forward it to ACDA Compliance Monitoring staff.

e. **Change of Income After Initial Eligibility**

Income will continue to be verified on an annual basis. If the income of a tenant household has changed, the following will apply:

1. A tenant whose household income increases after initial eligibility determination and exceeds 80% of the median adjusted for the household size will be allowed to remain in the HOAP assisted unit.
2. In no event will the landlord be required to displace a tenant whose income exceeds 80% of the median after the initial ACDA approval.
3. When the unit becomes vacant, it must be rented to an income-qualified household. A Monitoring & Certification Form must be submitted to ACDA Compliance Monitoring staff.

f. **Written Agreements**

A mortgage will be filed to assure that all HOAP requirements are met including the tenant eligibility provisions. The penalty under the mortgage for default of any provisions will include repayment of assistance.

HOAP Property Standards

a. **Condition Prior to Rehabilitation**

Prior to rehabilitation, the unit must have one or more substandard conditions that would cause the building to fail a housing code inspection.

b. **Condition at Completion of Rehabilitation not to exceed \$10,000.00**

1. Housing Code

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

2. Energy Standards

All units assisted with ACDA funds must meet the Cost-Effective Energy Conservation and Effectiveness Standards published by HUD at 24 CFR Part 39. The regulations take into account that not all energy efficiency standards can be met with each rehabilitation and allow for them to be eliminated to the extent that they are not practical in rehabilitation situations and considering economic feasibility. (24 CFR Part 39 is in the Appendix).

c. **Code Compliance in cases of Emergency Authorizations**

1. If the project involves emergency authorized expenditures, the rehabilitation project must be completed to be eligible for ACDA funding.
2. The City Building Department will be notified for a code inspection if participants only complete the emergency items and do not follow through on the rest of the improvements.

d. **Certificate of Completion**

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

e. **Long Term Code Enforcement**

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

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.