

**REQUEST FOR APPLICATIONS**  
**June 1, 2009**

**AFFORDABLE RENTAL HOUSING**

**NEIGHBORHOOD STABILIZATION  
PROGRAM  
(FY 2008 FUNDING)**

**Funded by:  
U.S. Department of Housing and Urban Development**

**Grantee:  
Town of Islip**

**Administered by:  
Town of Islip Community Development Agency  
15 Shore Lane  
Bay Shore, New York 11706**

**LETTER OF INTENT FROM APPLICANTS REQUIRED BY JUNE 26,  
2009**

## **INTRODUCTION**

The Town of Islip Community Development Agency (CDA) is requesting applications seeking grant funds, available through the United States Department of Housing and Urban Development (HUD) Neighborhood Stabilization Program (NSP), for projects proposing the creation of affordable rental housing through the acquisition and renovation of foreclosed homes in target areas. Approximately \$530,098 in funding is available for two homes.

The target areas for this program are the hamlets of Bay Shore, Brentwood and Central Islip within the Town of Islip. These are the areas which have been hardest hit by subprime lending abuses and foreclosures. Applicants will be encouraged to select homes for the program on severely impacted streets, where the rehabilitation and occupancy of a foreclosed home will have a significant impact upon the stability of the surrounding properties.

It is the intention of the CDA to secure the funds provided to the non-profit developer through mortgages. There will be no interest on the mortgages, but half of the amount secured will be paid back through monthly installment payments over a thirty year period. The remaining half will be secured with a no interest and no payment deferred mortgage which will become due in thirty years. In the event that the non-profit ceases to use the property for affordable rental housing purposes as detailed in this RFP, all remaining mortgage balances will become immediately due and payable to the CDA.

### **1) MINIMUM ELIGIBILITY REQUIREMENTS**

- a) Applicants must be a 501(c)(3) non-profit organization with experience in the development and management of rental housing on Long Island.
- b) NSP grant funds may be used strictly for the acquisition (including closing costs) and rehabilitation of vacant, foreclosed housing located in the communities of Bay Shore, Brentwood and Central Islip only. NSP funds may not be used for operating costs, services, administrative costs, or salary costs associated with the Applicant's proposed project.
- c) Applicants must document additional sources of funds, other than NSP, that can be allocated to the proposed project to ensure continued operation of the housing, including funds to maintain the property and monitor the tenants. Anticipated rents may constitute a significant portion of these operating funds.
- d) Since projects must be completed within a short time period, Applicants must have the financial resources to pay some of the eligible expenses on the project while awaiting reimbursement with NSP funds.

- e) Proposed project properties must be foreclosed single or multi-family homes located within the three target areas, and must be able to be purchased for at least 15% less than current appraised value. The market value must be determined by a licensed and certified appraiser, who is selected and paid by the Applicant. The CDA will work with Applicants to determine whether proposed properties will meet the requirements for the program. In the event that an Applicant chooses to enter into option-to-purchase or purchase contracts prior to submitting the application, the contracts must include a clause stating that “the sale of the property is contingent upon availability of NSP funds from the Town of Islip Community Development Agency and upon the CDA’s approval of the site.
- f) All proposed projects must be consistent with the Town of Islip’s Consolidated Plan.

**2) NSP PROGRAM REQUIREMENTS** – The Applicant whose proposed project is selected to receive NSP grant funds (“Sub-Recipient”) must adhere to the following standards:

- a) In the event that the Sub-Recipient elects to serve a special needs population, they must ensure that qualified service providers in the area make available appropriate supportive services to the individuals or families living in the housing.
- b) Sub-Recipients must provide safe and sanitary housing that meets or exceeds provisions for the applicable Code for the State of New York, County of Suffolk, as well as all other code requirements in the Town of Islip (including zoning and fire safety). All HUD Housing Quality Standards must also be met.
- c) All projects must meet New York State ENERGY STAR Labeled Homes requirements. Compliance shall be demonstrated by meeting the performance standard (i.e., a minimum expanded Home Energy Rating System (HERS) Score of 84.0. Builder Option Package (BOP) method of compliance will NOT be accepted). [http://www.unitedwayli.org/pdfs/LIPA\\_2006\\_07\\_NYESLH.pdf](http://www.unitedwayli.org/pdfs/LIPA_2006_07_NYESLH.pdf)
- d) Home Performance work or Energy upgrades MUST be installed by a BPI accredited Home Performance Company. <http://www.lipower.org/efficiency/homeperformance.html>
- e) Ingress and egress to the housing must occur without unauthorized use of other private properties. Structures must also have multiple means of egress in case of fire.
- f) Each resident must be afforded adequate space and security for themselves and their belongings. An acceptable place to sleep must be provided for each resident.

- g) The water supply must be free from contamination at levels that threaten the health of individuals.
- h) The housing must have adequate natural or artificial light to permit normal indoor activities and to support the health and safety of residents.
- i) Sufficient electrical sources must be provided to permit use of essential electrical appliances while assuring safety from fire.
- j) All food preparation areas must contain suitable space and equipment to store, prepare, and serve food in a sanitary manner. Similarly, the housing and any equipment must be maintained in sanitary condition.
- k) The renovated house must be maintained as affordable rental housing for families or individuals whose incomes do not exceed 50% of the Nassau-Suffolk Median Family Income for a period of not less than 15 years (and preferably permanently). All mortgage balances must be paid off in entirety to the CDA in the event that the house ceases to be used as affordable rental housing in accordance with the agreement between the CDA and the non-profit.
- l) The rental housing will be considered to be affordable if rents are no higher than the "Low HOME Rent," as determined by the U.S. Department of Housing and Urban Development and adjusted on a periodic basis. (The current allowable rents are attached as Appendix E.)
- m) In the event that the Sub-Recipient obtains Section Eight Project Based Rental Assistance, the allowable rent will be the Fair Market Rent.
- n) Sub-Recipients are encouraged to seek subsidies and take other actions in order to attempt to keep rents (including utility costs) to approximately 30% of tenant income.
- o) The Sub-Recipient must meet the following requirements relating to inspection and abatement of defective lead-based paint surfaces:
  - i) Treatment of defective paint surfaces must be performed before final inspection and approval of the rehabilitation; and
  - ii) Appropriate action must be taken to protect occupants from the hazards associated with lead-based paint abatement procedures, if required.
- p) No property to be assisted with NSP funds may be located in an area that has been identified by the Federal Emergency Management Agency ("FEMA") as having

special flood hazards, unless:

- i) The community in which the area is situated is participating in the National Flood Insurance Program or less than a year has passed since FEMA notification regarding such hazards (please note that the Town of Islip does participate in the NFIP); and
- ii) The Sub-Recipient will ensure that flood insurance on the structure is obtained in compliance with section 102(a) of the Flood Disaster Protection Act of 1973.

### **3) ADDITIONAL REQUIREMENTS**

- a) Prior to distribution of any NSP grant funds, Sub-Recipients must enter into a Sub-Recipient Agreement with the CDA. (A sample Sub-Recipient Agreement is available upon request.)
- b) Proposed project sites must be reviewed and approved by the CDA in accordance with 24 CFR Part 58 Environmental Conditions before final approval to expend funds for purchase or renovation will be given. All homes must also be inspected with regard to the presence of lead, asbestos, mold and other hazardous conditions prior to approval of purchase.
- c) All proposed projects must comply with Islip's zoning code. Authorization from the CDA will be required prior to a Sub-Recipient making any application seeking a variance or zoning change that will require a public hearing.
- d) All project sites must be vacant prior to acquisition by the Sub-Recipient.
- e) Sub-Recipients must acquire the project site within 90 days from the date of Notice of Award.
- f) Within 90 days of signing the Sub-Recipient Agreement, the Sub-Recipient must submit construction documents/building plans, with specifications, detailing all rehabilitation and required materials to CDA. (Material samples are to be available upon request.)
- g) Within 120 days from the date of the Notice of Award, the Sub-Recipient must submit rehabilitation bids.
- h) Construction and/or rehabilitation of the property must be completed within six-months from the date of the Sub-Recipient Agreement.
- i) Construction and rehabilitation specifications, associated materials, finishes,

equipment and furnishings must meet NSP project guidelines and standards. (NSP project guidelines and standards are available upon request)

- j) Upon request, Sub-Recipients shall provide a written report to the CDA providing the demographic characteristics of clients and any other information specifically requested by the CDA or HUD.

#### 4) APPLICATION REVIEW AND SELECTION CRITERIA

- a) A panel consisting of three or more CDA employees will review all proposals based upon five selection criteria and will assign a point value to each of the selection criteria. The selection criteria and respective point values are as follows:
  - i) Applicant's Overall Capability (administrative capacity to organize, develop, and manage affordable rental housing, including consideration of the experience of Applicant's staff, the average tenure of the governing board, and the financial infrastructure) (Value 0-25 points)
  - ii) Applicant's Experience With Providing Affordable Rental Housing to very low income persons (and supportive services to special needs populations, if applicable) (Value 0-25 points) **Please note that 10 points of this category is reserved for special needs applications only, non-special needs rental housing will not receive more than 15 points.**
  - iii) Project Information (Has the Applicant identified one or more foreclosed homes for purchase at a purchase discount of at least 15% below appraised value? Does the applicant provide any matching or leveraged funding? Will project use any green building details?) (Value 0-20 points)
  - iv) Client Population Base and Marketing Plan (Evidence that there is a need for the particular type of housing in the proposed location [if special needs] and that the Applicant has a plan to recruit and select eligible clients to take occupancy) (Value 0-10 points)
  - v) Operating Funds (Applicants must indicate the sources of funding for operating costs, including utilities, salaries, and administration) (Value 0-20 points)
- b) The CDA review panel will assign an overall grade to each Application based upon the total points accumulated from the each of the above categories.
- c) Grants will be awarded competitively, and so as to most effectively use the NSP funds that have been allocated to this activity.

- d) All NSP Grant Awards are subject to final approval by the CDA Board of Directors, and the Board reserves the right to reject any and all proposals.
- e) Applicants whose proposed project has been selected to receive NSP funding will be notified in writing by the CDA.
- f) The proposed NSP grant amount will be based solely upon the Applicant's submitted project estimate and will be subject to a downward change based upon actual costs associated with project acquisition, rehabilitation costs, and closing costs.
- g) Grievances arising from any aspect of the application or review process must be brought to the attention of the Executive Director of the CDA. If not resolved by the Executive Director to the Applicant's satisfaction, grievances may be referred to the CDA Board of Directors.

## **5) NSP GRANT APPLICATION GUIDELINES**

- a) Each application must include a narrative section. The narrative section of the application must be limited to 15 double-spaced 8.5" X 11" pages and should include:
  - i) Applicant's capability to create the type of housing being proposed. The Applicant must include an overview of Board structure and Applicant staffing, administrative capability and financial status.
  - ii) Detailed description of the type of housing proposed, including but not limited to, the number of individuals to be housed, the living arrangements for those individuals within the house, the proposed location, the number of units proposed, (for housing of individuals, occupancy may not exceed one person per bedroom and must comply with any local municipal law concerning maximum occupancy by unrelated individuals) and any pre-purchase contract which may be in place.
  - iii) An outline of the Applicant's strategy for providing direct tenant support and/or referral services, especially in the case of special needs tenants, to ensure that qualified service providers in the area will make appropriate supportive available services to individuals assisted with housing.
  - iv) Detailed description of Applicant's additional sources of funds to enable the Applicant to maintain continuing operation of the proposed housing with the necessary staffing. Applicants should be mindful that NSP funds may not be

used for staffing, administrative, or operating costs. Further, Applicants should note the maximum rent guidelines as detailed in Section 2) (l) and (m) above.

- v) Detailed description of the qualifications of the staff person and/or consultant who will be responsible for the construction documents or building plans, bidding and award of construction contract, performing rehabilitation site inspections and overseeing the construction project through its completion.
  - vi) Detailed description of the support services to be integrated into the proposed project. (Letters from support service providers should be appended if outside providers are to be used.)
  - vii) Demonstration of the Applicant's financial ability to further the proposed project and complete the project within the 6 month period specified in Section 3) (h) above. The CDA will not advance monies to the Applicant to enable the proposed project to progress while awaiting NSP grant funds.
- b) All pages of the application must be consecutively numbered.
  - c) Applications must have a cover page which follows the format of "Appendix A".
  - d) The first page after the cover page of the application must be a one page double-spaced project summary including acquisition, design and rehabilitation costs.
  - e) Letters from support service providers and other appended materials such as tables, graphs, photographs and maps should be no more than 30 additional pages.
  - f) Each Applicant must append to its application documentation of its 501(c)(3) status.
  - g) Each Applicant must append to its application a map which shows the location of the proposed housing.
  - h) Each application must include a completed budget page annexed hereto as "Appendix B".
  - i) Each application must include a completed "Additional Sources of Grant Funding and Reimbursement for Housing" Form annexed hereto as "Appendix C".
  - j) Each application must include a completed "Other Governmental Assisted Projects" Form annexed hereto as "Appendix D".
  - k) Each Applicant must append to its application a "Certification of Consistency" with

the Town of Islip's Consolidated Plan.\*\*\* (This form, APPENDIX F, should be submitted to the CDA for review and signature prior to the grant deadline.)

- l) Each application must provide a detailed justification statement which supports the total proposed budget expenditures.
- m) Each applicant must submit a lead base paint inspection certification for the proposed project site. Should the proposed project site require lead base paint remediation work, the applicant must submit a cost estimate for such remediation work with the application and include such costs in its proposed budget.
- n) Each Applicant must describe in its application the proposed use of any renewable or alternative energy sources and green building strategies.

## 6) SUBMISSION OF APPLICATIONS

- a) All agencies wishing to submit applications must send a letter of intent to apply to the CDA. This letter of intent must be **received** by 4:00 p.m. EST on June 26, 2009. This is necessary, so that clarifications and answers to questions can be distributed to all applicants.
- b) Complete applications must be **received** at the Town of Islip Community Development Agency Office by 4:00 p.m. EST on July 10, 2009.
- c) Applications received after the deadline will not be reviewed and will be returned to the Applicant.
- d) Applicants must submit one original and two copies to: Town of Islip Community Development Agency, 15 Shore Lane, P.O. Box 5587, Bay Shore, NY 11706 ATTN: NSP

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\*\*\* Each municipal HUD grantee must submit a 5 year plan describing its housing needs and a plan stating how it intends to meet these needs. The Certification of Consistency indicates that the proposed activity is consistent with the municipality's objectives.

**APPENDIX A**

**APPLICATION COVER PAGE**

- 1. Applicant Agency Name:**
- 2. Corporate Name (if different):**
- 3. Applicant's Complete Mailing Address:**
- 4. Authorized Representative of the Applicant/Corporation:**
  - Name:**
  - Title:**
  - Telephone Number:**
  - Fax Number:**
  - Email address:**
- 5. Type of housing to be developed and number of Bedrooms:**
- 6. Project location (Town, Village, County):**
- 7. Target Population to be served and Number of Families/Individuals housed:**
- 8. Amount of NSP Funds requested:**
  - Acquisition:**
  - Rehabilitation:**
  - Furnishings/Equip:**
  - TOTAL:**
- 9. Signature of Authorized Applicant/Corporate Representative:**
- 10. Date of Submission:**

**APPENDIX B**

**BUDGET**

**Acquisition Costs:** \$ \_\_\_\_\_

**Architectural & Engineering Costs:** \$ \_\_\_\_\_

**Other Costs (itemize - such as lead and asbestos testing):**

1. \$ \_\_\_\_\_

2. \$ \_\_\_\_\_

3. \$ \_\_\_\_\_

4. \$ \_\_\_\_\_

**Rehabilitation Costs:** \$ \_\_\_\_\_

**TOTAL COSTS:** \$ \_\_\_\_\_



**APPENDIX C**

**ADDITIONAL SOURCES OF GRANT FUNDING AND REIMBURSEMENT FOR HOUSING FORM**

- 1. This form should reflect all grant funding, charitable contributions, and rentals, which support project Sub-Recipients existing housing projects.**
- 2. List both current and pending sources of monies; identify pending sources with an asterisk.**
- 3. The program summary must include program activities and targeted groups.**

**ORGANIZATION:** \_\_\_\_\_

<b>Funding Source</b>	<b>Total Funding Amount</b>	<b>Number of Residences</b>	<b>Program Summary</b>

**APPENDIX C (continued)**

**ORGANIZATION:** \_\_\_\_\_

<b>Funding Source</b>	<b>Total Funding Amount</b>	<b>Number of Residences</b>	<b>Program Summary</b>

**APPENDIX D**  
**OTHER GOVERNMENTAL ASSISTED PROJECTS FORM**

**This form should reflect all governmental assisted housing projects or proposed projects that the Applicant is currently operating or that the Applicant has currently pending.**

**ORGANIZATION:** \_\_\_\_\_

<b>Project Description/Location</b>	<b>Total Governmental Funding Amount Sought or Received</b>	<b>Date of Award</b>	<b>Date of Project Completion or Current Status</b>

APPENDIX D (continued)

ORGANIZATION: \_\_\_\_\_

<b>Project Description/Location</b>	<b>Total Governmental Funding Amount Sought or Received</b>	<b>Date of Award</b>	<b>Date of Project Completion or Current Status</b>

**APPENDIX E**

**LOW HOME RENT LIMITS FOR NASSAU-SUFFOLK METROPOLITAN AREA  
(Current as of April, 2008)**

	<u>Efficiency</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	<u>6 BR</u>
<b>Maximum Monthly Rent (Including Utilities)</b>	<b>\$850</b>	<b>\$910</b>	<b>\$1,092</b>	<b>\$1,262</b>	<b>\$1,407</b>	<b>\$1,553</b>	<b>\$1,669</b>



**APPENDIX F**

**Certification of Consistency with the Consolidated Plan**

U.S. Department of Housing and Urban Development

I certify that the proposed activities/projects in the application are consistent with the jurisdiction's current, approved Consolidated Plan. (Type or clearly print the following information:)

Applicant Name: \_\_\_\_\_

Project Name: \_\_\_\_\_

Location of the Project: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Name of the Federal Program to which the applicant is applying: \_\_\_\_\_

Name of Certifying Jurisdiction: \_\_\_\_\_

Certifying Official of the Jurisdiction Name: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_