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BY EMAIL

Kevin J. Plunkett, Esq.
Deputy County Executive
Westchester County
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White Plains, NY 10601

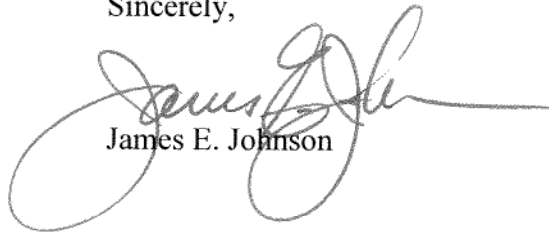
Keisha Brooks, Esq.
Office of General Counsel
U.S. Department of Housing and Urban Development
451 7th St., S.W.
Washington, DC 20410

**United States *ex rel* Anti-Discrimination Center of Metro New York, Inc. v.
Westchester County, New York (No. 06 Civ. 2860 (DLC))**

Dear Mr. Plunkett and Ms. Brooks:

As discussed on our conference call earlier today, I am enclosing a copy of the final Discretionary Funding Policy, as approved by the Monitor.

Sincerely,



James E. Johnson

Enclosure

cc: Robert Meehan, County Attorney
Mary J. Mahon, Special Assistant to the County Executive
Glenda Fussá, Deputy Regional Counsel, New York Office, HUD
Vincent Hom, Director, Community Planning & Development, HUD

DISCRETIONARY FUNDING POLICY

In August 2009, Westchester County entered into a Stipulation and Order of Settlement and Dismissal in *U.S. ex rel. Anti-Discrimination Center of Metro New York v. Westchester County, New York* (the "Settlement Agreement"). Beginning on March 1, 2012, the grant of discretionary intermunicipal funding, including but not limited to County Open Space funds and CDBG funding, ("Discretionary Funding") to municipalities eligible under the Settlement Agreement ("Recipient Eligible Municipalities") shall be conditioned, as appropriate, upon the Recipient Eligible Municipality's commitment to affirmatively further fair housing within its borders. This policy does not apply to municipalities in Westchester County other than the Recipient Eligible Municipalities.

Each Recipient Eligible Municipality shall be required to commit to the County, in writing, that it is in compliance with the following terms and conditions in connection with its commitment to affirmatively further fair housing:

- (a) Recipient Eligible Municipality has adopted municipal zoning code provisions and/or policies which reflect the guidance provided in the Model Ordinance Provisions approved pursuant to the Settlement Agreement and demonstrate a commitment by the Recipient Eligible Municipality to affirmatively further fair housing, including a ban on local residency requirements and preferences and other selection preferences that do not affirmatively further fair housing, except to the extent provided in the Model Ordinance Provisions;
- (b) Recipient Eligible Municipality will offer the County a Right of First Refusal to retain and/or purchase any and all land acquired in rem to be used for housing that affirmatively furthers fair housing; and
- (c) Recipient Eligible Municipality will actively further implementation of the Settlement Agreement through its land use regulations and other affirmative measures to assist the development of affordable housing.

Such commitments by Recipient Eligible Municipality shall be stated in the funding agreement between the County and the Recipient Eligible Municipality.

The funding agreement will also provide that housing units that affirmatively further fair housing must be marketed in accordance with Westchester County's Affirmative Fair Housing Marketing Plan approved pursuant to the Settlement Agreement, throughout the period of affordability.

Applications for Discretionary Funding submitted by non-municipal entities will be reviewed to determine whether or not such entity is acting as an agent of a municipality for purposes of the project for which funding is sought. If such entity is deemed to be acting in the capacity of agent for a municipality, the application will be subject to a review of the agent-municipality's compliance with the policy of affirmatively furthering fair housing stated above. The determination as to whether an agency relationship exists will be based on the principles of law relating to agency relationships in New York State, and the fact that the non-municipal entity/applicant may be required by local municipal codes to obtain municipal approvals or abide by municipal processes for such approvals in connection with such application will not be determinative of the agency relationship. Westchester County will provide notice of all non-municipal applications for funding to the local municipality in which the funding is proposed to be spent.

The County's audit rights under any grant of or funding agreement for Discretionary Funding will extend to all documents, reports, and records which relate to the Recipient Eligible Municipality's commitment to affirmatively further fair housing as described herein. Should Recipient Eligible Municipality fail to abide by any of the above conditions, Recipient Eligible Municipality will be obliged, upon thirty (30) days written notice by the County, to refund any Discretionary Funding paid to the Recipient Eligible Municipality.