



**Community Development Block Grant  
(CDBG)**

**UNIVERSAL  
Housing Assistance Plan**

**For**

**HERNANDO COUNTY**  
FFY  
2009-2011

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<b>I. INTRODUCTION</b>	<b>3</b>
<b>II. COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAMS – OPERATIONAL PROCEDURES</b>	<b>4</b>
<b>III. CONFLICT OF INTEREST</b>	<b>10</b>
<b>IV. HOUSING FINANCE</b>	<b>11</b>
<b>V. QUALIFICATIONS</b>	<b>14</b>
<b>VI. STRUCTURAL REQUIREMENTS</b>	<b>18</b>
<b>VII. PROCEDURES</b>	<b>21</b>
<b>VIII. CLEARANCE/PERMANENT RELOCATION/DEMO RELOCATION</b>	<b>27</b>
<b>IX. CONTRACTOR LISTING</b>	<b>30</b>
<b>X. RELOCATION/DISPLACEMENT</b>	<b>33</b>
<b>XI. APPEALS/COMPLAINTS</b>	<b>34</b>
<b>XII. PROGRAM INCOME</b>	<b>35</b>
<b>XIII. PROPERTY ACQUISITION POLICY</b>	<b>36</b>
<b>XIV. REGULAR CATEGORY CDBG HOUSING REHABILITATION PROGRAM</b>	<b>39</b>
<b>XV. CDGB DRI CATEGORY HOUSING REHABILITATION PROGRAM</b>	<b>42</b>
<b>XVI. CDBG NEIGHBORHOOD STABILIZATION PROGRAM</b>	<b>48</b>
<b>APPENDIX A—SPECIFIC RANKING CRITERIA</b>	<b>59</b>
<b>APPENDIX B—DEFINITIONS</b>	<b>60</b>

## I. INTRODUCTION

This manual is a guide for implementing the housing strategies and related aspects of the County's Community Development Block Grant (CDBG) Housing Programs, including the Regular CDBG (henceforth "CDBG"), the CDBG Disaster Recovery Initiative (henceforth "DRI"), and the CDBG Neighborhood Stabilization Program (henceforth "NSP") Categories. The responsibilities of the County (and the County's Designee), the homeowner, construction contractor, the Project Administrator (PA) and the Housing Rehabilitation Specialists (HRS) are specifically addressed in this manual. The major focus of this manual is on housing finance, housing rehabilitation, demolition/clearance, procurement and replacement of eligible, HRS-approved dwellings. Relocation of households is also covered to a limited extent, as described herein. The Anti-displacement Policy should be consulted if displacement or permanent relocation becomes a concern. Except under Federally Declared Disasters and similar extenuating circumstances, and by waiver of the County Commission and approval by FDCA, no CDBG housing activity shall be undertaken that causes displacement of legal residents from a dwelling unit. Permanent relocation shall only be considered for replacement units where the existing lot is not suitable for the replacement unit or is unsafe for the residents. Eminent domain shall not be addressed using County CDBG Housing funds.

The goal of the CDBG program(s) is to meet the HUD CDBG (NSP or DRI where applicable) National Objectives including but not limited to the rehabilitation of substandard units, rehabilitation of units affected by natural disasters, procurement of foreclosed or abandoned/vacant housing units (called REO's or real estate owned properties) located within the County and to bring them up to a minimum acceptable living standard. This standard shall include the HUD Section 8 Minimum Housing Quality Standard, the current Florida Residential Building Code and relevant local codes (whichever is most stringent for each code-related item). This goal will be achieved through the use of CDBG funds to contract for the required rehabilitation construction. The rehabilitation units under the CDBG regular category and DRI categories to be assisted shall be owner-occupied. The units to be assisted under NSP must be real estate owned (REO) where all foreclosure proceedings are complete and the deed has been transferred.

## II. COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAMS – OPERATIONAL PROCEDURES

All procedures outlined in this section are applicable to all CDBG categories including Regular Category Housing Rehabilitation, the Disaster Recovery Initiative Housing Rehabilitation and Assistance Category, and the Neighborhood Stabilization Program Category. The procedures in this section govern all categories, and may be amended or expanded by any requirements set forth in the individual strategies and the different programs and categories may require.

### A. *Objectives*

The objectives of the County's Housing Rehabilitation Programs are:

1. To encourage the revitalization of very low, low and moderate income neighborhoods through a Housing Rehabilitation and Deferred Payment Loan (DPL) Program.
2. To encourage the stabilization of established Areas of Greatest Need (AGN) through the procurement of foreclosed and abandoned properties through the NSP Housing Rehabilitation and Deferred Payment Loan (DPL) Program.
3. To encourage the revitalization of very low, low and moderate income neighborhoods affected by declared natural disasters through a DRI Housing Rehabilitation and Deferred Payment Loan (DPL) Program.
4. For CDBG and DRI programs, to remove unhealthy or hazardous conditions in low-to-moderate income households.
5. For NSP, to remove unhealthy or hazardous conditions in very low, low, moderate and middle income households
6. To use Community Development Block Grant rehabilitation grant funds as a catalyst to encourage residents of very low, low and moderate income (and in the case of NSP, middle income) neighborhoods to improve their community.
7. To preserve existing housing stock, or replacement of substandard housing.
8. To enable low-to-moderate income families to rehabilitate their homes by providing financial and technical assistance to those unable to obtain private financing.
9. To reduce utility costs and to improve the comfort of very low, low and moderate income families through weatherization aspects of rehabilitation.
10. To improve the property tax base in low-to-moderate income neighborhoods.

11. To increase employment and training opportunities for local residents and minority persons through the provision of funds for the rehabilitation of homes.
12. To make homes accessible to elderly/handicapped occupants as may be required by code, accessibility requirements and as good judgment of the HRS may dictate.
13. To minimize impact of program participation on recipients and to limit direct costs encountered because of program participation.

***B. Rehabilitation Policies***

It is the policy of the County's Housing Rehabilitation Programs to:

1. Assure that the programs are administered in strict conformance with the community development and rehabilitation rules and all applicable local, state and federal requirements (including equal opportunity, conflict of interest, etc.).
2. Treat all participating property owners, residents, and contractors fairly, with sensitivity and respect for their needs, and in accordance with program rules.
3. Provide all program participants any reasonable assistance necessary to carry out the objectives of the program, bearing in mind:
  - 1) That property owners hold the primary responsibility for maintaining their property and personal finances,
  - 2) That contractors are primarily responsible for the quality of their work and their obligations to suppliers, creditors, subcontractors and employees; and
  - 3) That any assistance provided must be authorized at the proper level.
4. Assure that no member of the Congress of the United States or the County Commission, or any other elected official shall share in proceeds or benefits of CDBG funded rehabilitation work. That in the case of the CATF, that no member of that Board may vote or discuss during the selection process on any award of CDBG/DRI/NSP funds where they might become an applicant or housing partner.
5. Allow some flexibility in administering the programs in order to meet the program's goals and objectives of rehabilitating each addressed dwelling to attain HUD Section 8 Minimum Housing Quality Standards, the current Florida Building Code and any local codes that may apply. The County Commission may waive program rules only when the result will be consistent with established goals and objectives, and applicable federal, state or local regulations.
6. With regard to the CDBG and DRI categories, housing rehabilitation will be the first priority, with housing replacement units being addressed when program funds are available.

### **C. Identification of Units**

Housing Rehabilitation will be performed only on units approved by the County and in accordance with grant requirements established by the State of Florida and the US Housing and Urban Development (HUD). Alternate units may be provided to replace any primary units that may become ineligible. The County will solicit applications either from other housing assistance providers that have knowledge of need within the County, by placing notices in public areas throughout the County and/or by advertising in publicly circulated publications. The County will review applications received using the following selection criteria:

1. Whether or not the recipient previously been furnished assistance under any County Housing assistance program including SHIP or HHRP, and if so, when and under what circumstances. A former recipient under the regular CDBG category cannot be assisted for (5) five years and in any event will not be served again until all other eligible recipients have received assistance.
2. Number of persons in the family and the family income.
3. For NSP, Areas of Greatest Need as identified by the County using the HUD and Housing and Economic recovery Act (HERA) NSP methodology provided by the Federal NOFA (Notice of Funding Availability) and shall be found in the County NSP grant application and State Sub-recipient agreement.
4. For NSP, whether or not the property meets the requirement for foreclosed and/or legally abandoned and vacant (Real Estate Owned or REO).
5. For NSP, whether the repair needs of the property are minor enough that the unit can be delivered within the NSP time frame.
6. For NSP, whether the REO units are subject to any major impediments or complications (flood plain, historic preservation, hazards or hazardous conditions, zoning compliance, do not have clear title, test positive for lead-based paint, have asbestos, etc) which make it unlikely to be feasible to address with available funds or within the available time frame.
7. For DRI, housing units identified by the County when the County falls under a Federally Declared Disaster Event, having been affected by a disaster.
8. Type of construction (i.e., block, manufactured home, wood frame, etc.), state of deterioration of the residence and estimated cost to rehabilitate as compared to 1) average residence cost calculated in the application and 2) the value of the residence after rehabilitation. Assistance for mobile or manufactured housing will be included in the program, but will be restricted to replacement of said structure with a site built home, unless prohibited by local or state regulations or infeasible due to applicant or site conditions. The HRS shall make the final evaluation and recommendation for addressing any mobile or manufactured units.

9. Location of the residence with reference to defined areas, i.e., floodplain, zoning, incompatible use, historic preservation, hazards, etc.
10. Consistency of the proposed residence rehabilitation with the local comprehensive plan and/or land development regulations.
11. Whether or not the applicant is current on payments to the local government (i.e., garbage/trash bill, utility bills, taxes, etc.) and mortgage/lien holders. Applicants must be current on all payments to be eligible. The applicant shall have 30 days from the time of application submission to the County to document full compliance with this requirement. If 30 days passes without proper documentation of compliance, the application will become an alternate (falling to the bottom of the list on the 31<sup>st</sup> day) and shall not be considered until all other applications are exhausted with funds remaining and 2) the applicant has a completed file with full compliance with this requirement and all others.
12. Recipients' willingness to maintain reasonable standard of care and maintenance to protect and enhance the investment by meeting local nuisance, trash, and other environmental or health codes.

For owner occupied, whether or not the applicant has clear title to the property. Applicant must be able to demonstrate clear title to be eligible. The applicant shall have 30 days from the time of application submission to the County to document full compliance with this requirement. If 30 days passes without proper documentation of compliance, the application will become an alternate (falling to the bottom of the list on the 31<sup>st</sup> day) and shall not be considered until all other applications are exhausted with funds remaining and 2) the applicant has a completed file with full compliance with this requirement and all others.

13. Whether or not the structure is more than 50 years old. The applicant shall indicate on the application form whether to his/her knowledge the structure is older than 50 years. If the answer is "yes," or if other evidence suggests the structure is more than 50 years old, the County must notify the State Bureau of Historic Preservation and receive written approval for the rehabilitation. Property appraiser, tax records, or other government agencies' records will be researched to verify the age of the structure.
14. In addition to the above, the following priority ranking in Appendix A shall be strictly adhered to in the selection of qualifying applicants for regular CDBG clients, and when applicable, under DRI. The HRS shall make the final interpretation of when the ranking criteria applies and when it does not, such as in NSP or in DRI when '1<sup>st</sup> approved, 1<sup>st</sup> awarded' is used by the County.
15. Lease properties are only addressed as defined in this HAP and shall only be for income restricted, eligible properties. Deed restrictions are required for any lease property for the minimum affordability periods as defined herein.

16. The HRS shall make the final evaluation and recommendation for each applicant and unit as to whether they are appropriate under any CDBG, DRI or NSP Plan and the HUD and State requirements. The County makes the final determination of acceptance of an applicant and of award of any units, subject to the guidelines of this HAP as set forth by the Board of County Commissioners.
17. Partner-assisted programs (with “partners” being affordable housing developers, community based organizations, housing authorities, supportive service organizations, non-profits and similar affordable housing providers) may be implemented as outlined in this HAP. Housing finance shall be used for partner-assisted programs. Partners shall be selected using the RFQ or RFP competitive selection process. Deed restrictions and DPLs apply. All unit and applicant qualifications and monitoring by the HRS and PA apply. Partners must agree to comply with all CDBG requirements and submit to monitoring and directions of the HRS before any funds are released or payments made.
18. For owner-occupied rehabilitation, owner-occupied shall mean a residential unit with the title in the personal name of the applicant(s) used as a primary residence of the applicant(s). This does not include any non-residential unit or shared space with non residential uses or income generating property.

***D. Approval of Ranking, and Removal of Units from the Program***

The HRS shall review and rank the applications from regular category CDBG and where applicable, the DRI category, based on the criteria attached as Appendix A.

The HRS shall then review the applicants and recommend rankings with the County’s assigned PA. After the PA concurs with the recommended ranking, the ranking shall be reviewed and approved by the Citizen’s Advisory Task Force (CATF). Thereafter, the CATF recommendation shall be submitted to the local governing body for their approval.

The application process shall have a noticed cut off date for the receipt of applications. Applications received after that date shall only be considered on a ‘first approved, first awarded’ basis as alternates after the primary list of applicants has been considered and exhausted where sufficient funds still remain to address more units. Primary consideration of ‘first approved, first awarded’ status shall be when the applicant complies with all program criteria and has furnished all required documentation and can therefore be qualified by the HRS, rather than time of receipt of the initial application. This is contingent upon funds remaining available at the time of approval and the unit in question also qualifying. Income qualification and unit qualification both apply (e.g. an applicant completes their file and is qualified, but the unit is in the flood plain or historic and insufficient funds remain to address those issues. However, the next applicant in the first approved, first awarded line qualifies and only needs roof and window repairs within the remaining budget.)

For NSP, the HRS shall review each applicant and each unit and all recommendations shall be on a first approved, first awarded basis due to NSP time constraints and the requirement to acquire, repair and resell or lease REO, vacant properties. HRS judgment as to the feasibility of each application and each unit shall govern in all cases.

The HRS or the County's PA may remove an applicant from the program for a change in household income, approved selection criteria, not complying with the minimum qualification procedures, refusing to comply with the program requirements or HRS directions (such as temporary relocation from an unsafe dwelling or work area), not accepting the program standards or HRS recommendations for eligible repairs or other just cause that would expose the County to unacceptable risk. If it is determined that it is necessary to remove an applicant from the program, a certified letter will be drafted and recommended by the HRS and sent by the County to the applicant stating the reasons for the removal. The applicant will have the right to appeal the decision as identified in the Citizen Participation Plan. The HRS's best judgment shall be the guide in determining whether it is in the best interest of the program or the County to reject a unit or application. The practical housing rehabilitation experience of the HRS is critical in dealing with potential risk to the County or program, or the safety of the occupant in cases where applicants refuse to cooperate with program guidelines or HRS directions.

### III. CONFLICT OF INTEREST

Although addressed in other places in this Housing Assistance Plan, adherence to rules and regulations with regard to Conflict of Interest is mandatory. All applicants from any CDBG category that may have a business or familial relationship with a member of the County Commission, Citizen's Advisory Task Force Committee, HRS, PA, or participating construction contractors must fully disclose this relationship on the application for assistance or financing. All conflicts of interest must be disclosed to the public, County Commission and the FDCA before award of any CDBG/DRI/NSP funds. Conflicts of interest may be waived by the BCC and FDCA on a case by case basis, if they are deemed acceptable by both the County Commission and State and otherwise compliant within the program requirements by the HRS and County Designee. In addition, all beneficiary names must be disclosed at the regular meetings of the County Commission and the Citizen's Advisory Task Force (CATF) as selection of beneficiaries occur and these names must be included in the minutes of both the Council and the CATF meetings. The County Commission and CATF members must disclose any relationship with an applicant (or vender, or lender, developer, or housing partner) and must abstain from any vote related to that applicant (or vender, or lender, developer, or housing partner) As soon as a final ranking of the applications is made, that ranking and any cases of conflict of interest must be made known at a meeting of the County Commission. Before an applicant, vender or housing partner with a potential or real conflict is given final approval for participation, County must notify the Florida Department of Community Affairs (FDCA) in writing. Prior to any rehabilitation, the County must receive written notification of FDCA's approval of the application and waiver of conflict of interest, in accordance with 24 C.F.R. Section 570.489. If a construction contract is executed, grant funds are expended, and the above process was not followed, the local government and/or the applicant may be liable for returning the funds to the program.

#### IV. HOUSING FINANCE

The Program(s) provide financing for eligible activities to homeowners in the form of zero-interest Deferred Payment Loans (DPLs), the amount of which shall include the accepted bid amount plus a contingency reserve. In the case of DRI or NSP, this can also include acquisition or purchase assistance.

##### A. *Deferred Payment Loans (DPL)*

Deferred Payment Loans (DPLs) are zero-interest loans with deferred payments that become grants when and if all criteria are met by the applicant. The DPL is provided to a) homeowners who are unable or unlikely to obtain conventional financing due to their income limits, or b) to assist disaster affected homebuyers in purchasing a home under DRI or c) assist homebuyers in purchasing an eligible REO home in an NSP designated area of greatest need while also ensuring the housing unit maintains a status of long term affordability.

DPL financing is also used in the CDBG and DRI categories to provide assistance with housing rehabilitation and/or replacement of owner occupied, eligible units. The Deferred Payment Loan (DPL) involves a security instrument (lien) requiring repayment of the loan only if the homeowner sells or transfers ownership of the rehabilitated home, ceases to use it as his/her primary residence within the date specified in the terms of the DPL, or fails to maintain reasonable required standards of care and maintenance. Except in the case of the activities described below\*\*\*, during the specified lien period the principal is 'forgiven' or subtracted from the principal balance in equal annual amounts for all rehabilitation unit loans, so that at the end of the specified term of owner occupancy (by at least one of the recipients if owned jointly), the loan is fully amortized. There is no interest charged during this specified term agreement.

In the event that the sole owner dies or both/all owners die within the specified loan period, repayment of the loan will not be required and the DPL is forgiven (i.e. it becomes fully amortized upon the death of the final owner).

The assistance provided to each homebuyer, at the time of closing, will be in the form of either a primary or secondary mortgage. The mortgage will be recorded in the Public Records of the County. It is a Deferred Payment Loan (DPL) at zero interest and is forgiven in accordance with the following schedule:

<b>Assistance amount</b>	<b>Lien/Affordability Period</b>	<b>Forgiven Annually/Repayment***</b>
Under \$15,000.00	5 years	20% annually
\$15,001-\$40,000.00	10 years	10% annually
Over \$40,001.00	15 years	7% annually
Demo/Replacement	20 years	5% annually

*NOTE: With regard to Demo/Replacement and new construction housing, all NSP, CDBG and DRI Category DPL's must maintain long-term Affordability for the lien periods as described above. In these instances CDBG funded DPL's are not forgiven annually. The full amount of the DPL remains in effect for the lien period and is forgiven only at the end of the lien period*

*when the loan is fully amortized. At the County's discretion and in the best interest of the CDBG program, a deed restriction may also apply for the term of affordability period. The HRS will consider each unit and applicant and make recommendations to the County as to any deed restrictions that may be appropriate. In the case of lease units or partner assisted units, all units shall have a deed restriction for the duration of the lien. Deed restrictions must be recorded at the same time as the DPL lien documents.*

If repayment of a DPL becomes due, the prorated principal balance will be due in full within thirty (30) days of the sale/transfer of ownership or the owner's cessation of primary residence at the property. If the owner is unable to make such payment, the County Commission may, at their discretion, allow repayment of the DPL over a term not-to-exceed fifteen (15) years, at a yield of not more than one percent (1%) interest per annum, and/or allow transfer or sale of the unit to another income qualified household for the remainder of the lien period.

Except in the case of the NSP category, homeowners whose household incomes do not exceed the HUD Section 8 low-to-moderate income limit will receive a Deferred Payment Loan for 100% of the cost of rehabilitation.

The maximum buyer DPL for the regular CDBG and CDBG/DRI categories for an owner-occupied single family dwelling for repairs or replacement is \$60,000. The maximum DPL for NSP is also \$60,000 per unit for direct purchase assistance, closing cost and down payment cost plus any repairs, subject to guidelines outlined in that section.

Throughout this HAP, where it is necessary to draw a distinction (usually as it relates to NSP), a "regular" or "buyer" DPL shall be defined as the one signed by buyers/applicants (VLI, LMI, LMMI households and beneficiaries). A "partner" DPL shall be financing to eligible housing providers to develop NSP units. DPLs for partners to acquire/repair and resale approved units end when an approved LMMI buyer closes on the house, signs a new DPL and liens are recorded. DPLs for partners to acquire/repair and rent approved units stay in effect for the affordability period under the guidelines described herein.

If rehabilitation costs require more than \$60,000 in the aforementioned categories and the owner is unable to finance the additional cost, the dwelling unit may be disqualified by the HRS unless alternative funding is available. If the HRS considers it appropriate and in the best interest of the program, CDBG funds may be used in lieu of alternative funding only upon 1) availability of CDBG construction funds and 2) the approval of the County Commission of a waiver of the maximum DPL. Grant application scoring indicates an average rehabilitation amount that is to be attained. Very high costs frequently adversely impact other units planned for rehabilitation, therefore the ability to maintain the necessary average must enter into the decision process of the HRS.

As a general policy, a contingency amount of 5% shall be placed on reserve for change orders. Exceptions may be made to this rule if the owner provides a firm commitment in writing to pay for all required changes exceeding the authorized loan limit, or if the PA determines that the situation does not require a contingency fund.

**B. *Scope of Rehabilitation Assistance***

CDBG financing of housing rehabilitation is available for the following purposes:

1. The purchase and rehabilitation of foreclosed and abandoned properties for housing ownership or lease in areas of greatest need as established in the NSP Guidelines, the Florida Action Plan Amendment and current Emergency Rule.
2. Addressing local housing code required repairs under current Florida Building Codes requirements or Section 8 standard violations, whichever is most stringent for each code-related repair need;
3. Providing cost effective 'Green' features. The HRS shall determine the feasibility and eligibility of any such repairs. The most current Florida Green Building Coalition checklist of green features appropriate for the type dwelling shall be used as a list of options for including affordable green features;
4. Providing reasonable repairs and modifications to make the dwelling accessible to handicapped and elderly occupants as necessary and technically feasible. The HRS shall determine the feasibility and eligibility of any such repairs; and
5. Correcting health and/or safety violations that may be present, including replacement of dilapidated or malfunctioning stoves or refrigerators and interim controls or abatement of lead-based paint hazards. The HRS shall determine the feasibility and eligibility of any such repairs;

Except for certain NSP or DRI new construction or redevelopment activities, new construction such as adding a room or closing in a carport is eligible for rehabilitation financing only to eliminate overcrowding or to provide bathroom or laundry hook ups. In all CDBG categories including NSP, general property improvements are eligible for program funds when necessary to obtain an accurate level of utility, to decrease high maintenance costs, or to eliminate blight. Examples of eligible general property improvements include installation of cabinets and linen closets, functional changes in room layout, replacement of unapproved or damaged floor coverings, and enclosure of a porch for use as a bathroom where the dwelling does not have adequate interior space.

In the CDBG and DRI categories for rehabilitation, some general property improvements that are not required by code, Section 8, the code/section 8 work itself (creating a need for restoration) or other eligible reasons listed above and recommended by the HRS may be provided at the owner's expense. Except in NSP or new construction, other additional improvements above those required to achieve minimum standards are optional and at owner expense. The cost for any such improvements shall be borne by the owner who must deposit the funds with the local government before the improvements begin if the improvements are to be a part of the rehabilitation contract.

## V. QUALIFICATIONS

### A. *General*

In order for a homeowner to be eligible for purchase and/or rehabilitation assistance, the following criteria must be met:

1. Total household income under CDBG and DRI must not exceed the low-to-moderate limits set for the HUD Section 8 program at the time assistance is provided. In the case of NSP, household income must not exceed 120% of the Area Median Income (AMI).
2. The owner must possess and provide clear title to the property, although it may be jointly owned and the property may be mortgaged. Ownership through life estate, heir property or other legal satisfactorily documented ownership is considered satisfactory for program participation. Providing proof of title is an owner responsibility and expense.
3. In the case of the NSP category, before an eligible foreclosed or abandoned property is to be purchased and closed, evidence of clear title (clear of all liens) must be provided by the institution from which the property is being purchased. It is the responsibility of the County to ensure that all other title or lien issues are cleared before the final purchase of a property.
4. Except in the case of the NSP category, new construction or purchase assistance, the owner must reside in the dwelling as a primary residence to be rehabilitated for at least one year prior to the time of application. In the case of the DRI category, the homeowner must have been permanently residing in the dwelling unit as the primary residence at the time of the declared disaster.
5. Property tax, mortgage payments and utility bills must be current and ownership must not be jeopardized by any other threat of foreclosure, default or clouded title to be eligible for CDBG and DRI owner-occupied rehabilitation.
6. The property must be fully insured for basic homeownership and flood insurance, with the County named as a policy holder if the home is in the 100-year flood plain. Flood insurance must remain in effect for the entire period of the Deferred Payment Loan Agreement. Any unit to be addressed with CDBG funds must be elevated to at least 1' above base flood elevation (or to local code) whichever is greater, or disqualified due to cost infeasibility. This applies to all categories and all activities involving construction.
7. All applicants that may have a business or familial relationship with a member of the County Commission, the Citizen's Advisory Task Force Committee, HRS, PA and participating construction contractors must fully disclose this relationship at the time

of the application, at the point in time in which the conflict occurs and definitely before a construction contract is executed (see Conflicts of Interest)

8. If a boundary survey is required, the owner is responsible for providing necessary proof or documentation at the owner's expense. In the case of the NSP category, the County either must receive a current boundary survey from the institution from which the property is being purchased or provide a current boundary survey of its own.
9. Rental or other income generating properties are not eligible to participate in the CDBG or DRI owner-occupied rehabilitation program. Only units occupied by the applicant(s) with clear title as a primary residence are eligible. Such rental units may be eligible under lease unit programs under DRI or NSP. Refer to the relevant sections in this HAP, current Florida Sub-recipient Agreements and respective applications with the County.
10. In the NSP and DRI categories, lease units may be addressed if a) the County is seeking lease units to meet NSP or DRI VLI or LMMI needs, b) the project is cost feasible, c) the unit(s) are income restricted, d) the units comply with all HUD and FDCA eligibility requirements (or will by means of agreement and improvements), e) have CDBG eligible repair needs and f) the property management agency demonstrates capacity and the minimum 5 years experience required to participate. Such properties shall be screened and qualified by selection process and review of the HRS.
11. Participants in the NSP category (or for any purchase assistance) must attend a HUD approved eight (8) hour homebuyers' education class prior to closing. This may apply to any new construction units under the DRI program as well. The HRS will advise the County of any such requirements.
12. The County shall take all reasonable measures to avoid fraud and abuse. The County shall provide qualified oversight through competent staff of contract program oversight, including any loan documents and closings. Any fraud or abuse of Housing funds shall be grounds for disqualification.

Each applicant; to ensure proper homeowner qualification will also be required to provide at a minimum the following documentation, as applicable on a case by case basis:

- Completed application and disclosures with signatures and date.
- Picture Identification for applicant and any co-applicants.
- Proof of Ownership Recorded Copy of Property Deed.
- Property Tax Receipt.
- Most current year's Tax Returns or year's Tax Transcripts from IRS.
- Paycheck Stub (Last 2 pay stubs for each working member).
- Or most current Social Security Verification (Statement of Benefits).

- Most current other assets - 401(k), retirement/pension, IRA, CDs, annuities, etc.
- Most current Self-employment income statement with schedule C, E, or F.
- Documentation on dependents claimed (including birth certificate, school records, court-ordered letter of guardianship, divorce decree and/or letter of adoption).
- Two most current bank statements for all open checking, savings, or other interest bearing accounts at the time of application and contract signing.
- Documentation showing what year the home was built
- Documentation showing the applicant was displaced or received damage from Federally Declared Disaster. (DRI Category Only)
- Third party contact information and release to obtain third party verification of employment signed by employer and notarized. This documentation must be received for eligibility.

***B. Household Income***

The income of each household assisted with any CDBG, DRI or NSP funds will be determined at the time of purchase in accordance with 24 CFR 570.3 using “annual income” as defined by the Section 8 Housing Assistance Payments Program to ensure income requirements are being met.

The following rules are applicable in determining household income:

1. The gross income of all household members occupying the dwelling is included in calculating household income. However, wages earned by dependent minor children (under 18) are not included in total.
2. All residents applying for housing rehabilitation assistance under the CDBG program will be subject to a third party income verification process to ensure that all applicants meet the minimum income guidelines set forth by the established HUD minimum income limits.
3. Occupants of a dwelling who are not related to or not dependent upon the owner(s) are not considered part of the owner's household.
4. Rent or other household support contributed by non-household occupants of a dwelling is included in household income.
5. The owner's assets, with the exception of the home in which he/she resides and personal property such as an automobile, will be considered in determining eligibility. The actual annual income from the asset will be calculated as part of the

total household income. Inclusion of such assets, if any, will be in strict accordance with 24 CFR 813.106 and any current modification thereof.

## **VI. STRUCTURAL REQUIREMENTS**

### **A. General**

In addition to household eligibility requirements for rehabilitation, the dwelling must:

1. Meet (or through feasible repairs meet) Section 8 Minimum Housing Quality Standards (except in the case of NSP below) and,
2. Be feasible for rehabilitation. In order for a house to be considered feasible for rehabilitation, proposed construction must:
  - a) Correct all violations of the local housing code, the current Florida Building Code and Section 8 standards;
  - b) Provide interim controls or abatement for lead-based paint hazards as required by HUD and EPA for structures constructed prior to 1978 that will be assisted by the program. All houses built prior to 1978 will be tested for lead-based paint. If lead-based paint is found, interim control procedures will be used for all houses rehabilitated at or below \$25,000. Houses rehabilitated at a cost above \$25,000 will be rehabilitated using abatement procedures. Any occupants will be notified of the hazards of lead-based paint, the symptoms and treatment of lead poisoning, how to avoid poisoning, lead level screening requirements and appropriate abatement procedures;
  - c) Meet applicable local zoning requirements, as well as local, State and Federal housing code requirements for rehabilitation work;
  - d) Leave at least 20 % of the original structure based upon the formula provided in this section;
  - e) Not exceed the program costs noted in this HAP.
  - f) Be made reasonably accessible to handicapped/elderly occupants, when the unit is occupied by such.
  - g) New construction or substantial improvement of any residential building (or manufactured home) located within the 100 year flood plain shall have the lowest floor, including any basement, elevated no lower than (1) foot above the base flood elevation (or per local code). Should solid foundation perimeter walls be used to elevate a structure, openings sufficient to facilitate the unimpeded movements of flood waters shall be provided.
3. Be suitable for redevelopment or replacement housing units in cases where rehabilitation is not feasible and sufficient funds (CDBG and other) are available

for the completion of a new or replacement housing unit that meets all of the above and all other criteria in this HAP. Redevelopment and replacement units must meet all of these requirements to be eligible.

4. NSP lease units must meet the same Section 8, Florida Building Code, and local building codes whether single family or multifamily, and additional requirements may apply. The HRS will determine and advise the County of any additional requirements due to the type of property and consider them accordingly during the eligibility determination process. Structural and cost feasibility requirements will apply to these units. Eligible lease units shall not be in the flood plain.

### ***B. Structural Integrity***

Rehabilitation requires that at least 20% of the original structure remain after construction, based upon the following formula. Three (3) major components of the house are considered, with each component weighted to total 100% of the structural value of the house. These components and ratios are: roof - 20%, exterior walls - 60%, and flooring system - 20%.

As an illustration, assume 50% of the roof must be replaced, 50% of the walls must be replaced and 25 % of the flooring system (including framing) must be replaced. The factors are then ratioed based on the 20/60/20 formula, so that 50% replacement of the roof is equal to replacing 10% of the structure, 50% replacement of the exterior walls equals 30% replacement of the structure, and 25 % replacement of the flooring system equals 5 % replacement of the structure. Thus, replacement equals 10%, plus 30%, plus 5%, or a total of 45% of the structure. This leaves 55 % of the original structure, indicating that the structure is feasible for rehabilitation.

This calculation will be performed by the HRS. Should significant deterioration occur between application and time the unit is scheduled for rehabilitation, the unit will be re-evaluated for continued eligibility and a decision made by the HRS whether to replace it with an alternate unit or to request a change in type of rehabilitation (demolition, permanent relocation, etc.) in accordance with current FDCA contract requirements.

### ***C. Cost Feasibility***

Pertaining to the CDBG and DRI categories, as an additional means of guarding against program penalties for substantial reconstruction of a dwelling, the following cost limits are applicable to all rehabilitation areas. *These limits are above the allowable CDBG financing limits, and assume requirements for owner contributions or leveraging with other funding sources.* The limits may be exceeded for rehabilitation costs when alternative funds are available for leveraging, but must be specifically approved by the County Commission or County Designee as exceeding the described limits.

\$60,000 per single family detached house (CDBG and DRI)

\$50,000 per unit of a duplex, Townhome, or Condominium unit (DRI)

\$20,000 per mobile home unit built after Jan. 1, 1997(CDBG and DRI)

In addition, for the CDBG and DRI categories, the cost of rehabilitation and improvements may not exceed the after-rehabilitation value of the dwelling. In the absence of conflicting information, the mobile home CDBG cost limits shall be assumed to meet this requirement. For site-built dwellings, the total cost of rehabilitation (plus other improvements, if any) may not exceed \$75 per square foot of dwelling space, excluding septic tank, well, or water/sewer hook-ups, which is less than the cost of new construction (\$95 per square foot average assumed) and will be assumed to meet the cost/value limit.

## **VII. PROCEDURES**

### **A. *Application and Inspection***

Each unit considered for rehabilitation assistance is initially screened to determine whether the unit (and applicant) is eligible for a 100% Deferred Payment Loan. A preliminary inspection is then conducted to determine feasibility of rehabilitation.

If either the owner or the structure does not meet eligibility requirements for program participation, the HRS will reject the unit/applicant. In the case of owner-occupied rehabilitation and upon County Designee review and approval, a written rejection notification will be sent to the applicant via certified mail and the County Designee within ten (10) days stating the reason for rejection.

If both the owner and the house appear to be eligible for program participation, the application/verification process continues. A work write-up with cost estimate is developed by the HRS and approved by the property owner and the County Designee. For NSP, since the units are not owner-occupied, the County Designee only will approve the work write-up with cost estimate. The cost estimate for the job is considered confidential information until bid opening.

If special financing arrangements (such as the owner covering excessive costs or general property improvements) are required or anticipated, arrangements must be made prior to bidding to prevent soliciting bids on a home / applicant that cannot be financed. When the home / applicant receives preliminary approvals, bids are solicited for the job.

In the case of NSP, each property to be purchased and rehabilitated is initially screened for targeted area of greatest need, total purchase cost, discount price, rehabilitation cost, time feasibility and any rejection issues such as flood plain, historic value, asbestos or other obstacles that will keep the project from being completed within NSP guidelines and time frame. Such units may be considered for demolition and redevelopment where funds are available and the County Designee wishes to consider demolition/redevelopment. The HRS will evaluate and recommend these sites when appropriate to NSP approved strategies. The HRS shall establish a goal of ranking NSP eligible units with minor repair needs only that can be completed and occupied quickly as priority over other units. Occupied units will not be addressed under NSP.

### **B. *Bidding***

Bidding of potential CDBG, DRI, and NSP units is conducted by the HRS in conjunction with the County Procurement/Purchasing Department. Except in the case of NSP, owners review the pre-approved list of eligible contractors before their cases are sent out for bids. Owners have the right to remove any contractor(s) from the list of prospective bidders for their case, as long as at least three (3) eligible contractors are allowed to bid. The owner must be willing to justify the removal of contractor(s) from the bidding list. Owners may also request additional contractors as bidders. If these owner-requested contractors submit the contractor application and are approved by the County Designee and are otherwise eligible, they may be added to the bidders list and bid on the housing rehabilitation work. The HRS makes maximum effort to ensure participation by

minority and/or Section 3 owned contracting firms. Under CDBG, DRI, and NSP, the HRS shall qualify and recommend all contractors and other necessary vendors (lead based paint, asbestos, title search, mold, appraisal, land survey, environmental, etc) for work the HRS recommends or the program requires on eligible units. In these cases, the County policies shall govern the qualifying and award process, including this HAP. For housing finance, all CDBG requirements shall still apply and the HRS shall monitor the same activities conducted by housing finance loan recipients (such as non-profits, housing authorities and community based organizations).

No housing unit owner, occupant, or immediate relative of the same, either personally or corporately, shall serve as a contractor or sub-contractor to be paid with CDBG funds for the rehabilitation of said building, nor shall they be paid for their own labor with CDBG funds for the rehabilitation of said building.

A notice is sent to each eligible bidder to inform them of the job. Bidding notices will be posted at primary governmental buildings to the maximum practical extent. Newspaper advertising for individual jobs is not performed, as contractors must be pre-qualified.

Each contractor shall attend a pre-bid conference held at the house to be rehabilitated, or except in the case of NSP, inspect the house under the owner's supervision. Failure to do so will result in automatic rejection of his/her bid(s) for the house(s).

No contractor or contracting firm will contact the HRS after the mandated question and answer period established in the notice to bidders has passed. Failure to abide by this regulation will result in the violating firms' bids to be rejected.

Sealed bids will be opened at a public bid opening. The HRS will generally recommend that the contract be awarded to the lowest responsible bidder within plus or minus fifteen percent (15 %) of the cost estimate. Bidding procedures will adhere to County purchasing policy. Bids below the 15% threshold will be reviewed and are not automatically disqualified.

The County and owner reserve the right to reject any and all bids and to award in the best interest of the owner and the County. The owner must approve the bid award prior to signing contracts.

Each contractor must satisfactorily complete one job through the Housing Rehabilitation Program before receiving any additional contracts. No contractor will be allowed to have more than three (3) jobs under construction at one time without consent of the County Designee unless:

- 1) The anticipated date of commencement is after the scheduled and estimated date of completion of current jobs; or
- 2) The contractor has demonstrated, through past performance, his/her ability to satisfactorily complete multiple contracts in a timely manner thereby causing no impact on project and program completions.

This rule may be waived by the County Commission if it is determined that there is an inadequate pool of qualified bidders, if the other bids are excessive, or if other extenuating circumstances arise.

### ***C. Contracting and Rehabilitation***

The HRS presents each case to the County Designee before the DPL and contract are signed. The DPL amount, contract amount, contractor, unit and owner eligibility are all approved by the County Designee.

The rehabilitation contract is executed between the homeowner and the contractor, except in the case of NSP, where the contract is between the contractor and the County (or Housing Finance loan recipient).

For owner-occupied units, the rehabilitation contract and DPL shall be executed and closed simultaneously, with the three (3) day rescission period running simultaneously for both legal agreements.

For NSP units, repairs must be addressed before occupancy and will be included in the final DPL with any other NSP assistance approved by the County Designee. The County may grant a portion of rehabilitation costs in order to make a unit feasible in terms of loan-to-value ratio for an LMMI household. The HRS and PA shall recommend to the County Designee waivers of the DPL requirement in favor of a grant on repairs only on a case by case basis when the HRS and PA determine it to be in the best interest of the program and County. The Commission shall approve each such grant before award to an HRS recommended buyer. The primary purpose of any such grant shall be to address unexpected repair cost and Acts of God that drive the repair cost up to a point where total project costs would exceed the total value of the finished unit (loan to value ratio exceeded). Agreements (for DPLs) are executed by the County's Designee authorized to act on behalf of the County Commission. Where housing finance is used in these circumstances, the partners (loan recipients) shall execute the rehabilitation contract and all CDBG requirements shall apply. The HRS shall provide standard, CDBG compliant language and sample forms to the partner / loan recipients and monitor compliance of the contract for rehabilitation by the partner / loan recipient.

For all units, the DPL and the Notice of Commencement are recorded immediately. The program pays for recording of the Agreement. The filing of the Notice of Commencement shall be the responsibility of the Contractor.

The Notice to Proceed is issued to the contractor as soon as possible after the rescission period elapses. For the CDBG and DRI categories, when temporary relocation of the occupants is required, the Notice-to-Proceed will be delayed until the house is vacated. The contract time of performance (generally 30 - 90 days for rehabilitation and 90 to 180 days for replacement or redevelopment) begins with issuance of the Notice to Proceed. The HRS shall recommend the appropriate contract period based the type, size and complexity of the work.

**D. Inspections**

Periodic inspections of the rehabilitation construction are performed by the County and the HRS throughout the contract period. These inspections are conducted to assure compliance with the contract standards for workmanship and materials, to detect any unauthorized deviations and to identify necessary changes to the contract work in its early stages.

Inspection and approval of completed work must be conducted by the HRS prior to the contractor's receiving partial or final payment. The owner's (be it the County, a loan recipient or owner-occupied) acceptance of the work is also required before payment is received. For NSP only, the County Designee and the HRS must accept and sign off on the work. No final payments will be issued until the County Building Department issues a Certificate of Completion or Certificate of Occupancy and all lien wavers are collected and cleared.

**E. Change Orders**

Any additions to, deletions from, or changes in the rehabilitation contract work, time, or price must be approved in a written change order before the additional work is started. The change order is executed by the owner and contractor and is approved by the HRS and the County Designee. For NSP, change orders must be approved by the County Designee and the HRS. Change orders may be issued to correct code deficiencies or to obtain any other desired change in the work due to unforeseen repair needs of 'Acts of God.' CDBG funds can only be for change orders that correct code violations as acknowledged by the local building department to meet Section 8 housing quality standards found after construction begins.

For CDBG and DRI categories, additional non-code-related changes will be at the owner's expense. For NSP, changes may be made in order to better market to potential homebuyers, address any barriers to finalizing the NSP activity (such as final sale to a qualified buyer) and to incorporate any green construction NSP principles that will be required to receive at a minimum a partial energy star rating.

**F. Payment**

Contracts of \$25,000 or less will not be paid until the contractor has completed the job. Contracts in excess of \$25,000 allow a partial payment upon satisfactory completion of 60% (and 100%, see below) of the rehabilitation work (less punch list items), with a retainage of 20% of the completed contract amount. Depending on extenuating circumstances and contract balance, a second partial payment may be authorized at the recommendation of the HRS, County Designee and the Administrator.

<u>Construction Completion</u>	<u>Percentage of Funds Paid</u>
Less than 60%	0 %
60%	40%
100%	80%
100%	After Certificate of Occupancy is issued and all punch list items are completed.

Approval of a partial payment requires:

1. A determination by the HRS that the claimed percentage of completion of the work has been satisfactorily completed. Payment will be issued for the amount claimed less retainage depending on the physical progress as long as the contract funds remaining are sufficient to complete the work in the event of default by the contractor.
2. Approval of the work by the owner and/or County Designee.
3. An affidavit from the contractor stating that either:
  - (a) There are no claims for unpaid goods and/or services connected with the job and all laborers, suppliers and subcontractors have received just compensation for their goods and services up to the date of the request (as evidenced by full or partial waiver of lien from subcontractors); or
  - (b) A list of all unpaid parties and the amounts owed to each has been submitted with the request.

The final payment approval requires:

1. Acceptance of all work by the property owner, the HRS and the County Designee. For NSP, all work must be accepted by the HRS, the County Building Department, and the County Designee.
2. Submission of all manufacturers' and other warranties (e.g., appliances, roofing, extermination, contractor's warranty covering the entire job for a minimum one year, etc.).
3. Waivers of liens from all subcontractors, all parties who were not paid when the contractor received partial payment, and from any other party supplying notice.
4. A certificate of occupancy or final approval from the Building Department to show compliance of the rehabilitation work with the locally adopted building (and other applicable) code requirements.
5. Completion of all punch list items.
6. An affidavit from the contractor stating that all bills have been paid and there are no claims for subcontracted jobs or materials, or any outstanding Notice to Owner.

If the owner (or loan recipient) refuses to authorize payment due to a dispute with the contractor, the PA may recommend disbursement without the owner's approval if the claim is shown to be without merit or inconsistent with policies and the goal of the program. Such disbursement shall be issued only after the PA and the County's Designee have reviewed the facts and circumstances involved in the dispute and have determined that the owner's refusal to issue payment is without just cause. If a person or party feels that his/her complaint has not been sufficiently addressed by the HRS or PA, an appeal may be made to the Citizen's Advisory Task Force (CATF) in accordance with the County's CDBG Citizen Participation Plan. If a response satisfactory to the aggrieved is not issued by the Committee, an appeal may be made to the County Commission. The County Commission has the authority to uphold, rescind or reverse a previous CATF determination. An appeal of the local determination/decision made by the County Commission should be filed with the Florida Department of Community Affairs, as set forth in the County's CDBG Citizen Participation Plan. Sufficient documentation to this effect shall be placed in the case file.

#### ***G. Disputes and Contract Termination***

Regarding disputes, the owner's and/or the Counties right to stop work and termination of the contract by the owner or contractor shall be as authorized in the Contract for Rehabilitation.

#### ***H. Follow-Up***

After completion of the contract, it is the owner's and/or County's responsibility to notify the contractor in writing of any defect in the work or material. The owner(s) shall make themselves available to the contractor to resolve all and any issues that might facilitate completion. The owner (be it County, loan recipient or owner occupied) is also requested to notify the HRS and the PA of any complaints to the contractor so assistance in follow-up can be provided. If the contractor does not respond to the written complaint within a reasonable time frame and in a satisfactory manner, the HRS will verify the complaint and report it to the PA. If the PA judges the complaint to be valid, he/she will send written request for warranty service to the contractor and a copy to the County Designee. The contractor will then take action as monitored by the owner and the HRS. Upon receiving notice that the complaint has been satisfied, the HRS will inspect the work and make such note in the case file. Failure to resolve complaints shall be justification for removing a contractor from participation with the program.

## **VIII. CLEARANCE/PERMANENT RELOCATION/DEMO RELOCATION**

### **A. *General***

For all CDBG categories, permanent relocation (due to flood plain, non-conforming lot, hazards, etc.) and/or demolition-relocation are synonymous terms used in the rehabilitation program when a home is unsound and not suitable for rehabilitation based on the structural integrity criteria. The units must be redeveloped (replaced) on site or elsewhere due to problems with the site. Homeowner eligibility requirements are the same as for rehabilitation. Further policies are included in the local Anti-displacement and Relocation Policy. In this HAP, demolition-relocation shall refer to replacement housing to build a new unit in place of one that must be demolished for reasons outlined in this HAP and as recommended by the HRS.

### **B. *Clearance***

Requirements are identified by the HRS and are included in the replacement unit bid package. In this way, the same contractor is responsible for site cleanup and preparation as for provision of the replacement unit. Disposal of debris and associated activities are also included if this method is utilized. When demolition or clearance is conducted separately, bid packages are prepared with procedures following those identified for rehabilitation in this manual.

### **C. *Permanent Relocation/Demolition Relocation***

This activity involves replacement of an eligible owner-occupied unit, or for NSP, a unit that is beyond economic repair. The County Commission or its County Designee will decide with the HRS on a case-by-case basis whether to utilize a slab “site built” replacement unit, a prefabricated unit, or a modular home. Decision items will include budget, zoning, replacement requirements, cost estimates, and a number of other items that may vary case-by-case.

Once the decision is made, the HRS prepares bid specifications based on owner input from review of available plans from the contractors. Bidding contracting and inspections then proceed as in the rehabilitation process.

### **D. *Differences***

1. A major difference between assistance provided to demolish / replace an entire unit and rehabilitation work is that, with a demo / replace unit, the DPL issued is not for the full value of the replacement unit (owner occupied). (With rehabilitation, the DPL is issued for the full value of the rehab work performed.) The value of the DPL is based on a calculation that takes the difference between the assessed value of the original unit (real property not included) and the actual cost of the new unit (without real property). The difference is the value of the DPL. This is because the dilapidated unit that was demolished belonged to the owner and is being replaced on a one-for-one basis. Ownership of the replacement unit is vested directly to the owner with no interest on the

part of the local government (except for the DPL). Generally, the local government will accept interim ownership of mobile homes to save program costs (taxes) with transfer to the owner as soon as possible, upon satisfaction of the DPL. For NSP units, HOME affordability limits apply as the minimum DPL on each unit and demolition redevelopment targeted properties (where addressed) will be those with the maximum discount value such that the DPL can be for new construction cost. For acquisition/repair units, units infeasible for repair will not be considered.

2. No partial payment is provided for modular replacement units, as the time frame to complete the transaction is relatively brief. The contractor is paid in full upon satisfactory completion of work and providing of warranties. Partial payments are utilized for site built homes along the same lines as for rehabilitation work.
3. Program disbursements are made from the local CDBG operating account. As a result, attention must be paid to the ordering and receipt of funds, to ensure that disbursements are made in a timely manner and that the CDBG/DRI/NSP limitation for cash on hand is not violated.
4. Rehabilitation cost feasibility limits are based on number of bedrooms to be provided for site built homes. These limits that may not be exceeded without approval from the County Commission are:
  - (a) four or more bedrooms - \$80,000 CDBG/DRI
  - (b) three bedrooms - \$70,000 CDBG/DRI
  - (c) two bedrooms - \$60,000

In the case of replacement of existing mobile/manufactured homes, the limit will be based upon the acceptable bid price of a replacement home of comparable size. If the existing home is inadequately sized, the replacement home will be sized to include the appropriate bedrooms needed to meet Section 8 and/or local housing code requirements for occupancy. In no case will the total assistance be greater than those limits listed above, unless approved by the County Commission or its County Designee.

Necessary site improvements, including water supply, sewage disposal, and clearance, will also be provided along with the actual dwelling replacement.

Budgetary and scoring constraints, as well as priorities for assisting other households, may dictate that some homeowners will be offered less than the maximum amounts shown hereto, even if their demolition and replacement housing costs are above the offered amount. In these cases, homeowners must provide non-CDBG funds from other sources, or they may decline the offer and withdraw from the program. If the offer is declined, no CDBG funded demolition will occur.

NSP units of less than the maximum rehabilitation cost shall be given priority. Those units with no repair cost shall be ranked 1<sup>st</sup> over other units for consideration under acquire/repair and rent or resale strategies. Units of greater than the maximum rehabilitation

cost shall not be considered. The HRS will conduct a preliminary review of each proposed unit to identify units that are expected to have significantly more rehabilitation cost than the program allows. This shall not apply to specific strategies designed for demolition/redevelopment under NSP or any strategy approved by the County that identified an eligible major rehabilitation program, such as multifamily lease project in the areas of greatest need where the NSP benefits justify the cost. However, cost and structural feasibility standards outlined herein and the recommendations of the HRS shall still apply to any NSP project with significant rehabilitation or redevelopment cost.

## **IX. CONTRACTOR LISTING**

The Housing Rehabilitation Program will establish and maintain a current listing of eligible contractors for bidding on all phases of the program. Only those contractors who are so listed will be considered for work on this program. Establishment of this list will include maximum outreach to allow for utilization of qualified local and minority contractors.

### **A. *Recruiting***

Contractors residing or maintaining offices in the local area will be recruited through public notice to all such contractors, as part of the local government's compliance with Federal Section 3 requirements. This special effort will be based upon the list of contractors licensed in the jurisdiction including residential, building and general contractors. Letters sent to contractors, or advertisements placed soliciting them, will be placed in the appropriate program file.

The contractor listing will include all local contractors who apply and are determined eligible based upon program qualification standards.

If the pool of local contractors is inadequate to provide a sufficient pool of contractors willing and qualified to perform the rehabilitation work at prices that are considered reasonable and comparable to the prepared estimate, other contractors will be solicited. Maintenance of a pool of competitive, qualified, and capable contractors is essential to program completion.

The existing purchasing policy of the County will be used to determine eligibility of the contractors.

### **B. *Contractor Eligibility***

In order to participate in the Housing Rehabilitation Program, a contractor must be approved as eligible by the HRS, the PA and by the Florida Department of Community Affairs.

Basic contractor qualifications include:

1. Current license(s) with the appropriate jurisdiction.
2. A satisfactory record regarding complaints filed against the contractor at the State, Federal or local level.
3. Insurance: 1) Contractor's Public Liability Insurance in an amount not less than \$1,000,000 aggregate coverage 2) A certificate evidencing Worker's Compensation insurance in statutory limits in accordance with Florida law. 3) A certificate evidencing Auto Insurance, including bodily injury, in an amount not less than \$1,000,000 per accident and in the aggregate. 4) A certificate evidencing General Liability insurance covering bodily injury, including death and property damage, in an amount not less than \$1,000,000 combined single

limit per occurrence. Copies of certificates shall be provided to the County Designee. The Contractor shall provide the County Designee with a certificate of insurance from the insurer guaranteeing thirty (30) day notice to the Housing Rehabilitation Program before discontinuing coverage.

4. A satisfactory credit record, including:
  - (a) References from two (2) suppliers who have done business with the contractor involving credit purchases.
  - (b) References from three (3) subcontractors who have subcontracted with the contractor.
  - (c) The ability to finance rehabilitation contract work so all bills are paid before requesting final payment.
5. Satisfactory references from at least three (3) parties for whom the contractor has performed construction work.
6. Absence from any list of debarred contractors issued by the Federal or State DOL, HUD or FDCA.

The HRS will assure that current and past performance of the contractor are satisfactory based upon readily available information, and reserves the right to check any reliable source in establishing such determination.

The HRS will explain the contractor's obligations under Federal Equal Opportunity regulations and other contractual obligations at the pre-bid conference. Program procedures, such as bidding and payment are also explained to the contractor.

### ***C. Disqualification***

Contractors may be prohibited or removed from program participation for:

1. Poor workmanship or use of inferior materials.
2. Evidence of bidding irregularities such as “low-balling” (submitting an unreasonably low bid in the hopes of increasing the bid amount through change orders once construction has commenced), bid rigging, collusion, kickbacks, and any other unethical practice.
3. Failure to abide by the work write-up, failure to complete work write-up (and bid) accomplishments, and any attempts to avoid specific tasks in attempts to reduce costs.

4. Failure to pay creditors, suppliers, laborers or subcontractors promptly and completely.
5. Disregarding contractual obligations or program procedures.
6. Loss of license(s), insurance or bonding.
7. Lack of reasonable cooperation with owners, rehabilitation staff or the others involved in the work.
8. Abandonment of a job.
9. Failure to complete work in a timely manner.
10. Inability or failure to direct the work in a competent and independent manner.
11. Failure to honor warranties.
12. Ineligibility to enter into federally or state assisted contracts as determined by the U.S. Secretary of Labor, HUD or FDCA.
13. Other just cause that would expose the Program or owner to unacceptable risk.
14. Failure to respond to a minimum of three (3) consecutive requests for bids.
15. At the contractor's request.

## **X. RELOCATION/DISPLACEMENT**

The Uniform Relocation Assistance (URA) and Real Property Acquisition Policies Act of 1970 will be complied with in all CDBG/DRI/NSP activities. Except as provided for herein under a Federally Declared Disaster (and then only by Commission Waiver and FDCA approval), the County will not engage in any project under this HAP that displaces any legal, URA-covered occupants. The County will not acquire or otherwise address any vacated, real estate owned or other NSP eligible properties that are leased or otherwise legally occupied and subject to URA. VLI, LMI, and LMMI households participate only on a voluntarily basis. For owner occupied housing assistance, temporary relocation services will be provided under the County Anti-Displacement and Relocation Policy that covers those situations in great detail. Temporary relocation is not applicable under NSP, which is not an owner-occupied program, but an acquisition/repair and lease or resale program addressing only real estate owned and/or legally abandoned/vacant properties.

Household/property owners previously approved for proposed housing assistance may voluntarily withdraw their application for assistance, which must be confirmed in writing. If the PA determines the applicant to be ineligible for assistance, the HRS shall recommend, and the County will send written notification to the applicant stating that the application has been rejected and the reason for the rejection.

## **XI. APPEALS/COMPLAINTS**

The HRS, the County Designee and the PA are authorized by the County to make all determinations of eligibility for assistance and level of assistance, scheduling of rehabilitation, demolition and relocation, and contract management. Citizens and/or contractors should issue complaints to the HRS or the PA. For a complaint to be considered valid, it must be issued in writing within a period of 10 calendar days of its occurrence. Responses also shall be issued in writing.

If the complainant is not satisfied with the PA's response, the issue must be presented in writing to the County's designee (BCC Chair, County Administrator or other designee) in accordance with the Complaint Procedures set forth in the County's CDBG policies and procedures. Further action on any complaints shall be governed by County CDBG policies, including Citizen's Participation and Grievance Procedures. Any appeals will be made according to the County CDBG policies and procedures. Further appeals, if necessary, must be addressed to the Florida Department of Community Affairs.

## **XII. PROGRAM INCOME**

No program income is planned to result from these programs. All Deferred Payment Loans (DPLs) shall be zero-interest and deferred payment with recapture of CDBG/DRI/NSP funds only in the event of transfer of title or where the eligible buyers no longer occupy the unit as a primary residence within the DPL period. Deferred Payment Loans will be monitored by the HRS while the CDBG/DRI/NSP FDCA Sub-recipient agreement is open. After the expiration of the agreement between the County and the State, the monitoring will be performed by the County Designee. All construction escrow accounts shall be non-interest bearing.

If recapture of CDBG/DRI/NSP funds is received during the DPL period, it will be relegated back to the Florida Department of Community Affairs or used for additional eligible CDBG/DRI/NSP activities as may be authorized by the Florida Department of Community Affairs. Program income or DPL payment received subsequent to closeout will be returned to the Florida Department of Community Affairs unless the state's program income regulations are changed.

### **XIII. PROPERTY ACQUISITION POLICY**

#### **A. *Voluntary***

The County may purchase property with Community Development Block Grant (CDBG/DRI/NSP) funds for use on Community Development Program eligible activities. While property acquisition must follow the procedures outlined in the Uniform Relocation and Real Property Acquisition Act, residential property to be used for relocation purposes shall be purchased only on a voluntary basis.

The County shall determine the features needed and the funds available for land purchases in the State Sub-recipient agreement(s). When property is needed or required for CDBG/NSP/DRI activities, solicitation procedures of the County shall be followed. The request will state the specifications and budget, and indicate that the purchase is voluntary. All property acquired by any CDBG/DRI/NSP funds shall meet all the requirements of the Florida CDBG program and shall be used only for eligible CDBG/DRI/NSP activities, including affordability and income limits.

No displacement of tenants (or other legal occupants) will occur as a result of any of the County CDBG Housing programs. For lease property, owners do not receive any relocation assistance. Owner-occupants under rehabilitation must voluntarily participate.

(Non NSP) A voluntary acquisition occurs when real property is acquired from an owner who has submitted a proposal to the recipient for purchase of their property in response to a public invitation or solicitation of offers. The County Commission is committed to this mode of acquisition to the maximum practicable extent.

(Non NSP) Voluntary acquisition shall be permitted only if the property being acquired is not site-specific and at least two properties in the community meet the criteria established by the local government for usage, location and/or interest to be acquired. The County Commission, prior to publication of a public notice or attendance of any local government representative at a property auction, must approve all voluntary acquisitions in principle.

A public notice must be published inviting offers from property owners. This notice must:

1. Accurately describe the type, size and approximate location of the property it wishes to acquire;
2. Describe the purpose of the purchase;
3. Specify all terms and conditions of sale, including maximum price;
4. Indicate whether or not an owner-occupant must waive relocation benefits as a condition of sale;

5. Announce a time and place for offers to be accepted; and
6. Announce that local powers of condemnation shall not be invoked to acquire any property offered for which a mutually agreed to sale price cannot be reached.

Property may also be acquired at auction. The Uniform Relocation Act will be followed, but all acquisitions shall be voluntary and without displacing legal, URS legible occupants.

(Non NSP) In each voluntary acquisition, a public solicitation shall occur. Offers shall be sealed and opened at the same time, in the same place, by a responsible official. Records of offers shall be kept. Appraisals are not required for purchases less than \$2,500 if a mutually agreed-to sales price can be reached. Clear title must be present in every transaction. The County Designee must decide at the time of approving the acquisition whether or not appraisals and review appraisals will be necessary and what the maximum permissible sales price will be. The decision to acquire will rest with the County Commission that can reject or accept any and all offers. Written records shall be maintained documenting decisions and rationale for selected courses of action.

NSP units shall be solicited by all means possible (using Realtors, ads, web notices, emails, preferred lenders, public meetings, community based organizations, etc.) in as expeditious a manner as possible to identify all NSP eligible units in the targeted areas of greatest need. The HRA and PA shall develop and apply selection criteria to all foreclosures and other eligible NSP properties to focus the program on properties that are as a minimum affordable, have only minor repair needs, have no major impediments to resale or occupancy by low, moderate and middle income (LMMI) households and that meet other criteria the HRS and PA recommend as in the best interest of the County and the program. Then HRS and PA shall guide loan recipients, vendors and partners on the NSP site selection criteria. The HRS shall visually review any potential NSP sites after initial screening by the criteria for further consideration under NSP approved activities. Only units that the HRS deems as meeting the NSP criteria and are feasible in terms of time and cost will be considered for acquisition. Any units acquired by loan recipients, shall be similarly screened by the criteria and reviewed by the HRS before contract or release of any funds. Violation of this requirement makes the unit ineligible for NSP funding.

***B. Non-Voluntary Acquisition Plan (when applicable under DRI for emergency purposes) (not applicable under NSP or CDBG regular housing categories)***

Acquisition of property (including easements and right-of-way) using federal funds shall occur in accordance with the Uniform Relocation Act of 1970 (as amended) and with any State and Federal regulations that may apply.

Fundamental steps that occur in each purchase may vary case by case. However, in general terms, the following should take place: (1) source of funds and authority to acquire confirmed, (2) property/site identified and suitable, (3) legal description/survey/preliminary title search performed (services procured as necessary), (4) notice of intent to acquire sent owner, (5) appraisal services solicited and appraiser retained, (6) where recommend by the HRS or program

required, review appraisal services solicited and appraiser retained (7) appraisal received and sent for review, (8) title companies solicited and retained after review received (title insurance amount and necessity determined in advance), (9) offer to purchase and notice of just compensation sent to owner, (10) owner contacted by attorney or other representative and contract formalized, (11) settlement costs calculated and closing date set, (12) closing conducted with funds changing hands and, (13) records of proceedings retained.

The Uniform Relocation Act requires certain specific procedures such as some letters being sent via certified mail. The CDBG implementation manual provides a checklist that may be utilized in following each transaction to successful conclusion. County CDBG/NSP/DRI housing funds cannot be used in any way that would cause involuntary displacement. (Refer to the County's separate anti-displacement policy on this subject.)

### ***C. Timing/Planning***

Properties necessary for easements or acquisition shall be identified as early in the planning stage as is practicable. Every attempt shall be made to affect a design that is not wholly site-dependent (i.e., where two or more sites are suitable for the project). It is recognized this may not always be possible; however, a policy of minimizing single-site alternatives is emphasized.

In general terms, the voluntary acquisition process shall be utilized to identify possible sites early in the project. Sites shall be evaluated for suitability prior to the final design phase to the maximum practicable extent. As soon as alternative sites are identified and evaluated, applicable acquisition procedures should commence.

Projects shall not normally be sent out for bids unless properties to be acquired or utilized for easements have been formally acquired or a commitment exists which is sufficiently firm and binding to be considered safe for the project to proceed with start up. The County Designee shall make the determination as to whether or not bidding, award and start-up may proceed to closing on the property.

In those cases where need for easements and/or acquisition is not identified until after the project is underway, procedures shall be expedited to the maximum practicable extent and utilization of funds, the value of which would be unrecoverable if the transaction did not occur, minimized.

#### **XIV. REGULAR CATEGORY CDBG HOUSING REHABILITATION PROGRAM**

The purpose of the County CDBG Regular Housing Category program is to facilitate the rehabilitation and demolition/replacement of owner-occupied housing units upon properties that might otherwise become sources of abandonment and blight within the community. The CDBG Housing program allows the County to have a mechanism to address the correction of code violation and code enforcement issues to be brought back into compliance.

**Rehabilitation or Demolition-Relocation/Replacement:** Prior to commencing the rehabilitation, all properties are required to receive a full property inspection including roof, termite, building code and open permit search. It is the responsibility of the HRS to ensure these are completed and sent to County Designee for review. This inspection process will provide an idea of the necessary repairs and costs associated with that unit.

Repairs will address code violations, health/safety repairs, energy efficiency and other minor repairs. Repairs will be undertaken by licensed and insured general contractors. Some repairs are intended to be minor; the buyer can occupy the unit as the repairs are being completed. The assistance is in the form of a zero percent interest deferred loan. The County will provide up to \$60,000 to assist with the rehabilitation. The HRS shall make final determinations and recommendations as to needed repairs and feasibility.

#### **Temporary Relocation:**

The CDBG Housing program provides an allowance for temporary relocation assistance to qualified persons who need to relocate while the work is being completed on their primary residence. The County will 1) assist eligible applicants with up to \$1,000.00 of assistance or 2) based upon eligible receipts for reimbursement only and 49 CFR 24.2 (a) and HUD Handbook 1378, up to \$3,000 will be made available. Eligibility of relocation expense receipts will be determined by the HRS based upon current HUD guidance and County policies.

#### **Applicant Requirements:**

- Applicants have to be income eligible in accordance with HUD LMI income requirements.
- Applicants must be able to produce clear title in order to receive assistance from the County. The County is not providing funds for the entire rehabilitation cost of the home. Other funds or match funds could be utilized.
- Applicant must complete a purchase assistance application.
- Applicants must sign the County's mortgage and promissory note. The County's mortgage (typically a second mortgage) is forgiven after 5, 10, 15, or 20 years – depending on the amount of assistance received.
- Total household income cannot exceed 80% of the area median income. Please see income guidelines.

- Applicants must be able to verify all income and assets of household members above eighteen years of age residing in the housing unit.
- Applicants are processed and served on an applicant rank-order qualified basis.

**Program Benefits:**

- CDBG funds can be used to pay (up to the established dollar limit) of the applicants' required payments to address code violation corrections.
- Increase housing stock; remove slum and blight conditions, correct code violations.
- Address health and safety conditions.
- Increase County tax base.
- Increase homeownership.
- Assistance with the rehabilitation process.

**Eligible Properties:**

- Single-Family Homes.
- All properties must have an inspection.
- All properties must have clear title pursuant to HUD definitions.
- Properties must be zoned properly. Not located in flood zones.
- Life estates are permitted under this program.
- Property must be owned and not rented or leased.
- All properties must be within the limits of the County.

**Rehab or Demo/Replace Activity Financing**

The type of assistance which will be available to eligible residents is known as a Deferred Payment Loan (DPL). A description of this program is outlined in the CDBG Program Operational Procedures section, as well as other places throughout this document, but we have provided summary information as follows:

**Terms of Assistance:**

Zero percent interest, deferred payment loan secured by a mortgage and note. The loan is forgivable in its entirety at the end of the term.

There will be a yearly write-down of the loan after the end of each full year. The write-down will be directly correlated to the amount of the amount of the mortgage. The mortgage and note shall provide for pro-rated repayment, which shall be due if the home is sold, title is transferred or

conveyed, or the home ceases to be the primary residence of the owner during the affordability period.

## **XV. CDGB DRI CATEGORY HOUSING REHABILITATION PROGRAM**

The goal for the County CDBG Disaster Recovery Initiative (DRI) Housing Program is to provide down payment assistance, rehabilitate or replace existing owner occupied housing units located in the County that sustained damage as a result of federally declared natural disaster(s).

### **HOUSING REHAB OR DEMO/REPLACE ACTIVITY – OBJECTIVE**

To provide a Deferred Payment Loan (DPL) to VLI and LMI income participants whose homes were damaged by a Federally Declared Disaster. The purpose of the program is to bring the residences that sustained damage during a federally declared disaster up to Section 8 Minimum Property Standards, the Florida Residential Building Codes, and the local codes currently in effect in the County, whichever is most stringent for each housing unit need.

### **HOUSING REHAB OR DEMO/REPLACE ACTIVITY – FINANCING**

The type of assistance which will be available to eligible residents is known as a Deferred Payment Loan. A brief description of this program is presented below. The DPL is a zero-interest loan provided by the County. The funding for the loan will come from the County's CDBG DRI Program. The DPL will be secured by a recorded mortgage on the applicant's property. A DPL will be available for all approved applicants. VLI and LMI applicants will qualify for a DPL wherein the DPL Amount will be forgiven in annual increments as described in the CDBG Program Operational Procedures section of this document.

### **HOUSING REHAB OR DEMO/REPLACE ACTIVITY – ELIGIBILITY**

- Only those mobile home properties that are conventionally built structures and mobile homes built after January 1997, which are owner-occupied and located within the County, will be considered for participation in the rehabilitation program. No mobile homes built before December 31, 1996 will be considered for rehabilitation.
- Participants' incomes must fall within the HUD Section 8 income limit guidelines as published by HUD and/or the State of Florida for the region.
- Priority will be given to participants who sustained damage from a federally declared disaster in the following order:
  - 1). Participants who responded to the County's advertised request for applicants whose residences were impacted by the disaster events and who have been qualified and ranked by the County for inclusion in the Disaster Recovery programs, provided the County solicitation for affected applicants took place after the declared events covered in a federal declaration.
  - 2). If the current list of clients does not obligate all of the available funding, then a new solicitation for impacted clients will be published and the respondents to that solicitation will be ranked in accordance with "Appendix A."
  - 3). All other homeowner eligibility requirements are described in the CDBG Operational Procedures section of this document.

4). Priority will be given to participants who sustained damage in a Federally Declared Disaster.

5). No geographic distribution of funding shall be considered, except where specified in the State Sub-recipient Agreement.

6). To select participants in both the Rehabilitation and Permanent Relocation Activities, the following steps will be taken:

a. The County will utilize the list of potential applicants developed from previous solicitations (SHIP, HHRP, FEMA) when available for the Federally Declared Disaster.

b. If sufficient clients are not obtained from the previous solicitations, a display ad will be placed in one or more local newspapers of general circulation advising local citizens of the availability of grant funds and establishing a convenient time and place for interested citizens to obtain information and pick up application forms to allow them to be considered for inclusion in the program. Applications will be accepted by the County for a minimum thirty (30) calendar days after the notice is placed.

c. Local organizations which normally work with clientele that could qualify for the program shall be contacted and a list of possible applicants obtained from them. This list will then be reviewed and contacts made to help potential participants who qualify sign up for the program.

d. Applicants who have applied for but not yet received County CDBG assistance will be contacted and asked to submit an application.

Once a list of potential participants is obtained, the HRS shall perform initial inspections on the dwellings to determine which of the following categories they fall into:

**For conventionally (“site”) built structures and modular homes:**

1) Rehabilitation for these structures is not to exceed sixty thousand dollars (\$60,000.00).

2) If the cost of correcting all existing code violations is estimated to exceed sixty thousand dollars (\$60,000.00) or, the unit is deemed structurally unsound and not feasible to rehabilitation, the dwelling will be considered for Demolition Replacement, wherein the owner provides the additional funding needed to complete new construction or where additional funds have been appropriated to the program for the specific purpose of demolition/replacement.

**For mobile homes built after 1996:**

- 1) Rehabilitation for these structures is not to exceed twenty thousand dollars (\$20,000.00).
- 2) Replacement housing - the cost of correcting all existing code violations exceeds twenty thousand dollars (\$20,000.00), or the mobile home is deemed structurally unsound and not feasible for rehabilitation and will be considered for demolition replacement, wherein the owner provides the additional funding needed to complete new construction or where additional funds have been appropriated to the Program for the specific purpose of demolition/replacement.

**Temporary Relocation:**

The CDBG DRI Housing program provides an allowance for temporary relocation assistance to qualified persons who need to relocate while the work is being completed on their primary residence. The County will 1) assist eligible applicants with up to \$1,000.00 of assistance, or 2) based upon eligible receipts for reimbursement only and 49 CFR 24.2 (a) and HUD Handbook 1378, up to \$3,000 will be made available. Eligibility of relocation expense receipts will be determined by the HRS based upon current HUD guidance and County policies.

**Applicant Requirements:**

- Applicants must be income eligible in accordance with HUD LMI income requirements.
- Applicants must be able to produce clear title in order to receive assistance from the County. The County is not providing funds for the entire rehabilitation cost of the home. Other funds or match funds could be utilized.
- The applicant must complete a purchase assistance application.
- Applicants must sign the County's mortgage and promissory note. The County's mortgage (typically a second mortgage) is forgiven after 5, 10, 15, or 20 years – depending on the amount of assistance you receive.
- Total household income cannot exceed 80% of the area median income. Please see income guidelines.
- Applicants must be able to verify all income and assets of household members above eighteen years of age residing in the housing unit.
- Applicants are processed and served on an applicant rank order and qualifications basis as set forth in Appendix A.

**Program Benefits:**

- CDBG funds can be used to pay up to \$60,000.00 of the applicants' required payments to address code violation corrections.
- Increase housing stock; remove slum and blight conditions, correct code violations.
- Address health and safety conditions.
- Increase County tax base.

- Increase homeownership.
- Assistance with the rehabilitation process.

**Eligible Properties:**

- Single-Family Homes.
- Townhomes, Condominiums units and Duplexes.
- Mobile Home built after Jan. 1, 1997.
- Limitations on maximum CDBG rehab costs - \$60,000.00.
- All properties must have an inspection.
- All properties must have clear title pursuant to HUD definitions.
- Properties must be zoned properly.
- Not located in flood zones.
- Life estates are permitted under this program.
- Property must be owned and not rented or leased.
- All properties must be within the limits of the County.

**CDBG DRI REHAB AND DEMO/REPLACE ACTIVITY - FINANCING**

The type of assistance which will be available to eligible residents is known as a Deferred Payment Loan (DPL). A description of this program is outlined in the CDBG Operational Procedures Section, as well as other places throughout this document. We have provided summary information as follows:

**Terms of Assistance:**

A zero percent interest, deferred payment loan secured by a mortgage and note. The loan is forgivable in its entirety at the end of the term. Maximum DPL is \$60,000 and further information including are defined under Cost Feasibility and Deferred Payment Loans in Chapter 1.

There will be a yearly write-down of the loan after the end of each full year. The write-down will be directly correlated to the amount of the mortgage. The mortgage and note shall provide for pro-rated repayment, which shall be due if the home is sold, title is transferred or conveyed, or the home ceases to be the primary residence of the owner during the affordability period.

**DOWN PAYMENT ASSISTANCE ACTIVITY – OBJECTIVE**

To provide a Deferred Payment Loan (DPL) to be utilized as down payment assistance for VLI and LMI (up to 80% AMI) participants who have been approved to purchase dwelling unit under the County CDBG/DRI program. The purpose of the program is to provide gap financing to

enable very low and low income households to purchase affordable standard residential. Priority will be given to a household that lost primary housing residence due to a federally declared disaster or has been unable to obtain decent, safe, standard affordable housing in the area as a result of federally declared disaster.

#### **DOWN PAYMENT ASSISTANCE ACTIVITY – ELIGIBILITY**

- Participants' income must fall within the HUD Section 8 income limit guidelines as published by HUD and/or the State of Florida for the region.
- No member of the governing body, member of the CATF, employee of the County, or relatives of any of these as defined by HUD and Florida Statutes, shall be eligible for program participation unless they are granted a waiver by the Florida Department of Community Affairs. The prohibition shall continue for one year after an individual's relationship with the County is terminated.
- Priority will be given to participants who were forced from their homes because of a federally declared disaster event(s) or are being forced to vacate their existing units due to FEMA temporary living unit evacuation requirements.

#### **DOWN PAYMENT ASSISTANCE ACTIVITY - CONSTRUCTION PROCESS**

Once an owner has been deemed eligible for the down payment assistance activity he/she shall close on the loan and proceed with the following steps:

- a. The Contractor will apply for and obtain all building permit(s) in the owner's name for construction of the residence. Once the building permit is obtained the County will provide the HRS with a copy of the building permit and all subcontractors' permits for the project, a full set of Plans and Specifications for the unit the applicant is receiving and a recorded "Notice of Commencement" for the dwelling.
- b. A Pre-Construction conference will be held between the applicants, the County and the HRS to review the project in detail.
- c. Prior to closing, the County will provide evidence of executed loan agreements with all other agencies that are providing financing for the construction of the dwelling unit.
- d. The following documents will be executed simultaneously: An agreement between the County and the applicant which allows the County to provide down payment assistance to the applicant in the form of a zero interest DPL. The DPL will be used to buy down the cost of the primary mortgage and eligible down payment and closing cost. An agreement executed between the applicant and the County stating that the applicant will live in and agree not to sell the relocation property for the duration of the DPL, is required. The DPL process is described in more detail in the Housing Finance section of this document.

#### **DOWN PAYMENT ASSISTANCE ACTIVITY - SIZE OF UNITS**

Size of units shall be based upon the following criteria concerning the current permanent resident of the existing dwelling:

- No more than two (2) persons of the same sex may occupy the same bedroom.
- Two (2) persons of the opposite sex may not occupy the same bedroom (excluding husband and wife).
- Only the husband, wife, dependent children (including those who are mentally and/or physically handicapped), and family members 62 years of age or older and currently

residing in the household will be counted in calculating family size and the minimum number of bedrooms and square footage allowance.

**DOWN PAYMENT ASSISTANCE ACTIVITY - DOWN PAYMENT ALLOWANCES**

The recipient of a CDBG/DRI Down Payment Assistance Activity will be eligible for the following Disaster Recovery Initiative Program housing payment assistance maximum amounts, subject to application review by the HRS and PA, and subject to financial need on a case by case basis to meet down payment needs and keep the primary mortgage reasonable and within current HUD guidelines for maximum monthly rent/mortgage cost for the household income of the applicant:

<b>Family Size</b>	<b>Up to 80% AMI</b>
1	\$20,000.00
2	\$25,000.00
3	\$30,000.00
4	\$35,000.00
5	\$40,000.00
6	\$40,000.00
7	\$40,000.00
8	\$40,000.00

The HRS and PA will review each applicant’s case and discuss with the primary lender and applicant the limitations of the program. The HRS will determine the amount of assistance needed for down payment, closing and buy down of the primary note for each applicant’s household size and income range. The HRS will recommend the amount to the PA and County in the best interest of the program. If more funds are needed than allowed to make the applicant feasible to receive purchase assistance, other housing purchase assistance funds must be obtained to meet HUD mortgage costs limits, or the applicant will be rejected as infeasible due to income limitations and the inability to keep the primary note within the HUD guidelines (usually no more than 30% of gross income for mortgage, insurance, taxes and other mortgage costs combined, but whatever is current at the time of application review will be used as a guide).

## **XVI. CDBG NEIGHBORHOOD STABILIZATION PROGRAM**

The purpose of the County's NSP is to facilitate the purchase, rehabilitation and lease or resale of legally abandoned, vacant and foreclosed upon properties that might otherwise become sources of abandonment and blight within the County. The County shall only use NSP funds on Real Estate Owned (REO's) properties for which the legal process is complete and the deed has been recorded in the name of the lender (or separate local government from the County with code enforcement authority and with legal authority to foreclose) which foreclosed on the property, or through legal methods obtain ownership of an abandoned and vacant property. The County shall not use NSP funds on any legally occupied properties that might trigger URA benefits or displace occupants that fall under the URA or the County's Anti-Displacement Policy. The County shall only invest in housing assistance to households that can reasonably demonstrate the ability to pay conventional mortgage costs and maintain the home after the available NSP funds would be provided. No sub-prime mortgages or other higher risk, non-conventional mortgages will be allowed in this program. Foreclosure intervention is not part of this program. All activities must result in a CDBG-NSP eligible housing benefit to income qualified households through ownership or lease. NSP specific requirements and guidelines shall be governed by the Florida Action Plan amendment, Florida Emergency Rule and HUD NOFA. The Sub-grant Agreement(s) and funded CDBG NSP application(s) with the State of Florida shall govern other matters not addressed herein, such as specific strategies or target areas determined by the County.

The HRS, the PA (and the County designee) will solicit and screen all potential properties and applicants for NSP activities by all available methods, including advertisement, public notices, solicitation of NSP partners, lenders and Realtors, and through local associations, networks and community based organizations. The HRS shall coordinate and direct the screening and solicitation process in compliance with this HAP and the State and Federal NSP requirements to establish priority properties and priority applicants in the best interest of the program using guidelines herein and HRS' best judgment to meet NSP goals and minimize County liability in delivering NSP units. Minimal guidelines are described herein. Other criteria to determine financial, structural and time feasibility of any direct assisted project or project developed by partners (NSP loan recipients already described herein) shall be at the discretion of the HRS and approved by the PA. The County Designee and/or the BCC shall approve all units and applicants before final award as the County Designee shall determine.

### **Continued Affordability for NSP Assisted Housing**

The County, as mandated by HUD, shall ensure to the maximum extent practicable and for the longest feasible term, that the sale, rental, or redevelopment of abandoned and foreclosed-upon homes and residential properties under NSP remain affordable to individuals or families whose incomes do not exceed 120 percent of area median income or, for units originally assisted with funds under the requirements of section 2301(f)(3)(A)(ii) of HERA, remain affordable to individuals and families whose incomes do not exceed 50 percent of area median income. The County will ensure long-term affordability by requiring that all NSP assisted housing have a Deed Restriction (if resale) or Mortgage (if recapture) recorded on the property (or both if the HRS determines it is in the best interest of the County). The periods of affordability for NSP-assisted homebuyer projects must meet or exceed the minimum affordability requirements

established in 24 CFR 92.252(e) and 24 CFR 92.254(a)(4) for the HOME Investment Partnerships Program. The affordability period begins after project completion.

**Terms of Assistance:**

Zero-interest, deferred payment loan secured by a mortgage and note using the HOME guidelines shall be used for all NSP Assistance. The loan is not written down each year (does not decrease) in increments as in Regular CDBG or DRI, and is forgivable in its entirety at the end of the term. Full recapture provisions apply upon transfer of deed and are due as defined under the Housing Rehabilitation Financing in this HAP. In the case of homeownership, the term begins the date of the closing, provided the title remains under the ownership of the original purchaser OR, the term begins at the date of partner resale to a LMMI household approved by the HRS. In the case of lease property, the term begins at the time of closing. DPLs shall include by reference NSP State and Federal requirements. Deed restrictions shall apply for the affordability period on 1) all units assisted via financing agreements to partners to complete NSP activities and 2) all lease units assisted. The HRS shall make the final determination and recommendation as to the need for any deed restrictions for other circumstances. Where finance agreements with partners are used, the partner shall be responsible in the agreement for ensuring the HOME affordability requirements are adhered to and will be subject to monitoring by the HRS and PA before any release of funds or payments. For resale of eligible REO units by partners, the DPL and all other NSP requirements shall apply and shall be subject to monitor by the HRS and PA. In all cases where financing is used for homeownership or lease units, the HRS and PA monitoring and approval of the unit, the applicant, the forms and procedures, and the transaction apply before any funding is approved or released to a partner. At any time, any approved, participating NSP partner shall be required to 1) use any sample forms or language provided by the HRS or PA, 2) submit any documents at any time for HRS and PA inspection and 3) coordinate with the HRS for site inspections or case file inspections before approval. At the time of REO resale by an approved NSP partner, a new DPL will be signed between HRS approved buyer and the County.

Homeownership Assistance Amount	Affordability Period in years
Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000	15
New Construction	20

**Procedures:**

In all cases, NSP procedures shall follow the Florida NSP Policy Document, Emergency Rule, Application, the HUD NSP NOFA, the County NSP Application and State Sub-recipient Agreement. Specifically, for acquisition, appraisals shall be separate for each REO. The Appraiser must be State Certified. A spreadsheet will be maintained for all units purchased and prices and costs tracked as changes are made. Disposition, delivery and developer costs shall be allowed only as defined by FDCA and approved on a case by case basis by the HRS and PA. Costs reasonableness shall be based upon HRS review and recommendation for each unit. NSP funds cannot be used to by REO's from the County or eligible Cities in the NSP allocation (buying from one's self/paying one's self with grant funds) or to pay code enforcement or tax

liens on an REO levied and owed to the County or eligible Cities in the NSP allocation. Most current HUD defined maximum unit prices and maximum rents shall apply to NSP homeownership and lease units respectively. All NSP requirements shall become part of any Partner Agreements and DPLs for partner assisted NSP projects. Contract negotiations for sale of REO properties shall meet the most current HUD guidance. Third Party verification of current regulatory and NSP standards for the primary mortgage shall occur via either a qualified Project Administrator under contract or a qualified title attorney or mortgage specialist with the appropriate experience and no interest in any NSP transactions (e.g. Title Company, Realtor, lender, appraiser, etc working on the NSP units) shall be procured. This shall be to assure that no sub-prime mortgages or other ineligible mortgages are made to NSP beneficiaries.

### **Roles/Responsibilities of NSP Vendors and Partners:**

**Real Estate Professionals:** Identify existing foreclosed properties and land according to County established criteria; Investment analysis and/or feasibility review property acquisitions; Transaction negotiations for acquisitions; Market research for foreclosed properties; Handling of other customary activities and services associated with real estate transactions; Represent the County and/or program participants during all real estate transactions; All necessary interaction and coordination required for loan closings with other professional service providers, such as Mortgage Lending Institutions, Appraisal Services, and Title Agencies.

**Primary Mortgage Lender:** Ability to offer conventional, Federal Housing Administration (FHA), or Veterans Administration (VA) loans and/or new NSP friendly and HUD acceptable loans; Provide loan products enabling very low to moderate income program participants to qualify with front and back end ratios of 30/41%; Provide (using County instructions and guidelines) complete application and income qualification process for all buyer applicants and provide copies of all documents gathered to the County; All necessary interaction required for loan closings with other professional service providers, such as Real Estate Professionals, Appraisal Services, Title Agencies.

**Title Companies:** Scheduling of all closings for homes purchased; Capability to do off-site closing within the legal boundaries of Osceola County; Ensure all appropriate mortgage documents are completed and executed in order to be placed on real property (*including proper notices that this NSP assisted transaction cannot be used for comparables in the future*); Prepare all necessary closing documents appropriately; Review ownership encumbrance reports and address any outstanding title defects; Coordinate the payments of all existing liens against real property as applicable; Provide interim title binders; Title Insurance Name searches; Disbursement of funds; Record all mortgage documents with the Clerk of Courts; Provide the County Human Service staff with summary/status reports for outstanding and or completed projects by the Title Agency All necessary interaction and coordination required for loan closings with other professional service providers, such as Real Estate Professionals, Mortgage Lending Institutions, Appraisal Services.

**Florida Certified Appraisers:** Provide quality and detailed appraisal reports on foreclosed properties within Osceola County utilizing an uniform approach; Identify comparables for cost estimates on appraised properties; Establish values of real property; Research public records

information on foreclosed properties; Obtain plat maps; Research zoning and flood data  
Reconcile conflicting information from various data sources; All necessary interaction and  
coordination required for loan closings with other professional service providers, such as Real  
Estate Professionals, Financial Institutions for Mortgage Lending, Title Agencies.

**General Contractors:** Small Structural Repairs; Remodeling; Roofing Repairs or New  
Installations; Framing; Drywall Repair, Replacement or New Installation; Pouring or Repair of  
Concrete Slabs, Pathways or Structures; General Site Work; Landscaping; Painting; Stucco  
Work; Insulation; Finish Carpentry; Windows and Doors Replacement or Repairs; Flooring  
Installation, Replacement or Repairs; Electrical, Plumbing, HVAC Repairs, Replacement or New  
Installations; Demolition; Other Work as Assigned to Complete Each Scope of Work; All  
necessary interaction and coordination required (as applicable) for residential rehabbing services  
with other professional service providers, such as Real Estate Professionals, Financial  
Institutions for Mortgage Lending, Appraisal Services, Title Agencies, and other General  
Contractors; and, The successful proposers shall act as a liaison between the County Human  
Service staff, program applicants and program participants as needed

**Housing Partners:** Provide developer/housing experience and capacity to assist in the  
acquisition, repair and resale of NSP units using NSP funds as a source of financing. Housing  
partners can be non-profits, housing authorities, supportive services organizations, affordable  
housing organizations, municipalities, CRA's, public/private partnerships, community based  
organizations and any other public or not for profit organizations with at least 5 years of relevant  
experience. They will provide specific experience in the area of service proposed  
(homeownership, lease, or redevelopment). They will provide financial capacity to complete  
units awarded. They will make all efforts to qualify applicants, units and assist the HRS, PA,  
Human Services Department and all vendors and other partners to successfully close on units  
awarded to the Partner.

**HOME BUYER ASSISTANCE (DOWN PAYMENT, CLOSING COST AND MINOR  
REPAIRS):**

This County NSP is a Housing Finance program. Down payment, closing cost, principal buy  
down and minor repair assistance is for qualified households who want to purchase an eligible,  
foreclosed upon or legally abandoned and vacant property in the County as their primary  
residence. The County will assist eligible buyers with up to the amounts defined below. The  
assistance is in the form of a zero-interest DPL for the HOME minimum affordability periods.  
In addition to other terms of assistance defined herein, the total of all closing cost, down  
payment, buy down and repairs shall be less than 50% of the total unit finished (after repairs)  
appraised value.

The following notice shall appear on all solicitations to applicants and properties:

**“PLEASE NOTE: DO NOT ENTER INTO ANY ‘CONTRACT FOR SALE AND  
PURCHASE’ UNTIL YOU HAVE RECEIVED A NOTICE OF AWARD LETTER FROM  
THE COUNTY AND A NOTICE OF REAL ESTATE OWNED (REO) PROPERTY  
ELIGIBILITY. BOTH THE BUYER AND THE PROPERTY MUST BE APPROVED BY THE  
COUNTY BEFORE OFFER OF CONTRACT. ONLY PROPERTIES WHERE 1)**

FORECLOSURE AND DEED TRANSFER TO THE FORCLOSING ENTITY IS COMPLETE AND THE PROPERTY IS VACANT OR 2) ABANDONED, VACANT LEGALLY REAL ESTATE OWNED PROPERTY WILL BE ELIGIBLE.”

The County will provide funds up to the amounts defined below to assist with down payment, closing cost, buy down and any minor repairs needed to sell or lease the unit to a qualified household as follows, subject to application review by the HRS and PA, and to financial need on a case by case basis to meet down payment needs and keep the primary mortgage reasonable and within current HUD guidelines for maximum monthly rent/mortgage cost for the household income of the applicant:

<b>Family Size</b>	<b>Up to 120% AMI</b>
1	\$30,000.00
2	\$35,000.00
3	\$40,000.00
4	\$40,000.00
5	\$40,000.00
6	\$40,000.00
7	\$40,000.00
8+	\$40,000.00

**Minor NSP Home Repairs for Home Ownership:**

The County, where minor and approved by the HRS, may allow repairs to be included in the NSP DPL. For consideration of an REO property, and before offer of contract, the HRS will coordinate the initial property needs assessment and any required test or inspections to determine repair needs of the REO units and their feasibility for the NSP program. Prior to completing the REO purchase transaction, all properties are required to receive a full property inspection including roof, termite, building code and open permit search. The buyer is responsible for the costs of these. The DPL can include these costs, so long as the maximum DPL for assistance and repairs is not exceeded. Other sources of funds or leverage may be applied to address additional costs. If the HRS has determined that repair needs are minor, feasible and the PA confirms a required discount for both NSP requirements and needed repairs, the HRS may release an approved, income qualified LMMI buyer to make an offer of contract on the REO unit. NSP compliant forms or contract language may be required by the HRS to protect the program and ensure compliance. The HRS and the PA will review the proposed purchase for total DPL costs (repairs, down payment, closing, and any buy down) to determine financial feasibility. County will provide a DPL up to an amount not-to-exceed above. The only exceptions for this are 1) a waiver by the County Commission due to unforeseen code or health and safety repairs discovered after the time of contract or for other extenuating circumstances or ‘Acts of God.’ 2) waiver of the County Commission of the DPL requirement for repair cost that cause the total unit cost to exceed total unit value (loan to value ratio) as described further in contracting and rehabilitation section.

The repair process will occur immediately after the property is purchased and before occupancy. Repairs will address building code violations, health/safety repairs, energy efficiency and other minor repairs. Repairs will be undertaken by licensed and insured general contractors. This NSP purchase and home repair program is available to eligible applicants (low, moderate and middle income buyers/LMMI) who are able to qualify for a primary mortgage and demonstrate ability to maintain the home. Maximum income limits are established by the Federal government and are subject to change. If necessary to facilitate the primary note, the DPL for repairs and any assistance can be broken into two mortgages, but the total of the two still cannot exceed the amounts above. If necessary to facilitate the primary mortgage, the seller may be responsible for needed repairs being made before closing on the REO property. The HRS will consult with the PA and make the final determination of repairs and responsibility for those repairs in the best interest of the program. If the total cost or other barriers to closing on the unit become too cumbersome to meet NSP requirements, the HRS may reject a unit in favor of more feasible, eligible units at any time.

### **Applicant Requirements:**

- Applicants do not have to be first time home buyers BUT must not own a home, in whole or in part, at time of application and prior to closing on the purchase of a NSP eligible property.
- Applicants must be able to qualify for a primary mortgage in order to receive assistance from the County. This requires reasonable to good credit as determined by the lender. The County is not providing funds for the entire purchase of the home, except as developer/partner financing.
- Purchase assistance applications will not be accepted without a mortgage pre-approval from a primary lending institution approved by the PA and the County.
- Applicants must sign the County's mortgage and promissory note. The County's mortgage (a second mortgage) shall be a zero-interest, deferred payment loan as described herein.
- Total household income for NSP beneficiaries cannot exceed 120% of the area median income, also called low, moderate and middle income (LMMI). Please see income guidelines.
- Applicants must attend a HUD approved 8 hour homebuyer education class prior to closing.
- Applicants must be able to verify cash to close, income and assets and any other requirements deemed necessary by the HRS or PA to comply with the program, State and Federal requirements, and the County's Sub-recipient Agreement with the State, as well as maintain the unit, afford the cost of the mortgage and protect the County as a lender and recipient of NSP funds.
- Applicants are processed and served on a first-qualified, first-awarded basis.

### **Program Benefits:**

- NSP funds can be used to pay down payment cost, closing cost, primary mortgage buy-down, and minor repairs for a total not to exceed as defined in this section.
- Ability to purchase property at a discount required by NSP.
- Below market interest rates may be available from your lender per program underwriting guidelines based on this being a NSP purchase.
- Minimized closing costs from a NSP purchase.
- Conventional, fixed rate term for 30 years for primary mortgage financing is required. Sub-prime and other higher risk notes are not allowed.
- Assistance with the home buying process and training.

**Eligible Properties:**

- Single-Family Homes
- Townhomes
- Condominiums/Villas
- Limitations on maximum sales prices - **\$175,000 per unit.**
- All properties must have an inspection.
- All properties must be foreclosed upon and vacant pursuant to Florida NSP Action Plan Amendment and HUD NSP definitions.
- Properties must be purchased at an average 15% discount. Discounts must be based off an appraisal completed no older than 60 days from date of purchase contract.
- Short sale purchases, investment or second homes purchases are not permitted under this program.
- All properties must be within the limits of the County and its HUD/NSP designated areas of greatest need.

**CDBG NSP ACTIVITY: ACQUISITION/REHABILITATION FINANCING FOR HOMEOWNERSHIP THROUGH PARTNERS**

This activity provides zero interest, deferred payment loans for qualified partners (developers, non-profit organizations, community based organizations, habitat affiliates, housing authorities, and similar housing providers) to purchase redevelop and resell eligible REO properties. All of the criteria in this section for Homebuyer Assistance shall apply, except as described in this strategy. The partner (with HRS and PA monitoring) shall ensure the guidelines above are complied with through deed restrictions, DPL agreements and HRS/PA monitoring of partner activities.

Partners shall be solicited by the County Designee with HRS and PA guidance through advertisement and through evaluation criteria. A request for qualifications or request for proposals RFQ/RFP shall be the preferred methods of soliciting partners. The RFQ or RFP shall define NSP requirements and the criteria for ranking and selecting one or more partners subject to the recommendations of the HRS and PA. At a minimum, any partners shall demonstrate at least five (5) years of experience in developing similar housing units, the capacity to operate and maintain the NSP units until resold for the affordability period, the ability to execute all liens agreements, the ability to obtain any credit, cash or other financing needed to close, repair and resell the units, shall provide financial statements for 5 years, and describe any leverage or other subsidy or other added benefit they will bring to the NSP program.

Financing for up to the maximum purchase price of the unit for homeownership will be provided for the purpose of purchasing, rehabilitating and reselling qualified REO homes that have been abandoned or foreclosed upon, are vacant and have been inspected and determined eligible by the HRS. The type of assistance which will be available to eligible residents is known as a Deferred Payment Loan (DPL). A description of this program is outlined under Homeownership above and the Housing Finance section of this document. Inspection, appraisals, site and applicant qualification, and partner qualification and all other NSP State and Federal requirements shall apply to this activity. At the time of resale closing, a new DPL shall be executed between the buyer and the County following the criteria for maximum DPL and qualifications in this section. The difference in the initial partner DPL and the new long term affordability shall be recaptured and subject to all FDCA and HUD requirements. The maximum buyer DPL per unit and household size shall apply as defined in this section. The partner DPL shall close and be forgiven after the new DPL, with the eligible approved LMMI buyer, has been signed and liens have been recorded. Housing Finance to partners for acquisition/repair and resale is designed to assist the County in facilitating more units within the NSP time frame and ends when a NSP eligible, HRS approved buyer closes on the units and can sign a regular buyer DPL with a recorded lien. Reasonable developer fees as determined by the HRS and PA shall apply and be a buyer cost included in the buyer DPL.

**NSP ACTIVITY: HOUSING ACQUISITION/REHABILITATION OF HOMES FOR LEASE TO INDIVIDUALS AND FAMILIES WITH INCOMES LESS THAN 120 PERCENT OF AMI (50% VLI FOR THE STATE NSP SUPPLEMENTAL FUNDING).**

**Note: This strategy must include all of the supplemental funding, but may also include the regular state allocation.** This strategy includes and addresses the 25 percent set-aside for rental housing for households at or below 50 percent of AMI. It may also address rental housing funded from the regular NSP allocation as the County may select for LI (80% or below) households. This activity provides zero interest, deferred payment loans for qualified partners (developers, non-profit organizations, community based organizations, habitat affiliates, housing authorities, and similar housing providers) to purchase, redevelop and lease eligible REO properties to VLI (50% AMI for supplemental funding) and LI (80% AMI) households for regular NSP funding. All of the criteria in this section shall apply, except as described in this strategy.

Partners shall be solicited by the County Designee with HRS and PA guidance through advertisement and through evaluation criteria. A request for qualifications or request for proposals RFQ/RFP shall be the preferred methods of soliciting partners. The RFQ or RFP shall define NSP requirements and the criteria for ranking and selecting one or more partners subject to the recommendations of the HRS and PA. As a minimum, any partners shall demonstrate at least five (5) years of experience in operating income restricted lease units, shall demonstrate the capacity to operate and maintain the NSP lease units for the affordability period, shall have the ability to execute all lien agreements, shall demonstrate the ability to obtain any credit, cash or other financing needed to close and implement the program, shall provide financial statements for 5 years, and describe any leverage or other subsidy they will bring to the NSP program.

The partner (with HRS and PA monitoring) shall ensure the guidelines above are complied with through deed restrictions, DPL agreements and HRS/PA monitoring of partner activities. Financing will be provided for the purpose of purchasing, rehabilitating and leasing qualified REO homes that have been abandoned or foreclosed upon, are vacant and have been inspected and determined eligible by the HRS. The type of assistance which will be available to eligible residents is known as a Deferred Payment Loan (DPL). A description of this program is outlined under Homeownership above and the Housing Finance section of this document. Inspection, appraisals, site and applicant qualification, and all other NSP State and Federal requirements shall apply to this activity.

#### **Applicant Requirements:**

- Total household income for NSP beneficiaries cannot exceed 50% (for VLI) and 80% (for LI) of the AMI. Please see income guidelines.
- Applicants are solicited and qualified by the partner, but subject to HRM monitoring and approval.
- Applicants must demonstrate the ability to pay the proposed VLI and LI rents and related tenant costs.

#### **Program Benefits:**

- Provision of affordable lease units for VLI and LI households where homeownership is not feasible.
- Assistance with finding homes for lease to those households that may have been recently displaced by rapid housing market declines and economic recession.

#### **Eligible Properties:**

- Single-Family Homes
- Townhomes
- Condominiums/Villas
- Limitations on maximum sales prices - **\$125,000 per unit.**

- All properties must have an inspection.
- All properties must be foreclosed upon and vacant pursuant to Florida NSP Action Plan Amendment and HUD NSP definitions.
- Properties must be purchased at an average 15% discount. Discounts must be based off an appraisal completed no older than 60 days from date of purchase contract.
- Short sale purchases, investment or second homes purchases are not permitted under this program.
- All properties must be within the limits of the County and its HUD/NSP designated areas of greatest need.

### **NSP ACTIVITY: ESTABLISHING LAND BANKS**

The purpose of this NSP strategy is to bring abandoned property back into productive use, generating tax revenue, raising property values and creating community amenities such as affordable housing and green space. For the purposes of the NSP program, a land bank will operate in a specific, defined geographic area and will purchase properties that have been abandoned or foreclosed upon and will maintain, assemble, facilitate redevelopment of, market, and dispose of the land-banked properties. Only land banks operated by approved partners shall be considered. The County does not desire or plan to directly acquire property, but instead work through Housing Finance for land banks where they may be utilized and approved by FDCA.

### **DEMOLITION AND REDEVELOPMENT THROUGH HOUSING FINANCE**

Also eligible, as the County and FDCA may approve, is demolition of blighted structures and redevelopment of demolished or approved vacant REO properties for providing homeownership or lease units. Demolition and redevelopment of slum/blighted properties shall only be for the purpose of providing either NSP eligible homeownership or lease units as described in this HAP. All conditions of this HAP and the NSP program apply for any redeveloped REO property and are subject to inspection and approval of the HRS and PA. Contractor, REO property and applicant qualifications all apply, as do DPL and deed restrictions as defined herein. The primary target of any funds made available for this activity will be code violations, code enforcement actions and blighted conditions where REO properties represent a danger or risk due to their condition. The HRS shall evaluate these conditions of each site to be considered and make recommendations as to priority projects by Areas of Greatest Need, seriousness of code violations, public risk and the greatest potential for neighborhood stabilization by addressing long-term problems or multiple sites in an area. Other factors shall be at the discretion of the HRS.

This Housing Assistance Plan and its Operational Procedures is adopted this \_\_\_\_\_ **day**  
of \_\_\_\_\_, **2009**

\_\_\_\_\_  
County, Chair

ATTEST:

\_\_\_\_\_  
County, Clerk

## APPENDIX A—SPECIFIC RANKING CRITERIA

**Point values to be used in ranking applicants for the CDBG and /DRI Categories**  
(Points are applied for each category met)

Applicants whose income falls within established very low income (VLI) guidelines:

- 13 points – Handicapped and elderly persons on fixed income.
- 12 points – Elderly persons on fixed income.
- 11 points – Handicapped or disabled persons.
- 5 points – Households within established VLI guidelines.
- 4 points – All others who are VLI.

Applicants whose income falls within established low-to-moderate income (LMI) guidelines:

- 6 points – Households with handicapped or disabled dependents.
- 3 points – Households within established LMI guidelines.
- 2 points – All others who are LMI.

One point will be given to any homeowner or physical residence that has received state or federal housing assistance within the last 5 years regardless of age, handicap, or income level.

One point will be given to households that require any rehabilitation.

*In the event of a tie, the household with the largest number of residents shall prevail. If a tie still exists, then the household with the lowest income shall prevail.*

## APPENDIX B—DEFINITIONS

### From the Final NSP Rule 9B-ER 109:

**Activity delivery costs:** Non-administrative costs which can be directly associated with and required for an eligible NSP activity and may not exceed 10 percent of the housing construction budget. If paid to the developer, these costs shall be included in the developer fee. Activity delivery costs must be consistent with the guidelines in Technical Memo CDBG –HCD-08-01.

**Affordable rents:** Defined as the Fair Market Rents (FMR) as published annually by HUD for the subgrantees.

**Blighted structure:** a structure that has substantial deterioration in which conditions are leading to economic distress or endangerment of life, the sub-recipient jurisdiction agrees by ordinance that the structure is blighted, and one or more of the following factors are present:

1. Unsanitary or unsafe conditions;
2. Deterioration of site or other improvement; or
3. Faulty lot layout in relation to size, adequacy, accessibility, or usefulness.

**CATF:** The Citizen’s Advisory Task Force which the State’s sub-recipient must create in order to provide public participation and comply with citizen participation requirements.

**Current market appraised value:** The value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the URA at 49 CFR 24.103 and completed within sixty (60) days prior to an offer made for the property by a grantee, sub-recipient, developer, or individual homebuyer.

**Developer:** An entity provided NSP funds for purchasing, rehabilitating and disposing of assembling, and facilitating the redevelopment of vacant property, and/or marketing, and disposing of land-banked properties.

**Developer Fee:** An amount in addition to activity costs paid to a developer in consideration of the Developer’s efforts. This amount is considered “estimated profit.”

**Foreclosed property:** Property that has been foreclosed upon at the point that, under state or local law, the mortgage or tax foreclosure is complete. The U.S. Department of Housing and Urban Development (HUD) generally will not consider a foreclosure to be complete until after the title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transfer in lieu of foreclosure, in accordance with state or local law.

**Land bank:** A governmental or nongovernmental nonprofit entity established, at least in part, to assemble, temporarily manage, and dispose of vacant land for the purpose of stabilizing neighborhoods and encouraging re-use or redevelopment of urban property. For the purposes of the NSP program, a land bank will operate in a specific, defined geographic area. It will purchase properties that have been abandoned or foreclosed upon and maintain, assemble, facilitate redevelopment of, market, and disposal of the land-banked properties. If the land bank is a governmental entity, it may also maintain abandoned or foreclosed property that it does not own, provided it charges the owner of the property the full cost of the service or places a lien on the property for the full cost of the service.

**NSP Target Area:** A geographical area to be served by an NSP activity.

**State Sub-recipient:** The unit of general purpose local government that is eligible to receive State NSP funds.

**Sub-recipient:** Has the same meaning as in the first sentence of 24 CFR 570.500(c). This includes any nonprofit organization or unit of general purpose local government that the state awards NSP funding.

**Subprime:** The credit characteristics of individual borrowers. Subprime borrowers typically have weakened credit histories that include payment delinquencies and possibly more severe problems such as charge offs, judgments, and bankruptcies. They may also display reduced repayment capacity as measured by credit scores, debt-to-income ratios, or other criteria that may encompass borrowers with incomplete credit histories. Subprime loans are loans to borrowers displaying one or more of these characteristics at the time of origination or purchase. Such loans have a higher risk of default than loans to prime borrowers. Generally, subprime borrowers will display a range of credit risk characteristics that may include one or more of the following:

1. Two or more 30-day delinquencies in the last twelve (12) months, or one or more 60-day delinquencies in the last twenty-four (24) months;
2. Judgment, foreclosure, repossession, or charge-off in the prior twenty-four (24) months;
3. Bankruptcy in the last five (5) years;
4. Relatively high default probability as evidenced by, for example, a credit bureau risk score (FICO) of 660 or below (depending on the product/collateral), or other bureau or proprietary scores with an equivalent default probability likelihood; and/or
5. Debt service-to-income ratio of 50 percent or greater, or otherwise limited ability to cover family living expenses after deducting total monthly debt-service requirements from monthly income.

**Revenue:** For the purposes of section 2301(d)(4) of Title III of HERA has the same meaning as program income, as defined at 24 CFR 570.500(a), with the modifications in this notice.

**From the website of the Florida Housing Coalition** <http://www.flhousing.org/glossary.asp>

**501(c)(3)** - Section of the Internal Revenue Code that addresses the requirements that an organization must meet in order to be considered a tax exempt organization. Many people refer to agencies that have obtained a tax exempt status as a “501(c)(3).”

**ADA** - Americans with Disabilities Act—Provides federal civil rights protection to individuals who are physically or mentally disabled. The ADA prohibits discrimination against the disabled in employment, public services, public accommodations, and telecommunications. Entities that are covered by the ADA must make reasonable accommodation which involves adapting programs, facilities, or work places to allow disabled individuals to participate in the program of services. (HUD’s Access to Housing for Persons with Disabilities, (202) 708-3287).

**Adjusted for Family Size** - Income limits that are either increased or decreased based on the number of persons in the household being assisted. For most housing programs, U.S. HUD determines the income limit for a family of four, and then increases the limit by a fixed amount for each additional person over four, or subtracts that fixed amount for each person less than four.

**Affordability Period** - The time period for which rent restrictions or resale restrictions apply to housing that has been assisted by government funding.

**Affordable Housing** - Housing is considered to be affordable if monthly housing cost does not exceed a certain percentage of a family’s monthly income. The acceptable percentage usually ranges from 30-35 percent of a family’s monthly income.

**Amortization** - A plan for paying off a financial obligation by making periodic installment payments over a set period of time, at the end of which the loan balance is zero. Often mortgages have a 30 year amortization, requiring the borrower to make 360 equal monthly payments.

**Annual (Gross) Income** - Total income (earned, unearned and asset income) anticipated to be received by all persons who currently reside or intend to reside in a program assisted-unit for the coming 12-month period. When determining whether a household is income eligible, local governments, participating jurisdictions and project owners must use one of the following three definitions of annual income: (1) annual income as defined at 24 CFR section 5.609 (except when determining the income of a homeowner for an owner-occupied rehabilitation project, the value of the homeowner's primary residence may be excluded from the calculation of net family assets); or (2) annual income as reported under the Census long-form for the most recent available decennial Census; or (3) adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual federal annual income tax purposes.

**Annual Report** - A yearly report of an organization's or government's financial statements and accomplishments.

**Appraisal** - In real estate, the estimate of the value of real property. The most common method for single family units is the sales-comparison approach in which the estimate of value is obtained directly from experiences in the real estate market (see "comparable" below).

**Appreciation** - Increase in the value of property due to improvements made to the property or surrounding area/neighborhood by the owner or other parties, including the government and/or more general market forces. Commonly, and incorrectly, used to describe an increase in value through inflation.

**Articles of Incorporation** - Legal document submitted to a designated officer of the state for permission to commence business as either a for-profit or non-profit corporation. The articles of incorporation, or charter, state the purpose, rights and duties of the corporation.

**Assets** - Cash or non-cash item that can be converted to cash. Under most federally and state funded housing programs, the income from an asset, either actual or imputed, is included in a family's total household income.

**Audit** - An examination of the financial or administrative records of an organization or governmental entity to ensure that they are complete and accurate.

**Back-End Ratio** - (i.e., debt ratio) A calculation used by the lender to determine if the amount of income less debt is sufficient to afford the monthly payment. It is calculated by taking the monthly mortgage payment (PITI) and dividing it by the sum of the gross monthly income minus the total monthly debt payments of the applicant. The maximum ratio varies from 32% to 40%, depending on the loan and program applied for. In other words, no more than 40% of the applicant's income less debt should be set aside for the monthly mortgage payment.

**Balance Sheet** - A financial statement showing a “snap-shot” of the assets, liabilities and net worth (fund balance) of an organization on a given date.

**Bond Money or Bond Program** - See “MRB – Mortgage Revenue Bonds.”

**Bylaws** - The rules governing the internal affairs of an organization or governmental entity.

**CAA - Community Action Agency** - CAAs were organized in the 1970s with the goal of eliminating the causes, conditions, and effects of poverty. A CAA may be a private, non-profit, tax-exempt corporation or a department within local government. CAAs may operate a variety of programs that serve low income and elderly residents of the community, including emergency home repair, weatherization, food distribution, employment counseling, homeless assistance, transportation and Headstart. CAAs generally receive funding from a variety of federal, state, local, and private sources. Sometimes referred to as CAP (Community Action Program) agencies.

**Cash Flow** - Revenue less expenditures over a set period of time.

**Catalyst Program - Affordable Housing Catalyst Program** - The Catalyst Program, administered by the Florida DCA, Bureau of Community Development, provides training and technical assistance to local governments and community-based organizations to assist in developing capacity to undertake affordable housing and specifically in the implementation of the CDBG Small Cities, HOME and SHIP programs. (Catalyst Program, DCA, (850) 488-3581).

**CDBG - Community Development Block Grant** - The U.S. Department of Housing and Urban Development (HUD) administers two CDBG programs. Under the CDBG Entitlement Program, HUD provides funds directly to urban counties and metropolitan cities based on a population-based formula. The CDBG Small Cities Program, administered by the Florida DCA, Bureau of Community Development, awards grants on a competitive basis to non-entitlement counties, cities, and towns in Florida.

**CDC - Community Development Corporation** - A CDC is usually a local, non-profit entity organized to address long-term community revitalization by building affordable housing, assisting or starting small businesses, and creating jobs.

**CHDO - Community Housing Development Organization** - Under the HOME Program, a CHDO is a private, non-profit, 501(c)(3) tax exempt organization that has, among its purposes, the provision of decent, affordable housing to low- and moderate-income persons. CHDOs must, among other things, have demonstrated capacity for carrying out activities funded with HOME funds, and must maintain at least one-third of its governing board's membership for residents of low income neighborhoods, other low income community residents, or elected representatives of low income neighborhood organizations. Further information can be found in the HOME Rule, 24 CFR, Parts 91 and 92.

**Closing** - The final procedure in a real estate sale, in which property ownership is transferred in exchange for an agreed upon payment.

**Collateral** - Assets pledged to secure a loan.

**Comparable** - In the sales-comparison appraisal method, a property that closely resembles the property for which a value is being estimated. A comparable should closely resemble the subject property with respect to property rights, conditions of sale, market conditions, financing terms, location, and physical characteristics.

**Compliance** - The act of meeting requirements and conditions specified in statutes, rules and/or federal laws regarding the CDBG Small Cities, HOME, SHIP, or other state and federal housing programs.

**Consolidated Plan** - A plan developed by a local government which describes the needs, resources, priorities, and proposed activities to be undertaken with funds provided under various federal programs. A consolidated plan is required for all participating jurisdictions.

**CRA - Community Reinvestment Act** - enacted by Congress in 1977, states that banks and savings institutions have an affirmative obligation to serve the public, and especially to help meet the deposit and credit needs of local communities in which they are chartered, including the needs of residents in low- and moderate-income neighborhoods. Failure of an institution to meet these needs can result in a financial institution being unable to expand or merge with another lender.

**Credit Underwriting** - A process used by lenders (including government lenders) to evaluate the feasibility of a rental development, i.e., whether project income will be sufficient to pay the loan and operating expenses.

**DCA - Department of Community Affairs** - DCA fulfills three major roles in developing and implementing policy in the State of Florida which are: housing and community development, emergency management, and resource planning and management. DCA's activities are accomplished through the following: providing technical assistance; planning projects; administering grant programs; reviewing plans, programs and developments; intergovernmental coordination; and, fostering public/private partnerships.

**Debt Service** - Loan principal and interest payments.

**Deed** - A legal instrument that transfers property ownership from one party to another.

**Deferred Payment Loan** - Funds provided to a borrower under terms that calls for repayment to be delayed for a certain length of time, until certain circumstances change, or a certain threshold is met. In housing programs, deferred payment loans are often used as a recapture mechanism. In home ownership programs the loans often become due when the assisted family sells the home. Under rental programs the loans often become due if the affordability requirements are breached. In most housing programs these loans have an interest rate of zero percent; in some communities interest does accrue.

**Demographic Data** - Information about the characteristics of human populations, including size, income, age, wealth, race, ethnicity, gender, housing conditions, etc.

**Developmental Disability** - Florida Statute 393 defines "developmental disability" as a disorder or syndrome which is attributable to retardation, cerebral palsy, autism, or spina bifida and which constitutes a substantial handicap that can be reasonably be expected to continue indefinitely.

**DRI - Development of Regional Impact** - Large-scale developments that are required to undergo a comprehensive regional impact review prior to local government approval. The review process is coordinated by a regional planning council (RPC). Among other considerations, the RPC must consider whether nonresidential DRIs ensure the availability of accessible housing for use by the employees of the development. The Adequate Housing Standard Rule, 9J-2.048 F.A.C. was adopted by DCA in 1993.

**DSM - Demand Site Management** - DSM programs are implemented by several utility companies in Florida and across the country to help commercial and residential utility customers improve the energy-efficiency of their homes and businesses. By reducing some demand for energy, these conservation programs help utilities avoid the costly production of new power plants. Florida's private investor-owned utility companies (Gulf, Florida Power, Florida Power & Light, Tampa Electric) and several municipal utilities are required by regulation to offer DSM programs to their customers. They commonly offer educational materials, rebates on efficient materials like insulation, and load management programs.

**EAR - Evaluation and Appraisal Report** - This is a report that each local government must initially prepare five years after the adoption of its local government comprehensive plan to look at how the plan is working. It is required to be reviewed periodically thereafter. The EAR is intended to reflect changes in state policy on planning and growth management. The EAR must set forth the “actions” or “plan amendments” that are necessary to respond to changes in growth policies and updated information on local conditions.

**Eligible Household** - An individual, family or group of individuals living together as a unit, determined to be of very low- to low-income for participation in the CDBG Small Cities or HOME programs and ranging from very-low up to moderate-income for participation in the SHIP Program.

**Engauge - The Energy Gauge** - A Florida specific energy rating system that relies on computer software to calculate the energy-efficiency level of a building. Engauge estimates the annual energy costs of a house and suggests specific home improvements to increase the house’s level of efficiency.

**Equity** - The market value of real property, less the amount of existing debt or liens.

**Fair Housing Act** - The Fair Housing Act makes it illegal to deny housing, refuse to rent, sell, or negotiate, or offer different terms and considerations because of race, color, religion, sex, national origin, handicap, or familial status. If you suspect violation of the Fair Housing Act or want more information, you may contact the U.S. Department of Housing and Urban Development, Fair Housing, 451 7th Street, SW, Washington, D.C. 20410, 1-800-669-9777.

**FHFC – Florida Housing Finance Corporation** - The FHFC’s mission is as follows: (1) finance affordable housing for very low-, low-, and moderate-income people; and, (2) to stimulate the home building industry. The FHFC obtains funds through program revenues and by issuing bonds that are secured by mortgages taken in exchange for the FHFC’s loans. The FHFC also receives appropriations of federal grants and tax credits as well as Sadowski Act documentary stamp tax revenues to finance affordable single- and multi-family housing to be occupied by very low-, low-, and moderate-income persons (FHFC, 227 North Bronough Street, Suite 5000, Tallahassee, Florida 32301-1329 (850) 488-4197).

**FHO - Fair Housing Ordinance** - A FHO is required of all localities participating in federal programs. It makes illegal any discrimination based on race, color, ancestry, religion, sex, national origin, familial status or handicap.

**Financial Statements** - Written record of the financial status of an individual, organization or governmental entity. Statements commonly include income statement, balance sheet, cash flow statement, and if the organization is a non-profit, a funds balance statement.

**Financing Fee** - money charged by a lender to originate a loan. The fees are based on a percentage of the loan amount, and one point is equivalent to 1 percent.

**Foreclosure** - The legal process a lender uses to exercise its right to force the sale of a property to gain repayment of mortgage debt. Generally, lenders exercise this right when a borrower has failed to make timely payments.

**Front-End Ratio** - (i.e., income ratio) A calculation used by the lender to determine if an applicant's income is sufficient to afford the monthly payment. It is calculated by taking the monthly mortgage payment (principal, interest, taxes and insurance) and dividing it by the gross monthly income of the applicant. The acceptable ratio for affordable housing is between 30-35%. In other words, no more than 30-35% of the income should be set aside for the monthly mortgage payment.

**Grants** - Gifts of money given by foundations, or federal or state government, without expectation of repayment .

**Gross Income** - See Annual (Gross) Income.

**HOME - HOME Investment Partnerships Program** - The Home Investment Partnerships Program was enacted in 1990 as part of the Cranston-Gonzalez National Affordable Housing Act. HOME funds are allocated on a needs-based formula to state and local governments designated participating jurisdictions (PJs) and require non-federal match of HOME dollars. The Florida Housing Finance Corporation (FHFC) administers the state's HOME program. (HOME, FHFC, (850) 488-4197).

**Household** - Individual, family, or group of individuals living together in a unit.

**HUD - U.S. Department of Housing and Urban Development** - The department within the federal government that is mandated by Congress to create conditions for every family to have decent and affordable housing, to ensure equal housing opportunities for all, and to strengthen and enrich the nation's communities. Offices are located at the national and state levels. HUD Locator for general information: (202) 708-1422; Affordable housing information center: (800) 998-9999. The State Coordinators' Office (serves South Florida): José Cintrón, Director, 1320 South Dixie Highway, 5th Floor, Coral Gables, Florida 33146-2911; (305) 662-4510; fax: (305) 662-4519; e-mail: Jose\_Cintron@hud.gov; web site: [http://www.hud.gov/local/fso/fso\\_home.html](http://www.hud.gov/local/fso/fso_home.html). The Jacksonville office (serves North and Central Florida): 301 West Bay Street, Suite 2200, Jacksonville, Florida 32202; (904) 232-2627; fax: (904) 232-3759; web site: [http://www.hud.gov/local/jkv/jkv\\_home.html](http://www.hud.gov/local/jkv/jkv_home.html).

**Income Statement (Profit and Loss)** - Summary of revenues, costs and expenses for a business over a period of time.

**Ineligible Household** - An individual, family or group of individuals whose household characteristics or income prevent it from meeting the eligibility requirements of a program.

**Interest** - The financing fee for a loan, usually calculated on a percentage of the amount loaned spread over the term of the loan.

**Investor** - An organization, corporation, individual or other entity that acquires an ownership position in a project, thus assuming risk of loss in exchange for anticipated returns.

**Lease-up Period** - The amount of time it takes for a building, such as multi-family housing, to reach a stable occupancy rate and income stream.

**Leveraging** - Using a small amount of funds to attract other funds, including loans, grants and equity investments. The premise of leveraging is to use public dollars in conjunction with private dollars to increase the number of affordable housing units that can be produced.

**Liabilities** - A general term encompassing all types of debts and obligations.

**Lien** - Recorded claim against a property whereby the property is security for a debt. Under certain circumstances, the holder of the lien is entitled to have the property sold to satisfy the debt. A lien is an encumbrance against the property.

**LIHTC - Low Income Housing Tax Credit** - A competitive federal program administered by the state which grants income tax credit to developers who build or substantially rehabilitate affordable rental housing. The tax credits are used to raise project equity.

**Load Management Programs** - Load management programs can contribute to affordable housing by reducing the customers monthly utility bill, thereby creating more disposable household income. Some electric utilities use load management programs to reduce “peak demand” and work as follows: (1) certain times of the day and year, “peak demand” occurs, defined as a majority of utility customers simultaneously demanding a great deal of energy (such as on a weekday morning when households prepare for work and school); (2) using radio controllers, the appliances (i.e. water heaters, air conditioners) of program participants are turned off for fifteen minutes during peak demand periods; and lastly, (3) customers experience a reduction in their utility bill as a reward for program participation.

**Loan** - Loans are often referred to as debt financing and must be repaid according to a fixed payment schedule, generally with interest. Use of a deferred payment loan is common in affordable housing. In a deferred payment loan, funds provided to a borrower under terms that calls for repayment to be delayed for a certain length of time, until certain circumstances change, or a certain threshold is met. In housing programs, deferred payment loans are often used as a recapture mechanism. In home ownership programs the loans often become due when the assisted family sells the home. Under rental programs the loans often become due if the affordability requirements are breached. In most housing programs these loans have an interest rate of zero percent; in some communities interest does accrue.

**Loan Guarantees** - A pledge by a third party that, in case of default by the borrower, promises to repay all or a portion of the borrowed amount. State and local governments and non-profit intermediaries are often sources of loan guarantees, with the Federal Housing Administration (FHA) being one of the most well known.

**Loan-To-Value Ratio** - The loan amount(s) as a percentage of the property’s appraised value or sales price, whichever is less. For example, a loan amount of \$57,000 on a home that has a sales price of \$60,000 has a 95 percent loan-to-value ratio ( $57,000/60,000$ ). A lender will use a loan-to-value ratio to determine the maximum amount it will lend on a property.

**Low-Income Person or Household** - A person or household whose annual (gross) income does not exceed 80 percent of the area median income, as determined by HUD, with adjustments for smaller and larger families. Florida publishes these figures annually, and updated charts may be obtained from the Florida Housing Finance Corporation (FHFC).

**Market Value** - The price a property would sell for in a competitive market when there has been a normal offering time, no coercion, arms-length bargaining, typical financing, and informed buyer and sellers.

**Match** - The commitment of non-federal funds to supplement HOME Investment Partnerships Program funds for affordable housing.

**Median Income** - A determination made through statistical methods establishing a middle point for determining income limits. Median is the amount that divides the distribution into two equal groups: one group having income above the median and the other group having income below the median.

**Mission Statement** - A statement of purpose, or the assignment the organization or governmental entity is to carry out.

**Moderate-Income Person or Household** - A person or household whose annual (gross) income does not exceed 120 percent of the area median income, as determined by HUD, with adjustments for smaller and larger families. Florida publishes these figures annually, and updated charts may be obtained from the Florida Housing Finance Corporation (FHFC).

**Mortgage** - A temporary and conditional pledge of property to a creditor as security for the repayment of a debt. The borrower (mortgagor) retains possession and use of the property.

**MRB - Mortgage Revenue Bonds** - State and local housing finance agencies (HFAs) sell tax-exempt bonds and use the money that is raised to lend to first-time homebuyers. Because buyers of these bonds accept a lower rate of return on their investment than if the bonds were taxable, HFAs can lend proceeds to the homebuyers at interest rates below conventional mortgage rates.

**NAHA** - Cranston-Gonzalez National Affordable Housing Act—In October 1990, Congress approved the National Affordable Housing Act, the most comprehensive housing legislation since 1974. The legislation evolved from a process that began in September 1987, when Congress created the National Housing Task Force. The Task Force was charged with the responsibility of conducting a thorough study of the nation's housing needs and injecting life back into federal housing policy. The HOME Investment Partnerships Program was enacted as a result of NAHA.

**NHS - Neighborhood Housing Services** - NHS is a national network of locally-funded and operated, autonomous, self-help programs which are revitalizing declining neighborhoods. NHSs are non-profit corporations which: operate housing rehabilitation programs; offer financial counseling; refer residents to lenders or others about home improvement financing; conduct new construction and home repair inspection monitoring to assist homeowners in working with contractors; and, encourage community involvement to strengthen neighborhood pride through work with local organizations.

**NOI - Net Operating Income** - Gross profits minus operating expenses and taxes.

**Non-profit Corporation** - A corporation established under state law for purposes other than making profits that would be distributed to the owners, directors, members or officers.

**PHA - Public Housing Authority**—Created by local governments pursuant to Chapter 421, Florida Statutes, local PHAs develop, own, and operate public housing and administer Section 8 programs.

**PJ - Participating Jurisdiction** - The term given to any state or local government that HUD has designated to administer an allocation of HOME Investment Partnerships Program funds. There are currently 29 PJs throughout Florida in addition to the state PJ, the Florida Housing Finance Corporation (FHFC).

**PMI - Private Mortgage Insurance** (also referred to as MI)—Coverage that, in instances of default, guarantees a lender the partial payment of an outstanding loan balance. Traditionally, lenders require PMI in instances where the loan to value ratio is higher than 80 percent, however, lenders have been known to waive this requirement under their affordable housing programs. PMI premiums are included in a borrower's monthly mortgage payments. The amount can range anywhere from \$30-\$50 per month, depending in the loan amount. The insurance can be discontinued when an appraisal shows that the loan to value ratio has dropped below 80 percent. The cost of such an appraisal is the responsibility of the borrower.

**Principal** - The currently unpaid balance of a loan, not including interest.

**Pro Forma** - Projected annual income and expenses for a rental development for a given period (usually 15 years).

**Property Tax Abatement** - Reduction or exemption from ad valorem tax for a specified time period.

**Purchase Option** - The right to buy a property at a specified price within a specified time. A purchase option or “option to purchase” is different from a purchase and sale contract in that the option money is not refundable and is usually not credited toward the purchase price at closing.

**RD– Rural Development (formerly known as Farmers Home Administration (FmHa))** - Provides funding for mainly rural housing programs. Sometimes used by local governments to supplement CDBG projects. The state RD office is located in Gainesville. Initial inquiries should be made at the local RD office. See federal government listing in local telephone directory for U.S. Department of Agriculture or resources section of handbook.

**Real Property** - Land, including all things permanently attached to the land, such as buildings and infrastructure, commonly referred to as appurtenances.

**Reconstruction** - Rebuilding of a structure, usually on the same foundation as the existing housing which will be demolished.

**Rehabilitation** - The alteration, improvement or modification of an existing structure.

**REO - Real Estate Owned** - Property that is owned by a lender, usually acquired through a foreclosure, or through a deed in lieu of foreclosure.

**Reserves** - Funds held to pay future liabilities. Typical reserves include replacement reserve for major repairs, operating reserve for covering negative cash flow and contingency funds.

**RESPA - Real Estate Settlement Procedures Act** - RESPA requires that lenders give all borrowers of federally related mortgage loans an estimate of settlement costs and a HUD-prepared booklet with information about real estate transactions, settlement services, cost comparisons, and relevant consumer protection laws.

**RPC – Regional Planning Council** - RPCs provide planning and technical assistance to local governments on federal and state issues such as housing, growth management, emergency management, and intergovernmental coordination. The State of Florida has 11 RPCs.

**Secondary Market** - Markets into which originating lenders sell their loans to investors who are seeking longer term investments (such as Fannie Mae).

**Section 504** - Section of the Handicapped Accessibility/Architectural Barriers Act that requires all public buildings to be designed, constructed, or renovated to provide access for physically handicapped persons.

**SHIP - State Housing Initiatives Partnership Program** - SHIP was the centerpiece of the William E. Sadowski Affordable Housing Act of 1992. SHIP is administered by the Florida Housing Finance Corporation (FHFC) and channels documentary stamp revenue to Florida's counties and CDBG entitlement cities for the express purpose of creating and preserving affordable housing. (SHIP, FHFC, (850) 488-4197).

**SRO - Single Room Occupancy** - SROs provide housing for elderly, disabled, the working poor and others who, without SROs might otherwise be homeless. An SRO room typically has a sink, closet, and sleeping space. Bathroom, shower and kitchen spaces are generally shared with others.

**Strategic Plan** - A plan of action that guides how a goal, such as developing affordable housing, will be accomplished.

**Subordinated (Secondary or Tertiary) Debt** - If more than one lender has a lien on a property, the subordinated debt is paid after the debt of lien holders in superior (or first) positions.

**Subsidy** - Financial assistance in the form of government loans, grants, or other contributions that are used to make housing affordable.

**Sweat Equity** - The value of volunteer labor in producing affordable housing.

**Targeting** - Federal, state or local requirements of the CDBG Small Cities, HOME or SHIP Programs relating to the use of funds for units that assist certain income groups or fund particular activities (i.e. home ownership, hard construction costs, etc.). Can also be used to refer to a situation where funds are spent only in a specific geographic area.

**Title Insurance Policy** - Insurance paying monetary damages for loss of property from superior legal claims not excepted by the policy.

**Unsecured** - A loan that has no collateral pledged as security.

**VA - Veterans Administration** - A mortgage guaranty program begun after World War II to enable returning service personnel to purchase homes, offering 100 percent financing and requiring no down payment or insurance premium on the loan.

**Very Low-Income Person or Household** - A person or household whose annual (gross) income does not exceed 50 percent of the area median income, as determined by HUD, with adjustments for smaller and larger families. Florida publishes these figures annually, and updated charts may be obtained from the Florida Housing Finance Corporation (FHFC).