

**RESOLUTION 2014-7**  
**COMMUNITY DEVELOPMENT BLOCK GRANT**  
**HOUSING ASSISTANCE PLAN**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM COAST, FLORIDA, APPROVING THE HOUSING ASSISTANCE PLAN FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM; AUTHORIZING THE CITY MANAGER OR DESIGNEE, TO EXECUTE NECESSARY DOCUMENTS; PROVIDING FOR SEVERABILITY; PROVIDING FOR CONFLICTS; PROVIDING FOR IMPLEMENTING ACTIONS AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, in order to benefit persons of low and moderate income within the City of Palm Coast, the City of Palm Coast administers the Federally-funded Community Development Block Grant Housing Assistance Plan; and

**WHEREAS**, the Housing Assistance Plan governs the administration of Community Development Block Grant Housing Rehabilitation Program.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PALM COAST, FLORIDA:**

**SECTION 1. APPROVAL OF HOUSING ASSISTANCE PLAN.** The City Council of the City of Palm Coast hereby approves the Housing Assistance Plan for the Community Development Block Grant Housing Rehabilitation Program, as attached hereto and incorporated herein by reference as Exhibit "A."

**SECTION 2. AUTHORIZATION TO EXECUTE.** The City Manager, or designee, is hereby authorized to execute the necessary documents.

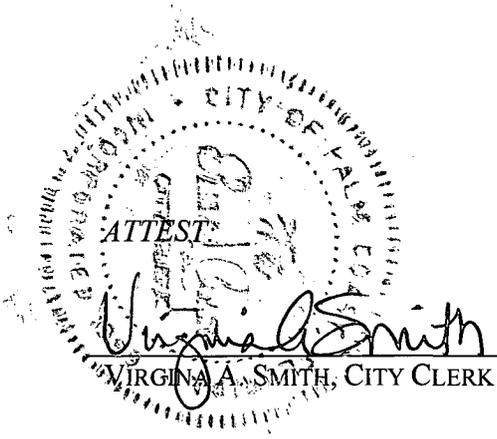
**SECTION 3. SEVERABILITY.** If any section or portion of a section of this Resolution proves to be invalid, unlawful, or unconstitutional, it shall not be held to invalidate or impair the validity, force, or effect of any other section or part of this Resolution.

**SECTION 4. CONFLICTS.** All resolutions or parts of resolutions in conflict with any of the provisions of this Resolution are hereby repealed.

**SECTION 5. IMPLEMENTING ACTIONS.** The City Manager is hereby authorized to take any actions necessary to implement the action taken in this Resolution.

**SECTION 6. EFFECTIVE DATE.** This Resolution shall take effect immediately upon adoption by the City Council.

DULY PASSED AND ADOPTED by the City Council of the City of Palm Coast, Florida, on this 21<sup>st</sup> day of January 2014.



CITY OF PALM COAST, FLORIDA

Jon Nettis, Mayor

Attachment: Exhibit A – Housing Assistance Plan

Approved as to form and legality

  
\_\_\_\_\_  
William E. Reischmann, Jr., Esq.  
City Attorney

**Community Development Block Grant  
Housing Assistance Plan  
for  
CITY OF PALM COAST**

Effective December 11, 2013

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## I. INTRODUCTION

This Housing Assistance Plan (HAP) is a guide for implementing the housing rehabilitation (HR) program of the **City of Palm Coast's** Community Development Block Grant (CDBG). This HAP is used in conjunction with the Housing Procedures Manual and all accompanying relevant forms for the implementation and administration of the CDBG housing rehabilitation program. The responsibilities of the **City of Palm Coast** (the City), the Program Administrator (PA), the homeowner, construction contractor, and the Housing Rehabilitation Specialist (HRS) are addressed in this plan and further detailed in the Housing Procedures Manual. The major focus herein is the policies related to housing rehabilitation to benefit very low income (VLI) and low-to-moderate income (LMI) households, including temporary relocation of same.

The goal of the HR CDBG program is to rehabilitate substandard owner-occupied single family housing units (units) located in the City and to bring them up to a minimum acceptable living standard. This standard is governed by the United States Housing and Urban Development (HUD) Section 8 Minimum Housing Quality Standards, the Florida Building Code and any applicable local codes. This goal will be achieved through the use of CDBG funds to finance rehabilitation construction that addresses code, health and safety repairs for qualified units. The rehabilitation units to be assisted shall be owner occupied as the primary residence of the applicant household and not rental units. Units that are in such a condition as to require demolition and replacement will not be addressed.

## II. HOUSING REHABILITATION OBJECTIVES AND POLICIES

### A. *Objectives*

The objectives of the City's Housing Rehabilitation Program are:

1. To assist and encourage the revitalization of very low income (VLI) and low-to-moderate income (LMI) neighborhoods.
2. To remove unhealthy or hazardous conditions (slum and blight) in VLI and LMI households.
3. Address urgent community needs.
4. To use housing program funds as a catalyst to encourage residents of VLI and LMI to improve their community.
5. To preserve existing housing stock or replacement of substandard housing.
6. To enable VLI and LMI families to rehabilitate their homes by providing financial and technical assistance to those unable to obtain private financing.

7. To reduce utility costs and to improve the comfort of VLI and LMI families through green construction standards and weatherization activities related to rehabilitation.
8. To improve the property tax base in VLI and LMI neighborhoods.
9. To increase employment and training activities for local residents and minority persons through the hiring of individuals and small businesses owned and operated by Section 3 persons and business or persons residing in the vicinity of the local projects.
10. To make homes accessible to elderly/disabled occupants as may be required by code, accessibility requirements, or as determined at the City's discretion.
11. To adopt modern, green building and energy-efficient improvements for building rehabilitation and construction.
12. To prepare and harden homes against high velocity winds and wind borne debris in the event of hurricanes and other such natural disasters.

**B. Key Terms**

**Program Implementation:**

HAP: Housing Assistance Plan

PA: Program Administrator

HRS: Housing Rehabilitation Specialist

DPL: Deferred Payment Loan

SOW: Scope of Work

**Governing bodies:**

CATF: Citizens Advisory Task Force

SHPO: State Historic Preservation Office

THPO: Tribal Historic Preservation Office

EPA: Environmental Protection Agency

**Income Status:**

AMI- Area Median Income

ELI: Extremely Low Income: 30% of AMI

VLI: Very Low Income: 50% of AMI

LMI: Low-to-Moderate Income: 80% of AMI

**Other terms:**

Section 3: Section 3 Act of 1968, a person or business that meets the Federal Section 3 definition

LBP: Lead Based Paint

ACM: Asbestos Containing Material

**C. Rehabilitation Policies**

It is the policy of the CDBG Housing Rehabilitation Program (the Program) to:

1. Assure that the Program is administered in conformance with CDBG 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, and in accordance with Program rules.
3. Provide all Program participants reasonable assistance necessary to carry out the objectives of the program, bearing in mind:
  - a) That property owners hold the primary responsibility for maintaining their property and personal finances as well providing all documentation and information needed to qualify and participate in the Program in a timely fashion;
  - b) That contractors are primarily responsible for the quality of their work and their obligations to suppliers, creditors, subcontractors, and employees including warranty on the work for not less than one year after the work is complete and accepted by the Program; and
  - c) That any assistance provided must be authorized by the Program, including that both unit and applicant household must be screened and qualified by the HRS and PA representing the Program.
4. Assure that no member of the Congress of the United States, the Citizen Advisory Task Force, or the City of Palm Coast City Council (City Council) shall share in proceeds or benefits of CDBG-funded rehabilitation work.
5. Allow some flexibility in administering the Program in order to meet the program's goals and objectives of rehabilitating each addressed unit to meet HUD Section 8 Minimum Housing Quality Standards and the Florida Building Code. The City Council may waive program specific guidelines within this HAP only when the result will be consistent with established goals and objectives and applicable federal, state, or local regulations.
6. Housing rehabilitation to address health and safety concerns and code compliance will be the priority as Program funds are available.

**D. Identification of Units**

Housing Rehabilitation will take place only on units approved by the City and in accordance with grant requirements established by HUD and the Procedures Manual. Alternate units may be provided to replace any primary units that may become ineligible

via a waiting list and priority established herein and procedures manual. The City will solicit applications in an open and fair manner by advertising in City-circulated publications and media, by contacting when possible other housing assistance providers that have knowledge of needs within the City and/or by placing notices in public areas throughout the City. The City will review applications received using, but not limited to, the following selection criteria:

1. Whether the recipient previously has been furnished CDBG housing assistance. A former recipient cannot be assisted again for ten (10) years after completion of the prior CDBG-funded construction and, in any event, will not be served again until all other eligible recipients have received assistance.
2. Number of persons in the applicant household and the household income.
3. Type of construction of the unit (e.g., block, manufactured home, wood frame, etc.), state of deterioration of the unit, and estimated cost to rehabilitate as compared to 1) average unit cost calculated in the application and 2) the value of the unit after rehabilitation. Mobile and or manufactured homes will not be addressed.
4. Location of the residence with reference to defined areas, i.e., floodplain, zoning, incompatible use, etc.
5. Compatibility (consistency) of the proposed residence rehabilitation with the local comprehensive plan and/or land development regulations.
6. Whether the recipient is current on payments to the local government (i.e., garbage/trash bill, utility bills, taxes, etc.) and mortgage/lien holders.
7. Beneficiary's 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.
8. Whether the recipient has clear title to the property.
9. Whether the structure more than 50 years old. The applicant shall indicate on the application form whether to his/her knowledge the structure is older than fifty (50) years old. If he/she answers yes or if other evidence suggests the structure is more than 50 years old, the City 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.
11. Applications will be considered on a first come, first qualified, first served basis.

12. This program will not assist in the rehabilitation or replacement of rental units.
13. Fifty percent (50%) of rehabilitation funds will be reserved for very low income (VLI) and below and/or disabled recipients. In order to ensure this reservation of funds is met, a VLI unit or unit with a disability in the household could be served ahead of an LMI household even when said LMI household submitted ahead of the VLI/ disabled applicant.
14. Cost feasibility and limitations of the program. Funds are limited and there are maximum awards for rehabilitation. Units that require demolition and replacement do not qualify.

***E. Approval and Removal of Units from the Program***

The Housing Rehabilitation Specialist (HRS) and the Project Administrator (PA) shall review and prioritize the applications based on a first come, first qualified, and first served process. That is, applications will be considered as they are received by the City based on date and time stamp. The application process will have a noticed cut-off date for receipt, and applications received by the cut-off date shall form the initial "priority list." Applications received after that date shall be considered alternates on a first come, first qualified and first served basis after the priority list of applicants submitted during the application period has been considered. Notwithstanding the foregoing, applicants cannot be served until they have provided all application needs and backup documentation required for determining income-eligibility. Applicants will be given an orientation on all requirements and an appropriate deadline to provide all documentation needed to complete the application. Applicants who meet all deadlines and are income-qualified will retain their position on the initial priority list. Applicants who fail to meet all deadlines but are otherwise income-eligible at the time of application will be placed at the bottom of the priority list, in order by date and time stamp of original application receipt. Qualified applicants must continue to respond to award requirements and needs within set deadlines to maintain their position on the priority funding list. During this time, the unit must also receive preliminary inspections and be found eligible and feasible for funding. The City will establish a separate list for applicants who withdraw or units that are ineligible, thereby making funds available for the next application in line by date and time stamp.

The Housing Rehabilitation Specialist or the Project Administrator may remove a housing unit from the program for a change in household income that renders the household income ineligible, for failure to meet approved selection criteria, or for not complying with the minimum qualification and award procedures. If it is determined that it is necessary to remove an applicant from the program, a certified letter will be sent 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. All application awards

will be made by the City Manager on behalf of the City. In addition, applicants approved for Program assistance may, by giving written notice to the PA, voluntarily withdraw their application.

#### **F. *Fraud***

All levels of housing program management are responsible for the detection and prevention of fraud, misappropriations, waste, and other inappropriate conduct as it pertains to the use of specific program funding.

Fraud is defined in this document as a willful or deliberate act or failure to act with the intention of obtaining an unauthorized benefit. Any fraud that is detected or suspected will be reported immediately to the PA, who will conduct or employ a third party to act on his/her behalf to conduct an objective and impartial investigation into the fraudulent activity, along with other applicable departments and/or law enforcement agencies, as deemed necessary or appropriate. Any individual found to have engaged in fraudulent activity, as defined by this policy, is subject to disciplinary action as program regulation and the law will allow, which may include program, service, and/or employment dismissal, as well as prosecution by appropriate law enforcement authorities, when appropriate.

#### **Actions Constituting Fraud:**

As used in this policy, the term “fraud” includes, but is not limited to, the following:

- 1) Any dishonest or fraudulent act.
- 2) Forgery or alteration of any financial document used for the purpose of program eligibility.
- 3) Deliberately including and/or providing false information on the program assistance application.
- 4) Deliberately withholding any required information requested to properly determine eligibility status.
- 5) Destruction or concealment of records, income and/or assets.
- 6) Failure to disclose and/or an attempt to conceal any conflicts of interest relationships.
- 7) Failure to disclose and/or an attempt to conceal any required information on employment.
- 8) Any similar or related inappropriate conduct.

**Non-Fraud Irregularities and Other Conduct:** This Section covers allegations of personal improprieties or other irregularities or criminal activity not constituting fraud, such as drug abuse and/ or the distribution thereof, vandalism, assault, murder, sex offenses, public nuisance behavior, or other criminal activity. Suspected improprieties

concerning employees, managers, committee members, elected officials, or constituents seeking assistance from the various programs administered by the City, as it pertains to moral, ethical, or behavioral conduct should be resolved by the appropriate City Department Director and City Manager whenever possible. The City will abide by any and all appropriate and relevant sections of 24 CFR (Code of Federal Regulations) with regard to the foregoing.

### III. CONFLICT OF INTEREST

Although addressed in other places in this HAP and in the Housing Procedures Manual, adherence to rules and regulations in matters of perceived or actual conflicts of interest is mandatory. All applicants that may have a business or familial relationship with a member of City Council, Housing Rehabilitation Specialist, Program Administrator or participating construction contractors must fully disclose this relationship on their application and before any construction contract is executed. In addition, all income-qualified applicant names must be disclosed by public notice posted at City Hall and to all members of the City Council before final award by the City Manager. City Council members must disclose any relationship with an applicant and must abstain from any vote related to that applicant. Any cases of conflict of interest must be made known at a public meeting of the City Council. Before an applicant with a conflict is given final approval for participation, the City must notify HUD in writing. Prior to any construction contract execution for rehabilitation, the City must receive written notification of HUD's approval of the application. If this process is not followed the local government and/or the applicant may be liable for returning the funds to the Program.

Palm Coast employees that submit an application for rehabilitation assistance and who are involved in the decision making process related to the Program or are involved in the financial approvals of the Program must identify their conflict of interest at the time of application. Employees who submit an application, but have no decision-making authority must have documentation in their case file demonstrating they have no authority or part in the Program decision-making process. The City attorney will review the case and write an opinion for the file stating that there is no conflict of interest.

### IV. HOUSING REHABILITATION FINANCING

The Housing Rehabilitation Program provides financing to income qualified homeowners in the form of 100% Deferred Payment Loans, the amount of which shall include the accepted bid amount plus a contingency reserve.

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

Deferred Payment Loans are conditional 0% loans secured by a mortgage and note, and are provided to homeowners who are unable or unlikely to obtain conventional financing due to their income. 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 a primary residence within ten years of the date of the DPL, or fails to maintain reasonable required standards of care and maintenance of the rehabilitated unit. 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 paid from CDBG funds.

Refinances of primary mortgages are governed by the City of Palm Coast's subordination policy. During the first 5 years, the principal is not "forgiven" and the principal balance is not reduced through the end of the 5th year of owner occupancy (by at least one of the recipients if owned jointly). In years 6 through 10, the note is reduced 20% per each year until the end of year ten. Upon completion of the ten year term subject to the conditions herein the loan is fully forgiven. Subject to full compliance, there is no interest charged during the ten years.

DPL Terms:

Assistance	Terms
Up to \$50,000	10 years total, 5 years non-amortized 0%, DPL then 5 years of principal forgiveness in 20% increments each year starting at the end of year 6 until the end of the 10 <sup>th</sup> year where the total principal is forgiven

If rehabilitation costs require more than \$50,000 and the applicant is unable to finance the additional cost, the dwelling unit may be disqualified unless alternative funding is available.

In the event that the sole owner dies or both/all owners die within the ten year loan period, the heirs or recipients of the title of the property may 1) apply to income-qualify and file for homestead and occupy the property as their primary residence for the remainder of the DPL, thereby assuming the mortgage and note and all related conditions OR 2) if not interested in the program or unable to qualify, repay the remaining principal on the DPL within thirty calendar days of transfer of title to the new owner/heirs. If the title is otherwise transferred during the term of the DPL for any circumstance but death of all approved owner(s), the remaining DPL principal at that time becomes due within 30 calendar days of date of title transfer. As otherwise provided for in this HAP, the City Council may (by vote) waive these requirements on a case by case basis for hardship and family emergencies, such as permanent disability or long term incapacitation of the remaining owner(s), or in the case of the death of all owner(s).

If for any other reason than those above-stated (e.g., violation of the terms of the mortgage and note), repayment of a DPL is triggered, the prorated principal balance will be due in full within thirty (30) calendar days. If the owner is unable to make such payment, the City Council may, at their discretion, allow repayment of the DPL over a term not to exceed ten (10) years, at a yield of not more than six percent (6%) interest per annum.

As a general policy, a contingency amount of approximately five percent (5%) should be placed on reserve for change orders. Exceptions may be made by the PA to this rule if the applicant provides a firm commitment 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. Correcting local housing code, Florida Building Code, Section 8 standard violations and all requirements of the Code, HQS,
2. Providing cost effective green building features and energy efficient improvements wherever possible, but as a minimum:
  - a) Any appliances replaced or installed shall be Energy Star;
  - b) Any door and/or window replaced or installed shall be Energy Star.
  - c) Any lighting fixture replaced or installed shall be Energy Star.
  - d) Weatherization of all homes rehabilitated. At a minimum, weatherization shall include attic, and if appropriate, floor insulation as well as sealing all exterior walls. Any replaced or new HVAC unit shall have a SEER rating of at least 14.
3. Provide reasonable repairs and modifications to make the dwelling accessible to disabled and elderly occupants as necessary and technically feasible; and
4. 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;

New construction (adding a room or closing in a carport, etc.) is eligible for rehabilitation financing only to eliminate over-crowding or to provide bathroom or laundry hook ups. General property improvements are eligible for program funds when necessary to obtain an accurate level of utility, to decrease high maintenance costs, or the elimination of 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 covering, and enclosure of a porch for use as a bathroom where the dwelling does not have adequate interior space.

Some general property improvements may be provided at the applicant's expense. Any other additional improvements, above those required to achieve minimum standards, are optional and at the applicant's expense. The cost for any such improvements shall be borne totally by the applicant 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. General property improvements that are paid for by the applicant must be included in the Contract for Rehabilitation that is developed and administered by the Program. Otherwise, the addition items will not be included in the construction. Furthermore, any construction not covered in the construction contract will be inspected by the local Building Inspector but will not be inspected by the Housing Rehabilitation Specialist. Ineligible new construction must be contracted separately and may not be part of the CDBG rehabilitation project.

### **C. Subordination**

Beneficiaries of CDBG housing assistance frequently request the local government to subordinate its interest in their property to a new loan mortgage/deed of trust for the purposes of refinancing an existing first mortgage, obtaining a new line of credit, home improvement, or debt consolidation.

The subordination policy is critical and is intended to protect the local government's financial interest in the homeowner's property without unduly restricting the homeowner's access to the equity in their property.

The language of the documents (grants, mortgages, deeds of trust) filed as liens against a property to secure the City's interest prohibit the transfer of title, or portion thereof, without prior written consent by the City. Executing an additional lien, subsequent to the execution of the City's security instruments, constitutes a transfer of title that would make the City's loan/grant immediately due and payable.

#### *Consent to Place Subordinate Lien*

The City will generally consent to the placement of a Subordinate Lien upon written request from the homeowner(s) under the following conditions:

- 1) Requests for Subordination of Lien must be approved by the Director of the Community Development Department, or his/her designee.
- 2) The following documentation at a minimum should be provided to the PA for consideration of Subordination requests:
  - a) Proof of licensure of refinancing lender to do business in the State of Florida.
  - b) Authorization for Release of Information signed by the homeowner(s). Signatures will be verified.
  - c) Written statement from the homeowner(s) stating reason for the subordination request.
  - d) Supporting documentation as to the validity of the reason.
  - e) Lender's Good Faith Estimate.

- f) Complete terms and conditions of the existing loan and the new loan.
- g) Documentation about payment of taxes and insurance and their status.
- h) Copy of appraisal or property valuation information with method of determining same.

Note: Consideration should not be given to any request for Subordination of Lien without this information. Additional information may be required.

- 3) Requests for Subordination of Lien will be reviewed and a decision made on a case by case basis on such merits as the following:
  - a) Emergency needs arising from a natural disaster.
  - b) Emergency housing repairs which eliminate a threat to the health or safety of the occupants or that eliminate an immediate or imminent danger to the dwelling itself.
  - c) Refinancing to lower the interest rate on the first mortgage if the closing costs and/or fees can be recovered within four (4) years.
  - d) There is sufficient property value to support all outstanding mortgages.
  - e) Refinancing for educational purposes.
  - f) Refinancing for medical emergencies.
  
- 4) Request for Subordination of Lien should not be considered under the following circumstances:
  - a) The interest rate on the new mortgage exceeds the interest rate of the existing mortgage.
  - b) The cumulative loan-to-value ratio exceeds 100%.
  - c) The housing debt-to-income exceeds 30%.
  - d) The total debt-to-income ratio exceeds 40%.
  - e) There is cash paid out to the borrower(s).
  - f) The mortgage lender and applicant fail to provide all required documentation.
  
- 5) Additionally, no subordination request should be approved if it contains any of the following provisions:
  - a) Adjustable rate mortgage (ARM)
  - b) Balloon payment(s)
  - c) Open line of credit
  - d) Reverse mortgage
  - e) Prepayment penalty

- f) Interest only mortgage
- g) Negative amortization

6) In the event the City agrees to subordinate its affordable housing liens or mortgages:

Usually such consideration is given only for proven hardship. **Payment of credit card debt is not a basis for approval in accordance with the City's Subordination Policy. It is the intent that granting of subordination shall be one time only and shall not include any liens/mortgages recorded subsequent to the City's lien interest.**

**Refinancing Existing Superior Liens:** The City will generally agree to subordinate its interest in a rehabilitated or newly constructed owner-occupied residential property assisted under programs administered by the City's Community Development Department if the proposed new loan is in an amount that does not exceed the current aggregate balance of existing superior lien(s) plus reasonable closing costs. This policy applies to both repayable and deferred payment loans. Requests for a Subordination Lien due to hardship will be considered on a case-by-case basis.

## V. QUALIFICATIONS

### A. *General*

In order for an applicant to be eligible for rehabilitation assistance, the following criteria must be met:

1. Completion of application process and compliance with all requirements of the Housing Procedures Manual, including completing all required forms, and submitting all documentation required by the latest Housing Rehabilitation Manual and HUD. These include, but are not limited to:
  - a) Completed Application for Assistance and disclosures with signatures and date.
  - b) Government Photo Identification for Applicant and any co-Applicants.
  - c) Proof of Ownership, e.g. recorded copy of Property Deed.
  - d) Current Property Tax Receipt.
  - e) Most current year's Tax Returns or current year's Tax Transcripts from IRS.

- f) Paycheck Stubs (last 3 pay stubs for each working member, with additional and updated or more stubs may be required at the City's discretion).
  - g) Most current Social Security Statement of Benefits for each household member.
  - h) Most current documentation for other assets - 401(k), retirement/pension, IRA, CDs, annuities, etc.
  - i) Most current self-employment income statement with schedule C, E, or F.
  - j) Documentation on dependents claimed (including birth certificate, school records, court-ordered letter of guardianship, divorce decree and/or letter of adoption).
  - k) Three most current bank statements for all open checking, savings or other interest bearing accounts at the time of application and at contract signing.
  - l) Property Appraiser documentation showing what year the unit was built.
  - m) 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 determination.
2. Total household income must not exceed the appropriate income requirements for ELI, VLI, and LMI households as set forth by the current HUD income limitation guidelines.
  3. The applicant 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 applicant responsibility and expense.
  4. Any property that contains a reverse mortgage will not be eligible for housing rehabilitation assistance, unless there are no recapture provisions set forth in the reverse mortgage program policies.
  5. Property tax, mortgage payments and utility bills must be current and ownership must not be jeopardized by code violations or any other threat of foreclosure, default or clouded title.
  6. The property must be fully insured for basic homeownership and flood insurance, where applicable, with the local government named as an additional insured if the unit is in the 100-year flood plain. Flood insurance must remain in effect for the entire period of the Deferred Payment Loan (DPL). Any unit located in the flood-plain to be addressed must be elevated to at least one foot (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. If a boundary survey is required, the applicant is responsible for same, including the cost of a new survey if required.
8. Rental, lease, or other income-generating properties are not eligible to participate in this Program.
9. The DPL may not occupy a lien position greater than third (3<sup>rd</sup>) in order of collection of recapture without prior written approval by the City Council.
10. Whether or not the homeowner previously has been furnished assistance under the Program. A former rehabilitation recipient may not be assisted again until after ten (10) years.
11. The HRS or the PA may remove an applicant from any program for changes in household income or approved selection criteria. Applicants may also be removed for 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), and /or not accepting the program standards or HRS recommendations for eligible repairs or other just cause that would expose the City 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 City 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 local government to reject a unit or application. The practical housing rehabilitation experience of the HRS is critical in dealing with potential risk to the City or program, or the safety of the occupant(s) in cases where applicants refuse to cooperate with program guidelines or HRS directions.

**B. Household Income**

An applicant's household income eligibility status shall be determined based on the total family Gross Annual Anticipated Income according to household size and make-up. The income eligibility of each household will be determined in accordance with current HUD "annual income" rules and regulations or those adopted through Consolidated Plan and approved by HUD. The following are applicable in determining household income:

- 1) The gross income of all household members occupying the dwelling is included in calculating household income with the exception of wages earned by dependent minor children (under age 18).
- 2) For applicants who are self-employed the net income as outlined on a provided Schedule C, E, or F will be used in calculating household income.
- 3) All household members will be subject to third-party income verification.

- 4) Rental income or other household support contributed by non-household occupants of a dwelling is included in household income.
- 5) Homeowner assets, with the exception of the housing unit in which he/she resides and certain personal property (e.g., the family 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 accordance with current HUD rules.

## VI. STRUCTURAL REQUIREMENTS

### A. **General**

In addition to applicant requirements for participation in the Program, the dwelling must be:

Below Section 8 Minimum Housing Quality Standards and/or prevailing codes and feasible for rehabilitation.

In order for a house to be considered feasible for rehabilitation, the proposed rehabilitation scope of work (SOW) must:

- a) Correct all violations of the local housing 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. 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 above \$25,000 will be rehabilitated using abatement procedures. The 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 chapter;
- e) Not exceed Program cost limits defined herein;

- f) Be made reasonably accessible to handicapped/elderly occupants, when the unit is occupied by same; and
- g) Substantial improvement of any residential building (or manufactured home) located within the 100 year flood plain shall have the lowest floor including 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.

### **B. Structural Integrity**

Rehabilitation requires that at least 20% of the original structure remain after construction, based upon the following formula. Three 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, if 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 applied 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 structurally for rehabilitation. Other requirements must still be met for cost feasibility, zoning, code, etc.

This calculation will be performed by the HRS. If significant deterioration occurs 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 PA whether or not to replace it with the next priority unit or an alternate unit.

### **C. Cost Feasibility**

The following cost limits are applicable to all rehabilitation areas. The limits may be exceeded when alternative funds are available but must be specifically approved by the City Manager as exceeding the described limits:

\$50,000 per unit

In addition, the cost of rehabilitation and improvements may not exceed the after-rehabilitation value of the unit. The total cost of rehabilitation (plus other improvements,

if any) may not exceed \$80 per square foot of dwelling space, excluding septic tank, well, or water/sewer hook-ups, which is less than the cost of new construction and will be assumed to meet the cost/value limit.

## VII. PROCEDURES

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

Each property owner who applies for rehabilitation assistance is initially screened using the guidelines set forth in the this HAP and the accompanying Housing Procedures Manual to determine whether he/she is eligible for a 100% Deferred Payment Loan. A preliminary inspection is then conducted to determine feasibility of rehabilitation and eligibility of the unit.

If either the applicant or the structure does not meet eligibility requirements for program participation, the HRS will reject the application. A written rejection notification will be sent to the applicant via certified mail within 30 calendar days stating the reason for rejection.

If both the applicant and the unit appear to be eligible for Program participation, the application/verification process continues to income qualification and development of final cost estimate. A SOW with cost estimate is developed by the Housing Rehabilitation Specialist and approved by the applicant. *The cost estimate for the job is considered confidential information until bid opening.*

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

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

When the applicant and unit receive final approvals, the bidding process begins.

Bid requests are submitted to the City's Purchasing Department (Purchasing) to initiate the bid process in accordance with City Purchasing Policies & Procedures.

Contractors who have been pre-qualified as eligible City vendors by Purchasing will be sent a notice via email, fax or U.S. mail to inform them of the job. Bidding notices will be posted at primary governmental buildings to the maximum practical extent. Advertising for individual jobs will be conducted as necessary but will not exempt contractors from the requirement that they must be pre-qualified. The HRS will

make maximum effort to work with the Purchasing to ensure participation by minority and section 3 contractors.

To ensure there are no immediately apparent conflicts of interest, applicants shall review the list of eligible contractors before their cases are sent out for bids. In addition, no applicant or other household occupant, or employee 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 the applicant's unit nor shall they be paid for their own labor with CDBG funds for the rehabilitation of said unit.

In addition to any special or additional requirements from Purchasing, each contractor must attend a pre-bid conference at the unit to be rehabilitated OR if unable to attend the pre-bid, inspect the unit as soon as possible thereafter under the applicant's supervision. Failure to do one of the foregoing will result in automatic rejection of the contractor's bid for the unit.

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 whose bid falls within plus or minus fifteen percent (15%) of the SOW's cost estimate. Questions about the unit and the rehab work shall be presented by the contractor to Purchasing in writing prior to 3 calendar days before the bid submittal / opening date (not including the bid opening date). Purchasing will ensure the questions are communicated to the HRS and the PA and the question and answer will be provided to all prospective bidders. Questions will not be addressed if received after 3 calendar days before the bid opening date.

The PA reserves the right to reject any and all bids and to make awards in the best interest of the applicant and the City. The applicant must approve the bid award prior to signing any rehabilitation contract with the contractor.

Each contractor must satisfactorily demonstrate the capacity and qualifications to bid the project. No contractor will be allowed to have more than two (2) jobs under construction at one time without consent of the PA 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 / delays on Program completion deadlines.
- 3) The City Council determines that there is an inadequate pool of qualified bidders, there are too many excessive bids, or if other extenuating circumstances arrive that warrant City Council involvement in this process.

**C. Contracting and Rehabilitation**

For each unit, the contract amount and contractor are recommended by Purchasing (in coordination with the HRS and the PA) to the City Manager before the DPL and contract are signed. The DPL amount, contract amount, contractor, and applicant eligibility are all approved by the PA.

The rehabilitation contract is then executed between the applicant and the contractor and on the same date, the DPL between the applicant and the City is also executed, with the three (3) day rescission period running simultaneously for both legal agreements. DPLs) are executed on behalf of the City by the City Manager, who is authorized to do so by resolution of the City Council.

The DPL is recorded immediately following the 3 day rescission period. DPL Recording fees are an eligible Program cost. The Notice of Commencement shall be filed immediately by the contractor.

The Notice to Proceed is issued to the contractor as soon as possible after the rescission period elapses. When temporary relocation (see Relocation/Displacement herein) of the applicant and other household occupants is required, the Notice to Proceed will be delayed until the house is vacated. The contract time of performance (generally 30 - 45 days) begins with issuance of the Notice to Proceed.

**D. Inspections**

Periodic inspections of the rehabilitation construction are performed by the City 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 release of payment to the contractor, whether partial or final. The applicant's acceptance of the work is also required before contract payment is released.

**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 applicant and contractor and must be approved in writing by the HRS and the PA in accordance and coordination with Purchasing. Change orders may be issued to correct code deficiencies or to obtain any other eligible and needed change in work. CDBG funds can only be for change orders that correct code violations as documented by the local building official, a bona fide code violation report, or to meet Section 8 housing quality standards found after

rehabilitation begins. Other changes will be at the applicant's expense, but are still subject to HRS and PA written approval.

**F. Payments**

Payments shall not be processed without proper signatures from the owner, the contractor, the HRs, and the PA. Also no payments shall be processed with completed primary and subcontractor lien waivers as applicable to the contract award or as required by the local policy.

Contractor Payment request and submissions should at a minimum follow these general guidelines:

- 1) Contracts of \$25,000 or less will not be paid until the contractor has completed the job.
- 2) 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.
- 3) Depending on extenuating circumstances and contract balance, a second partial payment may be authorized at the recommendation of the HRS or PA

<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.
- 2) 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.
- 3) Approval of the work by the owner and/or PA.
- 4) An affidavit from the contractor stating that; 1) there are no claims for unpaid goods and/or services connected with the job and all laborers, suppliers, and 2) 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 A list of all unpaid parties and the amounts owed to each has been submitted with the request.

Final payment approval requires:

- 1) Acceptance of all work by the property owner, Building Department, the HRS and the PA.

- a) If the Owner 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.
  - b) Such disbursement shall be issued only after the HRS and the PA have reviewed the facts and circumstances involved in the dispute and have determined that the Owner's refusal to authorize payment is without just cause.
- 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) Completions 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.

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

Regarding disputes, and as authorized and outlined in the construction contract, the applicant and/or the local government have/has the right to stop work and terminate the contract in accordance with approved Program policy.

The applicant shall make himself/herself available to the contractor to resolve all and any issues that might facilitate completion. The applicant shall also notify the HRS and the PA of any complaints about the contractor so assistance in follow-up can be provided. If the contractor does not respond to any oral or written complaints 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 a written request for service to the contractor and a copy to the applicant. The contractor will then take action as monitored by the HRS and the PA. 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 including but not limited to:

- 1) Inability or failure to direct the work in a competent and independent manner.
- 2) Failure to honor warranties.
- 3) Ineligibility to enter into federally or state assisted contracts as determined by the U.S. Secretary of Labor, HUD, E-Verify or FDEO.

- 4) Other just cause that would expose the local government, the Program or applicable to unacceptable risk.
- 5) At the contractor's or applicant's request with cause.

The applicant shall have the right to stop work and terminate the rehabilitation as authorized in the contract between the applicant and the contractor.

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

After completion of the contract, it is the applicant's responsibility to notify the contractor **in writing** of any defect in the work or material. The applicant shall also notify the HRS or the PA of any complaints to the contractor so assistance in follow-up can be provided. If the contractor does not respond to the applicant's written complaint within a reasonable time frame and in a satisfactory manner, the PA will verify the complaint. 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 applicant. The contractor will then take action as monitored by the applicant and the HRS. Upon receiving notice from the applicant that the complaint has been satisfied, the HRS will inspect the work and make note of same in the case file. Failure to resolve complaints shall be justification for removing a contractor from participation in the Program.

### **VII. CONTRACTOR LISTING**

The 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 effort to utilize 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 SOW cost 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 City will be used to determine eligibility of the contractors.

## **B. Contractor Eligibility**

In order to participate in the Program, a Contractor/Vendor (contractor) must be approved as eligible by the HRS and the PA, in coordination with Purchasing. In cases where there is uncertainty about a contractor's eligibility, and given that it does not violate specific program rules, the current purchasing policy for the City of Palm Coast will be used to determine eligibility of contractors.

Standard contractor qualifications include but are not restricted to:

- 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:
  - a) Commercial General Liability Insurance covering bodily injury, including death in an amount not less than \$1,000,000, each occurrence, and property damage of not less than \$1,000,000, each occurrence. Combined single limit of not less than \$1,000,000, each occurrence will be accepted unless otherwise stated.
  - b) A certificate evidencing Worker's Compensation insurance in statutory limits in accordance with Florida law.
  - c) A certificate evidencing Auto Insurance, including bodily injury, in an amount not less than \$1,000,000 per accident.
  - d) Copies of certificates shall be provided to the PA. The Contractor shall provide the PA 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 FDEO.
- 7) Acceptance of all program requirements, including, but not limited to Section 3 goals and reporting, MBE goals and reporting and where applicable, prevailing wage requirements.

The HRS and the PA will ensure that current and past performance of the contractor are satisfactory based upon readily available information, and reserve the right to check any reliable source to establish such determination.

The HRS and the PA will explain to the contractors their obligations under Federal Equal Opportunity regulations and other contractual obligations at the pre-bid conference. Program procedures, such as bidding and payment will also be explained to the contractors.

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

Contractors may be prohibited or removed from program participation for:

- 1) Poor workmanship, use of inferior materials, or overall inability to perform quality work.
- 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 SOW, failure to complete the SOW (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, cancellation and or termination of license(s), insurance or bonding.
- 7) Lack of reasonable cooperation with applicants, rehabilitation staff or others involved in the work.
- 8) Abandonment of a job.
- 9) Failure to complete work in a timely manner.
- 10) Any attempts to commit fraud through the use of sub-standard materials or workmanship.
- 11) Inability or failure to direct the work in a competent and independent manner.

- 12) Failure to honor warranties.
- 13) Ineligibility to enter into federally or state assisted contracts as determined by the U.S. Secretary of Labor, HUD, E-Verify or FDEO.
- 14) Other just cause that would expose the local government, the Program or applicant to unacceptable risk.
- 15) At the contractor's or applicant's request with cause.

## IX. RELOCATION/DISPLACEMENT

When provided for in the program budget, temporary relocation assistance can be made available to applicants who need to relocate while rehabilitation work is completed. The maximum assistance amount and documentation required to show proof of use of funds shall be determined by the Anti-Displacement and Relocation Policy.

## X. APPEALS/COMPLAINTS

Citizens and/or contractors should issue complaints to the PA. For a complaint to be considered valid, it must be issued in writing within a period of thirty (30) days of its occurrence. Responses also should be issued in writing within thirty (30) days of receipt of the complaint.

If the complainant is not satisfied with the PA's response, the City Manager will review the grievance and make a decision based upon program regulations, local policies, and availability of funds. Further appeals, if necessary, must be addressed to the HUD.

## XI. PROGRAM INCOME

No program income is planned to result from this program. DPLs will be monitored by the City. If repayment of a DPL or program income is received it will be used for additional CDBG housing rehabilitation as funds become available according to the HAP and Action Plan.

## XII. PROPERTY ACQUISITION POLICY

### A. *Voluntary*

The City may purchase property with CDBG funds for use in the Community Development Program. While most 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 on a voluntary basis.

The City shall determine the property features needed and the budget available for the purchase defined in the contract agreement. A request for proposals will then be published in a local newspaper. The request will state the specifications and budget and indicate that the purchase is voluntary.

No displacement of renters shall occur as a result of the program. Owners will not receive any relocation assistance, so owner-occupants must waive the Uniform Act Rights.

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 City Council is committed to this mode of acquisition to the maximum practicable extent.

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 City Council, 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.

In each voluntary acquisition, a public solicitation shall occur. Offers shall be sealed and opened at the same time, in the same place, by the City Manager or designee. 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 City Council 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 City

Council which can reject or accept any and all offers. Written records shall be maintained documenting decisions and rationale for selected courses of action.

**B. *Non-Voluntary Acquisition Plan***

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 shall be 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 to owner, (5) appraisal and review appraisal services solicited and appraiser retained, (6) appraisal received and sent for review, (7) title companies solicited and retained after review received (title insurance amount and necessity determined in advance), (8) offer to purchase and notice of just compensation sent to owner, (9) owner contacted by attorney or other representative and contract formalized, (10) settlement costs calculated and closing date set, (11) closing conducted with funds changing hands and, (12) records of proceedings retained.

The Uniform Relocation Act requires certain specific procedures such as some letters being sent certified. The CDBG Implementation manual provides a checklist that may be utilized in following each transaction to successful conclusion. In no case will CDBG funds be utilized which would create involuntary displacement. See the City's separate 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 create a design that is not wholly site dependent, that is, 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 City Council 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 needed 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.

### XIII. PROGRAM COMPLIANCE AND MONITORING

When preparing for a compliance-monitoring visit, the PA and staff should review all applicant and program files for completeness of documentation. Special attention should be given to ensure that the income eligibility documentation is mathematically accurate and legible. All files should be orderly and systematically organized. All financial information relevant to each transaction should be easily found, and the files should have copies of invoices and proof of payment. The files should be accessible and a comfortable space should be provided for a thorough file review. Copies of advertisements and contracts should also be available.

The following data will be provided by housing unit as part of the administration documentation for each activity providing direct benefit (ie. housing rehabilitation, temporary relocation, hookups, etc.) and summarized by activity and maintained in the program files:

- a) Name of each recipient and address of each housing unit rehabilitated with CDBG funds, the date the construction was completed on the housing unit, and the amount of CDBG funds spent on that housing unit;
- b) Whether the household is headed by a female, the number of handicapped persons in the household, the number of elderly persons in the household and the LMI or VLI status of the household.
- c) The number of occupants in the household, categorized by gender;
- d) The racial demographics of the household by number (white, black, Hispanic, Asian/Pacific Islander, Hasidic Jew or American Indian/Alaskan native).

This Housing Assistance Plan is adopted this \_\_\_day of December 2013.

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Jon Netts, Mayor

Attest:

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Virginia Smith, City Clerk

