



**Community Development Block Grant
(CDBG)
Neighborhood Stabilization Program
(NSP)**

**UNIVERSAL
Housing Assistance Plan**

For

**HERNANDO COUNTY
COUNTY**

EFFECTIVE
October 1, 2012

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INTRODUCTION AND KEY TERMS

This Housing Assistance Plan is a guide for implementing the County's housing strategies. The following terms and abbreviations will be used throughout this document:

Program Implementation:

The Plan or HAP: Housing Assistance Plan
CDBG: Community Development Block Grant
DRI or CDBG DRI: CDBG Disaster Recovery Initiative
NSP: Neighborhood Stabilization Programs
PA: Program Administrator
HR: Housing Rehabilitation
HRS: Housing Rehabilitation Specialist
DPL: Deferred Payment Loan
SOW: Scope of Work
AGN: Area(s) of Greatest Need (NSP only)

Governing bodies:

BOCC: Board of County Commissioners
CATF: Citizens Advisory Task Force
FDEO: Florida Department of Economic Opportunity
HUD: United States Department of Housing and Urban Development
EPA: Environmental Protection Agency

Income Status:

OI: Over Income
AMI: Area Median Income

Other terms:

Section 3: Under Section 3 of the HUD Act of 1968, a person or business that meets the Federal Section 3 definition
SHIP: State Housing Initiatives Partnership, a separate housing program governed by a separate Plan, but referred to in this Plan.
RFQ: Request for Quotes
RFP: Request for Proposals

In addition to other appropriate parties, this Plan specifically addresses the roles and responsibilities of the County, program applicants, construction contractors, PA and HRS. The PA shall be the County Designee for oversight of this Plan his/her duties are addressed herein. The PA shall be the CDBG, DRI and NSP administrator assigned by the County Administrator. The PA shall approve all HRS work, including but not limited to any consultant or contract work, such as grants administration or delivery services. The PA makes all final recommendations and decisions as to awards, monitoring reports, procedures or other work generated by contractors or consultants.

The major focus of this Plan is on housing finance, housing rehabilitation, demolition/clearance, acquisition and replacement of eligible 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 BOCC and approval by HUD and / or FDEO, no CDBG or NSP 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 CDBG or NSP funds. Other elements covered to a limited extent in this plan, include but are limited to: qualification criteria, selection of applicants and properties, conflicts of interest, structural requirements, community involvement, contractor and vendor participation, job creation, appeals/complaints and program income.

DISCLAIMER: *Not all provisions apply to all programs herein. The policies and procedures in this Plan may be amended or expanded by any requirements set forth in the individual strategies and programs guidelines as required. The County reserves the right to make final interpretation(s) of this Plan. Further, in the event of any conflict between or among any provision(s) herein, applicable Florida Administrative Rules, statutes, or HUD regulations, the more stringent may be applied by the County.*

1.0 Overall Requirements

Citizen Participation

As required by CDBG, CDBG DRI, and NSP rules, appropriate public hearings will be held to provide information and discuss proposed activities to be undertaken, as well as address questions from the public. All public hearings and workshops shall be advertised in accordance with CDBG, CDBG DRI, and NSP rules.

Conflict of Interest

Adherence to rules and regulations with regard to conflict of interest is mandatory. All applicants that may have a business or familial relationship with a member of the BOCC, CATF, HRS, PA or participating construction contractors must fully disclose this relationship on the application for assistance or financing. **All conflicts of interest, or the appearance thereof, must be disclosed to the public, BOCC, and the appropriate funding agency where applicable, before any award is made.**

In some cases, conflicts of interest may be waived by submitting a completed request for a Waiver of Conflict of Interest form. Conflict of Interest waivers must be approved by the BOCC and the appropriate funding agency, when applicable, on a case-by-case basis.

The BOCC and CATF members must disclose any relationship with an applicant. Further, no County Commissioner or CATF member may receive a direct monetary benefit related to this program, and as such, must abstain from any vote if related to an applicant, vendor, lender, developer, or housing partners.

As soon as a final determination of award is made for any applicant, any cases of conflict of interest must be made known at a meeting of the BOCC. Before an applicant, lender, vendor or housing partner with a potential or real conflict is given final approval for participation, the County must notify the appropriate funding agency in writing. Where there is a disclosed conflict of interest, and prior to the expenditure of grant funds, the County must receive written notification of the appropriate funding agency's approval of the application and waiver of conflict of interest, pursuant to the most current applicable law.

Permanent Relocation / Displacement

The County will comply with the Uniform Relocation Act (URA) and Real Property Acquisition Policies Act of 1970. Except as provided for herein under a Federally Declared Disaster (and then only by Commission Waiver and FDEO approval), the County will not engage in any project under this Plan that displaces any legal or otherwise URA-covered occupants. Participation by program applicants in any activities described in this Plan shall be strictly voluntary. For owner-occupied housing assistance, temporary relocation services will be considered when and if needed, under the County Anti-Displacement and Relocation Policy.

Program applicants 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.

Appeals / Complaints

The HRS 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, who will in turn submit them to the PA. For a complaint to be considered valid, it must be issued in writing within a period of fifteen (15) calendar days of its occurrence. Responses also shall be issued in writing. The County's Citizen Complaint and Grievance Policy, Citizen Participation Plan and Fair Housing Ordinance shall be adhered to in addressing any complaints.

If the complainant is not satisfied with the PA's response, the issue must be presented in writing 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 appropriate funding agency.

2.0 Community Development Block Grant (CDBG)

2.1 Overview and National Objectives

CDBG is a federal program that provides funding for housing and community development. In 1974, Congress created the program by passing the Housing and Community Development Act, Title I. The national objectives of the program are to:

Benefit income-eligible persons, as defined by current grant rules
Prevent or eliminate slum or blight
Address urgent community development needs

The preceding goals are met by undertaking activities that include, but are not limited to, the rehabilitation or replacement of substandard units, and rehabilitation or replacement of blighted units or units affected by natural disasters by:

- Addressing neighborhoods with slum and blight based on HUD census and local statistical data.
- Providing housing rehabilitation/ replacement improvements to owner-occupied income eligible households.
- Providing temporary relocation for households when necessary due to rehabilitation/ replacement activities.

2.2 Local Objectives

To achieve the National Objectives set forth above, the objectives of the County's CDBG programs are:

1. To encourage the revitalization of eligible neighborhoods.
2. To encourage the revitalization of eligible neighborhoods affected by disasters.
3. To remove unhealthy or hazardous conditions in eligible households.
4. To use CDBG funds as a catalyst to encourage residents of eligible neighborhoods to improve their community.
5. To preserve existing housing stock or replacement of substandard housing.
6. To enable eligible 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 eligible families through weatherization activities related to rehabilitation.
8. To improve the property tax base in eligible 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 persons residing in the vicinity of the local projects, especially Section 3 persons and businesses.
10. To make homes accessible to elderly/handicapped occupants as may be required by code, accessibility requirements, or as determined at the County's discretion.
11. To minimize the impact of program participation on recipients and to limit direct costs encountered because of program participation.
12. To adopt modern, green building and energy-efficient improvements for building rehabilitation and construction.
13. To assure that CDBG programs are administered in strict conformance with all applicable local, state, and federal requirements.
14. To treat all participating property owners, residents and contractors fairly, with sensitivity and respect for their needs, and in accordance with program rules.
15. To provide all program participants with reasonable assistance necessary to carry out these objectives, bearing in mind:
 - i. property owners hold the primary responsibility for maintaining their property and personal finances,
 - ii. contractors are primarily responsible for the quality of their work and their obligations to suppliers, creditors, subcontractors and employees; and
 - iii. any assistance provided must be authorized at the proper level.
16. To assure that no member of the Congress of the United States, the CATF, County Staff, BOCC, or any other elected official shall share in proceeds or benefits of CDBG funded rehabilitation work, unless otherwise approved through a Conflict of Interest Waiver from the granting authority. 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 funds where they might become an applicant or housing partner.
17. To allow some flexibility in administering the programs in order to meet the overall CDBG goals and objectives of rehabilitating each addressed dwelling. The BOCC may waive program rules to achieve such objectives and benefits only when the result will be consistent with established goals and objectives, and applicable federal, state or local regulations.

18. To assure that with regard to CDBG funds, housing rehabilitation will be the first priority, with housing replacement units being addressed when program funds are available.

2.3 Homeowner Qualifications

General

In order for a homeowner to be eligible for assistance, the following criteria must be met:

1. Total household income must fall within the AMI limits set forth in the County's grant award agreement.
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. For DRI, the homeowner must have been permanently residing in the dwelling unit as the primary residence at the time of the declared disaster.
4. 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.
5. The property must be fully insured for basic homeownership and flood insurance, where applicable, with the County named as a policyholder 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 to be addressed with CDBG funds must be elevated to at least one foot 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.
6. All applicants that may have a business or familial relationship with a member of the BOCC, CATF, HRS, PA and participating construction contractors must fully disclose this relationship at the time of the application. Even if there is no conflict of interest at the time of application, should one arise prior to the signing of the construction contract or at any time during the construction work, the conflict MUST be disclosed immediately in writing to the County. Failure to disclose a conflict of interest may result in denial of funding and recapture of any grant funds expended on the unit.
7. If a boundary survey is required, the owner is responsible for providing necessary proof or documentation at the owner's expense.
8. 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. Lease / rental units may be eligible under DRI, depending on current grant rules.
9. In the DRI category, depending on current grant rules, lease units may be addressed if a) the County is seeking lease units to meet DRI needs, b) the project is cost feasible, c) the unit(s) are income-restricted in compliance with the County's grant award agreement, d) the units comply with all HUD and FDEO eligibility

- requirements (or will by means of agreement and improvements) and have CDBG eligible repair needs, and /or e) the property management agency demonstrates capacity and the experience required to participate. Such properties shall be screened and qualified by selection process and review of the HRS.
10. The County shall take all reasonable measures to avoid fraud and abuse, using the Hernando County Fraud Detection & Prevention Policy as a guideline adopted by the BOCC. Any fraud or abuse of housing funds shall be grounds for disqualification. Minimally, an FDLE background check shall be conducted on each applicant and co-applicant and will be reviewed in accordance with Hernando County's Fraud Detection & Prevention Policy. The County Attorney may be consulted in an effort to make a fair decision.
 11. For applicants whose primary residence was impacted by a federally declared disaster, priority will be given to applicants in the following order:
 - i. 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. No geographic distribution of funding shall be considered, except where specified in grant award agreement.
 - ii. If the current list of applicants 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."
 - iii. All other homeowner eligibility requirements as set forth herein.

To ensure proper homeowner qualification, each applicant will also be required to provide, at a minimum, the following documentation, as applicable, on a case-by-case basis. The County reserves the right to amend this list, and to require more or less documentation at its discretion:

- Completed application and disclosures with signatures and date.
- Photo Identification for applicant and any co-applicants.
- Proof of Ownership, e.g. recorded copy of Property Deed.
- Property Tax Receipt.
- Most current year's Tax Returns or current year's Tax Transcripts from IRS.
- Paycheck Stubs (Last 3 pay stubs for each working member, with more and updated stubs required at the County's discretion).
- Most current Social Security Statement of Benefits.
- Most current documentation for 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 unit was built..
- DRI: Documentation showing the applicant was displaced or received damage from Federally Declared Disaster.
- DRI: Documentation showing that the applicant had been permanently residing in the dwelling unit as the primary residence at the time of the declared disaster.
- DRI: Documentation and full disclosure of all other disaster assistance received, including but not limited to insurance proceeds and FEMA assistance.
- 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.

Household Income

The income eligibility of each household shall be calculated in accordance with current HUD “annual income” rules. Household income shall fall into the appropriate AMI range, depending on the current grant rules and the County’s current grant award agreement (AMI is the Area Median Income). “OI” shall mean “over income.” OI households cannot receive direct benefits from CDBG funds.

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 with the exception of wages earned by dependent minor children (under 18).
2. All household members will be subject to third-party income verification.
3. Rental income or other household support contributed by non-household occupants of a dwelling is included in household income.
4. Homeowner assets, with the exception of the housing unit in which he/she resides as a primary residence 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 strict accordance with current HUD rules.

2.4 Deferred Payment Loans (DPLs)

CDBG program(s) provide financing for eligible activities to homeowners in the form of zero-interest DPLs, the amount of which shall include the accepted bid amount plus any approved change orders. In the case of DRI, this can also include acquisition, depending on current grant rules.

DPLs are zero-interest loans with deferred payments that become grants when and if applicants meet all criteria. 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 acquiring / rehabilitating a home under DRI.

DPLs involve a security instrument in the form of a recorded mortgage that requires repayment if the homeowner sells or transfers ownership, ceases to use the housing unit 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. The assistance provided to each homeowner, upon completion of all grant-funded work (acquisition, rehabilitation, replacement), will be in the form of either a primary or secondary mortgage. The mortgage will be recorded in the Public Records of the County. The County will monitor possible triggers of DPL repayment with annual title verification using on-line County services through the Clerk of Court and Appraisers offices and through visits to the assisted units.

In the event that a sole owner dies or both / all owners dies during the term of the DPL, at the County's discretion and based on recommendations from the HRS and the PA, repayment of the loan will not be required and the remaining DPL balance will be forgiven.

The County's DPL amounts and lengths are governed by the HOME Investment Partnership Program (HOME Program, or HOME). DPLs are not written down each year but are forgivable in their entirety at the end of their term. The County shall use the following affordability periods, based on HOME rules, using the amount of assistance provided:

Assistance Amount	Affordability Period in years
Under \$15,000	5
\$15,000 - \$40,000	10
Over \$40,000	15
Demolition /Redevelopment	20

The mortgage and note shall provide for repayment, subject to net proceeds, which shall be due if the unit is sold, title is transferred or conveyed, or the unit ceases to be the primary residence of the owner during the affordability period. At the County's discretion, a restriction on the deed (for simplicity, "deed restriction") may also be recorded for the term of the affordability period. The HRS will consider each unit and applicant and make recommendations to the PA as to any deed restrictions that may be appropriate. In the case of lease units or partner-assisted units, all units shall have deed restriction for the duration of the affordability period. Deed restrictions must be recorded at the same time as the DPL and any associated lien documents.

If repayment of a DPL is triggered, the full principal balance, subject to net proceeds, will be due in full within thirty (30) days of the sale/transfer of ownership or the owner's cessation of primary residence. If the owner is unable to make such payment, the BOCC may, at their discretion and with FDEO approval, 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 affordability period.

The maximum DPL per unit for an owner-occupied single family dwelling for repairs is \$60,000 and for demo/replacement is \$80,000. If rehabilitation costs require more than the maximum allowed DPL 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 BOCC of a waiver of the maximum DPL. Very high costs can adversely impact grant scoring and application requirements, and can adversely impact other units planned for rehabilitation. Therefore, the ability to maintain the necessary average cost per unit must enter into the decision process of the HRS.

2.5 Identification of Units

Housing Rehabilitation will be performed only on units approved by the County and in accordance with grant requirements established by FDEO and 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 appropriate publicly circulated media, in accordance with any applicable CDBG rules or guidance.

Eligible Property Types:

- Single-Family Homes.
- Townhomes, Condominiums units and Duplexes.
- Mobile Homes (replacement only)

All properties must be within the limits of the County.

The County will review applications received using the following selection criteria:

1. Whether or not the recipient previously has been furnished assistance under any County housing assistance program including but not limited to SHIP, and if so, when and under what circumstances. A former recipient under the regular CDBG category cannot be assisted for ten (10) years under the regular CDBG category and in any event will not be served again until all other eligible recipients have received assistance.
2. Income eligibility.
3. For DRI, housing units shall be identified by the County when the County falls under a Federally Declared Disaster Event.
4. 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.
5. Location of the residence with reference to defined areas, i.e., floodplain, zoning, incompatible use, historic preservation, hazards, etc.
6. Consistency of the proposed residence rehabilitation with the local comprehensive plan and/or land development regulations.

7. Whether or not the applicant is current on all payments to the local government (i.e., garbage/trash bill, utility bills, code violations, taxes, etc.) and mortgage/lien holders. The HRS and PA will consider the applicant'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 or not the applicant has clear title to the property. The applicant shall have thirty (30) calendar days from the date of the County's review, which will include the results of a title search, to document full compliance with all requirements. If thirty (30) days pass without proper documentation or compliance, the application will become an alternate (falling to the bottom of the list on the 31st day) and shall not be considered until 1) 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.
10. 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 prior to the start of rehabilitation. Property appraiser, tax records, or other government agencies' records will be researched to verify the age of the structure.
11. In addition to the above, the 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 County shall make the final interpretation of when the ranking criteria applies and when it does not, such as in DRI when 'first complete, first approved, first awarded' is used by the County.
12. 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.
13. The HRS shall make the final evaluation and recommendation for each applicant and unit as to whether they are appropriate and eligible under CDBG or DRI and in compliance with the HUD and FDEO 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 BOCC.
14. Partner-assisted programs (with "partners" being affordable housing developers, community based organizations, housing authorities, non-profits and similar affordable housing providers) may be implemented as outlined in this HAP. Partners shall be selected using the Request for Quotes (RFQ) or Request for Proposals (RFP) competitive selection process. Deed restrictions and Deferred Payment Loans (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.
15. 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.

2.6 Approval of Ranking, and Removal of Units from the Program

The HRS shall review the applications from regular category CDBG and where applicable, the DRI category, based on the criteria attached as Appendix A. The HRS shall then recommend awards to the PA. After the PA reviews and concurs with the recommended awards, the awards shall be reviewed and approved by the CATF. Thereafter, the CATF recommendation shall be submitted to the BOCC for approval.

The HRS or the PA may remove an applicant from any CDBG 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 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.

2.7 Rehabilitation and Replacement Assistance

General

All rehabilitation and replacement construction work shall include and address all current, applicable and required local, State and Federal codes and standards, whichever is most stringent for each code-related repair. Where relevant, housing will be improved to mitigate the impact of disasters, such as earthquakes, hurricane, flooding, and fire.

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

1. Addressing local housing code repairs under current, applicable and required local, State and Federal codes and standards, whichever is most stringent for each code-related repair;
2. 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.

In addition, to the extent practicable and cost-effective, and allowing the HRS and the PA flexibility to amend these requirements should there be upgraded, improved, and less-

expensive options available (e.g., if “Energy-Star” is superseded or otherwise made obsolete by future inventions or improvements), the County will require:

- a. Any appliances replaced / installed shall be “Energy Star.”
 - b. Any door / window replaced / installed shall be “Energy Star.”
 - c. Any lighting fixture replaced / installed shall be “Energy Star.”
 - d. Rehabilitated homes shall be “weatherized,” and at a minimum shall include attic and floor insulation, as well as sealing all exterior walls. Other weatherization activities are at the discretion of the HRS and PA.
 - e. Any replaced / new HVAC unit shall have a SEER rating of at least 14.
3. 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
 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. The HRS shall determine the feasibility and eligibility of any such repairs.

Except for certain DRI new construction or redevelopment activities, new construction such as adding a room or closing in a carport is eligible for rehabilitation assistance only to eliminate overcrowding 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 to eliminate blight. Examples of eligible general property improvements include, but are not limited to, installation of cabinets and linen closets, improving inadequate or vacant heating/cooling, making 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. General property improvements that are not required, or fall under other eligible reasons listed above and recommended by the HRS may be provided at the owner’s expense, under a separate contract and agreement with the approved contractor. **The County is not responsible for funding or approving any work done under such separate contracts.**

Structural Requirements

In order for rehabilitation funds to be expended on a housing unit, it must meet (or through feasible repairs meet) all local, State, and Federal building codes and standards, whichever is most stringent with regard to minimum required repairs, and be feasible for rehabilitation. In order for a unit to be considered feasible for rehabilitation, proposed construction must:

1. Correct violations of all local, State, and Federal building codes and standards, whichever is most stringent with regard to minimum required repairs;
2. For units constructed prior to 1979, provide interim controls or abatement for lead-based paint hazards as required by HUD and the Environmental Protection Agency (EPA). All units built prior to 1979 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. 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;

3. Meet applicable local zoning requirements, as well as local, State and Federal housing code requirements for rehabilitation work;
4. Not exceed program costs as determined by the County and the available budget.
5. Be made reasonably accessible to handicapped/elderly occupants, when the unit is occupied by such.
6. For rehabilitation or replacement (new construction) of any eligible housing unit located within the 100 year flood plain, elevate the lowest floor, including any basement, 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 floodwaters shall be provided.
7. Provide interim controls or abatement for asbestos hazards as required by HUD, FDEO and EPA that will be assisted by the program.

Where rehabilitation is not feasible, the housing unit must be suitable for redevelopment or replacement. Sufficient funds (CDBG and other, where applicable) must be available to complete a new or replacement housing unit. New or replacement units must meet all requirements above and throughout this Plan to be eligible.

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 Integrity

In order to be eligible for rehabilitation work, a housing unit must be structurally sound. Therefore, not more than 85% of the entire structure must be in a state of disrepair, taking into account the foundation, flooring, roof, and exterior walls. Where the state of disrepair is deemed to be greater than 85%, the housing unit will be evaluated as a possible demo / replacement, depending on grant requirements and the availability of funds.

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.) .

Cost Feasibility

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. The County must first comply with all applicable CDBG limits, as set forth in current grant rules. Therefore, these average limits may be above the allowable CDBG financing limits, and accordingly assume requirements for owner contributions or leveraging with other funding sources. The average limits may be exceeded for rehabilitation costs when alternative funds are available for leveraging, but must be specifically approved by the BOCC or PA as exceeding the described limits.

\$75,000 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, but only in cases where replacement has been determined not to be feasible by the HRS.

In addition, 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 cost limits shall be assumed to meet this requirement. For site-built units, 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.

Demolition / Replacement

When eligible and feasible, CDBG funds will be used to replace owner-occupied units. The PA will decide with the HRS whether to utilize a slab "site built" replacement unit, a prefabricated unit, or a modular housing unit. Decision factors will include budget, zoning, replacement requirements, building cost estimates, and a number of other items that may vary on a case-by-case basis. 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.

Differences: Rehab versus Demo / Replace

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. (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. 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.

Additionally, the following differences apply:

1. Clearance of property requirements. These 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. When demolition or clearance is conducted separately, bid packages are prepared with procedures following those identified for rehabilitation in this manual.
2. 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 any limitation for cash on hand is not violated.
3. Cost feasibility limits are based on number of bedrooms to be provided for site built housing units. These limits may not be exceeded without approval from the PA, and are as follows:

- (a) four or more bedrooms - \$80,000 CDBG/DRI
- (b) three bedrooms - \$75,000 CDBG/DRI
- (c) two bedrooms - \$70,000 CDBG/DRI

In the case of replacement of existing mobile/manufactured housing units, the limit will be based upon the acceptable bid price of a replacement housing unit of comparable size. If the existing housing unit is inadequately sized, the replacement housing unit will be sized to include the appropriate bedrooms needed to meet occupancy requirements under local, State and Federal building codes and standards, whichever is most stringent. In no case will the total assistance be greater than those limits listed above, unless approved by the BOCC or its PA.

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.

CDBG DRI Down Payment Assistance

Where provided for in DRI grant rules and in the County's DRI application, budget, and DRI award, certain homeowners may qualify for down payment assistance in the form of a DPL to purchase an eligible housing unit. The purpose of the program is to provide gap financing to enable income-qualified households to purchase affordable standard residential housing units. Priority will be given to households who lost their primary housing residence due to a federally declared disaster, who were forced from their housing units because of a federally declared disaster event(s), who are being forced to vacate their existing units due to FEMA temporary living unit evacuation requirements or have been unable to obtain decent, safe, standard affordable housing in the area as a result of federally declared disaster. Household income must fall within the limits set forth herein OR within the limits set by DRI rules, if those rules differ from those in this HAP.

Further, no BOCC member, CATF member, County employee, 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 funding agency. The prohibition shall continue for one year after an individual's relationship with the County is terminated.

Once an applicant has been deemed eligible for the down payment assistance activity he/she shall select an eligible unit to purchase. All requirements for determining unit eligibility outlined in this Plan apply. Housing units must be appropriate in price, size, age, location, and must comply with all DRI grant rules. **The PA reserves the right to make the final decision on any housing unit and its eligibility.**

Once an applicant has selected an eligible home, he/she should enter into a fully executed real estate contract and proceed to closing via a normal and customary real estate closing process.

The County reserves the right to review all closing documents, including the HUD-1 and all backup, to ensure the transaction is normal and customary. "Junk fees" like realtor "transaction fees" will not be allowed. All costs appearing on the HUD-1, including but not limited to appraisal fees, survey fees, real estate commissions, broker fees, lender fees, and title agency fees, should be in line with what is normal and customary in the local real estate market. Should the County determine a fee or cost on the HUD-1 is questionable, the burden to document that it is normal and customary shall be the responsibility of the primary lender, real estate agent, broker, title company, or any other vendor involved in the closing. The County reserves the right not to fund any closing where it has determined the buyer is paying fees and costs that are not normal and customary. The County's down payment assistance will be provided at the time of closing.

If in addition to DRI Down Payment Assistance, the County is providing funds to rehabilitate the housing unit, then in addition to the rehabilitation procedures described herein, and **prior to closing**, the following actions shall be taken:

- A pre-construction conference will be held between the applicants, the County and the HRS to review the project in detail. All parties will agree to a written Scope of Work (SOW) and cost estimate.
- The County will provide evidence of executed loan agreements with all other agencies that are providing financing for the construction of the dwelling unit.
- The following documents will be executed simultaneously:
 1. 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 costs.
 2. An agreement executed between the applicant and the County stating that the applicant will live in and agree not to sell the housing unit for the duration of the DPL.

Down payment assistance will be subject to the following 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:

Family Size	Up to 80% AMI
1	\$20,000.00
2	\$25,000.00
3	\$30,000.00
4	\$35,000.00
5	\$40,000.00
6	\$50,000.00
7	\$60,000.00
8	\$60,000.00

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, so that the PA can make a determination 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).

2.8 Rehabilitation and Replacement Procedures

Inspections and the Scope of Work (SOW)

After a unit and applicant are initially screened and tentatively deemed eligible, a preliminary inspection is then conducted to determine feasibility of rehabilitation or replacement. If rehabilitation or replacement is determined to be feasible, the HRS will continue the inspection process and develop a scope of work (SOW) with a cost estimate. The homeowner(s) and the PA must approve the SOW. The cost estimate for the job is considered confidential information until bid opening.

If special financing arrangements (such as the homeowner covering excessive costs or general property improvements) are required or anticipated, arrangements must be made prior to bidding to prevent soliciting bids on a housing unit / applicant that cannot be financed.

Once the SOW is finalized, and all special financing arrangements are in place and fully executed, bids are solicited for the job.

Bidding

Bidding of potential units is conducted by the HRS in conjunction with the County Purchasing Department when applicable. Homeowners have the right to remove any contractor(s) from the list of prospective bidders for their unit, 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 PA 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. In compliance with this Plan and County policies governing the qualifying, approval, and award process, the HRS shall recommend 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.

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

A notice will be sent via email, fax or mail to each eligible bidder to inform them of all bidding notices. Bidding notices will also be posted at the Hernando County Health & Human Services

Department. Newspaper advertising for individual jobs is not performed, as contractors must be pre-qualified.

Each contractor is required to attend a pre-bid conference held at the house to be rehabilitated. 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 rejection of the violating firms' bids.

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 reserves 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 new contractor to the program must satisfactorily complete rehabilitation (or demo / replace) on one unit 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 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 on project quality, project deadlines and program completions.

This rule may be waived by the PA 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. The County shall monitor all bids and awards of contractors before closing and any payments are released. **The County will ensure that there is open and fair competition and make maximum efforts to hire Section 3 and MBE contractors and vendors prior to award of bids.**

Temporary Relocation

When provided for in the County's grant budget, temporary relocation assistance is available to qualified persons who need to relocate while construction work is completed. The County will 1) assist eligible applicants with up to \$1,000.00 of assistance or 2) based upon eligible receipts for reimbursement. Eligibility and amount of relocation expense receipts will be determined by the HRS based upon current HUD and FDEO guidance and County policies. Permanent relocation is not considered to be a normal and customary use of CDBG funds, and will be addressed only when absolutely necessary, taking into account current grant rules, and all eligibility and feasibility criteria noted in this HAP.

Contracting and Commencement of Construction

Prior to the execution of the DPL and the construction contract, the HRS presents each case to the PA. The DPL amount, contract amount, contractor, unit address and owner eligibility are all approved by the PA. The construction contract is then executed between the homeowner and the contractor. The DPL is executed by the PA on behalf of the County simultaneously with the construction contract, with the three (3) day rescission period running simultaneously for both legal agreements.

For all units, the DPL and the Notice of Commencement (NOC) are recorded immediately. CDBG funds can be used to pay for DPL recording costs. The filing of the Notice of Commencement shall be the responsibility of the Contractor.

The Notice to Proceed (NTP) is issued to the contractor as soon as possible after the rescission period elapses. When temporary relocation of the occupants is required, the NTP will be delayed until the house is vacated. The contract time of performance (generally 25 –45 days for rehabilitation and 90 to 180 days for replacement / redevelopment) begins with issuance of the Notice to Proceed. The HRS shall recommend the appropriate contract period based on the type, size and complexity of the work.

Construction Progress Inspections

Periodic inspections of the rehabilitation construction are performed by the HRS and the PA 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.

Change Orders

Any additions to, deletions from, or changes in the construction 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 contractor and is approved by the HRS, the owner and the PA. Change orders may be issued to correct code deficiencies or to obtain any other desired change in the work due to unforeseen repair needs. CDBG funds can be used for change orders that correct eligible code violations, as determined by the HRS, found after construction begins. Additional work that addresses non code-related changes will be at the owner's expense.

Payment

Contracts of \$20,000 or less will not be paid until the contractor has completed the job. Contracts in excess of \$20,000 allow a partial payment upon satisfactory completion of 60% and 100% of the construction work (less punch list items), with a retainage of 20% of the completed contract amount. Depending on extenuating circumstances and contract balance, more or fewer partial payments may be authorized at the recommendation of the HRS for approval by the PA.

Construction Completion /Percentage of Funds Paid

> 60% / 0 %

60 % / 40%

100% / 80%

Final payment will be made as noted below.

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 PA.
3. An affidavit from the contractor stating that 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).

The final payment approval requires:

1. Acceptance of all work by the property owner, the HRS and the PA. When required, the County Building Department must also accept all work.
2. Submission of all manufacturers' and other warranties (e.g., appliances, roofing, extermination, contractor's warranty covering the entire scope of work and any change orders 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 Notices to Owner.

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. Such disbursement shall be issued only after the PA has reviewed the facts and circumstances involved in the dispute and has 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 BOCC. The BOCC has the authority to uphold, rescind or reverse a previous CATF determination.

An appeal of the local determination/decision made by the BOCC should be filed with FDEO, as set forth in the County's CDBG Citizen Participation Plan. Sufficient documentation to this effect shall be placed in the case file.

Disputes and Contract Termination

Regarding disputes, and as authorized and outlined in the construction contract, the owner and/or the County has / have the right to stop work and terminate the contract.

Follow-Up

After completion of the contract, it is the owner'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 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 a written request for warranty service to the contractor and a copy to the owner. 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.

2.9 Contractor Listing

Recruiting

The CDBG Housing Rehabilitation Program will establish and maintain a current listing of eligible, BOCC approved contractors for bidding on all phases of a program. Only those contractors who are so listed and approved by the BOCC will be considered for work on a program. **Establishment of this list will include maximum outreach to allow for utilization of qualified Section 3 and MBE contractors and sub-contractors.**

The County will make every effort to notify contractors residing or maintaining offices in the local area through public notices, as part of complying with Federal Section 3 and Minority-Owned Business Enterprise (MBE) 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 solicitation advertisements, will be placed in the appropriate program file. In addition to active efforts to comply with Federal Section 3 and MBE requirements, the County will follow all CDBG requirements in its advertising and will promote fair and open competition.

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

Maintenance of a pool of competitive, qualified, and capable contractors is essential to program completion.

Contractor Eligibility

In order to participate in the CDBG Housing Rehabilitation Program, a contractor must be approved as eligible by the HRS, the PA, and the BOCC. In cases where there is uncertainty about a contractor's eligibility, and given that it does not violate CDBG rules, the current purchasing policy of the County will be used to determine eligibility of the contractors.

Basic contractor qualifications include:

- Current license(s) with the appropriate jurisdiction.
- A satisfactory record regarding complaints filed against the contractor at the State, Federal or local level.
- Insurance:
 - a. Contractor's Public Liability Insurance in an amount not less than \$1,000,000 coverage
 - 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. 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 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.

- 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.
- Satisfactory references from at least three (3) parties for whom the contractor has performed construction work.
- Absence from any list of debarred contractors issued by the Federal or State DOL, HUD or FDEO.
- 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 are also explained to the contractors.

Disqualification

Contractors may be prohibited or removed from program participation for:

- Poor workmanship, use of inferior materials, or overall inability to perform quality work.
- 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.

- Failure to abide by the Scope of Work (SOW), failure to complete SOW (and bid) accomplishments, and any attempts to avoid specific tasks in attempts to reduce costs.
- Failure to pay creditors, suppliers, laborers or subcontractors promptly and completely.
- Disregarding contractual obligations or program procedures.
- Loss, cancellation and or termination of license(s), insurance or bonding.
- Lack of reasonable cooperation with owners, rehabilitation staff or the others involved in the work.
- Abandonment of a job.
- Failure to complete work in a timely manner.
- Inability or failure to direct the work in a competent and independent manner.
- Failure to honor warranties.
- Ineligibility to enter into federally or state assisted contracts as determined by the U.S. Secretary of Labor, HUD, E-Verify or FDEO.
- Other just cause that would expose the County, the program or owner to unacceptable risk.
- Failure to respond to a minimum of three (3) consecutive requests for bids.
- At the contractor's request.

2.10 Program Income

No program income is planned to result from CDBG activities. Program income should only result in the case of DPL repayment where, during the affordability period (the term of the DPL) the unit is sold, title is transferred or the unit is no longer the primary residence of the beneficiary. DPLs will be monitored by the HRS and the PA during the term of the grant. After the term of the grant has ended, i.e., upon expiration of the agreement between the County and FDEO, the monitoring will be performed by the PA annually through site visits and title verification through the Clerk of Courts and County Appraiser offices. The County's DPL mortgage documents and liens shall always include a notice to the County as soon as the title changes ownership.

If repayment of CDBG funds is received during the term of the grant, it will be relegated back to FDEO. Outside the term of the grant, but within the period covered by the DPL, the County will accept the repayment of funds to be used for additional eligible CDBG activities as may be authorized by FDEO.

Unless otherwise permitted, authorized, or instructed by FDEO, program income will be returned to FDEO within the time frame required by grant rules, usually 10 (ten) days. Upon receipt of any program income, the PA shall contact their FDEO grant manager and confirm how FDEO would like the County to treat it.

2.11 Property Acquisition Policy

Although the County does not anticipate the need to acquire property using CDBG funds, the rare opportunity could arise for this activity to be undertaken. Fundamental steps that occur in each purchase, or acquisition, may vary case by case. However, in general terms, the following should take place:

- (1) confirm source of funds and authority to acquire,
- (2) identify the property/site identified determine its suitability,
- (3) perform legal description/survey/preliminary title search (services procured as necessary),
- (4) comply with URA requirements and ensure the acquisition is voluntary,
- (5) send notice of intent to acquire to owner,
- (6) solicit appraisal services and retain appraiser,
- (7) where recommended by the HRS or program required, solicit review appraisal services and retain review appraiser,
- (8) receive appraisal review (when required), then solicit and retain title company(ies) (title insurance amount and necessity determined in advance),
- (9) send offer to purchase and notice of just compensation to owner,
- (10) finalize contract for purchase with owner after County legal reviews and approves,
- (11) title company calculates settlement costs and closing date is set,
- (12) closing conducted with funds changing hands and,
- (13) records of proceedings retained.

Voluntary Acquisition

The County may purchase property with CDBG funds for use on eligible activities. Property acquisition must follow the procedures outlined in the Uniform Relocation Act 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, and shall follow its current and standard solicitation and purchasing procedures. In addition, any RFPs or RFQs issued must state the specifications and budget, and indicate that the purchase is voluntary. All property acquisitions shall meet all CDBG requirements and shall be used only for eligible CDBG/DRI 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.

A voluntary acquisition occurs when real property is acquired from an owner who has submitted a proposal to the County for purchase of their property in response to a public invitation or solicitation of offers. The BOCC 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 BOCC, 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. At a minimum, this notice must:

1. Accurately describe the type, size and approximate location of the desired property;
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, URA-eligible occupants.

Offers shall be sealed and opened at the same time, in the same place, by a designated 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 PA 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 BOCC that can reject or accept any and all offers. Written records shall be maintained documenting decisions and rationale for selected courses of action.

Non-Voluntary Acquisition Plan

Although the County does not anticipate the need for non-voluntary property acquisitions, the need could arise for emergency purposes, e.g., following a disaster.

Non-voluntary 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.

Timing / Planning

Properties to be acquired shall be identified as early in the planning stage as is practicable. Every attempt shall be made to effect a design that is not wholly site-dependent (i.e., where two or more sites are suitable for the project). It is recognized that 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 PA 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. The County's Anti-Displacement and Citizen Compliant policies shall be followed in these cases.

3.0 Neighborhood Stabilization Program (NSP)

3.1 Overview / Objectives

The Housing and Economic Recovery Act (HERA) signed into law on July 30, 2008, and for NSP3, as amended by the Dodd-Frank Act, signed into law on July 21, 2010, provided funds to local governments for the purpose of acquiring, rehabilitating and reselling / leasing of eligible properties, acquiring eligible property for demolition / redevelopment, and acquiring eligible property for the purpose of creating land banks.

As of the writing of this Plan, the County has received two rounds of NSP funding: NSP1, funded by FDEO, and NSP3, funded by HUD. NSP1 is in the closeout stage as of the effective date of this HAP, but all procedures outlined herein still apply should there ever be any additional activities undertaken. NSP3 is in the implementation phase. To the extent practicable, this NSP section of the Plan is intended to govern future rounds of NSP, should there be any, and to the extent that this Plan complies with future NSP requirements.

The purpose of the NSP is to establish strategies and select activities based on the principal goal of stabilizing neighborhoods. To augment neighborhood stabilization, and to the maximum extent possible, the County will use ongoing community enhancement projects to further this goal. Further, the County will use NSP funds to improve the condition of area neighborhoods which are in jeopardy of decline due to the rising number of foreclosures. In summary, the County's NSP is designed to address eligible properties within the County's Area(s) of Greatest Need as described in the grant documents and guidance from FDEO and HUD.

Area(s) of Greatest Need (AGN)

The County identified its target area, the Area(s) of Greatest Need (AGNs), such that NSP funding will be distributed to meet the requirements of Section 2301(c)(2) of HERA, and for NSP3, as amended by the Dodd-Frank Act. As required by NSP rules, AGNs were created and selected using data provided by HUD. Using the required HUD-provided data, funds were distributed by identifying AGNs based upon areas with the greatest percentage of homes in foreclosure, the highest percentage of homes financed by a subprime mortgage and that are likely to face a significant rise in the rate of home foreclosures.

For NSP3, HUD encouraged grantees to target a small AGN so that their NSP3 dollars would have a visible impact on specific, selected neighborhoods.

General Restrictions on the Use of NSP Funds

NSP funds cannot be used to buy otherwise NSP-eligible properties from the pool of County-owned homes. This applies to Cities included in the AGN as well. That is, a local government

may not use NSP funds to pay itself. In a similar vein, the County may not use NSP funds to pay code enforcement or tax liens owed to the County (or included Cities) on otherwise NSP-eligible property. Applicable FDEO and HUD maximums on sales price and rent shall not be exceeded.

Fraud Mitigation

To mitigate the possibility of fraudulent activities or fiscal mismanagement related to real estate and financial transactions, the County has adopted a Fraud Detection & Prevention Policy.

3.2 NSP Eligible Homebuyers /Tenants

The County solicits potential homebuyers and tenants in various ways, and expects its partners to actively assist with this process. In addition, when applicable, the County will advertise the Notice of Funding Availability (NOFA) for NSP in a newspaper of general circulation and periodicals serving ethnic and diverse neighborhoods, at least thirty (30) days before the beginning of the application period. The advertisement shall contain the following information:

- i. Where individuals can gain access to an application,
- ii. The period during which applications will be received, and
- iii. Criteria for selection.

In addition to a notice of funding in the newspaper of general circulation and periodicals the County will post on its website www.hernandodownpayment.com the Notice of Funding Availability (NOFA).

As of the writing of this Plan, potential NSP homebuyers could obtain an application at County offices, as noted in advertisements and as updated on the County's website above. Currently this location is the County's Health & Human Services offices located at 20 North Main Street, Room 161, Brooksville, FL 34601.

As of the writing of this Plan, potential NSP tenants will apply through a County partner, using the partner's application. For more information and an application, potential NSP tenants should visit the County's website listed above, visit the County's Health & Human Services Department at the above address or contact the County partner.

The County reserves the right to change the above information at its discretion, depending on current NSP rules and any future rounds of NSP funding received. Potential homebuyers and tenants should visit the County's website or the County office above for the most current information.

NSP Eligible Homebuyers

General Requirements

Under NSP, the primary requirements potential homebuyers be income-eligible and have the ability to qualify for an NSP-eligible primary mortgage. Said primary mortgage must, at a minimum, have a fixed interest rate and a fixed term. No adjustable rate mortgages (ARMs), interest-only mortgages, other sub-prime mortgages, or any "unconventional" financing will be allowed. Other requirements may apply, depending on current NSP rules and at the County's discretion. At the time of application, potential homebuyers (homebuyers) shall submit a pre-

qualification letter from their chosen primary mortgage lender stating the maximum mortgage amount they are qualified to receive, the interest rate, the approximate monthly payment amount (based on the maximum mortgage amount), and any special terms and conditions the lender is imposing on the mortgage. The PA will review the terms of the mortgage for NSP eligibility and notify the homebuyer if there are any concerns at the pre-qualification stage. Even if the PA sees no immediate concerns with the pre-qualification letter, as the application process proceeds, the County reserves the right to request more information at its discretion.

With regard to income eligibility, homebuyers must have a household income that is at or below one hundred and twenty percent (120%) of the Area Median Income (AMI). Household income is determined using HUD's "annual income" approach, and using the current HUD income limit charts. Household income includes the current income of all household members over the age of 18, with the appropriate exceptions for full-time students.

Income eligibility shall be determined upon completion of application process.

Other requirements for NSP Eligible Homebuyers

- They do not have to be first-time homebuyers. However, homebuyers shall not own property that serves as their primary residence, in whole or in part, at the time of closing on the purchase of an NSP eligible property. Homebuyers must first or simultaneously sell an existing home and move to the new NSP property as their primary residence.
- They must be able to verify they have enough cash to close on their NSP property, including contributing a minimum of \$500 toward its purchase.
- They shall have their income and assets verified by the HRS and the PA, using third-party verifications as-needed.
- They must maintain the NSP property, and keep it free of any code violations.
- They must be able to continue to afford the cost of the mortgage and protect the County as a lender and recipient of NSP funds. They must have completed an eight (8) hour HUD-approved Homebuyer Education class prior to closing on an NSP property.
- They will be selected on a first come, first qualified, first served basis subject to funding availability. No other ranking or scoring process will be used. **Homebuyers will not be considered "qualified" until they receive a written award letter from the County.** The County will issue an award letter to eligible homebuyers who have submitted a complete application with all required supporting documentation. Further, being "qualified" as a homebuyer does not guarantee a homebuyer will be able to purchase any particular NSP property, as NSP real estate transactions must follow a normal and customary purchase process. Homebuyers are encouraged to work with a Florida licensed real estate professional with NSP experience.

Income Verification

As noted above, income eligibility is one of the key factors in determining NSP homebuyer eligibility. Because income eligibility is so critical, the County has a responsibility to verify all income. All income verifications will be in writing, using third-parties when applicable, and shall conform to current HUD and / or FDEO requirements, following the applicable sections of 24 Code of Federal Regulations (24 CFR). Homebuyers' projected income for the next 12 months is included in the overall income verification process, and so homebuyers may be asked to

provide additional documentation to assist the HRS and the PA in this calculation. Homebuyers shall submit written proof of income for all household members. Self-employed homebuyers may provide a copy of their tax returns from the previous two (2) years. In addition, self-employed homebuyers or their bookkeepers shall supply an income and expense report for the three months prior to the date application was made. Finally, as part of the income verification process, the HRS and the PA will perform any and all calculations necessary to determine if the homebuyer can afford the payments on the NSP property. These calculations will include, but not be limited to, front-end ratios, back-end ratios, and related figures. **The County reserves the right to request more information from any homebuyer on a case-by-case basis as-needed in order to verify income.**

Asset Verification

In conjunction with income verification, the County has a responsibility to verify homebuyer assets, so as to calculate income that may result from the ownership of said assets. All assets shall be verified, using third parties when applicable, for all household members in accordance with HUD guidelines, and any additional guidelines established by the County. Assets include, but are not limited to: checking accounts, savings accounts, certificates, stocks, bonds, and real estate. All income derived from assets will be included in the applicant's gross income amount.

NSP Eligible Tenants

As of the writing of this Plan, the County has elected to implement its NSP rental activities through partners. Therefore, the County's partners will be expected to generate an NSP-compliant application, and gather all necessary backup to verify income and assets. Individuals that are Hernando County residents will have priority in the selection process for rental units. Prior to tenants moving in to NSP rental properties, the HRS and the PA shall review and provide the partner with written approval on all partner-submitted tenant applications and associated backup. Further, if the partner is eligible for a developer fee on an NSP rental property, said developer fee will not be paid until the property is occupied by a County-approved NSP eligible tenant(s) as the tenant's primary residence.

In addition, partners shall demonstrate compliance with the following minimum requirements:

- Proof that household income was determined using HUD's "annual income" approach, and using the current HUD income limit charts. Household income includes the current income of all household members over the age of 18, with the appropriate exceptions for full-time students.
- Proof that the tenant(s) can afford the monthly rent being charged.
- Proof of primary residency by the tenant(s). Proof of primary residency shall be required, and acceptable proof will be solely at the County's discretion, but may include things like a current driver's license showing the NSP property address or a utility bill for the NSP property in the tenant's name.
- With regard to income eligibility, at move-in date, for regular NSP rentals, tenants shall have a household income that is at or below one hundred and twenty percent (120%) of the Area Median Income (AMI).
- For NSP set-aside rentals, tenants shall have a household income that is at or below fifty percent (50%) of the Area Median Income (AMI).

- Proof that the tenant(s) has signed a current, standard normal and customary Florida lease agreement. Month-to-month agreements are not allowed. The HRS and the PA shall review the terms of the lease prior to move-in to ensure there are no NSP ineligible requirements within it.
- Proof of annual recertification of tenant eligibility. The County will evaluate each tenant's situation on a case-by-case basis, and in compliance with the current annual monitoring plan established and agreed to by the County and the partner.

3.3 Deferred Payment Loans (DPLs)

General

The County provides NSP-funded financing for eligible activities to eligible partners and homebuyers in the form of zero-interest Deferred Payment Loans (DPLs). For purposes of this Plan, County partners are those individuals or entities the County has selected to assist with implementing NSP activities. County partners and their selection are covered more fully in the following sections of this Plan.

DPLs are zero-interest loans with deferred payments that become grants when and if the partner or homebuyer has satisfied all DPL criteria. The overall purpose of the DPL is to ensure long-term affordability. The term of the DPL is known as the "affordability period." The affordability period is defined as the length of time the property must be kept "affordable," i.e. occupied or owned by an NSP eligible individual / household as a **primary residence**. For partners who own NSP properties for homeownership, the affordability period is the period of time the partner owns the property and must resell it to an NSP eligible homebuyer. For homebuyers, the affordability period is the length of time they must live in the home. For partners who own NSP rentals, the affordability period is the length of time they must lease the property to NSP eligible tenants.

For homebuyers, the DPL is provided to address primary mortgage buy down, eligible closing costs, and in some cases, rehabilitation. Rehabilitation will be captured in a homebuyer's DPL when the homebuyer is not working through a partner and is purchasing a property directly OR at the discretion of the HRS and PA, when the situation warrants it. For partners, the DPL is provided to purchase and in some cases, rehabilitate properties. Rehabilitation on partner-owned property, when conducted and overseen by the County via the HRS and the PA, may or may not be captured in a DPL, at the County's discretion.

Terms

The County's NSP DPL amounts and lengths are governed by the HOME Investment Partnership Program (HOME Program, or HOME). The County expects its partners to be familiar or become familiar with the HOME Program, and will hold the partner responsible for ensuring the HOME affordability requirements are met, especially in the case of lease properties, but also as HOME requirements apply to all NSP-assisted properties. While HOME rules provide overall governance, DPLs shall include any NSP-specific State and Federal requirements. DPLs are not written down each year but are forgivable in their entirety at the end of their term. DPLs shall be recorded as either a primary or a secondary mortgage on an NSP property.

The County shall use the following affordability periods, based on HOME rules, using the amount of NSP assistance provided:

NSP Assistance Amount	Affordability Period in years
(NSP3) under \$15,000	5
\$15,000 - \$40,000	10
Over \$40,000	15
Demolition /Redevelopment	20

In the case of homeownership, where an NSP eligible homebuyer purchases a home directly (and is not working with a County partner) the term begins on the date of the closing.

In the case of homeownership, where an NSP eligible homebuyer is purchasing a home from a County partner, the DPL term begins at the date of closing.

In the case of partner-acquired property, the DPL term begins at the time of closing.

In all cases where NSP DPLs are used, the HRS and PA shall monitor and approve all properties, all homebuyer / tenant files, all forms and procedures, and all transactions before any NSP funding is approved or released.

In the event that a sole owner dies or both / all owners dies during the term of the DPL, at the County's discretion and based on recommendations from the HRS and the PA, repayment of the loan will not be required and the remaining DPL balance will be forgiven.

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.

Restriction on the Deed

In addition to the DPL, the County, at its discretion, shall encumber certain NSP properties with a restriction on the deed ("deed restriction," for simplicity) for the entire affordability period. Deed restrictions primarily apply to partner-owned lease properties, but the County reserves the right to record a deed restriction on all NSP-assisted properties.

The HRS and the PA shall make the final determination and recommendation as to the need for any deed restrictions, and the language therein.

Repayment

The County will monitor possible triggers of DPL repayment with annual title verification using on-line County services through the Clerk of Court and Appraiser offices and through visits to NSP properties. The primary trigger of repayment is failure by homebuyers to use the property as their primary residence. For lease properties, the primary trigger of repayment is the failure by partners to ensure that their tenants are occupying the property as their primary residence. While not as common, other events may trigger repayment. Repayment of the full NSP award will be

immediately due to the County should the following events occur during the affordability period:

- Transfer of title.
- For lease properties, the property ceases to be occupied qualified tenant**.
- The property is refinanced without prior County consent.
- The homebuyer / partner fails to maintain the property consistent with the local and Florida Building Code.
- The homebuyer / partner fails to maintain required insurance.
- Other factors noted in the DPL, or as required by the NSP rules in effect as of the DPL's effective date, usually the closing date.

** Subject to a normal transfer interval, to be negotiated by the County with the partner and agreed to in writing via the County's annual monitoring plan for all lease properties.

3.4 NSP Eligible Properties

General

The County has identified the specific property types to be addressed with NSP, to include:

Single-Family Homes
Townhomes
Condominiums/Villas

As of the writing of this Plan, the County will not address mobile or manufactured housing with NSP funds under its current activities. *(Note that mobile or manufactured housing would be eligible under the "Demolition / Redevelopment" activity, should the County ever choose to implement it, and said activity is approved for implementation by FDEO or HUD, as appropriate.)*

In addition to the above, the County has established guidelines for itself, and its partners and homebuyers who are looking to purchase NSP eligible properties. Properties eligible for acquisition shall include:

- Properties located within the designated Area(s) of Greatest Need,
- Properties that have been fully foreclosed, or are otherwise distressed as defined in the most current FDEO / HUD guidance available. HUD expanded the definition of "foreclosed" to include certain short sales, certain blighted properties, and certain properties where the homeowner was at least 90 days delinquent on their mortgage. It is important to consult the most current HUD guidance when seeking to purchase properties that are not fully and traditionally foreclosed. The PA reserves the right to reject any property, even if it meets the HUD criteria, in the best interest of the County.
- Maximum sales prices - \$120,000 per property (homeownership and rental).
- Properties without pools.
- Properties not located in a flood zone.
- Properties with no evidence of contaminated drywall.
- Properties that are not occupied, either legally or illegally, other than certain short sales, which must be evaluated carefully for URA compliance, on a case-by-case basis.
- Properties that are being sold voluntarily.

- Properties that are purchased at 1% current appraised value, conducted by a Florida Certified Appraiser and dated within 60 days of offer of contract.
- Properties that will be used as the primary residence of the end homebuyer / tenant.

Priority will be given to properties that:

- Need only minor repairs, and where cost to repair them to standard condition does not exceed fifty percent (50%) of the appraised value.
- Were built in 1979 or after, thereby not having to meet lead-based paint or historical requirements.
- Are not near environmental or other hazards (like closed gas stations and noisy airports).
- Have ready and convenient access to personal, medical, and other services.
- Have “green” features, like extra insulation or upgraded windows.
- Do not have excessive liens, encumbrances, code violations, encroachments, and similar issues, as resolving such issues could cause the County not to meet NSP deadlines. *Note: Should any of the preceding have been initiated by the County, at the County’s discretion, when practicable, and when time permits, the County will work with the homebuyer or partner to clear the issues. For example, in the case of County code violations, when cost-feasible, the County will work to get the violations lifted so that the property can be purchased, and subsequently ensure the partner or homebuyer corrects the violations via either NSP-funded or homebuyer/partner-funded repairs.*
- Are free from high-cost features like docks, seawalls, Jacuzzis, or anything that would lead to high repair and maintenance costs.

Environmental Assessments

As a recipient of NSP funds the County will complete the environmental review (ENVRR) process outlined in 24 CFR 58. The County will review the categorical exclusions and related forms to determine if any project qualifies as either “Categorically Excluded Not Subject To (CENST)” or “Categorically Excluded Subject To” (CEST). A concurrent notice is required for any project that cannot be considered CENST.

A full environmental assessment may be completed to cover all activities. An unspecified site strategy may be used for the acquisition/rehabilitation of single-family housing units that have not yet been selected. A multi-family checklist must be completed for the acquisition / rehabilitation of multi-family units.

Site-specific environmental checklists for all NSP properties will be maintained in the files for the duration of the required record retention period, and made available to FDEO and HUD as required.

Other Criteria

Historical Significance

The County does not intend to purchase properties with NSP funds that are fifty (50) years old or older. In the rare event the County is asked to consider such a property, prior to any party (County, homebuyer, partner) making an offer on the property, the PA will review the public records from the Property Appraiser or Tax Assessor to document the age of the property. If the age of the property is fifty (50) years old or older, and the County, at its discretion, chooses to

proceed with its purchase, the property will be submitted to the State Bureau of Historic Preservation to determine if the property is historically significant. All requirements of the State Historic Preservation Board or local ordinance will be followed for properties that are deemed historically significant. **Homebuyers and partners shall not enter into a contract on any property that falls into this category without prior written approval from the County.**

Lead-Based Paint (LBP)

The County does not intend to purchase properties built before 1979 with NSP funds. In the rare event the County is asked to consider such a property, prior to any party (County, homebuyer, partner) making an offer on the property, the HRS and the PA shall review all the property in detail, and at their discretion and in compliance with NSP rules, authorize the necessary lead-based paint (LBP) testing. The real estate transaction can proceed, but the sales contract needs to reflect an LBP contingency that allows the County to cancel the contract based on the results of the lead-based paint testing.

Comment: See comment in CDBG section.

Other Due Diligence

Surveys, WDO inspections, title searches and all other normal and customary due diligence shall be performed on all properties prior to purchase. Proof of all normal due diligence having been performed is the responsibility of the homebuyer or partner. If NSP funds are to be used to pay for due diligence costs, procurement of the service providers shall follow County purchasing and NSP requirements.

Property Insurance

All property owners, whether homebuyers or partners, assisted under NSP shall purchase and maintain, for the term of the affordability period, appropriate homeowner's insurance including but not limited to liability, hazard, fire, casualty and flood insurance (when required).

3.5 Acquisition

This activity provides funds to acquire eligible properties for the purpose of rehabilitation and resale / lease to NSP eligible homebuyers / tenants whose household income falls at or below one hundred and twenty percent (120%) of the Area Median Income (AMI). *Note: While household income is a large factor in determining the NSP eligibility of a homebuyer or tenant, other factors are considered, as described above.*

Partners

NSP eligible properties are acquired through privately negotiated purchases between County partners and sellers, or legally authorized seller representatives. All terms of these private purchases must be approved by the County, and must meet the standard of normal and customary for the local real estate market. **It is the responsibility of the partner, and not the County, to demonstrate and document that all fees, points, commissions, and similar costs are "normal and customary" for the local real estate market.** Further, the PA shall review and approve all closing documents, including but not limited to, the HUD-1 form and all backup to it. "Junk fees" like realtor "transaction fees" will not be permitted. **The PA will request and shall be provided with any and all backup needed to approve the purchase of NSP property.** Failure by the partner to provide backup requested by the PA may result in the PA rejecting the purchase transaction.

The County provides funding to qualified partners via zero interest DPLs to purchase, rehabilitate and resell / lease eligible properties.

The County expects its partners to provide developer experience, housing experience and capacity to assist in the acquisition, repair and resale or lease of NSP properties. The definition of "partner" is very broad, and can include for-profit organizations, non-profit organizations, housing authorities, supportive services organizations, affordable housing organizations, municipalities, CRAs, public/private partnerships, community based organizations and any other organizations with relevant experience. Partners shall demonstrate related experience in the area of service proposed (homeownership, lease, or redevelopment). At the County's discretion, partners shall provide documentation of financial capacity to satisfactorily complete all awarded projects.

At the County's discretion, on a case-by-case basis, for NSP properties that have been inspected and deemed eligible by the HRS and PA, the DPL will include a maximum of all eligible acquisition (including eligible closing costs, including the selection of and any payments to a title company) and rehabilitation costs. Cost eligibility shall be determined by the HRS and the PA, in compliance with current FDEO and HUD NSP requirements, where applicable. **Partners shall obtain written approval in advance from the HRS and the PA to incur any and all acquisition and rehabilitation costs.** The partner shall comply with all NSP requirements. The County shall assist the partner in complying through the use of deed restrictions, DPL agreements and HRS/PA monitoring of partner activities.

Partners shall be solicited by the PA with HRS guidance through advertisement and through evaluation criteria, in compliance with the current County purchasing policy. RFQs and / or RFPs shall be the preferred method(s) 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. For resale properties, at a minimum, partners shall demonstrate the capacity to operate and maintain the NSP properties until resold for the duration of the affordability period if required, the ability to execute all lien agreements, the ability to obtain any credit, cash or other financing needed to close, repair and resell the properties. For rental / lease properties, at a minimum, partners shall demonstrate the capacity to operate and maintain the NSP properties until leased and for the duration of the affordability period, the ability to execute all lien agreements, and the ability to obtain any credit, cash or other financing needed to close, repair and lease the properties. For both resale and lease properties, the partner shall provide financial statements for five (5) years, and describe any leverage or other subsidy or other added benefit they will bring to the County's NSP.

For resale homes, at the time of the resale closing to an NSP eligible homebuyer, a new DPL shall be executed between the NSP eligible homebuyer and the County. The partner's DPL shall be terminated and any balance will be forgiven after the new DPL with the NSP eligible homebuyer has been signed, and liens have been recorded. The maximum NSP eligible homebuyer DPL shall apply as defined above.

Developer Fee

Once a partner-acquired property is successfully resold or leased, certain partners will be eligible to be paid a developer fee. Partners eligible to receive a developer fee must be under contract with the County as an NSP developer, and not as a sub-recipient. *Note: Partners working with the County under a sub-recipient agreement are not eligible to receive a developer fee.*

For those partners eligible to receive a developer fee, once a partner-acquired NSP property is resold or leased, partners must provide documentation to the County of occupancy as the primary residence by the NSP eligible homebuyer / tenant. Acceptable documentation of occupancy as the primary residence will be determined by the HRS and the PA, but could include things like proof of a homestead exemption being granted, a utility bill in the NSP eligible homebuyer's or tenant's name, the NSP eligible homebuyer's or tenant's drivers license updated with the NSP property address, and / or any documentation required by FDEO and / or HUD.

Developer fees shall be limited to 10% of initial contract sales price plus repair cost (total of both multiplied by 10%), but the County reserves the right to set the developer fee at a lower level at its discretion. Developer fees shall be proposed to the County by partners on a "per-project, flat fee" basis. "Per-project" can be one or more properties, depending on the project parameters.

The County's partners may request reimbursement for other costs incurred during the period of time the NSP property is partner-owned, subject to the County's discretion (e.g. lawn care, utility bills and other normal and customary carrying costs). To ensure costs will be reimbursed, the partners must obtain approval to incur them from the HRS and the PA in advance in writing.

Uniform Relocation Act

Acquisition of foreclosed or abandoned properties using NSP assistance triggers Uniform Relocation Act (URA) requirements. The URA acquisition requirements apply to anyone who uses NSP funds (or any Federal financial assistance) to acquire property including any agency, non-profit, or individual homebuyers who use federally funded financial assistance. To meet the requirements at 49 CFR 24.101(b)(1)-(5) (commonly known as the URA voluntary acquisition requirements), the owner of record must be notified in writing that federal financial assistance will be used in the transaction and that if an agreement cannot be reached through negotiation, that the acquisition will not take place. All NSP transactions must be voluntary. Any acquisition under possible threat of eminent domain cannot be considered a "voluntary acquisition" (even if the seller is willing to negotiate). No funds will be used in conjunction with properties that have been or will be acquired through eminent domain.

Rental Properties

Special rules apply to NSP rental properties, and so are called out separately here.

Rents must be kept affordable. The County has elected to ensure compliance with this requirement by requiring that partners charge NO MORE THAN the rents allowed under HUD's "Fair Market Rents." HUD updates and makes publicly available its Fair Market Rents annually. Partners are expected to have sufficient knowledge and expertise to comply with this requirement. *Note that the actual rent charged could be lower than the HUD Fair Market Rent, depending on the NSP eligible tenant's household income and other factors as noted herein.*

Partners are expected to have sufficient knowledge and expertise to review current HUD Fair Market Rents and ensure that the actual rent charged is affordable to households with incomes at or below 120% of AMI. Partners shall be accountable to the County for compliance with this requirement. Via the HRS and the PA, the County shall require partners to provide written documentation and support for the amount of actual rent being charged. Should the HRS and the PA determine the rent being charged is not in compliance with NSP requirements, the County shall require that the partner adjust the rent being charged to an NSP eligible amount. The partner shall also adjust prior rent already paid under the NSP lease if applicable, and issue the appropriate credit to the NSP eligible tenant. Should the partner choose not to comply, the County may invoke its right to call the NSP DPL and require immediate repayment of all NSP funds invested in the property.

While the County expects its partners to have sufficient expertise and knowledge in this area to calculate the appropriate amount of rent to charge, presented below is a guide to determining an affordable rent. Note these procedures are subject to change at the County's discretion, as needed to comply with current FDEO and HUD rules.

Determining Affordable Rent

- For each home, household size will be assumed based on the number of bedrooms, as follows: efficiency = one person; 1-bedroom = one person; 2-bedroom = two persons; 3-bedroom = three persons; 4-bedroom = four persons.
- The Partner shall identify the current HUD income limits for the appropriate household size.
- The resulting income limit amount will be multiplied by NO MORE THAN thirty-five (35) percent to represent a MAXIMUM affordable housing payment.
- Using a schedule of utility allowances from the local housing authority OR a County-approved partner-generated schedule, the estimated amounts of the tenant-paid utilities shall be deducted from the MAXIMUM affordable housing payment amount. The result will be the maximum allowable rent.

3.6 Homebuyer Purchase and Rehabilitation Assistance

The County's NSP1 focused on homebuyer purchase and rehabilitation assistance for NSP eligible homebuyers wishing to purchase an NSP eligible home in the County as their primary residence. NSP eligible homebuyers were provided with funds to address closing costs, principal buy down and rehabilitation. The County assisted buyers with a maximum of \$50,000 for all purchase and repair assistance combined. Notwithstanding the preceding, purchase assistance (mortgage buy down and closing costs), was capped at 20% of the contract sales price. The BOCC had the authority to waive these caps based upon individual need or where these caps become a barrier to meeting the NSP program goals, AND the waiver would not violate any other requirements of the NSP program. NSP assistance was provided in the form of a zero-interest DPL. In addition to other terms of assistance defined herein, the total of all closing costs, down payment, mortgage buy down and rehabilitation shall be less than 50% of the total unit finished (after rehabilitation) appraised value.

The goal of the NSP homebuyer assistance program was to stabilize neighborhoods by providing for: 1) purchase and repair of NSP eligible homes as the primary residence of an NSP eligible homebuyer, 2) a goal of 80:20 loan to value ratios considering the primary mortgage only, and 3) after rehabilitation, properties that would need few repairs for the duration of the affordability period.

IMPORTANT!

PROSPECTIVE NSP HOMEBUYERS SHALL NOT ENTER INTO ANY 'CONTRACT FOR SALE AND PURCHASE' UNTIL THEY HAVE RECEIVED A NOTICE OF AWARD LETTER FROM THE COUNTY **AND** A NOTICE OF NSP PROPERTY ELIGIBILITY. BEFORE A REAL ESTATE SALES CONTRACT IS FULLY EXECUTED, THE COUNTY MUST APPROVE BOTH THE BUYER AND THE PROPERTY. PROSPECTIVE NSP HOMEBUYERS WHO ENTER INTO CONTRACTS BEFORE ALL APPROVALS ARE GIVEN DO SO AT THEIR OWN PERSONAL RISK. THE COUNTY ASSUMES NO RISK FOR PROSPECTIVE NSP HOMEBUYERS WHO ENTER INTO CONTRACTS ON PROPERTIES WITHOUT APPROVAL BY THE COUNTY OF BOTH APPLICANT AND PROPERTY.

3.7 Acquisition, Set-aside

Whether funded by FDEO or HUD, NSP rules require that a minimum of 25% of total NSP funds (initial allocation plus any program income) be "set-aside" and used to serve low-income households. Here, low-income is defined as those households having a household income that is at or below 50% of the Area Median Income (AMI). While the County reserves the right to address both homeownership and rental properties, and depending on current FDEO and HUD requirements, this activity is primarily targeted at lease properties.

Therefore, this activity provides funds to acquire eligible properties for the purpose of rehabilitation and resale / lease to NSP eligible homebuyers / tenants whose household income falls at or below fifty percent (50%) of the Area Median Income (AMI). *Note: While household income is a large factor in determining the NSP eligibility of a homebuyer or tenant, other factors are considered, as described above.*

Partners

NSP eligible properties are acquired through privately negotiated purchases between County partners and sellers, or legally authorized seller representatives. All terms of these private purchases must be approved by the County, and must meet the standard of normal and customary for the local real estate market. **It is the responsibility of the partner, and not the County, to demonstrate and document that all fees, points, commissions, and similar costs are "normal and customary" for the local real estate market.** Further, the PA shall review and approve all closing documents, including but not limited to, the HUD-1 form and all backup to it. "Junk fees" like realtor "transaction fees" will not be permitted. **The PA will request and shall be provided with any and all backup needed to approve the purchase of NSP property.** Failure by the partner to provide backup requested by the PA may result in the PA rejecting the purchase transaction.

The County provides funding to qualified partners via zero interest DPLs to purchase, rehabilitate and resell / lease eligible properties.

The County expects its partners to provide developer experience, housing experience and capacity to assist in the acquisition, repair and resale or lease of NSP properties. The definition of "partner" is very broad, and can include for-profit organizations, non-profit organizations, housing authorities, supportive services organizations, affordable housing organizations, municipalities, CRAs, public/private partnerships, community based organizations and any other organizations with relevant experience. Partners shall demonstrate related experience in the area of service proposed (homeownership, lease, or redevelopment). At the County's discretion, partners shall provide documentation of financial capacity to satisfactorily complete all awarded projects.

At the County's discretion, on a case-by-case basis, for NSP properties that have been inspected and deemed eligible by the HRS and PA, the DPL will include a maximum of all eligible acquisition (including eligible closing costs, including the selection of and any payments to a title company) and rehabilitation costs. Cost eligibility shall be determined by the HRS and the PA, in compliance with current FDEO and HUD NSP requirements, where applicable. Partners shall obtain written approval in advance from the HRS and the PA to incur any and all acquisition and rehabilitation costs. The partner shall comply with all NSP requirements. The County shall assist the partner in complying through the use of deed restrictions, DPL agreements and HRS/PA monitoring of partner activities.

Partners shall be solicited by the PA with HRS guidance through advertisement and through evaluation criteria, in compliance with the current County purchasing policy. RFQs and / or RFPs shall be the preferred method(s) 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. For resale properties, at a minimum, partners shall demonstrate the capacity to operate and maintain the NSP properties until resold for the duration of the affordability period if required, the ability to execute all lien agreements, the ability to obtain any credit, cash or other financing needed to close, repair and resell the properties. For rental / lease properties, at a minimum, partners shall demonstrate the capacity to operate and maintain the NSP properties until leased and for the duration of the affordability period, the ability to execute all lien agreements, and the ability to obtain any credit, cash or other financing needed to close, repair and lease the properties. For both resale and lease properties, the partner shall provide financial statements for five (5) years, and describe any leverage or other subsidy or other added benefit they will bring to the County's NSP.

For resale homes, at the time of the resale closing to an NSP eligible homebuyer, a new DPL shall be executed between the NSP eligible homebuyer and the County. The partner's DPL shall be terminated and any balance will be forgiven after the new DPL with the NSP eligible homebuyer has been signed, and liens have been recorded. The maximum NSP eligible homebuyer DPL shall apply as defined above.

Developer Fee

Once a partner-acquired property is successfully resold or leased, certain partners will be eligible to be paid a developer fee. Partners eligible to receive a developer fee must be under contract with the County as an NSP developer, and not as a sub-recipient. *Note: Partners working with the County under a sub-recipient agreement are not eligible to receive a developer fee.*

For those partners eligible to receive a developer fee, once a partner-acquired NSP property is resold or leased, partners must provide documentation to the County of occupancy as the primary residence by the NSP eligible homebuyer / tenant. Acceptable documentation of occupancy as the primary residence will be determined by the HRS and the PA, but could include things like proof of a homestead exemption being granted, a utility bill in the NSP eligible homebuyer's or tenant's name, the NSP eligible homebuyer's or tenant's drivers license updated with the NSP property address, and / or any documentation required by FDEO and / or HUD.

Developer fees shall be limited to 10% of initial contract sales price plus repair cost (total of both multiplied by 10%), but the County reserves the right to set the developer fee at a lower level at its discretion. Developer fees shall be proposed to the County by partners on a "per-project, flat fee" basis. "Per-project" can be one or more properties, depending on the project parameters.

The County's partners may request reimbursement for other costs incurred during the period of time the NSP property is partner-owned, subject to the County's discretion (e.g. lawn care, utility bills and other normal and customary carrying costs). To ensure costs will be reimbursed, the partners must obtain approval to incur them from the HRS and the PA in advance in writing.

Uniform Relocation Act

Acquisition of foreclosed or abandoned properties using NSP assistance triggers Uniform Relocation Act (URA) requirements. The URA acquisition requirements apply to anyone who uses NSP funds (or any Federal financial assistance) to acquire property including any agency, non-profit, or individual homebuyers who use federally funded financial assistance. To meet the requirements at 49 CFR 24.101(b)(1)-(5) (commonly known as the URA voluntary acquisition requirements), the owner of record must be notified in writing that federal financial assistance will be used in the transaction and that if an agreement cannot be reached through negotiation, that the acquisition will not take place. All NSP transactions must be voluntary. Any acquisition under possible threat of eminent domain cannot be considered a "voluntary acquisition" (even if the seller is willing to negotiate). No funds will be used in conjunction with properties that have been or will be acquired through eminent domain.

Set-Aside Rental Properties

Special rules apply to NSP set-aside rental properties, and so are called out separately here.

Rents must be kept affordable. The County has elected to ensure compliance with this requirement by requiring that partners charge NO MORE THAN the rents allowed under HUD's "Fair Market Rents." HUD updates and makes publicly available its Fair Market Rents annually. Partners are expected to have sufficient knowledge and expertise to comply with this requirement. *Note that the actual rent charged could be lower than the HUD Fair Market Rent, depending on the NSP eligible tenant's household income and other factors as noted herein.*

Partners are expected to have sufficient knowledge and expertise to review current HUD Fair Market Rents and ensure that the actual rent charged is affordable to households with incomes at or below 50% of AMI. Partners shall be accountable to the County for compliance with this requirement. Via the HRS and the PA, the County shall require partners to provide written documentation and support for the amount of actual rent being charged. Should the HRS and the PA determine the rent being charged is not in compliance with NSP requirements, the County shall require that the partner adjust the rent being charged to an NSP eligible amount. The partner shall also adjust prior rent already paid under the NSP lease if applicable, and issue the appropriate credit to the NSP eligible tenant. Should the partner choose not to comply, the County may invoke its right to recall the NSP DPL and require immediate repayment of all NSP funds invested in the property.

While the County expects its partners to have sufficient expertise and knowledge in this area to calculate the appropriate amount of rent to charge, presented below is a guide to determining an affordable rent. Note these procedures are subject to change at the County's discretion, as-needed to comply with current FDEO and HUD rules.

Determining Affordable Rent

- For each home, household size will be assumed based on the number of bedrooms, as follows: efficiency = one person; 1-bedroom = one person; 2-bedroom = two persons; 3-bedroom = three persons; 4-bedroom = four persons.
- The Partner shall identify the current HUD income limits for the appropriate household size.
- The resulting income limit amount will be multiplied by NO MORE THAN thirty-five (35) percent to represent a MAXIMUM affordable housing payment.
- Using a schedule of utility allowances from the local housing authority OR a County-approved partner-generated schedule, the estimated amounts of the tenant-paid utilities shall be deducted from the MAXIMUM affordable housing payment amount. The result will be the maximum allowable rent.

3.8 Land Banks

The purpose of this activity is to bring NSP eligible property back into productive use, generating tax revenue, raising property values and creating community amenities such as affordable housing and green space. For NSP purposes, a land bank will operate in a specific, defined geographic area, and any land banking plan will be comprehensive, and cover everything from acquisition, maintenance, assembly (where applicable), redevelopment, marketing, and disposition. 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 partners for land banks where they may be utilized and approved by FDEO and / or HUD. Procurement of partners will follow the selection procedures outlined in the NSP Section, Acquisition.

3.9 Demolition and /or Redevelopment

The purpose of this activity is to address and improve areas affected by slum and blight by demolishing and redeveloping NSP eligible properties. Demolition and redevelopment of slum/blighted properties shall be for the purpose of providing eligible homeownership or lease

units. All conditions of this HAP and NSP apply for any redeveloped property. Additionally, all properties are subject to inspection and approval of the HRS and PA. Contractor, homebuyer, and tenant qualifications all apply, as defined herein, as do DPL and deed restrictions. Any NSP funds made available for this activity will be targeted to addressing code violations, code enforcement actions and blighted conditions where NSP eligible properties represent a danger or risk due to their condition. Examples can include entire subdivisions that are incomplete and foreclosed, but are suitable for NSP unit redevelopment to meet NSP goals. Such properties are at risk of becoming slum and blight due to being foreclosed, unfinished, and possibly not being maintained or secured. The HRS shall evaluate these conditions at each proposed site and make recommendations as to priority projects, seriousness of code violations, public risk and the greatest potential for neighborhood stabilization by addressing long-term problems or multiple sites in an area. The minimum affordability period for all redevelopment shall be 20 years. Other factors and requirements shall be at the discretion of the HRS and PA.

Procurement of partners and developer fees shall follow the procedures outlined in the NSP Section, Acquisition. Homebuyer and tenant qualifications shall follow the procedures outlined in the NSP Section, NSP Eligible Homebuyers / Tenants. Contractor qualifications and rehab procedures shall follow the requirements in the following sections of this Plan. **All procedures are subject to amendment at the discretion of the County**, and based on current NSP guidelines.

3.10 Responsibilities–NSP Vendors

During the course of NSP implementation, it will be necessary to engage the services of various vendors. Depending on County purchasing requirements and current NSP rules, vendor selection methods will vary. The County reserves the right to select any and all vendors using the most appropriate method, as determined by the HRS and the PA, and in compliance with County purchasing and NSP requirements. As a general rule, if NSP funds are not paying for a service, that service does not need to be procured by the County through official channels.

This section covers the most common vendors in NSP transactions, and their basic roles and responsibilities.

Florida Licensed Real Estate Professionals

It is the primary responsibility of our real estate professionals to identify NSP eligible properties on behalf of homebuyers and partners. Having identified eligible properties, and working closely with partner and / or homebuyers, real estate professionals then assist with most every aspect of negotiating the terms of the real estate transaction. The County expects participating real estate professionals to be familiar with the County's NSP, and to comply with all NSP requirements. Most real estate professionals also provide other services, like investment analyses and feasibility reviews for potential acquisitions.

Primary Mortgage Lenders

It is the primary responsibility of our primary mortgage lenders to offer to our NSP eligible homebuyers fixed rate, fixed term loans: conventional, Federal Housing Administration (FHA), United States Department of Agriculture (USDA), or Veterans Administration (VA), or new

NSP-compliant loans. As part of this responsibility, primary mortgage lenders are expected to provide, in compliance with all County instructions and guidelines, complete application and income qualification process for all homebuyers. Primary mortgage lenders may be required to provide complete homebuyer files to the County, including all supporting documentation, at the County's request. In meeting their responsibilities, the primary mortgage lenders are expected to engage in all necessary interaction required for loan closings with other professional service providers, such as Real Estate Professionals, Appraisal Services, Title Agencies.

Florida Title Companies

It is the primary responsibility of our title companies to handle the actual closing of a real estate transaction. As part of this process, title companies are expected to:

- Assist with scheduling of closings,
- Have the ability to conduct closings at a place of the County's choosing within the legal boundaries of Hernando County,
- Ensure all appropriate mortgage documents are completed and executed (*including proper notices when required and applicable, as determined by the HRS and the PA, that this NSP-assisted transaction cannot be used for comparables in the future*),
- Prepare all necessary closing documents, review ownership encumbrance reports and address any outstanding title defects, coordinate the payments of all existing liens against real property,
- Provide title binders and insurance,
- Provide title insurance "name searches,"
- Provide disbursement of funds,
- When required, record all mortgage documents with the Clerk of Courts,
- Provide the HRS and the PA with summary/status reports for outstanding and or completed projects.

Title companies are further expected to provide all necessary interaction and coordination required for loan closings with other professional service providers, such as Real Estate Professionals, Primary Mortgage Lenders, and Appraisal Services.

Florida Certified Appraisers

It is the primary responsibility of our appraisers to provide quality and detailed appraisal reports on NSP eligible properties using a uniform approach. In meeting this responsibility, appraisers should identify comparables for cost estimates, establish values of real property, obtain plat maps and research zoning and flood data. Appraisers should also reconcile conflicting information from various data sources and engage in all necessary interaction and coordination required for loan closings with other professional service providers, such as Real Estate Professionals, Primary Mortgage Lenders and Title Companies.

Property Developers and /or Local Housing Organizations

At its discretion, the County may contract with a consultant/provider to assist in NSP implementation. Professional services rendered shall include, but not be limited to: identification of potential properties for acquisition, initial on-site inspection of units, market analysis, estimated probability of resale, title search and negotiation with banks/owners of identified properties, and working with the title company to prepare for closing. The consultant/provider must have experience in affordable housing programs and may not have

complaints against them filed with the Florida Department of Business and Professional Regulation. The provider/consultant must have experience in helping clients qualify for a first mortgage, inspections, closing coordination, scheduling appraisal inspections and other duties necessary to complete the purchase process.

Housing Inspectors

The County may contract with a consultant/provider for conducting home inspections to perform initial inspections prior to acquisition of any NSP eligible property. Initial inspection shall include a preliminary Scope of Work (SOW), including a rehabilitation cost estimate, in accordance with all applicable requirements outlined in and throughout this Plan.

3.11 Other items: Incentive-based Set-Aside

The State of Florida has created an Incentive-Based Set-Aside to promote the utilization of NSP dollars expeditiously. These funds are collected through the recapture of unobligated funds from the program. The County intends to use any funding from this set-aside for a homeownership program for eligible households, except where FDEO or HUD may require otherwise at the time of funding availability.

3.12 NSP Rehabilitation

As part of the implementation of the NSP activities described in the preceding sections, NSP funds will be used to finance the rehabilitation of NSP eligible properties.

Initial Inspection and Testing

Prior to entering into a fully executed sales contract, homebuyers and partners shall request an inspection and assessment of any property being proposed for purchase with NSP funds. The inspection will be conducted by the HRS, who will then report inspection results via a preliminary Scope of Work (SOW), with an estimated cost estimate, to the PA. At this stage, and before any rehabilitation work is initiated on any NSP property, the HRS, working with the PA, will review all local records to determine if there are any code violations on said property, and if there are any liens on the property for such violations. Also at this stage, for the purpose of determining NSP eligibility, the HRS may recommend or order (with PA approval) and oversee various tests and inspections, as part of completing the SOW. Such tests and inspections could include, but are not limited to: electrical, plumbing, roofing, septic, HVAC, lead-based paint (when required), or termite (or other wood-destroying organisms). The HRS will search public records for any open permits or other construction-related liens on the property as well. **The homebuyer or partner will be responsible for all of these costs if required to be paid outside of and prior to closing**, but can be reimbursed for these costs (even if they do not ultimately close on the property) by invoicing the County, given that the homebuyer or partner obtained prior written approval from the PA to do so. If the property closes, all eligible costs paid at closing can be included in the NSP DPL, provided such costs do not cause the DPL to exceed the maximum allowable amounts.

Homebuyers or partners are encouraged to make available other sources of funds or leverage to address additional costs. If necessary to facilitate the primary mortgage, the seller may be

responsible for making necessary repairs prior to closing. 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.

If the HRS and the PA determine that repair needs are NSP eligible and feasible, the PA may release an approved, income qualified homebuyer / partner to enter into a fully executed contract for purchase. **The HRS and the PA reserve the right to require additional NSP forms or sales contract language to protect the program and ensure compliance.**

Rehabilitation Standards

Taking into account the foregoing, rehabilitation work will commence as soon as possible after closing, with a goal of work commencing within 10 working days and being complete within 45 calendar days. Rehabilitation work shall be undertaken by licensed and insured general contractors and will target code violations, health/safety repairs, energy efficiency and other minor repairs. Cosmetic repairs are only eligible if they address code-related restoration, are for eligible green improvements, or can be addressed as part of the foregoing in a cost-effective and timely manner, such as painting or driveway repairs. Luxurious elements such as pools are not eligible for rehabilitation work, and further, the cost of demolishing and redeveloping luxury elements like pools must be factored into the total rehabilitation cost and evaluated for feasibility within the allowable budget.

Where HUD/FHA 203K financing is needed and approved by the HRS and PA, the PA shall have flexibility in adjusting the repair procedure to meet the current approved HUD/FHA 203K model. 203K funded inspections and write ups shall not be duplicated, but shall be monitored and supplemented where appropriate to ensure NSP compliance and satisfactory completion of all code, safety and green measures needed to protect homebuyer or partner and the County. If completed by a third party, the 203K funded assessment/write-up and inspection reports shall be submitted to the County for approval before closing and before final payment respectively.

Each property acquired and rehabilitated with NSP funds will be monitored and inspected by HRS and the PA through the rehabilitation process to ensure that upon completion, the property will meet all local, State, and Federal building codes and standards, whichever is most stringent with regard to each code-related item.

Where applicable, the HRS, together with the PA, will ensure that appropriate "green," efficiency, and Americans with Disabilities Act (ADA) standards are also met.

When required, the HRS will coordinate testing for lead-based paint (LBP). Should lead-based paint be detected, the County will comply with the Lead Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regulations at part 35, subparts A, B, J, K, M and R of this title.

Lead-based paint will be addressed for all units constructed prior to 1979 and receiving repairs that exceed \$5,000 as follows:

- All damaged paint surfaces will be repaired.
- The entire property will be evaluated by a risk assessment.
- Properties needing repairs between \$5,000 and \$25,000 will have all lead hazards addressed by interim controls using lead safe work practices.
- Repairs above \$25,000 will have all lead hazards, as identified by the risk assessment, abated. Lead hazard reduction will be performed in a manner consistent with the findings in the risk assessment report (§35.1320).

Green Technology and Energy Efficiency

To the extent practicable and cost-feasible, the County shall require all housing construction to incorporate modern, green building and energy-efficiency improvements in all NSP activities to provide for long-term affordability and increased sustainability and attractiveness of housing and neighborhoods. Basic green requirements will include things like energy efficient appliances and lighting, and high efficiency HVAC systems.

In addition, to the extent practicable and cost-effective, and allowing the HRS and the PA flexibility to amend these requirements should there be upgraded, improved, and less-expensive options available (e.g., if “Energy-Star” is superseded or otherwise made obsolete by future inventions or improvements), the County will require:

1. Any appliances replaced / installed shall be “Energy Star.”
2. Any door / window replaced / installed shall be “Energy Star.”
3. Any lighting fixture replaced / installed shall be “Energy Star.”
4. Rehabilitated homes shall be “weatherized,” and at a minimum shall include attic and floor insulation, as well as sealing all exterior walls. Other weatherization activities are at the discretion of the HRS and PA.
5. Any replaced / new HVAC unit shall have a SEER rating of at least 14.

Scope of Work (SOW)

Using the preliminary Scope of Work already created, the HRS shall prepare and submit to the PA a detailed SOW specifying the improvements needed to bring the unit up to preceding Rehabilitation Standards. The SOW will contain a detailed description of all repairs needed for the property and an estimate of the associated costs. Upon the review and approval of the PA, the rehabilitation work can be put out for bidding. Until the rehabilitation work is awarded to a contractor, all cost estimates shall be kept confidential.

Contractor Solicitation

The County will maintain an open application period on its NSP website to recruit interested contractors. The application will be provided to any interested General Contractor and is available year-round. Additionally, the County will provide for an initial public notice for the solicitation of contractors. Said notice shall also be posted in the appropriate County office, currently the County’s Health & Human Services Department. Any appropriately licensed and insured General Contractor who wishes to participate in the program may submit an application. Once an application is deemed complete by the County, meaning the application has been completed in its entirety and all supporting documentation requested by the County has been

submitted and approved as sufficient, the County will perform a detailed review and vetting process on the General Contractor.

Based on the approved applications received, the County will establish and maintain a list of eligible, approved contractors for bidding on all phases of a program. Only those contractors who are so listed will be considered for work on a program. Establishment of this list will include maximum outreach to allow for utilization of qualified local vicinity, and minority contractors

The County will make every effort to notify contractors residing or maintaining offices in the local area through public notices, as part of complying with Federal Section 3 and Minority-Owned Business Enterprise (MBE) 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 solicitation advertisements, will be placed in the appropriate program file. In addition to active efforts to comply with Federal Section 3 and MBE requirements, the County will follow all NSP requirements in its advertising and will promote fair and open competition.

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

Maintenance of a pool of competitive, qualified, and capable contractors is essential to program completion.

Contractor Eligibility

In order to participate in NSP, a contractor must be approved as eligible by the HRS, the PA, and the BOCC. In cases where there is uncertainty about a contractor's eligibility, and given that it does not violate NSP rules, the current purchasing policy of the County will be used to determine eligibility of the contractors.

Basic contractor qualifications include:

- Current license(s) with the appropriate jurisdiction.
- A satisfactory record regarding complaints filed against the contractor at the State, Federal or local level.
- Insurance:
 - a. Contractor's Public Liability Insurance in an amount not less than \$1,000,000 coverage
 - 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. 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 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.

- A satisfactory credit record, including:
 - (b) 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.
- Satisfactory references from at least three (3) parties for whom the contractor has performed construction work.
- Absence from any list of debarred contractors issued by the Federal or State DOL, HUD or FDEO.
- 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 all pre-bid conferences. Program procedures, such as bidding and payment are also explained to the contractors.

Contractor Disqualification

Contractors may be prohibited or removed from program participation for:

- Poor workmanship, use of inferior materials, or overall inability to perform quality work.
- 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.
- Failure to abide by the Scope of Work (SOW), failure to complete SOW (and bid) accomplishments, and any attempts to avoid specific tasks in attempts to reduce costs.
- Failure to pay creditors, suppliers, laborers or subcontractors promptly and completely.
- Disregarding contractual obligations or program procedures.
- Loss, cancellation and or termination of license(s), insurance or bonding.
- Lack of reasonable cooperation with owners, rehabilitation staff or the others involved in the work.
- Abandonment of a job.
- Failure to complete work in a timely manner.
- Inability or failure to direct the work in a competent and independent manner.
- Failure to honor warranties.
- Ineligibility to enter into federally or state assisted contracts as determined by the U.S. Secretary of Labor, HUD, E-Verify or FDEO.
- Other just cause that would expose the County, the program or owner to unacceptable risk.
- Failure to respond to a minimum of three (3) consecutive requests for bids.
- At the contractor's request.

The County may disqualify any General Contractor with a known record of discriminatory employment practices or who appears on HUD's list of debarred contractors. Contractors will be expected to comply with all applicable equal opportunity and civil rights laws and regulations.

Bidding

For NSP, the bidding process can be started prior to closing, based on the professional judgment and at the discretion of the HRS and the PA, in the best interest of keeping the program moving forward. However, bidding can also commence after the property is closed and the partner or homebuyer has taken title.

Bidding of potential units is conducted by the HRS in conjunction with the County partners when applicable. Partners / homebuyers have the right to remove any contractor(s) from the list of prospective bidders for their property as long as at least three (3) eligible contractors are allowed to bid. The partner or homebuyer must be willing to justify the removal of contractor(s) from the bidding list, and may also request additional contractors as bidders. If these additional contractors submit the contractor application, are approved by the PA 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. In compliance with this Plan and County policies governing the qualifying, approval, and award process, the HRS shall recommend 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 properties.

No partner, homebuyer, or immediate relative of the same, either personally or corporately, shall serve on their own property, as a contractor or sub-contractor to be paid with NSP funds, nor shall they be paid for their own labor with NSP funds.

A notice will be sent via email, fax or mail to each eligible bidder to inform them of all bidding notices. Bidding notices will also be posted at the appropriate County office, currently the Health & Human Services Department. Newspaper advertising for individual jobs is not performed, as contractors must be pre-qualified.

Each contractor is required to attend a pre-bid conference held at the house to be rehabilitated. 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 rejection of the violating firms' bids.

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 reserves 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 new contractor to the program must satisfactorily complete rehabilitation (or demo / replace) on one unit 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 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 on project quality, project deadlines and program completions.

This rule may be waived by the PA 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. The County shall monitor all bids and awards of contractors before closing and any payments are released. The County will ensure that there is open and fair competition and for Section 3 and MBE goals prior to award of bids.

Contracting and Commencement of Construction

For NSP, no construction work shall commence until the property is closed and the new owner (whether partner or homebuyer) has taken title.

Prior to the execution of the DPL and the construction contract, the HRS presents each case to the PA. The DPL amount, contract amount, and contractor are all approved by the PA. The construction contract is then executed between the homeowner and the contractor. The DPL is executed by the PA on behalf of the County simultaneously with the construction contract, with the three (3) day rescission period running simultaneously for both legal agreements.

For all units, the DPL and the Notice of Commencement (NOC) are recorded immediately. NSP funds can be used to pay for DPL recording costs. The filing of the Notice of Commencement shall be the responsibility of the Contractor.

The Notice to Proceed (NTP) is issued to the contractor as soon as possible after the rescission period elapses. The contract time of performance (generally 25 –45 days for rehabilitation and 90 to 180 days for replacement / redevelopment) begins with issuance of the Notice to Proceed. The HRS shall recommend the appropriate contract period based on the type, size and complexity of the work.

Construction Progress Inspections

Periodic inspections of the rehabilitation construction are performed by the HRS and the PA 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.

Change Orders

Any additions to, deletions from, or changes in the construction 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 contractor and is approved by the HRS, the owner and the PA. Change

orders may be issued to correct code deficiencies or to obtain any other desired change in the work due to unforeseen repair needs. NSP funds can be used for change orders that correct eligible code violations, as determined by the HRS, found after construction begins. Additional work that exceeds the maximum NSP allowable rehabilitation budget or addresses non code-related changes will be at the owner's expense.

Payment

Where 203K financing is used, 203K requirements shall govern release of payments. The County shall monitor the work and the inspections provided by the 203k program before payments are made to the contractor. The 203K lender shall be notified of this requirement before closing.

Regular NSP rehabilitation 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% of the construction work (less punch list items), with a retainage of 20% of the completed contract amount. Depending on extenuating circumstances and contract balance, more or fewer partial payments may be authorized at the recommendation of the HRS for approval by the PA.

Construction Completion /Percentage of Funds Paid

> 60% / 0 %

60 % / 40%

100% / 80%

Final payment will be made as noted below.

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 PA.
3. An affidavit from the contractor stating that 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).

The final payment approval requires:

1. Acceptance of all work by the property owner, the HRS and the PA. When required, the County Building Department must also accept all work.
2. Submission of all manufacturers' and other warranties (e.g., appliances, roofing, extermination, contractor's warranty covering the entire scope of work and any change orders 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 Notices to Owner.

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. Such disbursement shall be issued only after the PA has reviewed the facts and circumstances involved in the dispute and has 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 BOCC. The BOCC has the authority to uphold, rescind or reverse a previous CATF determination.

An appeal of the local determination/decision made by the BOCC should be filed with FDEO or HUD, as set forth in the County's CDBG Citizen Participation Plan. Sufficient documentation to this effect shall be placed in the case file.

Disputes and Contract Termination

Regarding disputes, and as authorized and outlined in the construction contract, the owner and/or the County has / have the right to stop work and terminate the contract.


Follow-Up

After completion of the contract, it is the owner'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 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 a written request for warranty service to the contractor and a copy to the owner. **Contractors are required to warranty ALL WORK for a period of at least one year following contract close-out (date final payment is issued) and provide applicable appliance and material manufacturer warranties.** 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.

3.13 NSP Program Income

The County will comply with all HUD and FDEO rules regarding the application of Program Income. To that end, the County has adopted a Program Income (PI) Plan. The PI Plan is intended as a guide, to allow flexibility for the PA to apply PI in the best interest of the County in compliance with all HUD and FDEO rules.

This Housing Assistance Plan and its Operational Procedures is adopted this 13 day of Nov., 2012


, Wayne D. [Signature] Chairman

ATTEST:

Karen Nicolai

Karen Nicolai
Clerk of the Court

[Signature]

APPENDIX A

CDBG RANKING CRITERIA

Applicants must complete and submit all required information on all household members for a determination of income eligibility and must be willing to execute all necessary documents on a timely basis.

The application process shall have a noticed cut-off date for the receipt of applications. Applications received by the noticed cut-off date will be considered on a 'first-come, first-qualified, first-served' basis.

Applications received after the noticed cut-off date will continue to be considered on a 'first-come, first-qualified, first-served' basis as alternates after the primary list of applicants has been considered and exhausted, where sufficient funds remain to address more units. This means the applicant has complied with all program criteria and has furnished all required documentation, and the housing unit has been deemed eligible. Income qualification and unit qualification both apply. For example, an applicant might complete their file and is qualified, but the unit is in the flood plain or is historic, and insufficient funds remain to address those issues. However, the next applicant who is 'first-come, first-qualified, first-served' qualifies and only needs roof and window repairs, and there are sufficient funds remaining to address these issues.

Applicant Qualification Criteria and Requirements

Applicants will not be considered for award until they:

- Have submitted a complete application.
- Have provided all supporting documentation required by the application, along with any documentation requested by the HRS and the PA.
- Have been found by the HRS to be income-eligible.
- Can document clear and/or unencumbered title to their primary residence.

The final hurdle prior to being served is for the applicant's primary residence to be qualified as feasible for rehabilitation or replacement. At the discretion of the HRS, the applicant's primary residence will be inspected and qualified / disqualified during or after all the foregoing steps have been completed.

Income-eligible applicants are those applicants with household incomes that fall at or under 80% of the Area Median Income (AMI). Income eligibility is determined by using the total household gross income and shall be determined upon completion of application process.

Applicant Selection Criteria and Requirements

Applicants will be selected on a first-come, first-qualified, first-served basis and will be documented by the individual(s) receiving the applications by date and time stamp. Assistance is subject to funding availability. No other ranking or scoring process will be used.

Applicant Priority

While the County will be using a first-come, first-qualified, first-served basis for selecting applicants for CDBG funding, the County recognizes there are times when priority must be given to certain underserved groups or to meet CDBG requirements.

CDBG rules require that a certain number of very low income (30% AMI) applicants be served. Therefore, priority will be given to these applicants until the required number of very low income units has been satisfactorily addressed in accordance with the CDBG award agreement with FDEO.

In addition, per the County's award agreement with FDEO, other priority groups will be allotted a certain number of "slots." Priority will be given to applicants who fall into one or more of the following categories until all priority slots have been filled, following "first-come, first-qualified, first-served:"

- Applicants who are elderly (Greater than 62 years of age)
- Applicants who are handicapped/disabled (with acceptable proof of handicap/disability)
- Applicants who are veterans of any war as declared by the Congress of the United States of America.
- Applicants who are the spouse or child of a deceased veteran of any war as declared by the Congress of the United States of America.
- Applicants who are on active military duty in any branch of the United States Armed Forces.
- Applicants who are living in conditions that are dangerous or unhealthy, as determined by the HRS and the PA.

Notwithstanding the above, these other applicant priority consideration factors will also take effect in the event that applicants simultaneously submit an application and it is not discernible by the individual(s) receiving the application which applicant entered the facility to submit the application first, or in the event that the applicants enter the facility to submit the application at the same time and there is only one individual to receive the applications causing one person to have a later date and time stamp on their application.

In addition, if the HRS, in consultation with the PA and other applicable County/City Departments (Housing, Building, Fire, Health Department or Code, etc) it is determined that one applicant's housing unit poses a greater hazard to health and safety than another's, the applicant at greater risk of physical harm may be given priority (i.e. roof replacement would take precedence over a window repair).