



**Neighborhood Stabilization Program
HOUSING ASSISTANCE PLAN**

Housing Program
Community Planning, Zoning and Development Division
6051 Old Bagdad Highway, Suite 201
Milton, FL 32583
(850) 981-7076

**SANTA ROSA COUNTY
NEIGHBORHOOD STABILIZATION PROGRAM (NSP)
HOUSING ASSISTANCE PLAN
GENERAL INFORMATION FOR PARTICIPANTS**

I. INTRODUCTION

The Housing and Economic Recovery Act signed into law on July 30, 2008 provided Neighborhood Stabilization funds to assist with the redevelopment of abandoned and foreclosed homes and residential properties in areas of greatest need to address neighborhood decline.

The purpose of NSP funds is to establish strategies and select activities based on the principal goal of stabilizing neighborhoods. NSP assistance is a special allocation of Community Development Block Grant (CDBG) funds that will be administered following federal CDBG regulations, as modified by authorizing federal legislation. In addition to federal regulations, Florida Statutes, Florida Administrative Emergency Rule 9BER09-1 and the Housing Assistance Plan shall guide and direct administration of NSP assistance.

Neighborhood Stabilization Program funds will be used to improve the condition of area neighborhoods which are in jeopardy of decline due to the rising number of foreclosures.

This Housing Assistance Plan shall serve as the framework for selecting beneficiaries and housing units under all strategies and eligible activities under the County's Neighborhood Stabilization Program. The purpose of this information is to advise potential program participants of the guidelines by which the County will operate its Neighborhood Stabilization Program.

Neighborhood Stabilization funds will be used to increase the supply of affordable housing to very-low, low, moderate, and middle income (LMMI) families. Foreclosed properties will be purchased, rehabilitated and either sold to LMMI families or used to provide rental housing.

Santa Rosa County will not discriminate on the basis of race, creed, color, sex, religion, ethnicity, handicap, age, national origin or family status. A policy to eliminate discrimination in housing was adopted as Ordinance No. 90-53 by the Board of County Commissioners.

A Citizen's Advisory Task Force (CATF) has been established by the County to serve as an oversight committee to provide public participation in the development of program funding strategies.

II. GENERAL

Any housing units located within a FEMA designated Special Flood Hazard Area being considered for acquisition and rehabilitation must have a finished floor elevation equal to or exceeding three feet above the 1 percent annual chance flood elevation requirement. A FEMA Elevation Certificate is required as proof of elevation.

The date of original construction of a structure will be determined by the County's property records and the data provided by a title search. No activities resulting in a physical change to a structure older than 50 years is anticipated. However, if such a property is considered information must be presented to the Florida Department of State Bureau of Historic Preservation. The information will include the proposed rehabilitation specifications and current pictures. The decision as to whether to proceed with the project will be based upon the guidance received from the State Bureau of Historic Preservation. Should property built prior to 1978 be considered, an inspection by a licensed lead inspector is required. If lead is found exceeding the maximum safe amounts as specified by HUD and a decision is made to proceed with the acquisition and rehabilitation of the property, the lead will be abated based upon the direction of the lead inspector. The lead abatement process shall be included in the bid specifications. After the lead abatement has been completed the clearance test will be performed by the licensed lead inspector. Abatement will continue until clearance is obtained.

All properties to be purchased, rehabilitated and sold will be subject to an environmental review in accordance with 24 CFR part 58 prior to a request of release of funds from HUD. Activities that are categorically excluded will contain the HUD approved checklist in each file. No funds will be drawn until all environmental activities have been concluded and cleared.

Activity delivery costs under NSP shall be considered costs associated directly with rehabilitation of NSP assisted units beyond the actual cost of rehabilitation construction. These costs may include work write-ups, inspections, structural integrity inspections, lead based paint inspections, legal and recording fees associated with rehabilitation deferred payment loans (DPLs). Activity delivery costs shall be no more than ten percent (10%) of the actual housing construction budget. Costs to secure NSP purchased properties against vandalism during an interim period and costs for temporarily maintaining a property (security, grass cutting, insurance, etc.) are eligible expenses under activity delivery. Activity delivery costs are not administration activities and are not included as a part of the administration cost budget.

III. TYPE OF ASSISTANCE

Three (3) Strategies will be used by Santa Rosa County:

- Housing Acquisition/rehabilitation of homes for sale to individuals and families with incomes less than 120 percent of AMI.
- Housing Finance

- Housing Acquisition/rehabilitation of homes for lease to households at or below 50 percent of AMI.

To select participants, the following steps will be taken:

1. The County shall advertise the notice of property and funding availability in a newspaper of general circulation at least 15 days before the beginning of the application period. In addition to advertising in the newspaper, the County will advertise the NSP program on the official web site.
2. Interested applicants may obtain information regarding how to apply for funding at the County Housing Program Office located at 6051 Old Bagdad Highway, Suite 201, Milton, FL 32583. Information shall include, at a minimum, a copy of the Housing Assistance Plan and Lead Base Paint warning information. A program representative will be available to meet with interested parties to discuss the requirements of the program.
3. Eligible applicants 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.
4. Eligible program participants must qualify for the income levels set forth in each funded strategy. All applicants (LMMI) served must be at or below 120% of AMI. Income eligibility shall be determined upon completion of an application process. Income eligibility is determined by using the total household gross income.
5. Applicants must complete and submit all required information on all household members for a determination of income eligibility through sub-recipients, mortgage lenders, or directly to the County as appropriate under each funded strategy.

All program beneficiaries receiving assistance to purchase an NSP property or benefiting from Housing Finance mechanisms will be required to attend an 8-hour HUD approved Homebuyer Education Class prior to the purchase.

All recipients who receive NSP funding in connection with the purchase of a home will be required to provide proof of insurance at closing and maintain homeowners insurance including fire, liability, causality and theft coverage. The owners of all properties purchased with NSP funding that are located in a flood zone must provide proof of flood insurance at closing. All required insurance policies must be maintained for the length of time the mortgage with the local government is in effect.

HOUSING REHABILITATION

Neighborhood Stabilization Program funds will be utilized to purchase foreclosed and abandoned properties in areas of greatest need to return such properties to the affordable housing inventory to aid in meeting the needs of LLMI families for both home purchase and rental. The rehabilitation activities will occur via contract with one or more non-profit housing organizations through a proposal process.

Rehabilitation Standards

Upon completion, rehabilitation projects will meet all of the following standards:

1. HUD Section 8 Housing Quality Standards (24CFR982.401)
2. Local Zoning Requirements
3. State of Florida Building Code
4. Local Building Code
5. Modern, Green Building and Energy-Efficiency Improvements
6. Florida Energy Efficiency Code for Building Construction (Newly Constructed Housing Units)
7. Accessibility Requirements of 24 CFR Part 8, 24 CFR 100.201, and 24 CFR 100.205, as applicable.
8. Manufactured Housing 24 CFR Part 3280 (**Ineligible activity under this plan**)

Homes considered for purchase under this program will be evaluated by the local housing program inspector and/or non-profit sub-recipient and a written recommendation of condition will be submitted to County staff for approval prior to an offer for purchase being submitted to the owner of the property.

Written notification will be submitted by certified mail to all property owners who were notified their properties were being considered for purchase under this program but later were eliminated from consideration.

The owner of a parcel of property will be required to sign a purchase option contract with the County or the sub-recipient that commits the property owner to sell the property prior to carrying-out due diligence on the property being considered for purchase.

A detailed work write-up specifying the improvements needed to bring the unit up to NSP Rehabilitation Standards and local code requirements will be required. The work write-up will consist of a detailed description of all repairs needed for the unit and a confidential estimate of the associated costs. Specifications will include energy conservation measures proposed for the structure, and lead based paint inspection and any necessary abatement. Additionally, a determination will be made to ensure that the property meets all appropriate local codes such as nuisance, trash and other environmental or health codes.

All NSP assisted property acquisitions must be voluntary acquisitions. The County will not exercise any powers of eminent domain in connection with NSP purchases.

Rehabilitation contracts on homes owned by the County will be executed between the General Contractor and the County. Rehabilitation contracts on homes owned by a sub-recipient will be executed between the General Contractor and the sub-recipient.

During the construction, and prior to NSP funds being disbursed for rehabilitation work, the Housing Program Inspector will inspect the work to ensure compliance

with county ordinances, state law, and Southern Building Code. Random, unscheduled, site inspections will also be made during the construction.

A single contractor shall be limited to a maximum of three (3) projects at any given time.

Procurement/Bids/Awards/Contracts

All procurement of construction contracts will be in compliance with the County's Community Development Block Grant Program Procurement Policy. Invitations to bid shall be published in the local paper, be listed on the County's website, and invitation to bid letters will be sent in writing (mailed, faxed or emailed) to general contractors who have requested to be included on the bidder list. Attendance at a pre-bid on-site meeting is mandatory. All bids must be original and delivered by hand, Fed EX, or mail to the County's procurement Department by the specified time. Bids must be sealed. Bids will be publicly opened and read aloud. Santa Rosa County does not discriminate on the basis of race, color, national origin, sex, religion, age, or handicapped status in employment or provision of service. Consideration may be given to such factors as past contract performance, time of performance, and apparent capacity to carry out the work. Bids will be evaluated and the lowest, qualified bid will be recommended for approval.

Contractors who have a potential conflict of interest with any recipient, sub-recipient or potential beneficiary will not be allowed to submit bids or perform work.

The contractor is required to purchase and maintain commercial liability insurance in the amount of not less than \$300,000 combined single limits. Contractor shall carry commercial automobile insurance written to cover all owned, hired, and non-owned vehicles. Contractor shall purchase and maintain statutory worker's compensation coverage. All coverages must be underwritten through insurance carriers admitted to do business in Florida.

Each construction contract will include a draw schedule, defined late penalties and the number of days to complete the rehabilitation. A Notice of Commencement will be recorded after the contract is executed. A Notice to Proceed will be issued to the contractor. All construction projects require permitting through the local building department. Change orders will only be considered when items are exposed that could not have been detected prior to work commencing and for health and safety issues. No change orders are to be considered approved until fully executed by the contractor, the County, appropriate sub-recipient and housing program inspector. No change order will be considered over one thousand dollars (\$1,000.00) unless it is to address a building code violation, Section 8 Housing Quality Standard issue, local code or health and safety issue.

Invoices will be submitted by the contractor. Verification of required building inspection approvals and partial or full lien releases will be obtained. A Certificate of Occupancy or a Certificate of Completion indicating that the housing unit meets the

applicable local code and Section 8 Housing Quality Standards signed and dated by the local building inspections department is required before final payment. Full release of liens from the contractor is required along with a statement that all items have been completed in accordance with the scope of work and specifications.

The contractor must provide all warranty information associated with appliances, roof, HVAC or other products installed during the rehabilitation in a file to the Housing Program office. Contractors are required to guarantee all workmanship for a period of at least one year following contract close-out.

RENTAL ASSISTANCE

The local Neighborhood Stabilization Program Low Income (NSPLI) supplemental allocation will be utilized to purchase and rehabilitate foreclosed and abandoned housing. Units will be brought up to Section 8 Housing Quality Standards and made available as rental properties to households with a combined income that is at or below 50% of the area median income (AMI).

A non-profit organization shall be selected via the County's Request for Proposal (RFP) process and must meet the following selection criteria:

- Organization or public housing authority whose purpose is to further affordable rental housing and is a designated 501(c)(3) non-profit organization under IRS guidelines whose bylaws state that its purpose is to further affordable housing.
- Legally operating within the jurisdiction of the County.
- Has demonstrated track record of financial and administrative capacity and at least five (5) years experience in management of affordable housing.

A deed restriction will be placed on each property purchased with NSP funding requiring that the rent remain affordable for tenants at or below 50% of AMI for a minimum of 15 years. The rental property will be purchased by the selected non-profit organization. The County will require a note and mortgage for the amount of NSP funds expended on the property. The mortgage will be for a fifteen (15) year term at zero percent interest rate. The debt will be forgiven at the end of the fifteen (15) year term. The total amount will become due and payable to the County if title to the property is transferred from the non-profit during the fifteen year period. If the non-profit cannot continue to own or manage the property, the property will revert back to the County. The County will transfer title to another non-profit that has the capacity to maintain and properly manage the property.

Units will be rented for no more than the Fair Market Rents (FMC) as published annually by HUD. The non-profit will review the current fair market rates and may reduce the rents to ensure that units are affordable to tenants at 50% of AMI.

Individuals or households who wish to occupy NSP rental units must apply directly to the designated non-profit partner. The non-profit will be monitored for income compliance for the term of affordability to ensure that occupants are income qualified below 50% of the area median income at the time of occupancy and that the units are decent, safe and that sanitary conditions meet minimum housing quality standards.

ACQUISITION/ PURCHASE

It is anticipated that the County will not directly acquire properties. However, it reserves the right to do so. A sub-recipient will be selected on the basis outlined under the (1) Homeownership (Acquisition/Rehabilitation/Resale) and (2) Housing Acquisition/Rehabilitation of Homes for Lease to Households at or Below 50 Percent of AMI strategies. Acquisition funding will be available for purchase of foreclosed residential units. Prefabricated, manufactured housing or trailers purchases are not allowed. Each foreclosed property acquired with NSP funding must be acquired at a minimum discount of five percent below the current appraised value. The overall portfolio of all properties purchased with the County's allocation must meet a minimum of fifteen (15) percent discount. Each transaction will require a current appraisal completed within sixty (60) days of an offer to purchase. Current market appraised value is defined as the value of a foreclosed/abandoned/blighted residential property or structure that is established through an appraisal made in conformity with the appraisal requirements of URA at 49 CFR 24.103 and completed within sixty (60) days prior to making a final offer.

The County will utilize Metro Market Trends, Inc. services to identify banked owned properties to develop a list of foreclosed properties in areas of greatest need. In addition, owners of foreclosed properties may be contacted directly by the County. The County will also solicit a list of homes for sale that meets the program requirements from local realtors.

Identification of Units

Priority will be given to units meeting the following criteria:

- Units outside of special flood hazard areas
- Units that were built after January 1, 1978
- Units that are less than 50 years old
- Units that need minor repair or no repair

Disqualifying criteria:

- Properties with excessive liens or recorded encumbrances to delay the completion of the purchase transaction.
- Properties with environmental or other hazards that would preclude a timely and cost effective acquisition and disposition.
- Properties with encroachments that cannot be brought into compliance within the required time frames.

The properties being considered for acquisition will be inspected by the Housing Program inspector. A written report will be prepared and used in determining which properties would best address the strategies to be carried out under the NSP program.

Once the offer is accepted by the seller the following is required:

- Property (house location) survey with floor elevations, as appropriate.
- Phase 1 Environmental Assessment
- Title search
- Current zoning

The property closing will be handled through an insured closing at a title company or attorney's office.

Eligible acquisition costs include normal and reasonable expenses including, but not limited to, legal fees, appraisals, title insurance, site surveys, documentary stamps on mortgages and deeds, intangible taxes and recording fees.

No relocation activities will be undertaken.

If the local government decides not to purchase a property after the local government has notified the property owner in writing that they are considering purchasing the property, a letter notifying the property owner of the local government's decision not to purchase the property will be sent by certified mail to the property owner.

DISPOSITION SALE

Sub-recipients will be allowed a developers fee (maximum of 12%) for:

- Marketing the property
- Finding and qualifying applicants for purchase or rental of the property
- Assisting prospective home buyers with the home buying process including obtaining a fixed rate mortgage
- Working with local government housing staff to verify all NSP requirements are being adhered to.

HOMEOWNERSHIP ASSISTANCE

Homebuyer must purchase a home in the County's NSP designated area of greatest need. Applicants will be approved on a first come, first qualified, first ready basis. Purchaser must qualify through a mortgage lender for a conventional, FHA, VA fixed rate mortgage with a 30-year term. Sub-prime mortgages and adjustable rate mortgages are not allowed. Assistance will be in the form of a non-amortizing, deferred payment loan at zero percent interest secured by a second mortgage for a period of fifteen (15) years. NSP subsidies will not exceed 50% of the purchase price of property as improved. Front end payment ratios cannot exceed 35% and back end ratios cannot exceed 41% for any buyer under this program.

Homebuyers purchasing NSP assisted housing must complete a minimum of 8 hours of home buyer counseling from a HUD approved agency. The counseling may be provided in a classroom setting, one-on-one or a combination of both. The applicant must provide a course Certificate of Completion that is dated within 6 months prior to the closing date of the purchase. A copy of the certificate will be maintained in the applicant's file.

The full amount of the loan is due and payable if the property is refinanced without prior authorization of the County, the home is sold, title is transferred and/or the home ceases to be the primary residence of the applicant, or if the homeowner fails to maintain the required insurance during the term of the deferred payment loan. In the event the homeowner wishes to refinance the first mortgage, the request must meet the criteria of the County's subordination policy. This policy is provided to each homeowner prior to the closing of an NSP assisted purchase. An heir that meets the income guidelines of the program may apply for qualification. If approved, the heir must maintain the home as their primary residence for the remainder of the deferred payment loan term and comply with all of the terms and conditions of the second mortgage.

If the assisted homeowner complies with the conditions of the second mortgage throughout the stated term, the loan is forgiven and a release will be recorded in the public records.

IV. CONFLICT OF INTEREST

All contractors, board members, county staff, sub-recipients, and program beneficiaries must disclose all potential conflicts of interest in writing to the program administration staff. All conflicts of interest notices received by staff will be presented to the Citizens Advisory Task Force and the Board of County Commissioners and will be acknowledged in the meeting minutes. All conflicts will be made public and identified prior to the award of any contracts or benefits under the NSP program. All individuals with voting or decision making responsibilities that have a potential conflict of interest will abstain from voting on that item after making the conflict of interest public.

All conflicts will be addressed on a case by case basis to include consideration of a possible waiver. For a person with a potential conflict of interest to be eligible to participate in the program, the following steps must be taken:

1. The applicant must declare on the application form that a conflict of interest may exist.
2. The County must decide whether to proceed with requesting a waiver on the potential participant despite the conflict of interest.
3. If the person with whom the conflict of interest exists is a voting member of any organization participating in the NSP program that person must declare a conflict of interest and not vote on any items that relates directly or indirectly to the potential participant.

4. The County attorney shall prepare a written document stating in his or her opinion proceeding with the action would not violate any state or local laws.
5. A written request for waiver must be sent by the County to DCA for review and comment.
6. If a waiver is obtained, the potential participant would be considered for final approval.

V. ADMINISTRATIVE

As defined in the NSP Emergency Rule, program administration costs cannot exceed 6.8% of the allocation. Activity delivery costs and the expense for homebuyer counseling will be included in non-administrative activity cost. Administrative costs include costs associated with overall NSP management, preparation of reports, coordination, and monitoring.

VI. CLOSEOUT DOCUMENTATION

The following will be provided to the Department of Community Affairs as part of the closeout package at the completion of the NSP contract:

1. The address of each housing unit acquired and/or rehabilitated.
2. The date the construction or sale was completed.
3. The amount of NSP funds spent on each unit.
4. The household composition of the beneficiary renting or purchasing each housing unit:
 - a. Identify each female head of household.
 - b. The number of handicapped persons occupying the residence.
 - c. The number of elderly persons in the household.
 - d. The LMMI status of the household.
 - e. The number of occupants categorized by sex.
 - f. Racial demographics of the head of household by number (White, Black, Hispanic, Asian/Pacific Islander, or American Indian/Alaskan Native).

Adopted by the Santa Rosa County Board of County Commissioners this ____ day of _____, 2009.

Don Salter, Chairman

ATTEST:

Mary M. Johnson, Clerk of Court