

To: The Honorable Mayor and City Council

From: Tanya Wilson-Sejour, Planning Manager, Community Planning & Development

Date: June 17, 2014

Re: Amendment to Current Housing Guidelines to Establish An Open Enrollment Period

A RESOLUTION OF THE VICE MAYOR AS ACTING MAYOR AND CITY COUNCIL OF THE CITY OF NORTH MIAMI, FLORIDA, APPROVING AND AMENDMENT TO THE HOUSING GUIDELINES TO ESTABLISH A QUALIFYING TIME PERIOD FOR ASSISTANCE ELIMINATING THE EXISTING WAITING LIST; PROVIDING FOR AN EFFECTIVE DATE AND FOR ALL OTHER PURPOSES.

RECOMMENDATION

It is recommended that the Vice Mayor as Acting Mayor & City Council approve the proposed Resolution in order to amend the existing Housing Guidelines to establish a specific qualifying time period for notifying the public of availability of funding for housing rehabilitation assistance thereby creating an annual waiting list and eliminating the outdated waiting list.

PURPOSE & INTENT

Staff is requesting an amendment to the existing Housing Guidelines in order to establish a specific application period for notifying the public of funding availability and to accept new applications from September 1 to October 31 of each calendar year; thereby creating an annual waiting list and eliminating the backlog and delays encountered with the outdated waiting list.

BACKGROUND

The U.S. Department of Housing & Urban Development (“HUD”) funds the City’s Community Development Block Grant (“CDBG”), the State Housing Initiative Partnership (“SHIP”), the Neighborhood Stabilization Program (“NSP”), and the HOME Investment Partnership (HOME) programs, to assist with various housing programs and activities to qualified residents.

To that end, the City, passed and adopted the Housing Program Guidelines by Resolution 2006-55 on April 25, 2006 as further amended by Resolution 2010-45 to establish standards that guide the use of the aforementioned funds. However, the current guidelines do not include provisions governing the time period in which to notify the public of funding availability nor does it include specific periods in which applicants may request funding assistance through the City's CDBG, HOME, NSP & SHIP Programs. As such, the waiting list has become excessively burdensome, is outdated and is backlogged with names continuously being added; even during periods when funding has been exhausted. Having a continuous waiting list with no defined enrollment period is cumbersome and creates unnecessary delays in both the applicant's time and the City's delivery of services. In fact, many other Cities with similar housing programs have established annual waiting list with specific application periods to maintain an efficient process. In an effort to address the aforementioned problem, the Community Planning & Development Department is proposing an amendment to Section 1 of in the current Housing Program Guidelines in order to establish a specific application period annually and to include the following definition:

“Waiting List: “The term refers to an annual waiting list that is maintained for a specific time period after the public is notified of funding availability through CDBG, HOME, NSP & SHIP Program. The application period in which the public may request funding assistance shall be from September 1st thru October 31st annually.”

CONCLUSION

Staff believes the proposed request is necessary in that it allows the City to eliminate the existing waiting list that has become exhaustive and has created unnecessary backlog. As such staff recommends approval of the proposed Resolution.

Attachments

1. Resolution
2. Housing Guidelines Program (Amended)

RESOLUTION NO. _____

A RESOLUTION OF THE VICE MAYOR AS ACTING MAYOR AND CITY COUNCIL OF THE CITY OF NORTH MIAMI, FLORIDA, APPROVING AN AMENDMENT TO THE HOUSING PROGRAM GUIDELINES TO ESTABLISH AN APPLICATION TIME PERIOD FOR HOUSING ASSISTANCE AND TO ELIMINATE THE EXISTING WAITING LIST; PROVIDING FOR AN EFFECTIVE DATE AND FOR ALL OTHER PURPOSES.

WHEREAS, the U.S. Department of Housing & Urban Development (“HUD”) funds the City of North Miami’s (“City”) Community Development Block Grant (“CDBG”), the State Housing Initiative Partnership (“SHIP”), the Neighborhood Stabilization Program (“NSP”), and the HOME Investment Partnership Program (HOME) programs, to assist with various housing programs and activities; and

WHEREAS, the City, as required by program regulations, passed and adopted the Housing Program Guidelines (“Guidelines”) by Resolution 2006-55 on April 25, 2006, to establish a detailed policy and procedure for all federally funded programs administered by the City; and

WHEREAS, the Guidelines were amended on May 11, 2010 under Resolution 2010-45 to include the Neighborhood Stabilization Program (“NSP”); and

WHEREAS, the Guidelines currently do not include a time period in which to notify the public of funding availability and do not include an application open enrollment period in which the public can apply for funding assistance through the multiple housing programs offered by the City, and as such the existing waiting list has become exhaustive and has created an unnecessary backlog; and

WHEREAS, City Administration is proposing a change to the Housing Program Guidelines where a specific sixty (60) day application period (September 1 to October 31 of each calendar year) would be established for purposes of allowing qualifying applicants to apply for housing rehabilitation assistance; and

WHEREAS, the Vice Mayor as Acting Mayor and City Council desire to amend the Housing Program Guidelines to incorporate a specific time period for accepting applications for

housing rehabilitation assistance, establish a new annual waiting list and also eliminate the existing outdated waiting list.

NOW THEREFORE, BE IT RESOLVED BY THE VICE MAYOR AS ACTING MAYOR AND CITY COUNCIL OF THE CITY OF NORTH MIAMI, FLORIDA:

Section 1. Amendment to the Housing Program Guidelines. The Vice Mayor as Acting Mayor and City Council of the City of North Miami, Florida, hereby approve an amendment to the Housing Program Guidelines, attached hereto as Exhibit A, to establish a specific qualifying period for housing rehabilitation assistance and establish a new annual waiting list.

Section 2. Effective Date. This Resolution shall become effective immediately upon adoption.

PASSED AND ADOPTED by a _____ vote of the Vice Mayor as Acting Mayor and City Council of the City of North Miami, Florida, this _____ day of June, 2014.

PHILIPPE BIEN-AIME
VICE MAYOR AS ACTING MAYOR

ATTEST:

MICHAEL A. ETIENNE, ESQ.
CITY CLERK

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:

REGINE M. MONESTIME
CITY ATTORNEY

SPONSORED BY: CITY ADMINISTRATION

Moved by: _____

Seconded by: _____

Vote:

Vice Mayor as Acting Mayor Philippe Bien-Aime

_____ (Yes) _____ (No)

Councilperson Scott Galvin

_____ (Yes) _____ (No)

Councilperson Carol Keys, Esq.

_____ (Yes) _____ (No)

Councilperson Marie Erlande Steril

_____ (Yes) _____ (No)

CITY OF NORTH MIAMI
COMMUNITY PLANNING & DEVELOPMENT
DEPARTMENT
HOUSING DIVISION

HOUSING PROGRAM GUIDELINES

Approved on March 7, 2006

Updated on May 10, 2010

Updated on _____

**FEDERAL HOUSING PROGRAMS
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SECTION I

**INTRODUCTION, OVERVIEW, APPROVAL AUTHORITY &
DEFINITIONS**

SECTION I

INTRODUCTION

The following housing program guidelines were designed in response to the approved housing and community development goals of the City of North Miami. These goals are outlined in the City's 2005-2010 Consolidated Plan for Housing and Community Development, which was adopted by the North Miami City Council in June 2005. The City of North Miami, through its consolidated plan, has established the need to renovate the existing housing stock and create new housing units. In addition, the City desires to provide safe, decent and good quality housing. The establishment of housing programs for homeownership and rental housing and the establishments of partnership with private for-profit and non-profit housing providers will allow the City to address its housing needs and meet some of the established goals outlined in its consolidated plan. The programs are subject to amendments as determined by City policies and strategies and by future needs.

PURPOSES: The guidelines are established to provide and organize instructions, regulations, policies, and procedures for implementing and administering North Miami's housing programs using Community Development Block Grant (CDBG), HOME Investment Partnership (HOME) Program funds and Neighborhood Stabilization Program funds (NSP). The State of Florida Housing Incentives Partnership Program (SHIP) funds are used in concert with these federal funding sources and applicable regulations are referenced. The programs shall be administered in compliance with applicable CDBG, HOME, NSP and SHIP regulations and where there is a difference between regulations; the more stringent of the regulations shall apply. The guidelines shall also describe the coordination of various activities among the public and private partnerships and participants of the Programs. Specifically, these policies and procedures apply to Community Planning and Development (CP&D) staff, eligible homebuyers and renters, lending institutions, building contractors, other related professionals, eligible property owners, Community Housing Development Organizations (CHDOs), Community Development Corporations (CDC's), and other non-profit and for-profit housing providers. The guidelines shall provide definitions of related terms and provide references and citations for applicable federal and local regulations. The documents shall provide standard guidance to the internal staff that perform the daily operations of the Programs and can be used as a reference source by external entities and individuals.

OVERVIEW OF FUNDING SOURCES

1. Federal Entitlement Grants

The Department of Housing and Urban Development (HUD) awards annual formula grants to entitlement communities, such as the City of North Miami, to carry out a wide range of community development activities directed toward revitalizing neighborhoods, creating affordable housing, economic development and providing improved community facilities and services. The City is a recipient of funds under CDBG, HOME and NSP. The federal programs from which the City of North Miami receives funding for its Affordable Housing Programs and are described as follows:

Community Development Block Grant: Under the Community Development Block Grant (CDBG) Program, HUD makes available

entitlement grants by formula to qualified urban counties and metropolitan cities. HUD defines a metropolitan city as "a city within a Metropolitan Statistical Area (MSA), as established by the Office of Budget and Management, that is the central city of such area, or any other city within a metropolitan area that has a population of 50,000 or more. " An urban City is defined as any City within a metropolitan area that has a population of at least 200,000 (excluding the population of metropolitan cities therein) and has a combined population of 100,000 or more (excluding the population of metropolitan cities therein) in such unincorporated areas and in its included units of local government that contain the required percentage of low- and moderate-income persons as determined by HUD. HUD determines the amount of each CDBG entitlement grant by a statutory dual formula which uses several objective measures of community needs, including the extent of poverty, population, housing overcrowding, age of housing, and population growth lag.

HOME Investment Partnership Program: HUD, under the HOME Investment Partnership (HOME) Program, provides allocations of funds in amounts determined by formula to units of general local government that, as of the end of the previous fiscal year, qualify as metropolitan cities, urban counties, consortia approved in accordance with federal regulations, and states. To be eligible to become a participating jurisdiction in the HOME Program, the unit of local government must have a formula allocation that meets participation threshold amounts and notify HUD in writing of its intention to become a participating jurisdiction. Once designated a participating jurisdiction, the unit of local government remains a participating jurisdiction for subsequent fiscal years unless HUD revokes the designation. The factors used in the formula for determining HOME allocations reflect the unit of local government's need to increase the supply of affordable housing for low and very low income, including the relative inadequacy of its housing supply, the incidence of substandard housing, the number of lower income families in housing units in need of rehabilitation, the cost of producing housing, the number of families at or below the poverty level and the fiscal incapacity to carry out housing activities without federal assistance.

The City of North Miami is a qualified metropolitan city that annually receives federal entitlement funding from the CDBG Program as a metropolitan city and the HOME Program as a participating jurisdiction by formula as described above. These formula grants are awarded upon submission and approval of a consolidated plan, pursuant to federal regulations at 24 CFR Part 91, which covers assistance to be provided under these programs.

2. State Entitlement Grants

The State Housing Initiatives Partnership (SHIP) Program is the centerpiece of the William E. Sadowski Affordable Housing Act, which was signed into law on July 7, 1992. The Act creates a comprehensive funding package for state and local affordable housing programs. THE SHIP Program channels a portion of new and existing documentary stamp taxes on deeds directly to local governments for the development and maintenance of affordable housing. SHIP funds may be used to implement a Local Housing Assistance Program which may include the following:

- locally designed strategies to create or preserve affordable housing;
- supplementing Florida Housing Finance Agency Programs with SHIP monies;
- providing local match to obtain federal housing grant programs; and
- funding emergency repairs by existing service providers for weatherization.

The State of Florida awards grants to entitlement communities to carry out a wide range of community development activities directed toward revitalizing neighborhoods, economic development and providing improved community facilities and services. SHIP is one of the sources used for meeting match requirements of the federal HOME Program.

3. Neighborhood Stabilization Funds

The Neighborhood Stabilization Program (NSP) was established for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. Through the purchase and redevelopment of foreclosed and abandoned homes and residential properties, the goal of the program is being realized. NSP1, (authorized under the Housing and Economic Recovery Act (HERA) of 2008), provides grants to all states and selected local governments on a formula basis.

NSP1

Under NSP1, HUD allocated \$3.92 billion on a formula basis to 309 grantees including 55 states and territories and 254 selected local governments. The program was designed to stabilize communities across America hardest hit by foreclosures. Grant agreements for these funds have already been signed.

Florida was allocated \$540 million which is targeted to 48 entitlement communities and the State of Florida Department of Community Affairs to be distributed to 24 communities. NSP grantees must use at least 25 percent of the funds appropriated for the purchase and redevelopment of abandoned or foreclosed homes or residential properties targeted to households with incomes below 50% of the area median. In addition, all activities funded by NSP must benefit low- and moderate-income persons whose income does not exceed 120 percent of area median income.

Eligible Uses

NSP funds may be used for activities which include, but are not limited to:

- Establish financing mechanisms for purchase and redevelopment of foreclosed homes and residential properties;
- Purchase and rehabilitate homes and residential properties abandoned or foreclosed;
- Establish land banks for foreclosed homes;
- Demolish blighted structures;
- Redevelop demolished or vacant properties

PROGRAM ADMINISTRATION: The programs covered by these guidelines will be implemented by the City of North Miami's Community Planning and Development Department (CP&D) with overall responsibility being held by the Department's Director. In addition, the department will partner with any other appropriate City department and external agencies in implementing the program. Specific program responsibility will reside with the Housing Manager who reports directly to the Director.

APPROVAL AUTHORITY: The guidelines of the City's Federal Housing Programs were approved by the North Miami City Council on **April 25, 2006**, updated on **May 11, 2010** and further amended on _____. The council **may** also approve any further amendments to the guidelines. **Approval of assistance shall be in compliance with federal and state criteria. Approval is subject to the guidelines and may not be withheld if applicant meets the criteria. Approval authority varies as follows:**

- Approval of loans or grants under CDBG, HOME or NSP single family housing rehabilitation programs shall be delegated to the CP&D Director. All contracts or agreements shall be executed by the City Manager, after legal review by the City Attorney.
- Approval of HOME CHDO agreements shall be delegated to the CP&D Director. The agreement shall be executed by the City Manager, after legal review by the City Attorney.
- Approval of loans or grants under the CDBG HOME or NSP multi-family rehabilitation programs shall be submitted to the City Council for final approval after review and recommendations from an Evaluation Committee and CP&D staff. The Evaluation Committee shall be selected by the CP&D Director with input from the Finance Director.
- Approval of single family rehabilitation assistance exceeding the maximum of \$50,000 where applicable, from any combination of sources, shall be delegated to the CP&D Director in the case of extenuating and extraordinary circumstances. The approval shall be based on a review and recommendations from the CP&D staff. Funding agreements shall be executed by the City Manager, after legal review by the City Attorney. Where applicable the additional funding approval shall not exceed twenty percent (20%) of the established maximum subsidy limit. Any request exceeding 20% of the established maximum subsidy shall be submitted to the City Council for review and approval. For the purpose of these guidelines, extenuating and extraordinary circumstances shall include, but not be limited to, the following:
 1. Threats to the immediate health and safety of the occupants.
 2. Physical property conditions which, if not corrected, may lead to dislocation or temporary relocation of the household over an extended period.
 3. Established maximum assistance is not enough to address both code violations and physical or architectural barriers for the disabled.

ELIGIBLE ACTIVITIES: CDBG, HOME and NSP funds may be used by the City of North Miami to provide incentives to develop and support homeownership through acquisition (including assistance to homebuyers), new construction, rehabilitation of non-luxury housing with suitable amenities, including real property acquisition, site improvements, conversion, demolition, and other expenses, including financing costs, relocation expenses of any displaced persons, families, business, or organizations; to provide payment of reasonable administrative and planning costs; and to provide for payment of operating expenses of community housing development organizations. The specific eligible costs for these activities are set forth in Sections 92.206 through 92.209 of the HOME regulations and Section 570.201 through 570.209

of the CDBG regulations and the NSP regulations at **Federal Register** / Vol. 73, No. 194 dated October 6, 2008.

PROGRAMS: The following are the programs covered by these guidelines as detailed on the following pages:

HOME INVESTMENT PARTNERSHIP PROGRAM

1. Single Family Housing Rehabilitation
2. Rental Housing Rehabilitation
3. 1st Time Homebuyer Assistance
4. Community Housing Development Organization (CHDO) Set-A-Side

COMMUNITY DEVELOPMENT BLOCK GRANT

1. Single Family Housing Rehabilitation
2. Rental Housing Rehabilitation

NEIGHBORHOOD STABILIZATION PROGRAM

1. Acquisition of foreclosed or abandoned single family homes or multifamily properties
2. Rehabilitation of single family homes and multifamily properties
3. Disposition of single family homes and multifamily properties
4. Resale of single family homes and multifamily properties
5. Rental of multifamily properties
6. Home Purchase Assistance
7. Program Administration

Specific Program Requirements:

The Neighborhood Stabilization program requires that all funds provided under the program be obligated no later than 18 months from the date HUD approved the substantial amendment submitted by the City of North Miami. The City of North Miami will have four years to spend all funds under this program.

DEFINITIONS:

Adjusted Annual Income (Gross): The CDBG, HOME and NSP Programs use the income definitions used in the Section 8 Program. Annual income is used for homeowner eligibility and targeting purposes. For the purpose of implementing this program, the Section 8 Program income limits chart, published by HUD. However, the income limits are subject to change by HUD. All changes by HUD shall be applicable to these policies.

Affirmative Marketing Procedures: The procedures used to inform potential tenants about fair housing; display of Fair Housing logo or equal opportunity language. It also includes special outreach, i.e., advertising and maintenance of supporting documentation reflecting the marketing effectiveness.

Affordability Periods: A period over which the City must ensure that the assisted project remains affordable. According to Section 92.252 and 92.254 of the HOME regulations, the affordability period varies by type of activity, as well as the amount of HOME subsidy. This same affordability period applies to NSP assisted projects. The following applies to:

The rehabilitation or acquisition of existing homeownership and rental housing is as follows:

- * Under \$15,000 5 Years
- * \$15,000 - \$40,000 10 Years
- * Over \$40,000 15 Years

- New Construction or acquisition of newly constructed rental housing; the units must remain affordable for twenty (20) years.

Annual Income: Income compared to the most recently published Section 8 Income Limits to determine an owner occupant or tenant's income eligibility. They are found in 24 CFR Part 813 Part 5 of the Code of Federal Regulations.

Annual Recertification of Income: Usually examined on the anniversary of tenants original income evaluation and lease signing.

Applicants: For the purposes of these guidelines, all owners of the property to be rehabilitated, who reside at such property, shall be regarded as applicants, and "applicant" as referred to herein shall also mean the plural term "applicants".

Areas of Greatest Need: Areas of greatest need are those areas identified by the city of North Miami in its substantial amendment based on data provided by HUD on highest percentages of foreclosures, highest percentage of loans financed by subprime mortgage related loans, and likely to face a significant rise in foreclosures. Assistance under the NSP program will be provided in areas of greatest need.

Cash Flow Dependent Loan: A loan on a multi-family project in which repayment is limited to the actual cash flow of the project which shall be determined annually on a calendar year basis as determined by an independent certified accountant.

CDBG Funds: CDBG funds include all appropriations for the CDBG Program, plus all repayments and interest of other returns on the investment of these funds.

Conversion: Conversion of an existing structure from an alternative use to affordable, residential housing is an eligible activity. Conversion is usually classified as rehabilitation.

Davis-Bacon Act: The Davis-Bacon Act refers to labor standards and to wage compliance, which pertains to construction contracts on all projects with twelve (12) or more HOME-assisted units, regardless of whether HOME funds are used for construction or other costs or eight (8) or more CDBG or NSP -assisted units. Contractors must adhere to applicable wages, as provided in the Wage Decision received from the Department of Labor.

Displaced Homemaker: An individual who is an adult, has not worked full-time for a number of years, but primarily worked without remuneration as a housewife; and is unemployed, underemployed, or finds it difficult to find employment.

DRGR: The Disaster Recovery Grant Reporting System shall be used to report on all NSP related activities, expenditures and quarterly reports. Quarterly reports will be posted on the City of North Miami's Website.

Environmental Review: An Environmental Review must be completed to assess compliance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and the related requirements listed in HUD's implementing regulations at 24 CFR, Part 58. Community Planning and Development will perform the Environmental Review, and clearance must be received before CDBG, HOME or NSP funds may be expended for the activity.

First Time Homebuyer: A first time homebuyer is defined as an individual and/or his or her spouse who has not owned a house within the past three years prior to the assistance. Exceptions include an individual who is a single parent or displaced homemaker, who while a homemaker, owned a home with his or her spouse, or resided in a home owned by the spouse single parent or displaced

FHA: The United States Federal Housing Administration (FHA), a wholly owned government corporation and division of the United States Department of Housing and Urban Development (HUD).

Home-assisted Units: Only those units receiving HOME monies are considered "HOME-assisted Units".

HOME Funds: HOME funds include all appropriations for the HOME Program, plus all repayments and interest of other returns on the investment of these funds.

Household: A household as defined in the federal regulations at 24CFR570.3 is "all persons occupying a housing unit. The occupant may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements."

The following household definitions are applicable to these guidelines:

- Moderate Income Household: A household whose annual income, by household size, as established pursuant to these guidelines is at or below 120% of the applicable median family income for the Miami-Dade Metropolitan Statistical Area as determined by HUD and revised periodically.
- Low/Moderate Income Household or lower Income Household: A household whose annual income, by household size, as established pursuant to these guidelines is at or below 80% of the applicable median family income for the Miami-Dade Metropolitan Statistical Area as determined by HUD and revised periodically.

- **Very Low Income Household:** A household whose annual income, by household size, as established pursuant to these guidelines is at or below 50% of the applicable median family income for the Miami-Dade Metropolitan Statistical Area as determined by HUD and revised periodically.
- **Very-very Low Income Household:** A household whose annual income, by household size, as established pursuant to these guidelines is at or below 25% of the applicable median family income for the Miami-Dade Metropolitan Statistical Area as determined by HUD and revised periodically.
- **Elderly Household:** A household occupying a detached single unit residence where at least one person is an owner of record of the property to be rehabilitated, where such person resides at the property and is 62 years of age or older, and where such person's household is a very low income household.
- **Disabled Household:** A household occupying a detached single unit residence where at least one person is an owner of record of the property to be rehabilitated, where such person resides at the property and is a disabled person, and where such person's household is a very low income household. A disabled person for the purposes of these guidelines is an adult person who:
 - (1) has a physical, mental, or emotional impairment that,
 - (2) is expected to be of long-continued and indefinite duration,
 - (3) substantially impedes his or her ability to live independently, and
 - (4) is of such a nature that such ability could be improved by more suitable housing conditions.

HUD: The United States Department of Housing and Urban Development.

IDIS: The Integrated Disbursement and Information System, a HUD-operated computer network utilized to set up projects, monitor budgets, draw funds, and file other necessary reports for HUD-funded projects.

Income Eligibility: Income eligibility must be determined for tenants of CDBG, and HOME or NSP assisted units, as well as annual recertification of income in which the tenant's income must be re-examined each year.

Layering: Is defined as the combining of federal, state, and local resources on a HOME-assisted project that results in an excessive amount of subsidy for the project; that is, the layering of programs results in too high an overall federal expenditure. Layering is the prohibition of use of HOME funds with other public funds in a manner that would result in excessive subsidy to a specific project.

Layering Review: It is the review of all sources of funds, i.e., federal, state, and private, which are relevant to the financing of a particular project. It is critical to the feasibility of the project

Leverage: For the purpose of these program guidelines, the blending of private sector monies with federal funds to accomplish the total financing needed for the project. Leveraging increases the availability of federal funds, therefore, resulting in a larger quantity of assisted projects.

Match: Funds contributed by state and local government, and other non-federal sources, to the HOME Program, and its efforts to develop affordable housing; twenty-five (\$.25) cents non-federal contributions for every one (\$1.00) dollar. Match is not leveraging. The obligation is

program-wide, not project specific. Program income derived from HOME investments does not have to be matched.

Median Household Income: The median annual income for Miami-Dade County was \$46,350 for a family of four. This number is subject to change by HUD on an annual basis.

Mixed- Use Projects: A property containing or zoned for combined commercial and residential facilities or development usually configured with the commercial portion on the lower floor and the residential unit on the upper floor. Entrances are usually distinct.

Moderate Rehabilitation: The term used in the HOME Program to refer to any rehabilitation of residential property at an average total development cost equal to or less than \$25,000 per unit.

Multifamily: Of, relating to, or intended for use by several families: *a multifamily house.*

New Construction: Newly constructed rental or homeownership housing units assisted with CDBG, HOME or NSP funds. For purposes of the HOME Program, new construction is also any project with commitment of HOME funds made within one (1) year of the date of initial certificate of occupancy. Any project which includes the creation of additional dwelling units outside the existing walls of a structure is also considered new construction.

Overcrowding: A situation in which a dwelling unit houses more than two occupants per bedroom.

Project: A site or entire building(s) under common ownership, management and financing, and assisted with HOME or NSP funds. Project includes all the activities associated with the site and building. If there is more than one site associated, the sites must be within a four- (4) block area.

Property Standards: CDBG, HOME and NSP -assisted housing must meet the Housing Quality Standards (HQS) for the Section 8 existing housing program. In addition, newly constructed or substantially rehabilitated housing must meet all applicable local codes and standards.

Reconstruction: The rebuilding, on the same foundation or same lot, of housing standing on a site at the time of project commitment. If the housing has no foundation, the reconstruction may or may not include a new foundation. The reconstructed housing must be similar to the original housing in size and number of units.

Rehabilitation: The activity that accomplishes housing conservation. It is the broad general expression for repairing or improving a sub-standard or dilapidated dwelling to normal condition, in compliance with relevant local building codes.

Relocation Payments: All replacement housing payments, payments for other moving expenses, and the payment of reasonable expenses incurred in connection with temporary relocation (lodging). Relocation payments are always charged to the HOME or NSP Program as project costs.

Rent Control: Every CDBG, HOME and NSP assisted rental unit is subject to rent controls designed to make sure that rents are affordable to qualified households. These maximum rents

are referred to as HOME RENTS which are identical to Section 8 Fair Market Rents. Additionally, consideration is given for utility allowances.

Rent Reasonableness: The participation jurisdiction must disapprove a lease if the rent is not reasonable, based on the rents that are charged for comparable unassisted rental units.

SHIP: State Housing Initiatives Partnership Program established by the State of Florida to provide financing for the development and maintenance of affordable housing.

Soft Costs: Other reasonable and necessary costs incurred or associated with the financing, construction or rehabilitation of HOME or NSP rental units. They are defined as follows:

- X Finance related costs.
 - Private lender origination fees
 - Credit reports
 - Title reports and updates
- X Architectural, engineering or related professional services required to prepare plans, drawings, specifications, or Work Write-ups.
- X Fees for recording and filing of legal documents, building permits, attorney fees directly related to the development of affordable housing, appraisal fees and fees for independent cost estimates, builders or developers fees.
- X Costs for an audit or cost certification that the City may require, with respect to the development of the project.

Special Needs: For the purpose of implementing this program, special needs shall mean persons or families residing in an overcrowded condition, homeless, with physical / mental disabilities or developmental disabilities, elderly, and other categories identified.

Substantial Rehabilitation: The term used in the HOME Program to refer to the rehabilitation of residential property at an average total development cost per unit greater than \$25,000 per dwelling unit.

U. S. Department of Housing and Urban Development (HUD) Income Limits: The most recent set of income limits, adjusted for household size, and estimates of median-household income, published by HUD for various localities in Florida.

VA: The United States Department of Veteran's Affairs.

Waiting List: The term refers to an annual waiting list that is maintained for a specific time period after the public is notified of funding availability through CDBG, HOME, NSP & SHIP Program. The application period in which the public may request funding assistance shall be from September 1st thru October 31st annually.

SECTION II

COMPLIANCE WITH FEDERAL REGULATIONS

COMPLIANCE WITH APPLICABLE FEDERAL REGULATIONS: The City of North Miami's Housing Programs shall be administered in compliance with established policies, types of financing programs, procedures, and requirements as described in the federal HOME Investment Partnership Program Regulations at 24 CFR Part 92 (as amended from time to time), the Community Development Block Grant Program Regulations at 24 CFR Part 570 (as amended from time to time) and the City's approved Consolidated Plan and the NSP Program regulations **Federal Register** / Vol. 73, No. 194 dated October 6, 2008. The Programs shall also comply with applicable local guidelines, policies, and laws as long as these do not conflict with federal laws. The following regulations are common to and applicable to the CDBG, HOME and NSP Program activities, as noted:

A. Affirmative Marketing:

The owner of any property assisted in whole or in part with CDBG, HOME and/or NSP funds must commit to non-discrimination and equal opportunity in housing and must affirmatively market the CDBG, HOME and NSP -assisted housing units. The affirmative marketing requirements must be in accordance with 24 CFR 92.351 of the HOME regulations, 24 CFR 570.601 of the CDBG regulations and Section 3 of the Housing Development Act of 1968, as amended (12 U. S. C. 1701 U), and is applicable to other Federal, State and local regulations.

The affirmative marketing guidelines are intended to create greater participation of eligible persons from all racial, ethnic and gender-based groups by providing information and otherwise to attract persons who would benefit from the programs. The City of North Miami will take the necessary steps to affirmatively market its housing programs through organized neighborhood meetings, distribution of literature, provision of information, press releases and other "good faith" efforts. The City will also advertise periodically through general circulation and minority newspapers.

In order to carry out the requirements and procedures of an Affirmative Marketing Program, the following procedures will apply:

- (a) The Equal Opportunity logo or slogan must be used in advertisements;
- (b) Property owners will solicit applications from persons in the housing market who are not likely to be aware of or apply for housing without special outreach. This requirement can be met by posting a notice of vacancies with groups and organizations including, but not limited to commercial media, employment centers, community organizations, Fair Housing groups, housing counseling agencies, local Public Housing Authorities (PHA's) or other similar agencies
- (c) CP&D will keep records of their efforts to affirmatively market units and will require the property owners to provide copies of its records, including but not limited to advertisements, minutes of meetings, and income documentation.
- (d) Affirmative marketing records of the participants in the program will be monitored on-site annually, and a report will be compiled to assess their efforts in adhering to the requirements.
- (e) The affirmative marketing requirements will be incorporated into agreements with property owners, as applicable.
- (f) The City will also assess the affirmative marketing program annually to determine the success of affirmative marketing actions (such as advertisements, etc.), and address the potential necessity for corrective actions, making distinctions between failures based upon marketing/targeting problems, those based on systemic (program eligibility) factors or lack of interest. Affirmative marketing success will be specifically tracked through the

various program applications by notations of racial/ethnic/gender distinctions on program documents.

B. Conflict of Interest

Any public or non-profit entity or organization that receives CDBG, HOME and/or NSP funds must comply with the conflict of interest provisions set forth at 24 CFR 570.611 of the CDBG regulations and at 24 CFR 92.356 of the HOME regulations and must comply with procurement requirements found at 24 CFR 85.36 (state and local governments) and 85.42 (non-profits) and with any other applicable conflict of interest provisions. The conflict of interest provisions apply to the award of any contracts or agreements and the selection of tenant households to occupy assisted units. The purpose of the regulations is to ensure that the policies and procedures adopted for the activity will ensure fair treatment of all parties. It will also ensure that no employee, agent, consultant, or official will have no inside information or undue influence regarding the award of contracts or benefits under the CDBG, HOME and/or NSP Programs.

C. Davis Bacon & Labor Standards Provisions

Any project assisted in whole or in part with CDBG, HOME or NSP funds must comply with labor standards set forth in 24 CFR 570.603 of the CDBG regulations and 24 CFR 92.354 of the HOME regulations, the Davis-Bacon Act as amended (40 U.S.C. 276a-276a-5) and the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333).

These labor standards shall only apply to the development of residential property if the property contains eight (8) or more units in the case of residential rehabilitation under the CDBG or NSP Program and contains twelve (12) or more units whether residential new construction or residential rehabilitation under the HOME Program. The regulations are to ensure that mechanics and laborers employed in construction work under federally assisted contracts are paid wages and fringe benefits equal to those which prevail in the locality where the work is performed. The related regulations also provide for the withholding of funds to ensure compliance and exclude from the wage requirement apprentices enrolled in bona fide apprenticeship programs.

Where an assisted project, whether CDBG, HOME or NSP, is subject to the labor standards, the wage provisions must apply to all laborers and mechanics employed in the development of the entire project, as defined in 24 CFR 92.2 of the HOME regulations, including portions other than the HOME-assisted or CDBG or NSP-assisted units.

The project must also comply with the Contract Work Hours and Safety Standards Act which provides that mechanics and laborers employed on federally assisted construction jobs are paid time and one-half for work in excess of 40 hours per week. The prevailing wage provisions of this section do not apply to an individual who volunteers their time and receives no compensation or is paid expenses, reasonable benefits, or a nominal fee to perform the services for which the individual volunteered and who is not otherwise employed at any time in the construction work.

D. Debarred, Suspended or Ineligible Contractors

Any project assisted in whole or in part with CDBG, HOME or NSP funds must comply with federal requirements set forth at 24 CFR part 5, and by reference at 24 CFR 570.609 of the CDBG regulations, and 24 CFR 92.350 of the HOME regulations. These regulations prohibit the provision of federal funds to projects or organizations which use debarred, suspended or

ineligible contractors, subcontractors or sub-recipients. CHDOs and other recipients of federal funds are required to check the HUD listings for this purpose.

E. Displacement, Relocation, and Acquisition

Any project assisted in whole or in part with CDBG, HOME or NSP funds must comply with provisions set forth in 24 CFR 570.606 of the CDBG regulations and 24 CFR 92.353 of the HOME regulations related to displacement, relocation, and acquisition, the Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970 (as amended) and 49 CFR Part 24. The regulations require that reasonable steps must be taken to minimize displacement of persons (families, individuals, businesses, nonprofit organization, and farms) as a result of a project assisted with federal funds. To the extent feasible, residential tenants must be provided a reasonable opportunity to lease and occupy a suitable, decent, safe, sanitary, and affordable dwelling unit in the building/complex upon completion of the project. Acquisition, rehabilitation and/or demolition activities may be subject to tenant notice and assistance provisions contained in the Uniform Act and/or Section 104(d) of the Housing and Community Development Act.

Applications will be reviewed with consideration to the number of low-income residents who may be temporarily or permanently displaced as direct result of rehabilitation and/or development of property. Priority will be given to applications causing minimal or no displacement. Applicants will be requested to provide information on the existing tenants including:

- 1) Number of occupied units by bedroom size
- 2) Size of families occupying units, age, and sex of each family member
- 3) Present rent and utilities included
- 4) Tenant's annual income

The CP&D staff will review the tenant information in conjunction with proposed rehabilitation work to determine whether temporary or permanent relocation will be required and whether the scheduling of rehabilitation work will provide sufficient number of unoccupied units for housing tenants on a temporary basis. A letter shall be sent to each tenant on the rent roll explaining the assistance available if the project is approved. The owner must agree to notify any new tenants that may sign a lease after the application date, of the project and the possible impact on that tenant. However, new tenants cannot qualify as a displaced person(s) as a result of the project activity.

F. Employment and Contracting Rules: Under Federal requirements set forth in Executive Orders 11246, 11625, 12432 and 12138 and Section 3 of the Housing and Urban Development Act of 1968 discrimination in employment is prohibited and any project assisted in whole or in part with CDBG, HOME or NSP funds are encouraged to provide training and employment opportunities to low-income residents. To the greatest extent feasible, lower-income residents of the areas in which the projects are located shall be given opportunities for training and employment; and to the greatest feasible extent eligible businesses located in or owned in substantial part by persons residing in the project areas shall be awarded contracts in connection with the projects. At a minimum, the applicable project shall comply with Section 3 requirements. In the procurement of supplies, equipment, construction, or services to implement the project or activity, the entity receiving CDBG, HOME or NSP shall make a positive effort to use small and minority/women-owned business enterprises as sources of supplies and services, and provide these enterprises the maximum feasible opportunity to compete for contracts to be performed pursuant to the project. To the maximum extent feasible, these small and minority/women-owned business enterprises shall be located in or

owned by residents of the areas designated by the City of North Miami in its Consolidated Plan approved by U.S. HUD.

G. Environmental Review

The environmental effects of each activity carried out with federal funds must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 and the related authorities listed in HUD's implementing regulations at 24 CFR part 58. Federal funds may not be used in a Federal Emergency Management City designated flood area unless specific precautions are undertaken in accordance with Section 202 of the Flood Protection Act of 1973.

Upon request, the CDBG Compliance Officer of the CP&D shall conduct an environmental review of the site in accordance with Section 92.352 of HOME regulations and Section 570.604 of the CDBG regulations. The environmental review should consist of a checklist that examines the effect of various environmental issues on the site and the effect of a project on the environment in which it is to be located. After completion of the review, a clearance notice is sent to the Housing Coordinator which indicates whether the site passes or fails. Notice will also include any required mitigation measures. If the site fails review, the requested assistance cannot be provided from CDBG, HOME or NSP and may be funded from other non-federal sources such as the SHIP Program.

H. Equal Opportunity & Non-Discrimination

Under federal requirements under Title VI of the Civil Rights Act of 1964, the Fair Housing Act, 24 CFR 570.602 of the CDBG regulations, 24 CFR 92.351 (a) of the HOME regulations, Section 504 of the Rehabilitation Act of 1973, Executive Order 11063 and 24 CFR Part 5, discrimination on the basis of race, color, national origin, religion or sex is prohibited under the City's Housing Programs. The City of North Miami requires that on any project assisted in whole or in part with CDBG, HOME or NSP funds, no person shall on the grounds of race, color, disability, national origin, religion, age, familial status, or sex be excluded from the benefits of, or be subjected to discrimination under, any activity carried out in implementing the federal housing programs. Upon receipt of evidence of such discrimination, the City shall have the right to implement corrective procedures including and up to the termination of the project.

I. Flood Insurance

In accordance with CDBG regulations at 24 CFR 570.605 and the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001-4128), CDBG or HOME funds may not be used with respect to the acquisition, new construction, or rehabilitation of a project located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, unless flood insurance is obtained as a condition of approval of the funds.

J. Lead Hazard Reduction.

In accordance with the HUD Lead-Based Paint Regulation (24 CFR Part 35), Section 401(b) of the Lead Based Poisoning Prevention Act of 1971, Section 570.608 of the CDBG regulations and Section 92.355 of the HOME regulations, rehabilitation work on housing built before 1978 that is financially assisted with CDBG, HOME or NSP funds is subject to requirements that will control lead-based paint hazards. At the very least, any painted surface that is disturbed during rehabilitation work will be repaired. Deteriorated paint may be stabilized, which includes the correction of moisture leaks or other obvious causes of paint deterioration. Clearance examination procedures will be conducted following most work activities to ensure that the work has been completed; that dust, paint chips and other debris have been satisfactorily cleaned up;

and that dust lead hazards are not left behind. As necessary, the City will require a risk assessment to identify lead-based paint hazards, perform interim control measures to eliminate any hazards that are identified or, in lieu of a risk assessment, perform standard treatments throughout a unit. The type and amount of Federal assistance and rehabilitation hard costs for the unit will determine the level of lead hazard reduction to be completed. In addition, notices shall be sent to all purchasers or tenants of housing with potential lead-based hazards informing them of the potential existence of the hazards, the potential harmful effects, and the City's lead based paint policy. The new requirements for federal assistance are:

- a. Up to and including \$5,000 per unit – For Lead Hazard Evaluation, Paint testing must be conducted. For Lead Hazard Reduction, all paint that will be disturbed during rehabilitation must be repaired. Safe work practices must be used during rehabilitation and clearance is required only for the work area.
- b. Between \$5,000-\$25,000 per unit - For Lead Hazard Evaluation, paint testing and risk assessment must be conducted. For Lead Hazard Reduction, interim controls must be implemented to reduce lead-based paint hazard. Safe work practices must be used during rehabilitation and clearance is required when lead hazard reduction activities are complete.
- c. Over \$25,000 per unit - For Lead Hazard Evaluation, paint testing and risk assessment must be conducted. For Lead Hazard Reduction, abatement must be implemented to reduce lead-based paint hazards. If exterior surfaces are not disturbed by rehabilitation, interim controls may be completed instead of abatement. Safe work practices must be used during rehabilitation and clearance is required when lead hazard reduction activities are complete.

K. Property Standards and Housing Quality Standards

In accordance with 24 CFR 92.251 of the HOME regulations, properties assisted in whole or in part using either CDBG, HOME or NSP program funds shall upon completion comply with the Florida Building Code 2005 Edition (as may be amended). For existing properties, compliance shall be to the extent determined to be practical and feasible by the City's Building Official.

All assisted properties must be inspected for compliance with both the City's Minimum Housing Quality Code and the Section 8 Housing Quality Standards in 24 CFR 982.401. Upon completion, all assisted properties shall comply with these housing quality standards and, in the event of a conflict between the two codes, the more stringent requirement shall typically be applied to the extent determined applicable. In addition, upon completion, all assisted properties shall comply with the applicable provisions of all other State and local codes governing health and safety for single family and multi-family dwellings.

All assisted properties shall, upon completion, comply with other provisions of Section 92.251, including but not limited to: the accessibility requirements at 24 CFR Part 8; and the design and construction requirements at 24 CFR 100.205 for applicable multi-family dwellings as defined at 24 CFR 100.20. Newly constructed housing must meet the Model Energy Code published by the Council of American Building Officials. Construction of all manufactured housing, where applicable, must meet the Manufactured Home Construction and Safety Standards established in 24 CFR Part 3280. Assisted housing for homeownership shall comply with the additional inspection and notification requirements where applicable at Section 92.251 (b). An owner of rental assisted housing must continue to maintain the housing in accordance with the provisions of this section applicable to multi-family housing.

L. Recapture and Resale Provisions

For both CDBG, HOME or NSP program requirements, the City of North Miami selects to use the provisions at Section 92.254 (a) (5) of the HOME regulations as its recapture/ resale provisions. These recapture provisions relate to homeownership units. The City of North Miami will use a recapture provision to recapture all or a portion of the CDBG, HOME or NSP subsidy upon sale of the property to any willing buyer. The amount subject to recapture shall be based on the amount of CDBG, HOME or NSP subsidy that was required to make the housing affordable to the initial purchaser, in the case of home buying or the amount needed to rehabilitate the home, in the case of owner-occupied rehabilitation. The City shall reduce the amount of CDBG, HOME or NSP funds to be recaptured on a prorate basis depending on the period of time the housing was owned and occupied by the eligible homeowner. If the property is sold prior to the end of the City's mortgage term, all or part of the City's remaining assistance is due and payable from the net proceeds, to the extent sufficient proceeds are available. If the net proceeds (i.e., the sales price minus loan repayments other than HOME funds, and closing costs) are not sufficient to recapture the remaining HOME investment and allow the homeowner to recover the amount of the homeowner's down-payment and any capital improvement investment, the City's recapture provisions may share the net proceeds. The net proceeds may be divided proportionally, as set forth in the mathematical formulas at 24 C.F.R., 92.254 (ii)(A)(1). The City may at its sole discretion allow the homeowner to recover his or her entire investment, including down payment and non-City assisted capital improvements, prior to recapturing the CDBG, HOME or NSP investment.

For rental housing assisted with CDBG, HOME or NSP funds, the CDBG, HOME or NSP assistance must be repaid and is not subject to a prorated recapture provision, unless alternative repayment arrangements are approved by the City.

Notwithstanding the above recapture provisions, the City retains the option of using a resale provision, as provided at Section 92.254 (a) (5) of the HOME regulations, if the market conditions will result in the removal of the CDBG, HOME or NSP -assisted housing from the affordable housing stock

The resale option ensures that the HOME-assisted unit remains affordable during the entire affordability period. Using this option, the City of North Miami may either designate an affordable unit or use a presumption of affordability. If a unit is designated affordable and it is sold during the affordability period, the new purchaser must be a low-income as required under the HOME Program or a low or moderate-income family under the CDBG program or middle income family as allowed under the NSP Program, who will use the property as their primary residence and meeting the income definitions as set forth in the "Definitions" section of these guidelines.

The presumption of affordability relies on the assumption that a specific neighborhood is affordable and that, as a result, any sale within that neighborhood will be affordable. Rather than incorporate enforceable resale restrictions on such properties, the City of North Miami may document the affordability of the neighborhood. This must be accomplished through a market analysis of the neighborhood that evaluates the location and characteristics of the houses and residents of the neighborhood in relation to the larger market area. This analysis must demonstrate that the houses are modest in size and amenities and that they are affordable to residents. The market analysis must be updated periodically, as long as the City of North Miami provides homebuyer assistance in that neighborhood and the presumption of affordability approach is used to satisfy the HOME Program's resale requirements.

M. Tenant and Participant Protections

For rental units assisted with CDBG, HOME or NSP funds, the owner cannot refuse to lease units to a certificate or voucher holder under 24 CFR part 982--Section 8 Tenant-Based Assistance: unified Rule for Tenant-Based Assistance under the Section 8 Rental Certificate Program and the Section 8 Rental Voucher Program or to the holder of a comparable document evidencing participation in a tenant-based rental assistance program because of the status of the prospective tenant as a holder of such certificate, voucher, or comparable tenant-based assistance document. The Owner shall not discriminate on the basis of race, creed, religion, color, sex, marital status, sexual orientation, national origin, age, familial status or handicap in the use, or occupancy of any housing constructed on the property. In addition, the Owner shall comply, at a minimum, with the following conditions:

- (a) **Lease:** The lease between a tenant and Owner, as owner of rental housing assisted with CDBG, HOME or NSP funds, must be for not less than one (1) year, unless by mutual agreement between the tenant and Owner.
- (b) **Prohibited Lease Terms:** The lease may not contain any of the following provisions:
 - Agreement to be sued: Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the Owner in a lawsuit brought in connection with the lease;
 - Treatment of property: Agreement by the tenant that the Owner may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties; (this prohibition however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. The Owner may dispose of this personal property in accordance with State law);
 - Excusing Owner from responsibility: Agreement by the tenant not to hold the Owner or the Owner's agents legally responsible for any action or failure to act, whether intentional or negligent;
 - Waiver of notice: Agreement of the tenant that the Owner may institute a lawsuit without notice to the tenant;
 - Waiver of legal proceedings: Agreement by the tenant that the Owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;
 - Waiver of right to appeal court decision: Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease; and,
 - Tenant chargeable with cost of legal actions regardless of outcome: Agreement by the tenant to pay attorney's fees or other legal costs even if the tenant wins in a court proceeding by the Owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.
- (c) **Termination of Tenancy:** The Owner may not terminate the tenancy or refuse to renew the lease of a tenant of rental housing assisted with CDBG, HOME or NSP except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable Federal, State, or local law; for completion of the tenancy period for transitional housing; for reasons consistent with Section 42 of the Internal Revenue Service Code; or for other good cause. To terminate or refuse to renew tenancy, the Owner must serve written notice upon the tenant specifying the grounds for the action at least 30 days before the termination of tenancy.

(d) **Tenant selection:** The Owner, as owner of rental housing assisted with CDBG, HOME or NSP funds, must adopt written tenant selection policies and criteria that:

- Are consistent with the purpose of providing housing for very low- income and low-income families;
- Are reasonably related to program eligibility and the applicants' ability to perform the obligations of the lease;
- Give reasonable consideration to the housing needs of families that would have a preference under 960.211 (Federal section preferences for admission to Public Housing) of the title;
- Provide for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable;
- Give prompt written notification to any rejected applicant of the grounds for any rejection; and

(e) **Maintenance and On-going Property Inspections:** All units must continue to meet Section 8 Housing Quality Standards, Property Standards included herein as part of these guidelines and local codes throughout the affordability term. For projects containing less than 25 HOME or NSP assisted units, the inspection of each HOME assisted unit is required once in every two-year period. For projects containing 25 or more HOME assisted units, the project must be inspected each year.

(f) **Tenant Assistance:** Each applicant shall be informed of and held to the Federal Regulations concerning assistance to those tenants that may be temporarily or permanently displaced as a result of rehabilitation funded under the CDBG Program or NSP Program. CP&D discourages the identification and rehabilitation of property that will ultimately result in the permanent displacement of tenants/families.

N. Uniform Administrative Requirements

In accordance with HOME regulations at 24 CFR 92.505, as applicable, CDBG and NSP regulations at 24 CFR 570.502 and 570.610, applicable entities including non-profit agencies and sub-recipients shall comply with the policies, guidelines, and requirements of 24 CFR Part 85 and Office of Management and Budget (OMB) Circulars a-87, a-110-a-122, a-133 and a-128, as applicable.

O. Match Requirements

In accordance with Section 92.218 and 219 of the HOME regulations, the City of North Miami shall contribute SHIP funding as a match for HOME. The contributions must total not less than 25 percent of the funds drawn from the jurisdiction's HOME Investment Trust Fund Treasury account in that fiscal year, excluding funds drawn for administrative and planning purposes, community housing development organization operating expenses; capacity building of community housing development organizations; and project specific assistance to community housing development organizations when the participating jurisdiction waives repayment under the provisions of section 92.301(a)(3) or 92.301(b)(3). HUD may at its discretion waive the threshold requirements for HOME match.

SECTION III

PROGRAM FEATURES

**HOME SINGLE FAMILY HOUSING REHABILITATION
PROGRAM**

HOME SINGLE FAMILY HOUSING REHABILITATION PROGRAM GUIDELINES

INTRODUCTION

These program guidelines shall outline specific features and provide and organize guidelines, instructions, policies and procedures for implementing North Miami's HOME Investment Partnership (HOME) Single Family Rehabilitation Program which provides financial and technical assistance for the rehabilitation of owned occupied single family houses.

IMPLEMENTATION RESPONSIBILITY & APPROVAL AUTHORITY

As outlined in Section I of the Housing Program Guidelines, the Single Family Rehabilitation Program will be administered and implemented by the City of North Miami's Community Planning and Development Department (CP&D) with overall responsibility being held by the Department's Director. Specific program responsibility will reside with the Housing Manager who reports directly to the Director. Approval authority for loans under this program will be delegated to the CP&D Director as outlined in Section I of these guidelines.

COMPLIANCE WITH APPLICABLE REGULATIONS

The programs shall be administered in compliance with established policies, types of financing programs and procedures as described in the HOME Investment Partnership Program Regulations at 24 CFR Part 92 (as amended from time to time), the City's approved Consolidated Plan, and other applicable federal regulations as set forth in Section II of these guidelines and titled "Compliance with Applicable Federal Regulations."

I. PROGRAM FEATURES – OWNER OCCUPIED REHABILITATION:

- A. **Purpose:** The purpose of this program is to rehabilitate deteriorated housing units owned and occupied by low and moderate-income residents of the City. Program funds can be used for correcting code violations and for making needed repairs to the house.

In assisting low and moderate income homeowners to make necessary housing repairs, the Program seeks to achieve the following overall goals:

1. Preserve and/or upgrade the existing housing stock;
2. Provide and increase the supply of decent, safe and sanitary housing, and eliminate slum and blight;
3. Maintain or increase property values, and stabilize or increase the tax base;
4. Provide opportunities for the local construction industry and increase participation by minority contractors;
5. Act as a catalyst for other homeowners to make property improvements.

- B. **Eligible Homeowners:** The program is open to homeowners in the City who have a house in need of repair and who meet the program's income, occupancy and other guidelines. Homeowners are considered eligible if their total household income does not exceed eighty percent (80%) of the area's median income. Priority will be given to households that include the elderly, the disabled and large families.

- C. **Funding Sources:** Funding for the Rehabilitation Programs is being provided by HUD through the HOME Program. Additional funding can be provided through

HUD's Community Development Block Grant Program and by the State of Florida through the State Housing Initiatives Partnership Program.

D. **Types of Assistance:**

The Owner Occupied Rehabilitation Program provides the following technical and financial assistance to eligible owners of residential structures containing one or two units for the purpose of upgrading their properties to meet applicable housing and building code standards:

1. **Deferred payment forgivable loans for general repairs** – Income eligible households are offered financing in the form of a deferred zero interest forgivable loan. Financial assistance will be used to pay for rehabilitation construction and incidental expenses determined as eligible by HUD.

Amount of Assistance: Up to \$40,000 per household from HOME funding. In conjunction with other funding sources the eligible household may receive up to an additional \$10,000 from those other sources. Total assistance from all sources shall not exceed \$50,000 under normal circumstances. Under extenuating and extraordinary circumstances, the CP&D Director is authorized by the City Council to approve additional funding that exceeds the maximum assistance by up to twenty percent (20%). The circumstances under which the CP&D Director is authorized to approve the additional 20% funding are outlined in Section I of these guidelines.

Terms of Assistance: Regardless of the other sources of funding, the HOME financial assistance shall be structured as an interest free deferred payment principal reduction loan with a term of not less than five years and up to fifteen (15) years depending on the amount of HOME assistance. In accordance with Section 92.254 (a) (4) of the HOME regulations, the applicable period of time is described as the affordability period as defined in the Section I ("Definitions") of these regulations. In accordance with Section 92.254 (a) (4) of the HOME regulations, after the completion of the rehabilitation, the homeowner will be required to occupy the home for the affordability period. The principal balance due on the loan will be reduced by equal annual increments over the affordability period until the balance is reduced to zero, provided that the homeowner remains in occupancy over the said period, and maintains the property in a condition satisfactory to the City. If the homeowner disposes of the property prior to the end of the affordability period through sale, rental, transfer or abandonment, the principal reduction shall be null and void at the time of the applicable event. The portion of the loan that has not been forgiven will be due and payable at a simple interest rate of four percent accrued from the award of the loan. All financial assistance provided by the City of North Miami will be secured by a note and mortgage on the property whose term shall be no less than the applicable affordability period. However, this mortgage and note will be subordinate to a private sector loan. The City will entertain requests for subordinations during the affordability period in accordance with its subordination guidelines.

2. **Deferred Loans for "Barrier Free" Renovations** - Income eligible elderly and disabled homeowners are offered financing in the form of a deferred zero interest forgivable loan. Financial assistance will be used to pay for rehabilitation construction and incidental expenses designed to remove architectural barriers

and provide physical accommodations for disabled individuals who live in the home.

Amount of Assistance: Up to \$25,000 per household.

Terms of Assistance: The financial assistance shall be structured as a deferred zero interest loan of not less than five years and up to **fifteen (15)** years depending on the level of HOME assistance (the affordability period as defined in the Definitions section of these guidelines). In accordance with Section 92.254 (a) (4) of the HOME regulations, after the completion of the rehabilitation, the homeowner will be required to occupy the home for the affordability period. The principal balance due on the loan will be reduced by equal annual increments over the affordability period until the balance is reduced to zero, provided that the homeowner remains in occupancy over the said period, and maintains the property in a condition satisfactory to the City. . If the homeowner disposes of the property prior to the end of the affordability period through sale, rental, transfer or abandonment, the principal reduction shall be null and void at the time of the applicable event. The portion of the loan that has not been forgiven will be due and payable at a simple interest rate of four percent accrued from the award of the loan. All financial assistance provided by the City of North Miami will be secured by a note and mortgage on the property whose term shall be no less than the applicable affordability period. However, this mortgage and note will be subordinate to a private sector loan. The City will entertain requests for subordinations during the affordability period in accordance with its subordination policies and guidelines.

Loan Assumption upon Death: In the event of the death of the surviving property owner(s), assumption of the remaining loan balance is permissible under certain conditions. Blood relatives who are heirs to the estate and who are granted legal or equitable possession of the property may assume the loan. Validated heirs that qualify as very low, low and moderate income, as defined in the program guidelines, and who intend to occupy the property as their principal residence shall be approved to assume the balance of the deferred loan. Validated heirs who qualify based on the above conditions shall execute a new mortgage and promissory note for the balance.

Validated heirs who do not qualify as very low, low and moderate income and/or those, regardless of income, who do not intend to occupy the property are required to repay the balance outstanding. Assumptions in accord with these policies shall be reviewed by CP&D staff. Upon qualifying the validated heirs in consultation with the City Attorney's office, CP&D staff shall make a recommendation to Director to allow such assumption in accordance with the Housing Program guidelines. If CP&D's review of the matter results in a recommendation against assumption and further legal action is required, then the matter shall be referred to the City Attorney's Office.

- 3. Technical Assistance** – Technical assistance will be provided to homeowners in the form of services including inspections, work write-ups, specification preparation, bid solicitation, construction payment reviews and processing, and any other staff assistance need to implement the Program.

- E. **Scope of Assistance:** Rehabilitation assistance shall be provided for the rehabilitation of non-luxury housing with suitable amenities as defined by the HOME regulations. Funding shall be used to make repairs to meet property standards outlined in 24 CFR Part 92.251 and detailed in these guidelines. Repairs shall include, but may not necessarily be limited to, replacement of principal fixtures and components of existing structures, installation of security devices, including smoke detectors and dead bolt locks, and renovation through alteration, or enhancement of existing structures, which may be undertaken singly, or in combination. It may also include improvements to increase the efficient use of energy in structures through such means as installation of storm windows and doors, siding, wall and attic insulation, and conversion, modification, or replacement of heating and cooling equipment. Eligible costs may include the costs of improvements necessary to permit the use of the units by persons with disabilities or the elderly; the demolition of existing structures; and the implementation of lead based paint requirements of the federal regulations. The treatment of termite and other wood destroying organisms at the property shall also be considered as eligible repairs. **The additions of rooms shall be considered on a case by case basis when required under housing quality standards to alleviate overcrowding and is subject to the approval of the City Council.** All rehabilitation must be determined to be practical and feasible.
- F. **Qualifying Properties:** Properties that are eligible for assistance shall include single family houses, townhouses and condominium units that are owned and occupied by income eligible residents within the Corporate City limits of North Miami. The property must conform to the City's zoning requirements regarding use and density; although approved variances to existing zoning requirements will be accepted.
- G. **Eligible Program Costs:** The following expenses shall be regarded as eligible costs under this program:
- a. Labor, materials, and other costs of rehabilitation of properties, including removal of architectural barriers, deferred maintenance, replacement of principal fixtures and components of existing structures, including smoke detectors and dead bold locks, and renovation through alterations or enhancement of existing structures, which may be undertaken singly, or in combination;
 - b. Improvements to increase the efficient use of energy in structures through such means as installation of storm windows and doors, siding, wall and attic insulation, and conversion, modification, or replacement of heating and cooling equipment, including the use of solar energy equipment;
 - c. Improvements to increase the efficient use of water through such means as water saving faucets and shower heads and repair of water leaks;
 - d. Costs of flood insurance premiums and associated service charges as established under the Nation Flood Insurance Program for a period of up to three years.
 - e. Costs of inspecting, testing, and abatement of lead-based paint and asbestos containing materials pursuant to applicable regulations.
 - f. Costs associated with the processing of rehabilitation applications such as a credit report, appraisal, title search, title insurance premium, or state and local fees for recording documents prepared in conjunction with this program.
 - g. Costs of obtaining construction related professional services including architectural, engineering, and surveying services, including the preparation of related technical documents, and inspections associated with execution of the content of such documents as pertains to the rehabilitation work.

- h. Costs of performing inspections for termite or other wood destroying organisms and extermination thereof.
- i. Rehabilitation contingency funds of 5% of rehabilitation costs.

Ineligible Program Costs: The following costs are ineligible under the Program. The list provided is representative and not all-inclusive and other items may be disapproved on a case-by-case basis at the sole discretion of the City:

- Reimbursement for an Owner's Personal Labor;
- Appliances (except built-in stove, cook-top, and garbage disposal when the existing is deteriorated, hazardous and beyond repair);
- Purchase, installation, or repair of furnishings;
- Demolition that does not improve the existing structure;
- Free standing concrete block walls;
- Interior wood paneling and wrought iron security bars;
- Barbecue pits/outdoor fireplaces;
- Bath houses, swimming pools, saunas, and hot tubs;
- Burglar alarms;
- Dumbwaiters;
- Flower boxes, greenhouses, and greenhouse windows;
- Kennels;
- Photo murals and book cases
- Steam cleaning of exterior;
- TV antennas;
- Valances, cornice boards, and drapes; and
- Materials, fixtures, or equipment of a type or quality exceeding that customarily used on properties of the same general type as the property to be rehabilitated.

H. **Qualifying Criteria** – In order to receive assistance the homeowner and the property must meet the following conditions:

1. Applicant must be owner of record of the property.
2. Applicant must reside at the property.
3. Property must be substandard and be located within the city limits of North Miami.
4. Property must consist of no more than two dwelling units and be entirely used for residential purposes with one unit occupied by the applicant. Property must be zoned to have the number of units to be rehabilitated.
5. Applicant's property tax obligation must be current at the time of approval of the loan or grant.
6. Applicant's household, based on household income by household size, is a low income household (see household definitions in Definitions section) pursuant to applicable HUD standards.
7. All rehabilitation must be determined to be practical and feasible. The cost of repairs must not be less than \$1,000 per unit but must not exceed \$50,000 for a one unit detached structure including associated soft costs.
8. Funding limits must not exceed FHA Section 221 (d) (3) limits. Compliance with all other applicable requirements herein.

NOTE: Special Exception: The Director of CP&D may obtain approval of the Mayor and Council on a case by case basis for subsidies above the established levels

to accommodate a special needs housing applicant or other situation in which it is determined that the assistance is necessary. Special needs are delineated in the Definitions section (Section I) of these housing guidelines.

- I. **Repayment Conditions** – Upon satisfactory completion of the terms and affordability period specified in the mortgage and promissory note, or upon remittance of the remaining balance due on the mortgage, the City shall prepare and execute a Satisfaction of Mortgage to release the lien on the property. Upon approval and issuance, a satisfaction of mortgage shall be placed on the public records of Miami Dade County and the original shall be given to the applicant. The original recorded satisfaction document shall be accompanied by the original mortgage and promissory note documents when returned to the applicant.
- J. **Occupancy Requirements** - The City of North Miami shall verify the occupancy of status of all assisted properties at least annually via mail and/or property inspection.
- K. **Property & Housing Quality Standards:**
In accordance with 24 CFR 92.251 of the HOME regulations, Florida Building Code 2005 Edition and other applicable local and federal regulations as set forth in Section II, Compliance with Applicable Federal Regulations, properties assisted with HOME funds for single family rehabilitation must comply with applicable property and housing quality standards upon completion of the rehabilitation.
- L. **Recapture Provisions**
In accordance with the provisions at Section 92.254 (a) (5) of the HOME regulations, the City of North Miami will use a recapture provision to recapture all or a portion of the HOME subsidy upon sale of the property to any willing buyer. However, the City retains the option of using a resale provision, as provided at Section 92.254 (a) (5) of the HOME regulations, if the market conditions will result in the removal of the HOME-assisted housing from the affordable housing stock. The recapture and resale provisions are detailed in Section II of these Housing Program guidelines.
- M. **Procedures**

The following is a summary of the stages of the single family rehabilitation assistance process:

Preliminary Application Interview: An applicant submits an application form, provides documentation in support of the application, and signs certain release forms authorizing City staff to verify information with third parties. The applicant is also asked to detail the repairs to be done. Based on the information provided preliminary income eligibility will be determined and an initial inspection of the property will be conducted.

Initial Inspection: An initial inspection will be conducted by the Department's Housing Inspector, along with the owner of the property, to assess the housing conditions and to determine if rehabilitation is necessary and feasible. The inspector uses the information provided by the applicant but also conducts a minimum housing quality standards inspection as outlined in Section II of the Housing Program guidelines.

Application Review & Information Verification: City staff verifies applicant's information through third parties sources and documentation provided by the applicant. Additional information is also obtained to assist in decision making, where needed.

Work Write-Up Preparation: The Inspector prepares a detailed work write up and construction specifications to address deficiencies identified at the property by the inspector and the owner. The process incorporates the property owner's preferences on execution of the work intended to upgrade the property to applicable housing and building code standards and allows for incorporation of a limited amount of general property improvements. The Inspector then prepares a preliminary cost estimate to determine if the application is financially feasible.

Underwriting and Approval: Armed with income eligibility information and construction cost estimates and having determined that the application is feasible; the Housing Coordinator underwrites the project and submits a recommendation for approval to the Director through the Housing Manager. A closing is then conducted at which applicable mortgage and other documents are executed. If no approval is recommended, a letter is sent to the applicant informing him or her of the City's decision and stating the reasons for the denial.

Contractor Selection and Construction: After the closing, City staff puts out a bid for builders to bid on the project using the detailed work write up and specifications. Only pre-qualified and licensed general contractors on the City's approved Contractor List will be allowed to bid. Bids shall be accepted and opened in public. A builder will be selected and a contract awarded. Construction begins and progress inspections will be conducted by the City's Housing Inspector. Payments will be recommended for approval by the Housing Inspector and the Owner and approved by the Director before submission for payment.

Application Packet: The following is a list of the minimum information required at the time of application:

1. Application guidelines: General Housing Assistance Application requesting basic information for certification purposes and program requirements.
2. Basic Information: Following is a listing of necessary verification information needed to income certify homeowner(s):
 - a. Social security and /or Pension Award Letter(s).
 - b. Social Security cards for all household members.
 - c. Picture ID of property owner(s).
 - d. Property taxes verification.
 - e. Last two years (consecutive) of Federal Tax Returns, all schedules, W-2's and 1099's.
 - f. Birth Certificate (if applicable).
 - g. Three consecutive current pay stubs.
 - h. Custody or Adoption agreement (if applicable).
 - i. Alimony, Child support payment records (if applicable).
 - j. Warranty Deed.
 - k. Copies of last three (3) consecutive bank statements (all pages).
 - l. Documentation of other income (AFDC check stub, Award of retirement benefits, etc.).
 - m. Declaration page of current year Home Owners Insurance policy.
 - n. Other information as required.

3. Consent form: A form used for authorization of consumer credit, employment or mortgage information to be released with the homeowners consent. Form must be signed and dated.
4. Verification of employment, social security and mortgage account: Forms that are necessary to certify homeowner(s) or household members for income eligibility. Mortgage account verification necessary to show mortgage is current. If not obtainable, credit report will be used.
 1. Name of applicant, co-applicant(s), and any other household members residing at the property (whether related to the property owner or not) and relationship to property owner(s)
 2. Address of property and telephone number.
 3. Social security numbers, dates of birth of applicant(s) and ages of other household members.
 4. Employment information on all household members except for resident full-time student dependents and minors (if applicant is unemployed, date unemployment began and type of work done before).
 5. All other income for the household including but not limited to wages, salaries, pensions, social security, disability, unemployment, self employment, rental income, interest dividends, and income derived from assets.
 6. Assets including but not limited to bank account, stocks, bonds, equity in real estate, and owned cars, boats, mobile homes, etc...
 7. Liabilities including but not limited to mortgage payments, personal loans, student loans, car loans, credit card debt (payments on installment and revolving debt that extend beyond ten months from time underwriting), alimony, child support, and separate maintenance.
 8. Legal description of the property.
 9. Monthly housing expenses including mortgage payments of principal and interest where debt was incurred for housing purposes only (first, second, or other mortgage), real estate taxes, special assessments, flood insurance, fire and extended coverage insurance (hazard insurance).
 10. Information on flood and hazard insurance including name of insurer, agent, address, policy number, and amount and dates of coverage.

The applicant may provide information in support of the application which may include, but not be limited to: copies of deed, mortgages, pay stubs, driver's license, judgments, bank statements, death certificates, utility bills and tax statements. Applicants will also be asked to provide a signed copy of their last IRS tax return (last two returns for self-employed persons) and copies of their flood hazard insurance policies as applicable.

At the time of application submission, a preliminary review is made of the information provided and the applicant is requested to sign certain pertinent release forms that enable City staff to verify the application with outside parties. Other such forms may also be signed by the applicant at later times as the need arises in the process of reviewing the application. These release forms for example include: employment verification, mortgage payment verification and deposit verification.

Relevant CP&D staff creates a file containing the completed and signed application, with documentation, for each property owner seeking assistance.

Application Process:

Preliminary Application Interview: Applicants shall be processed on a “first come, first serve” basis on submission of a complete application and all required supporting documentation. Applications will be obtained primarily from responses to public advertisement and outreach by CP&D, and referrals from former and current clients, community based organizations, and other stakeholders.

An interview shall be conducted with each applicant wishing to participate in the program. The interview shall take place at CP&D’s principal place of business, at any mutually agreeable location that is accessible to CP&D staff and applicants or at the applicant’s residence if the applicant’s special circumstances so require. During the interview CP&D shall advise the applicant of the program’s guidelines and type of eligible repairs without specific reference to the applicant’s property. Applicants shall be advised that only property deficiencies that are practical and feasible and that would upgrade their property to meet applicable housing and building code standards would be addressed. Applicants shall be advised of the steps involved in the rehabilitation process, their role in it and the financing options available under the program.

Initial Inspection: An initial inspection of the property will be performed by the CP&D Inspector, along with the owner, to assess the property conditions to determine if rehabilitation is necessary and feasible. An initial Inspection Report will be prepared by the CP&D Inspector based on the inspection and assessment of property conditions.

The assessment of the property conditions is intended to reveal property deficiencies that do not meet applicable housing and building codes such as the City’s Minimum Housing Quality Code, Florida Building Code 2005 Edition, and HUD Section 8 Housing Quality Standards. The Report shall include a description of deficiencies in such areas as plumbing, electrical, roofing, building structure, doors, windows, etc. The Report shall be accompanied by a completed Asbestos Control Review form in compliance with applicable procedures to establish if a current or prior non-residential (commercial) use occurred at the property. If there was a commercial use or evidence of asbestos is determined, the Program requires follow-up action including a survey of the property and sample laboratory testing of building materials with asbestos abatement where necessary. In addition, the property shall be reviewed for evidence of lead based paint in homes built before 1978, in accordance with requirements outlined in Section II of CP&D’s housing program guidelines.

Determination of Necessity and Feasibility: The Initial Inspection Report shall be used to determine the necessity and feasibility of rehabilitation. If the following is determined, the report shall note that rehabilitation is not needed:

- no deficiencies are found, or
- the deficiencies are of a minor nature such that the cost of correction is \$1,000 or less per unit.

The applicant shall be advised that the program is not intended to assist in correcting minor deficiencies that arise which can be addressed through routine maintenance.

Rehabilitation feasibility is examined once rehabilitation necessity is determined. Rehabilitation feasibility will be determined by the extent and cost of repairs required to bring the structure up to building standards. Specifically, the report should determine the following:

1. The cost of rehabilitation shall not exceed the maximum amount available to homeowners under the HOME rehabilitation program. If the cost of rehabilitation exceeds the maximum amount under the program, the property would not qualify for assistance.

2. As a second threshold criteria, it should be determined if the cost of code required repairs exceeds 50% of the value of the structure to be rehabilitated. However, if the cost of rehabilitation does not exceed the program guidelines but the cost of repairs exceeds 50% of the value of the structure to be rehabilitated, the property would not qualify for assistance.

If the property does not qualify for assistance according to the above criteria, then the application should be recommended for denial of assistance. If the cost of rehabilitation required to conform with applicable housing and building code standards is at or below 50% of the value of the structure to be rehabilitated, and if total project costs do not exceed the funding limits of the Program, then the property would be considered eligible for assistance. CP&D staff would then continue processing the application for assistance.

Emergency Rehabilitation: If in the process of inspecting the property CP&D staff identifies certain deteriorated conditions at the property that pose an immediate danger to the health or safety of the occupants or the general public, then correction of such deteriorated conditions may be addressed under Emergency Rehabilitation procedures. Determination of emergency conditions allows CP&D staff to “fast track” the needed emergency repairs and process the remaining non-emergency repairs within the normal waiting list. The following shall be considered as emergency repairs:

1. Major structural defects.
2. Roof leaks.
3. Electrical (shorts, inoperable, defective circuits).
4. Plumbing (defects causing an unsanitary condition).
5. Air Conditioning (if a physician certifies medical necessity).
6. Handicapped Occupants: Facilitating ingress/egress for a handicapped permanent occupant as well as remediation of barriers obstructing mobility and use of facilities.
7. Correcting code violations for elderly households.

Environmental Review: Upon request, the CDBG/Housing Compliance Officer shall conduct an environmental review of the site in accordance with Section 92.352 of HOME rules and outlined in Section II of CP&D’s housing program guidelines.

Lead Hazard Reduction.

In accordance with the HUD Lead-Based Paint Regulation (24 CFR Part 35), Section 401(b) of the Lead Based Poisoning Prevention Act of 1971 and Section 92.355 of HOME rules, rehabilitation work on housing built before 1978 that is financially assisted by the Federal government is subject to requirements that will control lead-based paint hazards. Detailed requirements are outlined in Section II of the Housing Program guidelines.

Displacement, Relocation, and Acquisition

Minimizing displacement, consistent with the other goals and objectives, the City shall ensure that it has taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organization, and farms) as a result of a project assisted with federal funds. Detailed requirements are outlined in Section II of the Housing Program guidelines.

Application Review and Information Verification

Upon receipt of information from the applicant, it is verified with the applicant's permission through 3rd party sources. Any additional information needed for clarification or to aid in determining eligible ad level of assistance shall be requested from the applicant.

Income Verification

To determine eligibility for assistance, the applicant's household income must be verified. A household is regarded as being eligible under the HOME program if its annual income based on household size is at or below 80% of the applicable median family income for the Miami Dade Metropolitan Statistical Area. Income includes but is not limited to active income such as business income and employment income, passive income such as interest and investment income, and various forms of social assistance and retirement payments. Certain items including but not limited to sporadic gifts, medical insurance reimbursements, and relocation are not considered income for the purposes of these guidelines. Net household assets shall also be used to determine eligibility. For households with net household assets greater than \$25,000, not including the equity in their main home, annual income shall include the greater of the actual income derived from net assets or a percentage of the value of the net value of the assets based on the current passbook savings rate. Household income shall be determined according to the more detailed listing provided in the Definitions Section of CP&D's Housing Program Guidelines under "income inclusions" and "income exclusions."

Income shall be verified through use of verification forms signed by the relevant household member (s) authorizing verification by the sources of income or by obtaining documentation produced by a third party that establishes income information. Verification forms may include but not be limited to forms such as:

- employment verification
- unemployment benefit verification
- pension benefit verification
- social security benefit verification
- disability benefit verification
- veteran's benefit verification
- verification of benefits administered by HRS
- interest income verification

Each household member who earns an income must provide a signed copy of their last income tax return including attachments (last 2 returns for self-employed person). It is recognized that IRS rules do not require the filing of a return if a person's income is below a certain amount as established by the IRS and revised from time to time. In such instance where an income earning household member does not file a return, a notation shall be so indicated on the application form.

Verification of Accounts

All accounts indicated by the applicant on the application that are deposits with banks, savings and loans, credit unions, or other financial institutions must be verified in order to establish the extent of net asset income available to the applicant.

Verification of Liabilities

The applicant's liabilities include all installment loans, revolving charge accounts, real estate loans, stock pledges, alimony, child support and all other ongoing debts including property taxes and property insurance of all types.

Verification of Credit History

Credit history shall be reviewed through obtaining a credit report. The credit report serves two purposes:

- a. To confirm identified and unidentified credit obligations held by the applicant. In some cases, creditors' information may not appear on the credit report because the credit agency fails to report. Direct verification of credit information may be required in these cases.
- b. To establish the applicant's credit history and detect any slow payments, suits, or judgments for non-payments.

Verification of Ownership

The applicant's ownership of the property by way of warranty deed or title to the property shall be verified through a title search. A title search shall include the following:

- a. The name (and address, if available) of the owner appearing on record;
- b. The legal description of the parcel as shown by the conveyance(s) by which the record owner acquired title;
- c. Identification of the conveyance(s) by which the present owner acquired title, including; the date of the conveyance(s); the date, book and page numbers, and place of recordation; the name (and the address, if available) of the grantor of such conveyance(s); the stated consideration;
- d. Identification of any mortgage, or encumbrances placed of record, their amounts, dates, book and page numbers, and dates of recordation; name of grantor, and grantee and any assignments.
- e. Identification of any liens and/or judgments, their type, amount dates, book and page numbers, and dates of recordation, and from whom and against whom such were places.
- f. Other pertinent information such as recorded death certificates or marriage certificates.
- g. Outstanding estates and other rights of interest of record, including easements, use restrictions, mineral rights, leased, and any known, but unrecorded, interest of other parties. Sufficient information shall be furnished to disclose the probable effect of such outstanding interests on the title of the record owner;
- h. Outstanding special assessments, if any, for public improvements such as streets, sidewalks, public utilities, and similar public facilities;
- i. The amount of real estate taxes for the current year and the assessed valuation.
- j. A tax search showing all matters pertaining to but not limited to all tax certificates sold and delinquent taxes.

The title search shall also include copies of documents referred to in the search report.

Verification of Property Value

The value of the property shall be verified by means of an appraisal report conducted by an independent appraiser and prepared in accordance with requirements contained in the "Definitions" section of these guidelines.

Verification of Age

Where at least one of the property owner applicants is 62 years of age or older, a verification of their age shall be documented through a copy of a document such as a birth certificate, drivers license, or Florida identification card.

File Development and Review

The following are the minimum required documents for establishing an applicant file for review:

- A. A completed and signed application.

- B. A signed certification from the applicable household members consenting to the releases of information about the applicant from a third party to the verifier.
- C. A verification checklist which tracks the efforts and progress of obtaining necessary documents.
- D. Copies of all form letters sent to third party sources.
- F. Appropriate notations in the applicant's file documenting verification of income sources.
- G. Written documents verifying income (letters,, pay stubs, or bank statements).
- H. An income certification form signed by the applicant (s), stating that the computed annual household income and size is true and correct.

LOAN/GRANT UNDERWRITING

In order to arrive at a funding recommendation, CP&D staff must review the application in relation to a series of criteria to determine eligibility and verify that the program requirements have been met. The review shall be based on information provided by the applicant; the property's eligibility and required rehabilitation; occupancy status; and conformance to certain applicable federal regulations.

Applicant Information

Information submitted by the applicant and verified through third parties or gathered by CP&D is reviewed for consistency. If the information appearing on various documents is consistent, the application is in compliance. If the information is not consistent, then the application is not in compliance and the applicant will be required to correct inconsistencies or provide explanations or clarifications. Failure to provide consistency or clarification shall result in the possible rejection of the application and denial of assistance.

Property Location and Eligibility

The property information is reviewed to determine that the property meets the following criteria:

1. Located within the city limits of North Miami and is eligible for the program,
2. the property consists of no more than two dwelling units and is in conformance with applicable zoning for the number of units, and
3. the property is entirely used for residential purposes.

The above property information will be verified by one or more of the following: a site visit, official map, City planning and zoning records, and property appraiser's records. If the property does not meet the location and eligibility requirements and the application will be rejected and assistance will be denied. If the property is not entirely used for residential purposes, assistance may be considered where it includes rehabilitation work that would convert non-residential portions of the property to residential use.

Property Ownership/Title Review

The property ownership information shall be reviewed through a title search to establish that the applicant who resides at the property to be rehabilitated is the owner of record. If it is determined that the applicant is not an owner of record, the applicant must remediate this condition by changing the title to show compliance or any other appropriate action that would result in removing a cloud on the title to show clear title. If there are persons other than the applicant who have an ownership interest in the property to be rehabilitated but do not reside at the property they are not to be considered as a part of the applicant's household. However, these persons having an ownership interest must agree to and join the applicant in executing program documents that secure the rehabilitation costs and encumber the property.

Occupancy Determination

The site visit to the property by CP&D staff and the review of various documents received for verification shall be used to establish that the applicant resides at the property and uses the property as his or her primary residence. In addition, a review of property appraisers records shall be used to determine if the applicant has homestead exemption although this does not necessarily guarantee occupancy and should not be used alone as proof of occupancy. If the applicant meets the above occupancy requirements, he or she will be deemed as being in compliance. However, if the applicant is not in compliance with the occupancy requirements, he or she will have to demonstrate extenuating circumstances for not residing at the property and provide a written commitment at the time of application, to the satisfaction of CP&D staff, of their intent to reside at the property after the rehabilitation has been completed. Extenuating circumstances may include such events as an extended hospitalization or an official determination that the property is unfit for habitation or posing a danger to the applicant. Such conditions may be addressed through the program.

Insurance Coverage Review

CP&D staff will review insurance records for the property to determine that sufficient hazard insurance coverage exists that is at least equal to the total loans outstanding on the property including the City's anticipated loan and the balance of all other senior debt against the property. The insurance records shall be endorsed to include the City of North Miami as a loss payee and a mortgagee. **Flood insurance is also required up to acceptable and adequate replacement coverage for the unit.** The insurance records shall be endorsed to include the City of North Miami as a loss payee and a mortgagee. The property will be considered in compliance if the required insurance coverage and policy endorsements are included. If insurance coverage is not in compliance, the applicant may achieve compliance by obtaining the required coverage. Rehabilitation assistance may be used to finance insurance coverage.

Income Review

The total income of all members of the household will be reviewed to establish whether the applicant's annual household income, by household size, is at or below the applicable HUD established income limit. Since, income is a threshold criterion for the HOME program, if the total household income exceeds the applicable HUD established income limits, the application will be rejected and assistance denied.

Liquid Asset Review

The liquid assets of the applicant shall be reviewed to establish the extent of liquid assets of the property owner(s) only as a proportion of the applicant property owner's annual income, such that any amounts in liquid assets in excess of 30% of the annual income of the property owner(s) are made available to reduce the funding provided through this program except for elderly and disabled households occupying one unit residences. Liquid assets include cash savings, certificates of deposits, stocks, bonds, and other investments. Investments in bona fide retirement accounts are excluded from this test.

Net Worth Review

The Net Worth (the difference between assets and liabilities) of the applicant shall be reviewed to establish the net worth of the property owner(s) only, such that the net worth would disqualify the applicant from participating in this program if it exceeds \$100,000, with the following exceptions:

- the applicant's home equity is excluded from net worth

- the applicant does not demonstrate the ability to, or show the likelihood of repaying a home equity rehabilitation loan from a conventional lending source

WORK WRITE UP PREPARATION

If the applicant appears to be qualified upon review and verification of the information provided, a rehabilitation work write-up is prepared by CP&D staff based on the information from the preliminary inspection. CP&D staff shall inform all applicants of the following conditions related to the scope of work.

Work Write-Up Coding

The following designations will be used to categorize rehabilitation specifications or work items to determine the eligibility of repairs:

Type A: Work items to correct code violations. These items have highest priority.

Type B: Incipient code violations (deteriorating conditions which are anticipated to become code violations within two years). These items have the second highest priority.

Type C: General property improvements (GPI) (work items that contribute to the betterment of the property's value and livability but whose omission will not leave the property worst off). General improvements may include such items that are incorporated in or attached to the site or the building such as a fence, a patio slab, drive-way, or ceiling fans, but do not include some appliances (other than range / refrigerator) and items such as a barbecue pit or pool. These items have the lowest priority of the three types.

Types A and B include all applicable deficiencies under the Property and Housing Quality Standards provisions outlined in Section II of the CP&D's Housing Program Guidelines. The work write-up may include items that are energy efficiency and conservation items or ones that intended for the removal of architectural barriers. While not a code violation, the treatment of termites and other wood boring organisms shall be treated as a Type "A" item for the purposes of this program. The treatment of lead based paint surfaces may be included as a code violation. The final decision regarding the eligibility of any rehabilitation specification resides solely with the CP&D Department and its Director.

General Property Improvements Cap (GPI)

The eligibility of GPI items shall be capped at 10% of the total rehabilitation cost excluding extermination. GPI items will only be considered to the extent that Types A and B items do not exceed the maximum amount of assistance provided under the program. GPI items exceeding the 10% cap are subject to deletion from the scope of work.

Bedroom Enclosures and Bedroom Additions

Funding assistance may be provided for bedroom enclosures, bedroom additions and garage/carport additions on a case by case basis subject to approval by the City Council where it is required to meet housing quality standards.

Air Conditioning

Specifications regarding air conditioning shall be considered for assistance under the following conditions:

1. Existing air conditioning equipment may be repaired or replaced when repair is not feasible. Replacement must be with the similar equipment.
2. The replacement of wall or window units with central air-conditioning may be considered where there is a relevant health reason justified by a doctor's medical report and where

the assistance does not exceed the amount of assistance available under the program. In addition, the installation of air-conditioning will not supersede any Type A and B specifications.

Work Write-Up Review and Approval

Upon completion of the work write-up, the CP&D inspector shall discuss the specifications with the Housing Coordinator and the applicant. The applicant will then be asked to sign the work write up indicating that they have reviewed the work write-up and understand the scope of the work to be performed on the property. The applicant will also be advised that no changes will be made to specifications unless required by the City's housing or building code. In addition, the applicant shall be advised that no agreements or change orders should be made between the applicant and the selected contractor. Any requests for changes should be directed to the CP&D staff. By signing the work write-up, the applicant also authorizes CP&D staff to obtain bids for the work to be done.

CP&D Cost Estimate: For the purposes of evaluating bids and determining the level of assistance, the CP&D Inspector shall also prepare an itemized in-house cost estimate using current market prices.

Contractor Selection: In accordance with the guidelines of CP&D housing program guidelines outlined in Section IV, CP&D staff shall conduct a bid process and select a licensed contractor in conjunction with the property owner.

Application Approval: On completion of the file review, information verification, work write up and preparation of work write-up, selection of bid and it has been determined that the application is in compliance with program policies, CP&D staff will make a funding recommendation in a financial report to be submitted to the Director for approval. The Director may accept or reject the recommendation made by staff and may otherwise approve a project in a manner that differs from the recommendation that was submitted for consideration, as long as it remains in compliance with these policies.

Closing: Upon receipt of a signed Funding Approval Form indicating final approval, CP&D staff shall schedule a closing to be attended by the contractor and property owner(s), and have all closing documents (i.e., Mortgage which is inclusive of the HOMEG Program Agreement, Promissory Note, Notice of Commencement) prepared for this purpose. The above program requirements shall become a part of a HOME Program agreement between the City and the Owner. The closing documents shall be submitted to the City Attorney's office for review for legal sufficiency prior to execution. In addition, CP&D staff shall coordinate with any other lender in the project to ensure that the HOME agreement and mortgage reflects these loans and their lien position. The City Attorney shall also review mortgage documents of other lenders to ensure that the City's interests are protected and that the first mortgage is not detrimental to any other the HOME compliance requirements.

Upon approval of the City Attorney's Office, CP&D staff shall prepare the pertinent documents for execution and shall coordinate the date for closing with other parties. As pre-requisite to closing, CP&D must receive any updated information from the general contractor such as licensing, insurance, etc. as applicable. The closing shall be conducted by CP&D's Housing Coordinator who shall review all documents with the owner prior to execution. All owners of record, regardless of their location, must execute the mortgage and promissory note. Staff shall ensure that the documents are executed and recorded. Property owners shall be informed, at the

closing, of the requirements applicable to them concerning affirmative marketing and other requirements outlined in Section II of CP&D's program guidelines.

Project Set-Up and Disbursements: After loan closing requirements have been met and the loan documents recorded, CP&D staff will set up the project in the Integrated Disbursement and Information System (IDIS). In accordance with Section IV of the housing program guidelines, CP&D staff shall process disbursement requests from the contractor, if applicable or non-profit.

Construction Phase: The rehabilitation of properties under the Single Family Housing program shall be carried out by a licensed building contractor. The rehabilitation activities including inspections, bidding, contractor selection, payments, change orders, and compliance shall be carried out by CP&D staff in accordance with the procedures outlined in Section IV of CP&D housing program guidelines.

If necessary, termite treatment shall be performed by a licensed contractor after completion of construction in order to treat materials installed at the property and address any infestation indicated on the termite inspection report. Such work will be scheduled with the contractor and approved by the Housing Coordinator. Staff shall arrange any temporary lodging for the tenants. The payments for lodging are eligible under the temporary relocation and are not charged to the owner's account.

Post Completion Activities: After all project invoices, and expenses have been paid, CP&D staff shall reconcile the list of payments shown in the applicant's files with the records held by the Finance Department. A final itemized listing of all payments shall be prepared after the reconciliation that also shows any undisbursed fund and their disposition. In the event there are any undisbursed funds, all such funds will be used to refunded to the Program budget and reduce the principal amount of the applicant's forgivable loan and affordability period, where applicable. See Section IV for more details on close out procedures.

Miscellaneous: Requests for additional funding of up to 20%in excess of amounts approved for a project may be approved by the CP& D Director in accordance with Section I of these guidelines, with a recommendation from CP&D staff provided that the sum of additional funding and original project funding does not exceed the funding limits established in these policies. In the instance where such sum exceeds these limits, a waiver to these policies is required and approval by the City Council must be obtained. However, in no instance should the maximum per-unit subsidy exceed limits established by HUD under Section 92.250 of the HOME regulations.

Termination of funding and acceleration of deferred loan repayment may be undertaken by CP&D during the rehabilitation process if:

- (1) The applicant refuses or fails to allow the rehabilitation work to commence within thirty (30) days from contract award.
- (2) The applicant refuses or fails to allow reasonable access to complete the rehabilitation after commencement.
- (3) The applicant refuses to authorize payments associated with the project which have been deemed payable by CP&D staff.
- (4) An event of default occurs as specified in the mortgage or promissory note.

Notice shall be given to the applicant of such termination and/or acceleration, as appropriate, with follow-up action by the City Attorney's office where necessary.

Future subordination by North Miami of a mortgage taken in connection with this program shall be reviewed by the Housing Coordinator and approved by the Director of CP&D. In evaluating request for mortgage subordination, the CP&D staff shall consider the City's financial interest and its interest in preserving homeownership, and preserving or enhancing the property's value.

Program Monitoring and Compliance: Projects receiving HOME assistance shall be monitored by CP&D staff to ensure compliance with applicable regulations and recordkeeping requirements at 24CFR part 92 of the federal regulations and other applicable regulations. Program monitoring and compliance requirements are expanded in Section IV of CP&D housing program guidelines.

SECTION III

HOME RENTAL HOUSING REHABILITATION PROGRAM

HOME INVESTMENT PARTNERSHIP (HOME) RENTAL HOUSING REHABILITATION PROGRAM GUIDELINES

INTRODUCTION

These program guidelines outline specific features and provide and organize guidelines, instructions, policies and procedures for implementing North Miami's HOME Investment Partnership (HOME) Rental Housing Rehabilitation Program which provides financial and technical assistance for the rehabilitation of multi-family dwellings that are mainly for rental to low and moderate income households, as defined by these guidelines.

IMPLEMENTATION RESPONSIBILITY & APPROVAL AUTHORITY

As outlined in Section I of the Housing Program guidelines, the HOME Rental Housing Rehabilitation Program will be administered and implemented by the City of North Miami's Community Planning and Development Department (CP&D) with overall responsibility being held by the Director. Specific program responsibility will reside with the Housing Manager who reports directly to the Director. Approval authority for financial assistance under this program shall be submitted to the City Council for final approval after review and recommendations from an Evaluation Committee and the CP&D Director as outlined in Section I of these guidelines. The Evaluation Committee shall be selected by the CP&D Director with input from the Finance Director.

COMPLIANCE WITH APPLICABLE REGULATIONS

The programs shall be administered in compliance with established policies, types of financing programs and procedures as described in the federal HOME Program Regulations at 24 CFR Part 92 (as amended). In addition, the Program shall also be administered in compliance with the City's approved Consolidated Plan and other applicable federal regulations as set forth in Section II of the housing program guidelines.

I. PROGRAM FEATURES – HOME RENTAL HOUSING REHABILITATION PROGRAM:

- A. **Purpose:** The primary purpose of the Community Development Block Grant (HOME) Rental Housing Rehabilitation Program is to increase the diversity of affordable housing units by rehabilitating deteriorated rental housing units occupied by low and moderate-income residents of the City. To achieve this purpose, the City will focus on rental housing units within the City limits of North Miami in accordance with the needs and priorities identified in its consolidated plan. CP&D will seek private participation by the use of Request for Funding Proposals (RFP) or Notice of Funding Availability (NOFA), competitively scoring each proposal submitted for funding.
- B. **Eligible Applicants:** Non-profit and for-profit owners of rental housing provided for rental to low income families as defined under Section 92.203 of the HOME Regulations.
- C. **Eligible Activities:** The following activities will be considered eligible under the Program in compliance with Section 92.205 of the HOME regulations:
 - o Rehabilitation of affordable vacant or occupied rental housing units with suitable amenities. This includes properties that are being acquired and are in need of rehabilitation. However, City HOME funds cannot be used for any part of acquisition costs.

- Lead based paint assessment and mitigation.
- Conversion of existing structures into affordable rental housing units, providing the conversion does not entail adding one or more units beyond the existing walls.

Ineligible Activities: Construction equipment, furnishings, fixtures and equipment not an integral part of buildings, and operating expenses for rental housing.

D. Eligible Properties: To be eligible for assistance, properties must comply with the following:

- Consist of three or more dwelling units that are used exclusively for residential purposes.
- Comply with occupancy and affordability requirements as detailed in these program guidelines.
- Must be located within the municipal limits of the City of North Miami.
- The dwelling units must be under common ownership, management, and financing.
- The applicant must be the owner of record of the property or have site control of the property as evidenced by a sales contract that is scheduled to close within six months.
- The property must be substandard and in need of building code corrections.
- Property must be zoned to have the number of units to be rehabilitated.
- The property tax obligation must be current at the time of approval of the loan.
- All rehabilitation must be determined to be practical and feasible.
- Funding limits must not exceed FHA Section 221 (d) (3) limits.
- Compliance with all other applicable requirements herein.

Ineligible Properties – One or two unit single family detached dwellings, duplexes, shelters, and commercial properties are not eligible to receive assistance.

E. Funding Sources: Funding for the HOME Rental Rehabilitation Loan Programs is being provided through the HOME Program and is subject to all of the regulations at 24CFR Part 92. Projects funded under the HOME Rental Rehabilitation Program may also apply for additional funding under the CDBG Rental Rehabilitation Loan Program. However, the amount of funding from the combined sources shall not exceed what is needed to make the project feasible and affordable, as determined solely by the CP&D review process. In addition, if both sources are used, the more stringent of the regulations between HOME and CDBG will apply to the entire project.

F. Types of Assistance:

1. Financial Assistance

Financial assistance will be principally in the form of a zero interest deferred payment loan of up to \$25,000 per unit. The loan will be repayable up to a term of up to 20 years subject to the following conditions:

- The total loan amount and loan period will be determined on a case-by case basis by the CP&D Director upon recommendation from an Evaluation Committee and shall not be in an amount or term greater than what is required to make the project economically feasible and the HOME-assisted units affordable.
- The terms of the loan will also be based on the amount of HOME subsidy provided to the project and will be based on the long term affordability restrictions used for the HOME Rental Program.
- The loan will be secured by a Mortgage, Promissory Note and Loan Agreement.
- Repayment will be deferred until the end of the applicable loan term. If the

property is sold or transferred or the loan refinanced prior to the end of the loan term, the loan shall be due and payable at a simple interest rate of four percent accrued from the award of the loan.

- If other financing is involved, the City's loan may be subordinated to a private sector loan and would be subject to the City's subordination policies.
- The loan shall be non-assumable, unless consented to by the City at its sole discretion.
- The loan shall not be subject to any prepayment penalty.
- Additionally, the City may provide tenant relocation benefits and assistance directly to persons displaced by rental rehabilitation activities resulting in a permanent or temporary move. However, the applicant is responsible to determine relocation needs in compliance with relocation guidelines herein and shall include allowances for temporary and permanent relocation in the development budget.

2. Technical Assistance

The City shall provide technical assistance to the owner/applicant including, but not limited to, property inspections, work write-up specification review, bid solicitation review, payment processing, tenant relocation assistance, and any other staff assistance incidental to the implementation of the HOME Rental Rehabilitation Program.

G. Eligible Costs: The following costs will be eligible for financing under the HOME Rental Rehabilitation Program per 24 CFR 92:

- Labor, materials and other rehabilitation costs including deferred maintenance, replacement of principal fixtures and building components of existing structures including, but not limited to, installation of security devices, such as smoke detectors and dead bolt locks.
- Improvements to increase the efficient use of energy in structures through such means as installation of storm windows and doors, siding, wall and attic insulation, and conversion, modification, or replacement of heating and cooling equipment. The treatment of termite and other wood destroying organisms at the property shall also be considered as eligible repairs.
- Construction related costs including architectural fees, engineering fees, work-write-up preparation /costs estimates, builders' fees, impact fees, lead-based paint based inspection reports and risk assessments, asbestos reports and removal, and termite inspection and removal.
- Costs of demolishing existing structures.
- Finance related costs including credit reports, origination fees, title reports and updates, recording fees, preparation and filing of legal documents, appraisal, attorney's fees, loan processing fees, and other customary fees.
- Costs to meet the Property Standards and Housing Quality Standards as described in Section II of these program guidelines and to make essential alterations, improvements, or modifications that result in decent, safe and sanitary housing for tenants. These shall include the abatement of lead-based paint hazards, as required by 24 CFR Part 35 of the federal regulations.
- Costs of connecting residential structures to water distribution lines or local sewer collection lines.
- The costs of improvements necessary to permit the use of the units by persons with disabilities or the elderly.
- Cost of addressing life safety issues for affordable units.

- o Rehabilitation can also include specific infrastructure improvements such as repaving of parking areas related to the properties.

H. ***Long-Term Affordability:** To ensure that the City's investment of federal entitlement funds yield affordable housing over the long term, the City of North Miami will institute affordability periods for the HOME Rental Rehabilitation Program. The HOME rental rehabilitation projects will be in compliance with the HOME affordability requirements at Section 92.252 of the HOME regulations. The following are the affordability periods to be used by the City of North Miami:*

<u>Investment per Unit</u>	<u>Length of Affordability Period</u>
Less than \$15,000	5 years
\$15,000 - \$40,000	10 years
More than \$40,000	15 years
Refinancing of rehabilitation projects regardless of HOME investment per unit	15 years

If a HOME-assisted property is sold or transferred during the affordability period, the HOME assistance along with any accrued interest is due and payable as provided at item E (1) of these guidelines above. If the City of North Miami determines that the sale of HOME assisted units will result in the removal of the HOME-assisted housing from the affordable housing stock, the City Council may, on the recommendation of CP&D's Director, refinance the HOME assistance to the new owners. A new affordability period will be applicable upon the refinancing of the HOME-assisted units.

The affordability requirements apply without regard to the term of any loan or mortgage or the transfer of ownership. They must be imposed by deed restrictions, covenants running with the land, or other HUD approved mechanisms, except that the affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure. The City may use purchase options, right of first refusal or other preemptive rights to purchase the housing before foreclosure or deed in lieu of foreclosure to preserve affordability.

Upon satisfactory completion of the terms and affordability period specified in the mortgage instrument, or upon repayment of the remaining balance due on the mortgage, the City shall prepare and execute a Satisfaction of Mortgage to release the City's lien.

- I. **Occupancy Requirements:** In accordance with Section 92.252 of the HOME regulations, if five or more units are HOME-assisted, at least 20% of the units in the HOME-assisted project must be occupied by very low income households, as defined by HUD. The remaining 80% of HOME-assisted units must be occupied by individuals or families whose annual incomes do not exceed eighty (80%) percent of area median income, as adjusted for household size. For occupied units, occupancy is defined as the tenant in place at the time the HOME assistance is approved. For vacant units, occupancy is defined as the first tenant after the completion of the project, and the issuance of the Certificate of Occupancy.
- J. **Rent Limitations:** The owner must rent the HOME-assisted units at affordable rents to be determined by the lesser of the following:
 - (i) The fair market rent for existing housing for comparable units in the area as established by HUD under 888.111; or

(ii) Rent does not exceed thirty (30%) percent of the adjusted income of a family whose annual income equals sixty-five (65%) percent of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit. The rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions.

Rents during the Affordability Period: The HOME rent limits are recalculated on a periodic basis after HUD determines fair market rents and median incomes. HUD then provides the new rent limits to the City. Regardless of changes in fair market rents and in median income over time, the rents for a project are not required to be lower than the applicable rent limits for the project in effect at the time of project commitment. The City shall provide the Owner with information on updated rent limits so that rents may be adjusted.

The property owner is required to annually income certify tenants that are low and moderate income in accordance with these program guidelines and provide CP&D with income information for all applicable tenants, the total number of units in the project and the number of units occupied by low and moderate income households to demonstrate compliance with these program guidelines. When rental units become vacant during the affordability period, subsequent tenants must be low and moderate-income and must be charged the applicable affordable rents.

Any increases in rents for HOME-assisted units is subject to the provisions of outstanding leases, and in any event, the Owner must provide tenants of those units not less than 30 days prior written notice before implementing any increase in rent.

Adjustment of Rent Limits: HUD may adjust the rent limits for a project, only if it is necessary to support the continued financial viability of the project and only by an amount that is appropriate to fulfill that objective.

- K. **Property and Housing Quality Standards:** In accordance with 24 CFR 92.251, Florida Building Code 2005 Edition and other applicable local and federal regulations as set forth in Section II of these guidelines, properties assisted with HOME funds for rental rehabilitation must comply with applicable property and housing quality standards.
- L. **Tenant Protections:** An owner receiving financial assistance cannot refuse to rent HOME-assisted units to participants of tenant based rental assistance programs or cannot discriminate in accordance with Section II of the City's program guidelines in the use or occupancy of any assisted housing. The owner shall also implement requirements detailed in Section II of the program guidelines concerning tenant protections.
- M. **Other Program Requirements:** In accordance with 24 CFR 92, any HOME-assisted project must comply with the following program requirements, which are outlined in more detail in Section II of CP&D's program guidelines:

Affirmative Marketing: The property owner must commit to affirmatively furthering fair housing in renting the HOME-assisted units in accordance with the HOME regulations and Section 3 of the Housing Development Act of 1968, as amended (12 U.S.C.1701 U), and other applicable Federal, State and local regulations.

Environmental Review: Upon request, the CDBG/Housing Compliance Officer shall conduct an environmental review of the site in accordance with the HOME regulations.

Lead Hazard Reduction: In accordance with the HUD Lead-Based Paint Regulation (24 CFR Part 35), Section 401(b) of the Lead Based Poisoning Prevention Act of 1971 and Section 570.608 of CDBG regulations, rehabilitation work on housing built before 1978 that is financially assisted by the Federal government is subject to requirements that will control lead-based paint hazards.

Labor Standards: Every project that includes twelve (12) or more HOME-assisted units must comply with Davis-Bacon and Related Acts to ensure that mechanics and laborers employed in construction work in excess of \$2,000 and financed in whole or in part with HOME funds are paid wages and fringe benefits equal to those which prevail in the locality where the work is performed. The applicable wage provisions must apply to all laborers and mechanics employed in the development of the entire project including portions other than the HOME-assisted units. The provisions do not apply to volunteer work, paid expenses or work for a nominal fee.

Displacement, Relocation, and Acquisition: In accordance with Section 570.606 of the CDBG regulations, the City shall ensure that it has taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) as a result of a project assisted with CDBG funds.

Non-Discrimination and Equal Access: Federal requirements set forth in Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Section 504 of the Rehabilitation Act of 1973, Executive Order 11063 and 24 CFR 5.105(a) prohibit discrimination on the basis of race, color, national origin, religion or sex.

Employment and Contracting Rules: Federal requirements set forth at Executive Orders 11246, 11625, 12432 and 12138 and Section 3 of the Housing and Urban Development Act of 1968 prohibit discrimination in employment and encourage the CHDO receiving federal funds to provide training and employment opportunities to low-income residents.

Debarred Contractors: Federal requirements set forth at 24 CFR part 5 prohibit the provision of federal funds to debarred, suspended or ineligible contractors, subcontractors or sub-recipients. Owners are required to check the HUD listings for this purpose.

Conflict of Interest: In accordance with 24CFR 570.611, grantees and sub-recipients of federal funds must comply with procurement requirements found at 24 CFR 85.36 (state and local governments) and 85.42 (non-profits) and with any other applicable conflict of interest provisions.

Flood Insurance: Under the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001-4128), CDBG funds may not be used with respect to the acquisition, new construction, or rehabilitation of a project located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, unless flood insurance is obtained as a condition of approval of the commitment.

Removal of Architectural Barriers: In accordance with 24CFR 570.614, the Architectural Barriers Act of 1968 and the Uniform Federal Accessibility Standards, and the Americans with Disabilities Act (ADA), buildings assisted with CDBG funds must provide access to persons with physical handicaps through the removal of architectural barriers and the design or rehabilitation of those structures.

N. **Procedures:** The following is a summary of the stages of the CDBG Rental Housing Rehabilitation assistance process:

Request for Proposals: The City of North Miami through CP&D will issue a Request for Proposals (RFP) or Notice of Funding Availability (NOFA) for eligible entities to submit proposals for funding assistance. The RFP/NOFA provides prospective respondents with a means to enable them to prepare and submit proposals for consideration by an Evaluation Committee for assistance under the Program. The RFP/NOFA shall include a detailed scope of assistance, criteria for selection, and timeline for submission.

Proposal Submission: Proposals/applications will be accepted by the deadline. By submitting a proposal/application, the respondent is 1) certifying that the scope of service in its proposal presently meet the mandatory qualifications and specifications, and 2) is affirming acceptance of the goals, and scope, and all terms and conditions listed in the RFP/NOFA.

A respondent submits a proposal/application, provides documentation in support of the proposal/application, and signs certain release forms authorizing CP&D staff to verify information with third parties.

Proposal Review & Information Verification: CP&D staff reviews the proposal for compliance with the RFP/NOFA and verifies applicant's information through third parties sources and documentation provided by the applicant or requests additional information, where applicable.

Underwriting, Review and Approval: CP&D staff reviews the proposal information and rehabilitation cost estimates and determines that the application meets the requirements of the RFP/NOFA. CP&D staff underwrites the project and submits a project summary and application to an Evaluation Committee for review. The Evaluation Committee then reviews and scores each proposal according to predetermined criteria. After its deliberation and based on scores and other predetermined criteria, the Committee recommends one or more projects for funding. CP&D staff completes a final review of the Committee's recommendations and submits them to the Director for approval. The Director approves or disapproves the Committee's recommendations and schedules the same for ratification and approval by the City Council. If no approval is recommended, a letter is sent to the applicant informing him or her of the City's decision and stating the reasons for the denial.

Closing and Construction: A closing is then conducted at which applicable mortgage and other documents are executed. CP&D shall establish closing conditions which must be met prior to closing and includes the submission of required documents such as the builder's packet, corporate resolution, etc. After the closing, City staff establishes procedures for the submission of draw requests, change orders, inspection of the work, and payments. Construction begins and progress inspections will be conducted by the City's Housing Inspector. Payments will be recommended for approval by the Housing Inspector and the Owner and approved by the Director before submission for payment by the Finance Department.

Proposal Packet: The following is a list of the minimum information required at the time of proposal submission:

1. Executive Summary of Project consisting of the name and contact information for the proposer, a brief description of the project, the use of the city's funds, related project financial support, and the assessed or appraised value information on the property and the proposed impact and strategic importance of the project.
2. Basic Information: Following is a listing of necessary verification information needed to review the proposal:
 - a. The amount of City funds requested, the terms desired, and the repayment schedule. Justification of funding provided by the proposer to show why the amount of City funds is required or evidence of a funding gap. The proposer's equity contribution should also be shown. If City funds represent the only source of funds, the proposer should show efforts to secure other sources of funding.
 - b. Site information including location, property control number, proof of site control such as warranty deed or contract. Without site control, a proposal will be rejected.
 - c. A legible map and photographs of the property. Information on whether the property is located in a flood plain.
 - d. Building data including number of buildings, number of units, size and types of units including number of bedrooms and baths, the type of structure whether duplexes, high rises, condominiums, etc. The data should also include information regarding the current zoning of the property and any plans for rezoning, the availability and condition of utilities to the site and the availability and condition of appliances.
 - e. Property taxes verification.
 - f. Last two years (consecutive) of Federal Personal and Business Tax Returns, all schedules, W-2's and 1099's.
 - g. Current rents being charged and proposed rents for CDBG-assisted units.
 - h. Existing tenant information showing total number of households and total number of occupied units. A separate profile form must be done for each occupied unit.
 - i. Any anticipated relocation of a temporary or permanent nature and the affected units.
 - j. Statement regarding any possible relocation or displacement of tenants. If displacement is proposed, a detailed relocation plan must be included.
 - k. A detailed work write-up and cost breakdown of the rehabilitation work to be performed.
 - l. An as-is appraisal and as-complete appraisal conducted by an independent appraiser.
 - m. A detailed proposed project schedule showing start and completion dates for major project activities and milestones.
 - n. A copy of a general contractor bid and qualification packet. Only licensed general contractors will be accepted as part of the proposal.
 - o. Copies of last three (3) consecutive bank statements (all pages).
 - p. Copy of a marketing and property management plan showing that the property will be managed by experienced and capable persons. Copies of resumes for management personnel or firms must be included.

- q. Declaration page of current year Liability, Hazard and Property Insurance policies.
- r. At least three references including one financial reference.
- s. List of previous completed projects of a similar nature and current status.
- t. Development team such as architects, engineers, general contractors, consultants, surveyors and their experience statements including resumes, etc. A narrative and resumes outlining the relevant experience of the development team including resumes of the principals.
- u. Financial feasibility information including proof of all existing debt on the property with terms of financing, any judgments, etc.
- v. An analysis of current market conditions and the feasibility of renting the units at the proposed rents, respectively. Comparative data on similar units in the market area should also be provided.
- w. Operating pro-forma representing the income and expenses after rent stabilization has been achieved. Operating pro-forma should be projected out for at least ten years and should be submitted in a format approved by CP&D.
- x. Development budget including all project costs associated with the development of the project, regardless of the funding source. The development budget should be submitted in a format approved by CP&D.
- y. Sources and Uses of Funds Statement showing all sources including private sector, other government and equity being used to fund the project. The statement should indicate leveraging ratios in respect to the City's funding.
- z. Commitment letters should be provided from all non-City sources (including predevelopment, construction and permanent financing)
- aa. Evidence of minority participation according to the City's MBE/WBE policies and guidelines, if applicable.
- bb. Other information as required and that will be useful in evaluating the project.

3. Consent form: A form used for authorization of consumer credit, employment or mortgage information to be released with the owner's consent. Form must be signed and dated.

At the time of application submission, a preliminary review is made of the information provided and the applicant is requested to sign certain pertinent release forms that enable CP&D staff to verify the application with outside parties. Other such forms may also be signed by the applicant at later times as the need arises in the process of reviewing the application. These release forms for example include: mortgage payment verification and deposit verification.

Project Selection Criteria: The following criteria shall be used to assess each proposal/application but the City of North Miami through the City Council reserves the right to award funds based on the addition of any other criteria or waive any of the criteria at its sole discretion.

Threshold criteria

The proposals will be assessed based on the following preliminary criteria to determine if they meet the RFP requirements for further assessment:

- Proposal submitted on time
- All proposal pages completed and supporting documents provided and clearly identified.
- Proposer has effective site control as evidenced by a warranty deed, valid sales

contract, or other legal document deemed acceptable solely by CP&D staff.
 Any proposals that fail to meet the above criteria will not be considered for further review.

Review Criteria

If it meets the threshold criteria, each proposal will be scored competitively by awarding points in various categories. The following are the categories and the maximum point award to be determined for each:

- 1. Project demonstrates a funding gap and need __points
- 2. Project feasibility as determined by CP&D. __points

Based on the following factors:

- X Development team __points
- X Project Financials __points
- X Site & Amenities __points
- X Marketing & Management __points

- 3. Financial commitment for private or other public monies
 - Firm __points
 - Less than firm __points
- 4. Schedule and time frame (compared to other proposers) __points
- 5. Additional services and amenities being provided to renters __points
- 6. Type of site control __points
- 7. Non-displacement of Existing Tenants __points
- 8. Percentage of City funding compared to project costs __points
 - less than 20% __points
 - 21% to 50% __points
 - 51% to 75% __points
 - 76% to 99% __points
 - 100% __points
- 9. Percentage of units set aside for low and very low income families
 - 90-100% __points
 - 61-89% __points
 - 52-89% __points
 - 51% __points
- 10. Proposer's ability to proceed with construction as evidenced by: __points
 - Existing workload __points
 - Financial Ability __points
 - Building Approvals __points
 - Experience with similar projects __points

TOTAL POSSIBLE POINTS _____points

CP&D Staff Review: Relevant CP&D staff creates a file containing the completed and signed application, with documentation, for each property owner seeking assistance. CP&D staff will review each application for evidence of site control, verifications and financing to be used to determine the initial financial feasibility of the project. The applicant shall submit the Work Write-up and cost break-down to CP&D staff. CP&D requires all construction or rehabilitation work be done only by licensed general contractors. The Work Write-Ups must address building code violations to ensure that after the rehabilitation/construction is completed, the property will meet all requirements of the City's CDBG Program, Housing Quality Standard Requirements, and local building codes.

The CP&D Inspector and the owner's contractor (in conjunction with an engineer/architect, if required) shall review the Work Write-up for compliance. Projects which have plans approved by the Building Department will receive additional points. Each proposal shall be reviewed using the above selection criteria.

Based on proposal review and on a case-by-case basis, CP&D will request additional documentation to be submitted prior to final approval. The additional documentation may include, but not be limited to, the following:

- Appraisal (before and after rehabilitation/construction).
- Preliminary Title Search.
- Verification of all existing liens on the property (copies of legal documents and completed mortgage verification forms).
- Environmental Review (conducted by CP&D Planning Section).
- Executed incorporation or partnership documentation.
- Credit Reports/audited Personal financial Statements of all principles.
- Relocation Plan (if applicable)
- Evidence of flood insurance (if applicable)

CP&D staff will underwrite each project in accordance with professionally accepted underwriting standards and practices. The process of evaluating the feasibility of any given project involves analyzing a wide range of variables. Each of those variables will be analyzed to make a determination about the project. Projects will also be assessed in terms of management, financial, collateral and market risks and if there are any concerns or risks, mitigation measures will be required to address the risks or concerns.

The percentage of CDBG assistance to the project will be determined on a case-by-case basis using the following underwriting criteria to provide sound financing:

- Project assistance will be the minimum amount required to make the project economically feasible and meet federal layering limitations.
- Minimal financial underwriting of debt coverage ratio must be 1.15 (115%).
- Each project will undergo a valuation analysis. Total outstanding debt on the property cannot exceed 110% of the after-rehabilitation/construction value of the property.

As part of the review process, CP&D staff shall work with other lenders in the transaction to ensure that the other funding sources are aware of the CDBG funding requirements and that the sources of funding are compatible.

While CP&D staff will review projects using accepted underwriting criteria, due to the varying levels of project sophistication and the City's need for affordable housing, scoring and project

selection may not always reflect project sophistication and development experience. The intent of the underwriting guidelines is to ensure:

1. That the project costs are reasonable.
2. That the proposer has sought other sources of financing and that federal funds are not being used as a substitute for non-federal dollars.
3. That the project needs CDBG assistance to make it financially feasible and affordable.
4. That the project does not receive more assistance that is needed to make it affordable.

Strong consideration will be given to projects that are located in the City's CDBG and low and moderate-income target areas, even if the owner's development experience is not as extensive. CP&D staff will prepare a summary of the project for submission to an Evaluation Committee selected in accordance with CP&D program guidelines outlined in Section I.

Project Selection and Final Approval: Upon receipt of CP&D staff's summaries, an Evaluation Committee made up of persons with the appropriate skills to review the type of submitted proposals shall be convened and evaluate the proposals using the above selection criteria and CP&D staff comments. Upon review of the proposals, the Committee will score the proposals and make approval recommendations of projects along with amounts. In addition, the Committee may ask each proposer to make a presentation and answers questions, if necessary. After the Committee makes its recommendations, a Funding Recommendation Form shall be prepared by CP&D staff and signed by the Committee Chair. After review, final approval of the Funding Recommendation Form shall be executed by the CP&D Director. This shall take place at the committee meeting where possible. The selected proposals shall be submitted to the City Council for final approval or ratification.

Upon approval of the Evaluation Committee's recommendation by the Director, CP&D staff will inform each proposer in writing via a Notice of Award Recommendation or a letter of denial sent to each proposer. The proposer shall be informed that the proposals are subject to final approval or ratification by the City Council. A contract will then be completed and executed by both the successful proposer and the City of North Miami. If the awardee's execution of the contract is not carried out in a timely manner through no fault of the City, the City may elect to cancel the Notice of Award Recommendation and make the award recommendation to the next most advantageous proposer(s) or to cancel the RFP/NOFA in its entirety. Awards will be made to those proposers whose proposals are considered to be the most advantageous to the City of North Miami based on the Evaluation Committee's opinion after review of every responsive proposal including but not limited to price/cost.

Closing: Upon receipt of a signed Funding Approval Form indicating final approval, CP&D staff shall schedule a closing to be attended by the contractor and property owner(s), and have all closing documents (i.e., Mortgage which is inclusive of the CDBG Program Agreement, Promissory Note, Notice of Commencement) prepared for this purpose. The above program requirements shall become a part of a CDBG Program agreement between the City and the Owner. The closing documents shall be submitted to the City Attorney's office for review for legal sufficiency prior to execution. If the Davis-Bacon Act applies to the project being funded, a copy of the applicable wage decision, as well as pertinent contract clauses, shall be inserted in the contract documents executed at the closing. In addition, CP&D staff shall coordinate with any other lender in the project to ensure that the CDBG agreement and mortgage reflects these loans and their lien position. The City Attorney shall also review mortgage documents of other

lenders to ensure that the City's interests are protected and that the first mortgage is not detrimental to any other the CDBG compliance requirements.

Upon approval of the City Attorney's Office, CP&D staff shall prepare the pertinent documents for execution and shall coordinate the date for closing with other parties. As pre-requisite to closing, CP&D must receive any updated information from the general contractor such as licensing, insurance, etc. as applicable. The closing shall be conducted by CP&D's Housing Coordinator who shall review all documents with the owner prior to execution. All owners of record, regardless of their location, must execute the mortgage and promissory note. Staff shall ensure that the documents are executed and recorded. Property owners shall be informed, at the closing, of the requirements applicable to them concerning affirmative marketing and other requirements outlined in Section II of CP&D's program guidelines.

Project Set-Up and Disbursements: After loan closing requirements have been met and the loan documents recorded, CP&D staff will set up the project in the Integrated Disbursement and Information System (IDIS). In accordance with Section IV of the housing program guidelines, CP&D staff shall process disbursement requests from the contractor, if applicable or non-profit.

Construction Phase: The rehabilitation of properties under the CDBG Rental Housing program shall be carried out by a licensed building contractor who shall be included as a part of the project development team. In accordance with the guidelines of CP&D housing program guidelines outlined in Section IV, CP&D staff shall certify the contractor and any other professionals. The rehabilitation activities including inspections, payments, change orders, and compliance shall be carried out in accordance with the procedures outlined in Section IV of CP&D housing program guidelines. If necessary, termite treatment shall be performed by a licensed contractor after completion of construction in order to treat materials installed at the property and address any infestation indicated on the termite inspection report. Such work will be scheduled with the contractor and approved by the Housing Coordinator. Staff shall arrange any temporary lodging for the tenants. The payments for lodging are eligible under the temporary relocation and are not charged to the owner's account.

Post Completion Activities: After all project invoices, and expenses have been paid, CP&D staff shall reconcile the list of payments shown in the applicant's files with the records held by the Finance Department. A final itemized listing of all payments shall be prepared after the reconciliation that also shows any undisbursed fund and their disposition. In the event there are any undisbursed funds, all such funds will be used to refunded to the Program budget and reduce the principal amount of the applicant's forgivable loan and affordability period, where applicable. See Section IV for more details on close out procedures.

Miscellaneous: Requests for additional funding of up to 20%in excess of amounts approved for a project may be approved by the CP&D Director in accordance with Section I of these guidelines, with a recommendation from CP&D staff provided that the sum of additional funding and original project funding does not exceed the funding limits established in these policies. In the instance where such sum exceeds these limits, a waiver to these policies is required and approval by the City Council must be obtained. However, in no instance should the maximum per-unit subsidy exceed limits established by HUD under Section 92.250 of the HOME regulations.

Termination of funding and acceleration of deferred loan repayment may be undertaken by CP&D during the rehabilitation process if:

- (1) The applicant refuses or fails to allow the rehabilitation work to commence within thirty (30) days from contract award.
- (2) The applicant refuses or fails to allow reasonable access to complete the rehabilitation after commencement.
- (3) The applicant refuses to authorize payments associated with the project which have been deemed payable by CP&D staff.
- (4) An event of default occurs as specified in the mortgage or promissory note.

Notice shall be given to the applicant of such termination and/or acceleration, as appropriate, with follow-up action by the City Attorney's office where necessary.

Future subordination by North Miami of a mortgage taken in connection with this program shall be reviewed by the Housing Coordinator and approved by the Director of CP&D. In evaluating request for mortgage subordination, the CP&D staff shall consider the City's financial interest and its interest in preserving homeownership, and preserving or enhancing the property's value.

Program Monitoring and Compliance: Projects receiving CDBG or HOME assistance shall be monitored by CP&D staff to ensure compliance with applicable regulations and recordkeeping requirements at 24CFR part 570 and 24CFR part 92 of the federal regulations and other applicable regulations. Program monitoring and compliance requirements are expanded in Section IV of CP&D housing program guidelines.

SECTION III

HOME FIRST TIME HOMEBUYER PROGRAM

HOME FIRST TIME HOMEBUYER PROGRAM GUIDELINES

INTRODUCTION

These program guidelines outline specific features and provide and organize guidelines, instructions, policies and procedures for implementing North Miami's HOME First Time Homebuyer Program. The City of North Miami First-Time Homebuyer Program is established as a "gap financing" program that will provide financial assistance to "first time homebuyers," as defined in Section I of the guidelines, whose household income is 80% or less of the Area Median Household Income as required under 24 CFR 92 Subpart A. Properties for purchase must be located within the city limits of North Miami and buyers must be first time homebuyers as defined at Section I of the **guidelines**. The City will administer the program aided by the partners listed below. The program consists of two components: Purchase Rehabilitation and New Construction that are defined in detail below.

IMPLEMENTATION RESPONSIBILITY & APPROVAL AUTHORITY

As outlined in Section I of the Housing Program guidelines, the First Time Homebuyer Program will be administered and implemented by the City of North Miami's Community Planning and Development Department (CP&D) with overall responsibility being held by the Department's Director. Specific program responsibility will reside with the Housing Manager who reports directly to the Director. Approval authority for financial assistance under this program will be delegated to the CP&D Director as outlined in Section I of these guidelines.

COMPLIANCE WITH APPLICABLE REGULATIONS

The programs shall be administered in compliance with established policies, types of financing programs and procedures as described in the federal HOME Investment Partnership Program Regulations at 24 CFR Part 92 (as amended from time to time), the City's approved Consolidated Plan, and other applicable federal regulations as set forth in Section II of these guidelines and titled "Compliance with Applicable Federal Regulations."

IMPLEMENTATION PARTNERSHIPS

The HOME First Time Homebuyers Program will be implemented using public and private sector, non-profit and for-profit partnerships. The partnership structure includes lenders, realtors, the City, and non-profit Community Development Corporations (CDCs), and Community Housing Development Organizations (CHDOs). Each of the following parties has a distinct role which facilitates the smooth administration of the process:

The City of North Miami: The City through its CP&D staff will provide overall administration of the program, approve and disburse funds, and ensure compliance with all applicable regulations. The potential first-time homebuyer would be pre-qualified, educated about the process of buying a home, and approved for a mortgage prior to being reviewed for their eligibility for subsidies. The CHDO or CDC will do a preliminary determination of subsidy based on the City's guidelines. The principal role of the City will be to income-qualify the client to determine their eligibility for HOME, SHIP, and ADDI subsidies and the dollar amounts that will be allocated. Funds may be reserved for up to 120 days to allow the buyer an opportunity to find a home. Once the 120 days have expired, the City will have to recertify the client to adhere to the financial rules of pre-qualification and mortgage approval since a mortgage commitment is only good for a specified amount of time.

The City will also approve the housing units through pre- and post-rehabilitation inspections using property standards and housing quality standards outlined in Section II of these program

guidelines. Sub-standard units will not be automatically disqualified; however, they will have to be brought up to applicable property standards before the buyer takes occupancy. The City will also refer all clients to the CDCs or CHDOs for intake procedures.

Participating CHDOs and CDCs: The City may elect to work with selected non-profit CDCs or CHDOs who will qualify prospective homebuyers and determine their eligibility for assistance through the City based on the City's Housing Program Guidelines. In addition, the non-profits will work with applicants to resolve minor credit issues and refer them to credit counseling agencies for more serious credit issues. The non-profits will work with participating financial institutions to package loans for the applicants and will conduct required homebuyer education courses. Other services include making preliminary determination of qualified City subsidies, working with participating realtors, coordinating closing activities and working with the homebuyer process from intake to closing. The non-profits will also work with the City and the purchaser to ensure that the housing program guidelines are followed.

Participating Realtors: The City may elect to work with selected realtors who will assist homebuyers in finding homes. The City will maintain a list of certified and licensed realtors whose main role in this program is to assist the potential homebuyer in finding a house, existing or new, depending on the needs of the buyers and their mortgage capacity. The City will enter into a simple memorandum of understanding with realtors which shall outline the goals of the First Time Homebuyers Program and the conditions under which the realtor name is being provided to prospective buyers. The City will not endorse any particular realtor but will provide the list to buyers. The realtor's work begins after the client is pre-qualified by the CDCs or CHDOs and approved by a bank. In some cases, the bank will provide a conditional approval to a client and he or she can start looking for houses while taking steps to meet the stated conditions of approval. The participating realtors will also refer clients to the participating non-profits.

Participating Financial Institutions: The City may elect to work with selected banks. The bank participation will be determined upon their affordable housing products. The main role of the banks is to provide residential mortgages to first-time homebuyers. Based on their own affordable housing guidelines and those of the City, the lenders will provide products that meet the goals and criteria of the City's Program. Participating banks will submit their guidelines and financial products to CP&D for review and approval for participation in the Program. CP&D will inform each lender of the results of the review. The City shall establish basic criteria after reviewing the financial products existing in the affordable housing market. The banks will work very closely with the non-profits to receive files for loan processing. The non-profits shall serve as the primary liaison between the homebuyer and the lenders, realtors, and the City.

I. PROGRAM FEATURES – FIRST TIME HOMEBUYER PROGRAM:

- A. **Purpose:** The purpose of this program is to enable qualified applicants to achieve homeownership status through financial assistance. Funds can be used to "fill the gap" or subsidize the difference between the price of the house to be purchased and the amount of a private sector mortgage that the buyer can afford along with their available funds for a down-payment.
- B. **Eligible Applicants:** The City of North Miami must use 100 percent of its HOME funds to assist families and individuals with incomes at or below 80 percent of the area median income as determined and adjusted by HUD. The prospective homebuyer must also meet the following criteria:

- Has not owned a home in the last **three (3) years** except in the case of some exceptions such as divorce, work transfer from out of state, or sudden disability which makes current housing inaccessible. Exceptions must be approved by the CP&D Director.
- While no minimum household income is required, the applicant must have sufficient income to secure a private loan, repay debt and maintain the housing unit.

C. **Eligible Properties:**

Eligible properties can be privately or publicly held prior to sale to the homebuyer. They may be a one or two unit single family detached dwelling, a condominium or a duplex which the owner uses as a primary residence. Mobile homes are excluded. Housing units may be newly built, or existing, and are located within eligible areas of City of North Miami as determined by its Consolidated Plan. If an existing dwelling, the property may be purchased in good condition with or without minor or moderate repairs needed, as indicated by a pre-purchase inspection report. In addition to the above requirements, the property must be zoned for the number of units and is not an illegal use. The property taxes must not be delinquent at the time of loan approval.

The purchase price of housing must not exceed **\$330,000**, including repairs, whether it is new construction or existing. If extenuating circumstances exist which require that the appraised value/purchase price exceeds the set limits then the City Council may elect to increase the limit. Property values must be established by an appraisal prepared by a qualified independent appraiser. Properties may not be purchased at a sales price above the appraised value. However, if extenuating circumstances exist, the City may elect to waive this requirement. The appraisal prepared for the property must be dated within a six- (6) month time period prior to loan approval. Sale of property that includes rehabilitation requires an after-rehabilitation appraisal to establish value. Notwithstanding the \$200,000 purchase price limit and in accordance with 24 CFR 92.254 ((a) (2) (i) & (ii)), the purchase price of a newly constructed house should not exceed 95 percent of the median purchase price for the area. In the case of purchase rehabilitation, the estimated after rehabilitation value should not exceed 95 percent of the median purchase price for the area. The property must be environmentally acceptable based on HUD & National Environmental Protection Agency (NEPA) environmental requirements.

D. **Funding Sources:** Funding for the First Time Homebuyer Programs is being provided by HUD through the HOME Program and by the State of Florida through SHIP funds.

E. **Types of Assistance:**

The financial assistance under this program may be used to create ownership opportunities through 1) the purchase of an existing house in need of moderate or minor rehabilitation, as defined in Section 1 of these Program guidelines and 2) the purchase of newly constructed houses receiving a Certificate of Completion within the past 12 months.

Deferred payment forgivable loans for gap financing: Income eligible households are offered financing in the form of a zero interest forgivable loan to assist them to purchase a home for use as a principal residence.

Amount of Assistance: Up to \$40,000 per household only in an amount required to keep housing expenses affordable and to meet lender underwriting standards, closing costs and down payment expenses. The amount of HOME loan received per applicant will be based upon their ability to repay a private lender loan. A combination of HOME and SHIP funds may be used in concert but in no instance must the total of all City funding sources exceed \$40,000 for down payment and closing costs. The total amount of assistance may vary depending on the applicant's participation in other programs such as HOME CHDO projects and Purchase with minor repairs.

NOTE: Special Exception: The Director of CP&D may obtain approval of the Mayor and Council on a case by case basis for subsidies above the established levels to accommodate a special needs housing applicant or other situation in which it is determined that the assistance is necessary. Special needs are delineated in the Definitions section (Section I) of these housing guidelines.

Technical Assistance: The City shall provide technical assistance to the purchaser, including property inspections, Work Write-up specification review, bid solicitation, payment reviews and processing, tenant relocation assistance, and any other staff assistance incidental to the processing and implementation of the First Time Homebuyer Program.

F. Affordability Requirements

In accordance with Section 92.54 (a) (4), any HOME-assisted units must meet the following affordability periods based on the level of HOME subsidy provided to the borrower:

<u>Level of Assistance</u>	<u>Minimum Affordability Period</u>
Under \$15,000	5 years
\$15,000 to \$40,000	10 years
Over \$40,000	15 years

In addition to the affordability periods, the HOME assisted units must meet minimum affordability requirements as defined in Section 92.254 of the HOME regulations including the following:

- The housing must be single family housing as defined in Section 92.254 (a) (1) but in accordance with the provisions of the City's Housing Program guidelines at C above.
- The housing must be modest as defined in Section 92.254 of the HOME regulations.
- The housing must be acquired and be the principal residence of a family who qualifies as a low-income family throughout the affordability period.
- The amount of HOME assistance is subject to resale or recapture provisions in the event of sale or transfer of the housing unit prior to the end of the affordability period.

G.

Terms of Assistance

The forgivable loan will be secured by a note and mortgage on the property. However, the loan will be subordinate to any private loan (s). The term of the mortgage will not be less than the affordability period required by the HOME Program, and stated under item F above, based on the level of assistance. The loan is provided at 0% interest and is forgiven at the end of the mortgage term, if the applicant has continued to maintain the property as his/her principal residence. The City of North Miami shall verify the occupancy of status of all First-time Homebuyer assisted properties at least annually via mail and/or property inspection.

Repayment

The principal balance due on the loan will be reduced by equal annual increments over the affordability period until the balance is reduced to zero, provided that the homeowner remains in occupancy over the said period, and maintains the property in a condition satisfactory to the City. If the homeowner disposes of the property prior to the end of the affordability period through sale, rental, transfer or abandonment, the principal reduction shall be null and void at the time of the applicable event. The portion of the loan that has not been forgiven will be due and payable at a simple interest rate of four percent accrued from the award of the loan. When loan conditions are met, the City will prepare and execute a Satisfaction of Mortgage to release the lien on the property.

Loan Assumption upon Death

In the event of the death of the surviving property owner(s), assumption of the remaining loan balance is permissible under certain conditions. Blood relatives who are heirs to the estate and who are granted legal or equitable possession of the property may assume the loan. Validated heirs that qualify as very low, low and moderate income, as defined in the program guidelines, and who intend to occupy the property as their principal residence shall be approved to assume the balance of the deferred loan. Validated heirs who qualify based on the above conditions shall execute a new mortgage and promissory note for the balance.

Validated heirs who do not qualify as very low, low and moderate income and/or those, regardless of income, who do not intend to occupy the property are required to repay the balance outstanding. Assumptions in accord with these policies shall be reviewed by CP&D staff. Upon qualifying the validated heirs in consultation with the City Attorney's office, CP&D staff shall make a recommendation to Director to allow such assumption in accordance with the Housing Program guidelines. If CP&D's review of the matter results in a recommendation against assumption and further legal action is required, then the matter shall be referred to the City Attorney's Office.

H. Underwriting Guidelines

These guidelines are offered as general guidance for the City to make a decision on the approval of an applicant's request for mortgage subsidy. The participating lenders will also underwrite applicable first mortgages based on these guidelines.

Borrower Income

- Applicant must have sufficient income to access and repay a private loan. Obtaining and accessing a mortgage loan usually depends on work history, income, and the housing and total debt ratios.
- Lenders' determinations concerning source and stability of income will be accepted. Notwithstanding the above, sources of income for eligibility purposes must follow federal and state guidelines. Once eligibility is determined by the City, the private lender may use their own standards regarding the amount and sources of income to count in underwriting the loan.

Out of Pocket Cost

The amount of cash paid "out of pocket" by the homebuyer is determined by the lending institution but should not be less than 3% of the total costs. This amount can include inspection fees, closing costs, pre-pays for hazard insurance and property taxes paid by the applicant. The 3% can be used for down payment assistance and or closing costs as does the subsidy. All funds are used as "gap financing". The 3% must be verifiable income and a portion (as determined by the lender) may be a gift. The buyer's contribution cannot be a loan.

Housing Debt to Income Ratio

It is expected that the applicant pay at least 25-35% of their gross income toward housing expenses. Housing expenses can include the following.

- Payment on principal and interest on the mortgage
- Property taxes
- Property insurance
- Private mortgage insurance
- Home owner association fees

Utilities and maintenance items are not included in calculating housing expenses.

Total Debt to Income

This ratio includes housing expenses listed above and payments on other revolving or installment debt, as well. The total amount paid for housing and all other debts should not exceed 45%. A lender may use a higher housing expense ratio and a lower total debt to income ratio, to make the transaction feasible.

Loan to Value Ratios

This is the ratio between the loan amount and the appraised value of the property. The combined loan to value ratios should not exceed 105% of the appraised value, nor be less than 80% of the appraised value.

I. Eligible Private Sector Mortgages

The City will provide assistance in combination with private sector mortgages which meet the following conditions:

- Fixed rates only, adjustable rate mortgages are not eligible;
- Terms of 20, 25, or 30 years;
- No balloon payments (except those associated with the sale of the property); and
- Interest rates that are above 200 basis points of the current market rate, as amended, are not acceptable.
- Unreasonable or "junk" fees are not acceptable.

J. Property Standards:

In accordance with 24 CFR 92.251 of the HOME regulations, Florida Building Code 2005 Edition and other applicable local and federal regulations as set forth in Section II, Compliance with Applicable Federal Regulations, properties assisted with HOME funds for single family rehabilitation must comply with applicable property and housing quality standards upon completion of the rehabilitation.

K. Recapture Provisions

In accordance with the provisions at Section 92.254 (a) (5) of the HOME regulations, the City of North Miami will use a recapture provision to recapture all or a portion of the HOME subsidy upon sale of the property to any willing buyer. However, the City retains the option of using a resale provision, as provided at Section 92.254 (a) (5) of the HOME regulations, if the market conditions will result in the removal of the HOME-assisted housing from the affordable housing stock. The recapture and resale provisions are detailed in Section II of these Housing Program guidelines.

PROGRAM REQUIREMENTS

Application Review and Information Verification

During this process information provided by the applicant is verified with the applicant's permission through 3rd party sources and additional information is requested from the applicant for purposes of clarification and decision making related to the provision of assistance.

Income Verification

To determine eligibility for assistance, the applicant's household income must be verified. A household is regarded as being eligible under the HOME program if its annual income based on household size is at or below 80% of the applicable median family income for the Miami Dade Metropolitan Statistical Area. Income includes but is not limited to active income such as business income and employment income, passive income such as interest and investment income, and various forms of social assistance and retirement payments. Certain items including but not limited to sporadic gifts, medical insurance reimbursements, and relocation are not considered income for the purposes of these guidelines. Net household assets shall also be used to determine eligibility. For households with net household assets greater than \$25,000, not including the equity in their main home, annual income shall include the greater of the actual income derived from net assets or a percentage of the value of the net value of the assets based on the current passbook savings rate. Household income shall be determined according to the more detailed listing provided in the Definitions Section of CP&D's Housing Program Guidelines under "income inclusions" and "income exclusions."

Income shall be verified through use of verification forms signed by the relevant household member (s) authorizing verification by the sources of income or by obtaining documentation produced by a third party that establishes income information. Verification forms may include but not be limited to forms such as:

- employment verification
- unemployment benefit verification
- pension benefit verification
- social security benefit verification
- disability benefit verification

- veteran's benefit verification
- verification of benefits administered by HRS
- interest income verification

Each household member who earns an income must provide a signed copy of their last income tax return including attachments (last 2 returns for self-employed person). It is recognized that IRS rules do not require the filing of a return if a person's income is below a certain amount as established by the IRS and revised from time to time. In such instance where an income earning household member does not file a return, a notation shall be so indicated on the application form.

Verification of Accounts

All accounts indicated by the applicant on the application that are deposits with banks, savings and loans, credit unions, or other financial institutions must be verified in order to establish the extent of net asset income available to the applicant.

Verification of Liabilities

The applicant's liabilities include all installment loans, revolving charge accounts, real estate loans, stock pledges, alimony, child support and all other ongoing debts including property taxes and property insurance of all types.

Verification of Credit History

Credit history shall be reviewed through obtaining a credit report. The credit report serves two purposes:

- c. To confirm identified and unidentified credit obligations held by the applicant. In some cases, creditors' information may not appear on the credit report because the credit agency fails to report. Direct verification of credit information may be required in these cases.
- d. To establish the applicant's credit history and detect any slow payments, suits, or judgments for non-payments.

Verification of Property Value

The value of the property shall be verified by means of an appraisal report conducted by an independent appraiser and prepared in accordance with requirements contained in the "Definitions" section of these guidelines.

Verification of Age

Where at least one of the property owner applicants is 62 years of age or older, a verification of their age shall be documented through a copy of a document such as a birth certificate, drivers license, or Florida identification card.

Lead Hazard Reduction.

In accordance with the HUD Lead-Based Paint Regulation (24 CFR Part 35), Section 401(b) of the Lead Based Poisoning Prevention Act of 1971 and Section 92.355 of HOME rules, rehabilitation work on housing built before 1978 that is financially assisted by the Federal government is subject to requirements that will control lead-based paint hazards. At the very least, any painted surface that is disturbed during rehabilitation work will be repaired. Deteriorated paint may be stabilized, which includes the correction of moisture leaks or other obvious causes of paint deterioration. Detailed requirements are outlined in Section II of the Housing Program guidelines.

Displacement, Relocation, and Acquisition

Minimizing displacement, consistent with the other goals and objectives, the grantee must ensure that it has taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organization, and farms) as a result of a project assisted with federal funds. Detailed requirements are outlined in Section II of the Housing Program guidelines.

OTHER FEDERAL REQUIREMENTS

Non-Discrimination and Equal Access

Federal requirements set forth in Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Section 504 of the Rehabilitation Act of 1973, Executive Order 11063 and 24 CFR 5.105(a) prohibit discrimination on the basis of race, color, national origin, religion or sex.

Employment and Contracting Rules

Federal requirements set forth at Executive Orders 11246, 11625, 12432 and 12138 and Section 3 of the Housing and Urban Development Act of 1968 prohibit discrimination in employment and encourage the CHDO or other non-profit or profit entity receiving federal funds to provide training and employment opportunities to low-income residents.

Debarred Contractors

Federal requirements set forth at 24 CFR part 5 prohibit the provision of federal funds to debarred, suspended or ineligible contractors, subcontractors or subrecipients. CHDOs are required to check the HUD listings for this purpose.

Conflict of Interest

Grantees and subrecipients of federal funds must be comply with procurement requirements found at 24 CFR 85.36 (state and local governments) and 85.42 (non-profits) and with any other applicable conflict of interest provisions.

Flood Insurance

Under the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001-4128), City funds may not be used with respect to the acquisition, new construction, or rehabilitation of a project located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, unless flood insurance is obtained as a condition of approval of the commitment.

PROCEDURES:

A. APPLICATION PROCESS:

Step 1. **Intake Process:** The Intake Process refers to the pre-application process and commences with the non-profits or the City. All prospective buyers who are interested in participating in the first time homebuyer program and who start the process with a partner other than the non-profit or the City shall complete an intake form and shall be referred to the non-profit organization which will follow up with the client and commence the application process. Copies of completed intake forms received by the non-profits shall be sent to the City's Housing Manager for recording and follow up.

Step 2. **Application and Prequalification:** The non-profit will review the intake form and determine whether or not a complete application is required. In case of a referral, the individual will bring the Intake form provided by one of the partners (City of North Miami, participating banks or realtors) to the non-profit. If the applicant is eligible, a full application will be completed along with the submission of the following support documentation:

- Copy of recent credit report (no later than 3-months old);
- Copies of at least three (3) most recent pay stubs;
- Copy of signed tax returns (1040) and W-2 forms for the past two (2) tax years;
- Photo identification;
- Alien Registration Card (or proof of citizenship), if applicable;
- Third party verification of all sources of income;
- Checking and savings account statements for the past two (2) months; and,
- If self-employed, tax returns and current year-to-date financial statements.

The referenced information is required from the applicant's spouse, as well as co-borrower(s) and any other person occupying the property who is eighteen (18) years old and not a full-time student and receives an income (e.g., pension wages).

Documentation provided by the applicant shall be verified through a third party; therefore, the non-profit staff shall require the applicant to sign applicable verification forms authorizing employer(s) to release information to the non-profit. The non-profit shall use federal income rules outlined in the Definitions Sections of these housing program guidelines to determine the income eligibility of the applicant.

Step 3. **Homebuyer's Education:** All applicants seeking participation in the First-time Homebuyers Program must attend a 6-to 8-hour homebuyers counseling course. Each applicant should receive a certificate of participation prior to receiving HOME funds.

Step 4. **Homebuyers Counseling:** Some applicants seeking participation in the First-time Homebuyers Program may need additional homebuyer and/or credit counseling. The non-profit shall conduct or refer the relevant buyer to a certified homebuyer's or credit counseling program. The homebuyer's counseling may take the form of one-on-one counseling or group counseling for a minimum of 4-to-6 hours covering topics such as: credit repair and monitoring, money management, and tips on maintaining your home.

Step 5. **Mortgage Application:** After determining income and credit status, conducting homebuyer education, and making a preliminary estimate of City subsidy, the non-profit shall submit a loan application to a participating lender. The private sector lender processes the first mortgage loan application and determines the first mortgage amount that the applicant qualifies for based on their loan underwriting criteria and the minimum CP&D underwriting criteria outlined in these guidelines:

Step 6. **Income Certifications/Subsidy Determination:** After collecting the required information and conducting third party verifications, the non-profit refers pre-qualified home-buyers, along with the above mentioned documentation and third party verifications, to the City. CP&D staff will interview the applicant, review the information provided, and verify the applicant's eligibility for the program and the

amount of HOME funds they will receive. Eligibility shall be determined based on household income, family size and first-time homebuyer status.

CP&D staff shall advise the applicant that any changes in income, family size or credit obligations during processing may cause the applicant to become ineligible. In order to ensure that HOME funds are invested with dwelling units that are occupied by low- to lower-income households, an Affidavit of No Income Change must be signed at time of loan closing. **Note:** Any information that is verified on Verification of Income forms is only good for a period of four (4) months. If the loan has not closed within one hundred twenty (120) days from the initial verification date of each source of income and assets, an update of those income verifications which exceeded the required time frame must be repeated.

Step 7. **Property Selection:** Armed with a first mortgage amount and a City subsidy amount, the non-profit shall work with a participating realtor and the buyer to identify either a vacant lot for new construction or an existing home for purchase. The non-profit shall also work with CP&D staff to ensure that the property is in compliance with applicable local and federal regulations including environmental review provisions, displacement and relocation as outlined above and in Section II of the Housing Program guidelines. At this stage, the buyer may enter into a purchase and sale contract with the seller, which contract must include a clause that it is subject to approval of all financing sources.

Pre-rehabilitation Inspection

If the house is an existing property, the non-profit shall have a home inspection performed, of which a report must be submitted to the City to document all defects. The City may elect to have the CP&D Inspector performs all pre-inspections. The report must include required repairs as outlined in Property Standards and Housing Quality Standards cited at Section II of these Housing Guidelines. The repairs must be included in the rehabilitation work write-up or scope of work, where applicable. The non-profit and municipality will be required to review rehabilitation work write-ups to ensure that work is clearly specified and that rehabilitation costs are "reasonable".

If the selected property is deemed acceptable under the Program, the buyer will be approved to finalize the contract for purchase and sale.

Step 8. **Subsidy Request:** After a property has been approved and prior to loan closing, the non-profit shall submits a subsidy request packet to CP&D for review and approval. This package shall include the following:

- Loan Transaction Summary which includes the amount of the first mortgage loan; the level of subsidy requested; borrower's contribution; names of borrower and co-borrowers; address and legal description of the property; projected date of closing, closing agent; and type of activity, (i.e., New Construction, Acquisition only, Acquisition with Rehabilitation).
- Bank Commitment Letter
- Bank Loan Application (1003)
- Uniform Underwriting and Transmittal Summary (1008)
- If existing single-family home, a sales contract
- Contractor's Specification Sheet or seller's letter of responsibility for repairs

- Inspection Report
- If new construction, a sales contract, contractor's plans & specification
- A copy of an as-complete appraisal

CP&D staff shall review all documents to ensure that the applicant and the property satisfy all programmatic requirements as outlined in the previous steps. A Notice-to-Proceed will be issued by the City for the non-profit and the participating bank to proceed with closing once the subsidy request package is reviewed and approved.

At this stage, the non-profit and the lender can continue with a loan closing. The non-profit has to contact the lender to arrange a loan closing on behalf of the homebuyer. CP&D staff shall prepare a payment request to the City's Finance Department, identifying proper account numbers, homebuyer(s) name and amount of subsidy, for check issuance.

- Step 9. **Loan Closing:** The CP&D staff shall attend loan closing, deliver subsidy check, and explain the City's document(s). A HUD statement will be forwarded to CP&D staff at least one day before the loan closing to ensure that the loan closing statement reflects figures on the loan transaction summary.
- Step 10. **Project Set-Up and Disbursements:** After loan closing requirements have been met and the loan documents recorded, CP&D staff will set up the project in the Integrated Disbursement and Information System (IDIS). In accordance with Section IV of the housing program guidelines, CP&D staff shall process disbursement requests from the contractor, if applicable or non-profit.
- Step 11. **Construction Process:** If rehabilitation or new construction is required, the non-profit and lender shall work with the City to coordinate construction activities in accordance with the City's construction procedures for its housing program guidelines outlined in Section IV. The rehabilitation or new construction of housing under the First Time Homebuyers shall be carried out by a licensed building contractor.
- Step 12. **Project Construction/Rehabilitation:** The non-profit shall monitor the construction or rehabilitation of the project and notify the City of North Miami of scheduled inspections. CP&D's Inspector will then arrange with the non-profit or lender to perform periodic and final inspections. Approval of final payment shall be withheld until all requirements are met. The title company shall disburse, as outlined within the escrow agreement, only after a satisfactory inspection.
- Step 13. **Final Inspections:** Each contractor having a contractual agreement to rehabilitate or construct a new home under this program shall be responsible for coordinating the pre-occupancy inspection with the non-profit, the City and the lender advising in writing of the pending final inspection. Upon the house passing the final inspection, the contractor must provide appropriate agency with a copy of the Certificate of Completion. CP&D staff shall ensure that at final inspection, the property complies with Housing Quality Standards outlined in the HOME Program and ensure that the contractor completes all punch list items, as applicable.

Step 14. **Project Completion:** Once the project has passed all required final inspections and the City has made final payment, CP&D staff shall notify the City's Finance Department, through written communication, of project completion. After all project invoices, and expenses have been paid, CP&D staff shall reconcile the list of payments shown in the applicant's files with the records held by the Finance Department. A final itemized listing of all payments shall be prepared after the reconciliation that also shows any undisbursed fund and their disposition. In the event there are any undisbursed funds, all such funds will be used to refunded to the Program budget and reduce the principal amount of the applicant's forgivable loan and affordability period, where applicable. See Section IV for more details on close out procedures.

Miscellaneous

Requests for additional funding of up to 20% in excess of amounts approved for a project may be approved by the CP&D Director in accordance with Section I of these guidelines, with a recommendation from CP&D staff provided that the sum of additional funding and original project funding does not exceed the funding limits established in these policies. In the instance where such sum exceeds these limits, a waiver to these policies is required and approval by the City Council must be obtained. However, in no instance should the maximum per-unit subsidy exceed limits established by HUD under Section 92.250 of the HOME regulations.

Termination of funding and acceleration of deferred loan repayment may be undertaken by CP&D during the rehabilitation process if:

- The applicant refuses or fails to allow the rehabilitation work to commence within thirty (30) days from contract award.
- The applicant refuses or fails to allow reasonable access to complete the rehabilitation after commencement.
- The applicant refuses to authorize payments associated with the project which have been deemed payable by CP&D staff.
- An event of default occurs as specified in the mortgage or promissory note.

Notice shall be given to the applicant of such termination and/or acceleration, as appropriate, with follow-up action by the City Attorney's office where necessary.

Future subordination by North Miami of a mortgage taken in connection with this program shall be reviewed by the Housing Coordinator and approved by the Director of CP&D. In evaluating request for mortgage subordination, the CP&D staff shall consider the City's financial interest and its interest in preserving homeownership, and preserving or enhancing the property's value.

Program Monitoring and Compliance: Projects receiving CDBG or HOME assistance shall be monitored by CP&D staff to ensure compliance with applicable regulations and recordkeeping requirements at 24CFR part 570 and 24CFR part 92 of the federal regulations and other applicable regulations. Program monitoring and compliance requirements are expanded in Section IV of CP&D housing program guidelines.

SECTION III

**HOME COMMUNITY HOUSING DEVELOPMENT
ORGANIZATION (CHDO) PROGRAM**

HOME COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO) PROGRAM GUIDELINES

INTRODUCTION

As part of its consolidated plan and meeting its affordable housing goals, the City of North Miami established a Community Housing Development Organization (CHDO) program. Among the purposes of the Cranston-Gonzalez National Affordable Housing Act of 1990, which established the HOME Program, are 1) to promote partnerships between units of government and nonprofit organizations, and 2) to expand nonprofit organizations' capacity to develop and manage decent and affordable housing. The City, as a participating jurisdiction under the HOME Program, must reserve not less than 15 percent of its HOME allocation for investment only in housing to be developed, sponsored, or owned by CHDOs. The City must make "reasonable efforts" to identify CHDOs that are capable or have the potential to become capable of carrying out elements of the City's housing strategy and to encourage these organizations to do so. In order to comply with the requirements of the HOME regulations at 24 CFR 92.300, the City is required to consult with existing housing providers, develop relationships and make every effort to address their institutional capacity, as needed.

The CHDO is a natural community partner for several reasons: CHDOs are usually committed to meeting long term housing needs and have the ability in most markets to produce housing at much lower cost; they are able to leverage public dollars with other sources and provide HOME matching funds; CHDOs are usually able to attract dedicated staff and volunteers; CHDOs are able to garner political and community support; and have the structural flexibility to respond to changing local environments. The following program guidelines shall outline specific features and provide and organize guidelines, instructions, policies and procedures for implementing the HOME CHDO Program.

IMPLEMENTATION RESPONSIBILITY & APPROVAL AUTHORITY

As outlined in Section I of the Housing Program guidelines, the HOME CHDO Program will be administered and implemented by the City of North Miami's Community Planning and Development Department (CP&D) with overall responsibility being held by the Department's Director. Specific program responsibility will reside with the Housing Manager who reports directly to the Director. Approval authority for financial assistance under this program will be delegated to the CP&D Director as outlined in Section I of these guidelines.

COMPLIANCE WITH APPLICABLE REGULATIONS

The programs shall be administered in compliance with established policies, types of financing programs and procedures as described in the federal HOME Investment Partnership Program Regulations at 24 CFR Part 92 (as amended from time to time), the City's approved Consolidated Plan, and other applicable federal regulations as set forth in Section II of these guidelines and titled "Compliance with Applicable Federal Regulations."

I. PROGRAM FEATURES – HOME CHDO PROGRAM:

- A. Purpose:** The City of North Miami's HOME CHDO Program is established as a financing and capacity building program that will accomplish the following:
- Add to, preserve, and maintain the affordable housing stock of the City.
 - Provide good quality homeownership and rental housing opportunities for low and moderate income households residing in or wishing to reside in the City.
 - Identify and partner with community housing development organizations to develop their capacity to carry out housing development activities.

These program guidelines establish policies and procedures for implementing a HOME CHDO Program that enables qualified organizations to partner with the City and receive assistance to develop affordable housing within the City. This document shall provide procedures for the coordination of various activities among the public and private partnership participants of the Program. Specifically, these policies and procedures apply to Community Planning and Development (CP&D) staff, CHDOs, Community Development Corporations (CDC's), and for-profit and other non-profit housing providers.

B. Eligible Applicants: Under the HOME CHDO Program, CP&D will accept applications for CHDO certification from eligible non-profit housing providers, as defined under Section 92.2 of the HOME regulations. In order to qualify for CHDO certification, the non-profit must meet the following minimum requirements:

- Must be an incorporated entity under State law that has been designated as tax-exempt under Section 501 (c) (3) of the Internal Revenue Code (as amended).
- May be sponsored or created by a for-profit entity but must not be controlled by that entity or the entity must not be a developer, builder or real estate management firm. The non-profit should also be free to contract for its own goods and services.
- Must not be a public entity.
- Must have standards of financial accountability that conform to 24 CFR 84.21. "Standards of Financial Management Systems."
- Must include in its mission and purpose the development of affordable housing for low income households.
- Must maintain one-third of its governing board's membership for low-income residents or elected representatives of low-income neighborhood organizations.
- Must provide a formal process for the affected community's input on projects.
- Must have a history of at least one year of serving the community in which the HOME assisted project is to be developed. If the organization is newly formed, then an applicable parent organization's history of service may be used to qualify the new entity.

C. Eligible Activities: The following activities shall be eligible under the CHDO Program. However, the activities actually undertaken by the CHDO will vary based on market conditions, community needs, project feasibility, and the goals of the CHDO and the City.

Multi-family Rental Housing

- Acquisition and/or rehabilitation of affordable rental housing units with suitable amenities, including properties that are vacant or occupied.
- Conversion of an existing structure into affordable rental housing units, providing the conversion does not entail adding one or more units beyond the existing walls.
- Acquisition of vacant land and the construction of new affordable rental housing units with suitable amenities.

Single Family Housing for Homeownership

- Acquisition of vacant land and the construction of new affordable housing units with suitable amenities for sale to low and moderate income households.
- Acquisition and rehabilitation of existing housing for sale to low and moderate income households.
- Development of housing that will be sold through a lease-purchase arrangement to low and moderate income households.

Ineligible Activities

Since the following activities are not eligible development, ownership or sponsorship activities, the CHDO set-aside funds cannot be used for these purposes:

- Tenant based rental assistance
- Brokering or other real estate transactions such as homebuyer education which is a stand alone activity.
- Homeowner occupied rehabilitation
- Direct homeownership assistance for housing not developed by the CHDO.

D. Eligible Properties: Eligible properties include single family houses, duplexes, townhouses, condominium and multi-family structures that will be developed for income eligible residents within the Corporate City limits of North Miami. The properties must be used for residential purposes. Where the properties consist of mixed use buildings including commercial and residential uses, only the development costs associated with the residential component will be eligible for HOME funds. Detailed documentation identifying residential costs shall be provided in support of the HOME funds. Shelters and exclusively commercial properties are ineligible for assistance.

E. Funding Sources: Funding for the CHDO Programs is being provided by HUD through HOME Program funds.

F. Types of Assistance:

1. Financial Assistance

Financial assistance will be in the form of a zero interest deferred payment loan up to \$25,000 per unit for rental projects and zero interest forgivable loans of up to \$40,000 for homeownership projects as follows:

Terms

For CHDO multi-family rental projects, the financial assistance will be in the form of a zero interest loan of up to 20 years that is deferred until the end of the applicable loan period. The loan will be secured by a Mortgage and Promissory Note encumbering the property and will require repayment prior to the end of the loan term only on the sale or transfer of the property. Repayment is required at the end of the loan term. The loan amount will be determined on a case-by case basis by the CP&D Director upon recommendation from CP&D staff and shall not be in an amount greater than what is required to make the project economically feasible and the HOME-assisted units affordable. However, the loan amount should not exceed \$25,000 per unit. The term of the loan will be based on the amount of HOME subsidy provided to the project and the long term affordability restrictions established per 24 CFR 92.252 of the HOME regulations and described in Section H of these guidelines. The City's loan may be subordinated to a private sector loan.

For CHDO single family homeownership or lease-purchase projects, the financial assistance will be in the form of a zero interest forgivable loan that will be transferred to the homebuyer upon the sale of the unit developed by the CHDO. The forgivable loan will have a term of up to 15 years based on the level of subsidy per 24 CFR 92.254 which is outlined in Section H of these guidelines. At the time of the sale, the CHDO will cause a HOME mortgage and note between the buyer

and the City to be executed and recorded and a copy of the same provided to the City. The homebuyer who purchases the house from the CHDO shall be eligible to receive additional subsidy funding from the HOME First Time Homebuyer program. However, the total subsidy from the CHDO Program and the First Time Homebuyer Program shall not be in an amount greater than what is required to make the project economically feasible and the HOME-assisted units affordable and shall not exceed \$40,000 per unit.

2. Technical & Capacity Building Assistance

The City shall provide technical assistance to the CHDO, including property inspections, Work Write-up specification review, bid solicitation, payment reviews and processing, tenant relocation assistance, and any other staff assistance incidental to the processing and implementation of the HOME CHDO Program. In addition, the City may provide up to five percent of its HOME allocation to eligible CHDOs for operating expenses including salaries, rent, training, and capacity building costs. The City shall also make reasonable efforts to refer CHDO staff to applicable development training opportunities.

G. Eligible Costs: The following costs will be eligible for financing under the HOME CHDO Program per 24 CFR 92.206:

- o Finance Related Costs including origination fees, credit reports, title reports and updates, recording fees, preparation and filing of legal documents, appraisal, attorney’s fees, loan processing fees, and other customary fees.
- o Construction Related Costs including architectural and engineering fees, work-write-up preparation, builders’ fees, impact fees, lead-based paint based inspection reports and assessments, asbestos reports and removal, and termite inspection and removal.
- o Costs of demolishing existing structures.
- o Costs to meet the Property Housing Quality Standards as described in Section 92.251 of the HOME regulations and to make essential alterations, improvements, or modifications that result in decent, safe and sanitary housing for tenants. These shall include energy-related repairs or improvements, improvements necessary to permit use by persons with disabilities, and the abatement of lead-based paint hazards, as required by Section 92.355.
- o Eligible soft costs including but not limited to architectural and engineering cost and developer fees.
- o Eligible costs may include the costs of improvements necessary to permit the use of the units by persons with disabilities or the elderly.

H. Affordability: To ensure that the City’s investment of HOME funds yield affordable housing over the long term, and in accordance with Section 92.252 and 92.254, the HOME regulations imposes rent and occupancy requirements over an affordability period. For rental projects, the length of the affordability period depends on the amount of the HOME investment in the property and the nature of the activity funded. The following are the minimum affordability periods to be used by the City of North Miami for homeownership projects and for rental projects not involving new construction or refinancing of existing units:

<u>HOME Investment per Unit</u>	<u>Minimum Affordability Period</u>
Less than \$15,000	5 Years
\$15,000 - \$40,000	10 Years
More than \$40,000	15 Years

For rental projects involving new construction or refinancing of existing units, the HOME per unit subsidy of any amount is subject to a minimum affordability period of 20 years. Per 92.252 of the HOME regulations, the affordability requirements apply without regard for the term of any other mortgages on the property. They must be imposed by deed restrictions, covenants running with the land, or other mechanisms approved by HUD, except that the affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure. The City may use purchase options, right of first refusal or other preemptive rights to purchase the housing before foreclosure or deed in lieu of foreclosure to preserve affordability. The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the foreclosure, or deed in lieu of foreclosure, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the project or property.

In addition to the affordability periods, the HOME assisted units must meet other minimum affordability requirements per 92.252 and 92.253 related to rental housing and 92.254 related to homeownership housing as follows:

Rental Housing: The housing must be multi-family housing as defined in the "Definitions" section of these guidelines and should be no less than a three-unit dwelling. Throughout the affordability period, the HOME-assisted housing units must be occupied by low-income households and subject to rent limitations. When rental units become vacant during the affordability period, subsequent tenants must be income-eligible and must be charged the applicable HOME rents. The owner of the rental housing must implement tenant and participant protections outlined in Section 92.253 and Section. If a HOME-assisted property is sold during the affordability period, resale or recapture restrictions apply to ensure the continued provision of affordable housing. Rents for HOME-assisted units must remain affordable through the term of the loan. Additionally, CP&D may provide tenant relocation benefits and assistance directly to persons displaced by rental rehabilitation activities resulting in a permanent or temporary move.

Homeownership Housing: The housing must be single family housing as defined in Section 92.254 (a) (1) but in accordance with the provisions of the City's Housing Program guidelines. The housing must be modest as defined in Section 92.254 of the HOME regulations. The housing must be acquired and be the principal residence of a family who qualifies as a low-income family throughout the affordability period. The amount of HOME assistance is subject to resale or recapture provisions in the event of sale or transfer of the housing unit prior to the end of the affordability period.

- I. **Recapture Provisions:** In accordance with the provisions at Section 92.254 (a) (5) of the HOME regulations, the City of North Miami will use a recapture provision to recapture all or a portion of the HOME subsidy upon sale of the property to any willing buyer. However, the City retains the option of using a resale provision, as provided at Section 92.254 (a) (5) of the HOME regulations, if the market conditions will result in the removal of the HOME-assisted housing from the affordable housing stock. The recapture and resale provisions are detailed in Section II of these Housing Program guidelines and apply to both homeownership and rental housing.
- J. **Repayment Conditions:** CHDOs receiving HOME funds that will be transferred to homebuyers are not required to make payments unless they are unable to sell the house and

subsequently rent the said property to an income eligible household. If the CHDO develops a rental property and provides rental housing to income eligible tenants, the CHDO shall be required to repay the loan as stated above at Section F of these guidelines. **The CP&D Director may recommend to the City Council an alternative repayment arrangements based on the merits of each project and the ability of the project to repay.**

The outstanding balance on the loan and accrued interest, if any, shall become immediately due and payable upon sale, transfer, or refinancing, unless an alternative repayment arrangement is approved by the City Council. The loan shall be non-assumable, unless consented to by the City at its sole discretion. The City's consent shall be based on whether the failure to grant approval of an assumption shall result in the units being unavailable to low and very low-income households at affordable rents in the case of rental housing. The CHDO loan shall not be subject to any prepayment penalty, if applicable.

Upon satisfactory completion of the terms and affordability period specified in the mortgage instrument, or upon repayment of the remaining balance due on the mortgage, the City will prepare and execute a Satisfaction of Mortgage to release the lien on the property.

K. Occupancy Requirements:

The City of North Miami is providing HOME CHDO funding to further affordable housing purposes. Therefore, it is expected that the CHDO will comply with the following occupancy requirements for HOME-assisted units in accordance with Section 92.216 and 92.217 of the HOME regulations during the affordability period:

For single family housing for ownership, 100% of the units developed must be sold to low income families per Section 92.217.

For rental housing, the following will apply per Section 92.216:

- No less than 90% of the rental units must be occupied by families with incomes that do not exceed sixty (60%) percent of median income (or other threshold to be determined by HUD).
- At least 10% of the rental units must be occupied by families with incomes which do not exceed eighty (80%) percent of the median family income for the area.

The income determinations are applicable at the time of occupancy or at the time that the HOME funds are invested, whichever is later. The City of North Miami shall verify the occupancy status of all assisted properties at least annually via mail and/or property inspection. The CHDO is required to income certify tenants annually and provide income certification documentation to CP&D, in a manner satisfactory to the City. However, the City shall income-certify homeowners assisted through the CHDO Program.

L. Property Standards:

In accordance with 24 CFR 92.251 of the HOME regulations, Florida Building Code 2005 Edition and other applicable local and federal regulations as set forth in Section II, Compliance with Applicable Federal Regulations, properties assisted with HOME funds for single family rehabilitation must comply with applicable property and housing quality standards upon completion of the rehabilitation.

M. CHDO Roles

Under the City of North Miami's HOME CHDO Program, CHDOs are required to play a housing development role and producer of housing. The CHDO role is not the typical non-profit

role of processor of files or housing transaction broker. In the role of processor and broker, the non-profit does not take an active ownership and development role. The non-profit in these cases would be considered as a subrecipient. The CHDO can act as one or all of the following:

- An owner
- A developer
- A Sponsor

A CHDO is a specific type of nonprofit organization as defined in Section 92.2 of the HOME regulations. Although many nonprofit organizations share common characteristics with CHDOs, not all non-profits qualify as CHDOs under the HOME program. Only nonprofit organizations that have been certified by the City as a CHDO can receive funds from the CHDO Program.

In order for a CHDO to be eligible for set-aside funds, the CHDO must be organized and structured according to the standards provided in the HOME regulations, and must develop, own or sponsor the HOME-assisted housing (24 CFR 92.300). In any of these capacities, the CHDO must have effective project or site control. Where these conditions do not exist, the CHDO is operating as a subrecipient and CHDO set-aside funds cannot be used. However, the HOME regulations at 24 CFR 92.300 (a) (1) permits a CHDO to use its CHDO set-aside funds to provide direct homeownership assistance (e.g., downpayment assistance) in connection with housing only that it develops, sponsors or owns using CHDO set-aside funds.

CHDOs, as entities operating independently of the participating jurisdiction, are exempt from uniform administrative requirements set forth at 24 CFR 92.505 (including those related to procurement of goods and services), the audit requirements in 24 CFR 92.506, and the conflict of interest provisions found in 24 CFR 92.356, except for (f) (1) which applies to all owners, developers or sponsors, including CHDOs. Subsection 92.356 (f) (1) prohibits any officer, employee, agent or consultant of the owner, developer or sponsor – whether private, for profit or nonprofit – from occupying a HOME-assisted housing unit in a project.

In order to determine the eligibility of projects under the CHDO set-aside, the following definitions for “developer”, “sponsor” or “owner” will be used:

CHDO as a “Developer”

A CHDO is a “developer” when it i) either owns a property and develops a project, or has a contractual obligation to a property owner to develop a project; and ii) performs all the functions typically expected of for-profit developers, and assumes all the risks and rewards associated with being the project developer. The CHDO must obtain financing, and rehabilitate or construct the project. For rental housing projects, if it owns the property, the CHDO may maintain ownership and manage the project over the long term, or it may transfer the project to another entity for long-term ownership and management. For homebuyer programs, the CHDO must have title to the property and the HOME loan/grant obligations transferred to a HOME qualified homebuyer within a specified timeframe. In both instances, if it does not own the property, the CHDO must enter into a contractual obligation with the property owner, which is independent of the City.

CHDO as “Owner”

The CHDO is an “owner” when it holds valid legal title to or has a long term (99 years minimum) leasehold interest in a rental property. The CHDO may be an owner with one

or more individuals, corporations, partnerships or other legal entities. If it owns the project in partnership, it or its wholly owned nonprofit or for-profit subsidiary must be the managing general partner with effective control - i.e., decision-making authority of the project. The CHDO may be both owner and developer, or may have another entity as the developer.

CHDO as "Sponsor"

A CHDO is a "sponsor" for HOME-assisted rental housing that it solely or partially owns and agrees to convey ownership to a second non-profit organization at a predetermined time prior to or during development or upon completion of the development of the project. The HOME funds are invested in the project owned by the CHDO. The CHDO sponsor must select the non-profit organization that will obtain ownership of the property prior to the commitment of HOME funds. The non-profit assumes from the CHDO the HOME obligation, including any repayment of loans, for the project at a specified time. If the property is not transferred to the non-profit organization, the CHDO sponsor remains liable for the HOME obligation.

N. Other Program Requirements

The CHDO as developer and owner of housing must comply with the following HOME regulations as set forth in 24 CFR Part 92 Subpart F:

Maximum per Unit Subsidy Amount: In accordance with Section 92.250 (a), the amount of HOME funds the City will invest on a per-unit basis in affordable housing may not exceed the per-unit dollar limits established under section 221 (d) (3) (ii) of the National Housing Act (12 U.S.C. 17151 (d) (3) (ii) for elevator type projects that apply to the area in which the housing is located (or any other threshold as determined or amended by HUD). In addition, CP&D shall evaluate each project in accordance with guidelines at Section 3 of these CHDO guidelines to ensure that it will not invest any more HOME funds in combination with other governmental sources than is necessary to make the project affordable.

Affirmative Marketing: The CHDO must commit to non-discrimination and equal opportunity in housing and affirmatively market the HOME-assisted rental units. The objectives of these affirmative marketing policies and procedures must be in accordance with 24 CFR 92.351 of the HOME regulations and Section 3 of the Housing Development Act of 1968, as amended (12 U. S. C. 1701 U), and is applicable to other Federal, State and local regulations. These affirmative marketing guidelines are intended to effect greater participation of eligible persons from all racial, ethnic and gender-based minorities and are detailed in Section II of CP&D housing program guidelines.

Environmental Review

Upon request, the CDBG/Housing Compliance Officer shall conduct an environmental review of the site in accordance with Section 92.352 of HOME rules and outlined in Section II of CP&D's housing program guidelines.

Lead Hazard Reduction.

In accordance with the HUD Lead-Based Paint Regulation (24 CFR Part 35), Section 401(b) of the Lead Based Poisoning Prevention Act of 1971 and Section 92.355 of HOME rules, rehabilitation work on housing built before 1978 that is financially assisted by the Federal government is subject to requirements that will control lead-based paint hazards. At the very least, any painted surface that is disturbed during rehabilitation work will be repaired. Deteriorated paint may be stabilized, which includes the correction of moisture leaks or other obvious causes of paint deterioration. Detailed requirements are outlined in Section II of the Housing Program guidelines.

Displacement, Relocation, and Acquisition

Minimizing displacement, consistent with the other goals and objectives, the City shall ensure that it has taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organization, and farms) as a result of a project assisted with federal funds. Detailed requirements are outlined in Section II of the Housing Program guidelines.

Income Verification

To determine eligibility for assistance, the tenant's or homebuyer's household income must be verified by the CHDO. A household is regarded as being eligible under the HOME program if its annual income based on household size is at or below 80% of the applicable median family income for the Miami Dade Metropolitan Statistical Area. Income includes but is not limited to active income such as business income and employment income, passive income such as interest and investment income, and various forms of social assistance and retirement payments. Certain items including but not limited to sporadic gifts, medical insurance reimbursements, and relocation are not considered income for the purposes of these guidelines. Net household assets shall also be used to determine eligibility. For households with net household assets greater than \$25,000, not including the equity in their main home, annual income shall include the greater of the actual income derived from net assets or a percentage of the value of the net value of the assets based on the current passbook savings rate. Household income shall be determined according to the more detailed listing provided in the Definitions Section of CP&D's Housing Program Guidelines under "income inclusions" and "income exclusions."

Income shall be verified through use of verification forms signed by the relevant household member (s) authorizing verification by the sources of income or by obtaining documentation produced by a third party that establishes income information. Verification forms may include but not be limited to forms such as:

- employment verification
- unemployment benefit verification
- pension benefit verification
- social security benefit verification
- disability benefit verification
- veteran's benefit verification
- verification of benefits administered by HRS
- interest income verification

Each household member who earns an income must provide a signed copy of their last income tax return including attachments (last 2 returns for self-employed person). It is recognized that IRS rules do not require the filing of a return if a person's income is below a certain amount as established by the IRS and revised from time to time. In such instance where an income earning household member does not file a return, a notation shall be so indicated on the application form.

Verification of Accounts

All accounts indicated by the applicant on the application that are deposits with banks, savings and loans, credit unions, or other financial institutions must be verified in order to establish the extent of net asset income available to the applicant.

Verification of Liabilities

The applicant's liabilities include all installment loans, revolving charge accounts, real estate loans, stock pledges, alimony, child support and all other ongoing debts including property taxes and property insurance of all types.

Verification of Credit History

Credit history shall be reviewed through obtaining a credit report. The credit report serves two purposes:

- e. To confirm identified and unidentified credit obligations held by the applicant. In some cases, creditors' information may not appear on the credit report because the credit agency fails to report. Direct verification of credit information may be required in these cases.
- f. To establish the applicant's credit history and detect any slow payments, suits, or judgments for non-payments.

Verification of Property Value

The value of the property shall be verified by means of an appraisal report conducted by an independent appraiser and prepared in accordance with requirements contained in the "Definitions" section of these guidelines.

Verification of Age

Where at least one of the property owner applicants is 62 years of age or older, a verification of their age shall be documented through a copy of a document such as a birth certificate, drivers license, or Florida identification card.

Non-Discrimination and Equal Access

Federal requirements set forth in Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Section 504 of the Rehabilitation Act of 1973, Executive Order 11063 and 24 CFR 5.105(a) prohibit discrimination on the basis of race, color, national origin, religion or sex. Detailed requirements are outlined in Section II of the Housing Program guidelines.

Employment and Contracting Rules

Federal requirements set forth at Executive Orders 11246, 11625, 12432 and 12138 and Section 3 of the Housing and Urban Development Act of 1968 prohibit discrimination in employment and encourage the CHDO receiving federal funds to provide training and employment opportunities to low-income residents. Detailed requirements are outlined in Section II of the Housing Program guidelines.

Debarred Contractors

Federal requirements set forth at 24 CFR part 5 prohibit the provision of federal funds to debarred, suspended or ineligible contractors, subcontractors or subrecipients. CHDOs are required to check the HUD listings for this purpose. Detailed requirements are outlined in Section II of the Housing Program guidelines.

Conflict of Interest

Grantees and sub recipients of federal funds must be comply with procurement requirements found at 24 CFR 85.36 (state and local governments) and 85.42 (non-profits) and with any other applicable conflict of interest provisions. Detailed requirements are outlined in Section II of the Housing Program guidelines.

Flood Insurance

Under the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001-4128), City funds may not be used with respect to the acquisition, new construction, or rehabilitation of a project located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, unless flood insurance is obtained as a condition of approval of the commitment. Detailed requirements are outlined in Section II of the Housing Program guidelines.

PROGRAM REQUIREMENTS – CHDO RENTAL PROJECTS

Qualifying Criteria

In order to receive assistance the project must meet the following criteria:

1. Applicant must be owner of record of the property or have site control of the property as evidenced by a sales contract that is scheduled to close within six months.
2. Property must be substandard and be located within the city limits of North Miami.
3. Property must used for residential purposes. Property must be zoned to have the number of units to be rehabilitated.
4. Applicant's property tax obligation must be current at the time of approval of the loan or grant.
5. The tenants of the proposed rental HOME-assisted units must have household incomes that, based on household size, are low income (see Definitions in Section I of these guidelines).
6. All rehabilitation must be determined to be practical and feasible. The cost of repairs must exceed \$1,000 per unit but must not exceed \$25,000 per unit including associated soft costs. An additional amount, subject to review and approval by the CP&D Director, in rehabilitation funding for construction costs can be made available when the occupants require the removal of architectural barriers to accommodate the needs of a disabled household member.
7. Funding limits must not exceed FHA Section 221 (d) (3) limits.
8. Compliance with all other applicable requirements herein.

In addition to above program regulations, the CHDO as the owner of rental housing assisted with HOME Rental Rehabilitation funds must comply with the following HOME regulations as set forth in 24 CFR 92.252:

Qualification as Affordable - Rent Limitations: The CHDO/owner must comply with the following maximum HOME rent limits. The maximum HOME rents are the lesser of:

- (i) The fair market rent for existing housing for comparable units in the area as established by HUD under 888.111; or
- (ii) A rent that does not exceed thirty (30%) percent of the adjusted income of a family whose annual income equals sixty-five (65%) percent of the HUD median income for the area. The HUD HOME rent limits will include average occupancy per unit and adjusted income

assumptions. In determining the maximum monthly rent for a HOME-assisted, the owner must subtract a monthly allowance for any tenant-paid utilities and services (excluding telephone).

For rental projects with five or more HOME-assisted units, twenty (20%) percent of the HOME-assisted units must be occupied by very-low income families and have rents that do not exceed thirty (30%) percent of a family's annual income at fifty (50%) percent of the area median income or thirty (30%) percent of the particular family's income. However, the maximum HOME rent limits shall be used if the rents calculated under this provision exceeds the HOME rents.

The maximum HOME rent limits are subject to HUD review and adjustments which are provided to CP&D. Regardless of changes in fair market rents and in median income over time, the HOME rents for a project are not required to be lower than the HOME rent limits for the project in effect at the time of project commitment. The City shall provide the CHDO/Owner with information on updated HOME rent limits so that rents may be adjusted in accordance with this Agreement. The CHDO/Owner must annually provide the CP&D with rent and occupancy information for HOME-assisted units to verify program compliance. Any increases in rents for HOME-assisted units is subject to the provisions of outstanding leases, and in any event, the CHDO/Owner must provide tenants of those units not less than 30 days prior written notice before implementing any rent increases.

Adjustment of HOME Rent Limits: HUD may adjust the HOME rent limits for a project, only if HUD finds that an adjustment is necessary to support the continued financial viability of a project and only by an amount that HUD determines is necessary to maintain continued financial viability of the project. HUD expects that this authority will be used sparingly.

Tenant Protections: The owner cannot refuse to lease HOME-assisted units to a certificate or voucher holder under 24 CFR part 982--Section 8 Tenant-Based Assistance: Unified Rule for Tenant-Based Assistance under the Section 8 Rental Certificate Program and the Section 8 Rental Voucher Program or to the holder of a comparable document evidencing participation in a HOME tenant-based rental assistance program because of the status of the prospective tenant as a holder of such certificate, voucher, or comparable HOME tenant-based assistance document. The Owner shall not discriminate on the basis of race, creed, religion, color, sex, marital status, sexual orientation, national origin, age, familial status or handicap in the use, or occupancy of any housing constructed on the property. In accordance with provisions at Section 92.253 which are outlined in Section II of CP&D's Housing program guidelines, the CHDO/Owner shall ensure that required protections are established and enforced to allow low income families to occupy HOME-assisted units without fear of unreasonable and unfair treatment regarding matters such as selection, termination, owner's responsibility, legal proceedings and rights.

Maintenance and replacement: Owner, as owner of rental housing assisted with HOME funds, must maintain the premises in compliance with all applicable property standards, housing quality standards and local code requirements outlined in Section II of CP&D's housing program guidelines.

MONITORING AND COMPLIANCE

All monitoring and compliance activities will be conducted by the CP&D. These will include:

Field Inspections

CP&D's Inspector will monitor work progress during rehabilitation or new construction. A field inspection report will be documented at each inspection of the project. All work requiring a permit shall have one. The permit issuing agency shall be contacted to perform all rough-in and final inspections required of the permit related work. A final inspection will be conducted and a Certificate of Completion of Work form will be filled out when work is completed. All parties involved (owner, contractor and CP&D representative) will sign the completion form before final payment is authorized. In addition, a Certificate of Occupancy will be issued by the City when it is determined that the units are habitable and meet health and safety standards and applicable codes.

Equal Opportunity

The use of Minority-Owned Business Enterprise (MBE)/Women-Owned Business Enterprise (WBE) contractors and subcontractors in the rehabilitation or new construction work is strongly encouraged. Information about and assistance in contracting MBE/WBE contractors is handled by CP&D. All CP&D bid packages (if applicable) will include this information.

CP&D will document a subcontractor list for each project. The form will be completed by the General Contractor prior to distribution of City funds and it will be the responsibility of the General Contractor to notify the CP&D with pertinent information or changes. Data on the form will be used to monitor and document the program benefit to MBE/WBE contractors and such information shall be made available to the CP&D Office.

Labor Standards

Owners, contractors, subcontractors, and other participants must comply with regulations issued under Davis Bacon Acts and with other federal laws and regulations pertaining to labor standards and HUD Handbook 1344.1 (Federal Labor Standards Compliance in Housing and Community Development Programs), as applicable. The City shall require certification as to compliance with the provisions of this section before making any payment under such contract and shall monitor the project to ensure compliance through periodic reporting.

Income Certifications - Initial and Long-term

The applicant will be required to certify that all HOME-assisted units are occupied by households which qualify as low-income families (incomes not exceeding 80 percent of the median family income for the area). At the time of initial occupancy, the owner will be responsible to obtain income verifications from each tenant at initial occupancy and retain the verifications in a file for CP&D review.

Each year tenant's income must be recertified during the term of the loan based on the requirements of the guidelines included above.

Rent Limits

Each year during the loan term rents cannot exceed the published rents established by the U. S. Department of Housing and Urban Development (HUD), and provided to the owner by the City.

PROCEDURES FOR CHDO SELECTION

1. CHDO Identification

The City of North Miami will identify potential eligible non-profits involved in the affordable housing industry in North Miami. The City will send a letter to each organization briefly outlining the guidelines of the HOME CHDO Program and inviting their participation. The City shall use existing community relationships to identify these organizations.

2. CHDO Certification

If a non-profit organization is interested in participating in the CHDO Program, an application for CHDO certification will be sent to the organization. The organization shall complete the application and provide supporting documentation. The City will review the application and supporting documentation and certify the organization based on the CHDO requirements as outlined in Section 92.2 of the HOME regulations. For each item of information, the non-profit's submission can be determined to be "Adequate" or "Deficient." If determined to be deficient, the organization will be allowed to comply with the requirements but will not be granted certification until the deficiency is cured.

Upon review by the Housing Coordinator, a recommendation for CHDO certification will be made to the Director. If the organization satisfies the CHDO requirements, a letter will be sent to the organization informing them of the certification and requesting that they submit an eligible project for consideration. If the organization fails to satisfy the requirements of the CHDO certification, a letter of denial shall be sent informing the organization and stating the reason for non-certification.

3. CHDO Proposal Submission

The certified CHDO shall submit a proposal packet for review and underwriting by CP&D staff.

Proposal Packet: The following is a list of the minimum underwriting information required at the time of proposal submission:

- a. Executive Summary of Project consisting of the name and contact information for the CHDO, a brief description of the project, the use of the city's funds, related project financial support, and the assessed or appraised value information on the property and the proposed impact and strategic importance of the project.
- b. Basic Information: Following is a listing of necessary information needed to review the proposal with relevant information applicable to rental or homeownership projects:
 - The amount of City funds requested, the terms desired, and the repayment schedule. Justification of funding provided by the proposer to show why the amount of City funds is required or evidence of a funding gap. The proposer's equity contribution should also be shown. If City funds represent the only source of funds, the proposer should describe in detail why efforts to secure other sources of funding were not successful.

- Site information including location, property control number, evidence of site control such as warranty deed or sales contract. If the CHDO does not have site control, then it must have a contract with the owner of the property to act in the role as a developer. A proposal will be considered ineligible if the CHDO does not have site control or a contractual obligation to the site owner.
- A legible map and photographs of the property. Information on whether the property is located in a flood plain.
- Existing or proposed building data including number of buildings, number of units, size and types of units including number of bedrooms and baths, the type of structure whether duplexes, high rises, condominiums, etc. The data should also include information regarding the current zoning of the property and any plans for rezoning, the availability and condition of utilities to the site and the availability and condition of appliances, and any amenities including those in common areas.
- Development budget including all project costs associated with the development of the project, regardless of the funding source. The development budget should be submitted in a format approved by CP&D.
- Property taxes verification.
- Last two years (consecutive) of Federal 990 Tax Returns for non-profit organizations.
- Current rents being charged and proposed rents for HOME-assisted units, if applicable.
- Proposed sale price ranges for new construction or acquisition/rehabilitated housing, if applicable.
- Existing tenant information showing total number of households and total number of occupied units, if applicable. A separate profile form must be done for each occupied unit.
- Any anticipated relocation of a temporary or permanent nature and the affected units, if applicable. If displacement is proposed, a detailed relocation plan must be included.
- A detailed work write-up and cost breakdown of the rehabilitation or new construction work to be performed, as applicable. The work write-up and cost breakdown must be prepared by a licensed general contractor or similar professional such as a licensed cost estimator.
- A detailed proposed project schedule showing start and completion dates for major project activities and milestones.
- A copy of a general contractor bid and/or qualification packet, as applicable. Only licensed general contractors will be accepted as part of the proposal.
- Other members of the CHDO's development team including attorney, engineer, architect, appraiser, etc and as applicable.
- Copies of last three (3) consecutive bank statements (all pages).
- Copy of a marketing and property management plan showing that the property will be managed by experienced and capable persons, as applicable. Copies of resumes for management personnel or firms must be included.
- An analysis of current market conditions and the feasibility of selling or renting the units at the proposed prices or rents, respectively. Comparative data on similar units in the market area should also be provided.
- Preliminary appraisal based on the as-is value of the property.
- Declaration page of current year Liability, Hazard and Property Insurance policies.
- At least three references including one financial reference.

- List of previous completed projects of a similar nature and current status.
- Development team such as architects, engineers, general contractors, consultants, surveyors and their experience statements including resumes, etc. A narrative and resumes outlining the relevant experience of the development team including resumes of the principals.
- Financial feasibility information including proof of all existing debt on the property with terms of financing, any judgments, etc.
- Operating proforma representing the income and expenses after rent stabilization has been achieved, if applicable. Operating proformas should be projected out for at least ten years and should be submitted in a format approved by CP&D.
- Sources and Uses of Funds Statement showing all sources including private sector, other government and equity being used to fund the project. The statement should indicate leveraging ratios in respect to the City's funding.
- Commitment letters should be provided from all non-City sources (including predevelopment, construction and permanent financing)
- Evidence of minority participation according to the City's MBE/WBE policies and guidelines, if applicable.
- Other information as required and that will be useful in evaluating the project.

- c. Consent form: A form used for authorization of consumer credit, employment or mortgage information to be released with the CHDO's consent. Form must be signed and dated.

At the time of proposal submission, a preliminary review is made of the information provided and the applicant is requested to sign certain pertinent release forms that enable City staff to verify the application with outside parties. Other such forms may also be signed by the applicant at later times as the need arises in the process of reviewing the application. These release forms for example include: mortgage payment verification and deposit verification.

Relevant CP&D staff creates a file containing the completed and signed application, with documentation, for each CHDO seeking assistance.

4. Proposal Review

CP&D staff will review each application for evidence of site control, verifications and financing to be used to determine the initial financial feasibility of the project. The inspector and CHDO's contractor (in conjunction with an engineer/architect, if such is required) shall review the Work Write-up and Cost Breakdown for compliance with applicable housing and building code standards. Due to the CHDO program requirement of building the capacity of local non-profit housing providers, CP&D staff will provide technical assistance to each CHDO to ensure that the CHDO project is successful if determined feasible and viable.

CP&D staff will underwrite each project in accordance with professionally accepted underwriting standards and practices. The process of evaluating the feasibility of any given project involves analyzing a wide range of variables. Each of those variables will be analyzed to make a determination about the overall risk of the project.

Proposal Underwriting Criteria

At a minimum, the project must meet the following requirements to be considered for funding:

- The project is determined to be economically and financially feasible

- Non-City financing sources have been identified, applied for and committed, as determined by CP&D staff.
- The CHDO has previous experience with similar projects or has assembled a development team or partners with the requisite skills and experience.

The percentage of public investment and loan type will be determined on a case-by-case basis using the following underwriting criteria to provide sound financing:

- Project assistance will be the minimum amount required to make the project economically feasible and meet federal layering limitations.
- Minimal financial underwriting of debt coverage ratio must be 1.15 (115%).
- Each project will undergo a valuation analysis. Total outstanding debt on the property cannot exceed 110% of the after-rehabilitation/construction value of the property.

Based on that determination and on a case-by-case basis, CP&D will request additional documentation to be submitted prior to a commitment being issued. The additional documentation will include the following:

- Appraisal (after rehabilitation/construction)
- Preliminary Title Search
- Verification of all existing liens on the property (copies of legal documents and completed mortgage verification forms)
- Environmental Review (conducted by CP&D staff)
- Executed incorporation or partnership documentation (if applicable)
- Relocation Plan (if applicable)
- Evidence of flood insurance (if applicable)

5. **Selection and Award of Contract:** Upon review and underwriting of the CHDO proposal and a determination that the proposal is in compliance with program policies, CP&D staff will make a funding recommendation in a financial report to be submitted to the Director for approval. The Director may accept or reject the recommendation made by staff and may otherwise approve a project in a manner that differs from the recommendation that was submitted for consideration, as long as it remains in compliance with these policies. CP&D will inform each CHDO in writing via a Notice of Award Recommendation.

6. **Funding Commitment/Notice of Award:** CP&D staff will issue a notice of award agreeing to provide HOME funds. The disbursement of HOME funds shall be made subject to the receipt of such items as final plans and specification approved by the City, final approval of other funding, signed contracts for sale and purchase and contractor's AIA contract.

7. **CHDO Agreement:** Upon the director's approval, a CHDO agreement will then be completed and executed by both the successful proposer and the City of North Miami before the contract and subsequent award becomes valid and effective. In accordance with Section 92.504 (c) (3) relating to agreements with for-profit or non-profit housing owner, sponsor or developer (not including single family owner-occupant), must include the following provisions as detailed in the HOME regulations:

- Use of HOME funds,
- Affordability,
- Project requirements,
- Reports and Records,
- Duration of the Agreement and Enforcement
- Conditions for religious organizations, if applicable
- Disbursement procedures

- CHDO provisions
- Property standards, and
- Other program requirements including but not limited to labor, conflict of interest, lead hazard, and environmental review.

CHDOs shall be informed at the signing of the agreement of the applicable federal and other requirements outlined in Section II of CP&D's housing program guidelines and which shall be included by reference as a part of the CHDO agreement.

Closing: Upon receipt of a signed Funding Approval Form indicating final approval, CP&D staff shall schedule a closing to be attended by the contractor and property owner(s), and have all closing documents (i.e., HOME Mortgage which is inclusive of the CHDO Program Agreement, Promissory Note, Notice of Commencement) prepared for this purpose. The above program requirements shall become a part of a HOME CHDO Program agreement between the City and the Owner. The closing documents shall be submitted to the City Attorney's office for review for legal sufficiency prior to execution. If the Davis-Bacon Act applies to the project being funded, a copy of the applicable wage decision, as well as pertinent contract clauses, shall be inserted in the contract documents executed at the closing. In addition, CP&D staff shall coordinate with any other lender in the project to ensure that applicable language be included in the CDBG agreement and mortgage. The City Attorney shall also review mortgage documents of other lenders to ensure that the City's interests are protected and that the first mortgage is not detrimental to any other the CDBG compliance requirements.

Upon approval of the City Attorney's Office, CP&D staff shall prepare the pertinent documents for execution and shall coordinate the date for closing with other parties. As pre-requisite to closing, CP&D must receive any updated information from the general contractor such as licensing, insurance, etc. as applicable. The closing shall be conducted by CP&D's Housing Coordinator who shall review all documents with the owner prior to execution. All owners of record, regardless of their location, must execute the mortgage and promissory note. Staff shall ensure that the documents are executed and recorded. Property owners shall be informed, at the closing, of the requirements applicable to them concerning affirmative marketing and other requirements outlined in Section II of CP&D's program guidelines.

Project Set-Up and Disbursements: After loan closing requirements have been met and the loan documents recorded, CP&D staff will set up the project in the Integrated Disbursement and Information System (IDIS). In accordance with Section IV of the housing program guidelines, CP&D staff shall process disbursement requests from the contractor, if applicable or non-profit.

Construction Phase: The rehabilitation or new construction of housing under the HOME CHDO program shall be carried out by a licensed building contractor who shall be included as a part of the project development team. In accordance with the guidelines of CP&D housing program guidelines outlined in Section IV, CP&D staff shall certify the contractor and any other professionals. The rehabilitation activities including inspections, payments, change orders, and compliance shall be carried out in accordance with the procedures outlined in Section IV of CP&D housing program guidelines.

If necessary, termite treatment shall be performed by a licensed contractor after completion of construction in order to treat materials installed at the property and address any infestation indicated on the termite inspection report. Such work will be scheduled with the contractor and approved by the Housing Coordinator. Staff shall arrange any temporary lodging for the tenants.

The payments for lodging are eligible under the temporary relocation and are not charged to the owner's account.

Post Completion Activities: After all project invoices, and expenses have been paid, CP&D staff shall reconcile the list of payments shown in the applicant's files with the records held by the Finance Department. A final itemized listing of all payments shall be prepared after the reconciliation that also shows any undisbursed fund and their disposition. In the event there are any undisbursed funds, all such funds will be used to refunded to the Program budget and reduce the principal amount of the applicant's forgivable loan and affordability period, where applicable. See Section IV for more details on close out procedures.

Miscellaneous: Requests for additional funding of up to 20%in excess of amounts approved for a project may be approved by the CP&D Director in accordance with Section I of these guidelines, with a recommendation from CP&D staff provided that the sum of additional funding and original project funding does not exceed the funding limits established in these policies. In the instance where such sum exceeds these limits, a waiver to these policies is required and approval by the City Council must be obtained. However, in no instance should the maximum per-unit subsidy exceed limits established by HUD under Section 92.250 of the HOME regulations.

Termination of funding and acceleration of deferred loan repayment may be undertaken by CP&D during the rehabilitation process if:

The applicant refuses or fails to allow the rehabilitation work to commence within thirty (30) days from contract award.

The applicant refuses or fails to allow reasonable access to complete the rehabilitation after commencement.

The applicant refuses to authorize payments associated with the project which have been deemed payable by CP&D staff.

An event of default occurs as specified in the mortgage or promissory note.

Notice shall be given to the applicant of such termination and/or acceleration, as appropriate, with follow-up action by the City Attorney's office where necessary.

Future subordination by North Miami of a mortgage taken in connection with this program shall be reviewed by the Housing Coordinator and approved by the Director of CP&D. In evaluating request for mortgage subordination, the CP&D staff shall consider the City's financial interest and its interest in preserving homeownership, and preserving or enhancing the property's value.

Program Monitoring and Compliance: Projects receiving HOME assistance shall be monitored by CP&D staff to ensure compliance with applicable regulations and recordkeeping requirements at 24CFR part 92 of the HOME regulations and other applicable regulations. Program monitoring and compliance requirements are expanded in Section IV of CP&D's housing program guidelines.

SECTION III

**COMMUNITY DEVELOPMENT BLOCK GRANT SINGLE
FAMILY HOUSING REHABILITATION PROGRAM**

COMMUNITY DEVELOPMENT BLOCK GRANT SINGLE FAMILY HOUSING REHABILITATION PROGRAM GUIDELINES

INTRODUCTION

These program guidelines shall outline specific features and provide and organize guidelines, instructions, policies and procedures for implementing North Miami's Community Development Block Grant (CDBG) Single Family Rehabilitation Program which provides financial and technical assistance for the rehabilitation of owned occupied single family houses.

IMPLEMENTATION RESPONSIBILITY & APPROVAL AUTHORITY

As outlined in Section I of the Housing Program Guidelines, the Single Family Rehabilitation Program will be administered and implemented by the City of North Miami's Community Planning and Development Department (CP&D) with overall responsibility being held by the Department's Director. Specific program responsibility will reside with the Housing Manager who reports directly to the Director. Approval authority for loans under this program will be delegated to the CP&D Director as outlined in Section I of these guidelines.

COMPLIANCE WITH APPLICABLE REGULATIONS

The programs shall be administered in compliance with established policies, types of financing programs and procedures as described in the CDBG Regulations at 24 CFR Part 570 (as amended from time to time), the City's approved Consolidated Plan, and other applicable federal regulations as set forth in Section II of these guidelines and titled "Compliance with Applicable Federal Regulations."

I. PROGRAM FEATURES – OWNER OCCUPIED REHABILITATION:

- A. **Purpose:** The purpose of this program is to rehabilitate deteriorated housing units owned and occupied by low and moderate-income residents of the City. Program funds can be used for correcting code violations and for making needed repairs to the house.
- In assisting low and moderate income homeowners to make necessary housing repairs, the Program seeks to achieve the following overall goals:
6. Preserve and/or upgrade the existing housing stock;
 7. Provide and increase the supply of decent, safe and sanitary housing, and eliminate slum and blight;
 8. Maintain or increase property values, and stabilize or increase the tax base;
 9. Provide opportunities for the local construction industry and increase participation by minority contractors;
 10. Act as a catalyst for other homeowners to make property improvements.
- B. **Eligible Homeowners:** The program is open to homeowners in the City who have a house in need of repair and who meet the program's income, occupancy and other guidelines. Homeowners are considered eligible if their total household income does not exceed eighty percent (80%) of the area's median income. Priority will be given to households that include the elderly, the disabled and large families.
- C. **Funding Sources:** Funding for the Rehabilitation Programs is being provided by HUD through the CDBG Program. **Additional funding can be provided through HUD's HOME Program and by the State of Florida through the State Housing Initiatives Partnership Program.**

D. **Types of Assistance:**

The Owner Occupied Rehabilitation Program provides the following technical and financial assistance to eligible owners of residential structures containing one or two units for the purpose of upgrading their properties to meet applicable housing and building code standards:

1. **Deferred payment forgivable loans for general repairs** – Income eligible households are offered financing in the form of a deferred loan. Financial assistance will be used to pay for rehabilitation construction and incidental expenses determined as eligible by HUD.

Amount of Assistance: Up to \$25,000 per household from CDBG funding. In conjunction with other funding sources the eligible household may receive up to an additional \$25,000 from those other sources. Total assistance from all sources shall not exceed \$50,000 under normal circumstances. Under extenuating and extraordinary circumstances, the CP&D Director is authorized by the City Council to approve additional funding that exceeds the maximum assistance by up to twenty percent (20%). The circumstances under which the CP&D Director is authorized to approve the additional 20% funding are outlined in Section I of these guidelines.

Terms of Assistance: The CDBG financial assistance shall be structured as an interest free deferred payment principal reduction loan over seven years (affordability period). After the completion of the rehabilitation, the principal balance due on the loan will be reduced by equal annual increments over the affordability period until the balance is reduced to zero, provided that the homeowner remains in occupancy over the said period, and maintains the property in a condition satisfactory to the City. If the homeowner disposes of the property prior to the end of the affordability period through sale, rental, transfer or abandonment, the principal reduction shall be null and void at the time of the applicable event. The portion of the loan that has not been forgiven will be due and payable at simple interest rate of four percent accrued from the award of the loan. If the CDBG funding is used in conjunction with the HOME Single Family Rehabilitation Program, the more restrictive requirements of HOME shall apply in accordance with affordability regulations at 24 CFR 92.254.

All financial assistance provided by the City of North Miami will be secured by a note and mortgage on the property. However, this mortgage and note will be subordinate to a private sector loan. The City will entertain requests for subordinations during the affordability period in accordance with its subordination guidelines and guidelines.

2. **Deferred Loans for “Barrier Free” Renovations** - Income eligible elderly and disabled homeowners are offered financing in the form of a deferred loan. Financial assistance will be used to pay for rehabilitation construction and incidental expenses determined as eligible by HUD.

Amount of Assistance: Up to \$25,000 per household.

Terms of Assistance: The financial assistance shall be structured similarly to the above loan for general repairs and shall meet the HOME requirements if made in conjunction with HOME.

3. **Technical Assistance** – Technical assistance will be provided to homeowners in the form of services including inspections, work write-ups, specification preparation, bid solicitation, construction payment reviews and processing, and any other staff assistance need to implement the Program.

- E. **Loan Assumption upon Death:** In the event of the death of the surviving property owner(s), assumption of the remaining loan balance is permissible under certain conditions. Blood relatives who are heirs to the estate and who are granted legal or equitable possession of the property may assume the loan. Validated heirs that qualify as very low, low and moderate income, as defined in the program guidelines, and who intend to occupy the property as their principal residence shall be approved to assume the balance of the deferred loan. Validated heirs who qualify based on the above conditions shall execute a new mortgage and promissory note for the balance.

Validated heirs who do not qualify as very low, low and moderate income and/or those, regardless of income, who do not intend to occupy the property are required to repay the balance outstanding. Assumptions in accord with these policies shall be reviewed by CP&D staff. Upon qualifying the validated heirs in consultation with the City Attorney's office, CP&D staff shall make a recommendation to Director to allow such assumption in accordance with the Housing Program guidelines. If CP&D's review of the matter results in a recommendation against assumption and further legal action is required, then the matter shall be referred to the City Attorney's Office.

- F. **Scope of Assistance:** Rehabilitation assistance shall be provided for the rehabilitation of non-luxury housing with suitable amenities as defined by the CDBG regulations. Funding shall be used to make repairs to meet property standards outlined in 24 CFR Part 570.202 and detailed in these guidelines. Repairs shall include, but may not necessarily be limited to, replacement of principal fixtures and components of existing structures, installation of security devices, including smoke detectors and dead bolt locks, and renovation through alteration, or enhancement of existing structures, which may be undertaken singly, or in combination. It may also include improvements to increase the efficient use of energy in structures through such means as installation of storm windows and doors, siding, wall and attic insulation, and conversion, modification, or replacement of heating and cooling equipment. Eligible costs may include the costs of improvements necessary to permit the use of the units by persons with disabilities or the elderly; the demolition of existing structures; and the implementation of lead based paint requirements of the federal regulations. The treatment of termite and other wood destroying organisms at the property shall also be considered as eligible repairs. The additions of rooms shall be considered on a case by case basis when required under housing quality standards to alleviate overcrowding and is subject to the approval of the City Council. All rehabilitation must be determined to be practical and feasible.

- G. **Qualifying Properties:** Properties that are eligible for assistance shall include single family houses, townhouses and condominium units that are owned and occupied by income eligible residents within the Corporate City limits of North Miami. The property

must conform to the City's zoning requirements regarding use and density; although approved variances to existing zoning requirements will be accepted.

H. **Eligible Program Costs:** The following expenses shall be regarded as eligible costs under this program:

1. Labor, materials, and other costs of rehabilitation of properties, including removal of architectural barriers, deferred maintenance, replacement of principal fixtures and components of existing structures, including smoke detectors and dead bolt locks, and renovation through alterations or enhancement of existing structures, which may be undertaken singly, or in combination;
2. Improvements to increase the efficient use of energy in structures through such means as installation of storm windows and doors, siding, wall and attic insulation, and conversion, modification, or replacement of heating and cooling equipment, including the use of solar energy equipment;
3. Improvements to increase the efficient use of water through such means as water saving faucets and shower heads and repair of water leaks;
4. Costs of flood insurance premiums and associated service charges as established under the Nation Flood Insurance Program for a period of up to three years.
5. Costs of inspecting, testing, and abatement of lead-based paint and asbestos containing materials pursuant to applicable regulations.
6. Costs associated with the processing of rehabilitation applications such as a credit report, appraisal, title search, title insurance premium, or state and local fees for recording documents prepared in conjunction with this program.
7. Costs of obtaining construction related professional services including architectural, engineering, and surveying services, including the preparation of related technical documents, and inspections associated with execution of the content of such documents as pertains to the rehabilitation work.
8. Costs of performing inspections for termite or other wood destroying organisms and extermination thereof.
9. Rehabilitation contingency funds of 5% of rehabilitation costs.

Ineligible Program Costs: The following costs are ineligible under the Program. The list provided is representative and not all-inclusive and other items may be disapproved on a case-by-case basis at the sole discretion of the City:

- Reimbursement for an Owner's Personal Labor;
- Appliances (except built-in stove, cook-top, and garbage disposal when the existing is deteriorated, hazardous and beyond repair);
- Purchase, installation, or repair of furnishings;
- Demolition that does not improve the existing structure;
- Free standing concrete block walls;
- Interior wood paneling and wrought iron security bars;
- Barbecue pits/outdoor fireplaces;
- Bath houses, swimming pools, saunas, and hot tubs;
- Burglar alarms;
- Dumbwaiters;
- Flower boxes, greenhouses, and greenhouse windows;
- Kennels;
- Photo murals and book cases

- Steam cleaning of exterior;
- TV antennas;
- Valances, cornice boards, and drapes; and
- Materials, fixtures, or equipment of a type or quality exceeding that customarily used on properties of the same general type as the property to be rehabilitated.

1. **Qualifying Criteria** – In order to receive assistance the homeowner and the property must meet the following conditions:
 1. Applicant must be owner of record of the property.
 2. Applicant must reside at the property.
 3. Property must be substandard and be located within the city limits of North Miami.
 4. Property must consist of no more than two dwelling units and be entirely used for residential purposes with one unit occupied by the applicant. Property must be zoned to have the number of units to be rehabilitated.
 5. Applicant's property tax obligation must be current at the time of approval of the loan or grant.
 6. Applicant's household, based on household income by household size, is a low income household (see household definitions in Definitions section) pursuant to applicable HUD standards.
 7. All rehabilitation must be determined to be practical and feasible. The cost of repairs must not be less than \$1,000 per unit but must not exceed \$50,000 for a one unit detached structure including associated soft costs.
 8. Funding limits must not exceed FHA Section 221 (d) (3) limits. Compliance with all other applicable requirements herein.

NOTE: Special Exception: The Director of CP&D may obtain approval of the Mayor and Council on a case by case basis for subsidies above the established levels to accommodate a special needs housing applicant or other situation in which it is determined that the assistance is necessary. Special needs are delineated in the Definitions section (Section I) of these housing guidelines.

- J. **Repayment Conditions** – Upon satisfactory completion of the terms and affordability period specified in the mortgage and promissory note, or upon remittance of the remaining balance due on the mortgage, the City shall prepare and execute a Satisfaction of Mortgage to release the lien on the property. Upon approval and issuance, a satisfaction of mortgage shall be placed on the public records of Miami Dade County and the original shall be given to the applicant. The original recorded satisfaction document shall be accompanied by the original mortgage and promissory note documents when returned to the applicant.
- K. **Occupancy Requirements** - The City of North Miami shall verify the occupancy of status of all assisted properties at least annually via mail and/or property inspection.
- L. **Repayment Conditions** – Upon satisfactory completion of the terms and affordability period specified in the mortgage instrument, or upon remittance of the remaining balance due on the mortgage, the City shall prepare and execute a Satisfaction of Mortgage release of the liens on the property.

If the property is sold prior to the end of the City's mortgage term, all or part of the City's remaining assistance is due and payable from the net proceeds, to the extent sufficient proceeds are available. If the net proceeds (i.e., the sales price minus loan repayments

other than CDBG funds, and closing costs) are not sufficient to recapture the remaining CDBG investment and allow the homeowner to recover the amount of the homeowner's down-payment and any capital improvement investment, the City's recapture provisions may share the net proceeds. The net proceeds may be divided proportionally, as set forth in the mathematical formulas at 24 C.F.R., 92.254 (ii)(A)(1).

M. **Property & Housing Quality Standards:**

In accordance with 24 CFR 92.251 of the HOME regulations, Florida Building Code 2005 Edition and other applicable local and federal regulations as set forth in Section II, Compliance with Applicable Federal Regulations, properties assisted with HOME or CDBG funds for single family rehabilitation must comply with applicable property and housing quality standards upon completion of the rehabilitation.

N. **Recapture Provisions**

In accordance with the provisions at Section 92.254 (a) (5) of the HOME regulations, the City of North Miami will use a recapture provision to recapture all or a portion of the CDBG subsidy upon sale of the property to any willing buyer. However, the City retains the option of using a resale provision, as provided at Section 92.254 (a) (5), if the market conditions will result in the removal of the CDBG-assisted housing from the affordable housing stock. The recapture and resale provisions are detailed in Section II of these Housing Program guidelines.

O. **Procedures**

The following is a summary of the stages of the single family rehabilitation assistance process:

Preliminary Application Interview: An applicant submits an application form, provides documentation in support of the application, and signs certain release forms authorizing City staff to verify information with third parties. The applicant is also asked to detail the repairs to be done. Based on the information provided preliminary income eligibility will be determined and an initial inspection of the property will be conducted.

Initial Inspection: An initial inspection will be conducted by the Department's Housing Inspector, along with the owner of the property, to assess the housing conditions and to determine if rehabilitation is necessary and feasible. The inspector uses the information provided by the applicant but also conducts a minimum housing quality standards inspection as outlined in Section II of the Housing Program guidelines.

Application Review & Information Verification: City staff verifies applicant's information through third parties sources and documentation provided by the applicant. Additional information is also obtained to assist in decision making, where needed.

Work Write-Up Preparation: The Inspector prepares a detailed work write up and construction specifications to address deficiencies identified at the property by the inspector and the owner. The process incorporates the property owner's preferences on execution of the work intended to upgrade the property to applicable housing and building code standards and allows for incorporation of a limited amount of general property improvements. The Inspector then prepares a preliminary cost estimate to determine if the application is financially feasible.

Underwriting and Approval: Armed with income eligibility information and construction cost estimates and having determined that the application is feasible; the Housing Coordinator

underwrites the project and submits a recommendation for approval to the Director through the Housing Manager. A closing is then conducted at which applicable mortgage and other documents are executed. If no approval is recommended, a letter is sent to the applicant informing him or her of the City's decision and stating the reasons for the denial.

Contractor Selection and Construction: After the closing, City staff puts out a bid for builders to bid on the project using the detailed work write up and specifications. Only pre-qualified and licensed general contractors that are on the City's approved Contractor List shall be allowed to bid. Bids shall be accepted and opened in public. A builder will be selected and a contract awarded. Construction begins and progress inspections will be conducted by the City's Housing Inspector. Payments will be recommended for approval by the Housing Inspector and the Owner and approved by the Director before submission for payment.

Application Packet: The following is a list of the minimum information required at the time of application:

- a. Application guidelines: General Housing Assistance Application requesting basic information for certification purposes and program requirements.
- b. Basic Information: Following is a listing of necessary verification information needed to income certify homeowner(s):
 - Social security and /or Pension Award Letter(s).
 - Social Security cards for all household members.
 - Picture ID of property owner(s).
 - Property taxes verification.
 - Last two years (consecutive) of Federal Tax Returns, all schedules, W-2's and 1099's.
 - Birth Certificate (if applicable).
 - Three consecutive current pay stubs.
 - Custody or Adoption agreement (if applicable).
 - Alimony, Child support payment records (if applicable).
 - Warranty Deed.
 - Copies of last three (3) consecutive bank statements (all pages).
 - Documentation of other income (AFDC check stub, Award of retirement benefits, etc.).
 - Declaration page of current year Home Owners Insurance policy.
 - Other information as required.
- c. Consent form: A form used for authorization of consumer credit, employment or mortgage information to be released with the homeowners consent. Form must be signed and dated.
- d. Verification of employment, social security and mortgage account: Forms that are necessary to certify homeowner(s) or household members for income eligibility. Mortgage account verification necessary to show mortgage is current. If not obtainable, credit report will be used.
 1. Name of applicant, co-applicant(s), and any other household members residing at the property (whether related to the property owner or not) and relationship to property owner(s)
 2. Address of property and telephone number.
 3. Social security numbers, dates of birth of applicant(s) and ages of other household members.

4. Employment information on all household members except for resident full-time student dependents and minors (if applicant is unemployed, date unemployment began and type of work done before).
5. All other income for the household including but not limited to wages, salaries, pensions, social security, disability, unemployment, self employment, rental income, interest dividends, and income derived from assets.
6. Assets including but not limited to bank account, stocks, bonds, equity in real estate, and owned cars, boats, mobile homes, etc...
7. Liabilities including but not limited to mortgage payments, personal loans, student loans, car loans, credit card debt (payments on installment and revolving debt that extend beyond ten months from time underwriting), alimony, child support, and separate maintenance.
8. Legal description of the property.
9. Monthly housing expenses including mortgage payments of principal and interest where debt was incurred for housing purposes only (first, second, or other mortgage), real estate taxes, special assessments, flood insurance, fire and extended coverage insurance (hazard insurance).
10. Information on flood and hazard insurance including name of insurer, agent, address, policy number, and amount and dates of coverage.

The applicant may provide information in support of the application which may include, but not be limited to: copies of deed, mortgages, pay stubs, driver's license, judgments, bank statements, death certificates, utility bills and tax statements. Applicants will also be asked to provide a signed copy of their last IRS tax return (last two returns for self-employed persons) and copies of their flood hazard insurance policies as applicable.

At the time of application submission, a preliminary review is made of the information provided and the applicant is requested to sign certain pertinent release forms that enable City staff to verify the application with outside parties. Other such forms may also be signed by the applicant at later times as the need arises in the process of reviewing the application. These release forms for example include: employment verification, mortgage payment verification and deposit verification.

Relevant CP&D staff creates a file containing the completed and signed application, with documentation, for each property owner seeking assistance.

Application Process:

Preliminary Application Interview: Applicants shall be processed on a "first come, first serve" basis on submission of a complete application and all required supporting documentation. Applications will be obtained primarily from responses to public advertisement and outreach by CP&D, and referrals from former and current clients, community based organizations, and other stakeholders.

An interview shall be conducted with each applicant wishing to participate in the program. The interview shall take place at CP&D's principal place of business, at any mutually agreeable location that is accessible to CP&D staff and applicants or at the applicant's residence if the applicant's special circumstances so require. During the interview CP&D shall advise the applicant of the program's guidelines and type of eligible repairs without specific reference to the applicant's property. Applicants shall be advised that only property deficiencies that are practical and feasible and that would upgrade their property to meet applicable housing and

building code standards would be addressed. Applicants shall be advised of the steps involved in the rehabilitation process, their role in it and the financing options available under the program.

Initial Inspection: An initial inspection of the property will be performed by the CP&D Inspector, along with the owner, to assess the property conditions to determine if rehabilitation is necessary and feasible. An initial Inspection Report will be prepared by the CP&D Inspector based on the inspection and assessment of property conditions.

The assessment of the property conditions is intended to reveal property deficiencies that do not meet applicable housing and building codes such as the City's Minimum Housing Quality Code, Florida Building Code 2005 Edition, and HUD Section 8 Housing Quality Standards. The Report shall include a description of deficiencies in such areas as plumbing, electrical, roofing, building structure, doors, windows, etc. The Report shall be accompanied by a completed Asbestos Control Review form in compliance with applicable procedures to establish if a current or prior non-residential (commercial) use occurred at the property. If there was a commercial use or evidence of asbestos is determined, the Program requires follow-up action including a survey of the property and sample laboratory testing of building materials with asbestos abatement where necessary. In addition, the property shall be reviewed for evidence of lead based paint in homes built before 1978, in accordance with requirements outlined in Section II of CP&D's housing program guidelines.

Determination of Necessity and Feasibility: The Initial Inspection Report shall be used to determine the necessity and feasibility of rehabilitation. If the following is determined, the report shall note that rehabilitation is not needed:

- no deficiencies are found, or
- the deficiencies are of a minor nature such that the cost of correction is \$1,000 or less per unit.

The applicant shall be advised that the program is not intended to assist in correcting minor deficiencies that arise which can be addressed through routine maintenance.

Rehabilitation feasibility is examined once rehabilitation necessity is determined. Rehabilitation feasibility will be determined by the extent and cost of repairs required to bring the structure up to building standards. Specifically, the report should determine the following:

The cost of rehabilitation shall not exceed the maximum amount available to homeowners under the CDBG rehabilitation program. If the cost of rehabilitation exceeds the maximum amount under the program, the property would not qualify for assistance.

As a second threshold criteria, it should be determined if the cost of code required repairs exceeds 50% of the value of the structure to be rehabilitated. However, if the cost of rehabilitation does not exceed the program guidelines but the cost of repairs exceeds 50% of the value of the structure to be rehabilitated, the property would not qualify for assistance.

If the property does not qualify for assistance according to the above criteria, then the application should be recommended for denial of assistance. If the cost of rehabilitation required to conform with applicable housing and building code standards is at or below 50% of the value of the structure to be rehabilitated, and if total project costs do not exceed the funding limits of the Program, then the property would be considered eligible for assistance. CP&D staff would then continue processing the application for assistance.

Emergency Rehabilitation: If in the process of inspecting the property CP&D staff identifies certain deteriorated conditions at the property that pose an immediate danger to the health or safety of the occupants or the general public, then correction of such deteriorated conditions may

be addressed under Emergency Rehabilitation procedures. Determination of emergency conditions allows CP&D staff to "fast track" the needed emergency repairs and process the remaining non-emergency repairs within the normal waiting list. The following shall be considered as emergency repairs:

Major structural defects.

Roof leaks.

Electrical (shorts, inoperable, defective circuits).

Plumbing (defects causing an unsanitary condition).

Air Conditioning (if a physician certifies medical necessity).

Handicapped Occupants: Facilitating ingress/egress for a handicapped permanent occupant as well as remediation of barriers obstructing mobility and use of facilities.

Correcting code violations for elderly households.

Environmental Review: Upon request, the CDBG/Housing Compliance Officer shall conduct an environmental review of the site in accordance with Section 570.604 of CDBG rules and outlined in Section II of CP&D's housing program guidelines.

Lead Hazard Reduction.

In accordance with the HUD Lead-Based Paint Regulation (24 CFR Part 35), Section 401(b) of the Lead Based Poisoning Prevention Act of 1971 and Section 570.608 of CDBG rules, rehabilitation work on housing built before 1978 that is financially assisted by the Federal government is subject to requirements that will control lead-based paint hazards. Detailed requirements are outlined in Section II of the Housing Program guidelines.

Displacement, Relocation, and Acquisition

Minimizing displacement, consistent with the other goals and objectives, the City shall ensure that it has taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organization, and farms) as a result of a project assisted with federal funds. Detailed requirements are outlined in Section II of the Housing Program guidelines.

Application Review and Information Verification

Upon receipt of information from the applicant, it is verified with the applicant's permission through 3rd party sources. Any additional information needed for clarification or to aid in determining eligible ad level of assistance shall be requested from the applicant.

Income Verification

To determine eligibility for assistance, the applicant's household income must be verified. A household is regarded as being eligible under the CDBG program if its annual income based on household size is at or below 80% of the applicable median family income for the Miami Dade Metropolitan Statistical Area. Income includes but is not limited to active income such as business income and employment income, passive income such as interest and investment income, and various forms of social assistance and retirement payments. Certain items including but not limited to sporadic gifts, medical insurance reimbursements, and relocation are not considered income for the purposes of these guidelines. Net household assets shall also be used to determine eligibility. For households with net household assets greater than \$25,000, not including the equity in their main home, annual income shall include the greater of the actual income derived from net assets or a percentage of the value of the net value of the assets based

on the current passbook savings rate. Household income shall be determined according to the more detailed listing provided in the Definitions Section of CP&D's Housing Program Guidelines under "income inclusions" and "income exclusions."

Income shall be verified through use of verification forms signed by the relevant household member (s) authorizing verification by the sources of income or by obtaining documentation produced by a third party that establishes income information. Verification forms may include but not be limited to forms such as:

- employment verification
- unemployment benefit verification
- pension benefit verification
- social security benefit verification
- disability benefit verification
- veteran's benefit verification
- verification of benefits administered by HRS
- interest income verification

Each household member who earns an income must provide a signed copy of their last income tax return including attachments (last 2 returns for self-employed person). It is recognized that IRS rules do not require the filing of a return if a person's income is below a certain amount as established by the IRS and revised from time to time. In such instance where an income earning household member does not file a return, a notation shall be so indicated on the application form.

Verification of Accounts

All accounts indicated by the applicant on the application that are deposits with banks, savings and loans, credit unions, or other financial institutions must be verified in order to establish the extent of net asset income available to the applicant.

Verification of Liabilities

The applicant's liabilities include all installment loans, revolving charge accounts, real estate loans, stock pledges, alimony, child support and all other ongoing debts including property taxes and property insurance of all types.

Verification of Credit History

Credit history shall be reviewed through obtaining a credit report. The credit report serves two purposes:

To confirm identified and unidentified credit obligations held by the applicant. In some cases, creditors' information may not appear on the credit report because the credit agency fails to report. Direct verification of credit information may be required in these cases.

To establish the applicant's credit history and detect any slow payments, suits, or judgments for non-payments.

Verification of Ownership

The applicant's ownership of the property by way of warranty deed or title to the property shall be verified through a title search. A title search shall include the following:

- a. The name (and address, if available) of the owner appearing on record;
- b. The legal description of the parcel as shown by the conveyance(s) by which the record owner acquired title;
- c. Identification of the conveyance(s) by which the present owner acquired title, including; the date of the conveyance(s); the date, book and page numbers, and place of recordation;

the name (and the address, if available) of the grantor of such conveyance(s); the stated consideration;

- d. Identification of any mortgage, or encumbrances placed of record, their amounts, dates, book and page numbers, and dates of recordation; name of grantor, and grantee and any assignments.
- e. Identification of any liens and/or judgments, their type, amount dates, book and page numbers, and dates of recordation, and from whom and against whom such were places.
- f. Other pertinent information such as recorded death certificates or marriage certificates.
- g. Outstanding estates and other rights of interest of record, including easements, use restrictions, mineral rights, leased, and any known, but unrecorded, interest of other parties. Sufficient information shall be furnished to disclose the probable effect of such outstanding interests on the title of the record owner;
- h. Outstanding special assessments, if any, for public improvements such as streets, sidewalks, public utilities, and similar public facilities;
- i. The amount of real estate taxes for the current year and the assessed valuation.
- j. A tax search showing all matters pertaining to but not limited to all tax certificates sold and delinquent taxes.

The title search shall also include copies of documents referred to in the search report.

Verification of Property Value

The value of the property shall be verified by means of an appraisal report conducted by an independent appraiser and prepared in accordance with requirements contained in the "Definitions" section of these guidelines.

Verification of Age

Where at least one of the property owner applicants is 62 years of age or older, a verification of their age shall be documented through a copy of a document such as a birth certificate, drivers license, or Florida identification card.

File Development and Review

The following are the minimum required documents for establishing an applicant file for review:

- a. A completed and signed application.
- b. A signed certification from the applicable household members consenting to the releases of information about the applicant from a third party to the verifier.
- c. A verification checklist which tracks the efforts and progress of obtaining necessary documents.
- d. Copies of all form letters sent to third party sources.
- e. Appropriate notations in the applicant's file documenting verification of income sources.
- f. Written documents verifying income (letters,, pay stubs, or bank statements).
- g. An income certification form signed by the applicant (s), stating that the computed annual household income and size is true and correct.

LOAN/GRANT UNDERWRITING

In order to arrive at a funding recommendation, CP&D staff must review the application in relation to a series of criteria to determine eligibility and verify that the program requirements have been met. The review shall be based on information provided by the applicant; the property's eligibility and required rehabilitation; occupancy status; and conformance to certain applicable federal regulations.

Applicant Information

Information submitted by the applicant and verified through third parties or gathered by CP&D is reviewed for consistency. If the information appearing on various documents is consistent, the application is in compliance. If the information is not consistent, then the application is not in compliance and the applicant will be required to correct inconsistencies or provide explanations or clarifications. Failure to provide consistency or clarification shall result in the possible rejection of the application and denial of assistance.

Property Location and Eligibility

The property information is reviewed to determine that the property meets the following criteria:

1. Located within the city limits of North Miami and is eligible for the program,
2. the property consists of no more than two dwelling units and is in conformance with applicable zoning for the number of units, and
3. The property is entirely used for residential purposes.

The above property information will be verified by one or more of the following: a site visit, official map, City planning and zoning records, and property appraiser's records. If the property does not meet the location and eligibility requirements and the application will be rejected and assistance will be denied. If the property is not entirely used for residential purposes, assistance may be considered where it includes rehabilitation work that would convert non-residential portions of the property to residential use.

Property Ownership/Title Review

The property ownership information shall be reviewed through a title search to establish that the applicant who resides at the property to be rehabilitated is the owner of record. If it is determined that the applicant is not an owner of record, the applicant must remediate this condition by changing the title to show compliance or any other appropriate action that would result in removing a cloud on the title to show clear title. If there are persons other than the applicant who have an ownership interest in the property to be rehabilitated but do not reside at the property they are not to be considered as a part of the applicant's household. However, these persons having an ownership interest must agree to and join the applicant in executing program documents that secure the rehabilitation costs and encumber the property.

Occupancy Determination

The site visit to the property by CP&D staff and the review of various documents received for verification shall be used to establish that the applicant resides at the property and uses the property as his or her primary residence. In addition, a review of property appraisers records shall be used to determine if the applicant has homestead exemption although this does not necessarily guarantee occupancy and should not be used alone as proof of occupancy. If the applicant meets the above occupancy requirements, he or she will be deemed as being in compliance. However, if the applicant is not in compliance with the occupancy requirements, he or she will have to demonstrate extenuating circumstances for not residing at the property and provide a written commitment at the time of application, to the satisfaction of CP&D staff, of their intent to reside at the property after the rehabilitation has been completed. Extenuating circumstances may include such events as an extended hospitalization or an official determination that the property is unfit for habitation or posing a danger to the applicant. Such conditions may be addressed through the program.

Insurance Coverage Review

CP&D staff will review insurance records for the property to determine that sufficient hazard insurance coverage exists that is at least equal to the total loans outstanding on the

property including the City's anticipated loan and the balance of all other senior debt against the property. The insurance records shall be endorsed to include the City of North Miami as a loss payee and a mortgagee. **Flood insurance is also required up to acceptable and adequate replacement coverage for the unit.** The property will be considered in compliance if the required insurance coverage and policy endorsements are included. If insurance coverage is not in compliance, the applicant may achieve compliance by obtaining the required coverage. Rehabilitation assistance may be used to finance insurance coverage.

Income Review

The total income of all members of the household will be reviewed to establish whether the applicant's annual household income, by household size, is at or below the applicable HUD established income limit. Since, income is a threshold criterion for the HOME program, if the total household income exceeds the applicable HUD established income limits, the application will be rejected and assistance denied.

Liquid Asset Review

The liquid assets of the applicant shall be reviewed to establish the extent of liquid assets of the property owner(s) only as a proportion of the applicant property owner's annual income, such that any amounts in liquid assets in excess of 30% of the annual income of the property owner(s) are made available to reduce the funding provided through this program except for elderly and disabled households occupying one unit residences. Liquid assets include cash savings, certificates of deposits, stocks, bonds, and other investments. Investments in bona fide retirement accounts are excluded from this test.

Net Worth Review

The Net Worth (the difference between assets and liabilities) of the applicant shall be reviewed to establish the net worth of the property owner(s) only, such that the net worth would disqualify the applicant from participating in this program if it exceeds \$100,000, with the following exceptions:

- the applicant's home equity is excluded from net worth
- the applicant does not demonstrate the ability to, or show the likelihood of repaying a home equity rehabilitation loan from a conventional lending source

WORK WRITE UP PREPARATION

If the applicant appears to be qualified upon review and verification of the information provided, a rehabilitation work write-up is prepared by CP&D staff based on the information from the preliminary inspection. CP&D staff shall inform all applicants of the following conditions related to the scope of work.

Work Write-Up Coding

The following designations will be used to categorize rehabilitation specifications or work items to determine the eligibility of repairs:

- Type A: Work items to correct code violations. These items have highest priority.
- Type B: Incipient code violations (deteriorating conditions which are anticipated to become code violations within two years). These items have the second highest priority.
- Type C: General property improvements (GPI) (work items that contribute to the betterment of the property's value and livability but whose omission will not leave the property worst off). General improvements may include such items that are incorporated in or attached to the site or the building such as a fence, a patio slab, drive-way, or ceiling

fans, but do not include some appliances (other than range / refrigerator) and items such as a barbecue pit or pool. These items have the lowest priority of the three types.

Types A and B include all applicable deficiencies under the Property and Housing Quality Standards provisions outlined in Section II of the CP&D's Housing Program Guidelines. The work write-up may include items that are energy efficiency and conservation items or ones that intended for the removal of architectural barriers. While not a code violation, the treatment of termites and other wood boring organisms shall be treated as a Type "A" item for the purposes of this program. The treatment of lead based paint surfaces may be included as a code violation. The final decision regarding the eligibility of any rehabilitation specification resides solely with the CP&D Department and its Director.

General Property Improvements Cap (GPI)

The eligibility of GPI items shall be capped at 10% of the total rehabilitation cost excluding extermination. GPI items will only be considered to the extent that Types A and B items do not exceed the maximum amount of assistance provided under the program. GPI items exceeding the 10% cap are subject to deletion from the scope of work.

Bedroom Enclosures and Bedroom Additions

Funding assistance may be provided for bedroom enclosures, bedroom additions and garage/carport additions on a case by case basis subject to approval by the City Council where it is required to meet housing quality standards.

Air Conditioning

Specifications regarding air conditioning shall be considered for assistance under the following conditions:

1. Existing air conditioning equipment may be repaired or replaced when repair is not feasible. Replacement must be with the similar equipment.
2. The replacement of wall or window units with central air-conditioning may be considered where there is a relevant health reason justified by a doctor's medical report and where the assistance does not exceed the amount of assistance available under the program. In addition, the installation of air-conditioning will not supersede any Type A and B specifications.

Work Write-Up Review and Approval

Upon completion of the work write-up, the CP&D inspector shall discuss the specifications with the Housing Coordinator and the applicant. The applicant will then be asked to sign the work write up indicating that they have reviewed the work write-up and understand the scope of the work to be performed on the property. The applicant will also be advised that no changes will be made to specifications unless required by the City's housing or building code. In addition, the applicant shall be advised that no agreements or change orders should be made between the applicant and the selected contractor. Any requests for changes should be directed to the CP&D staff. By signing the work write-up, the applicant also authorizes CP&D staff to obtain bids for the work to be done.

CP&D Cost Estimate: For the purposes of evaluating bids and determining the level of assistance, the CP&D Inspector shall also prepare an itemized in-house cost estimate using current market prices.

Contractor Selection: In accordance with the guidelines of CP&D housing program guidelines outlined in Section IV, CP&D staff shall conduct a bid process and select a licensed contractor in conjunction with the property owner.

Application Approval: On completion of the file review, information verification, work write up and preparation of work write-up, selection of bid and it has been determined that the application is in compliance with program policies, CP&D staff will make a funding recommendation in a financial report to be submitted to the Director for approval. The Director may accept or reject the recommendation made by staff and may otherwise approve a project in a manner that differs from the recommendation that was submitted for consideration, as long as it remains in compliance with these policies.

Closing: Upon receipt of a signed Funding Approval Form indicating final approval, CP&D staff shall schedule a closing to be attended by the contractor and property owner(s), and have all closing documents (i.e., Mortgage which is inclusive of the CDBG Program Agreement, Promissory Note, Notice of Commencement) prepared for this purpose. The above program requirements shall become a part of a CDBG Program agreement between the City and the Owner. The closing documents shall be submitted to the City Attorney's office for review for legal sufficiency prior to execution. In addition, CP&D staff shall coordinate with any other lender in the project to ensure that the CDBG agreement and mortgage reflects these loans and their lien position. The City Attorney shall also review mortgage documents of other lenders to ensure that the City's interests are protected and that the first mortgage is not detrimental to any other the CDBG compliance requirements.

Upon approval of the City Attorney's Office, CP&D staff shall prepare the pertinent documents for execution and shall coordinate the date for closing with other parties. As pre-requisite to closing, CP&D must receive any updated information from the general contractor such as licensing, insurance, etc. as applicable. The closing shall be conducted by CP&D's Housing Coordinator who shall review all documents with the owner prior to execution. All owners of record, regardless of their location, must execute the mortgage and promissory note. Staff shall ensure that the documents are executed and recorded. Property owners shall be informed, at the closing, of the requirements applicable to them concerning affirmative marketing and other requirements outlined in Section II of CP&D's program guidelines.

Project Set-Up and Disbursements: After loan closing requirements have been met and the loan documents recorded, CP&D staff will set up the project in the Integrated Disbursement and Information System (IDIS). In accordance with Section IV of the housing program guidelines, CP&D staff shall process disbursement requests from the contractor, if applicable or non-profit.

Construction Phase: The rehabilitation of properties under the Single Family Housing program shall be carried out by a licensed building contractor. The rehabilitation activities including inspections, bidding, contractor selection, payments, change orders, and compliance shall be carried out by CP&D staff in accordance with the procedures outlined in Section IV of CP&D housing program guidelines.

If necessary, termite treatment shall be performed by a licensed contractor after completion of construction in order to treat materials installed at the property and address any infestation indicated on the termite inspection report. Such work will be scheduled with the contractor and approved by the Housing Coordinator. Staff shall arrange any temporary lodging for the tenants.

The payments for lodging are eligible under the temporary relocation and are not charged to the owner's account.

Post Completion Activities: After all project invoices, and expenses have been paid, CP&D staff shall reconcile the list of payments shown in the applicant's files with the records held by the Finance Department. A final itemized listing of all payments shall be prepared after the reconciliation that also shows any undisbursed fund and their disposition. In the event there are any undisbursed funds, all such funds will be used to refunded to the Program budget and reduce the principal amount of the applicant's forgivable loan and affordability period, where applicable. See Section IV for more details on close out procedures.

Miscellaneous: Requests for additional funding of up to 20%in excess of amounts approved for a project may be approved by the CP&D Director, with a recommendation from CP&D staff provided that the sum of additional funding and original project funding does not exceed the funding limits established in these policies. In the instance where such sum exceeds these limits, a waiver to these policies is required and approval by the City Council must be obtained. However, in no instance should the maximum per-unit subsidy exceed limits established by HUD.

Termination of funding and acceleration of deferred loan repayment may be undertaken by CP&D during the rehabilitation process if:

- The applicant refuses or fails to allow the rehabilitation work to commence within thirty (30) days from contract award.
- The applicant refuses or fails to allow reasonable access to complete the rehabilitation after commencement.
- The applicant refuses to authorize payments associated with the project which have been deemed payable by CP&D staff.
- An event of default occurs as specified in the mortgage or promissory note.

Notice shall be given to the applicant of such termination and/or acceleration, as appropriate, with follow-up action by the City Attorney's office where necessary.

Future subordination by North Miami of a mortgage taken in connection with this program shall be reviewed by the Housing Coordinator and approved by the Director of CP&D. In evaluating request for mortgage subordination, the CP&D staff shall consider the City's financial interest and its interest in preserving homeownership, and preserving or enhancing the property's value.

Program Monitoring and Compliance: Projects receiving HOME assistance shall be monitored by CP&D staff to ensure compliance with applicable regulations and recordkeeping requirements at 24CFR part 570 of the federal regulations and other applicable regulations. Program monitoring and compliance requirements are expanded in Section IV of CP&D housing program guidelines.

SECTION III

**COMMUNITY DEVELOPMENT BLOCK GRANT RENTAL
HOUSING REHABILITATION PROGRAM**

COMMUNITY DEVELOPMENT BLOCK GRANT RENTAL HOUSING REHABILITATION PROGRAM GUIDELINES

INTRODUCTION

These program guidelines outline specific features and provide and organize guidelines, instructions, policies and procedures for implementing North Miami's Community Development Block Grant (CDBG) Rental Housing Rehabilitation Program which provides financial and technical assistance for the rehabilitation of multi-family dwellings that are mainly for rental to low and moderate income households, as defined by these guidelines.

IMPLEMENTATION RESPONSIBILITY & APPROVAL AUTHORITY

As outlined in Section I of the Housing Program guidelines, the CDBG Rental Housing Rehabilitation Program will be administered and implemented by the City of North Miami's Community Planning and Development Department (CP&D) with overall responsibility being held by the Director. Specific program responsibility will reside with the Housing Manager who reports directly to the Director. Approval authority for financial assistance under this program shall be submitted to the City Council for final approval after review and recommendations from an Evaluation Committee and the CP&D Director as outlined in Section I of these guidelines. The Evaluation Committee shall be selected by the CP&D Director with input from the Finance Director.

COMPLIANCE WITH APPLICABLE REGULATIONS

The programs shall be administered in compliance with established policies, types of financing programs and procedures as described in the federal Community Development Block Grant Program Regulations at 24 CFR Part 570 (as amended). In addition, the Program shall also be administered in compliance with certain aspects of the HOME Investment Partnership Program Regulations at 24 CFR Part 92 (as amended from time to time), the City's approved Consolidated Plan, and other applicable federal regulations as set forth in Section II of the housing program guidelines.

I. PROGRAM FEATURES – CDBG RENTAL HOUSING REHABILITATION PROGRAM:

- A. **Purpose:** The primary purpose of the Community Development Block Grant (CDBG) Rental Housing Rehabilitation Program is to increase the diversity of affordable housing units by rehabilitating deteriorated rental housing units occupied by low and moderate-income residents of the City. To achieve this purpose, the City will focus on rental housing units within the City limits of North Miami in accordance with the needs and priorities identified in its consolidated plan. CP&D will seek private participation by the use of Request for Funding Proposals (RFP) or Notice of Funding Availability (NOFA), competitively scoring each proposal submitted for funding.
- B. **Eligible Applicants:** Non-profit and for-profit owners of rental housing provided for rental to low and moderate income families as defined under Section 570.3 of the CDBG Regulations.
- C. **Eligible Activities:** The following activities will be considered eligible under the Program in compliance with Section 570.202 of the CDBG regulations:
- o Rehabilitation of affordable vacant or occupied rental housing units with suitable

amenities. This includes properties that are being acquired and are in need of rehabilitation. However, City CDBG funds cannot be used for any part of acquisition costs.

- Mixed-use projects combining residential and commercial uses as defined in Section I of these guidelines under "Definitions." However, CDBG funds shall only be used for the residential component of the project.
- Exterior façade improvements.
- Improvements for the efficient use of energy and water.
- Water and sewer connections.
- Lead based paint assessment and mitigation.
- Conversion of existing structures into affordable rental housing units, providing the conversion does not entail adding one or more units beyond the existing walls.
- Refinancing existing loans secured by a property being rehabilitated with CDBG funds as determined to be necessary and appropriate by CP&D.

Ineligible Activities: Activities detailed in 24 CFR 570. 456 shall not receive assistance under this Program including, but not limited to, buildings used more than incidentally for political purposes, construction equipment, furnishings, fixtures and equipment not an integral part of buildings, and operating expenses for rental housing.

D. Eligible Properties: To be eligible for assistance, properties must comply with the following:

- Consist of three or more dwelling units that are used exclusively for residential purposes.
- Comply with occupancy and affordability requirements as detailed in these program guidelines.
- Must be located within the municipal limits of the City of North Miami.
- The dwelling units must be under common ownership, management, and financing.
- The applicant must be the owner of record of the property or have site control of the property as evidenced by a sales contract that is scheduled to close within six months.
- The property must be substandard and in need of building code corrections.
- Property must be zoned to have the number of units to be rehabilitated.
- The property tax obligation must be current at the time of approval of the loan.
- All rehabilitation must be determined to be practical and feasible.
- Funding limits must not exceed FHA Section 221 (d) (3) limits.
- Compliance with all other applicable requirements herein.

Ineligible Properties – One or two unit single family detached dwellings, duplexes, shelters, and commercial properties are not eligible to receive assistance.

E. Funding Sources: Funding for the CDBG Rental Rehabilitation Loan Programs is being provided through the CDBG Program and is subject to all of the regulations at 24CFR Part 570. Projects funded under the CDBG Rental Rehabilitation Program may also apply for additional funding under the HOME Rental Rehabilitation Loan Program. However, the amount of funding from the combined sources shall not exceed what is needed to make the project feasible and affordable, as determined solely by the CP&D review process. In addition, if both sources are used, the more stringent of the regulations between HOME and CDBG will apply to the entire project.

F. Types of Assistance:

1. Financial Assistance

Financial assistance will be principally in the form of a zero interest deferred payment loan of up to \$25,000 per unit. The loan will be repayable up to a term of up to 20 years subject to the following conditions:

- The total loan amount and loan period will be determined on a case-by case basis by the CP&D Director upon recommendation from an Evaluation Committee and shall not be in an amount or term greater than what is required to make the project economically feasible and the CDBG-assisted units affordable.
- The terms of the loan will also be based on the amount of CDBG subsidy provided to the project and will be based on the long term affordability restrictions used for the HOME Rental Program and established for the CDBG Rental Program.
- The loan will be secured by a Mortgage, Promissory Note and Loan Agreement.
- Repayment will be deferred until the end of the applicable loan term. If the property is sold or transferred or the loan refinanced prior to the end of the loan term, the loan shall be due and payable at a simple interest rate of four percent accrued from the award of the loan.
- If other financing is involved, the City's loan may be subordinated to a private sector loan and would be subject to the City's subordination policies.
- The loan shall be non-assumable, unless consented to by the City at its sole discretion.
- The loan shall not be subject to any prepayment penalty.
- Additionally, the City may provide tenant relocation benefits and assistance directly to persons displaced by rental rehabilitation activities resulting in a permanent or temporary move. However, the applicant is responsible to determine relocation needs in compliance with relocation guidelines herein and shall include allowances for temporary and permanent relocation in the development budget.

2. Technical Assistance

The City shall provide technical assistance to the owner/applicant including, but not limited to, property inspections, work write-up specification review, bid solicitation review, payment processing, tenant relocation assistance, and any other staff assistance incidental to the implementation of the CDBG Rental Rehabilitation Program.

G. Eligible Costs: The following costs will be eligible for financing under the CDBG Rental Rehabilitation Program per 24 CFR 570.202:

- Labor, materials and other rehabilitation costs including deferred maintenance, replacement of principal fixtures and building components of existing structures including, but not limited to, installation of security devices, such as smoke detectors and dead bolt locks.
- Improvements to increase the efficient use of energy in structures through such means as installation of storm windows and doors, siding, wall and attic insulation, and conversion, modification, or replacement of heating and cooling equipment. The treatment of termite and other wood destroying organisms at the property shall also be considered as eligible repairs.
- Construction related costs including architectural fees, engineering fees, work-write-up preparation /costs estimates, builders' fees, impact fees, lead-based paint based inspection reports and risk assessments, asbestos reports and removal, and termite inspection and removal.
- Costs of demolishing existing structures.

- Finance related costs including credit reports, origination fees, title reports and updates, recording fees, preparation and filing of legal documents, appraisal, attorney's fees, loan processing fees, and other customary fees.
- Costs to meet the Property Standards and Housing Quality Standards as described in Section II of these program guidelines and to make essential alterations, improvements, or modifications that result in decent, safe and sanitary housing for tenants. These shall include the abatement of lead-based paint hazards, as required by 24 CFR Part 35 of the federal regulations.
- Costs of connecting residential structures to water distribution lines or local sewer collection lines.
- The costs of improvements necessary to permit the use of the units by persons with disabilities or the elderly.
- Cost of addressing life safety issues for affordable units.
- Rehabilitation can also include specific infrastructure improvements such as repaving of parking areas related to the properties.
- Loans and related costs for refinancing existing debt on projects that are being rehabilitated with CDBG funds in order to permit or maintain the affordability of the units.

Loans for refinancing existing indebtedness secured by a property being rehabilitated with CDBG funds must be determined by CP&D to be necessary or appropriate to achieve the City's community development objectives. Refinancing of existing indebtedness shall be an eligible cost only when refinancing existing debt incurred in connection with the applicant's project (the applicant shall provide CP&D proof of the indebtedness). Said refinancing shall only be considered if it will reduce the applicant's after rehab operating expenses and increase the affordability of the units. Furthermore, amounts refinanced in accordance with these policies shall be subject to the funding limits established in these program guidelines.

*H. **Long-Term Affordability:** To ensure that the City's investment of federal entitlement funds yield affordable housing over the long term, the City of North Miami will institute affordability periods for the CDBG Rental Rehabilitation Program. The affordability periods for CDBG rental rehabilitation projects will be in compliance with the HOME affordability requirements at Section 92.252 of the HOME regulations. The following are the affordability periods to be used by the City of North Miami:*

<u>Investment per Unit</u>	<u>Length of Affordability Period</u>
Less than \$15,000	5 years
\$15,000 - \$40,000	10 years
More than \$40,000	15 years
Refinancing of rehabilitation projects regardless of CDBG investment per unit	15 years

If a CDBG-assisted property is sold or transferred during the affordability period, the CDBG assistance along with any accrued interest is due and payable as provided at item E (1) of these guidelines above. If the City of North Miami determines that the sale of CDBG assisted units will result in the removal of the CDBG-assisted housing from the affordable housing stock, the City Council may, on the recommendation of CP&D's Director, refinance the CDBG assistance to the new owners. A new affordability period will be applicable upon the refinancing of the CDBG-assisted units.

The affordability requirements apply without regard to the term of any loan or mortgage or the transfer of ownership. They must be imposed by deed restrictions, covenants running with the land, or other HUD approved mechanisms, except that the affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure. The City may use purchase options, right of first refusal or other preemptive rights to purchase the housing before foreclosure or deed in lieu of foreclosure to preserve affordability.

Upon satisfactory completion of the terms and affordability period specified in the mortgage instrument, or upon repayment of the remaining balance due on the mortgage, the City shall prepare and execute a Satisfaction of Mortgage to release the City's lien.

- I. Occupancy Requirements:** In accordance with Section 570.208 of the CDBG regulations, at least 51% of the units in the CDBG-assisted project must be occupied by low and moderate income households, whose annual incomes do not exceed eighty (80%) percent of area median income, as adjusted for household size. For occupied units, occupancy is defined as the tenant in place at the time the CDBG assistance is approved. For vacant units, occupancy is defined as the first tenant after the completion of the project, and the issuance of the Certificate of Occupancy. If HOME funds are used in conjunction with the CDBG assistance, then the occupancy requirements will be subject to the more stringent requirements. Any low and moderate income households occupying the CDBG-assisted project must be charged affordable rents as established and amended from time to time by HUD. Although the CDBG regulations provide for CDBG funding to projects with less than 51 percent low and moderate income occupancy, the City of North Miami will not provide assistance to such projects.
- J. Rent Limitations:** The owner must rent the CDBG-assisted units at affordable rents to be determined by the lesser of the following:
- (i) The fair market rent for existing housing for comparable units in the area as established by HUD under 888.111; or
 - (ii) Rent does not exceed thirty (30%) percent of the adjusted income of a family whose annual income equals sixty-five (65%) percent of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit. The rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions.

Rents during the Affordability Period: The CDBG rent limits are recalculated on a periodic basis after HUD determines fair market rents and median incomes. HUD then provides the new rent limits to the City. Regardless of changes in fair market rents and in median income over time, the rents for a project are not required to be lower than the applicable rent limits for the project in effect at the time of project commitment. The City shall provide the Owner with information on updated rent limits so that rents may be adjusted.

The property owner is required to annually income certify tenants that are low and moderate income in accordance with these program guidelines and provide CP&D with income information for all applicable tenants, the total number of units in the project and the number of units occupied by low and moderate income households to demonstrate compliance with these program guidelines. When rental units become vacant during the affordability period, subsequent tenants must be low and moderate-income and must be charged the applicable affordable rents.

Any increases in rents for CDBG-assisted units is subject to the provisions of outstanding leases, and in any event, the Owner must provide tenants of those units not less than 30 days prior written notice before implementing any increase in rent.

Adjustment of Rent Limits: HUD may adjust the rent limits for a project, only if it is necessary to support the continued financial viability of the project and only by an amount that is appropriate to fulfill that objective.

- K. Property and Housing Quality Standards:** In accordance with 24 CFR 92.251, Florida Building Code 2005 Edition and other applicable local and federal regulations as set forth in Section II of these guidelines, properties assisted with CDBG funds for rental rehabilitation must comply with applicable property and housing quality standards.
- L. Tenant Protections:** An owner receiving financial assistance cannot refuse to rent CDBG-assisted units to participants of tenant based rental assistance programs or cannot discriminate in accordance with Section II of the City's program guidelines in the use or occupancy of any assisted housing. The owner shall also implement requirements detailed in Section II of the program guidelines concerning tenant protections.
- M. Other Program Requirements:** In accordance with Section 570, subpart K, any CDBG-assisted project must comply with the following program requirements, which are outlined in more detail in Section II of CP&D's program guidelines:

Affirmative Marketing: The property owner must commit to affirmatively furthering fair housing in renting the CDBG-assisted units in accordance with 24 CFR 570.601 of the CDBG regulations and Section 3 of the Housing Development Act of 1968, as amended (12 U. S. C. 1701 U), and other applicable Federal, State and local regulations.

Environmental Review: Upon request, the CDBG/Housing Compliance Officer shall conduct an environmental review of the site in accordance with Section 570.604 of the CDBG regulations.

Lead Hazard Reduction: In accordance with the HUD Lead-Based Paint Regulation (24 CFR Part 35), Section 401(b) of the Lead Based Poisoning Prevention Act of 1971 and Section 570.608 of CDBG regulations, rehabilitation work on housing built before 1978 that is financially assisted by the Federal government is subject to requirements that will control lead-based paint hazards.

Labor Standards: Every project that includes eight (8) or more CDBG-assisted units must comply with Davis-Bacon and Related Acts to ensure that mechanics and laborers employed in construction work in excess of \$2,000 and financed in whole or in part with CDBG funds are paid wages and fringe benefits equal to those which prevail in the locality where the work is performed. The applicable wage provisions must apply to all laborers and mechanics employed in the development of the entire project including portions other than the CDBG-assisted units. The provisions do not apply to volunteer work, paid expenses or work for a nominal fee.

Displacement, Relocation, and Acquisition: In accordance with Section 570.606 of the CDBG regulations, the City shall ensure that it has taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) as a result of a project assisted with CDBG funds.

Non-Discrimination and Equal Access: Federal requirements set forth in Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Section 504 of the Rehabilitation Act of 1973, Executive Order 11063 and 24 CFR 5.105(a) prohibit discrimination on the basis of race, color, national origin, religion or sex.

Employment and Contracting Rules: Federal requirements set forth at Executive Orders 11246, 11625, 12432 and 12138 and Section 3 of the Housing and Urban Development Act of 1968 prohibit discrimination in employment and encourage the CHDO receiving federal funds to provide training and employment opportunities to low-income residents.

Debarred Contractors: Federal requirements set forth at 24 CFR part 5 prohibit the provision of federal funds to debarred, suspended or ineligible contractors, subcontractors or subrecipients. Owners are required to check the HUD listings for this purpose.

Conflict of Interest: In accordance with 24CFR 570.611, grantees and subrecipients of federal funds must comply with procurement requirements found at 24 CFR 85.36 (state and local governments) and 85.42 (non-profits) and with any other applicable conflict of interest provisions.

Flood Insurance: Under the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001-4128), CDBG funds may not be used with respect to the acquisition, new construction, or rehabilitation of a project located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, unless flood insurance is obtained as a condition of approval of the commitment.

Removal of Architectural Barriers: In accordance with 24CFR 570.614, the Architectural Barriers Act of 1968 and the Uniform Federal Accessibility Standards, and the Americans with Disabilities Act (ADA), buildings assisted with CDBG funds must provide access to persons with physical handicaps through the removal of architectural barriers and the design or rehabilitation of those structures.

N. **Procedures:** The following is a summary of the stages of the CDBG Rental Housing Rehabilitation assistance process:

Request for Proposals: The City of North Miami through CP&D will issue a Request for Proposals (RFP) or Notice of Funding Availability (NOFA) for eligible entities to submit proposals for funding assistance. The RFP/NOFA provides prospective respondents with a means to enable them to prepare and submit proposals for consideration by an Evaluation Committee for assistance under the Program. The RFP/NOFA shall include a detailed scope of assistance, criteria for selection, and timeline for submission.

Proposal Submission: Proposals/applications will be accepted by the deadline. By submitting a proposal/application, the respondent is 1) certifying that the scope of service in its proposal

presently meet the mandatory qualifications and specifications, and 2) is affirming acceptance of the goals, and scope, and all terms and conditions listed in the RFP/NOFA.

A respondent submits a proposal/application, provides documentation in support of the proposal/application, and signs certain release forms authorizing CP&D staff to verify information with third parties.

Proposal Review & Information Verification: CP&D staff reviews the proposal for compliance with the RFP/NOFA and verifies applicant's information through third parties sources and documentation provided by the applicant or requests additional information, where applicable.

Underwriting, Review and Approval: CP&D staff reviews the proposal information and rehabilitation cost estimates and determines that the application meets the requirements of the RFP/NOFA. CP&D staff underwrites the project and submits a project summary and application to an Evaluation Committee for review. The Evaluation Committee then reviews and scores each proposal according to predetermined criteria. After its deliberation and based on scores and other predetermined criteria, the Committee recommends one or more projects for funding. CP&D staff completes a final review of the Committee's recommendations and submits them to the Director for approval. The Director approves or disapproves the Committee's recommendations and schedules the same for ratification and approval by the City Council. If no approval is recommended, a letter is sent to the applicant informing him or her of the City's decision and stating the reasons for the denial.

Closing and Construction: A closing is then conducted at which applicable mortgage and other documents are executed. CP& D shall establish closing conditions which must be met prior to closing and includes the submission of required documents such as the builder's packet, corporate resolution, etc. After the closing, City staff establishes procedures for the submission of draw requests, change orders, inspection of the work, and payments. Construction begins and progress inspections will be conducted by the City's Housing Inspector. Payments will be recommended for approval by the Housing Inspector and the Owner and approved by the Director before submission for payment by the Finance Department.

Proposal Packet: The following is a list of the minimum information required at the time of proposal submission:

Executive Summary of Project consisting of the name and contact information for the proposer, a brief description of the project, the use of the city's funds, related project financial support, and the assessed or appraised value information on the property and the proposed impact and strategic importance of the project.

Basic Information: Following is a listing of necessary verification information needed to review the proposal:

The amount of City funds requested, the terms desired, and the repayment schedule. Justification of funding provided by the proposer to show why the amount of City funds is required or evidence of a funding gap. The proposer's equity contribution should also be shown. If City funds represent the only source of funds, the proposer should show efforts to secure other sources of funding.

Site information including location, property control number, proof of site control such as warranty deed or contract. Without site control, a proposal will be rejected.

A legible map and photographs of the property. Information on whether the property is located in a flood plain.

Building data including number of buildings, number of units, size and types of units including number of bedrooms and baths, the type of structure whether duplexes, high rises, condominiums, etc. The data should also include information regarding the current zoning of the property and any plans for rezoning, the availability and condition of utilities to the site and the availability and condition of appliances.

Property taxes verification.

Last two years (consecutive) of Federal Personal and Business Tax Returns, all schedules, W-2's and 1099's.

Current rents being charged and proposed rents for CDBG-assisted units.

Existing tenant information showing total number of households and total number of occupied units. A separate profile form must be done for each occupied unit.

Any anticipated relocation of a temporary or permanent nature and the affected units.

Statement regarding any possible relocation or displacement of tenants. If displacement is proposed, a detailed relocation plan must be included.

A detailed work write-up and cost breakdown of the rehabilitation work to be performed.

An as-is appraisal and as-complete appraisal conducted by an independent appraiser.

A detailed proposed project schedule showing start and completion dates for major project activities and milestones.

A copy of a general contractor bid and qualification packet. Only licensed general contractors will be accepted as part of the proposal.

Copies of last three (3) consecutive bank statements (all pages).

Copy of a marketing and property management plan showing that the property will be managed by experienced and capable persons. Copies of resumes for management personnel or firms must be included.

Declaration page of current year Liability, Hazard and Property Insurance policies.

At least three references including one financial reference.

List of previous completed projects of a similar nature and current status.

Development team such as architects, engineers, general contractors, consultants, surveyors and their experience statements including resumes, etc. A narrative and resumes outlining the relevant experience of the development team including resumes of the principals.

Financial feasibility information including proof of all existing debt on the property with terms of financing, any judgments, etc.

An analysis of current market conditions and the feasibility of renting the units at the proposed rents, respectively. Comparative data on similar units in the market area should also be provided.

Operating proforma representing the income and expenses after rent stabilization has been achieved. Operating proformas should be projected out for at least ten years and should be submitted in a format approved by CP&D.

Development budget including all project costs associated with the development of the project, regardless of the funding source. The development budget should be submitted in a format approved by CP&D.

Sources and Uses of Funds Statement showing all sources including private sector, other government and equity being used to fund the project. The statement should indicate leveraging ratios in respect to the City's funding.

Commitment letters should be provided from all non-City sources (including predevelopment, construction and permanent financing)

Evidence of minority participation according to the City's MBE/WBE policies and guidelines, if applicable.
Other information as required and that will be useful in evaluating the project.

Consent form: A form used for authorization of consumer credit, employment or mortgage information to be released with the owner's consent. Form must be signed and dated.

At the time of application submission, a preliminary review is made of the information provided and the applicant is requested to sign certain pertinent release forms that enable CP&D staff to verify the application with outside parties. Other such forms may also be signed by the applicant at later times as the need arises in the process of reviewing the application. These release forms for example include: mortgage payment verification and deposit verification.

Project Selection Criteria: The following criteria shall be used to assess each proposal/application but the City of North Miami through the City Council reserves the right to award funds based on the addition of any other criteria or waive any of the criteria at its sole discretion.

Threshold criteria

The proposals will be assessed based on the following preliminary criteria to determine if they meet the RFP requirements for further assessment:

- o Proposal submitted on time
- o All proposal pages completed and supporting documents provided and clearly identified.
- o Proposer has effective site control as evidenced by a warranty deed, valid sales contract, or other legal document deemed acceptable solely by CP&D staff.

Any proposals that fail to meet the above criteria will not be considered for further review.

Review Criteria

If it meets the threshold criteria, each proposal will be scored competitively by awarding points in various categories. The following are the categories and the maximum point award to be determined for each:

1. Project demonstrates a funding gap and need

points

2. Project feasibility as determined by CP&D.

points

Based on the following factors:

- X Development team ___points
- X Project Financials ___points
- X Site & Amenities ___points
- X Marketing & Management ___points

3. Financial commitment for private or other public monies

points

Firm

___points

Less than firm

___points

4. Schedule and time frame (compared to other proposers)

___points

5. Additional services and amenities being provided to renters

___points

- | | | | |
|-----|--------------------------------------------------------------------|-----------|-----------|
| 6. | Type of site control | | ___points |
| 7. | Non-displacement of Existing Tenants | | ___points |
| 8. | Percentage of City funding compared to project costs | | ___points |
| | less than 20% | ___points | |
| | 21% to 50% | ___points | |
| | 51% to 75% | ___points | |
| | 76% to 99% | ___points | |
| | 100% | ___points | |
| 9. | Percentage of units set aside for low and very low income families | | |
| | 90-100% | ___points | |
| | 61-89% | ___points | |
| | 52-89% | ___points | |
| | 51% | ___points | |
| | | | ___points |
| 10. | Proposer's ability to proceed with construction as evidenced by: | | points |
| | - Existing workload | ___points | |
| | - Financial Ability | ___points | |
| | - Building Approvals | ___points | |
| | - Experience with similar projects | ___points | |

TOTAL POSSIBLE POINTS _____points

CP&D Staff Review: Relevant CP&D staff creates a file containing the completed and signed application, with documentation, for each property owner seeking assistance. CP&D staff will review each application for evidence of site control, verifications and financing to be used to determine the initial financial feasibility of the project. The applicant shall submit the Work Write-up and cost break-down to CP&D staff. CP&D requires all construction or rehabilitation work be done only by licensed general contractors. The Work Write-Ups must address building code violations to ensure that after the rehabilitation/construction is completed, the property will meet all requirements of the City's CDBG Program, Housing Quality Standard Requirements, and local building codes.

The CP&D Inspector and the owner's contractor (in conjunction with an engineer/architect, if required) shall review the Work Write-up for compliance. Projects which have plans approved by the Building Department will receive additional points. Each proposal shall be reviewed using the above selection criteria.

Based on proposal review and on a case-by-case basis, CP&D will request additional documentation to be submitted prior to final approval. The additional documentation may include, but not be limited to, the following:

- Appraisal (before and after rehabilitation/construction).
- Preliminary Title Search.
- Verification of all existing liens on the property (copies of legal documents and completed mortgage verification forms).
- Environmental Review (conducted by CP&D Planning Section).
- Executed incorporation or partnership documentation.
- Credit Reports/audited Personal financial Statements of all principles.
- Relocation Plan (if applicable)
- Evidence of flood insurance (if applicable)

CP&D staff will underwrite each project in accordance with professionally accepted underwriting standards and practices. The process of evaluating the feasibility of any given project involves analyzing a wide range of variables. Each of those variables will be analyzed to make a determination about the project. Projects will also be assessed in terms of management, financial, collateral and market risks and if there are any concerns or risks, mitigation measures will be required to address the risks or concerns.

The percentage of CDBG assistance to the project will be determined on a case-by-case basis using the following underwriting criteria to provide sound financing:

- Project assistance will be the minimum amount required to make the project economically feasible and meet federal layering limitations.
- Minimal financial underwriting of debt coverage ratio must be 1.15 (115%).
- Each project will undergo a valuation analysis. Total outstanding debt on the property cannot exceed 110% of the after-rehabilitation/construction value of the property.

As part of the review process, CP&D staff shall work with other lenders in the transaction to ensure that the other funding sources are aware of the CDBG funding requirements and that the sources of funding are compatible.

While CP&D staff will review projects using accepted underwriting criteria, due to the varying levels of project sophistication and the City's need for affordable housing, scoring and project selection may not always reflect project sophistication and development experience. The intent of the underwriting guidelines is to ensure:

1. That the project costs are reasonable.
2. That the proposer has sought other sources of financing and that federal funds are not being used as a substitute for non-federal dollars.
3. That the project needs CDBG assistance to make it financially feasible and affordable.
4. That the project does not receive more assistance that is needed to make it affordable.

Strong consideration will be given to projects that are located in the City's CDBG and low and moderate-income target areas, even if the owner's development experience is not as extensive. CP&D staff will prepare a summary of the project for submission to an Evaluation Committee selected in accordance with CP&D program guidelines outlined in Section I.

Project Selection and Final Approval: Upon receipt of CP&D staff's summaries, an Evaluation Committee made up of persons with the appropriate skills to review the type of submitted proposals shall be convened and evaluate the proposals using the above selection criteria and CP&D staff comments. Upon review of the proposals, the Committee will score the proposals and make approval recommendations of projects along with amounts. In addition, the Committee may ask each proposer to make a presentation and answers questions, if necessary. After the Committee makes its recommendations, a Funding Recommendation Form shall be prepared by CP&D staff and signed by the Committee Chair. After review, final approval of the Funding Recommendation Form shall be executed by the CP&D Director. This shall take place at the committee meeting where possible. The selected proposals shall be submitted to the City Council for final approval or ratification.

Upon approval of the Evaluation Committee's recommendation by the Director, CP&D staff will inform each proposer in writing via a Notice of Award Recommendation or a letter of denial sent to each proposer. The proposer shall be informed that the proposals are subject to final approval or ratification by the City Council. A contract will then be completed and executed by both the successful proposer and the City of North Miami. If the awardees execution of the contract is not carried out in a timely manner through no fault of the City, the City may elect to cancel the Notice of Award Recommendation and make the award recommendation to the next most advantageous proposer(s) or to cancel the RFP/NOFA in its entirety. Awards will be made to those proposers whose proposals are considered to be the most advantageous to the City of North Miami based on the Evaluation Committee's opinion after review of every responsive proposal including but not limited to price/cost.

Closing: Upon receipt of a signed Funding Approval Form indicating final approval, CP&D staff shall schedule a closing to be attended by the contractor and property owner(s), and have all closing documents (i.e., Mortgage which is inclusive of the CDBG Program Agreement, Promissory Note, Notice of Commencement) prepared for this purpose. The above program requirements shall become a part of a CDBG Program agreement between the City and the Owner. The closing documents shall be submitted to the City Attorney's office for review for legal sufficiency prior to execution. If the Davis-Bacon Act applies to the project being funded, a copy of the applicable wage decision, as well as pertinent contract clauses, shall be inserted in the contract documents executed at the closing. In addition, CP&D staff shall coordinate with any other lender in the project to ensure that the CDBG agreement and mortgage reflects these loans and their lien position. The City Attorney shall also review mortgage documents of other lenders to ensure that the City's interests are protected and that the first mortgage is not detrimental to any other the CDBG compliance requirements.

Upon approval of the City Attorney's Office, CP&D staff shall prepare the pertinent documents for execution and shall coordinate the date for closing with other parties. As pre-requisite to closing, CP&D must receive any updated information from the general contractor such as licensing, insurance, etc. as applicable. The closing shall be conducted by CP&D's Housing Coordinator who shall review all documents with the owner prior to execution. All owners of record, regardless of their location, must execute the mortgage and promissory note. Staff shall ensure that the documents are executed and recorded. Property owners shall be informed, at the closing, of the requirements applicable to them concerning affirmative marketing and other requirements outlined in Section II of CP&D's program guidelines.

Project Set-Up and Disbursements: After loan closing requirements have been met and the loan documents recorded, CP&D staff will set up the project in the Integrated Disbursement and Information System (IDIS). In accordance with Section IV of the housing program guidelines, CP&D staff shall process disbursement requests from the contractor, if applicable or non-profit.

Construction Phase: The rehabilitation of properties under the CDBG Rental Housing program shall be carried out by a licensed building contractor who shall be included as a part of the project development team. In accordance with the guidelines of CP&D housing program guidelines outlined in Section IV, CP&D staff shall certify the contractor and any other professionals. The rehabilitation activities including inspections, payments, change orders, and compliance shall be carried out in accordance with the procedures outlined in Section IV of CP&D housing program guidelines.

If necessary, termite treatment shall be performed by a licensed contractor after completion of construction in order to treat materials installed at the property and address any infestation indicated on the termite inspection report. Such work will be scheduled with the contractor and approved by the Housing Coordinator. Staff shall arrange any temporary lodging for the tenants. The payments for lodging are eligible under the temporary relocation and are not charged to the owner's account.

Post Completion Activities: After all project invoices, and expenses have been paid, CP&D staff shall reconcile the list of payments shown in the applicant's files with the records held by the Finance Department. A final itemized listing of all payments shall be prepared after the reconciliation that also shows any undisbursed fund and their disposition. In the event there are any undisbursed funds, all such funds will be used to refunded to the Program budget and reduce the principal amount of the applicant's forgivable loan and affordability period, where applicable. See Section IV for more details on close out procedures.

Miscellaneous: Requests for additional funding of up to 20% in excess of amounts approved for a project may be approved by the CP&D Director in accordance with Section I of these guidelines, with a recommendation from CP&D staff provided that the sum of additional funding and original project funding does not exceed the funding limits established in these policies. In the instance where such sum exceeds these limits, a waiver to these policies is required and approval by the City Council must be obtained. However, in no instance should the maximum per-unit subsidy exceed limits established by HUD under Section 92.250 of the HOME regulations.

Termination of funding and acceleration of deferred loan repayment may be undertaken by CP&D during the rehabilitation process if:

- (1) the applicant refuses or fails to allow the rehabilitation work to commence within thirty (30) days from contract award.
- (2) The applicant refuses or fails to allow reasonable access to complete the rehabilitation after commencement.
- (3) The applicant refuses to authorize payments associated with the project which have been deemed payable by CP&D staff.
- (4) An event of default occurs as specified in the mortgage or promissory note.

Notice shall be given to the applicant of such termination and/or acceleration, as appropriate, with follow-up action by the City Attorney's office where necessary.

Future subordination by North Miami of a mortgage taken in connection with this program shall be reviewed by the Housing Coordinator and approved by the Director of CP&D. In evaluating request for mortgage subordination, the CP&D staff shall consider the City's financial interest and its interest in preserving homeownership, and preserving or enhancing the property's value.

Program Monitoring and Compliance: Projects receiving CDBG assistance shall be monitored by CP&D staff to ensure compliance with applicable regulations and recordkeeping requirements at 24CFR part 570 and 24CFR part 92 of the federal regulations and other applicable regulations. Program monitoring and compliance requirements are expanded in Section IV of CP&D housing program guidelines.

SECTION III
NSP ACQUISITION, REHABILITATION AND RESALE
OR RENTAL OF FORECLOSED OR ABANDONED
PROPERTIES

NEIGHBORHOOD STABILIZATION PROGRAM GUIDELINES

INTRODUCTION

These program guidelines shall outline specific features and guidelines, instructions, policies and procedures for implementing North Miami's Neighborhood Stabilization Program Guidelines for Acquisition rehabilitation and resale or rental of foreclosed or abandoned properties.

IMPLEMENTATION RESPONSIBILITY & APPROVAL AUTHORITY

As outlined in Section I of the Housing Program Guidelines, the NSP Acquisition, Rehabilitation and resale or rental Program will be administered and implemented by the City of North Miami's Community Planning and Development Department (CP&D) with overall responsibility being held by the Department's Director. Specific program responsibility will reside with the Housing Manager who reports directly to the Director. Approval authority for loans under this program will be delegated to the CP&D Director as outlined in Section I of these guidelines.

COMPLIANCE WITH APPLICABLE REGULATIONS

The programs shall be administered in compliance with established policies, types of financing programs and procedures as described in the NSP regulations at **Federal Register** / Vol. 73, No. 194 dated October 6, 2008, the bridge notice at **Federal Register** Vol. 74, No. 117 dated Friday, June 19, 2009, the NSP substantial amendment and any amendment thereto and other applicable federal regulations as set forth in Section II of these guidelines and titled "Compliance with Applicable Federal Regulations."

I. PROGRAM FEATURES – PROPERTY ACQUISITION:

- A. **Purpose:** The purpose of this program is to purchase, rehabilitate and resell properties located in areas of greatest need that are foreclosed or abandoned. Eligible areas are outlined in the City's substantial amendment and were identified using HUD data on highest percentage of foreclosures, highest percentage of homes financed by subprime mortgage related loans are areas likely to face a significant rise in the rate of foreclosures. Properties will be sold to individuals or households' whose income is equal to or does not exceed 120% of the median area income or rented to households whose income is equal to or does not exceed 50% of the area median income as established by HUD. Funds can be used for:
- Acquisition
 - Disposition
 - Relocation
 - Direct homeownership Assistance
 - Eligible Rehabilitation and Preservation Activities
 - Housing counseling
 - Land Banking
- B. **Discount:** Properties purchased under the NSP program will be purchased at a 1% discount from the appraised value.
- C. **Realtors:** The City will put out an RFP for interested realtors who will be responsible to find the properties that meet the NSP program requirements, order the inspection and the appraisal of the property. All properties acquired must be located in the areas of greatest need.

- D. **Appraisals:** An appraisal will be used to determine the value of the home and must be dated no more than 60 days from the date of the final offer. All appraisals must meet the HUD guidelines and be performed by a licensed state certified appraiser.
- E. **Contract:** The City Manager will execute all purchase contracts on behalf of the City.
- F. **Inspections:** Properties will be inspected prior to purchase to determine the extent of repairs and feasibility of the acquisition.
- G. **Tenant protections:** Seller shall provide assurances that property has been vacant for at least 90 days prior to foreclosure. Properties that have not been vacant for at least 90 days shall comply with HUD tenant protection act.
- H. **Notices:** Proper notices shall be provided to seller regarding the fair market value of the property. .

II. PROPERTY REHABILITATION

Properties acquired under this program will be eligible for rehabilitation. All rehabilitation work will be performed in accordance with the policies and procedures under the Community Development Block Grants Program.

- A. **Eligible Rehabilitation:** Rehabilitation assistance funding shall be used to make repairs to meet property standards outlined in 24 CFR Part 570.202 and detailed in these guidelines. Repairs shall include, but may not necessarily be limited to, replacement of principal fixtures and components of existing structures, installation of security devices, including smoke detectors and dead bolt locks, and renovation through alteration, or enhancement of existing structures, which may be undertaken singly, or in combination. It may also include improvements to increase the efficient use of energy in structures through such means as installation of storm windows and doors, siding, wall and attic insulation, and conversion, modification, or replacement of heating and cooling equipment and energy star appliances. Eligible costs may include the costs of improvements necessary to permit the use of the units by persons with disabilities or the elderly; the demolition of existing structures; and the implementation of lead based paint requirements of the federal regulations. The treatment of termite and other wood destroying organisms at the property shall also be considered as eligible repairs. The additions of rooms shall be considered on a case by case basis when required under housing quality standards to alleviate overcrowding and is subject to the approval of the City Council. All rehabilitation must be determined to be practical and feasible.
- B. **Qualifying Properties:** Properties that are eligible for assistance shall be located in the areas of greatest need identified in the City of North Miami's substantial amendment and can include single family houses, townhouses and condominium units.
- C. **Eligible Rehabilitation Costs:** The following expenses shall be regarded as eligible costs under this program:
 - 1. The cost of boarding up properties, lawn maintenance, and property insurance.

2. Labor, materials, and other costs of rehabilitation of properties, including removal of architectural barriers, deferred maintenance, replacement of principal fixtures and components of existing structures, including smoke detectors and dead bolt locks, and renovation through alterations or enhancement of existing structures, which may be undertaken singly, or in combination;
3. Improvements to increase the efficient use of energy in structures through such means as installation of storm windows and doors, siding, wall and attic insulation, and conversion, modification, or replacement of heating and cooling equipment, including the use of solar energy equipment;
4. Improvements to increase the efficient use of water through such means as water saving faucets and shower heads and repair of water leaks;
5. Costs of flood insurance premiums and associated service charges as established under the Nation Flood Insurance Program for a period of up to three years.
6. Costs of inspecting, testing, and abatement of lead-based paint and asbestos containing materials pursuant to applicable regulations.
7. Costs associated with the rehabilitation such as appraisal, title search, title insurance premium, or state and local fees for recording documents prepared in conjunction with this program.
8. Costs of obtaining construction related professional services including architectural, engineering, and surveying services, including the preparation of related technical documents, and inspections associated with execution of the content of such documents as pertains to the rehabilitation work.
9. Costs of performing inspections for termite or other wood destroying organisms and extermination thereof.
10. Rehabilitation contingency funds of 5% of rehabilitation costs.

III. PROPERTY RESALE

- A. Properties that have been acquired and rehabilitated under the program will be resold to income eligible applicants.
- B. **Eligible Buyers:** The City will advertise the program and will qualify the applicant for the purchase of a property that is for sale under the program guidelines. Applicants are considered eligible if their total household income does not exceed one hundred and twenty percent (120%) of the area's median income.
- C. **Funding Sources:** Funding for the Program is being provided through the NSP program. Additional subsidies may be provided using HOME, CDBG or SHIP funds.
- D. **Types of Assistance:**
The City will provide eligible homebuyers with a second mortgage in order to assist them in obtaining an affordable first mortgage. The second mortgage will not exceed one hundred thousand dollars (\$100,000) per home and will be in the form of a deferred loan. The term of a \$40,000 or less deferred loan second mortgage is 10 Years; \$40,000 to \$80,000 is 15 years and \$80,000 or more 20 years. The second mortgage will be due and payable at an interest rate of four percent (4%), in the event that property is transferred, refinanced, sold or foreclosed before the affordability period ends.

The City will ensure the home remains affordable by deed restriction. In the event the property is sold or transferred to an eligible home buyer, the City will extend the affordability period to that home buyer.

If NSP funds assist a property that was previously assisted with HOME funds, but on which the affordability were terminated thru foreclosure or transferred in lieu of foreclosure, the City will revive the HOME affordability restrictions for the greater of the remaining period of HOME or NSP funds, whichever period is longer.

IMPLEMENTATION RESPONSIBILITY & APPROVAL AUTHORITY

As outlined in Section I of the Housing Program guidelines, the NSP Program will be administered and implemented by the City of North Miami's Community Planning and Development Department (CP&D) with overall responsibility being held by the Department's Director. Specific program responsibility will reside with the Housing Manager who reports directly to the Director. Approval authority for financial assistance under this program will be delegated to the CP&D Director as outlined in Section I of these guidelines.

COMPLIANCE WITH APPLICABLE REGULATIONS

The programs shall be administered in compliance with established policies, types of financing programs and procedures as described in the substantial amendment and other applicable federal regulations as set forth in Section II of these guidelines and titled "Compliance with Applicable Federal Regulations."

IMPLEMENTATION PARTNERSHIPS

The NSP Program will be implemented using public and private sector, non-profit and for-profit partnerships. The partnership structure includes lenders, realtors, the City, and non-profit Community Development Corporations (CDCs), and Community Housing Development Organizations (CHDOs). Each of the following parties has a distinct role which facilitates the smooth administration of the process:

The City of North Miami: The City through its CP&D staff will provide overall administration of the program, approve and disburse funds, and ensure compliance with all applicable regulations. The potential homebuyer would be pre-qualified, educated about the process of buying a home, and approved for a mortgage prior to being reviewed for their eligibility for subsidies. The principal role of the City will be to income-qualify the client to determine their eligibility for NSP, HOME, SHIP, and subsidies and the dollar amounts that will be allocated.

The City will make the units purchased and rehabilitated by the City available to eligible applicants.

Participating CHDOs and CDCs: The City may elect to work with selected non-profit CDCs or CHDOs who will qualify prospective homebuyers and determine their eligibility for assistance through the City based on the City's Housing Program Guidelines. In addition, the non-profits will work with applicants to resolve minor credit issues and refer them to credit counseling agencies for more serious credit issues. The non-profits will work with participating financial institutions to package loans for the applicants and will conduct required homebuyer education courses. All applicants must receive at least 8 hours of homebuyer counseling from a HUA approved counselor. Other services include making preliminary determination of qualified City subsidies, working with participating realtors, coordinating closing activities and working with

the homebuyer process from intake to closing. The non-profits will also work with the City and the purchaser to ensure that the housing program guidelines are followed.

Participating Financial Institutions: The City may elect to work with selected banks. The bank participation will be determined upon their affordable housing products. The main role of the banks is to provide residential mortgages to homebuyers. Based on their own affordable housing guidelines and those of the City, the lenders will provide products that meet the goals and criteria of the City's Program. Participating banks will submit their guidelines and financial products to CP&D for review and approval for participation in the Program. CP&D will inform each lender of the results of the review. The City shall establish basic criteria after reviewing the financial products existing in the affordable housing market. The banks will work very closely with the non-profits to receive files for loan processing. The non-profits shall serve as the primary liaison between the homebuyer and the lenders, realtors, and the City.

I. PROGRAM FEATURES –HOMEBUYER PROGRAM:

A. **Purpose:** The purpose of this program is to enable qualified applicants to achieve homeownership status through financial assistance. Funds can be used to “fill the gap” or subsidize the difference between the price of the house to be purchased and the amount of a private sector mortgage that the buyer can afford along with their available funds for a down payment, mortgage subsidies and purchase price write down.

B. **Eligible Applicants:** The City of North Miami must use 100 percent of its NSP funds to assist families and individuals with incomes at or below 120 percent of the area median income as determined and adjusted by HUD. The prospective homebuyer must also meet the following criteria:

- While no minimum household income is required, the applicant must have sufficient income to secure a private loan, repay debt and maintain the housing unit.

C. **Eligible Properties:** Eligible properties will be those purchased and rehabilitated with NSP funds by the City.

D. **Funding Sources:** Funding for the Homebuyer Programs is being provided using NSP funds or may be used in conjunction with HOME, CDBG or SHIP funds.

E. **Types of Assistance:**

Deferred payment forgivable loans for gap financing: The City will provide eligible homebuyers with a second mortgage in order to assist them in obtaining an affordable first mortgage. The second mortgage will not exceed one hundred thousand dollars (\$100,000) per home and will be in the form of a deferred loan. The term of a \$40,000 or less deferred loan second mortgage is 10 years; \$40,000 to \$80,000 is 15 years and \$80,000 or more 20 years. The second mortgage will be due and payable at an interest rate of four percent (4%), in the event that property is transferred, refinanced sold or foreclosed before the affordability period ends.

Technical Assistance: The City shall provide technical assistance to the purchaser, including and any other staff assistance incidental to the processing and implementation of the Homebuyer Program.

F. Affordability Requirements

In accordance with Section 92.54 (a) (4), any NSP assisted units must meet the following affordability periods based on the level of NSP subsidy provided to the borrower:

<u>Level of Assistance</u>	<u>Minimum Affordability Period</u>
Under \$15,000	5 years
\$15,000 to \$40,000	10 years
\$40,000 to \$80,000	15 years
Over \$80,000	20 years

G. Repayment

The City will ensure the home remains affordable by deed restriction. In the event the property is sold or transferred to an eligible home buyer, the City will extend the affordability period to that home buyer. If NSP funds assist a property that was previously assisted with HOME funds, but on which the affordability were terminated thru foreclosure or transferred in lieu of foreclosure, the City will revive the HOME affordability restrictions for the greater of the remaining period of HOME or NSP funds, whichever period is longer.

Loan Assumption upon Death

In the event of the death of the surviving property owner(s), assumption of the remaining loan balance is permissible under certain conditions. Blood relatives who are heirs to the estate and who are granted legal or equitable possession of the property may assume the loan. Validated heirs that qualify as very low, low, moderate, or middle income as defined in the program guidelines, and who intend to occupy the property as their principal residence shall be approved to assume the balance of the deferred loan. Validated heirs who qualify based on the above conditions shall execute a new mortgage and promissory note for the balance.

Validated heirs who do not qualify as very low, low moderate or middle income and/or those, regardless of income, who do not intend to occupy the property are required to repay the balance outstanding. Assumptions in accord with these policies shall be reviewed by CP&D staff. Upon qualifying the validated heirs in consultation with the City Attorney's office, CP&D staff shall make a recommendation to Director to allow such assumption in accordance with the Housing Program guidelines. If CP&D's review of the matter results in a recommendation against assumption and further legal action is required, then the matter shall be referred to the City Attorney's Office.

H. Underwriting Guidelines

These guidelines are offered as general guidance for the City to make a decision on the approval of an applicant's request for mortgage subsidy. The participating lenders will also underwrite applicable first mortgages based on these guidelines.

Borrower Income

- Applicant must have sufficient income to access and repay a private loan. Obtaining and accessing a mortgage loan usually depends on work history, income, and the housing and total debt ratios.
- Lenders' determinations concerning source and stability of income will be accepted. Notwithstanding the above, sources of income for eligibility purposes must follow federal and state guidelines. Once eligibility is determined by the City, the private lender may use their own standards regarding the amount and sources of income to count in underwriting the loan.

Housing Debt to Income Ratio

It is expected that the applicant pay at least 25-35% of their gross income toward housing expenses. Housing expenses can include the following.

- Payment on principal and interest on the mortgage
- Property taxes
- Property insurance
- Private mortgage insurance
- Home owner association fees

Utilities and maintenance items are not included in calculating housing expenses.

Total Debt to Income

This ratio includes housing expenses listed above and payments on other revolving or installment debt, as well. The total amount paid for housing and all other debts should not exceed 45%. A lender may use a higher housing expense ratio and a lower total debt to income ratio, to make the transaction feasible.

Loan to Value Ratios

This is the ratio between the loan amount and the appraised value of the property. The combined loan to value ratios should not exceed 105% of the appraised value, nor be less than 80% of the appraised value.

I. Eligible Private Sector Mortgages

The City will provide assistance in combination with private sector mortgages which meet the following conditions:

- Fixed rates only, adjustable rate mortgages are not eligible;
- Terms of 20, 25, or 30 years;
- No balloon payments (except those associated with the sale of the property); and
- Interest rates that are above 200 basis points of the current market rate, as amended, are not acceptable.
- Unreasonable or "junk" fees are not acceptable.

J. Property Standards:

In accordance with 24 NSP regulations, all homes offered for sale by the City will meet applicable local and federal regulations as set forth in Section II, Compliance with Applicable Federal Regulations, properties assisted with NSP funds must comply with applicable property and housing quality standards upon completion of the rehabilitation.

PROGRAM REQUIREMENTS

Application Review and Information Verification

During this process information provided by the applicant is verified with the applicant's permission through 3rd party sources and additional information is requested from the applicant for purposes of clarification and decision making related to the provision of assistance.

Income Verification

To determine eligibility for assistance, the applicant's household income must be verified. A household is regarded as being eligible under the NSP program if its annual income based on household size is at or below 120% of the applicable median family income for the Miami Dade Metropolitan Statistical Area. Income includes but is not limited to active income such as business income and employment income, passive income such as interest and investment income, and various forms of social assistance and retirement payments. Certain items including but not limited to sporadic gifts, medical insurance reimbursements, and relocation are not considered income for the purposes of these guidelines. Net household assets shall also be used to determine eligibility. Annual income shall include the greater of the actual income derived from net assets or a percentage of the value of the net value of the assets based on the current passbook savings rate. Household income shall be determined according to the more detailed listing provided in the Definitions Section of CP&D's Housing Program Guidelines under "income inclusions" and "income exclusions."

Income shall be verified through use of verification forms signed by the relevant household member (s) authorizing verification by the sources of income or by obtaining documentation produced by a third party that establishes income information. Verification forms may include but not be limited to forms such as:

- employment verification
- unemployment benefit verification
- pension benefit verification
- social security benefit verification
- disability benefit verification
- veteran's benefit verification
- verification of benefits administered by HRS
- interest income verification

Each household member who earns an income must provide a signed copy of their last income tax return including attachments (last 2 returns for self-employed person). It is recognized that IRS rules do not require the filing of a return if a person's income is below a certain amount as established by the IRS and revised from time to time. In such instance where an income earning household member does not file a return, a notation shall be so indicated on the application form.

Verification of Accounts

All accounts indicated by the applicant on the application that are deposits with banks, savings and loans, credit unions, or other financial institutions must be verified in order to establish the extent of net asset income available to the applicant.

Verification of Liabilities

The applicant's liabilities include all installment loans, revolving charge accounts, real estate loans, stock pledges, alimony, child support and all other ongoing debts including property taxes and property insurance of all types.

Verification of Credit History

Credit history shall be reviewed through obtaining a credit report. The credit report serves two purposes:

- g. To confirm identified and unidentified credit obligations held by the applicant. In some cases, creditors' information may not appear on the credit report because the credit agency fails to report. Direct verification of credit information may be required in these cases.
- h. To establish the applicant's credit history and detect any slow payments, suits, or judgments for non-payments.

Verification of Property Value

The value of the property shall be verified by means of an appraisal report conducted by an independent appraiser and prepared in accordance with requirements contained in the "Definitions" section of these guidelines.

Verification of Age

Where at least one of the property owner applicants is 62 years of age or older, a verification of their age shall be documented through a copy of a document such as a birth certificate, drivers license, or Florida identification card.

Lead Hazard Reduction.

In accordance with the HUD Lead-Based Paint Regulation (24 CFR Part 35), Section 401(b) of the Lead Based Poisoning Prevention Act of 1971 and Section 92.355 of HOME rules, rehabilitation work on housing built before 1978 that is financially assisted by the Federal government is subject to requirements that will control lead-based paint hazards. At the very least, any painted surface that is disturbed during rehabilitation work will be repaired. Deteriorated paint may be stabilized, which includes the correction of moisture leaks or other obvious causes of paint deterioration. Detailed requirements are outlined in Section II of the Housing Program guidelines.

Displacement, Relocation, and Acquisition

Minimizing displacement, consistent with the other goals and objectives, the grantee must ensure that it has taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organization, and farms) as a result of a project assisted with federal funds. Detailed requirements are outlined in Section II of the Housing Program guidelines.

OTHER FEDERAL REQUIREMENTS

Non-Discrimination and Equal Access

Federal requirements set forth in Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Section 504 of the Rehabilitation Act of 1973, Executive Order 11063 and 24 CFR 5.105(a) prohibit discrimination on the basis of race, color, national origin, religion or sex.

Employment and Contracting Rules

Federal requirements set forth at Executive Orders 11246, 11625, 12432 and 12138 and Section 3 of the Housing and Urban Development Act of 1968 prohibit discrimination in employment and encourage the CHDO or other non-profit or profit entity receiving federal funds to provide training and employment opportunities to low-income residents.

Debarred Contractors

Federal requirements set forth at 24 CFR part 5 prohibit the provision of federal funds to debarred, suspended or ineligible contractors, subcontractors or subrecipients. CHDOs are required to check the HUD listings for this purpose.

Conflict of Interest

Grantees and subrecipients of federal funds must be comply with procurement requirements found at 24 CFR 85.36 (state and local governments) and 85.42 (non-profits) and with any other applicable conflict of interest provisions.

Flood Insurance

Under the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001-4128), City funds may not be used with respect to the acquisition, new construction, or rehabilitation of a project located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, unless flood insurance is obtained as a condition of approval of the commitment.

PROCEDURES:

A. APPLICATION PROCESS:

Step 1. **Intake Process:** The Intake Process refers to the pre-application process and commences with the non-profits or the City. All prospective buyers who are interested in participating in the first time homebuyer program and who start the process with a partner other than the non-profit or the City shall complete an intake form and shall be referred to the non-profit organization which will follow up with the client and commence the application process. Copies of completed intake forms received by the non-profits shall be sent to the City's Housing Manager for recording and follow up.

Step 2. **Application and Prequalification:** The non-profit will review the intake form and determine whether or not a complete application is required. In case of a referral, the individual will bring the Intake form provided by one of the partners (City of North Miami, participating banks or realtors) to the non-profit. If the applicant is eligible, a full application will be completed along with the submission of the following support documentation:

- Copy of recent credit report (no later than 3-months old);
- Copies of at least three (3) most recent pay stubs;
- Copy of signed tax returns (1040) and W-2 forms for the past two (2) tax years;
- Photo identification;
- Alien Registration Card (or proof of citizenship), if applicable;
- Third party verification of all sources of income;
- Checking and savings account statements for the past two (2) months; and,
- If self-employed, tax returns and current year-to-date financial statements.

The referenced information is required from the applicant's spouse, as well as co-borrower(s) and any other person occupying the property who is eighteen (18) years old and not a full-time student and receives an income (e.g., pension wages).

Documentation provided by the applicant shall be verified through a third party; therefore, the non-profit staff shall require the applicant to sign applicable verification forms authorizing employer(s) to release information to the non-profit. The non-profit shall use federal income rules outlined in the Definitions Sections of these housing program guidelines to determine the income eligibility of the applicant.

- Step 3. **Homebuyer's Education:** All applicants seeking participation in the Homebuyers Program must attend an 8-hour homebuyers counseling course provided by a HUD approved counselor. Each applicant should receive a certificate of participation prior to receiving NSP funds.
- Step 4. **Homebuyers Counseling:** Some applicants seeking participation in the Homebuyers Program may need additional homebuyer and/or credit counseling. The non-profit shall conduct or refer the relevant buyer to a certified homebuyer's or credit counseling program. The homebuyer's counseling may take the form of one-on-one counseling or group counseling provided by a HUD approved counselor covering topics such as: credit repair and monitoring, money management, and tips on maintaining your home.
- Step 5. **Mortgage Application:** After obtaining homebuyer education, the applicant shall submit a loan application to a participating lender. The private sector lender processes the first mortgage loan application and determines the first mortgage amount that the applicant qualifies for based on their loan underwriting criteria and the minimum CP&D underwriting criteria outlined in these guidelines:
- Step 6. **Income Certifications/Subsidy Determination:** After collecting the required information and conducting third part verifications, the CP&D staff will interview the applicant, review the information provided, and verify the applicant's eligibility for the program and the amount of NSP funds they will receive. Eligibility shall be determined based on household income, family size and homebuyer status.

The applicant shall advise CP&D staff of any changes in income, family size or credit obligations during processing may cause the applicant to become ineligible. In order to ensure that NSP funds are invested with dwelling units that are occupied by low- to middle-income households, an Affidavit of No Income Change must be signed at time of loan closing. **Note:** Any information that is verified on Verification of Income forms is only good for a period of four (4) months. If the loan has not closed within one hundred twenty (120) days from the initial verification date of each source of income and assets, an update of those income verifications which exceeded the required time frame must be repeated.

I

- Step 7. **Property Selection:** The buyer will select the property from the properties available under the NSP program based on the buyer's ability to pay and prequalification. If the buyer qualifies for the home at this stage, the buyer may enter into a purchase and sale contract with the City, which contract must include a clause that it is subject to approval of all financing sources.

Inspection: The City will provide a walk through inspection with the buyer before closing. The City shall be responsible to make any repairs needed to property prior

to occupancy. The City will turn on the water and electricity during the inspection by the buyer. The City shall provide clear title to the property upon resale. If the selected property is deemed acceptable, the buyer will be approved to finalize the contract for purchase.

Step 8. **Subsidy Request:** After a property has been approved and prior to loan closing, the bank shall submit a subsidy request packet to CP&D for review and approval. This package shall include the following:

- Loan Transaction Summary which includes the amount of the first mortgage loan; the level of subsidy requested; borrower's contribution; names of borrower and co-borrowers; address and legal description of the property; projected date of closing, closing agent; and activity.
- Bank Commitment Letter
- Bank Loan Application (1003)
- Uniform Underwriting and Transmittal Summary (1008)
- A sales contract
- Inspection Report
- A copy of a complete appraisal

The maximum sales price for a property is determined by aggregating all costs of acquisition, rehabilitation, and redevelopment (including related activity delivery costs, which generally may include, among other items, costs related to the sale of the property. The sale shall be in an amount equal to or less than the cost to acquire and redevelop or rehabilitate such home or property up to a decent, safe, and habitable condition. (Sales and closing costs are eligible NSP redevelopment or rehabilitation costs.) In determining the sales price limitation, HUD will not consider the costs of boarding up, lawn mowing, simply maintaining the property in a static condition, or, in the absence of NSP-assisted rehabilitation or redevelopment of the property, the costs of completing a sales transaction or other disposition to be redevelopment or rehabilitation costs. These costs may not be included by the grantee in the determination of the sales price for an NSP-assisted property.

CP&D staff shall review all documents to ensure that the applicant and the property satisfy all programmatic requirements as outlined in the previous steps. A Notice-to-Proceed will be issued by the City for the participating bank to proceed with closing once the subsidy request package is reviewed and approved.

At this stage, the lender can continue with a loan closing. The non-profit has to contact the lender to arrange a loan closing on behalf of the homebuyer. CP&D staff shall prepare a payment request to the City's Finance Department, identifying proper account numbers, homebuyer(s) name and amount of subsidy, for check issuance.

Step 9. **Loan Closing:** The CP&D staff shall attend loan closing, deliver subsidy check, and explain the City's document(s). A HUD statement will be forwarded to CP&D staff at least one day before the loan closing to ensure that the loan closing statement reflects figures on the loan transaction summary.

Step 10. **Disbursements:** After loan closing requirements have been met and the loan documents recorded, CP&D staff will disburse funds from Disaster Recovery Grant Reporting systems (DRGR).

Future subordination by North Miami of a mortgage taken in connection with this program shall be reviewed by the Housing Manager or his designee and approved by the Director of CP&D. In evaluating request for mortgage subordination, the CP&D staff shall consider the City's financial interest and its interest in preserving homeownership, and preserving or enhancing the property's value.

Program income: All program income received from an NSP property will be used for eligible NSP activities.

Program Monitoring and Compliance: Projects receiving NSP, CDBG or HOME assistance shall be monitored by CP&D staff to ensure compliance with applicable regulations and recordkeeping requirements at 24CFR part 570 and 24CFR part 92 of the federal regulations and other applicable regulations. Program monitoring and compliance requirements are expanded in Section IV of CP&D housing program guidelines.

IV. NSP RENTAL PROGRAM

I. PROGRAM FEATURES – NSP RENTAL PROGRAM:

A. Purpose: The NSP program requires that 25% of the total grant be used to serve households whose incomes do not exceed 50% of the median. This program requirement will be met by requiring that all rental properties assisted under this section will be occupied by households at 50% of the median or less. To achieve this purpose, the City will purchase, rehabilitate rental units in the areas of greatest need and CP&D will seek private participation for the management of the rental units by the use of Request for Funding Proposals (RFP) or Notice of Funding Availability (NOFA), competitively scoring each proposal submitted for ownership and property management.

B. Eligible Applicants: Experienced non-profit and for-profit owners and managers of rental housing available for rental as affordable housing.

C. Eligible Activities: The following activities will be considered eligible under the Program:

- 1.
2. **Property management:** The agency will be responsible to collect rents and provide day to day management of the property.
3. **Property maintenance:** The agency is responsible to make repairs to the property to ensure that all times the property is in decent, safe and sanitary condition.
4. **Program Income:** All program income generated by the project will be used to carry out eligible NSP activities.
5. **Reporting:** The agency will provide records on an annual basis or as requested by the City of North Miami or HUD immediately upon request including rent rolls, profit and loss statements, and annual audit reports.
6. **Access:** The City of North Miami will have access to the property and the units to perform inspections upon 15 days prior notice to the agency.

- D. Ineligible Activities:** Activities detailed in 24 CFR 570. 456 shall not receive assistance under this Program including, but not limited to, buildings used more than incidentally for political purposes, construction equipment, furnishings, fixtures and equipment not an integral part of buildings, and operating expenses for rental housing.
- E. Eligible Properties:** Properties eligible under this program are those acquired and rehabilitated with NSP funds for use as rental property. To be eligible for assistance, properties must comply with the following:
- Properties must be used exclusively for residential purposes.
 - Comply with occupancy and affordability requirements as detailed in these program guidelines.
 - Must be located within the areas of greatest need in the City of North Miami as outlined in the substantial amendment.
 - The dwelling units must be under common ownership, management, and financing.
 - Compliance with all other applicable requirements herein.
- F. Funding Sources:** Funding for this program shall be NSP funds. However, the amount of funding from the combined sources shall not exceed what is needed to make the project feasible and affordable, as determined solely by the CP&D review process. In addition, if both sources are used, the more stringent of the regulations between HOME and CDBG will apply to the entire project.
- G. Technical Assistance:** The City shall provide technical assistance and any other staff assistance incidental to the implementation of the NSP Rental Program.
- H. Occupancy Requirements:** In accordance with the NSP regulations, 100% of the units in the NSP-assisted project must be occupied by low income households, whose annual incomes do not exceed fifty (50%) percent of area median income, as adjusted for household size. For occupied units, occupancy is defined as the tenant in place at the time the NSP assistance is approved. For vacant units, occupancy is defined as the first tenant after the completion of the project, and the issuance of the Certificate of Occupancy. If HOME funds are used in conjunction with the NSP assistance, then the occupancy requirements will be subject to the more stringent requirements. Any low income households occupying the NSP-assisted project must be charged affordable rents as established and amended from time to time by HUD.
- I. Rent Limitations:** The owner must rent the NSP-assisted units at affordable rents to be determined by the lesser of the following: (i) The fair market rent for existing housing for comparable units in the area as established by HUD under 888.111; or (ii) The "low" HOME rent as determined by HUD, with adjustments for number of bedrooms in the unit. The rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions.
- a. Qualifying tenants: The agency shall be responsible to qualify tenants that will be occupying the units to ensure that the tenant's household income does not exceed 50% of the median as defined by HUD and which is subject to change. The

agency shall execute a one year lease with tenants which shall contain all of the requirements under the federal regulations pertaining to leases and shall renew leases on an annual basis. Qualifying tenants will be required to pay a security deposit of one month's rent. At the end of the one year lease, tenant's household income has to be verified. Income has to be certified to be at or below 50% of the area median income as defined by HUD.

- b. At the end of the lease tenant household income has to be re-verified. If tenant household exceeds 50% of the AMI for the household size, the tenant is no longer eligible to live in the unit. Tenant will be given three months to vacate the unit. While the tenant remains in the property the rent will be adjusted to 30% of the verified household income.
- c. **Property Availability:** Applying tenants will be assisted on a first-come, first-processes basis for all available properties. Eligible tenants will be offered NSP rental units as they become available and if they match the applicant's household size. For example, if the household size is one, the tenant will be assigned (if available) an efficiency or a one bedroom unit. Additionally, if the household size is four, with for example, a man and or woman (the head(s) of household) and two children of same gender this household is eligible for a two-bedroom unit. Larger family sizes or mix of genders will be given the option (if available) for a three or four bedroom unit.
- d. **Utilities and Utility Allowances:** NSP rental tenants will be required to open their own electricity, water and sewer accounts in their own names. Tenants will be given utility allowances as regulated by the HOME requirements and based on HUD allowances for Section 8 tenants and adjusted by the property type and unit size. The utility amount is deducted from the "Low" HOME rent in the tenant lease agreement. These utility allowances ensure that the total housing cost remains affordable. The utility allowance will be for electricity (not including air conditioning) water, garbage collection and or sewer.

J. Rents during the Affordability Period: The NSP rent limits are recalculated on a periodic basis after HUD determines fair market rents and median incomes. HUD then provides the new rent limits to the City. Regardless of changes in fair market rents and in median income over time, the rents for a project are not required to be lower than the applicable rent limits for the project in effect at the time of project commitment. The City shall provide the Owner with information on updated rent limits so that rents may be adjusted. The property owner is required to certify tenants all tenants upon initial occupancy of the unit. When rental units become vacant during the affordability period, subsequent tenants must be qualified as low income and must be charged the applicable affordable rents. Any increases in rents for NSP-assisted units is subject to the provisions of outstanding leases, and in any event, the Owner must provide tenants of those units not less than 30 days prior written notice before implementing any increase in rent.

K. Adjustment of Rent Limits: HUD may adjust the rent limits for a project, only if it is necessary to support the continued financial viability of the project and only by an amount that is appropriate to fulfill that objective.

L. Property and Housing Quality Standards: In accordance with 24 CFR 92.251, Florida Building Code 2005 Edition and other applicable local and federal regulations as set forth in Section II of these guidelines, properties assisted with NSP funds must comply with applicable property and housing quality standards.

M. Tenant Protections: An owner receiving financial assistance cannot refuse to rent CDBG-assisted units to participants of tenant based rental assistance programs or cannot discriminate in accordance with Section II of the City's program guidelines in the use or occupancy of any assisted housing. The owner shall also implement requirements detailed in Section II of the program guidelines concerning tenant protections.

N. Other Program Requirements: In accordance with Section 570, subpart K, any CDBG-assisted project must comply with the following program requirements, which are outlined in more detail in Section II of CP&D's program guidelines:

- **Affirmative Marketing:** The property owner must commit to affirmatively furthering fair housing in renting the NSP-assisted units in accordance with 24 CFR 570.601 of the CDBG regulations and Section 3 of the Housing Development Act of 1968, as amended (12 U. S. C. 1701 U), and other applicable Federal, State and local regulations.
- **Environmental Review:** Upon request, the CDBG/Housing Compliance Officer shall conduct an environmental review of the site in accordance with Section 570.604 of the CDBG regulations
- **Lead Hazard Reduction:** In accordance with the HUD Lead-Based Paint Regulation (24 CFR Part 35), Section 401(b) of the Lead Based Poisoning Prevention Act of 1971 and Section 570.608 of CDBG regulations, rehabilitation work on housing built before 1978 that is financially assisted by the Federal government is subject to requirements that will control lead-based paint hazards.
- **Labor Standards:** Every project that includes eight (8) or more NSP-assisted units must comply with Davis-Bacon and Related Acts to ensure that mechanics and laborers employed in construction work in excess of \$2,000 and financed in whole or in part with CDBG funds are paid wages and fringe benefits equal to those which prevail in the locality where the work is performed. The applicable wage provisions must apply to all laborers and mechanics employed in the development of the entire project including portions other than the CDBG-assisted units. The provisions do not apply to volunteer work, paid expenses or work for a nominal fee.
- *Displacement, Relocation, and Acquisition: In accordance with Section 570.606 of the CDBG regulations, the City shall ensure that it has taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) as a result of a project assisted with NSP funds.*
- *Non-Discrimination and Equal Access: Federal requirements set forth in Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Section 504 of the Rehabilitation Act of 1973, Executive Order 11063 and 24 CFR 5.105(a) prohibit discrimination on the basis of race, color, national origin, religion or sex.*
- *Employment and Contracting Rules: Federal requirements set forth at Executive Orders 11246, 11625, 12432 and 12138 and Section 3 of the Housing and Urban Development Act of 1968 prohibit discrimination in employment and encourage the CHDO receiving federal funds to provide training and employment opportunities to low-income residents.*
- **Debarred Contractors:** Federal requirements set forth at 24 CFR part 5 prohibit the provision of federal funds to debarred, suspended or ineligible contractors,

subcontractors or subrecipients. Owners are required to check the HUD listings for this purpose.

- **Conflict of Interest:** In accordance with 24CFR 570.611, grantees and subrecipients of federal funds must comply with procurement requirements found at 24 CFR 85.36 (state and local governments) and 85.42 (non-profits) and with any other applicable conflict of interest provisions.
- **Flood Insurance:** Under the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001-4128), CDBG funds may not be used with respect to the acquisition, new construction, or rehabilitation of a project located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, unless flood insurance is obtained as a condition of approval of the commitment.
- **Removal of Architectural Barriers:** In accordance with 24CFR 570.614, the Architectural Barriers Act of 1968 and the Uniform Federal Accessibility Standards, and the Americans with Disabilities Act (ADA), buildings assisted with CDBG funds must provide access to persons with physical handicaps through the removal of architectural barriers and the design or rehabilitation of those structures.

O. Selection Criteria: The City will select the management firm based on its qualification and experience in owning and maintaining rental units. The entity will submit an analysis of current market conditions and the feasibility of renting the units at the proposed rents, respectively. Comparative data on similar units in the market area should also be provided.

- Operating pro-forma representing the income and expenses after rent stabilization has been achieved.
- Operating pro-forma should be projected out for at least ten years and should be submitted in a format approved by CP&D.
- Sources and Uses of Funds Statement showing all sources including private sector, other government and equity being used to fund the project. The statement should indicate leveraging ratios in respect to the City's funding.
- Evidence of minority participation according to the City's MBE/WBE policies and guidelines and section 3, if applicable.
- Commitment letters should be provided from all non-City sources.
- Other information as required and that will be useful in evaluating the project.

At the time of application submission, a preliminary review is made of the information provided and the applicant is requested to sign certain pertinent release forms that enable CP&D staff to verify the application with outside parties. Other such forms may also be signed by the applicant at later times as the need arises in the process of reviewing the application.

Program Monitoring and Compliance: Projects receiving NSP assistance shall be monitored by CP&D staff to ensure compliance with applicable regulations and recordkeeping requirements at 24CFR part 570 and 24CFR part 92 of the federal regulations and other applicable regulations. Program monitoring and compliance requirements are expanded in Section IV of CP&D housing program guidelines.

SECTION IV

PROJECT SET-UP AND DISBURSEMENT PROCEDURES:

Upon approval of any activity through the relevant approval authority under CP&D's housing programs; the closing of the loan or grant; the execution and recording of all applicable documents and agreements, and the issuance of a Notice to Proceed by CP&D, funding for the project shall be disbursed by the City. The following are project set up and payment procedures for the funding of CDBG, HOME and NSP assisted projects:

Integrated Disbursement and Information System (IDIS): All projects using CDBG and HOME funds shall be set up and drawn down in the IDIS by the CP&D staff and North Miami Finance Department, respectively.

Based on CP&D's program to offer gap financing, the Agency's efforts will be aimed at maximizing the private sector involvement and will examine each project on a case-by-case basis. This flexibility will allow CP&D to take advantage of both public and private land and building resources and various financing resources.

Disaster Recovery Grant System (DRGR): All project using NSP funds will be set up and drawn down in DRGR by CP&D staff and North Miami Finance Department, respectively. All quarterly reports will be posted in the City web site.

Project Set-up and Draw-Down: After project review and approval has been completed; CP&D Staff shall obtain a project set-up number and HUD activity number from the CDBG NSP, or HOME Program, as applicable. These numbers are obtained through the Integrated Disbursement and Information System (IDIS) or DRGR. The assigned project set-up number encumbers CDBG, DRGR or HOME funds for the specific project. After the project number has been assigned, CP&D staff shall forward a completed copy of the CDBG, DRGR or HOME Project Set-up Form to the Housing Manager for tracking. A copy of the agreement with the property owner (single family homeownership or rental housing) or CHDO is faxed to the HUD local office. Faxing of the agreement allows the IDIS staff to link a property address to the previously assigned project set-up number, and formally commit funds for that project. The funds are not considered committed to a specific project until the actual set-up report is received.

Payment Procedures: All funding approved under CP&D housing programs shall be retained by CP&D for payment of goods and/or services intended for the benefit of the applicant. CP&D, as the applicant's disbursing agent, shall only make payment for costs regarded as eligible expenses under this program where goods and/or services have been delivered, installed, and/or performed. In such cases where the applicant is providing a cash contribution to the project, payment of such contribution shall be made to the City of North Miami and escrowed by a selected title company for the intended purpose whereupon it shall be disbursed as specified above. If other financing is provided, CP&D staff shall coordinate with such sources for joint disbursement procedures, where such procedures should comply with the City's disbursement procedures.

CP&D shall obtain and assign a purchase order number that will be referenced by the Contractor each time payment is being requested or by the CHDO or other non-profit in the case of homeownership assistance or gap financing. Invoices will be honored upon the submission of a Request for Payment by the contractor on completed items of the scope of work or on the receipt of a request for homebuyer assistance. The Housing Manager shall review each payment

request and verify availability of funds prior to recommending payment to the Director of CP&D. The Director will approve payment based on CP&D staff recommendation and the Director's review. Requests will then be submitted to the City's Finance Department for check disbursement.

Project Completion: In accordance with 24CFR 92.502, upon completion of all project draw-downs, CP&D staff shall enter project completion information into IDIS and DRGR within 120 days of the final project drawdown. CP&D staff shall obtain a project ledger sheet or similar document from the Finance Department for the purpose of preparing a funding close-out form. This form shall indicate all expenses incurred in connection with the project, with the exception of lodging expenses. The form shall also indicate any unused funds. CP&D staff shall obtain the property owner's signature on this form and provide the owner a copy.

The staff shall transmit the funding close-out form to the Finance Department by memorandum from the CP&D Director. The CP&D staff shall indicate, in such memorandum, the existence of any unused funds which shall be credited to the account of the property owner by the Finance Department and applied to reduce principal balance of applicable loan.

The City of North Miami may commit additional CDBG, HOME or NSP funds, as applicable, to a project up to one year after project completion, but the amount of CDBG, HOME and NSP funds in the project may not exceed the maximum per-unit subsidy amount established by the City for these program guidelines. In the case of HOME-assisted units, the maximum per-unit subsidy must not exceed limits established by HUD under Section 92.250 of the HOME regulations. For CDBG-assisted units, the maximum per-unit subsidy must not exceed amounts determined by the City in its Consolidated Plan and these housing program guidelines and should not be excessive. For NSP assisted units, the amount cannot exceed those outlined in the City of North Miami's substantial amendment.

CONSTRUCTION PROCEDURES

Construction activities under CP&D housing programs shall be conducted using the following two approaches:

1. For single family housing rehabilitation using CDBG, HOME and NSP funds, CP&D staff shall be responsible for the initial inspection and work write up, bid process, building contractor selection, progress inspections, and processing of payment requests and change orders.
2. For rental housing rehabilitation using CDBG, HOME or NSP funds and all activities being undertaken by Community Housing Development Organizations (CHDOs), CP&D staff has less involvement. CP&D staff will not conduct or administer the initial inspection, work write up, bid process and contractor selection but must review and approve work write up and contractor selected. CP&D staff shall be responsible for progress inspection and processing of payment requests and change orders.

Contractor Selection: As part of the review process, CP&D staff will review the contractor qualifications and that of other members of the development team. Housing Rehabilitation or Construction projects will be approved only to licensed building contractors who have been pre-qualified according to requirements contained in the City's "Contractors Guide." In order to be considered for participation in any of the programs, a building contractor must meet the following requirements:

1. Complete a Contractor application provided by CP&D staff
2. Complete a signature verification form provided by CP&D staff
3. Complete a Verification of Account form provided by CP&D staff
4. Copy of a valid State of Florida General Contractor's license
5. Copy of any required local license
6. Copy of current occupational licenses from Miami Dade County and the City
7. Proof of Workman's Compensation and General Liability Insurance in amounts determined by the City.

Rental Housing & CHDO Activities: Since private sector financing is involved in some of the housing programs and many lenders also prequalify contractors, CP&D staff shall accept the lenders certification of the contractor, where applicable but must receive a copy of the relevant builder's packet for file purposes.

In the case of CHDO activities, if the CHDO has not identified a contractor, CP&D staff will work with the CHDO and the lender to identify and prequalify a contractor. The CHDO shall use CP&D's multi-family or single family rehabilitation bid process and selection criteria to solicit contractors for rehabilitation projects. For new construction projects, the CHDO or other non-profit involved must solicit for and make best efforts to secure at least three designs/models and prices according to consistent specifications as to square footage, number of bedrooms, baths, etc. As soon as a contractor is selected, the individual homeowner or corporate entity shall execute an AIA contract with the applicable contractor and a copy provided to CP&D. The following are bid requirements for guidance to non-profit and for-profit participants under the CDBG, HOME and NSP programs:

- o A pre-rehabilitation inspection for rehabilitation activities must be completed and new construction plans should have local approvals, prior to starting work.
- o Preparation of a work write-up or plan specifications in sufficient detail to allow for cost breakdowns by major work areas.
- o Contractors preparing proposals must hold a current State of Florida Contractor's License applicable to the type of work proposed.

- Three bids are required for all new construction.
- The non-profit, in concert with the owner and with final CP&D approval, will select the most responsive bid (not necessarily the least costly).
- The proposal will be reviewed for:
 - Contractor eligibility, as determined by the non-profit and/or lender verifications and approved by CP&D staff.
 - Cost reasonableness as defined as plus or minus ten (10%) percent of the CP&D cost estimate.
 - A complete work write-up or plan specification which covers all required property standards as outlined in these housing program guidelines.
- Any reasonable payment schedule and proposal not meeting these requirements will be returned to the non-profit and/or lender with instructions as to needed corrections.

CP&D's Housing Inspector shall request and review all new construction and rehabilitation specifications for cost reasonableness. A detailed cost breakdown for new construction projects and a rehabilitation work write up for rehabilitation projects in a form approved by CP& D must be submitted by the CHDO or other entity. The CP&D Inspector shall inform the CHDO or other entity of any required changes, if applicable and shall submit the final specifications to the Housing Manager for final approval.

Homeownership Rehabilitation and First Time Homebuyers: The City's Approved Contractor List will be used to solicit contractors to perform the work detailed in the work write-up for single family rehabilitation. Contractors are required to first visit the applicant's property to acquaint themselves with the existing conditions before submitting a bid. Solicitations with specified response dates and times and copies of the work write up will be provided to eligible contractors. Bid openings are open to bidders, applicants, and the general public. On the specified date and time, the bids will be opened at CP&D's office and recorded. The designated CP&D employee shall open the bids and announce total bid. The announced totals shall be recorded on a spreadsheet showing each bidder's name and total amount of the bid. After all bids are opened and announced, CP&D staff shall calculate the sum of all the individual items contained in each bid to check for discrepancies between such sum and the amount read at the bid opening. Where a discrepancy exists in a bid between the true and correct sum of itemized costs and the total announced at the bid opening, the true and correct mathematical sum of itemized costs shall prevail and the spreadsheet shall be noted accordingly.

CP&D shall review all bids carefully and shall make a determination on the lowest responsive bidder that best meets the terms, conditions, and specifications of the bid and that will result in the best interests of the applicant and CP&D. In addition to determining the lowest responsive bid, CP&D staff shall also evaluate the bid to determine if it is within the maximum amount of assistance under the program and that the GPI items do not exceed the 10% cap. If the total of the lowest responsive bid exceeds the maximum assistance, CP&D staff shall work with the contractor and the applicant to adjust the scope of work to conform to the program limits. If the GPI cap exceeds 10%, CP&D staff shall work with the contractor and the applicant to adjust the scope of work to conform to the program limits. This can be achieved by deleting one or more GPI items. Any changes to the scope of work shall be recorded by a change order as a part of the construction contract after the assistance has been approved.

Based on the above review and actions, CP&D staff shall recommend selection of the lowest responsive bidder both for construction and extermination, if applicable. If the applicant is not satisfied with the selected contractor and wishes to select another bidder, the difference in cost

between the lowest bidder and the one selected by the applicant shall be funded by the applicant. Notwithstanding the above, the City of Miami reserves the right to reject any and/or all bids when such rejection is in the interest of the City to reject the bidder who has not met the prerequisites of the bid proposal, who has previously failed to perform properly or complete on time contracts of a similar nature; and to reject proposal of a bidder who is, in the opinion of the City, in a position to perform the contract. The City also reserves the right to waive any information and technicalities in bidding.

Selection Criteria

Beyond the threshold criteria of licensing, insurance, etc. as outlined above, the determination of "responsiveness" in bidding shall be based on a review of the following criteria:

- Experience with similar projects in the previous 12 months, at a minimum.
- Capacity to provide services timely based on a current list of subcontractors and staffing
- Current workload
- Past performance in terms of cost control, quality of work and compliance with performance schedules

Notice to Proceed & Commencement: Upon final approval of the project specifications, the selection of the contractor, the execution of an AIA Contract between the applicant owner and the contractor, CP&D staff shall issue a Notice to Proceed and Notice of Commencement to the contractor.

CP&D staff shall ensure that a certified copy of the recorded Notice of Commencement/ is obtained from the City Records Department. A file copy shall be retained, with the certified copy given to the assigned Inspector to post at the property. Posting shall be on the inside of a clear glass window or door on the front of the property where it is easily legible by contractors/subcontractors. A copy of the applicable building permit shall be posted at the site.

CP&D requires that signage be posted at all construction sites. This signage shall include the percentage of the total cost, which will be financed with federal monies (local included) and the actual dollar amount of federal funds for the project. A list of all participants involved in the financing should also be posted; North Miami CP&D and names of the Mayor and Council members must be prominently displayed within the signage. The contractor of record is responsible for the adherence to this policy.

Construction Draw Requests: The contractor, along with the property owner, shall prepare a draw request schedule consisting of no more than five and no less than four draw requests and provide copies to all lenders. CP&D staff shall inspect work in progress being performed by the contractor and review and approve all construction draws made against the contract. The property owner shall also approve all work requested for payment. Subject to the requirement of other lenders, a ten percent (10%) retention amount shall be deducted from each progress draw and released at the completion of the work in conjunction with the final payment. In addition to their CP&D staff inspections, the CHDO shall ensure that the other funding sources such as the private lenders perform their own inspections and approvals. As an alternative, the lenders including the City shall agree to an independent inspector approved by all to conduct inspections and forward the results to the City and other lenders. CP&D staff shall only approve work that is determined to be installed and in place as per draw request schedule and specifications. CP&D staff shall review and submit all requests for payment to the Housing Manager for final approval by the Director. Upon completion of the work, the general contractor shall ensure that all work has been approved by the City's building department and that he or she has received partial or

final releases of liens from all subcontractors and vendors who have filed a Notice to Owner. Releases of liens shall be provided along with draw requests.

During construction, change orders for unforeseen code-related items necessitating an increase in contract amount may be approved by the Housing Manager provided contingency funds are available. If contingency funds are exhausted, and unforeseen code-related items still need to be addressed, the owner's or other lender's funds must be used. If funds are not available from the owner or another lender, the owner may seek additional funding from the City Council via a request to the Director who will determine the necessity for the change and recommend approval or disapproval.

The contractor shall request a final inspection by CP&D staff which shall be followed by CP&D providing the contractor with a punch list of deficiencies to be completed prior to final payment if such deficiencies exist. When the work is fully completed, CP&D shall obtain the CHDO/Owner's approval of final payment and make payment subject to receipt of Certificate of Occupancy, contractor's release of lien and contractor's warranty. The warranty given by the contractor shall be for a one-year period from date of completion for all work except that any roof work shall be warranted for a period not less than five-years. The contractor shall also provide the applicant with manufacturer's warranties for equipment and appliances. Extermination, if necessary, shall be carried out after completion of rehabilitation work. A Housing Quality Standard (HQS) compliance form shall be completed for each project.

PROGRAM MONITORING AND COMPLIANCE:

Projects receiving CDBG, HOME or NSP assistance shall be monitored by CP&D staff to ensure compliance with regulations and recordkeeping requirements at 24CFR part 570 and 24CFR part 92 of the federal regulations and all other applicable regulations outlined in Section II of CP&D's housing program guidelines. The compliance requirements shall be implemented using the following activities:

1. **Compliance with agreement requirements:** CP&D shall prepare funding agreements with property owners, CHDOs and others. In accordance with section 570.503 of the CDBG regulations and section 92.504 of the HOME regulations, before disbursing any CDBG, HOME or NSP funds to any entity, the City shall enter into a written agreement with that entity. The written agreements must ensure compliance with the regulations. The agreements should contain, at a minimum, the following provisions:
 - The use of CDBG, HOME or NSP funds in a detailed manner to facilitate monitoring including the tasks to be performed, a completion schedule, and a budget.
 - Affordability requirements in accordance with CDBG, HOME or NSP program regulations.
 - Documentation and use of program income, where applicable.
 - Project and program requirements including but not limited to property standards, labor standards, environmental review, and lead hazard reduction as outlined in Section II of CP&D housing program guidelines.
 - Records and Reports required to be maintained such as annual income verification for rental projects.
 - Enforcement of the agreement providing for means to ensure that the program requirements are met such as liens, covenants, and other restrictions.
 - Disbursement of funds procedures including documentation for payment or reimbursement of costs and eligibility of costs.
 - Duration of the agreement must be specified. If housing assisted under this agreement is rental housing, the agreement must be in effect through the affordability period required Section 92.252 of the HOME regulations. If the housing assisted under this agreement is homeownership housing, the agreement must be in effect at least until completion of the project and ownership by the low-income family under section 92.254.
 - If the non-profit owner or developer is a community housing development organization and is using set-aside funds under section 92.300, the agreement must include the appropriate provisions under sections 92.300 and 92.301.
 - Rental project owner(s) must agree to maintain any and all applicable records and have them available annually for review, upon request. Agreements shall contain provisions protecting tenants and ensuring that rents are affordable in compliance with CP&D housing guidelines.

2. **Field Inspections:** CP&D's Inspector will monitor work progress during rehabilitation/construction. A field inspection report will be documented at each inspection of the project. All work requiring a permit shall have one. The permit issuing agency shall be contacted to perform all rough-in and final inspections required of the permit related work. A final inspection will be conducted and a Certificate of Completion issued. All parties involved (owner, contractor and CP&D representative) will sign a completion form before final payment is authorized. In addition, a Certificate of Occupancy will be issued by the City when it is determined that the units are habitable and meet health and safety standards and applicable codes.

CP&D staff may also conduct inspections to monitor compliance with rental project requirements or with occupancy status on assisted single family housing. Monitoring can consist of review of tenant files and interview with property owners.

3. **Verification of Occupancy:** Each year, CP&D staff shall mail letters to all property owners requesting each owner to verify that they still occupy the home as a main residence. Staff may also use the records of the Dade County Property Appraiser related to homestead exemption to verify status.
4. **Use of Minority-Owned Business Enterprise (MBE)/Women-Owned Business Enterprises (WBE):** The owners of rental properties assisted with CDBG, HOME or NSP funds shall be required to keep information on efforts to recruit MBE and WBEs. CP&D will document a subcontractor list for each project. The form will be completed by the General Contractor prior to distribution of City funds and it will be the responsibility of the General Contractor to notify the CP&D with pertinent information or changes. Data on the form will be used to monitor and document the program benefit to MBE/WBE contractors and such information shall be made available to the CP&D Office.
5. **Income Certifications - Initial and Long-term:** The owners of rental properties assisted with HOME or CDBG funds shall be required to certify that more than 51% CDBG-assisted units are occupied by households which qualify as low-income families (incomes not exceeding 80 percent of the median family income for the area). CPD staff shall require the property owner to obtain income verifications from each tenant at initial occupancy and provide copies of the verifications to CP&D for review. The owners of rental properties shall recertify the income of their tenants in CDBG or HOME-assisted units annually during the term of the loan. Under the NSP program, tenants occupying rental units must have incomes of no more than 50% of the median as published by HUD on an annual basis and rents cannot exceed the fair market rents. Tenants do not need to be recertified on an annual basis but any new tenant moving into the unit must be income certified prior to occupancy.
6. **Labor Standards:** CP&D staff shall require owners, contractors, subcontractors, and other participants to comply with regulations issued under Davis Bacon Acts and with other federal laws and regulations pertaining to labor standards and HUD Handbook 1344.1 (Federal Labor Standards Compliance in Housing and Community Development Programs) as applicable. The City shall require certification as to compliance with the provisions of this section before making any payment under such contract and shall monitor the project to ensure compliance through periodic reporting.

7. **Rent Limits:** Each year, the CP&D shall provide property owners of rental housing with the published rents for the area as established by the U. S. Department of Housing and Urban Development (HUD).

Section 3:

Section 3 is a provision of the Housing and Urban Development (HUD) Act of 1968 that helps foster local economic development, neighborhood economic improvement, and individual self-sufficiency. The Section 3 program requires that recipients of certain HUD financial assistance, to the greatest extent feasible, provide job training, employment, and contracting opportunities for low- or very-low income residents in connection with projects and activities in their neighborhoods.

Businesses will be encouraged to recruit Section 3 residents in public housing developments and in the neighborhoods where the HUD assistance is being spent. Effective ways of informing residents about available training and job opportunities are:

- Contacting resident organizations, local community development and employment agencies
- Distributing flyers
- Posting signs
- Placing ads in local newspapers

Recipients of federal funds are required, to the greatest extent feasible, to provide all types of employment opportunities to low and very low-income persons, including permanent employment and long-term jobs.

Recipients and contractors are encouraged to have Section 3 residents make up at least 30 percent of their permanent, full-time staff.

- 3.A Section 3 resident who has been employed for 3 years may no longer be counted towards meeting the 30 percent requirement. This encourages recipients to continue hiring Section 3 residents when employment opportunities are available.