

RESOLUTION NO. 2011-61

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA APPROVING THE HOUSING ASSISTANCE PLAN (HAP) FOR DEPARTMENT OF COMMUNITY AFFAIRS SMALL CITIES COMMUNITY DEVELOPMENT BLOCK GRANT NEIGHBORHOOD STABILIZATION PROGRAM (NSP).

RECITALS

WHEREAS, St. Johns County Resolution No. is required to develop a Housing Assistance Plan (HAP) providing the procedures and methods chosen to administer Neighborhood Stabilization Program (NSP) funds locally, and

WHEREAS, Approval and adoption of an amended CDBG NSP Housing Assistance Plan has been requested by DCA NSP staff as a requirement for administering the Community Development Block Grant (CDBG) NSP program; and

WHEREAS, Staff and grant consultants have worked with DCA NSP staff to incorporate all required and necessary language and information in the CDBG NSP Housing Assistance Policy; and

WHEREAS, the attached and incorporated CDBG NSP Housing Assistance Policy, will serve the overall interests of the County.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA,

Section 1. The Board approves and adopts the attached and incorporated Department of Community Affairs Small Cities Community Development Block Grant Neighborhood Stabilization Program Housing Assistance Plan for St. Johns County.

Section 2. To the extent that there are typographical and/or administrative errors and/or omissions that do not change the tone, tenor, or context of this Resolution, then this Resolution may be revised without subsequent approval of the Board of County Commissioners.

PASSED AND ADOPTED this 15th day of March 2011.

**BOARD OF COUNTY COMMISSIONERS
ST. JOHNS COUNTY, FLORIDA**

By: J. Ken Bryan
J. Ken Bryan, Chair

ATTEST: Cheryl Strickland, Clerk

By: Ben Halterman
Deputy Clerk

RENDITION DATE 3/18/11

ST. JOHNS COUNTY
FFY 2009 COMMUNITY DEVELOPMENT BLOCK GRANT
NEIGHBORHOOD STABILIZATION PROGRAM (NSP)
HOUSING ASSISTANCE PLAN
REHABILITATION/REPLACEMENT/TEMPORARY
RELOCATION GUIDELINES AND
GENERAL INFORMATION FOR PARTICIPANTS
Revised January 30, 2011

I. INTRODUCTION

The national foreclosure crisis has drastically impacted the local community and families living within our community resulting in vacant, abandoned and foreclosed properties. The large number of vacant and abandoned properties in the community threatens the stability of the local housing market and the viability of the neighborhoods within the community. The current circumstances invite crime and discourage further investment in the community.

The Neighborhood Stabilization Program (NSP) is a Federally Funded Program in which funds are provided to the County to address foreclosed and abandoned properties in the areas of greatest need within the community. Neighborhood Stabilization funds on the local level will be utilized to provide affordable housing to very low income, low to moderate income and moderate to middle income families. St. Johns County will utilize NSP dollars to purchase and rehabilitate foreclosed properties. These rehabilitated properties will be made available through purchase and rental to qualified families who make a maximum of 120% of the area median income (AMI).

II. GENERAL

This purpose of the information provided herein is to advise potential program participants of the guidelines by which the County will operate its Neighborhood Stabilization Program. These guidelines have been established to give a program overview and procedures to ensure compliance with the requirements established by the Florida Department of Community Affairs (DCA) and Federal Department of Housing and Urban Development (HUD) for the Neighborhood Stabilization Program. The information contained herein is subject to change upon action of DCA, HUD, or the St. Johns County Commission.

This is confirm that St. Johns County will not discriminate on the basis of RACE, CREED, COLOR, SEX, RELIGION, ETHNICITY, HANDICAP, AGE, NATIONAL ORIGIN, OR FAMILY STATUS. Individuals residing in the County are also protected by the State's Fair Housing Act, Sections 760.20, 760.22, 760.23, and any amendments thereto.

St. Johns County has established a Citizen's Advisory Task Force (CATF) to serve as an oversight committee. This committee will meet as needed to ensure that the program is operating in accordance with all Local, State, and Federal requirements.

III. METHOD OF IMPLEMENTATION

The NSP may be carried out by County Staff, Sub-recipients, Developers or a combination of these entities. To select Sub-recipients and Developers, the County will follow its standard procurement process.

IV. TYPE OF ASSISTANCE

To select participants in both the Home Ownership and Rental Strategies, the following steps will be taken:

1. A display advertisement will be placed in one or more local newspapers of general circulation advising local citizens of the availability of grant funds and establishing a convenient time and place for interested citizens to obtain information and pick up application forms to allow them to be considered for inclusion in the program. Applications will be accepted by the County for a minimum of twelve (12) calendar days after the notice is placed.
2. A list of qualified applicants will be compiled by each of the Non-Profit and/or For-Profit Housing Organizations selected by the County to participate as a sub-recipient and/or developer to help carry out one or more NSP strategies. The sub-recipient and/or developer shall submit to the County a list of potential applicants who are eligible to participate in the NSP strategy or strategies the sub-recipient is involved with. All applicants being considered as possible NSP beneficiaries must qualify for participation under the strategy they are being recommended in. The steps carried out by the sub-recipient to solicit for applicants and the criteria used to rank the applicants must also be made available to the County.
3. The County's list of eligible SHIP applicants shall be included for consideration as potential beneficiaries. All applicants considered under this program must qualify under the strategy in which they are proposed. The steps taken by the County to solicit for applicants and the criteria utilized to rank them must also be made available.
4. Local organizations which normally work with clientele that could qualify for the program will be contacted and a list of possible applicants obtained from each of them. This list will then be reviewed and potential participants who qualify will be contacted to determine if they are interested in participating in the program.

Rental Housing Strategy

In a situation where there are more rental applicants than NSP housing units available the following ranking criteria will be utilized to rank qualified applicants:

1. Applicants that were on the local government's affordable housing waiting list, a sub-recipient's waiting list, a developer's waiting list, or the waiting list of the non-profit or for-profit entity to whom the ownership of the properties are transferred for eligible participants.
2. Applicants with a disabled and/or handicapped heads of household.
3. Applicants with a Heads of Household over 62 years of age.
4. Where the available rental unit is sufficiently sized, applicants with large families (five or more).
5. Applicants with small families (four or less).

Through the marketing process for the rental properties, the County NSP representative, the sub-recipient, the participating developer, non-profit entity to whom the ownership of the properties has been transferred, for-profit entity to whom the ownership of the properties has been transferred or consultant will meet with each applicant and discuss the requirements of the program. This shall include providing an informational packet to the applicants. The informational packet shall include, at a minimum, a copy of the Housing Assistance Plan and Lead Based Paint warning information, application form and other appropriate documents.

All applicants will be required to complete a pre-approval application and provide all requested back up documentation required to determine their program eligibility. When requested, the applicant shall provide any additional and updated information to document changes in household income and/or composition.

At least 5 working days prior to renting each housing unit, the rental housing sub-recipient, developer, non-profit entity to whom the ownership of the properties has been transferred, or for-profit entity to whom the ownership of the properties has been transferred will provide county staff with a list of qualified applicants for occupancy of the rental housing unit along with proof of their program eligibility. Additionally, the entity qualifying the applicant shall provide evidence no conflict of interest exists between the rental housing applicant and members of the CATF, St. Johns County Board of County Commissioners (BCC), County Staff, representatives of the consultant or consultants managing the project, rental housing sub-recipient, developer, non-profit entity to whom the ownership of the properties has been transferred, for-profit entity to whom the ownership of the properties has been transferred or property rental agent.

Homebuyer Strategy

Homebuyers will be qualified to participate in the NSP homebuyers program upon submitting a completed NSP CDBG application to the County's NSP resale strategy sub-recipient or the County's NSP resale strategy Developer. The complete NSP CDBG application shall include an acceptable first mortgage pre-qualification letter from an eligible first mortgage lender

Through the marketing process for the ownership properties, the County NSP representative, the sub-recipient, the participating developer or the consultant will meet

with applicants and discuss the requirements of the program. This shall include providing an informational packet to applicants. The informational packet shall include, at a minimum, a copy of the Housing Assistance Plan, Lead Based Paint warning information, application form, and other appropriate documents.

Homebuyer Selection Process

1. When the County's sub-recipient and/or developer determines a sufficient number of housing units are available for resale, the County, sub-recipient and/or developer shall send a certified letter to all eligible program participants, return receipt requested. The Certified letter shall include a list of the NSP housing units available for resale. The letter shall also include a sales price for each property that the participant qualified for under its 1st mortgage prequalification letter and the dates and times of at least two open houses to be conducted at each property listed. Each open house shall be for a minimum of two hours in duration and held during daylight hours. One of the open houses at each property shall be on a weekday and the second opened house shall be held on a Saturday. The letter sent to each participant shall establish a period of time of at least fifteen (15) calendar days, from the participant's receipt of the letter, in which the participant can select up to five (5) housing units, in prioritized order, the Participant, is interested in purchasing. The participant's property selection sheet shall be submitted to the County, County's sub-recipient or developer prior to the end of the participant's fifteen day property review period which may end on the date of the last open house.
2. Once the time period has passed for all participants to submit property purchase selection ballot to the County, County's sub-recipient or County's developer, the County will develop a list for each property of all program participants who have included a specific property on their selection ballot of properties they wish to purchase. Each participant who included a specific property on their selection ballot will be given an arbitrary sequential number for that property. Sequential numbers will be based upon the participant's position on the list developed utilizing the participant's alphabetical position by last name. If two or more participants have the same last name, position of the list will encompass the last name and then the first name. The list will include all participants who expressed an interest in purchasing the specific property. A set of sequential numbers equal to the total number of participants interested in a particular property will be submitted to a randomizer web site. The randomizer web site will place the number of interested participants in a random order based upon the random number established for each participant for the specific property. The first number on the randomizer's list will receive the highest ranking. The order of priority for all participants will be based upon the order of the remaining numbers on the list developed by the randomizer web site. Once the program participant's random order selection process has been completed for all of the available properties, the participant that is ranked first by the randomizer will have the opportunity to enter into a purchase contract for the specific property. If a participant is selected as the first ranking participant on more than one property, the participant will be given the opportunity to enter into a contract for the purchase of the highest ranking property on the participant's submitted selection ballot, taking

into consideration the properties the participant received first ranking on. If a number one ranked participant decides not to enter into a contract on a specific property, the second ranked participant will then be offered the property for purchase. This option will be offered to all of the individuals who expressed an interest in the property in priority ranking order until a participant elects to enter into a contract and is able to purchase the specified property. Once notified of their option to enter into a contract for the purchase of a particular property a participant will have five (5) working days from formal notification to enter into a contract with the St. Johns County Housing Finance Authority for purchase of the housing unit. At the end of the five (5) working day period, if a purchase contract has not been entered into, the property will be offered to the next ranking participant on the list who has not entered into a contract on a property.

3. Once a ranking participant elects to enter into a contract for the purchase of the property, a detailed income verification for each of the individuals who will be living in the household will be carried out.
4. The individual must obtain first mortgage private lender financing for the original amount approved prior to closing on the property.

All applicants will be required to complete a pre-approval application and provide all requested back up documentation required to determine their program eligibility. When requested, the applicant shall provide any additional and updated information to document changes in household income and/or composition.

Prior to the closing on each housing unit, the County, County's sub-recipient and/or developer shall provide a list of qualified applicants for purchase of the resale housing units to the St. Johns County Housing Finance Authority, CATF, and St. Johns County Board of County Commissioners. The St. Johns County Housing Finance Authority, CATF and Board of County Commissioners will review the list of potential homebuyers to ensure a Conflict of Interest does not exist with anyone on the list.

All program beneficiaries who will be purchasing housing units will be required to attend, at a minimum, 8 hours of approved credit counseling. The credit counseling shall be provided by a HUD certified organization prior to final approval of the beneficiary through the NSP Program.

General Provisions

There will be no acquisition or rehabilitation of mobile homes, modular homes or other forms of manufactured housing with NSP dollars under this program.

All recipients of properties purchased under the local NSP program will be required to provide proof of insurance at closing and maintain homeowners insurance including, at a minimum, fire, liability, causality and, theft insurance. The owners of all properties purchased with NSP funding that are located in a flood zone must provide proof of flood insurance at closing and maintain flood insurance for the life of the mortgage.

All required insurance policies must be maintained for the length of time the mortgage with the local government is in effect.

Developers will be allowed a developer's fee (maximum of 12% of the line item activity budget) and Sub-recipients will be allowed the actual cost for:

1. Marketing the property;
2. Finding and qualifying applicants for purchase or rental of the property
3. Assisting prospective home buyers in obtaining fixed rate mortgages.
4. Working with local government staff and the consultant to verify that all grant requirements are being adhered to.
5. Providing for the maintenance of the property during the period of time that the property is owned by the sub-recipient or developer.
6. Assisting the applicant with the home buying process.

1. REHABILITATION STANDARDS

Neighborhood Stabilization Program funds will be utilized to purchase foreclosed, abandoned, deed in lieu of foreclosure and/or blight properties in predetermined target areas. Residential structures purchased under this program that are not deemed beyond feasible repair (repairs exceeding 50% of the value of the structure) will be rehabilitated as needed to meet the following:

1. HUD Section 8 Housing Quality Standards (24CFR982.401)
2. Local Zoning Requirements
3. State of Florida Building Code
4. The local building code
5. Modern, Green Building and Energy-Efficiency Improvements
6. Florida Energy Efficiency Code for Building Construction (Newly Constructed Housing Units)
7. Accessibility requirements of 24 CFR Part 8, 24 CFR 100.201, and 24 CFR 100.205
8. For manufactured housing, 24 CFR Part 3280 (Preempts state and local codes covering the same for manufactured housing). **Manufactured Housing is not addressed under this plan.**

Residential Housing Units purchased that are determined to be beyond feasible rehabilitation will be demolished. In a situation of newly vacant property/land where a residence was demolished County staff will consider a new home being constructed on the property or land banking the property for the construction of a residence for a family or families making below 120% of AMI in the foreseeable future.

Parcels and residential structures purchased under this program will be purchased at no more than ninety-nine (99%) of the current appraised market value of the property. Current appraised value will be determined by an appraisal which was completed by a

licensed real estate appraiser within 60 days of the closing on the property. No property shall be purchased under this program when the purchase price will exceed ninety-nine (99%) of the property's current appraised market value.

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

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

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

The County will not exercise any powers of eminent domain as part of the NSP Program.

The Housing Specialist will assign a case number and evaluate each property being considered for purchase under the program. The initial inspection will result in a report of finding which will be used in the consideration for purchase.

All contractors will be required to maintain and provide proof of builders risk insurance on all new construction and rehabilitation contracts under the NSP Program.

The County will advertise for contractors in a newspaper published in a Metropolitan Statistical Area (MSA) with circulation throughout St. Johns County. The County will allow contractors a minimum of 15 days to submit prequalification packages. All contractors must be pre-approved prior to bidding on projects. Pre-approval will include completion of pre-qualification package, providing proof of proper licensing through the Florida Department of Business and Professional Regulation, proof of insurance, providing proof of liability and worker compensation insurance (provided waivers will be evaluated), providing references and background documentation.

Contractors who have a potential conflict of interest with any recipients, sub-recipients or potential beneficiaries will not be allowed to submit bids or perform any work under the NSP program.

A list of prequalified contractors will be developed and maintained.

Bid specifications meeting the criteria of the program will be developed on each property by the Housing Specialist.

Bid specification packages and contracts for multifamily projects with eight (8) or more units will include Federal Labor Standards requirements, including Davis Bacon

compliance, Labor Standards provisions, Section 3 requirements and other applicable Federal labor requirements.

Prequalified contractors will be notified in writing of all available bid packages and mandatory bid walkthroughs. Only bids received by prequalified contractors who had a representative attend the mandatory bid walkthrough will be considered for contract award. Bids will be received by the County, the date and time the bids are due as well as the public bid opening date will be specified in the bid specifications. All bids will be publically opened as stated in the contractor bid notification. Bids will be evaluated and the lowest qualified bid will be recommended for approval.

All bids will be presented to the St. Johns County Commission for final approval.

Contractors will only be awarded three (3) NSP construction contracts at any one time. This number may be increased at the discretion of the County based upon the contractor's demonstrated capacity to assume additional work.

Each construction contract will include a draw schedule, defined late penalties and the allowed number of days to complete the project.

A Notice of Commencement will be recorded for each property after contract execution.

A Notice to Proceed will be issued for construction.

All construction projects will require permitting through the local building department.

The housing specialist will perform random on site inspections during construction in addition to scheduled inspections as part of the draw request process.

A copy of all requests for payments will be submitted by the contractor to the local government representative and housing specialist.

All requests for payment submitted by the contractor shall include evidence of all required building department approvals and partial or full lien releases.

The final request for payment must include a Certificate of Occupancy or a Certificate of Completion from the local building department, full release of liens from the contractor, all sub-contractors and material suppliers and a statement from the contractor that all items on the initial work write up as modified through change orders have been completed.

At the final walkthrough, the contractor is to provide the Housing Specialist with a notebook containing all new appliance booklets, new HVAC information and all warranties associated with the project as per the bid specifications.

The contractor will submit a copy of the Certificate of Occupancy or Certificate of Completion from the local building department along with the Contractor's Certification

of Completion to the Housing Specialist. Upon the receipt of this information, the Housing Specialist shall issue a final inspection report certifying the residence meets the applicable local code and Section 8 Housing Quality Standards.

No change orders are to be considered approved until fully executed by the contractor, local government, appropriate sub-recipient and housing specialist.

No change order will be considered over one thousand dollars (\$ 1,000.00) unless it is to address a building code violation, Sections 8 Housing Quality Standard issue, local code or health and safety issue.

The household composition of an applicant family must meet the minimum requirements of the Section 8 Minimum Property Standards to qualify for the unit being considered for purchase or rental.

___ No more than two (2) persons of the same sex may occupy the same bedroom or other recognized sleeping area.

___ Two (2) persons of the opposite sex may not occupy the same bedroom or other recognized sleeping area (excluding husband and wife).

Any housing units located within a designated flood plain being considered for acquisition and rehabilitation must have a floor elevation above the FEMA 100 year flood zone elevation.

All new construction carried out in a flood zone shall be placed a minimum of twelve inches (12") above the FEMA 100 year flood zone elevation.

The date of original construction of a structure will be determined by the County's property records and the data provided by the title search.

Information on all homes over 50 years of age that are proposed for inclusion in the NSP will be presented to the Florida Department of State Bureau of Historic Preservation. The package submitted to the Bureau of Historic Preservation shall include the proposed rehabilitation specifications and current pictures. The decision as to whether to proceed with the project will be based upon the guidance received from the State Bureau of Historic Preservation.

All residential housing units being considered for inclusion in the NSP program built prior to 1978 will be inspected by a licensed lead inspector. If lead is found exceeding the maximum safe amounts as specified by HUD and it is decided to proceed with acquisition and rehabilitation of the property, the lead will be abated based upon the direction of the lead inspector. The lead abatement process shall be included in the bid specifications. After the lead abatement has been completed the clearance test will be performed by the licensed lead inspector. Abatement will proceed until clearance is obtained.

2. RENTAL ASSISTANCE

The local NSPLI (Neighborhood Stabilization Program Low Income) Supplemental Allocation will be utilized to purchase and rehabilitate foreclosed, abandoned or blight structures. These structures will be brought up to Section 8 Housing Quality Standards and made available as rental properties to households with a combined household income which is less than 50% of the area median income (AMI). All potential tenants will be required to go through the full client application process to determine eligibility and ranking.

Non-NSPLI NSP funds used for rental properties will be utilized to purchase and rehabilitate foreclosed, abandoned or blight structures. These structures will be made available as rental properties to households with a combined household income which is less than 120% of the area median income. All potential tenants will be required to go through the full client application process to determine eligibility and ranking.

A deed restriction will be placed on each properties purchased with NSP funds providing that the residence must remain affordable to tenants for a minimum of twenty (20) years.

The organization(s) chosen by the County through a request for proposal process or other process acceptable to the County and allowed by the Neighborhood Stabilization Program regulations to purchase, rehabilitate, own and manage the rental properties is encouraged to have at minimum, five (5) years experience in the ownership and management of similar rental properties.

The rental property will be purchased by the selected non-profit or for profit organization. The local government will place a note and mortgage on each rental property purchased and rehabilitated with NSP funds. The note and mortgage will be for the lesser of the total amount of NSP funds expended on the property to pay the acquisition price and rehabilitation costs or the completed rehabilitation appraised value. The note and mortgage will be for a twenty (20) year term at a zero interest rate. The note and mortgage will be forgiven at a rate of twenty per cent (20%) per year beginning in the sixteenth year and will be satisfied at the end of the twentieth year. The total amount due on the note and mortgage will be due and payable to the County if title to the property transfers from the non-profit organization prior to the end of the twenty (20) year period.

A deed restriction will also be placed on the rental property requiring that the property remain affordable to the specified Area Median Income (AMI) group it is targeted at for a minimum of twenty (20) years.

All rents will be affordable based upon HUD's the tenant's income and the Annually Fair Market rent limits.

3. ACQUISITION PURCHASE ASSISTANCE

A notice will be placed in a newspaper with local circulation advising all local owners of foreclosed or abandoned properties including lending institution of the availability of the NSP program and of the local government's intent to purchase foreclosed, abandoned, blighted and deed in lieu of foreclosure properties.

A pool of eligible properties will be developed by utilizing information obtained from the County Clerk's office, information obtained from Realty Trac and information provided by the owners of eligible properties.

A request for proposals will be published soliciting local government agencies, non-profit and for-profit organizations that wish to assume the role as sub-recipients and/or developers in the local governments NSP program. The organizations selected will be utilized to acquire and rehabilitate foreclosed properties. The selected properties will either be utilized as rental housing or sold to eligible homebuyers as their primary residents.

All proposals received will be evaluated and ranked and the organization(s) will be chosen that have the ability to best address the activities included in the NSP program in the time allowed.

The proposed ranking will be submitted to the St. Johns County Commission for final action.

A sub-recipient or developer agreement will be executed with each approved organization.

The local government will contract with the organization(s) selected. Each organization will be provided with a list of available properties that meet the requirements of the program and from that list each organization will develop a list of properties they would like to purchase in order to carry out their strategies in the NSP program.

The properties being considered for acquisition will be inspected by the housing specialist and a written report and cost estimate will be prepared and presented to County staff to assist in determining which properties would best address the strategies to be carried out as part of the County's NSP program.

An appraisal will be carried out on the properties being considered for purchase.

No longer than sixty (60) days after the completion of the appraisal report on the property, a written offer to purchase will be submitted by the local government or their sub-recipient partner, to the property owner utilizing the Florida Association of Realtors purchase option contract which has been approved by the Florida BAR. Property purchase prices will not exceed ninety-nine (99%) of the property's current appraised market value.

Once the offer is accepted by the seller the following activities will be carried out:

- A property survey will be completed. If the property is located in a 100 year flood zone the survey will include information on existing floor elevations.
- A Phase 1 Environmental Assessment will be carried out on the property, if the property is located in or in close proximity to a known Brownfield area..
- A title search will be performed and the ability to obtain title insurance on the property will be determined.
- The current zoning of the property will be researched to verify the property is properly zoned for the intended use.

The property closing will take place at a title company or attorney's office.

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

4. RESALE PROPERTY DISPOSITION

The disposition of properties acquired in the resale strategy will be as follows:

1. The County, the County's Sub-recipient or the County's Developer will advertise for applicants.
2. Applicants will complete a NSP CDBG home purchase application and submit that complete application to the County's sub-recipient or the County's developer (as applicable). That application shall include an acceptable first mortgage pre-qualification letter from an eligible first mortgage lender and any other required information.
3. Applicants who submit a complete NSP CDBG application package will be considered "qualified homebuyers" to participate in the NSP CDBG home purchase program.
4. When the County's sub-recipient and/or developer determines a sufficient number of housing units are available for resale, the county, sub-recipient and/or developer shall send a certified letter to all eligible program participants, return receipt requested. The Certified letter shall include a list of the NSP housing units available for resale. The letter shall also include a sales price that the participant qualifies for under its first mortgage prequalification letter for each property and the dates and times of at least two open houses to be conducted at each property listed. Each open house shall be for a minimum of two hours in duration and held during daylight hours. One of the open houses at each property shall be on a weekday and the second opened house shall be held on a Saturday. The letter sent to each participant shall establish a period of time of at least fifteen (15) calendar days, from the participant's receipt of the letter, in which the participant can select up to five (5) housing units, in prioritized order, the Participant is interested in purchasing. The participant's property selection sheet shall be submitted to the County, County's sub-recipient or developer prior to the end of the participant's

fifteen day property review period which may end on the date of the last open house.

5. Once the time period has passed for all participants to submit property selection ballots to the County, County's sub-recipient or County's developer, the County will develop a list for each property of all program participants who have included a specific property on their selection ballot of properties they wish to purchase. Each participant who included a specific property on their selection ballot will be given an arbitrary sequential number for that property. Sequential numbers will be based upon the participant's position on the list developed utilizing the participant's alphabetical position by last name. If two or more participants have the same last name, position of the list will encompass the last name and then the first name. The list will include all participants who expressed an interest in purchasing the specific property. A set of sequential numbers equal to the total number of participants interested in a particular property will be submitted to a randomizer web site. The randomizer web site will place the number of interested participants in a random order based upon the random number established for each participant for the specific property. The first number on the randomizer's list will receive the highest ranking. The order of priority for all participants will be based upon the order of the remaining numbers on the list developed by the randomizer web site. Once the program participant's random order selection process has been completed for all of the available properties, the participant that is ranked first by the randomizer will have the opportunity to enter into a purchase contract for the specific property. If a participant is selected as the first ranking participant on more than one property, the participant will be given the opportunity to enter into a contract for the purchase of the highest ranking property on the participant's submitted property selection ballot taking into consideration the properties the participant received first ranking on. If a number one ranked participant decides not to enter into a contract on a specific property, the second ranked participant will then be offered the property for purchase. This option will be offered to all of the individuals who expressed an interest in the property in priority ranking order until a participant elects to enter into a contract and is able to purchase the specified property. Once notified of their option to enter into a contract for the purchase of a particular property a participant will have five (5) working days from formal notification to enter into a contract with the St. Johns County Housing Finance Authority for purchase of the housing unit. An earnest deposit of \$500 must be submitted to the County's Sub-recipient or the County's Developer (as applicable) at time of submission of the contract. At the end of the five (5) working day period, if a purchase contract has not been entered into, the property will be offered to the next ranking participant on the list. Once a ranking participant elects to enter into a contract for the purchase of the property, a detailed income verification for each of the individuals who will be residing in the household will be carried out.
6. The individual must obtain first mortgage private lender financing for the original amount approved prior to closing on the property.

7. At the end of the process described above, any remaining NSP resale properties will be made available to homebuyer applicants as the potential homebuyers are qualified for the NSP. Unsold Properties may be marketed by the County in either of the two ways described below:
 - a. The County, County's sub-recipient and/or developer may offer a real estate commission not to exceed three percent (3%) of the sales price of the property to the real estate broker bringing an executed real estate purchase agreement for one of the NSP available resale properties at the asking price. Real Estate Commissions shall be due and payable to the real estate broker only upon the buyer being determined eligible to participate in the NSP and purchasing the property.
 - b. The County, County's sub-recipient and/or developer may list the NSP properties with a real estate broker to market the properties to potential qualified homebuyers. In so doing, the County may offer a commission to the real estate broker listing a property not to exceed three percent (3%) of the sales price of the property and an additional real estate commission not to exceed three percent (3%) of the sales price of the property will be offered through the property listing real estate broker to the real estate broker bringing an executed real estate purchase agreement for one of the NSP available resale properties at the asking price. Both real estate commissions will be due and payable to the real estate brokers upon the buyer being determined eligible to participate in the NSP and purchasing the property.

5. HOME OWNERSHIP ASSISTANCE

For properties acquired with NSP funds and sold to a qualifying household, the buyer will obtain a principal mortgage from a financial institution, while the local government will provide the purchasing household with a second mortgage. The second mortgage will be for an amount that reflects the difference between the purchase price and the principal mortgage amount. The second mortgage will be a zero interest, deferred payment loan (DPL). The DPL will remain in place for a twenty (20) year term and will be due and payable at the transfer of ownership of the property, if transfer of ownership occurs during the twenty (20) year period. The DPL will be forgiven at a rate of twenty percent (20%) per year, beginning in the sixteenth year and would be satisfied at the end of the twentieth year. The Second mortgage will be limited to the following:

- An amount not to exceed one half (1/2) of the down payment required by the conventional first mortgage lender or one and three quarters percent (1.75%) of the sales price of the property, whichever is less.
- An amount not to exceed six percent (6%) of the sales price of the property for closing cost assistance. This closing cost assistance may be used to pay the buyer's recording fees, intangible taxes, stamps on the note, mortgage title insurance, wood destroying organism inspections, appraisal fees, property survey fees, credit reports, lender's document preparation fees,

underwriting fees, closing attorney's settlement fees, buyer's courier fees, prepaid property taxes, prepaid homeowner's insurance, prepaid flood insurance, and any other buyer fees included on the Department of Housing and Urban Development (HUD) closing statement for the property agreeable to both the buyer and the seller.

- Buyer's real estate broker's commission fee in an amount not to exceed three percent (3%) of the property sales price.
- An amount of gap financing equal to the difference between the purchase price of the property and the amount a mortgage lender selected by the buyer and approved by the County has committed to loan to the buyer for the purchase of the property through a thirty (30) year fixed rate conventional first mortgage utilizing the property being acquired as collateral, less the required down payment. The amount of the Gap Financing Assistance may not exceed an amount equal to thirty percent (30%) of the sales price of the property for participants with household incomes at or below eighty percent (80%) of the Area Median Income (AMI) for St. Johns County and twenty-five per cent (25%) of the purchase price for a buyer with household incomes between eighty one percent (81%) of AMI and one hundred twenty percent (120%) of AMI, less the required down payment assistance.

6. HOMEOWNERSHIP COUNSELING

All prequalified applicants that will be participating in the home ownership program will be required to attend a minimum 8 hours of HUD certified homeownership counseling prior to purchasing a property and must provide documentation of completion of the homeownership counseling course prior to scheduling a property closing. The tuition for the homeownership counseling course will be paid with NSP funding and must be scheduled through the local government or the sub-recipient.

7. CONFLICT OF INTEREST

Any member of the County Commission, CATF, local government employee, board member or employee of a sub-recipient or developer organization or a contract worker that are directly related to anyone working in the NSP Program, or relatives of any of these individuals as defined by HUD and Florida Statutes, shall be ineligible for program participation unless they are granted a waiver by the local government and the Florida Department of Community Affairs. This prohibition against participation in the NSP shall continue for one year after an individual's relationship with the local government, sub-recipient or contract worker has terminated.

Only certain conflicts of interest are eligible for consideration of a waiver by the Department of Community Affairs.

All conflicts will be addressed on a case by case basis to include consideration of possible waiver request.

All individuals with voting or decision making responsibilities related to the local NSP Program will be required to review a list of all potential beneficiaries and fill out documentation listing all potential beneficiaries they are related to or have a possible conflict of interest with. An affidavit detailing any potential conflicts of interest will be completed by all persons involved in the program.

For a person with a potential conflict of interest to be eligible to participate in the program, the following steps must be taken:

1. The applicant must declare on the application form that a conflict of interest may exist.
2. The local government must decide whether to proceed with requesting a waiver on the potential participant despite the conflict of interest.
3. If the person with whom the conflict of interest exists is a voting member of any organization participating in the NSP program that person must declare a conflict of interest and not vote on any items that relates directly or indirectly to the potential participant.
4. The local government Attorney shall prepare a written document stating in his or her opinion proceeding with the potential participant's residence would not violate any state or local laws.
5. A written request for waiver is sent by the County to DCA for review and comment.
6. If a waiver is obtained, the potential participant would be considered for final approval.

8. TEMPORARY RELOCATION

Temporary Relocation assistance will only be provided to qualified families that occupy a residential housing unit at the time of purchase of the residential housing unit with Neighborhood Stabilization Funding. Additionally, said families are approved as an eligible recipient of NSP funding either as a tenant in a NSP rental property that requires rehabilitation or as a home buyer whose residence will require some amount of rehabilitation or full replacement prior to the qualified family moving back into the residence.

Based upon the extent of the rehabilitation required to bring a residence in compliance with current code requirements or in a situation where a residential building is being replaced it may be necessary for all occupants of the building to relocate during the construction phase of the project. Prior to entering into a contract for purchase or lease

all approved applicants will be notified if they must temporarily vacate their residence to allow for the residence to be rehabilitated or replaced.

All residential structures that are vacated cannot be reoccupied until a Certification of Occupancy has been issued by the local building department, electricity and water have been turned on by the utility departments and all parties involved have accepted the construction work as complete and executed documentation to that effect. All parties involved include but are not limited to the Building Department, NSP recipient, sub-recipient organization and housing rehabilitation specialist must have accepted the construction work on the residential housing unit as totally completed based upon the construction contract including any change orders.

A. Moving Expenses

This procedure will take place, if required, through one of two methods:

1. Method One: The NSP recipient may choose to place the moving and storage of the qualifying family's personal belongings out for bid with the firm submitting the lowest acceptable bid being awarded the contract.
2. Method Two: The NSP recipient will provide the family with moving expenses totaling three hundred dollars (\$300.00). One hundred and fifty dollars (\$150.00) will be provided when the family moves their belongings from the dwelling unit to the central storage location and one hundred fifty dollars (\$150.00) will be provided when the family moves their belongings from the central storage location back to the dwelling unit after it has been rehabilitated or replaced.

The local government will receive price quotes from a minimum of three storage facilities centrally located to the area and provide the owner with a standard sized storage unit in the storage facility that provides the lowest price. The family may utilize the storage unit during the period of construction on their residential housing unit. The family is responsible for providing their own lock and maintaining all keys to the storage unit. All personal belongings shall be removed from the dwelling within 10 days of receipt of written notification to vacate the dwelling from the Project Manager. Vacating the dwelling shall include the removal of all trash and debris from the dwelling and the surrounding property. The owner is to remove all items from the storage unit and sweep out the storage unit within 10 days after receipt of written notification from the Project Manager of the Building Department's issuance of a "Certificate of Completion" or "Certificate of Occupancy" for the rehabilitation or replacement of the recipient's dwelling.

Method two provides the recipient with greater access to their belongings.

Neither the NSP recipient nor the Housing Specialist/Consultant shall hold any liability in loss, damage or theft of any or all personal belongings of the recipient. It is the family's responsibility to pack all belongings within 10 days of written notification to vacate the dwelling from the Project Manager. All trash and debris shall be removed by the family before a 'Notice to Proceed' will be issued to the rehabilitation or demolition contractor. The family is to remove all items from and sweep out the storage facility within 10 days after receipt of written notification by the Housing Specialist/Consultant of the Building Department's issuance of a "Certificate of Completion" or "Certificate of Occupancy" for the rehabilitation or replacement of the dwelling. It is the family's responsibility to provide insurance for their belongings during the moving and storage phase of their project at their own expense.

B. Temporary Relocation Allowances

Temporary relocation assistance will only be provided to families that are occupying a residence at the time it was purchased with NSP funds.

1. **Method One:** The NSP recipient will offer monthly allowances of one hundred dollars (\$100) for families of one or two persons that find their own living accommodations (i.e. friends, private homes, other family members, etc.) and two hundred dollars (\$200.00) for families with three or more members that find their own living accommodations. These funds will be provided by the NSP recipient to the participant to offset the increase in utilities, at the temporary relocation housing unit.
2. **Method Two:** If the family is unable to find temporary living accommodations as set forth in Method One above, the NSP family will work with the Housing Specialist/Consultant to find acceptable vacant housing to temporarily house the family. It is the local government's responsibility, along with the NSP recipient to locate affordable temporary relocation units. The local government will have final approval of the temporary replacement housing accommodations selected by the recipient. The local government utilizing proceeds from the NSP will pay the following costs associated with the rental of the temporary relocation housing unit:
 - a. The rental of the unit
 - b. The cost of the following utilities:
 1. Water and sewer
 2. Electricity
 3. Heating fuel
 4. Garbage collection
 5. Natural Gas
 - c. Deposits for the rental unit and/or the utilities. Any deposits that are lost due to the actions of the family shall be the responsibility of the family to repay to the local government.

Whether the family relocates to a private residence or has the local government provide a temporary housing unit, the participating family will be responsible for packing and unpacking all of their belongings.

Neither the local government nor the Housing Specialist/Consultant will be responsible for any items lost, stolen, or damaged during the temporary relocation process. The family shall be encouraged to make other arrangements to secure family valuables.

In the event the family is evicted from the temporary relocation unit due to the behavior of one or more members of his or her household the local government will not be responsible for finding other temporary housing for members of the family's household or for payment of any further costs associated with the relocation (i.e. rents, utilities, moving expenses). The only expense that will be allowed will be relocating the family back into their residence at the completion of the rehabilitation or replacement of the dwelling.

9. PERMANENT RELOCATION

There will be no permanent relocation involved in the Neighborhood Stabilization Project (NSP). Neither the local government nor any of their sub-recipients will purchase any housing units with NSP funds that are currently occupied by a family that has not qualified and been approved for assistance to remain at the location they currently reside at from the Neighborhood Stabilization Program.

10. LEAD BASE PAINT POISONING

IN NO INSTANCE SHALL LEAD BASED PAINT BE UTILIZED IN THE REHABILITATION OF A STRUCTURE. If property was constructed before 1978, there is a possibility it may contain lead-based paint. All properties built before 1978, not being replaced, will be tested for the presence of lead-based paint. Where lead-based paint is found, removal or abatement procedures will be included in the rehabilitation of the housing unit. Encapsulation will be the preferred method of addressing existing lead-based paint where feasible.

11. CLOSEOUT DOCUMENTATION

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

1. The date each property purchased was acquired.
2. The date the rehabilitation of each property was completed and the amount expended on each property.
3. The household composition of the beneficiary renting or purchasing each housing unit:
 - a. Whether the recipient was a female head of household
 - b. The number of handicapped people occupying the household
 - c. The number of elderly people living in the household

- d. total household income and which local median category the recipient qualifies under
- e. The racial composition of the recipient household
- f. The number of occupants categorized by sex

ADOPTED BY _____ OF _____ THIS _____

DAY OF _____, 2011

BY: _____
Chairman

ATTEST:

County Clerk