

# CITY OF POMPANO BEACH REHABILITATION PROGRAM



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## Table of Contents

<b>SECTION 1: INTRODUCTION .....</b>	<b>4</b>
<b>SECTION 2: STATUTES AND REGULATIONS .....</b>	<b>4</b>
<b>SECTION 3: GOALS OF THE PROGRAMS .....</b>	<b>4</b>
Pitfalls to Avoid.....	5
Contractor-Related Pitfalls .....	5
Homeowner Pitfalls.....	5
<b>SECTION 4: ELIGIBLE HOMEOWNERS .....</b>	<b>1</b>
<b>SECTION 5: PROGRAM DESCRIPTIONS .....</b>	<b>2</b>
HOUSING REHABILITATION .....	2
EMERGENCY REPAIR .....	3
<b>SECTION 6: APPLICATION PROCESS .....</b>	<b>3</b>
ESTABLISHMENT OF WAITING LIST.....	3
ADVERTISING .....	4
INTAKE OF APPLICATIONS.....	4
INTAKE APPOINTMENT .....	5
ANNUAL INCOME .....	6
INCOME INCLUSIONS AND EXCLUSIONS .....	6
SELF-EMPLOYED APPLICANTS .....	8
ASSETS.....	8
THIRD-PARTY VERIFICATIONS/INCOME CERTIFICATION .....	9
PARTICIPATION AGREEMENT AND AWARD LETTER.....	10
SPECIAL NEEDS .....	10
<b>SECTION 7: LOAN TERMS.....</b>	<b>11</b>
NOTICE OF RIGHT OF RECESSION .....	11
<b>SECTION 8: GENERAL POLICY .....</b>	<b>11</b>
MAXIMUM ASSISTANCE.....	11
SECURITY – CONFIDENTIALITY OF DOCUMENTS .....	11
UNDERWRITING GUIDELINES.....	12
INELIGIBLE REPAIRS .....	14
WITHDRAWAL OF APPLICATION .....	14
NONDISCRIMINATION AND EQUAL OPPORTUNITY.....	14
REPEAT APPLICANT (RE-ENTRY).....	14
PROPERTY VALUE ASSESSMENT .....	15
MORTGAGE PLACEMENT – COMBINED LOAN TO VALUE (MAXIMUM) .....	15
CONTRACTOR SELECTION.....	15
SPECIFICATION OF WORK .....	17
CONFLICTS OF INTEREST.....	17
DRAW REQUESTS.....	18
<b>SECTION 9. DISPUTE RESOLUTION.....</b>	<b>18</b>
FEES .....	20
RIGHT TO REFUSE.....	20
DECISION APPEALS .....	20

FRAUD POLICY .....	20
EXCEPTIONS TO POLICY .....	20
ADDITIONS AND CONVERSIONS.....	21
SWEAT EQUITY .....	21
PERMITS AND LICENSES.....	21
RECORD RETENTION REQUIREMENTS.....	21
SINGLE AUDIT ACT.....	22
SUBORDINATION POLICY .....	22
AFFORDABLE HOUSING INCENTIVES.....	23
<b>SECTION 10. OTHER FEDERAL REQUIREMENTS .....</b>	<b>25</b>
ENVIRONMENTAL.....	25
LEAD BASED PAINT REGULATIONS .....	26
<b>SECTION 11. OTHER STATE REQUIREMENTS .....</b>	<b>28</b>
ADVISORY COMMITTEE.....	28
LOCAL HOUSING ASSISTANCE PLAN REQUIREMENTS .....	28
ANNUAL REPORT.....	30
<b>SECTION 12. LOAN PAYOFFS AND PROGRAM INCOME .....</b>	<b>30</b>
PROGRAM INCOME UNDER THE SHIP PROGRAM .....	30
PROGRAM INCOME UNDER THE CDBG PROGRAM .....	31
<b>SECTION 13. AMENDMENTS .....</b>	<b>35</b>
<b>SECTION 14. EXHIBITS.....</b>	<b>35</b>

# City of Pompano Beach Rehabilitation program

## SECTION 1: INTRODUCTION

The purpose of this document is to establish policies, guidelines and procedures, which will govern the Owner-Occupied Housing Rehabilitation and Emergency Repair Programs of the City of Pompano Beach. The Housing Rehabilitation Program and the Emergency Repair Program are funded through the State Housing Initiatives Partnership (SHIP) of the Florida Housing Finance Corporation (FHFC), and the Community Development Block Grant Program (CDBG) of the U.S. Department of Housing and Urban Development (HUD).

The Emergency Repair Program is designed to address the needs of very low and low-income homeowners to eradicate conditions, which may be an imminent threat to their health, safety and/or welfare. It provides funds for emergency repair assistance when it is determined to be necessary to alleviate unsafe, hazardous, and/or unsanitary living conditions.

## SECTION 2: STATUTES AND REGULATIONS

The Housing Rehabilitation and Emergency Repair Program utilizes Federal and State funds. The following Statutes and Regulations govern the program and are the source of the policies in this document.

- CDBG Program: (Community Development Block Grant), Federal Statute: Title 1 – The Housing and Community Development Act of 1974. 42 U.S.C. – 5301 – Regulations: 24 CFR 570
- SHIP Program: (State Housing Initiative Partnership) Florida Statute: Statute 420.907, Regulations: Florida Housing Finance Corporation Rule Final 67-37 F.A.C.

## SECTION 3: GOALS OF THE PROGRAMS

The goals of the Programs are:

1. To provide housing assistance to extremely low, very low and low-income households;
2. To preserve the City's existing housing stock;
3. To strengthen the City's tax base;
4. To abate Code Violations;
5. To reduce Lead Based Paint Hazards;
6. To prevent the spread of blight in the City of Pompano Beach

The manual has been formatted to assist the user in reaching two (2) primary goals:

1. The first step in the housing rehabilitation program process is the development of a client project file (hard copy and electronic) which contains all appropriate household information, income and asset verifications, title evidence, before and after rehab value, and where applicable, lead-based paint notification, completion of environmental review, temporary relocation requirements. File documentation includes notices, authorizations by the homeowner

to request disbursement of funds from the City on the Owner's behalf, work write-ups and cost estimates. The project file must contain all applicable documentation including appropriate signatures prior to start of any construction activity.

2. The second step involves the bidding, the award, execution of contracts, public recordation of appropriate documents, submission of appropriate documents and information to the City, and construction oversight of the repairs and payment requests with appropriate backup. Housing "rehabilitation" involves the rehabilitation of the worn-out portions of an older or worn house in order to bring the house up from a substandard or even hazardous situation to a standard of habitable condition. Fixing up old or dilapidated housing is a difficult task under any circumstances. Meeting all the Federal/State rules and regulations that have to be followed in a public program adds to the difficulty. (Federal) HUD considers rehabilitation to be such a problem that it has labeled housing rehabilitation to be "high risk" activity. Residential Rehabilitation administered through State and Federal Programs present many problems due to the inherent difficulty of enforcing all standard rules in situations where every project poses a different set of problems.

## **Pitfalls to Avoid**

Below is a list of the most common pitfalls to avoid in the rehabilitation program process:

### **Contractor-Related Pitfalls**

- Awarding work to inexperienced contractors
- Awarding too many jobs to one contractor
- Accepting bids that are too low and not within 10% or 15% of the in-house estimate
- Accepting poor workmanship by the contractor
- Allowing installation of cheap materials
- Allowing unjustified delays
- No penalties for contractors that fail to comply with the terms of the warranty

### **Homeowner Pitfalls**

- Allowing homeowners to give the inspector a "wish list" of work they want performed on the home

- Not ensuring that the homeowner provides access to property during construction
- Not requiring homeowners to store/protect personal property
- Not requiring homeowner to relocate when extensive or hazardous work will occur
- Allowing the homeowner to be in charge of the project
- Allowing the contractor to perform work outside the scope of work
- Allowing homeowners to keep coming back to the ER/Rehab program for additional work not covered by warranties after the case is closed

All of these items can be addressed with clear Rehabilitation Program policies and procedures. Early in the process, ER/Rehab program staff should discuss these policies and procedures with the homeowner and contractor, and should incorporate the program rules into the written agreements with a process for enforcement.

## SECTION 4: ELIGIBLE HOMEOWNERS

The program is available citywide and is open to all very low (30% of area median income), low (50% of area median income) and moderate (80% of area median income) income homeowners. Participants must reside in the City of Pompano Beach, own, and occupy the home as their principal residence. The gross income of total household shall not exceed 80% of the current area median income, based on family size, as determined on an annual basis, by the U.S. Department of Housing and Urban Development.

### **Definition of Income**

To be eligible to receive funding under this section of the program, the total household income of all residents residing in the home must be less than 80% of the median income for the City of Pompano Beach as determined by the Department of Housing and Urban Development (HUD), adjusted by family size.

### **Household Size**

Household size is defined as the number of persons physically residing in the household. Household means all the persons who occupy a housing unit. The occupants 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.

## SECTION 5: PROGRAM DESCRIPTIONS

### HOUSING REHABILITATION

The demand for Housing Rehabilitation assistance will almost always exceed the resources awarded to communities. A familiar procedure used to select recipients is on a “first come, first qualified” basis with additional priorities and program set-asides as specified in the Local Housing Assistance Plan, Consolidated Plan and program regulations.

1. Source of Funding: CDBG or SHIP.
2. Maximum Assistance: \$30,000 unless the Director approves a higher amount. In no event shall the maximum assistance exceed \$60,000 without approval of the City Commission or City Manager.
3. Eligible Rehabilitation:
  - i. All Repairs or improvements, which are needed for decent, safe and sanitary habitation, correction of code or building violations.
  - ii. The home must be in need of rehabilitation.
  - iii. Eligible Properties:
  - iv. Single-family owner-occupied properties located in the City of Pompano Beach.
  - v. The after-rehab value of the home shall not exceed the maximum value as established by HUD or FHFC for newly constructed housing and for existing housing.
  - vi. Taxes, water and sewer charges and mortgage payments must be current. Verification of the status of all payments shall be made during the verification process.
- Homeowners whose property is assisted with federal funds and is determined to be in a special flood hazard area must provide proof of the purchase of flood insurance protection equal to the terms and amount of the loan prior to receiving rehabilitation.

## EMERGENCY REPAIR

The program provides up to \$15,000 for emergency repairs for those income eligible families who would otherwise be financially unable to improve their own dwelling conditions. This assistance may be used in conjunction with other housing rehabilitation and repair programs offered by the City.

### Eligible Repairs:

Eligible emergency repairs and improvements include, but are not necessarily limited to items such as:

- Major roof repairs and/or replacement in cases where an excessive amount of water is entering the home because of holes, cracks or other roofing defects;
- Plumbing repairs in cases where water supply or drainage lines have ruptured, and the house is without running water;
- Malfunctioning hot water equipment resulting in total lack of running hot water in the household;
- Septic tank is overflowing, or the drain field has deteriorated;
- Electrical or gas repairs in electrical fire or gas hazard situations and/or cases where the faulty electrical wiring has resulted in total lack of illumination in the household or inability to use such necessary major appliances as the refrigerator or range;
- Damaged windows causing exposure to the elements;
- Structural damage that creates an emergency safety situation; and
- Other emergencies as may be determined to be a health or safety hazard, on a case-by-case basis.

## SECTION 6: APPLICATION PROCESS

### ESTABLISHMENT OF WAITING LIST

The availability of funds for all Housing Rehabilitation Programs will be advertised in a newspaper of general circulation within the City. The advertising will run at least 30 days before the beginning of the application period. In addition, all programs will be posted in City Hall and on the City of Pompano Beach's website.

An application period of no less than two (2) weeks will be established for the receipt of applications. All applications received will be logged in the order received. Applications will be processed on a first-come, first-qualified basis from all applicants meeting program eligibility criteria, subject to funding availability with priority given to special needs, and very low-income homeowners. Applicants not funded will remain on a Waiting List and will receive priority in the next funding cycle. It will only be opened for additional applications upon the approval of the Department Director or his/her designee. An applicant can only be allowed priority, irrespective of the Waiting List, upon petitioning the Director of the Office of Housing and Urban Improvement and on the submission of proof of imminent danger to the health and safety of the household occupants. Upon approval of the petition, the applicant will receive assistance subject to the availability of funds and confirmation of eligibility.



The City of Pompano Beach will maintain an active waiting list for each program. In accordance with the SHIP local housing assistance plan, the City will give priority to the set aside outlined in the Housing Assistance Plan until all set aside are met. The Accountant will track the set aside and the Accountant will assign the funding source for each case based on priority needs and funding available. The **account** will advise the staff of the funding source that will be assigned to the case. The staff will create a file based on the assigned funding source.

The waiting list will be closed when the total persons waiting reaches 100. Once the total on the waiting list reaches 100 staff will be notified, and no new cases will be added to the waiting list.

## ADVERTISING

The City of Pompano Beach will advertise the SHIP program each year as required by statute and rule. The SHIP program has the following requirements for advertising SHIP funds:

**67-37.005** (3)(a) Each county or eligible municipality shall advertise a notice of funding availability of SHIP funds at least 30 days before the beginning of the application period in a newspaper of general circulation and periodicals serving ethnically and racially diverse populations unless a waiting list of applicants exists that will exhaust all allocated funding.

1. The advertisement shall:

- a. Identify the amount of the distribution projected to be received from the state for the fiscal year;
- b. List the beginning and end date of the application period;
- c. Provide the name of the local plan contact person and other pertinent information including where applicants may apply for assistance.

2. The advertisement may also include information that the local governments deem necessary such as:

- a. An estimated amount of SHIP local housing distribution per strategy;
- b. Income set asides for each strategy along with applicable income limits;
- c. A description of the selection criteria for each strategy;
- d. The maximum housing value limitation for each strategy

This will be done no later than June 30 of each year and the application period will be 30 days after the advertisement. This will be done each year even when a waiting list exist for the program. The waiting list will be closed when the waiting list for each program reaches 100.

## INTAKE OF APPLICATIONS

Applications will be accepted when the Accountant notifies staff of the availability of funding. The inspector will be notified to being scheduling inspection from the waiting list. The number of inspections scheduled will depend on the availability of funding for rehabilitation programs from all sources. The housing inspector will be responsible to determine if the case if an Emergency Repair or Rehabilitation Program. The inspector will include information on code violations, liens or open permits, which would prohibit the case from receiving assistance. All inspection documents will be scanned and uploaded to the Neighborly system.

**The inspector will provide each applicant that is eligible for repairs a Notice of Next Steps.**

Once the documents are uploaded into Neighborly, the case will be assigned to either Emergency Repair

or Rehabilitation based on the inspector's report. If the inspector's report shows that the case has an open permit, lien or violation that cannot be corrected by the program, the Program Specialist will send a letter to the applicant no later than 3 days after the inspection advising the client of the inspectors' findings and requesting that they correct the violation within 14 days and notify the program when it is corrected. If the homeowner does not correct the violation within 14 days, the program specialist will send a letter notifying the client that the case is closed. If the applicant calls after 14 days, the applicant will be added to the end of the waiting list.

Once the inspection is uploaded, the Program Specialist will notify the receptionist to contact the applicant to come to the office to pick up the application or mail the application to the applicant. At that time the receptionist will schedule the intake appointment for the applicant. The appointment will be added to the Program Specialist calendar.

### **Ineligible or withdrawn Applicants:**

All applicants that are deemed ineligible or withdraw from the program will receive a written letter sent by the program specialist and uploaded in Neighborly notifying the applicant as to why the application has been closed and the effective date. The letter will be signed by the Program Compliance Manager and uploaded into Neighborly by the program specialist before mailing.

## **INTAKE APPOINTMENT**

During the intake appointment, the Program Specialist will accept all documents needed on the checklist in addition to any document required to determine eligibility. Applicants that are missing documents will be given 10 calendar days to submit missing documents. If the documents are not submitted within the 10 days, a letter will be mailed to the applicant stating the file is closed.

After the Intake Application has been completed, staff will determine if the applicant qualifies as an eligible household. The entire Intake Application must be evaluated, and all information provided by the household must be verified, including, but not limited to:

- Income;
- Assets and liabilities;
- Employment;
- Home ownership;
- Home condition;
- Other sources of assistance received by the applicant;

The program is not designed for general home improvements or upgrades. In addition, certain items are not eligible for funding. They include, but are not limited to, additions to increase the square footage unless required due to overcrowded conditions, window air conditioner units or washers and dryers. All taxes on the property must be current. Insurance must be current for applicants that receive Housing Rehabilitation assistance. Emergency Repair assistance is not subject to the insurance requirements. If a property's insurance has been canceled due to the needed repairs that will be addressed under the program. Assistance will be provided to the household and the repair information will be provided to the insurance providers when the work is completed so the insurance provider and mortgage can be policy can be updated.

## ANNUAL INCOME

Upon receipt of the application, an OHUI representative will compare the applicant's total annual household income to applicable income limits. If the applicant appears to meet income guidelines, OHUI will proceed with the income certification process.

To annualize full-time employment, multiply the type of wage by the following periodic amounts:

- Hourly wages by 2,080 hours;
- Weekly wages by 52;
- Bi-weekly (every two weeks) amounts by 26;
- Semimonthly (every half month) amounts by 24; or
- Monthly amounts by 12

To annualize income from anything other than full-time employment, multiply:

- Hourly wages times the number of hours the household expects to work annually; or
- Average weekly wages times the number of weeks the household expects to work; or
- Other periodic amounts (monthly, biweekly, etc.) by the number of periods a household member expects to work.

Annual wages should always reflect the entire 12-month period regardless of the pay schedule. For example: a teacher is paid \$25,000 per year. Use the \$25,000 figure whether the payment is made in 12 monthly installments, 9 installments, or some other payment schedule. Always use current circumstances to project future income.

A determination of verified annual income must include the income of all members of the household. If the applicant's income increases or decreases prior to signing contract and agreements, the applicant must advise OHUI staff, and a recertification of income eligibility will be required in that case.

## INCOME INCLUSIONS AND EXCLUSIONS

### Income Inclusions

- The gross amount (before any payroll deductions) of wages, salaries, overtime pay, commissions, fees, tips and bonuses;
- The net income from the operation of a business or profession;
- Interest, dividends and other net income from Whole Life Insurance Policies and any income from real or personal property including reverse mortgage;
- The full amount of periodic amounts received from Social Security, Supplemental Security Income (SSI), annuities, insurance policies, retirement funds, pensions, disability or death benefits;

- Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;
- Welfare or other need-based payments to families or individuals that are made under programs funded separately, or jointly by federal, state or local governments;
- Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling; and,
- All regular pay, special pay and allowances of a member of the Armed Forces.

#### Income Exclusions

- Reimbursement for the cost of medical expenses for any family member;
- Income of a live-in aide;
- The full amount of student financial assistance paid directly to the student or to the educational institution;
- The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;
- Income from HUD training programs;
- Temporary, nonrecurring or sporadic income (including gifts);
- Reparation payments paid by a foreign government to persons who were persecuted during the Nazi era;
- Income from earnings in excess of \$480 for each full-time student 18 years or older (excluding the head of household and spouse);
- Adoption assistance payments in excess of \$480 per adopted child;
- Deferred payments received in a lump sum from SS or SSI;
- Refunds or rebates for property taxes paid on the dwelling unit; or
- Services/equipment needed to keep a developmentally disabled family member at home.
- Income from employment of children (including foster children) under the age of 18 years;
- Payments received for the care of foster children or adults;
- Lump-sum additions to family assets, like inheritances or insurance payment.

## SELF-EMPLOYED APPLICANTS

Applicants that are self-employed must submit a copy of their last three (3) months' income and expense reports, two (2) years' tax returns, profit & loss statements or quarterly reports and a completed "Third-Party Verification of Income from Business Form."

## ASSETS

Assets are items of value, other than necessary personal items, and are considered along with verified income in determining the eligibility of a household. Total household assets and asset income are considered, including those of minors. When computing the value of assets, use the cash value of assets, which is the amount the applicant(s) would receive if the assets were converted to cash. In determining asset income for owner-occupied households, the following applies: If the asset value is less than \$5,000, add the amount of the actual income derived to the total verified income. When assets are \$5,000 or more, add the greater of

- 1) the actual annual income to be derived from these assets, or
- 2) the imputed asset income using 0.06% interest rate (specified by HUD) multiplied by the total value of all asset.

There is a limit on assets for participation in the Housing Rehabilitation Program; however, while applicants may have assets, even if they elect not to access the assets principal or interest, the potential annual income that can be earned from assets is taken into consideration when calculating annual income. Asset income is also annualized based on what is anticipated to be received during the 12 months following eligibility or re-certification. To be eligible for participation in the Housing Rehabilitation Program, applicants' assets cannot exceed the following limits:

\$50,000 in combined household liquid assets that the household members have access to.

Verifying Liquid Assets: The City will verify the applicant's liquid assets as part of determining the applicant's net worth. The liquid assets may be cash on deposit, cash on hand; cash surrender value of life insurance, proceeds from the sale of marketable securities or other assets, gifts of cash, or cash equivalents.

**\*\*Assets of all family members living in the household are figured into the net worth computation.**

Income from assets is recognized as part of annual income for the program. In general terms, an asset is a cash or non-cash item that can be converted to cash. It is also the income earned – e.g., interest on a savings account – not the asset value, that is counted in annual income and is counted even if the household elects not to receive it; for example, reinvested interest or dividends from an asset.

### Assets Include

- Cash held in savings and checking accounts: current monthly statement, safety deposit boxes, homes, etc.
- Stocks, Bonds, Treasury Bills, Certificates of Deposit, Money Market Funds and other investment

accounts.

- Equity in real property or other capital investments. Include current market value less an unpaid balance on any loans secured by the property and any reasonable costs that would be incurred in selling the asset, such as prepayment penalties or broker fees.
- The value of land.
- Revocable trust.
- Cash value of trusts that are available to the household.
- Cash value of Whole Life Insurance Policies.
- Individual Retirement Accounts (IRAs) and Keogh Accounts.
- Retirement and Pension Funds.
- Lump sum receipts should include inheritances, capital gains, one-time lottery winnings, settlements on insurance, and other claims.
- Personal property held as an investment such as gems, jewelry, coin collections, antique cars, paintings, etc.
- Assets owned by more than one person should be prorated according to the percentage of ownership.
- A mortgage deed held by the applicant.

#### Assets do Not Include

- Necessary personal property (e.g., clothing, furniture, automobiles, etc.).
- Vehicles specially equipped for the handicapped.
- Interest in Indian Trust Land.
- Term life insurance policies.
- Assets that are part of an active business.
- Assets that are not accessible to the applicant and provide no income to the applicant.

## THIRD-PARTY VERIFICATIONS/INCOME CERTIFICATION

Once all the required documentation is received, the staff will attempt to obtain third-party verifications. Annual household income is the combined income for all wage earners in the applicant's household. A household member that is 18 years old, a full-time student and who is a dependent is excluded to the extent that his/her salary exceeds \$480 per year – only the first \$480 is accounted for. The City of Pompano Beach program projects the household's income twelve (12) months forward from the date of the application. It will also look at the YTD income and current pay stubs and will use the higher projected income to establish household income.

After an application has been processed and third-party verifications are completed, the OHUI representative will prepare an income certification. The income certification will determine whether the applicant is approved. All household members 18 years of age and over must sign the income certification.

## PARTICIPATION AGREEMENT AND AWARD LETTER

Along with the income certification the applicant must execute a participation agreement. The participation agreement outlines the conditions of assistance. Once the participation agreement is executed by the homeowner, it will be forwarded to the Mayor and City Manager for signature. The loan closing cannot be scheduled until the Participation Agreement is fully executed. After the applicant signs the participation agreement, they will receive an award letter. The award letter will outline the program assistance to be received and the next steps.

## SPECIAL NEEDS

### 1. Definition

At least 20% of all households assisted with SHIP funds in each fiscal year must meet the definition of Special Needs. This includes one or more person living in the household. A person with special needs is defined in section 420.0004, (13) Florida Statutes as:

“Person with special needs” means an adult person requiring independent living services in order to maintain housing or develop independent living skills and who has a disabling condition; a young adult formerly in foster care who is eligible for services under s. 409.1451(5); a survivor of domestic violence as defined in s. 741.28; or a person receiving benefits under the Social Security Disability Insurance (SSDI) program or the Supplemental Security Income (SSI) program or from veterans’ disability benefits.

### 2. File Documentation

To document that the applicant meets this definition the City will add questions to the SHIP eligibility application and require supporting written documentation related to households qualifying as Special Needs.

All financial assistance required to be reported as income related to any of the Special Needs categories should be documented appropriately as part of the application process.

If the applicant receiving Family and Supported Living or the Developmental Disabilities Home and Community-Based Services Waiver, accept documentation of the eligibility determination from the Agency for Persons with Disabilities.

## SECTION 7: LOAN TERMS

Eligible rehabilitation applicants will be assisted using a deferred loan. The Office of Housing and Urban Improvement will make a zero-interest loan equal to the amount of assistance. There will be no interest charged on the outstanding balance. In order to ensure repayment of the loan, the Department will record a fifteen (15) year note and mortgage on the property equal to the loan amount. The note and mortgage must be signed by the homeowner(s) (meaning each person on the deed) before any rehabilitation work begins. If after ten (10) years the home has not been sold or title has not been transferred, the loan balance will be reduced by 20% each year beginning in year 11 of the loan and have a zero balance at the end of fifteen 15 years, at which point the loan will be forgiven and the lien removed. The loan must be repaid in full if the home is sold or title to the property changes within ten (10) years from the date of the loan. Only the original lien amount must be repaid.

## **NOTICE OF RIGHT OF RECESSION**

Every applicant that executes a loan document shall receive a written 3-day Notice of Opportunity to Rescind the Transaction at the time of signing either the rehabilitation loan documents or the emergency repair program documents, as applicable. The Notice to Proceed cannot be issued until the 3 days of right of recession have passed. If the applicant chooses to cancel the transaction, the staff will mail the applicant a case close out letter with a copy of the executed right of rescission. The letter will be uploaded into Neighborly along with the right of recession and a hard copy will be included in the file if applicable.

## **SECTION 8: GENERAL POLICY**

### **MAXIMUM ASSISTANCE**

The maximum assistance to be provided to applicants shall be governed by the Housing Policy approved by the City Commission for the period in question and established each fiscal year in accordance with the Community Development Budget or the approved Local Housing Assistance Plan.

If the majority of the bids accepted for a project exceed the maximum assistance provided by a program, the Department will make every effort to identify items that are not of immediate or dire need of repair. The Department, at its discretion, will remove items from the Specification of Work Report that are not essential in making the home safe, decent and sanitary nor affect the health and safety of the homeowner.

Exception to the maximum amount of assistance will be allowable when issues arise out of the applicants, contractors and/or Department's control. These are usually items that are caused by unforeseen circumstances or required by the building department at the time of permitting.

Exceeding the maximum award under the SHIP program will require an LHAP technical revision and/or a resolution by the City commission approving the amount that exceeds the maximum award. It is program staff's responsibility to determine if a case will exceed the maximum award and notify the program Director so that the proper approvals are documented.

## **SECURITY – CONFIDENTIALITY OF DOCUMENTS**

In order to protect the privacy of applicants, all Program records are considered confidential. An applicant is required to Sign a Privacy Notice indicating that only duly authorized persons will have access to case files. Staff members are precluded from revealing any information regarding any aspect of a Program case to an unauthorized person. Applicants will sign a privacy notice, which enables the City to verify other sources of income without violating privacy laws.

All financial assistance shall be subject to recapture requirements as described in the Housing Policy for the individual programs carried out by the Department. All assistance will be provided in the form of deferred payment loans and/or forgivable loans.

All applicant files will be kept in a safe location, with limited access by the public. The staff will execute



precautions to protect the information received from applicants. Only the information necessary for eligibility will be collected.

## UNDERWRITING GUIDELINES

Cases that need Emergency Repair may receive priority over other cases. Housing Rehabilitation Program funds will be used to eliminate existing substandard conditions and bring the property up to code compliance. Appraisals are not required; however, verification of ownership is necessary. The following documentation remains necessary as a part of the application process:

### Preliminary Approval Requirements

- i. Copy of photo ID, Social Security cards and birth certificate for all household members.
- ii. Copies of 6 month most current paystubs for all household members and most recent S.S./Disability statements, pension, unemployment, etc.) for all household members. ALSO: The name and the human resources or customer service, mailing address and telephone number for EACH source of income.
- iii. Copies of child support/alimony decree. Must provide a copy of court decree or other authorized government office for all household members who receives child support and/or alimony.
- iv. Copies of 2 most recent signed and dated tax return that was actually filed with the IRS for all household members that are self-employed including all pages, schedules and forms for all self-employed household members.
- v. Copies of ALL pages of six (6) most recent and consecutive months of ALL checking accounts and the most current statement for savings or other account statements for all household members who have bank accounts. The name and the customer service mailing address and telephone number for each bank and/or credit union must be provided.
- vi. Copies of most recent asset statements (e.g. 401k; cash value of life insurance; IRA's; retirement accounts, investments, other real estate owned, etc.) for all household members who own assets. The name and the customer service mailing address and telephone number for each asset must be provided.
- vii. Copies of most recent mortgage statements (no coupons) for ALL mortgages against the property. The name and the customer service mailing address and 800-telephone number for each mortgage must be provided.
- viii. Proof of guardianship for any minors in your home who are not part of the immediate family (except foster children, in which case proof of foster custody is required).

#### File Documents Required:

1. File Checklist
2. Application and supporting documentation
3. Income Certification and supporting documentation
4. Lead based paint form
5. Environmental Review form
6. Warranty Deed
7. Tax role value
8. Approval/rejection letter
9. Initial Inspection
10. Award/Withdraw/Denial Letter
11. Participation Agreement
12. O&E
13. Contracts and agreements
14. Contractor bids
15. Purchase requisition
16. Notice to proceed
17. Permits
18. Change Orders if applicable
19. Payment request form
20. Financial ledger
21. Final Inspection form
22. Pictures (before and after)
23. Release of liens
24. Warranties and guarantees
25. Right of Rescission, if a loan
26. Promissory Note, Mortgage or Deed of Trust (if applicable)
27. Certificate of completion
28. Contractor evaluation
29. Loan modification (if required)
30. Loan Number Close Out

The OHUI Staff shall evaluate all information provided to determine initial household eligibility. In order to perform necessary tasks as expeditiously as possible, the Construction Manager concurrently with the eligibility determination phase may conduct a site inspection. The Construction Manager shall assess the emergency needs and/or repair needs and provide a work write-up and cost estimate. If it is determined that there is an emergency need, as defined herein, actions shall be taken to remedy the threatening conditions within program limitations.

Applicants shall be processed on a first-qualified, first-served basis with the priorities for Special needs and low income groups. Applicants will also be processed based on the priorities outlined in the Local Housing Assistance Plan and the Consolidated Plan and relative to submission and receipt of a complete application and all required documentation (verification of ownership, income, etc.). Applications not approved within one (1) year of initial submission shall be updated as determined necessary by the OHUI prior to final approval.

The final approval of loan recipients shall be authorized by the OHUI Director or his/her designee, subject to the requirements outlined in this program, and subject to Commission authorization to execute required agreements.

Applicants with emergency electrical, plumbing, roof, gas or structural needs which present life threatening or severe safety hazards to the occupant(s) or the public may be advanced on the list of applicants and assisted.

## **INELIGIBLE REPAIRS**

Ineligible improvements include, but may not be limited to, additions requested to increase the square footage of the house, swimming pools, window air conditioner units, a washer or dryer, remodeling/cosmetic work etc.

In the event the applicant is determined to be ineligible for the rehabilitation loan, the applicant shall be notified in writing.

A follow-up interview shall be scheduled by a member of the OHUI at the homeowner's request, to answer any questions, to assist in identifying other sources of assistance.

Applicants who own real property in addition to the owner-occupied property for which is the subject of their rehabilitation or emergency application are not eligible for assistance.

## **WITHDRAWAL OF APPLICATION**

The applicant may withdraw the application for any reasons whatsoever prior to execution of the loan agreements. In such event, the applicant shall submit a letter requesting that their file be closed. The staff shall prepare an affidavit of withdrawal and show the effective date of the withdrawal. The file shall then be officially CLOSED.

The homeowner shall be liable to the contractor for any work performed after cancellation (material cost or percent of completion), unless otherwise agreed to by the City. The owner shall repay funds already spent under the terms of the loan repayment schedule.

## **NONDISCRIMINATION AND EQUAL OPPORTUNITY**

Each applicant applying for assistance under this program shall receive equal consideration regardless of race, creed, sex, sexual orientation, national origin, family size, marital status, or handicap conditions.

## **REPEAT APPLICANT (RE-ENTRY)**

An applicant who has previously received emergency assistance may re-apply for funds in the event

an emergency situation exists. The Department must inspect the property to ensure that an emergent condition exists and no duplication of work is completed. Decisions will be made on a case-by-case basis by the OHUI Director. An example of emergency repairs would include, but are not necessarily limited to, roofing, plumbing and electrical work. Should the City determine that an emergent situation exists the applicant would be required to complete an application, meet HUD prescribed income guidelines and provide all applicable documentation.

Applicants who previously received rehabilitation assistance may not apply before ten (10) years have passed since final payment was made on their earlier rehabilitation assistance (unless an emergency situation exists).

## **PROPERTY VALUE ASSESSMENT**

The Office of Housing and Urban Improvement must determine the property value for all homes receiving assistance. The Maximum Property Value for participation in the housing rehabilitation program shall be governed by this Housing Policy as approved by the City Commission for the period in question and as established each fiscal year.

Rehabilitation Program: The Market Value of the property as determined by the Broward County Property Appraiser.

The value limits used will be based on the guidelines established for each program. The staff will be responsible for ensuring that properties assisted do not exceed the value limits established by the program.

## **MORTGAGE PLACEMENT – COMBINED LOAN TO VALUE (MAXIMUM)**

Mortgages for Housing Rehabilitation Program funded by the Community Development Block Grant (CDBG) or the State Initiative Housing Program (SHIP) should be first, second or third position, to ensure that funds can be recaptured. The City will utilize the <http://broward.org/records.www.bcpa.net> website to conduct a title search.

If at the time of application, a homeowner has two (2) existing mortgages and requests a third (3<sup>rd</sup>) via their participation in the Housing Rehabilitation Program, an analysis of equity will be conducted. The value of the property will be estimated by multiplying the City's Tax Assessor's assessed value by the equalization ratio. The resulting figure will be compared with level of principal that has been paid by the homeowner. The sum of the loans/mortgages/liens will not exceed 95% of the estimated value of the property. OHUI staff conducts a feasibility analysis on every housing rehabilitation project. The after-rehab value of the home shall not exceed the maximum value as established by HUD or FHFC for newly constructed housing and for existing housing.

## **CONTRACTOR SELECTION**

- Contractor's wanting to participate in the City's Housing Rehabilitation Program must be approved through the City's Procurement Process. Any party who has been suspended or

debarred by U.S. HUD or any other Federal Executive Branch Agency and is listed on the Current Exclusion List will not be accepted to participate in the program.

- The Department will maintain a current listing of approved contractors that will be utilized to seek bids for the Housing Rehabilitation Program. The list will also be made available to City residents on the Department's website. The contractors will be responsible for updating their insurance and licensing information as required.
- All eligible contractors will be invited to attend Pre-Bid meetings held by a City appointed Inspector at the applicant's homes. At the meetings, contractors will be provided with the approved Specification of Work Report that will detail the work to be completed for that project. Contractors will be given a deadline to submit their bids. All bids should be presented in a sealed envelope labeled with the project name and address.
- A minimum of three (3) responsible bids will be required per project. If less than three (3) bids are received, the Specifications of Work Report could be amended and re-sent to all contractors who originally attended the Pre-Bid meeting. In the event that the project is re-bid and three (3) bids are not received, the Department will notate the file to show the attempts and proceed with the bids received. (In an emergency situation where a condition is deemed as unsafe by either the Inspector or the City's building official, this requirement may be waived in writing by the Director).
- Upon the expiration of the established Bid Deadline, the bids will be reviewed and itemized on a Bid Result Report. Award shall be based on the information submitted only. The lowest responsible and responsive bidder will be selected.
- Contractors will be awarded a maximum of two projects concurrently. Therefore, if a contractor has two active contracts, they will not be awarded any additional contracts. Contractors are encouraged to participate in the bidding process regardless of the number of projects awarded.
- The authority to approve an exception to the Two-Contract Policy will rest with the Department Director and the file will be documented justifying the reason for the exception. Reasons for an exception can be related to higher than reasonable costs, contract status, the work capacity previously displayed, the level of accomplishment and satisfaction with prior contracts.
- If the Department finds that a contractor fails to meet his/her obligations with the homeowner and/or the City and does not remedy the situation as stipulated by the Department, the contractor will be removed from the list and not be allowed to participate in the City's Housing Rehabilitation Program.
- If the lowest responsive and responsible bidder has not previously performed like services for the City of Pompano Beach, the City reserves the right of awarding only one contract during a trial period or until such time that Department staff can determine that the bidder will perform to the City's complete satisfaction. Approval of exceptions to this policy rest with the Department Director and must be documented for the file.

## SPECIFICATION OF WORK

The construction manager/housing inspector is responsible for preparing the work write up based on the program specifications currently in Housing Developer Pro. The inspector will be responsible for due diligence work before preparing the work and specifications. This includes the following:

- All Rehabilitation loans will require an inspection of the home to be carried out by an approved and licensed inspector "Housing Inspector".
- The Housing Inspector will meet with the homeowner and inspect the residence, looking for health, safety and Housing Quality Standards (HQS), as well as Building Code violations and local code violations.
- The inspector will perform due diligence prior to case approval to determine if there are any open permits that must be closed, code enforcement liens, other violations, illegal structures, etc. prior to approving the property for rehabilitation.
- The Housing Inspector will prepare a Specification of Work Report that will be reviewed and approved by the homeowner prior to it being released to the contractors.
- The Housing Inspector will schedule and invite all approved contractors on the Department's Approved Contractor list to a Pre-bid Meeting. The inspector will conduct the meeting by reviewing the Specification of Work Report and answering any questions or addressing concerns.
- After the Pre-Bid Meeting, the Housing Inspector will provide the Department with a Specification of Work Report as provided to the contractors and a Specification of Work Report with his cost estimates. He will also provide pictures to reference the items on the Report.
- The Building Department will be provided with a copy of the Specification of Work Report for their review and to facilitate the expediting of the applicable building permits. All change orders will be processed for permitting if required.
- No additional work will be authorized or extensions of time granted unless approved by a written change order signed by all parties.

## CONFLICTS OF INTEREST

No loans will be made to City of Pompano Beach employees or their immediate relatives without express written opinion from the City Attorney and/or the funding source if required. Full disclosure on the part of the applicant will be required at the time of application. Failure to disclose said relationship will result in an immediate rejection of the loan and/or will require full repayment of the loan including interest accrued at the maximum interest rate allowed.

NOTE: All program participants will be required to sign a Conflict of Interest form.

## **DRAW REQUESTS**

Upon execution of Contractor/Homeowner Agreement, the Department will provide the Contractor with a Contractor Payment Request Form and a Draw Form. The Department will be responsible for ensuring that payments are made in accordance with the Specification of Work Report, and all applicable Department and City procurement and contracting policies.

Progress and final payments to the CONTRACTOR shall be approved by the City only after the work has been inspected by the City of Pompano Beach Construction Manager/Housing Inspector and determined to comply with the Contract and the Project Bid Specifications.

If a Contractor fails to complete the project and does not comply with the Specification of Work, that Contractor will not have the Retainage released.

The maximum number of progress payments shall be limited as agreed upon by the City, Owner and Contractor.

Upon completion of a project, a final inspection must be requested by the Contractor. The request must include a copy of the Final Draw Form and copy of all Permit cards with Final Approval from the Building Department Inspectors. The request is made by the Contractor and requested from the Department's independent inspector.

All Draw Requests must be approved by the Program Compliance Manager and the Department Director. At no time are Draw Requests to be submitted directly to the Finance Department. The Finance Department will not process any Draw Requests that have not been reviewed and approved by the Director or his/her designee.

If a problem should arise between the Homeowner and the Contractor, it is the responsibility of those parties to resolve the issues. The Department may intercede in order to facilitate the progress of the project.

If the Homeowner does not receive satisfaction from the Contractor, the Department reserves the right to intervene on his/her behalf. The Department could withhold payment and/or retainer if deemed necessary.

Likewise, the Department reserves the right to intervene on the Contractor's behalf if the Homeowner is refraining from approving a Draw request without just reason. The Department could proceed to pay the Contractor for the work completed as required without the Homeowner's approval.

## **SECTION 9. DISPUTE RESOLUTION**

- All complaints shall be made to the Program Compliance Manager. Every effort shall be made

to resolve complaints as soon as they become known. If a property owner or contractor is not satisfied with the initial response taken to resolve the complaint, the owner may submit a written description of the complaint to the division and/or the Program Compliance Manager who will respond in writing within (10) working days.

- If a complaint relating to post-construction work deficiencies is received, the Program Compliance Manager will evaluate the complaint within ten (10) working days.
- If the complaint is determined to be valid and the contractor has not addressed the complaint in accordance with the construction contract, the contractor shall be suspended from further program participation pending corrective action.
- Corrective repair work may be initiated by the Program Compliance Manager if any emergency or extremely hazardous conditions exist or if the contractor fails to show good faith at correcting the problem within the time limit provided to him/her.
- If the complaint is not valid, the homeowner will be so notified in writing. Owners are to be encouraged to contact the contractor directly to resolve construction concerns prior to contacting the agency.
- If a complaint relating to processing, policy, or procedures is received, the staff will respond in writing. The staff response will explain applicable policy when necessary and specify corrective action if any is required.
- Under the terms of the Construction Agreement, the City has the authority to decide all questions relative to the interpretation of any contract documents and fulfillment of the construction contract as to the character, quality, amount and value of any work and materials furnished under the contract. City decisions regarding all claims, questions and disputes shall be final.

#### Disputes between the Owner and Contractor:

If a problem arises between the homeowner and contractor, it is the responsibility of those parties to resolve the issues. The OHUI staff may intercede in order to facilitate the progress of the project.

Homeowner is encouraged to contact the contractor if a problem arises during the warranty period. If the homeowner does not receive satisfaction from the contractor, the Department reserves the right to intervene on his/her behalf.

The final decision of resolution of disputes rest with the program Director. The decision of the program director shall be final. The contractor and owner can file for mediation or arbitration if they are not satisfied with the decision of the director. The decision of the mediator or arbitrator shall be final. All fees associated with mediation and arbitration shall be the responsibilities for the parties as required by the courts. The outcome handed down by the courts is final in regards to whom is responsible for covering the costs of the incurred expenses.



## **FEES**

The City will incur charges for services in the delivery of providing assistance. These charges are passed along to the applicant and paid from the total loan proceeds. These services include, but are not limited to, loan underwriting fees, ownership and encumbrance reports, property inspections, credit reports and any other services required in the making of the loan.

## **RIGHT TO REFUSE**

The Department reserves the right to refuse assistance to any applicant on the basis of homeowner:

- Failing to disclose information which negates their eligibility;
- Unreasonableness;
- Uncooperativeness;
- Or any other reason as may be determined on a case-by-case basis.

## **DECISION APPEALS**

- The Office of Housing and Urban Improvement will determine if an applicant is eligible to receive assistance for the program for which they have applied based on the guidelines contained herein and those set by the funding sources. The OHUI will notify applicants of the determination in writing. The applicant will have a period of five (5) days from the date of the letter to contact the OHUI to appeal the decision.
- The appeal will only be accepted if based on evidence or belief that an error was made by the OHUI. The appeal cannot be made on the basis of the program guidelines since these rules, regulations and programmatic guidelines are pre-established by the funding sources.

## **FRAUD POLICY**

The Office of Housing and Urban Improvement will request guidance from the City Attorney's Office on any questions or evidence regarding possible misrepresentation of facts by applicants.

## **EXCEPTIONS TO POLICY**

Exceptions to policy will be considered on a case-by-case basis. The Program Compliance Manager must review such a request and make a recommendation to the Director or an

approval or rejection citing reasons, including the policy upon which the request is based and the reason for the exception.

## **ADDITIONS AND CONVERSIONS**

It is the policy of the City not to finance additions to existing buildings or projects that change the Certificate of Occupancy. However, in overcrowding situations, an exception to this policy may be granted by the Director.

## **SWEAT EQUITY**

The City of Pompano Beach will not finance projects where the applicant performs the work.

## **PERMITS AND LICENSES**

All Contractors are required to have all applicable licenses and insurance coverage, including workman's compensation. The Department will not make any disbursements unless the proper permits are filed and approved for the work being performed.

All Contractors awarded with a Housing Rehabilitation Program contract will be required to add the City of Pompano Beach as an additional insured on all insurance policies. License from the Department of Business and Professional Regulation or from Broward County for the particular trade area is required. It is the responsibility of the General Contractor to ensure that all sub-contractors are licensed and insured. The City will require Workers' Compensation Insurance and General Liability coverage of no less than one million dollars (\$1,000,000) in addition to the homeowner's liability insurance carried by the applicant.

## **RECORD RETENTION REQUIREMENTS**

### **SHIP Program**

The record retention requirements for the SHIP program come from the State of Florida General Records Schedule for State and Local Government agencies.

For cases that were not assisted, retain documents for four years after audits have been released. That means that the record must be retained for four years after the State closeout report (annual report) for that fiscal year has been submitted and approved by FHFC.

For cases that were assisted, the retention period is five years after the loan has been released or satisfied, provided audits have been released, whichever is later.

Records can be retained in electronic form or the standards that comply with the Florida Administrative Code. If the City Clerk has a stricter record retention policy, the staff will comply with the City record retention requirements.

The state record retention requirements are outlined in "The General Schedule for Local Governments GS1-L" located at the Florida Department of State's web site at: <http://dos.myflorida.com/library-archives/records-management/general-records-schedules/>

## Federal Programs

In general, records are to be retained for 4 years from the date of submission of the grantee's CAPER in which the specific activity is reported for the last time, unless there is litigation, claims, audit, negotiation, or other actions involving the records, which has started before expiration of the 4-year period. In such cases, the records must be retained until completion of the action and resolution of all issues which arise from it or the end of the regular 4-year period, whichever is longer.

## SINGLE AUDIT ACT

All recipients of SHIP assistance must comply with the requirements of the single audit act. The local housing assistance trust fund shall be separately stated as a special revenue fund in the City's audited financial statements. Copies of such audited financial statements shall be forwarded annually to the Corporation no later than June 30th of the following fiscal year. In addition to providing audited financial statements, all participating jurisdictions must provide evidence of compliance with the Florida Single Audit Act, as referenced in Section 215.97(6), F.S.

All subrecipients must also comply with the requirements of this act and this act must be referenced in the written agreement with the subrecipient. For additional information on the Single Audit Act go to:

[www.floridahousing.org/FH-](http://www.floridahousing.org/FH-ImageWebDocs/Housing%20Partners/Local%20Governments/FSAA%20Info%20related%20to%20SHIP.pdf)

[ImageWebDocs/Housing%20Partners/Local%20Governments/FSAA%20Info%20related%20to%20SHIP.pdf](http://www.floridahousing.org/FH-ImageWebDocs/Housing%20Partners/Local%20Governments/FSAA%20Info%20related%20to%20SHIP.pdf)

Standard language required under the single audit act can be found at Form DFS-A2-CL of the Florida Single Audit Act in the document.

## SUBORDINATION POLICY

Subordination of a Housing Rehabilitation Program (Program Loan) for the purpose of refinancing an existing debt that is in a superior lien position to the Program Loan may be allowed in accordance with the OHUI Loan Subordination Policy, as amended from time to time.

Subordination of the Program Loan will NOT be approved for a purpose other than refinance debt that was secured by the subject property prior to or of the same date of the Program Loan.

The City of Pompano Beach will only allow one subordination approval during the course of the Program Loan.

The City of Pompano Beach reserves the right to deny any subordination request it deems not in its or

the homeowner's best interest. The authority to approve subordination requests or exceptions to the City's Loan Subordination Policy will rest with the City Manager or his/her designee.

**(See Exhibit A-The City of Pompano Beach's Homeowner Subordination Policy and Request Form)**

## **AFFORDABLE HOUSING INCENTIVES**

### **(a) EXPEDITED PERMITTING**

The processing of approvals of development orders or permits for affordable housing projects is expedited to a greater degree than other projects, as provided in s. 163.3177(6)(f)3.

Existing Strategy: This incentive is presently implemented. Once a project is identified as an affordable housing project, reviewers have five days (5) to review and process the plans for affordable housing. If on the third submittal, the resubmitted plans are not 100% corrected, the contractor will then be required to submit his plans through the normal permitting process for a building permit.

### **(b) PROCESS OF ONGOING REVIEW**

The establishment of a process by which a local government considers, before adoption, policies, procedures, ordinances, regulations, or plan provisions that increase the cost of housing.

Existing Strategy: The Office of Housing and Urban Improvement will be assigned to the City's Development Review Committee (DRC) team as an optional reviewer. Wherein, all proposed development can be reviewed and commented on by the Office of Housing and Urban Improvement. These comments are then submitted to the various governing boards. Additionally, the Office of Housing and Urban Improvement will by matter of policy be consulted on all matters that impact affordable housing.

### **(c) MODIFICATION OF IMPACT FEES**

The modification of impact-fee requirements, including a reduction or waiver of fees and alternative methods of fee payment for affordable housing.

Existing Strategy: The Office of Housing and Urban Improvement using grant funds currently pays the impact fees for contractors to reduce the cost of housing to low and moderate-income homebuyers. The individual applicant submits the request to the Office of Housing and Urban Improvement, who review the request and approves them on a case by case basis, and subject to funding availability. The criterion for eligibility determination is based on whether the tenants are low to moderate income households or the project is a senior facility and the amount of funds requested and the amount of funds available to pay these fees.

### **(d) FLEXIBLE DENSITIES**

The allowance of flexibility in densities for affordable housing.

Existing Strategy: Flexibility and densities for affordable housing can be captured through the use of flexibility units for commercial land use designations. If flex units are awarded to a property, in accordance with the requirements of 154.61, applicants will either need to build affordable housing or can pay into the affordable housing trust fund.

#### **(e) AFFORDABLE ACCESSORY RESIDENTIAL UNITS**

The allowance of affordable accessory residential units in residential zoning districts.

Existing Strategy: Section 155.4303 of the City's zoning Code allows accessory Dwelling Units. For purposes of determining maximum density, an accessory dwelling unit shall be considered to be a half dwelling unit. Additional use specific standards to regulate this use exist within the zoning code.

#### **(f) PARKING AND SETBACK REQUIREMENTS**

The reduction of parking and setback requirements for affordable housing.

Existing Strategy: Affordable housing projects taking advantage of the Residential Planned Unit Development process can determine what parking requirements and setbacks their project will have. Additionally, the City allows for major and minor administrative adjustments at varying percentage rates from code requirements. Deed-restricted workforce and/or affordable housing can be used to demonstrate a public benefit to compensate for the requested modification of standards

#### **(g) FLEXIBLE LOT CONFIGURATIONS**

The allowance of flexible lot configurations, including zero-lot-line configurations for affordable housing.

Existing Strategy: Flexible lot configurations (including zero lot line) are currently permitted in RS-4, all RM districts, and the DPOD district. Additionally, affordable housing projects can consider the RPUD process, which can offer further flexibility in private development.

#### **(h) MODIFICATION OF STREET REQUIREMENTS**

The modification of street requirements for affordable housing.

Existing Strategy: If street modification of streets are desired, modified streets can be permitted by rezoning to the planned development process.

#### **(i) PUBLIC LAND INVENTORY**

The preparation of a printed inventory of locally owned public lands suitable for affordable housing.

Existing Strategy: In 2015, a group of city staff in conjunction with staff from the CRA meet bi-weekly for a 6-month period. The purpose of these meetings was to review all property owned by the City and CRA, in order to identify the current or future intended purpose for the land. In the end, the committee presented the work to the City Manager.

A report was produced by the CRA, with the information that the Development Services Department assembled. Development Services still has this database and updates it as needed. As a result of this intense review process, it was a recommendation to the City Manager to create a new job for someone to manage and review all that is related to the acquisition, management and maintenance of these properties. Until such time that this position is filled, this Department has the database/inventory of all City Owned land.

#### **(j) SUPPORT OF DEVELOPMENT NEAR TRANSPORTATION HUBS**

The support of development near transportation hubs and major employment centers and mixed-use developments.

Existing Strategy: The City has a current transit-oriented district and a proposed transit-oriented corridor. There is the existing Downtown Pompano Transit Oriented District and the proposed East Transit Oriented Corridor. The ETOC or East Transit Oriented Corridor is a designated area where the City is proposing major land use plan and zoning code changes to implement a district that allows mixed-use development with commercial uses on the first floor, primarily along US 1 and Atlantic Boulevard, and residential units on upper floors. Affordable housing must be addressed in any land use plan amendments that increase permitted residential units by more than 100 units. To meet County requirements in the ETOC, 15% or 360 units, of the additional 2,399 units will be affordable housing or the developer will have to pay an in lieu of fee into the City's Affordable Housing Trust Fund to buy out of the affordable housing requirement.

## **SECTION 10. OTHER FEDERAL REQUIREMENTS**

### **ENVIRONMENTAL**

All rehabilitation work will be done in accordance with Federal and State environmental regulations. With respect to any assistance using CDBG funds, an environmental review will be performed by the OHUI and/or their assignee in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and the related authorities listed in HUD's implementing regulations at 24 CFR parts 50 and 58.

## LEAD BASED PAINT REGULATIONS

Sub-part	Type of Program	Construction Period	Requirements <sup>1, 2, 3</sup>
A	Disclosure of Known Lead-Based Paint and/or Lead-Based Paint Hazards	Pre-1978	<ul style="list-style-type: none"> <li>See <a href="http://www.hud.gov/offices/lead">www.hud.gov/offices/lead</a> for Lead Disclosure Rule requirements for sale or lease of residential property.</li> </ul>
B	General Lead-Based Paint Requirements and Definitions	Pre-1978	<ul style="list-style-type: none"> <li>All properties covered by the Lead Safe Housing Rule.<sup>4</sup></li> </ul>
C	Disposition by Federal Agency Other Than HUD	Pre-1960	<ul style="list-style-type: none"> <li>LBP inspection and risk assessment.</li> <li>Abatement of LBP hazards.</li> <li>Notice to occupants.</li> </ul>
		1960-1977	<ul style="list-style-type: none"> <li>LBP inspection and risk assessment.</li> <li>Notice to occupants of results.</li> </ul>
D	Project-Based Assistance by Federal Agency Other Than HUD	Pre-1978	<ul style="list-style-type: none"> <li>Provision of pamphlet.</li> <li>Risk assessment.</li> <li>Interim controls.</li> <li>Notice to occupants.</li> <li>Response to child with EIBLL.<sup>5</sup></li> </ul>
F	HUD-Owned Single Family Sold With a HUD-Insured Mortgage	Pre-1978	<ul style="list-style-type: none"> <li>Visual assessment.</li> <li>Paint stabilization.</li> <li>Notice to occupants of clearance.</li> </ul>
G	Multifamily Mortgage Insurance:		
	1. For properties that are currently residential	Pre-1960	<ul style="list-style-type: none"> <li>Provision of pamphlet.</li> <li>Risk assessment.</li> <li>Interim controls.</li> <li>Notice to occupants.</li> <li>Ongoing LBP maintenance.</li> </ul>
		1960-1977	<ul style="list-style-type: none"> <li>Provision of pamphlet.</li> <li>Ongoing LBP maintenance.</li> </ul>
	2. For conversions and major renovations.	Pre-1978	<ul style="list-style-type: none"> <li>Provision of pamphlet.</li> <li>LBP inspection.</li> <li>Abatement of LBP.</li> <li>Notice to occupants.</li> </ul>
H	Project-Based Assistance by HUD		
	For all properties	Pre-1978	<ul style="list-style-type: none"> <li>Provision of pamphlet.</li> <li>Notice to occupants.</li> <li>Ongoing LBP maintenance and reevaluation.</li> <li>Response to child with EIBLL.<sup>5</sup></li> </ul>
	1. Multifamily property receiving more than \$5,000 per unit per year	Pre-1978	<ul style="list-style-type: none"> <li>Risk assessment.</li> <li>Interim controls.</li> </ul>
	2. Multifamily property receiving less than or equal to \$5,000 per unit per year, and single family properties	Pre-1978	<ul style="list-style-type: none"> <li>Visual assessment.</li> <li>Paint stabilization.</li> </ul>

I	HUD-Owned Multifamily Property	Pre-1978	<ul style="list-style-type: none"> <li>• Provision of pamphlet.</li> <li>• LBP inspection and risk assessment.</li> <li>• Interim controls.</li> <li>• Notice to occupants.</li> <li>• Ongoing LBP maintenance and re-evaluation.</li> <li>• Response to child with EIBLL.<sup>5</sup></li> </ul>
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#### SUMMARY OF HUD LEAD-BASED PAINT (LBP) REQUIREMENTS

J	Rehabilitation Assistance: For all Properties	Pre-1978	<ul style="list-style-type: none"> <li>• Provision of pamphlet.</li> <li>• Paint testing of surfaces to be disturbed, or presume LBP.</li> <li>• Notice to occupants.</li> <li>• Ongoing LBP maintenance if HOME rental.</li> </ul>
	1. Property receiving less than or equal to \$5,000 per unit	Pre-1978	<ul style="list-style-type: none"> <li>• Safe work practices in rehab.</li> <li>• Repair disturbed paint.</li> <li>• Clearance of the worksite.</li> </ul>
	2. Property receiving more than \$5,000 and up to \$25,000	Pre-1978	<ul style="list-style-type: none"> <li>• Risk assessment.</li> <li>• Interim controls.</li> </ul>
	3. Property receiving more than \$25,000 per unit	Pre-1978	<ul style="list-style-type: none"> <li>• Risk assessment.</li> <li>• Abatement of LBP hazards.</li> <li>• Interim controls allowed for exterior.</li> </ul>
K	Acquisition, Leasing, Support Services, or Operation	Pre-1978	<ul style="list-style-type: none"> <li>• Provision of pamphlet.</li> <li>• Visual assessment.</li> <li>• Paint stabilization.</li> <li>• Notice to occupants.</li> <li>• Ongoing LBP maintenance for ongoing assistance.</li> </ul>
L	Public Housing	Pre-1978	<ul style="list-style-type: none"> <li>• Provision of pamphlet.</li> <li>• LBP inspection.</li> <li>• Risk assessment if LBP not yet abated.</li> <li>• Interim controls if LBP not yet abated.</li> <li>• Abatement of LBP during modernization.</li> <li>• Notice to occupants.</li> <li>• Ongoing LBP maintenance and reevaluation.</li> <li>• Response to child with EIBLL.<sup>5</sup></li> </ul>
M	Tenant-Based Rental Assistance for units to be occupied by children under 6 years of age	Pre-1978	<ul style="list-style-type: none"> <li>• Provision of pamphlet.</li> <li>• Visual assessment.</li> <li>• Paint stabilization.</li> <li>• Notice to occupants.</li> <li>• Ongoing LBP maintenance.</li> <li>• Response to child with EIBLL.<sup>5</sup></li> </ul>



When Federal Funds are used, the assistance provided will be in accordance with all other Federal requirements regarding the use of CDBG funds. Such requirements will include but will not be limited to affirmative marketing, labor, displacements and relocations, lead-based paint, and any other requirement in force at the time of the processing of the assistance in accordance with 24 CFR 92 or 24 CFR 570.

## SECTION 11. OTHER STATE REQUIREMENTS

### ADVISORY COMMITTEE

The City shall appoint an affordable housing advisory committee for the purpose of recommending specific initiatives and incentives to encourage or facilitate affordable housing as provided in F.S. 420.9076. The statute outlines the specific composition required for advisory committee members and the process for their appointment. The committee shall evaluate established policies, procedures, ordinances, land development regulations, and the local government comprehensive plan, and report its findings to the local governing board triennially but not later than on December 31 of the year preceding the submission of the local housing assistance plan. The affordable housing advisory committee shall be established in accordance with Section 420.9076(3), F.S., to approve the local affordable housing incentive strategy recommendations at a public hearing by affirmative vote of a majority of the membership of the advisory committee.

The City shall transmit to the Corporation an electronic copy of the report which has been submitted to the local governing board for consideration no later than May 2 of the year following the report due date.

All meetings of the advisory committee are public meetings, and all committee records are public records. Staff, administrative, and facility support to the advisory committee shall be provided by the City.

Within 90 days after the date of receipt of the evaluation and local housing incentive strategy recommendations from the advisory committee, the City shall adopt an amendment to its local housing assistance plan to incorporate the local housing incentive strategies it will implement. The local government must consider the strategies as recommended by the advisory committee.

### LOCAL HOUSING ASSISTANCE PLAN REQUIREMENTS

Local Housing Assistance Plans shall adhere to the following requirements:

1. The City will develop an LHAP that will contain all of the requirements outlined in the SHIP rule 67.37 and the SHIP statute at 420.907.
2. The City will comply with any applicable new requirements tied to each fiscal year's funding.

The LHAP will be submitted as early as possible before the statewide final submission deadline to allow enough time for revisions, submission to the City commission for approval and public comments on the document. All LHAPs are due by May 2 of the year in which the previous LHAP is expiring. Forms, templates and instructions for submittal of the plan are located at: [www.floridahousing.org/programs/special-programs/local-housing-assistance-plan-\(lhap\)/lhap-template-and-exhibits](http://www.floridahousing.org/programs/special-programs/local-housing-assistance-plan-(lhap)/lhap-template-and-exhibits)

This website will also provide instruction for final submission of the document after commission approval.

The approval process is outlined below:

1. The LHAP will be submitted for **conditional review**. This requires all documents in the LHAP to be submitted with the exception of the certification and resolution.
2. The final LHAP must be approved by resolution prior to submission FHFC. All required documents are submitted in one PDF in accordance with the instruction provided by FHFC. The staff will visit the FHFC website on an annual basis to determine what procedures are required for submission and will use the most current forms and templates for submission of the LHAP.
3. The LHAP must be updated every 3 years, not later than May 2 in the year that its due. FHFC will post all LHAP's due in each given year on their website.
4. When a new strategy is added or deleted, this is an amendment to the LHAP. Amendments must be approved by Florida Housing Finance Corp. prior to implementation. For instruction on completing an amendment go to: [www.floridahousing.org/FH-ImageWebDocs/Housing%20Partners/Local%20Governments/LHAPS/LHAP%20Template%20and%20Exhibits/80-LHAP%20Amendment%20Procedures.pdf](http://www.floridahousing.org/FH-ImageWebDocs/Housing%20Partners/Local%20Governments/LHAPS/LHAP%20Template%20and%20Exhibits/80-LHAP%20Amendment%20Procedures.pdf) The proposed amendment shall be submitted to the FHFC SHIP Program Administrator for review in accordance with the requirements outlined in the statute. Once the document is returned with comments, the document will be finalized for approval by the City Commission. Once approved by the City Commission, the document will be finalized and the LHAP will be amended to include the changes. An example of an amendment would be adding a new purchase assistance or foreclosure prevention strategy.
5. Changes to an existing approved strategy are technical revisions. Technical revisions also require approval by FHFC. Submit the proposed revisions in underline/strikethrough (blackline) format as a word document to Florida Housing Finance Corp. SHIP Program Administrator. An example of a technical revision is increasing the award amount of an existing strategy or changing the affordability period.

6. Once FHFC approves the revisions, a copy of the revised document must be submitted to the City commission for approval. Once the document is approved, a pdf of the final document shall be submitted to the FHFC SHIP administrator.

## ANNUAL REPORT

The City will submit an annual SHIP report for each open fiscal year. The report is due no later than September 15<sup>th</sup>. For guidance on how to complete the annual report go to: [www.floridahousing.org/programs/special-programs/ship---state-housing-initiatives-partnership-program/ship-annual-report](http://www.floridahousing.org/programs/special-programs/ship---state-housing-initiatives-partnership-program/ship-annual-report). The reports will be submitted online at <https://apps.floridahousing.org/StandAlone/Extranet/>. All Program Specialists will reconcile expenses for the annual report with the Finance department before submission to FHFC. Prior to certifying the report and transmitting it to the Corporation, the City shall provide notice of the availability of the proposed report and solicit public comment. The notice must state the public place where a copy of the proposed report can be obtained by interested persons. Members of the public may submit written comments on the report to the City. Written public comments shall identify the author by name, address, and interest affected. The City shall attach a copy of all such written comments and its responses to the annual report submitted to the corporation.

## SECTION 12. LOAN PAYOFFS AND PROGRAM INCOME

The City can receive program income from default under the different programs or interest earned. A payoff may be received in the way of: payoff check, inter-department deposit/ journal entry, interest and investment income. This procedure describes steps taken to process reimbursement on a department level.

### PROGRAM INCOME UNDER THE SHIP PROGRAM

The Program Specialist and OHUI Accountant determines which grant or City program the payoff is for. For example, it may be a SHIP Purchase Assistance loan repayment, SHIP Rehab Loan Repayment, City Demolition/Reconstruction, or Short Sale proceeds.

The staff will update the SHIP tracking report to include the program income received. Program income is reported in the SHIP fiscal year it is received regardless of when the assistance is provided. Program income will be subject to the same terms and conditions of the fiscal year LHAP in which the funds are deposited. Program income is subject to the following set asides: 30% low and 30% very low income. Only 5% of program income can be used for administrative expenses unless a different amount is authorized by the legislature in any given fiscal year. If the City receives \$350,000 or less in any given fiscal year, then 10% of program income can be used for administrative expenses. For fiscal years when the City receives more than the \$350,000 then the limit for administrative expenses from program income is 5% of the program income received in that fiscal year. The staff will prepare a release of mortgage and promissory note for cases that paid off the balance due. This document will be provided to the property owner or Title Company for recording. Staff shall put a copy of the payoff check and release documents in the file.

## PROGRAM INCOME UNDER THE CDBG PROGRAM

### 24 CFR §570.500 Definitions.

For the purposes of this subpart, the following terms shall apply:

(a) *Program income* means gross income received by the recipient or a subrecipient directly generated from the use of CDBG funds, except as provided in paragraph (a)(4) of this section.

(1) Program income includes, but is not limited to, the following:

(i) Proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG funds;

(ii) Proceeds from the disposition of equipment purchased with CDBG funds;

(iii) Gross income from the use or rental of real or personal property acquired by the recipient or by a subrecipient with CDBG funds, less costs incidental to generation of the income;

(iv) Gross income from the use or rental of real property, owned by the recipient or by a subrecipient, that was constructed or improved with CDBG funds, less costs incidental to generation of the income;

(v) Payments of principal and interest on loans made using CDBG funds, except as provided in paragraph (a)(3) of this section;

(vi) Proceeds from the sale of loans made with CDBG funds;

(vii) Proceeds from sale of obligations secured by loans made with CDBG funds;

(viii) [Reserved]

(ix) Interest earned on program income pending its disposition; and

(x) Funds collected through special assessments made against properties owned and occupied by households *not* of low and moderate income, where the assessments are used to recover all or part of the CDBG portion of a public improvement.

(2) Program income does not include income earned (except for interest described in §570.513) on grant advances from the U.S. Treasury. The following items of income earned on grant advances must be remitted to HUD for transmittal to the U.S. Treasury, and will not be reallocated under section 106(c) or

(d) of the Act:

(i) Interest earned from the investment of the initial proceeds of a grant advance by the U.S. Treasury;

(ii) Interest earned on loans or other forms of assistance provided with CDBG funds that are used for activities determined by HUD either to be ineligible or to fail to meet a national objective in accordance

with the requirements of subpart C of this part, or that fail substantially to meet any other requirement of this part; and

(iii) Interest earned on the investment of amounts reimbursed to the CDBG program account prior to the use of the reimbursed funds for eligible purposes.

(3) The calculation of the amount of program income for the recipient's CDBG program as a whole (i.e., comprising activities carried out by a grantee and its subrecipients) shall exclude payments made by subrecipients of principal and/or interest on CDBG-funded loans received from grantees if such payments are made using program income received by the subrecipient. (By making such payments, the subrecipient shall be deemed to have transferred program income to the grantee.) The amount of program income derived from this calculation shall be used for reporting purposes, for purposes of applying the requirement under §570.504(b)(2)(iii), and in determining limitations on planning and administration and public services activities to be paid for with CDBG funds.

(4) Program income does not include:

(i) Any income received in a single program year by the recipient and all its subrecipients if the total amount of such income does not exceed \$25,000; and

(ii) Amounts generated by activities that are financed by a loan guaranteed under section 108 of the Act and meet one or more of the public benefit criteria specified at §570.209(b)(2)(v) or are carried out in conjunction with a grant under section 108(q) in an area determined by HUD to meet the eligibility requirements for designation as an Urban Empowerment Zone pursuant to 24 CFR part 597, subpart B. Such exclusion shall not apply if CDBG funds are used to repay the guaranteed loan. When such a guaranteed loan is partially repaid with CDBG funds, the amount generated shall be prorated to reflect the percentage of CDBG funds used. Amounts generated by activities financed with loans guaranteed under section 108 which are not defined as program income shall be treated as miscellaneous revenue and shall not be subject to any of the requirements of this part, except that the use of such funds shall be limited to activities that are located in a revitalization strategy area and implement a HUD approved area revitalization strategy pursuant to §91.215(e) of this title. However, such treatment shall not affect the right of the Secretary to require the section 108 borrower to pledge such amounts as security for the guaranteed loan. The determination whether such amounts shall constitute program income shall be governed by the provisions of the contract required at §570.705(b)(1).

(5) Examples of other receipts that are not considered program income are proceeds from fund raising activities carried out by subrecipients receiving CDBG assistance (the costs of fundraising are generally unallowable under the applicable OMB circulars referenced in 24 CFR 84.27), funds collected through special assessments used to recover the non-CDBG portion of a public improvement, and proceeds from the disposition of real property acquired or improved with CDBG funds when the disposition occurs after the applicable time period specified in §570.503(b)(3) for subrecipient-controlled property, or in §570.505 for recipient-controlled property.

#### **§ 570.503 Agreements with subrecipients.**

(a) Before disbursing any CDBG funds to a subrecipient, the recipient shall sign a written agreement with the subrecipient. The agreement shall remain in effect during any period that the subrecipient has control over CDBG funds, including program income.

(b) At a minimum, the written agreement with the subrecipient shall include provisions concerning the following items:

(1) *Statement of work.* The agreement shall include a description of the work to be performed, a schedule for completing the work, and a budget. These items shall be in sufficient detail to provide a sound basis for the recipient effectively to monitor performance under the agreement.

(2) *Records and reports.* The recipient shall specify in the agreement the particular records the subrecipient must maintain and the particular reports the subrecipient must submit in order to assist the recipient in meeting its recordkeeping and reporting requirements.

(3) *Program income.* The agreement shall include the program income requirements set forth in §570.504(c). The agreement shall also specify that, at the end of the program year, the grantee may require remittance of all or part of any program income balances (including investments thereof) held by the subrecipient (except those needed for immediate cash needs, cash balances of a revolving loan fund, cash balances from a lump sum drawdown, or cash or investments held for section 108 security needs).

(4) *Uniform administrative requirements.* The agreement shall require the subrecipient to comply with applicable uniform administrative requirements, as described in §570.502.

(5) *Other program requirements.* The agreement shall require the subrecipient to carry out each activity in compliance with all Federal laws and regulations described in subpart K of these regulations, except that:

(i) The subrecipient does not assume the recipient's environmental responsibilities described at §570.604; and

(ii) The subrecipient does not assume the recipient's responsibility for initiating the review process under the provisions of 24 CFR part 52.

(6) *Suspension and termination.* The agreement shall specify that, in accordance with 24 CFR 85.43, suspension or termination may occur if the subrecipient materially fails to comply with any term of the award, and that the award may be terminated for convenience in accordance with 24 CFR 85.44.

(7) *Reversion of assets.* The agreement shall specify that upon its expiration the subrecipient shall transfer to the recipient any CDBG funds on hand at the time of expiration and any accounts receivable attributable to the use of CDBG funds. It shall also include provisions designed to ensure that any real property under the subrecipient's control that was acquired or improved in whole or in part with CDBG funds (including CDBG funds provided to the subrecipient in the form of a loan) in excess of \$25,000 is either:

(i) Used to meet one of the national objectives in §570.208 (formerly §570.901) until five years after expiration of the agreement, or for such longer period of time as determined to be appropriate by the recipient; or

(ii) Not used in accordance with paragraph (b)(7)(i) of this section, in which event the subrecipient shall pay to the recipient an amount equal to the current market value of the property less any portion of the value attributable to expenditures of non-CDBG funds for the acquisition of, or improvement to, the property. The payment is program income to the recipient. (No payment is required after the period of time specified in paragraph (b)(7)(i) of this section.)

[53 FR 8058, Mar. 11, 1988, as amended at 53 FR 41331, Oct. 21, 1988; 57 FR 27120, June 17, 1992; 60 FR 56915, Nov. 9, 1995; 68 FR 56405, Sept. 30, 2003]

#### **§ 570.504 Program income.**

(a) *Recording program income.* The receipt and expenditure of program income as defined in §570.500(a) shall be recorded as part of the financial transactions of the grant program.

(b) *Disposition of program income received by recipients.* (1) Program income received before grant closeout may be retained by the recipient if the income is treated as additional CDBG funds subject to all applicable requirements governing the use of CDBG funds.

(2) If the recipient chooses to retain program income, that program income shall be disposed of as follows:

(i) Program income in the form of repayments to, or interest earned on, a revolving fund as defined in §570.500(b) shall be substantially disbursed from the fund before additional cash withdrawals are made from the U.S. Treasury for the same activity. (This rule does not prevent a lump sum disbursement to finance the rehabilitation of privately owned properties as provided for in §570.513.)

(ii) Substantially all other program income shall be disbursed for eligible activities before additional cash withdrawals are made from the U.S. Treasury.

(iii) At the end of each program year, the aggregate amount of program income cash balances and any investment thereof (except those needed for immediate cash needs, cash balances of a revolving loan fund, cash balances from a lump-sum drawdown, or cash or investments held for section 108 loan guarantee security needs) that, as of the last day of the program year, exceeds one-twelfth of the most recent grant made pursuant to §570.304 shall be remitted to HUD as soon as practicable thereafter, to be placed in the recipient's line of credit. This provision applies to program income cash balances and investments thereof held by the grantee and its subrecipients. (This provision shall be applied for the first time at the end of the program year for which Federal Fiscal Year 1996 funds are provided.)

(3) Program income on hand at the time of closeout shall continue to be subject to the eligibility requirements in subpart C and all other applicable provisions of this part until it is expended.

(4) Unless otherwise provided in any grant closeout agreement, and subject to the requirements of paragraph (b)(5) of this section, income received after closeout shall not be governed by the provisions of this part, except that, if at the time of closeout the recipient has another ongoing CDBG grant received

directly from HUD, funds received after closeout shall be treated as program income of the ongoing grant program.

(5) If the recipient does not have another ongoing grant received directly from HUD at the time of closeout, income received after closeout from the disposition of real property or from loans outstanding at the time of closeout shall not be governed by the provisions of this part, except that such income shall be used for activities that meet one of the national objectives in §570.901 and the eligibility requirements described in section 105 of the Act.

(c) *Disposition of program income received by subrecipients.* The written agreement between the recipient and the subrecipient, as required by §570.503, shall specify whether program income received is to be returned to the recipient or retained by the subrecipient. Where program income is to be retained by the subrecipient, the agreement shall specify the activities that will be undertaken with the program income and that all provisions of the written agreement shall apply to the specified activities. When the subrecipient retains program income, transfers of grant funds by the recipient to the subrecipient shall be adjusted according to the principles described in paragraphs (b)(2) (i) and (ii) of this section. Any program income on hand when the agreement expires, or received after the agreement's expiration, shall be paid to the recipient as required by §570.503(b)(3).

(d) *Disposition of certain program income received by urban counties.* Program income derived from urban county program activities undertaken by or within the jurisdiction of a unit of general local government which thereafter terminates its participation in the urban county shall continue to be program income of the urban county. The urban county may transfer the program income to the unit of general local government, upon its termination of urban county participation, provided that the unit of general local government has become an entitlement grantee and agrees to use the program income in its own CDBG entitlement program.

## SECTION 13. AMENDMENTS

Any amendments to the program design and/or operating procedures will be promptly incorporated into these policies and procedures. Changes can be made by the Department Director, the City Manager or the City Commission.



## SECTION 14. EXHIBITS

### **Exhibit A: Homeowner Subordination Policy and Request Form**

CITY OF POMPANO BEACH  
Office of Housing and Urban Improvement  
HOMEOWNER SUBORDINATION POLICY AND REQUEST FORM  
(Revised October 1, 2017)

*(Return This Form with Required Documentation, if applicable)*

**POLICY STATEMENT**

Upon written request, the City of Pompano Beach may consider the subordination of its mortgage(s) for refinancing proposals that will not seriously affect the affordability of the property or security of the public investment.

To outline the practices and procedures, which utilized by the Office of Housing and Urban Improvement (OHUI) to determine if the City will subordinate its loan to another lending institution, the policy to grant subordination based on the following criteria:

1. The original borrower has been approved by the holder of the first mortgage for a loan refinance or modification that will reduce the borrower's monthly first mortgage payment through reduction of the principal loan amount, reduction of the loan's interest rate, extension of the loan's repayment term, or a combination of any those factors; and
2. At least (1) year has passed since work was completed, or two years have passed since the original borrower's last subordination; and
3. The original borrower continues to own and occupy the home as its primary residence; and
4. The original borrower is experiencing financial hardship which would be benefited by securing a lower interest rate on his or her first mortgage accompanied by lower payments; and
5. The new monthly payment included escrows for taxes, and insurance, and represents between 30%-45% front and back ratio of a borrower's gross monthly income; and
6. The new first mortgage interest rate is at least two percentage points below the original first mortgage, and/or as a result of the monthly savings, the borrower should be able to recoup ( break-even) the loan closing costs within 3-5 years; and
7. The new loan origination fee, point, commitment fees, buy down fees and other lender charges do not exceed 2% of the loan amount; and
8. The first mortgage shall be for a term no longer than 30 years; and

9. The mortgage is fixed rate; and
10. The borrower does not receive any cash out for any purpose, including but not limited to, bill consolidation loans, lines of credit, future advances, personal loans, medical collections, other mortgages or encumbrances or liens, and;
11. Property insurance and taxes must be escrowed for annual payment for the life of the loan; and
12. The borrower must have sufficient equity in the home so as not to displace the City beyond a 95% loan to value ratio; and
13. If the borrower has a payment type loan, the account must be current; and
14. Property taxes must not be delinquent.
15. The CITY WILL NOT subordinate if we are in 1<sup>st</sup> position.
16. Borrower must submit proof of the homeowner's insurance. Borrowers interested in seeking approval from the City's Office of Housing & Urban Improvement to subordinate a first mortgage must:
  - Write to the City of Pompano Housing & Urban Improvement Office requesting the City subordinate to their lender and authorizes the lender to receive information regarding their loan for the purposes of the refinance.
  - The Lender must provide the details of the loan being requested such as a copy of the truth in lending statement, a copy of the appraisal and a copy of the projected settlement costs.
  - Provided additional information as needed to establish that the loan is strictly for a reduction in payment/interest rate and that the lender is not charging rates or providing terms that will in some way fall under the category of predatory lending practices.
  - The City must review a copy of the CD-1 Closing Statement prior to release of the City's executed Subordination Agreement. If a title company faxes the CD-1 to the City when completed, and supplies their FedEx (or overnight carrier) account number, the City will overnight, fax, if acceptable, the executed Subordination Agreement, if in agreement with the figures on the CD-1.

- All requests for subordination will require a minimum of 15 working days to review the documents and make a determination.

This Loan Subordination Policy may be amended from time to time. For the most up to date version please contact the City of Pompano Beach-Office of Housing & Urban Improvement at 954-786-4659.

I have read the above City of Pompano Beach.

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<b>Borrower</b>	<b>Date</b>
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<b>Borrower</b>	<b>Date</b>
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## REQUEST FOR SUBORDINATION OF MORTGAGE- DOCUMENTATION REQUIREMENTS

In order to begin processing a subordination request, the City of Pompano Beach requires that **ALL** of the following documentation be received. You can expect a decision within **10-15 business** days following receipt of **ALL** these items listed below (**NOTE:** Any missing information may delay processing of this request):

- ✓ A Letter from the owner of record with a City Mortgage, authorizing this request.
- ✓ A commitment letter from the appropriate lending institution detailing the amount, rate, term reason for new financing.
- ✓ A Good Faith Estimate of Settlement Charges (Loan processing fees, Origination fees, Recording fee, etc.) or CD Statement.
- ✓ A copy of the appraisal instrument used by the lender in making their decision.
- ✓ A copy of the mortgage and any amendments with the City or recording information for the same.
- ✓ Completed subordination request form (attached). This form must be completely filled out for the subordination request to be processed.
- ✓ A copy of the title commitment
- ✓ Evidence of the outstanding balances of all liens on the property with the exception of the City of Pompano's lien, and evidence of the interest rates associated with those liens ( include payoff statements)

*Note: Subordination requests will not be consider unless all documents are receive. It is the responsibility of the sender to make sure all documents are submit accordingly. The review process can take up to fourteen (14) business days before a subordination request is approve.*

*Please forward this documentation to:*

*City of Pompano Beach  
Office of Housing & Urban Improvement  
100 West Atlantic Blvd, Suite 220  
Pompano Beach FL33060  
Fax: (954) 786-5534*

*Telephone questions may be directed to Joann Martin-Onesky at (954)786-4657 or email to [Joann.martin-onesky@copbfl.com](mailto:Joann.martin-onesky@copbfl.com)*

## SUBORDINATION REQUEST FORM

Please provide the information requested below so that your request for subordination from the OHUI may be expedited. The OHUI reviews requests for subordination on an individual basis. **There is no guarantee that requests for subordination will be granted-please check the terms and conditions of your loan.** (NOTE: Additional documents may be requested as necessary).

Homeowner(s) Name(s): \_\_\_\_\_ Date Requested: \_\_\_\_\_

Property Address: \_\_\_\_\_

Day Phone: \_\_\_\_\_ Evening Phone: \_\_\_\_\_

City's Mortgage Amount: \_\_\_\_\_ Date Executed: \_\_\_\_\_

Date Recorded: \_\_\_\_\_ Recorded in Book \_\_\_\_\_ at Page \_\_\_\_\_

If Registered Land, Document# \_\_\_\_\_ and Certificate of Title# \_\_\_\_\_

***If you are seeking to refinance an existing mortgage, please provide the following information:***

1st Mortgage Amount: \_\_\_\_\_ Outstanding Balance: \_\_\_\_\_ Interest Rate: \_\_\_\_\_

Loan Term: \_\_\_\_\_ Loan Type: \_\_\_\_\_

2nd Mortgage Amount: \_\_\_\_\_ Outstanding Balance: \_\_\_\_\_ Interest Rate: \_\_\_\_\_

Loan Term: \_\_\_\_\_ Loan Type: \_\_\_\_\_

3rd Mortgage Amount: \_\_\_\_\_ Outstanding Balance: \_\_\_\_\_ Interest Rate: \_\_\_\_\_

Fees ( \$ amt. and type) ex. Pre-payments penalties \_\_\_\_\_

New loan Amount: \_\_\_\_\_ Credit Score: \_\_\_\_\_ Rate Expiration Date: \_\_\_\_\_

***The following mortgage (s) will be superior to the City's mortgage after subordination.***

Exact name of the Lender (Mortgagee): \_\_\_\_\_

Loan Amount: \_\_\_\_\_ Terms: \_\_\_\_\_ Interest Rate: \_\_\_\_\_

Present Appraised Value of Property: \_\_\_\_\_ Appraised supplied by: \_\_\_\_\_

New Lender Contact Name: \_\_\_\_\_ Phone#: \_\_\_\_\_

Closing Attorney and/or Paralegal for Lender: \_\_\_\_\_ Phone#: \_\_\_\_\_

Fax#: \_\_\_\_\_ Email: \_\_\_\_\_ Phone#: \_\_\_\_\_

**Reason for Subordination Request** (Please check all that apply):

- ☐ Lower interest rate/monthly payments
- ☐ Security of a fixed rate loan
- ☐ Obtain a Reversed Mortgage
- ☐ Mortgagee to receive cash for home improvement loan
- ☐ Eliminate mortgage insurance
- ☐ Other: \_\_\_\_\_

THIS SECTION TO BE COMPLETED BY THE CITY OF POMPANO BEACH OFFICE OF HOUSING AND URBAN IMPROVEMENT

Date Received: \_\_\_\_\_

Amount of Existing City Mortgage: \$ \_\_\_\_\_

Date Recorded: \_\_\_\_\_

Have all subordination request documents been submitted? D Yes D No

Subordination Agreement Request:      D Approved      D Denied

Reason(s) for denial:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

If approved:

- Prepare subordination agreement
- Director approves/signs the agreement
- Original agreement goes to Mortgage Company with reminder to have the document recorded and to return a copy to the City or our file.
- Agreement will returned to the Office of Housing & Urban Improvement

Reviewer: \_\_\_\_\_ Date: \_\_\_\_\_

Approver: \_\_\_\_\_ Date: \_\_\_\_\_