



# **City of Grand Island**

**Tuesday, May 28, 2013**

**Council Session**

## **Item E-6**

### **Public Hearing for Neighborhood Stabilization Program Income Reuse Program**

**Staff Contact: Marco Floreani**

# **Council Agenda Memo**

**From:** Marco Floreani, Community Development Administrator

**Meeting:** May 28, 2013

**Subject:** Public Hearing for Neighborhood Stabilization Program  
Income Reuse Program

**Item #'s:** E-6 & I-7

**Presenter(s):** Marco Floreani, Community Development Administrator

## **Background**

The City of Grand Island's Community Development Division will be administering Neighborhood Stabilization Program (NSP) Income Reuse Funds for local activities to demolish blighted structures and/or redevelop housing, and provide direct subsidies for purchase of a home by low-to-moderate income individuals or families.

Program Income generally means gross income received by the City through the repayment of housing loans, sale of property, receipts from a sub-receipt or from a sub-recipient of the City that was generated from the use of NSP funds. Receipts generated from program income will be considered to be program income regardless of the number of times it may be reused.

Program Income includes, but is not limited to:

- Payments of principal and/or interest on loans made using NSP funds.
- Proceeds from the disposition (by sale or long-term lease) of real property purchased or improved with NSP funds.
- Interest earned on program income pending its disposition.

The City will be allowed general administration costs of up to four percent (4%) of all NSP Program Income expended during each fiscal year.

## **Discussion**

Currently, the City has \$583,603.15 of NSP generated program income to be allocated under the guidelines of the City of Grand Island Program Income Reuse Plan for Neighborhood Stabilization Program (NSP1). The program guidelines have been

reviewed and approved by the Nebraska Department of Economic Development and following an adoption by Council, the City would be permitted to release NSP Program Income and fund NSP1 eligible activities.

### **Alternatives**

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve the Neighborhood Stabilization Program Income Reuse Program and authorize the Mayor to sign all related documents
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

### **Recommendation**

City Administration recommends that the Council adopts the Program Income Reuse Plan and authorizes the Mayor to sign all related documents.

### **Sample Motion**

Move to approve the Neighborhood Stabilization Program grant application and authorize the Mayor to sign all related documents.



**PROGRAM INCOME REUSE PLAN for  
Neighborhood Stabilization Program (NSP1)**  
(Community Development Block Grant)  
City of Grand Island, Nebraska

**PART I: Type of Plan**

Neighborhood Stabilization Program (NSP) Income Reuse Funds will be administered locally for activities that demolish blighted structures and/or redevelop housing located within NSP1 project area boundaries at the time closeout agreement with the Nebraska Department of Economic Development.

Program Income generally means gross income received by the City through the repayment of housing loans, sale of property, and other miscellaneous receipts or from a sub-recipient of the City that was generated from the use of NSP funds. Receipts generated from program income will be considered to be program income regardless of the number of times it may be reused.

Program Income includes, but is not limited to:

- payments of principal and/or interest on loans made using NSP funds.
- proceeds from the disposition (by sale or long-term lease) of real property purchased or improved with NSP funds.
- interest earned on program income pending its disposition.

The City of Grand Island will provide program and fiscal management of Reuse Funds and meet semi-annual reporting requirements of the Department of Economic Development.

**General Administration:**

The Grantee will be allowed general administration costs of up to four percent (4%) of all NSP Program Income expended during each fiscal year.

**PART II: Goals and Objectives of the Plan**

Reuse Funds will be expended only for projects that meet identified National Objective(s) primarily benefiting low-and-moderate income persons (Table 1, Appendix A). Compliance with all NSP program requirements, certifications and assurances in using program income on deposit at the time the closeout agreement is signed and in using any other remaining NSP funds available for closeout costs and contingent liabilities.

Local Objectives include:

1. To acquire and demolish blighted structures for redevelopment. To demolish or acquire, homes must be vacant for no less than 90 days and in a blighted state.

2. To provide direct subsidy for purchase of a home by low-to-moderate-income individuals.
3. To provide safe, affordable housing options for low-to-moderate-income residents.
4. To construct housing units required to allow affordable housing for low-to-moderate income homeowners to be built.
5. Not less than 25% of the City of Grand Island's Reuse funds must be expended to house individuals or families whose incomes do not exceed 50% of area median income.

### **PART III: Elements of the Plan**

#### **Eligible Applicants within NSP1 project boundaries**

1. Low-to-moderate-income persons.

#### **NSP-Eligible Activities and Uses**

1. Demolition of blighted structures.
2. Redevelop demolished or vacant properties

#### **Guidelines for Assistance**

1. Direct Subsidy
  - a. Maximum of \$20,000
  - b. 0% interest
  - c. Forgivable loans in terms of 5 or 10 years depending on dollar amount of subsidy per unit (see guidelines below).

Less than \$15,000	5-year affordability period
\$15,000 - \$20,000	10-year affordability period
2. Development Subsidy: Given current market conditions in the neighborhoods that NSP is designed to stabilize, it is possible that the total development cost of a home may exceed local market value. The difference between the total development cost and the appraisal and/or sales price must be treated as a development subsidy that is not recoverable. Maximum amount of \$20,000.

### **PART IV: Requirements**

1. Program Income.: Gross revenues received by the CITY of Grand Island after closeouts will be governed by the following requirements:
  - a) Program income may provide benefit to individuals and families with incomes up to 120 percent of AMI as permitted under Section II. E.
  - b) To acquire and demolish blighted structures for redevelopment. To demolish or acquire homes must be vacant for no less than 90 days and in a blighted state.
  - c) The City of Grand Island must ensure that when a house is sold, the affordability requirements are met.

## **PART V: Compliance**

Compliance with Department of Housing and Urban Development (HUD), Nebraska Department of Economic Development and Community Development Block Grant regulations will be the duty of local City staff. The Program Income Reuse Plan will be administered with the most current and applicable guidelines and regulations. If a consultant is hired by the City for an individual project, it would be the City's responsibility to ensure consultant/contractor compliance with local, state, and federal regulations.

Local, state, and federal regulations may include but not be limited to: 1) 24 CFR 5, 2) City of Grand Island and Nebraska Department of Economic Development construction standards, 3) Section 2301(d)(2) of HERA, 4) Section 203 (b) Single Family Mortgage Limit, 5) Section 110 of the Housing and Community Development Act of 1974, as amended, 6) Fair Labor Standards Act of 1938, as amended (29 USC 102 et seq), 7) section 3 of the Housing and Urban Development Act of 1968 (12 USC 1701(u), 8) Davis Bacon Act as amended (40 USC 276-a-276-5) and Section 2 of the June 13, 1934 Act, as amended (48 Stat 948.40 USC 276 (c), popularly known as The Copeland Act, and/or 9) the 2003 International Energy Conservation Code.

## **PART V: Financial Management**

Funds received from forgivable loans will be deposited into a separate, interest bearing account by the servicing agent. These funds will be used for activities eligible under this NSP plan. Revenues and expenditures will be monitored and maintained through the City financial management system.

### **NSP1 ACQUISITION/DEMOLITION GUIDELINES**

#### **DEFINITION OF BLIGHTED STRUCTURE**

Blighted structures will follow the Nebraska Department of Economic Development (DED) Community Development Block Grant (CDBG) NSP 1 definition. "This definition includes, but is not limited to, "any dwelling, garage, outbuilding, warehouse, commercial building or any other structure or part of a structure, which: because of the effects of fire, wind, flood, or other natural disaster; because of physical deterioration; or, because of demolition, or partial demolition, not carried out to completion within a reasonable period of time. This structure is not habitable as dwelling, or, in the case of a non-dwelling structure, is no longer useful for the purpose for which the non-dwelling structure was intended, and which has been designated by the City as detrimental to the public health or safety in its present condition and use."

#### **1.0 APPLICANT ELIGIBILITY**

##### **1.1 General (Conflict of Interest)**

No member of the governing body, official, employee, agent or member of their immediate family of the City of Grand Island who exercises policy, decision-making functions or responsibilities in connection with the planning and implementation of the NSP program shall directly or indirectly benefit from this program, unless the Nebraska Department of Economic Development (DED) has granted written exception to that member. This prohibition shall continue for one year after an individual's relationship

with the City ends. Any other employee, officer, or board member may be eligible, but will be treated no differently in the determination of applications accepted for funding.

## **2.0 PROPERTY ELIGIBILITY**

### **2.1 Location**

The structures to be acquired and/or demolished will be located in the community of Grand Island that are eligible for NSP 1 funds as defined by DED in Exhibit M of the original grant application. The eligible zip code areas are 68801 and 68803.

### **2.2 Unit Characteristics**

Only vacant and blighted units (residential) will be eligible for demolition. A vacant property is defined as property that is not inhabited by any person for any dwelling purpose for at least 90 days.

### **2.3 Condition**

Prior to demolition the unit will need to be determined vacant and blighted by the City Building Department or a qualified inspector. The inspector will be required to complete an approved “structure condition survey” form, which will be provided by the City. The City will also review and certify the report. Structure photographs and other information will be maintained in the City’s file clearly identifying the structure met the requirements of a blighted and vacant structure.

### **2.4 Environmental Review**

Agencies requiring compliance with historic designations, floodplains, archeological significance, hazardous material (i.e. lead paint, asbestos), etc. will be consulted prior to acquisition and/or demolition. Any and all required permits will be obtained prior to demolition. A unit determined by such agencies to have un-resolvable compliance issues will not be eligible for demolition.

## **3.0 TYPE OF FINANCIAL ASSISTANCE**

### **3.1 NSP Program**

The City will negotiate a purchase price or other means of acquisition with the owner of an eligible property. Properties eligible for purchase and/or demolition will be scored and ranked on a set of predetermined criteria. Following completion of scoring and ranking, the City will purchase and demolish properties until funding is gone.

Potential properties for acquisition may be solicited from interested property owners through public notice (Grand Island Independent, other electronic and print media) and direct mailing. Property owners will have opportunity to submit property information for a period of at least 15 days from either the publication or direct contact dates. Each property will be scored on the criteria noted in section 3.3.

A committee comprised of at least one staff member from Community Development Division, Regional Planning, and the Building Departments will review proposals. Property owners will be notified in writing of the City’s interest in negotiating for purchase of their property. Properties that do not meet at the scoring criteria of vacancy standards, blighted criteria, and redevelopment potential will not be

eligible for the program. Property owners of ineligible or non-selected properties will be notified in writing.

Demolition may not begin until all lien holders and property owners provide written permission to the City to demolish. The property title transfer to the City after purchase may serve as written permission.

### 3.2 Demolition funds

The City will follow City Code Chapter 27 with regard to Procurement in selection of demolition services. Under the City of Grand Island's NSP1 Acquisition/Demolition Program the City can exercise the right to demolish a vacant and blighted property with no subsequent housing activity. If the City only demolishes a blighted and vacant structure with no subsequent housing activity, the City is not able to utilize NSP1 funds to acquire the property.

### 3.3 Scoring Criteria

Property may only be considered for scoring if it meets basic threshold requirements for program eligibility including vacancy, blighted standards, and environmental review does not result in findings.

#### Scoring Criteria

1. Location of property
  - a. Property not located in Census Tract defined as 51% LMI 5
  - b. Property located in an area designated as Blighted and Substandard by the City Council 5
  - c. Housing types in neighborhood are consistent with developers' standard housing design 5
2. Size of lot
  - a. Width
    - 1) Smaller than 52.8 feet 0
    - 2) Between 52.8 feet and 66 feet 3
    - 3) Equal to 66 feet 5
    - 4) Greater than 66 feet 7
  - b. Area (total lot size)
    - 1) Smaller 6,969 square feet 0
    - 2) Between 6,969 and 8,712 square feet 3
    - 3) Equal to 8,712 square feet 5
    - 4) Greater than 8,712 square feet 7
3. Age of Structure
  - a. 1990 or later 0
  - b. 1970 – 1989 3
  - c. 1940 – 1969 5
  - d. 1939 or earlier 7
4. Quality of infrastructure
  - a. Sanitary Sewer 3
  - b. Water lines 3
  - c. Street surfacing
    - 1) gravel 0



2) asphalt	3	
3) fair Portland cement	5	
4) good Portland cement	7	
5. Property tax status		
a. Property taxes paid current	0	
b. Property taxes six (6) months delinquent	3	
c. Property taxes twelve (12) months delinquent	5	
d. Property taxes delinquent for greater than twelve (12) months	7	
6. Assessed value		
a. Greater than \$80,000	0	
b. \$60,000 to \$79,999	3	
c. \$40,000 to \$59,999	5	
d. Less than \$40,000	7	
7. Property cannot be used for fire training	5	
8. Timeline for acquisition/demolition		
a. Property can be under contract 180 days or more	0	
b. Property can be under contract 180 days or less	3	
c. Property can be under contract in 120 days or less	5	
d. Property can be under contract in 60 days or less	7	
TOTAL POSSIBLE POINTS		75

In case of a tie, the oldest structure may receive priority. If there is no difference in age of structure, the larger lot size may be given priority. If the tie cannot be broken through differences in scoring criteria, properties may be selected through a lottery process.

#### **4.0 DEMOLITION PROCESS**

Upon decision by the City of Grand Island to fund acquisition/demolition projects or demolition only projects based upon the priority ranking from the scoring process, the following steps will be taken:

1. Property will be inspected
2. Third party appraisal conducted (not applicable to demolition only projects)
3. Required photos and documentation completed
4. Negotiations for purchase price occurred (not applicable to demolition only projects)
5. Environmental Review conducted
6. Contractor for demolition procured
7. Property permits will be obtained
8. Property demolished
9. Property is inspected

#### **5.0 GRIEVANCE PROCEDURE**

In the event that any applicant feels he/she has been unfairly treated or discriminated against during the process of selection for the program, he/she may appeal the decision, specifying the complaint in writing

to the Community Development Division for their consideration. A written appeal must be submitted to Community Development staff within 15 calendar days after notification of the decision.

The Community Development Advisory Committee will review the appeal and determine a course of action as appropriate. If needed, the Advisory Committee will make a recommendation to support or overturn the decision of Community Development staff within 45 days of receipt of the written appeal. The decision will be in writing and mailed to the applicant.

If a satisfactory resolution cannot be attained as a result of this meeting, the Advisory Committee may make a recommendation to the Grand Island City Council who can make the final determination for resolution.

## **6.0 OFFICIAL CONTACT OFFICE**

The place of contact for this program shall be the City of Grand Island, City Hall, 100 E. 1<sup>st</sup> St., Grand Island, Nebraska. Any grievances, suggestions, or requests for information should be directed to this office. This in no way shall be construed to limit other interested parties from distributing information about the program or receiving suggestions for amendments to the program. All grievances shall be directed to the City in writing.

## **DIRECT SUBSIDY GUIDELINES**

The City of Grand Island will provide home ownership opportunities for low-income individuals through direct subsidy loans to help purchase a home.

### **Applicant Eligibility**

The Community Development Division will accept applications and qualify persons for the program on a “first-come, first-serve” basis. Applications will be accepted until all slots have been filled with income-qualified and approved persons. Additional applications may be accepted in case an approved applicant cannot achieve program requirements and no longer qualifies for the program. The next available applicant may then be notified. If more than one application is considered to be equal in approval and acceptance dates, the applicant with the lowest, qualifying household income will be given priority. If income determination does not resolve the tie, the selection of applicant will be based on a lottery.

Applications will be accepted during regular business hours of the Community Development office, Monday through Friday, 8:00 a.m. to 5:00 p.m. Completed applications are kept on file for 6 months from the application date and, unless changes have occurred in the household, generally considered as eligible for the program. All applicants will be notified by letter of approval or denial for the program.

For the NSP 1 program, an applicant must be able to:

- contribute a minimum of \$1000 towards the purchase price
- secure a mortgage from a reputable lender
- attend and complete an approved REACH first-time homebuyer/owner education course or a HUD approved first-time homebuyer course
- provide all of the information requested on the Program Checklist

All applications will be reviewed based on the Fair Housing Act of 1988. Discrimination due to race or color, national origin, religion, sex, age, handicap or familial status will not be allowed.

### **Geographic Eligibility**

The NSP 1 Program will be confined to the target areas of zip codes 68801 and 68803 within the corporate city limits of Grand Island, Nebraska.

### **Income Eligibility**

An applicant may not exceed a household income maximum that is at or below 120% Hall County Area Median Income guidelines, adjusted by family size. Household income is the anticipated gross annual income defined by Section 8 Part 5 Program Annual Income with third party verification and meets the definition of 24 CFR 5.609. Twenty-five percent of all program income funds must benefit households at or below 50% of the Annual Median Income.

The income of all household members age 18 or older will be counted toward total household income, regardless of relationship to the applicant. Income will be verified and documented by Community Development staff. The most current HUD income guidelines will be used to determine eligibility. Any income issue not explicitly defined in these guidelines shall be subject to the current income guidelines as established by the Department of Housing and Urban Development.

Applicants must: 1) complete a City of Grand Island application package, which includes but is not limited to basic demographic and personal information, income verifications, checking/ savings/other accounts information, 2) furnish U.S. Individual Tax returns for the previous three (3) years or applicable data, and 3) provide any other documents requested to determine eligibility. A signed copy of tax returns or official forms generated by the IRS must be submitted. Applicants will be required to sign third party verification for employment and to allow the City access to information about all open accounts. Retirement, pension, etc. information must be supplied by the applicant. It is the responsibility of the applicant to obtain and provide needed documents.

The City reserves the right to refuse program eligibility if the amount of the loan will result in a housing payment burden. For this program, housing payments may be considered a burden if the Principal, Interest, Taxes, and Insurance (PITI) exceed 30% of gross income. An applicant with debt payments that exceed 45%, including PITI, will not be eligible for program funds until the debt load is reduced below that percentage.

The amount of direct subsidy, combined with the PITI payment, may or may not be based on the income of all adult persons moving into the home. If an adult member of a household chooses not to be included on the Lenders loan documents and/or the Lenders Deed of Trust, the gross income of all adult members may be considered in the amount of assistance provided. In some cases, families who exclude other adult members of the household from the lender loan and lender deed of trust may not qualify for the program. All adult members (excluding qualifying children and or adult parents) of the household must sign the City of Grand Island Loan Documents and Promissory Note. Households that need someone to co-sign Loan Documents will not be eligible.

### **Applicant Review Process**

Applications will be reviewed by Community Development staff to determine eligibility for the program and approve or deny the application. The Mayor will sign the Deed of Trust. All applicants will be notified in writing of approval or denial for the program.

### **First Mortgage Eligibility**

Receipt of a direct subsidy will be contingent on the ability of the applicant to secure a mortgage or enter into a program to establish sufficient credit to qualify for a mortgage. The applicant must obtain a mortgage loan from a lender who agrees to comply with bank regulator guidance for non-traditional mortgages. Applicants will be responsible for the selection of the mortgage lender. However, the City reserves the right to confirm adherence to federal guidelines, require the applicant to apply for a NIFA loan and/or to contact other lenders for proof of financial viability.

### **Allowable Assets**

Applicant/s shall not have *liquid assets* exceeding \$10,000.00. “Liquid assets” are defined as checking accounts, certificates of deposits, savings accounts, savings bonds, stocks, and bonds. Liquid assets in excess of \$10,000.00 must be liquidated even if a penalty results and used towards the purchase of the home. This may result in a reduction of assistance.

Liquid assets shall *not* include (1) individual retirement accounts (IRA’S), retirement, pension, or welfare plan funds governed by provision of the Employment Retirement Income Security Act (ERISA). 20 U.S. St/St 1001, et seq., or Internal Revenue Code, 26 U.S.C. St/St1, et seq.; or (2) other funds held in employment benefit or investment plans where withdrawal of such shall cause the applicant to incur a tax or other penalty. However, interest from these accounts will be counted as income. Pre-paid funeral arrangements will not be considered as an asset.

Conversion of liquid assets to the above described accounts in order to avoid personal contribution to homeownership will be considered “asset dumping”. If this occurs, an applicant will not be eligible for the program for at least two years.

### **Property Eligibility:**

New construction must meet or exceed the City of Grand Island and the Nebraska Department of Economic Development construction standards, including the following:

- 2006 Edition of International Building Code and International Residential Code with local amendments (adopted by the City 05/01/08)
- 2006 Edition of Uniform Plumbing Code with local amendments. (adopted 04/24/07)
- 2006 Edition of Uniform Mechanical Code with local amendments. (adopted 04/24/07)
- 2008 Edition of National Electrical Code – State with local amendments. (adopted 11/01/08)
- 2003 International Energy Conservation Code

Property must be located within the designated target area. Under no circumstances will 1) potential homeowners receive assistance or reduced interest rates if the action would result in displacing an existing household or 2) be allowed to purchase a property with owners or tenants currently living in the

unit, regardless of the status of rent payments. No person(s) will be displaced as a result of the NSP 1 program. A signed copy of the Residential Anti-Displacement and Relocation Assistance Act has been approved by the Grand Island City Council and is on file with the Nebraska Department of Economic Development.

The amount of direct subsidy depends upon the purchase price of the home. The subsidy may not exceed \$20,000.00. The purchase price of the home must not exceed the appraised value or current Section 203 (b) Single Family Mortgage Limit. *The total monthly mortgage payment will include monthly homeowner's insurance premiums and property tax payments.*

Additional funds may be leveraged by the applicant from other sources such as employer contributions in an employer assisted housing program.

### **Direct Payment Subsidy**

If the subsidized property is sold, changes occupancy, is no longer the principal residence of the homeowner, or is in violation of the intended use during the period of affordability, the note will become due upon demand. The property may neither be used as a rental property nor may the occupant rent-out any portion of the home.

The direct payment subsidy from the City of Grand Island will be secured by a second mortgage in the form of a Real Property Deed of Trust for a period of 5 or 10 years. The 10 year lien will reduce 10% annually on the anniversary date of the Deed of Trust. A 5 year lien will reduce 20% annually. The Deed of Trust will be filed as a Public Record and filed with the Hall County Register of Deeds. Failure to abide by NSP 1 program regulations may result in legal action by the City of Grand Island.

Example: The amount owed will decrease as follows on a 10 year schedule:

00 – 12 months	00%
13 – 24 months	10%
25 – 36 months	20%
37 – 48 months	30%
49 – 60 months	40%
61 – 72 months	50%
72 – 84 months	60%
85 – 96 months	70%
96 – 108 months	80%
108 – 120 months	90%
120 - months plus 1 day	100%

### **Applicant Responsibility**

All applicants must attend 8 hours of a HUD or REACH approved First Time Homebuyer Class to be eligible for the program. A certificate of completion must be achieved prior to closing.

### **City of Grand Island Responsibility**

As reasonable, the City will expedite the purchase of a home once the applicant has made a selection. Application review and income verifications will be completed in a timely manner. The City is a public entity, therefore most documents are considered to be public record. However, personal information about the applicant (social security number, account numbers, etc.) will be confidential and not subject to public record requirements.

The City of Grand Island will follow Procurement Policies as adopted by the Grand Island City Council and set forth in Chapter 27 of City Code.

### **Realtor and Seller Responsibility**

Realtors must contact the City prior to showing homes to an eligible buyer. The City will establish maximum purchase price and review the property for eligibility.

### **Fair Housing Policy and Affirmative Marketing**

The City of Grand Island is an Equal Opportunity Employer, maintains an Affirmative Action Marketing Plan, and adheres to Fair Housing Policy. Fair Housing information will be distributed to all applicants who complete and return the Intake Application Packet. REACH and HUD approved First Time Homebuyer classes teach a legislative component within its curriculum. City staff and/or project participants attend at least one Fair Housing event annually.

The Neighborhood Stabilization Program 1 will adhere to:

- Section 110 of the Housing and Community Development Act of 1974, as amended
- Fair Labor Standards Act of 1938, as amended (29 USC 102 et seq)
- Davis Bacon Act as amended (40 USC 276-a – 276 -5) And Section 2 of the June 13 1934 Act, as amended (48 Stat 948.40 USC 276 (c), popularly known as The Copeland Act
- Contract Work Hours and Safety Standards Act (40 USC 327 et seq
- Section 3 of the Housing and Urban Development Act of 1968 (12 USC 1701 (u)
- Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352) and the regulations issued pursuant thereto (24 CFR Part 1)
- Title VIII of the Civil Rights Act of 1968 (Pub. L. 90-284, as amended
- The Fair Housing Act of 1988 (42 USC 3601-20) and will affirmatively further fair housing.

#### **Affirmative Action Measures**

- Maintains Fair Housing section in public brochure racks in a high-traffic, public area in Grand Island City Hall
- Distributes Fair Housing information to applicants
- Works with neighborhood associations and non-profit groups to promote affordable housing development for disparate groups
- Promotes Fair Housing through informational promotions on the Grand Island Educational Television scrolling display
- Attend Fair Housing training events
- Contract and partner with agencies to provide translation and/or special needs services
- Review Fair Housing activities annually to determine new distribution methods or reevaluate existing activities
- Community Development offices are handicapped accessible

If a homeowner sells a property purchased with NSP 1 Direct Subsidy funds or homeownership changes prior to the end of the loan period, the remaining balance will be due and payable to the City of Grand

Island. The funds will be placed in an interest bearing account managed by the City. Property assisted for purchase through the City of Grand Island will adhere to NSP recapture provisions.

### **Resubordination Terms**

1) Community Development will subordinate within the following conditions:

- a. Re-financing the original home loan to reduce the amount of interest paid or to reduce the amount of the original monthly payment.
- b. Re-financing the original home loan for debt consolidation.
- c. Only one subordination per person for the duration of the program in which they participated.
- d. Loans must be with a NIFA or an FHA approved lender, unless it is an interest rate reduction loan and the loan amount does not increase. Only then will other consideration be given for another banking institution.
- e. There may be extenuating circumstances attached to a subordination request. Community Development staff will consider each client on a case by case basis.
- f. All subordination requests must be submitted to the Community Development Division 15 days prior to a regularly scheduled City Council meeting. All subordinations must be approved by the Grand Island City Council before agreements can be signed. If changes are made to the final HUD statement after the 15 day requirement, the document will be rejected and the process will need to start over and be rescheduled for another Council meeting.**
- g. The dollar amount of the loan recorded on the filed Subordination document must not exceed the loan amount submitted to the City on the HUD statement and the City's lien must be secured in full.

2) Community Development will not subordinate if the following conditions exist:

- a. There is not enough equity left in the housing unit to cover both the new lien and the existing City Of Grand Island lien after refinancing has been completed.
- b. Applicant has already had one (1) subordination granted during the program.
- c. Other conditions exist that may increase the dollar amount of the original mortgage.

### **Methods of Ensuring Principle Residence & Affordability Period**



Checking the following information will indicate continued ownership and occupancy. If the owner is still residing there, the household is deemed in compliance and will be checked again in 12 months. If questions arise regarding the checks, a letter will be written to the homeowner asking for clarification. The results of each year's review is maintained in the individual homeowner files.

- Owner address/property address match: The website Homebase reflects information from the County Assessor. It shows the owner and the address of the property. This information should match our records.

- 

Grand Island Utilities billing system: This will show the current owner of the property as well as usage, showing if it is possibly vacant.

- 

To ensure affordability, the City will ensure that the sale or redevelopment of properties shall remain affordable to individuals or families being assisted.

- Each homebuyer is required to receive and complete at least 8 hours of homebuyer counseling from a HUD-approved agency before obtaining a mortgage loan.
- The applicant must obtain a mortgage loan from a lender who agrees to comply with bank regulator guidance for non-traditional mortgages.
- The City will utilize the following periods of affordability guidelines for homeownership assistance:

- 

Homeownership assistance amount per unit	Minimum period of affordability in years
Under \$15,000	5
\$15,000 - \$40,000	10
Over \$40,000	15

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### **Process for Amending Guidelines**

The Grantee has the authority to amend this document with a properly noticed Council/Board public hearing, board resolution and acceptance by the Department.



The Program Income Reuse Plan was adopted by the Grand Island City Council on \_\_\_\_\_, 2013 at a regularly scheduled Council meeting. Meeting minutes are on file with the City and available by request.

Resolution # 2013-\_\_\_\_

This Program Income Reuse Plan is hereby approved by the Nebraska Department of Economic Development (NEDED) on this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

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DED Representative Name and Title

DATE