



City of Grand Island

Tuesday, September 22, 2009

Council Session

Item G6

**#2009-231 - Approving Neighborhood Stabilization/Community
Development Block Grant Program Guidelines**

Staff Contact: Joni Kuzma

Council Agenda Memo

From: Joni Kuzma, Community Development

Meeting: September 22, 2009

Subject: Approving Neighborhood Stabilization Program guidelines

Item #'s: G-6

Presenter(s): Joni Kuzma, Community Development Administrator

Background

The City of Grand Island has been awarded a \$993,000 Neighborhood Stabilization Program 1 grant from the Nebraska Department of Economic Development to acquire and demolish six vacant and blighted structures for redevelopment with new housing. These funds were generated from Title III Division B of the Housing and Economic Recovery Act of 2008 that appropriated funds for emergency assistance for the redevelopment of abandoned and foreclosed upon homes and residential properties.

The Neighborhood Stabilization Program 1 (NSP 1) grant is new to the Department of Economic Development and is required to meet Department of Housing and Urban Development (HUD) regulations, as well as the regular Community Development Block Grant (CDBG) program regulations. Acquisition/Demolition Guidelines and Direct Subsidy Guidelines for First-Time Homebuyers have been created to meet both HUD and Block Grant requirements. Subordination Guidelines that govern both NSP 1 and CDBG deferred payment, forgivable loan or grant funds have also been updated for approval.

Discussion

Community Development staff, in coordination with the Department of Economic Development, have developed guidelines that regulate the use of Neighborhood Stabilization Program 1 grant funds. The guidelines proposed for approval are

1. NSP 1 Acquisition/Demolition Program Guidelines
2. NSP 1 Direct Subsidy for First-Time Homebuyers Guidelines
3. Subordination Guidelines

The guidelines must be approved by Council prior to submission to the Department of Economic Development for final approval.

Alternatives

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

1. Move to approve
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 approve the Neighborhood Stabilization Program 1 and Subordination Guidelines.

Sample Motion

Move to approve the Neighborhood Stabilization Program 1 and Subordination Guidelines.



**SUBORDINATION GUIDELINES
for City of Grand Island
Community Development Block Grant Housing Programs**

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 at least 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 will not be adequate equity in the housing unit to cover both the new first mortgage and the existing City of Grand Island lien after refinancing is completed.
- b. Applicant has previously been granted one (1) subordination request during the period of eligibility of the program.
- c. Other conditions exist that may increase the dollar amount of the original mortgage.





NSP 1 ACQUISITION/DEMOLITION PROGRAM GUIDELINES

PURPOSE

It is the main goal of the Neighborhood Stabilization Program 1 (NSP 1) is to assist eligible communities to acquire and/or demolish blighted structures for future redevelopment. The program will prevent the spread of blight and its influence, provide assistance to those of the greatest need, and improve the availability and desirability of future redevelopment, which will increase the attractiveness of existing neighborhoods, and increase local employment. This program will be operated by the City of Grand Island. The Grand Island City Council is responsible for the establishment of the following 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 reviewed and approved by the Department of Economic Development Community Development Block Grant (DED CDBG) Contract Manager prior to the start of any demolition occurrence. Documentation must be completed to verify that the structure meets the Department of Economic Development NSP1 definition of “blighted structure”. This documentation must be certified by the DED CDBG Certified Administrator

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. The purchase price must be below 1% of the fair market price as determined by a third party appraiser. The purchase price may not exceed \$60,000, depending on available grant funds. 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, 1% below market value purchase price, and redevelopment potential will not be eligible for the program. Property owners of ineligible or non-selected properties will be notified in writing.

The City must acquire properties at a cost at least 1% below the fair market price. Demolition may not begin until the lien holder and property owner 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.

3.3 Scoring Criteria

Property may only be considered for scoring if it meets basic threshold requirements for program eligibility including vacancy and blighted standards may be purchased for 1% less than fair market value, 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 square feet 0
 - 2) Between 52.8 square feet and 66 square feet 3
 - 3) Equal to 66 square feet 5
 - 4) Greater than 66 square 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 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
3. Required photos and documentation completed and submitted to DED for approval
4. Negotiations for purchase price occurred
5. Environmental Review conducted
6. Contractor for demolition procured
7. Proper 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 direct subsidy 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 AMENDMENTS TO PROGRAM GUIDELINES

In an ongoing effort to improve the quality of the City of Grand Island NSP Program, the City will accept suggestions from the public, program participants, contractors, program staff, or members of the Grand Island City Council with regard to program guideline amendments. All suggestions received will be taken under consideration by the City. Upon approval of NEDED and adoption by the Grand Island City Council, the amendment will be included in the program guidelines.

7.0 OFFICIAL CONTACT OFFICE

The place of contact for this program shall be the City of Grand Island, City Hall, 100 E. 1st 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.

NSP 1 Program Guidelines Approval

These NSP guidelines are hereby approved by action of the Grand Island City Council for the City of Grand Island this 22nd day of September, 2009

_____ 9-22-09
Margaret Hornady, Mayor **Date**

Resolution # _____

These NSP 1 guidelines are hereby approved by the Nebraska Department of Economic Development (NDED) this ___ day of _____, 2009

_____ **Date**
DED Representative





DIRECT SUBSIDY GUIDELINES for FIRST-TIME HOMEBUYERS

The City of Grand Island provides home ownership opportunities for low-income, first-time persons through direct subsidy loans to help purchase a home. With NSP 1 funds, the City plans to target low to moderate income first-time homebuyers in eligible zip code areas: 68801 and 68803. The geographical project area is located within the city limits of Grand Island.

The City has received Community Development Block Grant funds from the Nebraska Department of Economic Development through the Neighborhood Stabilization Program (1) to redevelop demolished or vacant properties and provide direct subsidy loans to eligible, qualifying low-to-moderate-income, first-time homebuyers.

Applicant Eligibility

Applicants must be first-time homebuyers to be eligible for the subsidy program. A first time homebuyer is generally defined as a person who has not had ownership interest in their principle residence or other residential property at anytime in the last 3 years. Generally all members of a household over age 18 planning to occupy the house must meet the first-time homebuyer eligibility criteria. However, if a parent plans to live with the applicant, the parent does not have to be a first-time homebuyer.

There are two specific exceptions to the first-time homebuyer criteria.

- 1) If the principal residence has been lost due to legal action (i.e. divorce where no proceeds were realized) or
- 2) A family member was required to relocate to maintain employment for the same company.

Applicants owning and occupying a mobile home are eligible for first-time homebuyer status. Eligible clients owning a mobile home will be required to sell the unit. Sale proceeds may be applied to the new home purchase or used to reimburse the direct subsidy program after property obligations are satisfied and if they exceed the asset allowance. An applicant may retain ownership of the mobile home only if rental income (less payment/s due) is counted as personal income. The assessed value of a retained mobile home will be used to determine the applicant asset total.

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 first 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, and
- 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.

Households between 60% and 120% are the target population. Applicants with income less than 60% of median may need to acquire additional assistance from other sources to qualify.

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 set by the Nebraska Department of Economic 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.

Applicants may choose a preferred financing option for the first mortgage. However, 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 that exceeds 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

Direct Subsidy applications will be available from the Community Development office and accepted during regular business hours, Monday through Friday, 8:00 a.m. to 5:00 p.m. Applications will be tracked by date of completion by applicant and date/time accepted by Community Development staff. Completed applications will be kept on file for a period of six (6) months from the application date. 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 first mortgage or enter into a program to establish sufficient credit to qualify for a first 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 first 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.



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:

The purchase price of property that the City may acquire with NSP 1 funds for demolition and redevelopment must be purchased at a cost of at least 1% less than the fair market value as established by a third party appraisal. 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

For NSP 1 funds, property definitions shall be as follows:

Blighted structure. Blighted structure includes, but is not limited to, any dwelling, garage, outbuilding, warehouse, commercial building, or any other structure or part of a structure, which: (a) because of the effects of fire, wind, flood or other natural disaster; (b) because of physical deterioration; or, (c) because of demolition, or partial demolition, not carried out to completion within a reasonable period of time; is no longer habitable as a dwelling or, in the case of a non-dwelling structure was intended, and which has been

designated by a State CDBG-recipient unit of local government or non-profit organization as detrimental to the public health or safety in its present condition and use.

Vacant: Properties that are not inhabited by any person for any dwelling purpose for at least 90 days.

Current Market Appraised Value: The current market appraised value means the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirement of the URA at 49 CRF 24.103 and completed within prior to 60 days an offer made for the property by a grantee, sub-recipient, or individual homebuyer.

Sale of Home Restriction: (Section 2301(d)(2) of HERA, directs that, if an abandoned or foreclosed-upon home, or residential property is purchased, redeveloped, or otherwise sold to an individual as a primary residence, then such sale shall be in an amount equal to or less than the cost to acquire and redevelop or rehabilitate such home or property up to a decent, safe, and habitable condition.

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.

For the NSP program, the property purchased may only be a newly constructed unit. Property or a portion of property assisted through this program may not be used or retained for any rental purpose. The amount of direct subsidy depends upon the purchase price of the home. The subsidy may not exceed \$20,000.00 or 20% of the purchase price, which ever is the lesser of the two. The purchase price of the home must not exceed the appraised value or Section 203 (b) Single Family Mortgage Limit (\$271,050). *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

Subsidy will be in the form of direct assistance to the property and will not exceed \$20,000.00, or 20% of the purchase price, which ever is the lesser of the two. 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 Mortgage Lien for a period of *10 years*. The Mortgage Lien and a corresponding Promissory Note 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.

The amount owed will decrease as follows:

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%

The affordability period for homes purchased through Habitat for Humanity is ten (10) years. The homebuyer assumes a 0% interest first mortgage for a period of 20 to 30 years depending on applicant income compared to the purchase price of the home. The purchase price of a Habitat built home is less than fair market value because the cost to build a house for this program creates another level of affordability for very low income homebuyers. The second mortgage begins to be reduced after the 5th year of purchase, reduces 20% annually for five (5) years and is forgiven at the end of ten (10) years. If a property is sold within ten (10) years of purchase, the home must be made available to homebuyers at or below 120% Area Median Income. Resale restrictions will be defined in the Note to Secure the Deed of Trust and the Deed of Trust, which will be filed with Hall County.

NSP 1 direct subsidy loans will be subject to subordination guidelines adopted September 22, 2009 by the Grand Island City Council. (APPENDIX __)

Lease Agreements

Applicants may be required or elect to lease for a period of time prior to obtaining permanent financing. Community Development staff of the City have sole discretion to offer or require a lease. Applicants approved to lease a property will sign a City of Grand Island lease agreement. Rent will be based on the estimated total of the Principal, Interest, Taxes, and Insurance payment required for purchase.

The Housing Development Corporation (HDC) will act as Supervised Account Manager, manage applicant supervised accounts, and help determine appropriate use of the escrowed funds per NSP 1 guidelines. Rent will be paid directly to the Housing Development Corporation. All or a portion of the rent may be escrowed by the HDC in



an interest bearing account and can be used to escrow for homeowner contribution to permanent financing loan, closing costs, debt reduction, or other approved activity. The escrow account will be held in the name of the Housing Development Corporation and the use of the rents will be determined by the City with recommendation from HDC. If the renter/prospective homeowner does not purchase the home, all rents in the escrow account belong to the City.

During the lease agreement, the City of Grand Island may pay the property taxes and homeowners insurance. Tenants will be responsible for utilities, lawn maintenance, and/or snow removal. As outlined in the lease agreement, any modifications to the structure must be submitted in writing as a request to the City of Grand Island and approved in writing by the City prior to undertaking any modification. Pets may be allowed on the premises during the lease period with prior approval from the City of Grand Island. Tenants must provide proof of renters insurance which may be easily converted to homeowners insurance.

The City and/or the Housing Development Corporation will maintain keys to all locks and tenants must agree to allow the City and its partners the right to inspect the home.

Return Applicants

After an applicant has received direct subsidy and/or closing cost assistance, they will not be eligible for funds that are targeted at First Time Home Buyers again unless one of the following occurs:

- a) the applicant received no monetary proceeds due to a divorce from the originally subsidized home and the verification of which is stated in the divorce decree, or
- b) the unit was destroyed by an Act of God.

Applicant Responsibility

The applicant may select from an inventory of specific homes constructed with NSP 1 funds to purchase with Direct Subsidy. The purchase price to the buyer includes the cost to purchase the home and a realtor/finders fee. An applicant may be required to or elect to lease for a period of time. In that event, the applicant and the City will enter into a lease agreement. (SEE Lease Agreement section) A potential buyer may be asked to provide lawn care and/or snow removal during the lease period.

All applicants must attend 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.

Applicants must maintain loan eligibility throughout the lease period. Applicants must not increase credit card balances, enter into any additional loan agreements, or assume responsibility for other debt loads. This includes co-signing loans for other individuals. If there is a change in the status of the household or loss of a job prior to the loan closing, the applicant must notify the City.



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 partners 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)

Affirmative Action Measures

- Maintains Fair Housing section in public brochure racks in a high-traffic, public area in Grand Island City Hall
- The City has a Fair Housing Ordinance, which is in compliance with state law
- 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

Grievance Procedures:

In the event that any applicant feels he/she has been unfairly treated or discriminated against during the process of selection for the direct subsidy 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 the reason for the appeal. 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.

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 (NDED) 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.

Reuse of funds generated a sale of the property during the affordability period with recapture provisions for NSP 1 grant #09-3N-11:

If a homeowner sells a property purchased with NSP 1 Direct Subsidy funds or homeownership changes for other reasons, 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 Housing Development Corporation and the City of Grand Island will adhere to NSP recapture provisions.



Reuse funds may be used for allowable Community Development Block Grant activities and will be administered according to the City of Grand Island Reuse Plan, NSP 1 eligible activities until February 16, 2013. Thereafter, CDBG income limits and CDBG eligible activities will apply when applicable. The activity funded with reuse funds will follow current program guidelines as eligible uses until February 16, 2013. After February 16, 2013, funds must be used for CDBG-eligible housing activities. Reuse funds may be packaged with existing program funds; however, the most restrictive requirements apply.

Any amendment to the Reuse Plan must be approved by the Grand Island City Council and submitted to DED for final approval.

Reuse of Program Income

All program income the City of Grand Island received from the NSP 1 program will be placed into an interest bearing account and may be used for allowable NSP 1 activities until February 16, 2013 and, thereafter, for Community Development Block Grant activities. Reuse funds will be administered according to the City of Grand Island Reuse Plan, CDBG income limits and as applicable, NSP eligible activities or CDBG eligible housing activities, including allowable administrative fees, when applicable. The activity funded with reuse funds will follow current program guidelines. Reuse funds may be packaged with existing program funds; however, the most restrictive requirements apply.

Any amendment to the Reuse Plan must be approved by the Grand Island City Council and submitted to DED for final approval.

Process for Amending Program Guidelines:

In an ongoing effort to improve the quality of the City of Grand Island NSP 1 program, the City may accept suggestions to amend the guidelines from the public, program participants, other agencies, or partners. All proposals for amendments or changes will be considered and must be submitted in writing to Community Development staff and Advisory Committee. The Advisory Committee may forward the suggestions to the Grand Island City Council for approval.

Any guideline changes must be formally adopted by the City Council and submitted to the Nebraska Department of Economic Development for final approval. The guideline amendment(s) will only become effective following DED approval.

The Neighborhood Stabilization Program 1 guidelines were adopted by the Grand Island City Council on September 22, 2009 at a regularly scheduled Council meeting. Meeting minutes are on file with the City and available by request.

Margaret Hornady, Mayor 9/22/09
Date

Resolution # _____

These NSP 1 guidelines are hereby approved by the Nebraska Department of Economic Development (NEDED) on this _____ day of _____, 2009.

DED Representative Name and Title **DATE**

Acknowledgement of receipt of Direct Subsidy Guidelines by homebuyer(s):

BUYER _____
DATE

BUYER _____
DATE



RESOLUTION 2009-231

WHEREAS, the City of Grand Island has been awarded a \$993,000 Neighborhood Stabilization Program 1 (NSP 1) grant from the Nebraska Department of Economic Development to acquire and demolish six vacant and blighted structures for redevelopment with new housing; and

WHEREAS, NSP 1 Acquisition/Demolition Guidelines and NSP 1 Direct Subsidy Guidelines for First-Time Homebuyers have been drafted for the Community Development Neighborhood Stabilization Program to meet both Department of Housing and Urban Development and Community Development Block Grant (CDBG) requirements; and

WHEREAS, Subordination Guidelines that govern both NSP 1 and CDBG deferred payment, forgivable loan or grant funds have also been updated for approval.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the NSP 1 Acquisition/Demolition Program Guidelines, the NSP 1 Direct Subsidy for First-Time Homebuyers Guidelines, and NSP 1/CDBG Subordination Guidelines are adopted and approved and that such guidelines be submitted to the Nebraska Department of Economic Development.

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Adopted by the City Council of the City of Grand Island, Nebraska, September 22, 2009.

Margaret Hornady, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form ☐ _____
September 18, 2009 ☐ City Attorney