



**Marion County
Board of County Commissioners**

Procurement Services

2511 SE Third St.
Ocala, FL 34471
Phone: 352-671-8444
Fax: 352-671-8451

**Request for Proposal for:
Neighborhood Stabilization Program
RFP 11P-123**

Dear Vendor;

Thank you for your interest in doing business with the Marion County Board of County Commissioners. Currently, we are requesting Proposals to provide support for the County's Community Services Department. Listed below is pertinent information regarding this Request for Proposals:

Due Date:	JUNE 8, 2011 – 4:00PM at the Marion County Procurement Services Department 2511 SE Third St, Ocala, FL 34471
Pre-Proposal (Non-Mandatory) Date:	MAY 18, 2011 – 3:00PM at Marion County Procurement Services Department Large Conference Room 2511 SE Third St, Ocala, FL 34471
Last Date for Questions:	JUNE 1, 2011 –12:00PM (noon)
Contract Period (if applicable)	The selected firm(s) shall contract with Marion County for one (1) year. Pending continued need for services, funding, mutual agreement and Board approval, the contract may be extended for two (2) terms of one (1) year.

It is the responsibility of contractors who receive this Solicitation from sources other than Marion County or DemandStar to contact the Procurement Services Department prior to the due date to ensure any updates/addenda are received in order to submit a responsible and responsive offer. Not submitting a complete and accurate document may deem the offer non-responsive and have your proposal rejected.

Please direct any questions regarding these documents to the Marion County Procurement Services Department in writing, faxed to (352) 671-8451. We look forward to working with you.

Sincerely,

Carrie Lyn Hyde
Procurement and Contract Analyst

"Meeting Needs by Exceeding Expectations"

Neighborhood Stabilization Program RFP 11P-123

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Neighborhood Stabilization Program RFP 11P-123

PART 1 INTENT AND GENERAL INFORMATION

1.1 REQUEST FOR PROPOSAL:

The Marion County Procurement Services Department on behalf of the Board of County Commissioners is soliciting letters of interest and statements of proposal to provide project management for the **Neighborhood Stabilization Program**. The County of Marion expects that interested individuals and firms will make every effort to provide a proposal which offers the required commodity or service. Marion County believes that hiring done through this contract should, to the maximum extent, be offered to citizens within its boundaries that are unemployed or seeking work for the first time. To that extent, the firm awarded business under this contract will be contacted by the Workforce Connection, our regional workforce development board, to discuss hiring through its staff and services. Your participation with Workforce Connection is not required as a condition of award, but rather an opportunity for greater support for the community and your firm in hiring assistance.

1.2 HOW TO SUBMIT A REQUEST FOR PROPOSAL:

An **original** and copies [for a total of copies] of each hardcopy, and **one (1) electronic copy** of the entire proposal on a disc, including any samples, literature or other inclusions, with all required documents having authorized signatures; itemized and included herein, all must be received in a sealed package prominently marked on the outside with the **contact's name, phone number, fax number, e-mail address (if applicable), company name, address along with the project title:**

RFP 11P-123 - Neighborhood Stabilization Program

DEADLINE for receipt of submittals in response to this Request for Proposal is listed on the Invitation's Cover Page. Submittals should be mailed or hand delivered to: **Marion County Procurement Services Department, 2511 SE Third St, Ocala, Florida 34471**. Submissions by fax or other electronic media will not be accepted *under any circumstances*. Late submissions will not be accepted, but will be returned to the sender, unopened, at the sender's expense.

A Selection Committee approved by Administration, and made up of County staff will evaluate and score the proposals according to the criteria outlined in the RFP.

To ensure fair consideration for all proposers, The County prohibits communication to or with any department, bureau or employee during the submission process, except as provided in this section. Additionally, the County prohibits communication initiated by a proposer to **any** County Official or employee evaluating or considering the proposals (**up to and including the County Administrator or Board of County Commissioners**) before the time an award decision has been made. Any communication between proposer and the County will be initiated by the Procurement Services staff in order to obtain information or clarification needed to develop a proper, accurate evaluation of the proposal. Such communications initiated by a proposer may be grounds for disqualifying the offending proposer from consideration for award of the proposal and/or any future proposal.

All questions received by the date indicated on the Invitation's Cover Page, will be considered. Questions will not be answered over the phone; they must be submitted in writing and faxed to (352) 671-8451, attention: Carrie Lyn Hyde.

If a Pre-Proposal Conference has been scheduled, the location and date and time are listed on the Invitation's Cover Page. If mandatory, any contractors wanting to submit a proposal for this project will be required to sign in; sub-contractors and suppliers are not required to attend or sign in, but may. Attending the Pre-Proposal Conference is strongly recommended as the project's scope of work, procedures and specifications will be discussed at this time.

1.3 DOCUMENTS REQUIRED:

§119.01, F.S., the Public Records Law. Florida law provides that municipal records shall at all times be open for personal inspection by any person. Information and materials received by the County in connection with any solicitation response shall be deemed to be public records subject to public inspection upon award, recommendation for award, or ten (10) days after opening, whichever occurs first. However, certain exemptions to the public records law are statutorily provided for in §119.01, F.S. If the Proposer believes any of the information contained in his or her response is exempt from the Public Records Law, then the Proposer, must in his or her response, specifically identify the material which is deemed to be exempt and cite the legal authority for the exemption. The County's determination of whether an exemption applies shall be final, and the Proposer agrees to defend, indemnify, and hold harmless the County and the County's officers, employees, and agents, against any loss or damages incurred by any person or entity as a result of the County's treatment of records as public records.

The following documents and forms must accompany each offer or alternate offer submitted. Items marked with an asterisk (*) are included with this package. A submittal returned without these documents may deem the offer non-responsive. Marion County reserves the right to request additional information from any vendor prior to award.

Cover Page – This is to be used as the first page of the RFQ. This form must be fully completed and signed by an authorized officer of the firm submitting.

Table of Contents – The Table of Contents should outline in sequential order the major areas of the submittal. All pages, including enclosures, must be clearly and consecutively labeled and/or numbered and correspond to the Table of Contents.

Executive Summary – Provide a brief summary describing the firm's ability to perform work requested in this Solicitation, a history of the firm or the firm's principals' background and experience providing services, the qualifications of the firm's personnel to be assigned to this project, the subcontractors, subconsultants, and/or suppliers. This summary should be brief and concise to apprise the County of the basic services offered, experience and qualifications of the firms, staff, subcontractors, subconsultants, and/or suppliers.

Contents of Statements of Qualification – Submittal must provide documentation that demonstrates the ability of the firm to satisfy all of the minimum qualifications requirements. Firms which do not meet the minimum qualification requirements or which fail to provide supporting documentation and/or affidavits as specified herein will be deemed non-responsive. Each submittal shall contain a Statement of Qualifications. The Statement of Qualifications shall include the information required below.

- **Technical Information** - Describe the approach to organization management and the responsibilities of the management and staff personnel that will perform work on the Project; describe method employed to ensure prompt service, customer satisfaction, prompt compliant resolution, effective employee performance and training, and timely initiation and completion of all work.
- **Experience, Past Performance, Financial Capabilities, and Litigations** - State the number of years that the firm has been in business, the number of years in business operation under the firm's current business name. Any business owner who previously operated a business under another name must include a description of the previous business. Failure to include such information may be deemed by the County as intentional misrepresentation, and may render the submittal non-responsive.

- Provide a detailed description of comparable contracts (similar in scope of services to those requested herein) which the firm or its principals is either performing or has completed within the last five (5) years. Describe the firm's qualifications and experience in the management of comparable projects in size and scope. The specific role of the firm in any project, which is referred to with regard to the firm's experience, shall be described in detail. Describe any prior or pending litigation or investigation, either civil or criminal, involving a governmental agency or which may affect the performance of the services to be rendered herein, in which the Firm, any of its employees, subcontractors, or subconsultants is or has been involved within the last three (3) years.
- Provide an organizational chart showing all individuals, including their titles, who will perform any work on the project. This chart must clearly identify the Firm's employees and those of the subcontractors or subconsultants.
- Provide résumés with job descriptions and other detailed qualification information on all key personnel who will be assigned to the project, including any subcontractors or subconsultants. All key personnel includes (but is not limited to) all partners, managers, Project team members and other professional or technical staff that will perform work on the Contract.
- List names and addresses of all first tier subcontractors, subconsultants, or suppliers, who will perform and/or provide services for the project.
- Provide an audited financial statement or similar document demonstrating firms ability to complete the project.

Request for Proposals Certification and Addenda Acknowledgment – must be signed.

Disclosure of Subcontractors, Subconsultants, and Suppliers Submittals must include a list of subcontractors to be utilized for this project. The County reserves the right to accept or reject any subcontractor based on past performance, location, or any other grounds that may conflict with the best interests of Marion County Board of County Commissioners.

Drug Free Workplace Certificate – A sworn, notarized Drug Free Workplace Certificate must accompany each offer or alternate offer.

Document Checklist - Must be signed by a member of the firm, responsible for the submittal.

Proof of Insurability - as noted in Section 1.5. Insurance Certificate noting Marion County as Additional Insured is REQUIRED within ten (10) days of notification of award, and prior to contract execution.

1.4 PROPOSAL SPECIFICATIONS:

- **One (1) Original Document** – shall have original signatures and be clearly noted as **ORIGINAL** on the outer cover.
- **Plus three (3) Complete Copies of Original Document** – (copies of original submittal including any additional materials/enclosures provided) clearly noted **COPY** on the cover.
- **Plus one (1) Complete Electronic Copy of Original Document** – **one (1) CD (or thumb/jump drive)** shall be provided which includes any samples, literature or other inclusions, with all required documents having authorized signatures, but shall exclude any financial information if applicable to this project. When required, financial information must be sent separately in a sealed envelope and marked "NOT PUBLIC RECORD." ***The entire proposal shall be in a single document, in a .pdf (portable document format) file type.*** The CD shall be labeled with the firm name, solicitation number, and packaged in a paper or vinyl sleeve ONLY.
- **Page Limit** – None, if not otherwise specified herein this document.
- **Page Size** – 8 ½ x 11; oversized or pullout pages must be folded down to meet this size.
- **Binding** – shall be neat and appropriate for the document's thickness. **NO THREE RING BINDERS.**

1.5 **INSURANCE REQUIRED:**

Certificate of Insurability:

The (Other Party) shall provide a Certificate of Insurance, issued by a company authorized to do business in the State of Florida and with an A.M. Best Company rating of at least B+, showing the "Marion County Board of County Commissioners" as an Additional Insured. The Procurement Services Director should be shown as the Certificate Holder, and the Certificate should provide for 30 day cancellation notice to that address, and the County shall be notified if any of the policy limits has eroded below one half its annual aggregate. ***The submittal shall contain proof of insurability for the required insurance(s)*** including, but not limited to:

- **Workers Compensation Insurance** for all employees of the vendor as required by Florida Statute 440, and Employer's Liability limits of not less than \$1,000,000.00 per accident.
- **Commercial General Liability Insurance** on a comprehensive basis in an amount not less than \$1,000,000.00 per occurrence, and \$2,000,000.00 annual aggregate, the County of Marion must be shown as an additional insured.
- **Business Auto Liability** shall be provided by the CONSULTANT with combined single limits of not less than \$1,000,000 per occurrence and is to include bodily injury and property damage liability arising out of operation, maintenance or use of any auto, including owned, non-owned and hired automobiles.

Questions with regard to reduction in limits or exemption for these limits must be submitted to Procurement Services, on or before the Last Day for Questions as indicated on the Solicitation's Cover Page. Such requests must be justified, with suggested limits addressed for each insurance type. Requests will be reviewed, and are subject to approval in accordance with Marion County's Risk and Benefit Services policies and guidelines. Any modifications to the above stated limits will automatically reduce the contract term to one (1) year, with any remaining possible renewal options reviewed on an annual basis, and subject to the Risk and Benefit Services Manager, County Administrator or Board of County Commission Chairman, and County Attorney's approval.

1.6 **AWARD**

- Upon notice of recommendation of award, vendor will be required to submit a W-9 form prior to recommendation of award to the Board of County Commissioners.
- Any award as a result of this solicitation is subject to contract based on the sample attached herein, issued by the Marion County Board of County Commissioners, unless specifically addressed in writing. The Contract may be used in conjunction with a purchase order or purchasing card as determined in the best interest of the County.

Neighborhood Stabilization Program RFP 11P-123

PART 2 SCOPE OF SERVICE

2.1 GENERAL

The Neighborhood Stabilization Program (NSP) was established for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. NSP3 funds references the NSP funds authorized under the Dodd–Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) of 2010, provides a third round of neighborhood stabilization grants to all states and select governments on a formula basis.

NSP grantees develop their own programs and funding priorities. However, NSP grantees must use at least 25 percent of the funds appropriated for the purchase and redevelopment of abandoned or foreclosed homes or residential properties that will be used to house individuals or families whose incomes do not exceed 50 percent of the area median income. In addition, all activities funded by NSP must benefit low- and moderate-income persons whose income does not exceed 120 percent of area median income. Activities may not qualify under NSP using the "prevent or eliminate slums and blight" or "address urgent community development needs" objectives.

2.2 SCOPE OF WORK

For the purposes of this Request for Proposal, Marion County is soliciting qualified firms to submit proposals to meet the developer and/or sub-recipient requirements of the NSP grant to Marion County. Activities two, three and four, outlined in the attached NSP3 application, will be the activities pertinent to this RFP with Activity one being the responsibility of Marion County Community Services. Proposals should be all encompassing and shall clearly outline and clarify the proposed methods of executing the program within the parameters of the grant. **This RFP will outline the minimum requirements and qualifications to successfully manage this program. The goal of this RFP is to allow creative and effective proposal submissions from qualified vendors and/or partnerships to elicit the maximum overall value to the community through this program.**

Respondents will be required to develop a plan for utilization of NSP3 funds in accordance with the following 3 documents listed as attachments to the RFP:

- HUD Notice
- Marion County's NSP3 plan
- Marion County's approved Rehab. Standards

2.3 ROLES AND RESPONSIBILITIES

Roles and responsibilities of the Developer/Sub-Recipient:

Identify eligible properties for acquisition (foreclosed, vacant 90 days, protect rights of tenants, available from eligible seller, in target area(s); affordable to target households after rehab; saleable).

Negotiate purchase contracts on identified properties with such contingencies as necessary to meet NSP requirements and allow withdrawal of offer if property fails to meet minimum criteria (purchase price 1% under appraisal; eligible seller, able to convey clear title, seller acknowledges 90 day vacant, no valid lease in place, no environmental issues)

Perform due diligence inspections including WDO, title, survey, well, septic. Optional HVAC, soil boring. All such services / companies must be selected through a competitive bid process (not necessarily formal). . Developer coordinates utilities to allow inspections. All inspections must be performed within maximum 15 day window common for REO acquisitions.

Administrator ensures that environmental assessment and as-is appraisals are done simultaneously in 15-day due diligence assessment.

Developer responsible for renegotiating purchase contract if appraisal low or defects found.

Developer closes on property with own funds and holds title. *Administrator coordinates reimbursement after documentation of eligibility including HUD-1; Administrator places developer lien to ensure performance.*

Rehabilitation

Developer assesses rehabilitation as necessary to meet minimum building code, Section 8 HQS (Housing Quality Standards) and attached rehabilitation standards as adopted and prepares Work Write-Up (WWU).

Developer performs rehabilitation if licensed and/ or bids out, awards and contracts with general contractors / subcontractors to perform work as identified. Responsible for ensuring fair, open bid process, necessary permits, verifying qualifications of all contractors / sub-contractors; ensure no disbarred contractors (Federal requirement). Developer responsible for ensuring that change orders are only allowed for unforeseen items or administrator's changes. Responsible for Federal requirements requiring work to low/mod workers from target area given preference and documenting efforts toward this.

Upon completion of job, developer responsible for punch lists/ clearing all permits / contractor liens / receipt of CO if applicable. Also responsible for maintaining warranty information on appliances, roofs, etc. and coordinating warranty repairs for minimum one year.

Developer holds title to property until sold to eligible buyer and maintains unit in marketable condition until such time, including maintaining taxes, insurance, utilities, lawn maintenance, insect control and cleaning as necessary.

Marketing

Developer may also be responsible for identification and qualification of eligible buyers and/or for income group targeting; this may be done prior to rehabilitation or acquisition of properties.

For open market, developer responsible for negotiating with & contracting for listing agents to market houses & make available on MLS.

Roles and responsibilities for Marion County Community Services (Administrator):

Develop Action Plan for submission to HUD. Must meet public comment / notification requirements; minimum elements including selection of target areas, strategies, funding breakdown, performance measures / expected # of units per strategy, including meeting 25% set aside for below 50% MFI households; rehabilitation standards.

Adjust submitted Plan as necessary based on HUD response.

Keep current with HUD NSP policy through NSP help website, weekly webinars, regional training.

Develop & advertise RFP's for services as identified in Action Plan including subrecipients / developers / professional services (environmental assessment / appraisal/ architect / engineer/ marketing professional)

With Procurement Dept., rate & rank submissions & prepare preliminary award information for BCC.

Upon approval, draft & negotiate contracts with service providers & ratify.

Monitor performance of staff & contracted agents. Develop checklists / procedures as necessary. Ensure compliance with Federal requirements (environmental, Davis-Bacon, Section 3, competitive bid, avoidance of conflict of interest) and maintain documentation of such compliance.

Review acquisition & rehabilitation reimbursement requests for eligibility / negotiate changes / corrections. Review rehabilitation change orders at levels as set by administrator. Monitor overall fund expenditure & performance / submit HUD reimbursement through DRGR / IDIS system. Adjust budgets / strategies as necessary / bring budget amendments through BCC. Prepare & submit quarterly performance reports / post program income receipted in DRGR system. Approve purchasers of NSP houses for eligibility (income; principal residence; affordability; homeownership classes). Prepare & ensure placement of lien documents to meet minimum NSP affordability criteria.

2.4 MINIMUM REQUIREMENTS

Minimum requirements listed below are in addition to all documents listed in Section 1.3 through 1.5 of this Request for Proposals.

Must address Activity #2 – Acquisition / Rehabilitation / Resale to eligible homebuyer

Proposal must include a detailed process for identifying clients for completed homes for the purpose of lessening the number of “spec.” homes.

Proposal must specify who will be responsible for handling client eligibility determinations to include:

1. income qualification per HUD guidelines
2. requisite homebuyer counseling

Proposal must include a detailed process of how eligible properties will be identified and appropriate purchase price determined in accordance with HUD requirements.

Proposal must detail how the awarded firm(s) will meet requirement that 25% of funds must be expended for households at or below 50% Median Family Income (MFI).

Proposal must indicate sub-recipient or developer status as per the attached definition outline.

Proposal must include financial and staffing information sufficient to demonstrate the firm’s ability to perform the work. This is a reimbursement grant therefore firm must demonstrate financial ability to perform work prior to receiving reimbursement for expenditures.

Marion County will require the following steps to be approved:

- Property must be approved as eligible, and environmental completed prior to purchase
- Proposed acquisition and rehabilitation costs must be approved prior to purchase. Developer/Sub-Recipient will need to complete a worksheet that compares proposed total cost to potential final value based on area CMA’s.
- Work write-up.
- Client eligibility.

Developers fee (if applicable) must include all costs associated with the maintenance and holding costs of the home subsequent to rehabilitation. Developer will be paid 20% of the fee upon successful completion of rehabilitation and the remaining 80% of the fee will be paid upon final sale to an eligible client.

Reporting:

- Monthly to include total numbers for all activities (i.e.: homes evaluated, homes bid on, homes acquired, clients identified, eligible clients, etc...)
- Quarterly for Federal Reporting; to include number jobs created or retained

Neighborhood Stabilization Program

RFP 11P-123

PART 3

EVALUATION PROCESS AND CRITERIA

A selection committee appointed and approved in accordance with the Marion County Procurement Code will review all submittals and make a recommendation to the Board of County Commissioners based upon the established evaluation criteria. A selected group of Firms may be required to make an oral presentation to the Selection Committee. Such a presentation will provide an opportunity for the Firms to clarify the information provided in their proposal. **If oral presentations are given, the final decision of the Selection Committee will be based on the tabulation from the oral presentations.** The Selection Committee will present its recommendations to the Board of County Commissioners, which has the authority to make the final determination and award contracts. Submittals will be evaluated on a WEIGHTED BASIS. The County reserves the right to make selections based on the submittals only or to request presentations before determining the final ranking. The criteria listed on the following page will be used in the evaluation process to determine the successful respondent.

- A. **COMPANY/FIRM QUALIFICATIONS AND CAPABILITIES** - The ability and capability of firm to perform services of this type. This includes the financial capabilities of the firm as well as sufficient staffing. Weight for this category is 9.
- C. **EXPERIENCE ON SIMILAR and NSP PROJECTS** - Each similar project description must include a list of the proposed team members who worked on the similar project. Must include a list of proposed team members with prior NSP experience and references for all experience listed. Weight for this category is 8.
- D. **FIRM LOCATION** - To include if the firm has a Marion County, Florida office or has subcontractors located in Marion County, Florida. Weight for this category is 10.
- E. **LOCAL JOBS AND SUPPLIERS** – to include how work will be accomplished, either through company staff or bid out to local sub-contractors, professionals and suppliers. Weight for this category is 8
- F. **DEVELOPER FEE** – To include cost schedule detailing which costs would be reimbursed and which would be considered developers risk and covered as a part of the developers fee. Weight for this category is 5.
- G. **EFFECTIVENESS OF PLAN** – Overall plan and how it best meets the requirements of the grant and the needs of the community and stabilization of the area. Weight for this category is 10.

Negotiations for projects will be held with the most qualified firm for compensation which the County determines is fair, competitive, and reasonable. The County shall require the firm receiving the award to execute a truth-in-negotiation certificate stating that wage rates and other factual unit costs supporting the compensation are accurate, complete, and current at the time of contracting. Should the the County be unable to negotiate a satisfactory contract with the firm considered to be the most qualified at a price the County determines to be fair, competitive, and reasonable, negotiations with that firm will be formally terminated. The County reserves the right to either continue negotiations with the second ranked firm and so forth accordingly, or to terminate the negotiation process.

Neighborhood Stabilization Program RFP 11P-123

PART 4 SUBMITTAL DOCUMENTS

DOCUMENT CHECKLIST:

The items included, but not necessarily limited to those in this checklist are required as part of the submittal package for this project. Complete and updated documents will enable your submittal to receive the highest score possible. Items which are incomplete, unclear, incorrect, or non-responsive may subject your proposal to an evaluation score of “zero” for that category which the documentation is required. Refer to the required documents (Section 1.3) and Evaluation Criteria (Part 3) to ensure all required documents are included; this checklist is only a guide, and the responsibility of including all required documents lies with the vendor.

GENERAL SOLICITATION REQUIREMENTS:

- _____ Completed Submittal Cover Page
- _____ Table of Contents
- _____ Executive Summary
- _____ Statement of Qualifications
- _____ References (minimum of 3)
- _____ Completed Request for Proposals Certification and Addenda Acknowledgment
- _____ Disclosure of Subcontractors, Subconsultants, and Suppliers
- _____ Completed Drug-Free Workplace Certificate
- _____ Certificate of Insurability – including minimum grade and limits
- _____ Appropriate number of hard-copy submittals (original & copies marked as such)
- _____ Electronic copy (CD or thumb/jump drive) of proposal in a single .pdf document

The following checklist has been verified by me as complete, and I acknowledge any missing/incomplete documents are subject to the appropriate evaluation score:

Printed name of representative

Signature

Date

Firm name

This document must be completed and returned with your Submittal

SUBMITTAL COVER PAGE

Company Information

Legal Name of Firm: _____

Federal Employer Identification Number: _____ OR Social Security Number: _____

State of Florida Applicable License Number: _____

Check one: Corporation* ☐ Partnership ☐ Proprietorship ☐ Joint Venture ☐

Sole Corporation ☐ _____ Other (explain) ☐ _____

*If Corporation Date of Incorporation: _____ State of Incorporation: _____
States registered in as foreign Corporation: _____

Point of Contact for all Communication Relating to this Submittal

Print Name: _____ Title: _____

E-mail address: _____

Mailing Address: _____
(including City, State, ZIP)

Street Address (if different): _____
(including City, State, ZIP)

Telephone: _(_____)_____ Fax: _(_____)_____

Authorized Representative (if different)

A sample copy of the Contract “*Agreement Between Owner and Firm*” is included in this solicitation for your review. Submitting a proposal accepts all terms and conditions in the Contract, and the following people shall be authorized to sign on behalf of the Company:

Print Name: _____ Title: _____

Print Name: _____ Title: _____

If *Corporate Officer*, list title (Sec, Treas, VP, Pres).

If *Sole Officer*, so indicate.

Persons not Officers must provide proof of the authority to sign for the Company WITH THE SUBMITTAL.

This document must be completed and returned with your Submittal

SUBMIT TO: Marion County BCC Procurement Services Department 2511 SE Third St Ocala, FL 34471 (352) 671-8444	MARION COUNTY REQUEST FOR PROPOSAL CERTIFICATION and ADDENDA ACKNOWLEDGMENT			
TITLE: Neighborhood Stabilization Program	RFP NO. 11P-123			
VENDOR NAME	PHONE NUMBER			
<u>PAYMENT TERMS:</u> If payment terms are not indicated, terms of NET 30 DAYS shall be applied by the County. Payment terms to apply after receipt of invoice or final acceptance of the product/service, whichever is later. Payment terms offering less than 20 days for payment will not be considered. However the County has implemented a Visa credit card program. As a card-accepting vendor, some of the benefits of the program are: payment received within 72 hours of receipt and acceptance of goods, reduced paperwork, issue receipts instead of generating invoices, resulting in fewer invoice problems, deal directly with the cardholder (in most cases). Vendors accepting payment by the County's p-card (Visa) may not require the County (Cardholder) to pay a separate or additional convenience fee, surcharge or any part of any contemporaneous finance charge in connection with a Transaction. Such charges are allowable, however must be included in the total cost of the quote/bid. Indicate whether you will accept Visa credit card payment(s) for award of this contract: YES _____ NO _____				
"I, the undersigned, certify I have reviewed all General Conditions listed herein, and additionally received the addenda listed below (list all addenda received to date). I understand timely commencement may be considered in award of this Request for Proposals (RFP), and cancellation of award will be considered if commencement time is not met, and untimely commencement may be cause for assessment of liquidated damages claims. I further certify the services will meet or exceed the RFP requirements. I, the undersigned, declare I have carefully examined the RFP, specifications, terms and conditions as applicable for this Request, and I am thoroughly familiar with all provisions and the quality and type of coverage and services specified. I further declare I have not divulged, discussed or compared this RFP with any other Offeror and have not colluded with any Offerors or parties to an RFP whatsoever for any fraudulent purpose."				
Addendum#	Addendum#	Addendum#	Addendum#	Addendum#
I certify this RFP is made without prior understanding, agreement, or connection with any corporation, firm, or person submitting an RFP for the same material, supplies, equipment or services, and is in all respects fair and without collusion or fraud. I agree to abide by all conditions of this RFP and certify I am authorized to sign this response and the offer is in compliance with all requirements of the RFP, including but not limited to, certification requirements. In conducting offers with an agency for Marion County Board of County Commissioners, respondent agrees if this RFP is accepted, the respondent will convey, sell, assign, or transfer to Marion County Board of County Commissioners all rights, title and interest in and to all causes of action it may now or hereafter acquire under the anti-trust laws of the United States and Marion County for price fixing relating to the particular commodities or services purchased or acquired by Marion County. At Marion County's discretion, such assignment shall be made and become effective at the time the purchasing agency renders final payment to the respondent. Additionally, I, the undersigned, agree if I am awarded a contract as a result of this solicitation and my response to it, contracts will be required to be notarized and executed and all applicable bonds recorded, within fourteen (14) calendar days from the date of the Notice of Award. If bonds are not available from the bonding agency when contracts are returned, a letter from the bonding agent must be attached stating they are in the process of preparing bonds. <i>By signing this Form, all General Conditions included with this solicitation are acknowledged.</i>				
AUTHORIZED AGENT, TITLE (PRINT)		AUTHORIZED SIGNATURE		DATE

This document must be completed and returned with your Submittal

**DISCLOSURE OF SUBCONTRACTORS,
SUBCONSULTANTS, AND SUPPLIERS**

Name of Firm Submitting Proposals

(Printed or Typed)

Name of Person Submitting Proposals

(Printed or Typed)

Please list all Subcontractors, Sub-consultants, and Suppliers to be used in connection with performance of the Contract. (Use additional pages, if necessary):

Company Name: _____

Address: _____

Company Name: _____

Address: _____

Company Name: _____

Address: _____

Company Name: _____

Address: _____

Company Name: _____

Address: _____

This document must be completed and returned with your Submittal

DRUG FREE WORKPLACE CERTIFICATE

I, the undersigned, in accordance with Florida Statute 287.087, hereby certify that my firm :

- Publishes a written statement notifying that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the workplace named above, and specifying actions that will be taken against violations of such prohibition.
- Informs employees about the dangers of drug abuse in the workplace, the firm's policy of maintaining a drug free working environment, and available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees for drug use violations.
- Gives each employee engaged in providing commodities or contractual services that are under bid or proposal, a copy of the statement specified above.
- Notifies the employees that as a condition of working on the commodities or contractual services that are under bid or proposal, the employee will abide by the terms of the statement and will notify the employer of any conviction of, please or guilty or nolo contendere to, any violation of Chapter 893, or of any controlled substance law of the State of Florida or the United States, for a violation occurring in the workplace, no later than five (5) days after such conviction, and requires employees to sign copies of such written statement to acknowledge their receipt.
- Imposes a sanction on, or requires the satisfactory participation in, a drug abuse assistance or rehabilitation program, if such is available in the employee's community, by any employee who is so convicted.
- Makes a good faith effort to continue to maintain a drug free workplace through the implementation of the Drug Free Workplace program.
- "As a person authorized to sign this statement, I certify that the above named business, firm or corporation complies fully with the requirements set forth herein".

Authorized Signature

Company Name

State of: _____

County of: _____

Sworn to and subscribed before me this _____ day of _____, 20____

Personally known _____ or Produced Identification _____
(Specify Type of Identification)

Signature of Notary

My Commission Expires: _____

This document must be completed and returned with your Submittal

Inability or refusal to sign this document will deem your offer non-responsive per County Ordinance 09-20.

SAMPLE AGREEMENT BETWEEN OWNER AND FIRM

This Agreement, made and entered into XXX, by and between Marion County, a political subdivision of the State of Florida, (hereinafter referred to as the “COUNTY”) and XXX, located at XXX, XXX, possessing FEIN# XXX (hereinafter referred to as the “FIRM”) under seal for the XXX, (hereinafter referred to as the “PROJECT”), and the COUNTY and the FIRM hereby agreeing as follows:

WITNESSETH:

In consideration of the mutual covenants and promises contained herein, the COUNTY and FIRM (the “PARTIES”) hereto agree as follows:

Section 1 – Term. This Agreement shall commence upon XXX, with substantial completion within X days.

Section 2 – Scope of Services. As per specifications and requirements of project XXX, the FIRM shall complete the scope of services listed below according to the timeframe as noted herein.

Section 3 – Compensation. The COUNTY shall make payment to the FIRM in the amount of \$XXX upon completion of the services described in Section 2 of this agreement.

Section 4 – Laws, Permits, and Regulations. Prior to the performance of any work hereunder, the FIRM shall obtain and pay for all licenses and permits, as required to perform the services described in Section 2 of this Agreement. FIRM shall at all times comply with all appropriate laws, regulations, and ordinances applicable to the services provided under this Agreement.

Section 5 – Assignment. The FIRM may not subcontract all or any part of this Agreement to without written approval by the COUNTY.

Section 6 – Notices. Except as otherwise provided herein, all notices and other communications provided for hereunder shall be in writing and sent by certified mail return receipt requested, or by hand deliver, and shall be deemed effective if mailed, when deposited in a United States Postal Service mailbox with postage prepaid or if hand delivered, when personally handed to the Party to whom the notice or other communication is addressed, with signed proof of delivery. The COUNTY’S and the FIRM’S representatives for notice purposes are:

FIRM:

COUNTY:

A copy of all notices to the COUNTY hereunder shall also be sent to:

**County Administrator
Procurement Services**

Section 7 – Amendments. This Agreement may only be amended by mutual written agreement of both Parties.

Section 8 – Books and Records. The FIRM shall keep records of all transactions. The COUNTY shall have a right to review such records at the FIRM’S office during normal business hours.

Section 9 – Indemnification. The FIRM shall indemnify and hold harmless the COUNTY, its officers, employees and agents from all suits, claims, or actions of every name and description brought against the COUNTY based on personal injury, bodily injury (including death) or property damages received or claimed to be received or sustained by any person or persons arising from or in connection with any negligent act or omission of the FIRM or its employees, officers, or agents in performing the services set forth herein.

Section 10 – Insurance. During the period the services are rendered, insurance policies shall be with a company or companies authorized to do business in the State of Florida. The County shall be notified if any policy

limit has eroded to one half its annual aggregate. The FIRM shall provide a Certificate of Insurance, issued by a company authorized to do business in the State of Florida and with an A.M. Best Company rating of at least B+. All policies must show the "Marion County Board of County Commissioners" as an Additional Insured except for the workers compensation and professional liability policies. The Procurement Services Director should be shown as the Certificate Holder, and the Certificate should provide for 30 day cancellation notice to that address with policies for the following:

Business Auto Liability shall be provided by the FIRM with combined single limits of not less than \$1,000,000 per occurrence and is to include bodily injury and property damage liability arising out of operation, maintenance or use of any auto, including owned, hired and non-owned automobiles.

Worker's Compensation shall be purchased and maintained by the FIRM with statutory limits and employers liability limits of at least \$1,000,000 each accident and \$1,000,000 each employee and \$1,000,000 policy limit for disease.

General Liability with limits of not less than \$1,000,000 per occurrence and \$2,000,000.00 annual aggregate. The policy must be maintained by the FIRM for the duration of the project. If the policy is written on a claims-made basis, the FIRM must maintain the policy for a minimum of 5 years following the completion of the project. The County of Marion must be shown as an additional insured.

Professional Liability with limits of not less than \$1,000,000 per occurrence and \$2,000,000.00 annual aggregate. The policy must be maintained by the FIRM for the duration of the project. If the policy is written on a claims-made basis, the FIRM must maintain the policy for a minimum of 5 years following the completion of the project.

Section 11 – Independent FIRM. In the performance of this Agreement, the FIRM will be acting in the capacity of an “independent FIRM” and not as an agent, employee, partner, joint venturer, or associate of the COUNTY. The FIRM shall be solely responsible for the means, methods, techniques, sequences, and procedures utilized by the FIRM in the full performance of this Agreement.

Section 12 – Default/Termination. In the event the FIRM fails to comply with any of the provisions of this Agreement, the COUNTY may terminate this Agreement for cause by first notifying the FIRM in writing, specifying the nature of the default and providing the FIRM with a reasonable period of time in which to rectify such default. In the event the default is not cured within the time period given, the COUNTY thereafter may terminate this Agreement upon written notice to the FIRM without prejudice to the COUNTY in terms of any right or for cause; the COUNTY will be responsible for compensation to the FIRM only for the termination date. The COUNTY may terminate this Agreement without cause providing at least thirty (30) days written notice to the FIRM. In the event of termination of this Agreement without cause, the COUNTY will compensate the FIRM for all services timely and satisfactorily performed pursuant to this Agreement up to the date of termination. Notwithstanding any other provision of this Contract, this Contract may be terminated if for any reason there are not sufficient appropriated and available monies for the purpose of maintaining County or other public entity obligations under this Contract. County shall have no further obligation to FIRM, other than to pay for services rendered prior to termination.

Section 13 – Timely Performance. All work will commence upon authorization from the County's representative. All work will proceed in a timely manner without delays.

Section 14 – Damage to Property. The FIRM shall be responsible for all material, equipment and supplies sold and delivered to the Owner under this Contract and until final inspection of the work and acceptance thereof by the Owner. In the event any such material, equipment and supplies are lost, stolen, damaged or destroyed prior to final inspection and acceptance, the FIRM shall replace the same without additional cost to the Owner.

Section 15 – Termination for Loss of Funding/Cancellation for Unappropriated Funds. The obligation of the County for payment to a Contractor is limited to the availability of funds appropriated in a current fiscal period, and continuation of the contract into a subsequent fiscal period is subject to appropriation of funds, unless otherwise authorized by law.

Section 16 – Miscellaneous. The following attachments are hereby incorporated into this Agreement as part hereof as though fully set forth herein:

Remainder of Agreement is signatures page; left off for sample purposes

GENERAL CONDITIONS

PUBLIC ENTITY CRIME: A person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a Proposal on a contract to provide any goods or services to a public entity, for the construction or repair of a public building or public work, may not submit Proposals on leases of real property to a public entity, may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity, and may not transact business with any public entity in excess of the threshold amount provided in Section 287.017, for CATEGORY TWO for a period of 36 months from the date of being placed on the convicted vendor list.

INDEMNIFICATION : The Contractor agrees to indemnify and hold harmless Marion County and its elected officials, employees and volunteers from and against all claims, losses and expenses, including legal costs, arising out of or resulting from, the performance of this contract, provided that any such claims, damage, loss of expenses is attributed to bodily injury, sickness, disease, personal injury or death, or to injury to or destruction of tangible property including the loss or loss of use resulting there from and is caused in whole or in part by any negligent act or omission of the firm.

PROHIBITION OF LOBBYING: Except as expressly set forth in subsection 2-245(11) of the Procurement Manual, during the blackout period which is, the period between the time the authorization for invitation for bid or the request for proposal, or qualifications, or information, or the invitation to negotiate, as applicable, are received at the county Procurement Services department, or given verbally by director of the board or administration, and the time the board awards the contract. No proposer, no lobbyist, principal, or other person may lobby, on behalf of a competing party in a particular procurement matter, either any member of the board, or any county employee other than the Procurement Services department staff. Violation of this provision may result in disqualification of violating party.

ANTI TRUST LAWS: By submission of a signed RFP, the successful Vendor acknowledges compliance with all antitrust laws of the United States and the State of Florida, in order to protect the public from restraint of trade, which illegally increases prices.

CONFLICT OF INTEREST: The award of the contract hereunder is subject to the provisions of Chapter 112 of the Florida Statutes. Vendors shall disclose the name of any Officer, Director, Partner, Associate, or Agent who is also an Officer, Appointee, or Employee of the Marion County Board of County Commissioners at the time of the RFP, or at the time of occurrence of the Conflict of Interest thereafter.

INTERPRETATION, CLARIFICATIONS AND ADDENDA: No oral interpretations will be made to any vendor as to the meaning of the RFP Contract Documents. Any inquiry or request for interpretation received by the Marion County Procurement Services Department before the date listed herein will be given consideration. All such changes or interpretations will be made in writing in the form of an addendum and, if issued, will be distributed at or after the Pre-Proposal Conference, mailed or sent by available or electronic means to all attending prospective Submitters prior to the established RFP opening date. Each Vendor shall acknowledge receipt of such addenda in the space provided. In case any Proposer fails to acknowledge receipt of such addenda or addendum, his offer will nevertheless be construed as though it had been received and acknowledged and the submission of his bid will constitute acknowledgment of the receipt of same. All addenda are a part of the RFP FORMS and each Proposer will be bound by such addenda, whether or not received by him. It is the responsibility of each bidder to verify that he has received all addenda issued before RFPs are opened. In the case of unit price items, the quantities of work to be done and materials to be furnished under this RFP Contract are to be considered as approximate only and are to be used solely for the comparison of RFPs received. The COUNTY and/or his CONSULTANT do not expressly or by implication represent that the actual quantities involved will correspond exactly therewith; nor shall the Vendor plead misunderstanding or deception because of such estimate or quantities of work performed or material furnished in accordance with the Specifications and/or Drawings and other Proposal Documents, and it is understood that the quantities may be increased or diminished as provided herein without in any way invalidating any of the unit or lump sum prices bid.

GOVERNING LAWS AND REGULATIONS: The vendor is required to be familiar with and shall be responsible for complying with all federal, state and local laws, ordinances, rules and regulations that in any manner affect the work.

PROPRIETARY/CONFIDENTIAL INFORMATION: Vendors are hereby notified that all information submitted as part of, or in support of RFPs, will be available for public inspection ten days after opening of the RFPs or until a short list is recommended whichever comes first, in compliance with Chapter 119, and 287 of the Florida Statutes. Any person wishing to view the RFPs must make an appointment by calling the Marion County Procurement Services Department at (352) 671-8444. All RFPs submitted in response to this solicitation become the property of the County. Unless information submitted is proprietary, copy written,

trademarked, or patented, the County reserves the right to utilize any or all information, ideas, conceptions, or portions of any RFP, in its best interest.

TAXES: The Marion County Board of County Commissioners, Florida, is exempt from sales and excise taxes imposed by the State and/or Federal Government. Exemption certificates will be provided upon request.

NON-COLLUSION DECLARATION: By signing this RFP, all Vendors shall affirm that they shall not collude, conspire, connive or agree, directly or indirectly, with any other Proposer, firm, or person to submit a collusive or sham Proposal in connection with the work for which their RFP has been submitted; or to refrain from Bidding in connection with such work; or have in any manner, directly or indirectly, sought by person to fix the price or prices in the RFP or of any other Bidder, or to fix any overhead, profit, or cost elements of the RFP price or the RFP price of any other Bidder, or to secure through any collusion, conspiracy, connivance, or unlawful agreement any advantage against any other Bidder, or any person interested in the proposed work.

PROPOSER RESPONSIBILITY: Invitation by the County of Marion to vendors is based on the recipient's specific request and application to DemandStar by Onvia at www.DemandStar.com [(800) 711-1712] or as the result of response by the public to the legal advertisements required by State and County law. Firms or individuals submit their responses on a voluntary basis, and therefore are not entitled to compensation of any kind.

OWNERSHIP OF SUBMITTALS: All responses, inquiries or correspondence relating to or in reference to this RFP, and all other reports, charts, displays, schedules, exhibits and other documentation submitted by the vendors will become the property of the Marion County Board of County Commissioners. Reference to literature submitted with a previous RFP will not relieve the Bidder from including any required documents with this RFP.

EXAMINATION OF BID DOCUMENTS: Each Bidder shall carefully examine the RFP Document to ensure all pages have been received, all drawings and/or Specifications and other applicable documents are included, and shall inform himself thoroughly regarding any and all conditions and requirements that may in any manner affect cost, progress or performance of the work to be performed under the Contract. Ignorance on the part of the CONTRACTOR will in no way relieve him of the obligations and responsibilities assumed under the Contract.

VENDOR RESPONSIBILITY: Vendors are fully and completely responsible for the labeling, identification and delivery of their submittals. The Procurement Services Department will not be responsible for any mislabeled or misdirected submissions, nor those handled by delivery persons, couriers, or the USPS.

MARION COUNTY BOARD OF COUNTY COMMISSIONERS, a political subdivision of the State of Florida, reserves the right to reject any and/or all submittals, reserves the right to waive any informalities or irregularities in the examination process, and reserves the right to award contracts and/or in the best interest of the County. Submittals not meeting stated minimum terms and qualifications may be rejected by the County as non-responsive. The County reserves the right to reject any or all submittals without cause. The County reserves the right to reject the submission of any Vendor in arrears or in default upon any debt or contract to the Board of County Commissioners of Marion County, or who has failed to perform faithfully any previous contract with the County or with other governmental agencies.

PUBLIC RECORDS LAW: Correspondence, materials and documents received pursuant to this RFP become public records subject to the provisions of Chapter 119, Florida Statutes.

VERIFICATION OF TIME: Atomic time is hereby established as the Official Time for Marion County Solicitations. All times stated in bids, quotes, RFPs, RFQs and any other solicitation generated by the Marion County Procurement Services Department will refer to atomic time.

PREPARATION OF PROPOSALS:

Signature of the Bidder: The Bidder must sign the RFP FORMS in the space provided for the signature. If the Bidder is an individual, the words "doing business as____," must appear beneath such signature. In the case of a partnership, the signature of at least one of the partners must follow the firm name and the words, "Member of the Firm" should be written beneath such signature. If the Bidder is a corporation, the title of the officer signing the RFP on behalf of the corporation must be stated and evidence of his authority to sign the RFP must be submitted. The Bidder shall state in the RFP FORMS the name and address of each person interested therein.

Basis for Bidding: The price proposed for each item shall be on a lump sum or unit price basis according to specifications on the RFP FORM. The proposed prices shall remain unchanged for the duration of the Contract and no claims for cost escalation during the progress of the work will be considered, unless otherwise provided herein.

Total Proposed Price/Total Contract Sum Proposed: If applicable, the total price bid for the work shall be the aggregate of the lump sum prices proposed and/or unit prices multiplied by the appropriate estimated quantities for the individual items and shall be stated in figures in the appropriate place on the RFP

FORM. In the event that there is a discrepancy on the RFP FORM due to unit price extensions or additions, the corrected extensions and additions shall be used to determine the project bid amount.

OBLIGATION OF WINNING BIDDER: The contents of the RFP of the successful proposer will become contractual obligations if acquisition action ensues. Failure of the successful Bidder to accept these obligations in a contract may result in cancellation of the award and such vendor may be removed from future participation.

AWARD OF BID: It is the County's intent to select a vendor within **sixty (60) calendar days** of the deadline for receipt of Proposals. However, Proposals must be firm and valid for award for at least **ninety (90) calendar days** after the deadline for receipt of the RFP.

ADDITIONAL REQUIREMENTS: The firms shall furnish such additional information as Marion County may reasonably require. This includes information which indicates financial resources as well as ability to provide the services. The County reserves the right to make investigations of the qualifications of the firm as it deems appropriate.

PREPARATION COSTS: The County of Marion shall not be obligated or be liable for any costs incurred by Proposers prior to issuance of a contract. All costs to prepare and submit a response to this RFP shall be borne by the Proposer.

TIMELINESS: All work will commence upon authorization from the County's representative (Marion County Purchasing Dept). All work will proceed in a timely manner without delays. The Contractor shall commence the work UPON RECEIPT OF NOTICE TO PROCEED and/or ORDER PLACED (PURCHASE ORDER PRESENTED), and shall deliver in accordance to the terms and conditions outlined and agreed upon herein.

DELIVERY: All prices shall be FOB Destination, Ocala, Florida, inside delivery unless otherwise specified.

ADDITIONAL SERVICES/PURCHASES BY OTHER PUBLIC AGENCIES ("PIGGY-BACK"):

The Vendor by submitting a Bid acknowledges that other Public Agencies may seek to "Piggy-Back" under the same terms and conditions, during the effective period of any resulting contract – services and/or purchases being offered in this Bid, for the same prices and/or terms proposed. Vendor has the option to agree or disagree to allow contract Piggy-Backs on a case-by-case basis. Before a Public Agency is allowed to Piggy-Back any contract, the Agency must first obtain the vendor's approval – without the vendor's approval, the seeking Agency cannot Piggy-Back.

PLANS, FORMS & SPECIFICATIONS: RFP Packages are available from the Marion County Procurement Services Department. These packages are available for pickup or by e-mail at no additional charge. RFP packages will not be faxed. If requested to mail, the Bidder must supply a courier account number (UPS, FedEx, etc). Bidders are required to use the official RFP FORMS, and all attachments itemized herein, are to be submitted as a single document. Only one set of plans, forms, and specifications will be furnished each company or corporation interested in submitting a bid. RFP FORM documents for this project are free of charge and are available on-line and are downloadable (vendor must pay any DemandStar fees or any shipping), unless otherwise noted.

MANUFACTURER'S NAME AND APPROVED EQUIVALENTS: Any manufacturer's names, trade names, brand names, information and/or catalog numbers listed in a specification are for information and not intended to limit competition unless otherwise indicated. The Proposer may offer any brand for which he is an authorized representative, which meets or exceeds the RFP specification for any item(s). If RFPs are based on equivalent products, indicate on the RFP FORM the manufacturer's product name and literature, and/or complete specifications. Reference to literature submitted with a previous RFP will not satisfy this provision. The Bidder shall explain in detail the reason(s) why the proposed equivalent will meet the specifications and not be considered an exception thereto. RFPs which do not comply with these requirements are subject to rejection. RFPs lacking any written indication of intent to quote an alternate brand will be received and considered in complete compliance with the specifications as listed on the RFP FORM. The County's Procurement Services Department is to be notified, in writing, of any proposed changes in materials used, manufacturing process, or construction. However, changes shall not be binding upon the county unless evidenced by a Change Notice issued and signed by the Purchasing Director, or designated representative.

QUANTITIES: Any quantity specified in this RFP is estimated and are not to be construed as guaranteed minimums.

SAMPLES: Samples of items, when called for, shall be furnished free of expense, and if not destroyed may, upon request, be returned at the Bidder's expense. Each sample shall be labeled with the Bidder's name, manufacturer brand name and number, RFP number and item reference. Samples of successful Bidder's items may remain on file for the term of the contract. Request for return of samples shall be accompanied by instructions which include shipping authorization and must be received at time of opening. Samples not returned may be disposed of by the County within a reasonable time as deemed appropriate.

DOCUMENT RE-CREATION: Vendor may choose to re-create any document(s) required for this solicitation, but must do so at his own risk. All required information in the original County format must be included in any re-created document. Submittals may be deemed non-responsive if required information is not included in any re-created document.

FUNDING: The obligation of the County for payment to a Contractor is limited to the availability of funds appropriated in a current fiscal period, and continuation of the contract into a subsequent fiscal period is subject to appropriation of funds, unless otherwise authorized by law.

FOR FEDERAL AND/OR FDOT FUNDING – TITLE VI/

NONDISCRIMINATION POLICY STATEMENT – APPENDIX A: During the performance of this contract, the contractor, for itself, its assignees and successors in interest (hereinafter referred to as the "Contractor") agrees as follows:

- (1.) **Compliance with Regulations:** The Contractor shall comply with the Regulations relative to nondiscrimination in Federally-assisted programs of the U.S. Department of Transportation (hereinafter, "USDOT") Title 49, Code of Federal Regulations, Part 21, as they may be amended from time to time, (hereinafter referred to as the Regulations), which are herein incorporated by reference and made a part of this Agreement.
- (2.) **Nondiscrimination:** The Contractor, with regard to the work performed during the contract, shall not discriminate on the basis of race, color, national origin, sex, age, disability, religion or family status in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The Contractor shall not participate either directly or indirectly in the discrimination prohibited by section 21.5 of the Regulations, including employment practices when the contract covers a program set forth in Appendix B of the Regulations.
- (3.) **Solicitations for Subcontractors, including Procurements of Materials and Equipment:** In all solicitations made by the Contractor, either by competitive bidding or negotiation for work to be performed under a subcontract, including procurements of materials or leases of equipment; each potential subcontractor or supplier shall be notified by the Contractor of the Contractor's obligations under this contract and the Regulations relative to nondiscrimination on the basis of race, color, national origin, sex, age, disability, religion or family status.
- (4.) **Information and Reports:** The Contractor shall provide all information and reports required by the Regulations or directives issued pursuant thereto, and shall permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the *Florida Department of Transportation, the Federal Highway Administration, Federal Transit Administration, Federal Aviation Administration, and/or the Federal Motor Carrier Safety Administration* to be pertinent to ascertain compliance with such Regulations, orders and instructions. Where any information required of a Contractor is in the exclusive possession of another who fails or refuses to furnish this information the Contractor shall so certify to the *Florida Department of Transportation, the Federal Highway Administration, Federal Transit Administration, Federal Aviation Administration, and/or the Federal Motor Carrier Safety Administration* as appropriate, and shall set forth what efforts it has made to obtain the information.
- (5.) **Sanctions for Noncompliance:** In the event of the Contractor's noncompliance with the nondiscrimination provisions of this contract, the *Florida Department of Transportation* shall impose such contract sanctions as it or the *Federal Highway Administration, Federal Transit Administration, Federal Aviation Administration, and/or the Federal Motor Carrier Safety Administration* may determine to be appropriate, including, but not limited to:
 - a. withholding of payments to the Contractor under the contract until the Contractor complies, and/or
 - b. cancellation, termination or suspension of the contract, in whole or in part.
- (6.) **Incorporation of Provisions:** The Contractor shall include the provisions of paragraphs (1) through (6) in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Regulations, or directives issued pursuant thereto. The Contractor shall take such action with respect to any subcontract or procurement as the *Florida Department of Transportation, the Federal Highway Administration, Federal Transit Administration, Federal Aviation Administration, and/or the Federal Motor Carrier Safety Administration* may direct as a means of enforcing such provisions including sanctions for noncompliance. In the event a Contractor becomes involved in, or is threatened with, litigation with a sub-contractor or supplier as a result of such direction, the Contractor may request the *Florida Department of Transportation* to enter into such litigation to protect the interests of the *Florida Department of Transportation*, and, in addition, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

DRUG FREE WORKPLACE: All Bidders shall submit the enclosed, duly signed and notarized form entitled "Drug Free Workplace Certificate". The Drug Free Workplace Vendor shall have the burden of demonstrating that his program complies with Section 287.087 of the Florida Statutes, and any other applicable state law.

**THE FOLLOWING CONDITIONS ARE ACKNOWLEDGED BY
YOUR SIGNATURE ON THE REQUEST FOR PROPOSALS
CERTIFICATION and ADDENDA ACKNOWLEDGMENT**

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-5447-N-01]

Notice of Formula Allocations and Program Requirements for Neighborhood Stabilization Program Formula Grants

AGENCY: Office of the Secretary, HUD.

ACTION: Notice of allocation method, waivers granted, alternative requirements applied, and statutory program requirements.

SUMMARY: This notice advises the public of the allocation formula and allocation amounts, the list of grantees, alternative requirements, and the waivers of regulations granted to grantees under Section 2301(b) of the Housing and Economic Recovery Act of 2008 (Pub. L. 110-289, approved July 30, 2008) (HERA), as amended, and an additional allocation of funds provided under Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010 (Pub. L. 111-203, approved July 21, 2010) (Dodd-Frank Act) for additional assistance in accordance with the second undesignated paragraph under the heading ‘Community Planning and Development—Community Development Fund’ in Title XII of Division A of the American Recovery and Reinvestment Act of 2009 (Pub. L. 111-5, approved February 17, 2009) (Recovery Act), as amended, for the purpose of assisting in the redevelopment of abandoned and foreclosed homes. Except where provided for otherwise, these amounts are distributed based on funding formulas for such amounts established by the Secretary in accordance with HERA.

The additional allocation represents the third round of Neighborhood Stabilization Program funding and is referred to throughout this notice as NSP3. HERA provided a first round of formula funding to States and units of general local government, and is referred to herein as NSP1. The Recovery Act provided a second round of funds awarded by competition and is

referred to herein as NSP2. The three rounds of funding are collectively referred to as NSP. As described in the Supplementary Information section of this notice, HUD is authorized by statute to specify alternative requirements and make regulatory waivers for this purpose. This notice also notes statutory issues affecting program design and implementation.

Note: This notice is intended to provide unified program requirements for grantees of the two formula NSP grant programs, NSP1 and NSP3. The allocation and application information under Section I.A and Section II.B below is only applicable to NSP3 grants. For NSP1, HUD awarded grants to a total of 309 grantees including the 55 states and territories and selected local governments to stabilize communities hardest hit by foreclosures and delinquencies. For the allocation formula and application process for NSP1, please see the October 6, 2008 Federal Register Notice (73 FR 58330), as amended by the June 19, 2009 “Bridge” Notice (74 FR 29223), and Appendix A attached hereto. For NSP2, HUD awarded a combined total \$1.93 billion in NSP2 grants to 56 grantees nationwide on January 14, 2010. Funds under NSP2 were distributed by competition under criteria described in the May 4, 2009 Notice of Funding Availability. Where requirements differ between the rounds of funding, it is so noted.

DATES: Effective Date: **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].**

FOR FURTHER INFORMATION CONTACT: Stanley Gimont, Director, Office of Block Grant Assistance, Department of Housing and Urban Development, 451 Seventh Street, SW, Room 7286, Washington, DC 20410, telephone number 202-708-3587. Persons with hearing or speech impairments may access this number via TTY by calling the Federal Information Relay Service at 800-877-8339. FAX inquiries may be sent to Mr. Gimont at 202-401-2044. (Except for the "800" number, these telephone numbers are not toll-free.)

SUPPLEMENTARY INFORMATION:

Program background and purpose

Recipients will use the funds awarded under this notice to stabilize neighborhoods whose viability has been, and continues to be, damaged by the economic effects of properties that have been foreclosed upon and abandoned. In 2008, Congress appropriated funds for neighborhood stabilization under HERA. In 2009, Congress appropriated additional neighborhood stabilization funds under the Recovery Act. In 2010, Congress appropriated a third round of neighborhood stabilization funds in the Dodd-Frank Act.

When referring to a provision of the first appropriations statute, this notice will refer to HERA; when referring to a provision of the second appropriations statute, this notice will refer to the Recovery Act; and when referring to the third appropriations statute this notice will refer to the Dodd-Frank Act. When referring to the grants, grantees, assisted activities, and implementation rules under the Dodd-Frank Act, this notice will use the term “NSP3.” When referring to the grants, grantees, assisted activities, and implementation rules under the Recovery Act, this notice will use the term “NSP2”. When referring to the grants, grantees, assisted activities, and implementation rules under HERA, this notice will use the term “NSP1.” Collectively, the grants, grantees, assisted activities, and implementation rules under these three rounds of funding is referred to as NSP. NSP is a component of the Community Development Block Grant (CDBG) program (authorized under Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301 et seq.) (HCD Act)).

Program principles

Programs under NSP should aim to integrate the following principles:

- Retain CDBG distinctive requirements. Congress gave HUD broad waiver and

alternative requirement authority, which HUD used in designing NSP program requirements. However, distinctive characteristics of the CDBG program including the objectives of the HCD Act, financial accountability, local citizen participation and information, grantee selection of activities within broad federal policy parameters, and income targeting of beneficiaries were retained. All of these elements are required in NSP1, NSP2, and NSP3.

- Target and reconnect neighborhoods. Invest funds in programs and projects that will revitalize targeted neighborhood(s) and reconnect those targeted neighborhoods with the economy, housing market, and social networks of the community and metropolitan area as a whole.
- Rapidly arrest decline. Support NSP uses and activities that will rapidly arrest the decline of a targeted neighborhood(s) that has been negatively affected by abandoned or foreclosed properties.
- Assure compliance with the NSP “deep targeting” requirement. No less than 25 percent of the funds shall be used to house individuals and families whose incomes do not exceed 50 percent of area median income.
- Ensure longest feasible continued affordability. Invest in affordable housing that will remain desirable and affordable for the longest feasible period.
- Support projects that optimize economic activity, and the number of jobs created or retained or that will provide other long-term economic benefits.
- Build inclusive and sustainable communities free from discrimination.
- Coordinate planning and resources. Integrate neighborhood stabilization programs with other Federal policy priorities and investments, including energy conservation

and efficiency, sustainable and transit-oriented development, integrated metropolitan area-wide planning and coordination, improvements in public education, and access to healthcare.

- Leverage resources and remove destabilizing influences. Augment neighborhood stabilization programs with other federal, public and private resources. Eliminate destabilizing influences, such as blighted homes, that can prevent programs from producing results.
- Set goals. Set aggressive, but achievable, goals for outputs and outcomes.
- Ensure accountability. Ensure accountability for all programs, keep citizens actively informed, and provide all required NSP reporting elements.

Objectives and Outcomes

1. Objectives. The primary objective of the CDBG program is the development of viable urban communities, by providing decent housing, a suitable living environment, and economic opportunity, principally for persons of low- and moderate-income. NSP grantees must strive to meet this objective in neighborhoods that are in decline (or further decline) due to the negative effects of a high number and percentage of homes that have been foreclosed upon. The first goal is to arrest the decline. Then the grantee must stabilize the neighborhood and position it for a sustainable role in a revitalized community.

2. Outcomes. Measurable NSP short term program outcomes may include, but are not limited to:

- Arresting decline in home values based on average sales price in targeted neighborhoods, and
- Reduction or elimination of vacant and abandoned residential property in targeted neighborhoods.

The long term outcomes may include, but are not limited to:

- increased sales of residential property in targeted neighborhoods, and
- increased median market values of real estate in targeted neighborhoods.

Authority to Provide Alternative Requirements and Grant Regulatory Waivers

The Dodd-Frank Act states that, except where provided for otherwise, assistance shall be provided in accordance with the same provisions applicable under the NSP2 authorization. In turn, the Recovery Act provides that assistance shall be made available as authorized under HERA. The Recovery Act authorizes the Secretary to specify waivers and alternative requirements for any provision of any statute or regulation in connection with the obligation by the Secretary or the use of funds except for requirements related to fair housing, nondiscrimination, labor standards, and the environment (including lead-based paint), upon a finding that such a waiver is necessary to expedite or facilitate the use of such funds.

The Secretary finds that the following alternative requirements are necessary to expedite the use of these funds for their required purposes.

Except as described in this notice, statutory and regulatory provisions governing the CDBG program, including those at 24 CFR part 570 subpart I for states, and those at 24 CFR part 570 subparts A, C, D, J, K, and O for CDBG entitlement communities, as appropriate, shall apply to the use of these funds. The State of Hawaii will be allocated funds and will be subject to part 570, subpart I, as modified by this notice. Other sections of the notice provide further details of the changes, the majority of which deal with adjustments necessitated by statutory provisions, simplify program rules to expedite administration, or relate to the ability of state grantees to act directly instead of solely through distribution to local governments. Additional guidance and technical assistance will be available at <http://www.hud.gov/nspta>.

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I. ALLOCATIONS

A. Formula: Allocation. Grants awarded under NSP1 were allocated to States and local governments according to the formula described in Attachment A. The Dodd-Frank Act makes available an additional \$1 billion that is generally to be construed as CDBG program funds

(NSP3) for the communities and in the amounts listed in Attachment B to this notice.

B. Formula: Reallocation.

1.a. *Failure to Apply (NSP3).* To expedite the use of NSP3 funds, the Department is specifying alternative requirements to 42 U.S.C. 5306(c). If a unit of general local government receiving an allocation of NSP3 funds under this notice (as designated in Attachment B) fails to submit a substantially complete application for its grant allocation by March 1, 2011, or submits an application for less than the total allocation amount, HUD will notify the jurisdiction of the cancellation of all or part of its allocation amount and proceed to reallocate the funds to the state in which the jurisdiction is located.

b. If a state or insular area receiving an allocation of funds under this notice fails to submit a substantially complete application for its allocation by March 1, 2011, or submits an application for less than the total allocation amount, HUD will notify the state or insular area of the reduction in its allocation amount and proceed to reallocate the funds to the 10 highest-need states based on original rankings of need.

2.a. *Failure to Meet 18-Month Obligation Deadline (NSP1).* Consistent with the August 23, 2010 Notice of NSP Reallocation Process Changes (Docket No. FR-5435-N-01), HUD will block each grantee's ability to obligate NSP1 grant funds in the Disaster Recovery Grant Reporting System (DRGR) on the first business day after the statutory 18-month deadline for use of funds. HUD will notify the grantee of this action by electronic mail. Grantees will not be able to obligate grant funds after the deadline without requesting and receiving permission from HUD, and HUD determines that the grantee is not high risk consistent with this notice. The grantee will still be able to expend grant funds obligated before the deadline. Receipt and use of any program income will also be unaffected.

b. Grantees that fail to obligate an amount equal to or greater than its initial grant amount may submit information to HUD, for up to 30 days following its 18-month deadline, documenting any additional obligation of funds not already recorded in the DRGR system and demonstrating to HUD that the obligation occurred on or before the 18-month deadline. Before the 18-month deadline, each grantee should also review its recorded obligations and notify HUD within 30 days following the deadline of any necessary adjustments to the amount and the reason for such an adjustment. For example, the grantee has become aware that an obligation amount that was previously recorded for an acquisition will not proceed, therefore a downward adjustment is necessary.

c. After the deadline, if a grantee needs to decrease or increase the amount of grant funds obligated to an activity, it must first ask HUD to remove the DRGR block on changing the amount obligated. If the amount of decrease is more than 15 percent of the obligation for any activity, the grantee must submit to HUD a written request that clearly demonstrates with compelling information that factors beyond the grantee's reasonable control caused the need to adjust after the deadline. If HUD agrees to grant the request, it will restore the grantee's ability to obligate grant funds in DRGR. If HUD does not grant the request, the grantee must either complete the activity as originally obligated or the amount previously obligated for that activity will be recaptured. HUD may also remove the obligations block following risk assessment of the grantee or a review of some or all of a grantee's obligation documentation.

d. Before HUD determines the appropriate corrective action or recaptures grant funds, HUD will review the submitted information, consider the grantee's capacity as described in 24 CFR 570.905 and 24 CFR 570.493, and the grantee's continuing need for the funds.

e. Following the review and consistent with the procedures described in 24 CFR 570.900(b),

HUD will proceed to notify the grantee of the selected corrective action it is required to undertake.

f. HUD will recapture and reallocate up to \$19.6 million from any state grantee with unused NSP1 grant funds. Additional corrective actions may be taken related to any amount of unused funds greater than \$19.6 million.

g. HUD will reallocate recaptured NSP1 grant funds in accordance with the reallocation formula described in a separate reallocation notice. A grantee receiving a reallocation must apply for the grant in accordance with the NSP1 Notice or this notice, as applicable. A nonentitlement grantee that is not required to submit a consolidated plan to HUD under the CDBG program will prepare an abbreviated plan. The substance of an abbreviated plan must include all the required elements that entitlement communities provide as part of an NSP Action Plan substantial amendment as described under Section II.B.2 of the NSP1 Notice or this Notice, as applicable.

h. Each grantee must meet the statutory requirement to expend 25 percent of its grant amount for activities that will provide housing for households whose income is at or under 50 percent of area median income. This cannot occur unless the funds are first obligated to activities for this purpose, or program income is received and used for eligible activities. Therefore, if a grantee fails to obligate or record program income use of at least 25 percent of its original grant amount for activities that will provide housing for households whose income is at or under 50 percent of area median income, HUD may issue a concern or a finding of noncompliance. Consistent with the procedures described in 24 CFR 570.900(b), HUD will require as a corrective action that the grantee either adjust its remaining NSP1 planned activities to ensure that 25 percent of the original NSP1 formula grant amount and program income supports activities providing housing to households with incomes at or under 50 percent of area median income, or make a firm

commitment to provide such housing with nonfederal funds in an amount sufficient to offset any deficiency to comply with the requirement before the expenditure deadline for the NSP1 grant.

i. The NSP1 Notice allows each grantee to use up to 10 percent of its NSP1 grant for general administration and planning activities. If HUD recaptures funds from a grant, this percentage limitation will still apply to the remaining grant funds, reducing the amount available for administration activities.

3. Failure to Meet Expenditure Deadline for NSP3.

NSP3 grantees must expend 50 percent of their grants within 2 years and 100 percent of their grants within 3 years. HUD will recapture and reallocate the amount of funds not expended by those deadlines or provide for other corrective action(s) or sanction. Further guidance will be issued prior to the deadline.

II. ALTERNATIVE REQUIREMENTS AND REGULATORY WAIVERS

This section of the notice briefly provides a justification for alternative requirements, where additional explanation is necessary, and describes the necessary basis for each regulatory waiver. This section also highlights some of the statutory requirements applicable to the grants. This background narrative is followed by the NSP requirements. While program requirements across the three rounds of NSP funding are similar, certain requirements differ in accordance to statutory provisions.

Each grantee eligible for an NSP grant that already receives annual CDBG allocations has carried out needs hearings, has a consolidated plan, an annual action plan, a citizen participation plan, a monitoring plan, an analysis of impediments to fair housing choice, and has made CDBG certifications. The consolidated plan already discusses housing needs related to up to four major grant programs: CDBG, HOME, Emergency Shelter Grants (ESG), and Housing

Opportunities for Persons with AIDS (HOPWA). A grantee's annual action plan describes the activities budgeted under each of those annual programs.

HUD is treating state and entitlement grantees' use of its NSP grant to be a substantial amendment to its current approved consolidated plan and 2010 annual action plan. The NSP grant is a special CDBG allocation to address the problem of abandoned and foreclosed homes. Treating NSP3 as a substantial amendment will expedite the distribution of NSP3 funds, while ensuring citizen participation on the specific use of the funds. HUD is waiving the consolidated plan regulations on the certification of consistency with the consolidated plan to the extent necessary to mean NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted areas set forth in the grantee's substantial amendment. In addition, HUD is waiving the consolidated plan regulations to the extent necessary to adjust reporting to fit the requirements of HERA and the use of DRGR.

Non-entitlement local government grantees receiving NSP3 funds that are not required to submit a consolidated plan to HUD under the CDBG program will prepare an abbreviated plan. The substance of an abbreviated plan must include all the required elements that entitlement communities provide as part of an NSP Action Plan substantial amendment as described under Section II.B.2.

The waivers, alternative requirements, and statutory changes apply only to the grant funds appropriated under NSP and not to the use of regular formula allocations of CDBG, even if they are used in conjunction with NSP funds for a project. They provide expedited program implementation and implement statutory requirements unique to the covered NSP appropriations.

A. Definitions for purposes of the Neighborhood Stabilization Program

Background

Certain terms are used in HERA that are not used in the regular CDBG program, or the terms are used differently in HERA and the HCD Act. In the interest of clarity of administration, HUD is defining these terms in this notice for all grantees, including states. For the same reason, HUD is also defining eligible fund uses for all grantees, including states. States may define other program terms under the authority of 24 CFR 570.481(a), and will be given maximum feasible deference in accordance with 24 CFR 570.480(c) in matters related to the administration of their NSP programs.

Requirement

Abandoned. A home or residential property is abandoned if either a) mortgage, tribal leasehold, or tax payments are at least 90 days delinquent, or b) a code enforcement inspection has determined that the property is not habitable and the owner has taken no corrective actions within 90 days of notification of the deficiencies, or c) the property is subject to a court-ordered receivership or nuisance abatement related to abandonment pursuant to state or local law or otherwise meets a state definition of an abandoned home or residential property.

Blighted structure. A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare.

CDBG funds. CDBG funds means, in addition to the definition at 24 CFR 570.3, grant funds distributed under this notice.

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 either: 1) the appraisal requirements of the URA at 49 CFR 24.103, or 2) the Uniform Standards of Professional Appraisal Practice (USPAP), or 3) the appraisal requirements of the Federal Housing Administration (FHA) or a government sponsored enterprise (GSE); and

the appraisal must be completed or updated within 60 days of a final offer made for the property by a grantee, subrecipient, developer, or individual homebuyer. However, if the anticipated value of the proposed acquisition is estimated at \$25,000 or less, the current market appraised value of the property may be established by a valuation of the property that is based on a review of available data and is made by a person the grantee determines is qualified to make the valuation.

Date of Notice of Foreclosure. For purposes of the NSP tenant protection provisions described at Section K, the date of notice of foreclosure shall be deemed to be the date on which complete title to a property is transferred to a successor entity or person as a result of an order of a court or pursuant to provisions in a mortgage, deed of trust, or security deed. If none of these events occur in the acquisition of a foreclosed property (e.g. in a short sale), in order to ensure fair and equitable treatment of bona fide tenants and consistency with the NSP definition of foreclosed, the date of notice of foreclosure shall be deemed to be the date on which the property is acquired for the NSP-assisted project. **NOTE:** This definition does not affect or otherwise alter the definition of “foreclosed” as provided in this notice.

Foreclosed. A home or residential property has been foreclosed upon if any of the following conditions apply: (a) the property’s current delinquency status is at least 60 days delinquent under the Mortgage Bankers of America delinquency calculation and the owner has been notified; (b) the property owner is 90 days or more delinquent on tax payments; (c) under state, local, or tribal law, foreclosure proceedings have been initiated or completed; or (d) foreclosure proceedings have been completed and title has been transferred to an intermediary aggregator or servicer that is not an NSP grantee, contractor, subrecipient, developer, or end user.

Land bank. A land bank is a governmental or nongovernmental nonprofit entity established, at least in part, to assemble, temporarily manage, and dispose of vacant land for the purpose of stabilizing neighborhoods and encouraging re-use or redevelopment of urban property. For the purposes of NSP, a land bank will operate in a specific, defined geographic area. It will purchase properties that have been foreclosed upon and maintain, assemble, facilitate redevelopment of, market, and dispose of the land-banked properties. If the land bank is a governmental entity, it may also maintain foreclosed property that it does not own, provided it charges the owner of the property the full cost of the service or places a lien on the property for the full cost of the service.

Subrecipient. Subrecipient shall have the same meaning as at the first sentence of 24 CFR 570.500(c). This includes any nonprofit organization (including a unit of general local government) that a state awards funds to.

Use (for the purposes of HERA section 2301(c)(1)). Funds are used when they are obligated by a state, unit of general local government, or any subrecipient thereof, for a specific NSP activity; for example, for acquisition of a specific property. Funds are obligated for an activity when orders are placed, contracts are awarded, services are received, and similar transactions have occurred that require payment by the state, unit of general local government, or subrecipient during the same or a future period. Note that funds are not obligated for an activity when subawards (e.g., grants to subrecipients or to units of local government) are made.

Vicinity. For the purposes of NSP3, HUD defines “vicinity” as each neighborhood identified by the NSP3 grantee as being the areas of greatest need.

B. NSP3 Pre-grant process

Background

With this notice, HUD is establishing the NSP3 allocation formula, including reallocation provisions, and announcing the distribution of funds. CDBG grantees receiving NSP3 allocations may immediately begin to prepare and submit action plan substantial amendments for NSP3 funds, in accordance with this notice. (Insular areas should follow the requirements for entitlement communities.) Non-entitlement local government grantees will follow entitlement requirements except for the submission of an abbreviated plan rather than a substantial amendment or as otherwise explained in this notice.

To receive NSP3 funding, each grantee listed in Attachment B must submit an action plan substantial amendment or abbreviated plan to HUD in accordance with this notice by March 1, 2011.

HUD encourages each grantee to carry out its NSP activities in the context of a comprehensive plan for the community's vision of how it can make its neighborhoods not only more stable, but also more sustainable, inclusive, competitive, and integrated into the overall metropolitan fabric, including access to transit, affordable housing, employers, and services. HUD also encourages grantees to incorporate green and sustainable development practices, such as the examples in Attachment C.

HUD encourages each local jurisdiction receiving an allocation to carefully consider its administrative capacity to use the funds within the statutory deadline.

Jurisdictions may cooperate to carry out their grant programs through a joint request to HUD. HUD is providing regulatory waivers and alternative requirements to allow joint requests among units of general local government and to allow joint requests between units of general local government and a state. Any two or more contiguous units of general local government that are in the same metropolitan area and that are eligible to receive an NSP grant may instead

make a joint request to HUD to implement a joint NSP program. A jurisdiction need not have a joint agreement with an urban county under the regular CDBG entitlement program to request a joint program for NSP funding. Similarly, any community eligible to receive an NSP grant may instead make a request for a joint NSP program with its state. An NSP joint request under a cooperation agreement results in a single combined grant and a single action plan substantial amendment. Potential requestors should contact HUD as soon as possible (as far as possible in advance of publishing a proposed NSP substantial amendment) for technical guidance. The requestors will specify which jurisdiction will receive the funds and administer the combined grant on behalf of the requestors; in the case of a joint request between a local government jurisdiction and a state, the state will administer the combined grant. (Grantees choosing this option should consider the Consolidated Plan and citizen participation implications of this approach. The lead entity's substantial amendment or abbreviated plan will cover any participating members. The citizen participation process must include citizens of all jurisdictions participating in the joint NSP program, not just those of the lead entity.)

Given the rule of construction in HERA that NSP funds generally are construed as CDBG program funds, subject to CDBG program requirements, HUD generally is treating NSP3 funds as a special allocation of Fiscal Year (FY) 2010 CDBG funding. This has important consequences for local governments presently participating in an existing urban county program, and for metropolitan cities that have joint agreements with urban counties. HUD will consider any existing cooperation agreements between a local government and an urban county governing FY2010 CDBG funding (for purposes of either an urban county or a joint program) to automatically cover NSP funding as well. These cooperation agreements will continue to apply to the use of NSP funds for the duration of the NSP grant, just as cooperation agreements

covering regular CDBG Entitlement program funds continue to apply to any use of the funds appropriated during the 3-year period covered by the agreements. For example, a local government presently has a cooperation agreement covering a joint program or participation in an urban county for federal FYs 2009, 2010 and 2011. The local government may choose to discontinue its participation with the county at the end of the applicable qualification period for purposes of regular CDBG entitlement funding. However, the county will still be responsible for any NSP3 projects funded in that community, and for any NSP3 funding the local government receives from the county, until those funds are expended and the funded activities are completed.

A third method of cooperating is also available. A jurisdiction may choose to apply for its entire grant, and then enter into a subrecipient agreement with another jurisdiction or nonprofit entity to administer the grant. In this manner, for example, all of the grantees operating in a single metropolitan area could designate the same land-bank entity (or the state housing finance agency) as a subrecipient for some or all of their NSP activities.

Each NSP3 grantee will have until March 1, 2011, to complete and submit a substantial amendment to its annual action plan or an abbreviated plan. A grantee that wishes to submit its action plan amendment to HUD electronically in the DRGR system rather than by paper may do so by contacting its local field office for the DRGR submission directions. Paper submissions to HUD also will be allowed, although each grantee must set up its action plan in DRGR prior to the deadline for the first required performance report after receiving a grant.

HUD encourages grantees, during development of their action plan amendments or abbreviated plans, to contact HUD field offices for guidance in complying with these requirements, or if they have any questions regarding meeting grant requirements.

Normally, in the CDBG program, a grantee takes at least 30 days soliciting comment

from its citizens before it submits an annual action plan to HUD, which then has 45 days to accept or reject the plan. To expedite the process and to ensure that the NSP grants are awarded in a timely manner, while preserving reasonable citizen participation, HUD is waiving the requirement that the grantee follow its citizen participation plan for this substantial amendment. HUD is shortening the minimum time for citizen comments and requiring the substantial amendment or abbreviated plan to be posted on the grantee's official website as the materials are developed, published, and submitted to HUD.

A grantee will be deemed by HUD to have received its NSP grant at the time HUD signs its NSP grant agreement (or amendment thereof, in the case of a state that later receives reallocated grant funds).

Grantees are cautioned that, despite the expedited application and plan process, they are still responsible for ensuring that all citizens have equal access to information about the programs. Among other things, this means that each grantee must ensure that program information is available in the appropriate languages for the geographic area served by the jurisdiction. This will be a particular issue for states that make grants covering regular CDBG entitlement areas (or to entitlement grantees). Because regular State CDBG funds are not used in entitlement areas, State CDBG staffs may not be aware of limited English proficient (LEP) speaking populations in those metropolitan jurisdictions.

HUD will review each grantee submission for completeness and consistency with the requirements of this notice and will disapprove incomplete and inconsistent action plan amendments or abbreviated plans. HUD will allow revision and resubmission of a disapproved amendment or abbreviated plan in accordance with 24 CFR 91.500(d) so long as any such resubmission is received by HUD 45 days or less following the date of first disapproval.

In combination, the notice alternative requirements provide the following expedited steps for NSP grants:

- Proposed action plan amendment or abbreviated plan published via the usual methods and on the Internet for no less than 15 calendar days of public comment;
- Final action plan amendment or abbreviated plan posted on the Internet and submitted to HUD by March 1, 2011 (grant application includes Standard Form 424 (SF-424) and certifications);
- HUD expedites review;
- HUD accepts the plan and prepares a cover letter, grant agreement, and grant conditions;
- Grant agreement signed by HUD and immediately transmitted to the grantee;
- Grantee signs and returns the grant agreements;
- HUD establishes the line of credit and the grantee requests and receives DRGR access (if it does not already have access);
- After completing the environmental review(s) pursuant to 24 CFR part 58 and, as applicable, receiving from HUD or the state an approved Request for Release of Funds and certification, the grantee may draw down funds from the line of credit.

In consideration of the shortened comment period, it is essential that grantees ensure that affected parties have sufficient notice of the opportunity to comment. The action plan substantial amendment or abbreviated plan and citizen participation alternative requirement will permit an expedited grant-making process, but one that still provides for public notice, appraisal, examination, and comment on the activities proposed for the use of NSP3 grant funds.

NOTE: HUD believes an adequate and acceptable substantial amendment or abbreviated plan should be no longer than 25 pages. A plan should provide sufficient detail for citizens and HUD

reviewers. Internet address links can be provided to longer elements that may change, such as detailed rehabilitation standards.

Requirement

1. General. Except as described in this notice, statutory and regulatory provisions governing the CDBG program for states and entitlement communities, as applicable, shall apply to the use of these funds. Except as described in this notice, non-entitlement local government grantees receiving a grant directly from HUD shall follow statutory and regulatory provisions governing the CDBG program for entitlement communities.

2. Contents of an NSP Action Plan substantial amendment or abbreviated plan. The elements in the NSP substantial amendment to the Annual Action Plan or an abbreviated plan required for the CDBG program under part 91 are:

a. General information about needs, distribution, use of funds, and definitions:

i. Each grantee must use the HUD Foreclosure Need website as linked to from www.hud.gov/nsp to submit to HUD the locations of its NSP3 areas of greatest need. On this site, HUD provides estimates of foreclosure need and a foreclosure related needs scores at the Census Tract level. The score rank need from 1 to 20, with 20 being census tracts with the HUD-estimated greatest need.

ii. The neighborhood or neighborhoods identified by the NSP3 grantee as being the areas of greatest need must have an individual or average combined index score for the grantee's identified target geography that is not less than the lesser of 17 or the twentieth percentile most needy score in an individual state. For example, if a state's twentieth percentile most needy census tract is 18, the requirement will be a minimum need of 17. If, however, a state's twentieth percentile most needy census tract is 15, the requirement will be a minimum need of

15. HUD will provide the minimum threshold for each state at its website www.hud.gov/nsp. If more than one neighborhood is identified in the Action Plan, HUD will average the neighborhood NSP3 scores, weighting the scores by the estimated number of housing units in each identified neighborhood.

iii. A narrative describing how the distribution and uses of the grantee's NSP funds will meet the requirements of Section 2301(c)(2) of HERA, as amended by the Recovery Act and the Dodd-Frank Act;

iv. For the purposes of the NSP3, the narratives will include:

(A) A definition of "blighted structure" in the context of state or local law;

(B) A definition of "affordable rents;"

(C) A description of how the grantee will ensure continued affordability for NSP-assisted housing; and

(D) A description of housing rehabilitation standards that will apply to NSP-assisted activities.

b. Information by activity describing how the grantee will use the funds, identifying:

i. the eligible use of funds under NSP3;

ii. the eligible CDBG activity or activities;

iii. the areas of greatest need addressed by the activity or activities;

vi. the expected benefit to income-qualified persons or households or areas;

v. appropriate performance measures for the activity (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels represented in DRGR, which are currently 50 percent of area median income and below, 51 to 80 percent, and 81 to 120 percent);

vi. amount of funds budgeted for the activity;

- vii. the name and location of the entity that will carry out the activity; and
 - viii. the expected start and end dates of the activity.
- c. A brief description of the general terms under which assistance will be provided, including:
- i. Range of interest rates (if any);
 - ii. Duration or term of assistance;
 - iii. Tenure of beneficiaries (e.g., renters or homeowners); and
 - vi. If the activity produces housing, how the design of the activity will ensure continued affordability;
 - v. How the grantee shall, to the maximum extent feasible, provide for the hiring of employees who reside in the vicinity of NSP3 projects or contract with small businesses that are owned and operated by persons residing in the vicinity of such project, including information on existing local ordinances that address these requirements;
 - vi. The procedures used to create preferences for the development of affordable rental housing developed with NSP3 funds; and
 - vii. Whether the funds used for the activity are to count toward the requirement to provide benefit to low-income persons (earning 50 percent or less of area median income).
- d. The action plan narrative should specifically address how the grantee's program design will address the local housing market conditions.
- e. Information on how to contact grantee program administrators, so that citizens and other interested parties know whom to contact for additional information.
3. Continued affordability. Grantees shall ensure, to the maximum extent practicable and for the longest feasible term, that the sale, rental, or redevelopment of abandoned and foreclosed-upon homes and residential properties under this section remain affordable to individuals or families

whose incomes do not exceed 120 percent of area median income or, for units originally assisted with funds under the requirements of section 2301(f)(3)(A)(ii) of HERA, as amended, remain affordable to individuals and families whose incomes do not exceed 50 percent of area median income.

a. In its NSP action plan substantial amendment, a grantee will define “affordable rents” and the continued affordability standards and enforcement mechanisms that it will apply for each (or all) of its NSP activities. HUD will consider any grantee adopting the HOME program standards at 24 CFR 92.252(a), (c), (e), and (f), and 92.254, to be in minimal compliance with this standard and expects any other standards proposed and applied by a grantee to be enforceable and longer in duration. (Note that HERA’s continued affordability standard is longer than that required of subrecipients and participating units of general local government under 24 CFR 570.503 and 570.501(b).)

b. The grantee must require each NSP-assisted homebuyer to receive and complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan. If the grantee is unable to meet this requirement for a good cause (e.g., there are no HUD-approved housing counseling agencies within the grantee’s jurisdiction, or there are no HUD-approved housing counseling agencies within the grantee’s jurisdiction that engage in homebuyer counseling), the grantee may submit a request for an exception to this requirement to the responsible HUD field office, and the HUD field office has the authority to grant an exception for good cause. The grantee must ensure that the homebuyer obtains a mortgage loan from a lender who agrees to comply with the bank regulators’ guidance for non-traditional mortgages (see, Statement on Subprime Mortgage Lending issued by the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal

Deposit Insurance Corporation, Department of the Treasury, and National Credit Union Administration, available at <http://www.fdic.gov/regulations/laws/rules/5000-5160.html>).

Grantees must design NSP programs to comply with this requirement and must document compliance in the records, for each homebuyer. Grantees are cautioned against providing or permitting homebuyers to obtain subprime mortgages for whom such mortgages are inappropriate, including homebuyers who qualify for traditional mortgage loans.

4. Citizen participation alternative requirement. HUD is providing an alternative requirement to 42 U.S.C. 5304(a)(2) and (3), to expedite distribution of grant funds and to provide for expedited citizen participation for the NSP substantial amendment. Provisions of 24 CFR 91.105(k), 91.115(i), 570.302 and 570.486, with respect to following the citizen participation plan, are waived to the extent necessary to allow implementation of the requirements below.

a. *Initial Allocation.* To receive its grant allocation, a grantee must submit to HUD for approval an NSP3 application by March 1, 2011. This submission will include a signed SF-424, signed certifications, and a substantial action plan amendment or abbreviated plan meeting the requirements of paragraph b below. (24 CFR 91.505 is waived to the extent necessary to require submission of the substantial amendment to HUD for approval in accordance with this notice.)

Reallocation. To receive an NSP reallocation, a grantee must submit to HUD for approval an NSP application by the deadline indicated in a reallocation announcement. This submission will include a signed standard federal form SF-424, signed certifications, and a substantial action plan amendment or abbreviated plan meeting the requirements of paragraph B.3.b below. (24 CFR 91.505 is waived to the extent necessary to require submission of the substantial amendment to HUD for approval in accordance with this notice.)

b. Each grantee must prepare and submit its annual Action Plan amendment or abbreviated plan

to HUD in accordance with the consolidated plan procedures under the CDBG program as modified by this notice, or HUD will reallocate the funds allocated for that grantee. HUD is providing alternative requirements to 42 U.S.C. 5304(a)(2) and waiving 24 CFR 91.105(c)(2), 91.105(k), 91.115(c)(2), and 91.115(i) to the extent necessary to allow the grantee to provide no fewer than 15 calendar days for citizen comment (rather than 30 days) for its initial NSP submission and any subsequent substantial NSP action plan amendment, and to require that, at the time of submission to HUD, each grantee post its approved action plan amendment and any subsequent NSP amendments on its official website along with a summary of citizen comments received within the 15-day comment period. After HUD processes and approves the plan amendment and both HUD and the grantee have signed the grant agreement, HUD will establish the grantee's line of credit in the amount of funds included in the Action Plan amendment, up to the allocation amount.

5. Joint requests. To expedite the use of funds, HUD is providing an alternative requirement to 42 U.S.C. 5304(i) and is waiving 24 CFR 570.308 to the extent necessary to allow for additional joint programs described below.

a. Unit of General Local Government Joint Agreements. Two or more contiguous jurisdictions that are eligible to receive a NSP allocation and are located in the same metropolitan area may enter into joint agreements. All members to the joint agreement must be eligible to receive NSP1 or NSP3 funds, and one unit of general local government must be designated as the lead entity. The lead entity must execute the NSP grant agreement with HUD. Consistent with 24 CFR 570.308, the lead entity must assume responsibility for administering the NSP grant on behalf of all members, in compliance with applicable program requirements. The lead entity's substantial amendment to the action plan or abbreviated plan will include all participating

communities.

b. Joint agreements with a state. Any jurisdiction that is eligible to receive an NSP allocation may enter into a joint agreement with its state. The state shall be the lead entity and must assume responsibility for administering the NSP grant on behalf of the local government, in compliance with applicable program requirements. The substantial amendment to the state's action plan will include any participating unit of general local government.

c. Local jurisdictions receiving reallocation funds may enter into joint agreements in accordance with paragraph B.5.a. or b., regardless of whether the local jurisdiction had a joint agreement for the original NSP allocation.

6. Effect of existing cooperation agreements governing joint programs and urban counties for NSP3 (see NSP1 Notice for parallel language for NSP1 grantees). Any cooperation agreement between a unit of general local government and a county, concerning either a joint program or participation in an urban county under 24 CFR 570.307 or 570.308, and governing CDBG funds appropriated for federal FY 2010, will be considered to incorporate and apply to NSP3 funding. Any such cooperation agreements will continue to apply to the use of NSP3 funds until the NSP3 funds are expended and the NSP3 grant is closed out. Grantees should note that certain provisions in existing cooperation agreements that govern CDBG funding may be inconsistent with parts of HERA, the Recovery Act, the Dodd-Frank Act or this notice. For instance, set minimum and/or maximum allocation amounts may conflict with priority distributions to areas of greatest need identified in the grantee's action plan substantial amendment. Conforming amendments should be made to existing cooperation agreements, as necessary, to comply with NSP statutory requirements and this notice.

C. Reimbursement for pre-award costs

Background

NSP grantees will need to move forward rapidly to prepare the NSP substantial amendment or abbreviated plan and to undertake other administrative actions, including environmental reviews, as soon as allocations are known. Therefore, HUD is granting permission to states and jurisdictions receiving a direct allocation of NSP funds to incur pre-award costs as if each was a new grantee preparing to receive its first allocation of CDBG funds.

Requirement

HUD is waiving 24 CFR 570.200(h) to the extent necessary to grant permission to jurisdictions receiving a direct NSP allocation under this notice to incur pre-award costs as if each was a new grantee preparing to receive its first allocation of CDBG funds. Similarly, in accordance with OMB Circular A-87, Attachment B, paragraph 31, HUD is allowing states to incur pre-award costs as if each was a new grantee preparing to receive its first allocation of CDBG funds. NSP grantees will be allowed to incur costs necessary to develop the NSP substantial action plan amendment and undertake other administrative actions necessary to receive its first grant, prior to the costs being included in the final plan, provided that the other conditions of 24 CFR 570.200(h) are met. (For units of general local government applying to the state (including entitlements not receiving a direct NSP allocation under this notice), 24 CFR 570.489(b) applies unmodified. Units of general local government receiving direct NSP allocations may incur pre-award costs as would an entitlement community.)

D. Grantee capacity and grant conditions

Background

In the October 6, 2008 Notice, HUD encouraged each local jurisdiction receiving an allocation to carefully consider its administrative capacity to use the funds within the statutory

deadline. To support this consideration, HUD will provide each grantee a self-assessment tool that grantees may find useful in better understanding their capacity to undertake and manage NSP activities. This is essentially the same self-assessment tool that is used for NSP Technical Assistance purposes and it will allow HUD to more rapidly identify capacity gaps and technical assistance needs and to provide appropriate technical assistance. Although HUD suggests that every NSP grantee complete and submit the self-assessment with its substantial amendment or abbreviated plan, HUD will require some grantees to complete and submit such a self-assessment as a special condition of receiving funding.

Requirement

For NSP grantees that HUD determines are high risk in accordance with 24 CFR 85.12(a), HUD will apply additional grant conditions in accordance with 24 CFR 85.12(b).

E. Income eligibility requirement changes

Background

The NSP program includes two low- and moderate-income requirements at HERA section 2301(f)(3)(A) that supersede existing CDBG income qualification requirements. Under the heading “Low and Moderate Income Requirement,” HERA states that:

“all of the funds appropriated or otherwise made available under this section shall be used with respect to individuals and families whose income does not exceed 120 percent of area median income.”

This provision does two main things. First, for the purposes of NSP, it effectively supersedes the overall benefit provisions of the HCD Act and the CDBG regulations, which allow up to 30 percent of a grant to be used for activities that meet a national objective other than low- and moderate-income benefit. Thus, NSP allows the use of *only* the low- and moderate-

income benefit national objective. Activities may **not** qualify under NSP using the “prevent or eliminate slums and blight” or “address urgent community development needs” objectives.

Second, this provision also redefines and supersedes the definition of “low- and moderate-income,” effectively allowing households whose incomes exceed 80 percent of area median income but do not exceed 120 percent of area median income to qualify as if their incomes did not exceed the published low- and moderate-income levels of the regular CDBG program. To prevent confusion, HUD will refer to this new income group as “middle income,” and keep the regular CDBG definitions of “low-income” and “moderate income” in use. Further, HUD will characterize aggregated households whose incomes do not exceed 120 percent of median income as “low-, moderate-, and middle-income households,” abbreviated as LMMH. For the purposes of NSP only, an activity may meet the HERA low- and moderate-income national objective if the assisted activity:

- provides or improves permanent residential structures that will be occupied by a household whose income is at or below 120 percent of area median income (abbreviated as LMMH);
- serves an area in which at least 51 percent of the residents have incomes at or below 120 percent of area median income (LMMA); or
- serves a limited clientele whose incomes are at or below 120 percent of area median income (LMMC).

HUD will use the parenthetical terms above to refer to NSP national objectives in program implementation, to avoid confusion with the regular HCD Act definitions.

Land banks are not allowed in the regular CDBG program because of the very high risk that the delay between acquiring property and meeting a national objective can be excessively

long, attenuating the intended CDBG program benefits by delaying benefit far beyond the annual or even the 5-year consolidated plan cycles. In the regular CDBG program (and in NSP other than in an eligible land-bank use), a property acquisition activity is dependent on the subsequent re-use of the property meeting a national objective in order to demonstrate program compliance. Given this, the HERA direction that assistance to land banks is an eligible use of NSP funds requires an alternative requirement and policy clarification.

For grantees choosing to assist land banks or demolition of structures with NSP funds, the change to the income qualification level for low-, moderate-, and middle-income areas will likely include most of the neighborhoods where property stabilization is required. If an assisted land bank is not merely acquiring properties, but is also working in an area in which other activities are being carried out that are intended to arrest neighborhood decline, such as maintenance, demolition, and facilitating redevelopment of the properties, HUD will, for NSP-assisted activities only, accept that the acquisition and management activities of the land bank may provide sufficient benefit to an area generally (as described in 24 CFR 570.208(a)(1) and 570.483(b)(1)) to meet a national objective (LMMA) prior to final disposition of the banked property. HUD notes that the grantee must determine the actual service area benefiting from a land bank's activities, in accordance with the regulations.

However, HUD does not believe the benefits of just holding property are sufficient to stabilize most neighborhoods or that this is the best use of limited NSP funds absent a re-use plan. Therefore, HUD requires that a land bank may not hold a property for more than 10 years without obligating the property for a specific, eligible redevelopment of that property in accordance with NSP requirements.

Note that if a state provides funds to an entitlement community, the entitlement

community must apply the area median income levels applicable to its regular CDBG program geography and not the “balance of state” levels.

Other than the change in the applicable low- and moderate- income qualification level from 80 percent to 120 percent and this notice’s change to the calculation at 570.483(b)(3), the area benefit, housing, and limited clientele benefit requirements at 24 CFR 570.208(a) and 570.483(b) remain unchanged, as does the required documentation.

The other NSP low- and moderate-income related provision, as modified by the Dodd-Frank Act, states that:

“not less than 25 percent of the funds appropriated or otherwise made available under this section shall be used to house individuals or families whose incomes do not exceed 50 percent of area median income.”

The Dodd-Frank Act struck language in HERA that specified that funds meeting the 25 percent requirement must be used specifically for the purchase and redevelopment of abandoned and foreclosed homes or residential properties. This means that, as of the effective date of the Dodd-Frank Act, any NSP eligible activity used to house individuals or families at or below 50 percent area medium income may be used to satisfy this requirement (i.e., vacant properties that are not abandoned or foreclosed may be used to meet the requirement as well as eligible commercial properties that are reused to house individuals and families at or below 50% AMI). However, NSP1 and NSP2 funds already obligated or expended prior July 21, 2010, do not retroactively satisfy this requirement.

HUD advises grantees to take note of this threshold as they design NSP activities. This provision does not have a parallel in the regular CDBG program. Grantees must document that an amount equal to at least 25 percent of a grantee’s NSP grant (initial allocation plus any

program income) has been budgeted in the initial approved action plan substantial amendment or abbreviated plan for activities that will provide housing for income-qualified individuals or families. Prior to and at grant closeout, HUD will review grantees for compliance with this provision by determining whether at least 25 percent of grant funds have been expended for housing for individual households whose incomes do not exceed 50 percent of area median income.

HUD is providing a waiver and alternative requirement to allow grantees to determine low- and moderate income benefit on a unit basis to allow greater support of mixed income housing than the structure basis required by 24 CFR 570.483(b)(3). (Under the cited regulation, the general rule is that at least 51 percent of the residents of an assisted structure must be income eligible.) Under the unit approach, one or more of the units in a structure must house income-eligible families, but the remainder of the units may be market rate, so long as the proportion of assistance provided compared to the overall project budget is no more than the proportion of units that will be occupied by income-eligible households compared to the number of units in the overall project. Under the unit approach, the number of income-eligible units is proportional to the amount of assistance provided. Note that this approach may only be used if the units are generally comparable in size and finishes. Based on HUD experience, this approach is generally more compatible with large-scale development of mixed-income housing than the structure approach under which a dollar of CDBG assistance to a structure means that 51 percent of the units must meet income requirements.

For the purposes of NSP, adopting the unit basis continues to benefit individuals and families whose income does not exceed 120 percent of area median income by limiting the proportion of the funding to the proportion of units that are being assisted with NSP funds. This

approach also helps to avoid displacing existing over-income tenants in a building being treated with NSP. Finally, it promotes the type of mixed-income developments that experience shows to be more successful both economically and socially. Therefore, the waiver and alternative requirements allow the grantee a choice. The grantee may measure benefit within a housing development project (1) according to the existing CDBG requirements, (2) according to the HOME program requirements at 24 CFR 92.205(d) or (3) according to the modified CDBG alternative requirements specified in this notice, which extend the CDBG exception noted above. The state must select and use just one method for each project.

Requirements

1. Overall benefit supersession and alternative requirement. The requirements at 42 U.S.C. 5301(c), 42 U.S.C. 5304(b)(3)(A), 24 CFR 570.484 (for states), and 24 CFR 570.200(a)(3) that 70 percent of funds are for activities that benefit low- and moderate-income persons are superseded and replaced by section 2301(f)(3)(A) of HERA. One hundred percent of NSP funds must be used to benefit individuals and households whose income does not exceed 120 percent of area median income. NSP shall refer to such households as “low-, moderate-, and middle-income.”

2. National objectives supersession and alternative requirements. The requirements at 42 U.S.C 5301(c) are superseded and 24 CFR 570.208(a) and 570.483 are waived to the extent necessary to allow the following alternative requirements:

a. for purposes of NSP only, the term “low- and moderate-income person” as it appears throughout the CDBG regulations at 24 CFR part 570 shall be defined as a member of a low-, moderate-, and middle-income household, and the term “low- and moderate-income household” as it appears throughout the CDBG regulations shall be defined as a household having an income

equal to or less than 120 percent of area median income, measured as 2.4 times the current Section 8 income limit for households below 50 percent of median income, adjusted for family size. A state choosing to carry out an activity directly must apply the requirements of 24 CFR 570.208(a) to determine whether the activity has met the low-, moderate-, and middle-income (LMMI) national objective and must maintain the documentation required at 24 CFR 570.506 to demonstrate compliance to HUD.

b. The national objectives related to prevention and elimination of slums and blight and addressing urgent community development needs (24 CFR 570.208(b) and (c) and 570.483(c) and (d)) are not applicable to NSP-assisted activities.

c. Each grantee whose plan includes assisting rental housing shall develop and make public its definition of affordable rents for NSP-assisted rental projects.

d. An NSP-assisted property may not be held in a land bank for more than 10 years without obligating the property for a specific, eligible redevelopment of that property in accordance with NSP requirements.

e. Not less than 25 percent of any NSP grant shall be used to house individuals or families whose incomes do not exceed 50 percent of area median income.

f. HUD will consider assistance for a multi-unit housing project involving new construction, acquisition, reconstruction, or rehabilitation to benefit LMMI households in the following circumstances:

(i)(A) The NSP assistance defrays the development costs of a housing project providing eligible permanent residential units that, upon completion, will be occupied by income-qualified households; and

(B) if the project is rental, the units occupied by income-qualified households will be

leased at affordable rents. The grantee or unit of general local government shall adopt and make public its standards for determining “affordable rents” for this purpose; and

(C) The proportion of the total cost of developing the project to be borne by NSP assistance is no greater than the proportion of units in the project that will be occupied by income-qualified households; or

(ii) When NSP assistance defray the development costs of eligible permanent residential units, such assistance shall be considered to benefit LMMI persons if the grantee follows the provisions of 24 CFR 92.205(d); or

(iii) The requirements of 24 CFR 570.208(a)(3) or 570.483(b)(3) are met, as applicable.

(iv) The grantee must select and use just one method for each project.

(v) The term “project” will be defined as in the HOME Program at 24 CFR 92.2.

(vi) If the grantee applies option (i) or (ii) above to a housing project, 24 CFR 570.208(a)(3) or 570.483(b)(3), as applicable, is waived for that project.

F. State distribution to entitlement communities and Indian Tribes

Background

This notice includes an alternative requirement to the HCD Act and a regulatory waiver allowing distribution of funds by a state to CDBG regular entitlement communities and Tribes. This is consistent with the provision of HERA that specifically sets distribution priorities for areas with the greatest need, including “metropolitan areas, metropolitan cities, urban areas, rural areas, low- and moderate-income areas....” Therefore, states receiving allocations under this notice may distribute funds to or within any jurisdiction within the state that is among those with the greatest need, even if the jurisdiction is among those receiving a direct formula allocation of funds from HUD under the regular CDBG program or this notice.

Requirement

Alternative requirement for distribution to CDBG metropolitan cities, urban counties, and Tribes. In accordance with the direction of HERA that grantees distribute funds to the areas of greatest need, HUD is providing an alternative requirement to 42 U.S.C. 5302(a)(7) (definition of “nonentitlement area”) and waiving provisions of 24 CFR part 570, including 24 CFR 570.480(a), that would prohibit states electing to receive CDBG funds from distributing such funds to units of general local government in entitlement communities or to Tribes. The appropriations law supersedes the statutory distribution prohibition at 42 U.S.C. 5306(d)(1) and (2)(A). Alternatively, the state is required to distribute funds without regard to a local government status under any other CDBG program and must use funds in entitlement jurisdictions if they are identified as areas of greatest need, regardless of whether the entitlement receives its own NSP allocation.

G. State’s direct action

Background

In the State CDBG Program, states receiving CDBG funds may not directly use the funds for activities, but must distribute them to units of general local government, which then use the funds for program activities. HUD also notes the language of HERA section 2301(c) that says, in part, that:

“Any State . . . that receives amounts pursuant to this section shall . . . use such amounts to purchase and redevelop....”

This clearly speaks to the states using funds directly for projects and supersedes the HCD Act direction for states to only *distribute* funds to nonentitlement areas. Direct use of funds by a state may also result in more expeditious use of NSP funds. Therefore, a state receiving NSP

funds may carry out NSP activities directly for some or all of its assisted grant activities, just as CDBG entitlement communities do under 24 CFR 570.200(f), including, but not limited to, carrying out activities using its own employees, procuring contractors, private developers, and providing loans and grants through nonprofit subrecipients (including local governments and other public nonprofits such as regional or local planning or development authorities and public housing authorities).

For those activities a state chooses to carry out directly, HUD strongly advises the state to adopt the recordkeeping required for an entitlement community at 24 CFR 570.506 and the subrecipient agreement provisions at 24 CFR 570.503. Also, in such cases, as an alternative requirement to 42 U.S.C. 5304(i), the state may retain and re-use program income as if it were an entitlement community.

HUD is granting regulatory waivers of State CDBG regulations to conform the applicable management, real property change of use, and recordkeeping rules when a state chooses to carry out activities as if it were an entitlement community.

Requirements

1. Responsibility for state review and handling of noncompliance. This change conforms NSP requirements with the waiver allowing the state to carry out activities directly. 24 CFR 570.492 is waived and the following alternative requirement applies: The state shall make reviews and audits, including on-site reviews of any subrecipients, designated public agencies, and units of general local government as may be necessary or appropriate to meet the requirements of 42 U.S.C.5304(e)(2), as amended, as modified by this notice. In the case of noncompliance with these requirements, the state shall take such actions as may be appropriate to prevent a continuance of the deficiency, mitigate any adverse effects or consequences, and prevent a

recurrence. The state shall establish remedies for noncompliance by any designated public agencies or units of general local governments and for its subrecipients.

2. Change of use of real property for state grantees acting directly. This waiver conforms the change of use of real property rule to the waiver allowing a state to carry out activities directly. For purposes of this program, in 24 CFR 570.489(j), (j)(1), and the last sentence of (j)(2), “unit of general local government” shall be read as “unit of general local government or state.”

3. Recordkeeping for a state grantee acting directly. Recognizing that the state may carry out activities directly, 24 CFR 570.490(b) is waived in such a case and the following alternative provision shall apply:

State Records. The state shall establish and maintain such records as may be necessary to facilitate review and audit by HUD of the state's administration of NSP funds under 24 CFR 570.493. Consistent with applicable statutes, regulations, waivers and alternative requirements, and other federal requirements, the content of records maintained by the state shall be sufficient to: (1) enable HUD to make the applicable determinations described at 24 CFR 570.493; (2) make compliance determinations for activities carried out directly by the state; and (3) show how activities funded are consistent with the descriptions of activities proposed for funding in the action plan. For fair housing and equal opportunity purposes, and as applicable, such records shall include data on the racial, ethnic, and gender characteristics of persons who are applicants for, participants in, or beneficiaries of the program.

4. State compliance with certifications for state grantees acting directly. This is a conforming change related to the waiver to allow a state to act directly. Because a state grantee under this appropriation may carry out activities directly, HUD is applying the regulations at 24 CFR 570.480(c) with respect to the basis for HUD determining whether the state has failed to carry

out its certifications, so that such basis shall be that the state has failed to carry out its certifications in compliance with applicable program requirements.

5. Clarifying note on the process for environmental release of funds when a state carries out activities directly. Usually, a state distributes CDBG funds to units of local government and takes on HUD's role in receiving environmental certifications from the grantees and approving releases of funds. For NSP, HUD allows a state grantee to also carry out activities directly instead of distributing them to other governments. According to the environmental regulations at 24 CFR 58.4, when a state carries out activities directly, the state must submit the certification and request for release of funds to HUD for approval.

H. Eligibility and allowable costs

Background

Most of the activities eligible under NSP are correlated with CDBG-eligible activities under 42 U.S.C. 5305(a). This correlation reduces implementation risks, because it ensures that the NSP grants are administered largely in accordance with long-established CDBG rules and controls. The table in the requirements paragraph below shows the eligible uses under NSP and the eligible activities from the regulations for the regular CDBG entitlement program that HUD has determined best correspond to those uses. If a grantee creates a program design that includes a CDBG-eligible activity that is not shown in the table to support an NSP-eligible use, the Department is providing an alternative requirement to 42 U.S.C. 5305(a) that HUD may allow a grantee an additional eligible-activity category if HUD finds the activity to be in compliance with NSP statutory requirements. As under the regular CDBG program, grantees may fund costs, such as reasonable developer's fees, related to NSP-assisted housing rehabilitation or construction activities. Only NSP1 funds may be used to redevelop acquired property for

nonresidential uses, such as public parks, commercial uses, or mixed residential and commercial uses. Redevelopment activities using NSP2 and NSP3 funds must be for housing.

The annual entitlement CDBG program allows up to 20 percent of any grant amount plus program income may be used for general administration and planning costs. The State CDBG Program is also subject to the 20 percent limitation, but within that cap up to 3 percent may be used by the state for state administrative costs and technical assistance to potential local government program grantees, with the remainder available to be granted to local government grantees for their administrative costs. Because some of the costs usually allocated under these caps are not applicable to NSP grants (for example, the costs of completing the entire consolidated plan process), these amounts seem excessive to HUD in the context of the NSP program. On the other hand, HUD wants to encourage and support expeditious, appropriate, and compliant use of grant funds, and to prevent fraud, waste, and abuse of funds. Therefore, HUD is providing an alternative requirement that an amount of up to 10 percent of an NSP grant provided to a jurisdiction and of up to 10 percent of program income earned may be used for general administration and planning activities as those are defined at 24 CFR 570.205 and 206. For all grantees, including states, the 10 percent limitation applies to the grant as a whole.

The regulatory and statutory requirements for state match for program administration at 24 CFR 570.489(a)(i) are superseded by the statutory direction at section 2301(e)(2) of HERA that no matching funds shall be required for a state or unit of general local government to receive a grant.

Requirements

1. Use of grant funds must constitute an eligible use under HERA.
2. In addition to being an eligible NSP use of funds, each activity funded under NSP must also be

CDBG-eligible under 42 U.S.C. 5305(a) and meet a CDBG national objective.

3.a. Certain CDBG-eligible activities correlate to specific NSP-eligible uses and vice versa. 42 U.S.C. 5305(a) and 24 CFR 570.201-207 and 570.482(a) through (d) are superseded to the extent necessary to allow the eligible uses described under section 2301(c)(4) of HERA in accordance with this paragraph (including the table and subparagraphs below) or with permission granted, in writing, by HUD upon a written request by the grantee that demonstrates that the proposed activity constitutes an eligible use under NSP. All NSP grantees, including states, will use the NSP categories and CDBG entitlement regulations listed below.

NSP-Eligible Uses	Correlated Eligible Activities From the CDBG Entitlement Regulations
(A) Establish financing mechanisms for purchase and redevelopment of <i>foreclosed upon homes and residential properties</i> , including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers	• As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206. • Also, the eligible activities listed below to the extent financing mechanisms are used to carry them out.
(B) Purchase and rehabilitate <i>homes and residential properties that have been abandoned or foreclosed upon</i> , in order to sell, rent, or redevelop such homes and properties	• 24 CFR 570.201(a) Acquisition (b) Disposition, (i) Relocation , and (n) Direct homeownership assistance (as modified below); • 24 CFR 570.202 eligible rehabilitation and preservation activities for homes and other residential properties. • HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost
(C) Establish and operate land banks for <i>homes and residential properties that have been foreclosed upon</i>	• 24 CFR 570.201(a) Acquisition and (b) Disposition. • HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost
(D) Demolish <i>blighted structures</i>	• 24 CFR 570.201(d) Clearance for blighted structures only.
(E) Redevelop <i>demolished or vacant properties</i> as housing*	• 24 CFR 570.201(a) Acquisition, (b) Disposition,

	(c) Public facilities and improvements, (e) Public services for housing counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties, (i) Relocation, and (n) Direct homeownership assistance (as modified below). • 24 CFR 570.202 Eligible rehabilitation and preservation activities for demolished or vacant properties. • 24 CFR 570.204 Community based development organizations. • HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost
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*NSP1 funds used under eligible use (E) may be used for nonresidential purposes, while NSP2 and NSP3 funds must be used for housing.

b. HUD will not consider requests to allow foreclosure prevention activities, or to allow demolition of structures that are not blighted. Neither will it allow purchase of residential properties and homes that have not been abandoned or foreclosed upon, except under paragraph (E) of the eligible use chart above. HUD does not have the authority to permit uses or activities not authorized by HERA.

c. New construction of housing is eligible as part the redevelopment of demolished or vacant properties as provided in paragraph (E) of the eligible use chart above.

d. 24 CFR 570.201(n) is waived and an alternative requirement provided for 42 U.S.C. 5305(a) to the extent necessary to allow provision of NSP-assisted homeownership assistance to persons whose income does not exceed 120 percent of median income.

e. No NSP2 or NSP3 funds may be used to demolish any public housing (as defined by Section 3 of the U.S. Housing Act of 1937 (42 U.S.C. 1437a)).

f. For NSP2 and NSP3, a grantee may not use more than 10 percent of its grant for demolition activities under HERA sections 2301(c)(4)(C) and (D), unless the Secretary determines that such

use represents an appropriate response to local market conditions. NSP2 and NSP3 grantees seeking to use more than 10 percent of their grant amounts on demolition activities must request a waiver from HUD.

4. Alternative requirement for the limitation on planning and administrative costs. 24 CFR 570.200(g) and 570.489(a)(3) are waived to the extent necessary to allow each grantee under this notice to expend no more than 10 percent of its grant amount, plus 10 percent of the amount of program income received by the grantee, for activities eligible under 24 CFR 570.205 or 206. The requirements at 24 CFR 570.489 are waived to the extent that they require a state match for general administrative costs. (States may use NSP funds under this 10 percent limitation to provide technical assistance to local governments and nonprofit program participants.)

I. Rehabilitation standards

Background

HERA provides that any NSP-assisted rehabilitation of a foreclosed-upon home or residential property shall be to the extent necessary to comply with applicable laws, codes, and other requirements relating to housing safety, quality, and habitability, in order to sell, rent, or redevelop such homes and properties. HUD is also imposing this requirement for NSP3-assisted new construction. This imposes a requirement that does not exist in the CDBG program. This means that each grantee must describe or reference in its NSP action plan amendment what rehabilitation standards it will apply for NSP-assisted rehabilitation. As a reminder, grantees are subject to Section 504 of the Rehabilitation Act of 1973 and the Fair Housing Act, including their respective provisions related to physical accessibility standards for persons with disabilities. See 24 CFR part 8; 24 CFR 100.205. See also 24 CFR 570.487 and 24 CFR 570.602 and. HUD will monitor to ensure the standards are implemented.

HERA defines rehabilitation to include improvements to increase the energy efficiency or conservation of such homes and properties or to provide a renewable energy source or sources for such homes and properties. Such improvements are also eligible under the regular CDBG program. HUD strongly encourages grantees to use NSP funds not only to stabilize neighborhoods in the short-term, but to strategically incorporate modern, green building and energy-efficiency improvements in all NSP activities to provide for long-term affordability and increased sustainability and attractiveness of housing and neighborhoods. At minimum, NSP3 grantees must have the rehabilitation standards required below. See Appendix C for examples of green and energy-efficiency actions. Additional resources related to sustainable and energy-efficient construction are available on the NSP Resource Exchange website (<http://www.hud.gov/nspta>).

Requirement. For NSP3, HUD is requiring that all gut rehabilitation or new construction (i.e., general replacement of the interior of a building that may or may not include changes to structural elements such as flooring systems, columns or load bearing interior or exterior walls) of residential buildings up to three stories must be designed to meet the standard for Energy Star Qualified New Homes. All gut rehabilitation or new construction of mid -or high-rise multifamily housing must be designed to meet American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Standard 90.1-2004, Appendix G plus 20 percent (which is the Energy Star standard for multifamily buildings piloted by the Environmental Protection Agency and the Department of Energy). Other rehabilitation must meet these standards to the extent applicable to the rehabilitation work undertaken, e.g., replace older obsolete products and appliances (such as windows, doors, lighting, hot water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers and dishwashers) with Energy Star-

labeled products. Water efficient toilets, showers, and faucets, such as those with the WaterSense label, must be installed. Where relevant, the housing should be improved to mitigate the impact of disasters (e.g., earthquake, hurricane, flooding, fires).

J. Sale of homes

Background

Section 2301(d)(3) 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. (Sales and closing costs are eligible NSP redevelopment or rehabilitation costs). Note that the maximum sales price for a property is determined by aggregating all costs of acquisition, rehabilitation, and redevelopment (including related activity delivery costs, which generally may include, among other items, costs related to the sale of the property).

Requirements

1. In its records, each grantee must maintain sufficient documentation about the purchase and sale amounts of each property and the sources and uses of funds for each activity so that HUD can determine whether the grantee is in compliance with this requirement. A grantee will be expected to provide this documentation individually for each activity.
2. In determining the sales price limitation, HUD will not consider the costs of boarding up, lawn mowing, simply maintaining the property in a static condition, or, in the absence of NSP-assisted rehabilitation or redevelopment of the property, the costs of completing a sales transaction or other disposition to be redevelopment or rehabilitation costs. These costs may not be included by the grantee in the determination of the sales price for an NSP-assisted property.

3. For reporting purposes **only**, for a housing program involving multiple single-family structures under the management of a single entity, HUD will permit reporting the aggregation of activity delivery costs across the total portfolio of projects until completion of the program or closeout of the grant with HUD, whichever comes earlier.

K. Acquisition and relocation

Background

Acquisition of Foreclosed-Up On Properties. HUD notes that section 2301(d)(1) of HERA conflicts with section 301(3) of the URA (42 U.S.C. 4651) and related regulatory requirements at 49 CFR 24.102(d). As discussed further, section 2301(d)(1) of HERA requires that any acquisition of a foreclosed-upon home or residential property under NSP be at a discount from the current market-appraised value of the home or property and that such discount shall ensure that purchasers are paying below-market value for the home or property. Section 301(3) of the URA, as implemented at 49 CFR 24.102(d), provides that an offer of just compensation shall not be less than the agency's approved appraisal of the fair market value of such property. These URA acquisition policies apply to any acquisition of real property for a federally funded project, except for acquisitions described in 49 CFR 24.101(b)(1) through (5) (commonly referred to as “voluntary acquisitions”). As the more recent and specific statutory provision, section 2301(d)(1) of HERA prevails over section 301 of the URA for purposes of NSP-assisted acquisitions of foreclosed-upon homes or residential properties.

NSP Appraisal Requirements. Section 2301(d)(1) of HERA requires an appraisal for purposes of determining the statutory purchase discount. This appraisal requirement applies to any NSP-assisted acquisition of a foreclosed-upon home or residential property (including voluntary acquisitions). As noted above, section 301 of the URA does not apply to voluntary acquisitions.

While the URA and its regulations do not require appraisals for such acquisitions, the URA acquisition policies do not prohibit acquiring agencies from obtaining appraisals. Appendix A, 49 CFR 24.101(b)(1)(iv) and (2)(ii), acknowledges that acquiring agencies may still obtain an appraisal to support their determination of fair market value

One-for-One Replacement. HUD is providing an alternative requirement to the one-for-one replacement requirements set forth in 42 U.S.C. 5304(d)(2), as implemented at 24 CFR 42.375. The Department anticipates a large number of requests from grantees for whom the requirements will be onerous given the pressing rush to implement NSP, and several of the major housing markets affected by the foreclosure crisis have a surplus of abandoned and foreclosed-upon residential properties. The additional workload of reviewing requests under 42 U.S.C. 5304(d)(3) and 24 CFR 42.375(d) could cause a substantial backlog at HUD and delay NSP program operations. Therefore, the alternative requirement is that an NSP grantee is not required to meet the requirements of 42 U.S.C. 5304(d), as implemented at 24 CFR 42.375, to provide one-for-one replacement of low- and moderate-income dwelling units demolished or converted in connection with activities assisted with NSP funds. Alternatively, each grantee must submit the information described below relating to its demolition and conversion activities in its action plan substantial amendment or abbreviated plan. The grantee will report to HUD and citizens (via prominent posting of the DRGR reports on the grantee's official Internet site) on progress related to these measures until the closeout of its grant with HUD. HUD reminds grantees to be aware of the requirement to have and follow a residential antidisplacement and relocation plan for the CDBG and HOME programs. This requirement is not waived for those programs and continues to apply to activities assisted with regular CDBG and HOME funds.

Relocation Assistance. HUD is not waiving or specifying alternative requirements to the

URA's relocation provisions. Those requirements that do not conflict with HERA continue to apply. HUD is not specifying alternative requirements to the relocation assistance provisions at 42 U.S.C. 5304(d). Guidance on meeting these requirements is available on the HUD website and through local HUD field offices. HUD urges grantees to consider URA requirements in designing their programs and to remember that there are URA obligations related to voluntary and involuntary property acquisition activities, even for vacant and abandoned property.

Tenant Protections. The Recovery Act included tenant protections applicable to NSP grants. First, the Recovery Act included a provision applicable to any foreclosed upon dwelling or residential real property that was acquired by the initial successor in interest pursuant to the foreclosure after February 17, 2009 and was occupied by a *bona fide* tenant at the time of foreclosure. The use of NSP funds for acquisition of such property is subject to a determination by the grantee that the initial successor in interest complied with these requirements. Second, NSP grantees may not refuse to lease a dwelling unit in housing with such loan or grant to a participant under section 8 of the United States Housing Act of 1937 (42 U.S.C 1437f) because of the status of the prospective tenant as such a participant.

Requirements

One for One Replacement Requirements.

1. The one-for-one replacement requirements at 24 CFR 570.488, 570.606(c), and 42.375 are waived for low- and moderate-income dwelling units demolished or converted in connection with an activity assisted with NSP funds. As an alternative requirement to 42 U.S.C. 5304(d)(2)(A)(i) and (ii), each grantee planning to demolish or convert any low- and moderate-income dwelling units as a result of NSP-assisted activities must identify all of the following information in its NSP substantial amendment or abbreviated plan:

- (a) the number of low- and moderate-income dwelling units reasonably expected to be demolished or converted as a direct result of NSP-assisted activities;
- (b) the number of NSP affordable housing units (made available to low-, moderate-, and middle-income households) reasonably expected to be produced, by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion); and
- (c) the number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.

The grantee must also report on actual performance for demolitions and production, as required elsewhere in this notice.

Tenant Protections.

2. The following requirements apply to any foreclosed upon dwelling or residential real property that was acquired by the initial successor in interest pursuant to the foreclosure after February 17, 2009 and was occupied by a *bona fide* tenant at the time of foreclosure. The use of NSP funds for acquisition of such property is subject to a determination by the grantee that the initial successor in interest complied with these requirements.

a. The initial successor in interest in a foreclosed upon dwelling or residential real property shall provide a notice to vacate to any *bona fide* tenant at least 90 days before the effective date of such notice. The initial successor in interest shall assume such interest subject to the rights of any *bona fide* tenant, as of the date of such notice of foreclosure: (i) under any *bona fide* lease entered into before the date of notice of foreclosure to occupy the premises until the end of the remaining term of the lease, except that a successor in interest may terminate a lease effective on the date of sale of the unit to a purchaser who will occupy the unit as a primary residence, subject

to the receipt by the tenant of the 90-day notice under this paragraph; or (ii) without a lease or with a lease terminable at will under State law, subject to the receipt by the tenant of the 90-day notice under this paragraph, except that nothing in this section shall affect the requirements for termination of any Federal- or State-subsidized tenancy or of any State or local law that provides longer time periods or other additional protections for tenants.

b.i. In the case of any qualified foreclosed housing in which a recipient of assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C 1437f) (the “Section 8 Program”) resides at the time of foreclosure, the initial successor in interest shall be subject to the lease and to the housing assistance payments contract for the occupied unit.

ii. Vacating the property prior to sale shall not constitute good cause for termination of the tenancy unless the property is unmarketable while occupied or unless the owner or subsequent purchaser desires the unit for personal or family use.

iii. If a public housing agency is unable to make payments under the contract to the immediate successor in interest after foreclosure, due to (A) an action or inaction by the successor in interest, including the rejection of payments or the failure of the successor to maintain the unit in compliance with the Section 8 Program or (B) an inability to identify the successor, the agency may use funds that would have been used to pay the rental amount on behalf of the family—(1) to pay for utilities that are the responsibility of the owner under the lease or applicable law, after taking reasonable steps to notify the owner that it intends to make payments to a utility provider in lieu of payments to the owner, except prior notification shall not be required in any case in which the unit will be or has been rendered uninhabitable due to the termination or threat of termination of service, in which case the public housing agency shall notify the owner within a reasonable time after making such payment; or (2) for the family’s reasonable moving costs,

including security deposit costs.

c. For purposes of this section, a lease or tenancy shall be considered *bona fide* only if: (i) the mortgagor under the contract is not the tenant; (ii) the lease or tenancy was the result of an arm's length transaction; and (iii) the lease or tenancy requires the receipt of rent that is not substantially less than fair market rent for the property. See Section II.A for the definition of date of notice of foreclosure.

d. The grantee shall maintain documentation of its efforts to ensure that the initial successor in interest in a foreclosed upon dwelling or residential real property has complied with the requirements under section K.2.a. and K.2.b. If the grantee determines that the initial successor in interest in such property failed to comply with such requirements, it may not use NSP funds to finance the acquisition of such property unless it assumes the obligations of the initial successor in interest specified in section K.2.a. and K.2.b.

e. Grantees must provide the relocation assistance required pursuant to 24 CFR 570.606 to tenants displaced as a result of an NSP-assisted activity and maintain records in sufficient detail to demonstrate compliance with the provisions of that section. For purposes of clarification, grantees need to be aware that the NSP tenant protection requirements under the Recovery Act are separate and apart from the obligations imposed on grantees by the URA. The URA applies to any person displaced as a direct result of acquisition, rehabilitation, and/or demolition of real property for a federally-assisted project. Eligibility determinations under the URA and the required notices and relocation assistance requirements are separate and distinct from the NSP tenant protections in the Recovery Act. Grantees cannot assume that a person entitled to the NSP tenant protections under the Recovery Act is also eligible for assistance under the URA (or vice versa). Any tenant lawfully occupying the property evicted by the owner/mortgagor in

order to facilitate an acquisition under the NSP program (including short sales) is most likely eligible for URA relocation assistance and payments as a displaced person.

3. The grantee of any grant or loan made from NSP funds may not refuse to lease a dwelling unit in housing with such loan or grant to a participant under the Section 8 Program because of the status of the prospective tenant as such a participant.
4. This section shall not preempt any Federal, State or local law that provides more protections for tenants.

L. Note on eminent domain

Although section 2303 of HERA appears to allow some use of eminent domain for public purposes, HUD cautions grantees that HERA section 2301(d)(1) may effectively ensure that all NSP-assisted property acquisitions must be voluntary acquisitions as the term is defined by the URA and its implementing regulations. Section 2301(d)(1) of HERA directs that any purchase of a foreclosed-upon home or residential property under NSP be at a discount from the current market appraised value of the home or residential property and that such discount shall ensure that purchasers are paying below-market value for the home or property. However, the Fifth Amendment to the U.S. Constitution provides that private property shall not be taken for public use without just compensation. The Supreme Court has ruled that a jurisdiction must pay fair market value for the purchase of property through eminent domain. A grantee contemplating using NSP funds to assist an acquisition involving an eminent domain action is advised to consult appropriate legal counsel before taking action.

M. Timeliness of use and expenditure of NSP funds

Background

One of the most critical NSP1 provisions is the HERA requirement at section 2301(c)(1)

that any grantee receiving a grant:

“...shall, not later than 18 months after the receipt of such amounts, use such amounts to purchase and redevelop abandoned and foreclosed homes and residential properties.”

HUD has defined the term “use” in this notice to include obligation of funds.

A further complication is that HERA clearly expects grantees to earn program income under this grant program. As provided under 24 CFR 85.21, entitlements grantees and subrecipients shall disburse program income before requesting additional cash withdrawals from the U.S. Treasury. States are governed similarly by 24 CFR 570.489(e)(3) and 31 CFR part 205. This requirement is reflected in the regulations governing use of program income by states and units of general local government under the CDBG program. This means that a grantee that successfully and quickly deploys its program and generates program income may obligate, draw down, and expend an amount equal to its NSP1 allocation amount, and still have funds remaining in its line of credit, possibly subject to recapture at the 18-month deadline.

On consideration, the Department chose to implement the NSP1 use test based on whether the state or unit of general local government has expended or obligated the NSP1 grant funds and program income in an aggregate amount at least equal to the NSP1 allocation. HUD also imposed a deadline for expending NSP1 grant funds because the intent of these grants clearly is to quickly address an emergency situation in areas of the greatest need.

NSP2 and NSP3 grants follow the statutory expenditure deadlines described under the Recovery Act, which provides that grantees:

“shall expend at least 50 percent of allocated funds within 2 years of the date funds become available to the [recipient] for obligation, and 100 percent of such funds within 3

years of such date.”

NSP2 and NSP3 expenditure timelines are tighter than under NSP1. In the NSP2 NOFA, HUD required NSP2 grantees to expend their entire grant, including program income, within the statutory timeframes. Upon reflection, HUD has determined that the better interpretation would be similar to the NSP1 requirement that requires the expenditure of grant funds and program income in an aggregate amount at least equal to the NSP2 or NSP3 allocation. HUD is therefore including a revision to the NSP2 NOFA program requirements in this Notice. If any NSP grantee fails to meet the requirement to expend an amount equal to its grant within the relevant timelines, HUD, on the first business day after that deadline, will notify the grantee and restrict the amount of unused funds in the grantee’s line of credit. HUD will allow the grantee 30 days to submit information to HUD regarding any additional expenditure of funds not already recorded in DRGR. Then HUD may proceed to recapture the unused funds or provide for other corrective action(s) or sanction.

Requirements

1. Timely use of NSP1 funds. At the end of the statutory 18-month use period, which begins when the NSP grantee receives its funds from HUD, the state or unit of general local government NSP grantee’s accounting records and DRGR information must reflect outlays (expenditures) and unliquidated obligations for approved activities that, in the aggregate, are at least equal to the NSP allocation. (The DRGR system collects information on expenditures and obligations.) Grantees receiving a reallocation of NSP1 funds must also comply with the 18-month use requirement.
2. Timely expenditure of NSP1 funds. The timely distribution or expenditure requirements of sections 24 CFR 570.494 and 570.902 are waived to the extent necessary to allow the following

alternative requirement: All NSP1 grantees must expend on eligible NSP activities an amount equal to or greater than the initial allocation of NSP1 funds within 4 years of receipt of those funds or HUD will recapture and reallocate the amount of funds not expended.

3. Timely expenditure of NSP2 and NSP3 funds. The timely distribution or expenditure requirements of sections 24 CFR 570.494 and 570.902 are waived to the extent necessary to allow the following alternative requirement: NSP2 and NSP3 grantees must expend on eligible NSP activities an amount equal to or greater than the 50 percent of the initial allocation of NSP funds within 2 years of receipt of those funds and 100 percent of the initial allocation of NSP funds within 3 years of receipt of those funds or HUD will recapture and reallocate the amount of funds not expended or provide for other corrective action(s) or sanction. A grantee will be deemed by HUD to have received its NSP grant at the time HUD signs its NSP grant agreement.

N. Alternative requirement for program income (revenue) generated by activities assisted with grant funds

Requirement

1. Revenue (i.e., gross income) received by a state, unit of general local government, or subrecipient (as defined at 24 CFR 570.500(c)) that is directly generated from the use of CDBG funds (which term includes NSP grant funds) constitutes CDBG program income. To ensure consistency of treatment of such program income, the definition of program income at 24 CFR 570.500(a) shall be applied to amounts received by states, units of general local government, and subrecipients.

2. Cash management. Substantially all program income must be disbursed for eligible NSP activities before additional cash withdrawals are made from the U.S. Treasury.

3. Agreements with subrecipients. States and units of general local government must incorporate

in subrecipient agreements such provisions as are necessary to ensure compliance with the requirements of this section.

O. Reporting

Background

HUD is requiring regular reporting on each NSP grant in the DRGR system to ensure the Department has sufficient management information to follow-up promptly if a grantee lags in implementation and risks recapture of its grant funds. For NSP, HUD is waiving the annual reporting requirements of the consolidated plan to allow HUD to collect more regular information on various aspects of the uses of funds and of the activities funded with these grants. HUD will use the reports to exercise oversight for compliance with the requirements of this notice and for prevention of fraud, waste, and abuse of funds.

The regular CDBG performance measurement requirements will not apply to the NSP funds. HUD has configured DRGR performance measures to fit the NSP activities and will provide additional guidance on NSP performance measures.

To collect these data elements and to meet its reporting requirements, HUD is requiring each grantee to report on its NSP funds to HUD using the online DRGR system, which uses a streamlined, Internet-based format. HUD will use grantee reports to monitor for anomalies or performance problems that suggest fraud, waste, and abuse of funds; to reconcile budgets, obligations, fund draws, and expenditures; to calculate applicable administrative and public service limitations and the overall percent of benefit to LMMI persons; and as a basis for risk analysis in determining a monitoring plan.

The grantee must post the NSP report on a website for its citizens when it submits the report to HUD (DRGR generates a version of the report that the grantee can download, save, and post).

The Office of Management and Budget has established October 1, 2010 as the deadline for federal agencies to initiate sub-award reporting in compliance with the Federal Funding Accountability and Transparency Act (Pub.L.109-282) (FFATA). NSP3 grantees will be required to comply with this additional reporting requirement. Additional HUD guidance on compliance with the FFATA requirements is forthcoming.

Requirements

1. Performance report alternative requirement. The Secretary may specify the form and timing of reports provided by the grantee under both 42 U.S.C. 5304(e) (the HCD Act) and 42 U.S.C. 12708 (NAHA). Therefore, the consolidated plan regulation at 24 CFR 91.520 is waived and the alternative reporting form and timing for the NSP funds is that:
 - a. Each grantee must enter its NSP Action Plan amendment or abbreviated plan into HUD's web-based DRGR system in sufficient detail to meet the NSP action plan content requirements of this notice and to serve as the basis for acceptable performance reports.
 - b. Each grantee must submit a quarterly performance report, as HUD prescribes, no later than 30 days following the end of each quarter, beginning 30 days after the completion of the first full calendar quarter after grant award and continuing until the end of the grant. In addition to this quarterly performance reporting, beginning three months prior to its use or expenditure deadline, as applicable, each grantee will report monthly on its NSP use and expenditure of funds, and continuing monthly until reported total uses or expenditure of funds are equal to or greater than the total NSP grant or the deadline occurs. After HUD has accepted a report from a grantee

showing such use or expenditure of funds, the monthly reporting requirement will end. Quarterly reports will continue until all NSP funds (including program income) have been expended and those expenditures are included in a report to HUD, or until HUD issues other instructions. Each report will include information about the uses of funds, including, but not limited to, the project name, activity, location, national objective, funds budgeted and expended, the funding source and total amount of any non-NSP funds, numbers of properties and housing units, beginning and ending dates of activities, beneficiary characteristics, and numbers of low- and moderate-income persons or households benefiting. Reports must be submitted using HUD's web-based DRGR system and, at the time of submission, be posted prominently on the grantee's official website.

c. Additional reporting requirements consistent with the Federal Funding Accountability and Transparency Act will be required for NSP3 Grantees. HUD guidance on these requirements is forthcoming.

P. FHA First Look Program

The Department notes that it is an eligible use of NSP grant funds to acquire and redevelop FHA foreclosed properties. The Federal Housing Administration's (FHA) First Look sales method provides NSP grantees exclusive access to review and purchase newly conveyed FHA real estate-owned (REO) properties that are located in their designated areas. Grantees will have the opportunity to make a purchase offer on a property prior to it being made available to other entities. NSP grantees can purchase these properties at up to a 10% discount from the appraised value. Further information about First Look was published in the Federal Register on July 15, 2010 (75 FR 41225), and is also available online at:

<http://edocket.access.gpo.gov/2010/pdf/2010-17335.pdf>.

HUD will provide technical assistance on its website regarding how these programs can

effectively interact. Grantees may also contact their local HUD FHA field office for further information.

Q. Purchase discount

Background

HERA Section 2301(d)(1) limits the purchase price of a foreclosed home or residential property, as follows:

“Any purchase of a foreclosed upon home or residential property under this section shall be at a discount from the current market appraised value of the home or property, taking into account its current condition, and such discount shall ensure that purchasers are paying below-market value for the home or property.”

To ensure that uncertainty over the meaning of this section does not delay program implementation, HUD is defining “current market appraised value” in this notice. For mortgagee foreclosed properties, HUD is requiring that grantees seek to obtain the “maximum reasonable discount” from the mortgagee, taking into consideration likely “carrying costs” of the mortgagee if it were to not sell the property to the grantee or subrecipient. HUD has adopted an approach that requires a minimum discount of one percent for each foreclosed upon home or residential property purchased with NSP funds.

Requirements

1. Individual purchase transaction. Each foreclosed-upon home or residential property shall be purchased at a discount of at least one percent from the current market-appraised value of the home or property.
2. An NSP grantee may not provide NSP funds to another party to finance an acquisition of tax foreclosed (or any other) properties from itself, other than to pay necessary and reasonable costs

related to the appraisal and transfer of title. If NSP funds are used to pay such costs when property owned by the grantee is conveyed to a subrecipient, homebuyer, developer, or other jurisdiction, the property is NSP-assisted and subject to all program requirements, such as requirements for NSP-eligible use and benefit to income-qualified persons. This section does not preclude payment of tax liens on property that is not owned by the grantee or payment of current taxes while the property is being redeveloped or held in a land bank.

3. The address, appraised value, purchase offer amount, and discount amount of each property purchase must be documented in the grantee's program records. The address of each acquired property must be recorded in DRGR.

R. Removal of annual requirements

Requirement

Throughout 24 CFR parts 91 and 570, all references to “annual” requirements such as submission of plans and reports are waived to the extent necessary to allow the provisions of this notice to apply to NSP funds, with no recurring annual requirements other than those related to civil rights and fair housing certifications and requirements.

S. Affirmatively furthering fair housing

Nothing in this notice may be construed as affecting each grantee's responsibility to carry out its certification to affirmatively further fair housing. HUD encourages each grantee to review its analysis of impediments to fair housing choice to determine whether an update is necessary because of current market conditions or other factors. Non-entitlement local government grantees must affirmatively further fair housing by adopting and following procedures and requirements to affirmatively market NSP3-assisted housing opportunities. This means that they will affirmatively market NSP3 assisted units and carry out NSP3 activities that further fair

housing through innovative housing design or construction to increase access for persons with disabilities, language assistance services to persons with limited English proficiency (on the basis of national origin), or location of new or rehabilitated housing in a manner that provides greater housing choice or mobility for persons in classes protected by the Fair Housing Act, and maintain records reflecting the actions in this regard.

T. Certifications

Background

HUD is substituting alternative certifications. The alternative certifications are tailored to NSP3 grants and remove certifications and references that are appropriate only to the annual CDBG formula program. NSP1 and NSP2 certifications have already been submitted to HUD in accordance with the requirements of the NSP1 Notice and the NSP2 NOFA.

Requirements

1. Certifications for states and for entitlement communities, alternative requirement.

Although the NSP3 is being implemented as a substantial amendment to the current annual action plan, HUD is requiring submission of this alternative set of certifications as a conforming change, reflecting alternative requirements and waivers under this notice. Each jurisdiction will submit the following certifications:

1. Affirmatively furthering fair housing. The jurisdiction certifies that it will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.

2. Anti-displacement and relocation plan. The applicant certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan.
3. Anti-lobbying. The jurisdiction must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
4. Authority of jurisdiction. The jurisdiction certifies that the consolidated plan or abbreviated plan, as applicable, is authorized under state and local law (as applicable) and that the jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
5. Consistency with plan. The jurisdiction certifies that the housing activities to be undertaken with NSP funds are consistent with its consolidated plan or abbreviated plan, as applicable.
6. Acquisition and relocation. The jurisdiction certifies that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for the NSP program published by HUD.
7. Section 3. The jurisdiction certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
8. Citizen participation. The jurisdiction certifies that it is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.
9. Following a plan. The jurisdiction certifies it is following a current consolidated plan (or

Comprehensive Housing Affordability Strategy) that has been approved by HUD. [Only States and entitlement jurisdictions use this certification.]

10. Use of funds. The jurisdiction certifies that it will comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act and Title XII of Division A of the American Recovery and Reinvestment Act of 2009 by spending 50 percent of its grant funds within 2 years, and spending 100 percent within 3 years, of receipt of the grant.

11. The jurisdiction certifies:

- a. that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income; and
- b. The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

12. Excessive force. The jurisdiction certifies that it has adopted and is enforcing:

- a. A policy prohibiting the use of excessive force by law enforcement agencies within its

jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and

b. A policy of enforcing applicable state and local laws against physically barring entrance to, or exit from, a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

13. Compliance with anti-discrimination laws. The jurisdiction certifies that the NSP grant will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

14. Compliance with lead-based paint procedures. The jurisdiction certifies that its activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

15. Compliance with laws. The jurisdiction certifies that it will comply with applicable laws.

2. Certifications for Non-Entitlement Local Governments, alternative requirement.

For non-entitlement local government grantees that do not have annual action plans to amend, NSP3 is being implemented through the submission of an abbreviated plan under 25 CFR 91.235. HUD is requiring submission of this alternative set of certifications as a conforming change, reflecting alternative requirements and waivers under this notice. Each jurisdiction will submit the following certifications:

1. Affirmatively furthering fair housing. The jurisdiction certifies that it will affirmatively further fair housing.

2. Anti-displacement and relocation plan. The applicant certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan.

3. Anti-lobbying. The jurisdiction must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required

by that part.

4. Authority of jurisdiction. The jurisdiction certifies that the consolidated plan or abbreviated plan, as applicable, is authorized under state and local law (as applicable) and that the jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.

5. Consistency with plan. The jurisdiction certifies that the housing activities to be undertaken with NSP funds are consistent with its consolidated plan or abbreviated plan, as applicable.

6. Acquisition and relocation. The jurisdiction certifies that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for the NSP program published by HUD.

7. Section 3. The jurisdiction certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

8. Citizen participation. The jurisdiction certifies that it is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.

9. Use of funds. The jurisdiction certifies that it will comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act and Title XII of Division A of the American Recovery and Reinvestment Act of 2009 by spending 50 percent of its grant funds within 2 years, and spending 100 percent within 3 years, of receipt of the grant.

10. The jurisdiction certifies:

a. that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income; and

b. The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

11. Excessive force. The jurisdiction certifies that it has adopted and is enforcing:

- a. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and
- b. A policy of enforcing applicable state and local laws against physically barring entrance to, or exit from, a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

12. Compliance with anti-discrimination laws. The jurisdiction certifies that the NSP grant will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

13. Compliance with lead-based paint procedures. The jurisdiction certifies that its activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

14. Compliance with laws. The jurisdiction certifies that it will comply with applicable laws.

U. Additional NSP3 Requirements— Preferences for Rental Housing and Local Hiring

The NSP3 allocation included statutory language requiring grantees to “establish procedures to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds.” HUD is requiring grantees to describe such procedures as part of their substantial amendments or abbreviated plans as described in Section II.B. above.

Grantees also “shall, to the maximum extent feasible, provide for the hiring of employees who reside in the vicinity, as such term is defined by the Secretary, of projects funded under this section or contract with small businesses that are owned and operated by persons residing in the vicinity of such projects.” For the purposes of administering this requirement, HUD is adopting the Section 3 applicability thresholds for community development assistance at 24 CFR 135.3(a)(3)(ii). **NOTE:** The NSP3 local hiring requirement does not replace the responsibilities of grantees under Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135, except to the extent the obligations may be in direct conflict.

For the purposes of NSP3, HUD defines “vicinity” as each neighborhood identified by the NSP3 grantee as being the areas of greatest need. See section II.B.2. Small business means a business that meets the criteria set forth in section 3(a) of the Small Business Act. See 42 U.S.C. 5302(a)(23).

V. Note on statutory limitation on distribution of funds

Section 2304 of HERA and 1479(a)(7)(A) of the Dodd-Frank Act states that none of the funds made available under this Title or title IV shall be distributed to an organization that has been convicted of a violation under federal law relating to an election for federal office; or an organization that employs applicable individuals. Section 1479(a)(7)(B) defines applicable individuals.

W. Information collection approval note

HUD has approval from the Office of Management and Budget (OMB) for information collection requirements in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520). OMB approval is under OMB control number 2506–0165. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor and a person is not required to respond to, a collection of information, unless the collection displays a valid control number.

X. Duration of funding

The appropriation accounting provisions in 31 U.S.C. 1551–1557, added by section 1405 of the National Defense Authorization Act for Fiscal Year 1991 (Pub. L. 101–510), limit the availability of certain appropriations for expenditure. Such a limitation may not be waived. The appropriations acts for NSP1 and NSP3 grants direct that these funds be available until expended.

Catalog of Federal Domestic Assistance

The Catalog of Federal Domestic Assistance numbers for grants made under NSP are as follows: 14.218; 14.225; and 14.228.

Finding of No Significant Impact

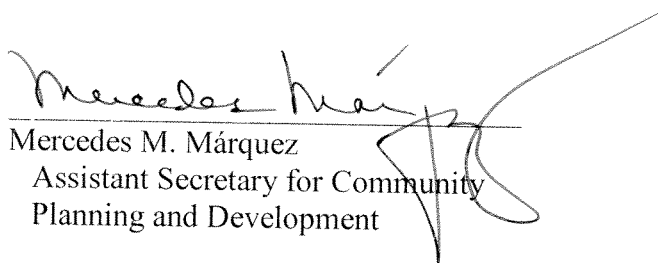
A Finding of No Significant Impact with respect to the environment has been made in accordance with HUD regulations at 24 CFR part 50, which implement section 102(2)(C) of the

National Environmental Policy Act of 1969 (42 U.S.C. 4332(C)(2)). The Finding of No Significant Impact is available for public inspection between 8 a.m. and 5 p.m. weekdays in the Office of the Rules Docket Clerk, Office of General Counsel, Department of Housing and Urban Development, 451 Seventh Street, SW, Room 10276, Washington, DC 20410-0500.

Establishment of formula

The funding formula set out in Attachment B to this notice was established by HUD on August 18, 2010.

Dated: OCT 13 2010


Mercedes M. Márquez
Assistant Secretary for Community
Planning and Development

[FR-5447-N-01]

ATTACHMENTS

- A –Formula Allocation
- B – NSP3 Formula and Allocation of Funds
- C – Recommended Green and Sustainable Practices

Attachment A
HUD's Methodology for Allocating the Funds for Neighborhood Stabilization Program 1
(NSP1)

HERA calls for allocating funds “to States and units of general local government with the greatest need, as such need is determined in the discretion of the Secretary based on--

- (A) the number and percentage of home foreclosures in each State or unit of general local government;
- (B) the number and percentage of homes financed by a subprime mortgage related loan in each State or unit of general local government; and
- (C) the number and percentage of homes in default or delinquency in each State or unit of general local government.”

It further directs that “each State shall receive not less than 0.5 percent of funds”. The allocation formula operates as follows. In this formula, the primary data on foreclosure rates, subprime loan rates, and rates of loans delinquent or in default come from the Mortgage Bankers Association National Delinquency Survey (MBA-NDS). Because the MBA-NDS may have uneven coverage from state-to-state in respect to the total number of mortgages reported, the total count of mortgages is calculated as the number of owner-occupied mortgages from the 2006 American Community Survey increased with data from the Home Mortgage Disclosure Act to capture the proportion of total mortgages made within a state made to investors between 2004 and 2006. The first step of the allocation is to make a “statewide” allocation using the following formula:

Statewide Allocation = \$3.92 billion *

$$\left\{ \left[0.70 * \frac{(\text{State's number of foreclosure starts in last 6 quarters})}{\text{National number of foreclosure starts in last 6 quarters}} * \frac{(\text{Percent of all loans in state to enter foreclosure last 6 quarters})}{\text{Percent of all loans in nation to enter foreclosure last 6 quarters}} + 0.15 * \frac{(\text{State's number of subprime loans})}{(\text{Percent of all loans in state subprime})} \right] \right\}$$

	National number of subprime loans	Percent of all loans in nation subprime
0.10 *	$\frac{(\text{State's number of loans in default (90+ days delinquent)}) *}{\text{National number of loans in default}}$	$\frac{(\text{Percent of all loans in state in default}) +}{\text{Percent of all loans in nation in default}}$
0.05 *	$\frac{(\text{State's number of loans 60 to 89 days delinquent}) *}{\text{National number of loans 60 to 89 days delinquent}}$	$\frac{(\text{Percent of all loans in state 60 to 89 days delinquent})] *}{\text{National percent of all loans 60 to 89 days delinquent}}$
	$\frac{(\text{Pct of all addresses in state vacant in Census Tracts where more than 40\% of the 2004 to 2006 loans were high cost})}{\text{Pct of all addresses in nation vacant in Census Tracts where more than 40\% of the 2004 to 2006 loans were high cost}}$	

This formula allocates 70 percent of the funds based on the number and percent of foreclosures, 15 percent for subprime loans, 10 percent for loans in default (delinquent 90 days or longer), and 5 percent for loans delinquent 60 to 90 days. The higher weight on foreclosures is based on the emphasis the statute places on targeting foreclosed homes. The percentage adjustments, the rate of a problem in a state relative to the national rate of a problem, are restricted such that a state's allocation based on its proportional share of a problem cannot be increased or decreased by more than 30 percent.

Because HERA specifically indicates that the funds are needed for the “redevelopment of abandoned and foreclosed upon homes and residential properties”, HUD has included a variable to proxy where abandonment of homes due to foreclosure is more likely, specifically each state's rate of vacant residential addresses in neighborhoods with a high proportion (more than 40 percent) of loans in 2004 to 2006 that were high cost. Information on vacant addresses is based on United States Postal Service data as of June 30, 2008 aggregated by HUD to the Census Tract level. The residential vacancy adjustment factor reflects a states vacancy rate relative to the national average and cannot increase or decrease as state's proportional share of the allocation based on foreclosures, subprime loans, and delinquencies and defaults by more than 10 percent.

Finally, if a statewide allocation is less than \$19.6 million, the statewide grant is increased to \$19.6 million. Because this approach will result in a total allocation in excess of

appropriation, all grant amounts above \$19.6 million are reduced pro-rata to make the total allocation equal to the total appropriation.

From each statewide allocation, a substate allocation is made as follows:

- Each state government is allocated \$19.6 million
- If the statewide allocation is more than \$19.6 million, the remaining funds are allocated to FY 2008 CDBG entitlement cities, urban counties, and non-entitlement balance of state proportional to relative need.
- If a local government receives less than \$2 million under this sub-allocation, their grant is rolled up into the state government grant.

Note that HUD has determined that HERA's direction that a minimum of \$19.6 million be allocated to the state means that a minimum grant must be provided to each state government of \$19.6 million. As a result, this approach provides state governments with proportionally more funding than their estimated need. As such, state governments should use their best judgment to serve both those areas not receiving a direct grant and those areas that do receive a direct grant, making sure that the total of all funds in the state are going proportionally more to those places (as prescribed by HERA):

- “with the greatest percentage of home foreclosures;
- with the highest percentage of homes financed by a subprime mortgage related loan; and
- identified by the State or unit of general local government as likely to face a significant rise in the rate of home foreclosures.”

For the amount of funds above each state's \$19.6 million, the remaining funds are allocated among the entitlement communities and non-entitlement balances using the following formula:

$$\text{Local Allocation} = (\text{Statewide allocation} - \$19,600,000) *$$

$$[(\text{Local estimated number of foreclosure starts in last 6 quarters}) *$$

$$\text{State total number of foreclosure starts in last 6 quarters}$$

$$(\text{Local vacancy rate in Census Tracts with more than 40\% of the loans High-cost})]$$

$$\text{State vacancy rate in Census Tracts with more than 40\% of the loans High-cost}$$

Where the residential vacancy rate adjustment cannot increase or reduced a local jurisdiction's allocation by more than 30 percent and the estimated number of foreclosures is calculated based on a predicted foreclosure rate times the estimated number of mortgages in a community. HUD analysis shows that 75 percent of the variance between states on foreclosure rates can be explained by three variables available from public data:

- Office of Federal Housing Enterprise Oversight (OFHEO) data on change in home values as of June 2008 compared to peak home value since 2000
- Percent of all loans made between 2004 and 2006 that are high cost as reported in the Home Mortgage Disclosure Act (HMDA).
- Unemployment rate as of June 2008 (from Bureau of Labor Statistics).

Because these three variables are publicly available for all CDBG eligible communities and they are good predictors of foreclosure risk, they are used in a model to calculate the estimated number of foreclosures in each jurisdiction within a state. The formula used is as follows:

Predicted Foreclosure Rate=-2.211

- (0.131*Percent change in MSA OFHEO current price relative to the maximum in past 8 years)

+ (0.152*Percent of total loans made between 2004 and 2006 that are high cost)

+ (0.392*Percent unemployed in the place our county in June 2008).

This predicted foreclosure rate is then multiplied times the estimated number of mortgages within a jurisdiction (number of HMDA loans made between 2004 and 2006 times the ratio of ACS 2006 data on total mortgages in state / HMDA loans in state). This “estimated number of mortgages in the jurisdiction” is further adjusted such that the estimated number of foreclosures from the model will equal the total foreclosure starts in the state from the Mortgage Bankers Association National Delinquency Survey.

As noted above, for entitlement cities and urban counties that would receive an NSP allocation of less than \$2 million, the funds are allocated to the state grantee. The District of Columbia and the four Insular Areas receive direct allocations and are not subject to the minimum grant threshold.

Because this funding is one-time funding and the eligible activities under the program are different enough from the regular program, HUD believes that a grantee must receive a minimum amount of \$2 million to have adequate staffing to properly administer the program effectively. In addition, fewer grants will allow HUD staff to more effectively monitor grantees to ensure proper implementation of the program and reduce the risk for fraud, waste, and abuse.

ATTACHMENT B
**HUD's Methodology for Allocating the Funds for Neighborhood Stabilization Program 3
(NSP3)**

Neighborhood Stabilization Program (NSP3) Funding Under Dodd-Frank Wall Street Reform and Consumer Protection Act		
State	Grantee	NSP3 Grant
Alaska	State Of Alaska	\$5,000,000
Alabama	State Of Alabama	\$5,000,000
	Birmingham	\$2,576,151
	Alabama Total	\$7,576,151
Arkansas	State Of Arkansas	\$5,000,000
Arizona	Avondale City	\$1,224,903
	State Of Arizona	\$5,000,000
	Chandler	\$1,332,011
	Glendale	\$3,718,377
	Maricopa County	\$4,257,346
	Mesa	\$4,019,457
	Mohave County	\$1,990,744
	Peoria City	\$1,198,780
	Phoenix	\$16,053,525
	Pinal County	\$3,168,315
	Surprise City	\$1,329,844
	Tucson	\$2,083,771
	Arizona Total	\$45,377,073
California	Apple Valley	\$1,463,014
	Bakersfield	\$3,320,927
	State Of California	\$7,777,019
	Compton	\$1,436,300
	Contra Costa County	\$1,871,294
	Corona	\$1,317,310
	Fontana	\$2,695,735
	Fresno	\$3,547,219
	Fresno County	\$2,739,766
	Hemet	\$1,360,197

	Hesperia	\$1,785,047
	Imperial County	\$1,708,780
	Indio City	\$1,092,071
	Kern County	\$5,202,037
	Lancaster	\$2,364,566
	Long Beach	\$1,567,935
	Los Angeles	\$9,875,577
	Los Angeles County	\$9,532,569
	Madera County	\$1,659,017
	Merced	\$1,196,182
	Merced County	\$2,705,877
	Modesto	\$2,951,549
	Monterey County	\$1,284,794
	Moreno Valley	\$3,687,789
	Oakland	\$2,070,087
	Ontario	\$1,872,853
	Orange County	\$1,004,948
	Palmdale	\$2,310,023
	Perris City	\$1,342,449
	Pomona	\$1,235,629
	Rialto	\$1,936,370
	Richmond	\$1,153,172
	Riverside	\$3,202,152
	Riverside County	\$14,272,400
	Sacramento	\$3,762,329
	Sacramento County	\$4,595,671
	San Bernardino	\$3,277,401
	San Bernardino Count	\$10,438,181
	San Joaquin County	\$4,398,543
	Santa Ana	\$1,464,113
	Solano County	\$1,622,757
	Stanislaus County	\$4,175,947
	Stockton	\$4,280,994
	Tulare County	\$2,845,529
	Vallejo	\$1,744,593
	Victorville	\$2,159,937
	California Total	\$149,308,651
Colorado	Adams County	\$1,997,322
	Aurora	\$2,445,282
	State Of Colorado	\$5,098,309

	Colorado Springs	\$1,420,638
	Denver	\$2,700,279
	Greeley	\$1,203,745
	Pueblo	\$1,460,506
	Weld County	\$1,023,188
	Colorado Total	\$17,349,270
Connecticut	Bridgeport	\$1,215,150
	State Of Connecticut	\$5,000,000
	Hartford	\$1,029,926
	New Haven	\$1,041,579
	Waterbury	\$1,036,101
	Connecticut Total	\$9,322,756
District of Columbia	Washington, DC	\$5,000,000
Delaware	State Of Delaware	\$5,000,000
Florida	Boynton Beach	\$1,168,808
	Brevard County	\$3,032,850
	Broward County	\$5,457,553
	Cape Coral	\$3,048,214
	Charlotte County	\$2,022,962
	Citrus County	\$1,005,084
	Clearwater	\$1,385,801
	Collier County	\$3,884,165
	Coral Springs	\$1,657,845
	Davie	\$1,171,166
	Daytona Beach	\$1,127,616
	Deerfield Beach	\$1,183,897
	Deltona	\$1,964,066
	Escambia County	\$1,210,487
	State Of Florida	\$8,511,111
	Ft Lauderdale	\$2,145,921
	Ft Myers	\$1,539,941
	Hernando County	\$1,953,975
	Hialeah	\$2,198,194
	Hillsborough County	\$8,083,062
	Hollywood	\$2,433,001
	Indian River County	\$1,500,428
	Jacksonville-Duval County	\$7,102,937

	Kissimmee	\$1,042,299
	Lake County	\$3,199,585
	Lakeland	\$1,303,139
	Lauderhill	\$1,500,609
	Lee County	\$6,639,174
	Manatee County	\$3,321,893
	Margate	\$1,148,877
	Marion County	\$4,589,714
	Martin County	\$1,563,770
	Melbourne	\$1,257,986
	Miami	\$4,558,939
	Miami Beach	\$1,475,088
	Miami Gardens City	\$1,940,337
	Miami-Dade County	\$20,036,303
	Miramar	\$2,321,827
	North Miami	\$1,173,374
	Orange County	\$11,551,158
	Orlando	\$3,095,137
	Osceola County	\$3,239,646
	Palm Bay	\$1,764,032
	Palm Beach County	\$11,264,172
	Palm Coast City	\$1,375,071
	Pasco County	\$5,185,778
	Pembroke Pines	\$2,330,542
	Pinellas County	\$4,697,519
	Plantation	\$1,216,427
	Polk County	\$5,443,116
	Pompano Beach	\$1,500,572
	Port St Lucie	\$3,515,509
	Sanford	\$1,037,697
	Sarasota	\$1,038,811
	Sarasota County	\$3,949,541
	Seminole County	\$3,995,178
	St Petersburg	\$3,709,133
	St. Lucie County	\$1,947,657
	Sunrise	\$1,775,162
	Tamarac	\$1,427,857
	Tampa	\$4,691,857
	Titusville	\$1,005,731
	Volusia County	\$3,670,516
	West Palm Beach	\$2,147,327

	Florida Total	\$208,437,144
Georgia	Atlanta	\$4,906,758
	Augusta-Richmond County	\$1,161,297
	Carroll County	\$1,190,390
	Clayton County	\$3,796,167
	Cobb County	\$2,415,784
	Columbus-Muscogee County	\$1,128,174
	Dekalb County	\$5,233,105
	Douglas County	\$1,628,471
	Fulton County	\$3,094,885
	State Of Georgia	\$18,679,977
	Gwinnett County	\$2,065,581
	Henry County	\$1,217,736
	Macon	\$1,503,897
	Paulding County	\$1,372,214
	Savannah	\$1,027,553
	Georgia Total	\$50,421,988
Hawaii	State Of Hawaii	\$5,000,000
Iowa	State Of Iowa	\$5,000,000
Idaho	State Of Idaho	\$5,000,000
Illinois	Chicago	\$15,996,360
	Cook County	\$7,776,324
	State Of Illinois	\$5,000,000
	Lake County	\$1,370,421
	Illinois Total	\$30,143,105
Indiana	Anderson	\$1,219,200
	Elkhart	\$1,022,717
	Elkhart County	\$1,193,194
	Fort Wayne	\$2,374,450
	Gary	\$2,717,859
	Hammond	\$1,243,934
	State Of Indiana	\$8,235,625
	Indianapolis	\$8,017,557
	Kokomo	\$1,014,327
	Lake County	\$1,613,168

	Muncie	\$1,148,363
	South Bend	\$1,708,707
	Indiana Total	\$31,509,101
Kansas	Kansas City	\$1,137,796
	State Of Kansas	\$5,000,000
	Kansas Total	\$6,137,796
Kentucky	Commonwealth Of Kentucky	\$5,000,000
Louisiana	State Of Louisiana	\$5,000,000
Massachusetts	Commonwealth Of Massachusetts	\$5,000,000
	Springfield	\$1,197,000
	Worcester County	\$1,190,994
	Massachusetts Total	\$7,387,994
Maryland	State Of Maryland	\$5,000,000
	Prince George's County	\$1,802,242
	Maryland Total	\$6,802,242
Maine	State Of Maine	\$5,000,000
Michigan	Dearborn	\$1,027,354
	Detroit	\$21,922,710
	Flint	\$3,076,522
	Genesee County	\$2,663,219
	Grand Rapids	\$1,378,788
	Jackson County	\$1,162,482
	Lansing	\$1,162,508
	Macomb County	\$2,536,817
	State Of Michigan	\$5,000,000
	Muskegon County	\$1,071,900
	Oakland County	\$2,080,700
	Pontiac	\$1,410,621
	Saginaw	\$1,242,318
	Southfield	\$1,084,254
	St. Clair County	\$1,129,355
	Warren	\$1,735,633
	Wayne County	\$7,839,293

	Michigan Total	\$57,524,473
Minnesota	Anoka County	\$1,226,827
	Hennepin County	\$1,469,133
	Minneapolis	\$2,671,275
	State Of Minnesota	\$5,000,000
	St Paul	\$2,059,877
	Minnesota Total	\$12,427,113
Missouri	Kansas City	\$1,823,888
	State Of Missouri	\$5,000,000
	St Louis	\$3,472,954
	St. Louis County	\$2,813,762
	Missouri Total	\$13,110,604
Mississippi	State Of Mississippi	\$5,000,000
Montana	State Of Montana	\$5,000,000
North Carolina	State Of North Carolina	\$5,000,000
North Dakota	State Of North Dakota	\$5,000,000
Nebraska	State Of Nebraska	\$5,000,000
	Omaha	\$1,183,085
	Nebraska Total	\$6,183,085
New Hampshire	State Of New Hampshire	\$5,000,000
New Jersey	Essex County	\$1,851,984
	Newark	\$2,018,637
	State Of New Jersey	\$5,000,000
	Paterson	\$1,196,877
	Union County	\$1,574,051
	New Jersey Total	\$11,641,549
New Mexico	State Of New Mexico	\$5,000,000
Nevada	Clark County	\$16,156,114
	North Las Vegas	\$4,097,147
	Henderson	\$3,901,144
	Las Vegas	\$10,450,623
	State Of Nevada	\$5,000,000

	Reno	\$1,973,724
	Washoe County	\$1,735,918
	Nevada Total	\$43,314,669
New York	Islip Town	\$1,429,561
	Nassau County	\$2,116,070
	New York	\$9,787,803
	State Of New York	\$5,000,000
	Suffolk County	\$1,501,506
	New York Total	\$19,834,940
Ohio	Akron	\$2,674,298
	Butler County	\$1,327,123
	Canton	\$1,233,756
	Cincinnati	\$3,160,661
	Clark County	\$1,105,306
	Cleveland	\$6,793,290
	Columbus	\$4,843,460
	Cuyahoga County	\$2,551,533
	Dayton	\$3,115,780
	East Cleveland	\$1,068,142
	Euclid	\$1,031,230
	Hamilton County	\$1,469,242
	Lorain County	\$1,619,474
	Montgomery County	\$1,145,712
	State Of Ohio	\$11,795,818
	Richland County	\$1,022,278
	Toledo	\$3,591,715
	Trumbull County	\$1,143,889
	Youngstown	\$1,096,328
	Ohio Total	\$51,789,035
Oklahoma	State Of Oklahoma	\$5,000,000
Oregon	State Of Oregon	\$5,000,000
Pennsylvania	Commonwealth Of Pennsylvania	\$5,000,000
Puerto Rico	Commonwealth Of Puerto Rico	\$5,000,000
Rhode Island	Providence	\$1,309,231

	State Of Rhode Island	\$5,000,000
	Rhode Island Total	\$6,309,231
South Carolina	State Of South Carolina	\$5,615,020
	South Carolina Total	\$5,615,020
South Dakota	State Of South Dakota	\$5,000,000
Tennessee	Memphis	\$5,195,848
	State Of Tennessee	\$5,000,000
	Tennessee Total	\$10,195,848
Texas	Dallas	\$2,356,962
	Dallas County	\$1,364,426
	Harris County	\$1,925,917
	Hidalgo County	\$1,716,924
	Houston	\$3,389,035
	State Of Texas	\$7,284,978
	Texas Total	\$18,038,242
Utah	State Of Utah	\$5,000,000
Virginia	Richmond	\$1,254,970
	Commonwealth Of Virginia	\$5,000,000
	Virginia Total	\$6,254,970
Vermont	State Of Vermont	\$5,000,000
Washington	State Of Washington	\$5,000,000
Wisconsin	Milwaukee	\$2,687,949
	State Of Wisconsin	\$5,000,000
	Wisconsin Total	\$7,687,949
West Virginia	State Of West Virginia	\$5,000,000
Wyoming	State Of Wyoming	\$5,000,000
Insular Areas		\$300,000
	TOTAL	\$970,000,000

Overview

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 provided an additional \$1 billion for the Neighborhood Stabilization Program (NSP) that was originally established under the Housing and Economic Recovery Act of 2008.

The statute calls for allocating funds to States and local governments with the greatest need, as determined by:

- (A) “The number and percentage of home foreclosures in each State or unit of general local government;
- (B) “The number and percentage of homes financed by a subprime mortgages in each State or unit of general local government; and
- (C) “The number and percentage of homes in default or delinquency in each State or unit of general local government.”

The statute also requires that a minimum of 0.5 percent of the appropriation, \$5 million be provided to each state.

The Department has determined that for NSP3, the states and local governments with the greatest need for neighborhood stabilization funding are those communities that have high numbers of foreclosed and/or vacant properties in the neighborhoods with the highest concentrations of foreclosures, delinquent loans, and subprime loans. The basic formula allocates funds based on the number of foreclosures and vacancies in the 20 percent of US neighborhoods (Census Tracts) with the highest rates of homes financed by a subprime mortgage, are delinquent, or are in foreclosure. This basic allocation is adjusted to ensure that every state receives a minimum of \$5 million. The net result is that these funds are highly targeted to communities with the most severe neighborhood problems associated with the foreclosure crisis.

Estimating Greatest Need

To target the funds to States and local communities with the greatest need, HUD estimated the number of loans 90 days delinquent or in foreclosure for each Census Tract in America. This estimate was based on a model that was comprised of three factors that explain most foreclosures and delinquent loans (see note 1):

- Rate of Subprime Loans. This is measured with HMDA data on high cost and high leverage loans made between 2004 and 2007. These data are available at the Census Tract (neighborhood) level.
- Increase in Unemployment Rate between March 2005 and March 2010. These data are from the BLS Local Area Unemployment Statistics, at the city and county level.
- Fall in Home Value from Peak to Trough. Home value data at the Metropolitan Area

level is available quarterly through March 2010 from the Federal Housing Finance Agency Home Price Index.

In addition to wanting to capture loans that are currently delinquent or in the foreclosure process, HUD sought to capture the aggregate impact of the foreclosure crisis on individual neighborhoods between 2007 and 2010. To do this, HUD estimated for each neighborhood the number of foreclosure starts between January 2007 and March 2010 as well as the number of foreclosure completions between January 2007 and June 2010 (see note 2). Each neighborhood was assigned the larger of the two estimates.

Finally, HUD has administrative data from the United States Postal Service on addresses not picking up mail for 90 days or longer. These data are very good current indicators of neighborhood stress from vacant housing. This number is adjusted using Census 2000 tract level data to remove vacant vacation properties from the count.

The Formula

Using the estimated rate of loans in foreclosure or delinquent, HUD identified the 20 percent of neighborhoods likely to be most distressed. This equates to an estimated serious delinquency rate (90 days delinquent or in foreclosure) of greater than 17.8 percent. Using the methodology described above, the national rate was estimated at 8.9 percent.¹

For each place and balance of county in the United States we add up only from the 20 percent of neighborhoods with the greatest need the number of foreclosed homes between 2007 and 2010 and separately the number units 90 days or more vacant in March 2010.

This “jurisdiction level” file is then used to run a formula to allocate the funds available, \$969,700,000. Sixty percent of these funds are allocated based on each jurisdiction’s share of foreclosures and 40 percent of the funds are allocated based on each jurisdiction’s share of vacancies.

Minimum Grant Threshold

If a place gets less than HUD’s established minimum grant threshold of \$1 million, its grant is rolled up into the county grant. If the county grant is less than the minimum grant threshold of \$1 million, its grant is rolled up into the state grant.

State Minimum Grant of \$5 million

For any state government that would receive less than \$5 million, its grant is increased to \$5 million with all grant amounts above the minimum grant threshold reduced on a pro-rata basis to only allocate the amounts available.

Note 1: Identifying Census Tracts with High Rates of Foreclosures, Delinquencies, and

¹ This less than the Mortgage Bankers Association National Delinquency Survey rate of 9.54 percent for March 2010 and slightly more than the McDash Analytics rate of 8.39 percent as of July 2010).

Subprime Loans

To estimate which neighborhoods are likely to have high rates of foreclosures, delinquencies, and subprime loans, HUD used a July 2010 extract of county level serious delinquency rates from McDash Analytics to develop a predictive model using public data that was available for every Census Tract in the United States. The predictive model, which was weighted on number of mortgages in each county, was able to predict most of the variance between counties in their serious delinquency rate (R-square of 0.821). The model used is as follows:

0.523 (intercept)
 +0.476 Unemployment Change 3/2005 to 3/2010 (BLS LAUS)
 -0.176 Rate of low cost high leverage loans 2004 to 2007 (HMDA)
 +0.521 Rate of high cost high leverage loans 2004 to 2007 (HMDA)
 +0.090 Rate of high cost low leverage loans 2004 to 2007 (HMDA)
 -0.188 Fall in Home Value Since Peak (FHFA Metro and Non-Metro Area)

The predictive rate of seriously delinquent mortgages was multiplied times the number of loans made between 2004 and 2007 in a Census Tract to estimate the number of seriously delinquent loans in a Census Tract.

Note 2: Calculating Number of Foreclosures at the Neighborhood Level

To estimate the number of homes in a neighborhood that have completed, or are at risk of becoming Real Estate Owned in a Census Tract, was done by allocating the statewide total of the greater of the sum of all foreclosure completions between January 2007 and June 2010 (from RealtyTrac) or the sum of all foreclosure starts between January 2007 and March 2010 (from the Mortgage Bankers Association) based on each Tracts share of a states estimated number of seriously delinquent loans. The estimated number of seriously delinquent loans was calculated by multiplying the estimated rate of seriously delinquent loans times the number of mortgages made between 2004 and 2007 (from Home Mortgage Disclosure Act data).

Attachment C

NSP Recommended Energy Efficient and Environmentally-Friendly Green Elements

HUD strongly recommends that your proposed NSP3 program incorporate the following energy efficient and environmentally-friendly Green elements. No specific element is required. HUD encourages thoughtful, achievable consideration and implementation of energy efficient and environmentally friendly elements inside your NSP3 program.

HUD is providing the guidance below because the Department has become aware during the implementation of NSP1 that many grantees are not aware that many of their common community development practices, such as trying to help police and teachers live in the neighborhood in which they work, are also considered sustainable and environmentally friendly. Similarly, most affordable housing units are also smaller and can easily be made more energy efficient than larger units. The increased energy efficiency then serves to increase the long-term affordability of the units.

Transit accessibility.

Select NSP target areas that are transit accessible, for example those that are in a census tract with convenient bus service (local bus service every 20 minutes during rush hour or an express commuter bus); or bordering a census tract with a passenger rail stop or station (including, for example, commuter rail, subway, light rail, and streetcars).

Green building standards.

Comply with the required NSP rehabilitation standards and also fund new construction and gut rehabilitation activities that will exceed the Energy Star for New Homes standard. Ensure that moderate rehabilitation or energy retrofits will purchase only Energy Star products and appliances. You may go further and require NSP homes to achieve an established environmental or energy efficiency standard such as Green Communities or equivalent.

Re-Use cleared sites.

Re-use cleared sites in accordance with a comprehensive or neighborhood plan. Plan to re-use all demolition sites within the term of your NSP grant as replacement housing, for use as a community resource, or to provide an environmental function. Examples include community gardens, pocket parks, or floodplain impoundment areas.

Deconstruction.

Deconstruction means salvaging and re-using materials resulting from demolition activities. It recycles building materials, and provides employment.

Renewable Energy

1. *Passive Solar.* Orient the building to make the greatest use of passive solar heating and cooling.
2. *Photovoltaic-ready.* Site, design, engineer and wire the development to accommodate installation of photovoltaic panels in the future.

Sustainable Site Design

1. *Transportation Choices.* Locate projects within a one-quarter mile of at least two, or one-half mile of at least four community and retail facilities.
2. *Connections to Surrounding Neighborhoods.* Provide three separate connections from the development to sidewalks or pathways in surrounding neighborhoods.
3. *Protecting Environmental Resources.* Do not locate the project within 100 feet of wetlands; 1,000 feet of a critical habitat; or on steep slopes, prime farmland or park land.
4. *Erosion and Sediment Control.* Implement EPA's Best Management Practices for erosion and sedimentation control during construction.
5. *Sustainable Landscaping.* Select native trees and plants that are appropriate to the site's soils and microclimate.
6. *Energy Efficient Landscaping.* Locate trees and plants to provide shading in the summer and allow for heat gain in the winter.

Water Conservation

1. *Efficient Irrigation.* Install low volume, non-spray irrigation system (such as drip irrigation, bubblers, or soaker hose).

Energy Efficient Materials

1. *Durable Materials.* Use materials that last longer than conventional counterparts such as stone, brick or concrete.
2. *Resource Efficient Materials.* Use layouts and advanced building techniques that reduce the amount of homebuilding material required.
3. *Heat Absorbing Materials.* Use materials that retain solar heat in winter and remain cool in summer.
4. *Solar-reflective Paving.* Use light-colored/high-albedo materials and/or open-grid pavement with a minimum Solar Reflective index of 0.6 over at least 30 percent of the site's hardscaped areas.
5. *Local Source Materials.* Use materials from local sources that are close to the job site.
6. *Green Roofing.* Use Energy Star-compliant and high-emissive roofing, and/or install a Green (vegetated) roof for at least 50 percent of the roof area; or a combination of high-albedo and vegetated roof covering 75 percent of the roof area.

Healthy Homes

1. *Green Label Certified Floor Covering.* Do not install carpets in basements, entryways, laundry rooms, bathrooms or kitchens; if using carpet, use the Carpet and Rug Institute's Green Label certified carpet and pad.
2. *Healthy Flooring Materials: Alternatives.* Use non-vinyl, non-carpet floor coverings in all rooms.
3. *Healthy Flooring Materials: Reducing Dust.* Install a whole-house vacuum system with high-efficiency particulate air filtration.
4. *Sealing Joints.* Seal all wall, floor and joint penetrations to prevent pest entry; provide rodent and corrosion proof screens (e.g., copper or stainless steel mesh) for large openings.
5. *Termite-resistant Materials.* Use termite-resistant materials in areas known to be infested.
6. *Tub and shower Enclosures: Moisture Prevention.* Use one-piece fiberglass or similar enclosure or, if using any form of grouted material, use backing materials such as cement board, fiber cement board, fiber-glass reinforced board or cement plaster.

7. *Green Maintenance Guide.* Provide a guide for homeowners and renters that explains the intent, benefits, use and maintenance of Green building features, and encourages additional Green activities such as recycling, gardening and use of healthy cleaning materials.
8. *Resident Orientation.* Provide a walk-through and orientation to the homeowner or new tenants.

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Exhibit #1 – HUD Info. on Target Areas

Exhibit #2 – Rehabilitation Standards

Exhibit #3 – Public Comments

Certifications

1. NSP3 Grantee Information

NSP3 Program Administrator Contact Information	
Name (Last, First)	Amey, Cheryl
Email Address	cheryl.amey@marioncountyfl.org
Phone Number	352-671-8770
Mailing Address	3003 SW College Rd., Suite 109, Ocala, FL 34474
Fax Number	(352) 671-8769
Web Address	www.marioncountyfl.org

2. Areas of Greatest Need

Map Submission

The map generated at the HUD NSP3 Mapping Tool for Preparing Action Plan website is included as an attachment.

Data Sources Used to Determine Areas of Greatest Need

Describe the data sources used to determine the areas of greatest need.

Response:

HUD data from HUDUSER.org; Policymap.com; Realtytrak.com; public input from realtors & lenders; local code enforcement reports of foreclosed properties; local Sheriff reports of areas w/ increased crime rates due to vacant properties.

Determination of Areas of Greatest Need

Describe how the areas of greatest need were established.

Response:

Eleven different neighborhoods were chosen for consideration based on public input. These were assessed, in part using the NSP3 mapping tool, for:

- * HUD minimum need score;
- * areas where target income buyers were interested in;
- * areas small enough to have a significant impact yet large enough to have sufficient eligible and viable properties.
- * Two of the eleven neighborhoods were also NSP 1 areas.

As areas not meeting all these criteria were eliminated in the public process, three possible areas remained. The target neighborhoods were then ultimately decided through consensus from public input, staff & elected officials.

Almost all of Marion County meets HUD's minimum need score (see Map #1). A review of areas with the greatest percentage of home foreclosures, highest percentage of homes financed by subprime mortgage related loans and most likely to face a significant rise in the rate of home foreclosures, narrowed the scope to neighborhoods in the southwest and southeast areas of the County and around the City of Ocala. NSP1 target areas were still showing as areas of greatest need (see Map #2). Realizing we needed to identify areas where people were still interested in buying homes, and also look for smaller neighborhoods that might not be identified through the process above, we consulted local

realtors and asked these questions at public meetings. Through this process eleven neighborhoods or areas were identified as possibilities. Several areas, although suffering from high vacancies and foreclosures, had average home prices above the range necessary to serve Low-Moderate-Middle Income (LMMI) households, or too great a need score to make a sufficient impact.

Looking at NSP1 target areas where homes had already been purchased, Silver Springs Shores still showed as having the greatest need, although the entire NSP1 target area had too high an impact score. Since consensus was that this area still best met HUD's criteria due to access to public transportation, the location nearby of several major employers as well as centrally located to Ocala, Belleview and the Villages, average housing prices within the range necessary to serve LMMI families, a good mix of both newer and older homes, and still an active housing market. Using input from realtors, a smaller target area in the northern part of Silver Springs Shores was identified that had a minimum impact need score that could be met using NSP3 funds and was an area that could best help Silver Springs Shores as a whole (see Map #3).

In addition to Silver Springs Shores, another much smaller neighborhood, also identified as an area of greatest need, but only having a minimum impact score of 8 homes was selected as a target area. Ocala Park Estates is located just North of the City of Ocala (see Map #4)

A summary of these two target areas along with proposed levels of assistance and goals is attached as Exhibit #1.

3. Definitions and Descriptions

Definitions

Term	Definition
Blighted Structure	Any vacant, abandoned or foreclosed structure that is determined to be sub-standard and not suitable for rehabilitation. A dwelling will be considered sub-standard, not suitable for rehabilitation if it has major defects requiring a great deal of correction, and the cost estimate for repairs exceeds 65% of the value of a comparable replacement unit as obtained from one or more licensed contractors.
Affordable Rents	For any NSP-funded rental activity, "affordable rents" shall be defined as 30% of the household's adjusted income, less utility allowances as adopted by the Ocala Housing Authority Section 8 program, as appropriate. The maximum Affordable Rents shall not exceed the Fair Market Rents (FMR) as published annually by the U.S.Department of Housing and Urban Development for the Ocala-Marion County Metropolitan Statistical Area (MSA).

Descriptions

Term	Definition
Long-Term Affordability	To ensure long-term affordability, Marion County will follow HOME guidelines and the minimum affordability period as found at 92.254.

	NSP funds left in the project will be as a non-interest bearing, 30 year, deferred payment loan secured with a mortgage/lien document and recorded against the property. Marion County's recapture provision requires repayment upon sale, refinance or if the unit assisted is no longer the homeowner's primary residence. If the homeowner defaults on the loan voluntarily or by operation of law, including but not limited to death of the surviving mortgage holder or foreclosure, the assisted amount will be recaptured from net proceeds.
Housing Rehabilitation Standards	Marion County has written Minimum Rehabilitation Standards which are attached at Exhibit #2. These rehabilitation standards follow the 2007 Florida Building Code, Housing Quality Standards, Lead Based Paint Standards and FHA Standards. 1. Substandard conditions, as defined in the written standards, must be corrected and the dwelling must meet minimum HUD standards. 2. An assessment form, which is included in the written standards, must be used as part of the work write-up and completed by a trained housing specialist to identify and justify any repairs or replacements. 3. Energy efficiency modifications are encouraged to the extent applicable to the rehabilitation work undertaken, e.g. replacing older obsolete products and appliances with Energy Star-46 labeled products, water efficient toilets, showers and faucets such as those with the Watersense label and where relevant, providing mitigation measures for hurricanes, floods or fires. 4. Marion County does not intend to do any gut rehabilitation, new construction or work with any mid or high rise multi-family units. If this were to change, the County's rehabilitation standards would be amended to meet HUD's Energy Star Qualified New Home requirements and the American Society of Heating, Refrigerating, and Air-Conditioning Engineers Standard 90.1-2004, Appendix G plus 20%.

4. Low-Income Targeting

Low-Income Set-Aside Amount

Identify the estimated amount of funds appropriated or otherwise made available under the NSP3 to be used to provide housing for individuals or families whose incomes do not exceed 50 percent of area median income.

Response:

Total low-income set-aside **percentage** (must be no less than 25 percent): 25.00%

Total funds set aside for low-income individuals = \$1,147,430

Meeting Low-Income Target

Provide a summary that describes the manner in which the low-income targeting goals will be met.

Response:

Marion County will work with non-profit developer(s) that provides financing for low-income homeowners using a "sweat equity" model to reduce housing costs to the homebuyer. The developer(s) will be selected using a formal RFP/RFQ process through the County's Procurement Department. The Developer(s) will be responsible for:

1. Identifying, acquiring and rehabilitating eligible properties in the target areas that meet the price range of homebuyers at or below 50% MFI.
2. Identifying, qualifying and financing eligible homebuyers for the dwellings acquired.
3. Producing enough units to meet the minimum set-aside expenditure requirements of the NSP grant.

5. Acquisition and Relocation

Demolition or Conversion of LMI Units

Does the grantee intend to demolish or convert any low- and moderate-income dwelling units (i.e., ≤ 80% of area median income)?	No
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Marion County does not intend to demolish any affordable housing units, although it has set aside funds that may be used for demolishing a unit meeting the definition of “Blighted Structure” that is directly and significantly impacting the revitalization efforts in a target area. It is thought that this activity will be used mostly for vacant, uninhabitable structures, although it may include a vacant structure that is considered habitable, but is in severe substandard condition and not suitable for rehabilitation.

If yes, fill in the table below.

Question	Number of Units
The number of low- and moderate-income dwelling units—i.e., ≤ 80% of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.	N/A
The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., ≤ 120% of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion).	N/A
The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.	N/A

6. Public Comment

Citizen Participation Plan

Briefly describe how the grantee followed its citizen participation plan regarding this proposed substantial amendment or abbreviated plan.
Response: Marion County held public workshops on January 7 th and 21 st to discuss all of the elements of the plan and to take public input. County Commissioners received input from the public during the entire month

of January while the plan was being developed. The plan was advertised for a 15 day public comment period from January 31st through February 14th. A Public Hearing was held on February 24th to discuss any public comment received and make any final changes to the plan before adoption by the Board of County Commissioners for submission to HUD by March 1st, 2011.

Summary of Public Comments Received.

Marion County received comments from the following people:

1. Florida Low Income Housing Associates, Inc. – Joe Monroe, Housing Programs Director
2. Hook & Ladder Realty – Angie Blackman, Realtor
3. Habitat for Humanity of Marion County – Brad Nimmo, Executive Director

Copies of the comments received are included as **Exhibit #3**.

7. NSP Information by Activity

Activity Number 1		
Activity Name	Program Administration	
Uses	Select all that apply: ☐ Eligible Use A: Financing Mechanisms ☐ Eligible Use B: Acquisition and Rehabilitation ☐ Eligible Use C: Land Banking ☐ Eligible Use D: Demolition ☐ Eligible Use E: Redevelopment	
CDBG Activity or Activities	General Administration and Planning Activities as defined at 24 CFR 570.205 and 206. NSP regulations provide an alternative requirement that an amount up to 10% of the NSP grant and 10% of program income earned may be used for this purpose.	
National Objective	Low Moderate Middle Income Housing (LMMH)	
Activity Description	General administration of the grant funds. Marion County may contract with a private firm or consultant to administer the NSP program through a formal RFP process. The Administrator will be responsible for all aspects of the program to include; contracting with private non-profit or for profit partners to carry-out the activities in the plan and performing all administrative duties such as environmental, reporting, monitoring, etc.	
Location Description	N/A	
Budget	Source of Funding	Dollar Amount
	NSP3	\$\$458,971.00
	(Other funding source)	\$
	(Other funding source)	\$
Total Budget for Activity	\$458,971.00	
Performance Measures	N/A	
Projected Start Date	10/1/2010	
Projected End Date	9/30/2015	
Responsible Organization	Name	Marion County Board Of County Commissioners
	Location	601 SE 25 th Ave, Ocala FL 34471
	Administrator Contact Info	Cheryl Amey, 352-671-8770,

		cheryl.amey@marioncountyfl.org
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Activity Number 2		
Activity Name	Acquisition / Rehabilitation / Resale	
Use	Select all that apply: ☐ Eligible Use A: Financing Mechanisms ☒ Eligible Use B: Acquisition and Rehabilitation ☐ Eligible Use C: Land Banking ☐ Eligible Use D: Demolition ☐ Eligible Use E: Redevelopment	
CDBG Activity or Activities	24 CFR 570.201(a) acquisition, (b) disposition & 570.202 eligible rehabilitation and preservation activities for homes and other residential properties.	
National Objective	Low Moderate Middle Income Housing (LMMH) Low-Income Housing to Meet 25% Set-Aside (LH25)	
Activity Description	The goals of this activity are to; stabilize and improve property values, increase homeownership and attract new residents to reduce the number of vacant homes in the area. Marion County will identify non-profit and/or for profit affordable housing developers through a formal RFP/RFQ process to acquire and rehabilitate foreclosed, abandoned homes in target areas and identify eligible homebuyers. Preference will be given to local developers utilizing local contractors, subs, labor and material suppliers. Contract documents will further enforce the Vicinity Hiring Requirement by incorporating contractor certification forms and reporting requirements certifying that to the maximum extent feasible, the contractor will provide for the hiring of employees who reside in the vicinity of the target areas and provide opportunities for small businesses that are owned and operated by persons residing in the vicinity of the target areas. The tenure of this activity is homeownership. Partnerships with agencies such as Habitat for Humanity, USDA Rural Development and Florida Low-Income Housing will provide homeownership opportunities for households at or below 50% of MFI. The sales price shall be no greater than the total investment in the property, including acquisition, rehabilitation and direct activity delivery costs. A portion of the NSP funds will remain in the home when it is sold to an income-eligible homebuyer in the form of a 0% interest, deferred payment, 30 year loan secured by a mortgage and lien. The amount of assistance will be tiered according to income level and need. An affordability / recapture clause following HOME program guidelines requires repayment when the home is sold, refinanced for cash-out or is no longer the primary, homesteaded residence, and share of net proceeds in the case of foreclosure.	
Location Description	Both the Silver Springs Shores & Ocala Park Estate target areas	
Budget	Source of Funding	Dollar Amount
	NSP3	\$\$2,384,142.00
	25% Low Income set-aside	\$1,147,430.00
Total Budget for Activity	\$3,531,572.00	
Performance Measures	Develop 36 units of affordable housing for LMMI households up to 120% MFI	

	* 24 units for Moderate to Middle Income households between 50-120% MFI * 12 units for Low-income households at or below 50% MFI	
Projected Start Date	6/1/2011	
Projected End Date	9/30/2015	
Responsible Organization	Name	Marion County Board Of County Commissioners
	Location	601 SE 25 th Ave, Ocala FL 34471
	Administrator Contact Info	Cheryl Amey, 352-671-8770, cheryl.amey@marioncountyfl.org

Activity Number 3		
Activity Name	Demolition of Blighted Structures	
Use	Select all that apply:	
	☐	Eligible Use A: Financing Mechanisms
	☐	Eligible Use B: Acquisition and Rehabilitation
	☐	Eligible Use C: Land Banking
	☒	Eligible Use D: Demolition
	☐	Eligible Use E: Redevelopment
CDBG Activity or Activities	24 CFR 570.201(d) clearance for blighted structures only	
National Objective	Low Moderate Middle Income Area Benefit (LMMA)	
Activity Description	The goal of this program is to remove blighting influences that are significantly impacting the ability of other activities to stabilize and improve property values, and hindering marketing activities designed to attract new homebuyers. Marion County does not intend to demolish any affordable housing units unless the case arises that the unit meets the definition of a blighted home and it directly and substantially impacts NSP revitalization efforts in the immediate vicinity. In these cases, Marion County will contract with developers being utilized for acquisition/rehabilitation to acquire and demolish blighted properties that have deteriorated to the point that they have been determined to be substandard and not suitable for rehabilitation. Properties must be located in targeted areas, in direct correlation to properties being acquired and rehabilitated with NSP funds, and substantially impacting efforts to revitalize the area. Reuse of the cleared property will depend on the needs of the immediate area and may include; sale or grant to a non-profit for redevelopment, using other funding sources, for affordable housing or rental units, or utilization for a community purpose such as a park or community center.	
Location Description	Both target areas: Silver Springs Shores and Ocala Park Estates	
Budget	Source of Funding	Dollar Amount
	NSP3	\$\$100,000.00
	(Other funding source)	\$
	(Other funding source)	\$
Total Budget for Activity		\$100,000.00
Performance Measures	Demolition of up to 20 blighted properties	
Projected Start Date	6/1/2011	

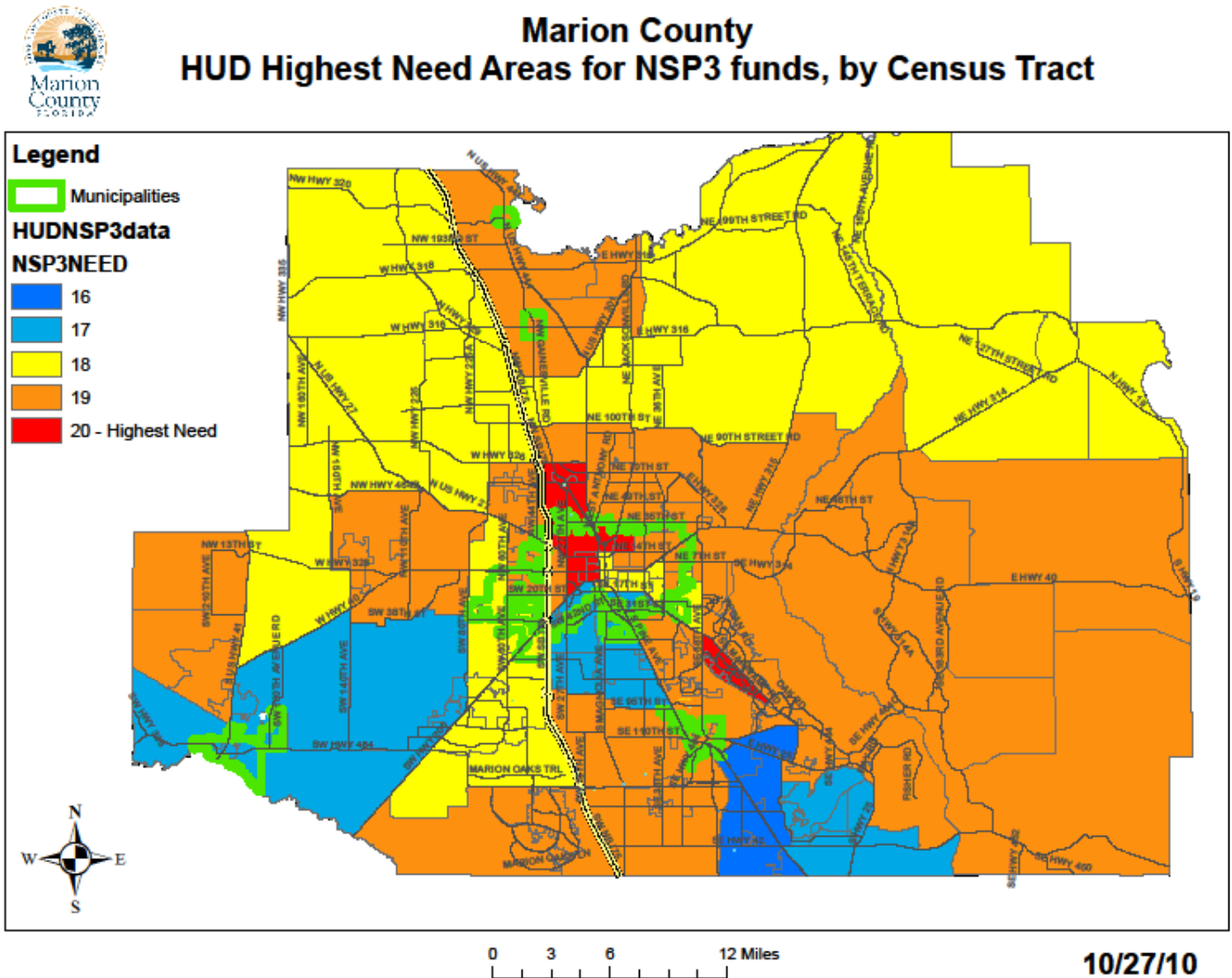
Projected End Date	9/30/2015	
Responsible Organization	Name	Marion County Board Of County Commissioners
	Location	601 SE 25th Ave, Ocala FL 34471
	Administrator Contact Info	Cheryl Amey, 352-671-8770, cheryl.amey@marioncountyfl.org

Activity Number 4		
Activity Name	Purchase and Rehabilitation Assistance	
Use	Select all that apply:	
	☒	Eligible Use A: Financing Mechanisms
	☒	Eligible Use B: Acquisition and Rehabilitation
	☐	Eligible Use C: Land Banking
	☐	Eligible Use D: Demolition
	☐	Eligible Use E: Redevelopment
CDBG Activity or Activities	24 CFR 570.201(n) Homeownership Assistance	
National Objective	Low Moderate Middle Income Housing (LMMH)	
Activity Description	The goal of this activity is to attract new homebuyers to the target areas and increase homeownership thus reducing the number of vacant homes and stabilizing the area. The tenure of this activity is homeownership. Realtors who identify an eligible homebuyer seeking to purchase an eligible foreclosed, vacant home in a target area may recommend that client and home for NSP assistance. Assistance may be provided to the client in the form of downpayment and closing cost assistance. The client may also seek to secure a rehabilitation loan to bring the home up to minimum code, HQS and FHA standards. Assistance will be provided in the form of a soft second, 0% interest, deferred payment, 30 year loan secured by a mortgage and lien. The amount of assistance will be tiered according to income level and need. An affordability / recapture clause following HOME program guidelines requires repayment when the home is sold, refinanced for cash-out or is no longer the primary, homesteaded residence, and share of net proceeds in the case of foreclosure.	
Location Description	Both target areas: Silver Springs Shores and Ocala Park Estates	
Budget	Source of Funding	Dollar Amount
	NSP3	\$\$500,000.00
	(Other funding source)	\$
	(Other funding source)	\$
Total Budget for Activity	\$500,000.00	
Performance Measures	Assist up to 20 eligible, moderate to middle income homebuyers with downpayment / closing cost assistance and/or a rehabilitation loan to reduce the number of vacant units.	
Projected Start Date	6/1/2011	
Projected End Date	9/30/2015	
Responsible	Name	Marion County Board Of County

Organization		Commissioners
	Location	601 SE 25 th Ave, Ocala FL 34471
	Administrator Contact Info	Cheryl Amey, 352-671-8770, cheryl.amey@marioncountyfl.org

8. Maps

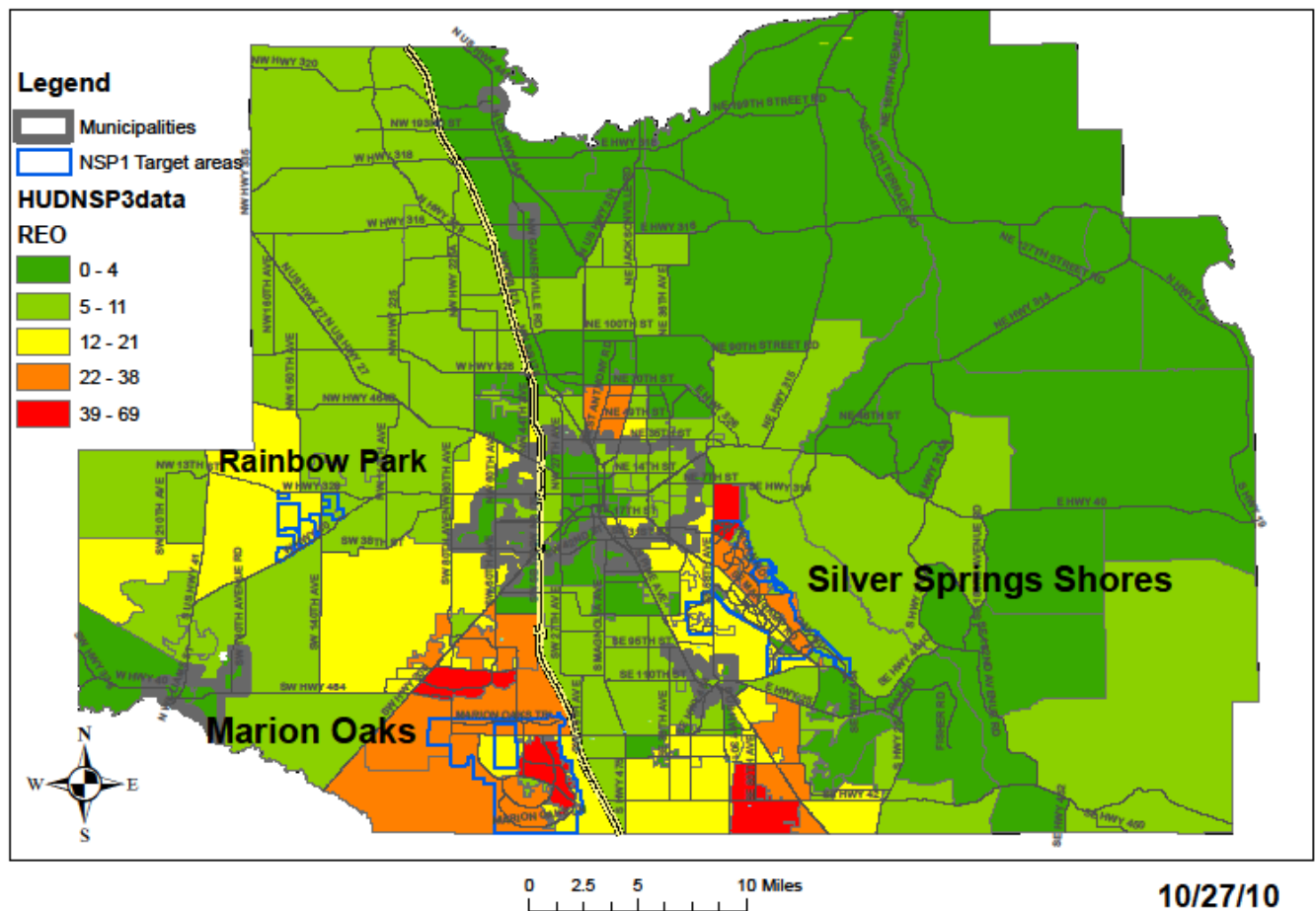
Map #1 – HUD Score Map



Map #2 – Areas of Greatest Need



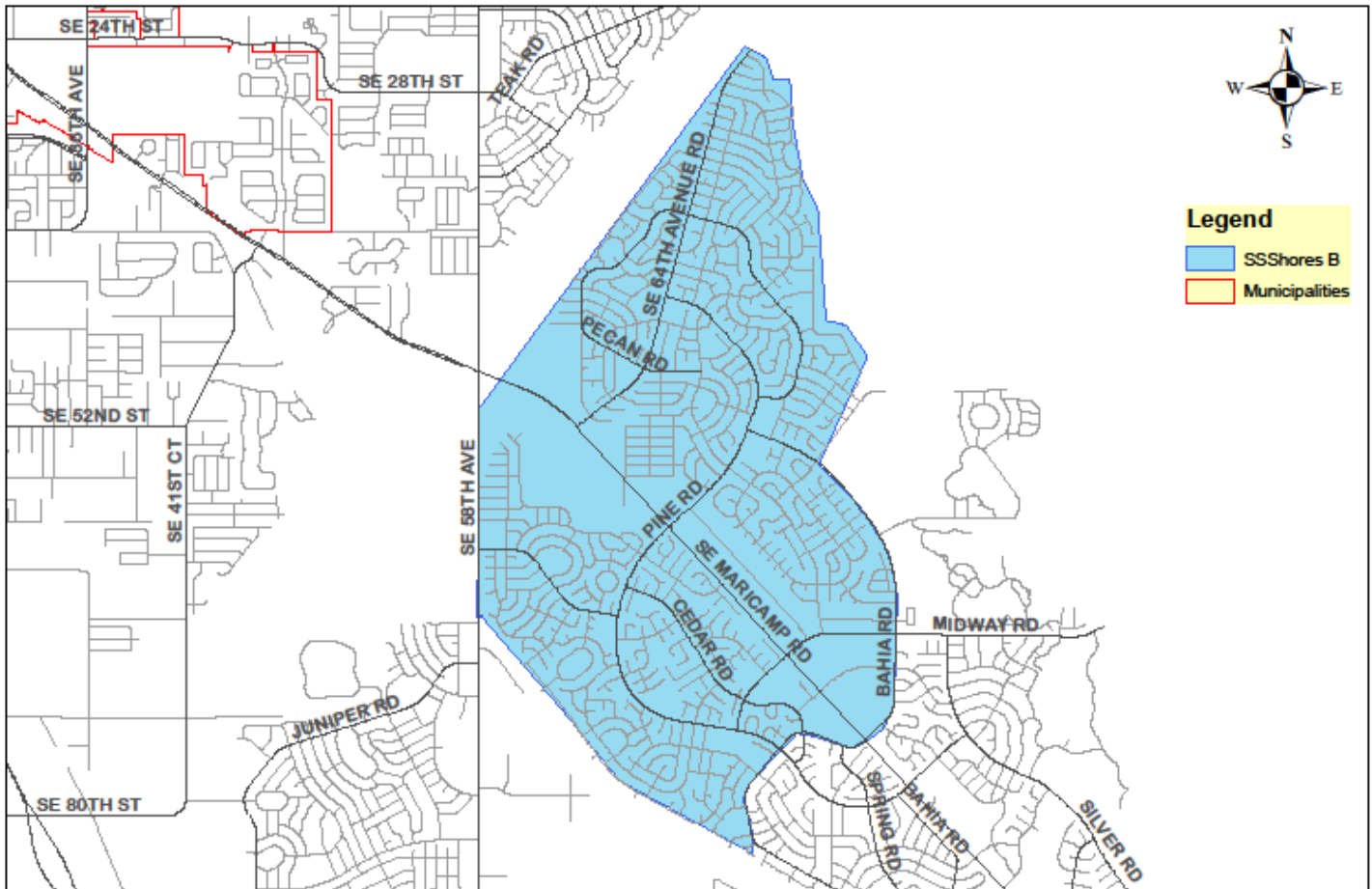
Marion County REO (Bank-owned) Properties by Census Tract



Map #3 – Silver Springs Shores Target Area



Marion County Proposed NSP3 Target Areas Silver Springs Shores - Part

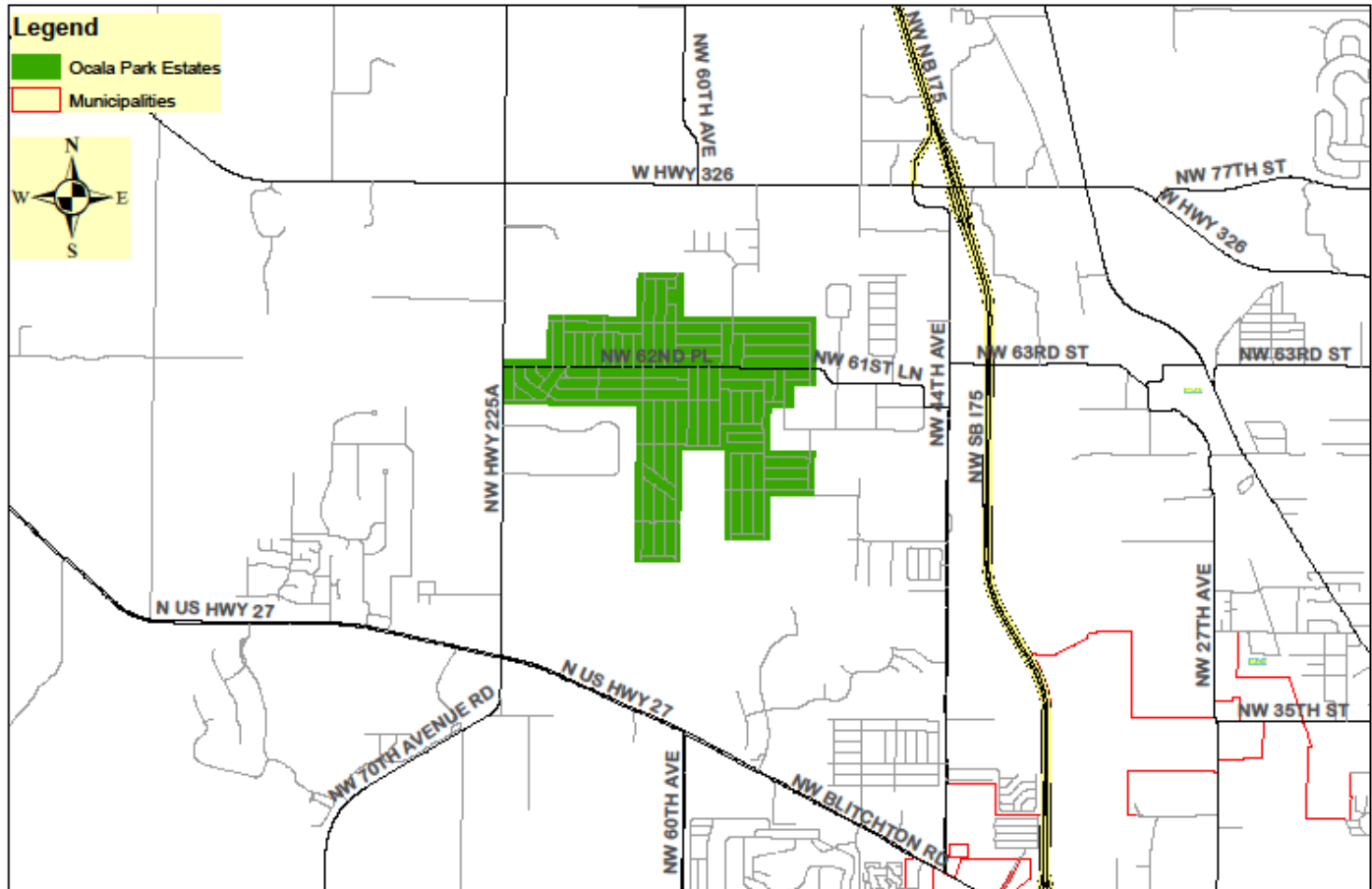


1/24/2011

Map #4 – Ocala Park Estates Target Area



Marion County Proposed NSP3 Target Areas Ocala Park Estates



1/24/2011

9. Exhibit #1 – HUD Information on Target Areas.

Project Summary for NSP3

Project Name	Total Housing Units	NSP3Need Score
Ocala Park Estates	1112	19
Silver Springs Shores B	3239	19.3

Total Housing Units: 4351
Total NSP3 Need Score: 19.22

NSP3 HUD Planning Data - Target Areas

Neighborhood Name:

NSP3 Score:

Neighborhood NSP3 Score:

State Minimum Threshold:

Total Housing Units:

Area Benefit Eligibility

% Persons under 120% AMI:

% Persons under 80% AMI:

Vacancy Estimates

USPS Residential Addresses:

USPS Addresses Vacant 90+ Days:

USPS Addresses NoStat:

Foreclosure Estimates (2004-2007)

Total Housing Units receiving a mortgage:

% Units with high cost mortgage:

% Units 90+ days delinquent/in foreclosure:

Foreclosure Starts:

REO's July 2009-June 2010:

**ESTIMATED # PROPERTIES NEEDED
TO MAKE IMPACT:**

NSP1 Houses

Silver Springs Shores	Ocala Park Estates	Combined
19.3	19	19.22
17	17	17
3239	1112	4351
59%	65%	
37%	38%	
3715	1190	
184	52	
114	80	
1727	329	
36%	30%	
19%	17%	
199	33	
59	10	
39	7	46
11	0	

Supporting Data:

% fall in home value since peak = -31%

(Federal Housing Finance Agency Home Price Index through June 2010)

County unemployment rate June 2005 = 3.7%

(Bureau of Labor Statistics Local Area Unemployment Statistics)

County unemployment rate June 2010 = 13.6%

Neighborhood ID: 6616485

NSP3 Planning Data

Grantee ID: 1208300C

Grantee State: FL

Grantee Name: MARION COUNTY

Grantee Address: 3003 SW College Road #109 Ocala FL 34471

Grantee Email: james.simon@marioncountyfl.org

Neighborhood Name: Silver Springs Shores B

Date: 2011-01-19 00:00:00

NSP3 Score

The neighborhoods identified by the NSP3 grantee as being the areas of greatest need must have an individual or average combined index score for the grantee's identified target geography that is not less than the lesser of 17 or the twentieth percentile most needy score in an individual state. For example, if a state's twentieth percentile most needy census tract is 18, the requirement will be a minimum need of 17. If, however, a state's twentieth percentile most needy census tract is 15, the requirement will be a minimum need of 15. If more than one neighborhood is identified in the Action Plan, HUD will average the Neighborhood Scores, weighting the scores by the estimated number of housing units in each identified neighborhood.

Neighborhood NSP3 Score: 19.3

State Minimum Threshold NSP3 Score: 17

Total Housing Units in Neighborhood: 3239

Area Benefit Eligibility

Percent Persons Less than 120% AMI: 58.77

Percent Persons Less than 80% AMI: 36.84

Neighborhood Attributes (Estimates)

Vacancy Estimate

USPS data on addresses not receiving mail in the last 90 days or "NoStat" can be a useful measure of whether or not a target area has a serious vacancy problem. For urban neighborhoods, HUD has found that neighborhoods with a very high number vacant addresses relative to the total addresses in an area to be a very good indicator of a current for potentially serious blight problem.

The USPS "NoStat" indicator can mean different things. In rural areas, it is an indicator of vacancy. However, it can also be an address that has been issued but not ever used, it can indicate units under development, and it can be a very distressed property (most of the still flood damaged properties in New Orleans are NoStat). When using this variable, users need to understand the target area identified.

In addition, the housing unit counts HUD gets from the US Census indicated above are usually close to the residential address counts from the USPS below. However, if the Census and USPS counts are substantially different for your identified target area, users are advised to use the information below with caution. For example if there are many NoStats in an area for units never built, the USPS residential address count may be larger than the Census number; if the area is a rural area largely served by PO boxes it may have fewer addresses than housing units.

USPS Residential Addresses in Neighborhood: 3715

Residential Addresses Vacant 90 or more days (USPS, March 2010): 184

Residential Addresses NoStat (USPS, March 2010): 114

Foreclosure Estimates

HUD has developed a model for predicting where foreclosures are likely. That model estimates serious delinquency rates using data on the leading causes of foreclosures - subprime loans (HMDA Census Tract data on high cost and highly leveraged loans), increasing unemployment (BLS data on unemployment rate change), and fall in home values (FHFA data on house price change). The predicted serious delinquency rate is then used to apportion the state total counts of foreclosure starts (from the Mortgage Bankers Association) and REOs (from RealtyTrac) to individual block groups.

Total Housing Units to receive a mortgage between 2004 and 2007: 1727

Percent of Housing Units with a high cost mortgage between 2004 and 2007: 35.86

Percent of Housing Units 90 or more days delinquent or in foreclosure: 18.52

Number of Foreclosure Starts in past year: 199

Number of Housing Units Real Estate Owned July 2009 to June 2010: 59

HUD is encouraging grantees to have small enough target areas for NSP 3 such that their dollars will have a visible impact on the neighborhood. Nationwide there have been over 1.9 million foreclosure completions in the past two years. NSP 1, 2, and 3 combined are estimated to only be able to address 100,000 to 120,000 foreclosures. To stabilize a neighborhood requires focused investment.

Estimated number of properties needed to make an impact in identified target area (20% of REO in past year): 39

Supporting Data

Metropolitan Area (or non-metropolitan area balance) percent fall in home value since peak value (Federal Housing Finance Agency Home Price Index through June 2010): -31

Place (if place over 20,000) or county unemployment rate June 2005¹: 3.7

Place (if place over 20,000) or county unemployment rate June 2010¹: 13.6

¹Bureau of Labor Statistics Local Area Unemployment Statistics

Market Analysis:

HUD is providing the data above as a tool for both neighborhood targeting and to help inform the strategy development. Some things to consider:

1. Persistent Unemployment. Is this an area with persistently high unemployment? Serious consideration should be given to a rental strategy rather than a homeownership strategy.
2. Home Value Change and Vacancy. Is this an area where foreclosures are largely due to a combination of falling home values, a recent spike in unemployment, and a relatively low vacancy rate? A down payment assistance program may be an effective strategy.
3. Persistently High Vacancy. Are there a high number of substandard vacant addresses in the target area of a community with persistently high unemployment? A demolition/land bank strategy with selected acquisition rehab for rental or lease-purchase might be considered.
4. Historically low vacancy that is now rising. A targeted strategy of acquisition for homeownership and rental to retain or regain neighborhood stability might be considered.
5. Historically high cost rental market. Does this market historically have very high rents with low vacancies? A strategy of acquiring properties and developing them as long-term affordable rental might be considered.

Latitude and Longitude of corner points

NSP3 Planning Data

Grantee ID: 1208300C

Grantee State: FL

Grantee Name: MARION COUNTY

Grantee Address: 3003 SW College Road #109 Ocala FL 34471

Grantee Email: james.simon@marioncountyfl.org

Neighborhood Name: OcalaParkEstates

Date:2011-01-04 00:00:00

NSP3 Score

The neighborhoods identified by the NSP3 grantee as being the areas of greatest need must have an individual or average combined index score for the grantee's identified target geography that is not less than the lesser of 17 or the twentieth percentile most needy score in an individual state. For example, if a state's twentieth percentile most needy census tract is 18, the requirement will be a minimum need of 17. If, however, a state's twentieth percentile most needy census tract is 15, the requirement will be a minimum need of 15. If more than one neighborhood is identified in the Action Plan, HUD will average the Neighborhood Scores, weighting the scores by the estimated number of housing units in each identified neighborhood.

Neighborhood NSP3 Score: 19

State Minimum Threshold NSP3 Score: 17

Total Housing Units in Neighborhood: 1112

Area Benefit Eligibility

Percent Persons Less than 120% AMI: 65.41

Percent Persons Less than 80% AMI: 37.92

Neighborhood Attributes (Estimates)

Vacancy Estimate

USPS data on addresses not receiving mail in the last 90 days or "NoStat" can be a useful measure of whether or not a target area has a serious vacancy problem. For urban neighborhoods, HUD has found that neighborhoods with a very high number vacant addresses relative to the total addresses in an area to be a very good indicator of a current for potentially serious blight problem.

The USPS "NoStat" indicator can mean different things. In rural areas, it is an indicator of vacancy. However, it can also be an address that has been issued but not ever used, it can indicate units under development, and it can be a very distressed property (most of the still flood damaged properties in New Orleans are NoStat). When using this variable, users need to understand the target area identified.

In addition, the housing unit counts HUD gets from the US Census indicated above are usually close to the residential address counts from the USPS below. However, if the Census and USPS counts are substantially different for your identified target area, users are advised to use the information below with caution. For example if there are many NoStats in an area for units never built, the USPS residential address count may be larger than the Census number; if the area is a rural area largely served by PO boxes it may have fewer addresses than housing units.

USPS Residential Addresses in Neighborhood: 1190

Residential Addresses Vacant 90 or more days (USPS, March 2010): 52

Residential Addresses NoStat (USPS, March 2010): 80

Foreclosure Estimates

HUD has developed a model for predicting where foreclosures are likely. That model estimates serious delinquency rates using data on the leading causes of foreclosures - subprime loans (HMDA Census Tract data on high cost and highly leveraged loans), increasing unemployment (BLS data on unemployment rate change), and fall in home values (FHFA data on house price change). The predicted serious delinquency rate is then used to apportion the state total counts of foreclosure starts (from the Mortgage Bankers Association) and REOs (from RealtyTrac) to individual block groups.

Total Housing Units to receive a mortgage between 2004 and 2007: 329

Percent of Housing Units with a high cost mortgage between 2004 and 2007: 29.6

Percent of Housing Units 90 or more days delinquent or in foreclosure: 16.6

Number of Foreclosure Starts in past year: 33

Number of Housing Units Real Estate Owned July 2009 to June 2010: 10

HUD is encouraging grantees to have small enough target areas for NSP 3 such that their dollars will have a visible impact on the neighborhood. Nationwide there have been over 1.9 million foreclosure completions in the past two years. NSP 1, 2, and 3 combined are estimated to only be able to address 100,000 to 120,000 foreclosures. To stabilize a neighborhood requires focused investment.

Estimated number of properties needed to make an impact in identified target area (20% of REO in past year): 7

Supporting Data

Metropolitan Area (or non-metropolitan area balance) percent fall in home value since peak value (Federal Housing Finance Agency Home Price Index through June 2010): -31

Place (if place over 20,000) or county unemployment rate June 2005^{*}: 3.7

Place (if place over 20,000) or county unemployment rate June 2010^{*}: 13.6

^{*}Bureau of Labor Statistics Local Area Unemployment Statistics

Market Analysis:

HUD is providing the data above as a tool for both neighborhood targeting and to help inform the strategy development. Some things to consider:

1. Persistent Unemployment. Is this an area with persistently high unemployment? Serious consideration should be given to a rental strategy rather than a homeownership strategy.
2. Home Value Change and Vacancy. Is this an area where foreclosures are largely due to a combination of falling home values, a recent spike in unemployment, and a relatively low vacancy rate? A down payment assistance program may be an effective strategy.
3. Persistently High Vacancy. Are there a high number of substandard vacant addresses in the target area of a community with persistently high unemployment? A demolition/land bank strategy with selected acquisition rehab for rental or lease-purchase might be considered.
4. Historically low vacancy that is now rising. A targeted strategy of acquisition for homeownership and rental to retain or regain neighborhood stability might be considered.
5. Historically high cost rental market. Does this market historically have very high rents with low vacancies? A strategy of acquiring properties and developing them as long-term affordable rental might be considered.

Latitude and Longitude of corner points

**Marion County Community Services
Neighborhood Stabilization Program
Rehabilitation Standards**

General Code Compliance Requirements

A. Existing Code Sources: All new rehabilitation work performed, as well as new construction, must meet the requirements of the “2007 Florida Building Code.

B. Housing Quality Standards: All units assisted with NSP funds must meet the housing quality standards in 24 CFR 982.401.

C. Lead Based Paint Standards: All units assisted with NSP funds must meet the lead based paint regulations as specified in Section 401(b) of the Lead Based Paint Poisoning Prevention Act, and 24 CFR Part 35 Subparts B and J. This only applies to pre-1978 structures.

D. FHA Standards: Homes must meet Minimum Housing Standards per HUD Handbook 4150.2 since most mortgages require FHA underwriting.

General Criteria

Substandard conditions must be corrected and housing must meet minimum HUD standards. Repair / replacement of any item must be justified using the attached assessment form citing the appropriate code / minimum standards section. A general rule is to replace “like with like”.

To meet FHA minimum standards any “operable or useful element” must have at least two years of service remaining. In general, roofs over five years old require a separate certification from a roofing contractor as to their viability.

The following defective conditions must be remedied:

- Defective construction (includes unpermitted repairs where a permit was required).
- Illegal Construction: must be either removed or permitted and brought up to current building codes and standards
- Poor workmanship
- Evidence of continued settlement
- Excessive dampness
- Leakage
- Decay
- Termites
- Other readily observable conditions that impair the safety, sanitation or structural soundness of the dwelling.

Energy Efficiency Standards

Energy efficiency modifications are encouraged when items are being replaced and are cost effective. Requirements and suggestions are identified below:

Appliance Requirements

Homes must have a working oven, stove or range and refrigerator. Repair of existing appliance should be considered before replacement. Replacement appliances should meet Energy Star requirements when possible.

- Dishwashers are not required but should be repaired/replaced if defective.
- Washer & Dryer replacement / repair is not permitted, but contractors may re-connect existing appliances if already in the unit.

Energy Efficiency/ Green Building Suggestions

1. High-Efficiency Toilets – if replacing existing toilets.
2. Low Flow Fixtures – if replacing faucets in the kitchen or bathroom.
3. Windows and Doors – if replacing, use energy efficient windows.
4. Paints and Finishes – Use low- or zero-VOC paints, primers, sealants, adhesives, coatings, and other finishes; use recycled paint, water based or latex paints; use solvent-free adhesives and caulk.
5. Electric fixtures – Adhere to Energy Star standards; install CFL bulbs or LED bulbs where practical.
6. Landscaping – Protect existing plants; buildup soil around perimeter of home to drain water away.
7. Health and Safety – Install carbon monoxide detectors; replace furnace filters; repair or replace water heaters; repair gas leaks; install smoke detectors.

REHABILITATION STANDARDS

These standards and guidelines set forth basic objectives and provisions relating directly to rehabilitation of existing structures. The purpose of developing these standards and guidelines are as follows: It assures that the rehabilitation will produce safe, livable, healthy and sound housing; it is low enough in cost as to be affordable; and it will provide a minimum acceptable level of rehabilitation. While the dwelling must meet the minimum standards set forth, Marion County may choose to implement more stringent affordability requirements than the minimum listed here to ensure that the properties remain affordable for as long as possible.

Before a dwelling unit can be considered for rehabilitation a determination must first be made as to whether the dwelling is standard or sub - standard. A dwelling unit shall be considered standard if it has no major defects or only slight defects which are correctable through the course of regular maintenance. It must be in total compliance with applicable local housing codes and occupancy codes; it must be structural sound, watertight and in good repair; it must be of adequate size with respect to the number of rooms and the area of living space. It must also meet all of the minimum rehabilitation standards set forth. A dwelling unit shall be considered sub-standard if it does not fully comply with the standard criteria, or has minor defects which require a certain amount of correction but still can provide a safe and adequate shelter or has major defects requiring a great deal of correction and will be made safe and adequate once the repairs are made.

To be suitable for rehabilitation, a trained housing specialist must carefully inspect the dwelling and prepare a work write-up of repairs necessary to bring it up to standard condition. A cost estimate of repairs will be prepared based on the needs identified in the work write-up. If these costs are equal to or less than 65% of the value of a comparable replacement unit as obtained from one or more license contractors, the dwelling unit will be considered suitable for rehabilitation. If the cost estimate for repairs, as identified in the work write-up exceeds the 65% of the value of a comparable replacement unit as obtained from one or more licensed contractor the dwelling shall be considered substandard and not suitable for rehabilitation.

Section 1. General Acceptability

Objective: to assure improved housing that is livable, healthful, safe and physically sound.

Section 2. Building Planning

Objective: to assure a living unit which provides for a healthful environment, complete living facilities arrangement and is equipped for suitable and desirable living conditions.

Section 3. Construction

Objective: To assure that the construction and improvements to the property will substantially increase the economic life of the property; provide structural soundness; provide adequate protection from destructive forces; and provide reasonable durability and economy of maintenance with an acceptable quality of material and workmanship.

Section 4. Interior and exterior finishes

Objective: To assure that the structure will acceptably prevent the entrance and penetration of moisture and water; protect from damage by decay, corrosion, insects and other destructive elements, and provide reasonable durability and economy of maintenance.

Section 5. Plumbing, Electrical and Mechanical Equipment

Objective: To provide equipment that is safe, adequate, operable, reasonable durable and provides economy of maintenance.

Section 1. General Acceptability

Access to the Building

- 1.1. The dwelling unit shall be usable and capable of being maintained without unauthorized use of other private properties.
- 1.2. Walks and landing shall be provided for all weather access to the building and constructed to provide safety, reasonable durability, and economy of maintenance.
- 1.3. The building shall provide an alternate means of egress to an unobstructed open area at ground level.
- 1.4. The building shall be free of any barriers that would preclude ingress or egress if the occupant is handicapped

Dilapidated or blighted Structures

- 1.5. All dilapidated portions of existing properties or blighted structures which are not economically repairable shall be removed.

Site Conditions

- 1.6. The site shall not be subject to serious adverse environmental conditions, natural or man-made, such as dangerous walks, steps, poor drainage, excessive accumulation of trash; vermin or rodent infestation; or fire hazards.
- 1.7. The open space of each property shall provide for the immediate diversion of water away from building.

Section 2. Building Planning

Space Standards

- 2.1 A living room, kitchen area, and a bathroom shall be present, and the dwelling unit shall contain at least one sleeping room of at least 70 square feet.
- 2.2 All sleeping rooms must have a window and adequate illumination. The window area shall not be less than 5 and 7/10 sq ft.
- 2.3 Ceiling heights shall be mandated by the Florida Building Code and shall exceed the minimums whenever possible.
- 2.4 For new construction, minimum room sizes shall follow the Florida Building Code requirements.

Privacy and Arrangement

- 2.5 Access to all parts of the living unit shall be possible without passing through a public hall.
- 2.6 Every water closet, bathtub, or shower of a dwelling unit shall be installed in a bathroom or toilet compartment which will afford privacy to the occupant.

- 2.7 A bathroom shall not be used as a passageway to a habitable room, hall or to exit a building.
- 2.8 Where access to an existing bathroom is through a bedroom in a dwelling unit having more than one bedroom, this planning arrangement should be accepted if it is judged to be acceptable to the market and if the condition cannot be feasibly be corrected.
- 2.9 A bedroom should not be used as the only means of access to another bedroom or habitable room unless this condition cannot feasibly be corrected and would therefore preclude rehabilitation.

Kitchen

- 2.10 Every dwelling shall have a specific kitchen space, which contains a sink with counter work space.
- 2.11 All plumbing fixtures will be connected to an approved water supply. All sinks shall be provided with hot and cold running water. All sinks must have functioning stoppers.
- 2.12 Each kitchen space shall have adequate space for installing cooking equipment and refrigeration equipment.
- 2.13 All plumbing fixtures shall be connected to an approved sanitary sewer system or to an approved private sewage disposal system.
- 2.14 Each kitchen shall have storage space for cooking utensils.
- 2.15 Each kitchen shall have a range hood installed above the cooking unit.

Bath Facilities

- 2.16 Complete bathing and sanitary facilities shall be provided within each dwelling unit and shall have a door that can be closed and locked for privacy. The facilities shall consist of a water closet, a tub or shower, and a lavatory. An adequate supply of hot and cold water shall be supplied to the tub or shower and lavatory. All sinks must have a functioning stopper.
- 2.17 Each bathroom shall be provided with a mirror behind the lavatory. The mirror shall be a minimum of 42" high.
- 2.18 All plumbing fixtures shall be connected to an approved sanitary sewer system or to an approved private sewage disposal system
- 2.19 All tub or shower walls shall be finished with a nonabsorbent surface that extends from the floor to a minimum of 6' above the finished floor.
- 2.20 All bathrooms must have a window of at least three square feet, one half of which must be open able; or be equipped with a mechanical ventilation system that exhausts to the outside of the unit. A window in a door will not qualify for the window requirement.
All toilets must be stable and secured to the floor and have no broken parts. All sewer caps must be installed properly in all locations where required. All wall and floor plumbing pipe penetrations must be sealed.
- 2.21 The junction where the tub/shower meets the wall and floor must be sealed to prevent water entry into the wall or floor to prevent rot, mold or mildew.
- 2.22 All shower heads, faucets and commodes, if replaced, must be low or reduced flow units.

Clothes Closets

- 2.23 In order for a room to qualify as a bedroom there must be a built closet present.
The closet shall be constructed of the same materials as the walls and ceilings of the room it is built in and contain a shelf with a rod to store clothes on.

Light and Ventilation

- 2.24 All habitable rooms, except kitchens, shall have natural light, provided by means of windows, glazed doors or skylights. An existing habitable room not disturbed in the rehabilitation process which is deficient or without natural light can be considered acceptable provided this is judged to have market acceptance.
- 2.25 An acceptable means of natural ventilation shall exist or be provided for all habitable spaces, except in kitchens and bathrooms where a mechanical ventilation system may be substituted.
- 2.26 Natural ventilation of spaces such as attics shall be provided by openings of sufficient sizes to overcome dampness and minimize the effect of conditions conducive to decay and deterioration of the structure, and to prevent excessive heat in attics. Exterior ventilation openings shall be effectively screened. Ventilated soffit panels in conjunction with a roof venting system will meet this requirement.

Doors and Access Openings

- 2.27 Exterior doors must be steel, solid core – wood or a security type unit. The doors must be weather tight and prevent air, water and insect infiltration. Exterior doors shall have no holes and all trim and weather-stripping must be intact.
- 2.28 All Exterior doors must have security or dead - bolt locks that can be opened from the interior without the use of a key. Exterior doors with multiple locks shall all be keyed alike.
- 2.29 Main entrance doors shall be a minimum of 36" in width. Service doors may be 30" in width.
- 2.30 Interior doors must be free from holes, have all trim intact and have all hardware secured in position.
- 2.31 Interior doors must be able to be opened without the use of a key.
- 2.32 Interior entrance doors shall have a width of at least 30" wide and interior closet doors shall have a minimum width of 24".
- 2.33 At least 1 bathroom door in the dwelling unit shall be a minimum of 32" wide and shall be provided with hardware that is capable of being locked from the inside of the room.
- 2.34 For attic spaces, the minimum access opening shall be 22 x 36". However, if mechanical equipment is located in the attic the access opening must be of sufficient size to permit removal and replacement of the equipment. In all instances the access cover must be insulated and have weather-stripping installed as to keep attic air out of the conditioned space.

Stairways

- 2.35 Existing stairways in sound condition to remain or to be repaired shall not be to any serious extent below minimum standards of good practice as to rise and run of steps, headroom, obstructions, stair width, landings or railing protection.

Exterior Appurtenances

- 2.36 All exterior appurtenances or accessory structures in a deteriorated condition which are not economically repairable shall be removed. Such structures shall include porches, terraces, entrance platforms, garages, carports, walls, fences and miscellaneous sheds.

Section 3. Construction

Structural Soundness

- 3.1 All structural components of the building shall be in sound condition and considered serviceable for the expected useful life of the rehabilitated building. Sagging or out of plumb floors shall be restored to an acceptable level of plumb where practical. Individual structural members in a seriously deteriorated state shall be replaced.
- 3.2 Foundation and exterior walls shall be of adequate size to support the loads placed on them. Serious defects shall be repaired and cracks shall be effectively sealed.
- 3.3 Any deficiencies in proper grading adjacent to the building shall be corrected to assure surface drainage away from walls.
- 3.4 All vertical supports shall be free from splits, excessive leaning or buckling.
- 3.5 All wood frame floor construction shall provide a safe and adequate support for all existing or portable loads and shall be reasonably free from objectionable vibration.
- 3.6 Chimneys and vents shall be structurally safe, durable, smoke tight, and capable of withstanding the action of flue gases.

Thermal Protection

- 3.7 Ceiling insulation shall be provided over all habitable heated areas to a value of R – 30. Insulation need not be installed in flat roofs or other ceiling areas where adding insulation is determined to be impractical unless the ceiling finish is to be removed in the course of rehabilitation.
- 3.8 Wall insulation shall be R-11 where practical and feasible.
- 3.9 Insulation shall be upgraded whenever and wherever possible.
- 3.10 Doors and windows shall be adequately weather-stripped to reduce the infiltration of outside air. Loose or brittle caulking shall be replaced or installed if not present.
- 3.11 If windows are to be replaced during the rehabilitation the new windows shall be low E, double insulated aluminum units.

Section 4. Exterior and interior Soundness and Protection

Exterior Wall Covering

- 4.1 Exterior walls must be secured, sealed, tuck pointed, etc. so as to prevent air, water, daylight and vermin penetration other than where designed for such as doors and windows. Repairs or replacement shall be made to defective exterior wall surfaces and finishes.

Interior Walls

- 4.2 In order for a room to be counted as living space, the walls are required to be finished.
- 4.3 Bare concrete walls must be properly coated with sealant, paint, tile or other acceptable wall covering.
- 4.4 An area where plaster or drywall is sagging, severely cracked or otherwise damaged, has holes larger than a nail hole or otherwise altered, stained or affected by moisture or mold must be repaired or replaced
- 4.5 All interior walls and ceilings shall provide 1) a finished surface without noticeable irregularities or cracking 2) a waterproof or hard surface in spaces subject to moisture 3) a suitable base for painting or other decoration and 4) reasonable durability and economy of maintenance
- 4.6 Treatment of interior surfaces to eliminate the hazard of lead based paint poisoning shall be in compliance with the latest HUD lead based paint regulations.

Roof Coverings

- 4.7 All roofs shall have a suitable, watertight and reasonable durable covering and shall be free from holes, cracks, excessively worn surfaces and other defects. When replacing a shingle roof the replacement shingles shall be 30 year dimensional shingles and shall be light in color
- 4.8 All rotted and defective sheathing must be replaced prior to installing a new roof covering. The replacement sheathing shall be plywood of equal thickness. OSB is not an approved substitute for this requirement.
- 4.9 All flashings, drip edge and boots must be replaced prior to installing a new roof covering.
- 4.10 All roofs shall be vented using an approved venting system such as ridge vents, off ridge vents or power roof vents. All vents must be properly sized for the roof on which they are installed.

Flashings

- 4.11 All critical joints in the exterior roof and wall construction which are exposed or partially exposed to the elements shall be protected by sheet metal or other suitable flashing material.

Windows

- 4.12 Existing windows and their hardware shall be in good working order. Defective hardware shall be replaced.
- 4.13 All windows, unless fixed glass, shall have screens installed. There must not be any tears or holes in the screen fabric and the screens must fit snug in their opening.
- 4.14 Windows that are designed to open must stay in the open position without the use of props.
- 4.15 Windows must be weather-tight to prevent air, water and insect infiltration.
- 4.16 When windows are being replaced as part of the rehabilitation the replacement windows will be single hung, double insulated, low E glass type windows.
- 4.17 Windows that are being repaired shall have the option of being tinted with dark gray window tint to increase their energy efficiency and UV protection

Finish Floors

- 4.18 Finish floors shall be appropriate to the use of the space in which they are installed, be in good condition, provide reasonable ease of maintenance and have an extended service life.
- 4.19 All floors must have a finished surface such as wood, tile, carpet or vinyl.
- 4.20 All serious tears, loose seams and shredded areas must be repaired.
- 4.21 Severely dirty carpet shall be either cleaned or replaced.
- 4.22 Floors must be firm and without a tripping hazard
- 4.23 Wood, carpet or laminate flooring shall not be used in wet or damp areas.

Cabinets, Vanities and Countertops

- 4.24 Cabinets, vanities and countertops must be secured in place
- 4.25 All cabinet doors must be secured at the hinges
- 4.26 Loose hinges, draw fronts, handles, knobs, rollers, guides etc. must be repaired to work properly.
- 4.27 Removal of items or parts without replacement in order to avoid repair will not be acceptable.
- 4.28 Replacement counter tops shall be constructed using high pressure laminate over a cabinet grade plywood substrate. Particle board shall not be used as a substitute for cabinet grade plywood.

Painting and Decorating

- 4.29 Exterior paint shall provide adequate resistance to weathering, protection of finish surfaces from moisture or corrosion, have an attractive appearance and have reasonable durability
- 4.30 Interior walls shall be painted using a satin washable paint.
- 4.31 Trim shall be painted using Semi - gloss paint.
- 4.32 Kitchen and baths shall be painted using a semi gloss washable paint.

Section 5. Plumbing, Electrical and Mechanical Equipment

Mechanical

- 5.1 Heating facilities shall be required for each dwelling unit and provide adequate heat for all habitable rooms. Space heaters shall not be used for this purpose.
- 5.2 All mechanical equipment shall be installed so that maintenance and replacement can be performed without the removal of other equipment.
- 5.3 All supply and return ducts and filters must be properly sized for the rooms they are to serve.
- 5.4 Homes being inspected for possible rehabilitation shall have all air and heat ductwork tested for leaks by a competent testing agency. All leaks shall be repaired and all duct joints and seams shall be sealed using approved mastic. When repairing leaking duct work is not practical the duct work shall be replaced using flex duct or equal.
- 5.5 New systems shall be sized based on the building loads calculated in accordance with ACCA manual J or other Building Department approved heating and cooling methodologies.
- 5.6 Heating units replaced at the time of rehabilitation must be replaced with energy efficient Heat pump units having a minimum SEER rating of at least 13. New air handling units shall not be installed in the attic space of the dwelling.

Electrical

- 5.7 Existing wiring and electrical equipment, where continued in service, must be of proper size for the loads being served and be free from defects and shall not be a potential source of hazard. If a potential hazard exists, replacement or repair of the electrical hazard must be made during the rehabilitation.
- 5.8 Where practicable, incandescent light bulbs shall be replaced with energy efficient compact fluorescent lamps.
- 5.9 Fluorescent fixtures that require the use of ballasts shall be fitted with energy efficient electronic ballasts.
- 5.10 Ground Fault circuit interrupters shall be installed in kitchens, bathrooms, garages and in exterior outlets.
- 5.11 The use of ceiling fans is recommended and should be installed in all bedrooms, family rooms and living rooms where feasibly possible.
- 5.12 All lighting fixtures shall be safe, properly mounted and have their globes installed.
- 5.13 Battery/electric smoke detectors must be installed in every dwelling as per code.

Plumbing

- 5.14 The plumbing system for each dwelling shall provide a satisfactory water supply and drainage system for all fixtures.
- 5.15 Hot and cold running water shall be present at every sink faucet.
- 5.16 All plumbing fixtures shall be connected to an approved sanitary sewer system or to an approved private sewage disposal system.

- 5.17 When replacing water closets the replacement units shall be low flow units.
- 5.18 All water heaters shall be equipped with pop-off valves and vertical discharge lines that terminate approximately 6" above the floor.
- 5.19 The discharge line must be the same diameter as the pop-off valve and the bottom of the discharge pipe must not be threaded.
- 5.20 All gas water heaters must be properly vented.
- 5.21 All water heaters installed on the same floor level as the habitable area must be installed in a pan and made to drain to the exterior of the dwelling.
- 5.22 The existing water heating system must be in good working order or it shall be replaced with energy-efficient units.

Appliances

- 5.23 Every dwelling unit must have an oven, and a stove or range, and a refrigerator of an appropriate size for the family it serves. Appliances should meet Energy Star requirements where possible.
- 5.24 Owner supplied appliances must have working handles and knobs, and all other parts as designed by the manufacturer.
- 5.25 All dwelling units must have provisions for a washer and dryer.
- 5.26 Dryer vents shall be vented to the exterior of the dwelling.
- 5.27 A clothes line may also be installed to provide the homeowner with a no cost alternative to dry clothes.

NSP Rehabilitation Assessment Form

System	Condition	Repair / Replace Need (Cite standard)
Structural		
Roof		
Plumbing		
Electrical		
HVAC		
Components		
Kitchen cabinets		
Bath cabinets		
Appliances		
Flooring		
Drywall / ceiling		
Windows		
Doors Exterior / Interior		
Well / Septic		
Overall Condition / Notes		

STANDARD MATERIALS & SPECIFICATIONS

The materials and specifications listed below are required unless otherwise specified. Please include these specifications when bidding on housing projects. Any changes or deviations in the specifications by the Contractor must be submitted in writing and approved before such changes are made.

Concrete: All concrete placing will be of 3000 psi strength including but not limited to footers, stem walls, floors, lintels and walkways. Driveways will have at least 3000 psi strength and conform to standards set forth by the Marion County Building Department.

Framing: All lumber will be #2 or better grade, wall stud spacing will be on 16" centers.

Roof Sheeting: Roof sheeting will be ½" cdx four-ply or greater and secured with galvanized deck nails.

Roof Under-lament: All roof sheathing shall be covered in 2 layers of 15 lb felt.

Shingles: All shingles will be a 30 year architectural, fiberglass / asphalt UL Class A Fire Rated, pass UL 1997 110 mph wind load with a minimum 30 year warranty with a 15 year algae/ mildew resistant warranty. Drip edge will have a minimum width of two-inches and be constructed of either galvanized or aluminum.

Windows: Exterior windows will be single hung, insulated, aluminum, one over one, vertical lift, tempered where required, in white or bronze, Better Built grade or equivalent.

Exterior Front Doors: Doors shall be steel clad, insulated, six panel, and equipped with a single cylinder dead bolt. All doors shall have a lever style handle for easy access.

Paint: All exterior and interior paint shall have a 25 year minimum manufacturer's warranty. All painted surfaces will have one coat of primer/sealer and one coat of finish paint.

Soffit & Fascia: Soffit will be twelve inch, vented, aluminum in white or bronze. Fascia will be either four inch or six inch aluminum depending on application.

Cabinets: Cabinets shall be made of high density furniture board wrapped in veneer. Counter tops will be Formica over ¾" plywood. Backsplashes will be made of ¾" plywood wrapped with Formica.

Flooring: Ceramic tile in the kitchen, baths, utility room, dining room, and the entry way. Stain resistant carpet on the remaining floors unless otherwise specified.

Plumbing: Faucets/Valves - Delta, American Standard, or Moen
 Lavatories/Sinks - Briggs, American Standard, or Gerber
 Water Closets - Briggs, American Standard, or Gerber
 Bathtubs - Briggs or American Standard
 HWH - 40 gallon minimum, A.O.Smith, Rheem/Ruud, Whirlpool

Heating & Cooling: Heat Pump with a Seer Rating of 13 or greater. Minimum of 10 KW back up heat strip.

Electrical: One ceiling fan/ light combination per bedroom and living room
One light fixture per exterior door
Standard toggle style light switches
Standard style electrical outlets
200 amp main service panel

Insulation: Minimum R-30 value in the attic, R 4.2 on exterior block wall, R-19 in exterior stud walls, R-11 minimum on garage stud wall.

Drywall Texture: Knock-down or orange peel

Tub & Shower: Single piece fiberglass tub and shower units with at least one soap dish and towel bar. **Handicapped accessible bathrooms will require 36" door opening.

Interior Trim: Interior doors will be six panel fiber board paint grade. Door casings 2 ¼", finger joint, colonial, paint grade. Base boards 3 ¼", finger joint, colonial, paint grade. Door Handles- lever style

Window Sills: Marble sills

Closet Shelving: Vinyl coated Closet Maid shelving, at least one row in each bedroom closet, linen closet, pantry, and utility room.

Mirrors: One mirror will be placed over every bathroom vanity. Mirror height will be 42".

Smoke Detectors: All rehabilitation projects will have smoke detectors installed to bring it up to current code, including interconnecting each unit together and wiring them on the same circuit.

Colors: Neutral colors only

FLORIDA LOW INCOME HOUSING ASSOCIATES, INC.

a non-profit housing provider

701 WHITE BLVD
INVERNESS, FLORIDA 34453



352-726-1113

(FAX) 352-726-1130

February 8, 2011

Commissioner Stan McClain, District 3
Marion County Board of County Commissioners
601 SE 25th Ave.
Ocala, FL 34471

Re.: Comments to NSP3 Action Plan

Dear Commissioner McClain:

Florida Low Income Housing Associates, Inc (FLIHA) wishes to voice concerns regarding the initial Action Plan for the Neighborhood Stabilization Plan Phase 3.

We believe it would be extremely positive for Marion County to include an affordable rental housing activity. The reasons are listed below:

- 1) HUD emphasizes using a portion of the NSP3 dollars for affordable rentals to very low-income households.
- 2) There is and will be a heightened need for rental housing due to the poor lending practices of the last five plus years. There are indications the situation will be worsening, specifically in the government insured loan arena.
- 3) The need for affordable rental housing in Marion County.
 - a) There are over 2000 families on the Ocala Housing Authority's waiting list.
 - b) The following Shimberg Center of Affordable Housing data:
 - 1) Over 6500 households making at or below 60% of the area median income are paying more than 40% of their income for rent (cost-burdened) and over 3500 of the households consist of one or two people, a strong indication the elderly are hardest hit.

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2) Over 4000 low-income households are severely cost burdened and paying 50% or more of their income for rent and this figure is projected to increase by 20% over the next ten years.

4) There are a limited number of subsidized rentals and tax credit rental developments in Marion County and they can not meet the local affordable rental need.

5) Many individuals need and have the desire for an affordable rental that provides opportunities and options other than a "public housing" type setting.

6) Rental housing provides long term employment opportunities (management and maintenance staff) on top of the short term benefits of buying and repairing homes.

7) Long term affordability goals are met as rentals **must** remain affordable for 20 years.

8) We know you have concerns regarding the ongoing long term oversight by the County.

This is not a concern if Marion County partners with an experienced managing agency with a performance track record. The cost for the annual monitoring the County would need to perform can be incorporated into the grant.

9) Lastly, with a number of the units still for sale from NSP1 and the tight credit market other affordable housing opportunities should be considered, especially when there is such a great demand.

We agree with the Commissioners that Community Based Organizations and partners need to be chosen carefully. The success of NSP3 is dependent on the selection process.

In conclusion, we would like to share a little of FLIHA's background with you as you are probably unfamiliar with our organization.

We have been managing State and Federal funded rentals developments for almost 20 years. We currently own and manage almost 550 rental units all subject to federal or state monitoring. We also own and manage a Community Land Trust. This would be another viable option or lease/purchase given the current difficulties finding qualified families for outright ownership.

FLIHA was formally approved as a Marion County Community Housing Development Corporation (CHDO) and is in the process of submitting a renewal application.

We have built in excess of 125 owner-owned single family homes for low and very low income families in Marion County and a number of these units were in both target areas. We acquired the 144 unit HUD rental complex Parkside Garden Apartments in 2008 and invested over \$8,000,000 to rehabilitate the units. We maintain a local office and area management office at Parkside Gardens.

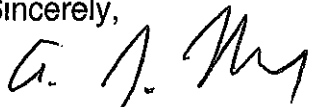
FLIHA is currently in the process of finishing up 20 units of scattered site very low income rentals utilizing NSP 1 in Hernando County. We acquired single family scattered site

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MARION COUNTY
FLORIDA

homes Spring Hill which is one of the areas hardest hit by foreclosure. Our agency was responsible for the site selection, rehabilitation of the units, lease up and we now own and manage all 20 units. They are all rented although 2 units will not be complete until next week. These units were literally leased up as soon as they were available. Tenants were actually moving in while we were conducting the final home inspections with the contractors. We already have a waiting list for tenants hoping for additional rentals with NSP 3. The units were all leased within eight (8) months from the time we went to contract with Hernando County. Needless to say we consider this a demonstration project that would achieve similar success in many communities in Florida and could be easily duplicated.

We respectfully submit these comments for consideration in the further development of the NSP 3 Action Plan and look forward to discussing any possibilities with you and County staff.

Sincerely,



Joe Monroe, Housing Programs Director

cc.: Cheryl Amey, Marion County Community Services

AJM

NSP3 Program

1. **Acquisition Price:** The correct Purchase price when acquiring the property is the key to a successful outcome. When banks list REOs they order BOTH appraisal and a BPO for the home. This ensures proper pricing of the home. Can the NSP program do the same? In other words: Appraisal says \$50k BPO says market SALES value \$40k. Average price \$45k -1% of the BPO/appraised value= \$44,550 Highest Purchase price. How was the current appraiser selected? Is he local? What kind of appraisal was ordered? Do you receive a **30 Day Quick Sale Value** AND an **After Repair Value**?
This is vital information before making the decision to go through with the purchase. Understanding how much value will be added to the home after repairs are made will tell you what your budget is to rehab the subject property. If the planned improvements are over budget, then cuts must be made, or another property should be selected.
2. **Price Decline:** Market decline is on average around 1%- 1.5% per month in Marion County. If the estimated time from offer, to rehab, to re-listing is 3-6 months you can expect a substantial decline in price. Can the NSP3 be written to require some kind of Seller concession to compensate for market decline?
3. **Selecting Markets:** What is the real objective? There are many places in MC that have homes in need of rehab. Silver Springs Shores North may not be the best place for NSP3 to be used. The Greenway area of the Shores already has heavy investor & owner/occupant buyer activity. The current activity is strong and the neighborhood is stabilizing much faster here than in other parts of the Shores & MC. Why compete with private enterprises if they are stabilizing the market on their own?
4. **Selecting houses to rehab:** Homes that need major repair are going to have the most value impact with rehab. Target homes in need of items like; a new roof, missing/broken A/C, electrical, plumbing, and well or septic repairs, or other items that would cause the home to **not** be eligible for regular FHA/USDA financing in its current condition. These homes should be the ideal target, and will make the most impact in stabilizing the rest of the neighborhood.
5. **What homes are eligible for purchase?** Are the NSP homes purchased required to be REOs? Are short sales eligible? Short sales are a major avenue where NSP can help struggling families financially recover their credit standing and become eligible to purchase a home again in 2-3 years versus 10 years with a foreclosure. More eligible buyers increases demand and reduces supply; there-by, NSP3 is assisting as a stabilizing force in the vicious foreclosure cycle.

6. **Buyers:** Many buyers in our market are not 1st time home buyers. NSP is losing approximately 50% of the current buyer pool by only offering these homes to lower income, 1st time home buyers. At the same time NSP3 is also competing with OHA, Ship, & Habitat for Humanity for the same small buyer pool. Can other types of buyer criteria be written into the grant?

Examples: Remove the 1st time home buyer requirement, and/or increase the income threshold. This could increase your exposure to at least 75% of the current active buyers in the market looking for a home as a Homestead/Primary Residence.

For instance, the Marion County, Florida market has a large segment of active buyers who are retirees relocating to Ocala for retirement. Many of them have just sold their home up north, but are living on a fixed income. They need access to affordable housing, but have been excluded from these programs due to the first-time homebuyer requirement.

7. **NSP3- Please Buy Local!** Local program management & all field work at all levels should be a high priority. Ocala is in desperate need of jobs, and we have plenty of highly qualified people to provide everything the NSP3 program needs for our area:

- Acquisition & Re-Sale Realtors
- Appraisers
- Surveyors
- Inspectors
- Closing Title Companies
- Construction Managers
- Construction Rehab skilled & unskilled Contractor/Laborers
- Supply Purchases

These jobs can easily be filled locally. Providing income to struggling families currently at risk of foreclosure will help stop the vicious cycle & will help the NSP program fulfill its purpose of stabilizing neighborhoods. These crucial jobs will help our county as much as the purchasing and rehabbing of these homes.

In addition to this letter, I am offering my assistance to the NSP3 and the Marion County Commissioners. I can aid in this project as a local citizen advisor with successful experience in many phases of real estate purchase, rehab, and resale in the current market conditions. I hope this information is helpful with the future endeavors of NSP3, and would welcome the opportunity to discuss the details of these points to promote the successful outcome of the NSP3 objectives. Thank you for your time.

Sincerely,

Angie Blackman
Realtor/Investor/Community Citizen
352-427-6344

February 14, 2011

Dear Commissioners

Over the past few months there has been much discussion about the privatization of the NSP-3 program. Although I agree in principal I have some concerns about the actual "rubber meets the road" implementation of a totally privatized endeavor.

Since the County is ultimately responsible for the funds and there is already a department with paid staff who are knowledgeable about the myriad of HUD regulations, I would enter into the privatization of the entire NSP-3 cautiously.

Believe me I understand the present economic climate, the budget constraints, and the necessity to cut the personnel budget as I just guided our organization through some painful changes. I assure you that I am not pleading for anyone's job, but am concerned that some valuable, HUD trained corporate knowledge has been lost.

It is my humble opinion that, given proper guidance by the Commissioners, the Community Programs department is able to handle the challenges of the NSP-3 program.

Much was learned from NSP-1. Were there mistakes made, sure. Could we all have done things better, absolutely! The question is where do we go from here?

Privatization of the entire program will require a sharp learning curve to get the outside contractor up to speed. As an alumnus of many of HUD's training courses I can tell you that to learn "HUD Speak" and to deal with the vast amount regulations is not something picked up quickly.

I urge you to reconsider the total privatization of the NSP-3 program, and consider an option that would include the supervision of activities by your department so that you will not have any surprises when the audit of the program is presented.

I am available to discuss this further if you would like. I may be reached at 352-875-8830 or at my email:

habitatbrad@hotmail.com

Thank you for your attention to this matter

Brad Nimmo, President/CEO

Habitat for Humanity of Marion County



Marion County

Board of County Commissioners

Neighborhood Stabilization Program (NSP3)

Substantial Amendment to the 2010/11 Annual Action Plan

Certifications - for State and Entitlement Communities

- (1) **Affirmatively further fair housing.** The jurisdiction certifies that it will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- (2) **Anti-displacement and relocation plan.** The applicant certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan.
- (3) **Anti-lobbying.** The jurisdiction must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (4) **Authority of jurisdiction.** The jurisdiction certifies that the consolidated plan or abbreviated plan, as applicable, is authorized under state and local law (as applicable) and that the jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (5) **Consistency with plan.** The jurisdiction certifies that the housing activities to be undertaken with NSP funds are consistent with its consolidated plan or abbreviated plan, as applicable.
- (6) **Acquisition and relocation.** The jurisdiction certifies that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for the NSP program published by HUD.
- (7) **Section 3.** The jurisdiction certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- (8) **Citizen participation.** The jurisdiction certifies that it is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.
- (9) **Following a plan.** The jurisdiction certifies it is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD. [Only States and entitlement jurisdictions use this certification.]
- (10) **Use of funds.** The jurisdiction certifies that it will comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act and Title XII of Division A of the American Recovery and Reinvestment Act of 2009 by spending 50 percent of its grant funds within 2 years, and spending 100 percent within 3 years, of receipt of the grant.
- (11) **The jurisdiction certifies:**
 - a. that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income; and



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Neighborhood Stabilization Program (NSP3)

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- b. The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) **Excessive force.** The jurisdiction certifies that it has adopted and is enforcing:

- a. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and
- b. A policy of enforcing applicable state and local laws against physically barring entrance to, or exit from, a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws.** The jurisdiction certifies that the NSP grant will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(14) **Compliance with lead-based paint procedures.** The jurisdiction certifies that its activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) **Compliance with laws.** The jurisdiction certifies that it will comply with applicable laws.

(16) **Vicinity hiring.** The jurisdiction certifies that it will, to the maximum extent feasible, provide for hiring of employees that reside in the vicinity of NSP3 funded projects or contract with small businesses that are owned and operated by persons residing in the vicinity of NSP3 projects.

(17) **Development of affordable rental housing.** The jurisdiction certifies that it will abide by the procedures described in its NSP3 Abbreviated Plan to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds.

Signature/Authorized Official

Date

Title



Marion County

Board of County Commissioners

Neighborhood Stabilization Program (NSP3)

Substantial Amendment to the 2010/11 Annual Action Plan

Appendix: NSP3 Action Plan Contents Checklist

The checklist below is an optional tool for NSP3 grantees to help to ensure that all required elements of the NSP3 Substantial Amendment or the Abbreviated Plan are submitted to HUD. This checklist only includes the minimum required elements that must be included in the NSP3 Action Plan and grantees may want to add additional details. This document must be protected, as described above, in order to use the checkboxes in this checklist.

1. NSP3 Grantee Information

	Yes
Did you include the Program Administrator's name, address, phone, and email address?	☒

2. Areas of Greatest Need

	Yes
Does the narrative description describe how funds will give priority emphasis to areas of greatest need?	☒
Does the narrative description specifically address how the funds will give priority emphasis to those areas:	
• With the highest percentage of home foreclosures?	☒
• With the highest percentage of homes financed by subprime mortgage related loan?; and	☒
• Identified by the grantee as likely to face a significant rise in the rate of home foreclosures?	☒
Did you create the area of greatest needs map at http://www.huduser.org/NSP/NSP3.html ?	☒
Did you include the map as an attachment to your Action Plan?	☒
ONLY Applicable for States: Did you include the needs of all entitlement communities in the State?	☐



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Substantial Amendment to the 2010/11 Annual Action Plan

3. Definitions and Descriptions

	Yes
Are the following definitions and topics included in your substantial amendment?:	
• Blighted structure in context of state or local law,	☒
• Affordable rents,	☒
• Ensuring long term affordability for all NSP funded housing projects,	☒
• Applicable housing rehabilitation standards for NSP funded projects	☒

4. Low-Income Targeting

	Yes
Did you identify the estimated amount of funds appropriated to provide housing that meets the low-income set aside target?	☒
Did you provide a summary describing how your jurisdiction will meet its low-income set aside goals?	☒

5. Acquisition & Relocation

	Yes
For all acquisitions that will result in displacement did you specify:	
• The planned activity,	☐
• The number of units that will result in displacement,	☐
• The manner in which the grantee will comply with URA for those residents?	☐



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Neighborhood Stabilization Program (NSP3)

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6. Public Comment

	Yes
Did you provide your draft of the NSP3 substantial amendment for a minimum of 15 days for public comment?	☒
Did you include the public comments you received on the NSP3 substantial amendment in your plan?	☒

7. NSP Information by Activity

	Check all that apply
Did you include a description of all eligible NSP3 activities you plan to implement with your NSP3 award?	☒
For each eligible NSP3 activity you plan to implement did you include:	
• Eligible use or uses?	☒
• Correlated eligible CDBG activity or activities?	☒
• Associated national objective?	☒
• How the activity will address local market conditions?	☒
• Range of interest rates (if any)?	☒
• Duration or term of assistance?	☒
• Tenure of beneficiaries (e.g. rental or homeowner)?	☒
• If the activity produces housing, how the design of the activity will ensure continued affordability?	☒
• How you will, to the maximum extent possible, provide for vicinity hiring?	☒
• Procedures used to create affordable rental housing preferences?	☐
• Areas of greatest need addressed by the activity or activities?	☒
• Amount of funds budgeted for the activity?	☒
• Appropriate performance measures for the activity (e.g. units of housing to be acquired, rehabilitated, or demolished for the income levels represented in DRGR) ?	☒



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• Expected start and end dates of the activity?	☒
• Name and location of the entity that will carry out the activity?	☐

8. Certifications

	Yes
Did you sign and submit the certification form applicable to your jurisdiction?	☒

9. Additional Documentation

	Yes
Did you include a signed SF-424?	☒

**Marion County Community Services
Neighborhood Stabilization Program
Rehabilitation Standards**

General Code Compliance Requirements

A. Existing Code Sources: All new rehabilitation work performed, as well as new construction, must meet the requirements of the "2007 Florida Building Code.

B. Housing Quality Standards: All units assisted with NSP funds must meet the housing quality standards in 24 CFR 982.401.

C. Lead Based Paint Standards: All units assisted with NSP funds must meet the lead based paint regulations as specified in Section 401(b) of the Lead Based Paint Poisoning Prevention Act, and 24 CFR Part 35 Subparts B and J. This only applies to pre-1978 structures.

D. FHA Standards: Homes must meet Minimum Housing Standards per HUD Handbook 4150.2 since most mortgages require FHA underwriting.

General Criteria

Substandard conditions must be corrected and housing must meet minimum HUD standards. Repair / replacement of any item must be justified using the attached assessment form citing the appropriate code / minimum standards section. A general rule is to replace "like with like".

To meet FHA minimum standards any "operable or useful element" must have at least two years of service remaining. In general, roofs over five years old require a separate certification from a roofing contractor as to their viability.

The following defective conditions must be remedied:

- Defective construction (includes unpermitted repairs where a permit was required).
- Illegal Construction: must be either removed or permitted and brought up to current building codes and standards
- Poor workmanship
- Evidence of continued settlement
- Excessive dampness
- Leakage
- Decay
- Termites
- Other readily observable conditions that impair the safety, sanitation or structural soundness of the dwelling.

Energy Efficiency Standards

Energy efficiency modifications are encouraged when items are being replaced and are cost effective. Requirements and suggestions are identified below:

Appliance Requirements

Homes must have a working oven, stove or range and refrigerator. Repair of existing appliance should be considered before replacement. Replacement appliances should meet Energy Star requirements when possible.

- Dishwashers are not required but should be repaired/replaced if defective.
- Washer & Dryer replacement / repair is not permitted, but contractors may re-connect existing appliances if already in the unit.

Energy Efficiency/ Green Building Suggestions

1. High-Efficiency Toilets – if replacing existing toilets.
2. Low Flow Fixtures – if replacing faucets in the kitchen or bathroom.
3. Windows and Doors – if replacing, use energy efficient windows.
4. Paints and Finishes – Use low- or zero-VOC paints, primers, sealants, adhesives, coatings, and other finishes; use recycled paint, water based or latex paints; use solvent-free adhesives and caulk.
5. Electric fixtures – Adhere to Energy Star standards; install CFL bulbs or LED bulbs where practical.
6. Landscaping – Protect existing plants; buildup soil around perimeter of home to drain water away.
7. Health and Safety – Install carbon monoxide detectors; replace furnace filters; repair or replace water heaters; repair gas leaks; install smoke detectors.

REHABILITATION STANDARDS

These standards and guidelines set forth basic objectives and provisions relating directly to rehabilitation of existing structures. The purpose of developing these standards and guidelines are as follows: It assures that the rehabilitation will produce safe, livable, healthy and sound housing; it is low enough in cost as to be affordable; and it will provide a minimum acceptable level of rehabilitation. While the dwelling must meet the minimum standards set forth, Marion County may choose to implement more stringent affordability requirements than the minimum listed here to ensure that the properties remain affordable for as long as possible.

Before a dwelling unit can be considered for rehabilitation a determination must first be made as to whether the dwelling is standard or sub - standard. A dwelling unit shall be considered standard if it has no major defects or only slight defects which are correctable through the course of regular maintenance. It must be in total compliance with applicable local housing codes and occupancy codes; it must be structural sound, watertight and in good repair; it must be of adequate size with respect to the number of rooms and the area of living space. It must also meet all of the minimum rehabilitation standards set forth. A dwelling unit shall be considered sub-standard if it does not fully comply with the standard criteria, or has minor defects which require a certain amount of correction but still can provide a safe and adequate shelter or has major defects requiring a great deal of correction and will be made safe and adequate once the repairs are made.

To be suitable for rehabilitation, a trained housing specialist must carefully inspect the dwelling and prepare a work write-up of repairs necessary to bring it up to standard condition. A cost estimate of repairs will be prepared based on the needs identified in the work write-up. If these costs are equal to or less than 65% of the value of a comparable replacement unit as obtained from one or more license contractors, the dwelling unit will be considered suitable for rehabilitation. If the cost estimate for repairs, as identified in the work write-up exceeds the 65% of the value of a comparable replacement unit as obtained from one or more licensed contractor the dwelling shall be considered substandard and not suitable for rehabilitation.

Section 1. General Acceptability

Objective: to assure improved housing that is livable, healthful, safe and physically sound.

Section 2. Building Planning

Objective: to assure a living unit which provides for a healthful environment, complete living facilities arrangement and is equipped for suitable and desirable living conditions.

Section 3. Construction

Objective: To assure that the construction and improvements to the property will substantially increase the economic life of the property; provide structural soundness; provide adequate protection from destructive forces; and provide reasonable durability and economy of maintenance with an acceptable quality of material and workmanship.

Section 4. Interior and exterior finishes

Objective: To assure that the structure will acceptably prevent the entrance and penetration of moisture and water; protect from damage by decay, corrosion, insects and other destructive elements, and provide reasonable durability and economy of maintenance.

Section 5. Plumbing, Electrical and Mechanical Equipment

Objective: To provide equipment that is safe, adequate, operable, reasonable durable and provides economy of maintenance.

Section 1. General Acceptability

Access to the Building

- 1.1. The dwelling unit shall be usable and capable of being maintained without unauthorized use of other private properties.
- 1.2. Walks and landing shall be provided for all weather access to the building and constructed to provide safety, reasonable durability, and economy of maintenance.
- 1.3. The building shall provide an alternate means of egress to an unobstructed open area at ground level.
- 1.4. The building shall be free of any barriers that would preclude ingress or egress if the occupant is handicapped

Dilapidated or blighted Structures

- 1.5. All dilapidated portions of existing properties or blighted structures which are not economically repairable shall be removed.

Site Conditions

- 1.6. The site shall not be subject to serious adverse environmental conditions, natural or man-made, such as dangerous walks, steps, poor drainage, excessive accumulation of trash; vermin or rodent infestation; or fire hazards.
- 1.7. The open space of each property shall provide for the immediate diversion of water away from building.

Section 2. Building Planning

Space Standards

- 2.1 A living room, kitchen area, and a bathroom shall be present, and the dwelling unit shall contain at least one sleeping room of at least 70 square feet.
- 2.2 All sleeping rooms must have a window and adequate illumination. The window area shall not be less than 5 and 7/10 sq ft.
- 2.3 Ceiling heights shall be mandated by the Florida Building Code and shall exceed the minimums whenever possible.
- 2.4 For new construction, minimum room sizes shall follow the Florida Building Code requirements.

Privacy and Arrangement

- 2.5 Access to all parts of the living unit shall be possible without passing through a public hall.
- 2.6 Every water closet, bathtub, or shower of a dwelling unit shall be installed in a bathroom or toilet compartment which will afford privacy to the occupant.

- 2.7 A bathroom shall not be used as a passageway to a habitable room, hall or to exit a building.
- 2.8 Where access to an existing bathroom is through a bedroom in a dwelling unit having more than one bedroom, this planning arrangement should be accepted if it is judged to be acceptable to the market and if the condition cannot be feasibly be corrected.
- 2.9 A bedroom should not be used as the only means of access to another bedroom or habitable room unless this condition cannot feasibly be corrected and would therefore preclude rehabilitation.

Kitchen

- 2.10 Every dwelling shall have a specific kitchen space, which contains a sink with counter work space.
- 2.11 All plumbing fixtures will be connected to an approved water supply. All sinks shall be provided with hot and cold running water. All sinks must have functioning stoppers.
- 2.12 Each kitchen space shall have adequate space for installing cooking equipment and refrigeration equipment.
- 2.13 All plumbing fixtures shall be connected to an approved sanitary sewer system or to an approved private sewage disposal system.
- 2.14 Each kitchen shall have storage space for cooking utensils.
- 2.15 Each kitchen shall have a range hood installed above the cooking unit.

Bath Facilities

- 2.16 Complete bathing and sanitary facilities shall be provided within each dwelling unit and shall have a door that can be closed and locked for privacy. The facilities shall consist of a water closet, a tub or shower, and a lavatory. An adequate supply of hot and cold water shall be supplied to the tub or shower and lavatory. All sinks must have a functioning stopper.
- 2.17 Each bathroom shall be provided with a mirror behind the lavatory. The mirror shall be a minimum of 42" high.
- 2.18 All plumbing fixtures shall be connected to an approved sanitary sewer system or to an approved private sewage disposal system
- 2.19 All tub or shower walls shall be finished with a nonabsorbent surface that extends from the floor to a minimum of 6' above the finished floor.
- 2.20 All bathrooms must have a window of at least three square feet, one half of which must be open able; or be equipped with a mechanical ventilation system that exhausts to the outside of the unit. A window in a door will not qualify for the window requirement.
All toilets must be stable and secured to the floor and have no broken parts. All sewer caps must be installed properly in all locations where required. All wall and floor plumbing pipe penetrations must be sealed.
- 2.21 The junction where the tub/shower meets the wall and floor must be sealed to prevent water entry into the wall or floor to prevent rot, mold or mildew.
- 2.22 All shower heads, faucets and commodes, if replaced, must be low or reduced flow units.

Clothes Closets

- 2.23 In order for a room to qualify as a bedroom there must be a built closet present.
The closet shall be constructed of the same materials as the walls and ceilings of the room it is built in and contain a shelf with a rod to store clothes on.

Light and Ventilation

- 2.24 All habitable rooms, except kitchens, shall have natural light, provided by means of windows, glazed doors or skylights. An existing habitable room not disturbed in the rehabilitation process which is deficient or without natural light can be considered acceptable provided this is judged to have market acceptance.
- 2.25 An acceptable means of natural ventilation shall exist or be provided for all habitable spaces, except in kitchens and bathrooms where a mechanical ventilation system may be substituted.
- 2.26 Natural ventilation of spaces such as attics shall be provided by openings of sufficient sizes to overcome dampness and minimize the effect of conditions conducive to decay and deterioration of the structure, and to prevent excessive heat in attics. Exterior ventilation openings shall be effectively screened. Ventilated soffit panels in conjunction with a roof venting system will meet this requirement.

Doors and Access Openings

- 2.27 Exterior doors must be steel, solid core – wood or a security type unit. The doors must be weather tight and prevent air, water and insect infiltration. Exterior doors shall have no holes and all trim and weather-stripping must be intact.
- 2.28 All Exterior doors must have security or dead - bolt locks that can be opened from the interior without the use of a key. Exterior doors with multiple locks shall all be keyed alike.
- 2.29 Main entrance doors shall be a minimum of 36" in width. Service doors may be 30" in width.
- 2.30 Interior doors must be free from holes, have all trim intact and have all hardware secured in position.
- 2.31 Interior doors must be able to be opened without the use of a key.
- 2.32 Interior entrance doors shall have a width of at least 30" wide and interior closet doors shall have a minimum width of 24".
- 2.33 At least 1 bathroom door in the dwelling unit shall be a minimum of 32" wide and shall be provided with hardware that is capable of being locked from the inside of the room.
- 2.34 For attic spaces, the minimum access opening shall be 22 x 36". However, if mechanical equipment is located in the attic the access opening must be of sufficient size to permit removal and replacement of the equipment. In all instances the access cover must be insulated and have weather-stripping installed as to keep attic air out of the conditioned space.

Stairways

- 2.35 Existing stairways in sound condition to remain or to be repaired shall not be to any serious extent below minimum standards of good practice as to rise and run of steps, headroom, obstructions, stair width, landings or railing protection.

Exterior Appurtenances

- 2.36 All exterior appurtenances or accessory structures in a deteriorated condition which are not economically repairable shall be removed. Such structures shall include porches, terraces, entrance platforms, garages, carports, walls, fences and miscellaneous sheds.

Section 3. Construction

Structural Soundness

- 3.1 All structural components of the building shall be in sound condition and considered serviceable for the expected useful life of the rehabilitated building. Sagging or out of plumb floors shall be restored to an acceptable level of plumb where practical. Individual structural members in a seriously deteriorated state shall be replaced.
- 3.2 Foundation and exterior walls shall be of adequate size to support the loads placed on them. Serious defects shall be repaired and cracks shall be effectively sealed.
- 3.3 Any deficiencies in proper grading adjacent to the building shall be corrected to assure surface drainage away from walls.
- 3.4 All vertical supports shall be free from splits, excessive leaning or buckling.
- 3.5 All wood frame floor construction shall provide a safe and adequate support for all existing or portable loads and shall be reasonably free from objectionable vibration.
- 3.6 Chimneys and vents shall be structurally safe, durable, smoke tight, and capable of withstanding the action of flue gases.

Thermal Protection

- 3.7 Ceiling insulation shall be provided over all habitable heated areas to a value of R – 30. Insulation need not be installed in flat roofs or other ceiling areas where adding insulation is determined to be impractical unless the ceiling finish is to be removed in the course of rehabilitation.
- 3.8 Wall insulation shall be R-11 where practical and feasible.
- 3.9 Insulation shall be upgraded whenever and wherever possible.
- 3.10 Doors and windows shall be adequately weather-stripped to reduce the infiltration of outside air. Loose or brittle caulking shall be replaced or installed if not present.
- 3.11 If windows are to be replaced during the rehabilitation the new windows shall be low E, double insulated aluminum units.

Section 4. Exterior and interior Soundness and Protection

Exterior Wall Covering

- 4.1 Exterior walls must be secured, sealed, tuck pointed, etc. so as to prevent air, water, daylight and vermin penetration other than where designed for such as doors and windows. Repairs or replacement shall be made to defective exterior wall surfaces and finishes.

Interior Walls

- 4.2 In order for a room to be counted as living space, the walls are required to be finished.
- 4.3 Bare concrete walls must be properly coated with sealant, paint, tile or other acceptable wall covering.
- 4.4 An area where plaster or drywall is sagging, severely cracked or otherwise damaged, has holes larger than a nail hole or otherwise altered, stained or affected by moisture or mold must be repaired or replaced
- 4.5 All interior walls and ceilings shall provide 1) a finished surface without noticeable irregularities or cracking 2) a waterproof or hard surface in spaces subject to moisture 3) a suitable base for painting or other decoration and 4) reasonable durability and economy of maintenance
- 4.6 Treatment of interior surfaces to eliminate the hazard of lead based paint poisoning shall be in compliance with the latest HUD lead based paint regulations.

Roof Coverings

- 4.7 All roofs shall have a suitable, watertight and reasonable durable covering and shall be free from holes, cracks, excessively worn surfaces and other defects. When replacing a shingle roof the replacement shingles shall be 30 year dimensional shingles and shall be light in color
- 4.8 All rotted and defective sheathing must be replaced prior to installing a new roof covering. The replacement sheathing shall be plywood of equal thickness. OSB is not an approved substitute for this requirement.
- 4.9 All flashings, drip edge and boots must be replaced prior to installing a new roof covering.
- 4.10 All roofs shall be vented using an approved venting system such as ridge vents, off ridge vents or power roof vents. All vents must be properly sized for the roof on which they are installed.

Flashings

- 4.11 All critical joints in the exterior roof and wall construction which are exposed or partially exposed to the elements shall be protected by sheet metal or other suitable flashing material.

Windows

- 4.12 Existing windows and their hardware shall be in good working order. Defective hardware shall be replaced.
- 4.13 All windows, unless fixed glass, shall have screens installed. There must not be any tears or holes in the screen fabric and the screens must fit snug in their opening.
- 4.14 Windows that are designed to open must stay in the open position without the use of props.
- 4.15 Windows must be weather-tight to prevent air, water and insect infiltration.
- 4.16 When windows are being replaced as part of the rehabilitation the replacement windows will be single hung, double insulated, low E glass type windows.
- 4.17 Windows that are being repaired shall have the option of being tinted with dark gray window tint to increase their energy efficiency and UV protection

Finish Floors

- 4.18 Finish floors shall be appropriate to the use of the space in which they are installed, be in good condition, provide reasonable ease of maintenance and have an extended service life.
- 4.19 All floors must have a finished surface such as wood, tile, carpet or vinyl.
- 4.20 All serious tears, loose seams and shredded areas must be repaired.
- 4.21 Severely dirty carpet shall be either cleaned or replaced.
- 4.22 Floors must be firm and without a tripping hazard
- 4.23 Wood, carpet or laminate flooring shall not be used in wet or damp areas.

Cabinets, Vanities and Countertops

- 4.24 Cabinets, vanities and countertops must be secured in place
- 4.25 All cabinet doors must be secured at the hinges
- 4.26 Loose hinges, draw fronts, handles, knobs, rollers, guides etc. must be repaired to work properly.
- 4.27 Removal of items or parts without replacement in order to avoid repair will not be acceptable.
- 4.28 Replacement counter tops shall be constructed using high pressure laminate over a cabinet grade plywood substrate. Particle board shall not be used as a substitute for cabinet grade plywood.

Painting and Decorating

- 4.29 Exterior paint shall provide adequate resistance to weathering, protection of finish surfaces from moisture or corrosion, have an attractive appearance and have reasonable durability
- 4.30 Interior walls shall be painted using a satin washable paint.
- 4.31 Trim shall be painted using Semi - gloss paint.
- 4.32 Kitchen and baths shall be painted using a semi gloss washable paint.

Section 5. Plumbing, Electrical and Mechanical Equipment

Mechanical

- 5.1 Heating facilities shall be required for each dwelling unit and provide adequate heat for all habitable rooms. Space heaters shall not be used for this purpose.
- 5.2 All mechanical equipment shall be installed so that maintenance and replacement can be performed without the removal of other equipment.
- 5.3 All supply and return ducts and filters must be properly sized for the rooms they are to serve.
- 5.4 Homes being inspected for possible rehabilitation shall have all air and heat ductwork tested for leaks by a competent testing agency. All leaks shall be repaired and all duct joints and seams shall be sealed using approved mastic. When repairing leaking duct work is not practical the duct work shall be replaced using flex duct or equal.
- 5.5 New systems shall be sized based on the building loads calculated in accordance with ACCA manual J or other Building Department approved heating and cooling methodologies.
- 5.6 Heating units replaced at the time of rehabilitation must be replaced with energy efficient Heat pump units having a minimum SEER rating of at least 13. New air handling units shall not be installed in the attic space of the dwelling.

Electrical

- 5.7 Existing wiring and electrical equipment, where continued in service, must be of proper size for the loads being served and be free from defects and shall not be a potential source of hazard. If a potential hazard exists, replacement or repair of the electrical hazard must be made during the rehabilitation.
- 5.8 Where practicable, incandescent light bulbs shall be replaced with energy efficient compact fluorescent lamps.
- 5.9 Fluorescent fixtures that require the use of ballasts shall be fitted with energy efficient electronic ballasts.
- 5.10 Ground Fault circuit interrupters shall be installed in kitchens, bathrooms, garages and in exterior outlets.
- 5.11 The use of ceiling fans is recommended and should be installed in all bedrooms, family rooms and living rooms where feasibly possible.
- 5.12 All lighting fixtures shall be safe, properly mounted and have their globes installed.
- 5.13 Battery/electric smoke detectors must be installed in every dwelling as per code.

Plumbing

- 5.14 The plumbing system for each dwelling shall provide a satisfactory water supply and drainage system for all fixtures.
- 5.15 Hot and cold running water shall be present at every sink faucet.
- 5.16 All plumbing fixtures shall be connected to an approved sanitary sewer system or to an approved private sewage disposal system.

- 5.17 When replacing water closets the replacement units shall be low flow units.
- 5.18 All water heaters shall be equipped with pop-off valves and vertical discharge lines that terminate approximately 6" above the floor.
- 5.19 The discharge line must be the same diameter as the pop-off valve and the bottom of the discharge pipe must not be threaded.
- 5.20 All gas water heaters must be properly vented.
- 5.21 All water heaters installed on the same floor level as the habitable area must be installed in a pan and made to drain to the exterior of the dwelling.
- 5.22 The existing water heating system must be in good working order or it shall be replaced with energy-efficient units.

Appliances

- 5.23 Every dwelling unit must have an oven, and a stove or range, and a refrigerator of an appropriate size for the family it serves. Appliances should meet Energy Star requirements where possible.
- 5.24 Owner supplied appliances must have working handles and knobs, and all other parts as designed by the manufacturer.
- 5.25 All dwelling units must have provisions for a washer and dryer.
- 5.26 Dryer vents shall be vented to the exterior of the dwelling.
- 5.27 A clothes line may also be installed to provide the homeowner with a no cost alternative to dry clothes.

NSP Rehabilitation Assessment Form

System	Condition	Repair / Replace Need (Cite standard)
Structural		
Roof		
Plumbing		
Electrical		
HVAC		
Components		
Kitchen cabinets		
Bath cabinets		
Appliances		
Flooring		
Drywall / ceiling		
Windows		
Doors Exterior / Interior		
Well / Septic		
Overall Condition / Notes		

STANDARD MATERIALS & SPECIFICATIONS

The materials and specifications listed below are required unless otherwise specified. Please include these specifications when bidding on housing projects. Any changes or deviations in the specifications by the Contractor must be submitted in writing and approved before such changes are made.

Concrete: All concrete placing will be of 3000 psi strength including but not limited to footers, stem walls, floors, lintels and walkways. Driveways will have at least 3000 psi strength and conform to standards set forth by the Marion County Building Department.

Framing: All lumber will be #2 or better grade, wall stud spacing will be on 16" centers.

Roof Sheeting: Roof sheeting will be ½" cdx four-ply or greater and secured with galvanized deck nails.

Roof Under-lament: All roof sheathing shall be covered in 2 layers of 15 lb felt.

Shingles: All shingles will be a 30 year architectural, fiberglass / asphalt UL Class A Fire Rated, pass UL 1997 110 mph wind load with a minimum 30 year warranty with a 15 year algae/ mildew resistant warranty. Drip edge will have a minimum width of two-inches and be constructed of either galvanized or aluminum.

Windows: Exterior windows will be single hung, insulated, aluminum, one over one, vertical lift, tempered where required, in white or bronze, Better Built grade or equivalent.

Exterior Front Doors: Doors shall be steel clad, insulated, six panel, and equipped with a single cylinder dead bolt. All doors shall have a lever style handle for easy access.

Paint: All exterior and interior paint shall have a 25 year minimum manufacturer's warranty. All painted surfaces will have one coat of primer/sealer and one coat of finish paint.

Soffit & Fascia: Soffit will be twelve inch, vented, aluminum in white or bronze. Fascia will be either four inch or six inch aluminum depending on application.

Cabinets: Cabinets shall be made of high density furniture board wrapped in veneer. Counter tops will be Formica over ¾" plywood. Backsplashes will be made of ¾" plywood wrapped with Formica.

Flooring: Ceramic tile in the kitchen, baths, utility room, dining room, and the entry way. Stain resistant carpet on the remaining floors unless otherwise specified.

Plumbing: Faucets/Valves - Delta, American Standard, or Moen
 Lavatories/Sinks - Briggs, American Standard, or Gerber
 Water Closets - Briggs, American Standard, or Gerber
 Bathtubs - Briggs or American Standard
 HWH - 40 gallon minimum, A.O.Smith, Rheem/Ruud, Whirlpool

Heating & Cooling: Heat Pump with a Seer Rating of 13 or greater. Minimum of 10 KW back up heat strip.

Electrical: One ceiling fan/ light combination per bedroom and living room
One light fixture per exterior door
Standard toggle style light switches
Standard style electrical outlets
200 amp main service panel

Insulation: Minimum R-30 value in the attic, R 4.2 on exterior block wall, R-19 in exterior stud walls, R-11 minimum on garage stud wall.

Drywall Texture: Knock-down or orange peel

Tub & Shower: Single piece fiberglass tub and shower units with at least one soap dish and towel bar. **Handicapped accessible bathrooms will require 36" door opening.

Interior Trim: Interior doors will be six panel fiber board paint grade. Door casings 2 ¼", finger joint, colonial, paint grade. Base boards 3 ¼", finger joint, colonial, paint grade. Door Handles- lever style

Window Sills: Marble sills

Closet Shelving: Vinyl coated Closet Maid shelving, at least one row in each bedroom closet, linen closet, pantry, and utility room.

Mirrors: One mirror will be placed over every bathroom vanity. Mirror height will be 42".

Smoke Detectors: All rehabilitation projects will have smoke detectors installed to bring it up to current code, including interconnecting each unit together and wiring them on the same circuit.

Colors: Neutral colors only

Definitions:

Subrecipient: A subrecipient is a public agency or nonprofit organization selected by the Grantee to administer all or a portion of the Grantees program. As such, they assume responsibility for all of the Federal requirements for administration of the program (such as performing environmental reviews, Davis-bacon labor compliance, section 3 compliance and reporting, etc...). Any revenues exceeding costs captured from properties sold or leased are classified as program income and must be used for NSP-eligible activities. If permitted in the agreement, the subrecipient may incur administrative costs, but they are not eligible for a Developer fee. Subrecipients must abide by the OMB Requirements.

Developer: The developer holds title to the properties and carries out all of the principal project development activities, such as acquisition, financing, construction management and putting together a capable development team to bring a project from conception to completion. The sales price of properties sold to NSP income-eligible individuals cannot exceed total costs (acquisition, rehabilitation and development costs) therefore; developers must work within these parameters to generate a profit. The Developers fee is the primary source of compensation and the value is based on the services provided and the level of risk the developer is undertaking. Developers are not subject to OMB Requirements.