



CITY OF HOLLYWOOD, FLORIDA

POLICY GOVERNING DEPARTMENT OF DEVELOPMENT SERVICES COMMUNITY DEVELOPMENT DIVISION HOUSING PROGRAMS

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I. INTRODUCTION

The purpose of the City of Hollywood's Housing Programs Policy is to provide direction and guidelines for administering programs operated with Federal, State, Local and private funds. As the City receives funding capable of leveraging federal and state funding and regulations governing federal and state funding are periodically modified, the Housing Programs Policy will be similarly amended.

According to the U.S. Census Bureau, the percentage of individuals and households living below the federal poverty level has consistently increased over the past thirty years in both Broward County and the State of Florida. Based on this trend, the need for assistance programs and housing subsidy continues to increase. Due to the limited amount of Federal and State grant funds available to the City, two objectives of the Housing Programs Policy is to leverage available resources and to encourage private improvement efforts and investment. Due to the age of the housing stock in Hollywood, the policy guidance is intended to both preserve viable, older housing and to encourage the development and operation of new affordable housing. The programs are designed to improve conditions of neighborhoods throughout the city, to leverage other public and private funds, to expand affordable and accessible housing choice to all sectors of the City's population and to enhance the City's residential tax base.

A principal source of funding available to leverage Federal and State grant funds are County Contribution Funds made available by the Interlocal Agreement among Broward County, the City of Hollywood, and the City of Hollywood Community Redevelopment Agency Regarding Funding for Affordable Housing approved by the Hollywood City Commission on October 3, 2018 pursuant to Resolution No. R-2018-324 as amended from time to time. County Contribution Funds may be committed for the provision of Purchase Assistance, Housing Rehabilitation, Work Skills Development, or Actual expenses for planning, designing, or implementing horizontal infrastructure (i.e., drainage, wastewater, water supply, solid waste, lighting, paving, bridges, roadways, canals, or transportation) in areas within the City in which more than half (>50%) of the residents have an annual median income (AMI), adjusted for family size, that is eighty percent (80%) or less of the AMI for Broward County, Florida and any census tract(s) where sixteen percent (16%) or more of the population falls under the federal poverty rate.

The City of Hollywood's Housing Program Policy directs limited Federal and/or State grant sources leveraged by local funding to eligible applicants and projects which will stimulate reinvestment of private capital. The City's public funds may be directed in the following manner: (i) down payment, closing cost assistance, principal reduction and mortgage subsidy assistance to facilitate new first mortgages obtained through private lenders; (ii) housing rehabilitation and housing replacement loans or grants which will motivate other property owners to make additional investment; (iii) property acquisition, including foreclosure

purchases, to arrest deterioration in neighborhoods and promote private investment; (iv) Tenant-Based Rental Assistance.

The City of Hollywood's Housing Program Policy is designed for all applicable sources of funds allocated to the Community Development Division through Federal State and Local Programs. Eligibility for assistance shall be determined pursuant to 24 CFR Part 5, as required by 24 CFR Section 92.203(c) for each funded program or project. The City's Housing Programs falls within the recapture provisions as set forth in 24 CFR Section 92.254.

II. FUNDING COMMITMENT, INCLUDING SPECIFIC HOME CONDITIONS

Funds shall be committed in accordance with applicable regulations. The 2013 HOME Final Rule clarifies which actions constitute and do not constitute a "Commitment," as follows:

- Funds may be committed for the provision of down payment assistance.
- Agreements with a Community Housing and Development Organization (CHDO) that are not project-specific are not considered commitments. The City shall commit CHDO set-aside funds to specific projects for a specified amount of HOME funds within twenty-four (24) months of signing their HOME grant agreement.
- The City shall not commit HOME funds to a project until all necessary financing is secured, a budget and construction schedule established, underwriting and subsidy layering completed, and construction is scheduled to begin within 12 months.
- Signatories to written agreements shall date the document in order for it to constitute a valid commitment. Since the HOME statute and regulations require the City to enter into a legally binding commitment within twenty-four (24) months of signing the HOME Investment Partnerships Agreement, dates are needed to verify compliance.
- The City shall include certain provisions and requirements as set forth in Section 92.504(c) in its written agreement with eligible qualified applicants, recipients and CHDO's.
- A commitment does not include an agreement between the City and a subrecipient that the City controls (such as an authority that is part of the local government) or a lead entity of a consortium and a consortium member.
- When HOME funds are utilized, the minimum amount of HOME funds that shall be invested in a project involving rental housing or homeownership is \$1,000.00 times the number of HOME-assisted units in the project, as set forth in 24 CFR Section

92.205(c) of the HOME Investment Partnerships Program Final Rule. The maximum assistance for HOME-assisted units is further set forth in Section 221(d) (3) of the HUD Maximum Mortgage Limits Non-Elevator Construction Chart published by the HUD Field Office, and as amended from time to time.

III. PROGRAM AND POLICY ADMINISTRATION

A. PROGRAM AND POLICY ADMINISTRATION

The administration of the City's Housing Program Policy as set forth herein, and as amended from time to time, fall within the responsibilities of the Community Development Division. Administration and oversight of the Housing Programs shall adhere to all applicable State and Federal regulations. As part of the Division's administrative oversight, all vendors and approved partnerships shall be subject to inquiry by the General Services Administration (GSA) system for the purpose of disseminating information on parties that are excluded from receiving federal contracts, certain subcontracts, and certain federal financial and nonfinancial assistance and benefits, pursuant to the provisions of 31 U.S.C. 6101, note, E.O. 12549, 48 CFR Section 9.404, as amended from time to time, and each agency's codification of the Common Rule for Non-procurement suspension and debarment. Vendors and partnerships on the debarred list shall not be eligible for financial benefits. In addition, the Community Development Division shall adhere to this process when using other local or state funding sources.

The activities outlined in this Policy, which are funded in whole or in part with funds received from the United States Department of Housing and Urban Development (HUD), remain subject to all applicable federal laws, regulations, and rules for funded projects. This includes applicable Uniform Administrative Requirements set forth in 2 CFR Part 225 and 2 CFR Part 230, the Recordkeeping requirements set forth in 24 CFR Section 92.508 and 24 CFR Section 570.506.

Furthermore, any recipient of federal funds is entitled to all rights and protections afforded by the federal laws applicable to HUD-funded projects.

B. AFFIRMATIVE MARKETING; MINORITY OUTREACH

The City of Hollywood shall make every effort to inform the general public of housing opportunities available through the Community Development Division by placing advertisements in newspapers of general circulation and by periodically including informational flyers in the utility bills that are sent to each resident (renter or owner) without regard to race, color, national origin, sex, religion, familial status or disability. Each advertisement and flyer shall include the Equal Housing Opportunity logo. The

Fair Housing Poster and Fair Housing contact number shall remain displayed prominently at the Community Development Division office.

The Community Development Advisory Board (CDAB), representatives of the service population, and the African-American Advisory Council (AAAC), which represents the African-American community, shall be informed of each available City program. In addition, all City of Hollywood Community Development Block Grant (CDBG) subrecipients, contractors, and developers shall be required to advertise all City of Hollywood initiatives to their respective clientele and partners.

The Community Development Division shall keep and retain a record of actions taken to affirmatively address fair housing concerns, in accordance with HOME and CDBG record retention rules and regulation.

Participants in housing programs provided by the City will receive homebuyer/homeowner education, which includes fair housing training in both English and Spanish language versions.

The City shall periodically conduct fair housing workshops at locations throughout the City. Workshops shall be conducted in both English and Spanish language.

C. WRITTEN AGREEMENTS WITH SUBRECIPIENTS, DEVELOPERS, AND CONTRACTORS

1. The City shall, when entering into an agreement with a Subrecipient or Developer, determine the role of the entity as set forth below:
 - a. Any entity carrying out all or a portion of a program activity is serving in the capacity of Subrecipient.
 - b. Any entity carrying out specific projects is serving in the capacity of owner, developer, or sponsor.
2. Written agreements with Subrecipients or Developers shall include, but not be limited to the following:
 - a. Requirements for income determinations, underwriting and subsidy layering guidelines, rehabilitation standards, refinancing guidelines, homebuyer program policy, and affordability requirements as set forth in 24 CFR Section 92.504(c)(2)
 - b. Provisions setting forth the funding amounts and utilization of said funds for specific programs and activities (i.e. down payment assistance, affordable housing development, tenant-based rental assistance, etc.), the number of housing projects to be funded or loans to be made, tasks to be performed, schedule for completion, and any requirements for matching contributions,

and a budget for each program as set forth in 24 CFR Section 92.504(c)(2)(i).

- c. Language that requires the Subrecipient or Developer to comply with all applicable federal laws and regulations, with the exception of the environmental review, which is the City's responsibility.
- d. Language that requires a Subrecipient or Developer to comply with the provisions of 24 CFR Section 92.504(c) with any other entity or individual to which it disburses funds covered by this policy.
- e. Language that prohibits charging fees for monitoring, servicing or origination. However, the agreement may allow a nominal application fee to project owners to discourage frivolous applications.
- f. Language that sets forth the affordability requirements to be incorporated into the required deed restrictions, use restrictions, covenants running with the land, or other legal mechanisms approved by HUD and/or the State of Florida under which the City has the right to seek specific performance.
- g. A provision requiring Subrecipients or Developers to specify the number and size of each rental unit, separated by funding source and designated as "fixed" or "floating".
- h. A requirement for the Subrecipient or Developer to provide the address of each rental unit to the City by the time of project completion.
- i. A requirement for the Subrecipient or Developer to specify initial rents, the procedures for rent increases and that such initial rent prices and any increases each year shall be in accordance with 24 CFR Section 92.252(f)(2) and approved by the City's Community Development Division prior to the institution of such rent prices.
- j. That for homeownership projects, the agreement shall set forth recapture of funds requirements, the sales price or basis on which the sales price will be established, and the disposition of sales proceeds
- k. A provision that requires the Subrecipient or Developer to identify any limitation on eligibility or preference given to a particular segment of the population. Any limitation or preference shall not violate nondiscrimination requirements set forth in 24 CFR Section 92.350, shall meet with the approval of the City and must comply with the requirements of the funding source.
- l. Language that requires annual reports on rents and occupancy of assisted units to verify compliance with affordability requirements. If a project has floating units, information on unit substitution and filling vacancies to ensure that the project maintains the required unit mix reports (including financial reports) that enable the City to determine the financial condition and continued financial viability of the rental project.
- m. If a project involves a Community Housing Development Organization (CHDO), the agreement shall set forth provisions that address the following: (1) whether the CHDO may retain proceeds from the sale of units; (2) tenant grievance procedures; (3) a tenant participation plan; (4) whether the proceeds are to be used for HOME-eligible or other housing

activities to benefit low-income families; and (5) recaptured funds are subject to the requirements set forth in 24 CFR Section 92.503(c), which require that the funds shall be returned to the City or used for other HOME-assisted housing activities.

- n. Written prohibitions preventing owners from charging fees that are not reasonable and customary. For rental housing, owners can charge: reasonable application fees to prospective tenants, other fees (such as parking fees) only to the extent that they are reasonable and customary for the project area; and fees for services provided to tenants, provided that these services are not mandatory.
3. In accordance with 24 CFR Section 92.254(e), and in order to govern situations where HOME homeownership assistance is provided through a nonprofit or for-profit entity that also provides first mortgage financing to the homebuyer, or the City contracts with a for-profit or non-profit lender to make eligibility determinations, but another entity (the City or otherwise) is providing the HOME financial assistance, the City shall ensure that:
- a. The assistance is provided only as specified in a written agreement between the City and the lender. The agreement shall specify the forms, amounts, and any conditions of homeownership assistance the lender is authorized to provide.
 - b. Before any HOME assistance is provided, the City shall verify that the applicant is eligible for HOME assistance (low- or moderate-income) and shall inspect the housing for compliance with applicable property standards set forth in 24 CFR Section 92.251.
 - c. The for-profit or nonprofit organizations are not charging fees (such as origination fees or points) to the applicant for the HOME homeownership assistance that the organization provides. (Reasonable administrative costs may be charged to the HOME program as a project cost in accordance with applicable federal regulations.)
4. Faith-Based Organizations. In accordance with 24 CFR 92.257 the City shall ensure that:
- a. In the project or subrecipient selection process, faith-based organizations shall receive equal consideration and such shall be stated in solicitations (i.e. Request for Proposals).
 - b. When funding faith-based organizations, the written agreement shall set forth that HOME funds and activities shall be separate (in terms of time and location) from explicitly religious activities.
5. In accordance with 24 CFR Section 92.351, any written agreements with subrecipients, developers, or sponsors shall include affirmative marketing requirements that ensure the inclusion, to the maximum extent possible, of

minorities and women, and entities owned by minorities and women, including, without limitation, real estate firms, construction firms, appraisal firms, management firms, financial institutions, investment banking firms, underwriters, accountants, and providers of legal services.

D. CONFLICT OF INTEREST

In accordance with 24 CFR Section 92.356(b), no person(s) who exercises or has exercised any functions or responsibilities with respect to activities assisted with HOME funds, or who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from the assisted activities described in this Policy, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure, or for one (1) year thereafter. County Contribution Funds and State Housing Initiative Partnership funds are not subject to the requirements of 24 CFR Section 92.356(b).

The conflict of interest provisions set forth in 24 CFR Section 92.356(b) apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the City, or subrecipient receiving federal funds.

In accordance with HUD regulations, a local government may designate elected or appointed officials to serve on the boards of nonprofit organizations that may provide affordable housing within their communities. If the public official does not receive a salary or any other financial compensation for serving on the board, the official's interest would be merely personal.

E. GREEN BUILDING PRACTICES

The City of Hollywood has created a Green Team Advisory Committee to make recommendations to the City Commission to develop target environmental goals and implementation plans. Based upon certain recommendations from the Committee, the City Commission passed and adopted mandatory Green Building Practices for new construction and major renovations. Any and all new construction and major renovations funded under the Programs set forth in this Policy, shall comply with the requirements set forth in any applicable rules, regulations or ordinances relating to these Green Building Practices.

F. FORECLOSURE MITIGATION AND RESOURCE REFERRAL SERVICES

To further enhance the City's Housing Programs and protect the City's interests, the Community Development Division has taken steps to mitigate foreclosures by providing resource referral services to assist homeowners that are recipients of City funding under its Housing Programs.

G. OPTIONAL TEMPORARY RELOCATION ASSISTANCE POLICY: Voluntary Owner-Occupied Residential Single Family Housing Rehabilitation and Lead-Based Paint Mitigation/Abatement

The City of Hollywood has allocated federal and state funds for the purpose of carrying out owner-occupied housing rehabilitation within the City's jurisdiction in compliance with eligible activity requirements of the various federal and state programs, rules and regulations.

Federal funds may be used for temporary relocation payments and assistance to persons who must temporarily relocate due to an activity that is not subject to the displaced person requirements set forth in 24 CFR Section 570.606, as amended from time to time.

The City deems it in the best of interest of resident homeowner-occupants to develop this Optional Temporary Relocation Assistance Policy to provide limited moving assistance for owner-occupants who relocate for a temporary period of time pursuant to 24 CFR Section 570.606, as amended from time to time.

Pursuant to this Policy, the City may provide certain moving assistance that makes financial aid available to resident owner-occupants who voluntarily apply for consideration for such assistance pursuant to the City's Voluntary Homeowner Rehabilitation or Demolition Replacement Program, as set forth in this Policy.

Eligibility for temporary relocation assistance shall be determined by the City on a case-by-case basis upon receipt of an Optional Temporary Relocation Assistance Application. Upon receipt of an application, the City shall determine the applicant's eligibility based upon the following criteria:

1. The temporary relocation assistance exceeds a one-night period and involves the removal and storage of furniture; and
2. The occupancy of the unit during construction rehabilitation is likely to expose the homeowner/family to a potential threat to their health, safety or welfare and temporary relocation is necessary to eliminate the potential threat.

Upon approval of the application, the Optional Temporary Relocation Assistance will be provided on a reimbursement basis, as follows:

1. The applicant will be required to execute an agreement with the City for said financial assistance.
2. The applicant/homeowner will be responsible for all moving activities.
3. The City will provide moving and storage financial assistance in an amount not to exceed \$1,500.00. Moving and storage financial assistance shall be for those costs directly related to the packing, crating, storage and insurance costs

required to temporarily relocate during the time of the housing rehabilitation and return to the house upon the completion of the project, including the successful completion of a lead-based paint clearance exam, if required.

H. CITY OF HOLLYWOOD HOME SUBSIDY LAYERING GUIDELINE

The Cranston-Gonzalez National Affordable Housing Act as set forth in 24 CFR Part 91, the American Recovery and Reinvestment Act, the Housing and Economic Recovery Act, and the Consolidation Plan Final Rule, require a Participating Jurisdiction (“City”) to provide a certificate with the Consolidated Plan to approve layering guidelines. This certificate asserts that prior to the commitment of funds to a project, the City will evaluate the project in accordance with the guidelines set forth in the aforementioned acts and rule, and will not invest more HOME funds in combination with other federal, state, or local loan, grant, guarantee, insurance, payment, rebate, subsidy, credit, tax benefit, or any other form of direct or indirect assistance for use, or in connection with a specific project. When available, the City will rely upon guidelines developed and evaluations conducted by other agencies pursuant to applicable HUD regulations or the Internal Revenue Code. The City will maintain the results of its required evaluation in each such project file.

I. USE OF THE GUIDELINES

Before committing funds to a project, the City shall evaluate the project in accordance with HOME guidelines and will not invest any more HOME funds, in combination with other governmental assistance, than is necessary to provide affordable housing. While the evaluation requirement is predicated on the combination of HOME funds with other governmental assistance, this guidance will also be used when determining the level of HOME funds to be used in a project absent other governmental assistance. The evaluation may need to be updated, if additional sources of funds not originally contemplated, are added to the project. The City may rely upon the guidelines developed and evaluation conducted by other agencies when Low-Income Housing Tax Credits (LIHTC) are used. The following guidelines are designed to adhere to 24 CFR Section 92.250(b) (1),(2), and (3) and 24 CFR Section 92.205 in its entirety by requiring the City to:

- Establish standards to assess the reasonableness of profit or return to the owner or developer, for the size, type, and complexity of the project.
- Examine the sources and uses for each project and determine whether the costs are reasonable.
- Assess the market conditions of the neighborhood in which the project will be located.
- Assess the experience and financial capacity of the developer.
- Determine whether there are firm financial commitments for the project.

J. LOW-INCOME HOUSING TAX CREDITS

The City may rely upon the State tax credit allocating agency's evaluation to ensure that the HUD subsidies are not greater than necessary to provide affordable housing when combining HOME assistance with the tax credits. Such state agencies have typically established project guidelines based upon project size, characteristics, location and risk factors that determine appropriate project costs and developer fees. An acceptable state agency certification is accomplished pursuant either to applicable HUD regulations or the Internal Revenue Code. HOME funds awarded by the City to a project are conditioned upon the receipt of a copy of the evaluation conducted by the state tax credit allocating agency.

K. PROJECT EVALUATION

Before the City invests HOME funds in a project, it will assess whether other governmental assistance has been, or is likely to be, made available to the project. In performing this evaluation, the City will consider the aggregate amount of assistance from HUD and other sources that is necessary to insure the project's feasibility. These may include, but are not limited to, past rates of return (in that area for that type of project) to owners, sponsors, and investors, the long term needs of the project and its tenants, and the usual and customary fees in project development. Emphasis will be placed on the income level of the population to be served, the level of rent restriction to be recorded against the property, and time duration of such restrictions. In accordance with 24 CFR Section 92.205(a) (2), if the proposed project involves the acquisition of vacant land or demolition and the use of HOME funds, then such acquisition or demolition shall be in connection with an affordable housing project where construction can begin within twelve (12) months, as established in paragraph (2) of the definition of "commitment" in 24 CFR Section 92.2, and an assessment of risk shall be evaluated in accordance with 24 CFR Section 92.504(a). City staff shall pay particular attention to costs incurred in the planning stages of a project because 24 CFR Section 92.205(e)(1) requires the City to repay any HOME funds expended on projects that are terminated before completion. However, 24 CFR Section 92.206(d)(1) allows the City to use HOME funds to pay for architectural, engineering, and other professional service costs incurred no more than twenty-four (24) months prior to the commitment of HOME funds.

L. CERTIFICATE OF ASSISTANCE

The City will obtain a formal certification from each applicant concerning the governmental assistance provided or to be provided to the project. If no such governmental assistance is to be provided at the time of application or in the future, the applicant(s) shall attest and certify to that fact. Further, the applicant's certification shall include a statement that should other governmental assistance

be sought in the future, the City will be notified prior to submittal for such assistance.

M. GENERAL PROJECT REQUIREMENTS APPLICABLE TO ALL HOUSING PROGRAMS SET FORTH IN THIS HOUSING POLICY

1. Sources and Uses of the Funds Statement. All applicants are required to submit a Sources and Uses of Funds Statement for their project. This statement shall be consistent with the project development budget as set forth below and shall include the following:

- All proposed sources of funds (including public and private) and the dollar amount for each source. The application shall include documentation of such funding from all fund sources which may be in the form of a commitment letter.
- All uses of funds, including but not limited to acquisition costs, rehabilitation or construction costs, financing costs, and professional fees that are required for the project.

The City will identify the types of documentation necessary to verify the sources and uses of funds indicated in the statement. The documentation will be provided to the applicant(s) so that the documentation may be submitted along with the Sources and Uses of the Funds Statement application packet for HOME funds.

The applicant shall also provide supporting documentation for all other costs as specified in the Sources and Uses of Funds Statement. If the documentation is not adequate and does not support the costs as stated, the City may request additional documentation, a second opinion and/or reference from the appropriate source (i.e. – another construction cost estimator, another architect or lawyer), or deny the project HOME funding. It should be noted that for projects with tax credits to be sold, the proceeds from the sale of these credits shall be identified as a source of funding.

2. Sources of Funds. Upon request from the City, applicants may be required to provide the following documentation:

- a. Commitment letters with terms and conditions for all mortgages, grants, subordination agreements, bridge (interim) loans and investment tax credits (historical, low-income, if applicable); and
- b. If the applicant is a partnership, a copy of the partnership agreement, which reflects the cash contributions by the general partner(s) and/or limited partner(s).

3. Uses of Funds. Upon request from the City, applicants may be required to provide the following documentation for determination of viability to receive and utilize the respective Housing Program funding.

- a. Earnest money agreement, option or closing statement for land and/or building(s);
- b. Construction cost estimate;
- c. Construction contract or preliminary bid(s);
- d. Agreements governing the various reserves which are capitalized at closing (to verify that the reserves cannot be withdrawn later as fees or distributions);
- e. Appraisal (to substantiate the value of the land and the value of the property after rehabilitation, or the structure being built); and
- f. If low-income housing tax credits are utilized, documentation on the syndication costs (legal, accounting, tax opinion, etc.) from the organization/individual who will syndicate and oversee the offering to ensure that the project can support the fees necessary to syndicate/fund the project. All assumptions in the offering must be verified in the supporting documentation.

The applicant shall also provide supporting documentation for all other costs specified in the Sources and Uses of Funds Statement. If the documentation is not adequate and does not support the costs as stated, the City may request additional documentation, a second opinion and/or reference from the appropriate source (i.e. – another construction cost estimator, another architect or lawyer), or may deny HOME funding for the project. It should be noted that for projects with tax credits to be sold, the proceeds from the sale of these credits shall be identified as a source of funding.

4. Project Development Budget

In addition to the Sources and Uses of Funds Statement, applicants are required to submit a Project Development Budget. The budget should categorize cost in a manner consistent with the Sources and Uses of Funds Statement, and be presented in such a manner that the City can easily refer back to the Statement to determine the source of funding to be used for all costs. The budget shall include all costs associated with the project, regardless of the funding source. The budget line items may include, but are not limited to: construction "hard" costs, soft costs (such as architectural, engineering, legal and appraisal fees), marketing costs, construction loan interest, developer fees, real estate taxes, insurance, all loan fees, building permits, relocation and commercial fees. The Project Development Budget shall reflect the total cost, as set forth in the Uses section of the Sources and Uses of Funds Statement.

If the Project is a HOME Funding Project, the City will review the Project Development Budget to ensure that the costs being funded by the HOME program are eligible and the HOME funds per unit do not exceed the maximum per-unit subsidy limit.

In reviewing the Project Development Budget, the City will focus on the quality of the end product, construction costs, architectural and engineering fees, and consulting fees. The City will determine the costs that are customary and necessary depending upon the type of development activity. (For example, it may consider the demands of new construction, as opposed to rehabilitation or senior housing, as opposed to housing for large families). The City will determine whether these costs are reasonable and whether they meet the applicable federal or state requirements. The City's determination of "reasonableness" and meeting the applicable federal or state requirements shall be based on all of the following factors:

- Costs of comparable projects in the State of Florida;
- The qualifications of the cost estimators for the various budget line items; and
- Comparable costs, as published by recognized industry cost index services.

N. RATE OF RETURN ON EQUITY INVESTMENT

1. Pro Forma

The applicant shall furnish a Pro Forma (project income and expense statement) which shall include, at a minimum, achievable rent levels, market vacancies and operating expenses. It shall also specify the consequences of tax benefits, if any, and any other assumptions used in calculating the project's cash flow in order for City staff to determine the reasonableness of the rate of return on equity investment. The Pro Forma shall represent the term of the HOME affordability requirements or the term of other affordability requirements, as mandated by other funding sources, if longer. The Pro Forma shall not exceed the anticipated useful life of the facility. In general, adequacy of the Pro Forma shall be evaluated on the basis of industry standards, as identified by HUD.

The City will review the Pro Forma to ensure that cash flow projections are reasonable in light of present economic conditions, and are neither unduly conservative nor overly optimistic. Further, the Pro Forma will be reviewed to determine that the projected rates of return are reasonable and that the applicant(s) will not receive excessive profit or windfalls from the project. An excessive profit/gain shall not be derived from the project, in part due to the financing method (low-income housing tax credits, low-interest loans, tax abatements, etc.). Specific standards for reasonable rates of return on the

invested equity, based on the project specifications, shall be established by the City.

2. Single-Family Rental Housing (1-4 units)

The requirements outlined in Paragraph 1 above pertain to single-family housing of 1-4 units, as well as multi-family rental housing (for example: income/expenses, cash on cash and net operating analysis). Before applying these requirements, two factors shall be considered by the City: (1) whether the rental project is owner-occupied; and (2) whether the owner-occupied unit is being rehabilitated with federal funds.

If both of these factors apply to the project, the rental income for the owner's units (had the project not been owner-occupied) shall be excluded from the income analysis of the Pro Forma. For example: in a four-unit, owner-occupied project, only the expected income of the three rental units are included in the income analysis. Similarly, expenses associated with the rehabilitated owner's units shall also be excluded from the Pro Forma. The exclusion of income and expense of the owner's unit not only affects the operating income and cash analysis, but also influences the results of the Pro Forma.

O. SINGLE-FAMILY, OWNER-OCCUPIED HOUSING REHABILITATION AND HOMEOWNERSHIP ASSISTANCE (1 UNIT)

For Single-Family, Owner-Occupied Housing Rehabilitation and Single-Family Homeownership Assistance, the City is required to substantiate that no more HOME funds than necessary are provided to the project. To that end, each activity/project file shall contain a Loan Breakdown Computation Sheet that includes a Project Development Budget. The Loan Breakdown Computation Sheet shall categorize costs in a manner consistent with a Sources and Uses of Funds Statement and shall be presented in such a manner that the City can refer back to the Loan Breakdown Computation Sheet to determine the source of funding to be used for all costs. It shall include all costs associated with the project, regardless of the funding source. The Loan Breakdown Computation Sheet line items may include, but not be limited to, construction "hard" costs, soft costs (architectural, engineering, legal and appraisal fees), marketing costs, construction loan interest, developer fees, real estate taxes, insurance, all loan fees, building permits, relocation and commercial fees. The Loan Breakdown Computation Sheet shall reflect the total cost as set forth in the "Uses" section of a Sources and Uses of Funds Statement.

The City will review the Loan Breakdown Computation Sheet to ensure that the costs are eligible under the applicable funding source. As part of the Project Development Budget review, the City will focus on the quality of the end product, construction costs, architectural and engineering fees and consulting fees. The

City will determine which costs are customary and necessary, depending on the needs of the housing rehabilitation activity. Further, the City will determine whether these costs are reasonable utilizing construction cost contained in the most recent edition of RSMeans Construction Cost Data.

P. DOCUMENTATION OF LAYERING REVIEW

Each activity/project file shall contain a Commitment of Funds Document which substantiates and verifies compliance with the HOME Subsidy Layering Guidelines, Sources and Uses Funds Statement, Project Development Budget (inclusive of updates) from the developer and additional review and any supporting documentation requested by the City.

IV. MONITORING AND INSPECTIONS POLICY

A. PURPOSE

In accordance with 24 CFR Section 92.504(a), the City shall follow written Policy, procedures, and systems, including a system for assessing risk of activities and projects, and a system for monitoring entities which includes, but is not limited to subrecipients, contractors, and developers to ensure that HOME requirements are met.

B. POLICY

1. Risk Assessment – During Project Evaluation, the City shall determine the risk of the project by evaluating the subrecipient's or developer's past performance and financial capability to perform the duties.
2. Monitoring Schedule – During the contracting period, the City shall assign staff, develop reporting criteria, and schedule monitoring that shall include at least one on-site monitoring visit to ensure adherence to funding regulations. All federally-funded activities shall be monitored at least annually.
3. Inspection Schedule – During construction the property will be inspected periodically to gauge progress.

V. ANTI-PREDATORY LENDING POLICY

A. PURPOSE

The City of Hollywood's Housing Programs Policy directs available Federal and/or State grant sources leveraged by local funding to eligible applicants and projects which will stimulate reinvestment of private capital. This occurs by utilizing the funds-for down payment and closing cost assistance to assist eligible applicants in obtaining new first mortgages from private lenders. 24 CFR_Section 92.254(f) requires the City to have and follow written policy addressing predatory lending.

The City shall have a policy to protect against predatory lending. Moreover, the City supports the expansion of affordable and equitable homeownership, and recognizes that predatory lending practices are inconsistent with advancing homeownership.

Rulemaking by the Consumer Financial Protection Bureau (CFPB) has resulted in guidelines setting forth how federal agencies that insure or guarantee mortgages evaluate a buyer's ability to repay the mortgage. These guidelines are not specific to low-income borrowers and their ability to sustain a mortgage. HUD will issue guidance on preventing predatory lending that explains the CFPB ability-to-pay principles and will suggest additional considerations that are appropriate in an anti-predatory lending policy applicable to low-income homebuyers. The City has developed this Anti-Predatory Lending Policy to serve the purpose of guarding against predatory lending until such time that additional guidance is available.

B. POLICY

The City will not provide assistance to a project that includes a residential mortgage loan ("Mortgage Loan") that does not comply with all applicable federal, state and local predatory lending laws and other laws designed to prevent unfair or abusive lending practices (collectively, "Anti-Predatory Lending Laws").

Further, the City will not provide assistance to a project that includes a Mortgage Loan which involves any of the following practices or characteristics:

1. Requiring the borrower to obtain prepaid, single-premium credit life, credit disability, credit unemployment, or other similar credit insurance as a condition of the loan;
2. Including in loan documents a mandatory arbitration provision with respect to dispute resolution;
3. Charging prepayment penalties for paying off a loan;
4. Lending without regard to a borrower's ability to make payments on the mortgage;
5. Loans which violate the Home Ownership and Equity Protection Act of 1994 and its implementing regulations (collectively, "HOEPA Requirements") or other Anti-Predatory Lending Laws;
6. Loans that are ineligible for inclusion in a structured finance transaction due to a rating agency's determination that it cannot rate a transaction that includes such loans;
7. Loans where the terms of, or practices in connection with, such loans do not comply with the provisions of Regulation Z (12 C.F.R. Part 226) relating to Higher-Priced Mortgage Loans;
8. Loans that fail to comply with any requirement of the Mortgage Partnership Finance Program relating to predatory lending, including without limitation,

Section 2.6 of the Mortgage Partnership Finance Program Origination Guide.

C. SAFEGUARDS

1. To ensure a borrower's ability to pay the first mortgage, the City shall require borrowers to qualify for a first mortgage through a regulated financial institution. The types of loans that are eligible include Fannie Mae, Freddie Mac, FHA, Conventional, portfolio loans or loans provided through Habitat for Humanity, Inc.
2. When Habitat for Humanity, Inc. is the first mortgage lender, no fees shall be charged to the borrower that constitutes an administrative expense (i.e. application fees). The requirements of the program shall be set forth in a written agreement between the City and the borrower, and the City shall inspect the property for compliance with the property standards set forth in 24 CFR Section 92.251.
3. All borrowers are required to attend a HUD-approved homebuyer class.
4. To reduce financial risk to borrower during the affordability period, assistance will be provided in the form of a deferred-payment loan with recapture provisions.
5. The borrower shall submit an application that provides information on total household income and assets.
6. City staff shall require third-party verification of employment, and in the absence of verification of employment, shall require the submission of no less than two (2) years of tax returns with W-2, no less than two (2) months of pay stubs, and other income and assets information for all household members. This information will be used to determine the total annual gross household income. The information provided by the borrower related to debt will also be used to determine the borrower's ability to afford the monthly payments, including PITI and any homeowner association fees.
7. Non-occupying co-borrowers are not permitted to ensure that the borrower can afford monthly debt secured by the first mortgage.
8. The City shall conduct a preliminary review of the borrower's ability to pay through the use of an income calculator. The calculator estimates the borrower's capacity to make monthly mortgage payments based on an affordable loan amount and determines the maximum subsidy needed by the borrower to purchase the property.
9. All loans to the borrower by the first mortgage lender shall be fixed rate loans. The front- and back-end ratios for borrowers shall not exceed the ratios published by the Consumer Financial Protection Bureau.
10. All borrowers are required to contribute no less than 3% of the loan commitment amount towards the purchase of the property, in addition to any requirements for contributions and reserves that may be imposed by the first mortgage lender. For loans issued by Habitat for Humanity, Inc. as

- the first mortgage lender, the borrower's contribution may be in the form of sweat equity.
11. A borrower that has non-retirement assets in excess of the amount of subsidy provided by these programs is not eligible for assistance. The homesteaded principle residence shall not be included in the calculation of non-retirement assets.
 12. If other funding sources contribute to the purchase of the property, the City will reduce its assistance to ensure that no more funds than necessary are provided to close the loan.
 13. Only single family homes, condominiums, and townhomes are eligible.
 14. The appraised value must be equal to or greater than the purchase price.
 15. To prevent predatory lending practices against borrowers, the City will require the first mortgage lender to be a regulated financial institution for the first mortgage loan amount. No seller financing is allowed. The first mortgage shall not be less than \$50,000.00.
 16. All loans shall have a fixed-rate (no Balloon or ARM), with no prepayment penalty or origination fees.
 17. The annual percentage rate of the primary financing cannot exceed the uniform fixed interest rate of the customary rate for FNMA/FHMLC/Portfortio/FHA/Bond.
 18. The front- and back-end ratios for borrowers shall not exceed the ratios published by the Consumer Financial Protection Bureau.
 - a) Total "Administrative" fees shall be reasonable and customary based on applicable City of Hollywood processes and procedures.
 - b) Maximum loan term of thirty (30) years.
 - c) No yield spread premiums allowed.
 - d) Property taxes and hazard insurance shall be escrowed.
 - e) Lenders may finance up to 97% of the purchase price.
 - f) No pre-payment penalty is permitted.
 - g) Cash back at closing is not permitted.
 19. Under the terms and conditions of the City's Deferred Payment Promissory Note and Mortgage, the debt is payable in full on the maturity date set forth in the Mortgage that is thirty (30) years from the date of execution of the Promissory Note and Mortgage. However, no less than thirty (30) days prior to the maturity date the mortgagee shall offer the mortgagor an option to refinance pursuant to the same terms and conditions, so long as mortgagor has not defaulted on any terms or conditions set forth in the Mortgage. Mortgagor is under no obligation to refinance the loan at maturity. Mortgagee may also require the principal balance of the loan to be repaid in full at any time prior to the maturity date, if the mortgagor defaults on any term of the Mortgage, including selling or renting the home, or ceasing to use it as the primary residence of the buyer, including transfer or conveyance of title by any other means. The City may subordinate its

mortgage when a new mortgage is required to restructure the debt. Subordination is subject to the following conditions, as applicable:

- a) A request associated with the thirty (30) year maturity date refinance option offered by the City.
- b) The City's mortgage position remains the same or improves.
- c) The dollar amount of the new debt is no greater than the pre-existing debt, plus reasonable and customary closing costs not point to exceed seven percent (7%), unless the City's loan is paid off.
- d) The borrower cannot take cash out.
- e) Partial payoff of the City's loan may be considered. In this situation, the remaining debt to the City may be subordinated.
- f) In cases of Loan Modification when the City's mortgage is superior and subordination is the only option to modify terms under standard hardship circumstances to avoid foreclosure.
- g) The Community Development Manager, or his/her designee, is authorized to make administrative decisions which do not conflict with Federal or State requirements. The Manager or designee may consider requests for subordination of the City's mortgage, subject to the above conditions and execution of all applicable documents.

VI. FINANCIAL STANDARD OPERATING PROCEDURE

To adhere to accepted financial operating procedures, the City of Hollywood uses the following systems:

A. INTEGRATED DISBURSEMENT AND INFORMATION SYSTEM (IDIS)

As a nationwide database, IDIS provides HUD with current information regarding program activities underway across the Nation, including funding data. HUD uses this information to report to Congress and to monitor grantees. IDIS is the draw-down and reporting system for the two CPD formula grant programs – Community Development Block Grant (CDBG) and Home Investment Partnerships Act (HOME) – covered in this policy and for CPD competitive grant program HOPWA Competitive. The system allows grantees to request grant funds from HUD and report accomplishments. Grantees also use IDIS for Recovery Act programs: CDBG-R, TCAP and HPRP. Only City staff may access IDIS to request disbursement.

B. DISASTER RECOVERY GRANT REPORTING SYSTEM (DRGR)

The Disaster Recovery Grant Reporting system was developed by HUD's Office of Community Planning and Development for the Disaster Recovery CDBG program and other special appropriations. Data from the system is used by HUD

to review activities funded under these programs and for required quarterly reports to Congress

C. HOME INVESTMENT TRUST FUND

The HOME Investment Trust Fund consists of the accounts described in this Policy solely for investment in accordance with the provisions 24 CFR Part 92. The City uses a designated subsidiary account within its General Fund as the local HOME Investment Trust Fund account.

The local account of the HOME Investment Trust Fund includes deposits of HOME funds disbursed from the Treasury account; deposits of any State funds (other than HOME funds transferred pursuant to 24 CFR Section 92.102(b)(2) or local funds that enable the City to meet the participating threshold amount set forth in 24 CFR Section 92.102; any Program Income (from both the allocated funds and matching contributions in accordance with the definition of program income); and any repayments or recaptured funds, as required by 24 CFR Section 92.503.

The City shall reserve any funds that are required to be reserved (i.e., fifteen (15) percent of the funds by a participating jurisdiction under 24 CFR Section 92.300 that are reserved for a community housing development organization) pursuant to a written agreement specific to an identified project within twenty-four (24) months after the last day of the month in which HUD notifies the City of HUD's execution of the HOME Investment Partnerships Agreement.

The City shall expend all HOME funds within five (5) years after the last day of the month in which HUD notifies the City of HUD's execution of the HOME Investment Partnerships Agreement.

1. Project Set-up

After the City executes the HOME Investment Partnerships Agreement, submits the applicable financial and security documents, complies with the environmental requirements under 24 CFR Part 58 for release of funds and commits funds to a specific local project, the project manager shall set up specific investments in IDIS and coordinate with the Community Development Senior Accountant on the administration of these accounts.

2. Subrecipient Request for Reimbursement/Funding

Subrecipient's shall request payment in accordance with the terms and conditions set forth in the written agreement with the City and as required by 24 CFR Section 92.504. Requests shall be submitted to the respective project manager who shall review the project in accordance with project requirements. Subsequently, the project manager shall provide the reimbursement request to

the Community Development Senior Accountant who will prepare the appropriate documents for approval via the chain of command. Upon approval, all required documentation will be forwarded to the Department of Financial Services for final review and release of funds.

3. Disbursement of HOME funds

After complete project set-up information is entered into IDIS, HOME funds for the project may be drawn down from the United States Treasury account by the Community Development Manager. The Senior Accountant shall prepare a disbursement request voucher for approval by the Director of the Department of Development Services. Any drawdown of HOME funds from the United States Treasury account is conditioned upon the provision of satisfactory information by the City about the project, as specified by HUD. HOME funds drawn from the United States Treasury account shall be expended for eligible costs within fifteen (15) days. Any interest earned within the fifteen (15) day period may be retained by the City as HOME funds. HOME funds in the local account of the HOME Investment Trust Fund shall be disbursed before requests are made for HOME funds in the United States Treasury account. Program Income shall be treated in accordance with the requirements of 24 CFR Part 92. Program Income shall be deposited into the City's HOME Investment Trust Fund local account, unless the City permits a subrecipient to retain the Program Income for additional HOME projects pursuant to the terms and conditions of the written agreement and in accordance with the requirements set forth in 24 CFR Section 92.504. The Community Development Senior Accountant shall inform each respective project manager of funds drawn and record final draw per activity number.

4. Project Completion

The project manager shall enter project completion information into IDIS within 120 days of the final project drawdown.

5. Program Income, Repayments, and Recapture

- a) Program Income shall be treated in accordance with the requirements set forth in 24 CFR Part 92. Program Income shall be deposited into the City's HOME Investment Trust Fund local account, unless the City permits a subrecipient to retain the Program Income for additional HOME projects pursuant to the written agreement.
- b) Repayments – when any HOME funds invested in a housing activity do not meet the affordability requirements, except for project specific community housing development organization loans waived pursuant to 24 CFR Section 92.301(a)(3) and 24 CFR Section 92.301(b)(3), or are invested in a project that is terminated before completion, either

voluntarily or otherwise, repayment of the HOME funds is the responsibility of the City. City staff shall contact HUD for direction as to whether funds are to be repaid to City's HOME Investment Trust Fund or to the United States Treasury account.

- c) Recapture – Recaptured HOME funds shall be used in accordance with 24 CFR Section 92.254(a)(5)(ii). Recaptured funds shall be deposited into the City's HOME Investment Trust Fund local account, unless the City permits a subrecipient, developer, or community housing development organization to retain the recaptured funds for additional HOME projects pursuant to the terms and conditions of the written agreement.

.D. COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

The CDBG account consists of the accounts described in this Policy solely for investment in accordance with the provisions 24 CFR Part 570. The City uses a subsidiary account within its General Fund as the local CDBG account.

The local CDBG account includes deposits of CDBG funds disbursed from the U.S. Treasury account; any Program Income, and any repayments or recaptured funds, as required by 24 CFR Section 570.504. The City shall not have on hand a balance of more than 1.5 times the annual CDBG allocation.

1. Project Set-up

After the City executes the CDBG Grant Agreement, submits the applicable financial and security documents, complies with the environmental requirements under 24 CFR Part 58 for release of funds, and commits funds to a specific local project, the project manager shall set up specific investments in IDIS and coordinate with the Community Development Senior Accountant on the administration of these accounts.

2. Subrecipient Request for Reimbursement/Funding

Subrecipients shall request payment in accordance with the terms and conditions of the written agreement and as required by 24 CFR Section 570.503. Requests shall be submitted to the respective project manager, who shall review the project in accordance with project requirements. Subsequently, the project manager shall submit the reimbursement request to the Community Development Senior Accountant who will prepare for approval via the chain of command. Upon approval all required documentation will be forwarded to the Department of Financial services for final review and release of funds.

3. Disbursement of CDBG funds

After complete project set-up information is entered into IDIS, CDBG funds for the project may be drawn down from the United States Treasury account by the Community Development Manager. The Senior Accountant for Community Development shall prepare a disbursement request voucher to be approved by the Director of the Department of Development Services. Any drawdown of CDBG funds from the United States Treasury account is conditioned upon the provision of satisfactory information by the City about the project, as specified by HUD. CDBG funds drawn from the United States Treasury account shall be expended for eligible costs within fifteen (15) days. Any interest earned within the fifteen (15) day period may be retained by the City as CDBG funds. CDBG funds in the local account shall be disbursed before requests are made for CDBG funds in the United States Treasury account. Program Income shall be treated in accordance with the requirements of 24 CFR Part 570. Program Income shall be deposited into the City's CDBG account, unless the City permits the subrecipient to retain the Program Income for additional CDBG projects pursuant to the terms and conditions of the written agreement and as required by 24 CFR Section 92.504. The Community Development Senior Accountant shall inform each respective project manager of funds drawn and record final draw per activity number.

4. Project Completion

The Project manager shall enter project completion information into IDIS within 120 days of the final project drawdown.

5. Program Income, Repayments, and Recapture

- a. Program Income shall be treated in accordance with the requirements of 24 CFR Part 570. Program Income shall be deposited into the City's CDBG account unless the City permits a subrecipient to retain the Program Income for additional CDBG projects pursuant to the written agreement.
- b. Repayment – When any CDBG funds invested do not meet the program requirements then such funds shall be repaid by the City. City staff shall contact HUD for direction as to whether funds shall be repaid to City's CDBG account or to the United States Treasury account.
- c. Recapture – Recaptured CDBG funds shall be treated in accordance with the requirements of 24 CFR Part 570. Recaptured funds shall be deposited into the City's CDBG account, unless the City permits a subrecipient, or community based development organization to retain the recaptured funds for additional CDBG projects pursuant to the terms and conditions of the written agreement.

E. Neighborhood Stabilization Program (NSP)

The NSP-1 account consists of the accounts described in this Policy used solely for investment in accordance with the provisions of NSP funds authorized under Division B, Title III of the Housing and Economic Recovery Act (HERA) of 2008.

The NSP-3 account consists of funds authorized under the Dodd–Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) of 2010. The City uses designated subsidiary accounts within its General Fund as the local NSP-1 and NSP-3 accounts.

The local NSP-1 and NSP-3 accounts include deposits of NSP funds disbursed from the U.S. Treasury account, any Program Income and any repayments or recaptured funds, as required by 24 CFR Section 570.504.

1. Project Set-up

After the City executes the respective NSP Grant Agreements, submits the applicable financial and security documents, complies with the environmental requirements under 24 CFR Part 58 for release of funds and commits funds to a specific local project, the project manager shall set up an action plan for specific investments in DRGR and coordinate with the Community Development Senior Accountant on administration of these accounts.

2. Subrecipient Request for Reimbursement/Funding

Subrecipient shall request reimbursement payment in accordance with the terms and conditions of a written agreement as required by 24 CFR Section 570.503. Requests shall be submitted to the respective project manager who shall review the project in accordance with project requirements. Subsequently, the project manager shall submit the reimbursement request to the Community Development Senior Accountant who shall prepare the appropriate documents for approval via the chain of command. Upon approval, all required documentation shall be forwarded to the Department of Financial Services for final review and release of funds.

3. Disbursement of NSP funds

After complete project set-up information is entered into DRGR, NSP funds for the project may be drawn down from the United States Treasury account by the Community Development Manager. The Senior Accountant for Community Development shall prepare a disbursement request voucher to be approved by the Director of the Department of Development Services.

Any drawdown of NSP funds from the United States Treasury account is conditioned upon the provision of satisfactory information by the City about the project as specified by HUD. NSP funds drawn from the United States Treasury account shall be expended for eligible costs within fifteen (15) days. Any interest earned within the fifteen (15) day period may be retained by the City as NSP funds. NSP funds in the local account shall be disbursed before requests are made for NSP funds in the United States Treasury account. Program Income shall be treated in accordance with the requirements of the NSP-1 or NSP-3 Notice. Program Income shall be deposited into the City's NSP account unless the City permits subrecipient to retain the program income for additional NSP projects pursuant to the written agreement required by 24 CFR Section 570.503. The Community Development Senior Accountant shall inform the project manager of funds drawn and record the final draw.

HOUSING REHABILITATION

I. Introduction

The City of Hollywood's locally-adopted Consolidated Plan (as originally adopted pursuant to Resolution No. R-2019-221, and as amended from time to time), has identified preservation of the City's housing stock as a priority. Preservation of housing stock through the rehabilitation of owner-occupied dwellings is a major community need throughout the city. An appropriate community development objective is to offer assistance to low- and moderate- income households in order to improve their housing to at least the minimum property standards, as set forth in 24 CFR Section 92.251(b), assist with structural and system repairs and provide loans for housing replacement, as appropriate. This type of assistance serves a public purpose by improving the quality and stability of Hollywood's neighborhoods and enhancing the City's tax base.

In addition, the City entered into an Interlocal Agreement among Broward County, the City of Hollywood, and the City of Hollywood Community Redevelopment Agency Regarding Funding for Affordable Housing approved by the Hollywood City Commission on October 3, 2018 pursuant to Resolution No. R-2018-324. "County Contribution Funds" that result from the Interlocal Agreement among Broward County, the City of Hollywood, and the City of Hollywood Community Redevelopment Agency may be committed to Housing Rehabilitation singularly or in a coordinated effort with private investment, and/or Federal and State funding, as appropriate and compliant with funding regulations and the Policy Governing Programs Supported by the Interlocal Agreement for Affordable Housing, Work Skills Development, and Infrastructure as amended from time to time.

II. Authority

Local governments are authorized both by the United States Department of Housing and Urban Development (HUD) and the State of Florida's Housing Finance Corporation to administer the general activity of housing rehabilitation. Federal and State programs may be used to finance rehabilitation of privately-owned dwellings through use of grants, loans, loan guarantees, and interest subsidies in conjunction with private lending institutions and County Contribution Funds where appropriate.

Funding for housing rehabilitation may be used to pay for labor, materials and other related costs incurred in rehabilitating housing which is in disrepair due to deferred maintenance or to replace systems and fixtures which have reached the end of their useful life. In general, the goal is to restore a dwelling to a condition which is free of health and safety violations and meets local building and housing codes. However, County Contribution Funds are limited to the repairs specified in the

Policy Governing Programs Supported by the Interlocal Agreement for Affordable Housing, Work Skills Development, and Infrastructure, as amended from time to time. State Housing Initiatives Partnership Program funds and Community Development Block Grant Funds may be used to stabilize property and conduct specific isolated repairs.

III. Standards

County Contribution Funds are limited to repairs specified in the Policy Governing Programs Supported by the Interlocal Agreement for Affordable Housing, Work Skills Development, and Infrastructure, as amended from time to time. State Housing Initiatives Partnership Program funds and Community Development Block Grant Funds may be used to stabilize property and conduct specific isolated repairs. In all other cases, the minimum standards for housing rehabilitation are:

1. Florida Building Code, as amended from time to time.
2. Hollywood Code of Ordinances and Hollywood Zoning & Land Development Regulations, as amended from time to time.
3. United States Department of Housing and Urban Development Property Standards (24 CFR Section 92.251), as amended from time to time.
4. City of Hollywood Housing Rehabilitation Specifications.

IV. Contractor Selection

Projects funded by Community Development Block Grant, Home Investment Partnerships Program, and State Housing Initiatives Partnership Program, shall be conducted using an approved list of Contractors selected through a competitive bidding process. Contractors selected for projects funded by County Contribution Funds and other non-federal or state sources shall be selected through a competitive bidding process.

V. Source of Funding

Funding sources for housing rehabilitation programs offered by the City of Hollywood include City, County, Federal, State, and private lender participants. Potential Federal sources include the Community Development Block Grant (CDBG), the Home Investment Partnerships Program (HOME), and federally funded one-time or disaster assistance programs. State sources include the State Housing Initiatives Partnership Program (SHIP) and state funded one-time or disaster assistance programs. City and county funding may be provided by the Interlocal Agreement among Broward County, the City of Hollywood, and the City of Hollywood Community Redevelopment Agency Regarding Funding for Affordable Housing approved by the Hollywood City Commission on October 3, 2018 pursuant to Resolution No. R-2018-324. Private funding may be provided

through competitive grant programs or partnerships with participating lenders and other community partners.

VI. Waivers

Any waiver of federal or state regulations or statutes shall be obtained from the appropriate granting agency. Local policies that are not federal or state requirements may be waived by the City Commission.

VII. Eligibility Criteria – Owner-Occupied Dwelling

A. Program Eligibility

Housing rehabilitation shall be conducted within the framework of the granting agency's statutory regulations and applicable local policies and procedures. Funds used to administer these programs are permitted to benefit very-low-, low-, or moderate-income households, including the Section 8 Housing Voucher program restrictions on student participation adopted by the 2013 HOME Final Rule. Certain programs may require further income or geographic restrictions. All regulatory reviews will be conducted in accordance with applicable federal, state, and local requirements. These include, but are not limited to, certifications for environmental quality, fair housing and drug-free workplace. In accordance with 24 CFR Section 92.251(b) (2), the City shall review and approve work write-ups (i.e., plans and specifications) and written cost estimates.

B. Applicant Eligibility

1. Applicant(s) shall meet all applicable income eligibility requirements, as established by federal and/or state guidelines as follows:
 - a) For HUD-funded CDBG and HOME programs the maximum household income level is 80% of Area Median Income (AMI), adjusted for family size; for HUD-funded NSP programs the maximum household income is 120% of AMI, adjusted for family size.
 - b) For SHIP programs, the maximum household income level is 140% of AMI, adjusted for family size. However, the City of Hollywood's Housing Rehabilitation Programs will limit participation to households at or below 120% of AMI, based on available funding.
 - c) For CCF projects the maximum household income level is 120% of AMI, adjusted for family size. CCF funds are also geographically-limited to the LMI area, as defined in the Interlocal Agreement among Broward County, the City of Hollywood, and

the City of Hollywood Community Redevelopment Agency Regarding Funding for Affordable Housing approved by the Hollywood City Commission on October 3, 2018 pursuant to Resolution No. R-2018-324, as amended from time to time

2. Loan Program Applicants shall participate in a pre-qualification review which includes the submission of all documents necessary to establish eligibility and participate in the program
3. Applicant(s) shall not be anticipating nor involved in any bankruptcy or foreclosure action during any stage of the approval process.
4. Applicant(s) shall be a United States Citizen or legal resident eligible to receive federal assistance, as defined in Title 8 U.S.C. and 24 CFR Section 570.613, shall own and occupy the property, and shall comply with all program terms and conditions, including but not limited to rent restrictions.
5. Applicant(s) shall be current on all secured mortgage(s), applicable insurance policies, and property taxes at the time of application.
6. Applicant(s) residing in condominiums are eligible.

C. Property Eligibility

1. Single-family homes and condominium units, including common areas, are eligible properties. Mobil homes, multiple dwelling units and co-operatives are not eligible.
2. The property in need of repair shall be located within the corporate limits of Hollywood.
3. Eligible properties shall have been granted Homestead Exemption from the Broward County Property Appraisers Office, or the owner shall have applied for such exemption.
4. The property shall conform to City of Hollywood's Zoning and Land Development Regulations regarding the use and density permitted.
5. The maximum loan amount per household for eligible repair items shall not exceed \$70,000.00 unless additional assistance is necessary to correct existing code deficiencies or code violations, as set forth in the Hollywood Code of Ordinances and/or Federal Minimum Property Standards, as set forth in 24 CFR Part 92.251; or to cure a verified overcrowding condition. Construction costs shall not exceed 60% of the assessed value of the primary structure, subject to applicable Florida Building Code regulations and FEMA standards. The maximum permissible loan amount will be based upon the aggregated total of all outstanding City of Hollywood housing loans for the subject property, with the exception of CCF contributed to the project. CCF is limited to the dollar amount permissible by the the Policy Governing Programs Supported By the

Interlocal Agreement for Affordable Housing, Work Skills Development, and Infrastructure, as amended from time to time.

6. The post-rehabilitation value shall be determined either by an independent appraisal prepared by a licensed professional appraiser or the City's staff appraiser. The post-rehabilitation appraised value shall not exceed the limit (if any) established by the applicable funding source.
7. All non-conforming or un-permitted improvements to primary structures shall be corrected in conjunction with the project. The correction may include either removing the un-permitted improvement or legitimizing the un-permitted improvement by performing rehabilitation acts that bring it into compliance with the current code to the extent feasible as allowed by the funding source.
8. If any eligible repair item is deemed to constitute an imminent threat to the health, safety or welfare of the public, the occupant or the property, as determined by City staff, the project shall be prioritized and shall supersede existing rehabilitation projects/applications.
9. Required insurance coverages shall be current at the time of application and maintained throughout the life of the loan. If insurance coverage is not maintained, the City may either force place insurance or deem the borrower in default of the mortgage and pursue any and all legal remedies pursuant to the terms and conditions of the mortgage and/or Promissory Note to recover on the Applicant's indebtedness.

D. Financing Terms:

1. Homeowners whose total household income falls at/or below 120% of AMI are eligible for a zero percent (0%) interest, deferred-payment loan.
2. Homeowners shall maintain the property in accordance with all applicable codes and regulations. The homeowner shall maintain the property in order to prevent waste, impairment or deterioration, and the City may monitor the property to assure compliance. Failure on the owner's part shall be considered a default under the City's Mortgage and Promissory Note, and the City may pursue acceleration of the debt and all other applicable legal remedies.
3. CDBG, HOME, and SHIP financial assistance is at zero percent (0%) interest, and repayment is deferred for thirty (30) years (the Affordability Period) unless the home is sold, rented, ceases to be the primary residence of the beneficiary, or is transferred or conveyed by any other means. Under the terms and conditions of the City's Deferred Payment Promissory Note and Mortgage, the debt is payable in full on the maturity date set forth in the Mortgage that is thirty years from the date of the Promissory Note and Mortgage. Prior

to the maturity date, the mortgagee shall offer the mortgagor the opportunity to refinance with the same terms and conditions, provided mortgagor has not defaulted on any terms or conditions set forth in the Mortgage; however, mortgagor is under no obligation to refinance the loan. Mortgagee may also declare the principal balance of the loan due in full at any time prior to the maturity date, if mortgagor defaults on any term or condition of the Mortgage and/or Promissory Note.

4. CCF financing terms shall adhere to the Policy Governing Programs Supported By the Interlocal Agreement for Affordable Housing, Work Skills Development, and Infrastructure as amended from time to time
5. For projects involving a condominium association's common area the maximum loan amount shall not exceed the prorated assessment on each eligible unit, including associated soft costs.

VIII. Loan Security and Limitations

- A. Property owners shall maintain fire, hazard, flood, and windstorm (as applicable) insurance coverage in an amount sufficient to cover all loans against the property, with the City named as loss payee.
- B. Property taxes shall be current at the time of application.
- C. The City may deny a loan to an applicant whose property has additional indebtedness such as, but not limited to City, State and/or federal liens, or has more than two mortgages, excluding loans from affordable housing entities.
- D. If the owner(s) defaults on a superior mortgage, the City shall, when possible, recapture the entire amount of the City's investment pursuant to the terms and conditions of the Mortgage and Promissory Note. Upon foreclosure by the superior mortgagee, the City may pursue any and all applicable legal remedies against the property owner pursuant to the City's Mortgage and Promissory Note.
- E. A borrower that has non-retirement assets in excess of the amount of subsidy provided by these programs is not eligible for assistance. A homesteaded principle residence is excluded from the calculation of non-retirement assets.
- F. CCF Loan Security and Limitations shall adhere to the Policy Governing Programs Supported by the Interlocal Agreement for Affordable Housing, Work Skills Development, and Infrastructure, as amended from time to time.

IX. Existing Mortgage Transactions

Upon the property owner's request to refinance, satisfy and/or subordinate the City's mortgage, the following guidelines shall apply.

A. Refinancing Requests and Subordination

Under the existing terms and conditions of the City's Promissory Note and Mortgage, full payment of the debt is due on the maturity date, or upon rental, sale or transfer of the property. However, the City may allow subordination of its loan in situations where a new mortgage is required to restructure the debt to improve the home's affordability. The City may subordinate subject to the following conditions, as applicable:

1. A request associated with the thirty (30) year maturity date refinance option offered by the City.
2. The City's mortgage position remains the same or improves.
3. The dollar amount of the new debt is no greater than the pre-existing debt, plus reasonable and customary closing costs not to exceed seven percent (7%), unless the City's loan is paid off.
4. The borrower cannot take cash out.
5. Partial payoff of the City's loan may be considered. In this situation, the remaining debt to the City may be subordinated.
6. In cases of Loan Modification when the City's mortgage is superior and subordination is the only option to modify terms under standard hardship circumstances to avoid foreclosure.
7. The Community Development Manager, or his/her designee, is authorized to make any administrative decision which does not conflict with Federal or State requirements. The Manager or designee may consider requests for subordination of the City's mortgage interest subject to the above conditions and execution of all applicable documents

B. Satisfaction of Mortgages

The City Manager is authorized to execute and deliver Satisfactions of Mortgage upon the recommendation of the Director of the Department of Development Services and approval by the City Attorney or designee. Satisfaction of Mortgage requests not associated with a default of a superior mortgage, or full payment of the City's loan, will be considered based upon demonstration of financial benefit to the City. Any such determination that a request to satisfy a City Mortgage should be approved shall be forwarded to the Director of Financial Services and the collection or waiver in whole or part of a settlement of the City's Mortgage (lien interest) shall be completed in accordance with Section 38.75 of the City of Hollywood Code of Ordinances. The Community Development Division will record each Satisfaction of Mortgage or Release of Lien in Broward County Records. The property owner is responsible for paying all applicable recording costs. CCF project financing is secured by personal guaranty and Deed Restriction and shall adhere to the Policy Governing Programs Supported by the Interlocal Agreement for

Affordable Housing, Work Skills Development, and Infrastructure as amended from time to time.

C. Assumption of Mortgage

When a property rehabilitated with City funds transfers ownership other than through sale, such as inheritance, the new owner may apply to assume the loan and execute a new Promissory Note, providing he/she occupies the home as their primary residence and qualifies under the program and income guidelines in place at the time of transfer of ownership. Otherwise, the loan(s) shall immediately be repaid in full.

IX. Right of Appeal

In situations where a program participant is dissatisfied with a decision or determination made by City staff, the participant may appeal in writing to the Director of Development Services, or his/her designee. The Director, or his/her designee shall have final administrative authority to settle any dispute within the confines of the statutory limits imposed by the granting agency.

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HOUSING REPLACEMENT

I. Introduction

During the course of inspecting houses for potential rehabilitation, it is occasionally determined that it is not cost effective to rehabilitate the structure. These homes typically have extensive code or building code deficiencies, including health and safety concerns. They may have been deemed unsafe and uninhabitable. These homes are often owned by individuals who are economically or physically unable to maintain the property.

Federal and state grant sources allow the financing of replacement housing, and it is also allowable under this housing policy. An appropriate community development objective is to offer assistance to low- and moderate-income households to reconstruct housing to the minimum property standards contained in 24 CFR Section 92.251(a).

II. Authority

The United States Department of Housing and Urban Development allows for voluntary, replacement housing under the Community Development Block Grant and the Home Investment Partnerships Program. The State of Florida's SHIP Program, under the category of new construction, allows the activity as well. This activity can be conducted with public funds or in combination with private lending institutions.

III. Standards

The standards for housing replacement are:

1. Florida Building Code, as amended from time to time.
2. Hollywood Code of Ordinances and Hollywood Zoning & Land Development Regulations, as amended from time to time.
3. United States Department of Housing and Urban Development, Property Standards (24 CFR Section 92.251(a) as amended from time to time.
4. Hollywood Housing Rehabilitation Specifications.

IV. Waivers

Any waiver of federal or state regulations and/or statutes shall be obtained from the appropriate granting agency. Local policies that are not federal or state regulations may be waived by the City Commission.

V. Eligibility

A. Applicant Eligibility

1. Applicant(s) shall be a United States Citizen or legal resident, eligible to receive federal assistance as defined in Title 8 of the U.S.C. and 24 CFR Section 570.613, and shall be the property owner and occupant of the property.
2. Total household income shall be below the maximum amount allowed by the grant source, adjusted for family size.

B. Property Eligibility

1. The structure must be a Single Family Dwelling, and the following factors shall be met:
 - a. Using construction cost data contained in the most edition of RSMeans, staff's estimate of the cost of repair either exceeds 51% of the assessed value currently shown in the Broward County Property Appraiser's record or the repair exceeds 51% of the home's replacement cost; or
 - b. The repair estimate exceeds the financial limits of the Housing Rehabilitation Program, as set forth in the applicable policy.
2. The property shall be located within the corporate limits of Hollywood.
3. The replacement home shall conform to the City's Zoning and Land Development Regulations, Florida Building Code and any other applicable regulations.
4. Loan limits for demolition and construction shall be determined based upon prevailing replacement costs and available funding.
5. Eligible properties shall have been granted Homestead Exemption from the Broward County Property Appraisers Office, or the owner shall have applied for Homestead Exemption prior to applying for any financial assistance.
6. The maximum post-assistance appraised value (per plans and specs) of a participating property shall not exceed the published post assistance value limitations of the funding source being utilized.
7. In cases of Natural Disaster, this program permits reconstruction of units not standing on the site at the time of project commitment, provided that HOME funds are committed within twelve (12) months from the date of destruction.

VI. Financial Terms

Financial assistance is available as a subsidy toward the demolition and replacement of an existing house. The amount of assistance will be determined by the financial capacity of the homeowner. Financing may be in combination with a participating private lender or entirely publicly-financed, subject to the availability of grant funds.

- A.** An applicant may elect to seek private lender financing to rebuild the house. The City offers a zero percent (0%) interest, deferred-payment mortgage loan in partnership with a participating private lender. The mortgage subsidy to offset the costs of demolition and construction, will be determined on a case by case basis, depending upon the availability of funds.
- B.** In the event private funds cannot be secured, the City may elect to provide 100% of the funds to construct the home, subject to the terms and conditions of the funding subsidy programs and the repayment provisions set forth in this Policy under Section VII(D) of the Housing Rehabilitation Program. The maximum subsidy limit for the Housing Replacement Program will be based upon the HUD Maximum Mortgage Limits Non-Elevator Construction Chart, Section 221(d)3, published by the local HUD Field Office, as amended from time to time, and shall include any applicable refinanced debt.
- C.** When the City refinances an existing private financial obligation, further described in the Policy under Section VIII of the Housing Replacement Program, the repayment shall be based on a calculation of 30% of the household's gross monthly income, with a maximum term of thirty (30) years. Any portion of principal loan amount not included in the payment structure will be deferred and subject to the provisions set forth in Section VII (D) of the Housing Rehabilitation Program Policy. The cost of rehabilitation must exceed the amount of the debt refinanced to be considered for this program.

VII. Loan Security and Limitations

- A.** Participants shall attend a credit counseling/budget workshop provide by a HUD-Certified Housing Counseling Agency.
- B.** Borrowers with non-retirement assets in excess of the amount of subsidy provided by these programs are not eligible for assistance. A homesteaded principle residence is excluded from the calculation of non-retirement assets..
- C.** Property owners shall maintain fire, hazard, flood, and wind storm (as applicable) insurance coverage adequate to cover all indebtedness, and naming the City as Loss Payee.
- D.** All City-sponsored mortgage loans shall be secured by a Promissory Note. The City reserves all rights under both the note and mortgage.

- E.** The City shall ensure, by way of deed restriction that properties purchased or constructed using financial assistance under this section remain affordable to individuals or families whose household income does not exceed limits specific to the funding source. The City shall adhere to HOME program standards as set forth in 24 CFR Section 92.254(a)(4) and (5)(i) and (ii). However, under the terms and conditions of the City's Deferred-Payment Promissory Note and Mortgage, the debt is payable in full on the maturity date set forth in the Mortgage that is thirty (30) years from the date of the Promissory Note and Mortgage. Prior to the maturity date, the mortgagee shall offer the mortgagor an option to refinance with the same terms and conditions, provided mortgagor has not defaulted on any terms or conditions set forth in the Mortgage; however, Mortgagor is under no obligation to refinance the loan. Mortgagee may declare the principal balance of the loan due in full at any time prior to the maturity date, if the mortgagor defaults on any term of the Mortgage, including selling, renting or ceasing to use the house as the primary residence of the buyer, or if it is transferred or conveyed by any other means of title conveyance. Any other standards required by an assisting funding source shall be applied and enforced, if longer in duration. The following chart demonstrates minimum compliance with HOME program "affordability" standards.

\$ AMOUNT PER UNIT	MINIMUM AFFORDABILITY PERIOD
Under \$15,000.00	5 years
\$15,000.00 to \$40,000.00	10 years
Over \$40,000.00	15 years

VIII. Housing Replacement Refinance

When it is determined that a house should be demolished/replaced, and doing so will have a substantial adverse effect on the homeowner(s) current financial situation, refinancing of the existing private mortgage(s) may be considered, based upon the following criteria:

- A.** Investment is being made to maintain current level of affordability, and payments will not exceed 30% of the applicant's household monthly gross income.
- B.** Applicant must demonstrate hardship based upon the following criteria:
 - 1. Divorce or abandonment causing a reduction of household income which directly affects applicant's ability to repay the mortgage.

2. Death or illness of household provider that prohibits his/her ability to contribute to the household income and directly affects applicant's ability to repay the mortgage.
3. Illness of an immediate family member that requires at least one of the household providers to remain at home, leading to a reduction of household income which directly affects applicant's ability to repay the mortgage.
4. Loss of job of at least one of the household providers leading to a reduction of income which directly affects applicant's ability to repay the mortgage.
5. The hardship is a reduction of household income that is beyond the household's control.
6. The City shall record a deed restriction in the Public Records of Broward County, Florida for any property constructed with refinance assistance under this section. The deed restriction shall ensure that the property remains affordable to individuals or families whose household income does not exceed limits specific to the funding source for a minimum of thirty (30) years.
7. When it is determined that the hardship is long-term and/or permanent, and it is clearly in the best interest of the applicant to dispose of the property to avoid imminent foreclosure, the Community Development Division may recommend that the applicant seek from the guidance of a HUD-Certified Housing Counseling Agency.

VIII. Right of Appeal

In situations where a program participant is dissatisfied with a decision or determination made by staff, the participant may appeal in writing to the Director of Development Services, or his/her designee. The Director, or his/her designee shall have final administrative authority to settle any dispute within the confines of the statutory limits imposed by the granting agency.

HOME OWNERSHIP PURCHASE ASSISTANCE

I. Introduction

The goal of the Home Ownership Purchase Assistance Program (HOPA) is to increase home ownership opportunities, improve the condition of existing housing units, and encourage new housing construction, when feasible. The program promotes home ownership by providing closing costs and down payment assistance. The program enables the City to leverage public and private funding sources to encourage and promote affordable housing. An appropriate community development strategy is to offer financial assistance to enable low- and moderate-income households to acquire housing that meets the minimum property standards contained in 24 CFR Section 92.251(c). The “First-Time Homebuyer Purchase Assistance Program” funded by County Contribution Funds derived from the Inter-local Agreement Among Broward County, the City of Hollywood, and the City of Hollywood Community Redevelopment Agency Regarding Funding for Affordable Housing is governed by another separate and distinct Policy.

II. Authority

Local governments are authorized by both the United States Department of Housing and Urban Development and the Florida-Housing Finance Corporation to participate in activities that assist eligible households in the acquisition of existing housing or the construction of new housing.

III. Source of Funding

Funding sources for home ownership assistance programs offered by the City of Hollywood include federal, state, local, and private lender participants. Federal sources include the Community Development Block Grant (CDBG) Program, Home Investment Partnerships Program (HOME), Neighborhood Stabilization Program (NSP) and other sources of competitive private grants. State sources include the State Housing Initiatives Partnerships Program (SHIP). Clients may be assisted with other federal, state, local or private sources, when these become available.

IV. Waivers

Any waiver of federal or state regulations or statutes shall be obtained from the appropriate granting agency. Local policies that are not federal or state regulations may be waived by the City Commission.

V. Eligibility Criteria

A. Program Eligibility

Home ownership purchase assistance shall be conducted within the framework of the grant source's rules and regulations, as amended from time to time, and applicable local policies and procedures. Funds used to administer these programs are presumed to benefit very low-, low-, or moderate-income households, including the Section 8 Housing Voucher program restrictions on student participation adopted by the 2013 HOME Final Rule. Certain programs may require additional income restrictions. Regulatory reviews shall be conducted in accordance with federal and/or state requirements. Home Ownership Purchase Assistance participants may also be assisted under the terms and conditions of the City's "Acquisition Rehabilitation Program" included in this Policy.

B. Applicant Eligibility

1. Applicants shall meet the City's income eligibility requirements as established by federal and/or state guidelines as follows:
 - a) For HUD-funded CDBG and HOME programs, the maximum household income is 80% of AMI, adjusted for family size; for HUD funded NSP, the maximum household income is 120% of AMI, adjusted for family size.
 - b) For State Housing Finance Corporation programs, the maximum household income is 140% of AMI, adjusted for family size. However, the City of Hollywood's Housing Programs restricts participation to households at or below 80% of AMI, adjusted for family size.
 - c) The income certification process includes the Section 8 Housing Voucher program restrictions on student participation adopted by the 2013 HOME Final Rule.
2. Applicants shall provide a pre-qualification letter from an institutional lender for a loan amount of not less than \$50,000.00.
3. Applicants shall complete an eight-hour HUD-certified Homebuyer Education workshop. Completion certificates must be dated within one (1) year of application and must include the borrower and co-borrower, if any.
4. Purchase assistance shall be provided at zero percent (0%) interest. Under the terms and conditions of the City's Deferred Payment Promissory Note and Mortgage, the debt is payable in full on the maturity date set forth in the Mortgage that is thirty (30) years from the date of the signing of the Promissory Note and Mortgage. The

mortgagee shall offer the mortgagor the option of refinancing with the same terms and conditions, provided mortgagor has not defaulted on any terms or conditions set forth in the Mortgage and Promissory Note; however, mortgagor is under no obligation to refinance the loan. Mortgagee may also require the principal balance of the loan to be paid, in full, at any time prior to the maturity date, if mortgagor defaults on any term of the Mortgage or Promissory Note. Applicant shall not be anticipating or involved in any bankruptcy during the homeownership purchase assistance process.

5. At the time of application, applicants for purchase assistance must document proof of liquid assets on deposit of no less than 3% of the pre-qualification loan amount, as stated in the lender's pre-qualification letter, with the exception of Habitat For Humanity buyers for whom sweat equity may be substituted.
6. Applicant(s) must not have owned a home within the previous three (3) years according to the HUD definition of "First-Time Home Buyer" in 24 CFR Part 92 and set forth in the section entitled "Definitions".
7. Applicant(s) shall be a United States Citizen or legal resident, eligible to receive federal assistance, as defined in Title 8 of the U.S.C. and 24 CFR Section 570.613. The owner must occupy the property as their primary residence and must comply with program terms and conditions, including but not limited to applicable rent restrictions.

C. Property Eligibility

1. Properties purchased with City assistance must be located within the incorporated limits of Hollywood and must be occupied as applicant's primary residence.
2. Single family homes, town homes, and condominiums are eligible property types. Vacant lots are eligible for new construction.
3. The purchase price cannot exceed the maximum limit of the funding source for existing or new construction projects. This amount may be adjusted annually reflecting the requirements of the funding source.
4. The property to be purchased is subject to a home inspection in accordance with the Florida Building Code plus any additional requirements identified in the City of Hollywood's Code of Ordinances and other requirements identified by the Community Development Division. Effective January 2015, the new Uniform Physical Conditions Standards (UPCS) are required in accordance with 24 CFR Section 5.703.
5. This policy allows the purchase of properties that are under the control and ownership of a Community Land Trust, as defined in Section 193.017, Florida Statutes. The Community Development Manager, or designee, has the authority to review and determine the

measures necessary to allow the flexibility needed for such a purchase.

VI. Financial Arrangements

The following general policies shall apply:

- A.** A mortgage loan may be provided for the acquisition of an existing home or for construction of a new home.
- B.** Private lenders may lend up to 97% of the purchase price or appraised value, whichever is less. These loans, secured by note and mortgage, may be amortized up to thirty (30) years at a uniform, fixed interest rate not to exceed the customary rate for FNMA/FHMLC/Portfortio/FHA/Bond affordable mortgage. The loan cannot assumable or include pre-payment penalties, and the private lender may not charge an origination fee.
- C.** At the time of application, applicants for financial assistance must show proof of liquid assets on deposit of no less than 3% of the approved pre-qualification loan amount, as stated in the lenders pre-qualification letter, with the exception of Habitat for Humanity buyers for whom sweat equity may be substituted.
- D.** The City offers purchase assistance based on a calculation of need, up to the following maximum limits:
 - 1. For Very-Low-, Low- and Moderate- Income purchasers, the City offers a mortgage subsidy not to exceed \$50,000.00 towards down payment/closing costs for principal reduction/mortgage subsidy acquisition of an existing home or new construction. When the City has contracted with an entity to provide assistance under this section, the subsidy limits stated in the Agreement between the City and the contracted entity shall take precedence.
 - 2. In the case of new construction, the City may offer a second mortgage subsidy toward the purchase price of a vacant lot, reasonable and customary closing costs, and construction costs.
 - 3. Financial assistance shall be provided at zero (0) percent interest. Under the terms and conditions of the City's Deferred Payment Promissory Note and Mortgage, the debt is payable in full on the maturity date set forth in the Mortgage that is thirty (30) years from the date of the signing or the Promissory Note and Mortgage. The mortgagee shall offer the mortgagor the option to refinance with the same terms and conditions, provided mortgagor has not defaulted on any terms or conditions set forth in the Mortgage; however, mortgagor is under no obligation to refinance the loan. Mortgagee may also require the principal balance of the loan to be paid, in full,

at any time prior to the maturity date, if the mortgagor defaults on any term of the Mortgage.

4. Restriction: A borrower that has non-retirement assets in excess of the amount of subsidy provided by these programs is not eligible for assistance. A homesteaded principle residence is excluded from the calculation of non-retirement assets. Borrower(s) whose sole source of income is fixed (social security, disability) may request exemption from this restriction.

VII. Loan Security and Limitations

A. The Following Limitations Apply:

1. Generally, homeowner assistance loans provided by the City are in second position and secured by a mortgage and promissory note. However, the City, may opt for a lower position to subordinate to Broward County, state, federal government or private lender when necessary to aid in the provision of affordable housing. The City reserves all rights under the terms of the note and mortgage.
2. Property owners must maintain fire, hazard, flood, and wind storm (as applicable) insurance coverage in an amount sufficient to cover replacement of the house, with the City named as loss payee.
3. A borrower with non-retirement assets in excess of the amount of subsidy provided by these programs is not eligible for assistance. A homesteaded principle residence is excluded from the calculation of non-retirement assets.
4. If the homeowner defaults on a superior mortgage, the City shall endeavor to recapture the entire amount of the City loan from the homeowner. Upon initiation of a foreclosure action by the superior mortgagee, the City may pursue any appropriate legal remedies against the property owner pursuant to the City's Mortgage and Promissory Note.
5. The City shall ensure by way of deed restriction that properties purchased with assistance under this section shall remain affordable to individuals or families whose household income does not exceed the limits specific to the funding source. The City will follow HOME program period set forth at 24 CFR Section 92.254 (a) (4) and (5)(i), at a minimum, to comply with this period. Under the terms and conditions of the City's Deferred Payment Promissory Note and Mortgage, the debt is payable in full on the maturity date set forth in the Mortgage that is thirty (30) years from the date of the signing or the Promissory Note and Mortgage. The mortgagee shall offer the mortgagor the option of refinancing with the same terms and conditions, if the mortgagor has not defaulted on any terms or conditions set forth in the Mortgage; however, mortgagor is under no obligation to refinance the loan. Mortgagee may also require the

principal balance of the loan to be paid, in full, at any time prior to the maturity date if the mortgagor defaults on any term of the Mortgage, including if the house is sold, rented, ceases to be the primary residence of the buyer, or is transferred or conveyed by any other means of title transference. Any other periods required by an assisting funding source shall be applied and enforceable, if longer in duration. The following chart demonstrates minimum compliance with HOME program “Affordability Periods”.

\$ AMOUNT PER UNIT	MINIMUM AFFORDABILITY PERIOD
Under \$15,000.00	5 years
\$15,000.00 to \$40,000.00	10 years
Over \$40,000.00	15 years

B. Refinancing Requests and Subordination

Under the existing terms and conditions of the City’s Promissory Note and Mortgage, full payment of the indebtedness is due on the maturity date or upon rental, sale, or transfer of the property. The City may allow subordination of its loan in situations where a new mortgage is required to restructure the debt to improve the home’s affordability. The City may subordinate subject to the following conditions, as applicable:

1. A request associated with the thirty (30) year maturity date refinance option offered by the City.
2. The City’s mortgage position remains the same or improves
3. The dollar amount of the new debt shall be no greater than the pre-existing debt, plus reasonable and customary closing costs not to exceed seven percent (7%), unless the City’s loan is paid off.
4. The borrower cannot take cash out.
5. Partial payoff of the City’s loan may be considered. In this situation, the remaining debt to the City may be subordinated.
6. In cases of Loan Modification where the City’s mortgage is superior and subordination is the only option to modify terms under standard hardship circumstances to avoid foreclosure.
7. The Community Development Manager, or his/her designee, is authorized to make any administrative decision which does not conflict with applicable federal or state regulations. The Manager or designee may consider requests for subordination of the City’s mortgage interest subject to the above conditions and execution of all applicable documents.

C. Satisfaction of Mortgages

The City Manager is authorized to execute and deliver all satisfactions of mortgage upon recommendation of the Director of the Department of Development Services and approval by the City Attorney or his/her designee. Satisfaction of Mortgage requests not associated with a default of a superior mortgage, or full payment of the City's loan, will be considered based upon demonstration of financial benefit to the City. Any such determination that a request to satisfy a City Mortgage should be approved shall be forwarded to the Director of Financial Services and the collection or waiver in whole or part of a settlement of the City's Mortgage (lien interest) shall be completed in accordance with Section 38.75 of the City of Hollywood Code of Ordinances. The Community Development Division will send each Satisfaction of Mortgage or Release of Lien to Broward County for recording. The property owner is responsible for paying all applicable recording costs.

D. Transfer of Ownership/Assumption of Mortgage

When a property rehabilitated with City funds transfers ownership other than through sale, such as inheritance, the new owner may apply to assume the loan and execute a new Promissory Note, providing he/she occupies the home as their primary residence and qualifies under the program and income guidelines in place at the time of transfer of ownership. Otherwise, the loan(s) shall immediately be repaid in full.

VIII. Right of Appeal

In situations where a program participant is dissatisfied with a decision or determination made by the City staff, the participant may appeal in writing to the Director of Development Services, or his/her designee. The Director, or his/her designee shall have final administrative authority to settle any dispute within the confines of the statutory limits imposed by the granting agency.

ACQUISITION REHABILITATION PROGRAM

I. Goal

The objective of the Acquisition/Rehabilitation Program is to increase home ownership opportunities and improve the condition of existing housing stock. The program enables the City to leverage public and private funding to encourage and promote affordable housing. An appropriate community development strategy is to offer assistance to low- and moderate- income households in acquiring and rehabilitating housing to meet the minimum property standards in 24 CFR Section 92.251(c).

II. Objective

The Acquisition Rehabilitation Program allows for the purchase and rehabilitation of substandard housing by combining Purchase Assistance, Acquisition, and Rehabilitation activities into one program.

III. Authority

Local governments are authorized by both the United States Department of Housing and Urban Development and the State of Florida's Housing Finance Corporation to participate in activities that assist eligible households in the acquisition of existing housing or the construction of new housing and also to administer the general activity of housing rehabilitation. Federal and State programs may be used to finance rehabilitation of privately-owned dwellings through the use of grants, loans, loan guarantees, and interest subsidies, in conjunction with private lending institutions, when appropriate.

Federal and State programs may be used to pay for labor, materials, and other related costs incurred in rehabilitating housing that is in disrepair due to deferred maintenance or to replace systems and fixtures that have reached the end of their useful life. Generally, the goal is to restore a dwelling to a condition which is free of health and safety hazards and which meets local housing codes.

IV. Standards

The standards for housing rehabilitation are:

1. Florida Building Code, as amended from time to time.
2. Hollywood Code of Ordinances and Hollywood Zoning & Land Development Regulations, as amended from time to time.

3. United States Department of Housing and Urban Development Property Standards (24 CFR Section 92.251), as amended from time to time.
4. Housing Rehabilitation Specifications.

V. Source of Funding

Funding sources for the Acquisition Rehabilitation Program offered by the City permit Federal, State and private lender participation. Potential Federal sources include Community Development Block Grant (CDBG), Home Investment Partnerships Program (HOME), Neighborhood Stabilization Program (NSP) and one-time or disaster-related programs. State sources include the State Housing Initiatives Partnerships Program (SHIP). Private funding may be provided through competitive grant programs, partnerships with participating lenders and other community partners.

VI. Waivers

Any waiving of Federal and State regulations and/or statutes shall be obtained from the appropriate granting agency. The policies which are not Federal or State requirements may be waived by the City Commission.

VII. Eligibility Criteria

A. Program Eligibility

Acquisition Rehabilitation Program activities shall be conducted within the framework of the granting agency's statutory rules and regulations, as amended from time to time, as well as applicable local policies and procedures. Funds used to administer these programs are presumed to benefit very low, low-, or moderate-income households, including the Section 8 Housing Voucher program restrictions on student participation adopted by the 2013 HOME Final Rule. Certain programs may require further income restrictions. Regulatory reviews shall be conducted in accordance with Federal and/or State requirements. These include, but are not limited to, certifications for environmental quality, fair housing, and drug-free workplace, in accordance with 24 CFR Section 92.251(b)(2). The City shall review and approve work write-ups (i.e., plans and specifications) and prepare written cost estimates. The City must determine that the work write-up and plans are in compliance with the City's written rehabilitation standards and that costs are reasonable and customary. Per 24 CFR Section 92.251(b)(3), the City shall conduct: (1) an initial inspection of the property to determine any deficiencies to be addressed, (2) progress inspections to monitor construction activities, and (3) final inspection to ensure that work was performed in accordance with the project's approved work write-up or

plans. For these inspections, the City can either use qualified in-house staff or secure a qualified third party that is independent of the applicant.

B. Applicant Eligibility

1. Applicants must meet income the eligibility requirements established by Federal and/or State guidelines and eligibility requirements under the City's Home Ownership Purchase Assistance Program as follows:
 - a) For HUD-funded CDBG and HOME programs, the maximum household income is 80% of AMI, adjusted for family size; for HUD-funded NSP the maximum household income is 120% of AMI, adjusted for family size.
 - b) For State Housing Finance Corporation programs, the maximum household income is 140% of AMI. However, the City of Hollywood's Housing Programs limits participation to households at or below 80% of AMI, adjusted for family size.
 - c) The income certification process will include the Section 8 Housing Voucher program restrictions on student participation adopted by the 2013 HOME Final Rule.
2. Applicants shall provide a pre-qualification letter from an institutional lender for a loan amount of not less than \$50,000.00.
3. Applicants shall complete an eight-hour, HUD-certified Homebuyer Education workshop. Certificates shall be dated within one year of application and must be provided by both the borrower and co-borrower.
4. Applicant must not be anticipating or involved in any bankruptcy during the homeownership assistance process.
5. Applicants for subsidy assistance shall show proof of cash assets on deposit of no less than 3% of the pre-qualified amount, as documented in the lender's pre-qualification letter, with the exception of Habitat For Humanity, Inc. buyers for whom sweat equity may be substituted.
6. Applicant(s) must not have owned a home within the previous three (3) years pursuant to the HUD definition of "First Time Home Buyer" in 24 CFR Part 92 entitled "Definitions".
7. Applicant(s) shall be a United States Citizen or legal resident, eligible to receive federal assistance, as defined in Title 8 of the U.S.C. and 24 CFR Section 570.613. The owner must occupy the property as their primary residence and must comply with program terms and conditions, including but not limited to applicable rent restrictions.

C. Property Eligibility

1. Properties purchased with City assistance must be located within the corporate limits of Hollywood and must be occupied as a primary residence as evidenced by a homestead exemption, or application for exemption, from the Broward County Property Appraiser's Office.
2. Single family homes, town homes, and condominiums are eligible property types. Vacant lots are eligible for new construction. Mobile Homes and Co-Operatives are not eligible for the program.
3. The purchase price shall not exceed the maximum funding source limits for existing or new construction projects. This amount may be adjusted annually reflecting the requirements published by the funding source.
4. The property to be purchased is subject to a home inspection in accordance with the Florida Building Code plus those additional requirements identified in the Hollywood Code of Ordinances and any other requirements identified by the Community Development Division. Effective January 2015, the new Uniform Physical Conditions Standards (UPCS) are required in accordance with 24 CFR Section 5.703.
5. This policy allows for the purchase of property under the control and ownership of a Community Land Trust, as defined in Section 193.017, Florida Statutes. The Community Development Manager, or designee, shall have authority to review and apply all reasonable allowances eligible by the funding source necessary to allow the flexibility needed for such a purchase.

The following requirements apply to housing for homeownership slated for rehabilitation after transfer of the ownership interest:

- (a) Prior to transfer of the homeownership interest, the City of Hollywood shall:
 - (i) Inspect the housing for any defects that pose a potential danger to health and safety; and
 - (ii) Notify the prospective purchaser of the work needed to cure the defects and the time by which such defects must be cured and applicable property standards met.
- (b) The housing must be free from all noted health and safety defects prior to occupancy no later than six (6) months after the transfer.
- (c) The housing shall meet the property standards in 24 CFR Section 92.251(a)(1) no later than two (2) years after transfer of the ownership interest.

6. The property shall conform to the Hollywood Zoning and Land Development Regulations regarding the allowable use and density.
7. The maximum loan amount per household for eligible repair items shall not exceed \$70,000.00 unless the repairs are for:) correcting existing code deficiencies or violations as set forth in the Hollywood Code of Ordinances and/or Federal Minimum Property Standards as set forth in 24 CFR Part 92.251; or (b) curing a verifiable overcrowding condition. The construction costs shall not exceed 60% of the assessed value of the primary structure, subject to applicable Florida Building Code regulations and FEMA standards. The loan amount shall be based upon the aggregated total of all outstanding City of Hollywood housing loans for the subject property.
8. The post-rehabilitation value shall be determined by an appraisal prepared by an independent appraiser or the City's staff appraiser. All non-conforming or un-permitted improvements to primary structures shall be corrected in conjunction with the project.
9. Required insurance coverage shall be current at the time of application and maintained throughout the life of the loan. If insurance coverage is not maintained, the City may either force place insurance or deem the borrower in default of the mortgage and pursue any and all legal remedies pursuant to the terms and conditions of the mortgage and/or Promissory Note to recover on the Applicant's indebtedness.

VIII. Financial Arrangements

The following general policies apply:

- A. Mortgage loans may be provided for the acquisition of an existing home or for construction of a new home.
- B. A private institution may lend up to 97% of the purchase price or appraised value, whichever is less. The loan, secured by note and mortgage, may be amortized up to thirty (30) years at a uniform fixed interest rate not to exceed the customary rate for FNMA/FHMLC/Portfortio/FHA/Bond affordable mortgage. The loan is not assumable, cannot have pre-payment penalties, and the private lender shall not charge an origination fee.
- C. Applicants for subsidy assistance must show proof of cash assets on deposit of no less than 3% of the pre-qualified loan amount documented in the lenders pre-qualification letter, with the exception of Habitat for Humanity buyers for whom sweat equity may be substituted.
- D. The City offers mortgage subsidies based on a calculation of need up to the following maximum limits:
 1. For Very Low-, Low-, and Moderate-Income purchasers, the City offers a mortgage subsidy not to exceed \$50,000.00 towards down

payment and reasonable and customary closing costs for principal reduction/mortgage subsidy acquisition of an existing home or new construction. When the City has contracted with an entity to provide assistance under this section, the subsidy limits stated in the Agreement between the City and the contracted entity shall take precedence.

2. All mortgage assistance is at zero percent (0%) interest. Under the terms and conditions of the City's Deferred Payment Promissory Note and Mortgage, the debt is payable in full on the maturity date set forth in the Mortgage that is thirty (30) years from the date of execution of the Promissory Note and Mortgage. Prior to the maturity date, the mortgagee shall offer the mortgagor an option to refinance, pursuant to the same terms and conditions, provided mortgagor has not defaulted on any terms or conditions set forth in the Mortgage. At maturity mortgagor is under no obligation to refinance the loan. Mortgagee may require the principal balance of the loan to be paid, in full, at any time prior to the maturity date, if mortgagor defaults on any term of the Mortgage, including if the house is sold, rented, ceases to be the primary residence of the buyer, or is transferred or conveyed by any other means, of title transference.
3. Restriction: Liquid Assets – Borrower(s) with liquid assets in excess of \$20,000.00 are not eligible for down payment assistance. IRAs, pensions, 401k's and other non-liquid retirement accounts are excluded from the calculation of restricted assets. Borrower(s) whose sole source of income is fixed (i.e., social security, disability) may request exemption from this restriction.
4. Program participants shall maintain the property in accordance with all City codes and regulations. Further, the participant is required to maintain the property in order to prevent waste, impairment, or deterioration. The City or a contractual entity using the City's funds may monitor the property to assure compliance. Failure on the program participant's part shall be considered a default under the City's Mortgage and Promissory Note, and the City may pursue acceleration of the payment and all appropriate legal remedies.

IX. Loan Security and Limitations

A. The Following Limitations Apply:

1. Home Ownership Purchase Assistance and Housing Rehabilitation loans are subordinate and shall be secured by a mortgage, promissory note and deed restriction. The City may take a position lower than second or third position to subordinate to Broward County, State, Federal Government, or private lender where necessary to aid

in the provision of affordable housing. The City reserves all rights under the terms of the note and mortgage.

2. A borrower who has non-retirement assets in excess of the amount of subsidy provided by these programs is not eligible for assistance. The homesteaded principle residence is excluded from the calculation of non-retirement assets.
3. Property owners must maintain fire, hazard, flood, and wind storm (where applicable) insurance coverage in an amount adequate to cover replacement of the house, with the City named as loss payee.
4. If the homeowner defaults on a superior mortgage, the City shall endeavor to recapture the entire amount of the City's investment from the homeowner. In the event of a foreclosure action by the superior mortgagee, the City may pursue appropriate legal remedies against the property owner pursuant to the City's Mortgage and Promissory Note.
5. The City shall ensure, by way of deed restriction that properties purchased with assistance under this section remain affordable to individuals or families whose household income does not exceed the limits specified by the funding source. The City will follow HOME program affordability period set forth at 24 CFR Section 92.254 (a) (4) and (5) (i) Under the terms and conditions of the City's Deferred Payment Promissory Note and Mortgage, the debt is payable in full on the maturity date set forth in the Mortgage that is thirty (30) years from the date of execution of the Promissory Note and Mortgage. Prior to the maturity date, the mortgagee shall offer the mortgagor an option to refinance, pursuant to the same terms and conditions, provided mortgagor has not defaulted on any terms or conditions set forth in the Mortgage. At maturity mortgagor is under no obligation to refinance the loan. Mortgagee may also require the principal balance of the loan to be paid, in full, at any time prior to the maturity date, if mortgagor defaults on any term of the Mortgage, including if the house is sold, rented, ceases to be the primary residence of the buyer, or is transferred or conveyed by any other means of title transference. Any other affordability periods required by an assisting funding source shall be applied and enforceable, if longer in duration. The following chart demonstrates compliance with HOME program "Affordability Periods".

\$ AMOUNT PER UNIT	MINIMUM AFFORDABILITY PERIOD
Under \$15,000.00	5 Years
\$15,000.00 to \$40,000.00	10 Years
Over \$40,000.00	15 years

B. Subordination Requests

Under the existing terms and conditions of the City's Promissory Note and Mortgage, full payment of the indebtedness is due on the maturity date or upon rental, sale, or transfer of the property. However, the City may allow subordination of its loan in situations when a new mortgage is required to restructure the debt to improve the home's affordability. The City may subordinate subject to the following conditions, as applicable:

1. A request associated with the thirty (30) year maturity date refinance option offered by the City.
2. The City's mortgage position remains the same or improves.
3. The dollar amount of the new debt shall be no greater than the pre-existing debt, plus reasonable and customary closing costs not to exceed seven percent (7%), unless the City's loan is paid off.
4. The borrower cannot take cash out.
5. Partial payoff of the City's loan may be considered. In this situation, the remaining debt to the City may be subordinated.
6. In cases of Loan Modification where the City's mortgage is superior and subordination is the only option to modify terms under standard hardship circumstances to avoid foreclosure.
7. The Community Development Manager, or his/her designee, is authorized to make any administrative decision which does not conflict with applicable federal or state regulations. The Manager or designee may consider requests for subordination of the City's mortgage interest subject to the above conditions and execution of all applicable documents.

C. Satisfaction of Mortgages

The City Manager is authorized to execute and deliver all satisfactions of mortgage upon recommendation of the Director of the Department of Development Services and approval by the City Attorney or his/her designee. All written Satisfaction of Mortgage requests not associated with a default of a superior mortgage, or full payment of the City's loan, will be considered based upon demonstration of financial benefit to the City. Any such determination that a request to satisfy a City Mortgage should be approved shall be forwarded to the Director of Financial Services and the collection or waiver in whole or part of a settlement of the City's Mortgage (lien interest) shall be completed in accordance with Section 38.75 of the City of Hollywood Code of Ordinances. The Community Development Division will send each Satisfaction of Mortgage or Release of Lien to Broward County for recording. The property owner is responsible for paying all applicable recording costs of said Satisfaction of Mortgage or Release of Lien. County Contribution Funds project financing (if any) shall be secured by security instruments and processes that adhere to the

Policy Governing Programs Supported by the Interlocal Agreement for Affordable Housing, Work Skills Development, and Infrastructure, as amended from time to time.

D. Assumption of Mortgage

When a property rehabilitated with City funds transfers ownership other than through sale, such as inheritance, the new owner may apply to assume the loan and execute a new Promissory Note, providing he/she occupies the home as their primary residence and qualifies under the program and income guidelines in place at the time of transfer of ownership. Otherwise, the loan(s) shall immediately be repaid in full.

X. Right of Appeal

In situations where a program participant is dissatisfied with a decision or determination made by the City staff, the participant may appeal in writing to the Director of Development Services or his/her designee. The Director, or his/her designee shall have final administrative authority to settle any dispute within the confines of the statutory limits imposed by the granting agency.

PROPERTY ACQUISITION PROGRAM

I. Goal

The Property Acquisition Program is designed to assist in the expansion of affordable housing choice throughout the city and to eliminate slum and blight in neighborhoods.

II. Objective

To acquire vacant lots or structures or occupied properties throughout the City for the provision of affordable housing. Structures that are not substandard may be rehabilitated and conveyed to a participant in the Home Ownership Purchase Assistance (HOPA) Program. Structures that are substandard shall be demolished and the lots offered for sale. This activity serves a public purpose by positively influencing the quality and stability of Hollywood's neighborhoods and its residential tax base.

III. Authority

Local governments are authorized by both the United States Department of Housing and Urban Development and the State of Florida's Housing Finance Corporation to provide a range of housing strategies that benefit very low, low-, and moderate-income persons. Federal and State programs may be used to pay for labor, materials, and other related costs incurred to repair housing which is in disrepair. The goal is to restore a house to a condition which is free of health and safety violations and which meets minimum local housing codes. Land may also be acquired and made available for construction of new housing.

IV. Source of Funding

Funding sources for the Property Acquisition Program include Federal, State, and private lender participation. Federal sources include Community Development Block Grant (CDBG), Home Investment Partnerships Program (HOME), the Neighborhood Stabilization Program under the Housing and Economic Recovery Act (NSP-1), the Neighborhood Stabilization Program under the American Recovery and Reinvestment Act (NSP-3). State funding is provided by the State Housing Initiatives Partnerships Program (SHIP). Other programs that offer funding opportunities may be utilized, as appropriate.

V. Waivers

Any waiving of Federal and State regulations and/or statutes shall be obtained from the appropriate granting agency. The policies which are not Federal or State requirements may be waived by the Hollywood City Commission.

VI. Criteria

The City of Hollywood may purchase vacant lots for the purpose of constructing new housing. The City may also purchase vacant homes and rehabilitate them when this course of action is economically feasible, and dispose of the homes through the Home Ownership Purchase Assistance Program. As part of the neighborhood revitalization strategy to create mixed income neighborhoods, the City may dispose of the property at market value.

When a property is not repairable, the City may demolish the structure and sell the lot for construction of new affordable housing to benefit income-eligible households. Depending on the source of funding, these homes shall be sold at an amount that does not exceed the funding source's limitations.

TENANT-BASED RENTAL ASSISTANCE

I. Goal

The goal of the Tenant-Based Rental Assistance (TBRA) program is to provide rental assistance to LMI households.

II. Objective

To create partnerships with non-profit agencies capable of providing rental assistance using TBRA funds to LMI households while simultaneously linking the participants with other services to stabilize or increase household income and address other social service concerns. The City may provide assistance directly or via a third-party.

III. Authority

Local governments are authorized by the United States Department of Housing and Urban Development to provide TBRA activities in accordance within 24 CFR Section 92.209.

IV. Source of Funding

Home Investment Partnerships Program (HOME) and other federal, state, or local programs that offer funding opportunities may be utilized as well.

V. Waivers

Any waiver of Federal and State regulations and/or statutes shall be obtained from the appropriate granting agency. The policies which are not Federal or State requirements may be waived by the City Commission.

VI. Eligibility and Requirements

A. Tenant Beneficiary Eligibility Requirements are as follows:

1. A tenant beneficiary(s) shall be a United States Citizen or legal resident, eligible to receive federal assistance, as defined in Title 8 of the U.S. Code and 24 CFR Section 570.613.
2. Total household income must fall below the maximum allowed by the grant source, adjusted for family size.
3. Only if the City or the partnering agencies program is administered in accordance with 24 CFR Section 92.209(b) may the partnering agency establish a preference for individuals with special needs (such as homeless persons or elderly persons) and adults meeting

the Census Bureau's Current Population Reports definition of "severely disabled persons, provided the preferences do not limit the opportunities of persons on any basis prohibited by the laws listed under 24 CFR Section 5.105(a).

4. TBRA financial assistance shall remain within the corporate limits of Hollywood.
5. The City, partnering agencies, or property owners shall not initiate action that prevents a potential tenant beneficiary household from maintaining its position and preference status on a Section 8 waiting list.
6. A partnering agency may charge a nominal application fee to discourage frivolous applications. Said fees shall be reasonable and customary for the services being provided.

B. Additional Requirements

1. In accordance with 24 CFR Section 92.209(g), each tenant beneficiary must execute a written lease of not less than one year, unless a different timeframe is established by mutual agreement between the tenant, the owner, and the partnering agency.
2. Each tenant beneficiary lease shall comply with the HOME lease requirements set forth in 24 CFR Section 92.253(a) and (b) which prohibit the following lease terms:
 - a) Agreement to be sued. Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the owner in a lawsuit brought in connection with the lease;
 - b) Treatment of property. Agreement by the tenant that the owner may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out. The owner may dispose of this personal property in accordance with State law;
 - c) Excusing owner from responsibility. Agreement by the tenant not to hold the owner or the owner's agents legally responsible for any action or failure to act, whether intentional or negligent;
 - d) Waiver of notice. Agreement of the tenant that the owner may institute a lawsuit without notice to the tenant;
 - e) Waiver of legal proceedings. Agreement by the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;

- f) Waiver of a jury trial. Agreement by the tenant to waive any right to a trial by jury;
 - g) Waiver of right to appeal court decision. Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease; and
 - h) Tenant chargeable with cost of legal actions regardless of outcome. Agreement by the tenant to pay attorney's fees or other legal costs, even if the tenant prevails in a court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay costs, if the tenant does not prevail.
3. An owner may not terminate the tenancy or refuse to renew the lease of a tenant of rental housing assisted with TBRA funds, except for serious or repeated violation of the terms and conditions of the lease, for violation of applicable Federal, State, or local law; for completion of the tenancy period for transitional housing; or for other good cause. To terminate or refuse to renew tenancy, the owner must serve written notice upon the tenant specifying the grounds for the action at least thirty (30) days before the termination of tenancy.
 4. An owner may charge reasonable and customary fees, such as a monthly fee for access to laundry facilities, reasonable application fees to prospective tenants, parking fees in neighborhoods where such fees are customary, and the cost of non-mandatory services, such as meal or bus service.
 5. The City or a partnering agency is required to establish both a minimum tenant contribution to rent and a rent standard for the unit size based on the rent standard established in 24 CFR Part 982, which governs the Section 8 Housing Choice Voucher Program.
 6. The City or partnering agency shall adopt written tenant selection policies and criteria that:
 - a) Are consistent with the purpose of providing housing for very low-income and low-income households;
 - b) Are reasonably related to program eligibility and the applicants' ability to perform the obligations of the lease;
 - c) Provide for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable; and
 - d) Give prompt written notification to any rejected applicant of the grounds for any rejection.
 7. The leased property shall meet the property standards criteria set forth in 24 CFR Section 92.401 or any successor requirements imposed by the funding source.

8. Upon reasonable notice to the owner, and the tenant beneficiary, the City, or a contractual entity using the City's funds, shall conduct property inspections at least annually to determine that the property continues to meet the property standards set forth in 24 CFR Section 92.401 or any successor requirements imposed by the funding source

VII. Eligible Expenses

A. Project Expenses

Project expenses are the rental assistance and security deposit payments made to provide tenant-based rental assistance for an eligible household. Utility deposits are eligible only when made in conjunction with the rental assistance or security deposit assistance.

B. Soft Costs

In accordance with 24 CFR Section 92.206(d)(6), a partnering agency may expend for reasonable and necessary costs incurred by the partnering agency and associated with program delivery. These costs include, but are not limited to:

1. Staff and overhead costs directly related to carrying out the project, such as inspections and other services related to assisting potential tenants.
2. Costs of a project audit.
3. Costs to provide informational services such as affirmative marketing and fair housing information.

LEASE/PURCHASE PROGRAM

I. Introduction

The Lease/Purchase Program shall be administered in association with the Hollywood Housing Authority to purchase and lease residential properties to eligible tenant purchasers. The goal of the Lease/Purchase Program is to increase home ownership opportunity, improve the condition of existing housing stock, and educate participating clients in maintaining the property they occupy. An appropriate community development objective is to offer assistance to low- and moderate-income households facilitate their participation in the Lease/Purchase Program for the leasing of homes that meet the standards set forth in 24 CFR Section 982.401 and that are maintained in accordance with 24 CFR Section 92.251(f)(1) in order to eventually purchase the home.

II. Authority

Local governments are authorized by both the United States Department of Housing and Urban Development and Florida's Housing Finance Agency to participate in activities which assist eligible households in the acquisition of existing housing. The Federal Home Investment Partnerships Program (HOME), State Housing Initiatives Partnerships Program (SHIP), the Neighborhood Stabilization Program under the Housing and Economic Recovery Act, and the Neighborhood Stabilization Program under the American Reinvestment and Recovery Act, each allow this activity.

III. Waivers

Any waiver of Federal and State regulations and/or statutes shall be obtained from the appropriate granting agency. The policies which are not Federal or State requirements may be waived by the City Commission.

IV. Eligibility Criteria

A. Program Eligibility

Lease/Purchase assistance must be conducted within the framework of the granting agency's statutory rules and regulations, as amended from time to time, as well as applicable local policies and procedures. Funds used to administer this program are presumed to benefit very-low-, low-, or moderate-income households. Regulatory reviews will be conducted in accordance with Federal and/or State requirements.

B. Applicant Eligibility

1. The Hollywood Housing Authority is responsible for locating and contracting properties for the Lease/Purchase program.
2. For HUD-funded CDBG and HOME programs, the maximum household income is 80% of AMI adjusted for family size; for HUD-funded NSP, the maximum household income is 120% of AMI, adjusted for family size. For SHIP-funded activities the maximum median household income will not exceed 120% of the area median income limits.
3. Lease/Purchase occupants shall meet income eligibility guidelines, as applicable, for the City's Housing Rehabilitation Loan Program.

C. Property Eligibility

1. Properties purchased with assistance provided by the City must be located within the corporate limits of Hollywood.
2. Single family homes, owner-occupied duplexes, town homes, and condominiums are eligible property types.
3. The maximum purchase price shall not exceed the published value limitations established by the funding source.
4. Any property proposed for the Lease/Purchase program shall be inspected by City staff prior to being considered for purchase.
5. Properties proposed for the Lease/Purchase program may be tenant-occupied, vacant, abandoned, or bank-owned.
6. All repairs, including, but not limited to code violations observed at the time of inspection, must be corrected to the standards contained in the City's Housing Rehabilitation Program prior to occupancy by any new tenant, or as soon as feasible, if the property is tenant-occupied.

V. Financial Arrangements

Loan terms, conditions, and limits under the Housing Rehabilitation or Home Ownership Assistance Programs shall be determined by the Director of the Department of Development Services, or designee, on a case-by-case basis.

VI. Loan Security and Limitations

A. The Following Limitations Apply:

1. Hollywood Housing Authority Lease/Purchase program loans are Mortgages secured by a Promissory Note. All City Housing Rehabilitation Program loans will be secured by a Mortgage and

Promissory Note, as applicable. The City reserves all rights under the terms of the Note and Mortgage.

2. A borrower who has non-retirement assets in excess of the amount of subsidy provided by these programs is not eligible for assistance. A homesteaded principle residence is excluded from the calculation of non-retirement assets.
3. The Hollywood Housing Authority shall ensure that hazard, flood and wind storm (when applicable) insurance coverage in an amount adequate to cover all property loans, with the City named as loss Payee, is in place and maintained.
4. The Homebuyer Assistance and/or the Housing Rehabilitation loan will be made directly to the HHA under the terms and conditions established by the Director. Hollywood Housing Authority loans must be retired by the tenant/purchaser at the time of title transfer from the Hollywood Housing Authority.
5. The City shall ensure, by way of deed restriction that properties purchased with assistance under this section remain affordable to households whose income does not exceed income limits specific to the funding source. The City shall follow HOME program periods set forth at 24 CFR Section 92.254 (a) (4) and (5) (i) and (ii). Any other standards required by an assisting funding source shall be applied and enforceable, if longer in duration. The following chart demonstrates minimum compliance with HOME program "Affordability Periods".

\$ AMOUNT PER UNIT	MINIMUM AFFORDABILITY PERIOD
Under \$15,000.00	5 years
\$15,000.00 to \$40,000.00	10 years
Over \$40,000.00	15 years

VII. Right of Appeal

In situations where a program participant is dissatisfied with a decision or determination made by City staff, the participant may appeal in writing to the Director of Development Services or his/her designee. The Director, or his/her designee shall have final administrative authority to settle any dispute within the confines of the statutory limits imposed by the granting agency.

Neighborhood Stabilization Program

I. Introduction

The Neighborhood Stabilization Program (NSP) was originated at the United States Department of Housing and Urban Development in 2008 and has been reauthorized through subsequent legislation. The purpose of NSP is to assist state and local governments in addressing the negative effects of abandoned and foreclosed residential properties. Eligible uses of NSP funds include:

- Establishment of financing mechanisms for the purchase and redevelopment of foreclosed residential properties.
- Purchase and rehabilitation of abandoned and foreclosed residential properties.
- Establishment of land banks for homes that have been foreclosed.
- Demolition of blighted structures.
- Redevelopment of demolished or vacant properties, which includes providing affordable rental housing units and affordable homeownership units.

The City of Hollywood shall use NSP funds to stabilize neighborhoods experiencing high foreclosure rates, high percentages of sub-prime loans, and conditions that may result in high foreclosure rates. Concurrently, the City shall use NSP funds to aid in the development of affordable housing opportunities. For example, the City may conduct scattered site acquisition/rehabilitation activities throughout targeted areas.

II. Authority

The City of Hollywood, as a Local Entitlement Community, is authorized by the United States Department of Housing and Urban Development to conduct NSP activities eligible under 24 CFR Part 570.

III. Waivers

Any waiver of Federal and State regulations and/or statutes shall be obtained from the appropriate granting agency. The policies which are not Federal or State requirements may be waived by the City Commission.

IV. Eligibility Criteria

A. Program Eligibility

The Neighborhood Stabilization Program shall be conducted within the framework of the granting agency's statutory rules and regulations, as amended from time to time, as well as applicable local policies and procedures. Funds used to administer this program are presumed to benefit households whose income does not exceed 120% of the Area Median Income. Regulatory reviews will be conducted in accordance with Federal requirements.

B. Property Eligibility – Purchase and Rehabilitation or Redevelopment

The City of Hollywood, utilizing an agent acting on the City's behalf, or a contractual entity using the City's NSP funds, shall locate and contract to acquire properties eligible for the NSP program using the following guidelines:

1. Properties purchased must be foreclosed or abandoned properties within the corporate limits of Hollywood.
2. The acquisition price shall be discounted at least 1% from the appraised value. The resale price of the home shall be no more than the total development cost, or the appraised value, whichever is less.
3. NSP purchases shall take into account the seller's carrying costs when determining the mandatory discount.
4. The City shall initially target the areas described in the Revised Substantial Amendment to the 2008/2009 One Year Action Plan. The plan authorizes the Director of the Department of Development Services, or designee, to expand activities outside of the targeted areas, as necessary to accomplish NSP goals or meet NSP deadlines.
5. The City may purchase properties that are in such a state of disrepair that they must be demolished and replaced, if in the best interest of neighborhood stabilization.
6. The City may contract with a third party to acquire eligible properties and convey them to eligible homebuyers. This process may include the use of a Community Land Trust to retain title to the underlying land or a non-profit or for-profit entity using NSP funds borrowed from the City to acquire and transfer property to eligible homebuyers.
7. The City may contract with a management entity to own, ground lease and/or operate affordable rental housing.

C. Home Buyer Eligibility – Purchase and Rehabilitation or Redevelopment

The City of Hollywood, an agent acting on the City's behalf, or a single management entity using the City's NSP funds, will implement general program procedures as follows:

1. Properties purchased with NSP funds shall be sold or rented to a household whose income does not exceed 120% of the Area Median Income. All eligible homebuyers shall attend an eight-hour HUD-Certified Homebuyer Educational Workshop.
2. Applications shall be sequenced in a first-come, first-qualified, right of first refusal basis.
3. Applicant shall not be anticipating or involved in any bankruptcy during the homeownership assistance process.
4. For Very Low-, Low-, and Moderate-Income purchasers, the City offers a mortgage subsidy up to a maximum of \$50,000.00 towards down payment/closing costs for acquisition of an existing home or new construction. The minimum NSP subsidy is \$5,000.00. In the case of new construction, the City offers a second mortgage subsidy towards the purchase and redevelopment of a vacant lot, including closing costs and construction costs. Mortgage assistance shall be provided at zero percent (0%) interest. Under the terms and conditions of the City's Deferred Payment Promissory Note and Mortgage, the debt is payable in full on the maturity date set forth in the Mortgage that is thirty (30) years from the date of the signing or the Promissory Note and Mortgage. The mortgagee shall offer the mortgagor an option to refinance, pursuant to the same terms and conditions, provided mortgagor has not defaulted on any terms or conditions set forth in the Mortgage. At maturity mortgagor is under no obligation to refinance the loan. Mortgagee may also require the principal balance of the loan to be paid, in full, at any time prior to the maturity date, if the mortgagor defaults on any term of the Mortgage.
5. In general, it is the intent of this policy to operate in concert with the approved City of Hollywood Neighborhood Stabilization Program Substantial Amendment, as revised from time to time. Any conditions in the Neighborhood Stabilization Program Substantial Amendment, as revised from time to time, are incorporated herein by reference.
6. When necessary to expedite the expenditure of NSP funds as recognized by the City or an agent acting on the City's behalf, the Director of the Department of Development Services, or designee, may increase the mortgage subsidy amount to expedite the purchase of NSP-eligible foreclosed properties.

D. Financial Arrangements – Purchase and Rehabilitation

1. Loan terms, conditions, and limits under the Acquisition, or Home Ownership Assistance Programs shall be determined by the Director of the Department of Development Services, or designee, on a case-by-case basis.
2. Loans issued under this program are Partnership Loans involving participating lenders and the City. Underwriting standards and procedures are described in the Housing Partnership Policy Statement (Resolution #R-94-217). The following general Policy apply:
 - a) Mortgage loans may be provided for the acquisition/rehabilitation of an existing home or for the construction of a new home.
 - b) Private Lenders may lend up to 97% of the purchase price or the appraised value, whichever is less. These loans, secured by note and mortgage, may be amortized up to forty (40) years at the prevailing interest rate. These loans are not assumable and there are no pre-payment penalties.
 - c) No points, loan origination fees, underwriting fees, processing fees, or notary fees shall be charged by lenders for participants in Hollywood's Program.
 - d) The borrower shall contribute the greatest of 3% of the purchase price or \$2,500.00 of their own funds toward the purchase, with the exception of Habitat for Humanity Buyers for whom sweat equity may be accepted as a portion of the participant's required contribution.

V. Loan Security and Limitations – Purchase and Rehabilitation or Redevelopment

A. The following limitations shall apply:

1. All NSP purchase subsidy loans are zero percent (0%) interest-deferred loans secured by a Promissory Note and Mortgage. The City reserves all rights under the terms of the Note and Mortgage.
2. A borrower who has non-retirement assets in excess of the amount of subsidy provided by these programs is not eligible for assistance. A homesteaded principle residence is excluded from the calculation of non-retirement assets.
3. The City, an agent acting on behalf of the City, or a single management entity shall ensure that hazard, flood and wind storm (where applicable) insurance coverage in an amount adequate to

cover all property loans, with the City named as Loss Payee, is in place and maintained.

4. Acquisition and Homebuyer Assistance loans will be made under the terms and conditions established by the Director. In cases when the City contracts with a third party entity to acquire and/or rehabilitate properties purchased with NSP funds, the loan will be made to the entity will be forgiven when the property is sold to the end-homebuyer.
5. The City shall ensure, by way of deed restriction that properties purchased with assistance under this section remain affordable to households whose income does not exceed limits specified by the funding source. The City will follow HOME program periods set forth at 24 CFR Section 92.254 (a) (4) and (5) (i). Under the terms and conditions of the City's Deferred Payment Promissory Note and Mortgage, the debt is payable in full on the maturity date set forth in the Mortgage that is thirty (30) years from the date of execution of the Promissory Note and Mortgage. Prior to the maturity date, the mortgagee shall offer the mortgagor an option to refinance, pursuant to the same terms and conditions, provided mortgagor has not defaulted on any terms or conditions set forth in the Mortgage. At maturity mortgagor is under no obligation to refinance the loan. Mortgagee may also require the principal balance of the loan to be paid in full at any time prior to the maturity date in the event that mortgagor defaults on any term of the Mortgage including the house is sold, rented, ceases to be the primary residence of the buyer, transferred or conveyed or by any other means of title transference. Any other periods required by an assisting funding source shall be applied and enforceable, if longer in duration. The following chart demonstrates minimum compliance with HOME program "Affordability Periods".

\$ AMOUNT PER UNIT	MINIMUM AFFORDABILITY PERIOD
Under \$15,000.00	5 years
\$15,000.00 to \$40,000.00	10 years
Over \$40,000.00	15 years

VI. Right of Appeal

In situations where a program participant is dissatisfied with a decision or determination made by City staff, the participant may appeal in writing to the Director of the Department of Development Services or his/her designee. The Director, or his/her designee shall have final administrative authority to settle any dispute within the confines of the statutory limits imposed by the granting agency.