

Round II
Neighborhood Stabilization Program
Competitive Application Handbook



Application Deadline
January 29, 2010
5:00 p.m.

Prince William County
Office of Housing and Community Development
Dr. A.J. Ferlazzo Building
15941 Donald Curtis Drive, Suite 112
Woodbridge, VA 22191

Contact: Bill Lake
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Table of Contents

<u>ITEM</u>	<u>Page</u>
Table of Contents -----	2
Background -----	4
NSP Substantial Amendment to the FY09 Action Plan -----	4
NSP Funding Requirements -----	5
Target Areas -----	5
Citizenship -----	6
Income Levels -----	6
Set Aside -----	6
Required Purchase Discount -----	6
Homebuyer Education -----	6
Program Income -----	7
Revenue -----	7
Lead Based Paint -----	7
Environmental Review -----	8
Davis Bacon -----	8
Competitive Eligible NSP Activities Provisions -----	9
Homeownership and Rehabilitation -----	9
Acquisition for Rental Property and Rehabilitation -----	9
Provisions for All Activities -----	10
Target Areas -----	10
Citizenship -----	10
Income Levels -----	10
Income Calculation -----	11
Required Purchase Discount -----	11
Program Income -----	11
Revenue -----	11
Rehabilitation Dollars Available -----	11
Development Fees -----	11
Home Inspection -----	12
Testing for Lead Based Paint -----	12
Rehabilitation Work -----	12
Rehabilitation Standards -----	12
Bidding for Rehabilitation -----	12
Construction Contract & Loan Closing -----	12
Payment to Contractor -----	13
Change Order -----	13
Assistance Loan Provision -----	13
Refinance and Subordination -----	14
Insurance Coverage -----	14
Agreement/Memorandum of Agreement -----	14



*Round II Neighborhood Stabilization Program (NSP)
Competitive Application Handbook*

Qualification for 25% Set-Aside Activities -----	14
Timeline -----	15
Anticipated Funding Available-----	15
Eligible Applicants -----	15
Threshold Requirements -----	15
Project Section Process-----	16
Project Selection Criteria -----	16
Project Description (110 points maximum) -----	16
Sponsor Capacity (90 points maximum)-----	17
Match Bonus (20 points)-----	17
Additional Bonus Points (50 points) -----	18
Authorization -----	18
Definitions -----	19

Attachments

Round II -NSP Application Submission Checklist -----	Attachment A
NSP Income Levels-----	Attachment B
Round II NSP Competitive Application -----	Attachment C
Property Rehabilitation Standards -----	Attachment D
Sample Authorization & Match-----	Attachment E



Background

On September 26, 2008 the U.S. Department of Housing and Urban Development (HUD) announced allocation of \$3.92 billion to all states and particularly hard-hit areas trying to respond to the effects of high foreclosures. HUD's new *Neighborhood Stabilization Program* (NSP) provides targeted emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities.

The program is provided through HUD's *Community Development Block Grant (CDBG) Program* under the *Housing and Economic Recovery Act of 2008*. These targeted funds will be used to purchase foreclosed properties at a discount and to rehabilitate or redevelop them in order to respond to rising foreclosures and falling home values.

The allocations for Virginia and the counties receiving a direct allocation were:

State	\$38,747,931
Fairfax County	\$2,807,300
Prince William County	\$4,134,612

The NSP funds must be used within **18 months** after contract signing to acquire and redevelop foreclosed residential properties in defined targeted areas according to five eligible uses specified by the Housing and Economic Recovery Act.

1. Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties.
2. Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent or redevelop such homes and properties.
3. Establish land banks for homes that have been foreclosed upon.
4. Demolish blighted structures
5. Redevelop demolished or vacant properties.

NSP Substantial Amendment to the FY09 Consolidated Housing and Community Development Annual Action Plan

In order to receive the funding Prince William County had to complete a Substantial Amendment to the FY09 Consolidated Housing and Community Development Annual Action Plan. The Plan outlined that the County would distribute funds to the City of Manassas and City of Manassas Park under the existing Cooperative Agreement in place for allocations of federal Community Development Block Grant (CDBG) and Home Investment Partnership Program (HOME) entitlement funds to the Prince William Area. The funding for the cities will be used to purchase and rehabilitate foreclosed properties within their jurisdiction.

The Substantial Amendment to the FY09 Consolidated Housing and Community Development Annual Action Plan was presented to the Board of County Supervisors (BOCS) on November 18, 2008 for adoption but they postponed action until November 25, 2008 for adoption. The Plan was sent to HUD by the December 1, 2008 deadline for approval. HUD approval and sign a Grant Agreement with Prince William County on March 3, 2009. Prince William County will have a total of eighteen (18) months from March 3, 2009 to obligate all funding for specific projects.

NSP Funding Requirements

Criteria for Local Distribution – NSP funds must be targeted to give priority emphasis and consideration to areas with greatest need, including those with the highest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified as likely to face a significant rise in the rate of home foreclosures. The Office of Housing and Community Development used current foreclosure data provided by the Prince William County Assessment Office, the City of Manassas Commissioner of Revenue, and the City of Manassas Park Assessor’s Office, along with market data from Realtytrac.com, and HUD’s Foreclosure Abandonment Risk data to identify areas most severely impacted by the foreclosure crisis. Neighborhoods in the identified hardest hit Census Tracts will be targeted for the use of NSP funds.

Target Areas – 10 Census Tracts were selected with a 5% or higher foreclosure rate, in addition to likely to face foreclosure and HUD determined a high risk in Prince William County. For Manassas City 4 Census Tracts and for Manassas Park 1 Census Tract in the older neighborhood.

Census Tract #	Prince William County Precincts
9002	Kilby & Lynn
9004	Dale, Godwin, Freedom & Civic Center
9006	Potomac View
9007	Featherstone
9008	River Oaks & Rippon
9009	Dumfries, Graham Park & Swans Creek
9012	Kerrydale, Minnieville & Mohican
9015	Pace West
9016	Sinclair & Stonewall
9017	Westgate



Census Tract #	Manassas City Neighborhoods
9104	Georgetown South, Wellington & Point of Woods
9102	Cannon Ridge, Point of Woods East New Britain, Deer Park & Bristow Station
9101	Bristow Station

Census Tract #	Manassas Park Neighborhoods
9201	Older Neighborhood Section of Manassas Park

Citizenship – All Individuals, persons, families and/or household members must be U.S. Citizens, U.S. non-citizens nationals for example as a result of birth in a United States territory or possession, or qualified alien legally admitted to the United States with valid U.S. Citizenship and Immigration Services (USCIS) documents.

Income Levels – The NSP program redefines and supersedes the definition of “low and moderate income,” effectively allowing households whose incomes exceed 80 percent of AMI but do not exceed 120% of AMI to qualify as if their incomes did not exceed the published low and moderate income levels of the regular CDBG program. To prevent confusion, HUD refers to this new income group as “*middle income*,” and kept the regular CDBG definition of low income and moderate income in use.

Set Aside – Under the NSP regulations there is a require that not less than 25% of the total NSP allocation must be for housing activities that benefit individuals whose incomes do not exceed 50% of AMI. The total set aside is \$1,033,653. *This amount was designated in the NSP Substantial Amendment to be provided to local non profits, faith based organizations and governmental entities through a competitive process similar to that used under the Community Development Block Grant (CDBG) Program.* This income group is referred to as low income.

Required Purchase Discount – All purchases of a foreclosed properties under NSP must be at a 1% discount from the current market appraised value as determined by a licensed appraiser not more than 60 days prior to the purchase offer.

Homebuyer Education – The NSP regulations state that “The grantee must require each NSP assisted homebuyer to receive and complete at least eight (8) hours of homebuyer counseling from a HUD approved counseling agency before obtaining a mortgage loan.” There is a difference between HUD approved and HUD certified. HUD approved means you have been through a HUD audit and the agency has been approved. HUD certified is individual counselor driven. The HUD website shows the approved housing counseling agencies in Virginia. There are only 10 from Northern Virginia to Fredericksburg and three (3) in the Prince William Area. Prince William County Cooperative Extension is the agency that OHCD will use to provide these services.



Program Income – Is the gross income received directly from the use of NSP funded activities. These funds must be return to OHCD to be used for other NSP activities for 5 years. After 5 years the funds will be returned to the U. S. Treasurer.

Program Income includes:

- Proceeds from the sale or lease of property purchased or improved with NSP funds;
- Gross income from the use or rental of real property acquired or improved, less costs incidental to the generation of income;
- Payments of principal and interest on loans made;
- Proceeds from the sale of loans or obligations secured by loans made with NSP funds; funds used for acquisition and rehab and property is sold to an eligible income household the difference between the amount provided in NSP funds vs. the first trust loan the household is income eligible to receive must be returned to OHCD as program income. The funding made it possible to make the project possible and the profit is considered program income.

Revenue – Any revenue that is generated by activities carried out will be treated as program income.

Example: A unit of local government uses NSP funds to make a loan (or a grant) to a non profit to finance the acquisition and rehabilitation of a foreclosed-upon multi-family residential property. The non profit used \$200,000 in NSP funds from the unit of general local government to pay the total cost of acquisition and rehabilitation (including reasonable development fees) and subsequently sales the property for \$225,000. The non profit is required to provide \$225,000 to the unit of local government. If the NSP funding was a loan, the sale proceeds would be used to repay the NSP loan. If the sale occurs on or after July 30, 2013, the unit of local government must remit \$225,000 to HUD for deposit in the United States Treasury, unless HUD approves a request to use \$25,000 of that amount for other NSP purposes. If in the same example, the non profit receives \$100,000 of NSP funds and used \$100,000 of its own funds for eligible cost, the revenue to be provided to the local government would be \$125,000.

Lead Based Paint – Fostering homeownership and acquisition of residential foreclosed properties for the purpose of providing affordable rental housing for people with special needs or low incomes is an increasingly popular way in which states and local jurisdictions are using Federal funds. This type of assistance can be provided using a variety of methods including downpayment assistance, closing cost assistance, secondary financing, and assisting with a private mortgage. Regardless of the method of assistance, there are various points in the process of purchasing a home constructed before January 1978 that trigger lead-based paint requirements and require the administering agency to take some type of action. Additional assistance to the purchaser to make property rehabilitation improvements also triggers the lead-based paint requirements.

During contract negotiations besides the 1% discount from the current market appraised value as determined by a licensed appraiser not more than 60 days prior to the purchase offer a contingency must also allow for an option to obtain and evaluate the home for lead based paint. Sellers must allow a ten-day opportunity to inspect the dwelling for lead-based paint or lead-

based paint hazards. If the seller and the purchaser agree, this time frame may be negotiated. The purchaser must hire a certified risk assessor to conduct the lead testing or negotiate with the seller to hire one. OHCD can provide a list of certified assessors.

If lead-based hazards are found they are treated like any other defect found during inspection. These options are constrained by the lead-based contingency in the contract. The purchaser may elect to withdraw from the contract and select another home. The purchaser may re-negotiate the contract requiring the seller to conduct the necessary repairs or requiring a lower purchase price in exchange for conducting the repairs themselves. Unless the contract includes contingencies for lead hazards, sellers' are not required by law to allow purchasers to void their contract based on the results of the lead-based paint evaluation.

Environmental Review – OHCD staff will complete an Environmental Review for a site-specific property which includes the Flood Plain Assessment using FEMA Flood Rate Maps. For all rehabilitation projects a photograph of the front and rear of the property will be sent by OHCD staff to the Historic Preservation Office, with a letter for comments on rehab. The response from the Historic Preservation Officer must be provided within 30 days, before rehabilitation contracts can be entered into. If no response is received after 30 days staff can proceed with rehabilitation contract.

Davis-Bacon Regulations – For rehabilitation of 8 or more units every contract for construction triggers Davis-Bacon and Related Acts (40 USC-276(a)-7. Davis-Bacon ensures that mechanics and laborers employed in construction work under federally assisted contracts are paid wages and fringe benefits equal to those that prevail in the locality where the work is performed. These rates are determined by the Secretary of Labor.

Competitive Eligible NSP Activities Provisions

Homeownership and Rehabilitation

Homebuyer Education – Each NSP assisted homebuyer must receive and complete at least eight (8) hours of homebuyer counseling from a HUD approved housing counseling agency before obtaining a mortgage loan. Prince William Cooperative Extension is the HUD approved housing counseling agency that will be used for the homebuyer education.

Previous Homeowners – The ultimate goal of the NSP program is to reduce the number of foreclosed properties. Therefore, persons who previously owned a home can be assisted provided that no one in the applicant household currently owns or has interest in real estate (residential, commercial, vacation or investment property) from the time of application to settlement.

Residency – There are no requirements for homebuyer applicants to either live in, or work in the County prior to purchase.

Acquisition for Rental Property and Rehabilitation

Affordable Rent Limits – Funds can only be used on rental projects when there is a period of affordability. The affordability of the unit is based upon Home Investment Partnership (HOME) Rent Limits based upon unit size. The Affordable Rent Limits are established by HUD and adjusted annually. If the tenant pays utilities, the maximum allowable rent is reduced using the HUD Section 8 Existing Housing Allowance for Tenant-Furnished Utilities.

Rents may be adjusted at the annual anniversary of a purchased or rehabilitated unit's initial lease. OHCD must review and approve all increases in rent based on changes in the Home Investment Partnership (HOME) Rent Limits as published by HUD. **The owner is responsible for requesting an annual increase in rent.** In exchange for the financing from the County, the owner agrees to restrictions on rent and tenant incomes (50% or less of AMI) to ensure affordability for an extended time period. The affordability period is 20 years. The affordability provision is secured by a *Deed of Easement and Declaration of Restrictive Covenants* running with the land that remains in force even if the property is sold and/or the loan is repaid to the expiration of the affordability period.

The OHCD is responsible for ongoing monitoring of loans provided under the NSP Program. Both the housing conditions and the affordability requirements must be reviewed and reported annually for funds utilized for rental properties. The following are the monitoring procedures established.

Review of Tenant Income On the anniversary date of the project completion, the borrower will submit annual reports including an Occupancy Certification, detailing tenant income and rent information and other reports documenting compliance with the provisions of the loan. The OHCD will review these reports for compliance with funding specific requirements.

Review of Affordable Rents OHCD will advise the owner of any changes in the HUD approved rents for the project. At the owner’s written request an adjustment may be made on the anniversary date of project completion. Units leased prior to the full completion of a project will be subject to a rent adjustment at the anniversary of the first lease.

HQS Inspections OHCD will inspect each unit(s) for continued Housing Quality Standards compliance. Owners must correct deficiencies to remain in contract compliance. Inspection schedules are based upon project completion dates. The frequency of inspections is base on the size of the project.

1-4 units	At least every 3 years
5- or more units	At least every 2 years

Should the owner be found deficient in any of the required contract provisions, as described, the Promissory Note will be due and payable immediately. Owners will be given reasonable opportunities to correct the deficiencies.

Prohibited Lease Provisions – Owners and tenants must agree to certain lease provisions. Owners cannot discriminate against potential tenants because of race, color, religion, sex, national origin or familial status.

Provisions For All Activities

Target Areas – Census Tracts were selected with a 5% or higher foreclosure rate, in addition to likely to face foreclosure and HUD determined a high risk.

Citizenship – All Individuals, persons, families and/or household members must be U.S. Citizens, U.S. non-citizens nationals for example as a result of birth in a United States territory or possession, or qualified alien legally admitted to the United States with valid U.S. Citizenship and Immigration Services (USCIS) documents.

Income Levels – Under the NSP Competitive Application beneficiaries incomes must be at or below 120% of the HUD published annual listing of median income adjusted for family sizes for areas of the country. See attached Income Limit at 120% of AMI.



Income Calculation – Income must be based upon anticipated annual income before taxes and withholdings of the owner/tenants. Gross annual income includes all sources of income both earned and unearned anticipated to be received over the 12 months following the date of eligibility determination for all residents of a household who are 18 or older.

Required Purchase Discount – All purchases of a foreclosed properties under NSP must be at a 1% discount from the current market appraised value as determined by a licensed appraiser not more than 60 days prior to the purchase offer.

Program Income – Gross income received directly from the use of NSP funded activities. These funds must be return to OHCD to be used for other NSP activities for 5 years. After 5 years the funds will be returned to the U. S. Treasurer.

Program Income includes:

- Proceeds from the sale or lease of property purchased or improved with NSP funds;
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- Payments of principal and interest on loans made;
- Proceeds from the sale of loans or obligations secured by loans made with NSP funds; f funds used for acquisition and rehab and property is sold to an eligible income household the difference between the amount provided in NSP funds vs the first trust loan the household is income eligible to receive must be returned to OHCD as program income. The funding made it possible to make the project possible and the profit is considered program income.

Revenue – Any revenue that is generated by activities carried out will be treated as program income.

Example: A unit of local government uses NSP funds to make a loan (or a grant) to a non profit to finance the acquisition and rehabilitation of a foreclosed-upon multi-family residential property. The non profit used \$200,000 in NSP funds from the unit of general local government to pay the total cost of acquisition and rehabilitation (including reasonable development fees) and subsequently sells the property for \$225,000. The non profit is required to provide \$225,000 to the unit of local government. If the NSP funding was a loan, the sale proceeds would be used to repay the NSP loan. If the sale occurs on or after July 30, 2013, the unit of local government must remit \$225,000 to HUD for deposit in the United States Treasury, unless HUD approves a request to use \$25,000 of that amount for other NSP purposes. If in the same example, the non profit receives \$100,000 of NSP funds and used \$100,000 of its own funds for eligible cost, the revenue to be provided to the local government would be \$125,000.

Rehabilitation Dollars Available – Funding is being provided to do the necessary repairs to properties including removal of lead based paint at \$40,000 per property. This amount should be added to total grant request for each property for which assistance is being requested.

Development Fees – Funding is being provided for each acquisition at \$2,000 and completed rehabilitation at \$2,000. This amount should be added to total grant request for each property for which assistance is being requested.

Home Inspection – Each property will need a housing inspection by a licensed housing inspector to detect problem and/or potential problems with the property selection. The cost of the inspection will be the purchaser’s responsibility and will apply to their contribution.

Testing for Lead Based Paint – The cost for a certified risk assessor to perform the testing is paid from the purchasers own funds and are considered their contribution towards the purchase. The costs range from about \$100 to \$500 for the testing. Since rehabilitation work will be performed on all properties the assessor will need to know what type of rehabilitation is to be performed so that testing can take place in those areas. The cost for testing of clearance after the lead has been corrected will be paid from rehabilitation funds provided.

Rehabilitation Work – OHCD staff will work with those selected for assistance to conduct an inspection of the property once there is ratified purchase contract. Staff will try to coordinate with Home Inspector to conduct inspection. If not, then a copy of the inspection report will be provided to OHCD staff to incorporate deficiencies identified along with adopted Rehabilitation Standards and owners request if allowable by regulation.

Rehabilitation Standards – Under the NSP program the County had to establish housing standards for implementation in all rehabilitation activities financed by NSP throughout the Prince William Area. See Attached Rehabilitation Standards.

Bidding for Rehabilitation – Using the Risk Assessment Report, Home Inspection, purchaser’s request if allowable, and Rehabilitation Standards a Work Write-up is developed. The scope of work, (including lead reduction activities and the rehab) is used for bidding purposes. After a review of the file CPD Manager will sign bid issuance and the bid package is sent to contractors certified by OHCD as eligible to bid. A letter is sent to the purchaser informing them of the date and time for the bid walk-through and the sealed bid opening.

Bids Openings are open to the public. Each sealed bid is opened and logged on a Bid Talley Sheet. The results of the bids are shared with all parties present. Letters are sent to all interested bidders as to the bid results.

Following the bid opening, OHCD will provide the Purchaser with a referral list for each contractor who provides a reasonable and responsive bid, which will include the name and phone number of the last three jobs awarded under the County’s Rehabilitation Program to assist them in making an informative decision on each contractor’s performance.

The purchaser will select a contractor, based upon the bids and their analysis of both current and/or prior rehabilitation work performed by each contractor. OHCD staff will send letters to all bidders informing them of the selected contractor.

Construction Contract & Loan Closing – The following documents are prepared by OHCD staff after the acquisition of the property for the Construction Contract and loan closing.

- Construction Contracts
- Work Write-Up
- General Conditions for Construction
- Draw schedule provided by contractor
- Right of Recession

- Deed of Trust and Promissory Note are signed filed for the amount of the loan plus 20% for possible change orders. When work is completed a revised Deed of Trust and Promissory Note are signed by owner to reflect the actual rehabilitation cost of project and are filed.
- Deed with Restrictive Covenants (Rental properties only)
- Request for Construction Payment
- Final Waiver of Lien

At the closing the Owner and contractor sign necessary documents for the rehabilitation construction. A Deed of Trust and Promissory Note are prepared for the contract award amount, plus 20% to cover professional costs paid for by OHCD (lead inspections, engineering inspections, architectural work, etc). The 20% factor is utilized for maximum amount of possible change orders to the contract amount. These documents require notarized signatures of owner(s).

Payments to Contractor – The contractor and owner will sign a payment request for work performed to issue payment to the contractor. The payment request form will be sent by the contractor to OHCD staff who will inspect the property to ensure that items stated as being completed are indeed completed. Ten (10) percent of each draw is held until 60 days after the final payment to ensure no problems in workmanship and/or materials exist.

Change Orders – In the course of doing the housing rehabilitation items may be brought to the owners or OHCD staffs attention that must be address. Therefore a change to the original scope of work specifying the additional work item and cost under the construction contract must be prepared. This change order requires signatures and approval by all parties (*owner, contractor, OHCD staff*) before the change should take place. The Change Order will normally increase the total construction contract. A copy of the executed Change Order is provided to the owner and contractor.

In the event that a Change Order, along with the lead testing/correction, exceeds the amount of the existing Deed of Trust and Promissory Note, a new Deed of Trust and Promissory Note must be prepared for signature(s) and notarized before the Change Order can be approved and signed. The revised Deed of Trust will be filed after executing a Release of Lien and Certificate of Satisfaction for the previously filed Deed of Trust. Copies of all signed documents will be provided to the owner.

Assistance Loan Provisions – The amount of assistance provided for downpayment assistance/ acquisition (**which does not include earnest money deposit**) and rehabilitation will be secured by two (2) 30-year deferred deed of trust which includes a share of the market appreciation. One deed of trust will be for the downpayment/ acquisition and the second will be for the rehabilitation amount. The trust will not be due and payable until the property ceases to be used for purpose of funding or is sold, or the borrower fails or neglects to pay the taxes, assessments, or premiums for hazard, flood (if required) or mortgage insurance, or terms of the deed of trust are violated. At the time that the property is sold, vacated, leased or transferred through inheritance or any other means to any person other than the original parties to the loan, the principal only amount of the loan becomes due and payable to the County.

In the event that an owner wishes to sell the property and there is not enough equity in the property to repay the loan the County would foreclose on the property, even after the sale. With that possibility, the property probably won't look attractive to a potential buyer or lender. With an outstanding Deed of Trust, the property cannot be transferred free and clear.

Refinance and Subordination – The downpayment/acquisition and rehabilitation loan will not be subordinated at anytime during the deferral period of 30 years to a Home Equity Loan, other loan, or refinances of the first loan that result in removal of equity from the property for any reason (i.e. cash, loan consolidation, debt repayment, home improvements, education expenses, etc.).

Insurance Coverage – Owners must provide verification of adequate homeowners insurance coverage with Prince William County listed as a mortgagee. This verification of insurance is needed to protect the County's investment in the event of fire or other disasters. The mortgagee shall be listed as Prince William Board of County Supervisors, C/O Office of Housing and Community Development, 15941 Donald Curtis Drive, Woodbridge, VA 22191. This verification must be provided prior to closing for purchase and must be submitted annually to OHCD upon policy renewal date.

Agreement/Memorandum of Agreement – The Office of Housing and Community Development (OHCD) will enter into Agreements with non-profit and faith-based organizations or Memorandum of Agreements with governmental agencies, based on competitive selection and availability of funds. Funds for project will not actually be reserved until OHCD receives a ratified contract. OHCD may de-obligate and re-allocate funds if the organization fails to adhere to the terms and conditions outlined in the Agreement or for other unacceptable performance. The Agreements shall:

- Stipulate the total amount of the preliminary reservation;
- Stipulate a specified contract period;
- Indicate the method of funds disbursement; and
- Set forth performance requirements and implementation schedule.

Qualification for 25% Set-Aside Activities

Under the NSP Substantial Amendment to the Consolidated Plan 25% of the total allocation is to be used to fund projects to assist households at or below 50% of area median income (AMI). Facilities designed to provide shelter for persons with special needs, such as homeless shelter, transitional housing and group homes, although eligible as public facilities these projects cannot count towards the 25% set aside. For housing activities to count towards meeting the 25% set aside of NSP funds **it must be considered permanent housing** and not a public facility.

Timeline

- Applications Available January 5, 2010
- Workshops January 5, 2010,
 - Dr. A.J. Ferlazzo Building, Locust Shade Conference Room 9:00 AM
- Application Deadline 5:00 p.m. January 29, 2010
- Review Committee Scoring February 19, 2010
- Notice sent to Applicants February 22, 2010
- Agreements Signed March 30, 2010

Anticipated Funding Available

The preliminary obligated to Round II is \$2.3 million which includes funding for Homeownership/Acquisition for Rental, rehabilitation (\$40,000 per property) and development fees (\$2,000 for Homeownership/Acquisition for Rental, and \$2,000 for rehabilitation). The maximum amount any one organization can be eligible to receive is \$500,000.

Eligible Applicants

- Non-Profit Organizations with IRS 501 (c) tax-exempt status
- Faith-Based Organization
- Governmental Entity - including incorporated Towns, County and regional governmental entities only when all activities occur in the County.

Threshold Requirements

All project proposals must meet the following threshold requirements. Applications that do not meet the threshold requirements will not be evaluated or considered for funding.

- Organizations must have been in business for at least two (2) years.
- Applications will not be considered for funding if not signed and completed on application provided and/or same format (including page breaks) with attachments.
- Applications will not be considered for funding which cannot demonstrate benefit to persons with incomes at or below 120% of AMI.
- Applications will not be considered for funding if they score less than 150 points (75%).
- Applications will not be considered for funding if they request funding above the maximum level of \$500,000. The maximum amount includes rehabilitation dollars at \$40,000 per property, development fees of \$2,000 for Homeownership/Acquisition for Rental and \$2,000 for rehabilitation.
- All projects must provide a Board Resolution or letter from Executive Director/CEO to authorize application submission, dollar amount, description of project, match if applicable and loan provisions

Project Selection Process

All applications will be reviewed by a seven person Project Review Committee. The Project Review Committee is comprised of County Staff. The Project Review Committee will be responsible for reviewing and evaluating all applications based on the pre determined criteria described below and making funding recommendations.

Project Selection Criteria

Applications will be ranked competitively; a total of 200 points will be available plus bonus points. If an application scores less than 150 points (75%) it will not be considered for funding. The following are the criteria upon which applications will be evaluated. Applications will be preliminarily funded based upon score. For applications that receive the same scores, applications will be ranked based upon date and time applications are received. Those scoring high enough to be considered for funding will be determined to receive funds based upon OHCD receiving a ratified contact for purchase. With ratified contract actual reservation of funding will not take place.

I. Project Description - 110 points maximum

The content and soundness of an applicant's project design will be evaluated. Narrative should answer who will administer the project, what are the measurable outcomes, which census tract(s) will the project be located and why, type of property (single family, town home, condo), indicate whether the acquired property will be used for rental housing or homeownership. This evaluation shall include a review of proposed project activity set forth in the narrative and the budget to support the activity. Several factors will be considered when reviewing a project's budget. Budget considerations include methods used to derive cost estimates, completeness and date of cost estimates. For rental projects outline the annual operating budget and compute an annual average per unit expense and cash flow. Describe the project not your agency.

Estimates for purchase, closing cost, etc. must be documented by statements from experts (i.e., Realtor, Mortgage Company, Attorney, underwriter, etc.) and labeled as **“Attachment I, Cost Estimates”**.

- 50 points ■ Overall soundness and content of project design in addressing all issues relevant to project implementation and management, are their matching funds.
- 40 points ■ Clarity and reasonableness of proposed administrative and project related procedures, and the identification of staff to carry out same.
- 20 points ■ Reasonable, realistic project costs and ability to write a contract to purchase within 30 days of Agreement signing and close within 3 months.

II. Sponsor Capacity - 90 points maximum

Project sponsors must demonstrate the ability to carry out the proposed activity. Project sponsors will be evaluated on experience, administrative capacity, and financial management. Include **“Attachment II, Current Budget”**, **“Attachment III, Audit [including Management Response Letter if applicable]”** and **“Attachment IV, Income Tax Return [Form 990 or 990-EZ]”**. If applicant received CDBG/HOME funding for previous activities, organizations ability to complete project within prescribed time-frame and timely adhering to reporting requirements will be considered.

Responses will be evaluated based on the following factors:

- 30 points ■ Current or previous experience with related program or project activity.
- 30 points ■ Adequacy of existing/proposed staff to carry out the project.
- 30 points ■ Appropriateness and adequacy of financial management system.

III. Match Bonus - 20 points

The greater the financial support or leveraging from local and other sources, the greater the potential impact that NSP funds will have on meeting the NSP objective. Therefore, if a match is being provided (*excluding rehabilitation dollars*) documentation of the dollar match must be provided. Identify all sources of financing, amounts, dates of application, funding commitment, terms and contact person along with verification. The evidence must state the dollar value and verify the availability of resources for project (*excluding rehabilitation dollars*). Match funds **can be** from Federal dollars.

Verification of dollar for dollar match can be either a Board Resolution or a letter from the Executive Director/CEO as to availability of match (*excluding rehabilitation dollars*). The evidence **MUST** state the dollar value and verify the availability of match (*excluding rehabilitation dollars*) resources for the project.

Identify verification of dollar for dollar match must be included as **"Attachment V, Match"**. If dollar for dollar match is provided 20 bonus points are awarded in scoring process.

IV. Additional Bonus Points - 50 points

Any project that benefits special needs population to include elderly, persons with disabilities or homeless will receive an **additional 10 bonus points**.

Projects that will incorporate aspects of “Universal Design” for the unit(s) purchased will receive an **additional 10 bonus points**. Among key principles of universal design are no-step entrances, wider doors and hallways for wheelchairs, and kitchens, baths, bedrooms and major appliances on the ground floor. Bathrooms have grab bars and kitchen counters installed in varying heights. Besides their usefulness for aging homeowners, universal design features improve the so-called “visitability” of homes for older people and those with disabilities, including thousands of injured veterans. Adding household conveniences and amenities that will be enjoyed today can make it easier for people to stay in their home for years to come.

Projects designed to provide permanent housing for households with incomes at or below 50% of area median income will receive **30 additional bonus points**. This excludes public facilities which by CDBG regulations are homeless shelters, transitional housing and group homes.

V. Authorization

All applicants must provide a Board Resolution or letter from Executive Director/CEO that authorizes the organization to make application for NSP funds for project(s). Identify verification as **“Attachment VI, Authorization”**. The authorization must state the project along with a description and dollar amount of request.

Definitions

Affordable Housing – Technically, “affordable housing” was defined by Congress in the Housing Act of 1937, as amended to mean that a household’s “housing cost” should not exceed 30% of their gross income. This is commonly referred to as the “National Affordability Standard.” Housing cost includes rent and utilities or mortgage (principal and interest), insurance, taxes and utilities.

AMI – Area Median Income (AMI) is the average income of persons and families living in a defined geographical area. This area could be a county or group of counties in rural areas or a Metropolitan Statistical Area (MSA) in urban areas. The AMI is determined and published annually by the Department of Housing and Urban Development (HUD). The AMI is used to determine individuals’ and families’ qualifications for various Federal and state assistance programs, including affordable housing programs.

Elderly – A person age 62 or older.

Person with disabilities – A person is considered to have a disability if the person has a physical, mental, or emotional impairment that:

- i. Is expected to be of long-continued and indefinite duration;
 - ii. Substantially impedes his or her ability to live independently; and
 - iii. Is of such a nature that such ability could be improved by more suitable housing conditions.
2. A person will also be considered to have a disability if he or she has a developmental disability, which is a severe, chronic disability that:
- i. Is attributable to a mental or physical impairment or combination of mental and physical impairments;
 - ii. Is manifested before the person attains age 22;
 - iii. Is likely to continue indefinitely;
 - iv. Results in substantial functional limitations in three or more of the following areas of major life activity: self-care, receptive and expressive language, learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency; and
 - v. Reflects the person's need for a combination and sequence of special, interdisciplinary, or generic care, treatment, or other services that are of lifelong or extended duration and are individually planned and coordinated.
- Notwithstanding the preceding provisions of this definition, the term "person with disabilities" includes two or more persons with disabilities living together, one or more such persons living with another person who is determined to be important

to their care or well-being, and the surviving member or members of any household described in the first sentence of this definition who were living, in a unit assisted with HOME funds, with the deceased member of the household at the time of his or her death.

Universal Design – The design of products and environments to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design.

Here are some of the more common universal design features:

- No-step entry. No one needs to use stairs to get into a universal home or into the home's main rooms.
- One-story living. Places to eat, use the bathroom and sleep are all located on one level, which is barrier-free.
- Wide doorways. Doorways that are 32-36 inches wide let wheelchairs pass through. They also make it easy to move big things in and out of the house.
- Wide hallways. Hallways should be 36-42 inches wide. That way, everyone and everything moves more easily from room to room.
- Extra floor space. Everyone feel less cramped. And people in wheelchairs have more space to turn.

Some universal design features just make good sense. Once you bring them into your home, you'll wonder how you ever lived without them. For example:

- Floors and bathtubs with non-slip surfaces help everyone stay on their feet. They're not just for people who are frail. The same goes for handrails on steps and grab bars in bathrooms.
- Thresholds that are flush with the floor make it easy for a wheelchair to get through a doorway. They also keep others from tripping.
- Good lighting helps people with poor vision. And it helps everyone else see better, too.
- Lever door handles and rocker light switches are great for people with poor hand strength. But others like them too. Try using these devices when your arms are full of packages. You'll never go back to knobs or standard switches.

Universal design gives you great home feature you can enjoy now. It also helps you plan for the future. Take closets for example. When you build a closet, add some adjustable brackets. Later on, you can use those brackets to move clothing rods and shelves to a better height. This tiny investment helps a closet grow along with a child. It also means you can use the closet even if you start using a wheelchair. This kind of planning can help you make sure every part of your home will adapt to your changing needs.

Round II NSP Application Submission Checklist

Before submitting your application(s) please use the following checklist to be sure that you have included all required items. All applications are to be typed on **“Attachment C” Round II Neighborhood Stabilization Program Application** which is available through the OHCD website www.pwcgov.org/housing or requested Microsoft Word format.

Application(s) must be assembled in the following order including signed original and 7 copies.

“Attachment C” with attachments behind application.

- Attachment I **“Cost Estimates”** limited to one (1) page per estimate
- Attachment II **“Current Budget”**
- Attachment III **“Audit [Management Response Letter]”**
- Attachment IV **“Income Tax Return [Form 990 or 990 - EZ for non-profit]”**
- Attachment V **“Match”**
- Attachment VI **“Authorization”**
- Attachment VII **“Contracts and/or Agreements with other Organizations”**
Those that will assist in the administration of the project
- Attachment VIII **“IRS 501(c) determination, State/County/City Business License”**
- Attachment IX **“Articles of Incorporation”**

If applications are received one week before deadline, applications will be screened to ensure that all applicable attachments, signatures and correct page format (including page breaks) are included. If items are missing or corrections are necessary applicant is give the opportunity to correct oversight before deadline. Applications will not be evaluated for content but only for attachments, signatures and correct format.

Failure to provide signed original and 7 typed copies of **“Attachment C”**, including all applicable attachments following application, **will eliminate** the application from being evaluated. Faxed, electronically submitted or applications not submitted on **“Attachment C” Round II Neighborhood Stabilization Program Application** will also not be evaluated.

Deadline for submission is **January 29, 2010** at **5:00 p.m.** Any applications received after 5:00 p.m. **will not be considered** for evaluation. Submit applications to the following address:

Prince William County Office of Housing and Community Development
Community Preservation and Development Division
Attn: Bill Lake, Community Preservation and Development Manager
Dr. A. J. Ferlazzo Building
15941 Donald Curtis Drive, Suite 112
Woodbridge, Virginia 22191-4291

For further information contact: Bill Lake, Community Preservation and Development Manager
703-792-7532 or e-mail blake@pwcgov.org

PRINCE WILLIAM AREA
2009 MEDIAN INCOME TABLES
 Effective March 19, 2009

Extremely Low Income - Gross household income 30% area median income (AMI), adjusted for household size per the following table:

1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
\$21,550	\$24,650	\$27,700	\$30,800	\$33,250	\$35,750	\$38,200	\$40,650

Low Income - Gross household income 50% area median income (AMI), adjusted for household size per the following table:

1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
\$35,950	\$41,100	\$46,200	\$51,350	\$55,450	\$59,550	\$63,650	\$67,800

Moderate Income - Gross household income 80% area median income (AMI), adjusted for household size per the following table:

1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
\$44,800	\$51,200	\$57,600	\$64,000	\$69,100	\$74,250	\$79,350	\$84,500

Middle Income - Gross household income 120% area median income (AMI), adjusted for household size per the following table: **Only used for Neighborhood Stabilization Program (NSP) Funded Activities**

1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
\$86,250	\$98,600	\$110,900	\$123,250	\$133,100	\$142,950	\$152,800	\$162,700

NOTE: Prince William County is part of the Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area. The Washington-Arlington-Alexandria, DC-VA-MD HUD Metro Area contains the following areas: District of Columbia, DC; Calvert County, MD; Charles County, Maryland; Frederick County, MD; Montgomery County, MD; Prince George's County, MD; Arlington County, VA; Clark County, VA; Fairfax County, VA; Fauquier County, VA; Loudoun County, VA; Prince William County, VA; Spotsylvania County, VA; Stafford County, VA; Alexandria City, VA; Fairfax City, VA; Falls Church City, VA; Fredericksburg City, VA; Manassas City, VA; and Manassas Park City, VA.J

Median family income estimates are available at HUD's internet site:

<http://www.huduser.org/datasets/il/html> Median Family Income for Washington Metropolitan Area is \$102,700.

*Round II Neighborhood Housing Program (NSP)
Competitive Application*

APPLICATION INFORMATION

Project Sponsor: _____
Federal Tax ID: _____

Contact Person:

Name: _____ Title: _____
Address: _____
Telephone: _____ Fax _____ E-Mail: _____

PROJECT TITLE & DESCRIPTION:

PROJECT FUNDING REQUEST:

Activity	Location	Amount Requested
<input type="checkbox"/> Homeownership & Rehabilitation	<input type="checkbox"/> Prince William County <input type="checkbox"/> Manassas City <input type="checkbox"/> Manassas Park	
<input type="checkbox"/> Acquisition for Rental & Rehabilitation	<input type="checkbox"/> Prince William County <input type="checkbox"/> Manassas City <input type="checkbox"/> Manassas Park	
TOTAL DOLLAR REQUEST		

CERTIFICATION:

To the best of my knowledge and belief, data in this proposal are true and correct and the documents have been duly authorized by the governing body of the applicant. This document should be signed by the Executive Director or Administrative Officer of organization.

Name and Title: _____
Signature: _____

Applications will be funded based upon score. For applications that receive the same scores, applications will be ranked based upon date and time applications are received.

I. PROJECT DESCRIPTION - 110 points maximum (2 page limit for narrative)

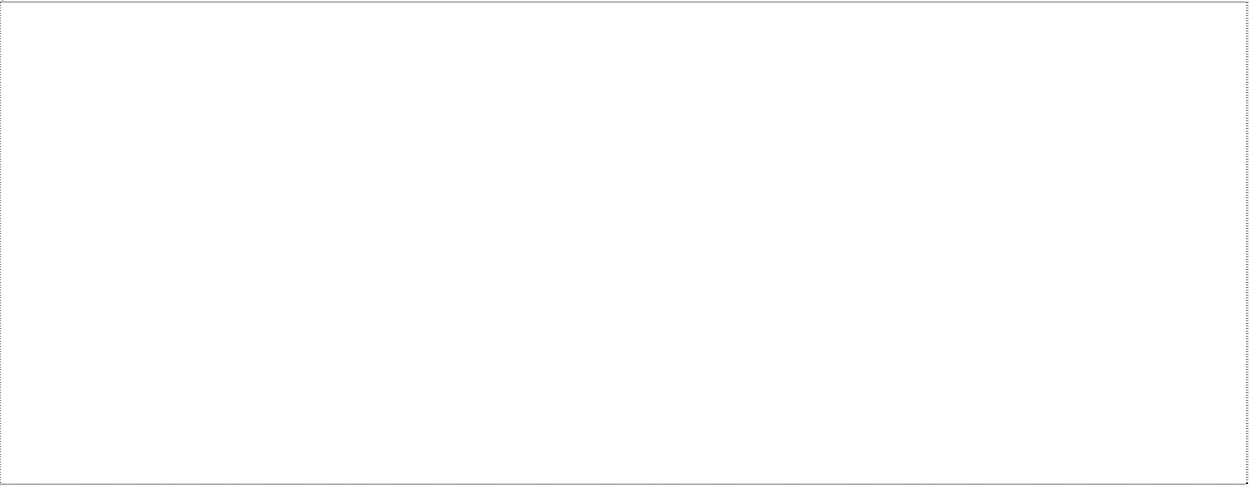
A. Answer each of the following questions: 1) describe the project (not your agency) with reference to project activity indicating if you will be doing a homeownership project or rental housing program or both, 2) who will administer the project, 3) which census tract(s) would the project be located and why 4) what type of property (single family, town house, condo) will be purchased and why, 5) is the project permanent housing or a public facility?.

1)

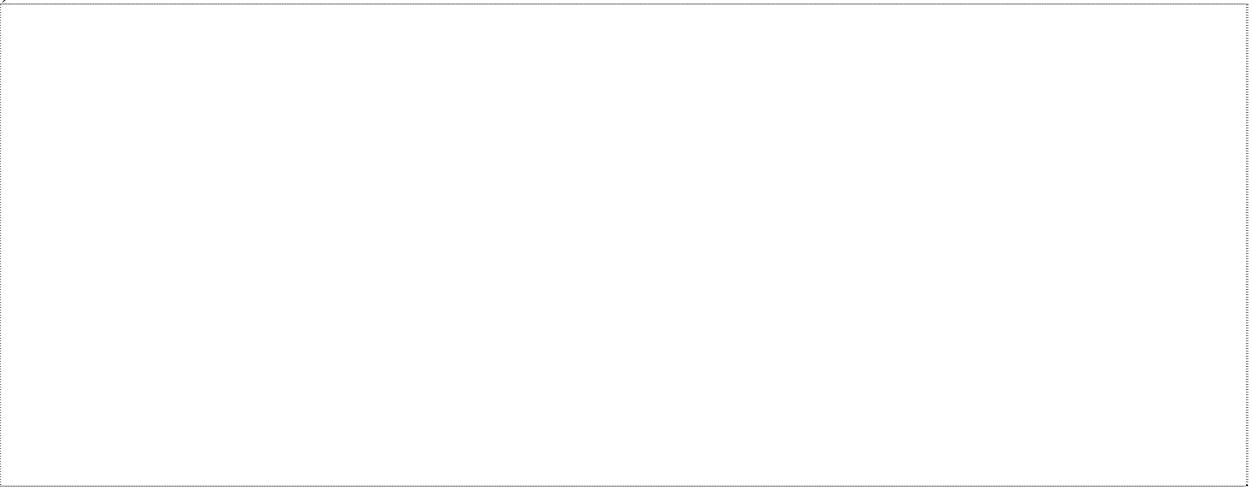
2)

3)

4)



5)



- B. What is the **total** project cost? \$_____
- C. List the source and date of project cost estimates and identify as “**Attachment I, Cost Estimates**”, limit one page per estimate. This attachment must follow Attachment C application.

Source	Date	Cost
Total		

- D. Complete Project Budget- \$500,000 Maximum NSP Funds

Line Item	NSP Funds	Non-NSP Funds	Total
Sales Price			
Closing Cost			
Home Inspection			
Lead Base Paint Testing			
Insurance			
Rehab \$40,000 per unit			
Development Fee:			
\$2,000 @ acquisition			
\$2,000 @ rehab			
Other:			
TOTAL			

1. Will the purchase of property(s) incur ongoing operating cost? Yes No
2. Describe plans for providing source of funds for subsequent years operating cost and from what source will funds be provided. Complete Item E to show subsequent year budget.

II. SPONSOR CAPACITY - 90 points maximum (limit narrative to this page)

- A. Experience: Are you currently operating an ongoing project and/or have you previously operated a related program like your proposed project? If yes, specify the name of the program(s), the length of time the program has been in operation, the target population, the types of work performed, the cost of the project, and how long the project took to complete. Experience of current staff to operate program.

[Empty response area for question A]

B. Staffing:

Describe specifically the classification, name and hours per week of all staff within your organization that will be involved in the administration and implementation of your proposed project.

Classification	Name	Hours Per Week

C. Financial Management:

1. Check the following accounting books used by your organization:

- a. General Ledger Yes No
- b. Cash Disbursement Yes No
- c. Cash Receipts Yes No
- d. Fix Assets Yes No

2. List the title(s) of staff responsible for the following task:

- a. Opens Mail _____
- b. Deposits Checks/Funds _____
- c. Reconciles Checkbook _____
- d. Post Cash Receipts _____
- e. Approves Payments _____

3. Do checks require two signatures? Yes No

Name(s) and title(s) of persons whose signatures are required.

Name	Title

4. Attach copy of the organization's current budget and identify as **“Attachment II, Current Budget”**. This attachment must follow Attachment C application. If you have a deficit, please explain how deficit was addressed.

5. Does your organization have an audit completed by an independent certified public accountant? Yes No Date of Audit _____

If yes, attach copy of the complete audit and the **“Management Audit Response Letter”** if applicable and identify as **“Attachment III, Audit”**. This attachment must follow Attachment C application.

If you answered No, please give explanation as to why your organization has not had an audit performed.

Did last audit cite any material weakness(s) or concern(s)? Please list material weakness(s) or concern(s) and corrective action taken by means of your “Management Audit Response”.

6. Does your organization have an adopted “Procurement Procedure”? Yes No
Explain your Procurement Procedures

7. Did your organization file and income tax return last year? Yes No
Attach income tax return **[Form 990 or 990EZ non-profit]** and label as **“Attachment IV Income Tax Return”**. This attachment must follow Attachment C application.

III. MATCH BONUS - 20 Points

The greater the financial support or leveraging from local and other sources, the greater the potential impact that NSP funds will have on meeting the NSP objective. Therefore, if a match is being provided (**excluding rehabilitation dollars**) documentation of the dollar match must be provided. Identify all sources of financing, amounts, dates of application, funding commitment, terms and contact person along with verification. The evidence must state the dollar value and verify the availability of resources for project (**excluding rehabilitation dollars**). Match funds can be from Federal dollars.

Line Item	NSP Funds	Non-NSP Funds	Total
Sales Price			
Closing Cost			
Home Inspection			
Lead Base Paint Testing			
Insurance			
Rehab \$40,000 per unit			
Development Fee:			
\$2,000 @ acquisition			
\$2,000 @ rehab			
Other:			
TOTAL			

Verification of dollar for dollar match can be either a Board Resolution or a letter from the Executive Director/CEO as to availability of match (**excluding rehabilitation dollars**). The evidence MUST state the dollar value and verify the availability of match (**excluding rehabilitation dollars**) resources for the project.

Identify verification of dollar for dollar match must be included as "**Attachment V, Match**". If dollar for dollar match is provided 20 bonus points are awarded in scoring process.

IV. ADDITIONAL BONUS POINTS - 50 Points

Any project that benefits special needs population to include elderly, persons with disabilities or homeless will receive an additional **10 bonus points**.

Projects that will incorporate aspects of "Universal Design" for the unit(s) purchased will receive an **additional 10 bonus points**. Among key principles of universal design are no-step entrances, wider doors and hallways for wheelchairs, and kitchens, baths, bedrooms and major appliances on the ground floor. Bathrooms have grab bars and kitchen counters installed in varying heights. Besides their usefulness for aging homeowners, universal design features improve the so-called "visitability" of homes for older people and those with disabilities, including thousands of injured veterans. Adding household conveniences and amenities that will be enjoyed today can make it easier for people to stay in their home for years to come.

Projects designed to provide permanent housing for households with incomes at or below 50% of area median income will receive **30 additional bonus points**. This excludes public facilities which by CDBG regulations are homeless shelters, transitional housing and group homes.

V. AUTHORIZATION

All applicants must provide a Board Resolution or letter from Executive Director/CEO that authorizes the organization to make application for NSP funds for project(s). Identify verification as “**Attachment VI, Authorization**”. The authorization must state the project along with a description and dollar amount of request.

Property Rehabilitation Standards

The following minimum housing standards are for implementation in all rehabilitation activities financed by NSP Program throughout the Prince William Area.

1. **SITE.** The Property site shall be reasonably free from hazards to the health, safety and general welfare of the tenants. The site shall not be subject to serious adverse environmental conditions, natural or manmade, such as:
 - 1.1 Dangerous walks, steps, or instability; all steps and walks should be level, free from dangerous cracks, crumbling or breaks, tripping hazards, broken and missing materials, etc., and be provided with sufficient pitch to prevent water accumulation.
 - 1.2 Flooding, poor drainage, septic tank back-ups, sewer hazards, or mudslides; the property should have positive drainage away from the dwelling units to prevent standing water at the foundation.
 - 1.3 Excessive accumulations of trash; any materials which accumulate on the Property should be removed, or screened and arranged in a manner which does not detract from the general appearance of the neighborhood.
 - 1.4 Fire hazards; the site should be free from fire hazards, such as the storage of highly flammable materials, etc.
2. **ACCESS.** The Property shall have adequate access for the tenants.
 - 2.1 The building(s) and the Rental Dwelling Units shall be usable and capable of being maintained without the unauthorized use of other private properties. The Property should be adjacent to an access street or road.
 - 2.2 Alternative means of egress shall be provided in case of fire (e.g., fire stairs or egress through windows).
3. **STRUCTURE AND MATERIALS.** The building(s) and Rental Dwelling Units shall be structurally sound, free from threats to the health and safety of the occupants, and shall protect the occupants from the environment.
 - 3.1 Ceiling, walls (interior and exterior) floors, roofs, porches, etc., shall not

Attachment D

have any serious defects such as severe bulging or leaning, large holes, loose surface materials, severe buckling or noticeable movement under walking stress, missing parts, or other serious damage. Where crawl spaces or basements exist, all first floor structural wood members, including floor joists, plates, piers and pilings should be inspected for cracked, broken, rotten or otherwise damaged conditions. Damaged members should be repaired or replaced as required. The exterior and interior walls should be weather tight in a manner that prevents, as much as possible, heat loss in the winter and cooling in the summer. This includes the repainting or installation of siding to protect the exterior surface from the elements. The interior walls should be repaired or replaced as required to facilitate this criterion.

- 3.2 The roof structure shall be firm and the roof shall be weather tight. All roofing framing members should be free from cracks and rot. The roofing sheathing should be solid and free from sagging, buckling and heaving. If the roof appears to be well worn, it should be replaced. If possible, the roof should be stripped all the way down to the sheathing and replaced. If cost dictates, a second layer of roofing can be installed over the first layer. If there are already two or more layers of roofing materials, the roof should be stripped down to the sheathing and replaced.
- 3.3 The exterior wall structure and the exterior and interior wall surfaces shall not have any serious defects such as serious leaning, buckling, sagging, cracks or holes, loose materials, loose siding, or other serious damage. Concrete block or brick foundations, piers and piling should be inspected for loose mortar joints. All empty or cracked mortar joints should be tuck-pointed in an acceptable manner to match, as closely as possible, the rest of the structure. The joints should be recessed.
- 3.4 The condition and equipment of interior and exterior stairways, halls, porches, walkways, etc. shall not present a danger of tripping or falling. All exterior steps, walkways, and porches should be free of tripping hazards. Crumbling, cracked, broken, missing or uneven conditions should be repaired or replaced as necessary. The condition of all interior stairways should not present a danger of tripping or falling. Handrails should be properly installed on all stairways.
- 3.5 All out-buildings such as garages and storage sheds should be repaired to a usable condition or removed from the Property.

- 3.6 The general appearance of the outside of the building and the Property, after Rehabilitation, should make a positive contribution to the general appearance of the neighborhood.
4. **WATER SUPPLY.** The water supply shall be free from contamination.
 - 4.1 The building(s) shall be served by an approved public or private sanitary water supply. There shall be water heaters of sufficient capacity to serve present or anticipated future residents.
 - 4.2 Hot and cold water shall be supplied to all kitchens, baths and laundry facilities in all Rental Dwelling Units and common areas.
 - 4.3 All water lines should be protected from freezing.
5. **INTERIOR AIR QUALITY.** The building(s) should be free of pollutants in the air at levels which threaten the health of occupants.
 - 5.1 The building(s) shall be free from dangerous levels of air pollution from carbon monoxide, sewer gas, fuel gas, dust and other harmful air pollutants. All gas or oil fired appliances should have proper venting to the outside of the building(s) for combustion gases.
 - 5.2 Air circulation shall be adequate throughout the building(s) and Rental Dwelling Units. All windows designed to open shall open easily and be provided with proper window hardware. All windows with easy access from the outside shall have locks.
 - 5.3 Bathroom areas shall have at least one openable window or other adequate exhaust ventilation, vented to the outside. Kitchen areas should also have adequate ventilation.
6. **ILLUMINATION AND ELECTRICITY.** Each room shall have adequate natural or artificial illumination to permit normal indoor activities and to support the health and safety of tenants. Sufficient electrical sources shall be provided to permit use of essential electrical appliances while assuring safety from fire.
 - 6.1 Living and sleeping rooms shall include at least one window; if the room is located in the basement, the window must meet egress requirements.
 - 6.2 A ceiling or wall light fixture, operated by a wall switch, should be present in the Kitchen, bath, bedroom and hallways.

Attachment D

- 6.3 At least two electrical outlets shall be present and operable in the living area, kitchen and each bedroom area. Outlets installed in a kitchen or bathroom in the general location of water shall be protected by ground fault interrupter. All outlets installed as a result of Rehabilitation should be grounded type.
 - 6.4 Each Rental Dwelling Unit should be provided with at least 100-amp service and a sufficient number of circuits to service present/anticipated use of the unit.
 - 6.4.1 There should be separate circuits for any air conditioners, electric dryers, electric stoves and other special appliances.
 - 6.4.2 There should be a separate minimum 20-amp circuit for the heavy workload area in the kitchen.
 - 6.4.3 With the exception of kitchens (see 6.4.2 above), all other rooms should be assessed relative to their use of electricity and additional outlets and switches installed based on usage and safety factors.
 - 6.5 Connection at the main service to the Rental Dwelling Units should be in an acceptable manner.
 - 6.5.1 Placement of the connection should be out of reach of children.
 - 6.5.2 Proper anchoring should be used.
 - 6.6 All exposed “knob and type” wiring should be removed and replaced in conduit to prevent splicing and/or unsafe usage.
 - 6.7 All hazardous conditions such as broken switches and outlets, missing covers, bare wiring, and fixtures not properly installed or anchored, shall be repaired or replaced in an acceptable manner.
 - 6.7 Even though a room may meet acceptable criteria 6.3 above, if the inspection reveals the use of octopus plugs, adapters, extension/zip cords, or other unsafe practices, additional outlets shall be installed.
7. **THERMAL ENVIRONMENT.** The building(s) and each Rental Dwelling Unit shall have and be capable of maintaining a thermal environment healthy for the human body.
- 7.1 The building(s) shall contain safe heating and cooling facilities which are in proper operating condition and provide adequate heat or cooling to each room in each Rental Dwelling Unit

Attachment D

appropriate for the climate to insure a healthy living environment. All parts of the venting system for central heating and cooling units should be in proper working condition. For example:

- 7.1.1 Vent pipes should be free of rust and be properly maintained.
 - 7.1.2 Where vent pipes are connected to a masonry chimney, that chimney should be properly maintained so that all mortar joints are tightly sealed.
 - 7.2 Un-vented room heaters which burn gas, oil or kerosene are unacceptable.
 - 7.3 Attic space should be insulated to a rating of R-30 (or R value specified in local code) with acceptable insulating material. When adding insulation to the attic, it must be brought up to a rating of R-30 minimum if possible. Cellulose bags should be labeled with acceptable rating derived from flame-spread tests.
 - 7.4 Weather stripping should be applied as needed around all doors and windows.
 - 7.5 Storm windows or double pane windows should be installed whenever possible.
 - 7.6 Any inside walls that are on an exterior wall, if opened down to the studs during the course of the Rehabilitation, should be fully insulated with an acceptable insulating material.
 - 7.7 All joints in the building envelope should be caulked and sealed. All brittle or loose caulking should be replaced.
 - 7.8 Supply and return heating and air conditioning ducts should be insulated whenever they are run through unheated spaces.
 - 7.9 It is strongly recommended that whenever space heaters or floor furnaces are used, they be replaced with a properly installed, more efficient central heating and cooling system.
8. **SANITARY FACILITIES.** Each Rental Dwelling Unit shall include its own sanitary facilities which are in proper operating condition, can be used in privacy, and are adequate for personal cleanliness and the disposal of human waste.
- 8.1 A flush toilet in a separate, private room, a fixed basin with hot and cold running water, and a bathtub or shower with hot and

cold running water shall be present in each Rental Dwelling Unit and shall be fully operational. The toilet, basin, and tub or shower should all be located in the same room, if at all possible.

8.2 These facilities shall utilize an approved public or private sewage disposal system. Where a public sewage system is not available, a visual inspection by the Health Department is required for any raw seeping into the surface on the exterior and for any evidence of interior backup.

9. **SPACE AND SECURITY.** Each Rental Dwelling Unit shall afford the residents adequate space and security.

9.1 A living room, kitchen area, and bathroom shall be present.

9.2 The Rental Dwelling Unit shall contain at least one sleeping or living and sleeping room of appropriate size for each two persons.

9.3 Exterior doors and windows accessible from the outside the building shall be lockable.

9.4 Each Rental Dwelling Unit must have a smoke detector in accordance with local codes. Smoke detectors should be installed on each floor and in each bedroom. It is recommended that all smoke detectors be U.L. approved and be hard wired. U.L. approved battery type or a combination electric/battery type may also be used.

10. **FOOD PREPARATION AND REFUSE DISPOSAL.** Each Rental Dwelling Unit shall contain suitable space and equipment to store, prepare, and serve food in a sanitary manner. There shall be adequate facilities and services for the sanitary disposal of food wasters and refuse, including facilities for temporary storage, where necessary.

10.1 Each Rental Dwelling Unit shall contain the following equipment in operation conditions.

10.1.1 Cooking equipment appropriate for the type and size of the Rental Dwelling Unit.

10.1.2 Refrigerator of appropriate size for the Rental Dwelling Unit; and

10.1.3 Kitchen sink with hot and cold running water.

10.1.4 The sink shall drain into an approved public or private sewer system.

- 10.2 Adequate space for the storage, preparation and serving of food shall be provided. Food storage space should be cabinets or pantry style storage. Food preparation space should be counters or other horizontal workspace.
- 10.3 There shall be adequate facilities and services for the sanitary disposal of food wastes and refuse, including facilities for temporary storage where necessary.
- 11. **SANITARY CONDITIONS.** The building(s) and its equipment shall be in sanitary condition.
 - 11.1 The building, its equipment, and each Rental Dwelling Unit shall be free of vermin and rodent infestation.
- 12. **COMPLIANCE WITH OTHER CODES.** The completed Rehabilitation must meet current applicable building code.

The completed Rehabilitation must meet the current Virginia State Building Code.

The Contractor will be responsible for applying for and fulfilling any and all applicable building permits.

Sample Board Authorization & Match

Letter should be on organization letterhead

The following resolution was presented and adopted by the (Name of Organization) Board of Directors at the (Date of Meeting) Board meeting held at (Location).

Acquisition/Rehabilitation Homeownership Activities:

Option #1:

(Name) moved and (Name) seconded the motion to endorse the FY09 Competitive Neighborhood Stabilization Program (NSP) application for (Project Description) in the amount of (Dollar Amount). *If applicable authorizes the matching funds for this request in the amount of (Dollar Amount minus the \$40,000 for each unit for rehabilitation).*

Further it is understood that the total amount of assistance provided, plus a share of the market appreciation of the Property, will be secured through a Deed of Trust on the property for 30 years. The trust will become payable if the property ceases to be utilized for the intended purpose of purchase, or is sold, or the primary loan is refinanced for the purpose of removing equity from the property, or the borrower fails or neglects to pay the taxes, assessments, or premiums for hazard, flood (if required) or mortgage insurance, or terms of the deed of trust are violated whichever occurs first. After 30 years loan is forgiven.

The share of market appreciation is the amount of funds the borrower must pay the County, in addition to the principal balance of the Loan, due to increased market value of the property at the time of resale, or repayment of the Loan prior to the end of the affordability period. Market value will be the greater of the contract sales price, or the value as determined by a licensed appraiser at the expense of the borrower which is acceptable to the County. The County's share of the market appreciation of the property will be calculated prior to deductions for real estate fees/commissions, settlement fees, judgments, liens or considerations for home improvements made by the Borrower and will equal the product of the market value at the time of sale or refinance, minus the original total acquisition cost multiplied by a fraction, the numerator of which is the principal sum of the Loan and the denominator is the property's original total acquisition cost.

Example:	Market Value at time of sale:	\$300,000
	Original Total Acquisition cost:	-\$200,000
	Amount of Market Appreciation:	\$100,000
	Principal Sum of Loan	\$75,000
	Fraction:	$\$75,000/\$200,000=.38$
	County Share of Market Appreciation:	$\$100,000 \times .38=\$38,000$
	Borrower Share of Market Appreciation:	$\$100,000 \times .62=\$62,000$

In the event of foreclosure by the First Lender, the County, at its sole discretion, may release the Borrower from their obligation to repay the entire principal and a share of the total market appreciation, or a portion thereof. These stipulations are set forth in the Deed of Trust, and Note.

Subordination of Loan – All Loans will not be subordinated at anytime during the deferral or repayment period to a home equity loan, reverse mortgage or any other form of refinance of the first trust that result in removal of equity from the property for any reason (i.e. cash, loan consolidation, debt repayment, home improvements, education expenses, etc.).

Motion passed unanimously.

Name
Secretary to the Board

Acquisition/Rehabilitation Rental Activities:

Option #1:

(Name) moved and (Name) seconded the motion to endorse the FY09 Competitive Neighborhood Stabilization Program (NSP) application for (Project Description) in the amount of (Dollar Amount). *If applicable authorizes the matching funds for this request in the amount of (Dollar Amount minus the \$40,000 for each unit for rehabilitation).*

Further it is understood that the total amount of assistance provided, plus a share of the market appreciation of the Property, will be secured through a Deed of Trust on the property for 30 years. The trust will become payable if the property ceases to be utilized for the intended purpose of purchase, or is sold, or the primary loan is refinanced for the purpose of removing equity from the property, or the borrower fails or neglects to pay the taxes, assessments, or premiums for hazard, flood (if required) or mortgage insurance, or terms of the deed of trust are violated whichever occurs first. After 30 years loan is forgiven.

The share of market appreciation is the amount of funds the borrower must pay the County, in addition to the principal balance of the Loan, due to increased market value of the property at the time of resale, or repayment of the Loan prior to the end of the affordability period. Market value will be the greater of the contract sales price, or the value as determined by a licensed appraiser at the expense of the borrower which is acceptable to the County. The County's share of the market appreciation of the property will be calculated prior to deductions for real estate fees/commissions, settlement fees, judgments, liens or considerations for home improvements made by the Borrower and will equal the product of the market value at the time of sale or refinance, minus the original total acquisition cost multiplied by a fraction, the numerator of which is the principal sum of the Loan and the denominator is the property's original total acquisition cost.

Example:	Market Value at time of sale:	\$300,000
	Original Total Acquisition cost:	-\$200,000
	Amount of Market Appreciation:	\$100,000
	Principal Sum of Loan	\$75,000
	Fraction:	$\$75,000/\$200,000=.38$
	County Share of Market Appreciation:	$\$100,000 \times .38=\$38,000$
	Borrower Share of Market Appreciation:	$\$100,000 \times .62=\$62,000$

In the event of foreclosure by the First Lender, the County, at its sole discretion, may release the Borrower from their obligation to repay the entire principal and a share of the total market appreciation, or a portion thereof. These stipulations are set forth in the Deed of Trust, and Note.

In addition to the Deed of Trust and Note a Deed of Easement and Declaration of Restrictive Covenants running with the land will be filed. This document ensures affordable rents for a period of 20 years. The affordability of the unit is related to the HUD Home Investment Partnership (HOME) Rent Limits that are published annually based on unit size. Rents may be adjusted at the annual anniversary of a purchase or rehabilitated unit's initial lease. OHCD must review and approve all increases in rents based upon a written request. In exchange for the financing, (Name of Organization) agrees to restrictions on rents and tenants incomes (50% or less of AMI) to ensure affordability. OHCD will monitor both the housing conditions and the affordability requirements annually including the tenant's income, affordable rents and housing quality inspections (HQS). OHCD will inspect each unit purchased for HQS every 3 years for purchase of 1-4 units and every 2 years for 5 or more units.

Subordination of Loan – All Loans will not be subordinated at anytime during the deferral or repayment period to a home equity loan, reverse mortgage or any other form of refinance of the first trust that result in removal of equity from the property for any reason (i.e. cash, loan consolidation, debt repayment, home improvements, education expenses, etc.).

Motion passed unanimously.

Name
Secretary to the Board