



REQUEST FOR BOARD ACTION

ITEM NO. 6.

DATE OF MEETING: May 20, 2013

REQUESTED BY: Judith Herring, Housing Director

SHORT TITLE: Resolution Authorizing Approval of an Amendment to the Current FY 2011 CDBG-Scattered Site Program Housing Assistance Policy

BACKGROUND: The County was awarded a CDBG-Scattered Site Grant from the Division of Community Assistance in the amount of \$400,000 to assist low-moderate income households with severe housing needs. The funds were released on January 11, 2013. The original project proposed to accomplish four clearances and four reconstructions (new unit built on-site). This amendment will allow the county to provide off-site relocation assistance to two households proposed for relocation assistance and two clearances and two reconstructions, rather than four clearances and four reconstructions. This amendment addresses changing conditions within the program. A copy of the Amended Housing Assistance Policy is attached to this resolution.

SPECIFIC ACTION REQUESTED: To consider a resolution amending the FY 2011 CDBG-Scattered Site Program Housing Assistance Policy.

COUNTY MANAGER'S RECOMMENDATION

Respectfully recommend approval.



Initial

RESOLUTION

NOW, THEREFORE BE IT RESOLVED by the Pender County Board of Commissioners that

the amendment to the FY 2011 CDBG-Scattered Site Program Housing Assistance Policy is hereby approved. The Chairman/County Manager is authorized to execute any/all documents necessary to implement this resolution.

AMENDMENTS:

MOVED _____ SECONDED _____

APPROVED _____ DENIED _____ UNANIMOUS

YEA VOTES: Brown ____ McCoy ____ Tate ____ Ward ____ Williams ____

George Brown, Chairman 5/20/13
Date

ATTEST 5/20/13
Date

PENDER COUNTY FY2011 CDBG SCATTERED SITE PROGRAM
Housing Assistance Policy (Revised May 20, 2013)

The following information is designed to serve as the basis for administrative policies, guidelines and procedures necessary to effectively establish a CDBG Scattered Site Program for Pender County. As is the case with all new programs, certain alterations, amendments and additions to these guidelines may be required as the program is implemented. Review of these guidelines is encouraged to maintain consistent administrative quality. The administrative personnel, consultant, and the county staff members responsible for program administration should become completely familiar with the contents of the pages which follow.

I. SELECTING AND PROCESSING APPLICANTS

Before a successful housing improvement program involving the use of grants can begin operation, many administrative and policy decisions must be made. These decisions should be made with the benefit of input from the residents of Pender County. To ensure adequate and timely citizen input, the Pender County Board of Commissioners will serve as the CDBG-SSH selection committee. This committee will fulfill the following important functions:

- Review and comment on this Housing Assistance Policy.
- Provide coordination and contact between program residents and county representatives.
- Recommend program revisions as the project develops.
- Review and make comments on the Citizen Participation Plan.
- Conduct a public hearing prior to the close-out of the program to obtain public comment on the success of the project.
- Review and make recommendations on all community development program and/or budget amendments.
- Review and make comments and recommendations on housing grant grievances as required.

The Pender County Board of Commissioners has approved the final beneficiary list following submittal of the list to the Board by the Pender County Planning Director.

The draft Program Assistance Policy for the Pender County FY2011 Scattered Site Program was developed by the county's CDBG consultant following discussions with the Pender County Planning Director, representatives of county municipalities, and comments received by the Board of Commissioners at the first and second application public hearings. The county has an abundance of applications for assistance on hand, and wishes to treat its worst housing needs. Therefore, a distribution plan including an objective, competitive rating system based on income/housing need/special population was felt to be most appropriate for this program. The county utilized an at-large application system that rated applications received without regard to geographic location.

A total of four (4) owner-occupied dwelling units will be reconstructed with FY2011 CDBG Scattered Site funds. All four (4) units will be occupied by households with incomes at or below 50% of the Pender County median income for appropriate household size. This achieves the program's overall objective of reconstructing units occupied by individuals with little or no ability to make improvements.

The county awarded CDBG reconstruction subsidies to "scattered site" beneficiaries based on income, special population, and severity of housing needs criteria. The county tailored the rating system for CDBG scattered site applications to specifically favor elderly and disabled individuals and households occupied by wage earners with dependent children. Additionally, the county tailored the program to address households occupying units with severe water and sewer needs and severe structural deficiencies as defined by the NC

Office of Community Investment and Assistance (CI) gradient housing needs scale. Each household served by the Pender County FY2011 CDBG Scattered Site Program must meet the requirements of at least one special housing needs category, and must occupy a unit with severe structural deficiencies (3 or more severe systems).

The following outlines the applicant screening/prequalification process that Pender County utilized to select the households who will receive reconstruction-housing assistance under the FY2011 CDBG Scattered Site program:

Mail Out/Deliver Application Packages: Following direct solicitation of applicants by mail to each participating municipality and publication of a public advisory on January 25, 2012, the county mailed informational statements to the 98 owner-occupant applicants registered in the county's current "request for housing assistance" file, maintained in the county community development office, and mailed application forms to seventy-five (75) households who responded to the informational statement mail-out and/or public advisory. The informational statement explained requirements about income, special population, tax liability, tenure, and severity of needs. The three application forms had to be filled out, signed by the owner, and returned by the designated deadline date of February 24, 2012. The informational statement included a phone number that applicants could call to set up a meeting with the county staff for assistance in completing the application prior to the application deadline.

Application Assistance/Field Assessment: If applicants requested assistance, they had the option of visiting the county community development office, where the county's consultant staff was available to provide assistance and answer questions. Also, a telephone contact for the county's CDBG consultant was included in the application package. The program staff reviewed applications as they were received and requested additional information if needed. The county also performed field inspections of eligible units to document housing needs and to estimate replacement costs.

Income Verifications: The county utilized CDBG guidelines for assessment of household income. The county required written documentation of public benefits, payroll information, or submittal of 2010/2011 tax return information if available. The county included adjusted (AGI) wage and benefit income for the head of household, spouse, and other non-transient (i.e., regular contributors to household expenses) household members 18 years of age and above. Business income for self-employed individuals was verified through income tax records, and included net profits as well as wages paid to household members.

Definitions:

- Elderly: An individual aged 62 or older.
- Disabled: A disabled individual is any person who has a physical or mental disability that substantially limits one or more major life activities, has a record of such impairment, or is regarded as having such impairment, in accordance with 24CFR92.2.
- Wage Earner (with Dependent Children): A household occupied by at least one individual aged 18 or older who earns employment income and by at least one individual aged 17 or younger who depends on the wage earner's income for household necessities; the household may not be occupied by any individual receiving a public subsidy exclusively for dependent care (other than day care subsidies or subsidies for disabled dependents).
- Individual Receiving Unemployment Benefits: A household occupied by at least one individual aged 18 or older who had verified employment income in the immediate past and is currently receiving unemployment benefits.

- Household Member: Any individual who is an occupant of the unit to be rehabilitated shall be considered a "household member" (enumerated for household size and subject to income verification).
- Occupant: An occupant is defined as any immediate family member (mother, father, spouse, son, daughter of the head of household, regardless of time of occupancy); or a non-immediate family member who has resided in the dwelling unit at least six months of the twelve-month period prior to the homeowner's application date.

The application rating system functioned as follows:

Preliminary Rating: As full applications were received, they received a preliminary rating according to the following points table:

<u>Income</u>	<u>Points</u>
1. Income 41-50% of Median Income	8
2. Income 31-50% of median income	5
3. Income 21-30% of median income	3
4. Income 11-20% of median income	0
5. Income <10% of median income	Not Eligible
<u>Special Population Goals</u>	
1. Elderly (62 or above) Individual in Household	5
2. Disabled Individual in Household	5
3. Wage Earner w/Dependent Children	5
4. Individual Receiving Unemployment Benefits in HH	5
<u>Eligibility Requirements</u>	
1. Not Homeowner of Record in County Registry	Not Eligible
2. Local Taxes Not Paid to Date	Not Eligible
3. Income > 50% of Median Income	Not Eligible

Final Rating: The county's CDBG consultant used a Housing Needs Assessment Form (based on the Community Investment and Assistance Gradient Needs Form) to evaluate the housing needs of the highest-rated eligible applications received following preliminary review as outlined above. The assessment form included an evaluation of appropriate treatment (rehab or replacement). Fourteen homes were evaluated for housing conditions. Houses that were suitable for rehabilitation were not rated. All units identified as replacement units were rated according to the points system identified below:

<u>Housing Needs Factors - Replacement Units</u>	<u>Points</u>
1. 3 Severe Systems	2
2. 4 Severe Systems	4
3. 5 Severe Systems	6
4. 6 Severe Systems	8
5. 7 Severe Systems	10
6. 8-10 Severe Systems	12
7. Severe Water Need	5
8. Severe Sewer Need	5

- The four (4) highest rated replacement units and four (4) alternates were selected for the FY2011 CDBG-SS application.
- Following receipt of a grant agreement, the Program Administrator will conduct a pre-grant interview with each proposed CDBG-SS beneficiary to reassess the household's interest in the program, income, household information, and ability to maintain the improved property. The county will also request an attorney to complete preliminary title opinions for primary beneficiaries to verify that units to be replaced are owner-occupied. Once title opinions are received, recipients will be given up to 60 days to resolve title problems such as multiple heirs or liens that would prohibit a final award (recipients will be referred to legal services organizations that provide voluntary assistance to LMI households).
- If the county decides to withdraw a preliminary award following reassessment as noted above, the most competitive applicant from the alternate award list (within treatment and budget parameters) will be given consideration for a CDBG grant.
- When replacement/reconstruction final awards have been made by the County Board of Commissioners, owners will be contacted and asked to come in to the community development office to execute the Promissory Note, Deed of Trust, and other preconstruction documents.

II. TYPE OF REHABILITATION/RECONSTRUCTION ASSISTANCE

All households who receive rehabilitation/reconstruction assistance will receive their rehabilitation subsidy in the form of a zero interest, forgiven loan. The pro-rata portion of the forgiven loan will be recaptured by the county upon sale or transfer of the property in accordance with the table below (except upon transfer to an income-eligible heir through probate):

Deferred Payment Loan (DPL) Recapture Provisions

<u>Conventional Rehabilitation</u> <u>DPL Amount</u>	<u>Length of DPL</u> <u>Recapture Period</u>
\$0 - 12,000	5 years
\$12,001 - 16,000	6 years
\$16,001 - 19,000	7 years
\$20,000 or more	8 years
<u>New Construction</u>	
<u>Replacement/Reconstruction</u>	
All Grants	10 years

NOTE: If non-CDBG financial assistance for rehabilitation is obtained after the CDBG deferred payment loan is closed, and prior to the expiration of the recapture period outlined above, the CDBG loan may be subordinated to this new loan.

The entire deferred loan will be provided through a Promissory Note and secured with a Deed of Trust on the property to be improved/replacement property. Transfer of the property will trigger payoff of the principal balance unless the new owner is verified by the county as eligible to assume the loan (heirs or income-eligible buyers).

The amount of the promissory note will be for the rehabilitation construction cost only – program support costs will not be secured.

All units approved for assistance by the county following the application/rating process will be inspected by the staff of Holland Consulting Planners, Inc., to determine whether rehabilitation or replacement is the more cost-effective treatment. The county will not rehabilitate units if the cost of rehabilitation exceeds 80% of the cost of demolition and on-site replacement (regardless of whether the replacement unit is provided on or away from the displacement parcel). Additionally, no more than \$20,000 may be spent on rehabilitation of a manufactured home. Rehabilitation assistance provided in excess of \$40,000 or \$38.00 per square foot must be qualified as substantial rehabilitation by the Office of Community Investment and Assistance (see Section VI).

III. DWELLING UNIT INSPECTIONS

Inspections of each dwelling unit eligible for rehabilitation grant assistance will be made by Holland Consulting Planners, Inc. The inspections will include a determination of substandard conditions, as summarized in a deficiencies checklist, as well as agency-required lead-based paint inspection and risk assessment for units to be rehabilitated. Owners of deteriorated units will also be given the opportunity to fill out a deficiencies checklist, and will receive a lead-based paint hazard information package. Inspections will identify repairs that should be made to place the unit in a standard condition according to Office of Community Investment and Assistance's CDBG Rehabilitation Standards (see below).

IV. CONVENTIONAL REHABILITATION STANDARDS

(Section IV is optional by Program Amendment. No conventional rehabilitation activities were included in original application.)

- A. **General:** All units proposed for conventional rehabilitation assistance will be rehabilitated to the North Carolina Small Cities CDBG Housing Rehabilitation Standards. Additionally, all units will conform to all applicable locally-enforced codes, ordinances, permitting, and inspection requirements. No completed units will retain any imminent threats to the health or safety of their occupants or to their structural integrity. Additionally, the county will utilize rigorous rehabilitation construction standards, to be clearly outlined in a Contractor's Handbook, to ensure that universal design standards (accessibility modifications, fire prevention, proper ventilation, vapor barrier installation, etc.) are maintained, and that all contractors are utilizing standard, code-approved materials for structural, finish, electrical, plumbing, and HVAC work. HUD Model Residential Property Rehabilitation Standards will be utilized to compute living area requirements and bathroom requirements for all households, regardless of size.

- B. **Lead Hazard Reduction:** All units constructed before 1978 will be subject to federal lead-based paint regulations. At the time of initial interview, the county's consultant housing inspector will follow procedures outlined in 24CFR35, HUD's "Requirements for Notification, Evaluation, and Reduction of Lead-Based Paint Hazards in Federally-Owned Residential Property and Housing Receiving Federal Assistance," and appropriate updated guidelines issued by the Office of Community Investment and Assistance. All case work for these units will include risk assessment, lead testing, and interim controls/abatement as required by 24CFR35.

The county has budgeted temporary relocation funds to be utilized to house beneficiaries during lead hazard reduction or substantial rehab when necessary, as well as additional funds to handle displacement costs, furniture storage, etc. The county will adopt a temporary relocation policy consistent with federally-mandated relocation procedures outlined in 49CFR24 as a guide for providing temporary relocation assistance during this program. The county will use community resources and phase lead hazard abatement to minimize relocation costs.

OSHA (29CFR1926) and EPA-recommended worker safety, on-site containment, and clean-up procedures will be included in the work specifications, and will be thoroughly covered at contractors' meetings prior to rehab. Off-site disposal will be closely coordinated with local and state solid waste management personnel, and a written disposal procedure will be developed and included in the rehabilitation specifications. Most importantly, the county will insist that its housing rehab consultant be certified as an inspector for lead hazards through a state-accredited certification course. The county will also work closely with the Office of Community Investment and Assistance to obtain proper certification for its rehab contractors on an expedient basis.

- C. **Rehab Design for Disabled Beneficiaries:** The county will utilize an accessibility deficiencies checklist during preparation of the work write-up to ensure that the North Carolina State Building Code Volume 1-C Accessibility Code requirements for new construction are met when handicapped individuals occupy units to be rehabilitated. Also, the county will contact the Independent Living Rehabilitation Program's regional office prior to rehabilitation of units occupied by disabled individuals, to obtain assistance with design of accessibility modifications and possible grant assistance.
- D. **Flood Hazard Areas:** All units located in the special flood hazard area will be rehabilitated to comply with locally enforced flood damage prevention statutes and FEMA flood insurance guidelines. Prior to inspection, the county will perform flood elevation surveys of any units located in the special flood hazard area. If finish floor elevations are determined to be below the 100-year flood elevation, the county will raise the floor elevation, if structurally and financially feasible. Regardless of the resolution of the floor elevation issue, flood insurance will be procured for all units located in the 100-year floodplain (see Section V.D).

V. CONSTRUCTION QUALITY/MAINTENANCE

- A. **Construction Guidelines:** The Pender County Contractor's Handbook is hereby incorporated into this Housing Assistance Policy by reference. The general provisions included in the Contractor's Handbook shall serve as the general guidelines for all rehabilitation and new construction work performed during the FY2011 CDBG Scattered Site Program. The Specifications included in the Contractor's Handbook shall serve as the standard quality of workmanship. The Contractor's Handbook stresses the application of universal design standards during rehabilitation and new construction. The handbook outlines standard installation procedures for ventilation systems, accessibility modifications, vapor barrier installation, weatherstripping, new bathroom installation, etc. Copies of the Contractor's Handbook are available at the county community development office for review by program applicants, grant recipients, and interested citizens.
- B. **Bidding and Construction Process:** The inspection consultant will prepare work write-ups and cost estimates, and coordinate the construction bidding, award, and inspection process for the owners. Work specifications, general contract provisions, and write-ups will be distributed at contractors' meetings which contractors will be required to attend in order to bid. The county maintains an active list of prequalified contractors, and also will publish notices of contractors' meetings/requests for bids in local newspapers.

The county will require the inspection consultant to make semi-weekly inspection visits to each unit under construction, to approve changes in the scope of work, to summarize for the program administrator on-site findings in written form, and to verify that finished construction meets program standards. In addition, the local code enforcement official will make regular inspection visits, and will provide the program administrator with a certificate of compliance/occupancy for each completed unit. Every unit will be guaranteed by a one-year warranty.

- C. **Homeowner Maintenance Measures:** During implementation of the project, the county will develop a post-construction checklist for review with all owners to make sure that owners are satisfied with construction and that they understand utility operation and costs. Additionally, all occupants of dwellings to be rehabilitated/replaced will be asked to attend a two-hour home maintenance course. This course will be taught by the program administrator. The course will focus on routine daily home care and maintenance. The county will prepare a home repair reference brochure for distribution to program beneficiaries; the brochure will include common repair problems and a list of local contractors and retail outlets specializing in home repair service and supplies. The NC Cooperative Extension Service will also assist with the home maintenance workshop.
- D. **Insurance:** In order to ensure that rehabilitated/new replacement units are insured against fire damage following completion of the rehabilitation contract or replacement housing process (see Section X), the county will utilize CDBG funds to purchase fire insurance to cover the replacement value of the structure for one year following completion of the housing construction contract. Coverage will be provided either as a new policy from a local insurance provider when no coverage exists, or as a supplementary policy from the owner's current provider. Additionally, the county will emphasize the need for homeowners to continue fire insurance coverage beyond the one-year CDBG subsidy period. The county will secure/upgrade flood insurance policies (one-year) for all units located in the 100-year floodplain with program support funds as well.

VI. MAXIMUM REHABILITATION/REPLACEMENT GRANT LIMITATIONS

If rehabilitation is performed, the state-mandated maximum CDBG grant amount for the rehabilitation of any occupied or vacant housing unit will be \$40,000 (\$20,000 for a manufactured home), or \$38.00/sf; the more restrictive limit shall apply. **The CDBG grant amount for any housing unit can exceed state-mandated CDBG non-substantial rehab grant limits only when approval to undertake substantial rehabilitation is obtained from the Office of Community Investment and Assistance.** Additionally, the county's Program Administrator will not authorize rehabilitation or request permission to undertake substantial rehabilitation, if the cost of rehabilitation is more than 80% of the cost of providing a new replacement structure on the existing parcel (including the demolition cost of the existing structure). In the event that the CDBG-financed rehabilitation cost necessary to bring a dwelling unit into compliance with rehabilitation housing standards exceeds the limits prescribed above, a rehabilitation contract will still be executed provided the homeowner deposits the amount of the total rehabilitation contract minus the amount of the grant itself. This amount, the homeowner's contribution, will be withdrawn from a county account and paid to the contractor upon satisfactory completion of the rehabilitation.

There is no grant limit on provision of replacement (reconstruction) housing assistance provided through the CDBG-SS program.

VII. REHABILITATION/REPLACEMENT GRANT ELIGIBILITY CRITERIA

- A. All rehabilitation/replacement housing subsidies will be provided to households with incomes at or below 50% of the Pender County median income adjusted for appropriate household size.
- B. All rehabilitation/replacement housing beneficiaries must meet one of the three special population criteria outlined in Section I, and must occupy a unit classified as "severely deteriorated" according to CI's CDBG Rehabilitation Assessment Guidelines.
- C. All rehabilitation/replacement housing beneficiaries must be owner-occupant households who reside in Pender County, including eligible municipalities that have agreed to participate in the FY2011 CDBG Scattered Site Housing Program.
- D. The owner(s) of any unit to be rehabilitated or replaced must be able to legally execute a Deferred Payment Loan Deed of Trust/Promissory Note following formal award of a Rehabilitation/Replacement Grant and prior to execution of a Contract for Housing Construction Work.
- E. The DPL deed of trust shall be for the full amount of the CDBG grant assistance, except for special conditions involving multiple owners outlined below. The agreement shall be recorded immediately following execution of the note. Additionally, the deed of trust/promissory note shall be modified if the final contract cost exceeds the original contract cost.

VIII. REHABILITATION/REPLACEMENT GRANT AWARDS

Rehabilitation and replacement grant awards will be approved by the Pender County Scattered Site Housing Selection Committee, if potential grantees meet the grant eligibility and limitation requirements outlined herein.

IX. REGULATIONS PERTAINING TO ACCESSORY BUILDINGS

Non-residential accessory buildings located on the same lot as a dwelling unit approved for a rehabilitation grant are ineligible for rehabilitation. Grant monies may be applied to the demolition of such substandard structures, but in no instance for their rehabilitation. An accessory building for the purpose of the Rehabilitation Grant Program Guidelines is defined as follows:

A detached subordinate structure operated and maintained under the same ownership and located on the same lot as the main building. No such building may be inhabited or used by other than the owners, lessee or tenant of the premises or their employees.

The demolition of substandard accessory buildings may be required by the county as a part of the rehabilitation grant. Grant monies, if the owner's application is approved, may be used to rehabilitate the dwelling unit and demolish all substandard accessory buildings at the same time.

X. TEMPORARY RELOCATION BENEFITS

The Pender County Planning Housing Authority Director is authorized to approve temporary relocation payments to tenants or owner-occupants who are forced to vacate their dwellings during rehabilitation or prior to provision of a comparable replacement dwelling following demolition on a case-by-case basis, if such assistance is recommended by the Program Administrator. Such temporary relocation shall be accomplished at the minimum feasible cost, and in accordance with the Pender County FY2011 CDBG-SS Temporary

Relocation Policy. Temporary relocation payments will be limited to cover only those expenses that would not otherwise be normal to the relocatee. Approval of temporary relocation assistance for rent, motel charges, temporary storage, etc., will be made only upon submittal of cost-effective procurement documentation and invoice documentation by the Program Administrator.

XI. OPTIONAL COVERAGE POLICY FOR PROVISION OF REPLACEMENT HOUSING

Under the authority of 24CFR570.496a (d) and the North Carolina Community Development Block Grant Program Regulations (4NCAC19L), paragraph .1003(b), Pender County hereby adopts the following optional coverage relocation policy, to be used during implementation of the FY2011 CDBG-SS Program:

All units approved for assistance by the county will be inspected by the staff of Holland Consulting Planers, Inc., to determine whether rehabilitation or replacement is the more cost-effective treatment. The county will not rehabilitate units if the cost of rehabilitation exceeds 80% of the cost of demolition and on-site replacement. Additionally, no more than \$20,000 may be spent on rehabilitation of a manufactured home. Rehabilitation assistance provided in excess of \$40,000 or \$38.00 per square foot must be qualified as substantial rehabilitation by the Office of Community Investment and Assistance. All replacement housing provided through this program will be provided on a strictly voluntary basis – if replacement housing is offered in lieu of rehabilitation and the homeowner refuses the replacement alternative, the county reserves the right to invoke its code enforcement authority as outlined above, but will not initiate an involuntary owner relocation.

To ensure that federally-mandated relocation requirements are met during provision of replacement housing assistance, the terms of CDBG-funded replacement housing assistance shall be as outlined under the Uniform Property Acquisition and Relocation Act (49CFR24), with the exception of the fact that the replacement housing benefit will be provided in the form of a forgiven loan as outlined under B.2, below. Additionally, since this assistance is strictly voluntary and no involuntary displacement is involved, the following additional exceptions to 49CFR24 shall apply to the provision of Optional Coverage Replacement Housing Assistance:

A. Comparable Replacement Dwelling: The term "comparable replacement dwelling," as defined under 49CFR24, shall be redefined for purposes of CDBG replacement housing assistance to mean a dwelling which is (1) decent, safe, and sanitary, as defined in 49CFR24.2(a)(8); (2) on a site not subject to adverse environmental conditions and typical in size for residential development with normal site improvements; (3) generally comparable to the displacement site in terms of convenience to employment and commercial and public facilities and services; (4) within the financial means of the displaced person, as defined under 49CFR24.2(a)(6)(viii); and (5) currently available to the displaced person on the private market. A smaller "decent, safe, and sanitary" replacement dwelling (which by definition is adequate to accommodate the displaced person), or a replacement unit without some of the features of the displacement dwelling may be determined to be functionally equivalent to the dilapidated unit scheduled for demolition.

Pender County reserves the right to provide a manufactured or modular home as a comparable replacement dwelling to the owner-occupant of a frame-built displacement dwelling, if budget considerations prohibit construction of a new frame-built dwelling or provision of a replacement housing payment for a replacement frame-built dwelling available on the private market. In such a case, the notice of relocation eligibility shall clearly state that the replacement dwelling will be a manufactured or modular home.

B. Financial Design of Optional Coverage Replacement Program:

- 1) All households will receive their replacement subsidy in the form of a zero interest, 10-year forgiven loan. The pro-rata portion of the forgiven loan will be recaptured by the county upon

sale or transfer of the property (except upon transfer to an income-eligible heir through probate).

NOTE: If non-CDBG financial assistance for housing improvements is obtained after the CDBG deferred payment loan is closed, and prior to the expiration of the recapture period outlined above, the CDBG loan may be subordinated to this new loan.

- 2) The entire deferred loan will be provided through a Promissory Note and secured with a Deed of Trust on the property to be improved/replacement property. Transfer of the property will trigger payoff of the principal balance unless the new owner is verified by the county as eligible to assume the loan (heirs or income-eligible buyers).
 - 3) The amount of the promissory note will be for the replacement structure cost and site improvements only – program support costs will not be secured.
- C. **Relocation Notices:** A “notice of relocation eligibility,” outlining all information described under 49CFR24.203(a) and (b) will be sent by certified mail or hand-delivered to all displaced homeowners concurrently with any letter or document initiating negotiations for the displacement dwelling. Additionally, the Program Administrator will, in all cases, precede the initiation of negotiations with a documented personal interview with the individual to be displaced. Ninety-day notices shall be prepared and issued in accordance with 49CFR24.203(c).
- D. **Basic Rights of Persons to be Displaced:** No person shall be required to move from a displacement dwelling unless comparable replacement housing is available to such person. The county shall not require any displaced person to accept a dwelling provided by the county under these procedures (unless the county and the displaced person have entered into a contract to do so) in lieu of any relocation payment for which the person may otherwise be eligible.
- E. **Appeals:** Any aggrieved person may file a written appeal with Pender County in any case in which the person believes that the county has failed to properly consider the person’s eligibility for assistance under this policy, or has not provided assistance properly in accordance with this policy. Such appeals shall be handled in accordance with the provisions of 49CFR24.10 and the Pender County Citizen Participation Plan.

Adopted this 20th Day of May , 2013.

George Brown, Jr., Chairman
Pender County Board of Commissioners

ATTEST:

Glenda Pridgen, Deputy Clerk to the Board