

RESOLUTION 2020-4

**RESOLUTION AUTHORIZING THE SUPPORT OF
REPURPOSING THE CUSTER ECONOMIC
DEVELOPMENT REVOLVING LOAN FUND (RLF)
PROGRAM**

WHEREAS, there is a desire of the City of Broken Bow to promote rehabilitation of housing for income-eligible, owner-occupied homes in the communities of Custer County, and

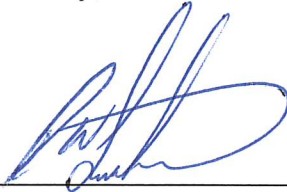
WHEREAS, the City of Broken Bow and Custer County alike would benefit from the rehabilitation of housing; and

WHEREAS, the County's Economic Development Revolving Loan Fund (RLF) Program will be repurposed to the CDBG Owner-Occupied Housing Rehabilitation Program; and

WHEREAS, the CDBG Owner-Occupied Housing Rehabilitation Program will be used for the rehabilitation of housing for income-eligible, owner-occupied homes in the municipal borders of the communities located in Custer County; and

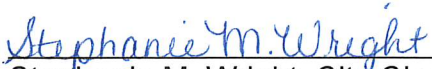
NOW THEREFORE, the City Council of Broken Bow, Nebraska does herewith pledge their support, endorsement, and cooperation for the repurposing of the Custer Economic Development Revolving Loan (RLF) Program, and the City of Broken Bow will advertise the program to the citizens of Broken Bow.

PASSED AND APPROVED this 26th day of May, 2020.



Rod Sonnichsen, Mayor

ATTEST:



Stephanie M. Wright, City Clerk



Custer County Repurposing – Project Description

Custer County, Nebraska ("County"), is proposing to amend the County's Community Development Block Grant (CDBG) Re-use Plan for Economic Development which governs the County's Economic Development Revolving Loan Fund (RLF) Program. The RLF will be discontinued, ceasing any Economic Development activities. The RLF's Re-Use Plan will still apply to existing Economic Development projects and loans.

The County will repurpose the RLF funds, currently on hand (approximately \$193,309) and estimated RLF repayments during the next two years (expected to be \$51,471), to the County's existing CDBG Owner-Occupied Housing Rehabilitation Program (Housing Program). Any future RLF program income will be applied toward the Housing Program or be returned to the Nebraska Department of Economic Development.

The County proposes to invest the Housing Program funds of approximately \$248,280 (which represents the current Housing Program balance of approximately \$3,500, combined with the repurposed RLF funds) as follows: approximately \$196,930 for housing rehabilitation, a maximum of \$23,600 for housing administration, a maximum of \$12,000 for lead-based paint services, and a maximum of \$15,750 for general administration fees. The Housing Program includes the rehabilitation of income-eligible, owner-occupied homes, and will be made available to households located within the municipal boundaries of the communities located within Custer County. The Housing Program will serve approximately eight (8) households. All Housing Program funds will primarily benefit low-to-moderate income people. No persons will be displaced as a result of these housing activities. Any rehabilitation activities will occur during daytime hours to minimize noise. Rehabilitation practices will be implemented to minimize dust. The proposed housing rehabilitation project is anticipated to be completed within two years.

CDBG PROGRAM INCOME PROGRAM GUIDELINES

Owner-Occupied Rehabilitation

CUSTER COUNTY, NEBRASKA

General Information

Administrative Components

There are four different components to the administrative structure of this Program. While the responsibilities of each component will be clarified later in these Guidelines, it is important at this time to define the four components. They are as follows:

1. Grantee: This is the entity identified by the Nebraska Department of Economic Development (NDED) as the recipient of the grant. For this Program, Custer County has been identified as the designated grantee.
2. Custer County Board of Supervisors: This is the group comprised of the Custer County Board of Supervisors.
3. General Administrator: Central Nebraska Economic Development District, who will perform a defined set of administrative services related primarily to the grant itself.
4. Housing Administrator / Housing Specialist: CDS Inspections & Beyond (CDS), the firm selected to be responsible for the actual implementation of the program and its day-to-day management, with technical expertise regarding construction / rehabilitation and Minimum Rehab Standards (the Housing Rehab Specialist) who has the most significant role in this component.

Purpose

- To increase the number of good, habitable dwelling units by improving existing housing.
- Improve the health and safety of living conditions in the target counties and communities.
- To improve the desirability of housing in the target counties and communities.
- To preserve and enhance housing stock for future generations.
- To discourage the abandonment or neglect of residential dwelling units.
- To re-purpose funds to address housing needs as a result of March 2019 flooding DR-4420.
- To accomplish Disaster Recovery

Distribution of Program Funds

These Program funds will be available for Owner-Occupied Home Rehabilitation, as follows:

OWNER-OCCUPIED SINGLE-FAMILY REHABILITATION PROGRAM

Eligibility Criteria – Housing Rehabilitation Program

1. Income eligibility and verification that applicant meets 80% AMI will be determined according to the definition found in 24 CFR Part 5.609. This definition requires the use of annual gross income as anticipated during the next 12 months.
2. Home must be owner-occupied or will be at completion of rehabilitation and the home must be located within the Custer County City/Village municipal boundaries. Demonstration of homeownership will be by property deed or other similar legal document, and this will be verified with the county's Register of Deeds by the Housing Administrator. Rental units are not eligible for this Program.
3. According to NDED the Nebraska Affordable Housing Program financial assistance to the unit provided to the homeowner will not exceed the maximum per unit NAHP Subsidy for Custer County (see <http://www.opportunity.nebraska.gov/grow-your-community/data-for-applicants-and-grantees>). However, this Program has established that the total amount of funds expended per dwelling will not exceed \$25,000. This limit is more appropriate for the housing stock in the target areas, and also allows more homes to be assisted through this Program.
4. Properties will be in locations where safe, sanitary, and adequate water supplies and sewage disposal are currently available for use.
5. Properties shall be single-family dwelling units.
6. Properties must be feasible for being brought into compliance with NDED's minimum rehabilitation standards.
7. Mobile homes will be ineligible for rehabilitation assistance.
8. Property taxes must be paid current at the time that the homeowner signs the housing rehabilitation agreement and any debts owed to the target counties/communities must be paid and kept current.
9. During the continuance of this loan the homeowner must keep the Property in good and substantial repair.
10. Properties within federally determined flood plains are not eligible for rehabilitation under this program.
11. Owner-occupants will need to carry a basic dwelling insurance policy of at least 90% of replacement costs and the coverage must be, at a minimum, equal to all unpaid home loans (mortgages / deeds of trust) filed against the property. Custer County must be listed as a loss payee on participating homes served.
12. Applicants who were beneficiaries of previous NAHP funds are eligible for consideration only if the rehabilitation needs fall into one of the following categories:
 - Need threatens structural integrity of home;
 - Need is to address an imminent health and safety threat; and/or
 - Need is related to accessibility.Applications for return beneficiaries whose needs meet one or more of these 3 criteria will be scored in the same manner as those for persons who have not previously received NAHP funds.
13. The maximum purchase price or after-rehabilitation value will not exceed 140 percent of the median purchase price for the area (see <http://opportunity.nebraska.gov/grow-your-community/data-for-applicants-and-grantees>).
14. All enrolled projects must be completed within 24 months of the receipt of NDED's approval of the repurposed program income guidelines.

Program Description

Homeowner Income Eligibility

The household income for persons assisted through this Program cannot exceed 80% of the AMI for the county in which the assisted property is located. Income eligibility and verification that applicant meets 80% AMI will be determined according to the definition found in 24 CFR Part 5.609. This definition requires the use of annual gross income as anticipated during the next 12 months.

Income Chart for Housing Rehabilitation Program

INCOME THRESHOLD FOR HOUSEHOLD- Effective June 2019								
PROGRAM	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
Level A (80%)	39,200	44,800	50,400	56,000	60,500	65,000	69,450	73,950

Level Guidelines for Housing Rehabilitation Program

Program A

- Owner occupied units only.
- Applicant's annual income must be at or below level A status.
- Affordability period for this program is 5 years.
- Applicant will receive a 100%, 5-year forgivable loan, that is prorated for each month lived in the home, until the 5-year affordability period is satisfied.

Regardless of the income level, all homeowners participating in the program must sign a promissory note stipulating the amount owed in the event that the owner attempts to sell or rent the rehabilitated unit after completion of the project and prior to the satisfaction of any loan repayment arrangements. If an owner wishes to sell or has need to sell or rent the property prior to the expiration of the loan period, the loan becomes due in full at the time the property is rented or sold. The Housing Administrator will file a lien against each home to be rehabilitated through this grant and the homeowner(s) will be required to sign an Occupancy Agreement in which the "principle residence" requirement is emphasized.

Project Feasibility and Eligible Expenditures for Housing Rehabilitation Program

The Housing Rehab Specialist will make a determination of economic feasibility for each house under consideration by the Program. **This includes consideration of issues/costs related to lead-based paint.** In general, a property will be determined infeasible for rehabilitation if the cost of repairs exceeds \$25 per square foot, or the estimated cost of the rehabilitation is greater than \$25,000. CDS Housing Rehab Specialists will make recommendations to the Custer County Board of Supervisors. The Custer County Board of Supervisors may render any of the following four determinations, based on its judgment on all of the facts, circumstances, and advice:

1. The project is deemed economically feasible and eligible to be rated for funding.
2. The project may be approved with a funding limitation so as to be considered feasible.
3. The project may be delayed for further study and consideration.
4. The project is not economically feasible.

If the Custer County Board of Supervisors makes the determination that a proposed project is not economically feasible, the applicant may appeal the determination by following the Client Appeal / Grievance Procedure described later in these Guidelines.

Replacement housing for properties that are not economically feasible is not available through this Program. All costs related to any temporary relocation of the owner-occupants required as a result of the rehab work funded through this Program will be the responsibility of the homeowner. In cases where either voluntary or involuntary acquisition is anticipated, the Nebraska Department of Economic Development will be contacted prior to any action.

It has been recommended that each of the target communities/counties adopt a set of building and construction codes. In the absence of their own codes, each community/county currently follows the building codes set forth in the Building Officials and Code Administrators (BOCA) guidelines as this is what the State enforces. The minimum standards to be met on any rehabbed unit are NDED's Minimum Standards for Rehabilitation.

Eligible expenditures for bringing the structure up to minimum standards include:

Remediation/Interim Controls of Lead-Based Paint Hazards (as mandated)

Structural Repairs to:

- Foundations
- Sagging or rotten beams, joists, columns
- Stairs and porches
- Roofs and chimneys
- Floors

Modernization of:

- Plumbing and plumbing fixtures
- Furnace, water heaters, and air conditioners
- Lighting and wiring

Energy Conservation and Weatherproofing, Including:

- Insulation of ceilings and walls
- Repair or replacement of windows and doors
- Caulking and weather stripping
- Installation of storm windows and doors
- Removal and installation of roof covering
- Painting or replacement of siding

General Interior Renewal and Modernization:

- Repair of walls, ceilings, and floors
- Painting and paneling
- Room rearrangement
- Additions to alleviate overcrowding conditions

Not all rehabilitation improvements are equally important. Priority improvements will be made before any lower improvements are done. The following is the grouping for priority improvements:

1. Mandatory improvements for health and safety, lead-based paint hazards remediation/interim controls, deteriorated structural elements, heating (when there is none or it is unsafe), electrical wiring that is clearly hazardous.
2. Accessibility needs for disabled persons.
3. Energy conservation measures.
4. Incipient improvements, such as iron pipes or rain gutters, where there is not currently a problem, but a problem could occur if not corrected.

Priority points are assigned based on the above (see Appendix B-2).

Program Implementation

Income-eligible applicants will be approved on a first-ready, first-served basis. In the event of a tie between eligible, ready applicants, the priority rating guide will be used. An applicant will be considered ready when all required documentation has been provided to the Housing Administrator.

Compliance with Requirements of HUD's Lead-Based Paint Regulations

It is the intent of the Housing Program to eliminate lead hazards and achieve lead clearance in affected homes in a manner consistent with the 2012 HUD Lead Paint Guidelines, to repair, restore or remodel the home.

Radon Gas Information/Testing Kits

It is the intent of the Housing Program to provide educational information about what radon gas is, the association between residential radon exposure and lung cancer, and a testing kit that will enable homeowners to conduct a test to determine radon levels in their home.

Education and Outreach for Homeowners and Contractors

Custer County recognizes the importance of affirmatively further fair housing and marketing this Program to families in each of Custer County's cities and villages, with an emphasis on attempting to reach those least likely to apply. All Custer County communities have signed a Memorandum of Understanding with the Custer County municipality regarding the availability of these CDBG Owner-Occupied Housing Rehabilitation Program funds, and all communities have agreed to assist Custer County in marketing the program to their residents. The following cities/villages are located in Custer County: Anselmo, Ansley, Arnold, Berwyn, Broken Bow, Callaway, Comstock, Mason City, Merna, Milburn, Oconto, Sargent, Weissert, Westerville.

Marketing to potential applicants and special populations will be done through flyers, Facebook, newspaper articles and phone calls. Though tenants of public housing will not be assisted in an owner occupied rehabilitation program, household owners least likely to apply will be targeted through Head Start, Senior Centers, Community Action programs, Veterans Offices, manufactured housing, Assistive Technology, vocational rehabilitation and Health and Human Services offices, and other civic and service agencies that serve Custer County and its communities.

The Administrators will work to affirmatively further fair housing and market the program, and provide homeowners / prospective applicants with specifics about the Program, such as eligibility requirements, how to apply, what activities are covered by these funds, lead-based paint regulations, etc. Additionally, the Administrator will make applications available to the City/Village Clerks in each Custer County community, to assist in distributing applications for income-eligible households.

Contractors – Upon receipt of a Notice of Approval from the Nebraska Department of Economic Development that the CDBG Repurpose application has been approved, letters will be sent to all Contractors who have expressed interest in working with the program, as follows:

- 1) Contractors on Interest List or Previous Service List – Letter will be mailed 1 week after Notice of Approval, giving contractors the opportunity to officially place their name on a “Interested Bidders” list for homeowners to select from for home rehabilitation services.
- 2) All Others – A news release will be distributed to print and radio media requesting interested contractors contact Administrators to receive information about the program and place their name on an “Interested Bidders” list for homeowners to select from for home rehabilitation services. The purpose of this step-approach is two-fold: 1) to inform contractors that have expressed an interest in the program early on that funds may be available soon, and request their permission to be placed on an “Interested Bidders” list, and 2) to speed up the rehabilitation bid process so funds may be committed as quickly as possible. A sample letter has been provided as Appendix D in these Program Guidelines.

Application Phase

Homeowners are expected to complete an application and send this to the Housing Rehabilitation Specialist for review and processing. Review of the application will begin as soon as practicable after it is received.

The Housing Specialist’s review process involves the verification of income through bank statements, income tax returns, asset verification, employment pay stubs and employer verification, and any other steps deemed necessary. Other eligibility requirements will be confirmed through review of the property deed and title check (methods of determining homeownership), dwelling insurance coverage and paid property tax receipts. The Housing Rehabilitation Specialist will also conduct a thorough health and safety inspection of the home, as well as a rehab needs assessment. The preliminary inspection of the home will give a good indication of whether the house will be economically feasible for rehabilitation. Following this, for all homes built prior to 1978, a lead-based paint inspection will be completed, and if necessary, a lead-based paint risk assessment. The attached HUD Housing Quality Standards outline in Paragraph “M” the regulations regarding lead-based paint requirements. The Housing Rehabilitation Specialist will complete a work write-up, incorporating rehab issues relevant to any identified lead-based paint, based on the lead hazard control plan completed by the licensed risk assessor. The Priority Point Sheets located in Appendix B of these Guidelines will

be utilized for ranking applications prior to submission for consideration. Each project along with its priority point information, and list of needed repairs and an estimated cost will be presented anonymously to the designated Board of Supervisors for approval or denial.

The Housing Rehabilitation Specialist will send a letter to each applicant as to the results of the review process, indicating next steps for successful applicants and informing unsuccessful applicants that their applications will be automatically reconsidered during the next review period, if appropriate.

When all program income funds have been committed, any homeowners not served by the program will be referred to other area housing resource providers, such as USDA-RD, weatherization, and Assistive Technology Partnership, when appropriate.

Construction Phase for Housing Rehabilitation

Upon decision of the Board of Supervisors to fund a specific project, the following steps will be taken:

- Housing Administrator will prepare and send to homeowners a set of preliminary loan documents. These must be signed and returned before any work can begin. The signed and notarized Deed of Trust will be filed with the appropriate County Register of Deeds to place a lien* on the property.
- The applicant will attempt to solicit three (3) bids from contractors. For work involving lead-based paint, the contractor(s) must be appropriately trained, and provide documentation demonstrating such. The applicant will forward all bids to the Housing Specialist to review prior to selection of the contractor. The Housing Rehabilitation Specialist will alert the applicant to any red flags or concerns regarding the bids, and then the applicant will make his or her final selection.
- Housing Rehab Specialist will issue a contract for all parties to sign.
- Once the signed contract is returned to the Housing Rehab Specialist, s/he issues a Notice to Proceed to the contractor.
- Contractor performs the work with progress inspections made by the Housing Rehab Specialist as needed. Inspections will be made as the work progresses. Final payment inspections are made as well.
- Contractor Payment Request form is submitted by the contractor to the homeowner or the Housing Rehabilitation Specialist and must be approved by both. Contractor payment checks will be issued by Custer County in the contractor's name, however the check will be mailed to the homeowner to then pass on to the contractor. The act of passing the check on to the contractor will be the homeowner(s) indication of his or her satisfaction with work performed. Any concerns about the performance of the contractor should be presented to the Housing Rehabilitation Specialist as soon as they arise so s/he may assist in mediating / resolving the issues.
- Housing Rehab Specialist should be notified of any changes in the work so that he can determine eligibility of the new plans, as well as funds availability, and issue a change order if indicated.
- Housing Rehab Specialist will perform a final inspection to insure all repairs have been completed according to project specifications before final payment is made.
- **For those homes that require Clearance Testing due to lead-based paint, this testing will be performed in compliance with HUD's regulations before reoccupation of the rehabbed area/dwelling.**

- Contractor files Final Pay Request. A waiver of lien will be required from each contractor.
- Homeowner enters into a formal loan agreement with the lien holder once all work is complete and all contractors paid in full.
- Photographs of the rehabilitation/construction activities will be taken before and after the project is completed, including indoor and outdoor and grounds. Written permission will be sought from the beneficiary granting use of photographs in any and all of the grantee and/or DED's publications, including web-based publications, and include any language necessary to hold the grantee and DED harmless as the owner of said photographs. This written permission will be provided by the beneficiary on a voluntary basis, and refusal by the beneficiary to provide written permission to use photographs of their property will not negatively impact their eligibility in participating in the program.

*A special note about the lien holder:

For this program, the lien holder will be Custer County. Should Custer County have to foreclose on a loan used to rehabilitate a home under this NAHP grant, the home must be placed on the market for sale as soon as reasonably possible, and any available proceeds from this sale must be paid to the lien holder, so that these funds can be utilized as income to support the reuse program.

Policy on New Housing Construction

Since this project is intended to serve only Owner Occupied Rehabilitation, there are no intentions to construct new housing units with these funds. However, should an Owner Occupied Property be determined to be infeasible to rehabilitate or become a blighted structure after the proposed rehabilitation activities begin, this program will follow these requirements for the affected property by ensuring the newly constructed housing will meet or exceed the 2009 (or most current) International Energy Conservation Code.

Since this project is intended to serve only Owner Occupied Rehabilitation, there are no intentions to construct new housing units with these funds. However, should an Owner Occupied Property be determined to be infeasible to rehabilitate or become a blighted structure after the proposed rehabilitation activities begin, this program will follow these requirements for the affected property by ensuring the newly constructed housing consisting of five or more units will meet or exceed current Uniform Federal Accessibility Standards (UFAS), and 2010 (or more current) ADA Standards for Accessible Design.

Administrative Structure

The responsibilities of each entity are outlined below.

A. Grantee – Custer County

- Provide immediate oversight of the Custer County project.
- Marketing of the project will be the responsibility of Custer County, in partnership with all of the cities/villages in Custer County.
- Approve or deny each application from its target area presented by the Program

- Administrator / Housing Rehab Specialist.
- Approve all legal and financial aspects of the program, including contracts, program reports, drawdown of funds, and expenditures.
- Serve as the final Board where homeowners may bring determinations they wish to appeal.
- Approve / Amend Program Guidelines, subject to the recommendations of the Board of Supervisors.
- Track loan balances/schedules after completion of rehabilitation project.

B. General Administrator – Central Nebraska Economic Development District

- Conduct Program's environmental review.
- Complete steps necessary to secure Notice of Approval for CDBG Repurposing Plan from NDED.
- Assist grantee with marketing and provide administrative oversight of the entire project.
- Inform the Custer County Board of Supervisors of program progress and issues.
- Work cooperatively with Housing Administrator to ensure the collection of all data, reports, records, documents, etc., as needed to meet NDED reporting requirements.
- Initiate draw down of funds with NDED.
- Complete all required reports for NDED (Quarterly, Semi-Annual, etc.) and attend required meetings.
- Advise Grantee regarding legal and financial aspects of the program, including contracts, program reports and expenditures.
- Complete all close-out requirements for grant.
- Recommend program guideline changes to Grantee that meet grant requirements.

C. CDS Inspections & Beyond - Housing Administrator (including Housing Rehab Specialist and Lead-Based Paint Services)

- Process homeowner applications.
- Perform DED Minimum Standards inspections.
- Conduct environmental reviews on individual program homes as indicated.
- Determine work to be performed and economic feasibility of projects.
- Prepare Work Write-up for eligible properties under consideration and present to the Custer County Board of Supervisors
- Oversee the day-to-day operation of the rehabilitation program.
- Prepare all program loan documents and file necessary liens.
- Conduct on-site progress inspections and meet with contractors and homeowners as needed and appropriate.
- Ensure all necessary lead-based paint inspections, assessments, occupant relocations, interim controls and clearance testing occur as required.
- Conduct final inspections of all work.
- Prepare Claim Forms for payment of rehab work and track related project budgets.
- Prepare and complete closeout documentation on all program participants' files.

Fair Housing Act

It is the policy of the Administrators to administer this program in accordance with all laws applicable to fair housing. The Nebraska Fair Housing Act, sections 20-301 through 20-344, Reissue Revised Statutes of Nebraska (1997), the Federal Fair Housing Amendments Act of 1988 (24 CFR Part 00.205), Section 504 of the Rehabilitation Act of 1973 (24 CFR Part 8), the Architectural Barriers Act of 1968 (24 CFR Parts 40 and 41) and Title II of the Americans with Disabilities Act of 1990.

Conflict of Interest

No member of the governing body and no other official, employee, or agent of Custer County who exercises policy, decision-making functions or responsibilities in connection with the planning and implementation of the Rehabilitation program shall directly or indirectly benefit from this program, unless the Nebraska Department of Economic Development (NDED) has granted written exception to that member. This prohibition shall continue for one year after an individual's relationship with Custer County ends. Any other employee, officer, or board member may be eligible, but will be treated no differently in the determination of applications accepted for funding. Enclosed with this person's application shall be a statement of disclosure that outlines the nature of possible conflict and a description of how the public disclosure was made. Included will also be verification that the affected person has withdrawn from the active involvement in any loan related issues.

Client Appeal / Grievance Procedure

If an applicant thinks he or she has been treated unfairly during any part of the process or discriminated against regarding application selection, the applicant can appeal to the Custer County Board of Supervisors for further consideration. All appeals must be received by the Custer County Board of Supervisors in writing within 20 days of the date of Non-Selection. The Custer County Board of Supervisors will consider the grievance at its next regularly-scheduled meeting. The Board's decision will be submitted in writing to the applicant within 7 days of the Board Meeting. The applicant may appeal the decision of the Custer County Board of Supervisors, by submitting an appeal within 14 days of the date of the Board's decision letter. The appeal will be reviewed by a third-party entity secured through the small-purchase procurement process, with the third-party reviewer providing their decision, in writing, to the applicant and the Custer County Board of Supervisors. Any subsequent grievance appeals will be forwarded to the Nebraska Department of Economic Development as the final party to address the grievance.

Recapture Provisions

In the case of recaptured funds generated when a homeowner transfers title of the assisted property prior to the end of the 5-year affordability period, those funds will be used to assist subsequent eligible homeowners with housing costs and project specific related soft costs as HUD and NDED guidelines allow.

In the event an appraisal determines that insufficient equity exists in the home to meet the obligations of this Program at the time of sale or transfer, the homeowner is to pay Custer County 100% of any net proceeds received after the primary mortgage is satisfied and Custer

County shall consider the loan(s) paid in full. Custer County utilizes recapture provisions, meaning that the homeowner is to pay Custer county 100% of any net proceeds at the time of sale or transfer of the subject property. Net proceeds is the sales price minus superior loan repayment (other than NAHP funds) and any closing costs.

Program Income Funds

Because these funds will be provided as a 10-year forgivable loan to income-eligible households, no monthly payments are anticipated. However, should the home cease to be the primary residence of the homeowner any time prior to the end of the 10-year forgivable period, the remaining loan amounts will be due to Custer County, whether through full repayment of the remainder of the loan, or sale of the property and net proceeds paid. The amount of program income funds will depend upon the amount of net proceeds from any sale of the property due to Custer County. Net proceeds are the sales price less closing costs and less the permanent financing principal still owed on the property. If net proceeds from the sale are less than or equal to the amount of direct homebuyer assistance that was provided, recapturing the amount available will satisfy the repayment requirement. Program income funds will be used to assist subsequent eligible homeowners with housing costs and project specific related soft costs as HUD and NDED guidelines allow.

Reuse of Program Income Funds

Any Reuse Income generated through Custer County's Repurposed CDBG Program Income, while not expected due to the provision of forgivable loans, will be used to further housing programs eligible under the Nebraska Affordable Housing Act. In addition, reuse income may be used for demolition activities when they are carried out in the same community as another CDBG-eligible activity is being carried out but reuse income cannot be used for demolition as a stand-alone activity. From the reuse funds collected funds will be utilized for project specific related soft costs as HUD and NDED guidelines allow. The maximum amount available for general administration is 8%.

Custer County acknowledges that it may retain program income from the project and utilize the funds for other NAHP-eligible activities, if the following items are met:

- a) Custer County wishes to retain program income funds and reuse those funds for additional housing related activities;
- b) Custer County creates a Program Income Reuse Plan that clearly notes:
 - 1) Custer County will use program income directly generated from the use of NAHP funds to further affordable housing programs eligible under the Nebraska Affordable Housing Act.
 - 2) Program income funds are those funds returned to Custer County during the Affordability Period when the property is sold or is no longer the initial or subsequent homeowner's principle residence.
 - 3) Program income funds must be utilized for the current Project if the current Project has not been completed. This program income received must be applied to the current Project prior to requesting additional NAHP funds.
 - 4) Custer County understands that if program income is utilized for another housing related activity, other than for the same activity from the Project which generated the program income, then the Grantee will be responsible for developing and utilizing new Program Guidelines for the new eligible activity.

- 5) Up to 10% of program income may be utilized for General Administration expenses.
- 6) If resale provisions are utilized for the Project, and program income is received, then the subsequent purchasers of each unit will be eligible homebuyers.
- 7) If recapture provisions are utilized for the Project and program income is received, then the amount recaptured cannot exceed the net proceeds. Net proceeds are the sales price minus superior loan repayment (other than NAHP funds) and any closing costs.
- 8) All program income will be returned to DED for reuse unless DED offers the option to the Grantee to retain the program income or DED approves the grantee's Program Income Reuse Plan prior to receiving Release of Funds.

Amendments

Any material change in these Program Guidelines must be approved by Custer County and the NDED Program Representative.

CUSTER COUNTY BOARD OF SUPERVISORS

431 So. 10th Street, Broken Bow, NE 68822

Phone/Fax 308-872-5701

E-mail: cgracey@custerne.com

These program guidelines are approved by the Custer County Board of Supervisors:

_____, Chairperson

Date

APPENDIX A

Income and Level Guidelines

Income Chart

INCOME THRESHOLD FOR HOUSEHOLD- Effective June 2019								
PROGRAM	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
Level A (80%)	39,200	44,800	50,400	56,000	60,500	65,000	69,450	73,950

Level Guidelines for Housing Rehabilitation Program

Program A

- Owner occupied units only.
- Applicant's annual income must be at or below level A status.
- Affordability period for this program is 5 years.
- Applicant will receive a 100%, 5-year forgivable loan, that is prorated for each month lived in the home, until the 5-year affordability period is satisfied.

Regardless of the income level, all homeowners participating in the program must sign a promissory note stipulating the amount owed in the event that the owner attempts to sell or rent the rehabilitated unit after completion of the project and prior to the satisfaction of any loan repayment arrangements. If an owner wishes to sell, has need to sell or rent the property prior to the expiration of the loan period, the loan becomes due in full at the time the property is rented or sold. The Housing Administrator will file a lien against each home to be rehabilitated through this grant and the homeowner(s) will be required to sign an Occupancy Agreement in which the "principle residence" requirement is emphasized.

APPENDIX B1

HOUSING REHABILITATION PROGRAM PRIORITY RATING GUIDE

INCOME:

- Below Level A Income 35

HOUSEHOLD CHARACTERISTICS:

- Disabled 10
- Elderly (62+) 10

ECONOMIC FEASIBILITY:

Project cost under:

- \$10/square foot 15
- \$15/square foot 10
- \$25/square foot, or not exceeding \$25,000 5

GRANT IMPACT:

- Bring home up to accepted DED Minimum Rehab Standards 20
- Energy Conservation 10

YOUR TOTAL POINTS:

APPENDIX B2

HOUSING REHABILITATION PROGRAM PROPERTY GUIDELINES

PRIORITY I.

- A. 10 points – Exterior structure, roof, siding, windows and doors _____points
- B. 10 points – Foundation, sidewalks & entryways _____points
- C. 10 points – Electrical wiring (interior & exterior) _____points
- D. 10 points – Lead based paint (removal) _____points
- E. 10 points – Heating system, new energy efficiency guideline and
ventilation _____points
- F. 10 points – Sewer and water (proper installation thereof) _____points
- G. 10 points – Health and safety standards _____points
- H. 10 points – Insulation _____points

PRIORITY I. TOTAL POINTS

PRIORITY II.

- A. 5 points – Adequate living space _____points
- B. 5 points – Interior Air quality _____points
- C. 5 points – Sanitation Facilities (proper toilet & private room).
Shower & tub hot & cold water _____points
- D. 5 points – Excessive accumulation of trash _____points

PRIORITY II. TOTAL POINTS

PRIORITY III.

- A. 3 points – Interior flooring _____points
- B. 3 points – Closets and storage areas _____points
- C. 3 points – Rodent and vermin infestation (termites) _____points
- D. 3 points – Interior stairways _____points

PRIORITY III. TOTAL POINTS

PRIORITY IV.

- A. 0 points – General improvements – Aesthetic in nature _____points

TOTAL PRIORITY I, II, III, & IV

APPENDIX C
(Contractor Letter Example)

Dear Contractor:

Custer County is pleased to announce that we have received a Notice of Approval to Repurpose federal CDBG Program Income funds to be used for Owner Occupied Housing Rehabilitation loan funds that should be available soon for eligible households in the municipal boundaries of Custer County.

Once a household is considered qualified and approved for the program, homeowners are then required to seek bids for the rehabilitation work.

Because you have worked with our program, or similar housing programs in the region, we are giving you an opportunity to be placed on an "Interested Bidder" listing for participating homeowners to contact for home rehabilitation work.

To give us permission to be placed on the "Interested Bidder" listing, please return the enclosed, self-addressed, stamped postcard.

As a reminder, all contractors must have successfully completed the EPA's Renovation, Repair and Painting Course, and be able to provide certification of such.

We hope to partner with you to improve housing in Custer County. Many thanks!!

Sincerely,