



Housing & Community Development Division

Housing Programs Standard Operating Procedures (SOP)  
Manual

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# 1. OVERVIEW

## 1.1 PURPOSE/INTENT OF STANDARD OPERATING PROCEDURES (SOP)

This policy is intended to be utilized by the City of Palm Bay's Housing and Community Development Division to implement its state and federally funded housing and community development programs, to include the *Community Development Block Grant (CDBG)*, *HOME Investment Partnership (HOME)*, and the *State Housing Initiatives Partnership (SHIP) Program*, as well as any other such grant funding the City may receive. The intent of this SOP is to outline protocols and procedures for carrying out the various housing and community development programs that provide assistance to eligible households within the city limits of Palm Bay.

For its HOME Investment Partnerships Program (the Program), as part of the Brevard County HOME Consortium, the City shall follow Brevard County's HOME Consortium HOME Policies and Procedures in accordance with the regulation of the U.S. Housing & Urban Development (HUD).

## 1.2 DEFINITONS AND REFERENCES

The City shall adhere to the regulations and requirements set forth by the following as it pertains to the state and federal housing and community development grant programs:

- Section 420.907 et seq. Florida Statutes, State Housing Initiatives Partnership Act
- Administrative Rule of the Florida Housing Finance Corporation, 67-3 et seq., State Housing Initiatives Partnership Program
- Titles I and II of the Cranston-Gonzalez National Affordable Housing Act, Public Law 101-625, HOME Investment Partnerships Program
- 24 CFR Part 92, Final Rule, HOME Investment Partnerships Program.
- 24 CFR Part 570, regulations, Community Development Block Grant Program.
- 49 CFR Part 24, Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs
- 24 CFR Part 42, Displacement, Relocation Assistance,
- and Real Property Acquisition for HUD and HUD Assisted Programs
- 2 CFR 184, Executive Order 14005, Build America, Buy America Act

Affordability Period: Grant funded housing assistance must meet certain designations of affordability and must continue to remain affordable to low-income households for a specified period of time. The affordability period is determined based on the type of activity that is being done and on the amount of funding that is used to do the activity. The affordability period used shall be determined based on the funding source and amount of assistance.

Affordable: Monthly mortgage payments including taxes and insurance do not exceed 30% of that amount which represents the percentage of the median annual gross income for the household's income group (e.g., very low- or low-income group). It is not the intent to limit an individual household's ability to devote more than 30% of its income for housing, and housing for which a household devotes more than 30% of its income shall be deemed affordable if the first institutional mortgage lender is satisfied that the household can afford mortgage payments more than the 30% benchmark.

Appeal Procedure: Established procedure by which an applicant may appeal a decision made by the Housing & Community Development Division.

Applicant: An individual or household who submits a signed and completed program application for assistance for any housing program.

Assets: Assets are defined by Section 8 regulations, 24 CFR Part 813. Actual or "Imputed" Income from assets is included in projected annual income. The Liquid Assets owned by the household of an Eligible Property Owner are limited to a cash value equivalent to the HUD determined annual income for a household at or below 80% of median income, adjusted for family size. Liquid assets do not include retirement accounts.

BABA: The Build America, Buy America Act requires that products purchased in connection with infrastructure projects with a total cost greater than \$250,000.00 funded by Federal financial assistance programs must be produced in the United States.

Brevard County HOME Consortium: A legal entity created through an intergovernmental agreement between Brevard County and the Cities of Titusville, Cocoa, Melbourne, and Palm Bay.

CDBG: Community Development Block Grant funds provided to the city by the U.S. Department of Housing & Urban Development (HUD).

Contractor: Licensed contractor who has met City's Housing Program requirements to perform work on housing rehabilitation or utilities projects and has not been debarred from performing work on state or federally financed projects.

Deferred Loan: A zero interest loan provided to qualified households which is forgiven without repayment upon satisfaction of all requirements of the household's agreement with the City of Palm Bay.

Department: City of Palm Bay Community & Economic Development Department, for which the Housing & Community Development Division reports.

Eligible Property: A single-family property located within the city limits of Palm Bay and occupied as a principal residence by an "Eligible Property Owner" (as defined in this section and per 24 CFR 92.254(a)), including the following:

1. Single family properties of one to four units
2. Manufactured or mobile homes
3. Condominiums
4. Cooperative unit or units in a mutual housing project (if State law recognizes these as forms of homeownership)

*Projects performed in conjunction with the Brevard County HOME Consortium are not restricted to the city limits of Palm Bay but must be located within the boundaries of the Brevard County HOME Consortium Area. The property must also have an after-rehabilitation value not to exceed 95% of the median purchase price for the area, as published by HUD.*

Eligible Property Owner: A household whose projected annual income is at or below 80% of the median income level as defined by 24 CFR Part 92.203, at or below 120% for SHIP, adjusted for family size. The Eligible Property Owner must occupy the property as his or her “Principal Residence”, as defined within this section. A household owns the property if they:

1. Have a fee simple title; or
2. Maintain a 99-year leasehold interest; or
3. Have ownership or membership in a cooperative; or
4. Have a Life Estate; or
5. Have other forms of ownership accepted by the City Attorney.
6. Do not have any restrictions or encumbrances that would unduly restrict the good and marketable nature of the ownership interest; and
7. For HOME funded homeowner rehabilitation, §92.254(c) permits four (4) additional forms of ownership: heir property, life estate, living trust, and beneficiary deed.

Fair Housing: Requirements for non-discrimination based on race, color, sex, religion, handicap, familial status, or national origin in accordance with Federal Regulations found at 24 CFR 100-146 and State Law FS 750.

FHFC: Florida Housing Finance Corporation. State Agency created by legislation to assist in providing a range of housing opportunities for Florida Residents.

General Property Improvements: These improvements include rehabilitation items which are corrections of health and safety code violations but are improvements which place the unit in a readily maintainable condition for a useful life of at least five (5) years.

HOME: HOME Investment Partnership Program administered by the U.S. Department of Housing and Urban Development and disbursed through the Brevard County HOME Consortium.

Homeownership: As defined in §92.2 and is revised to clarify that, contract for deed, installment contracts and land sales contracts are specifically excluded.

Household: includes all dwelling occupants to include friends, legal spouse, children and relatives. Co-owners not claiming the applicant dwelling as their primary residence should not be considered part of the household and are not included in determination of eligibility if primary residency can be verified outside of the applicant's household for a period of six months or greater prior to the application.

HUD: United States Department of Housing and Urban Development.

Income: Projected annual income established in compliance with HOME, CDBG and SHIP regulations, specifically established at 24 CFR Part 813, the Section 8 regulations.

Income Limits: The City shall use the most current income limits issued by the related regulatory agency related to the state of federal program.

Liquid Asset: Assets in the possession of the household seeking assistance which can readily and promptly be turned into cash in a savings or checking account or a Certificate of Deposit (CD) less than 3 years old. The following are excluded: retirement accounts, CDs over 3 years old, savings bonds, jewelry, guns, cameras, and equity in boats, RVs, and campers.

Low-income: The household income is 51% to 80% of the median income adjusted for family size for the Melbourne-Titusville-Palm Bay (Brevard) MSA.

Melbourne-Titusville-Palm Bay (Brevard) MSA: Metropolitan Statistical Area used for demographic data purposes.

Minimum Investment: Minimum investment required of the property owner/household as defined by the respective state or federal funding agency.

Minimum Property Standards: Housing that is constructed or rehabilitated with grant funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion, 24 CFR 92.251. The housing must meet accessibility requirements at 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and covered multifamily dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements at 24 CFR 100.205, which implement the Fair Housing Act (42 U.S.C. 3601-3619)

Moderate-income: The household income is 81% to 120% of the median income adjusted for family size for the Melbourne-Titusville-Palm Bay (Brevard) MSA.

Ownership interest: must be in good standing, marketable title, subject to only certain restrictions (such as HOME recapture restrictions, mortgages, deeds of trust, or liens or instruments that secure debt on the property), provided these are approved by the City and per 24 CFR 92.254(a)(1) and 24 CFR 92.52.

Principal Residence: The household must utilize the property as their primary residence, as established by eligibility for the State Department of Revenue Property Tax Homestead Exemption. The household may not vacate the unit for more than 120 non-consecutive days in any one calendar year for any reason, other than a hospital or nursing home stay.

Program: City of Palm Bay's Purchase Assistance, Owner-Occupied Rehabilitation, Utility Hook-Up Assistance and any other programs which may be funded from time-to-time utilizing CDBG, HOME, or SHIP grants.

Rehabilitation: All units determined to require repair through the City's state or federal housing grant funds shall meet, at a minimum, the Florida Building Code and comply with the City's written program guidelines. Properties must meet local codes and grant funding requirements. Each major system must have a remaining useful life of at least five (5) years. Major systems include the following: structural support; roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; heating; ventilation; and air conditioning.

SHIP: State Housing Initiatives Partnership Program.

Standard Housing Code: Minimum standards for basic equipment and facilities for all buildings intended for occupancy by owner-occupants or renters shall be in accordance with the Florida Building Code.

Students: Per the 2013 HOME Rule, certain students are prohibited from participating independently in the HOME program. The HOME program adopts the Section 8 Housing Choice Voucher (HCV) program restrictions on student participation found at 24 CFR 5.612, which exclude any student that:

1. Is enrolled in a higher education institution,
2. Is underage 24,
3. Is not a veteran of the U.S. military,
4. Is not married,
5. Does not have a dependent child(ren),
6. Is not a person with disabilities,
7. Is not otherwise individually eligible, or has parents who, individually or jointly, are not eligible based on income.

Excluded students are prohibited from receiving any type of HOME assistance, including renting HOME-assisted rental units, receiving HOME tenant-based rental assistance, or otherwise participating in the HOME program independent of their low- or very low-income families.

Subordination: The process of placing, ranking, or positioning a mortgage as secondary to the primary mortgage.

Uniform Physical Conditions Standards (UPCS): uniform national standards established by HUD for housing that is decent, safe, sanitary, and in good repair, pursuant to 24 CFR 5.703. These standards are newly adopted for HOME rehabilitation, acquisition, and tenant-based rental assistance projects in accordance with revisions made to the property standards requirements at §92.251.

URA: Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA) (42 USC 4601 et seq.), and its implementing regulations at 49 CFR Part 24, require that “any person who moves from the real property or moves his or her personal property from the real property” as the direct result of a federally assisted project involving acquisition, rehabilitation, or demolition is eligible for relocation assistance.

Very low-income: The household income is below or equal to 50% of the median income adjusted for family size for the Melbourne-Titusville-Palm Bay (Brevard) MSA.

## 1.3 DIRECTIVES

### 1.3.1 PROGRAM ADMINISTRATION

The City of Palm Bay’s Housing and Community Development Division (HCD Division), reporting to the Community and Economic Development Department, shall be responsible for the administration of all housing and community development programs utilizing state and federal grant funding.

### 1.3.2 APPLICANT ELIGIBILITY

1. Applications shall only be received from homeowners that reside within the city limits of Palm Bay. Homeowners whose property lies outside the City of Palm Bay will not be rejected and referred to the respective jurisdiction and/or Brevard County.
2. Applications from owners of trailers, mobile homes and other manufactured housing will not be accepted except when the unit is eligible for replacement with a site-built home, or the City receives a grant which specifically allows assistance of such units. Applicants must submit a signed and dated application as provided by the City’s Housing and Community Development Division, proof of ownership of an eligible property, a copy of current homeowners’ insurance, proof that all taxes are paid and current, copy of current mortgage statement (if any) and utilities, and certification of income and assets to be provided in a format approved by the City in accordance with the regulations of the grant funding.
3. In the event a County, State, or Federal Disaster declaration is made, applicants who need assistance due to damage or destruction incurred during the disaster event may be given precedence over other applications; however, if the

homeowner receives property insurance proceeds or federal disaster assistance, all proceeds must first be applied towards the repairs/rehabilitation of the property before the City provides any form of assistance. A statement of benefits along with proof of repairs must be provided.

4. Applicant must be a homeowner named on a Warranty Deed, Quit Claim Deed, or other recorded document demonstrating a valid ownership interest to be accepted by the City Attorney on a case-by-case basis.
5. Funding assistance provided to eligible households is determined by household income per the grant/funding source, not to exceed the maximum award of the program as approved by City Council, or other delegated authority.
6. If a property is owned by more than one individual, the residency of the co-owner(s) (spouse, former spouse, family member, friend, etc.) must be verified.
  - a) If the co-owner(s) reside in the household, then the co-owner(s) income must be included in the eligibility determination.
  - b) If the co-owner(s) has documented his/her residence at another location, then the co-owner(s) income is not calculated into the household income. However, he/she must co-sign all City documents, to include the mortgage lien.

It is important to note that the State of Florida does not have a “legal separation” provision. This applies to applicants separated from their spouse but still legally married, regardless of where the spouse resides.

7. Applicants who have been determined to be Eligible Property Owners are served on a first-qualified, first-served basis. When the City has a waiting list for assistance, households will be placed and provided applications in the order they appear on the wait list as funding becomes available. Applications will be reviewed on a first-come basis and funded on a first-qualified basis. Applicants may be required to resubmit proofs of income and residence, after a time period as determined by the grant source. The City reserves the right to request additional or updated information at any time during the household’s participation in the program. Certain income levels, elderly and special needs applicants may be provided priority preferences as required from time-to-time by the state or federal regulatory requirements.
8. Applicants may not be given assistance if they have demonstrated their intention to sell or transfer their property within the next year; have a judgment, tax lien or other government lien on their property; or are determined to not have a good ownership interest through the underwriting review conducted by HCD Division staff. Additionally, applicants may not be given assistance if they are more than

one (1) month behind on their mortgage payment or utility payments or are not current on property taxes.

9. To complete determination of applicant eligibility, HCD Division staff will request a title search (Ownership & Encumbrance Report) of the proposed property to determine ownership interest and eligibility of the property.
10. An underwriting review is conducted to ensure that City administered funds are utilized in a manner that ensures that financial accountability standards are met. An applicant whose property has liens recorded against it which in total are more than the Property Appraiser's assessment of value of the property for the most recent assessment year shall be deemed ineligible. However, if the homeowner feels the assessment is inaccurate, they may at their own expense, provide an appraisal conducted within 60 days by a licensed appraiser from date of their being deemed ineligible.
11. If an Applicant is determined to have impediments (e.g., liens, judgments, water liens, code enforcement liens/issues) to receiving assistance under the City programs, staff will provide guidance and counseling to the applicant to remove these impediments. Applicants are not Eligible Property Owners until all impediments have been removed or impediments are removed as part of the assistance.
12. Applicants who are determined to be ineligible for assistance or who decline assistance under one program must first show proof that their circumstances have changed to warrant a review and complete a new application under another program. The household will lose their place on the wait list for the program being declined and added to the end of the wait list for the respective program.
13. All properties assisted with federal or state funds, may be subject to an environmental review, lead based paint testing and abatement, and/or asbestos testing.
14. If it is determined that the property lies in a flood zone, the owner must provide proof of flood insurance to be carried on the property until close-out of the project or end of the lien term, whichever is greater.
15. All housing rehabilitation applicants must maintain homeowner's insurance. If the home is uninsurable due to code issues, the applicant must provide documentation that homeowners insurance shall be obtained upon completion of rehabilitation, to be provided in the form of a letter on official letterhead of the insurance provider.

16. Ineligible Applicants will be counseled on the City Approved Appeals Procedure.

17. Items in project case files shall consist of all applicable items on the file checklist. All files must be properly maintained by the responsible staff person in accordance with the program checklist and any regulations set forth by the state or federal granting agency.

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### 1.3.3 RECAPTURE GUIDELINES

The City shall follow the Brevard County Home Consortium recapture guidelines.

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### 1.3.4 UNIFORM RELOCATION ASSISTANCE (URA)

The City of Palm Bay shall adhere to 24 CFR 92.353 in line with Brevard HOME Consortium Policies and Procedures Manual

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### 1.3.5 ANTI-DISPLACEMENT AND RELOCATION ASSISTANCE PLAN

The City of Palm Bay shall adhere to 24 CFR 42.325

**Commented [SC1]:** Per HUD: RARAP related to section 104(d). Generally section 104(d) applies when lower-income units are demolished or converted.

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### 1.3.6 CONTRACTOR PROCUREMENT

The City shall, at all times, adhere to all local, state and federal procurement policies. The City's local procurement policy is the Procurement Manual (City of Palm Bay Administrative Code G.15.2 City Purchasing) as revised and approved from time-to-time by the City Manager and/or City Council.

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### 1.3.7 AGREEMENT AND LIEN

Upon selection of a contractor following the bid process, the Eligible Property Owner will be requested to sign a construction contract/agreement between the contractor and homeowner which outlines program requirements and restrictions and includes the scope of work as approved by the City. The contract identifies the City owner's agent to contract services to be paid by the City on behalf of the homeowner.

Assistance will be provided in the form of a deferred payment loan, secured by a mortgage lien recorded against the property. The mortgage shall not incur interest, nor shall payment be required if the property continues to be maintained as the applicant's Principal Residence and in adherence to all terms and conditions of the mortgage note/lien.

The affordability period shall be determined by the grant funding source.

Where HOME funds are used, HOME affordability rules as defined by 24 CFR 92.254 apply. The HOME affordability period shall begin from the date that the activity is closed in the Integrated Disbursement and Information System (IDIS).

All mortgage liens shall be recorded prior to commencement of the construction project. In cases where funding assistance is modified, mortgage modifications shall be recorded immediately upon completion of construction. The costs to record mortgage liens, and any other inspections or project delivery, shall be applied to the applicant's maximum funding award. Upon expiration of the lien, the homeowner is required to pay for costs associated with the lien satisfaction.

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### 1.3.8 TEMPORARY RELOCATION

The Uniform Act, passed by Congress in 1970, is a federal law that establishes minimum standards for federally funded programs and projects that require the acquisition of real property (real estate) or displace persons from their homes. The Uniform Act's protections and assistance apply to the acquisition, rehabilitation, or demolition of real property for federal or federally funded projects. In the case of minor repairs, housing rehabilitation, and homebuyer assistance, it is anticipated that temporary relocation is not necessary. Relocation assistance provided by the City to Owners, when determined to be necessary by Housing staff, shall be in accordance with the URA.

- 49 CFR Part 24 is the government-wide regulation that implements the URA.
- HUD Handbook 1378 provides HUD policy and guidance on implementing the URA and 49 CFR Part 24 for HUD funded programs and projects.

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### 1.3.9 SWEAT EQUITY

To prevent costly delays and interruptions to the Contractor's schedule, an owner (including relatives and/or friends) may not perform work on the Eligible Property during the construction period.

The homeowner may not change the scope of work with a Contractor by offering to complete a certain task(s) in exchange for other work to be done. If this occurs, it will constitute a violation of the Construction Contract and could result in the Contract being terminated and any monies expended would become the responsibility of the Contractor and/or homeowner.

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### 1.3.10 PAYMENT PROCEDURE

1. Funds are encumbered/secured by a Purchase Order (PO) upon award notification to applicant and prior to the start of construction. Requests for payment and funding disbursements shall be in accordance with the Construction Contract.

2. Changes to the scope of work shall be provided in writing by the Contractor to the City on the prescribed form, such as a Change Order. All Change Orders shall be authorized by the property owner and approved by the City prior to performing such work. The costs associated with the Change Order shall be added or deducted from the purchase order and all documents will be amended accordingly. Change Orders that exceed the maximum funding award will not be approved unless authorized by City Council, or delegated authority.
3. Any incidence of inadequate performance by the Contractor will be documented in accordance with City's Construction Contract. Contractors may be suspended or debarred from further participation in the City's Housing Programs.

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#### 1.3.11 CLOSE-OUT PROCEDURE

Upon final acceptance by the homeowner of completed work and issuance of final payment to contractor, the project is considered closed. Any unexpended funds under the Purchase Order will be released and made available for funding assistance to other eligible applicants.

The client file shall be maintained for a period of five years from date of satisfaction of lien, or in accordance with the respective state or federal regulations.

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#### 1.3.12 REPEAT ASSISTANCE

In no instance shall a household with an existing City housing lien receive additional assistance under any of the City-administered state and federal housing and community development programs.

Households previously assisted through the City's housing programs shall be reviewed on a case-by-case basis with final determination by the Department Director.

Households which have previously been assisted with HOME funds may be assisted during the first year of project completion. After the first year, no additional HOME funds will be provided to a HOME-assisted project during the relevant period of affordability.

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#### 1.3.13 BUY AMERICA, BUILD AMERICA

The City of Palm Bay shall adhere to 2 CFR 184, and Executive Order 14005,

### 1.4 MARKETING POLICY

The City of Palm Bay shall abide by the Brevard County HOME Consortium Affirmative Marketing Policy.

The City shall take steps to provide program information to all eligible persons regardless of race, ethnicity, and gender groups within the housing market area. The City shall

exhaust all marketing strategies to ensure that eligible persons have a reasonable opportunity to be informed about all available program opportunities administered by the City of Palm Bay.

On annual basis, the City will review its marketing efforts to assess fair housing outreach and comply with fair housing regulations.

## 1.5 OWNER-OCCUPIED REHABILITATION, AND EMERGENCY REPAIR, SPECIAL NEEDS AND UTILITY HOOK-UP POLICY

### 1.5.1 DETERMINATION & SCOPE OF WORK FOR OWNER-OCCUPIED REHABILITATION AND EMERGENCY REPAIR

Upon determination of household eligibility, HCD Division staff, or contractor, will inspect the eligible housing unit utilizing the Florida Building Code to identify existing conditions that may be eligible for repair under the City's housing programs and will prepare a scope of work (SOW) and a cost estimate to be used to solicit bid estimates for rehabilitation. The owner will receive a copy of the SOW. Any issues relating to the proposed SOW shall be resolved between the City and the homeowner prior to the solicitation of bid estimates. Any changes to the SOW following commencement of construction shall be communicated from the Contractor to the City in writing on the prescribed forms (i.e., Change Order) of the program.

Rehabilitation on eligible repairs must be adequate to extend the useful life of the property for at least five (5) years, preferably longer, to protect the City's investment and security of the rehabilitation deferred payment loan. Rehabilitation and scope of work shall include, at a minimum, the following standards:

- a) Correction of all violations of the Florida Building Code.
- b) Correction of observable and identifiable problems which would lead to the violation of the Florida Building Code within the lien period.
- c) Incidental repairs related to work performed under 2.a) or b) of this Section. (e.g., repair and painting of wall due to roof leak)
- d) Addition of energy efficiency improvements which decrease the operating cost of the unit.
- e) All replacement materials will meet FHA Minimum Property Standards and applicable industry standards.
- f) Household systems and equipment shall be replaced on a unit for unit basis. Determination shall be based on need and safety of the household, including size of household and handicapped status of household member(s).
- g) Barrier free items, such as, building/installing wheelchair ramps, grab bars, accessible showers, handicap toilets, sinks/faucets and widening of doors.
- h) In accordance with Section 420.9075(3)(d), F.S, the City of Palm Bay shall expend SHIP funds in a manner that encourages reduced long-term costs relating to

**Commented [JL1]:** Shouldn't this be 10 years, since the liens are 10 (ten) years.

**Commented [SC2R1]:** I think the 5 years is minimum based on the life span of some of the work carried out for example HVAC

**Commented [JL3]:** Wheelchair ramps need to be added

**Commented [SC4R3]:** Included, see highlighted section

maintenance, utilities, and/or insurance. Innovative design, green building principles, storm-resistant construction, or other elements will be incorporated in all housing strategies both for sustainability and to promote greater affordability.

All units assisted with federal funds will be evaluated for the potential presence of lead-based paint and asbestos. Owners will be noticed on the hazards of lead-based paints. The treatment of defective paint surfaces is required.

Property Owners who are determined to be income-eligible shall receive funding assistance for the repair or rehabilitation of the home in accordance with the applicable SHIP Local Housing Assistance Plan and HOME requirements.

If a property is determined to require rehabilitation for which the costs exceed the maximum funding available under the program:

1. The scope of work shall be adjusted to address only code and insurance-related items.
2. The applicant may be denied housing repair assistance and will be added to the reconstruction wait list.
3. Approval to exceed the maximum funding allowed by the grant/funding source due to change orders shall be reviewed and approved on a case-by-case basis by City Council, or in accordance with the program.

Occupancy and special needs of replacement units:

- a) All persons living in the household at the time of application shall be included when computing family size and income.
- b) Occupancy standards shall be consistent with the Florida Building Code. The existing number of bedrooms shall be replaced unless determined to be adequate for the size of the household.

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**Commented [ES1]:** Shouldn't this paragraph be removed since we removed this strategy from the title 1.5?

**Commented [JL2R1]:** I agree with Elena on this. Special needs are addressed during the rehab process.

**Commented [SC3R1]:** Agreed

## 1.6 PURCHASE ASSISTANCE PROGRAM POLICY

### 1.6.1 PURPOSE

The purpose of this document is to establish the policies of the City of Palm Bay's Purchase Assistance Program (also known as Down Payment Assistance) to promote fairness and equitable treatment of applicants and recipients of program assistance. The scope of the program is to provide purchase, closing costs, and rehabilitation assistance to very low-, low- and moderate-income buyers purchasing housing units in the city limits of Palm Bay. Policies are written in accordance with the enabling legislation and implementing regulations of the State Housing Initiatives Partnership Program (SHIP), administered by the Florida Housing Finance Corporation (FHFC), Community

Development Block Grant (CDBG), Neighborhood Stabilization Program (NSP) and the HOME Investment Partnership Program (HOME), housing grants of the U.S. Department of Housing and Urban Development (HUD).

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### 1.6.2 PROGRAM GOALS

The Purchase Assistance Program (PAP) provides for the creation of new and preservation of existing affordable housing program. The PAP goals are established based upon the local housing needs and priorities, and the objectives and strategies outlined in the City's 5-Year Consolidated Plan and Annual Action Plans as it relates to the HOME program or the Local Housing Assistance Plan presiding over the SHIP program, and in accordance with the 2013 HOME Final Rule.

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### 1.6.3 REFERENCES

- Section 420.907 et. seq. Florida Statutes, *State Housing Initiatives Partnership Act*.
  - Administrative Rule of the Florida Housing Finance Corporation, 67-37 et. seq., *State Housing Initiatives Partnership Program*.
  - *CDBG National Objectives – Eligible Activities Chapter 2, US Department of Housing and Urban Development*.
  - 24 CFR Part 92, 2013 HOME Final Rule, *US Department of Housing and Urban Development*.
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### 1.6.4 ELIGIBILITY

#### 1.6.4.1 HOUSEHOLD ELIGIBILITY

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- a) The applicant's household income may not exceed 120% and 80% of the median income adjusted for family size for the Melbourne-Titusville-Palm Bay (Brevard) MSA as determined annually by HUD when using SHIP and HOME or CDBG funds, respectively.
- b) Households with more than \$5,000 in liquid assets within a savings or checking account must use the difference towards the purchase of the home.
- c) The applicant and/or co applicant must have received City-approved homebuyer education and one-on-one housing counseling.
- d) The applicant must be able to obtain a 30-year first mortgage through a non-predatory lending institution.
- e) The applicant must be able to provide proof of responsible lending and sustainable (e.g., no predatory loans) in accordance with §92.254(f).
- f) If applying for the First-Time Home Buyer's Program, applicant cannot have owned a home or had ownership interest in homestead property within the past three (3) years, with the following exceptions:
  - a. A single parent who has only owned with a former spouse while married.

- b. An individual who is a displaced homemaker and has only owned with a spouse.
- c. An individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations.
- d. An individual who has only owned a property that was not in compliance with state, local or model building codes, and which cannot be brought into compliance for less than the cost of constructing a permanent structure.

#### 1.6.4.2 UNIT ELIGIBILITY

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- a) The unit must be located in the city limits of Palm Bay.
- b) The purchase price of the unit may not exceed 90% and 95% of the median area purchase price for existing homes or new construction in the Melbourne-Titusville-Palm Bay (Brevard) MSA as established by the United States Department of Treasury when using SHIP or HOME funds, respectively.
- c) The assistance may not be used to purchase a mobile or modular home.
  - a. Existing units may have a swimming pool or similar amenity.
  - b. Reasonable closing fees may be charged. However, all fees shall be reviewed by the Housing Administrator and approved.
  - c. Eligible forms of homeownership when using HOME funds:
- Fee simple title in a 1- to 4- unit dwelling or condominium unit or at least a 99-year leasehold interest, except:
  - Housing located in insular areas must have a ground lease for at least 40 years.
  - Housing located on an Indian trust or restricted Indian land, for at least 50 years.
  - Housing located on land owned by a community land trust, for at least 50 years.
  - Manufactured housing on a ground lease that is at least equal to the applicable affordability period §92.251(e).

#### 1.6.4.3 LEVELS OF ASSISTANCE

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The actual assistance will be the *minimum* amount needed to get the applicant into an affordable unit.

- a) The maximum assistance for households with incomes at or below 50% of the median is \$40,000 for HOME and \$70,000 for CDBG including repairs.

**Commented [SC1]:** \$88,800 in proposed amendment 5

**Commented [IB2R1]:** Leaving as is as Amendment 5 has not been approved yet.

- b) The maximum assistance for households with incomes at 51% - 80% of median is \$35,000 for HOME and \$60,000 for CDBG including repairs.
- c) Refer to the Local Housing Assistance Plan (LHAP) for SHIP levels of assistance.
- d) When used to purchase an existing home requiring rehabilitation for HOME, \$10,000 is available for any combination of down payment, closing costs and rehabilitation. Rehabilitation shall be completed in accordance with Florida Building Code. Any rehab completed shall have a minimum useful life of at least five (5) years for major systems. Work write-ups and written cost estimates shall be reviewed and approved by the City. The City shall determine if the costs are reasonable, and plans and specifications are in compliance with the City's written standards.

**Commented [SC1]:** \$66,600 in proposed amendment 5

**Commented [IB2R1]:** Leaving as is as Amendment 5 has not been approved yet.

In order to prevent over subsidization of the homeowner or the excessive closing costs charged by the lender, the City reserves the right to refuse assistance. In such cases, the homebuyer will be asked to renegotiate the loan or to seek another lender.

#### 1.6.4.4 HOMEOWNER REHABILITATION OTHER LOAN TERMS

Funding assistance will be in the form of a deferred payment loan, secured by a zero percent (0%) interest mortgage in favor of the City of Palm Bay and forgiven at the end of the term. The homeowner or household will be subject to all terms and conditions established by the City's mortgage lien and recorded against the property. In addition to the affordability period, the following terms will apply to each loan:

**Commented [JL3]:** What gran are we referring to in this section?

**Commented [SC4R3]:** I believe this was for homeowner rehab, I have added that in the title.

- a) Death of the mortgagor: The passing of title due to the death of the mortgagor to other than a spouse or co-mortgagor holding an interest in the property as a co-tenant is deemed a conveyance.
- b) Leasing: Leasing the premises for any period of time is deemed a conveyance.
- c) Continued Occupancy: The mortgagor must reside in the assisted property as his/her principal residence for the life of the loan. If for any reason, other than a hospital or nursing home stay, the mortgagor vacates the premises for more than a period of 120 days in any one calendar year, such vacation shall constitute default.
- d) Interest: There is zero interest on the loan except in the case of default, at which time the remaining balance shall accrue interest at five percent (5%) per annum.
- e) Maintenance: The mortgagor must keep the property maintained and in good repair according to the Florida Building Code and all applicable codes of the City of Palm Bay.
- f) The homeowner will be required to pay for the cost of the satisfaction of mortgage upon expiration of the lien term.

#### 1.6.4.5 SUBORDINATION OF LIENS

All subordination of liens shall follow the City's Subordination Policy as amended from time-to-time and approved by City Council.

#### 1.6.4.6 SELECTION CRITERIA

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All assistance is subject to the availability of funds, administered on a first come, first qualified basis.

Applicants cannot have owned a home within three (3) years of applying to the program.

Applicants that have previously received state or federal down payment assistance are not eligible for housing repair assistance for one year following previous award.

#### 1.6.4.7 OWNER CONTRIBUTION

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As required by.... The applicant must make a minimum cash contribution towards the purchase of the home.

- Households with incomes at or below 50% of the median must contribute a minimum \$500.
- Households with incomes at 51-80% of median must contribute a minimum of \$750.
- Households with incomes at 81-120% of median must contribute a minimum of \$1,000.
- Households with more than \$5,000 in liquid assets in a savings or checking account must apply those additional assets beyond the \$5,000 towards the purchase of their home.

#### 1.6.4.8 NOTIFICATION OF AWARD

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An award letter, also called a letter of commitment, will be issued within 30 days after the household has been income-certified. The award letter will be good for a period not to exceed 120 days from issuance. If an applicant has not received down payment assistance within the 120-day window, applicants may be subject to a re-certification of income.

#### 1.6.4.9 THIRD-PARTY ADMINISTRATION OF PURCHASE ASSISTANCE PROGRAM

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The City is authorized to subcontract purchase/down payment assistance to be administered by a non-profit organization, also known as a sub-recipient. The selection of a sub-recipient to administer this program shall be selected in accordance with the City's Procurement Manual. The sub-recipient shall adhere to the rules and regulations set forth by the funding agency and the policies and procedures set forth in this manual.

#### 1.6.4.10 HOUSING COUNSELING/HOMEBUYER EDUCATION

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Homeowners participating in the City's Purchase Assistance Program shall be required to participate in housing counseling and homebuyer education courses. The Housing Counseling/Homebuyer Education Program shall be administered as a turnkey operation. The agency administering the program shall market the program, schedule, and make all arrangements (sites, speakers, materials, etc.) for homebuyer education classes, and provide housing counseling on an individual basis to each homebuyer. The agency must also provide proof of attendance by homebuyers.

For Housing Counseling to individual homebuyers, performance standards by which success will be measured include, but are not limited to, the following:

- Keeping of accurate time sheet records of housing counseling staff, demonstrating actual time spent on housing counseling activities.
- Housing counseling must be carried out by a certified housing counselor (as defined by the National Federation of Housing Counselors, or its equivalent).
- File evidence of housing counseling notes.
- Housing counseling shall be provided in accordance with §92.254(a)(3) when using HOME funds.

For Homebuyer Education Classes, performance standards by which success will be measured include, but are not limited to, the following:

- Classes must follow, at a minimum, the Fannie Mae recommended homebuyer education course outline.
- Classes must include a Fair Housing Law education component.
- File evidence of classes, including, but not limited to copies of agendas, sign-in sheets, and class evaluations by participants.

#### 1.6.4.11 SUSTAINABLE HOMEOWNERSHIP UNDERWRITING

The City, or subrecipient, shall have written underwriting standards that evaluate the homebuyer in accordance with §92.254(f) regarding:

- Housing debt and overall debt
- Monthly expenses of the family
- Assets available to acquire housing
- Financial resources available to sustain housing

#### 1.6.4.12 SPECIFIC HOME REQUIREMENTS

- HOME statute requires initial purchase price/after rehab value not to exceed 95% of area median purchase price in accordance with §92.254(s)(2)(iii).
- City sponsored homebuyer units which remain unsold after six (6) months after construction shall be converted to rental units, for the rental affordability period, or HOME funds must be repaid. A ratified sales contract is sufficient to demonstrate a sale. Units can become lease-purchase only if: The City has an established

**Commented [SC1]:** Can we replace this section with:

The City of Palm Bay shall adhere to Brevard HOME Consortium Policies and Procedures Manual

**Commented [IB2R1]:** No. We need to have our own. The Consortium is the Lead.

lease-purchase program, and an Agreement with the homebuyer is executed before the deadline.

- In accordance with §92.254(f) the City shall ensure that loan terms of any loans to which HOME funds are subordinated are reasonable and sustainable.
- If a non-governmental lender is providing both first mortgage financing and HOME assistance (as a subrecipient or contractor), the City shall verify income eligibility and inspect housing for compliance with applicable property standards.
- For HOME funds, lenders cannot charge fees.
- The City shall follow the resale and recapture requirements of §92.254(a)(5) within the Brevard County HOME Consortium Consolidated Plan and annual Action Plans. The resale provisions clearly define “fair return” and “reasonable range of low-income homebuyers.”
- In accordance with §92.251(c) the City shall determine assisted housing is decent, safe, sanitary and in good repair. All assisted housing shall meet the Florida Building Code and shall not contain deficiencies proscribed by HUD based on inspectable items and areas pursuant to 24 CFR 5.702 (UPCS Checklist).
- The City shall inspect housing and document compliance no earlier than 90 days before commitment of HOME funds.
- The City shall rehab housing that fails to meet these property standards or HOME funds cannot be used to acquire it, in accordance with §92.251(c).
- A contract for deed (also known as an installment contract or land sales contract) is *not* an eligible form of homeownership.

## 1.7 SUBORDINATION OF LIENS

All subordination of liens shall follow the City’s Subordination Policy as amended from time-to-time and approved by City Council.

### 1.7.1 DEFAULT, DEATH OR RELOCATION OF ELIGIBLE PROPERTY OWNERS

In the case of default, or relocation of a homeowner or household who has a mortgage lien by the City under this program, the homeowner shall be subject to the terms and conditions of the mortgage lien as it pertains to default.

Death of the Housing Client: Housing Client as used herein shall mean the Borrower. Upon the death of the Borrower during the mortgage period, the mortgage balance shall become due in full, unless at the time of the borrower’s death an eligible spouse or family member desires to reside in the home (family member includes domestic partner, provided that the individual can establish proof of residency in the home for a period of at least six months prior to the death of the Borrower) and is certified income eligible.

- a. If a certified income eligible spouse or family member wishes to assume the existing mortgage, the spouse or family member shall have 180 days to make a written request to the Director of Community and Economic Development to assume all of the obligations specified in the Borrower’s mortgage. If a written request to assume the

mortgage is not made within 180 days, the City shall declare the Borrower's estate to be in default and will require repayment of the mortgage balance. Repayment shall occur within ninety days of the declaration of default, or at the time the property is refinanced, sold or transferred, whichever is soonest.

b. However, if within 180 days an eligible spouse or family member submits a written request to the City to assume the mortgage, the spouse or family member must demonstrate proof of legal title to the property and meet the current income and assets qualifications of the City.

i. If the property does not have to undergo Probate, the spouse or family member shall have ninety days to assume the mortgage. If ninety days pass and the spouse or family member has not assumed the mortgage and note, the City shall declare a default and will require repayment of the mortgage balance. Repayment shall occur within ninety days of the declaration of default, or at the time the property is refinanced, sold or transferred, whichever is soonest.

ii. If the property must undergo Probate, the spouse or family member shall have ninety days from the date of acquiring clear title to the property and have been determined income-eligible by the City, to assume the mortgage. If ninety days pass and the spouse or family member has not assumed the mortgage and note, the City shall declare a default and will require repayment of the mortgage balance. Repayment shall occur within ninety days of the declaration of default, or at the time the property is refinanced, sold or transferred, whichever is soonest.

c. In the event the City declares a default and ninety days pass without repayment to the City, the following shall occur: (a) the mortgage balance shall be frozen at the balance in place on the date of the Borrower's death; (b) the mortgage balance will cease to depreciate at the annual rate; and, (c) interest shall accrue at 5% per annum. Provided, however, that accrued interest plus the mortgage balance at the time of the Borrower's death shall not exceed the amount of the Mortgage Note last executed by the Borrower. The lien will continue against the property until repayment plus interest is satisfied.

Upon the death of the borrower during rehabilitation the City shall cease all work, unless there is an eligible co-owner living in the home and will be evaluated on a case by case basis.

## 1.8 COMPLAINT AND APPEALS PROCEDURE

Any applicant wishing to file a complaint or appeal a decision made by the Housing Administrator, or designee, shall notify the Community and Economic Development Director in writing, within five business (5) days. The Housing Administrator shall provide

all information regarding the complaint/appeal to the Community and Economic Development Director, for review and determination. The Community and Economic Development Director shall have no more than ten business (10) days to review and make an independent determination regarding the complaint/appeal. The Community and Economic Development Director will make the final determination unless the determination warrants a legal opinion, in which case, the final determination will be made by the City Attorney's Office

### 1.9 SUBSIDY LAYERING POLICY

#### 1.9.1 PURPOSE

The purpose of these local guidelines is to provide guidance in evaluating projects using HOME funds in combination with other governmental assistance to ensure that no more than the necessary amount of HOME Program funds are invested in any one project to provide affordable housing as referenced in the City's Subsidy Layering Policy.

**Commented [SC1]:** Can we replace this section with:

The City of Palm Bay shall adhere to Brevard HOME Consortium Policies and Procedures Manual

**Commented [IB2R1]:** We need to follow our own local policies. The County is the Lead but each local has their own, based on the regulation.

### 1.10 MONITORING PROCEDURE AND POLICY

The City shall be responsible for monitoring all subrecipients of state or federal housing and community development grants for which it administers. The HCD Division shall adhere to the monitoring procedure and policy.

### 1.11 HOME SPECIFIC PROGRAM REQUIREMENTS

Refer to the HOME specific program requirements Policy.

**Commented [SC3]:** Can we replace this section with:

The City of Palm Bay shall adhere to Brevard HOME Consortium Policies and Procedures Manual

**Commented [IB4R3]:** We need to follow our own local policies. The County is the Lead but each local has their own, based on the regulation.

### 1.12 UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION POLICIES ACT (URA)

Refer to the URA specific program requirements Policy.

**Commented [SC5]:** Can we replace this section with:

The City of Palm Bay shall adhere to Brevard HOME Consortium Policies and Procedures Manual

**Commented [IB6R5]:** We need to follow our own local policies. The County is the Lead but each local has their own, based on the regulation.

### 1.13 REVIEW OF POLICY

This policy shall be reviewed as needed.

### 1.14 RESERVATION OF AUTHORITY

The authority to issue and/or revise Policies is reserved by the Palm Bay City Council. This Policy shall replace all previous versions of Housing Program Policies.

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**Rob Medina, Mayor  
City of Palm Bay Council**

Date approved by the Council: **July 18, 2024**

**ATTEST:**

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**Terese Jones, City Clerk**