



# Review of Escambia County CDBG Rehabilitation Program

Presented to the AHAC

June 13, 2017



## **Escambia County Community Development Block Grant (CDBG) Rehabilitation Program**

***GOAL: Review and revise the County's CDBG rehabilitation program, specifically client eligibility guidelines and program terms for presentation to the BCC.***

CDBG program mandates that clients be at or below 80% area median income, but other eligibility and program terms are to be set by local government.



## **Escambia County Community Development Block Grant (CDBG) Rehabilitation Program**

County participates in three rehabilitation programs: SHIP (state), CDBG (federal), and HOME (federal). Historically, the SHIP program has been for minor repairs, CDBG for moderate rehab, and HOME for substantial rehab or replacement of home.

All programs are for owner-occupied households at or below 80% of area median income.



## **Escambia County Community Development Block Grant (CDBG) Rehabilitation Program**

Current Client/Property eligibility:

1. Income at or below 80% area median income
2. Property located in unincorporated Escambia County.
3. Owner Occupied with homestead exemption and fee simple title (verified by title search and property appraiser)
4. Mortgage(s), if present, must be in a current status



## **Escambia County Community Development Block Grant (CDBG) Rehabilitation Program**

### Current Client/Property eligibility:

5. No lien, judgment or back taxes.
6. No reverse mortgage or mortgage with open line of credit
7. Once property assisted through CDBG moderate rehab, cannot be assisted again if a wait list exists for the program.
8. Client must move out if required due to scope of work and/or if Lead Based paint hazards are present.



## Escambia County Community Development Block Grant (CDBG) Rehabilitation Program

Current Client/Property eligibility:

9. Property must be suitable for rehab under the program

*Excerpt from manual:*

a. Structural Soundness: To determine the extent of deterioration, three major components must be evaluated: the flooring system, exterior walls, and roof. These three components are to be ratioed at 30% roof, 40% exterior walls, and 30% flooring system. Sixty (60%) percent of these structural components must remain for the dwelling to be a structure feasible for rehabilitation.

b. Economic Feasibility: The cost of rehabilitation should not, under normal circumstances, exceed 75% of replacement cost for a unit of comparable size.

(Assistance Limit is currently \$49,999)



## Escambia County Community Development Block Grant (CDBG) Rehabilitation Program

Current Program Terms (sliding scale based on income and age):

% AMI	HOH Age	% Deferred Payment Loan [0%/5 year]	% Deferred Payment Loan [0%/20 year]	% Low Interest Loan [5%/5-10 years]
<40%	62+	100%	-	-
	<61	-	100%	-
41-50%	62+	80%	20%	-
	<61	-	80%	20%
51-60%	62+	70%	30%	-
	<61	-	70%	30%
61-70%	62+	60%	40%	-
	<61	-	60%	40%
71-80%	62+	50%	50%	-
	<61	-	50%	50%



## **Escambia County Community Development Block Grant (CDBG) Rehabilitation Program**

### Client/Property Eligibility Review:

1. Income Level: Maximum income limit is imposed by HUD and cannot be adjusted (no change)
2. Property Location: Unincorporated Escambia County. City of Pensacola has its own CDBG funding and Century applies for CDBG funding from state. County could spend CDBG \$ if desired in these areas. (suggest no change except if approved by BCC and/or in case of disaster, etc)





## **Escambia County Community Development Block Grant (CDBG) Rehabilitation Program**

### Client/Property Eligibility Review:

3. Owner Occupied with Homestead and Fee Simple Title (No change recommended except to perhaps consider imposing a time before someone can get on the waiting list?). Life estate is permitted, but is not expressly in policies.



## Escambia County Community Development Block Grant (CDBG) Rehabilitation Program

### Client/Property Eligibility Review:

4. Mortgage(s).
  - a. Required to be current—should there also be a requirement that it has not been in arrears for a certain amount of time?
  - b. Current policy is silent on bankruptcy, although practice was not to consider unless discharged. Should County assist clients that have had a bankruptcy? If so, how long?
  - c. Current policy does not prohibit a first or second mortgage BEFORE the County loan. Should these be allowed?
  - d. Combined Loan to Value. Current policy is silent on LTV ratios.



## **Escambia County Community Development Block Grant (CDBG) Rehabilitation Program**

### Client/Property Eligibility Review:

5. No liens, judgments or back taxes owed to County. Idea is that no assistance may be provided under grant programs if applicant owes the County. What is applicant has a lien or judgment for code enforcement and they set up a payment plan?
6. No reverse mortgages or mortgages with open line of credit.
7. Reapplication to program not permitted if waiting list exists. Should this be considered? Client is usually referred to SHIP program.
8. Applicant move out. Some elderly clients decline assistance as they don't want to move out. Some that do move out, take a long time to remove belongings delaying contractor.



## Escambia County Community Development Block Grant (CDBG) Rehabilitation Program

### Client/Property Eligibility Review:

#### 9. Property must be suitable for rehab under the program

*Excerpt from manual:*

- a. Structural Soundness: To determine the extent of deterioration, three major components must be evaluated: the flooring system, exterior walls, and roof. These three components are to be ratioed at 30% roof, 40% exterior walls, and 30% flooring system. Sixty (60%) percent of these structural components must remain for the dwelling to be a structure feasible for rehabilitation.
- b. Economic Feasibility: The cost of rehabilitation should not, under normal circumstances, exceed 75% of replacement cost for a unit of comparable size.
  
- c. Assistance limit is \$49,999 to correspond with Purchasing requirements. Any amounts over this have to be routed through Purchasing.



## **Escambia County Community Development Block Grant (CDBG) Rehabilitation Program**

### **Client/Property Eligibility Review:**

#### 10. Other eligibility concerns:

- a. Property insurance. Currently not required to apply (many cannot currently qualify) or at end of rehab, although some do. CDBG funds could be used to pay for one year of insurance after rehab; should this be considered?
- b. Credit. Generally only checked if applicant qualifying for low interest loan with payment requirements (see below).



## **Escambia County Community Development Block Grant (CDBG) Rehabilitation Program**

### Program Terms Review:

- \*Complicated to implement with multiple loan terms (combination of 5 year and 20 year or low interest loan/deferred payment loan)
- \*Legal advised not to have different program terms for elderly
- \*20 year term longer than typical improvements



## COMMITTEE DIRECTION

- Areas needing more research or details.
- Any changes to approve tonight?