

NSP POLICY REVIEW

The following outlines the current primary policies in place for developer and GC participation in the COJ NSP. This is not a complete list of NSP policies, additional details do exist. All policies are subject to revision by COJ and/or NSP in the future

Developer identifies, purchases and rehabs foreclosed and vacant homes from the REO listings of foreclosed properties in the 5 targeted zip codes, 32206, 32208, 32209, 32244, and 32254.

Post rehab sale to qualified NSP Buyer.

- Purchases outside the NSP zip codes do not qualify for admittance into the NSP.
- Foreclosed **AND** vacant for at least 90 days required.
- Home to be acquired for 85% (or less) of appraised value. Above 85% does not qualify.
- (If a home appraises for \$100,000 the most a developer can pay is \$85,000).

COJ NSP to Provide Lists of Prospective Homes

- Lists of prospective REO properties updated and distributed by NSP weekly.
- Developers locate additional REO properties from their own sources.

Prospective Buyer Marketing

- Web site to be established, individual homes to be listed for prospective buyers.
- Signage, billboards, TV, Radio utilized.
- 630 CITY auto-ID call-in processes to be implemented.

Developer receives up to 40% reimbursement of “ Total Approved Project Cost” from NSP

- After purchasing home, 40% of Total Approved Project Cost incurred reimbursement paid by NSP.
- Includes cost of home plus cost of project renovations (which also include all allowable expenses such as project interest carry, developer overhead, etc).
- NSP 40% reimbursement can never exceed \$99,000 per project.

EXAMPLE 1:

- \$30,000 Home Acquisition Cost (cost already incurred by developer)
- \$70,000 Home Renovation Cost Bid (cost not yet incurred by developer)
- \$100,000 is the Approved Project cost ($\$30,000 + \$70,000 = \$100,000$)
- Project is ultimately eligible for up to 40% reimbursement of the \$100,000 Approved Project Cost. However, the reimbursement is for costs incurred.
- In this example the current cost incurred is the \$30,000 Home Acquisition Cost.
- In this example, the Project is eligible for \$40,000 reimbursement over the life of the project (40% of the Approved Project Cost of \$100,000).
- Since the project is eligible for \$40,000 of reimbursement and the developer has incurred \$30,000 for Home Acquisition Cost, the Developer can apply for \$30,000 reimbursement immediately after closing the Home.
- As renovation costs are incurred, the developer may apply for the remainder of the reimbursement ($\$40,000$ original eligibility $-$ $\$30,000$ reimbursed to Developer post closing = $\$10,000$ remaining reimbursement available to developer (paid as costs are incurred)).
- The existing lien cannot be satisfied with NSP Funds.
- COJ liens have abatement possibilities.

Buyer Not Required

- Developer may purchase home without having a buyer.
- Buyer not required in order for Developer to receive the NSP 40% reimbursement.

16% Developer Fee Paid to Developer

- Fee paid at closing.
- Fee is 16% of Total Approved Project Costs.
- Costs include allowable expenses, allowable overhead, allowable rehab costs plus interest carry.
- Fee payment amount subject to home selling within required time frame.

Exit Strategy

(Developer “Sell Back” Option):

- Sell back “exit” option at any time between 6 and 12 months after acquisition.
- Developer fee reduced from 16% to 10% if exit option employed.
- Developer receives the 10% fee plus Total Approved Project cost incurred by developer.
- Developer receives this money at the closing of exit strategy option.
- At the end of 12 months **developer required** to sell back to COJ.

NSP Buy Back

- The City of Jacksonville NSP will consider buy-back of a project that is found to be cost excessive in the event on going renovations uncover significant problems that are outside the original renovation scope of work.

Developers Select General Contractors

- Developers select 3 General Contractors (GC's) from the NSP/HAND approved list to bid each project.
- Developers rotate the GC's after GC's bidding 5 projects.
- One of the 3 GC's must be a JSEB.
- The GC's profit to be included in their total bid.

Developer Self Performance as a GC

- Developer with a documented associated GC can be one of 3 bidders for developer owned project.
- **If** lowest bidder, they may self-perform under the rules set forth for all General Contractors.
- Property Developers who are also General Contractors will **not** be allowed to serve as GC on projects owned by another Developer.
- GC relationship status **MUST** have been established at least 60 days prior to NSP program date. Verifying documentation required.

GC's Choose Subcontractors from NSP list

- GC's will choose their own subcontractors from the NSP approved lists of Subcontractors.
- The GC is encouraged to request multiple bids for all work, however the GC is required to request and submit a minimum two bids for each trade and work tasks over \$1,500.
- After receipt of the bids from the Subcontractors, the GC will choose the subcontractors for the project as part of the lump sum bid.
- The G.C. will document the minimum JSEB participation goal of 25 % of the Bid Subtotal, which does not include GC overhead and profit.

GC's Ability to Self Perform

- The GC will be allowed to self perform certain tasks up a maximum of 25% of the Bid Subtotal, which does not include GC overhead and profit.
- Work tasks which the GC will **not** be permitted to self perform includes electrical, plumbing, landscaping, roofing, painting, MEP/HVAC, pest control, window installation over to \$400, structural framing and flooring.

Bidding

- A bid package will be provided to each GC which will include bid forms, technical specifications (including green initiatives for appliances, water use, insulation, air quality, etc.), scope of work and other contract documents.
- Award will be based on the lowest lump sum bid.

Rental Conversion / Spec Home Limits

- COJ reserves right to limit number of spec homes and rental conversion homes at any time.
- This applies to the overall program and/or a specific Developer, neighborhood or zip code.

Buyer Down Payment Assistance and Principal reduction

- Down payment assistance to qualified homebuyers through COJ's H2H and NSP programs provided.
- Up to \$10,000 available for buyers who are between 70% and 80% of AMI
- Up to \$12,000 available to buyers who are between 60% and 69% of AMI.
- Up to \$14,999 available to buyers who are between 50% and 59% of AMI
- AMI (Average Median Income).
- NSP has additional down payment assistance dollars available:

Buyer Gap Funding

- The City of Jacksonville NSP provides GAP subsidy when total project costs are higher than the after renovation appraised value.

Example 1:

Total Approved Project Costs = \$120,000

After Renovation Appraisal = \$110,000

NSP requires homes to be sold for the lesser of the Total Approved Project Cost or After Renovation Appraised Value.

Home sells for \$110,000 (because that is the lesser between the two above costs).

NSP contributes \$10,000 to closing to make up the difference

The NSP program reserves right to revise policy and procedure as it may deem necessary in order to comply with municipal or federal requirements as they currently exist or may exist in the future.