

Virginia Community Development Block Grant

Program Income Plan

B Street Community Project

Town of Chase City, Virginia

OBJECTIVE: The expenditure of active and inactive program income generated from the CDBG *B Street Community Rehabilitation Project* in a manner that will directly benefit low- to moderate-income residents of the *Town of Chase City*.

1. **ACTIVITIES:** Housing rehabilitation and associated activities.

Active program income: Active income is income received as a result of program activities before the administrative closeout of the CDBG Agreement. If the total exceeds \$35,000 in any of the successive 12-month periods of the CDBG Agreement, the funds shall be used to reduce drawdowns for eligible project expenses. If the amount does not reach \$35,000, it will be accumulated and used for eligible project costs over the Project Budget with the permission of DHCD. Active income on hand at the end of the project will be used to reduce drawdowns or returned to DHCD. Active income will be used for the same CDBG activities as approved in the CDBG Agreement.

Miscellaneous Revenue: Miscellaneous revenue is all revenue received in a 12-month reporting period (July 1 – June 30) of less than \$35,000 from an administratively closed project funded with CDBG monies. No amount of miscellaneous revenue received in the reporting period may be expended until after the period has ended and that fiscal year's report has been submitted to and approved by DHCD. Grantees must retain the funds until it is authorized by DHCD to expend the proceeds locally. Miscellaneous revenue shall be used to continue the same eligible CDBG activities as long as LMI households in the project area have unmet needs. After all, needs are met in the project area, inactive income will be used for the following purposes:

- a) Miscellaneous revenue may be used for actual administrative costs. *At the time the program income is expended*, 10 percent of the expended program income may be allocated for administrative purposes;
- b) Up to \$5 per loan per month as a service fee to offset the cost of loan collection;
- c) To rehabilitate owner-occupied homes up to DHCD HRS, including any necessary

construction, exceptions, CRSC expenditures; pre-construction pest inspection, demolition, and clearance/debris removal. All new wells will be drilled, tested, and approved. Payment will be made for only one (1) well, regardless of the number of wells drilled. All old wells will be appropriately abandoned. Pump and haul systems will not be funded;

- d) Funds may be added to an existing housing rehabilitation to cover the cost of additional temporary relocations;
- e) Funds may be added to an existing housing rehabilitation to subsidize any valid "change order(s)" when the needed change order exceeds the DHCD cost limits;
- f) Funds may be added to an existing housing rehabilitation for the purchase of DHCD-required insurance;
- g) Acquire property not associated with relocation activities (e.g., permanent easements). An appraisal must be done to determine the fair market value (FMV). For non-complex voluntary acquisitions anticipated to be $\leq \$10,000$, the determination of FMV may be done by someone familiar with appraisal principles and the local real estate market but does not need to be a licensed appraiser. This person may also conduct or assist with negotiations. For those non-complex voluntary acquisitions anticipated to be between $\$10,001$ and $\$25,000$, this person may also perform the appraisal and conduct or assist with negotiations, but a waiver appraisal must be conducted by a third party. The review appraiser must be familiar with appraisal principles and the local real estate market but does not need to be a licensed appraiser. For voluntary acquisitions anticipated to be $\geq \$25,001$ or for complex acquisitions, DHCD will be contacted on how to proceed. The owner or the owner's designated representative must be notified in writing of the appraised value of the property at which time negotiations may proceed. If an amount greater than the FMV is settled upon, the file must be documented as to the reason. An acquisition is not considered voluntary if the grantee plans to condemn the property if negotiations are not successful.
- h) Funds may be loaned to first-time homebuyers for down payment assistance (up to 50% match), reasonable closing costs normally associated with the purchase of a home (including paying discount points to the lender), principal write-down assistance, and mortgage insurance. Payments will only be made directly to the financial institution supplying the mortgage; and
- i) When a property becomes "Non-occupancy," which means that the intended beneficiary or beneficiaries have vacated the unit for 3 or more consecutive months

due to transfer of property, abandonment, institutionalization, death, or any other reason; miscellaneous program income may be used funds to board up the house, pay the homeowner's insurance, any alternative septic system maintenance agreement required by VDH, and do those repairs necessary to maintain the integrity of the house until the heir(s) of the house can be identified. Afterward, these costs will be the responsibility of the heir(s). If no heir(s) can be identified or if all heirs legally waive their claim to the house, funds can be used for these costs and those necessary to market the house so it can be sold to a new low- and moderate-income household who will assume the outstanding loan. This is in addition to those costs identified elsewhere in the Program Income Plan to assist in the homeownership creation. It is assumed that homeownership creation will be done within six months;

Program income will be used only for applicants whose household incomes are at or below 80% of the County's median income.

Inactive Program Income: Inactive program income is all revenue received in a 12-month reporting period (July 1 – June 30) of \geq \$35,000 from an administratively closed project funded with CDBG monies. All inactive program income received in the 12-month reporting period will be held in reserve until after the reporting period has ended and that fiscal year's report has been submitted to and approved by DHCD. At the time the report is submitted, a specific work plan and budget may be submitted, outlining the proposed use of inactive program income. A timeline to expend all funds within twelve (12) months must be included. Inactive program income must be retained until the proposed use is authorized by DHCD.

2. **TIME FRAME: Briefly outline the TIME FRAME during which the project will be carried out and completed.**

Program income covered by this plan will be derived from direct 0% interest loan repayment over an estimated average of five (5) year period for all rehabilitation and substantial reconstruction projects.

3. **PROJECT AREA: Identify the project area in which activities will be carried out. Indicate where inactive program income will be spent after all of the needs in the project area are met.**

The B Street Community is located in the southern portion of the Town of Chase City, approximately 100 miles south of Richmond, Virginia. Overall. The Phase II project area is comprised of B Street and E Street, both extending from Washington Street to High Street and Madison Street, and the east side of High Street both extending from B

Street to E Street. All projects funded with program income generated from the CDBG B Street Project will be located within the project area until there is no more need. Thereafter, the projects will be located within the Town of Chase City.

4. **DECISION MAKING: Briefly state who will decide on the use of the Program Income, how that decision will be made, and what oversight will be used to ensure that this plan is followed.**

The B Street Housing Advisory Board will decide on the use of program income, based on the Program Design guidelines. The Board will receive regular financial reports showing all income earned and expended. The Board will approve and track all applications and contracts and ensure proper documentation of the usage of funds. Requests will be submitted to and reviewed by the Board at its monthly meetings. A majority vote will be required to approve the use of the funds. A list of the current Board members is attached.

5. **ADMINISTRATION: Briefly state who will manage the Program Income funds, who will implement the activities, and how the activities will be carried out.**

The Town of Chase City Treasurer will be responsible for receiving direct loan payments. The funds will be deposited in an interest-bearing escrow account and identified as revenue or expenditure. Funds will be accounted for separately on the (Insert Grantee's Name) balance sheet. Any lump sum receipt of inactive program income of \$35,000 or more during a state fiscal year (July 1 – June 30) will be reported to DHCD at the time it is received and transmitted to DHCD within 60 days.

Records will be kept on a twelve-month contract year basis. Records will show the amounts due and received monthly by client's name, separated by active/inactive and by contract number, and the income expended annually. Copies of source documentation will be placed in the appropriate client file.

The B Street Housing Advisory Board will implement the activities by the Project Management Plan, the Program Design, and the Grant Management Manual. The VA Procurement Act will be followed. The B Street Housing Advisory Board will ensure compliance.

I certify that this is the plan of this locality for the use of income derived from the Community Development Block Grant Program after the current contract expires. I further certify that the governing body Board fully intends to carry out this plan, oversee its implementation, and assure that no other use of these funds will be allowed. I certify that

this locality will budget program income funds in a separate, distinct account and will maintain records documenting the use of those under the *Home Investment Partnerships Act*, as amended, and Title I of the *Housing and Community Development Act of 1974*, as amended. I understand that the Virginia Department of Housing and Community Development may review the receipt and expenditure of program income funds.

Signature of Authorized Official

Date