

03/22/2012

Resolution

132-2012

RESOLUTION NO. 132 - 2012

A RESOLUTION APPROVING THE OPTIONAL RELOCATION ASSISTANCE POLICY TO PROVIDE ASSISTANCE, NOT TO EXCEED \$20,000, TO LOW-INCOME OWNER-OCCUPANTS WHO ARE INVOLUNTARILY DISPLACED FROM PROPERTY WITH NEGATIVE EQUITY WHEN THE DISPLACEMENT RESULTS FROM THE USE OF COMMUNITY DEVELOPMENT BLOCK GRANT OR HOME INVESTMENT PARTNERSHIPS PROGRAM FUNDS.

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BE IT RESOLVED BY THE COUNCIL OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT:

Section 1 – That the Optional Relocation Assistance Policy, which is attached hereto and incorporated by reference, to provide assistance, not to exceed \$20,000, to low-income owner-occupants who are involuntarily displaced from property with negative equity when the displacement results from the use of Community Development Block Grant or HOME Investment Partnerships Program funds be, and hereby is, approved.

Section 2 – That this Resolution shall become effective on the date of its passage.

PASSED URBAN COUNTY COUNCIL: March 22, 2012

MAYOR



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ATTEST:

  
CLERK OF URBAN COUNTY COUNCIL



278-12

Mayor Jim Gray  
**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**  
Division of Grants and Special Programs

**TO: MAYOR JIM GRAY  
URBAN COUNTY COUNCIL**

**FROM: IRENE GOODING, DIRECTOR  
DIVISION OF GRANTS AND SPECIAL PROGRAMS**

**DATE: MARCH 12, 2012**


**SUBJECT: REQUEST COUNCIL AUTHORIZATION TO APPROVE OPTIONAL  
RELOCATION ASSISTANCE POLICY FOR LOW-INCOME OWNER-  
OCCUPANTS WHO ARE BEING INVOLUNTARILY DISPLACED AS A  
RESULT OF USE OF COMMUNITY DEVELOPMENT BLOCK GRANT  
FUNDS OR HOME INVESTMENT PARTNERSHIPS PROGRAM FUNDS**

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As a recipient of federal funds under the Community Development Block Grant program and the HOME Investment Partnerships program, the Lexington-Fayette Urban County Government is required to comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act) in the purchase of property and relocation of residents, businesses, and organizations, in the use of these federal funds.

The proposed Optional Relocation Assistance Policy will be used in addition to the Uniform Act when low-income owner-occupants (families and individuals) are being involuntarily displaced from properties with fair market values less than the outstanding balance of the mortgage loan(s) on the properties. The policy is limited to people who qualify as 180-day homeowners whose negative equity does not exceed 125% of the appraised value. The maximum monetary assistance will not exceed \$20,000. The use of this policy will permit the LFUCG to purchase property with a negative equity without reducing the replacement housing payment. The goal is to continue homeownership for displaced homeowners.

Council authorization to approve Optional Relocation Policy is hereby requested.

  
Irene Gooding  
Director

Cc: Richard Moloney, Chief Administrative Officer

**HORSE CAPITAL OF THE WORLD**

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# OPTIONAL RELOCATION ASSISTANCE POLICY

## COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) and/or HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

### LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT (LFUCG) DIVISION OF GRANTS AND SPECIAL PROGRAMS

#### PURPOSE

The purpose of this Optional Relocation Assistance Policy (Policy) is to utilize the Administrative Settlement provisions as set forth in 49 CFR 24.102(i), for involuntary acquisitions of homeowner/occupied properties in a **negative equity** situation. This tool will only be available when CDBG or HOME funds are allocated for involuntary acquisitions and when the property is homeowner/occupied and in a **negative equity** situation. The negative equity must be a result of the property having a fair market value that is less than the outstanding balance of the mortgage loan(s) on the property. When this Policy is invoked, the replacement housing payment will not be decreased by the negative equity assistance.

This Policy will allow funding for assistance to families and/or individuals who are permanently displaced due to involuntary acquisitions. The assistance is pursuant to 24 CFR 570.606(b) or (c) for CDBG funds and pursuant to 24 CFR 92.353(c) for HOME funds, at levels in excess of those required by these paragraphs. *(Note: includes displaced persons eligible for URA relocation assistance only)*

LFUCG deems it is in the best interests of residential owner-occupants to develop a written Optional Relocation Assistance Policy (Policy) to provide negative equity assistance, without a reduction to the replacement housing payment, to such owner-occupants, who must move permanently and when the owner-occupied property is in a negative equity situation.

#### I. ELIGIBILITY CRITERIA

##### A. Basis for Consideration

Involuntary Acquisition Residential owner-occupants who are forced to permanently relocate as a result of involuntary acquisition

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## **B. Income Requirements**

Eligible residential applicants may be approved to receive assistance under this Policy only if the household's annual gross income, as defined by the regulations at 24 CFR Part 5, does not exceed 80% of the median area income.

## **C. Conditions For Eligibility**

To obtain assistance under this Policy, residential applicants who meet the income criteria of this Policy must be a 180-day homeowner-occupant (as defined in 49 CFR 24.401), of a property that has negative equity resulting from the market value of the owner-occupied property being less than the outstanding balance of the mortgage loan(s) on the property.

The mortgage loan(s) must be secured by the real property through the use of a Mortgage and Note which evidences the existence of the loan and the encumbrance of that realty through the granting of a mortgage which secures the loan.

## **II. AVAILABILITY OF FUNDING AND RANKING CRITERIA**

Residential owner-occupants who meet the income criteria and the eligibility condition will be entitled to the monetary assistance outlined in this Policy if funding is available. LFUCG will give first funding priority to such assistance from any unobligated or otherwise available program funds (CDBG or HOME, as applicable).

## **III. ASSISTANCE TO BE PROVIDED**

### **General Description of Assistance for Residential Homeowner-Occupants**

Persons who meet the eligibility per Paragraphs A, B & C as applicable, and in this Policy, will be eligible for monetary assistance in the amount of the negative equity up to 125% of the appraised value of the property, not to exceed \$20,000.00. This assistance will not reduce the replacement housing payment. Therefore, in calculating the replacement housing payment, the purchase price paid will equal the initial offer of just compensation.

## **IV. RECORDKEEPING**

Complete records, files, documents and justification for any payment made pursuant to this Plan shall be maintained in accordance with the recordkeeping

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requirements of [ For CDBG *insert 24 CFR 570.490 or 570.506*; For HOME *insert 24 CFR 92.508*] [*and if applicable insert other recordkeeping requirements*].

## **V. COMPLAINTS/APPEALS**

In an effort to satisfy all parties affected by the activities proposed herein, LFUCG has established the following procedure for complaints/appeals:

If an individual is denied assistance or believes that sufficient or adequate assistance has not been approved as prescribed by this policy, the person may file a complaint/appeal with the applicable division manager.

If manager denies the individual's appeal, the individual may request a review of that decision to the division director.

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