

# 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

## **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 requirements of 24 CFR 570.490 or 570.506; and 24 CFR 92.508.

#### **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.