

**PALM BEACH COUNTY  
BOARD OF COUNTY COMMISSIONERS  
AGENDA ITEM SUMMARY**

**5D-1**

Meeting Date: July 7, 2009 [ ] Consent [ X ] Regular  
 Department: Housing and Community Development  
 Submitted By: Housing and Community Development

I. EXECUTIVE BRIEF

**Motion and Title: Staff recommends motion to: A) Authorize** the Department of Housing and Community Development to submit an application to the U.S. Department of Housing and Urban Development (HUD) under the Neighborhood Stabilization Program 2 (NSP-2); **B) Approve** the proposed NSP-2 activities and funding request amounts; and, **C) Adopt** a Resolution authorizing the County Administrator or his designee to execute the Neighborhood Stabilization Program 2 grant application, Standard Form 424, Certifications, Agreement with HUD, and all other documents related to implementation of the Neighborhood Stabilization Program 2.

**Summary:** The U.S. Department of Housing and Urban Development (HUD) is making Neighborhood Stabilization Program 2 (NSP-2) funds in the amount of \$1.93 billion available nationwide through a competitive funding process. In order to access NSP-2 funds, Palm Beach County must submit an application to HUD by July 17, 2009. Because NSP-2 funds are not allocated on an entitlement basis, submittal of an application does not guarantee the award of funding. Eligible applicants include state governments, units of local government, and non-profit entities, and such eligible applicants may have a for-profit partner(s). The purpose of NSP-2 is to stabilize neighborhoods that have been damaged by the economic effects of abandoned and foreclosed properties, and as such, the County's NSP-2 application proposes to request funding as follows: **a)** \$9.15 million for HCD to provide low-interest second mortgages to homebuyers to acquire vacant foreclosed properties for owner-occupancy; **b)** \$20.13 million for a competitive Residential Redevelopment Program to provide grants or loans to subrecipient entities to acquire/rehabilitate vacant foreclosed residential properties for subsequent affordable resale or rental; and **c)** \$16.47 million for a competitive Neighborhood Redevelopment Program to provide loans or grants to subrecipient entities partnering with for-profit developers to acquire and/or redevelop vacant residential properties for affordable multifamily rental housing. The NSP-2 regulations allow an amount of up to 10% of the overall grant to be used for general administration and planning activities. HCD intends to request a total of \$50 million and will utilize 8.5% of the request for administrative costs leaving \$45.75 million for implementation of the activities. NSP-2 funds may assist households earning up to 120% of Area Median Income (AMI), however, no less than 25% of the total grant funding must be used to assist households whose incomes do not exceed 50% of AMI. HUD requires that NSP-2 applicants identify a targeted geographic area which meets certain criteria based on foreclosure and vacancy rates provided by HUD. HCD's proposed target area is the Palm Beach County Urban Redevelopment Area which includes the Westgate/Belvedere Homes CRA district. As required by HUD, citizen input was received and the Board of County Commissioners meeting was advertised via a Public Notice published on June 26, 2009. All relevant documentation was also posted on HCD's website. **These are Federal funds that require no local match.** (Countywide) (TKF)

**Background and Policy Issues:** The Housing and Economic Recovery Act of 2008 (HERA), approved on July 30, 2008, as amended, appropriated \$2 billion under the Act's Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes provisions, known as the Neighborhood Stabilization Program 2 (NSP-2). The NSP-2 grant is a special Community Development Block Grant (CDBG) allocation created to address the problem of abandoned and foreclosed properties. The HERA legislation mandates that the NSP-2 must provide benefits to individuals and families whose income does not exceed 120% of the area median income. The uses of NSP-2 funds are limited to activities that stabilize neighborhoods that have been damaged by the economic effects of abandoned and foreclosed properties. The HUD Notice which advised of the availability of NSP-2 funds, the application process, and terms and conditions of the grant was published on May 4, 2009. The County's application to HUD is due on July 17, 2009. In order to meet HUD's deadline for submission of the application, the Board is being requested to authorize the County Administrator or his designee to sign the Neighborhood Stabilization Program 2 grant application, Agreement with U.S. Department of Housing and Urban Development (HUD), and other related program documentation.

**Attachments:**

- A. Proposed Program Activities
- B. Resolution

**Recommended By:** Edward R. Gromb 7/2/09  
 Department Director Date

**Approved By:** Sharon J. [Signature] 7/6/09  
 Assistant County Administrator Date

**II. FISCAL IMPACT ANALYSIS**

**A. Five Year Summary of Fiscal Impact:**

<u>Fiscal Years</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Capital Expenditures	_____	_____	_____	_____	_____
Operating Costs:	_____	_____	_____	_____	_____
External Revenues:	_____	_____	_____	_____	_____
Program Income (County)	_____	_____	_____	_____	_____
In-Kind Match (County):	_____	_____	_____	_____	_____
NET FISCAL IMPACT:	*	_____	_____	_____	_____
# OF ADDITIONAL FTE POSITIONS (Cumulative):	_____	_____	_____	_____	_____

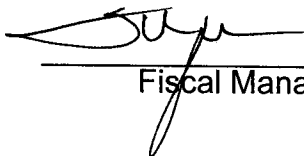
Is Item Included In Current Budget? Yes \_\_\_\_\_ No \_\_\_\_\_

Budget Account #: Fund \_\_\_\_\_ Dept \_\_\_\_\_ Unit \_\_\_\_\_ Object \_\_\_\_\_  
 Program Code/Program Period \_\_\_\_\_

**B. Recommended Sources of Funds/Summary of Fiscal Impact:**

*NO FISCAL IMPACT AT THIS TIME*

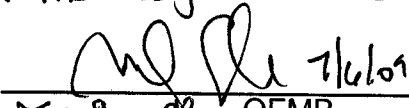
**C. Departmental Fiscal Review:**

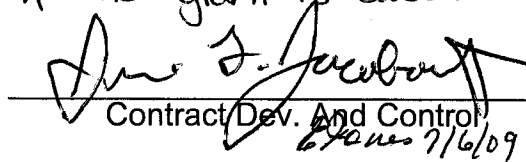
  
 Fiscal Manager I 7-2-09

**III. REVIEW COMMENTS**

**A. OFMB Fiscal and/or Contract Administration Comments:**

\* The budget will be amended if the grant is awarded.

  
 OFMB 7/6/09  
 7/6/09 07/06/09  
 (WD) 7/6/09

  
 Contract Dev. and Control 7/6/09  
 6/24/09 7/6/09

**B. Legal Sufficiency:**

  
 Senior Assistant County Attorney 7/6/09

**C. Other Department Review:**

\_\_\_\_\_  
 Department Director

## **NEIGHBORHOOD STABILIZATION PROGRAM 2 PROPOSED PROGRAM ACTIVITIES**

The Neighborhood Stabilization Program limits the use of funds to five categories of activities. Activities that are proposed must fall within one of the NSP categories. Eligible activities under the NSP-2 grant are as follows:

- Establishment of financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties;
- Purchase and rehabilitation of homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties;
- Establishment of land banks;
- Demolition of blighted structures; and the
- Redevelopment of demolished or vacant properties as housing.

The following is a list of activities which will be included in HCD's application to HUD for NSP-2 funds.

### **A) Second Mortgage Loan Program**

Funds will be utilized as a second mortgage to reduce the housing costs – principal and closing costs – of homebuyers with incomes at or below 120% AMI with at least 25% of the funds going to households with incomes no greater than 50% AMI. The program will be implemented by HCD. Purchasers will be approved by HCD for a second mortgage at which time they would be required to locate homes which have been foreclosed upon and complete all negotiations with the bank or financial institution which owns the property. Second mortgage criteria will vary for each income group with very low income households receiving a greater amount of funds. \$9.15 million of the request will be used to undertake this program.

### **B) Residential Redevelopment Program**

This activity offers grants and/or loans for the purchase of vacant and foreclosed residential properties, intended to be resold or rented, after repairs, to eligible potential homebuyers or renters. Eligible applicants under this category are: municipalities with inter local agreements with Palm Beach County, public agencies, and CLTs, CHDOs, CDCs, CRAs and other non-profit organizations located in Palm Beach County. HCD will distribute these funds via a RFP/NOFA process. This program will be targeted to households earning less than 80% AMI. \$20.13 million of the request will be used to undertake this program.

### **C) Neighborhood Redevelopment Program**

This activity will provide grant and/or loan assistance through an RFP/NOFA to municipalities, non-profit organizations, for-profit organizations, non-profit organizations in partnership with for-profits, and other local agencies to redevelop or rehabilitate foreclosed and vacant residential properties for reuse as affordable rental housing. The applicants may also purchase vacant residential land upon which new rental housing shall be constructed. At least 25% of units assisted under this program shall be set aside for households at or below 30% AMI. It is anticipated that these units will be occupied by households who are part of Palm Beach County's Homeless Continuum of Care. At least 55% of the new or redeveloped units must be leased to households earning less than 50% of AMI, with the remainder of the units being leased to households earning up to 120% of AMI. Lower incomes are permitted. The applicants must secure first mortgage financing or gap financing through the Palm Beach County Housing Finance Authority or from another source. HCD will make a request of \$16.47 million for this program.

### **D) General Administration and Planning Costs**

The program allows for 10% of the overall grant to be used for general administration and planning activities. HCD is proposing to utilize no more than 8.5% or \$4.25 million to plan and implement the NSP Program over a period of 3 years.

**RESOLUTION NO. R-2009-**

**RESOLUTION AUTHORIZING THE COUNTY ADMINISTRATOR OR HIS DESIGNEE TO EXECUTE THE NEIGHBORHOOD STABILIZATION PROGRAM 2 GRANT APPLICATION, STANDARD FORM 424, CERTIFICATIONS, AGREEMENT WITH HUD, AND ALL OTHER DOCUMENTS RELATED TO IMPLEMENTATION OF THE NEIGHBORHOOD STABILIZATION PROGRAM 2.**

**WHEREAS**, The State of Florida is one of the hardest hit states nationwide by the current crisis in the real estate industry; and

**WHEREAS**, Palm Beach County has experienced a significant increase in the number of homes foreclosed upon or in the foreclosure process due to the real estate crisis; and

**WHEREAS**, the Palm Beach County Board of County Commissioners intends to utilize all available resources to enable the full recovery of the County's housing and real estate industry from its current negative condition; and

**WHEREAS**, on July 30, 2008 the President of the United States signed the Housing and Economic Recovery Act of 2008 (HERA), as amended, which appropriated \$2 billion for assistance for the acquisition and redevelopment of abandoned and foreclosed homes and residential properties; and

**WHEREAS**, a component of HERA called the Neighborhood Stabilization Program 2 (NSP-2), made available \$2 billion through a nationwide competition, to be used for the purchase, rehabilitation, and redevelopment of abandoned and foreclosed homes and other residential properties; and

**WHEREAS**, on May 4, 2009 Palm Beach County was officially notified of the NSP-2 funding availability, the statutory program requirements, and the application submission deadline of July 17, 2009.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA:**

The County Administrator or his designee is authorized to execute the Neighborhood Stabilization Program 2 grant application, Standard Form 424, Certifications, Agreement with HUD, and all other documents related to implementation of the Neighborhood Stabilization Program 2.

The foregoing Resolution was offered by Commissioner \_\_\_\_\_, who moved its adoption. The motion was seconded by Commissioner \_\_\_\_\_, and being put to a vote, the vote was as follows:

- JOHN F. KOONS, Chairman** -
- BURT AARONSON, Vice Chairman** -
- KAREN T. MARCUS** -
- SHELLY VANA** -
- STEVEN L. ABRAMS** -
- JESS R. SANTAMARIA** -
- VACANT (DISTRICT 7)** -

The Chairperson thereupon declared the Resolution duly passed and adopted this \_\_\_\_\_ day of July, 2009.

**PALM BEACH COUNTY, FLORIDA, BY ITS BOARD OF COUNTY COMMISSIONERS**

**APPROVED AS TO FORM AND LEGAL SELF SUFFICIENCY**

**ATTEST:  
SHARON R. BOCK, Clerk and  
Comptroller**

By:   
\_\_\_\_\_  
Tammy K. Fields, Senior Asst. County Attorney

By: \_\_\_\_\_  
Deputy Clerk