

Meeting Date: November 3, 2009 ☒ Consent ☐ Regular
☐ Ordinance ☐ Public Hearing

Department: Housing & Community Development

Submitted By: Housing & Community Development

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to approve: **A)** the Twenty-Fifth Amendment to the FY 2007-2008 Action Plan to provide funding recommendations under the Neighborhood Stabilization Program (NSP) Residential Redevelopment Program and **B)** the Residential Redevelopment Program Rehabilitation Policies.

Summary: On April 26 and 29, 2009, the County published a Notice of Funding Availability (NOFA) to advise non-profit agencies, municipalities and other public agencies of the availability of \$5,000,000 under the Residential Redevelopment Program to purchase and rehabilitate (if necessary) vacant, abandoned and foreclosed residential properties, which would then be resold or leased at affordable prices/rents to eligible homebuyers or renters for use as their primary residence. In response to this NOFA, HCD received twelve (12) applications. Eight (8) applications are being recommended for funding as follows: WPB Spanish Seventh-Day Adventist Church-\$272,600 (District 2); Community Land Trust of PBC-\$800,000 (Districts 6 & 7); Neighborhood Renaissance-\$500,000 (Districts 2 & 6); Housing Partnership-\$850,000 (District 1); City of Riviera Beach-\$577,400 (District 7); PBC Housing Authority-\$750,000 (District 5); Village of Wellington-\$750,000 (District 6); and Riviera Beach Housing Authority-\$500,000 (District 7). It is anticipated that approximately forty-seven (47) housing units (22 homeownership units and 25 rental units) will be acquired and rehabilitated (if necessary) by the program participants. Under the program, the County will require that revenues derived from the sale or rental of the housing units, be returned to the County or be used to purchase additional housing units under the program. The rehabilitation policies adopted by the Board of County Commissioners (BCC) on April 21, 2009 (R-2009-0697) for the Neighborhood Stabilization Program (NSP) funded First Mortgage Loan Program is now being proposed to be used for the Residential Redevelopment Program. **These are Federal funds which require no local match.** Countywide (TKF)

Background and Justification: On September 29, 2008, HUD published a Notice which advised of the availability of NSP funds, of which Palm Beach County was eligible to receive \$27,700,340. In order to gain access to these funds Palm Beach County was
(Continued on Page 3)

Attachments:

- A. Twenty-Fifth (25th) Amendment to FY 2007-08 Action Plan
- B. Neighborhood Stabilization Program (NSP1) Funding Recommendations
- C. Residential Redevelopment Rehabilitation Policy

Recommended By: Edward R. [Signature]
Department Director

Date _____

Approved By: Shannon G. [Signature]
Assistant County Administrator

Date _____

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

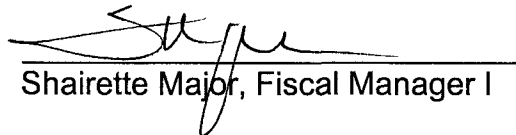
| Fiscal Years | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------------------|-------|----------|-------|-------|-------|
| Capital Expenditures | _____ | _____ | _____ | _____ | _____ |
| Operating Costs | _____ | _____ | _____ | _____ | _____ |
| External Revenues | _____ | _____ | _____ | _____ |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

Is Item Included In Current Budget? Yes _____ No _____
Budget Account No.: 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:


Shairette Major, Fiscal Manager I

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Dev. and Contract Comments:


OFMB 10/27/09


Contract Dev. and Control 10/29/09

B. Legal Sufficiency:


Senior Assistant County Attorney 10/29/09

C. Other Department Review:

Department Director

Background and Policy Issues (Continued from Page 1): required to submit an application to HUD which outlined the proposed use of the entire award. On November 18, 2008, the Board of County Commissioners (BCC) approved the County's application to HUD, which included a request of \$5,000,000 to fund the Residential Redevelopment Program under which non-profit organizations, public agencies and municipalities could acquire vacant, abandoned and foreclosed upon residential properties for resale or rental to income-eligible households. HUD advised of approval of the County's application on January 12, 2009. On April 21, 2009, the BCC approved the Program Guidelines for the Residential Redevelopment Program and the First Mortgage Loan Program (FMLP), which included a rehabilitation policy for residential housing units under the FMLP. Under the Residential Redevelopment Program, the County will require that revenues derived from the sale or rental of the housing units, be returned to the County or be used to purchase additional housing units under the program.

On April 26 and 29, 2009, the County published a Notice of Funding Availability (NOFA) to advise non-profit agencies, municipalities and other public agencies of the availability of up to \$5,000,000 under the Residential Redevelopment Program. On May 20, 2009 HCD staff conducted a public workshop on the NSP First Mortgage and Residential Redevelopment Programs. Applications for funding under the Residential Redevelopment Program were due to HCD by June 5, 2009. HCD received twelve (12) applications for funding from eight (8) non-profit agencies, two (2) municipalities; and two (2) public housing authorities. After HCD staff's review of the applications, on August 20, 2009, a public meeting was held to discuss the eligibility and merits of each application before a funding committee. The funding recommendations were published in the Palm Beach Post on October 8, 2009 and posted to HCD's website. A 15 day public comment period was imposed. At the time that the agenda item was submitted for approval, no comments were received by HCD.

Palm Beach County
Department of Housing and Community Development

Twenty-Fifth (25th) Amendment to the Action Plan for FY 2007-08

The Palm Beach County Department of Housing and Community Development was allocated \$27,700,340 under the U.S. Department of Housing and Urban Development (HUD) Neighborhood Stabilization Program (NSP) during FY 2007-08.

On November 18, 2008, the Board of County Commissioners approved the County's application to HUD, which included a request of \$5,000,000 to fund the Residential Redevelopment Program under which non-profit organizations, public agencies and municipalities could acquire vacant, abandoned and foreclosed upon residential properties for resale or rental to income-eligible households.

CDBG ACTIVITY TO BE CHANGED IN SCOPE

Residential Redevelopment Program

The scope of the activity will be changed to allocate \$5,000,000 of NSP funding to program participants who are recommended to conduct the acquisition and rehabilitation (if necessary) of approximately 47 housing units (22 homeownership units and 25 rental units) to be resold or leased at affordable prices/rents to eligible homebuyers or renters for uses as their primary residence.

Activity Classification

Per HUD Regulations: Acquisition (24 CFR 570.201(a))
 Disposition (24 CFR 570.201(b))
 Direct homeownership assistance (24 CFR 570.201(n))
 Eligible rehabilitation and preservation activities
 (24 CFR 570.202)

CDBG National Objective

Per HUD Regulations: Low - and Moderate-Income Housing Activities
 (24 CFR 570.208(a)(3))

**PALM BEACH COUNTY HOUSING AND COMMUNITY DEVELOPMENT
NSP Residential Redevelopment Program**

| Applicant | Project Description | NSP Request | Recommendations | Commission District(s) |
|---|--|---------------------|------------------------|-------------------------------------|
| WPB Spanish Seventh-Day Adventist Church | Purchase of 3 multifamily properties with a total of 9 units to be used as rental properties. 7 units need rehab. Properties are in unincorporated WPB and the City of Lake Worth. | \$557,420 | \$272,600 | 2 |
| Community Land Trust of Palm Beach County | Acquisition and rehabilitation of 6 foreclosed single family homes in Royal Palm Beach and Lake Worth for resale under the CLT model. | \$820,500 | \$800,000 | 6-Royal Palm Beach 7- Lake Worth |
| Neighborhood Renaissance | Acquisition and rehabilitation of seven (7) homes in Unincorporated Palm Beach County for rental to eligible families. | \$916,058 | \$500,000 | 2 and 6 |
| Affordable Housing Solutions | Acquisition and rehabilitation of 30 housing units (15 for rental and 15 for resale/homeownership) | \$5,425,000 | -0- | All Districts |
| Habitat for Humanity | Rebuilding two (2) single family homes in Pahokee; acquisition and rehabilitation of one single family home in Greenacres. | \$85,000 | -0- | 2-Greenacres 6-Pahokee |
| Housing Partnership | Acquisition and rehabilitation of either four 4-unit rental properties or two 8-unit rental properties. | \$1,500,000 | \$850,000 | 1 |
| City of Riviera Beach | Acquisition and rehabilitation of 10 foreclosed single-family housing units in 2 specific target areas of the city. Homes will be resold to eligible buyers. | \$1,637,960 | \$577,400 | 7 |
| PBC Housing Authority | Purchase, rehabilitate and rent, 10 foreclosed, bank-owned single-family homes located in zip code 33437 (unincorporated Boynton Beach). | \$2,127,144 | \$750,000 | 5 |
| REACH | Acquisition and rehabilitation of 1-2 properties for homeownership. | \$250,000 | -0- | 1 |
| Village of Wellington | Acquisition and rehabilitation of 15 single family homes and 24 affordable rental units | \$5,000,000 | \$750,000 | 6 |
| Lake Worth CDC | Acquisition and rehabilitation of 31 condominiums at the Lakeview Gardens Condominium complex for lease to eligible families. | \$697,839 | -0- | 2 |
| Riviera Beach Housing Authority | Acquire and rehab 8 single family housing units for the purpose of renting to eligible households | \$1,308,115 | \$500,000 | 7 |
| GRAND TOTAL | | \$20,325,036 | \$5,000,000 | |

RESIDENTIAL REDEVELOPMENT REHABILITATION POLICY

The NSP requires that all NSP assisted rehabilitation of a foreclosed upon home or residential property shall be to the extent necessary comply with applicable laws, codes, and other requirements relating to housing safety, quality, and habitability in order to sell rent or redevelop such homes and properties. Program requirements also state that all housing units purchased are eligible for rehabilitation.

All rehabilitation undertaken must be consistent with the existing County CDBG rehabilitation policies except that eligible beneficiaries will be required to have income which is at or below 120% of the AMI. All rehabilitation work done under this program will seek to upgrade the property to ensure compliance with applicable municipal, county and state housing and building standards to the extent that the repairs performed are practical and feasible. NSP assisted rehabilitation of a foreclosed upon residential property shall be to the extent necessary to comply with applicable laws, codes, and other requirements relating to housing safety, quality, and habitability in order to sell, rent or redevelop such properties. Rehabilitation may also include improvements to increase the energy efficiency or conservation of such properties or to provide a renewable energy source or sources for such properties.

All major code, health and safety violations must be repaired prior to occupancy at the expense of either the property buyer or seller. However, if the remaining rehabilitative work is deemed excessive or too extensive (exceeding \$35,000 for single family residential units or \$15,000 per unit for multi-family and attached residential units) the property may be disqualified for NSP funding.

Major code, health and safety violations include (but are not limited to): non-functional plumbing, roof replacement, mold remediation, faulty electrical system, failing septic system, missing exterior doors and windows, structural defects, failing foundations due to termites and/or termite damage.

HCD will only replace code related items (*in lieu of repair*) if the items are either missing or deemed inoperable and beyond repair. Where applicable, installation costs are eligible under NSP, if grant funding has been set aside to replace that item. In cases where appliances, fixtures and the like must be replaced, it is required that those items be replaced with energy efficient products. If appliances, fixtures and the like are in satisfactory working condition, those items cannot be replaced. Remodeling is not an eligible use of NSP grant awards. Only those approved items are eligible for repair and/or replacement. Approved applicants are permitted to use a portion of their grant award (up to \$35,000 for single family or up to \$15,000 per unit for multi-family and attached units) to rehabilitate the property being purchased. A rehabilitation contract shall list all repairs that are to be made and shall be executed by the NSP property buyer and contractor prior to the use of NSP funds.

All rehabilitation funds (*either from the County or any other source*) must be escrowed at closing. Prior to funds being released to a contractor, HCD must confirm the final repairs have been made. **Only an HCD Rehabilitation Compliance Inspector or HCD Director can authorize the release of repair funds held in escrow and only approved items are eligible for repairs and rehabilitation.**

EXAMPLES OF ELIGIBLE HOME REPAIRS INCLUDE THE ITEMS LISTED BELOW AND THE LIKE:

- Complete roof repair of deteriorated roofing systems to eliminate substandard or unsafe roofing conditions including gutters (*if roof replacement is required, it must be completed prior to closing by the seller and/or buyer*)
- Broken water pipes
- Water leaks in walls or foundation
- Interior and exterior door replacement including hardware
- Bathroom rehabilitation to include: wall repair, repair/replacement of missing or inoperable tub, sink and toilet
- Garage door repair/replacement
- Windows and window fixtures replacement including screens
- Inoperable hot water heater
- Drywall replacement/repair
- Inoperable exterior doors and windows
- Replacement of missing or inoperable hurricane shutters
- Electrical repairs to include breaker panel upgrades and whole house rewiring
- Gas leaks

- Termite and rodent treatment and repairs
- Kitchen rehabilitation to include: wall repair, repair/replacement of missing or inoperable stove, refrigerator, sink, dishwasher, garbage disposal and cabinets
- Repair of cracked/dangerous driveway
- Repair/replace HVAC system
- Floor covering repair (*or replacement if the floor covering is missing or damaged beyond repair*)
- Insulation
- Repair deteriorated siding/stucco (*to include interior and exterior painting where necessary*)
- Repair of an existing sprinkler system and related items
- Repair of an existing screen and patio enclosures
- Repair of an existing fence
- Repair/replace light fixtures as required by code
- Accommodations in bedroom, bathroom and/or kitchen including removal of all architectural barriers, for persons with disabilities
- Repair of existing lawn sprinkler system when required by code
- Replace existing yard grass (sod) when required by code
- Any other repairs (*i.e. mold remediation*) identified as being in violation of applicable housing and building codes threatening the life, health and safety of the residents

S:\2007_08\Neighborhood Stabilization Program\Criteria and Policy for BCC Approval\RESIDENTIAL REDEVELOPMENT REHABILITATION POLICY.doc