Agenda Item #: 31. 4

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

| Meeting Date: March 23, 2010 |                          | [X]Consent []Public Hearing | [ | ] Regular |  |
|------------------------------|--------------------------|-----------------------------|---|-----------|--|
| Department: Housin           | ng and Community Develor | oment                       |   |           |  |
| Submitted By:                | Housing and Community [  | Development                 |   |           |  |

#### I. EXECUTIVE BRIEF

**Motion and Title:** Staff recommends motion to approve: A) The 26<sup>th</sup> Amendment to the FY 2007-08 Action Plan to Amend the Neighborhood Stabilization Program (NSP1), and B) An Interlocal Agreement between the City of West Palm Beach and Palm Beach County.

**Summary:** The 26<sup>th</sup> Amendment to the FY 2007-08 Action Plan will add zip codes 33401 and 33407 to the list of zip codes already approved by HUD as "areas of greatest need" in the County's NSP application. This will allow for the expenditure of County NSP funds in the following West Palm Beach neighborhoods: Coleman Park, Pleasant City, Greater Northwest and Pinewood. Execution of this Interlocal Agreement between the County and the City of West Palm Beach is required by NSP regulations <u>These are federal Neighborhood Stabilization Program funds that do not require a local match</u>. (Countywide)(TKF)

Background and Justification: The NSP grant is a special Community Development Block Grant (CDBG) allocation created to address the problem of abandoned and foreclosed properties. On November 18, 200%, the Board of County Commissioners approved the Twentieth Amendment to the FY 2007-08 Action Plan which represented the County's application to HUD for \$27,700,340 in NSP funding. Per NSP regulations, all funds must be obligated within eighteen months of the execution of the NSP grant agreement. For Palm Beach County, this date is September 4, 2010. In an effort to realize this deadline, as well as to serve the maximum amount of county residents, the City of West Palm Beach and the County have agreed to allow County funds to be expended in the West Palm Beach neighborhoods of Coleman Park, Pleasant City, Greater Northwest and Pinewood. These neighborhoods have been designated by the City as "areas of greatest need" under its NSP Program based on the areas meeting established city criteria related to foreclosure and vacancy scores. However, in order to participate in the County's NSP Program, these areas have also met the criteria set by the County for determining "areas of greatest need", namely: percentage of homes in foreclosure, percent of homes financed by sub-prime loans, and areas identified as most likely to face significant increase in home foreclosures. The City's participation in the County's NSP Program will be through the activity whereby the County provides 1<sup>st</sup> and 2<sup>nd</sup> mortgages to eligible homebuyers of foreclosed properties. A sum of \$12,845,811 NSP was allocated to this activity. Despite the issuance of loan commitments to seventy (70) families, actual acquisition of housing units, especially by families with incomes that are at or below 50% of AMI, has lagged. It is anticipated that expanding the original County designated "areas of greatest need" to include the West Palm Beach neighborhoods will expedite the expenditure of funds under this activity. Approval of this item will permit the County to provide 1<sup>st</sup> and 2<sup>nd</sup> mortgages to clients to purchase abandoned and foreclosed residential units in the aforementioned City neighborhoods, as well as to purchase homes from the City which were constructed on vacant and foreclosed lots acquired by the City through tax deeds, code liens, or purchased with its own NSP funds following NSP rules.

#### Attachments:

| A. 26" Amendment to FY 2007-08 Action | Plan |
|---------------------------------------|------|
| A. 26" Amendment to FY 2007-08 Action | Pla  |

B. Interlocal Agreement between West Palm Beach and Palm Beach County

Recommended By: Columb D. Sorry 3/10/2010

Department Director Date

Approved By: Assistant County Administrator Date

Page 1 of 2

### II. FISCAL IMPACT ANALYSIS

| A. | <b>Five</b> | Year | Summary | of | <b>Fiscal</b> | Impact: |
|----|-------------|------|---------|----|---------------|---------|
|    |             |      |         |    |               |         |

| <u>Fiscal Years</u><br>Capital Expenditures     | 2009                     | <u>2010</u> | <u>2011</u>                           | <u>2012</u>                         | <u>2013</u> |
|---|--------------------------|-------------|---------------------------------------|-------------------------------------|-------------|
| Operating Costs:                                |                          |             |                                       |                                     |             |
| External Revenues:                              |                          |             |                                       |                                     |             |
| Program Income (County) In-Kind Match (County): |                          | •           | · · · · · · · · · · · · · · · · · · · |                                     |             |
| NET FISCAL IMPACT:                              |                          |             | <del>- 111</del>                      |                                     | Re-Tenancy  |
| # <b>6</b>                                      | * See beli               | <i>a</i> >  |                                       |                                     |             |
| # OF ADDITIONAL FTE POSITIONS (Cumulative       | <b>)</b> :               |             |                                       |                                     |             |
| Is Item Included In Current                     | : Budget?                | Yes         | No                                    |                                     |             |
| Budget Account #: Fund_                         | Dep                      | ot          | Unit                                  | Object_                             |             |
| Program Code/Program Po                         | eriod                    |             | <u></u>                               |                                     |             |
| B. Recommended Sour                             | ces of Funds/            | Summary     | of Fiscal Imp                         | act:                                |             |
| ★ No Fiscal Impact.                             |                          |             |                                       |                                     |             |
| C. Departmental Fiscal                          | Review:                  |             |                                       |                                     |             |
| Fiscal  | <u>عالی</u><br>Manager I | )-PD        |                                       |                                     |             |
|   | III. <u>REV</u>          | IEW COM     | <u>MENTS</u>                          |                                     |             |
| A. OFMB Fiscal and/or                           | Contract Adm             | inistration | Comments:                             |                                     |             |
| OFME OFME                                       | 9,5                      |             | Contract D                            | ev and Cont                         | 13117110    |
| B. Legal Sufficiency:                           | ST !                     | 10          | This Contract rev                     | ct complies with<br>iew requirement | our<br>s.   |
| 1/28  | 2/18/1                   | 9           |                                       | ·                                   |             |
| Senior Assistant Co                             | unty Attorney            | _           |                                       |                                     |             |
| C. Other Department Ro                          | eview:                   |             |                                       |                                     |             |
|   |                          |             |                                       |                                     |             |
| Department I                                    | Director                 |             |                                       |                                     |             |

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# Palm Beach County Department of Housing and Community Development Notice to the Public

On July 30, 2008 the United States Congress approved Public Law 110-289 – Title III of the Housing and Economic Recovery Act, 2008 (HERA), appropriating to the U.S. Department of Housing and Urban Development (HUD) funding for emergency assistance for the redevelopment of abandoned and foreclosed homes and residential properties. Through HERA's component Neighborhood Stabilization Program-1 (NSP-1), a total of \$27,700,340 was made available to the Palm Beach County CDBG Entitlement Jurisdiction (which excludes the Cities of West Palm Beach, Boynton Beach, Delray Beach, and Boca Raton). In order to secure these funds, the County submitted a funding application to HUD on December 1, 2008 which consisted of an Amendment to its Action Plan for FY 2007-08 reflecting its proposed NSP activities.

### 26th Amendment to the Annual Consolidated Plan for FY 2007-08

The proposed 26<sup>th</sup> Amendment to the FY 2007-08 Action Plan entails the expansion in the areas of greatest needs to include 2 zip codes from the City of West Palm Beach. The zip codes and areas which are proposed to be added were determined by the City of West Palm Beach in their NSP-1 application to HUD and in approved Amendment thereto, to be the City's areas of greatest needs. The city's criteria for choosing these areas were based on foreclosure score and vacancy score. The County applied the same criteria used to select its own areas of greatest needs to the city's areas, namely, percentage of homes in foreclosure, percent of homes financed by sub-prime loans, and areas identified as most likely to face significant increase in home foreclosures, the results are shown on the chart below and confirms the City's areas as having similar characteristics to those of the County.

| Neighborhood  | Zip<br>Codes | Foreclosure<br>Score | Vacancy<br>Score | Foreclosure<br>Rate | % Sub-<br>Prime Loans | Foreclosure<br>Risk Score |
|---------------|--------------|----------------------|------------------|---------------------|-----------------------|---------------------------|
| Pleasant City | 33401        | . 19                 | 19               | 6.5%                | 24%                   | 9                         |
| Coleman Park, |              | 20                   | 20               |                     |                       |                           |
| Pinewood,     | 33407        | 20                   | 20               | 9.8%                | 48%                   | 10                        |
| Northwest     |              | 17                   | 20               | ]                   |                       |                           |

The expansion of the County's designated areas of greatest need to include those of the City of West Palm Beach, will expedite the expenditure of funds under the county's 1<sup>st</sup> and 2<sup>nd</sup> mortgage program, thereby realizing a NSP-1 program objective to obligate all NSP-1 funds by September 4, 2010. The amendment is as follows:

### NEIGHBORHOODS ADDED TO THE AREAS OF GREATEST NEEDS

The following areas have been added to those previously identified as "areas of greatest needs" by Palm Beach County for the purposes of its NSP-1 Program.

| ZIP CODES | GEOGRAPHIC AREAS                                  |
|-----------|---|
| 33401     | Coleman Park Neighborhood                         |
| 33407     | Pleasant City, Greater Northwest, Pinewood areas. |

Implementing Agency: Palm Beach County Housing and Community Development Department

The amendment will become final upon approval by the Board of County Commissioners. Written comments on the proposed Amendment will be accepted by HCD at 100 Australian Avenue, Suite 500, West Palm Beach, FL 33406, until March 13, 2010. Please contact HCD at (561)233-3616 to determine the time and date of the BCC meeting.

IN ACCORDANCE WITH THE PROVISIONS OF THE ADA, THIS AD CAN BE REQUESTED IN ALTERNATE FORMAT. AUXILIARY AIDS OR SERVICES WILL BE PROVIDED UPON REQUEST WITH AT LEAST THREE DAYS NOTICE (CONTACT HCD at (561) 233-3616.

Publish on: February 26, 2010

WPB# 09030 Res. 115-10

# INTERLOCAL COOPERATION AGREEMENT BETWEEN PALM BEACH COUNTY AND CITY OF WEST PALM BEACH FOR

EXPENDITURE OF PALM BEACH COUNTY'S NEIGHBORHOOD STABILIZATION PROGRAM (NSP) ALLOCATION WITHIN THE CITY OF WEST PALM BEACH

| THIS           | INTERLO      | CAL COC    | PERATION      | AGREEM      | <b>IENT</b> | made   | and    | entered | into   | this  |
|----------------|--------------|------------|---------------|-------------|-------------|--------|--------|---------|--------|-------|
| day of         | -            |            | _, 2010 by a  | nd betweer  | n PAL       | M BEA  | CH C   | OUNTY,  | a poli | tical |
| subdivision o  | of the State | of Florida | a, hereinafte | er referred | to as       | the "C | OUNT   | Y", and | CITY   | OF    |
| WEST PALI      | // BEACH     | a munici   | pality duly o | organized l | by the      | a laws | of the | State o | f Flor | rida, |
| hereinafter re | eferred to a | s the "MU  | NICIPALITY    | 7II .       |             |        |        |         |        |       |

WHEREAS, over the past two years a crisis in the housing sector as well as a downturn in the general economy has resulted in widespread foreclosures and abandonment of properties as well as a proliferation of vacant and dilapidated structures and/or properties in the COUNTY and the MUNICIPALITY; and

WHEREAS, both the COUNTY and the MUNICIPALITY share common borders with related and interdependent economic and social conditions; and

WHEREAS, the prevailing economic conditions have resulted in the escalated deterioration of neighborhoods in both the COUNTY and the MUNICIPALITY in close proximity to each other, and

WHEREAS, both the MUNICIPALITY and the COUNTY agree that a cooperative effort by both parties is necessary to arrest the decline in the Coleman Park, Pleasant City, Greater Northwest and Pinewood neighborhoods within the MUNICIPALITY, and

WHEREAS, on September 29, 2008 HUD published the "Notice of Allocations, Application Procedures, Regulatory Waivers Granted to and Alternate Requirements for Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes Grantees under the Housing and Economic Recovery Act (HERA), 2008" which provided federal funds to address, *inter alia*, home foreclosures and abandonment of vacant properties including the acquisition and redevelopment of vacant, abandoned and foreclosed upon public facilities in local communities; and

WHEREAS, both the COUNTY and the MUNICIPALITY were awarded separate allocations of NSP funds by HUD to address the objectives of HERA; and

WHEREAS, because of its larger entitlement, both the COUNTY and the MUNICIPALITY have agreed to the County also expending its NSP funds in the MUNICIPALITY'S "areas of greatest needs", and

WHEREAS, the Coleman Park, Pleasant City, Greater Northwest, and Pinewood neighborhoods were designated as "areas of greatest needs" by the MUNICIPALITY in its NSP application, and

WHEREAS, the County has determined that such action will further the objectives of its Consolidated Plan and of HERA, and that reasonable benefits from such action will accrue to its residents; and

WHEREAS, the NSP Notice only allows the use of funds in another jurisdiction if there is

an agreement between the two parties:

NOW, THEREFORE, the parties hereby agree as follows:

- 1. The COUNTY will allow qualified applicants under its 1st and 2nd Mortgage Program to purchase NSP eligible units located in the Coleman Park, Pleasant City, Greater Northwest, and Pinewood neighborhoods of the MUNICIPALITY.
- 2. The COUNTY will, under its 1<sup>st</sup> and 2<sup>nd</sup> Mortgage Program, provide mortgages to NSP eligible purchasers of units built by the MUNICIPALITY on previously vacant abandoned and foreclosed land which was acquired by the MUNICIPALITY via tax deed, code liens, or purchased with its own NSP funds.
- 3. The County will, under its 1st and 2nd Mortgage Program, provide mortgages to NSP eligible buyers of units purchased and rehabilitated by the MUNICIPILITY utilizing their own NSP funding or acquired via tax deeds or code liens.
- 4. The COUNTY may claim credit under its NSP program for all beneficiaries under this Agreement provided mortgages by the COUNTY whose incomes are at or below 50% of the AMI.
- 5. At least 51% of the families moving into COUNTY-funded housing units located in the neighborhoods identified in paragraph 1 above must be current residents of the Palm Beach County entitlement jurisdiction.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officials.

> PALM BEACH COUNTY, FLORIDA, a Political Subdivision of the State of Florida

**BOARD OF COUNTY COMMISSIONERS** 

| By: |                      |
|-----|----------------------|
|     | Burt Aaronson, Chair |

Approved as to Form and Legal Sufficiency:

Tammy K. Fields

Senior Assistant County Attorney

ATTEST:

Clerk

Approved as to Terms and Conditions Dept. of Housing and Community

Development

Edward W. Lowery, Director

Housing and Community Development

CITY OF WEST PALM BEACH, a

Municipality duly organized by the laws of

the State of Florida

Lois Frankel, Mayor

City of West Palm Beach

By: <u>John Date:</u> <u>3-8-10</u> City Attorney's Office

### LEGAL CERTIFICATION BY PALM BEACH COUNTY

As Legal Counsel for Palm Beach County, I hereby state that the terms and provisions of this Agreement are fully authorized under State and local law, and that the Agreement provides full legal authority for the County to undertake, or assist in undertaking, Neighborhood Stabilization Program activities.

Tammy K. Fields, Senior Assistant County Attorney

Palm Beach County, Florida