



Miami-Dade County Board of County Commissioners

Office of the Commission Auditor

Legislative Analysis

Economic Development & Social Services
Committee

February 9, 2011
9:30 A.M.
Commission Chamber

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**Miami-Dade County Board of County Commissioners
Office of the Commission Auditor**

**Legislative Notes
Economic Development & Social Services Committee
Meeting Agenda**

February 9, 2011

Written analyses and notes for the below listed items are attached for your consideration:

Item Number(s)

3(C)

If you require further analysis of these or any other agenda items, please contact
Bia Marsellos, Legislative Supervisor at (305) 375-1255.

**MIAMI-DADE COUNTY
BOARD OF COUNTY COMMISSIONERS
OFFICE OF THE COMMISSION AUDITOR**



Legislative Notes

Agenda Item: 3(C)

File Number: 110202

Committee(s) of Reference: Economic Development and Social Services

Date of Analysis: February 7, 2011

Type of Item: Resolution Authorizing Substantial Amendment to FY2008-12 Consolidated Plan and 2010 Action Plan for Neighborhood Stabilization Program Round 3 Funds

Summary

This resolution authorizes the following:

- Approves the \$20,036,303 Neighborhood Stabilization Program Round 3 (NSP3) Plan as a Substantial Amendment to the County's FY 2008-2012 Consolidated Plan and FY 2010 Action Plan;
- Authorizes the County Mayor to submit the NSP3 Plan to the US Department of Housing and Urban Development (HUD) for approval by the March 1, 2011 due date; and
- Amends NSP Implementing Order (IO)2-11 to include the NSP3 allocation, NSP3 expenditures by activity, and allows for the selection of redevelopment projects for NSP3 funding.

Background and Relevant Legislation

According to the U.S. Department of Housing and Urban Development (HUD), the NSP was established to stabilize communities experiencing high rates of foreclosures and property abandonment. Initial NSP funds (or NSP1) funds were authorized under the Housing and Economic Recovery Act (HERA) of 2008, providing grants to all states and selected local governments on a formula basis.

In September of 2008, HUD distributed \$3.92 billion from HERA to 309 NSP1 grantees (55 states and territories and 254 local governments) in areas hardest hit by foreclosures and abandoned properties. Under NSP1, grantees have 18 months to obligate the funds (September 2010 due date) and four years to expend these allocations. **According to the August 2010 Miami-Dade County NSP report (File No. 102202), as of August 31, 2010, the County has obligated 100 percent of the total grant award (\$62.207 million). Additionally, in the November 2010**

Miami-Dade County NSP report (File No. 110035), as of November 31, 2010, the County has spent \$17,755,999, or approximately 29 percent of the total grant.

HUD has subsequently released additional funds NSP Round 2 (NSP2) and NSP Technical Assistance (NSP-TA). HUD has awarded a total of \$1.93 billion in NSP2 grants to 56 grantees. Additionally, HUD has awarded a \$50 million allocation made available to national and local technical assistance providers to support NSP-TA grantees.

Miami-Dade County has not received funds from NSP2 or NSP-TA.

On September 8, 2010, U.S. HUD announced the allocation of \$1 billion to provide a third round of neighborhood revitalization stabilization grants (NSP3) to all states and select governments on a formula basis. HUD will award grants to 270 states and selected local governments to mitigate the negative impact of the nation's economic decline and housing market collapse and to stabilize and revitalize communities/areas hit the hardest. Miami-Dade County was awarded \$20,036,303 in NSP3 funds.

According to the U.S. HUD website, NSP3 grantees have 2 years from the date HUD signed their grant agreements to expend 50% these funds and 3 years to expend an amount equal to these allocations.

NSP Funds and HUD allocations

NSP1	\$3.92 B
NSP2	\$1.93 B
NSP-TA	\$50.00 M
NSP3	\$1.00 B

NSP is a component of the Community Development Block Grant (CDBG). The CDBG regulatory structure is the platform used to implement NSP and the HOME program provides a platform for NSP affordability requirements.

Under the NSP1 program, NSP grantees develop their own programs and funding priorities. NSP grantees must use at least 25 percent of the funds appropriated for the purchase and redevelopment of abandoned or foreclosed homes or residential properties that will be used to house individuals or families whose incomes do not exceed 50 percent of the area median income. In addition, all activities funded by NSP must benefit low- and moderate-income persons whose income does not exceed 120 percent of area median income. Activities may not qualify under NSP using the "prevent or eliminate slums and blight" or "address urgent community development needs" objectives.

NSP funds may be used for activities which include, but are not limited to:

- Acquire foreclosed or abandoned homes and residential properties;
- Rehabilitate homes and residential properties;

- Demolish blighted structures;
- Redevelop demolished or vacant properties;
- Establish land banks; and
- Establish financing mechanisms to assist low- and moderate-income homebuyers

Differences between NSP1 and NSP3

According to the NSP (NSP1) October 2010 Report (File No. 102633), County staff reviewed the U.S. HUD Notice on NSP Round 3 and noted some differences in approved activities from the NSP1 program. The approved activities for NSP3 program include the following:

- 1) 50 percent of the funds must be expended in two years with the balance being spent in three years;
- 2) Funds are for housing activities only;
- 3) Only ten percent of the grant can be used for demolition, unless a waiver is received;
- 4) Funds cannot be used to demolish public housing;
- 5) Self-Assessments will be required of grantees to demonstrate capacity;
- 6) The target area(s) utilizing the HUD mapping tool must demonstrate neighborhood stabilizing impact; and
- 7) Procedures are required to create preferences for affordable housing rental developments

Miami-Dade County Proposed NSP3 Activity

The proposed NSP3 expenditures by activity and recommended target areas for Miami-Dade County are as follows:

Proposed NSP3 Activity	Proposed Budget	Percentage of Total NSP3 Allocation	Target Areas
Acquisition and rehabilitation of multi-family residential properties to provide affordable rental housing	\$2,592,985	12.94%	Brownsville, Florida City, Liberty City and Opa-locka
Neighborhood redevelopment of affordable multi-family rental housing on vacant property. Activity targets developers with vacant land to offer the ability to leverage other funding in order to achieve results. The County will provide NSP3 funding to augment other funding sources or to provide short-term construction loans	\$15,239,688	76.06%	Brownsville, Florida City, Liberty City and Opa-locka
Demolition of blighted structures to address public health and safety problems in negatively impacted neighborhoods	\$200,000	.99%	Florida City, Opa-locka and South Miami
Administration	\$2,003,630	9.99%	Not applicable
Total Allocation	\$20,036,303		

NSP Legislation

The following is a list of previous approved NSP legislation by the Board of County Commissioners to include the following:

R-1151-08	Substantial Amendment to Miami-Dade County's FY2008-2012 Consolidated Plan and FY2008 Action Plan for Neighborhood Stabilization Program Funds
R-312-09	Resolution authorizing the Implementation Order (IO) 2-11 from the Miami-Dade County Neighborhood Stabilization Program (NSP)
R-732-09	Resolution directing the Mayor or the Mayor's designee to prepare a report with proposed uses of Round 2 of Neighborhood Stabilization Program funds
R-1058-09	Resolution approving amendments to Implementing Order IO-2-11 for the Neighborhood Stabilization Program
R-916-09	Resolution authorizing Submission of the Competitive Application for Neighborhood Stabilization Program 2 Funds
R-183-10	Resolution approving amendment to the Miami-Dade County Neighborhood Stabilization Program and Implementing Order pursuant to Federal Regulations
R-562-10	Resolution approving amendments to the 2008 Action Plan previously approved for the Neighborhood Stabilization Program
R-297-10	Resolution authorizing the sale of twenty-five (25) properties as affordable housing units as part of the Neighborhood Stabilization Program
R-710-10	Resolution authorizing the sale of eighteen (18) properties as affordable housing units as part of the Neighborhood Stabilization Program
R-1127-10	Resolution authorizing the sale of seven (7) properties as affordable housing units as part of the Neighborhood Stabilization Program

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