Memorandum

MIAMI-DADE COUNTY

Date: September 16, 2008

To: Honorable Chairman Bruno A. Barreiro
and Members, Board of County Commissioners

Supplement to
Agenda Item Nos. 14A11 and 14A12

From: George M. Burgess
County Manager

Subject: Supplemental Information Regarding the Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes (Title III) of the Housing and Economic Recovery Act of 2008

Attached is a Status Report on the Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes (Title III) of the Housing and Economic Recovery Act of 2008.

This report includes a background on the legislation, summarizes what is known to date about the eligible uses of these funds, and provides a list of potential strategies for the Board's consideration. The U.S. Department of Housing and Urban Development (USHUD) is expected to issue a Notice in late September notifying local governments of their funding allocation and providing additional guidelines for use of these Title III funds.

Once the Notice is issued, staff will prepare a Resolution for Board action that will include input from the Board on policy and program recommendations.

Attachment

Cynthia W. Curry
Senior Advisor to the County Manager

Status Report on Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes (Title III) of the Housing and Economic Recovery Act of 2008

September 2008

Office of Strategic Business Management
Miami-Dade County

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EXECUTIVE SUMMARY

On July 1, 2008, the Board of County Commissioners approved Resolution R-773-08 sponsored by Vice Chairwoman Barbara Jordan directing the Mayor or the Mayor's designee to develop a plan to apply for and obtain federal grants and other funding sources for the purpose of refurbishing homes that had been foreclosed upon or otherwise abandoned and assist homeowners facing foreclosures. Miami-Dade County will soon be receiving federal funding to address the significant increase in residential mortgage foreclosures that has been experienced since early 2007. The Housing and Economic Recovery Act of 2008 (HERA) became law on July 31, 2008, and County staff has been working to lay the foundation for the effective use of this funding in anticipation of its passage. This legislation is comprised of several programs intended to stimulate a recovery in residential construction and, thereby, lead the U.S. into a period of economic expansion.[1] One important component of this legislation is the *Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes*, or the section commonly referred to as Title III.

Title III provides $3.92 billion in Community Development Block Grants (CDBG) to support local community efforts to address high levels and rates of foreclosure. Florida is number two in the nation behind California in the number of properties currently in the foreclosure process, and Miami-Dade County has the greatest number of properties in foreclosure in Florida. Miami-Dade has been among the nation's hardest hit metropolitan areas in terms of foreclosures and, based on the funding parameters contained in the legislation, the County should receive a significant proportion of the total federal allocation.

The Department of Housing and Urban Development (USHUD) is charged with the task of determining the funding allocations to state and local units of government, as well as providing the rules for implementing Title III. While the basic elements of the funding allocation formula and the general description of the allowable uses are specified in the legislation, the details regarding funding and uses remain unknown. USHUD has indicated that funding allocations and implementation rules will be published in an official notice at the end of September.

The primary purpose of this report is to summarize what is known about Title III, what eligible uses for these funds are likely, and what input we have received to date from the mortgage lending community and community housing advocates. Staff will prepare a follow-up report providing additional, updated information as well as policies and program recommendations for the Manager's and Mayor's consideration and Board approval soon after USHUD issues its official program notice.

In mid July the County Manager convened a small internal working group comprised of staff from my office, OSBM, OCED, HFA and OIA to monitor this legislation, coordinate with other large cities and counties to influence USHUD's policy decisions, and to begin evaluating the County's policy options. This working group has reached out to other County departments that have a role to play in addressing the community impact of foreclosures and to representatives of the local mortgage lending and nonprofit foreclosure or housing counseling communities to provide input into the policy formulation process.

[1] See Attachment 1 for a general overview of the Housing and Economic Recovery Act of 2008.

Those consultations have identified two top priorities for the use of Title III funding: 1) mitigate the impact of the countywide rise in foreclosures of homestead properties through the eligible uses of Title III funding with the focus on keeping families from losing their homes, and providing emergency assistance to renters that may become displaced due to foreclosure; and 2) stabilize neighborhoods with high concentrations of residential foreclosures by utilizing the tools and resources available through Title III and working with lenders and community partners. Our staff analysis so far indicates that residential foreclosures are indeed spread throughout the County, but there are also pockets of concentration in south Miami-Dade County, the central-east section of the County, as well as in some high-density residential areas near the coast.

Title III targets assistance to households whose incomes do not exceed 120 percent of area median family income (AMI) in Miami-Dade County. The broad language in HERA groups the eligible uses into five general categories: 1) establishing financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties; 2) purchase and rehabilitate homes and residential property that have been abandoned or foreclosed in order to sell, rent or redevelop such properties; 3) establish land banks for homes that have been foreclosed; 4) demolish blighted structures; and 5) redevelop demolished or vacant properties. Additional details regarding specific eligible uses are anticipated at the end of September when USHUD publishes its official program notice. The legislation requires that USHUD distribute the appropriated funds to states and units of local government within 30 days of establishing the funding allocation formula, and the funds are, therefore, expected to be available to local governments by the end of October or early November. Recipients of Title III funding will then have 18 months to use such funds, although USHUD officials have given indications that they may consider "committed" funds as "used." The County will, nonetheless, have to move quickly to implement the policies and programs ultimately approved by the BCC.

BACKGROUND

President Bush signed HERA into law on July 31st, 2008. This legislation has several components aimed at providing economic stimulus to the housing sector and, thereby, stimulating the broader economy.[2] Title III, Division B – *Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes* ("Title III") – will have the most immediate impact on local communities and local governments. The text of Title III of HERA is appended (**Attachment 2**).[3]

Title III provides direct assistance to states and units of local government for redevelopment of abandoned and foreclosed upon homes and residential properties through a special CDBG allocation. Title III requires USHUD to allocate $3.92 billion in funding according to a formula that considers: 1) number and percentage of home foreclosures in each State or local unit of government; 2) number and percentage of homes financed by a subprime mortgage related loan; and 3) number and percentage of homes in default or delinquency. Miami-Dade County is likely to receive a considerable share of the total funding available given the extent of the foreclosure problem in the county. USHUD has indicated that it will announce its allocation decisions on September 26th, and at that time local governments that are CDBG entitlement communities will learn if they will receive their funding allocation directly from USHUD or if instead it will come through their respective state governments.

HERA requires that all funds appropriated or otherwise made available under Title III be used with respect to individuals and families whose income does not exceed 120 percent of AMI, and not less than 25 percent of such funds must be used to house individuals and families with incomes not exceeding 50 percent of AMI. Miami-Dade County's area median family income for FY 2008 is $49,200 according to HUD. The 120 percent income threshold for a family of four is $72,360. **Table 1** contains additional detail on income thresholds by household size.

The eligible uses of these funds as stated in Title III are:

1) establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low- and moderate income homebuyers;
2) purchase and rehabilitate homes and residential property that have been abandoned or foreclosed in order to sell, rent or redevelop such properties;
3) establish land banks for homes that have been foreclosed;
4) demolish blighted structures; and
5) redevelop demolished or vacant properties.

Table 1. 2008 USHUD Income Limits* for Miami-Dade County

Family Size	< = 50% AMI	< = 120% AMI
1	$21,110	$50,640
2	$24,100	$57,840
3	$27,150	$65,160
4	$30,150	$72,360
5	$32,550	$78,120
6	$34,950	$83,880
7	$37,400	$89,760
8	$39,800	$95,520

** Income limits as of February 25, 2008 and subject to change by USHUD*

[2] The entire text of the Housing and Economic Recovery Act of 2008 is available in the "Economic News Briefs" section of www.miamidade.gov/eap.

[3] A discussion and analysis of the broader bill is provided in a recent "Economic News Brief" available at www.miamidade.gov/eap.

Miami-Dade County is a member of a coalition of large cities and counties that have asked USHUD to interpret these eligible uses broadly so that local governments may formulate strategies and policies that best address the specific needs of their communities. Program flexibility is viewed as particularly critical in meeting Title III's requirement that 25 percent of the allocated funds be used for households with incomes not exceeding 50 percent of AMI. Local governments are expecting greater specificity regarding eligible uses when USHUD issues a directive providing information on how the agency will implement this legislation. This directive is anticipated to be issued on September 26th. HERA requires that USHUD distribute Title III funds no later than 30 days from the date of establishment of the funding formula.

There are three additional constraints on the use of Title III funding that the County must consider. First, a local government receiving an allocation from Title III funds is required to give priority emphasis to areas with the "greatest need." Factors for determining areas of greatest need include areas with the greatest percentage of home foreclosures; the highest percentage of homes financed with subprime mortgage related loans and the areas identified by local governments as likely to face a significant rise in the rate of home foreclosures. Second, communities awarded Title III funding must use such funds within 18 months, although the definition of "use" is not clear, and local governments have suggested that USHUD consider committed funds as having met the "use" requirement. Third, Title III specifically does not allow USHUD to waive the environmental reviews or other regulatory requirements typically associated with redevelopment projects funded with CDBG.

UNKNOWNS

Although County staff has been actively engaged in providing input to USHUD, the agency has indicated that while it will take all input into consideration, it will not provide feedback prior to the issuance of the notice in late September. The outstanding questions include:

- What is the total anticipated amount of funding that will be coming to Miami-Dade County? What is the total amount allocated to entitlement cities within Miami-Dade County?
- Clarification of the definition of "foreclosed upon" – There is a period of time of at least 30 days, sometimes 60 or more, from the date of the judgment of foreclosure until the actual foreclosure sale. During this time, the homeowner still has a right of redemption and could retain the property if they come to some agreement with the lender(s).
- Funds must be "used" within 18 months – does this refer to commitment or expenditure?
- Will USHUD's implementation rules authorize "rescue funds" – cash grants or loans that would cure a mortgage delinquency for a borrower in financial distress due to illness or unemployment?
- Will recipients be allowed flexibility in drawing down the funds or be required to draw down proportionally on the 25 percent targeted to 50 percent or less of AMI and the 75 percent available for families earning up to 120 Percent of AMI?
- If USHUD decides to make the grant to the states, will the local entitlement jurisdictions receive their funding as a pass-through or will the states be able to determine how funding is distributed within their jurisdiction?

From communications with USHUD officials and other involved parties, the following preliminary information and impressions have been gleaned:

- USHUD has stated that it intends to use public data sources as inputs to the funding allocation formula it will develop. This means that the data they will use will be based on local foreclosure conditions many months ago, which may not reflect current conditions.
- In a meeting of USHUD officials with representatives from large cities and counties, USHUD indicated that tenant-based rental assistance is not likely to be a use included in their implementation notice.
- HERA does not grant USHUD any funding to administer Title III, but USHUD has indicated that there will likely be some mechanism to allow entitlement jurisdictions to recover their program administration costs.

COUNTY ACTIONS TO DATE

- The County has been tracking legislative developments related to the mortgage foreclosure crisis since mid-May when a multi-departmental Foreclosure Prevention and Assistance Task Force was charged with coordinating the County's response. The Task Force Report is available on the County's Economic Analysis and Policy webpage (http://www.miamidade.gov/eap/).
- A small working group of staff from my office, OSBM, OCED and HFA have worked closely with our Intergovernmental Affairs representatives to provide the County's input while the legislation was working its way through Congress. The County worked in partnership with other large cities and counties in developing a common set of recommendations for USHUD's consideration. **Attachment 3** contains the joint letter sent to USHUD summarizing these recommendations.
- In addition, senior staff from OCED have travelled to Washington, D.C. to join our legislative affairs staff in providing face-to-face input to senior USHUD representatives.
- Senior Advisor Cynthia Curry has convened a series of internal meetings with staff from various County departments to share what is known about the Act to date and begin to draft recommendations regarding best use of these Title III funds. In addition, Ms. Curry convened an Ad-Hoc Community Advisory Panel consisting of County staff and representatives from lenders and non-profits to obtain additional input on community needs and effective strategies for maximizing the beneficial impact from a Title III allocation. (**Attachment 4** contains a list of individuals that participated on this panel.)
- The OCED acting director is also setting up a meeting with representatives from other Miami-Dade County entitlement cities (City of Miami, Hialeah, and Miami Beach) that are expected to receive separate funding under this Act. The purpose of this meeting (or series of future meetings) is to understand their priorities and share opportunities for cooperation and collaboration to maximize the impact of Title III funding.
- County staff from OSBM and Planning and Zoning have already begun to compile foreclosure-related data from public and private sources that will assist in identifying high-foreclosure areas within the County so that this information is available to elected officials when evaluating proposed strategies and competing policy options. **Attachment 5** contains a brief summary of recent foreclosure activity in Miami-Dade County. A preliminary analysis of properties that have been recovered by the lender in foreclosure proceedings, often referred to as "REOs" or "Real Estate Owned" properties, indicates that while foreclosures have been spread across the county, there are also pockets of concentration. **Table 2** below

provides the number of these foreclosures by Commission District during the last nine months (through July) and a map (**Attachment 6**) indicating the locations of these properties is appended to this memo. Additional analyses will be performed on this data over the next two weeks.

Table 2. Residential Properties Recovered by Lenders Through Foreclosure Actions November 2007 Through July 2008

	Commission District													
	1	2	3	4	5	6	7	8	9	10	11	12	13	Total
Properties	372	382	481	683	426	315	469	676	1,017	375	533	388	336	6,453
pct of total	5.8%	5.9%	7.5%	10.6%	6.6%	4.9%	7.3%	10.5%	15.8%	5.8%	8.3%	6.0%	5.2%	100.0%
rank	11	9	5	2	7	13	6	3	1	10	4	8	12	NA
Rate (per 1000)	6.8	7.5	7.6	6.5	4.3	4.9	5.5	9.3	13.3	6.1	8.0	6.2	5.4	7.0
rank	6	5	4	7	13	12	10	2	1	9	3	8	11	NA

Note: "Rate" refers to number of real estate owned (REO) properties per 1,000 occupied housing units in 2006 -- the most current data available from the Census Bureau. Data Source: RealtyTrac, Inc.

County staff will continue to monitor the situation and gather any additional information available from USHUD or on any innovative approach being proposed by other jurisdictions that may be applicable to our community.

PRELIMINARY FUNDING USES FOR CONSIDERATION

A combination of strategies will most likely be needed to address the complex and wide-ranging issues associated with foreclosed properties. Foreclosed properties can have detrimental impact on communities and, while re-occupying these units is the primary focus of these strategies, abating blight and assisting households displaced by foreclosure also need attention. The Ad-Hoc Community Advisory Panel developed and ranked a menu of possible strategies that could be implemented with Title III funds (**Attachment 7**). Because USHUD has not issued its final program notice ("Final Notice"), it is not yet clear whether all of these will be allowable under the guidelines.[4]

The three strategies below appear to be consistent with the intent of Title III:

- ***Financing Mechanisms*** – Miami-Dade County could supplement its existing purchase assistance program by providing soft second or third mortgages or shared equity loans for the acquisition of foreclosed properties. The subsidy available to the purchasers would bridge the gap between the cost to acquire the property and the first mortgage, as well as where appropriate cover the costs of necessary repairs. Buyers would be required to maintain the property as their primary residence. The use of financing mechanisms received a high priority rating from the Advisory Panel. Down payment assistance, although not specifically cited in the Title III, was also seen as a desirable strategy. The panel also recognized the potential benefits from using these funds to refinance loans of troubled borrowers, but ranked this as a moderate priority.

[4] The options discussed in this report are based on the information available as of August 28, 2008. It is possible that additional options may be authorized under the USHUD Notice.

- ***Acquisition, Rehabilitation, and Re-Sale of Foreclosed Properties*** – Under this strategy funding would be made available for Miami-Dade County or its designee to acquire, rehabilitate, and re-sell foreclosed properties to income eligible buyers. To ensure the affordability of the properties, low- and moderate-income buyers could be provided with soft second or third mortgages. Completing the full project lifecycle from acquisition to re-sale within the 18-month timeframe may prove extremely difficult, because there is no language in HERA to authorize a waiver of the typical CDBG requirements such as environmental clearance, the 30-day public comment period, and Davis-Bacon and other federal labor standards. The Ad Hoc Panel believes that even if the County decides to outsource implementation of this strategy to an organization specializing in this area, meeting the 18-month timeframe is likely to be problematic.[5] This strategy received a low priority rating from the Advisory Panel.

  Furthermore, clear policy direction will have to be provided to communicate the County's priorities and requirements regardless of the implementation methodology for acquisition, rehabilitation and resale. For example:

  - Which targeted areas receive priority? HERA requires local governments to give priority emphasis to areas with "greatest need." How will this "priority status" be granted?
  - What is the upper limit of the second or third mortgage the County is willing to provide on each property?
  - What specific documentation will be required in support of the application?

  Acquisition and rehabilitation may also be used to develop a land bank as part of a strategic effort to revitalize a neighborhood and/or to help maintain the stock of affordable housing in the County in years to come. This strategy also received a low priority ranking from the Panel.

- ***Acquisition and Rehabilitation of Foreclosed Properties for Rental Units*** – Funding will also be available to acquire and rehabilitate foreclosed properties to provide affordable rental units for income eligible households. This strategy will allow for the purchase of multi-family buildings in foreclosure and will focus on serving households earning 50% AMI or below. Long-term affordability will be assured through rental regulatory agreements and deed restrictions. This strategy received a medium priority rating from the Advisory Panel.

The strategies listed below received a high priority rating from the Ad Hoc Panel. They are not explicitly described in Title III, but may possibly be allowed under the USHUD Final Notice:

- ***Security Deposit Payments and Move-in Assistance*** – For income-eligible tenants occupying foreclosed properties or for very low-income home owners facing foreclosure, security deposits and or move-in assistance such as financing of utility hook-ups would be made available. This program would be closely modeled on the current Housing Assistance Grant (HAG) program, and targeted to households earning less than 50% AMI.

- ***Enhance Emergency Housing Capability*** – This option would involve the purchase of foreclosed property that would be used for short-term housing of low- to moderate income families that are displaced due to foreclosure and operated either directly by the County or through the Homeless Trust and its community partners. After the immediate rash of

[5] This strategy becomes more feasible if the USHUD Notice only requires that the CDBG funds be committed, not necessarily expended, within the 18-month time frame.

foreclosures subsides, these units could be resold or added to the portfolio of County-owned affordable units.

- ***Code Enforcement, Security and Maintenance on Vacant/Foreclosed Properties*** – Focusing on stabilizing neighborhoods and abating blight require funding for code enforcement, security measures and maintenance of foreclosed properties that have been abandoned. In some cases, these abandoned properties create public safety hazards such as unsecured swimming pools and overgrown properties. Effective code enforcement can decrease the need for more expensive rehabilitation by preventing damage from vandalism and neglect. The increase in foreclosed properties has required additional County services for code enforcement and funding will be made available for these activities.

ADDITIONAL CONSIDERATIONS

- The use of any Title III funding received by the County should be consistent with and reinforce the County's existing strategies and plans to expand the availability of affordable and workforce housing.
- Since the CDBG entitlement cities in Miami-Dade will be receiving their own Title III funding, it will be necessary for the County and entitlement cities to establish policies that maximizing the community benefits of Title III funding and ensure equal access to available assistance. How will the County and entitlement cities provide assistance to residents that wish to purchase or rent foreclosed properties that are located within Miami-Dade but are beyond their jurisdictional boundaries?
- There is likely to be foreclosure prevention assistance that the Mayor and Board of County Commissioners would like to provide, but will not fall within the eligible uses of Title III. There are also likely to be eligible uses for which the County is already allocating its own financial resources. In such instances, we may request for a re-appropriation of County funds in order to achieve more effective outcomes.
- It should be explicitly noted that the various strategies and uses of funds described in the prior section and in **Attachment 6** are not necessarily mutually exclusive and in some instances are likely to be complementary to one another.

NEXT STEPS

Shortly after the USHUD Notice is issued in late September, staff will provide a report to the Mayor and the Board of County Commissioners describing policy recommendations and suggestions for program implementation.

ATTACHMENTS

1. General Overview of the Housing and Economic Recovery Act of 2008
2. HR3221, Div B, Title III – Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes.
3. Joint letter from large cities and counties to USHUD
4. Ad Hoc Community Advisory Panel Contributors
5. Foreclosure Activity in Florida and Miami-Dade County
6. Map of Real Estate Owned Properties by Commission District
7. List of Possible Strategies Developed by the Ad Hoc Community Panel

ATTACHMENT 1 – General Overview of the Housing and Economic Recovery Act of 2008

President Bush signed the Housing and Economic Recovery Act of 2008 (the "Act") into law on July 31st after dropping a veto threat. The Whitehouse steadfastly opposed to a provision in the legislation providing local governments with $3.92 billion to buy, repair and sell foreclosed properties. The compromise version allows states and local governments to use these authorized funds on establishing a range of financing mechanisms to reoccupy or redevelop foreclosed upon homes or residential property without actually having local governments purchase them. This Act has several other components aimed at providing economic stimulus to the housing sector and, thereby, stimulating the broader economy.[1]

The impasse between the president and Congress over how best to deal with the problems in the mortgage credit markets and in residential construction was overcome when the Treasury Department was able to obtain modifications in the bill that authorized Treasury to provide financial liquidity to the nation's key mortgage credit institutions – Fannie Mae and Freddie Mac – should that become necessary in the coming year. The provision gives Treasury the authority through 2009 to purchase stock in either company or extend either of them additional credit, and also increases the federal debt ceiling to accommodate use of that authority.

Fannie Mae and Freddie Mac own or guarantee approximately half the nation's mortgage loans and their capacity to buy mortgages from lenders and repackage them for sale to investors as debt-backed securities is essential to maintaining the flow of credit in the mortgage market. If these government-sponsored enterprises are unable to fulfill their core function, mortgage credit comes to a standstill and the collapse of the housing and construction sector would likely follow. Such a collapse would not only have severe consequences for the U.S., but also for the global economy. The risks associated with either or both institutions facing serious financial difficulty led the Treasury and the U.S. Federal Reserve Bank to take measures to restore investor confidence in both institutions.

The major components of the Act directly affecting the residential mortgage foreclosure crises are Title IV, Division A – Hope for Homeowners – and Title III, Division B – Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes. Hope for Homeowners establishes an FHA program to insure refinanced loans on principal residences for distressed borrowers to avoid foreclosure and also includes measures that support long-term and sustainable homeownership. Participation in the program is voluntary for borrowers and lenders, and requires: 1) waivers of prepayment penalties or fees on existing loans; 2) elimination of second liens; and 3) that the new loan carry a fixed interest rate for a term not less than 30 years and not exceed 90 percent of current appraised value. Increases in the property's value must be shared with the federal government as a condition of participation in this program. The number of homeowners who will likely participate in this program, however, is uncertain in light of all the conditions that must be satisfied and the difficulty of negotiating voluntary agreements with all concerned parties.

The final legislation included a provision that authorizes funding through the Community Redevelopment Block Grant program to assist states and units of local government with the redevelopment of abandoned and foreclosed upon homes and residential properties. Title III requires the Secretary of Housing and Urban Development to allocate $3.92 billion in funding to

[1] The text of this Act is available in the "Economic News Briefs" section of www.miamidade.gov/eap.

states and local units of government according to a formula that considers: 1) number and percentage of home foreclosures in a state or local unit of government; 2) number and percentage of homes financed by a subprime mortgage related loan; and 3) number and percentage of homes in default or delinquency. Miami-Dade County is likely to receive a considerable share of the total funding available given the extent of the foreclosure problem in the County, although a greater emphasis in the final allocation formula on actual numbers of foreclosures and residential mortgages in delinquency or default rather than on the percentages of homes or mortgages in these categories will result in higher funding levels for Miami-Dade. The Department of Housing and Urban Development (USHUD) has indicated that their allocation decisions will be announced on September 26th and local governments will then learn if they will receive their funding allocation directly from USHUD or if instead it will come through their respective state governments. Since Title III requires that funding allocations be used within 18 months of the award, large cities and counties have requested that USHUD make allocations directly to eligible cities and counties.

The broad legislative language in Title III describes the eligible uses of these funds as: 1) establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans; 2) purchase and rehabilitate homes and residential property that have been abandoned or foreclosed in order to sell, rent or redevelop such properties; 3) establish land banks for homes that have been foreclosed; 4) demolition of blighted structures; and 5) redevelop demolished or vacant properties. A coalition of large cities and counties that include Miami-Dade, have asked USHUD to interpret these eligible uses broadly so that local governments may formulate strategies and policies that best address the foreclosure problem according to the specific characteristics of their communities. Local governments are expecting greater specificity regarding eligible uses when USHUD issues its official program notice at the end of September.

Assistance provided through Title III is limited to households whose incomes do not exceed 120 percent of Area Median Family Income (AMI) as calculated by USHUD.[2] Title III also requires that 25 percent of the CDBG allocation be targeted to low income households with incomes at 50 percent or less of AMI. Reliance on providing rental housing opportunities will almost certainly be necessary to serve low income households with Title III funds.

Title III (Section 2305) authorizes $180 million to the Neighborhood Reinvestment Corporation to fund counseling organizations that provide foreclosure loss mitigation counseling services. This authorization includes $80 million that was made available in prior legislation. The additional $100 million in funding will be available through December 31, 2008. Under Title IV of Act, these funds are intended, in part, to: 1) support referral and information services to at-risk borrowers; 2) connect distressed borrowers with approved counseling agencies that will assist them in working out a positive resolution to their mortgage delinquency or foreclosure; and 3) facilitate or offer free assistance to homeowners to understand their options, negotiate solutions, and find the best resolution to their particular situation. Thirty million dollars of the increase in grant funding is directed to USHUD approved counseling intermediaries for the hiring of attorneys to assist homeowners with legal issues directly related to the homeowner's foreclosure, delinquency or short sale.[3]

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[2] Area median family income in Miami-Dade County for FY 2008 is $49,200 according to HUD. The 120 % income threshold for a family of four is $72,360. The FY 2009 income thresholds will likely be higher than those in 2008.

[3] A "short sale" refers to the sale of a property for a price less than the outstanding balance(s) of the mortgage(s) held on that property. A short sale requires the approval of the lenders that hold the mortgage(s).

There are two other major provisions of the Act. The first may help alleviate the foreclosure crisis in the near term, while the second supports expansion of low income housing over the longer term, respectively. The first of these provisions is Section 3021 of the Act – *Temporary Liberalization of Tax Exempt Housing Bond Rules.* Section 3021 includes a provision granting state and local housing financing agencies authority to issue an additional $11 billion in tax-exempt mortgage revenue bonds before the end of 2010. Capital raised from those bonds may be used to refinance *qualified* subprime mortgages, and, thereby, allow borrowers who are under the financial strain of adjustable rate mortgages to refinance to fixed rate loans with more affordable terms. These refinancing mortgages are limited to single family homes.[4] The increase in the tax exempt mortgage revenue bond caps had been sought by local housing finance authorities to provide them with a tool to address the foreclosure crisis in their communities, but the legislation also allows these housing finance agencies to use this additional capital for their traditional mortgage programs (e.g., first time homebuyers). The additional $11 billion bonding authority will be distributed to each state in proportion to its 2008 allocation prior to this supplemental authority.

Section 1338 of the Act supports the expansion of low income housing by establishing the Affordable Housing Trust Fund that will be financed through a 0.042 percent fee levied against the outstanding principal balance of new loans in the portfolios of Fannie Mae and Freddie Mac.[5] The Trust will be funded beginning in 2010 with projected contibutions of intitially $322 million annually rising to $650 million annually by the third year. Sixty-five (65) percent of the funds will be allocated by USHUD directly to state governments, who in turn must award part of those funds to local goverments through a competitive application process. Addressing the housing shortage for low income households is the primary purpose of these funds.[6] The remaining 35 percent will be directed to a Capital Magnet Fund (Section 1339) and allocated to Community Development Financial Institutions. The Capital Magnet Fund establishes a competitive grant program under the U.S. Treasury Department to attract private capital for affordable housing, economic development activities, and community service facilities (e.g., childcare centers, workforce development and healthcare clinics). This program encourages private sector investments through loan loss reserves, revolving loan funds, and risk-sharing loans.

We should also note that Title IX of The Housing and Economic Recovery Act increases the appropriation under the McKinney-Vento Homeless Assistance Act from $70 million annually to $100 million annually and requires emergency assistance to children and their families who become homeless as a result of foreclosure. This assistance is also available to renters who become homeless due to a landlord's foreclosure. The additional $30 million in FY2009 will go to state educational agencies based on need, and the state agencies are required to make subgrants available to local educational agencies.

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[4] A qualified mortgage is defined as an adjustable rate single-family residential mortgage loan made after December 31, 2001, and before January 1, 2008, that the housing finance agency determines would be reasonably likely to cause financial hardship to the borrower if not refinanced.

[5] Fannie Mae and Freddie Mac are both private corporations that are chartered (and regulated) by the federal government.

[6] More information on the Affordable Housing Trust Fund is available from the National Low Income Housing Coalition at http://www.nlihc.org/template/page.cfm?id=40 (accessed Sept. 01, 2008)

TITLE III—EMERGENCY ASSISTANCE FOR THE REDEVELOPMENT OF ABANDONED AND FORECLOSED HOMES

SEC. 2301. EMERGENCY ASSISTANCE FOR THE REDEVELOPMENT OF ABANDONED AND FORECLOSED HOMES.

(a) DIRECT APPROPRIATIONS.—There are appropriated out of any money in the Treasury not otherwise appropriated for the fiscal year 2008, $4,000,000,000, to remain available until expended, for assistance to States and units of general local government (as such terms are defined in section 102 of the Housing and Community Development Act of 1974 (42 U.S.C. 5302)) for the redevelopment of abandoned and foreclosed upon homes and residential properties.

(b) ALLOCATION OF APPROPRIATED AMOUNTS.—

(1) IN GENERAL.—The amounts appropriated or otherwise made available to States and units of general local government under this section shall be allocated based on a funding formula established by the Secretary of Housing and Urban Development (in this title referred to as the "Secretary").

(2) FORMULA TO BE DEVISED SWIFTLY.—The funding formula required under paragraph (1) shall

1 *be established not later than 60 days after the date of*
2 *enactment of this section.*
3 *(3) CRITERIA.—The funding formula required*
4 *under paragraph (1) shall ensure that any amounts*
5 *appropriated or otherwise made available under this*
6 *section are allocated to States and units of general*
7 *local government with the greatest need, as such need*
8 *is determined in the discretion of the Secretary based*
9 *on—*
10 *(A) the number and percentage of home*
11 *foreclosures in each State or unit of general local*
12 *government;*
13 *(B) the number and percentage of homes fi-*
14 *nanced by a subprime mortgage related loan in*
15 *each State or unit of general local government;*
16 *and*
17 *(C) the number and percentage of homes in*
18 *default or delinquency in each State or unit of*
19 *general local government.*
20 *(4) DISTRIBUTION.—Amounts appropriated or*
21 *otherwise made available under this section shall be*
22 *distributed according to the funding formula estab-*
23 *lished by the Secretary under paragraph (1) not later*
24 *than 30 days after the establishment of such formula.*
25 *(c) USE OF FUNDS.—*

1 *(1) IN GENERAL.—Any State or unit of general*
2 *local government that receives amounts pursuant to*
3 *this section shall, not later than 18 months after the*
4 *receipt of such amounts, use such amounts to pur-*
5 *chase and redevelop abandoned and foreclosed homes*
6 *and residential properties.*
7 *(2) PRIORITY.—Any State or unit of general*
8 *local government that receives amounts pursuant to*
9 *this section shall in distributing such amounts give*
10 *priority emphasis and consideration to those metro-*
11 *politan areas, metropolitan cities, urban areas, rural*
12 *areas, low- and moderate-income areas, and other*
13 *areas with the greatest need, including those—*
14 *(A) with the greatest percentage of home*
15 *foreclosures;*
16 *(B) with the highest percentage of homes fi-*
17 *nanced by a subprime mortgage related loan;*
18 *and*
19 *(C) identified by the State or unit of gen-*
20 *eral local government as likely to face a signifi-*
21 *cant rise in the rate of home foreclosures.*
22 *(3) ELIGIBLE USES.—Amounts made available*
23 *under this section may be used to—*
24 *(A) establish financing mechanisms for pur-*
25 *chase and redevelopment of foreclosed upon*

1 *homes and residential properties, including such*
2 *mechanisms as soft-seconds, loan loss reserves,*
3 *and shared-equity loans for low- and moderate-*
4 *income homebuyers;*
5 *(B) purchase and rehabilitate homes and*
6 *residential properties that have been abandoned*
7 *or foreclosed upon, in order to sell, rent, or rede-*
8 *velop such homes and properties;*
9 *(C) establish land banks for homes that have*
10 *been foreclosed upon;*
11 *(D) demolish blighted structures; and*
12 *(E) redevelop demolished or vacant prop-*
13 *erties.*
14 *(d) LIMITATIONS.—*
15 *(1) ON PURCHASES.—Any purchase of a fore-*
16 *closed upon home or residential property under this*
17 *section shall be at a discount from the current market*
18 *appraised value of the home or property, taking into*
19 *account its current condition, and such discount shall*
20 *ensure that purchasers are paying below-market value*
21 *for the home or property.*
22 *(2) REHABILITATION.—Any rehabilitation of a*
23 *foreclosed-upon home or residential property under*
24 *this section shall be to the extent necessary to comply*
25 *with applicable laws, codes, and other requirements*

1 *relating to housing safety, quality, and habitability,*
2 *in order to sell, rent, or redevelop such homes and*
3 *properties. Rehabilitation may include improvements*
4 *to increase the energy efficiency or conservation of*
5 *such homes and properties or provide a renewable en-*
6 *ergy source or sources for such homes and properties.*
7 *(3) SALE OF HOMES.—If an abandoned or fore-*
8 *closed upon home or residential property is pur-*
9 *chased, redeveloped, or otherwise sold to an individual*
10 *as a primary residence, then such sale shall be in an*
11 *amount equal to or less than the cost to acquire and*
12 *redevelop or rehabilitate such home or property up to*
13 *a decent, safe, and habitable condition.*
14 *(4) REINVESTMENT OF PROFITS.—*
15 *(A) PROFITS FROM SALES, RENTALS, AND*
16 *REDEVELOPMENT.—*
17 *(i) 5-YEAR REINVESTMENT PERIOD.—*
18 *During the 5-year period following the date*
19 *of enactment of this Act, any revenue gen-*
20 *erated from the sale, rental, redevelopment,*
21 *rehabilitation, or any other eligible use that*
22 *is in excess of the cost to acquire and rede-*
23 *velop (including reasonable development*
24 *fees) or rehabilitate an abandoned or fore-*
25 *closed upon home or residential property*

1 *shall be provided to and used by the State*
2 *or unit of general local government in ac-*
3 *cordance with, and in furtherance of, the*
4 *intent and provisions of this section.*
5 *(ii) DEPOSITS IN THE TREASURY.—*
6 *(I) PROFITS.—Upon the expira-*
7 *tion of the 5-year period set forth*
8 *under clause (i), any revenue generated*
9 *from the sale, rental, redevelopment,*
10 *rehabilitation, or any other eligible use*
11 *that is in excess of the cost to acquire*
12 *and redevelop (including reasonable*
13 *development fees) or rehabilitate an*
14 *abandoned or foreclosed upon home or*
15 *residential property shall be deposited*
16 *in the Treasury of the United States as*
17 *miscellaneous receipts, unless the Sec-*
18 *retary approves a request to use the*
19 *funds for purposes under this Act.*
20 *(II) OTHER AMOUNTS.—Upon the*
21 *expiration of the 5-year period set*
22 *forth under clause (i), any other rev-*
23 *enue not described under subclause (I)*
24 *generated from the sale, rental, redevel-*
25 *opment, rehabilitation, or any other el-*

1 *igible use of an abandoned or foreclosed*
2 *upon home or residential property*
3 *shall be deposited in the Treasury of*
4 *the United States as miscellaneous re-*
5 *ceipts.*
6 *(B) OTHER REVENUES.—Any revenue gen-*
7 *erated under subparagraphs (A), (C) or (D) of*
8 *subsection (c)(3) shall be provided to and used by*
9 *the State or unit of general local government in*
10 *accordance with, and in furtherance of, the in-*
11 *tent and provisions of this section.*
12 *(e) RULES OF CONSTRUCTION.—*
13 *(1) IN GENERAL.—Except as otherwise provided*
14 *by this section, amounts appropriated, revenues gen-*
15 *erated, or amounts otherwise made available to States*
16 *and units of general local government under this sec-*
17 *tion shall be treated as though such funds were com-*
18 *munity development block grant funds under title I of*
19 *the Housing and Community Development Act of*
20 *1974 (42 U.S.C. 5301 et seq.).*
21 *(2) NO MATCH.—No matching funds shall be re-*
22 *quired in order for a State or unit of general local*
23 *government to receive any amounts under this section.*
24 *(f) AUTHORITY TO SPECIFY ALTERNATIVE REQUIRE-*
25 *MENTS.—*

1 *(1) IN GENERAL.—In administering any*
2 *amounts appropriated or otherwise made available*
3 *under this section, the Secretary may specify alter-*
4 *native requirements to any provision under title I of*
5 *the Housing and Community Development Act of*
6 *1974 (except for those related to fair housing, non-*
7 *discrimination, labor standards, and the environ-*
8 *ment) in accordance with the terms of this section*
9 *and for the sole purpose of expediting the use of such*
10 *funds.*
11 *(2) NOTICE.—The Secretary shall provide writ-*
12 *ten notice of its intent to exercise the authority to*
13 *specify alternative requirements under paragraph (1)*
14 *to the Committee on Banking, Housing and Urban*
15 *Affairs of the Senate and the Committee on Financial*
16 *Services of the House of Representatives not later*
17 *than 10 business days before such exercise of author-*
18 *ity is to occur.*
19 *(3) LOW AND MODERATE INCOME REQUIRE-*
20 *MENT.—*
21 *(A) IN GENERAL.—Notwithstanding the au-*
22 *thority of the Secretary under paragraph (1)—*
23 *(i) all of the funds appropriated or*
24 *otherwise made available under this section*
25 *shall be used with respect to individuals*

1 *and families whose income does not exceed*
2 *120 percent of area median income; and*
3 *(ii) not less than 25 percent of the*
4 *funds appropriated or otherwise made*
5 *available under this section shall be used for*
6 *the purchase and redevelopment of aban-*
7 *doned or foreclosed upon homes or residen-*
8 *tial properties that will be used to house in-*
9 *dividuals or families whose incomes do not*
10 *exceed 50 percent of area median income.*
11 *(B) RECURRENT REQUIREMENT.—The Sec-*
12 *retary shall, by rule or order, ensure, to the max-*
13 *imum extent practicable and for the longest fea-*
14 *sible term, that the sale, rental, or redevelopment*
15 *of abandoned and foreclosed upon homes and res-*
16 *idential properties under this section remain af-*
17 *fordable to individuals or families described in*
18 *subparagraph (A).*
19 *(g) PERIODIC AUDITS.—In consultation with the Sec-*
20 *retary of Housing and Urban Development, the Comptroller*
21 *General of the United States shall conduct periodic audits*
22 *to ensure that funds appropriated, made available, or other-*
23 *wise distributed under this section are being used in a man-*
24 *ner consistent with the criteria provided in this section.*

1 ***SEC. 2302. NATIONWIDE DISTRIBUTION OF RESOURCES.***

2 *Notwithstanding any other provision of this Act or the*
3 *amendments made by this Act, each State shall receive not*
4 *less than 0.5 percent of funds made available under section*
5 *2301 (relating to emergency assistance for the redevelop-*
6 *ment of abandoned and foreclosed homes).*

7 ***SEC. 2303. LIMITATION ON USE OF FUNDS WITH RESPECT***
8 ***TO EMINENT DOMAIN.***

9 *No State or unit of general local government may use*
10 *any amounts received pursuant to section 2301 to fund any*
11 *project that seeks to use the power of eminent domain, un-*
12 *less eminent domain is employed only for a public use: Pro-*
13 *vided, That for purposes of this section, public use shall not*
14 *be construed to include economic development that pri-*
15 *marily benefits private entities.*

16 ***SEC. 2304. LIMITATION ON DISTRIBUTION OF FUNDS.***

17 *(a) IN GENERAL.—None of the funds made available*
18 *under this title or title IV shall be distributed to—*

19 *(1) an organization which has been indicted for*
20 *a violation under Federal law relating to an election*
21 *for Federal office; or*

22 *(2) an organization which employs applicable*
23 *individuals.*

24 *(b) APPLICABLE INDIVIDUALS DEFINED.—In this sec-*
25 *tion, the term "applicable individual" means an individual*
26 *who—*

1 *(1) is—*

2 *(A) employed by the organization in a per-*

3 *manent or temporary capacity;*

4 *(B) contracted or retained by the organiza-*

5 *tion; or*

6 *(C) acting on behalf of, or with the express*

7 *or apparent authority of, the organization; and*

8 *(2) has been indicted for a violation under Fed-*

9 *eral law relating to an election for Federal office.*

10 ***SEC. 2305. COUNSELING INTERMEDIARIES.***

11 *Notwithstanding any other provision of this Act, the*

12 *amount appropriated under section 2301(a) of this Act*

13 *shall be $3,920,000,000 and the amount appropriated under*

14 *section 2401 of this Act shall be $180,000,000: Provided,*

15 *That of the amount appropriated under section 2401 of this*

16 *Act pursuant to this section, not less than 15 percent shall*

17 *be provided to counseling organizations that target coun-*

18 *seling services regarding loss mitigation to minority and*

19 *low-income homeowners or provide such services in neigh-*

20 *borhoods with high concentrations of minority and low-in-*

21 *come homeowners: Provided further, That of amounts ap-*

22 *propriated under such section 2401 $30,000,000 shall be*

23 *used by the Neighborhood Reinvestment Corporation (re-*

24 *ferred to in this section as the "NRC") to make grants to*

25 *counseling intermediaries approved by the Department of*

1 *Housing and Urban Development or the NRC to hire attor-*
2 *neys to assist homeowners who have legal issues directly re-*
3 *lated to the homeowner's foreclosure, delinquency or short*
4 *sale. Such attorneys shall be capable of assisting home-*
5 *owners of owner-occupied homes with mortgages in default,*
6 *in danger of default, or subject to or at risk of foreclosure*
7 *and who have legal issues that cannot be handled by coun-*
8 *selors already employed by such intermediaries: Provided*
9 *further, That of the amounts provided for in the prior pro-*
10 *visos the NRC shall give priority consideration to coun-*
11 *seling intermediaries and legal organizations that (1) pro-*
12 *vide legal assistance in the 100 metropolitan statistical*
13 *areas (as defined by the Director of the Office of Manage-*
14 *ment and Budget) with the highest home foreclosure rates,*
15 *and (2) have the capacity to begin using the financial as-*
16 *sistance within 90 days after receipt of the assistance: Pro-*
17 *vided further, That no funds provided under this Act shall*
18 *be used to provide, obtain, or arrange on behalf of a home-*
19 *owner, legal representation involving or for the purposes of*
20 *civil litigation: Provided further, That the NRC, in award-*
21 *ing counseling grants under section 2401 of this Act, may*
22 *consider, where appropriate, whether the entity has imple-*
23 *mented a written plan for providing in-person counseling*
24 *and for making contact, including personal contact, with*

1 *defaulted mortgagors, for the purpose of providing coun-*
2 *seling or providing information about available counseling.*

3 *TITLE IV—HOUSING*
4 *COUNSELING RESOURCES*

5 ***SEC. 2401. HOUSING COUNSELING RESOURCES.***

6 *There are appropriated out of any money in the Treas-*
7 *ury not otherwise appropriated for the fiscal year 2008, for*
8 *an additional amount for the "Neighborhood Reinvestment*
9 *Corporation—Payment to the Neighborhood Reinvestment*
10 *Corporation" $100,000,000, to remain available until De-*
11 *cember 31, 2008, for foreclosure mitigation activities under*
12 *the terms and conditions contained in the second undesig-*
13 *nated paragraph (beginning with the phrase "For an addi-*
14 *tional amount") under the heading "Neighborhood Rein-*
15 *vestment Corporation—Payment to the Neighborhood Rein-*
16 *vestment Corporation" of Public Law 110–161.*

17 ***SEC. 2402. CREDIT COUNSELING.***

18 *(a) IN GENERAL.—Entities approved by the Neighbor-*
19 *hood Reinvestment Corporation or the Secretary and State*
20 *housing finance entities receiving funds under this title*
21 *shall work to identify and coordinate with non-profit orga-*
22 *nizations operating national or statewide toll-free fore-*
23 *closure prevention hotlines, including those that—*

1 *(1) serve as a consumer referral source and data*
2 *repository for borrowers experiencing some form of de-*
3 *linquency or foreclosure;*
4 *(2) connect callers with local housing counseling*
5 *agencies approved by the Neighborhood Reinvestment*
6 *Corporation or the Secretary to assist with working*
7 *out a positive resolution to their mortgage delin-*
8 *quency or foreclosure; or*
9 *(3) facilitate or offer free assistance to help*
10 *homeowners to understand their options, negotiate so-*
11 *lutions, and find the best resolution for their par-*
12 *ticular circumstances.*

13 ***TITLE V—MORTGAGE DISCLO-***
14 ***SURE IMPROVEMENT ACT***

15 ***SEC. 2501. SHORT TITLE.***

16 *This title may be cited as the "Mortgage Disclosure*
17 *Improvement Act of 2008".*

18 ***SEC. 2502. ENHANCED MORTGAGE LOAN DISCLOSURES.***

19 *(a) TRUTH IN LENDING ACT DISCLOSURES.—Section*
20 *128(b)(2) of the Truth in Lending Act (15 U.S.C.*
21 *1638(b)(2)) is amended—*
22 *(1) by inserting "(A)" before "In the";*
23 *(2) by striking "a residential mortgage trans-*
24 *action, as defined in section 103(w)" and inserting*

ATTACHMENT 3 - Joint letter from large cities and counties to USHUD

MAJOR CITY / URBAN COUNTY FORECLOSURE RESPONSE WORKGROUP

Recommendations on Implementation of Housing and Economic Recovery Act, Division B, Title III

August 20, 2008

The Honorable Susan Peppler
Assistant Secretary for Community Planning and Development
U.S. Department of Housing and Urban Development
451 7th Street SW
Washington, DC 20410

Dear Assistant Secretary Peppler:

The undersigned major cities and urban counties submit the following comments for consideration as the U.S. Department of Housing and Urban Development (HUD) prepares to implement the Housing and Economic Recovery Act, Division B, Title III (P.L. 110-289).

In combination, our governments represent a total population of more than 46 million residents from 16 states. Our metropolitan areas accounted for about 45% of the nation's foreclosed housing in the last quarter. We have long-standing experience with implementing HUD-financed programs at the local level, and more recently as the leads in funding and implementing new responses to housing foreclosures within our jurisdictions. Therefore, we appreciate HUD's openness to addressing our policy and operational concerns as localities ultimately responsible for administering new funds and dealing with the impacts of foreclosed properties, vacancies, and blight.

The statute gives HUD relatively broad discretion in allocating funds, defining eligible uses, and establishing program administration. We urge HUD to implement processes and guidelines that are mindful of special challenges faced by the largest cities and counties across the country, addressing –

1) flexibility in eligible use of funds;
2) direct allocation of funds to local governments, including a need-based process for calculating and allowances for cross-jurisdiction collaboration;
3) low income-based spending requirements;
4) administrative costs allowances;
5) 18-month use timeframe;
6) drawdown timing;
7) other basic program and administrative considerations for Alternative guidelines;
8) formula weighting; and
9) data sources.

1. Flexibility in Eligible Use of Funds

HUD guidelines should assure that funds can be used for the widest possible range of activities, without requiring that local governments or non-profit partners actually purchase those properties.

Such activities will leverage more action from available funding, facilitate more market-oriented responses to reoccupy foreclosed properties without the inefficiencies of government as intermediary. Allowable activities should include, but not be limited to –

- Home Purchase Financing Mechanisms. Many local governments want to help finance the purchase of a foreclosed property directly between a buyer and seller in the open market, thereby reaching more properties with greater speed and efficiency. Funding is needed for such activities as below-market interest mortgages, interest rate buy-downs, soft-second mortgages, deferred interest-free second mortgages, shared equity programs, and loan loss reserves. Some of these activities, such as establishing loan loss reserves, also may require HUD to be clear about permissible procedures for drawdown (as outlined below). These activities meet the statutory purposes in Section 2301(c)(3)(A).

- Grants or Expenditures for Purchase and Rehab Costs. Similarly, some local governments want to provide other direct support to facilitate acquisition and rehabilitation of foreclosed properties without having to take possession of those properties. Both grants and revolving funds should be permissible ways to address these needs, which could entail some reversionary interests. Beyond mortgage programs, allowable acquisition purposes should include downpayment assistance or coverage of purchase transaction costs and customary carrying costs (e.g. real estate taxes, insurance, utilities, loan interest, and performing warranty work on sold homes). Rehabilitation expenses also should be allowable for the full costs of work performed, including architectural, construction management, appraisal, inspection, and legal fees. These activities meet the statutory purposes in Sections 2301(c)(3)(A), (B), and (E).

- Counseling for Prospective Purchasers. While other federal funds were appropriated to counsel current owners facing potential foreclosures, there is little or no funding available to help ensure that prospective purchasers of foreclosed properties are well prepared to sustain homeownership. Providing such counseling to potential homebuyers should be an eligible use of funds as a critical component of enabling financing. This is particularly important to achieve statutory targeting of households below 50% of Area Median Income (AMI). These activities meet the statutory purposes in Sections 2301(c)(3)(A) and (B).

- Rental Assistance and Security Deposit Payments. Providing temporary rental assistance targeted to help very low-income households in occupying foreclosed properties is directly linked to the statutory purposes of financing purchase, redevelopment, and reoccupancy, as well as provision of more affordable housing, particularly for persons who lost their homes. Rental assistance is a cost-effective way to finance non-governmental purchase and redevelopment by basically guaranteeing a rental payment funding stream and occupancy over a particular period. Because it may be difficult to achieve the statutory low-income set-aside goals in some areas through homeownership efforts, and the high costs of purchasing and maintaining affordable rental properties, rental assistance is a critical financing vehicle to achieve those objectives. These activities meet the statutory purposes in Sections 2301(c)(3)(A) and (E).

- Preventive Code Enforcement, Security, and Maintenance on Vacant Properties. A primary intent of the statute is to stabilize neighborhoods and abate blight created by vacant

foreclosed properties. For homes not actually acquired by the local government, code enforcement, installation of security measures to prevent vandalism, and maintenance of external appearance directly address the allowable purpose of redeveloping homes for reoccupancy under 2301(c)(3)(A) and (E). They actually are more cost-effective approaches to redevelopment because they prevent costly damage and neglect that require rehabilitation in the first place. Although local governments attempt to pay for these activities by imposing liens on the properties, the upfront cost of undertaking these measures for so many sites and long delays in recovering expenses is difficult for many localities to manage while tax receipts are falling.

2. Direct Allocation of Funds to Local Governments – Rationale, Process, and Allowances for Cross-Jurisdiction Collaboration

HUD should make direct grants to cities and counties as explicitly anticipated in the statute. HUD should not award funding only to States for pass-through; to do so would be inconsistent with clear Congressional intent, optimal public policy, and practical administrative needs.

States serving as a grant intermediary between HUD and the largest cities and counties would significantly delay funding release, increase administrative costs, and potentially dilute funds. Some States will require that their legislature enact implementing legislation to release dollars at a time when most legislatures will not be in session. At a minimum, States will need to establish their own grant systems, allocation process, and oversight mechanisms, thereby adding a third layer to the program. The major cities and counties that would receive these funds directly, all of which would be Community Development Block Grant (CDBG) entitlement communities, are sophisticated in dealing with various HUD direct grant programs. In virtually every instance, we anticipate that the agency currently responsible for CDBG administration would administer this funding.

HUD also should make explicit in its guidelines that a State can supplement a direct local grant with its own grant receipts, allowing for response to increased future needs. HUD also should set guidelines that facilitate local governments with overlapping geography (cities and counties) to coordinate on joint fund uses like regional land banks.

<u>State Minimum Guarantee – Making Need-Based Distributions and Counting Local Allocations</u>

In establishing the allocation formula, HUD must consider the statutory guarantee that each State "receive" at least 0.05% of the total grant funding, which, in effect, means that some States will receive more funding than they otherwise would based on a solely need-based formula.

Furthermore, HUD should not consider the statute to require that the State government be the direct grant recipient or control that minimum allocation. State guarantees should not be allocated prior to or distinct from need-based distributions, because to do so would distort the targeting clearly intended in the statute and shift more money toward States with lesser foreclosure factors.

To ensure that the greatest share of total funding is targeted to areas with the greatest need, HUD should first determine the results of a need-based formula allocation for each CDBG-entitlement community, assigning need of remaining non-entitlement areas to States. HUD then should compute whether a State meets the minimum requirement by counting total combined allotments to local jurisdictions and State government rather than solely to a State government. HUD can adjust

the amounts to assure that the minimum is reached by increasing those that do not meet the guarantee, deducting a pro rata amount from other grant recipients.

First Targeting Funds to Local Government as the Right Scale for Program Action

HUD should prioritize providing funds to local governments over the State as the most appropriate entities to implement foreclosure response programs. Cities and counties best understand the neighborhood housing and redevelopment circumstances within their own jurisdictions, already are undertaking a wide range of foreclosure programs using their own funds, and have in place the localized non-profit network partnerships required for successful action. Because States do not have this capacity, it would be counterproductive for HUD to consider providing any general waiver authority that would permit States to bypass major urban governments and act directly in their stead.

Therefore, HUD should not limit the proportion of total funding available directly to local governments in accordance with traditional CDBG percentages. Because the vast majority of foreclosures are occurring in entitlement communities, to impose a 70/30 split with states could divert funds to areas of lesser need and dramatically dilute available dollars. Funds should flow either to entitlement communities, or to states for non-entitlement areas, based on the relative need in each without an arbitrary set-aside or cap.

In implementing this approach, we recognize that HUD intends a certain minimum level of funding be required in order to implement effective programs, and some CDBG entitlement communities may not reach that threshold under a distribution based on foreclosure response needs. However, funds should remain targeted as close as possible in those geographic areas.

Recommended Steps in Allocation Process

To maximize the amount of money targeted based on need at the appropriate level, the HUD should apply the following process to make allocations –

1) Using the need-based formula, calculate the funding allocation for (i) each CDBG-entitlement City; (ii) each CDBG-entitlement County; and (iii) in the aggregate, the non-entitlement jurisdictions by State.

2) To reach the minimum funding guarantee to each State, total the entitlement and non-entitlement community amounts to represent the full funding allocation for the State, regardless of whether to be awarded at the local or state level. For States where that total does not meet the guarantee, increase the allocation to that minimum, offset by a pro rata reduction of funding across the other recipients nationwide.

3) Directly award to each entitlement city its need-based formula allocation; for a city that does not reach the reasonable minimum formula allocation level determined by HUD, assign its amount to the entitlement county in which the city is located.

4) Directly award each entitlement county its formula allocation plus any assigned entitlement city funds from within its jurisdiction; for a county that does not meet the minimum threshold, assign its amount to the State.

5) For each State, award the formula funding result covering need in non-entitlement jurisdictions, plus any assigned amounts from entitlement counties.

6) As the program is implemented over time, any funds left unexpended by a grantee city should revert first to the county for use, and unexpended funds at the county level should revert to the State.

Permit States to Apply Funds toward Entitlement Cities / Counties Receiving Direct Allocations

HUD should explicitly permit a State to direct its own grants to entitlement cities or counties that also are receiving direct allocations. States should not be precluded from supplementing assistance to those areas, particularly in response to potential future spikes in foreclosure rates that may develop over the next year or more as circumstances evolve.

Assure that Cities and Counties are Able to Collaborate with Funds

Several cities and counties are considering joint programs, such as land banking, which may involve shared investment and use of funds across jurisdictions. HUD guidelines should permit such activity in areas where both the city and county are directly eligible for funds and not constrain the flow of dollars within the separate jurisdictions.

3. Low Income-Based Spending Requirements

HUD should make clear in guidance that spending the 75% of grant funds allowed to benefit households above 50% of AMI and below 120% should not be contingent upon spending the targeted 25% low income set-aside for Very Low Income households at or below 50% AMI.

We are committed to expand affordable homeownership options in our localities and will aggressively pursue efforts to meet the very low income targeting in the statute. However, local housing program experience and research shows that consistently successful homeownership programs target households at 60% of AMI or above. Families below 50% of AMI often do not have sufficient resources to pay ongoing expenses or manage sudden economic hardships. Furthermore, the viability of targeting low income populations – either for homeownership or rental options – depends on the type and cost of available foreclosed housing stock, which varies greatly by locality. Although we understand that a subsidy can be used in substantial amounts to help lower income populations, these complications and expense will make it difficult to assure that the goal will be achieved, at least in the near term.

In its guidelines, HUD should make explicitly clear our understanding of Congressional intent to allow separate spending of the 75% of funds allowed to benefit households between 50% and 120% of AMI – even if some of the Very Low Income set-aside ultimately is left unable to be spent. This is particularly relevant in high cost urban areas, but many localities likely will need to use focus on rental options to meet the set-aside in a workable manner.

HUD also should consider the potential to provide a "good faith effort" waiver in meeting the Very Low Income set-aside target. If a city or county can demonstrate to HUD that it exhausted every reasonable approach to achieving low income assistance goals, it should not lose funding intended address the overall foreclosure need that was the basis on which the grant was awarded.

4. Administrative Cost Allowances

HUD should provide an administrative cost allowance up to 20% of the grant award, consistent with CDBG program levels. HUD guidelines also should make explicit the broadest possible range of activities that can qualify as core program costs (e.g., professional fees, title insurance, taxes, debt service, etc).

Data, research, and oversight of a large-scale new program under a highly expedited timeframe will be a staff- and resource-intensive endeavor that imposes a significant administrative burden on local governments. While many of these activities might be categorized as program costs, given the importance of working with nonprofits and local networks in implementing programs, HUD must assure that sufficient administrative funding is available to provide for outreach, planning, information technology, training, and technical assistance.

5. 18-Month Use Timeframe

HUD should provide that the 18-month timeframe in statute for "use" of funds is "commitment" or "obligation" of funds to particular purposes, and not the actual "expenditure". This is particularly important because the statute does not grant waivers to facilitate for environmental regulations, historic preservation review, the Uniform Relocation Act, or labor laws. Some of these processes can each require multiple months to complete. Given the complexities of program design, and rehabilitation timelines, it may be extraordinarily difficult to expend all grant money within 18 months in a thoughtful and responsible manner.

If a State subawards a grant to a local government, the 18-month period for the locality to use funds should begin when a subaward is executed and the locality thus receives legal access to the funds.

6. Drawdown Timing

In order to facilitate creation of loan loss reserves and because of the potential for legal confusion, HUD should make clear that these grants are not subject to the general prohibition against lump payments "to establish or supplement a revolving fund under Section 104(h) of the Housing and Community Development Act of 1974, as amended" (Department of Veterans Affairs and Housing and Urban Development Appropriations Act of 1992), which superseded a explicit allowance for that purposes (Cranston-Gonzalez National Affordable Housing Act, Section 909). These foreclosure assistance grants are not made under Section 104(h). In fact, the statute explicitly names establishment of loan loss reserves as an eligible use of funds, which can only be achieved through a lump payment (i.e., it is not a loan loss "guarantee"). Furthermore, Congress clearly contemplated that there could be revenues created by the loan loss reserves because subparagraph (B) of subsection (d)(4) requires that revenue generated by them "be provided to and used by the State or unit of local government in accordance with, and furtherance of, the intent and provisions of this section."

Furthermore, HUD should specify that localities can draw down funds in advance of actual expenditure by two or three weeks, within the bounds of the Cash Management Improvement Act (CMIA). The rapid pace of program implementation and extraordinary costs involved will put an unanticipated strain on local budgets operating on a reimbursement basis. There is precedent for

such an allowance under the CMIA in initiatives such as the Empowerment Zone / Enterprise Community Program.

7. Other Program and Administrative Considerations for Alternative Guidelines

- No Local Repayment Requirement for Defaults of Equity Loss: HUD should not require local governments to make any repayment to the federal government should a homeowner that received assistance go into default or foreclosure, or the property continue to lose value.

- Concentration of Foreclosures and Vacant Properties: Although not specifically identified in the formula criteria, the concentration of foreclosures and presence of other vacant properties are significant issues affecting urban blight and neighborhood stabilization efforts. With the explicit statutory reference to eligible fund use to address vacant properties, HUD should take those factors into consideration during program implementation.

- Mixed-Use or Multi-Use Units: HUD should consider how best to account for foreclosures on properties that blend residential and other uses (e.g. retail at street level, housing above).

- Performance Measures: Per HUD's request for input on performance measures to report, some measurable and consistent process / outcome options may include: 1) number of homes reoccupied for which the local government provided assistance; 2) number of completed rehabs; 3) number of initial transactions completed pending reoccupancy, such as purchases or conveyances; 4) number of homebuyers (or renters) assisted; 5) percentage reduction in previously vacant units; 6) income level of households assisted; and 7) change in property tax basis in a targeted area. HUD should consider allowing use of performance measures established through existing Consolidated Plan requirements to avoid complication of new administrative requirements.

- Reporting Requirements: Cities and counties are familiar with the CDBG IDIS, but many are unfamiliar with the Disaster Recovery Grant Reporting (DRGR) system. While we understand it is unlikely that IDIS will be used to administer this program and HUD will provide DRGR training, we urge HUD to model reporting program elements to the greatest extent possible on requirements with which cities and counties already are familiar (i.e., Consolidated Plans).

- Regulatory Compliance: Environmental and historic preservations laws should be relatively manageable, but we encourage HUD to provide as much flexibility as possible. Streamlining such compliance activities also is advisable – such as reduced public notification periods, allowing for combined notices, or providing exemptions where warranted from the Request for Proposal process. Relevant environmental activities that HUD streamlined for the Gulf Coast Recovery included: environmental studies, tenant-based rental assistance, supportive services, engineering and design costs, and assistance for temporary or permanent improvement that do not alter environmental conditions.

- Program Income Uses: HUD should consider whether the statute allows for program income to serve localities and their residents by providing for more preventive assistance in the future, such as foreclosure intervention services.

8. Formula Weighting

We recommend that far greater weight be given to the absolute number of foreclosed residences, subprime loans, and delinquent loans, than to the percentages of each of them. Otherwise, less populous State and local jurisdictions could receive far more funding per foreclosure than more populous ones, even though the more populous jurisdictions may have neighborhoods within them with higher foreclosure rates. As a result, larger States and local jurisdictions, which, like all jurisdictions, must target their funding to geographical areas with the greatest need, will have less available funds to target to heavily impacted areas.

Placing far greater weight on the absolute number rather than percentage also mitigates the greater complexity and potential for errors in calculating percentages, which could result when different proxy data and sources are used to compute the numerator and denominator of percentages. For example, in computing foreclosure rates, there may be more current available data on the number of foreclosures than on the number of total owner-occupied housing units for which older American Community Survey (ACS) data is being considered as the source.

9. Data Sources

HUD should utilize the best combination of privately collected as well as public sources of data to determine need and allocate funds. At the House Financial Services hearing on "Targeting Federal Aid to Neighborhoods Distressed by the Subprime Mortgage Crisis" (May 22, 2008), Mr. Todd Richardson, HUD Director of Program Evaluation in the Office of Policy Development and Research, testified that the Department "prefers to use data collected uniformly across the nation by a public agency." He identified several public data sets which he believed has the "greatest potential for accurately targeting funds to areas with vacant and abandoned properties," including United States Postal Service (USPS) data on active and vacant addresses, Office of Federal Housing Enterprise Oversight (OFHEO) Housing Price Index for Metropolitan Areas data, Bureau of Labor Statistics (BLS) data on labor force participation and unemployment, Home Mortgage Disclosure Act (HMDA) data on high-cost loans and/or high loan-to-income ratios, and 2000 Census Tract level and American Community Survey data on vacancy and home value data from 2006. He also testified that there are private data sets on foreclosures, lender-owned properties, active subprime loans, and delinquent loans, but that such data has limitations, such as full coverage for every community in the United States.

Congress, however, did not incorporate HUD's recommendations into the statute as enacted. The need-based allocation criteria in the statute does not include any of the data elements (e.g., vacancy, home value, and unemployment) measured by the public data sets. Instead, its statutory language specifies allocation criteria of foreclosed homes, subprime loans, and loans in delinquency or default, for which only private data sources are available, despite the limitations with such data.
We recognize that HUD has the discretion to weight need based on the statutory criteria. However, HUD does not have the discretion to replace such criteria with its own. Therefore, HUD should consider whether it is more accurate and equitable to solely use publicly collected proxy data for the statutorily defined criteria rather than also using available private data sources which more directly measure the statutory standards.

A number of local governments have begun researching available private data sources, and believe that HUD should give strong consideration to using First American Core Logic/Loan Performance data, which is available on the number of foreclosures, subprime mortgage loans, loans in

foreclosure, and delinquent loans by state, metropolitan area, and zip code. We understand that the data covers all 50 states, 7,500 zip codes, and 95% of all real estate transactions, is available by month, and is current. For example, in June 2008, the Federal Reserve Bank of New York recently published a newsletter article on New Jersey's subprime mortgages, based on First American Core Logic/Loan Performance data (*www.newyorkfed.org/newsevents/news/regional_outreach/2008.facts_trends.pdf*). The fact that the Federal Reserve Bank published this article using the Loan Performance data, suggests reliability and that the firm may allow HUD to publish tables with the aggregated data used to run the program's allocation formula while preserving the privacy of individual names and addresses, similar to how public data sets preserve the privacy of individuals.

Of the potential public data sets cited in HUD testimony, we believe that the HMDA data on high-cost loans and/or loan-to-income ratios, which is available by census tract, is the closest to being an adequate proxy data for subprime loans. However, HMDA data only tracks originations, and has a greater time lag; its data currently is available only through 2006, though 2007 data is expected to be available in the fall, likely after grant distributions are made. We encourage that if HMDA data is used to determine the number of subprime loans, that they be defined as "high cost" (as determined by data). In addition, ACS data could be relatively reliable to use for the total number of owner-occupied housing units needed to compute the percentage of home foreclosures.

The other public data sets cited in the testimony are not remotely close to being as accurate proxies for any of the statutory allocation criteria. In particular, the applicability of BLS unemployment data and USPS vacancy data to any of the allocation criteria (foreclosures and bad loans) is questionable. A major limitation with USPS vacancy data is that it does not distinguish between residential and commercial vacancies, let alone between vacancies in single family owner-occupied units and vacancies in multi-family rental dwellings.

Thank you for your consideration of these comments, adoption of which should assure the most effective and expeditious implementation of the foreclosure response assistance program.

Austin, TX
Baltimore, MD
Boston, MA
Chicago, IL
Dallas, TX
Denver, CO
Jacksonville, FL
Las Vegas, NV
Los Angeles, CA
Mesa, AZ
Minneapolis, MN
Newark, NJ
New York City, NY
Oakland, CA
Philadelphia, PA
San Diego, CA
San Francisco, CA
San Jose, CA
Seattle, WA
Washington, DC
Fulton County, GA
King County, WA
Los Angeles County, CA
Miami-Dade County, FL
Pinellas County, FL
Prince George's County, MD
Riverside, CA
San Diego County, CA
Ventura County, CA
Wayne County, MI

ATTACHMENT 4 – Ad Hoc Community Advisory Panel Contributors

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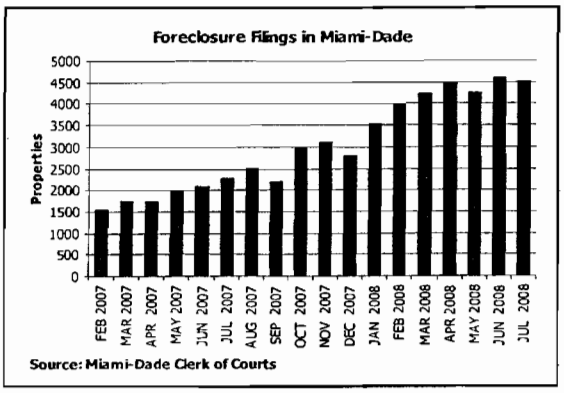
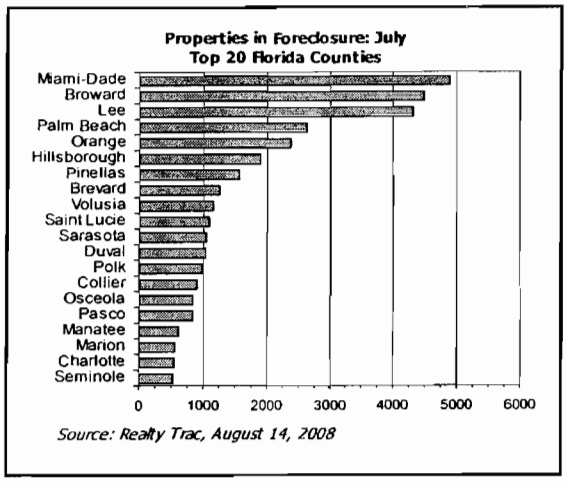
ATTACHMENT 5 – Foreclosure Activity in Florida and Miami-Dade County

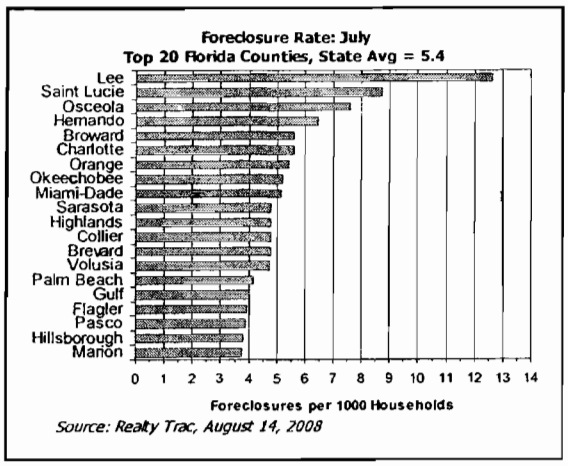
Miami-Dade continues to experience a high number of local foreclosures, although the last four months indicate a leveling off of new foreclosure filings in Miami-Dade. There have been 29,627 foreclosure filings in the first seven months of this year compared to 26,441 **in all of 2007**. There were 4,523 foreclosure filings in July or approximately 97 percent more than in July 2007.[1]



Florida is among the top states in the nation in terms of foreclosures according to Realty Trac, and in July ranked 2nd in the nation behind California in the number of properties in some stage of foreclosure and ranked 3rd in terms of foreclosures per households. Florida properties in foreclosure topped 45,884 in July, while the third ranked state (Ohio) had 13,457. Florida has held the number two ranking behind California for about 18 months, and Florida accounted for 17 percent of the nation's properties in foreclosure in July. Realty Trac reported 4,885 Miami-Dade properties in some stage of the foreclosure process in June.



Miami-Dade had the highest number of properties in some phase of foreclosure in Florida in July, while Broward County came in with the second highest number of properties at in foreclosure at 4,465. Lee County had the third highest number of properties in foreclosure with 4,311. Miami-Dade accounted for 12 percent of the Florida properties in foreclosure during the last three months, and Miami-Dade and Broward combined accounted for 24 percent of the State's properties in foreclosure. The foreclosure rankings fluctuate from month to month, but Miami-Dade County has usually had the highest number of foreclosures in the State for much of the last 18 months.



Miami-Dade County had the ninth highest foreclosure rate in Florida in July, with just over five properties in foreclosure (5.1) for every 1000 households. The foreclosure rate in Miami-Dade was 2.4 times the national rate in July, but less than the rate for Florida as a whole (5.4 properties in foreclosure per 1000 households). Broward County was ranked fifth in the State in terms of its foreclosure rate. Lee County for some time now has led the State in properties in foreclosure per 1000 households.[2]

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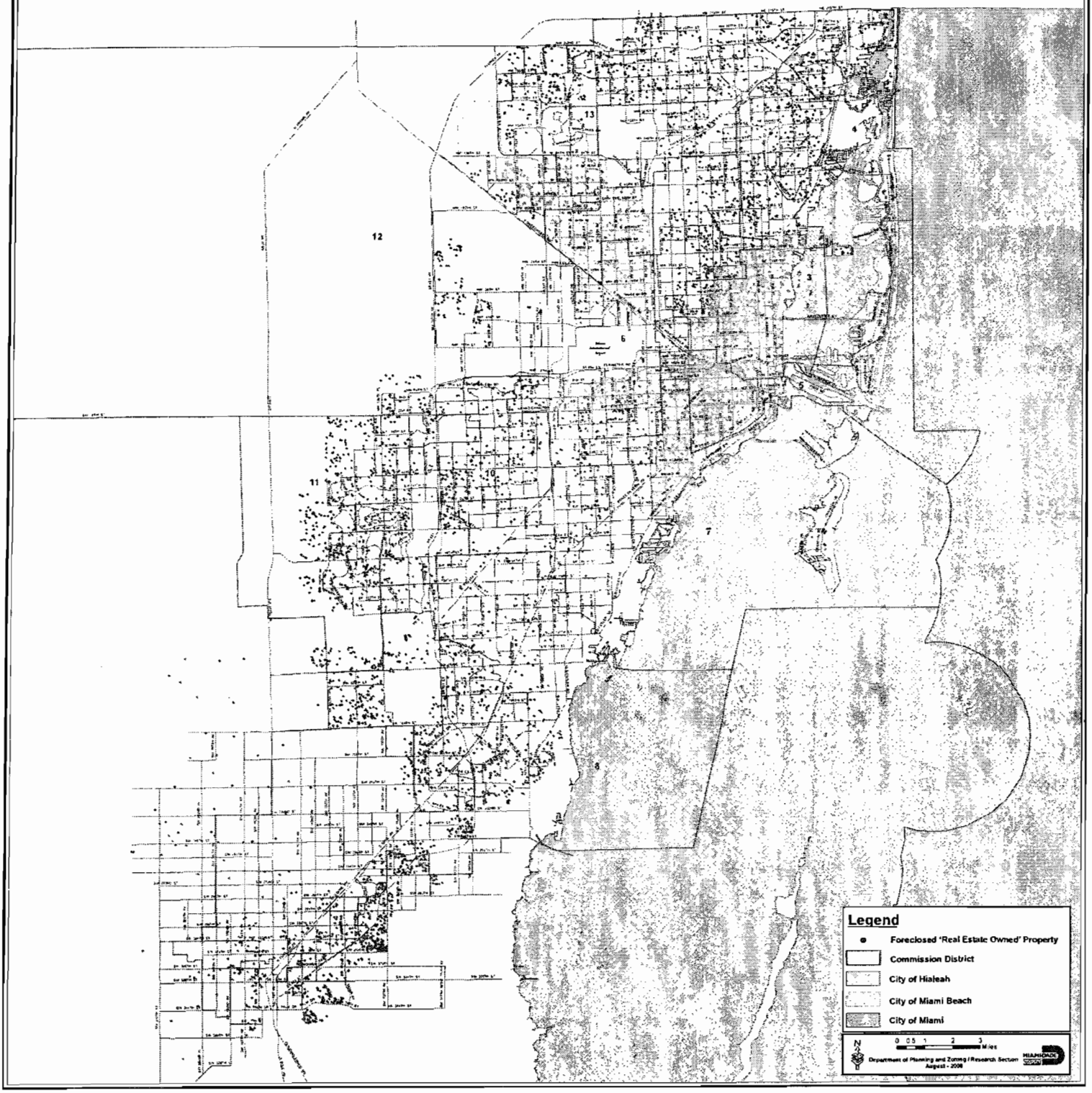
[1] This foreclosure data was provided by the Clerk of the Courts and represents the number new foreclosure cases that have been opened during the month.

[2] Miami-Dade is ranked fifth and Broward ranks third in terms of foreclosure rate within the State among counties with more than 1000 properties in foreclosure.

ATTACHMENT 6

Foreclosed 'Real Estate Owned' Properties by Commission District
November 2007 to July 2008



ATTACHMENT 7 – List of Potential Strategies Developed by the Ad Hoc Community Panel*

Priority **	Category / Program	Description	Notes ***
	FINANCING MECHANISMS		
1	Soft-seconds	Refers to subsidized second mortgages with terms more favorable than those available in the market. Includes forgivable loans used for Down Payment Assistance.	>This strategy is explicitly listed as an eligible use in the legislation. >The County already provides soft-seconds using Surtax and SHIP funds.
1	Loan loss reserves	The establishment of a loan loss reserve may serve to encourage a lender to make a loan with more favorable terms (such as a lower down payment or interest rate), since a part of the loan risk is transferred from the lender to the government. These funds are held in reserve by the County and paid to the lender in the event that there is a default on the loan and the lender is unable to recover the full amount of the loan from the sale of the property. A loan loss reserve thereby acts as a partial guarantee on the mortgage.	>This strategy is explicitly listed as an eligible use in the legislation. >The County does not currently provide loan loss reserves for lenders. Several lenders expressed interest in this option. >This strategy allows for greater leveraging of funds than soft-seconds or purchase-rehab-resale approaches.
1	Shared-equity loans	Also known as Equity Finance Mortgages (EFMs) are taken in conjunction with a standard mortgage. Borrowers pay interest on the standard mortgage, but there is no interest and no monthly repayments on the EFM portion of the loan. Instead, borrowers pay the lender a percentage of the capital appreciation of the house at the end of the term.	>This strategy is explicitly listed as an eligible use in the legislation. >The County does not currently offer equity finance mortgages. However, it should be noted recipients of County (SHIP and Surtax) subsidized mortgages are currently required to sign a covenant that provides the County with a share of the equity appreciation of a home if it is sold within 10 years of purchase.
2	Refinance existing mortgages	The payment of a homeowner's existing mortgage with a new mortgage that offers terms sufficiently subsidized to make it affordable for the homeowner	>Given that other sections of the act provide options for refinancing first mortgages, it is unlikely that refinance will be an eligible expense under Title III of the act. >It is unclear if refinancing will be allowed under Title III in cases where a judgment of foreclosure has been issued, but the property has not yet gone to foreclosure sale. During this time, the current homeowner still has a right of redemption, and it may still be possible to come to an agreement with the lender and avoid the foreclosure sale.
	PURCHASE AND REHABILITATE		
2	Purchase, rehabilitate, and RETAIN	The purchase and rehabilitation of homes and residential properties, by the County, that have been abandoned or foreclosed upon, with the intent to *rent, redevelop* or otherwise occupy them. Options include purchasing foreclosed units to be added to the stock of County-owned affordable rental or public housing, purchasing units to be used to enhance the County's short-term emergency housing capabilites for families displaced due to foreclosures, or purchasing property to be used as part of a neighborhood redevelopment initiative in a target area.	>This strategy is explicitly listed as an eligible use in the legislation. >Given the potential liability, risk, and ongoing operational costs, this option should be considered in the context of a County-wide housing strategy, not as a stand-alone program funded by the act
3	Purchase, rehabilitate, and SELL	The purchase and rehabilitation, by the County, of homes and residential properties that have been abandoned or foreclosed upon, with the intent to then *re-sell* them.	>Given the potential liability, risk, and ongoing operational costs, this option should be considered in the context of a County-wide housing strategy, not as a stand-alone program funded by the Act. >Since many CDBG requirements such as environmental clearances and public comment periods are still in place, it may prove very difficult to complete the purchase-rehab-resell lifecycle of the project within the 18-month timeframe.

Continued - List of Potential Uses of CDBG Funding* Under Title III of HERA

Priority **	Category / Program	Description	Notes ***
	LAND BANKS		
3	Establish land banks	The purchase, rehabilitation, and maintenance of homes that have been foreclosed upon, with the intent to maintain the affordability of housing.	>This strategy is explicitly listed as an eligible use in the legislation. >Given the potential liability, risk, and ongoing operational costs, this option should be considered in the context of a County-wide housing strategy, not as a stand-alone program funded by the Act
	DEMOLISH BLIGHTED STRUCTURES		
2	Demolish blighted structures	Fund the demolition of blighted structures to halt or mitigate the downward pressure on the value of a neighborhood's homes.	>This strategy is explicitly listed as an eligible use in the legislation > If used, the County is most likely to employ this strategy on a limited basis as a component of a plan to address neighborhood stabilization
	REDEVELOP DEMOLISHED OR VACANT PROPERTIES		
2	Redevelop demolished or vacant properties	Fund the redevelopment of demolished or vacant properties to help reverse the drop in value of a neighborhood's homes.	>This program is explicitly listed as an eligible use in the legislation > If used, the County is most likely to employ this strategy on a limited basis as a component of a plan to address neighborhood stabilization
	OTHER		
1	Rescue funds	Grants or loans used to bring homeowners at risk of foreclosure current on their mortgage payments. Rescue funds can be used as an incentive to lenders to try to come to an agreement with a homeowner instead of proceeding to a foreclosure sale.	>Preliminary feedback from HUD suggests a lack of interest in making rescue funds an eligible expenditure >There is considerable interest among foreclosure counseling organizations is having access to rescue funds in order to strengthen their ability to negotiate with lenders on behalf of homeowners >This strategy could provide a way to assist a larger number of households and since the amounts involved are typically much lower than those involved in outright purchases or soft-seconds
1	Code Enforcement	Activities related to enforcing the local code (e.g. investigating properties for code violations, responding to complaints, and citing violators) and mitigating dangerous code situations (i.e. overgrown properties, unsecured entrances, and unsafe swimming pools)	>Preliminary feedback suggests that this is not likely to be an eligible use, though many cities and counties have requested it be considered. >In some cases, it may be possible to charge code enforcement costs to 'project costs' as part of a "Purchase, rehabilitate, and sell/hold" program. >Alternatively, it may be possible to 'swap' Title III funds with local allocations of CDBG or other funding sources to allow for increased code enforcement
1	Security Deposits & Move-in Assistance	This provides funding to enable an income-eligible family displaced by foreclosure to move into rental housing. Funding may cover expenses such security deposit, first and last month's rent and/or utility hook-up deposits.	>It is unclear if this use will be allowed under the USHUD Notice. >The program could be modeled on similar programs currently operated by the County (the Housing Asistance Grant and Utility Assistance programs operated by DHS).
2	Tenant-based rental assistance	A rental subsidy paid to help individual households afford housing costs such as rent and utiltiy payments for a limited period of time. The subsidy follows the eligible family; it is not confined to the housing unit.	>Preliminary feedback from HUD suggests a lack of interest in making tenant-based rental an eligible expenditure

* The uses listed are based on the information available as of August 28, 2008. It is possible that additional options may be authorized under the USHUD Notice.

** Priority levels were suggested by the Ad Hoc Community Advisory Panel: 1= High, 2 = Medium, 3 = Low

*** All funds must be used to assist individuals and families whose incomes do not exceed 120 percent of area median income (i.e. $72,360 for a family of four in Miami-Dade County). Furthermore, no less than 25 percent of the funds must be used to house individuals and families whose incomes do not exceed 50 percent of area median income (i.e. $30,150 for a family of four in Miami-Dade County).