

Memorandum



Date: June 30, 2009

To: Honorable Chairman Dennis C. Moss
and Members, Board of County Commissioners

From: George M. Burgess
County Manager 

Subject: Supplemental Information on the Neighborhood Stabilization Program Round 2 (NSP2)
Application for Program Funds

Supplement to
Agenda Item No. 8(K)1c

The following information is provided to the Board of County Commissioners (Board) for consideration in the item authorizing the County Mayor or the County Mayor's designee to submit an application on behalf of Miami-Dade County for \$162 million in Neighborhood Stabilization Program 2 (NSP2) funds. If the Board chooses to incorporate these changes, they must be amended into the primary item.

- 1) **Metropolitan Area-Wide Target:** In response to the US HUD rating Factor 1: Need/Extent of the Problem, the language in the application has been revised to define the Areas of Emphasis (AOE) as a subset of the Metropolitan Area –Wide Target. AOE's were referenced in the application at the time it went before the Housing and Community Development (HCD) Committee on June 10, 2009, but were not yet defined. Accordingly, the Metropolitan Area-Wide Target narrative now identifies the activities planned for AOE's and specific projects that timely completed that are outside the AOE's. The spot loan program will be available throughout the Metropolitan Area-Wide Target district (see Attachment 1)
- 2) **Areas of Emphasis Defined:** Of the qualifying census tracts, 100 have been identified as the AOE's. AOE's were developed because all but eight census tracts in the County met the criteria set by US HUD. All census tracts were ranked based on two variables: a) the number of foreclosures and b) the rate of foreclosures and the top 100 are considered AOE's. These census tracts and maps to identify them will be added under Appendix E of the application (see Attachment 2).
- 3) **Additional leveraging letter Received:** The County received a commitment letter from Gibraltar Private Bank and Trust for the support of the second mortgage program. This letter will be added to Appendix G, along with the other commitment letters (see Attachment 3).
- 4) **Table of Organization Updated to include Technology and Compliance:** The application requires an organizational chart identifying staff resources working on the NSP program. The organization chart has been updated to include Information Technology (IT) and Compliance staff. The updated chart will be added to Appendix F (see Attachment 4). The table of organization does not increase the number of positions in the Office of Community and Economic Development.
- 5) **Public Comments:** The application must include comments received during the public comment period which ended on June 25, 2009 (see Attachment 5).

The revisions above serve to strengthen the application and are recommended for inclusion. These changes do not change the activity types and funding amounts as presented to the HCD Committee. Miami-Dade County's NSP2 application must be delivered to U.S. HUD by no later than July 17, 2009. It is the County's intention to mail the application to US HUD no later than July 14, 2009.

Attachments


Cynthia W. Curry

Senior Advisor to the County Manager

Factor 1: Need/Extent of the Problem

A. Target Geography

Metropolitan Area-Wide Target

The NSP2 data provided by HUD for Miami-Dade County, Florida ("the County") indicates that there are 338 out of the county's 347 census tracts that individually meet the NSP2 qualifying threshold as high foreclosure risk areas. These areas received foreclosure risk scores of 18 or higher, which is HUD's benchmark for qualifying areas. The average foreclosure risk score of all census tracts in the county is 19.75. Miami-Dade will apply a countywide approach in addressing the problem of foreclosed and vacant housing units and target its NSP2 activity in those areas that received HUD foreclosure risk scores of 18 or higher. The specific activities the County will undertake under the NSP2 funding will be described in detail in a subsequent section.

The problem of foreclosed and vacant properties is widespread throughout the County, with few areas that have not been adversely affected.¹ Although the County is looking to invest NSP2 funding countywide, there are certain census tracts within the County that have experienced extremely high numbers and rates of foreclosure. The County will focus its efforts to acquire, rehab and reoccupy single family and multi-family homes using NSP2 grant funds in these "areas of emphasis" in an effort to stabilize these neighborhoods. The provision of low-interest second mortgages to assist households in purchasing primary residences will occur in any NSP2 eligible census tract within Miami-Dade. Redevelopment activities intended to provide affordable rental housing will be targeted to previously identified projects in specific areas identified in this application.² Demolition activity with NSP2 funds, when necessary for the stabilization of neighborhoods severely affected by foreclosures, will be directed to designated "areas of emphasis."

The County has identified census tracts as "areas of emphasis" using actual REO forecloses from September 2008 through May 20, 2009 and the estimated foreclosure rates provided by U.S. HUD for NSP2.³ Each of the County's NSP2 eligible census tracts was assigned an index value representing a weighted average of the actual number of foreclosures in the census tract and its foreclosure rate. The number of foreclosures was assigned a 65 percent weight in the index and the HUD estimated foreclosure rate has a 35 percent weight.⁴ The 347 census tracts in Miami-Dade County were ranked according to their index value and the 100 tracts with the highest index values were designated as "areas of emphasis" for purposes of NSP2. The census tracts selected as areas of emphasis are identified along with the map in Appendix E.

¹ See the map of foreclosures all across Miami-Dade County in Appendix E.

² A map of the County's "areas of emphasis" can be found in Appendix E.

³ The REO foreclosures were obtained from RealtyTrac, Inc. (Irvine, CA) and based on County Court public records. The foreclosure rate, which is based on the estimated number of foreclosures relative to the number of properties with mortgages, was obtained from U.S. HUD – <http://www.huduser.org/nspgis/nsp.html>

⁴ Each variable in the index was scaled by its standard deviation.

Table 1

**Top 100 Census Tracts in Terms of Weighted Average of Number and Rate of Foreclosure
Miami-Dade County NSP2 Areas of Program Emphasis**

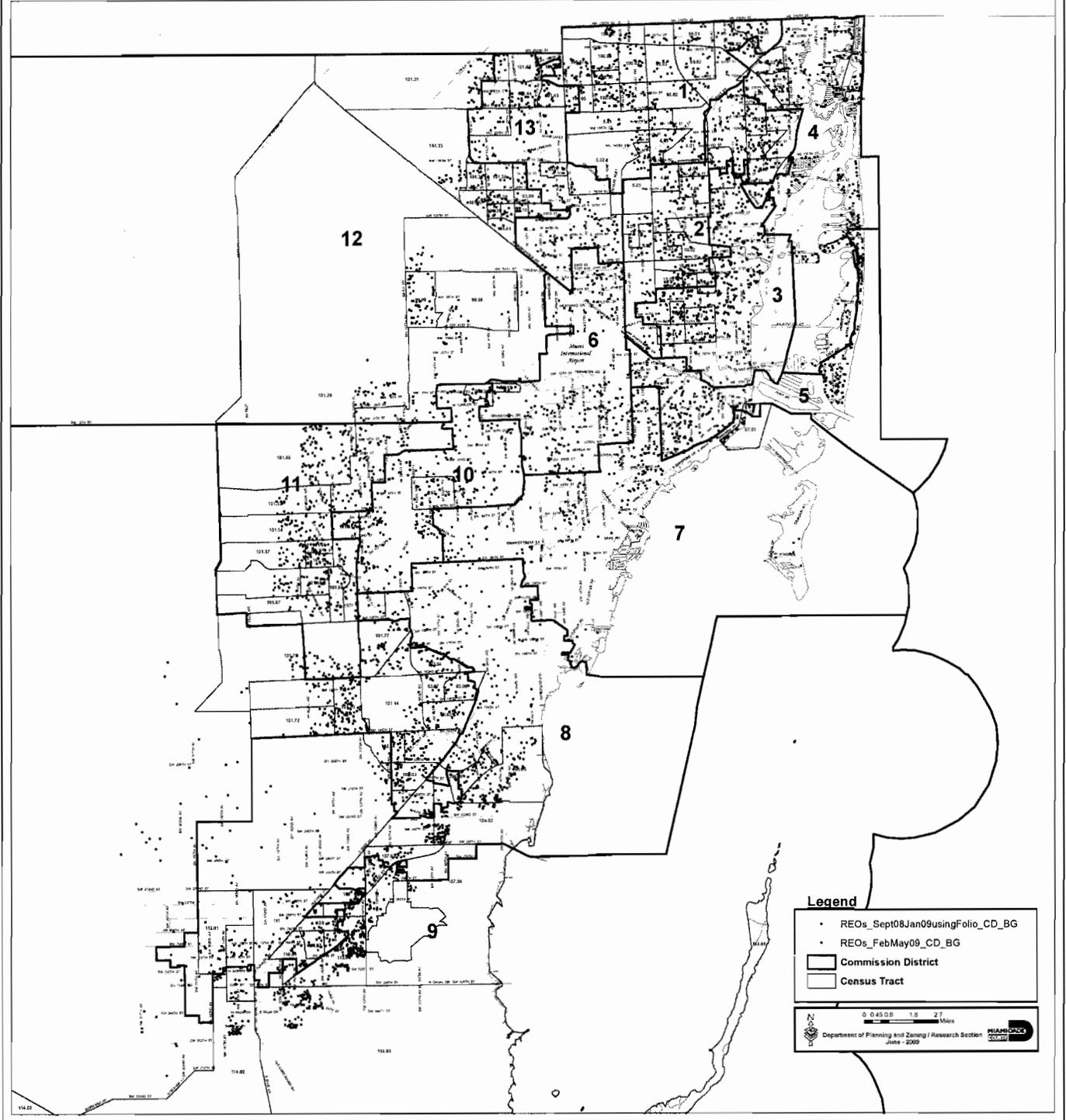
Rank	Census Tract	Index									
1	110.04	7.693	26	1.15	2.393	51	101.33	2.066	76	102.05	1.955
2	114.01	5.705	27	1.10	2.388	52	94.00	2.064	77	20.01	1.952
3	77.03	5.240	28	23.00	2.377	53	10.02	2.057	78	3.05	1.944
4	67.01	5.059	29	15.01	2.376	54	67.02	2.054	79	99.01	1.939
5	106.02	4.030	30	2.10	2.355	55	100.02	2.053	80	24.01	1.937
6	106.05	4.017	31	101.70	2.341	56	100.01	2.048	81	87.00	1.929
7	101.73	3.825	32	114.02	2.307	57	102.04	2.045	82	12.04	1.928
8	108.00	3.558	33	101.67	2.297	58	90.08	2.042	83	4.04	1.926
9	101.46	3.503	34	106.07	2.288	59	22.02	2.041	84	4.02	1.909
10	101.44	3.201	35	101.54	2.252	60	109.00	2.030	85	100.07	1.907
11	102.03	2.930	36	19.01	2.247	61	27.01	2.030	86	17.01	1.906
12	107.04	2.920	37	4.07	2.232	62	18.01	2.028	87	98.01	1.903
13	57.03	2.892	38	2.05	2.225	63	2.08	2.024	88	95.02	1.902
14	90.09	2.741	39	15.02	2.216	64	101.45	2.024	89	101.55	1.897
15	105.00	2.710	40	112.01	2.197	65	100.10	2.015	90	2.02	1.895
16	107.03	2.708	41	98.02	2.181	66	101.66	2.005	91	115.00	1.893
17	101.56	2.666	42	101.38	2.171	67	93.10	1.991	92	101.14	1.886
18	1.13	2.661	43	25.00	2.158	68	100.06	1.980	93	19.04	1.883
19	19.03	2.645	44	39.04	2.116	69	4.06	1.977	94	20.03	1.873
20	14.01	2.558	45	101.31	2.111	70	3.04	1.976	95	13.02	1.871
21	101.77	2.496	46	10.04	2.110	71	20.04	1.975	96	3.06	1.870
22	83.03	2.474	47	83.04	2.099	72	5.03	1.971	97	5.01	1.870
23	18.02	2.419	48	10.03	2.091	73	99.02	1.966	98	4.01	1.864
24	110.01	2.401	49	102.06	2.076	74	113.00	1.964	99	39.08	1.858
25	4.03	2.397	50	97.02	2.072	75	43.00	1.961	100	12.03	1.856

Index values represent a weighted average: 65% based on number foreclosures and 35% based on the foreclosure rate.

Data Sources: Actual REO foreclosed units provided by RealtyTrac, Inc (Irvine, CA), estimated foreclosure rate provided by U.S. HUD.

Source: Office of Economic Development Coordination, and Research Division, Planning and Zoning Dept., Miami-Dade County.

Foreclosed 'Real Estate Owned' Properties
September 2008 to May 09
(7219)



GIBRALTAR PRIVATE
Bank & Trust

June 4, 2009

Ms. Alina Robau
Manager, Homeownership
Office of Community & Economic Development
701 NW 1st Court
Miami, FL 33136

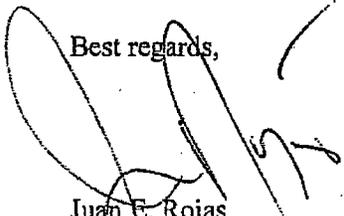
Dear Ms. Robau:

We are eager to partner with Miami-Dade County in providing first mortgages to eligible and qualified homebuyers under the Neighborhood Stabilization Program.

Our goal is to close 25 first mortgage loans in conjunction with second mortgages you will provide our homebuyers. Averaging \$100,000.00 per loan, we estimate this commitment will generate approximately \$2,500,000.00 in financing.

If you have any questions or wish to further discuss our commitment to affordable housing and community development, please do not hesitate to contact me at 786-207-4752 or via e-mail to vrojas@gibraltarprivate.com.

Best regards,



Juan E. Rojas
Assistant Vice President
CRA Director



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Proposed Application For Neighborhood Stabilization Program #2

Comment Form (Comment Period From June 15 to June 25, 2009)

Name: Andrea Baker
Business Name: SFCDC
Email Address: andrea.b@florida.cdc.org
Phone Number: (786) 237-9125

Comments:

Please see attached

6/15/2009

SOUTH FLORIDA COMMUNITY DEVELOPMENT COALITION

Response to Miami-Dade County's Application for Neighborhood Stabilization Program 2 Funds

June 16, 2009

- ❖ If successful in its application for Neighborhood Stabilization Program 2 (NSP2) Funds, the County should consider its administrative capacity and ability to use the funds within the statutory deadline, and therefore should make the funds available to non-profit and for-profit developers (the "developers") for the acquisition and redevelopment of properties as indicated by the Federal NSP regulations. This mechanism will provide a much more streamlined and efficient process for the use of the funds, instead of the County directly acquiring the properties.
- ❖ Due to the time sensitive nature of the implementation of the NSP2 funds, the County should utilize existing RFP and RFA processes and modify these existing processes to include simultaneous approval of both the developer and the amount and use of the funds. The time from initial application to decision shall be commensurate with the NSP timeline.
- ❖ Approval of the developer entity acquiring the property shall include such considerations as ability to proceed, capacity, experience in working with these types of properties and purchasers, leveraging, and a demonstration by the developer of an appropriate timeline for delivery.
- ❖ The affordability restrictions and guidelines set forth by the Federal Community Development Block Grant (CDBG) and Federal HOME Programs should be adhered to, where applicable, as provided by the NSP regulations. In no event should the affordability restrictions be more restrictive than what is provided by these Federal Regulations. The primary purpose of the Housing and Economic Recovery Act (HERA) is neighborhood stabilization. Therefore, properties targeted by NSP funds should not be encumbered by excessive restrictions which may ultimately diminish the overall stability and value of the neighborhood.
- ❖ The NSP Regulations mandate that 25% of the funds benefit individuals and families whose income does not exceed 50% of AMI. To meet this requirement, the County should allocate 25% of the funds for developers that want to acquire and rehabilitate rental properties.
- ❖ In accordance with the NSP Regulations, up to 10% of an NSP grant provided to a jurisdiction and up to 10% of program income earned may be used for general administrative and planning activities as defined at 24 CFR 570.205 and 206. The Coalition recommends that some portion of this 10% amount be used to assist qualified approved homebuyer counseling agencies. This will mitigate the potential for homebuyer failure and will also reduce the potential for foreclosures.

The South Florida Community Development Coalition and its members are committed to creating and strengthening our community's vision of how we can make our neighborhoods more stable, sustainable, competitive, and integrated. Our organization is intimately familiar with the current needs of our residents. We are here to assist our local governmental entities with this new challenge of creating and implementing policies and procedures in utilizing the NSP funds to increase access to affordable housing while adhering to the federal regulations and statutory timelines. Thank you for considering our recommendations.

Sincerely,

Arden Shank
President

300 NW 12th Avenue
Miami, FL 33128

(786) 237-2125
www.floridacdc.org



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Proposed Application
For
Neighborhood Stabilization Program #2

Comment Form
(Comment Period From June 15 to June 25, 2009)

Name: Velma Bailey
Business Name:
Email Address:
Phone Number: 786 712 7817

Comments:

I feel that the Program should rehabilitate the community as well as housing. I don't understand how they are asking for money just for housing and without the people who going to buy them. The program should not only rehabilitate housing but not the people but all need to be rehabilitated.



Delivering Excellence Every Day



Proposed Application
For
Neighborhood Stabilization Program #2

Comment Form
(Comment Period From June 15 to June 25, 2009)

Name: Latrese Bailey
Business Name:
Email Address: latrese.bailey@yahoo.com
Phone Number: 786-287-1697

Comments:
I Like this program.