

# Memorandum



**Date:** January 21, 2010

Agenda Item No. 12(B)1

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

**From:** George M. Burgess  
County Manager

**Subject:** Neighborhood Stabilization Program (NSP1) – December 2009 Report

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Pursuant to Implementing Order (IO) 2-11, regarding the Miami Dade County's Neighborhood Stabilization Program (NSP), monthly progress reports to the Board of County Commissioners are required. The attached report is the December 2009 update by each specific NSP activity.

The NSP activities encompass six strategies: (1) second mortgages, (2) acquisition of single-family homes and rehabilitation, (3) acquisition of multi-family properties and rehabilitation, (4) demolition, (5) redevelopment activity on the HOPE VI project, and (6) redevelopment in the expanded HOPE VI area. The funds associated with these activities must be under contract in 18 months and funds must be spent in four years from March 10, 2009.

At the request of Commissioner Audrey M. Edmonson, this report and all future ones will include a detailed table that tracks the funds allocated, obligated, and expended under the program rather than a narrative as in the previous monthly reports. This document also includes pertinent comments on the various activities as well as performance measures.

The attached table shows just under \$14 million in obligations and expenditures for all activities except administration. As development contracts and purchase contracts are executed over the next few months, the amounts obligated and/or expended will continue to increase. All NSP activities will be closely monitored to meet the requirement to commit all funds by September 2010, which may require the reallocation of funds from slow moving activities to those with demand and the ability to expend funds quickly.

On November 20, 2009, the U.S. Department of Housing and Urban Development Office of the Inspector General (US HUD OIG) issued a memorandum regarding the NSP program in Miami-Dade County. While no findings were noted by the US HUD OIG, the initial draft report listed five concerns. Three of the concerns had been resolved prior to its release, of which one was removed in its entirety from the final report. The remaining two concerns (number 1 and 2 below) address the issues of contracting language and procedure manuals. Staff revised the documents to meet the US HUD requirements. Below are the areas noted in bold and the County's response.

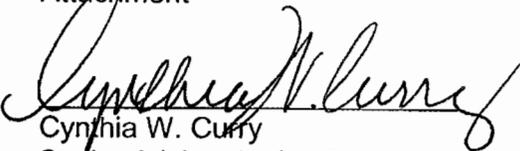
- 1. The County did not include all the requirements of 24 CFR 570.503 in our interdepartmental agreements.** Under HERA, NSP funds allocated to state and local jurisdictions shall be treated as if they were Community Development Block Grant (CDBG) funds. As such, the Department of Housing and Community Development (DHCD) is to develop an interdepartmental agreement with all other County agencies involved in the implementation of the NSP. US HUD OIG noted that the agreement between DHCD and General Services Administration (GSA) did not include two provisions and that interdepartmental agreements with other County agencies were not executed. The County has since drafted amendment language for the agreement with GSA, which is under review by the County Attorney's Office. With respect to the agreement between DHCD and the Miami-Dade Public Housing Agency (MDPHA), the language was adjusted to address US HUD OIG's concerns prior to execution. The interdepartmental agreement between DHCD and MDPHA has been executed.

2. **The County needs to maintain and enforce policies and procedures that comply with NSP requirements.** While the BCC adopted an Implementing Order that serves as the County's policy on the use of NSP funds, US HUD OIG suggested that the County include a more explicit level of detail for County departments to implement the NSP. The County is continuing to work with the consultant to compile a comprehensive Processes and Procedures Manual to include all the necessary policies and procedures, and has already completed one training session with another to follow upon the completion of the manual.
3. **The County needs to maintain adequate supporting documentation on NSP activities.** The County did recognize that there was one non-foreclosed upon home purchased under the NSP. Staff modified the funding source of the mortgage to ensure that it does not use NSP funds. This correction was made prior to any funds being drawn. DHCD is requiring that the foreclosure documentation be signed off at the supervisory level before processing any loans. Accordingly, staff has also been trained on the documentation required.
4. **The County needs to properly classify NSP expenditures.** During the initial set-up of index codes for the various NSP activities under the County's financial system, \$17,104 was inadvertently associated with the wrong activity. The index codes have been established and the issue has been corrected. To ensure expenditures are accounted for under the correct NSP activity, the County's NSP accountant and NSP administrator must approve the use of index codes for all NSP activities.

Staff has already addressed some of the concerns raised by US HUD OIG, and is confident that the remaining issues will be addressed to the satisfaction of US HUD OIG. Staff continues to do spot checks and reviews with the purpose of avoid these issues identified, or any others, from recurring.

The Board will continue to be updated on a monthly basis on the NSP's progress.

Attachment



Cynthia W. Curry  
Senior Advisor to the County Manager

Neighborhood Stabilization Program Round 1 Funds By Activity (December 2009 Report)

APPLICATION GOALS

STATUS OF GOALS (ACTUALS)

Task	UNITS			TOTAL	Amount	Due Date	UNITS				FUNDS		Comments/Update
	50% or less AMI	51%-80% AMI	80% or higher AMI				50% or less AMI	51%-80% AMI	80% or higher AMI	TOTAL	Amount Obligated	Amount Expended	
Soft-second mortgage assistance and closings costs (\$80,000 maximum to purchasers of foreclosed-upon homes in areas of greatest need(s)).	0	16	64	80	\$6,000,000	11/30/2012	0	2	1	3	Funds are always expended upon the closing of the loan, and therefore are never shown as obligated.	\$252,887	One contract is pending closing. However, a commitment letter has not been issued thus we are not able to obligate those funds until such time as the commitment is issued. If that contract is successful, it would be the fourth home purchased under this category. Another ad for the NSP has been issued to spark interest and give others an opportunity to access a spot loan. A spot loan will allow the buyer to purchase a foreclosed home in any of our priority areas. Our goal is to expand the opportunity to others to search on their own as well as have an opportunity to purchase from the County.
Soft-second mortgage assistance and closings costs, \$80,000 maximum to purchasers of foreclosed-upon homes purchased through NSP Acquisition/Rehabilitation Program.	0	10	40	50	\$3,750,000	11/30/2012	0	0	0	0	\$0	\$5,146	With the acquisition of our first 12 homes, GSA continues to market the homes to eligible buyers. Those responding to our NSP ad will also have an opportunity to purchase homes that the County has acquired. These homes are being purchased in the highest and high priority areas. Second mortgages will be available through this line item. Expenditures on this line item reflect advertising charges.
Acquisition and Rehabilitation of foreclosed-upon single family homes (up to \$200,000 per unit).	0	10	40	50	\$10,000,000	11/30/2011	TBD	TBD	TBD	12	\$2,887,268	\$1,358,325	GSA has closed on the first 12 homes and has as many as 29 additional fully executed contracts pending closings. Over an additional 70 homes are still pending contract approval. This costs reflected also includes pre-closed delivery costs, such as inspections; however, some incurred expenses have not hit the County's financial system and are not reflected in the figures. The AMI section of this activity will be known at time County acquired home is purchased by an eligible buyer.
Acquisition and rehabilitation of foreclosed-upon multi-family residential properties to provide affordable rental housing (\$125,000 per unit).	122	25	25	172	\$21,571,480	09/30/2012	0	0	0	0	\$600,000	\$0	The County is seeking to acquire units that are both vacant and occupied in the highest and high priority areas and is reviewing information on submissions of multi-family sites (three). They include Island Place, Treasure Island, and Snake Creek. The County is seeking to acquire units that are both vacant and occupied in the highest and high priority areas. The County has also met with the City of Miami to explore partnering to do multi-family acquisitions. The funds obligated on this line item reflect GSA program delivery expenses as outlined in their interdepartmental agreement.
Minimum 8 hour homebuyer counseling for income-qualified persons provided soft-second mortgage assistance to purchase foreclosed-upon homes (\$500 per participant).	0	26	104	130	\$65,000	see above	0	0	0	0	\$65,000	\$0	This line item has not seen any expenditures. We have executed contracts for Counseling Agencies and have obligated the funds. Some agencies have continued to counsel our applicants and one, Centro Campesino has submitted bills that were incorrect and we anticipate that billing will be corrected soon.
Demolition of blighted structures to address public health and safety problems in negatively impacted neighborhoods.	n/a	n/a	n/a	80	\$1,000,000	03/31/2013	n/a	n/a	n/a	n/a	\$0	\$4	Florida City and Opa-locka's interlocal agreements have been fully executed. The agreement allows the County to do demolition in the City's jurisdiction. We are moving forward with accessing demolition contractors from the OCI pool. The City of South Miami has yet to return the interlocal agreement. The County will also complete the demolition of the Lincoln Gardens public housing site using NSP funds. Once the environmental review is completed and a contract executed for the demolition, the work can begin.

Neighborhood Stabilization Program Round 1 Funds By Activity (December 2009 Report)

APPLICATION GOALS

STATUS OF GOALS (ACTUALS)

Task	UNITS			Amount	Due Date	UNITS			FUNDS		Comments/Update	
	50% or less AMI	51% - 80% AMI	80% or higher AMI			TOTAL	50% or less AMI	51% - 80% AMI	80% or higher AMI	TOTAL		Amount Obligated
Neighborhood redevelopment of affordable multi-family rental housing on vacant property (\$36,411 per unit). This activity will be directed toward the Scott Carver HOPE VI affordable housing project for public infrastructure cost.	59	177	0	\$8,600,000	09/30/2011	0	0	0	0	\$8,600,000	\$0	The Miami-Dade Public Housing Agency (MDPHA) has executed the additional services agreement with the Master Developer for the HOPE VI. The MDPHA has also executed the interdepartmental agreement, thus obligating the entire \$8.6 million. The County still must update the Environmental Review Record. The County should be drawing down funds by the first quarter of the next calendar year (beginning in January).
Neighborhood redevelopment through multi-family rental housing development in the Expanded HOPE VI Area (\$125,000 per unit).	20	10	10	\$5,000,000	03/31/2013	0	0	0	0	\$3,198	\$2,150	The expenditures in this activity reflect the environmental work that has been completed. Negotiations are required based on the solicitation issued and once the process is complete these funds will be obligated. The cone of silence is still in effect.
Administration and Planning	n/a	n/a	n/a	\$6,220,720	03/31/2013	n/a	n/a	n/a	n/a	\$5,840,341	\$380,379	This is the entire amount of \$6.22 million approved for administration. All funds would be expended by the end of the grant life; therefore, funds not expended to date are reflected as obligated. These expenditures include staff, consultants, and training for working on the NSP program.
<b>TOTAL NSP ROUND 1</b>				<b>\$62,207,200</b>		<b>0</b>	<b>2</b>	<b>1</b>	<b>15</b>	<b>\$17,995,807</b>	<b>\$1,998,891</b>	