

# Memorandum



**Date:** February 18, 2010

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

Agenda Item No. 8(K)(1)(A)

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

A handwritten signature in black ink, appearing to read "Burgess", written over the printed name of George M. Burgess.

**Subject:** Amendment to the Miami-Dade County Neighborhood Stabilization Program and  
Implementing Order pursuant to Federal Regulations

## **RECOMMENDATION**

It is recommended that the Board of County Commissioners (BCC) adopt the attached resolution amending Implementing Order (IO) 2-11 governing the Neighborhood Stabilization Program (NSP) in order to improve the program guidelines by broadening participant eligibility criteria, expanding program flexibility relative to areas of greatest need, and allowing for utilization of potential additional funding. The remaining changes found in the IO are administrative in nature including departmental name changes, typographical or grammatical errors, and improved definitions.

## **SCOPE**

There is no change to the type of NSP activities or locations in the approved plan.

## **FISCAL IMPACT**

While there is no change to the amount awarded to the County under NSP 1, the changes to the IO allow for any future funding that may become available.

## **TRACK RECORD/MONITORING**

The implementation of these changes will not affect the track record/monitoring plan as defined in IO 2-11.

## **BACKGROUND**

The County developed its NSP Plan in accordance with the US Department of Housing and Urban Development (US HUD) program guidelines and received approval from the BCC on November 20, 2008. The NSP Plan was submitted to US HUD for consideration on November 26, 2008. Subsequently, staff developed IO 2-11 governing the NSP program, which received approval by the Board on March 17, 2009 through Resolution R-312-09. On July 21, 2009, the BCC approved the first amendment to IO 2-11 by adopting Resolution R-1058-09, which accommodated changes in the federal requirements related to the discount purchase price of foreclosed properties and added the National Community Stabilization Trust as an organization that staff may work with in identifying bank-owned foreclosed properties.

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 within 18 months and the funds must be spent in four years.

After analysis by staff on the NSP Program progress to date, the following recommendations are proposed to ensure compliance with the NSP deadlines:

**Broadening Participant Eligibility for the Homebuyer Assistance Program**

The second mortgage assistance program under the homeownership activity directly addresses the foreclosure crisis and attempts to stabilize neighborhoods. Unfortunately, the second mortgage program is moving much slower than anticipated, but is still considered a very important strategy under the NSP Program. The following changes will broaden participant eligibility for the homebuyer assistance program:

- Increase the number of individuals eligible for homebuyer assistance by treating all 233 pre-qualified lottery participants equally through a “first ready first served” process. Prior to the County holding a lottery, applicants were screened and 233 were pre-qualified. However, the current program is limited to the first 100 lottery winners as participants; therefore not all pre-qualified applicants are able to participate at the present time. Under the proposed modification, any lottery participant that meets the criteria and is ready to close on a home will be served first regardless of lottery number. The amendment to the IO also permits staff to exercise the option of another lottery, if necessary.
- Modify the underwriting requirements to allow greater flexibility. Currently, the program requires that a borrower have a “good” credit history. Participants under the program are generally first time homebuyers and as such, credit history is limited and not extensive enough to meet the current requirement. Credit requirements will now be opened to ‘credit worthy’ borrowers as evidenced by the first mortgage lender’s commitment to do the first mortgage. Since these applicants will have bank approved first mortgages, they will be deemed credit worthy.
- Modify the applicant’s employment requirement to allow for more flexibility. Presently the program requires two consecutive years of employment up to the time of application. The proposed revisions allow for substitution of 12 months as a full time student for 12 months of employment.
- Authorize the DHCD Director to deviate from the maximum debt to income ratio under the Homebuyer Assistance Program. This is in line with the internal policies currently guiding the homebuyer activities underway in the County. Moreover, it is consistent with the determination of credit worthiness by the first mortgage lender.
- Utilize available State Housing Initiative Partnership (SHIP) funds to complete minor repairs as the condition of many foreclosed properties has hindered the buyer’s ability to obtain financing. Such repairs should be completed within 30 days after the closing. Rehabilitation is already a budgeted SHIP funding activity by the BCC and it is estimated that no more than \$600,000 be used for this activity.
- Provide for the use of all US HUD approved counseling agencies to provide the required homebuyer education and counseling services as required when purchasing a home. Further, there is a clarification in the IO that Miami-Dade Neighborhood Housing Services is actually Neighborhood Housing Services of South Florida.

**Including All Defined Areas of Greatest Need**

The proposed IO revisions would expand the flexibility of the program by including all four categories of areas of greatest need for program use. Previously, only the “highest” and “high” areas were able to be accessed under the defined activities. While all areas, including “moderate” and “priority” areas will now be considered eligible areas, staff will still emphasize the highest and high category areas as appropriate. By including all available areas, the geographic area of eligibility will practically double in size. A map of the areas of greatest need is attached as exhibit A to this memorandum.

**Utilization of Additional Funding**

Finally, the IO allows for the utilization of additional funding should it become available. When the BCC approved the IO, additional funding was not contemplated. Accordingly, the IO currently only allows for the use of funds awarded under the NSP Round 1 funding. The proposed revisions would provide that IO 2-11 also govern additional funding received under any ARRA program, as appropriate.

The remaining changes to the IO are considered minor in nature and include clarifications and updates such as:

- Departmental name changes (from the Office of Community and Economic Development to the Department of Housing and Community Development) and the consolidation of the Office of Neighborhood Compliance's role in the NSP program under the new Building and Neighborhood Compliance Department.
- The role of outsourced vendors for the acquisition, rehabilitation and sale of foreclosed properties had already been approved under the IO, but is now better defined, and is consistent with the BCC and HUD approved NSP Plan.
- Under the eligible activity, "Selection of Properties for Acquisition" the stabilization criteria utilized in selecting properties requires a selection committee consider the percent of vacant and foreclosed units within a 0.5 to 2.0 mile radius. It is recommended the word vacant be deleted.
- Clarifies that GSA and DHCD will follow the procedures for sale of properties pursuant to Section 125.379, Florida Statutes. Each time properties are purchased for sale pursuant to the NSP program, staff will prepare a resolution for consideration by the BCC.

The NSP Plan sets forth the policy for the approved activities, while the IO serves to define the program guidelines and rules governing processes. Accordingly, the IO is amended herein to reflect the changes recommended by staff to improve the program.

Attachments

  
\_\_\_\_\_  
for. Cynthia W. Curry  
Senior Advisor to the County Manager



**MEMORANDUM**  
(Revised)

**TO:** Honorable Chairman Dennis C. Moss      **DATE:** February 18, 2010  
and Members, Board of County Commissioners

**FROM:** R. A. Cuevas, Jr.  
County Attorney

**SUBJECT:** Agenda Item No. 8(K)(1)(A)

Please note any items checked.

- "3-Day Rule" for committees applicable if raised
- 6 weeks required between first reading and public hearing
- 4 weeks notification to municipal officials required prior to public hearing
- Decreases revenues or increases expenditures without balancing budget
- Budget required
- Statement of fiscal impact required
- Ordinance creating a new board requires detailed County Manager's report for public hearing
- No committee review
- Applicable legislation requires more than a majority vote (i.e., 2/3's \_\_\_\_, 3/5's \_\_\_\_, unanimous \_\_\_\_ ) to approve
- Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required

Approved \_\_\_\_\_ Mayor  
Veto \_\_\_\_\_  
Override \_\_\_\_\_

Agenda Item No. 8(K)(1)(A)  
2-18-10

RESOLUTION NO. \_\_\_\_\_

RESOLUTION APPROVING AMENDMENTS TO  
IMPLEMENTING ORDER 2-11 FOR THE NEIGHBORHOOD  
STABILIZATION PROGRAM

**WHEREAS**, this Board desires to accomplish the purposes outlined in the accompanying memorandum, a copy of which is incorporated herein by reference,

**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA**, that this Board approves the amendments to Implementing Order 2-11 for the Neighborhood Stabilization Program in substantially the form attached hereto and authorizes the County Mayor or the County Mayor's designee to exercise any and all rights conferred therein.

The foregoing resolution was offered by Commissioner \_\_\_\_\_, who moved its adoption. The motion was seconded by Commissioner \_\_\_\_\_ and upon being put to a vote, the vote was as follows:

	Dennis C. Moss, Chairman
	Jose "Pepe" Diaz, Vice-Chairman
Bruno A. Barreiro	Audrey M. Edmonson
Carlos A. Gimenez	Sally A. Heyman
Barbara J. Jordan	Joe A. Martinez
Dorrin D. Rolle	Natacha Seijas
Katy Sorenson	Rebeca Sosa
Sen. Javier D. Souto	

The Chairperson thereupon declared the resolution duly passed and adopted this 18<sup>th</sup> day of February, 2010. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA  
BY ITS BOARD OF  
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: \_\_\_\_\_  
Deputy Clerk

Approved by County Attorney as  
to form and legal sufficiency.



Brenda Kuhns Neuman

**MIAMI-DADE COUNTY  
IMPLEMENTING ORDER**

**NEIGHBORHOOD STABILIZATION PROGRAM**

**AUTHORITY:**

Section 4.02 of the The Miami-Dade County Home Rule Amendment and Charter, including among others, Sections 1.01 and 2.02 A.

**SUPERSEDES:**

This Implementing Order (IO) supersedes IO 2-11, ordered July 23, 2009 and effective August 2, 2009.

**SCOPE:**

Pursuant to Resolution R-1151-08, Miami-Dade County submitted a Neighborhood Stabilization Program (NSP) Substantial Amendment to its 2008 Action Plan previously submitted to U.S. Department of Housing and Urban Development (US HUD), which describes the proposed use of NSP funds in Miami-Dade County (the County) consistent with the Housing and Economic Recovery Act (Act) and NSP Notice. US HUD approved the NSP Substantial Amendment on January 12, 2009.

This Implementing Order describes the manner in which the County will implement the programs described in the NSP Substantial Amendment, which is incorporated hereto by reference. In light of the limited timeframe that the County has to expend these funds, this implementing order establishes an expedited process to operate the Program and shall supersede any other County procedures that may be in conflict with the procedures established herein.

This Implementing Order will be in effect for all NSP funds, including but not limited to any funds that may be awarded through the competitive application process as provided for by the American Recovery and Reinvestment Act (ARRA) of 2009 or any other subsequent federal, state or local legislation for the express purpose of Neighborhood Stabilization and the statutory uses of the program for the same activities as described herein.

**DEFINITIONS:**

**AMI:** The Miami-Dade County area median family income level.

**Foreclosed:** A property "has been foreclosed upon" at the point that under state or local law, the mortgage or tax foreclosure is complete. HUD generally will not consider a foreclosure to be complete until after the title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transfer in lieu of foreclosure, in accordance with state or local law.

**NSP Certificate of Award:** A document given to qualified homebuyers (NSP Certificate Holders) selected through the NSP Homebuyer Assistance Program lottery which states that they are eligible to receive a spot loan.

**NSP Certificate Holder:** A qualified homebuyer who has received an NSP Certificate of Award through the NSP Homebuyer Assistance Program lottery or alternative selection process.

**Soft Second Mortgage:** A second mortgage awarded to qualified buyers who are pre-approved for a first mortgage from an approved lender that will enable them to close a gap in financing and purchase a foreclosed home, which home may or may not be under County ownership.

**Spot Loan:** A second mortgage awarded to qualified homebuyers who have received an NSP Certificate of Award to purchase any home that meets the requirements of the County's NSP Substantial Amendment.

**POLICY:**

Title III of the Housing and Economic Recovery Act of 2008 (Act) established the Neighborhood Stabilization Program (NSP) and authorized the appropriation of \$3.92 billion to assist state and local governments with the redevelopment of abandoned and foreclosed homes in an effort to stabilize communities. The County intends to utilize its NSP allocation of \$62,207,200 for the following activities:

- Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including soft-second mortgages, loan loss reserves and shared-equity loans for low- and moderate-income homebuyers
- Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties
- Demolish blighted structures, and
- Redevelop demolished or vacant properties

The County will seek other funding sources that may become available, including ARRA or other legislation to continue the above-prescribed activities as described further in the IO.

**ALLOCATION OF NSP FUNDS:**

Miami-Dade County has been allocated **\$62,207,200** in HUD Neighborhood Stabilization Program funds. Pursuant to the County's NSP Substantial Amendment, the NSP funding will be utilized for the following eligible activities:

<b>Eligible Activity</b>	<b>Budget</b>	<b>Benefit 50% AMI</b>	<b>Percentage of Total Grant for 50% AMI Benefit</b>
Financing Mechanisms (Soft Second Mortgages) and Homebuyer Counseling	\$9,790,000		
Acquisition/Rehab of Single Family (Sale) and Homebuyer Counseling	\$10,025,000		
Acquisition/Rehab of Multi-Family (Rental)	\$21,571,480	\$15,250,000	25%
Demolition	\$1,000,000		
Redevelopment of Vacant Property (HOPE VI)	\$8,600,000	\$2,150,000	3%
Redevelopment of Vacant Property (HOPE VI Expanded Area)	\$5,000,000	\$2,500,000	4%
Administration	\$6,220,720		
<b>Total</b>	<b>\$62,207,200</b>	<b>\$19,900,000</b>	<b>32%</b>

Any subsequent funding will be allocated as approved by the Miami-Dade County Board of County Commissioners (BCC) and carried out in accordance with this IO.

## **EXPENDITURE TIMELINE**

Pursuant to the Act all funding must be under contract for a specific project or activity within 18 months of receipt of the grant award (upon executing a formal grant agreement with HUD). Funds should be completely expended and drawn-down within 4 years.

The County, through the ~~Office of Community and Economic Development (OCED)~~ Department of Housing and Community Development (DHCD), may seek US HUD approval to adjust allocation of funds under the NSP Substantial Amendment (requiring formal amendment) and, once approved by US HUD, adjust such allocations set forth in this Implementing Order over the life of the program.

## **AREAS OF GREATEST NEED**

Title III of the Housing and Economic Recovery Act of 2008 directs NSP grantees to give “priority emphasis and consideration” to low- and moderate-income areas as defined in the U.S. Department of Housing and Urban Development NSP Notice (NSP Notice) and “other areas with the greatest need”, including those: 1) with the greatest percentage of homes in foreclosures; 2) with the highest percentage of homes financed by subprime mortgage related loans; and 3) identified by the County as likely to face a significant rise in the rate of home foreclosures.

Based on a formula taking into account the above factors, the County has determined areas of greatest need. The County has further ranked these areas of greatest need as (1) highest, (2) high, (3) moderate and (4) priority areas of need. Accordingly, NSP activities are being targeted to certain priority areas based on this ranking. Areas of greatest need, ranking of these areas of need and the targeted activities within these the priority areas are set forth in the County’s NSP Substantial Amendment to the 2008 Action Plan (Plan) and shown on Figure A-8 in the Plan.

## **ROLES AND RESPONSIBILITIES:**

The following County Departments are responsible for implementing its allocation of NSP funds.

~~Office of Community and Economic Development (OCED):~~ Department of Housing and Community Development (DHCD): The ~~Office of Community and Economic Development (OCED)~~ Department of Housing and Community Development (DHCD) is charged with the overall responsibility of administering the Neighborhood Stabilization Program (NSP) under this implementing order. ~~OCED~~ DHCD administers Federal and State funding that supports the development of viable urban neighborhoods in Miami-Dade County characterized by decent housing, expansion of economic opportunities and the preservation of historic properties. ~~OCED~~ DHCD is responsible for administering the NSP funds as stipulated herein and will work with a consultant, selected through a Request for Qualifications process, to track and monitor for compliance and assist ~~OCED~~ DHCD with other administrative functions on an as needed basis. ~~OCED~~ DHCD is also responsible for qualifying NSP-eligible homebuyers, providing NSP funding assistance in the form of soft second mortgages to eligible homebuyers and administering the resale process of the homes during the control period.

**General Services Administration (GSA):** As the County’s official real property asset management agency, the Department of General Services Administration (GSA) is responsible

for administering the acquisition, rehabilitation and re-sale of foreclosed-upon single-family properties to NSP-eligible homebuyers. GSA will also use members of the pool of County approved real estate professionals to identify properties for acquisition, rehabilitation and sale. The pool members will also be used to perform rehabilitation on units that are acquired by the County. GSA is also responsible for acquiring multi-family rental properties for OCED's DHCD's current inventory of rental housing, as well as working with developers within the pool that are interested in owning and operating affordable housing funded through the NSP. ~~GSA will outsource as necessary.~~

**Building and Neighborhood Compliance Department (BNC):** The Building and Neighborhood Compliance Department (BNC) is responsible for enforcing regulations governing buildings and unsafe structures. The Department will be responsible for enforcement of Section 8-5 of the Miami-Dade County Code of Ordinances in connection with NSP-funded demolition activities in coordination with OCED and the Office of Neighborhood Compliance (ONC). BNC is also responsible for addressing community needs through code compliance services, which includes nuisance abatement, zoning violations, and other neighborhood maintenance regulations, and enhancing the safety and aesthetics of the community. Further, the department is charged with enforcement of Chapter 17B of the Miami-Dade County Code of Ordinances in connection with NSP-funded demolition activities.

~~**Office of Neighborhood Compliance:** is responsible for addressing community needs through code compliance services, which includes nuisance abatement, zoning violations, and other neighborhood maintenance regulations, and enhancing the safety and aesthetics of the community. The Office will be responsible for enforcement of Chapter 17B of the Miami-Dade County Code of Ordinances in connection with NSP-funded demolition activities in coordination with OCED and the Building Department.~~

**Miami-Dade Public Housing Agency:** The Miami-Dade Public Housing Agency (MDPHA) provides decent, affordable housing to Miami-Dade County's qualified low- and moderate-income residents. MDPHA is responsible for the contract administration of the Master Development Agreement for Scott-Carver (HOPE VI) Revitalization and approving the public infrastructure plans and budget provided by the selected developer of the HOPE VI project.

**NSP PROGRAM IMPLEMENTATION**

**I. NSP Soft-Second Mortgage and Closing Cost Assistance**

NSP funds have been allocated in the amount of \$9,790,000 for soft-second mortgage assistance, including closing costs, and may include down payment assistance, to NSP-eligible homebuyers to purchase foreclosed-upon single-family homes (Homebuyer Assistance Program). It is estimated that 130 soft second mortgages will be awarded to qualified homebuyers under this activity. Eighty (80) of these loans will be set aside for spot loans and 50 will be set aside for the foreclosed homes purchased by the County. ~~OCED DHCD will utilize the same process it currently uses to distribute second mortgage funds, (i.e., Surtax, SHIP, HOME and CDBG), except that it~~ It is anticipated these NSP funds will be paid-back repaid by the borrower.

**A. Marketing of Homebuyer Assistance Program**

1. ~~OCED DHCD~~ will conduct a marketing campaign to identify qualified buyers to participate in the Homebuyer Assistance Program. This campaign may will include conducting outreach meetings throughout the County and advertising through various ~~mediums~~ media including local newspapers, and cable and radio stations. In

addition, staff will work with MDPHA to reach out to people who have Section 8 homeownership vouchers as well as former Scott and Carver residents. DHCD ~~S~~staff will reach out to organizations that can assist with identifying qualified homebuyers, such as the Housing Finance Authority (HFA) and the Miami-Dade Affordable Housing Foundation. Staff will also do outreach to those homebuyer counseling agencies funded by the County, such as Miami-Dade Neighborhood Housing Services of South Florida, Centro Campesino, Opa-Locka CDC, and Miami Beach CDC, as well as other US HUD approved housing counseling agencies.

## **B. Application Process for Participation in Homebuyer Assistance Program**

### **1. Open Application Period to Participate in Program**

- a. ~~OCED~~ DHCD will open an application process to establish a list of qualified homebuyers to participate in the NSP Homebuyer Assistance Program and thus, become eligible for a soft second mortgage. In order to be placed on the list, applicants must provide documentation that they meet the NSP borrower qualification requirements as set forth in Section I.C of this Implementing Order (first review).
- b. Individuals on ~~T~~the list of potential homebuyers will have the opportunity to apply ~~compete~~ for Spot Loans and for County-purchased homes by lottery or other designated means at such time as these lotteries or other processes are held.

### **2. Spot Loan Award by Lottery or First Ready**

No earlier than 45 days after published notice of the opportunity to submit an application to the NSP Homebuyer Assistance Program, a lottery open to public viewing may ~~will~~ be held to issue certificates to qualified homebuyers. The County may use a first ready process, which allows any certificate holder that is ready to close on a home to be first served on a first ready first served basis. This approach would help move program dollars more quickly. A certificate holder is eligible to receive a spot loan of up to \$70,000 to purchase a foreclosed home (amounts are based on household income).

### **3. Issuance and Exercise of NSP Certificate of Award**

Certificate holders will have up to 120 days from the date the certificate is issued to:

- a. Undergo a second review of borrower qualifications under the NSP Program. During the scheduled appointment with the borrower, ~~OCED~~ DHCD will provide the terms and the interest rate of the loan, the affordability period and the restrictive covenants that will be placed on the property, and the NSP property requirements that must be met; and
- b. Enter into a contract to purchase a single-family home that meets all of the NSP property requirements set forth below under Section I.E. Said contract must be pre-approved by the County and incorporate an NSP Program addendum executed by the seller; and
- c. Close on the home.

Any potential homebuyer provided an NSP Certificate of Award who is unable to close within 120 days will lose their eligibility for a spot loan, but will remain on the Homebuyer Assistance Program list and may will be eligible to participate in future spot loan processes or lotteries to purchase homes from the County. The Director of OCED DHCD or his/her designee will have the ability to extend the 120 day deadline for reasons beyond the homebuyer's control, for example, title problems.

**4. Soft Second Mortgage Assistance for Buyers of County-owned Homes**

Soft second mortgages will be available for homebuyers selected to purchase the homes being sold by the County. Homebuyers must undergo a second review of borrower qualifications under the NSP Program to ensure that they still meet the eligibility requirements. During the scheduled appointment with the borrower, OCED DHCD will provide the terms and interest rate of the loan, the affordability period and the restrictive covenants that will be placed on the property. The selection process to purchase these homes is described in Section II.F.1.

**5. Procedure for Sale of Homes Pursuant to Section 125.379**

GSA and DHCD will follow the procedures for sale of properties pursuant to Section 125.379, Florida Statutes. Each time properties are purchased for sale pursuant to the NSP program, GSA will propose a resolution for consideration by the Board of County Commissioners. That proposed resolution will add the relevant properties to the County's inventory list of properties appropriate for use as affordable housing ("Inventory List") following a public hearing. The public hearing must be held before the Board of County Commissioners. Following the public hearing, the Board of County Commissioners may authorize the sale of the properties in accordance with the terms set forth in this IO. The Inventory List must include the address and legal description of each property and specify whether the property is vacant or improved.

These items will go directly to the Board of County Commissioners for consideration pursuant to State law and the Miami-Dade County Home Rule Charter.

**C. Borrower Qualification Requirements**

Prospective borrowers must meet the following qualifications to participate in the Homebuyer Assistance Program:

<b>Qualifications for Participation</b>	
<b>Income Limits:</b>	Total household incomes no less than 51% and no more than 120% of area median income. (low- to moderate-income)
<b>Employment and Credit Worthiness History</b>	Employment for at least 24 consecutive months (12 months as a full-time student may be substituted for 12 months of employment) up to the time of application. <u>Good, established credit history. Credit worthy, meeting all first mortgage lender requirements for approval.</u>

<b>Citizenship</b>	U.S. Citizen or legal permanent residency immigration status.
<b>Homebuyer Counseling Certification</b>	Minimum of eight (8) hours of homebuyer counseling conducted by a HUD-certified homebuyer counseling agency, <u>especially those currently under contract with Miami-Dade County or those that enter into contract with the County for this expressed purpose, as well as other US HUD approved housing counseling agencies.</u> Certificate must be issued within 12 months prior to lottery selection <u>or selection for assistance.</u>
<b>Approved for First Mortgage</b>	Pre-qualified approved for a first mortgage from an approved lender.
<b>Down Payment Requirements</b>	Not less than 3% of the purchase price. At least 1% must come from the buyers' own funds.
<b>Maximum Debt to Income Ratio for Loan Approval</b>	The maximum monthly payment including house payment (mortgage payments, insurance and taxes) and all outstanding debts (including installment loans, revolving credit cards, and child care expenses) cannot exceed 45% of the participant's gross monthly income, <u>except if approved by DHCD Director or designee, in conjunction with a first mortgage lender approval.</u>

**D. Loan Terms and Maximum Amount of Assistance**

<b>Loan Terms</b>	
<b>Term of Loan</b>	30 years
<b>Interest Rate</b>	0-6%, based upon debt to income ratio
<b>Maximum Assistance</b>	
<b>Household Income</b>	<b>Maximum Assistance</b>
51% to 80%AMI	up to \$70,000
81% to 100%AMI	up to \$60,000
101% to 120% AMI	up to \$50,000

**E. Property Requirements Including Maximum Purchase Price**

Properties must meet the following requirements in order to receive NSP mortgage and closing cost assistance:

<b>NSP Property Requirements</b>	
<b>Spot Loans</b>	
<b>Location of Property</b>	Property must be located in any of the County's priority areas identified in the NSP Substantial Amendment For the borrower's convenience, a list of foreclosed-upon properties will be made available. Borrowers are not limited to selecting one of the listed properties as long as the selected home meets all of the property requirements.
<b>Purchase Price</b>	Must not exceed the lesser of \$205,000 (County approved maximum sales price) after discount. Discount rates must be consistent with Federal requirements.
<b>Type of Properties</b>	Single family home, townhouse or condominium, which has been foreclosed-upon. No cooperative units. This is in alignment with the current OCED DHCD program.
<b>Appraisal</b>	The current market appraisal must not be older than 60 days.
<b>Title</b>	Title must be clear of any liens, outstanding fines and assessments; title insurance will be required.
<b>Physical Conditions</b>	<ul style="list-style-type: none"> <li>• In addition to meeting HUD Housing Quality Standards (HQS), the property must meet County building and housing standards (as set forth in the NSP Substantial Amendment) evidenced by a current Certificate of Use.</li> <li>• An independent inspection is required by a licensed professional.</li> <li>• Property must have an expected economic life of not less than 30 years.</li> <li>• <u>In the event that a foreclosed property requires repairs that are not a threat to health and safety and can be completed in thirty (30) days, funds will be made available and held in escrow by the closing agent and disbursed once the repairs are completed.</u></li> </ul>
<b>Property Must Be Vacant</b>	Property must be vacant at time of listing and remain vacant until closing.
<b>Use as Primary Residence After Closing</b>	After closing, must be occupied by the purchaser of record as primary residence and must not provide a source of income to the borrower.

**F. Lender Participation and Seller Cooperation**

**1. Lender Participation Agreement**

Lenders choosing to participate must execute a Participating Lender Agreement with the County. This agreement will outline all of the specifics relative to the NSP. Information relative to discount rate requirements, interest rates restrictions, subprime lending prohibitions, acceptable loan types, affordability terms, restrictive covenants and other program allowances and restrictions will be detailed in this agreement. Lenders will have to agree to work closely with the County to expedite the real estate transactions.

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## 2. Seller Cooperation - NSP Addendum to Purchase Contract

Upon meeting program eligibility, potential homebuyers will be instructed not to execute a purchase contract until the lender (seller) has executed a NSP Purchase Contract Addendum. The Addendum will make the purchase contingent upon the subject property meeting all of the NSP property requirements set forth herein. The Addendum may include other terms and conditions as may be advised by the County Attorney.

### G. Environmental Review

Pursuant to 24 CFR §58.35(b)(5), mortgage and closing cost assistance is a categorically excluded activity for which no environmental review impact statement or environmental assessment and finding of no significant impact under NEPA is required, nor is the activity subject to a review or compliance determination under Federal laws and authorities cited in 24 CFR §58.5.

### H. Compliance with 24 CFR §58.6 – Flood Insurance Requirements

The County must ensure that the provisions of 24 CFR 24 CFR §58.6 are met at the time of mortgage assistance. These statutory requirements generally require that flood insurance protection is obtained as a condition of the approval of soft second mortgage financial assistance to the homebuyer, if required.

## II. Purchase and Rehabilitation of Foreclosed-Upon Single Family Homeownership and Multi-Family Rental Properties

NSP funds in the amount of \$10,025,000 have been allocated to acquire and rehabilitate foreclosed-upon single-family homes for re-sale to NSP-qualified homebuyers and provide homebuyer counseling. An additional \$21,571,480 in NSP funds have been allocated towards the acquisition and rehabilitation of foreclosed-upon multi-family rental properties to be utilized for affordable rental housing benefiting NSP-income eligible households.

GSA will administer the acquisition, rehab, and resale component of the NSP. GSA will utilize in-house staff for some of this work, while as well as the services of not-for-profit and for-profit third party real estate professionals and construction trade persons will also be utilized to assist with identifying foreclosed homes, estimating the rehab cost, negotiating the purchase, conducting due diligence, rehabilitating the housing, identifying buyers and selling the single family housing. GSA will manage the real estate transaction with in-house staff. Homes purchased by the County will be rehabilitated by these third party real estate professionals, whenever possible.

Pursuant to statutory authority granted to counties under Section 125.379, of the Florida Statutes, GSA will sell the homes to qualified buyers selected in the manner described in Sections I.B.1 and I.B.5. ~~OCED~~ DHCD will provide these NSP-eligible homebuyers with soft second mortgage and closing cost assistance to purchase these homes.

Multi-family rental properties once acquired by GSA will be turned over to property managers currently under contract with the County (~~OCED~~) (DHCD) to perform all required functions of property management, including any necessary rehabilitation, marketing, and renting of the units. Seventy-one percent (71%) of the \$21.57 million allocation of funds to be used towards acquisition and rehabilitation of multi-family rental housing has been restricted to

benefiting households with incomes up to 50% of AMI, thereby satisfying one of the Act's requirements.

In addition, the County Mayor or the County Mayor's designee may establish a pool of qualified for profit and/or not-for-profit developers or home builders to identify and acquire foreclosed-upon single family homes from lenders and rehabilitate them to the extent required to meet housing standards set forth in the NSP Plan prior to re-sale. The County may fund up to full cost of the acquisition and rehabilitation of the homes with NSP funds, subject to a first mortgage on the property with deed restrictions imposing terms to ensure continued affordability.

The County Mayor or the County Mayor's designee may also select for-profit and not-for-profit housing developers or homebuilders to acquire, rehabilitate and manage multi-family rental housing. In such cases, the County may fund a portion or the full acquisition and rehabilitation costs with NSP funds. The selected developer must present projects that are fully financed except for a gap that the County would fill using NSP funds. The funds may will be provided as a deferred loan payable at the end of the affordable period. The projects are subject to a subsidy layering review.

## **A. Identification of Foreclose-Upon Properties**

### **1. Published Notice**

The County will publish a notice in local newspapers and newspapers of general circulation as well as on the County's website informing the public of the County's interest in acquiring foreclosed properties (Real Estate Owned – title must have been transferred to mortgage holder) in areas throughout the unincorporated areas of Miami-Dade County (UMSA) and in municipalities that are non entitlement cities and were not allocated direct NSP funds. Properties must have been determined by the County to be in areas of greatest need (a map showing the areas of greatest need ~~with priorities of highest and high need~~ can be found on the County's web site at [www.miamidade.gov/ced](http://www.miamidade.gov/ced)). The deadline by which the properties must be submitted in order to be considered will be specified as well as the minimum criteria that the properties must meet to be considered for acquisition.

### **2. Solicitation of Foreclosed Properties Lists**

In addition to a published notice, GSA will contact financial institutions doing business in Miami-Dade County for lists of foreclosed-upon properties that meet the minimum criteria that properties must meet to be considered for acquisition. GSA may also work with the National Community Stabilization Trust, an organization that operates as an intermediary between government and financial institutions.

**B. Property requirements**

In order to be considered for purchase, the properties must meet the following criteria:

<b>NSP Property Requirements</b>	
<b>Acquisition and Rehab of Single family (Homeownership) and Multi-family housing (Rental)</b>	
<b>Location of Property</b>	Properties acquired and rehabilitated by the County for resale will be located in <u>areas of greatest need</u> <del>highest and high priority need areas</del> as designated in the NSP Substantial amendment.
<b>Purchase Price</b>	The cost of rehabilitation to single family homes, plus the cost of acquisition and carrying costs, may not exceed \$205,000. In the case of multi-family rental properties the cost to purchase and rehab the building should not exceed \$125,000 per unit. As required by the Act and NSP Notice, the County's purchase price must be at a discount consistent with the Federal requirements.
<b>Type of Properties</b>	Homeownership: Single family home or townhouse, but, no condominium or cooperative units. Multi-Family Rental: A minimum of twenty contiguous units.
<b>Property Tax</b>	No property taxes can be delinquent.
<b>Title</b>	Title must be clear of any liens, outstanding fines and assessments; title insurance will be required.
<b>Physical Conditions</b>	The County will assess the degree of rehabilitation necessary for a single-family home to ensure that the home meets the County's building and housing standards prior to re-sale. <u>Those properties requiring minimum repair will be offered for purchase to a spot loan participant, and if not selected, may then be acquired by the County.</u>
<b>Unit Occupancy</b>	Homeownership: Units must be vacant at time of listing and remain vacant until closing. Multi-Family Rental Housing: Units may be vacant; however, the purchase of occupied units is permitted provided the tenants meet the required income levels stated in Section II.H.1a below and all HUD required provisions are addressed.

**C. Property Evaluation and Selection**

After County solicitation of foreclosed-upon properties, staff will screen properties to determine if the properties meet the minimum threshold criteria specified above.

**1. NSP Property Acquisition Evaluation Committee**

Those foreclosed upon properties meeting the criteria specified above will be presented to the NSP Property Acquisition Evaluation Committee who will rank and select the properties that will best accomplish neighborhood stabilization with the greatest impact in the areas of greatest need ~~highest and high need~~, with sensitivity to the need to stabilize neighborhoods throughout such areas in the County (in the northern, southern, western and eastern portions of the County).

## 2. Composition of Acquisition Evaluation Committee

The Committee will be composed of representatives from the following Departments:

- GSA
- ~~OCED DHCD~~
- Planning and Zoning
- Building and Neighborhood Compliance Department
- ~~Office of Neighborhood Compliance~~
- Office of Economic Development Coordination

## 3. Stabilization Criteria to be Utilized in the Selection of Properties for Acquisition

The Committee will utilize the following criteria to rank properties for acquisition:

### Single Family Housing

- Acquisition and rehabilitation costs per housing unit;
- The estimated time between acquisition and completion of repairs and correction of building code violations, if any;
- The percent of ~~vacant and~~ foreclosed units within a 0.5 mile radius;
- The percent of housing units with filings of lis pendens within a 0.5 mile radius during the latest three (3) month period, subject to availability; and
- The percent decline in median home prices within a 1.0 mile radius over the past year.

### Multi-Family Housing

- Acquisition and rehabilitation costs per housing unit;
- The estimated time between acquisition and completion of repairs and correction of building code violations, if any;
- The percent of vacant units within the building;
- The percent of ~~vacant and~~ foreclosed housing units within a 2.0 mile radius; and
- Proximity to transit corridors, where possible.

The Director of ~~OCED DHCD~~ will determine the appropriate weight that should be given to each of the factors used to determine the selection of rank properties for the purpose of recommending acquisitions.

## D. Acquisition of Properties

### 1. Authority to Enter into Purchase Contracts to Acquire and Sell Properties

In order to utilize NSP funds as quickly as possible to stabilize neighborhoods experiencing high rates of foreclosures and within the time and regulatory constraints imposed by the Act, the County Mayor or County Mayor's designee is authorized to enter into purchase contracts to acquire and sell properties, subject to Section 125.379, Florida Statutes, and to the review of the County Attorney, that are recommended by the NSP Evaluation and Selection Committee. The County Mayor or designee is also authorized to enter into agreements ~~contracts~~ with entitlement cities to acquire multi-family housing when utilizing NSP funds.

## 2. Maximum Purchase Price

As required by the Act and NSP Notices as amended, the County's purchase price must be at a discount consistent with Federal requirements. In any event, the County may not acquire single-family homes at a purchase price greater than \$205,000 and it may not purchase multi-family rental properties when the price would be greater than \$125,000 per unit.

## 3. Property Appraisals

As dictated by the Act and HUD Notice, the County may not rely upon appraisals that are older than 60 days. Appraisals will be ordered by GSA for properties under consideration and will be available for public disclosure or inspection. The County will not utilize exemptions from Section 119.07(1) F.S.

## 4. Administration of Acquisitions

GSA will negotiate an acceptable price and conduct other due diligence required prior to closing on the properties, such as ordering title searches, surveys, and environmental review as required by HUD. GSA and the County Attorney's Office will be responsible for closing on the properties.

## E. Rehabilitation of homes

Once the home has been purchased, GSA staff will initiate the rehabilitation of the unit. ~~Depending on the amount and type of rehab work that the home requires, GSA will either do the work in house utilizing its design and Construction Division staff,~~ GSA will also utilize members of the real estate professional pool (contractors) to complete the work or contract the work out to construction trade vendors that are under contract with the County's Office of Capital Improvements.

## F. Sale of Homes to Eligible Homebuyers

### 1. Selecting Homebuyer

In the manner described in Section I.B above and pursuant to authority given to the County under Section 125.379 F.S., the County, through GSA, will sell the homes to homebuyers on the NSP Homebuyer Assistance Program list. Once a single family home is acquired, it will be offered for purchase to the Homebuyer Assistance Program list, administered by ~~OCED~~ DHCD. If more than one eligible homebuyer expresses an interest in purchasing the home, a lottery will be held amongst the interested homebuyers. In the event that the top ranked potential homebuyer does not meet NSP borrower qualifications during second review or cannot close on a timely basis, the next highest ranked potential homebuyer will be offered the home.

### 2. NSP Homebuyer Assistance

Homebuyers selected by lottery to purchase a County-acquired home will be eligible to receive NSP soft second mortgage assistance, as described in Section I. Homebuyers may also be selected by a first ready process and will be eligible for a second mortgage.

## **G. Terms Controlling Long-Term Affordability**

### **1. NSP Affordability Requirements**

The long term affordability requirements for the NSP will mirror the restrictions of the County's Infill Housing Program. In addition to the soft second mortgage, a declaration of restrictive covenants running with the land will be recorded in the public records of Miami-Dade County at closing. This provision applies to all single family home purchases made with or in part by utilizing NSP funds, including the spot loans. The declaration of restrictive covenants will specify that:

- The covenants will bind the homebuyer, any assignee, mortgagee, and all other parties that receive title to or interest in the property. These covenants will be senior to all instruments securing permanent financing.
- The covenants shall control for a minimum of 20 years and shall automatically reset every 20 years for a maximum of 60 years, except that in the event an eligible home is owned for an entire 20-year control period by the same individual(s), said individual(s) shall automatically be released from the Declaration of Restrictive Covenants.
- The restrictions shall run with the land for the entire control period.
- Re-sale of the property during the affordability control period is limited to NSP income-qualified individuals or families for use as their primary residence. The assisted home may not be leased to another party.
- Prior to the re-sale of the NSP-assisted home during the control period, the current homeowner shall obtain the County's written approval.
- The maximum sales price permitted on resale of an eligible home will be based on the following:
  - (i) the method used in the Infill Housing Program, which takes into account the price paid by the current owner and any increases tied to an index of area incomes during the period in which the current owner owned the home; and
  - (ii) documented costs for property improvements that are permanent in nature and not for decoration or maintenance purposes
- The County reserves a right of first refusal to purchase the eligible home prior to or at the end of control period, if it becomes available for purchase and there are no eligible persons to purchase the NSP-assisted home.

### **2. Assessed Value of Homes Subject to NSP Affordability Controls under Restrictive Covenants**

To ensure that the assessed value of the affordable home reflects consideration of the above restrictions, the County will submit a copy of the recorded covenant to the Miami-Dade Property Appraiser's Office immediately after closing. Upon receiving the covenant, the Property Appraiser's Office will make a notation in the records available to the public that the home is subject to affordable housing restrictions and, for subsequent assessments during the control period, will ensure that the discounted value reflects consideration of the housing restrictions.

## H. Multi-Family Rental Housing – Property Management, Affordability Controls and Tenancy

### 1. Tenant Population

#### a. Breakdown of Unit Occupancy Restricted by Income:

The County will acquire at least 172 units of rental housing, setting aside 122 units for households at or below 50% of AMI, 25 units for households between 51% and 80% of AMI and 25 units between 81-120%.

#### b. First Priority for Tenancy

Priority for tenancy will be given to existing tenants, provided they meet the eligibility requirements of the NSP ~~Homebuyer Assistance~~ Program. Preference will also be given to those households evicted from foreclosed-upon properties. In coordination with the Miami-Dade County Police Department, which delivers the writ of possession, ~~OCED~~ DHCD, through its property management team, will verify and document such cases. The Miami-Dade County Homeless Trust will assist ~~OCED~~ DHCD and the Police Department in developing a protocol for this coordination.

### 2. Responsibility for Rehabilitation and Property Management

~~OCED~~ DHCD currently has an inventory of multi-family rental properties and has contracted with property management companies to fully maintain and manage these properties. Such services include marketing, lease-up, rent collection, general maintenance and rehabilitation when necessary. Multi-family rental properties once acquired by GSA with NSP funds will be turned over to these property managers under County contract to perform rehabilitation as required under the Act and all required functions of property management as described above. For properties acquired by developers where NSP funding will be used as gap financing, the developer will own and manage the properties, including all required rehabilitation or reconstruction.

### 3. Affordability Period

The NSP rental units will remain affordable for thirty years to individuals and families earning 120% or less of area median income.

### 4. Affordable Rents

Miami-Dade County will adopt the maximum rents allowed as determined by market comparison. The County may ~~will~~ set rents at thirty (30) percent of monthly gross income, not to exceed the maximum market rent. Alternatively, maximum rents may be based on HUD-approved rent limits for tax credit projects.

## III. Demolition of Blighted Structures

NSP funds in the amount of \$1,000,000 will be directed toward demolition of blighted structures located in ~~highest and high priority~~ areas of greatest need. These structures are expected to be primarily single family homes.

## **A. Authority for Demolition and Responsible Departments**

### **1. Authority for Demolition**

The County adopts the definition of “uninhabitable structures” as defined in Section 17B-15 of the Miami-Dade County Code of Ordinances, as the definition of “blighted structures” for purposes of the NSP Substantial Amendment. In the event that the structure does not meet the standards for demolition under Chapter 17B, the County will seek demolition of the property as an “unsafe structure” under Section 8-5 of the code.

### **2. Responsible Departments**

~~OCED~~ DHCD will coordinate demolition of blighted structures under the NSP Program with the ~~Office of Building and Neighborhood Compliance and Miami-Dade Building Department Building Code Compliance Office~~, which ~~is~~ are responsible for enforcement of Chapter 17B and Section 8-5, ~~respectively~~, of the Miami-Dade County Code of Ordinances.

## **B. Use of NSP Funds for Demolition**

### **1. Request for Applications (RFA) Open to Non-NSP Municipalities**

A portion of NSP funds allocated to this activity will be made available to municipalities that did not receive a direct allocation of NSP funds or an allocation through the State of Florida. These municipalities will be invited by the County Mayor through ~~OCED~~ DHCD to submit applications for demolition of blighted structures. The County Mayor or the County Mayor’s designee will approve those applications that meet the requirements based on available funding.

Municipalities seeking NSP funds will be required to adopt Chapter 17B and Section 8-5 of the Miami-Dade Code of Ordinances by reference. The County will provide training and support to municipalities as necessary to assist them in carrying out demolition activities in accordance with the provisions of Chapter 17B and Section 8-5.

### **2. Utilization of Demolition Funds in Conjunction with Other NSP Activities**

Some of the demolition funds may have the greatest impact if used in conjunction with other NSP activities. Therefore, such funds will be utilized as needed to accomplish greater neighborhood stabilization under these activities. In cases where the County has control of the land, properties will be placed under the Infill Housing Program, converted to green space, turned into or added to adjacent parks, or used to enhance neighboring community centers.

### **3. Other Utilization of Demolition Funds**

A portion of NSP funds may be utilized to demolish blighted structures in areas of greatest need.

#### **IV. Neighborhood Redevelopment Activities**

NSP funds budgeted for Neighborhood Redevelopment will be directed toward the Scott Carver HOPE VI affordable housing project, which will produce 236 rental units for households at or below 60% of area median income. NSP funds will be leveraged with other public and private funds. At least 59 units will be set-aside for 50% of AMI. The NSP funds are specifically targeted towards covering the cost of public infrastructure for the development. In addition, a portion of the funds will be used for housing development within the expanded HOPE VI footprint.

##### **A. Scott Carver HOPE VI Affordable Housing Project**

Neighborhood Stabilization Program funds in the amount of \$8.6 million have been approved by the Miami-Dade Board of County Commissioners pursuant to Resolution No. R-1151-08 and have been allocated to cover the cost of public infrastructure (i.e. roads, sidewalks, water and sewer) for the Scott Carver HOPE VI affordable housing project. On December 11, 2008, the BCC Board also approved Resolution R-1414-08, authorizing the County to execute a Master Development Agreement RFQ 8345 with McCormack, Baron Salazar, Inc. for Scott Carver Revitalization Phase II (HOPE VI). This agreement specifies that the County would be responsible for the infrastructure cost, but did not include the funding amount. Through this implementation, the County will use the Master Development Agreement and additional closing documents as a contracting vehicle and as such will approve the budget for the public infrastructure per the contract. ~~OCEC~~ DHCD will execute the closing documents for the funds upon approval of the plans and the budget. The County will amend the Master Development Agreement to include the \$8.6 million in NSP funds.

##### **B. Affordable Housing Development in the Expanded HOPE VI Footprint**

NSP funds in the amount of \$5 million will be used within the expanded HOPE VI footprint to develop approximately 40 units of multi-family housing, such as but not limited to youth transitioning out of the state foster care system. A developer/provider will be solicited through an RFA process. The County Mayor, through ~~OCEC~~ DHCD will advertise for qualified builders for the redevelopment of vacant property in the expanded HOPE VI area. The County Mayor or the Mayor's designee will negotiate a contract with the selected developer.

#### **V. County Mayor Report to Board of County Commissioners**

The County Mayor or County Mayor's designee will provide a report on the status of the Program to the Board of County Commissioners monthly.

This Implementing Order is hereby submitted to the Board of County Commissioners of Miami-Dade County, Florida.

County Manager

Approved by the County Attorney as  
to form and legal sufficiency \_\_\_\_\_

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# NSP Priority Rankings of Census Tract Block Groups by Index of Greatest Need Within Miami-Dade County CDBG Jurisdictional Area

