

**ST. PETERSBURG CITY COUNCIL
(ADMINISTRATIVE REPORT)**

Meeting of July 9, 2009

TO: The Honorable Jeff Danner, Chair and Members of City Council

SUBJECT: A resolution authorizing the Mayor or his designee to submit an application to the U.S. Department of Housing and Urban Development for Neighborhood Stabilization Program 2 funding, and to execute all documents necessary to effectuate this resolution; and providing an effective date.

OBJECTIVE

The City proposes to submit an Application to the U.S. Department of Housing and Urban Development (“HUD”) to request \$20 million in Neighborhood Stabilization Program 2 (“NSP2”) funding. HUD announced in its Notice of Funding Availability (“NOFA”) on May 4, 2009, that it has \$1.93 billion in federal financial assistance available for local governments, non-profits, or Indian Tribes to submit a request for funding for the implementation of the NSP program. The process is competitive and all interested applicants must respond to the NOFA by addressing all of the questions asked. The deadline for the submission of applications is July 17, 2009, after which HUD will review and assign a score to each application, and provide notification to the selected applicants in early to mid December 2009.

NOTIFICATION PROCESS

HUD notified prospective applicants that they must provide at least 10-days notice to the general public, by newspaper advertisement, placing the information in local libraries, and on the City’s website, prior to the City Council meeting that will consider approving the application for NSP2 funds. The notices must provide the amount of funding that the applicant will request, the strategies/activities that are proposed to be implemented; and the date and time of the City Council meeting at which the application approval will be considered

The City has complied with the HUD public notification requirements.

PRESENT SITUATION

The City currently, is in the process of implementing NSP1 which covers a limited area of the City that has been designated as Priority Areas to address the foreclosure problem that currently exists. Administration believes that the submittal of an Application to secure \$20 million in additional funding is an opportunity that will greatly enhance the City’s ability to comprehensively address the housing foreclosure problem throughout a majority of the entire City. The City must establish a target geography in which investment will be implemented where Foreclosure and Vacancy Scores in the aggregate are at a minimum of 18.

The purpose of the NSP2 is to assist states, local governments, and consortiums to address the effects of abandoned and foreclosed upon properties in their local communities. The uses of the NSP funds are:

- Establishment of financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties;
- Purchase and rehabilitation of abandoned and foreclosed homes and residential properties;
- Establishment of land banks for homes that have been foreclosed upon;
- Demolition of blighted structures; and
- Redevelopment of demolished or vacant properties.

PROPOSAL

The City proposes to submit an Application for funding from HUD for NSP2 funding which will allow the City to positively impact areas that are experiencing severe foreclosure problems. Through its efforts and that of its partners, the City proposes to work to utilize \$8,575,000 to acquire, rehabilitate, and sell 66 units of single-family housing to households whose incomes do not exceed 120% of area median income (“AMI”). In addition, the City proposes to expend \$7,750,000 to assist its non-profit and Developer partners to acquire 110 multi-family units (“4 or more units”), to rehabilitate, and rent to households whose incomes are at or below 50% of AMI. The City proposes to provide down-payment assistance of \$15,000 per persons or households to assist with the purchase of a home, which will result in the expenditure of \$1,275,000 and assist 85 persons/households. Because these individuals and households will need 8-hours of homebuyer education prior to acquiring a home, the City proposes to make available \$250,000 of the grant for its non-profit HUD certified housing counseling agencies to provide this service. Finally, the City is proposing to utilize \$150,000 to demolish 25 single family housing units that are unfit to be rehabilitated, and provide a process where the properties that are demolished can be rebuilt within a minimum of two-years. All target geography identified for investment must have at a minimum, an aggregate Foreclosure and Vacancy Score of 18.

ADVANTAGES

The advantages of this proposal would result in the following:

- Substantially more funding being allocated to the City to address its foreclosure problems, which as homes are acquired, rehabilitated, and sold, neighborhoods would begin to stabilize.
- The substantial amount of foreclosed and vacant properties will begin to reverse the current trend of the value of properties declining in the impacted areas.
- Previously vacant, abandoned, and foreclosed upon housing will now be occupied by new homeowners, who are proud of their community, and will contribute to the City’s tax base.

DISADVANTAGES

The disadvantage of not submitting an Application for assistance would result in the following:

- The City having to endure a longer period of time where foreclosed upon and abandoned homes continue to depress the housing values of neighborhoods, however, this could be mitigated by submitting an Application for funding.
- The City missing out on an opportunity to proactively address its foreclosure and vacancy problem, by not pursuing available resources. However, this can be mitigated by the

City's designation as an NSP2 Grantee which will provide the needed funding to substantially address the foreclosure problem.

ACTION PLAN


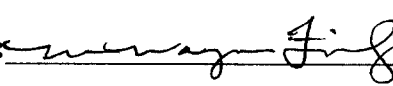
With Council's authorization and approval, the City will make application to secure \$20 million in funding from HUD to implement NSP2. The following action will take place:

- Submit application to HUD on or about July 10, 2009.
- HUD will review application and notify those who have been designated to receive funding on or about mid December.
- Once notified, applicant will receive Agreement from HUD on or about mid January 2010 and have thirty-days to sign Agreement.
- HUD will then approve applicant to set-up Activities in the Disaster Recovery Grants System ("DRGR") for implementation of program.
- Applicant will have two-years to expend 50% of allocation, and the remaining funding during the third year.
- Program should start in March 2010 and end in March 2013.

RECOMMENDATION: Administration recommends approval of the attached resolution authorizing the Mayor or his designee to submit an application to the U.S. Department of Housing and Urban Development for Neighborhood Stabilization Program 2 funding, and to execute all documents necessary to effectuate this resolution; and providing an effective date.

ATTACHMENTS: Resolution
Application

Approvals:

Administration:  **Budget:** 

Legal: 00108914.doc v. 2

Resolution No. 2009-_____

A RESOLUTION AUTHORIZING THE MAYOR OR HIS DESIGNEE TO SUBMIT AN APPLICATION TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR NEIGHBORHOOD STABILIZATION PROGRAM 2 FUNDING, AND TO EXECUTE ALL DOCUMENTS NECESSARY TO EFFECTUATE THIS RESOLUTION; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the President signed the American Recovery and Reinvestment Act (“ARRA”) into law on February 17, 2009; and

WHEREAS, \$1.93 billion was made available as part of ARRA to fund the Neighborhood Stabilization Program 2 (“NSP2”) to be administered by the U.S. Department of Housing and Urban Development (“HUD”); and

WHEREAS, HUD announced a Notice of Funding Availability signed on May 4, 2009, by the Secretary that \$1.93 billion in funding was made available through ARRA to fund NSP2; and

WHEREAS, HUD notified prospective applicants that they must provide at least 10-days notice to the general public, by newspaper advertisement, placing the information in local libraries, and on the City’s website, prior to the City Council meeting that will consider approving the application for NSP2 funds; and

WHEREAS, the notices must provide the amount of funding that the applicant will request, the strategies/activities that are proposed to be implemented; and the date and time of the City Council meeting at which the application approval will be considered; and

WHEREAS, the City has complied with the HUD public notification requirements.

WHEREAS, HUD notified interested applicants that they have until July 17, 2009, to submit an application for funding; and

WHEREAS, HUD has advised that each applicant must request a minimum of \$5 million in funding and must be able to improve a minimum of 100 units of housing; and

WHEREAS, applicants who are designated to receive funding must expend 50% of funds allocated within the first two-years, and the remaining funding within the third year; and

WHEREAS, the City has prepared an application for \$20 million in funding and believes that this will assist in stabilizing the target geography (“neighborhoods”) within the City; and

WHEREAS, the City has established that it has the capacity to implement and complete the activities/strategies that are listed on its application.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of St. Petersburg, Florida that the Mayor or his designee is authorized to submit an application to the U.S. Department of Housing and Urban Development for Neighborhood Stabilization Program 2 funding, and to execute all documents necessary to effectuate this resolution.

This resolution shall become effective immediately upon its adoption.

Approvals:

Administration: Joshua A. Johnson Legal: RBS

Legal: 00108913.doc v. 2