

ST. PETERSBURG CITY COUNCIL
Committee Report
Council Meeting of September 3, 2009

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

FROM: Housing Services Committee: Leslie Curran, Council Vice-Chair, Herb Polson, Councilmember, Karl Nurse, Committee Vice Chair, Jeff Danner, Council Chair, Wengay Newton, Councilmember, Bill Dudley, Councilmember

RE: **Housing Services Committee Meeting of August 27, 2009**

New Business:

Update on the Neighborhood Stabilization Program (Stephanie Lampe, Tom de Yampert, Mike Psarakis, and Raul Quintana)

Stephanie Lampe, Senior Coordinator, Housing and Community Development, began by providing an update to the Committee the Council approved 15 single-family properties for acquisition, of which 12 have closed. Ten are pending, 2 of the 15 have not yet closed, and one (1) property was withdrawn by the seller. The City's current inventory stands at 14 properties. Of the 14 properties the following are scheduled:

- 8 Demolition and Reconstruction
- 6 Rehabilitations, 2 minor and 4 major.

Raul Quintana, City Architect reported that the City has an Architect under contract. Three prototype plans have been developed and plans should be completed and out to bid to be used on the 4 priority infill sites by mid to late September. The plans were developed for minimum lot width of 40 feet, with siding of homes to be done with block, hardi board, or stucco. The properties to be demolished and reconstructed were listed by address and a map shown depicting the location of each property. Two properties are considered minor rehabilitations. One (1) will be forwarded to Purchasing for bid by mid September. Four of the remaining rehabilitations are considered major, of which an Architect is under contract to develop plans and specifications for 1, which is due to be submitted to Purchasing for bid by early September.

The scope of work and specifications for the remaining rehabilitations are in process.

Tom de Yampert, Manager of Housing Finance and Rehabilitations, discussed the Homebuyer Generation Objectives which are to:

- Make the public aware of the available assets
- Educate the public on the financing, selection and homeownership through the 8-hour Homebuyer Educations class by HUD certified counselors
- Establish a coordinated effort of the not for profit agencies, Realtors, financial institutions and City marketing to rapidly match homes with potential purchasers.

There will be a public awareness campaign that will consist of the following:

- Yard signs

H-3

- Internet communications
- St. Petersburg TV
- Community meetings and outreach

The City hopes to have one model rehabilitated home set up in high traffic corridor so that the general public will see what type of home we have available for acquisition. Mr. de Yampert stated that a newly constructed home will also be utilized as a model.

Mr. de Yampert responded that homes will be designed with the option of including a garage or shed that will enable new homeowners, to have somewhere to store their bicycles, lawnmowers, etc.). He further included that accessibility features for the future use of the homes will be put in place.

A question was asked whether we will be closer to breaking even on the newer inventory. The response was yes, but that we were restricted from gaining a profit on the sale of the homes.

A recommendation was made that a bullet should be added to the front page of the Power-point to inform how many contacts we have made to owners of foreclosed and vacant properties.

A question was asked did the increase in the negotiated rate to 99 percent of appraised value result in more cooperation from lenders to the City. The response was there has not been a substantial increase in activity.

Multi-Family Update

Ms. Lampe reported that two preliminary applications were received which consists of between 20-38 units. The City set aside \$2.3 million for multi-family projects. It does not look like we will go over that amount at this time. Hopefully one of the two properties has moved further along, one of the two properties is in a flood zone. Administration is hopeful to have one of the two before City Council for approval in early October.

Coming Changes

Mike Psarakis, Senior Coordinator of Real Estate and Property Management, reported that the Committee should have received two additional properties that are being proposed for acquisition at next week's Council meeting. He discussed a stack of approximately 180 proposals that he has not received a response from a real estate broker. His first problem is he is not receiving a response from the broker as to whether the seller is agreeable to the terms and conditions of the sale.

Mr. Psarakis was able to contact a Regional Director of Fannie Mae who works in our area. A conference call was scheduled, Fannie Mae received the Agreement from the City and discussed that it informed Tom and Mike that it has a special Neighborhood Stabilization Program that might fit what we want to do but there is one problem (The City has to go back and receive City Council approval after due diligence has been done).

Fannie Mae lists all of their foreclosed properties has been able to talk to the REO manager in Utah who controlled a property of interest.

Fannie Mae would allow the City 15-days to make the proposal, during the 15-day period of time, Fannie Mae would review the offer, subject to an environmental, survey, and the Housing Department going out and conducting an inspection and determining that we would want to buy the house.

Real Estate proposal for Fannie Mae foreclosed properties requested that, as long as the proposed sale meets the terms and conditions of what we customarily do (inspections, due diligence, etc.), and the price does not exceed \$150,000 and closing costs does not exceed \$7,500, that we may make the proposal subject to due diligence, with Housing conducting its inspections, and once the final report comes back, close.

A question was asked why can't we just have an Agenda item on the City Council Agenda for whatever Fannie Mae approval that is in the pipeline, since Council meet three times per month, why can't we have a standing Fannie Mae approval?

Mr. Psarakis responded that he just want to work within the 15-day window before Fannie Mae turn it over to other bidders.

A decision was made to discuss the item at Agenda Review on the afternoon of August 27, 2009.

Action: No action taken.

Discussion of Proposed Annual Plan Amendment by Stephanie Lampe

Ms. Lampe discussed that in order to help staff to successfully move forward with the acquisition of properties in the NSP, we have a Plan Amendment that will include vacant and abandoned properties that are eligible. In addition the amendment will allow the City to acquire by filing a cross claim when a vacant property with a WIN 2nd mortgage goes to foreclosure sale. Finally, the Amendment will be requested to allow the City to expand its priority areas to an additional Priority Area 4.

Mr. de Yampert included that what this would allow the City to do is go to the foreclosure sale, NSP money to bid to acquire the property, to rehabilitate the property and put it back on the market. This would allow us to retain the income restricted households. Under NSP it does not allow the City to recover any of its funds, sale of the home must be done at less than what was put into the project by NSP.

Administration will present an Amendment to the Annual Action Plan at a public hearing at the September 17, 2009, City Council meeting.

Action: Bring item before Full Council for Annual Plan Amendment on September 17, 2009.

Update of NSP2 by Joshua Johnson

Joshua Johnson, Housing and Community Development Department Director, reported that the City received confirmation from HUD that it received our NSP2 application, and that a decision will be made in reference to who is awarded funding in early December 2009. A question was asked whether we know the amount of applications that were submitted for the available funding. The response was that information is not known at this time, but HUD will provide the information after its review. We are aware that local and state governments, non-profits, and consortia's have made application for the \$2 billion that is available.

Update on Proposed Federal Funding (CDBG, HOME, ESG) for FY 2010 – 2011

Mr. Johnson began by discussing that staff is currently preparing to formulate the preparation of the next 5-year Consolidated Plan which begins during FY 2011 and runs through FY 2015. The Annual Action Plan is also part of the process and we will begin the planning for this endeavor during the Fall of this year.

A concern was discussed by Grantees with HUD whether CDBG-R funding can be leveraged with other formula grants. HUD's answer was yes, however they will be tracked separately.

There have been rumors circulating that Grantees will be allowed a 1-year extension on their current 5-year Consolidated Plan submissions. HUD has stated that this is false, that that they expect to receive Consolidated Plans/Strategic Plans in August of next year.

Additionally, Grantees have asked HUD whether they will be allowed to be exempt from complying with HUD's timeliness requirements for the expenditure of CDBG funding. HUD's response was that we must all continue to meet our 1.5:1 Timeliness Ratio (City's current ratio is 0.49:1), even though we have been tasked with having to expend NSP, CDBG-R, and HPRP funding in addition to our regular formula grant allocations.

Lastly, a summary of the formula allocations requested by the Obama Administration for FY 2010-2011 was discussed. The Administration requested \$4.450 billion for CDBG, \$500 million more than the current fiscal year allocation, \$1.850 billion for HOME, the same funding as that allocated this fiscal year, and \$1.794 billion for ESG, \$120 million more than the current fiscal year. In addition, the Administration requested \$100 million for Housing Counseling assistance (Homebuyer Counseling, Foreclosure Prevention, Foreclosure Intervention, etc.), this will allow non-profit housing agencies to apply to HUD or through their national affiliates to secure funding for homebuyer education services.

A comment was made that at the Foreclosure Prevention event this past Saturday, it was evident that the agencies are scrambling to keep up as they are under staff and that we need some way to get money to these agencies to provide services. A response was made that unfortunately, HUD allocates money but not to the local governments to assist the agencies, funding is allocated directly to the agencies national headquarters agencies that trickles down to the agencies. A further comment was that one of the things that will be done is staff will come back in a month or two with strategies and proposals to suggest possible reallocation of funding to strategies that are more strategic.

Action: No action taken.

Council Chair Danner discussed that the former Asian FACE property on 1st Avenue North is being proposed for use as a community garden, and he would like to have the Committee recommend to Full Council the use of the property as a community garden, on a year to year basis.

Action: A motion was made to submit the request to Full Council for approval.

Multi-Family Update

Ms. Lampe provided an overview of the status of multi-family properties which included that the Columbian was under construction, Twin-Brooks is underway, and Burlington Avenue is closing with HUD. However, the Portland development has to file an appeal with Florida Housing Finance

Corporation as they went into the exchange program with 31 other applicants to secure 85 cents versus the 75 cents on the dollar for tax credit funding, and FHFC is trying to eliminate the Portland on a technicality of part of their application, and they are going through a review appeal and need a letter of support from the Chair of this Committee within the next 10-days. The City has pledged \$1.1 million in assistance.

A comment was made that completed projects need not be listed on the Multi-Family Housing Matrix. The response was that we can hide the information and be able to show the information when needed.

Ms. Lampe reported that Booker Creek has not closed, and that they should be closing during the Fall.

Follow-up (information only)

Provide a list of projects that are under development, or scheduled for redevelopment.
Provide spreadsheet of funding available for the production of multi-family developments.

Next Meeting:

Next meeting: September 24, 2009

Topics:

Update of the Neighborhood Stabilization Program 1 & 2
Other items as they become available.

Committee Members

Leslie Curran, Chair
Karl Nurse, Vice-Chair
Herb Polson, Councilmember
Jeff Danner, Council Chair
Bill Dudley, Councilmember
Wengay Newton, Alternate