

THE NSP SUBSTANTIAL AMENDMENT

Jurisdiction(s): <u>City of St. Petersburg</u> <i>(identify lead entity in case of joint agreements)</i>	NSP Contact Person: Joshua A. Johnson Address: P. O. Box 2842 St. Petersburg, Florida 33731 Telephone: (727) 892-5585
Jurisdiction Web Address: <u>www.stpete.org</u> <i>(URL where NSP Substantial Amendment materials are posted)</i>	Fax: (727) 892-5397 Email: joshua.johnson@stpete.org

A. AREAS OF GREATEST NEED

Provide summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction.

Note: An NSP substantial amendment must include the needs of the entire jurisdiction(s) covered by the program; states must include the needs of communities receiving their own NSP allocation. To include the needs of an entitlement community, the State may either incorporate an entitlement jurisdiction's consolidated plan and NSP needs by reference and hyperlink on the Internet, or state the needs for that jurisdiction in the State's own plan. The lead entity for a joint program may likewise incorporate the consolidated plan and needs of other participating entitlement jurisdictions' consolidated plans by reference and hyperlink or state the needs for each jurisdiction in the lead entity's own plan.

HUD has developed a foreclosure and abandonment risk score to assist grantees in targeting the areas of greatest need within their jurisdictions. Grantees may wish to consult this data in developing this section of the Substantial Amendment.

Response:

The City of St. Petersburg ("City") has targeted areas to be eligible to invest Neighborhood Stabilization Program funds according to Section 2301(c)(2) of the Housing and Economic Recovery Act of 2008, as outlined below:

- Greatest percentage of home foreclosures;
- Areas identified as the most likely to face a significant rise in the rate of home foreclosures; and
- The highest percentage of homes financed by a Subprime mortgage related loan.

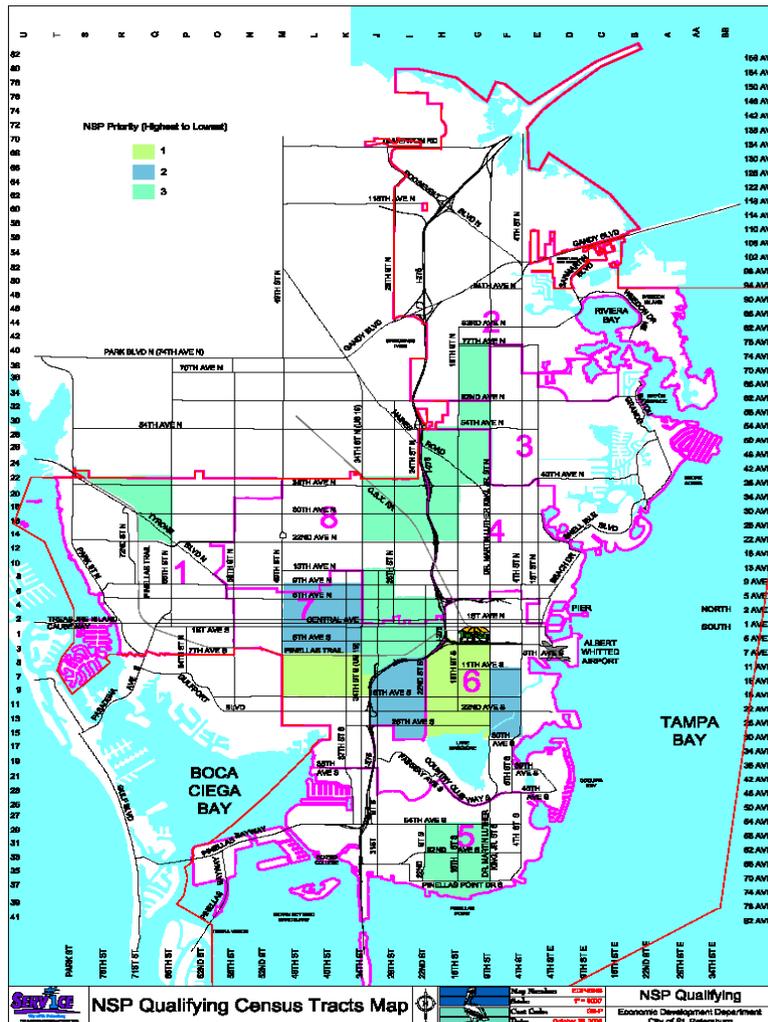
Based on the NSP established criteria the City will initially target the areas of Midtown and Childs Park as identified on the map as Priority 1, 2 and 3. In addition, after a period of one year following the grant award, the City will consider expanding its targeted areas if additional funding is available to accommodate other areas of priority.

The City utilized the following data sources for this analysis:

- Pinellas County Clerk of the Circuit Court Foreclosure Filings Data
- www.realtytrac.com
- HUD NSP Data from HUD’s Website

Percentage of Foreclosures

An assessment of the percentage of foreclosures compares the number of foreclosures by zip code to the number of housing structure in existence within the same area. The number of foreclosure was calculated for the period of January 1, 2008 through September 30, 2008 and was downloaded from www.realtytrac.com. The City analyzed the data and established areas to prioritize based upon the highest incidence of “Predicted 18 month underlying problem for foreclosure rate”. The Priority Areas that were identified in this process, and are reflected on the map below as Priority Areas 1, 2 and 3.



Subprime (High-Cost) Loans

The City utilized the Home Mortgage Disclosure Act (“HMDA”) data provided by the U.S. Department of Housing and Urban Development (“HUD”) to determine areas that contained the highest percentage of homes financed by a Subprime mortgage loan. The City analyzed the data and established a minimum of 40% or higher in determining which areas to prioritize. The areas of Midtown and Childs Park were identified during the process.

Areas at Risk

Using HUD’s Foreclosure and Abandonment Risk Scoring System, the City identified the areas of greatest need that will likely face a significant rise in the rate of home foreclosures. The City analyzed the data and established an estimated abandonment foreclosure risk score of 10 in determining which areas to prioritize. Priority Areas have been identified for this round of funding. However, other Priority Areas have been identified but will not be programmed to receive funding at this time.

Subprime (High-Cost) Loans

The City utilized Home Mortgage Disclosure Act (HMDA) data provided by the U.S. Department of Housing and Urban Development (“HUD”) to determine areas that contained the highest percentage of homes financed by a Subprime mortgage loan. The City analyzed the data and established a minimum high cost of 40% or higher in determining which areas to prioritize.

Proposed Program Target Areas

The NSP allocation will focus on three (3) target areas (Priority Areas 1, 2 and 3, see map attached) pursuant to the NSP criteria to create a significant impact for the most negatively impacted neighborhoods in the City. Initial areas of the City scheduled to receive the investment of grant funds to acquire, rehabilitate, and sell homes will be in the Priority Areas identified above. The City will continue to invest funding in these neighborhoods as revenues are recycled into the program from the sale of homes.

B. DISTRIBUTION AND USES OF FUNDS

Provide a narrative describing how the distribution and uses of the grantee’s NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a sub-prime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures. *Note:* The grantee’s narrative must address these three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.

Response:

The distribution and use of funds will be governed as mentioned above by the regulations and requirements found at Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by Subprime mortgage related loans. The purpose of the distribution to the impacted areas is to stabilize the areas, eliminate blight, arrest the decrease of housing values, and provide opportunities for low to middle income persons or households to acquire available properties.

Funding will be used to do the following:

- Planning and Administration;
- Purchase, rehabilitate, and sell homes and residential properties that have been abandoned or foreclosed upon in Priority Areas 1 and 2 (see map); and
- Demolish foreclosed upon residential properties.

The above strategies will be used according to the necessity for such use as the City begins the process of acquiring and rehabilitating properties for sale. Individuals or households receiving assistance through the Neighborhood Stabilization Program must have incomes of less than or equal to 120% of area median income (AMI). Units to be demolished must be determined by the Building Official that the structural integrity of the units will not allow for them to be rehabilitated.

C. DEFINITIONS AND DESCRIPTIONS

(1) Definition of “blighted structure” in context of state or local law.

Response:

Blighted Structure: The City Code requires that unfit or unsafe structures be repaired or demolished. Properties must be kept in a safe, sanitary and structurally sound condition. Safety of occupants, neighboring residents, and children is an important consideration. If not properly maintained or secured, properties can become infested with a variety of pests, can be a haven for criminal activity and may attract neighborhood children to play in and around dangerous conditions. A dwelling or structure may be classified as unfit or unsafe if it is:

- Fire Damaged
- Unsanitary
- Deteriorated
- Vacant/Unsecured
- Improperly Designed
- Termite Infested
- A Nuisance to the Public

(2) Definition of “affordable rents.” *Note:* Grantees may use the definition they have adopted for their CDBG program but should review their existing definition to ensure compliance with NSP program –specific requirements such as continued affordability.

Response:

The maximum Affordable Rents shall not exceed the Fair Market Rents (“FMR”) as published annually by the U.S. Department of Housing and Urban Development for the Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area (“MSA”). The current rents are listed below:

	Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
FMR	\$705	\$782	\$946	\$1199	\$1447

Source: U.S. Department of Housing and Urban Development

The City will monitor and approve the rents charged on an annual basis.

(3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

Response:

The City will ensure long-term affordability under the requirements of Section 2301(f)(3)(A)(ii) through the use of Land Use Restriction Agreements (“LURA”) that will be recorded against the property. If an owner who has been assisted through this program transfers title to the property before the affordability period expires, the assistance provided by the City will be subject to recapture. For multi-family developments, the City will implement a first right of refusal that will allow a nonprofit entity that provides affordable housing to eligible housing to have an opportunity to acquire the development. The City will annually monitor the multi-family rental developments that are assisted with NSP funds during the affordability period to ensure that units specified to be affordable are occupied by income eligible tenants and that the property continues to meet minimum housing quality standards. In addition, all properties that receive NSP funding will be secured by a recorded mortgage and note on the property, in favor of the City.

The City will use the minimum affordability period of the Federal HOME Investment Partnership Program, established at 24 CFR 92.252(a), (c), (e) and (f), and 24 CFR 92.254. The minimum affordability period is listed below for your reference:

- Up to \$15,000 equals 5-Years
- \$15,001 - \$40,000 equals 10-Years
- Over \$40,000 equals 15-Years
- New Construction equals 20 years or will run concurrent with affordability requirements of longer duration (“Tax Credits”)

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

Response:

The City will use the housing rehabilitation standards utilized by the Housing and Community Development Department Working to Improve our Neighborhoods (W.I.N.) Programs, which exceed the minimum code requirements, as described in the City code policies. All housing that requires rehabilitation must meet local building codes adopted by the City, including the Standard Southern Building Code Congress International (SBCCI). The City will incorporate modern, green building and energy-efficiency improvement standards, whenever feasible, to provide for longer term sustainability.

(5) Definition of “Middle Income Household:”

A household having an annual income between 81% and 120% of AMI.

(6) Definition of “Low Income Household:”

A household having an annual income between 51% and 80% of AMI.

(7) Definition of “Very Low Income Household:”

A household having an annual income between 31% and 50% of AMI.

(8) Definition of “Current Market Appraised Value:”

The value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the URA at 49 CFR 24.103 and completed within 60-days prior to an offer made for the property by a grantee, subrecipient, or individual homebuyer.

(9) Definition of “Demolition of Foreclosed Upon Residential Properties:”

The City will demolish foreclosed upon residential properties that have been inspected by Development Services and have been determined to not be structurally sound, where rehabilitation to the facility could be implemented.

D. LOW INCOME TARGETING

Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent area median income: **\$2,374,741.**

Note: At least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50 percent of area median income.

Response:

It is anticipated that the 25% set aside will be available for nonprofit housing providers to procure single-family and multi-family foreclosed upon residential structures, to serve their client based whose incomes are at or below 50% of AMI. An RFP will be prepared to solicit providers who will procure and rehabilitate properties to serve persons in this income category. The RFP's will be reviewed by members of the City's Project Review Team to determine the feasibility of the projects.

The City may provide other incentives for housing partners to assist special needs populations who bring forth creative mechanisms to provide homeownership to low income households.

It is anticipated that the City's nonprofit housing partners will be able to secure properties for rental purposes. Each entity will be required to execute a Land Use Restriction Agreement based upon the terms described in Section 3 above to meet long term affordability requirements.

E. ACQUISITIONS & RELOCATION

Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e., $\leq 80\%$ of area median income).

If so, include:

- The number of low- and moderate-income dwelling units—i.e., $\leq 80\%$ of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.
- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., $\leq 120\%$ of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion).
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.

Response:

As part of the acquisition process of foreclosed upon homes, if the cost to rehabilitate the unit is greater than one hundred percent (100%) of the acquisition price, and/or the cost of acquisition

and rehabilitation exceeds one hundred percent (100%) loans-to-value after rehabilitation, the City will evaluate the property to determine if demolition is appropriate. If demolition is economically feasible, the City will use NSP Funds and/or other City affordable housing funds to construct a new unit.

The City is not sure how many low- and moderate-income dwelling units that are below or equal to 80% of AMI are reasonably expected to be demolished or converted as a direct result of NSP assisted activities. As the City acquires foreclosed upon and vacant residential properties, a determination will be made at that time of the structural integrity of the property to be rehabilitated and included in the inventory of homes available for sale after acquisition and rehabilitation. If it is determined that the structure is not structurally sound, the unit will be demolished after it is acquired and placed in the City's land bank.

It is anticipated that the acquisition process will begin in January 2009 or upon execution of grant agreements between HUD and the City with all original allocations obligated or expended within 18-months of signing of the agreement with HUD (July 2010). Rehabilitation assistance to the property will immediately follow if needed. The process will be considered completed as the property is sold and transferred to an eligible homeowner, or, when the unit is rented to an eligible tenant (for nonprofits who receive funding for rental 50% and below). The activities are anticipated to be completed with original allocations by July 2010. However, the City will recycle revenues it receives from the sale of units and provide assistance to additional prospective homebuyers. This process will continue until July 31, 2013.

The City does not intend to acquire properties that are occupied. All properties acquired must be documented to have been vacant for a minimum of 90-days.

F. PUBLIC COMMENT

[Provide a summary of public comments received to the proposed NSP Substantial Amendment.](#)

Response:

The Substantial Amendment to the Annual Action Plan was advertised in the St. Petersburg Times on November 3, 2008 and was displayed on the Housing and Community Development Department's website on the same date. The public comment deadline was scheduled for November 18, 2008. See comments listed in Exhibit "C" at the end of this document.

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

The City intends to develop a Request for Qualifications ("RFQ") for contractor services for the rehabilitation of the units, and to develop a Request for Proposals ("RFP") for the search and selection of nonprofit providers to acquire and rehabilitate single-family and multi-family residential units to be occupied as rental units by households at or below 50% of AMI. The City will also use the services of its Real Estate and Property Management Department, Midtown Economic Development Administration, Codes Compliance Department, Building Department,

Neighborhood Partnership Department, and Legal Department during the acquisition and rehabilitation of the properties.

Activity – 1: Planning and Administration

(1) Activity Name: Planning and Administration

(2) Activity Type: (include NSP eligible use & CDBG eligible activity):

- Eligible Activities :
 - 24 CFR 570.205 – Eligible Planning Costs
 - 24 CFR 570.206 – Eligible Administrative Costs

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income).

- To administer activities that benefit low- and moderate-income persons under 24 CFR 570.208(a)(3).
 - Provide planning and administrative costs associated to receive NSP funding and to successfully implement the activities identified in the NSP program.

(4) Projected Start Date: **September 29, 2008**

(5) Projected End Date: **July 30, 2013**

(6) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

The responsible organization that will implement the NSP activity shall be: The City of St. Petersburg, Housing and Community Development Department, 440 2nd Avenue North, St. Petersburg, Florida 33701. Joshua A. Johnson, Director, Tel: (727) 892-5585 and Email at: joshua.johnson@stpete.org.

(7) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

Housing and Community Development Department 440 Second Avenue North, St. Petersburg, Florida 33701.

(8) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

For housing related activities, include:

- tenure of beneficiaries--rental or homeownership;

- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include:

- discount rate

For financing activities, include:

- range of interest rates

NSP funds will be used to pay reasonable program planning and administrative costs to implement the strategies listed above. This includes costs related to staffing and overall program management, coordination, monitoring, reporting, and for direct and indirect charges.

Activity and number of households by income category:

N/A

Budget for this activity: \$949,896

I. Total Budget: (Include public and private components)

Please refer to the budget reflected at Exhibit “A”

The City will charge any pre-award costs incurred as part of the preparation of the Substantial Amendment for the Planning and Administration portion of the NSP grant. In addition, all costs such as appraisals, title searches and title insurance, environmental reviews, inspections, development fees, engineering studies and mitigation, market analysis, credit underwriting reports, and associated permits will be charged to each individual project.

J. Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent):

The City will incorporate performance measures and benchmarks into Agreements with housing partners. This will ensure that funds are expended in a timely manner and that acquired properties are made available for disposition as soon as they are available. All housing partners will be monitored annually for compliance.

Housing acquired and rehabilitated by the City will be acquired and sold within 12 months of funding. Program income/revenues received as a result of the sale of properties will be recycled back into the NSP Program to assist additional households.

- Households at or below 50% of AMI = 34 units
- Households between 51 to 80% of AMI = 17 units
- Households between 81 to 120% of AMI = 40 units

Activity – 2: Purchase, Rehabilitation and Sale or Rental of Foreclosed Upon Residential Properties

(1) **Activity Name: Purchase, Rehabilitation and Sale or Rental of Foreclosed Upon Properties, Single-Family and Multi-family**

(2) **Activity Type:** (include NSP eligible use & CDBG eligible activity):

- B. Eligible Activities – found at 24 CFR 570.201, Section 2301 (“B”), and 24CFR 570.201(m) – Homeownership Assistance
- 24 CFR 570.201(a) - Acquisition
 - 24 CFR 570.201(b) - Disposition
 - 24 CFR 570.201(i) - Relocation
 - 24 CFR 570.201(n) - Direct homeownership assistance
- C. 24 CFR 570.202(a)(1) - Eligible rehabilitation and preservation activities for homes and other residential properties
- D. 24 CFR 570.201(b)(9) – Program Delivery Costs for the rehabilitation activity

(3) **National Objective:** (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income).

- Activities benefiting low and moderate-income persons – Housing Activities found at 24 CFR 570.208(a)(3)
 - Provides or improves permanent residential structures that will be occupied by a household whose income is at or below 120% of area median income (LMMH)

(4) **Projected Start Date:** Upon Grant Agreement/Execution

(5) **Projected End Date:** **July 30, 2013**

(6) **Responsible Organization:** (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

The responsible organization that will implement the NSP activity shall be: The City of St. Petersburg Housing and Community Development Department, 440 2nd Avenue North, St. Petersburg, Florida 33701. Joshua A. Johnson, Director, Tel: (727) 892-5585 and Email at: joshua.johnson@stpete.org.

(7) **Location Description:** (Description may include specific addresses, blocks or neighborhoods to the extent known.)

The activity will be carried out in the target areas as referenced in Section “A” – Areas of Greatest Need (Priority Areas 1 and 2). After due diligence and analysis of properties within the target area, specific properties will be evaluated for acquisition and rehabilitation, by the City

and its nonprofit partners. Factors may include the cost of the property, amount of rehabilitation necessary, and the ability to acquire more than one property in a particular block to make a visible impact.

(8) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

This activity will address neighborhood stabilization within the identified priority areas through the purchase of foreclosed upon properties. Properties acquired under this activity will be purchased at a minimum discount of 5% of the current market appraised value per individual property or a minimum discount of 15% of the entire portfolio of properties acquired under this activity.

Oversight will be provided to identify lenders that have a current inventory of foreclosed upon properties within our high priority areas and meet the guidelines of being vacant for at least 90-days. The City will negotiate with lenders to obtain the maximum reasonable discount for the program. The City will require that the lender provide documentation that the property has been vacant for a minimum of ninety (90) days.

The purchase of specific foreclosed properties will be dependent upon the highest degree of neighborhood need and the availability of foreclosed properties that can be obtained at a price consistent with the discount requirements of NSP funding. Eligible costs may include, but are not limited to, pre-purchase soft costs such as property appraisal, developer fees, title searches, title clearance, surveys, realtor fees, Phase 1 and Phase 2 environmental assessments; purchase costs including those associated with the acquisition and closing; and post purchase costs including asbestos assessment and abatement, if applicable, demolition, property maintenance, property insurance, and cost associated with securing property.

The expected benefit to income-qualified persons will be a better quality of life with the ability to live in close proximity to where they work. Assistance will be available to households whose incomes are between 81% to 120% of AMI. However, households at or below 50% of AMI could be assisted by a nonprofit developer, but this income group is expected to be assisted by the RFP for nonprofit developers to acquire and rehabilitate foreclosed upon single-family or multi-family housing for rental purposes.

For housing related activities, include:

- tenure of beneficiaries--rental or homeownership;
- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

The NSP Program will purchase and rehabilitate both single-family and multi-family residential properties. Cost of the rehabilitation can include labor, materials, supplies, permit fees, lead based paint assessment, abatement and clearance, removal of architectural barriers, energy efficient measures, asbestos removal and program delivery costs. Rehabilitation projects

involving one or more units in a multi-unit building owned as a condominium, will be limited to the particular unit(s) and will not involve rehabilitation of portions of the property that are held in common ownership.

Single-family residential structures acquired through the use of NSP funds will require rehabilitation in most cases. The City will provide NSP funds for housing rehabilitation to bring the housing units up to the City's W.I.N. Minimum Housing Standards. Funding will be provided through, a secured lien on the property at 0% interest.

The City's Written Rehabilitation Standards will be used to describe in detail the specifications for the rehabilitation work needed to bring substandard housing into compliance with the City's W.I.N. Minimum Housing Standards.

The City will allow a cost of up to 100% of the acquisition price to rehabilitate a property. If the cost exceeds this amount, the City will evaluate the property to determine if demolition is an option. Similar to the CDBG program, the City may fund costs, such as reasonable developer fees, related to NSP assisted housing rehabilitation or construction activities.

Single-family and multi-family housing units assisted under this activity will have a recorded mortgage and Land Use Restriction Agreement ("LURA") on the properties in conformance with the terms identified in Section 3 above. For single-family homes that are acquired and subsequently sold, the City may leave a portion of the NSP acquisition and rehabilitation funds behind as a discount. However, the City may leverage this funding with that of its State Housing Initiatives Partnership ("SHIP") Program to ensure use of all funding sources and allow this funding source to serve more households. As long as the borrower/owner maintains the property as their principal homestead during the period of affordability, the loan will remain deferred.

Nonprofit housing providers who provide single-family group homes and multi-family housing for persons at or below 50% AMI will be provided a 0% interest loan that is deferred for the duration of a Land Use Restriction Agreement as mentioned in Section 3 above. Funding will be for the purpose of acquisition and rehabilitation of single-family or multi-family homes used to provide funding to persons or households at or below 50% of AMI. The City will require that any single-family or multi-family development proposed for acquisition by nonprofit providers are to be reviewed by the City's Project Review Team to determine financial feasibility.

Program income/revenue received from the sale of single-family homestead properties acquired by the City will be used to purchase, rehabilitate and sell additional foreclosed upon properties.

For acquisition activities, include:

- discount rate

Except as set forth below, the average purchase discount for all properties purchased with NSP funds during the 18-month use period shall be at least 15 percent. The average purchase discount shall be at least 10 percent if the City determines the maximum reasonable discount for each purchase transaction through use of a methodology that results in a discount equivalent to the total carrying cost that would be incurred by the seller of the property were not purchased

with NSP funds, provided the discount is at least 5 percent. Such methodology shall provide for an analysis of the estimated holding period for the property and the nature and amount of the carrying costs of holding the property for this period. Such carrying costs shall include, but not be limited to: taxes, insurance, maintenance, marketing, overhead, and interest. The City will document this analysis for each transaction.

For financing activities, include:

- range of interest rates

For single-family homes that are acquired and subsequently sold, the City may leave a portion of the NSP acquisition and rehabilitation funds in the home at a loss. SHIP Program funds will be used to provide purchase assistance to households at 0% interest, to allow funding from the NSP Program to assist more households. The assistance may reduce interest rates, mortgage principal amounts, and pay the purchaser's reasonable closing costs. Funding will be provided in the form of a soft second and will be recorded as a lien against the property. Homebuyer counseling will be required before the sale of the property to a new homeowner. All parties listed on the deed will be required to have at a minimum, eight (8) hours of counseling.

Nonprofit housing providers who purchase and rehabilitate foreclosed upon single-family and multi-family rental homes and rent to persons at or below 50% AMI will be provided a 0% interest loan that is deferred for the duration of a Land Use Restriction Agreement as mentioned in Section 3 above.

For single-family homes that the City and its nonprofit partners acquire and rehabilitate, the City will use the minimum affordability standards that fall under the Federal HOME Investment Partnership Act Program, which are listed below:

- Up to \$15,000 equals 5 Years
- \$15,001 - \$40,000 equals 10 Years
- Over \$40,000 equals 15 Years
- New Construction equals 20 years

Program income/revenue received from the sale of single-family units will be recycled back into the program to acquire additional units that will be rehabilitated and sold to eligible households, or for other eligible NSP activities.

Other Program Requirements

- Homebuyer Counseling: Any NSP assisted homebuyer must receive at least eight (8) hours of homebuyer counseling from a HUD approved housing counseling agency prior to obtaining a mortgage loan.
- Lender Requirements: The lender of any first mortgage loan provided to an income eligible household must comply with the Treasury's guidance for non-traditional mortgages (available at): <http://www.fdic.gov/regulations/laws/rules/5000-5160.html>. Compliance must be documented. All loans must be at fixed rates not to exceed a term of 40-years.

Activity and number of households by income category:

Activity	Very Low Income Units	Low Income Units	Middle Income Units
Acquisition, Rehabilitation and Sale of Foreclosed Properties	34	20	37

Budget for this activity: \$8,449,066

Activity - 3: Demolition of Acquired Foreclosed Upon Residential Properties

(1) Activity Name: Demolition of Acquired Foreclosed Upon Residential Properties

(2) Activity Type: (include NSP eligible use & CDBG eligible activity):

- 24 CFR 570.201(d) – Clearance and Demolition
 - The City will obtain approval from HUD before demolishing any HUD-owned properties
- 24 CFR 570.201(m) – Construction Activities

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income).

- 24 CFR 570.208(a)(3) – Housing Activities
- For the purposes of NSP CDBG only, an activity may meet the low- and moderate-income national objective if the assisted activity:
 - a) Provides or improves permanent residential structures that will be occupied by households whose incomes are at or below 120% of AMI (LMMH).

(4) Projected Start Date: January 30, 2009

(5) Projected End Date: July 30, 2013

(6) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

The responsible organization that will implement the NSP activity shall be: The City of St. Petersburg Housing and Community Development Department, 440 2nd Avenue North, St. Petersburg, Florida 33701. Joshua A. Johnson, Director, Tel: (727) 892-5585 and Email at: joshua.johnson@stpete.org.

(7) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

The activity will be carried out in the target areas as referenced in Section “A” – Areas of Greatest Need. After due diligence and analysis of properties within the target area, specific

properties will be evaluated for acquisition and rehabilitation. Factors may include the cost of the property, amount of rehabilitation necessary, and the ability to acquire more than one property in a particular block to make a visible impact.

(8) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

For housing related activities, include:

- tenure of beneficiaries--rental or homeownership;
- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include:

- discount rate

For financing activities, include:

- range of interest rates

Housing units acquired through the City’s NSP Program that are not economically feasible to rehabilitate, and/or pose a threat to health and safety, may be demolished. Demolished properties will be held for future redevelopment. Alternately, the property may be acquired by an affordable housing provider who will commit to redeveloping the property for households whose incomes are below 120% of AMI. The City may provide funding for the construction of a new home using NSP funds or other City affordable housing grant funds to assist with development and occupancy. Should the City provide funding for the construction, it will be in the form of a secured loan against the property at 0% interest rate and a Land Use Restriction Agreement (“LURA”) will be placed on the property.

Activity and number of households by income category:

Activity	Very Low Income Units	Low Income Units	Middle Income Units
Demolition of acquired foreclosed properties	3	4	3

Budget for this Activity: \$100,000

CERTIFICATIONS

- (1) **Affirmatively furthering fair housing.** The jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- (2) **Anti-lobbying.** The jurisdiction will comply with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (3) **Authority of Jurisdiction.** The jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (4) **Consistency with Plan.** The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.
- (5) **Acquisition and relocation.** The jurisdiction will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the Notice for the NSP program published by HUD.
- (6) **Section 3.** The jurisdiction will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- (7) **Citizen Participation.** The jurisdiction is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.
- (8) **Following Plan.** The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.
- (9) **Use of funds in 18 months.** The jurisdiction will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the NSP Notice, all of its grant funds within 18 months of receipt of the grant.
- (10) **Use NSP funds \leq 120 of AMI.** The jurisdiction will comply with the requirement that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income.
- (11) **Assessments.** The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public

improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) **Excessive Force.** The jurisdiction certifies that it has adopted and is enforcing: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) a policy of enforcing applicable State and local laws against physically barring entrance to or exit from, a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.

The City's use of force policy applies to all situations. Inherent in the Police Department's policies are the enforcement of State and local laws.

(13) **Compliance with anti-discrimination laws.** The NSP grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(14) **Compliance with lead-based paint procedures.** The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) **Compliance with laws.** The jurisdiction will comply with applicable laws.

Tish Elston
Signature/Authorized Official

Date

First Deputy Mayor/City Administrator

EXHIBIT "A"
City of St. Petersburg Neighborhood Stabilization Budget

NSP Allocation

Activity:		50% and Below		51-120% AMI		
	Amount	Amount	Units	Amount	Units	Total\$
Planning and Administration	\$949,896	\$0		\$0		\$949,896
Acquisition, Rehabilitation and Sale or Rental of Foreclosed Properties	\$8,449,066	\$2,274,741	34	\$6,174,325	57	\$8,449,006
Demolition of Foreclosed Properties	\$100,000				10	\$100,000
Total	\$9,498,962	\$2,274,741	34	\$6,174,325	67	\$9,498,962
		25%		65%		

* Planning and Administration is limited to 10% of Allocation.

EXHIBIT "B"

Priority Map of High Foreclosed Areas

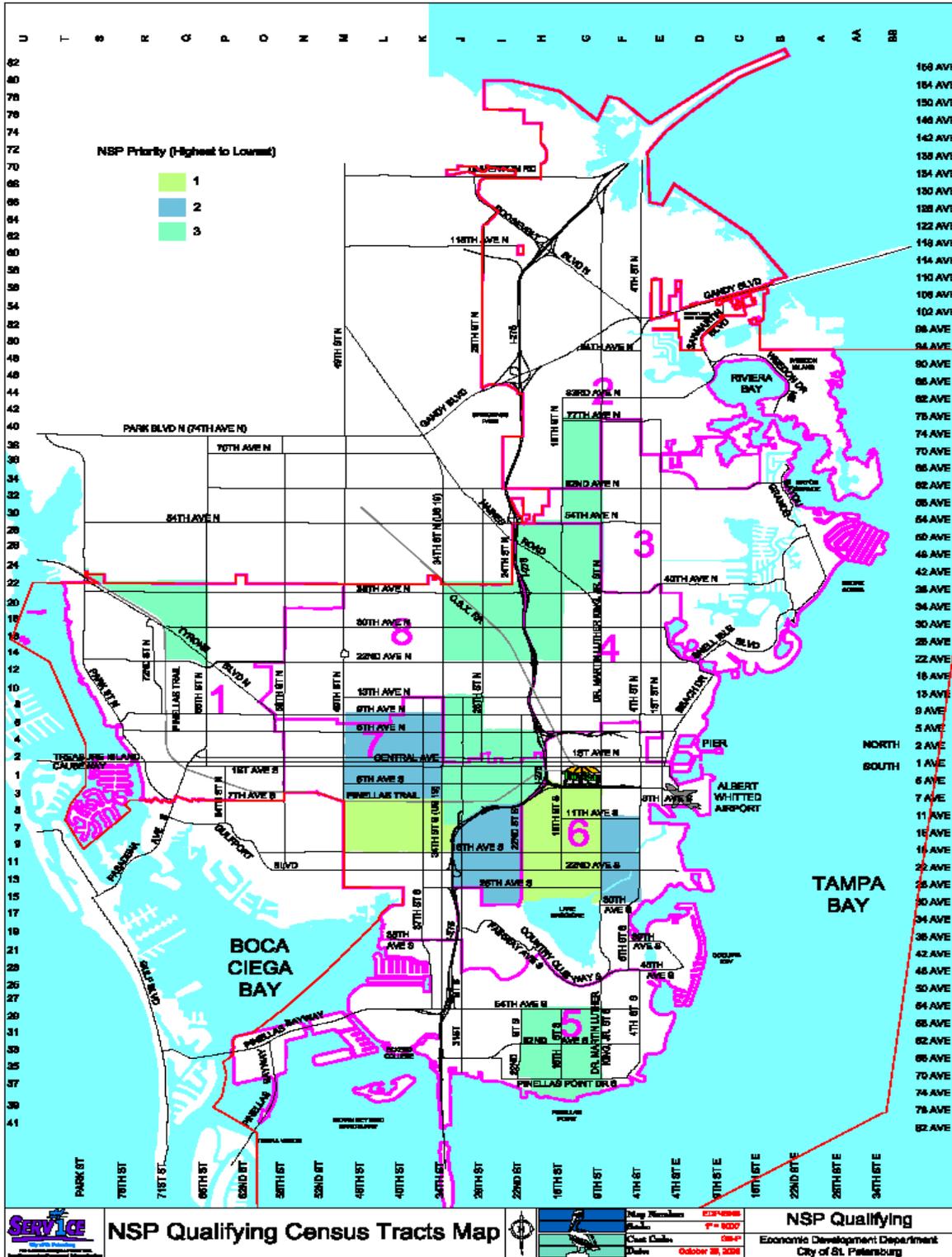


EXHIBIT “C”
Public Comments

The following is a summary of comments that were heard at the public hearing that approved the NSP Substantial Amendment:

One commenter stated that more funding needed to address the housing needs of persons who are 50 to 80% of area median income (“AMI”) and that rental properties should be assisted prior to them going into foreclosure, so that the occupants can remain in their residences.

One commenter responded that because of functional obsolescence, the City should think about conversing homes that are 3 bedrooms 1 bath to 3 bedroom 2 baths. He also stated that the administrative costs of the program should not be added to the cost of rehabilitating the homes.

One commenter responded that government should not act as developers and that nonprofits should be included in the process.

One commenter responded by saying the following:

- 1) The Homeless Leadership Network strongly recommends that more than the required 25% of the NSP funds be used for housing for those at 50% of AMI and below.
- 2) The Homeless Leadership Network strongly recommends that more of the NSP funds be used for housing that will be based on rentals, not home ownership.
- 3) The Homeless Leadership Network strongly recommends that the City of St. Petersburg consider significant use of NSP – rehabilitated, foreclosed single family homes with two or more bedrooms as “housing first” or ”rapid re-housing” rentals for adults or families to live.
- 4) The Homeless Leadership Network strongly recommended that the City use the NSP housing plan as part of the community-wide response to the need for housing for those with mental illness concerns, and those with criminal records or past evictions on their records.
- 5) The Homeless Leadership Network strongly recommends that the City’s NSP Plan include incentives or other ways to coordinate NSP funds with outer funding resources to provide funding for the services required for successful housing for homeless and other very-low income groups.