

Grantee: Homestead City, FL

Grant: B-08-MN-12-0011

October 1, 2019 thru December 31, 2019

Grant Number: B-08-MN-12-0011	Obligation Date: 03/09/2009	Award Date: 01/15/2009
Grantee Name: Homestead City, FL	Contract End Date: 09/03/2013	Review by HUD: Reviewed and Approved
Grant Award Amount: \$2,887,010.00	Grant Status: Active	QPR Contact: Chantel Pierre
LOCCS Authorized Amount: \$2,887,010.00	Estimated PI/RL Funds: \$708,220.55	
Total Budget: \$3,595,230.55		

Disasters:

Declaration Number

NSP

Narratives

Areas of Greatest Need:

Response: The City of Homestead has reviewed the data supplied by HUD and has extracted the portions of the data that was deemed most relevant to the areas that have been infused with foreclosures and abandoned properties. This data, in combination with available local data, was used to determine the areas that were in the greatest need of assistance and redevelopment. Table 1 below is an extraction of the jurisdictional data provided by HUD identifying the City of Homestead's rate of foreclosure, abandonment and high risks loans. Table 1 Jurisdiction City of Homestead County Miami-Dade Households (2000 Census) 10,077 Foreclosure Starts (within 18 months) 1,536 Total Mortgages 15,653 Foreclosure Starts Rate 10% 90-Day Vacancies (Abandonment) 585 Total Addresses 17,048 90-Day Vacancy Rate 3% High Cost Loans (2004-2006) (Subprime) 4,178 Total Loans (2004-2006) 8,800 High Cost Loan Rate 47% Unemployment Rate 4.30% Price Change as of June 2008 -10.70% The data listed in Table 1 suggests that the City of Homestead has a relatively high foreclosure rate of 10% when compared to the State of Florida's foreclosure rate of 8.0% and a national foreclosure rate of 6.41%. The City of Homestead, in comparison with a large part of the state, has a low vacancy rate; however, when looking at comparable jurisdictions similar in size and demographics, the 3% vacancy rate is significant. HUD has used the vacancy rate as a measurement and signals that properties vacant for more than 90-days could possibly be abandoned properties. Vacant properties in the City of Homestead are primarily located in new developments and distressed areas of the jurisdiction. Due to the housing crisis, for-profit and non-profit developers and other organizations have not been successful in selling properties affordably, if at all. Incomes of potential buyers have not been sufficient to support the purchase of the properties. The median income of the City of Homestead is approximately \$28,973 for a family of one, according to the 2000 US Census Bureau. The median home price in the City of Homestead is approximately \$311,900. A family earning the median income in the City of Homestead is only able to afford a home valued at \$89,850, assuming little debt, a 28% FHA housing ratio and a 30-year fixed rate of 6%. Therefore due to the fact that many families cannot afford the median priced home because of income, they are often forced into subprime products that carry astronomical payment terms. Many of the homes that have been foreclosed on or that are currently on the market are priced at levels that are not affordable to families earning the median income. Therefore, those homes remain in the market in excess of 90-days which could potentially create pockets within the area that devalue quickly, causing a local economic housing crisis. The City of Homestead is primarily comprised of four (4) ZIP codes – 33030, 33033, 33034 and 33035. There is only a small portion of ZIP code 33034 that is located within the jurisdiction of the City of Homestead – it is primarily in the jurisdiction of Florida City. It is anticipated that impacted areas within the 33034 ZIP code will receive assistance from Miami-Dade County who is slated to receive approximately \$62.2 million in Neighborhood Stabilization Program (NSP) funds.

Areas of Greatest Need:

From HUD. Therefore, the City of Homestead will primarily focus on the areas that experienced a great deal of foreclosure activity, which are ZIP codes 33030, 33033 and 33035. As of October 23, 2008, the foreclosure matrix for those ZIP codes is as follows:

* ZIP code

Distribution and Uses of Funds:

Allocation of Funding The City of Homestead intends to allocate the funding as follows, summarized by ZIP code: ZIP Code 33030 \$ 872,685 ZIP Code 33033 \$ 501,151 ZIP Code 33035 \$1,224,473 Administration \$ 288,701 TOTAL \$2,887,010 Summarized by Activity, the NSP allocation breaks down as follows: Activity Amount LMI Rental Rehabilitation \$ 872,685 Downpayment Assistance \$ 50,000 Purchase Rehabilitation \$1,675,624 Administration \$ 288,701 TOTAL \$2,887,010 Summarized by ZIP code and activity: ZIP Code Activity Percentage by ZIP Amount 33030 LMI Rental Rehab 30% \$ 872,685 33033 Downpayment Asst 2% \$ 50,000 33035 Purchase Rehab 42% \$ 451,151 33035 Purchase Rehab 16% \$1,224,473 Administration Administration 10% \$ 288,701 TOTAL 100% \$2,887,010 Methodology HUD has indicated that 47 percent of the loans originated within the City of Homestead from 2004 – 2006 were high cost loans. This



voluminous number of high-risk loans is possibly a major contributor to the high foreclosure rate of 10 percent, far greater than the state of Florida's foreclosure rate. HUD provided data that was germane to the entitlement jurisdiction which is the City of Homestead. The data that suggested a 47 percent high cost loan rate was inclusive of the entire jurisdiction and did not reflect information relative to specific ZIP codes, census tracts, block groups or any other standard segmentation. The City reviewed the high cost loan data assembled by HUD. This data is organized by census tract, and the City correlated the census tract data with City ZIP codes. While the match between census tracts, ZIP codes and City limits is not exact, it does reveal a similar ratio to foreclosure data assembled by ZIP code only. As stated previously, ZIP code 33033, which is the north east quadrant of the City, comprises a high cost loan rate of 53 percent (4,684 loans) out of the three ZIP codes (33030, 33033, 33035) with the highest levels of foreclosures in the City. Similarly, ZIP code 33033 represents 51 percent of foreclosures out of the three ZIP codes according to the most recent foreclosure data. In addition to using available data from HUD and other sources, the City made the following assumptions: Areas with higher household incomes potentially receive better loan rates and are better positioned to receive traditional conventional financing, Higher housing values typically correlate positively with higher income areas. The inverse of that is true as well. Foreclosures have a "progressive" correlation to high cost loans, The more foreclosures that occur in an area, the greater the vulnerability of "high cost" loans being originated in that area. Given the above assumptions and field conditions, the City of Homestead has prescribed the following formula by which to allocate funding. After allowing for 10 percent administration, allocation of the remaining NSP funding will be done by ZIP code, including 30 percent for the LMI Rental Rehabilitation component. This is 5 percent higher than required by HUD. The percent breakdown of funding is as follows: 10% for Administration, 30% for Low Income Targeting (ZIP Code

Distribution and and Uses of Funds:

e 33030 will be the primary recipient), 60% for ZIP code allocation for the remainder of activities and ZIP Codes, Administration: Funding will be used to support eligible activities outlined within the CDBG and NSP program provisions and regulations. Low Income Targeting (30%) set aside within ZIP Code 33030: The City of Homestead has elected to allocate 30 percent of NSP funds to this activity, which is 5 percent higher than required by HUD. The City of Homestead will i

Definitions and Descriptions:

Definition of "blighted structure" in context of state or local law.

For the purposes of the NSP, a blighted structure echoes the criteria for slum and blight found in Florida Statutes Chapter 163.340, which outlines the following conditions:

1. Building deterioration
2. Site deterioration or site deficiencies
3. Unsanitary and unsafe conditions and incompatible uses
4. Six or more ownership parcels per block
5. Buildings greater than 40 years of age
6. Presence of closed/vacant buildings
7. Presence of vacant lots
8. Buildings in violation of property maintenance code violations
9. Presence of buildings scheduled for demolition

A blighted structure will meet one or more of the aforementioned criteria.

Definition of "affordable rent."

Affordable rent is rent that does not exceed 30 percent of the tenant's adjusted gross income. In the context of the NSP program, affordable rent is no more than 30 percent of the adjusted gross income of a family earning 120 percent or less of area median income. For purposes of the 25 percent set aside within the NSP to assist low income households, affordable rent will not exceed 30 percent of the adjusted gross income of a family earning 50 percent or less of area median income.

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

The City of Homestead will employ one or more methods to ensure the continued affordability of the NSP assisted housing. One method is the use of a lien instrument placed against NSP-assisted real property, such as a mortgage, note, and a land use restriction agreement (LURA). These documents will outline the terms of assistance and repayment provisions. The City's affordability guidelines will reflect, at a minimum, the NSP guidelines, and will outline the provisions of repayment upon sale or transfer. The City of Homestead will use a standard of 25 years for the affordability period. The City also anticipates adding an additional five to ten years to the standard affordability period to ensure that the property remains affordable for an extended period of time. Any repayment of funds provision correlative to the additional affordability requirements will be stipulated in the loans documents and recorded as appropriate. The interest rate on the NSP funding may range from 0% - 3%.

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

The City of Homestead will use the specifications currently used to rehabilitate houses in the CDBG program (these standards are incorporated into this plan). These specifications ensure compliance with Section 8 minimum housing standards, local and state requirements.

Public Comment:

The City conducted an advertised meeting open to the public on October 27, 2008 at 2:00 p.m. at Homestead City Hall. Sixteen people attended the meeting and represented the public, lenders, community groups, Realtors and the City. The comments included concerns about the need for down payment assistance, the large amount of existing and vacant/foreclosed housing stock, program methodology, concerns about homeowner association liens on foreclosed properties, and general programmatic questions.

Low Income Targeting:

Low Income Targeted funding will be at least 30% of the NSP budget and will be allocated to ZIP code 33030. The funds dedicated to this activity will purchase foreclosed houses, rehabilitate them, and transfer ownership to a non-profit entity for rental to low income residents. The City will hold a first-position lien on the property to ensure that NSP guidelines are met for a period of 25 years, after which they property will be owned "free and clear" by the non-profit organization. The city does not anticipate receiving any program income from the transfer of title to the non-profit organization. Rents will be calculated based on a pro forma spreadsheet to fund the costs of overhead and maintenance. No profit will be generated from the rents.

Although the City intends that the focus of this activity will be within the 33030 ZIP Code, the city reserves the right to extend the activity to other ZIP Codes as may be required.

Acquisition and Relocation:

The City does not intend to demolish or convert any currently-occupied low- and moderate-income dwelling units (i.e., 80% of area median income).

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$3,595,230.55
Total Budget	\$34,672.50	\$3,595,230.55
Total Obligated	\$0.00	\$3,560,558.05
Total Funds Drawdown	\$0.00	\$2,887,010.00
Program Funds Drawdown	\$0.00	\$2,887,010.00
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$673,548.05
Total Funds Expended	\$0.00	\$2,908,199.48
Most Impacted and Distressed Expended	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00

Progress Toward Required Numeric Targets

Requirement	Target	Actual
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$433,051.50	\$0.00
Limit on Admin/Planning	\$288,701.00	\$288,701.00
Limit on Admin	\$0.00	\$288,701.00
Most Impacted and Distressed Threshold (Projected)	\$0.00	\$0.00
Progress towards LH25 Requirement	\$898,807.64	\$1,224,740.71

Overall Progress Narrative:

The City is in the process of preparing an RFP to secure the services of an agency that can review and evaluate applications from prospective home buyers that qualify under the NSP program for homeownership.

Project Summary

Project #, Project Title	This Report	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
01, LMI Special Needs	\$0.00	\$849,473.00	\$849,473.00
02, Demolition	\$0.00	\$0.00	\$0.00



03, Down Payment Assistance	\$0.00	\$35,720.51	\$35,720.51
04, Purchase/Rehab	\$0.00	\$2,350,513.98	\$1,713,115.49
05, Administration	\$0.00	\$359,523.06	\$288,701.00



