

**City of Pembroke Pines
Application for Neighborhood Stabilization (NSP II) Funding
Program Summary**

Eligible Applicant

The City of Pembroke Pines, a unit of local government in South Florida, is applying for Neighborhood Stabilization-II/NSP2 funds which have been made available through the American Reinvestment and Recovery Act of 2009. NSP2 is a component of the Federal Community Development Block Grant program. The purpose for applying for these funds is to continue the City's neighborhood stabilization efforts and combat the negative impacts that foreclosed and vacant properties have on the City's neighborhoods.

Amount

The City of Pembroke Pines is applying for \$5 million dollars to return 100 foreclosed or abandoned homes within the City's identified target geography back to productive use. Funds will be made available to assist low to middle income households wishing to purchase NSP eligible properties and live within the target geography.

The City is utilizing a for-profit partner, Community Redevelopment Associates of Florida, Inc (CRA of Florida), the City's current Federal and State grant administrator, to implement its proposed NSP 2 program within the time period specified by the NSP 2 regulatory statutes. A cost analysis for services has been completed and a firm commitment from CRA is submitted with the City's NSP 2 proposal application.

Geographic Need Threshold

NSP 2 requires that funds be targeted to select geographic areas of greatest need where the presence of foreclosed and abandoned property threaten the vitality of a community and has the potential to lead to neighborhood decline and instability. The U.S. Department of Housing and Urban Development (HUD) has provided two foreclosure related risk scores at the Census Tract level to help direct NSP2 planning activities. One is based on the estimated number and percentage of foreclosures and the other index score combines foreclosure rate with vacancy rate. HUD has provided applicants with a foreclosure need map website at huduser.org that provides a combined index score for a selected target geography. The combined index score weighs the higher of the two indices (both scores range from 1-20). A score of 20 is determined to be a census tract with an HUD-estimated greatest need. For NSP 2 activities, the neighborhoods identified must have an average combined index score for the identified target geography of 18 or greater to qualify, as indicated by the index. A printout of the combined index scores documenting geographic targeting threshold is attached. The need indices are based on data that estimates whether or not loans are high cost or highly leveraged in the census

tract, if home values in the metropolitan areas have fallen and by how much, the employment rate in 2008 and whether or not that unemployment changed between 2007 and 2008.

The City of Pembroke Pines’ selected target geography for NSP activities has an average need score of 19.94, qualifying the target geography for NSP 2 assistance.

The City of Pembroke Pines has identified the following Census Tracts as target areas for NSP 2 assistance:

TRACT SELECTION			
Target Geography Name			PinesNSP2Tar
Census Tract	Foreclosure Score	Vacancy Score	Max Score
0907.00	20	15	20
1101.00	20	15	20
1103.12	20	14	20
1103.13	20	13	20
1103.08	20	13	20
1103.07	20	12	20
1103.11	20	14	20
1103.16	20	19	20
1103.15	20	15	20
1103.09	20	16	20
1103.04	20	13	20
1103.05	20	13	20
1103.03	19	13	19
1103.02	20	13	20
1103.01	20	18	20
Average Max Score			19.94
➤ Qualified			

City of Pembroke Pines Proposed NSP 2 Target Geography
<http://www.huduser.org/nspgis/>

Threshold Requirements

The NSP 2 application process requires that applicants meet additional threshold requirements to be considered for funding. The City of Pembroke Pines' grant application contains a detailed description of the need and extent of the problem taking into account the HUD index scores, market conditions and demand factors. The application addresses current inventory and projected absorption rate, and how the impact of over valuation and loss of employment has factored into the high level of foreclosure activity in the City. Also addressed is the capacity to undertake the proposed program, soundness of the approach to address the identified need, use of leveraging, the promotion of energy efficiency improvements in NSP 2 assisted units and the ability to demonstrate that the proposal is consistent with regional plans to address neighborhood transformation and economic opportunity.

Based on the level of foreclosure activity in the City, areas of high vacancy potential and analysis of factors impacting foreclosure activity such as job loss, declining property values, adjusting mortgages, the City is proposing to offer purchase assistance (in the form of soft second mortgages) for eligible prospective homebuyers to purchase vacant real estate owned (REO) properties in defined target areas. Only foreclosed and vacant properties are eligible to be purchased under this proposed program. Pre-foreclosures and short sales are not permitted. Properties will also receive non-luxury and energy efficient repairs once the purchase transaction is closed.

The proposed use of NSP 2 funds is intended to maximize the purchase of at least 100 foreclosed and vacant units in the community to rapidly arrest further or potential decline.

Eligible Activities

Purchase Assistance

The City of Pembroke Pines proposes to implement a purchase assistance program in which the City will make NSP 2 funds available to eligible low to middle income buyers (120% of the Area Median Income or less) to purchase foreclosed or abandoned properties in the City's qualified NSP 2 target area. NSP2 purchase assistance made available by the City would include assistance with down payment, closing cost and/or principal reduction to increase affordability of a property if available. This assistance would be available to anyone who does not own a property at the time of applying for assistance and who intends to occupy the property purchased with NSP funds as their primary residence.

Assistance would be in the form of a zero interest deferred loan (soft second mortgage) for 15 years held by the City of Pembroke Pines. Should the buyer sell the property or it is no longer their primary residence, repayment of NSP assistance to the City would be required. Prospective buyers would be required to qualify for a mortgage by an approved first mortgage lender, contribute a minimum of 1% of their funds toward the transaction,

and attend an 8 hour homeownership counseling class. Assistance per household will vary based on income. Lower income households will be eligible for more assistance than a middle income household. All assistance will be subject to the City’s purchase assistance underwriting criteria which is designed to ensure that properties are not over subsidized with purchase assistance and that the mortgages provided represent responsible lending practices.

Home Repair/Residential Rehabilitation

The City of Pembroke Pines will also provide assistance to make repairs to properties purchased with NSP 2 funds to ensure properties are up to residential rehabilitation standards, address non-luxury, health and safety, and energy efficiency improvements as prescribed by NSP2 and outlined in the City’s application. Similar to an FHA 203K transaction, purchasers will be permitted to move into the residence upon the closing of the transactions. Repairs are intended to be non-substantial (not more than 50% of property value) as defined in the CDBG Federal regulations.

The City’s proposed program is eligible under allowed NSP 2 uses/CDBG activities, financing mechanisms and purchase assistance/rehabilitation. The City’s proposed activity meets the CDBG national objective of creating housing opportunities for low to middle income households.

The following table provides a proposed use of how funds will be budgeted.

NSP Eligible use	TARGET INCOME	PROPOSED BUDGET
PURCHASE ASSISTANCE – SOFT SECOND (FINANCING MECHANISMS)	51%-120% of the Area Median Income	\$2,200,000
UNITS (ESTIMATED)		81
ENERGY EFFICIENT IMPROVEMENTS OF NSP UNITS	51%-120% of the Area Median Income	\$1,300,000
25% SET ASIDE FOR LOW INCOME HOUSEHOLDS		
PURCHASE ASSISTANCE – SOFT SECOND (FINANCING MECHANISMS)	50% of the Area Median Income or Less	\$625,000
UNITS (ESTIMATED)		20
REHABILITATION OF NSP UNITS	50% of the Area Median Income or Less	\$625,000
PLANNING AND ADMINISTRATION		\$250,000
TOTAL		\$5,000,000

Income Targeting/Benefit

NSP 2 funds will be expended to benefit 100% low to middle income households. These are households with incomes that are at 120% of the Area Median Income (AMI) or Less. The City will also reserve 25% of the NSP 2 funds to serve households with incomes at 50% AMI or less.

Citizen Participation

The City has completed an application and proposed summary. An ad in a paper of general circulation covering the target area has been published indicating the proposed amount of funds applied for, households to be assisted, geography to be addressed. The ad announced a 10 day public comment period, commencing July 2, 2009 and ending July 13, 2009. The City strongly encourages written comments and feedback to the proposed application to HUD. Consultation has occurred with lenders, real estate agents and other industry service providers. A public hearing also took place on July 1. Any comments received will be responded to within 15 days or prior to submission, whichever is first, and attached as part of the record. Comments should be submitted to the City of Pembroke Pines Office of the City Clerk, City of Pembroke Pines 10100 Pines Boulevard from July 2, 2009 to July 13, 2009. Persons with questions or comments can also submit comments to info@crafla.org. These comments will be forwarded to City Clerk's Office for the record. All comments will be responded to and included in the City's official application for funding to HUD.

Definitions

The City of Pembroke Pines NSP 2 application contains definitions of blighted structure, affordable rents, and a description of housing rehabilitation standards that address non luxury home improvements, disaster mitigation and energy efficiency repairs.

Demonstrated Organization Capacity

The City of Pembroke Pines has the ability to expend the NSP 2 grant funds within the statutory time frame. The City has proposed NSP 2 activities that are already being implemented under NSP 1 and that have established partnerships and networks to achieve the program goals. Within the last 24 months, the City has provided direct assistance to more than 100 housing units in the City through the use Federal and State community development grant funds. This includes various types of housing rehabilitation and purchase assistance activities similar to those proposed in the NSP 2 application. It is currently working with 154 Round 1 NSP applicants to achieve its target goal of assisting a minimum of 45 households purchase a foreclosed home.

Not including any NSP activities, CRA of Florida has assisted approximately 400 households and businesses within the last 24 months as a contract administrator/service delivery provider for several cities in South Florida and Broward County. CRA of Florida has completed intake of 380 NSP 1 applicants with a goal to assist a minimum of 225 under the NSP 1 program. The City's NSP 2 application identifies the roles of key positions that will implement NSP 2 activities. This structure was utilized by NSP1 and determined to be satisfactory to address the NSP1 applicant capacity condition.

The City will implement this program utilizing a network of local real estate professionals, lenders, home inspectors, appraisers, contractors and related services to accomplish the goal of the program. This program will help to create and maintain jobs throughout the community as it stabilizes it.

End of Summary