

# NEIGHBORHOOD STABILIZATION PROGRAM

## SUBSTANTIAL AMENDMENT

To Community Development Block Grant 2008 Action Plan



**COMMUNITY DEVELOPMENT DEPARTMENT**

**NEIGHBORHOOD SERVICES DIVISION**

**November 17, 2008**

Revised 12/22/08

Revised 03/01/10

Revised 10/01/2012



EQUAL HOUSING  
OPPORTUNITY

# **CITY OF LAKELAND**

## **NEIGHBORHOOD STABILIZATION PROGRAM**

### **SUBSTANTIAL AMENDMENT**

<p>Jurisdiction(s): <b><u>City of Lakeland, Florida</u></b>  <i>(identify lead entity in case of joint agreements)</i></p> <p>Jurisdiction Web Address:  <a href="http://www.lakelandgov.net">www.lakelandgov.net</a>  <i>URL where NSP Substantial Amendment materials are posted)</i></p>	<p>NSP Contact Person: <b>R. Brian Rewis</b>  Address: <b>1104 Martin L. King, Jr. Avenue, Lakeland, Florida 33805</b>  Telephone: <b>863/834-3360</b>  Fax: <b>863/834-3369</b>  Email: <b>brian.rewis@lakelandgov.net</b></p>
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#### ***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:**

Target areas for the Neighborhood Stabilization Program were developed by the City of Lakeland pursuant to the Housing and Economic Recovery Act of 2008 (HERA) as outlined below:

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

Based on the NSP established criteria and research completed using private and U.S. Department of Housing and Urban Development (HUD) provided resources, the City of Lakeland has identified the following neighborhoods as areas of greatest need:

**Areas of Greatest Need**

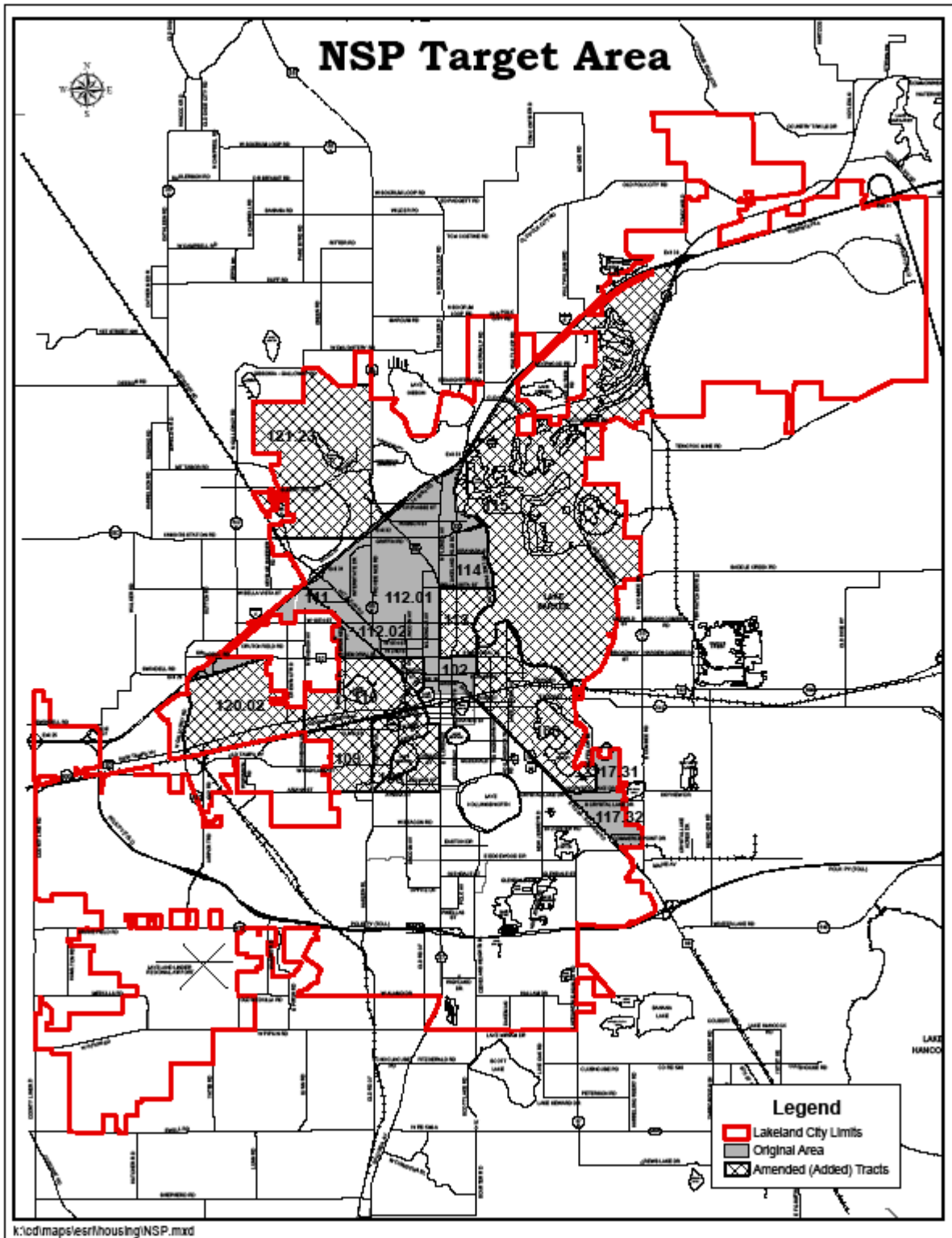
<u>Census Tract</u>
<u>102</u>
<u>103</u>
<u>108</u>
<u>109</u>
<u>110</u>
<u>111</u>
<u>112.01</u>
<u>112.02</u>
<u>113</u>
<u>114</u>
<u>115</u>
<u>117.31</u>
<u>117.32</u>
<u>120.02</u>
<u>121.23</u>

These neighborhoods have foreclosure rates of 13.7% to 15.5%. This is the area of greatest need, and the City of Lakeland will direct its efforts to this area with the NSP funds.

The above chart includes additional census tracts within the City that have been and continue to be affected by the foreclosure crisis. The original Areas of Greatest Need, tracts 102, 111, and 112, are still experiencing high foreclosure rates, but since the original Substantial Amendment passed in December 2008, additional tracts have also demonstrated increased foreclosure risk rates between 17 and 20, and abandonment risk scores of 9-10.

Beyond the widespread foreclosure and abandonment data, staff continues to compete with investors for attractively priced bank owned units in the original Areas of Greatest Need, and this competition has resulted in the need to expand said area in anticipation of a fast approaching NSP funding commitment deadline.

**Note:** See NSP Target Area Map on Following Page



Staff utilized the following data sources for this analysis:

- [http://www.realtytrac.com/pub/landing/optimized\\_c.asp?a=b&acct=15605](http://www.realtytrac.com/pub/landing/optimized_c.asp?a=b&acct=15605)
- [www.huduser.org/publications/commdevl/nsp.html](http://www.huduser.org/publications/commdevl/nsp.html)
- [http://www.huduser.org/publications/commdevl/nsp\\_foreclosure\\_data.html](http://www.huduser.org/publications/commdevl/nsp_foreclosure_data.html)
- Local newspaper, business section.

### **Percentage of Foreclosures:**

An assessment of the percentage of foreclosures compares the number of foreclosures by census tract block group to the number of housing structures in existence with the same area. Utilizing HUD provided data regarding foreclosures, staff identified those census tract block groups which exceed or are projected to exceed the city-wide foreclosure rate of 6.5 percent.

### **Subprime (High-Cost) Loans:**

The City utilized Home Mortgage Disclosure Act (HMDA) data provided by HUD to determine areas that contained the highest percentage of homes financed by a subprime mortgage related loan. The City analyzed the data and established a minimum high cost loan rate of 29% in determining areas of greatest need. The areas of greatest need are identified in Section A of this plan.

### **Areas of Risk:**

Using HUD's Foreclosure and Abandonment Risk Scoring System and predicted 18 month underlying foreclosure rate, the City identified the areas of greatest need that will likely face a significant rise in the rate of home foreclosures. Areas identified had Abandonment risk scores between three and 10 and predicted 18 month underlying foreclosure rates of 6.5 percent or higher. (see Exhibit A).

### ***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 subprime 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:

Based on the City’s analysis, the neighborhoods identified in Section A as areas of greatest need meet the three requirements of HERA for the use of NSP funds. NSP funds will be used as described in Section G and Exhibit A of this substantial amendment. The purpose of the distribution to the impacted areas is to stabilize the areas and provide opportunities for low to middle income households to acquire properties.

**C. DEFINITIONS AND DESCRIPTIONS**

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

Response:

Blighted Structure is defined as any structure which is unsafe, unsanitary, unfit for human habitation, or not provided with adequate egress, or which constitutes a fire hazard, or is otherwise dangerous to human life.

**(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 Lakeland, Florida Metropolitan Statistical Area (MSA). The current rents are listed below:

	<b>Efficiency</b>	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3 Bedroom</b>	<b>4 bedroom</b>
<b>FMR</b>	\$ 586	\$ 647	\$ 745	\$ 945	\$ 1,109

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

Response:

The City will ensure long term affordability and security of NSP funding through the use of a recorded deferred lien, which lien will run in favor of the City. Said lien will include language providing that in the event title is transferred prior to the expiration of the affordability period, the assistance provided by the City will be subject to recapture. In the event a property is sold to an eligible homebuyer through the NSP, a portion of the lien will be assumed by the applicant as down payment assistance, which assistance will be subordinate to first mortgage financing, and will remain deferred provided the property continues to serve as the applicant’s principal residence and other affordability provisions are met.

The City will use the minimum affordability period of the federal HOME Investment Partnership Program, 24 CFR 92.252 (a), (c), (e) and (f), and 92. 254. The minimum affordability periods are listed below:

<b>Assistance Provided</b>	<b>Affordability Period</b>
Up to \$15,000	5 years
\$15,001 to \$40,000	10 years
Over \$40,000	15 years
New Construction	20 years

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

Response:

The City of Lakeland Neighborhood Services Division (NSD) has adopted the General Bid Specifications/Property Standards for use in its housing programs.

The City’s Building Inspection Division monitors the building codes and the City adopted the following general building codes:

- 1 Construction for new homes - The Florida Building Code 2004 Residential;
- 2 Construction on existing structures - The Florida Building Code 2004 Existing Building; and
- 3 Energy Code - The Florida Building Code 2004 Building, chapter 13, Florida Energy Code.

All three codes have 2005 revisions included. Any future revisions shall be applicable and adopted for immediate use by the Neighborhood Services Division as part of the NSP.

These General Bid Specifications (Property Standards) and the three Florida Codes listed above shall govern all construction jobs conducted by the Neighborhood Services Division. The Building Inspection Division shall appropriately inspect each construction site for compliance in order to issue the appropriate Certificates of Occupancy NSD construction jobs.

**(5) Definition of “Middle Income Household:”** A household having an income equal to or less than 120% of AMI as 2.4 times the current Section 8 income limit for households below 50% of median income, adjusted for family size.

**(6) Definition of “Moderate Income Household:”** A household having an income equal to or less than 80% of AMI, but greater than 50% of AMI.

**(7) Definition of “Low Income Household:”** A household having an income equal to or less than 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, developer, or individual homebuyer.

**(9) Definition of “Land Bank:”** A governmental or non-governmental nonprofit entity established, at least in part, to assemble, temporarily manage, and dispose of vacant land for the purpose of stabilizing neighborhoods and encouraging re-use or redevelopment of urban property. For the purposes of the NSP program, a land bank will operate in a specific, defined geographic area. It will purchase properties that have been abandoned or foreclosed upon and maintain, assemble, facilitate redevelopment of, market, and dispose of the land banked properties. If the land bank is a governmental entity, it may also maintain abandoned or foreclosed property that it does not own, provided it charges the owner of the property the full cost of the service or places a lien on the property for the full cost of service.

#### ***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 of area median income: \$ 560,000 .

**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 funds set aside for households at or below 50% of AMI will be used for demolition and reconstruction. In that regard, it will be required that any partner selected to conduct demolition and reconstruction activities have a proven track record in this area.

The City of Lakeland may provide other incentives for housing partners to assist special needs populations, and who design creative mechanisms/programs to provide homeownership opportunities to low income households.

In the event that a single-family housing unit does not sell within a specified period to be identified in the subrecipient agreement, the City will require the unit be rented to an income eligible household.

#### ***E. ACQUISITIONS & RELOCATION***



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

If so, include:

- The number of low- and moderate-income dwelling units—i.e., ≤ 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., ≤ 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 homes, if the cost of the rehabilitation of the unit is greater than fifty percent (50%) of the acquisition price, and/or the cost of acquisition and rehabilitation exceeds one hundred percent (100%) loan-to-value ratio, 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 has set a goal to fund the acquisition and demolition of approximately ten housing units for households at or below 80% of area median income.

It is anticipated that the acquisition process will begin in February 2009, followed by rehabilitation assistance if needed during the year. The project will be considered completed upon the transfer to an eligible homeowner. All activities are anticipated to be completed by and will continue through July 30, 2013.

<b>Activity</b>	<b>50% and below of AMI</b>	<b>51%–80% of AMI</b>	<b>81%–120% of AMI</b>	<b>Total</b>
<del>Acquisition of Foreclosed Properties</del>	4	4	4	12
<del>Rehabilitation of Foreclosed Properties</del>	1	5	4	10
<del>Demolition of Acquired/Foreclosed Properties</del>	4	2	2	8
<del>Redevelopment of Demolished or Vacant properties</del>	5	1	0	6

<u>Activity</u>	<u>50% and below of AMI</u>	<u>51% - 80% of AMI</u>	<u>81% - 120% of AMI</u>	<u>Total</u>
<u>Acquisition of Foreclosed Properties</u>	<u>6</u>	<u>4</u>	<u>4</u>	<u>14</u>
<u>Land Banking of Acquired/Foreclosed Properties</u>		<u>2</u>	<u>1</u>	<u>3</u>
<u>Rehabilitation of Foreclosed Properties</u>	<u>1</u>	<u>4</u>	<u>4</u>	<u>9</u>
<u>Demolition of Acquired/Foreclosed Properties</u>	<u>0</u>	<u>2</u>	<u>2</u>	<u>4</u>
<u>Redevelopment of Demolished or Vacant properties</u>	<u>6</u>	<u>2</u>	<u>0</u>	<u>8</u>

The City will follow the Uniform Relocation Act requirements for any affected households where a housing unit is being demolished that has not been vacant for more than ninety (90) days.

***F. PUBLIC COMMENT***

Provide a summary of public comments received to the proposed NSP Substantial Amendment.

Response:

The Neighborhood Services Division advertised the notice of Substantial Amendment to the 2008 -2009 CDBG/HOME Action Plan in the local newspaper, outlining that the Substantial Amendment was available for public review from October 31 through November 14, 2008 on the City’s website at [www.lakelandgov.net](http://www.lakelandgov.net). Additionally, the Neighborhood Services Division made workshop presentations to the City Commission on October 31, 2008, the Citizen’s Advisory Committee on November 3, 2008, and the Affordable Housing Advisory Committee on November 13, 2008 (see attached agendas).

Members of the City Commission, CAC and AHAC expressed concerns regarding the Plan such as:

- Short period of time to expend the funds;
- Target areas may not be areas where homebuyers will prefer to purchase homes;
- Possible challenge in selling rehabilitated homes because of the slow economy;
- Target areas were too concentrated or not concentrated enough;
- Expressed preference to reconstruct homes instead of rehabilitate to assist the local builders construction business during the economic slowdown; and
- Use of local builders, realtors, and appraisers to assist with slow business market.

Staff did not receive any written comments from the public.

As outlined in the City's Citizen Participation Plan, the Neighborhood Services Division advertised in the local newspaper for this second Substantial Amendment to the 2008/2009 Action Plan. This amendment was also available for public review from February 12 through February 26, 2010 on the City of Lakeland's website.

For the second Substantial Amendment, Staff did not receive any written comments from the public.

[For the third Substantial Amendment, Staff received written comments????.](#)

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

The City intends to develop one or more Requests for Qualifications (RFQ) for partners to assist with the acquisition, rehabilitation, management, and disposition of properties. Such partners may include, but are not limited to, housing non-profits/for-profits, lenders, title companies, asset/property managers, appraisers, real estate companies, contractors (including demolition contractors), and inspection firms. Capacity and proven track record will be among the critical areas that the City reviews in selecting non-profit and for-profit partners.

**Activity 1: Acquisition and Resale of Foreclosed Properties**

(1) [Activity Name](#): Acquisition and Resale of Foreclosed Properties

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

- NSP eligible use – Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.
- CDBG Eligible Activities: 24 CFR 570.201-
  - (a) Acquisition
  - (b) Disposition
  - (i) Relocation
  - (n) Direct Homeownership Assistance
  - 24 CFR 570.202 (a) - Eligible rehabilitation and preservation activities for homes and other residential properties
  - 24 CFR 570.206 - Activity delivery costs for an eligible 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-Moderate Income Persons – Housing Activities -24 CFR 570.208 (a)(3)
- NSP CDBG activities will meet the low, moderate and middle income national objective of the assisted activity:
  - Provides or improves permanent residential structures that will be occupied by a household whose income is at or below 120% of area median income (abbreviated as LMMI).

(4) 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.

Specific Activity Requirements:

For acquisition activities, include:

- Discount rate

For housing related activities, include:

- tenure of beneficiaries--rental or homeownership;
- duration or term of assistance;

For financing activities, include:

- range of interest rates

The City of Lakeland Neighborhood Services Division will work with lenders and/or realtors to acquire homes that have been foreclosed, vacant for at least 90 days and are on the lender's or investor's current inventory. Once foreclosed properties have been identified in the target areas, the City will negotiate with the lenders(s) to obtain the maximum reasonable discount for use in the program.

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 costs that will be incurred by the seller if 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 purchase transaction.

After the City develops a list of approved participants via the RFQ process and has obtained listing of negotiated available lender owned properties, qualified and approved partners will be provided listings of available properties in the targeted areas identified by the City. The City will provide funding for approved partners to acquire the properties, which funding will be secured by a recorded deferred lien. The City will also provide funding for the rehabilitation. If the property reverts to rental, the City will refinance the loan terms. The City will limit the number of properties that the partners can obtain based on their capacity. The City will notify approved partners of the homes to be acquired by any one agency based on their capacity.

For single family homes that are acquired and subsequently sold, the City will ensure the affordability clause by providing a principal reduction in the purchase price of the home. This will be provided to the home buyer in the form of a soft second, 0% deferred payment loan to the income eligible households. The City may also assist the purchaser with closing cost. The amount of assistance that will be left behind as a deferred payment loan will be tiered according to income and need. As long as the borrower/owner maintains the property as their principal homestead residence during the period of affordability, the loan will remain deferred. Homebuyer counseling will be required before the sale to the homebuyer. All parties on the deed will be required to have a minimum of eight hours of counseling.

The City will establish a period of time in which our housing partner(s) must sell the acquired home. Failure to sell the home in a timely manner, not to exceed a period of 24 months, will result in the possibility of the home being turned into a rental unit to be managed by a Property Management agency that has been qualified by the City during the RFQ process.

The City will use the minimum affordability standards that fall under the federal HOME Investment Partnership Program which are listed below:

<b>Assistance Provided</b>	<b>Affordability Period</b>
Up to \$15,000	5 years
\$15,001 to \$40,000	10 years
Over \$40,000	15 years
New Construction	20 years

Program income received from the sale or rental of assisted units will be recycled for 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 Treasury’s guidance for non-traditional mortgages (available at <http://www.fdic.gov/regulations/laws/rules/5000->

[5160.tml](#)). Compliance must be documented. All loans must be at a fixed rate loan not to exceed a term of forty (40) years.

Program income received from the sale or rental of assisted units will be recycled for eligible NSP activities.

The City will allow and pay for development fees that are fair and reasonable as part of the acquisition and rehabilitation process. Development fees and other soft/project related costs associated with the acquisition and rehabilitation shall be considered “Program Delivery” type costs and will be charged to the individual projects assisted.

Individual Transactions – If an abandoned or foreclosed upon home or residential property is to be sold to an individual as a primary residence, no profit may be earned on such sale.

(5) [Location Description](#): (Description may include specific addresses, blocks or neighborhoods to the extent known.)

This activity will be carried out in the target areas as referenced in Section A – Areas of greatest need. After analysis within the target area, specific properties will be evaluated. Factors may include elements such as block location, amount of rehabilitation, ownership and other criteria affecting costs.

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

The City of Lakeland Neighborhood Services Division will administer the program. The contact person is R. Brian Rewis, Neighborhood Services Manager, 1104 Martin L. King, Jr. Avenue, Lakeland, Florida 33805. The City will solicit one or more Requests for Qualifications for organizations/partners to participate in the program.

(7) [Projected Start Date](#): February 1, 2009

(8) [Projected End Date](#): July 30, 2013

## **Activity 2: Rehabilitation and Resale of Acquired Foreclosed Homes**

(1) [Activity Name](#): Housing Rehabilitation and Resale of Acquired Homes

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

- NSP eligible use – Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.

- CDBG Eligible Activities: 24 CFR 570.201-
  - (a) Acquisition
  - (b) Disposition
  - (i) Relocation
  - (n) Direct Homeownership Assistance
  - 24 CFR 570.202 (a) - Eligible rehabilitation and preservation activities for homes and other residential properties
  - 24 CFR 570.206 - Activity delivery costs for an eligible 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-Moderate Income Persons – Housing Activities -24 CFR 570.208 (a)(3)
- NSP CDBG activities will meet the low, moderate and middle income national objective of the assisted activity:
  - Provides or improves permanent residential structures that will be occupied by a household whose income is at or below 120% of area median income (abbreviated as LMMI).

(4) 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.

Specific Activity Requirements:

For housing related activities, include:

- tenure of beneficiaries--rental or homeownership;
- duration or term of assistance;

For financing activities, include:

- range of interest rates

The City of Lakeland’s NSP program will be used to rehabilitate both single-family and multi-family residential properties. Costs of rehabilitation can include labor, materials, supplies, permits, lead-based paint assessment, abatement and clearance, barrier removal, energy efficient measures, asbestos assessment and abatement, and program delivery. Rehabilitation projects involving one or more units in a multi-family unit building owned as a condominium will be limited to the particular unit(s) and will not involve rehabilitation of portions of the property held in common ownership.

Residential properties acquired through the use of NSP funds will likely require rehabilitation, in which cases the City will provide NSP funds for housing rehabilitation as outlined in Section C (4) of this plan.

If the cost of the rehabilitation of the unit is greater than fifty percent (50%) of the acquisition price, and/or the cost of acquisition and rehabilitation exceeds a one hundred percent (100%) loan-to-value ratio, 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.

For single family homes that are acquired, rehabilitated, and subsequently sold, the City will ensure the affordability clause by providing a principal reduction in the purchase price of the home. This will be provided to the home buyer in the form of a soft second, 0% deferred payment loan to the income eligible households. The City may also assist the purchaser with closing cost. The amount of assistance that will be left behind as a deferred payment loan will be tiered according to income and need. As long as the borrower/owner maintains the property as their principal homestead residence during the period of affordability, the loan will remain deferred. Homebuyer counseling will be required before the sale to the homebuyer. All parties on the deed will be required to have a minimum of eight hours of counseling.

The City will establish a period of time in which our housing partner(s) must sell the acquired home. Failure to sell the home in a timely manner, not to exceed a period of 24 months, will result in the possibility of the home being turned into a rental unit to be managed by a Property Management agency that has been qualified by the City during the RFQ process.

The City will use the minimum affordability standards that fall under the federal HOME Investment Partnership Program which are listed below:

<b>Assistance Provided</b>	<b>Affordability Period</b>
Up to \$15,000	5 years
\$15,001 to \$40,000	10 years
Over \$40,000	15 years
New Construction	20 years

Program income received from the sale or rental of assisted units will be recycled for 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 Treasury’s guidance for non-traditional mortgages (available at <http://www.fdic.gov/regulations/laws/rules/5000-5160.tml>). Compliance must be documented. All loans must be at a fixed rate



loan not to exceed a term of forty (40) years.

It is anticipated that a portion of the funds associated with this activity will be for households earning at or below 50 percent (50%) of area median income (AMI). This could be in the form of a rehabilitated single-family or multi-family unit. If a housing unit is rented, it is critical that any chosen Housing Partner have a proven track record in property management.

The City may provide other incentives for Housing Partners to assist special needs populations, which may include the homeless, disabled, victims of domestic violence, and others.

The City will provide incentives for improving energy efficiency, conservation, or providing renewable energy source(s). These types of features will provide for long-term affordability and increased sustainability and attractiveness of housing and neighborhoods.

The City will allow and pay for development fees that are fair and reasonable as part of the acquisition and rehabilitation process. Development fees and other soft/project related costs associated with the acquisition and rehabilitation shall be considered “Program Delivery” type costs and will be charged to the individual projects assisted.

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

This activity will be carried out in the target areas as referenced in Section A – Areas of greatest need. After analysis within the target area, specific properties will be evaluated. Factors may include elements such as block location, amount of rehabilitation, ownership and other criteria affecting costs.

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

The City of Lakeland Neighborhood Services Division will administer the program. The contact person is R. Brian Rewis, Neighborhood Services Manager, 1104 Martin L. King, Jr. Avenue, Lakeland, Florida 33805. The City will solicit one or more Requests for Qualifications for organizations/partners to participate in the program.

(7) Projected Start Date: February 1, 2009

(8) Projected End Date: July 30, 2013

### **Activity 3: Demolition of Acquired Foreclosed Homes and/or Blighted Structures**

(1) Activity Name: Demolition and Clearance of Foreclosed Homes and/or Blighted Structures

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

- NSP eligible use: Demolish blighted structures
- 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.,  $\leq 120\%$  of area median income).

- 24 CFR 570.208(a)(3)- Housing Activities
- NSP CDBG activities will meet the low, moderate and middle income national objective of the assisted activity:  
Provides or improves permanent residential structures that will be occupied by a household whose income is at or below 120 percent of area median income (LMMI).

(4) 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.

Special Activity Requirements:

For acquisition activities, include:

- discount rate

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 financing activities, include:

- range of interest rates

Housing units acquired through the City's program that are not economically feasible to be rehabilitated, and/or pose a health/safety threat, may be demolished. Demolished homes may be placed in the affordable housing land inventory to be subsequently provided to an affordable housing partner. Another option is that the Neighborhood Services Division may acquire the property, demolish and construct a new home on the property. The City will provide the funds in the form of a grant for the demolition. The City may subsequently provide funding for the construction of a new home using NSP funds or other City affordable housing grant funds.

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

This activity will be carried out in the target areas as referenced in Section A – Areas of greatest need. After analysis within the target area, specific properties will be evaluated. Factors may include elements such as block location, amount of rehabilitation, ownership and other criteria affecting costs.

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

The City of Lakeland Neighborhood Services Division will administer the program. The contact person is R. Brian Rewis, Neighborhood Services Manager, 1104 Martin L. King, Jr. Avenue, Lakeland, Florida 33805. The City will solicit one or more Requests for Qualifications for organizations/partners to participate in the program.

(7) Projected Start Date: February 1, 2009

(8) Projected End Date: July 30, 2013

#### **Activity 4: Redevelop Demolished or Vacant Properties**

(1) Activity Name: Redevelopment of Properties

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

- NSP eligible use: Redevelop demolished or vacant properties
- CDBG eligible Activities:
  - 24 CFR 570.201 (a) – Acquisition
  - 24 CFR 570.201 (b) – Disposition
  - 24 CFR 570.201 (c) – Public Facilities and Improvements
- Eligible Activities – 24 CFR 570.201 (n)

- Direct Home Ownership Assistance

(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
- NSP CDBG activities will meet the low, moderate and middle income national objective of the assisted activity:  
Provides or improves permanent residential structures that will be occupied by a household whose income is at or below 120 percent of area median income (LMMI).

(4) 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.

Special Activity Requirements:

For acquisition activities, include:

- discount rate

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 financing activities, include:

- range of interest rates

Redevelopment of the demolished or vacant property will be for households at or below 120% AMI.

Once constructed, these homes will be made available to income eligible households.

The City will use the minimum affordability standards that fall under the federal HOME Investment Partnership Program which are listed below:

<b>Assistance Provided</b>	<b>Affordability Period</b>
Up to \$15,000	5 years
\$15,001 to \$40,000	10 years
Over \$40,000	15 years
New Construction	20 years

As described above, the City will ensure continued affordability through the use of a

deferred lien.

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 Treasury's guidance for non-traditional mortgages (available at <http://www.fdic.gov/regulations/laws/rules/5000-5160.tml>). Compliance must be documented. All loans must be at a fixed rate not to exceed a term of forty (40) years.

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

This activity will be carried out in the target areas as referenced in Section A – Areas of greatest need. After analysis within the target area, specific properties will be evaluated. Factors may include elements such as block location, amount of rehabilitation, ownership and other criteria affecting costs.

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

The City of Lakeland Neighborhood Services Division will administer the program. The contact person is R. Brian Rewis, Neighborhood Services Manager, 1104 Martin L. King, Jr. Avenue, Lakeland, Florida 33805. The City will solicit one or more Requests for Qualifications for organizations/partners to participate in the program.

(7) Projected Start Date: February 1, 2009

(8) Projected End Date: July 30, 2013

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 Treasury's guidance for non-traditional mortgages (available at <http://www.fdic.gov/regulations/laws/rules/5000-5160.tml>). Compliance must be documented. All loans must be at a fixed rate not to exceed a term of forty (40) years.

## Activity 5: Land Banking of Foreclosed Properties

(1) Activity Name: Establish Land Bank of Acquired Properties

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

- NSP eligible use: Establish land banks for homes that have been foreclosed upon
- CDBG eligible Activities:
  - 24 CFR 570.201 (a) – Acquisition
  - 24 CFR 570.201 (b) – Disposition
  - Eligible Activities – 24 CFR 570.201
    - Establish land banking for homes that have been foreclosed

(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
- NSP CDBG activities will meet the low, moderate and middle income national objective of the assisted activity:
  - Provides or improves permanent residential structures that will be occupied by a household whose income is at or below 120 percent of area median income (LMMI).

(4) 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.

Special Activity Requirements:

For acquisition activities, include:

- discount rate

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 financing activities, include:

- range of interest rates

Land banking and subsequent redevelopment of the demolished or vacant property will be for households at or below 120% AMI. Accounts will be set up for lot maintenance for a maximum of 10 years from the date of the ~~grant agreement~~ HUD contract.

Once constructed, these units will be made available to income eligible households.

The City will use the minimum affordability standards that fall under the federal HOME Investment Partnerships Program which are listed below:

<u>Assistance Provided</u>	<u>Affordability Period</u>
<u>Up to \$15,000</u>	<u>5 years</u>
<u>\$15,001 to \$40,000</u>	<u>10 years</u>
<u>Over \$40,000</u>	<u>15 years</u>
<u>New Construction</u>	<u>20 years</u>

As described above, the City will ensure continued affordability through the use of a deferred lien.

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 Treasury's guidance for non-traditional mortgages (available at <http://www.fdic.gov/regulations/laws/rules/5000-5160.tml>). Compliance must be documented. All loans must be at a fixed rate not to exceed a term of forty (40) years.

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

This activity will be carried out in the target areas as referenced in Section A – Areas of greatest need. After analysis within the target area, specific properties will be evaluated. Factors may include elements such as block location, amount of rehabilitation, ownership and other criteria affecting costs.

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

The City of Lakeland Neighborhood Services Division will administer the program. The contact person is R. Brian Rewis, Neighborhood Services Manager, 1104 Martin L. King, Jr. Avenue, Lakeland, Florida 33805. The City will solicit one or more Requests for Qualifications for organizations/partners to participate in the program.

(7) Projected Start Date: February 1, 2009

(8) Projected End Date: July 30, 2013

## **Activity 65: Planning and Administration**

(1) Activity Name: Planning and Administration

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

- 24 CFR 570.206 (1) Planning and Administration
- Eligible Activity
  - 24 CFR 570.206 (a) Planning and Administration

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

N/A

(4) 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.

NSP funds will be used to pay reasonable program administration costs related to the planning and execution of the activities listed above. This includes costs related to staffing for overall program management, coordination, monitoring, reporting and direct and indirect costs.

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

Neighborhood Services Division, 1104 Martin L. King, Jr. Avenue, Lakeland, Florida 33805

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

The City of Lakeland Neighborhood Services Division will administer the program. The contact person is R. Brian Rewis, Neighborhood Services Manager, 1104 Martin L. King, Jr. Avenue, Lakeland, Florida 33805. The City will solicit one or more Requests for Qualifications for organizations/partners to participate in the program.

(7) Projected Start Date: September 29, 2008

(8) Projected End Date: July 30, 2013



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

<u>Activity</u>	<u>50% and below of AMI</u>	<u>51 - 120% of AMI</u>	<u>Total per Activity</u>
<u>Planning and Administration</u>			<u>200,181</u>
<u>Acquisition of Foreclosed Properties</u>	<u>100,000</u>	<u>580,000</u>	<u>680,000</u>
<u>Land Banking of Acquired/Foreclosed Properties</u>		<u>180,000</u>	<u>180,000</u>
<u>Rehabilitation of Foreclosed Properties</u>	<u>45,000</u>	<u>360,000</u>	<u>405,600</u>
<u>Demolition of Acquired/Foreclosed Properties</u>		<u>40,000</u>	<u>40,000</u>
<u>Redevelopment of Demolished or Vacant properties</u>	<u>400,000</u>	<u>100,000</u>	<u>500,000</u>
<u>Total</u>	<u>\$545,000</u>	<u>\$1,260,000</u>	<u>\$2,005,781</u>

The City will also charge any pre-award costs incurred as part of the preparation of the Substantial Amendment to the Planning and Administration portion of the grant. In addition, all costs such as appraisal, title searches and title insurance, environmental assessments, inspections, development fees, engineering studies and mitigation, marketing 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 measure and benchmarks into agreements with the 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. Penalties and/or sanctions will be imposed on non-performing agencies.

<u>Activity</u>	<u>50% and below of AMI</u>	<u>51% - 80% of AMI</u>	<u>81% - 120% of AMI</u>	<u>Total</u>
<u>Acquisition of Foreclosed Properties</u>	<u>6</u>	<u>4</u>	<u>4</u>	<u>14</u>
<u>Land Banking of Acquired/Foreclosed Properties</u>		<u>2</u>	<u>1</u>	<u>3</u>
<u>Rehabilitation of Foreclosed Properties</u>	<u>1</u>	<u>4</u>	<u>4</u>	<u>9</u>
<u>Demolition of Acquired/Foreclosed Properties</u>	<u>0</u>	<u>2</u>	<u>2</u>	<u>4</u>
<u>Redevelopment of Demolished or Vacant properties</u>	<u>6</u>	<u>2</u>	<u>0</u>	<u>8</u>

## **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.

(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.

\_\_\_\_\_  
Signature/Authorized Official

\_\_\_\_\_  
Date

**Douglas B. Thomas, City Manager**  
Title