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City of Miami Action Plan FY2008-2009



**NSP Substantial Amendment
2008.3**

July 8, 2010

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NSP CONTACT PERSON: GEORGE MENSAH..... 2

WEB ADDRESS: WWW.MIAMIGOV.COM/COMMUNITYDEVELOPMENT..... 2

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ADDRESS: 444 SW 2 AVENUE, 2 FLOOR..... 2

MIAMI, FL 33130..... 2

TEL: (305)416-2080; FAX: (305)416-2090..... 2

E-MAIL: GMENSAH@MIAMIGOV.COM..... 2

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THE NSP SUBSTANTIAL AMENDMENT

<i>Jurisdiction: City of Miami</i>	<i>NSP Contact Person: George Mensah</i>
<i>Web Address: www.miamigov.com/communitydevelopment/pages/reports</i>	<i>Address: 444 SW 2 Avenue, 2 Floor Miami, FL 33130. Tel: (305)416-2080; Fax: (305)416-2090 E-mail: gmensah@miamigov.com</i>

A. AREAS OF GREATEST NEED

The Neighborhood Stabilization Program (“NSP”) was created to provide emergency assistance to state and local governments to acquire and redevelop foreclosed upon properties that might otherwise become sources of abandonment and blight within our communities. The NSP provided a grant to the City of Miami (“City”) to purchase foreclosed upon or abandoned homes and to rehabilitate, redevelop and resell/rent, these properties in order to stabilize neighborhoods and stem the decline of house values of neighboring homes. This program is authorized under Title III of the Housing and Economic Recovery Act (“HERA”) of 2008. The City was awarded \$12,063,702 in Community Development Block Grant-like (“CDBG”) dollars to implement this new program.

The Department of Community Development (“DCD”) is hereby revising its original Housing Market Foreclosure Assessment, which identified areas originally thought to be most affected by the current housing crisis, with a new Housing Market Foreclosure Assessment that provides for an updated and more realistic status of current housing market conditions. The City study consisted of the following steps:

1. DCD staff analyzed the geographical distribution of home foreclosure proceedings¹. This data set included properties that were already foreclosed upon and are currently owned by banks and properties that are undergoing foreclosure procedures (Graph 1). Note that the number and the geographical location of proceedings is fairly balanced and evenly scattered across City boundaries. This clearly shows that the housing foreclosure problem is spread over the entire City and not only in certain pockets as it was originally thought.
2. DCD staff then proceeded to plot the “Foreclose Risk Levels”² dataset which is composed of a combination of factors including fallen home values, unemployment rate, percentage of loans that are of high cost, and the number of addresses vacant for at least 90 days (Graph 2). Notice that almost all city neighborhoods fall under a Foreclosure Risk Level of 6 or higher, which is properly reflected in the even distribution of foreclosures throughout the city as shown in Graph 1.
3. In addition, the City plotted census block information where the total number of homes financed by sub-prime mortgages exceeded 25 percent of the total number of loans issued for the area (Graph 3). This means that at least 1 out of 4 households in each census block represented was issued a high cost loan. This dataset again confirmed that the sub-prime

¹ Dataset obtained from First American CoreLogic.

² Dataset obtained from www.huduser.org. Sources include: OFHEO data on decline in home values as of June 2008 compared to peak home values since 2000; Federal Reserve Home Mortgage Disclosure Act (HMDA) data; Labor Department data on unemployment rates in places and counties as of June 2008; USPS data on residential addresses identified as being vacant for 90 days or longer.


market problem is not just concentrated in a few areas, but affecting all city neighborhoods.

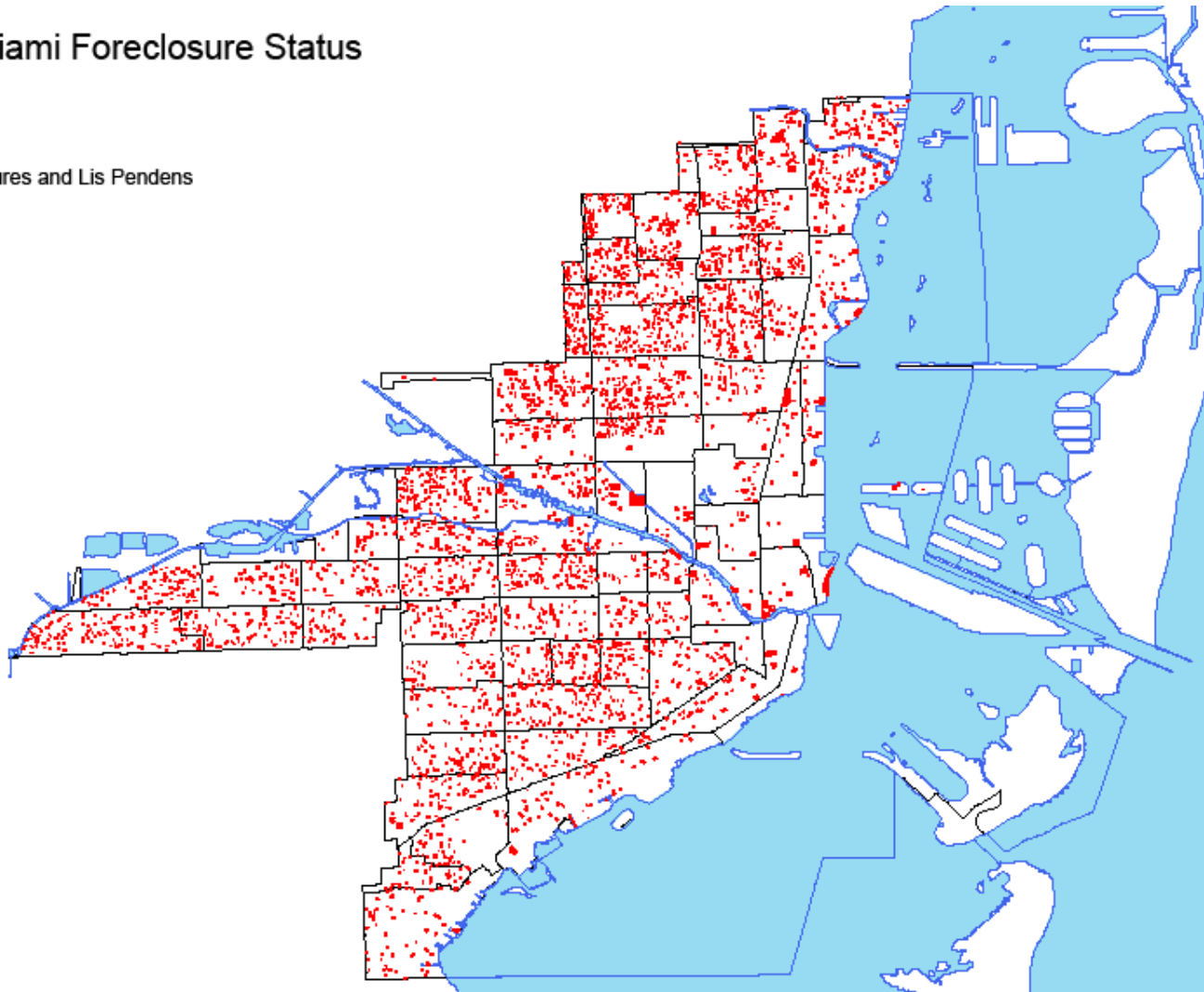
4. Graph 4 utilizes data from huduser.org to highlight, at census block level, the areas that are eligible for NSP assistance based on income (LMMI).
5. Graph 5 combines the results of all four previous maps utilized and the results show that the datasets overlap almost in every city neighborhood. As such, these overlapping areas are classified as the revised "Areas of Greatest Needs" These areas are better depicted in Graph 6.
6. Graph 6 isolates the new AGN and distinguishes eligible vs. ineligible areas.
7. Graph 7 shows the number of abandoned properties in the City of Miami and their deterioration levels. This map complements Graph 1 as these properties also create a negative effect in neighborhoods contributing to the decline of housing values in the areas where they are located.

Graph 1. - Properties undergoing foreclosure proceedings.

City of Miami Foreclosure Status

Legend

 Foreclosures and Lis Pendens



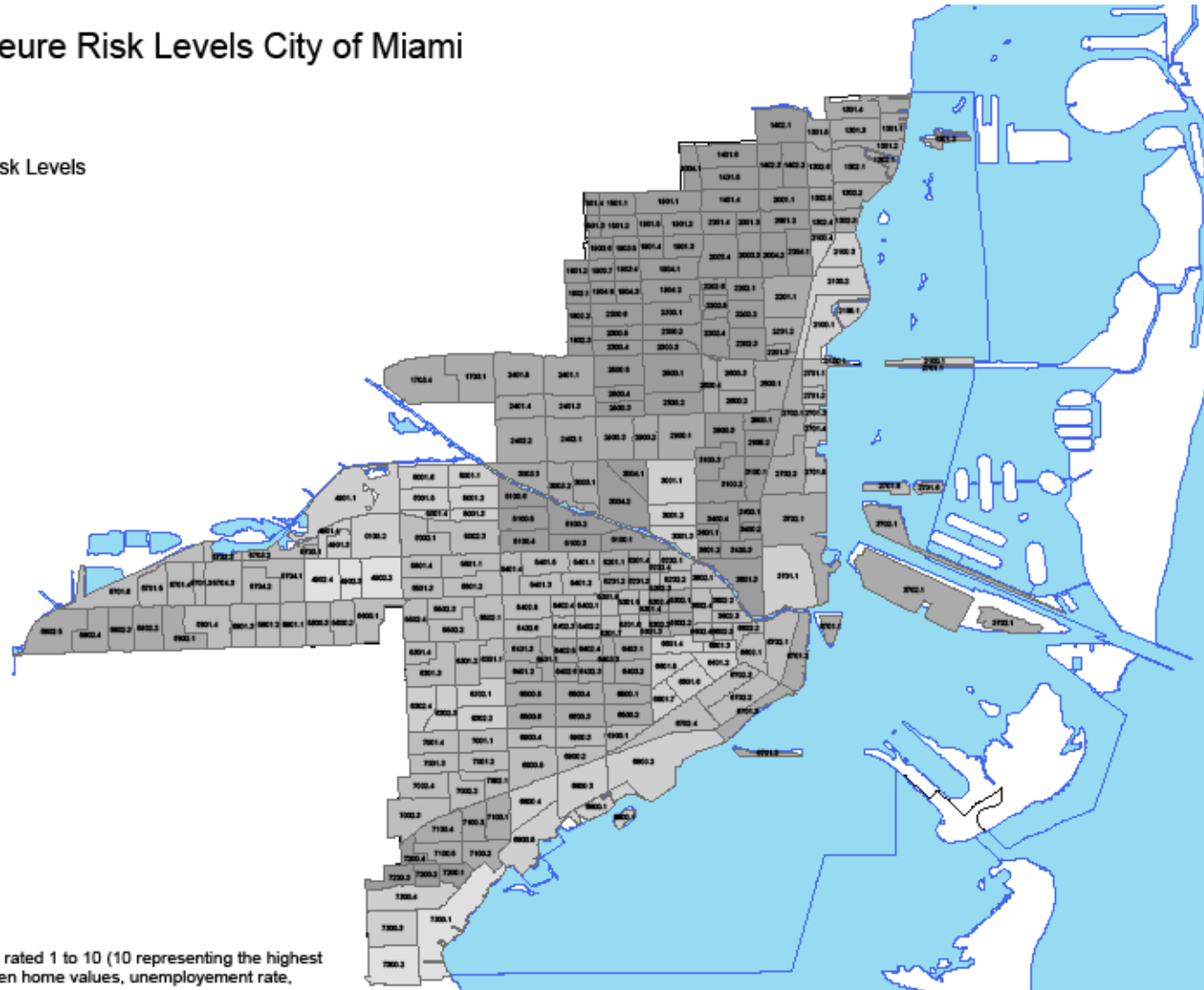
Data Source : First American CoreLogic, Inc. November 2009

Graph 2. - Foreclosure Risk Levels

Foreclosure Risk Levels City of Miami

Legend

Foreclosure Risk Levels




Foreclosure risk is rated 1 to 10 (10 representing the highest level based on fallen home values, unemployment rate, percentage of loans that are high cost loans, and the number address vacant for at least 90 days)

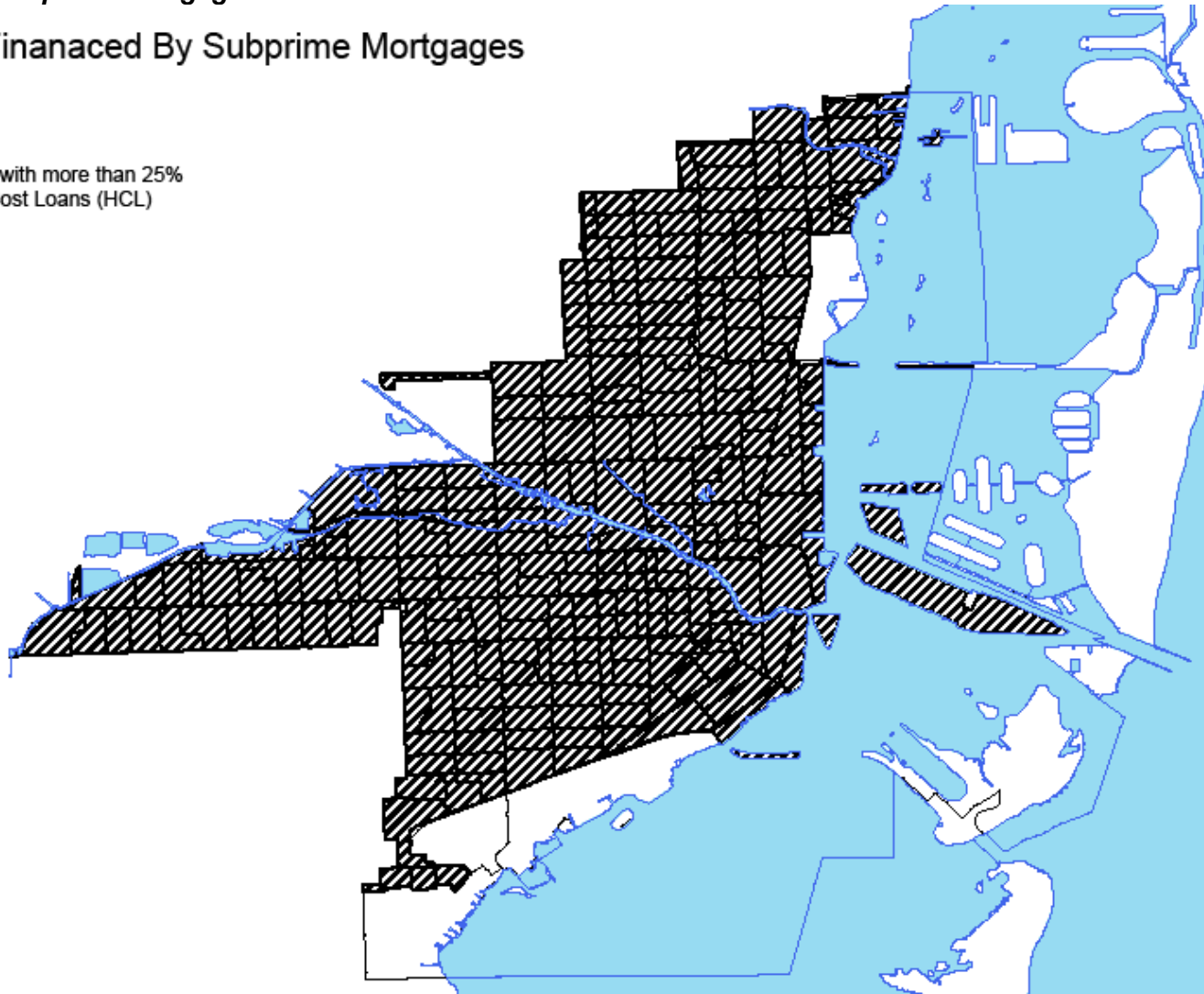
Data Source: HUD User http://www.huduser.org/datasets/nsp_target.html

Graph 3. - Sub-prime Mortgages.

Homes Financed By Subprime Mortgages

Legend

 Tracts with more than 25% High Cost Loans (HCL)



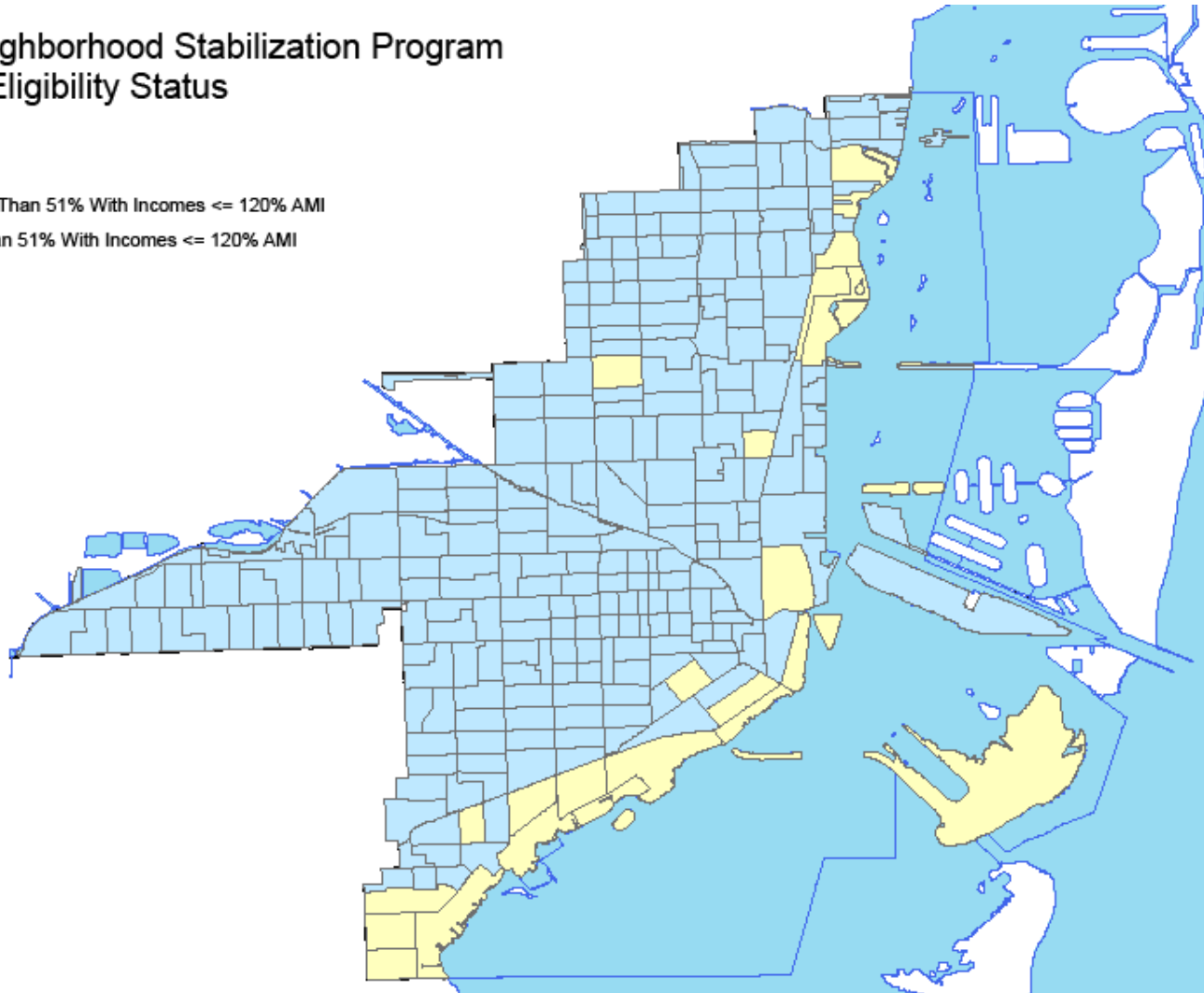
Data Source: HUD User http://www.huduser.org/datasets/nsp_target.html

Graph 4. - Low Moderate & Middle Income Eligible Areas by Census Tract and Census Block

HUD Neighborhood Stabilization Program Income Eligibility Status

Legend

- Eligible Greater Than 51% With Incomes <= 120% AMI
- Ineligible Less Than 51% With Incomes <= 120% AMI



Data Source: HUD User http://www.huduser.org/datasets/nsp_target.html

Graph 5.- Areas of Greatest Need derived by overlaying all 4 datasets

City of Miami Areas of Greatest Need (AGN)

Legend

Eligible Greater Than 51% With Incomes <= 120% AMI

Ineligible Less Than 51% With Incomes <= 120% AMI

Foreclosure Risk Levels

10 **Foreclosures and Lis Pendens**

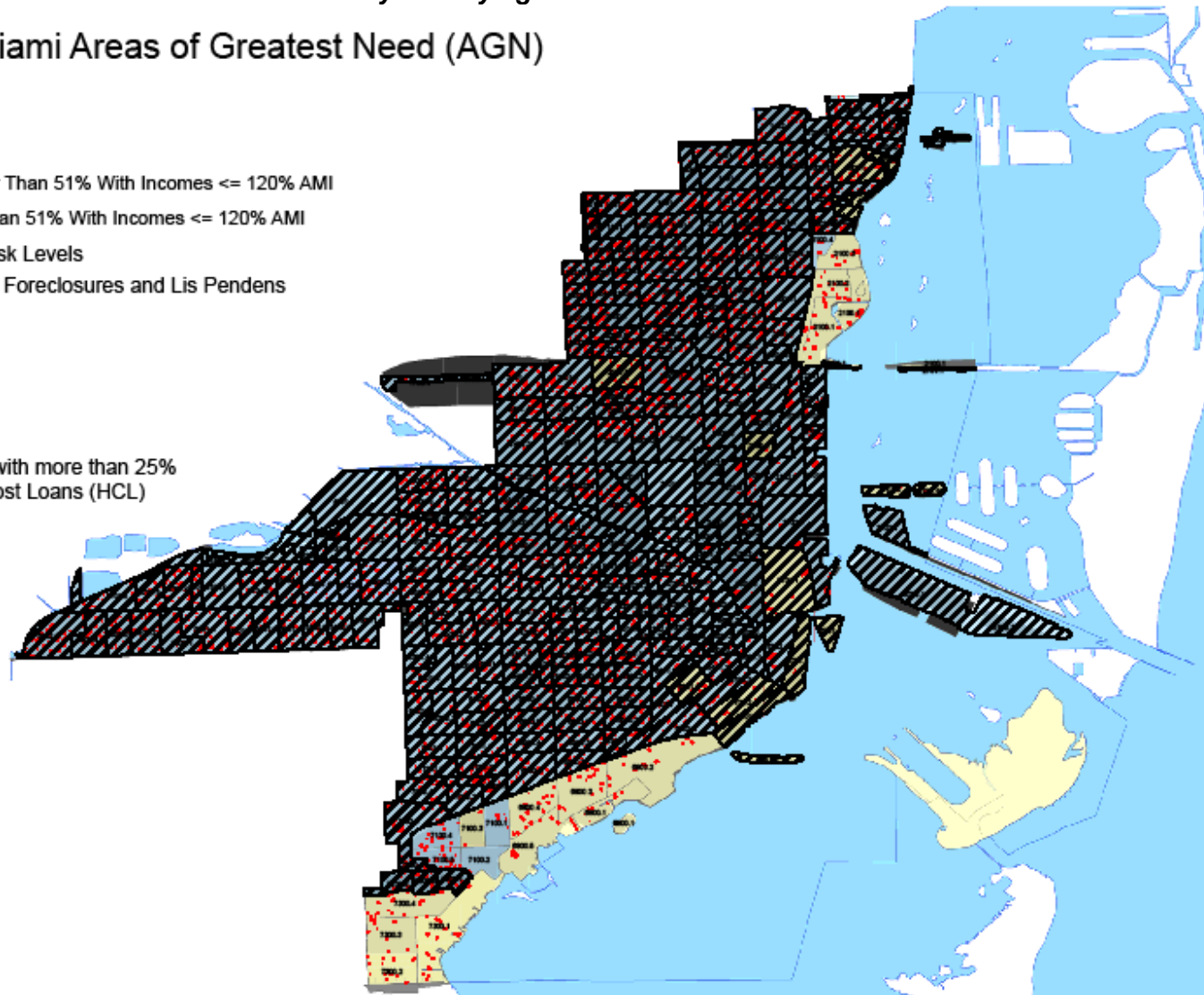
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Tracts with more than 25% High Cost Loans (HCL)



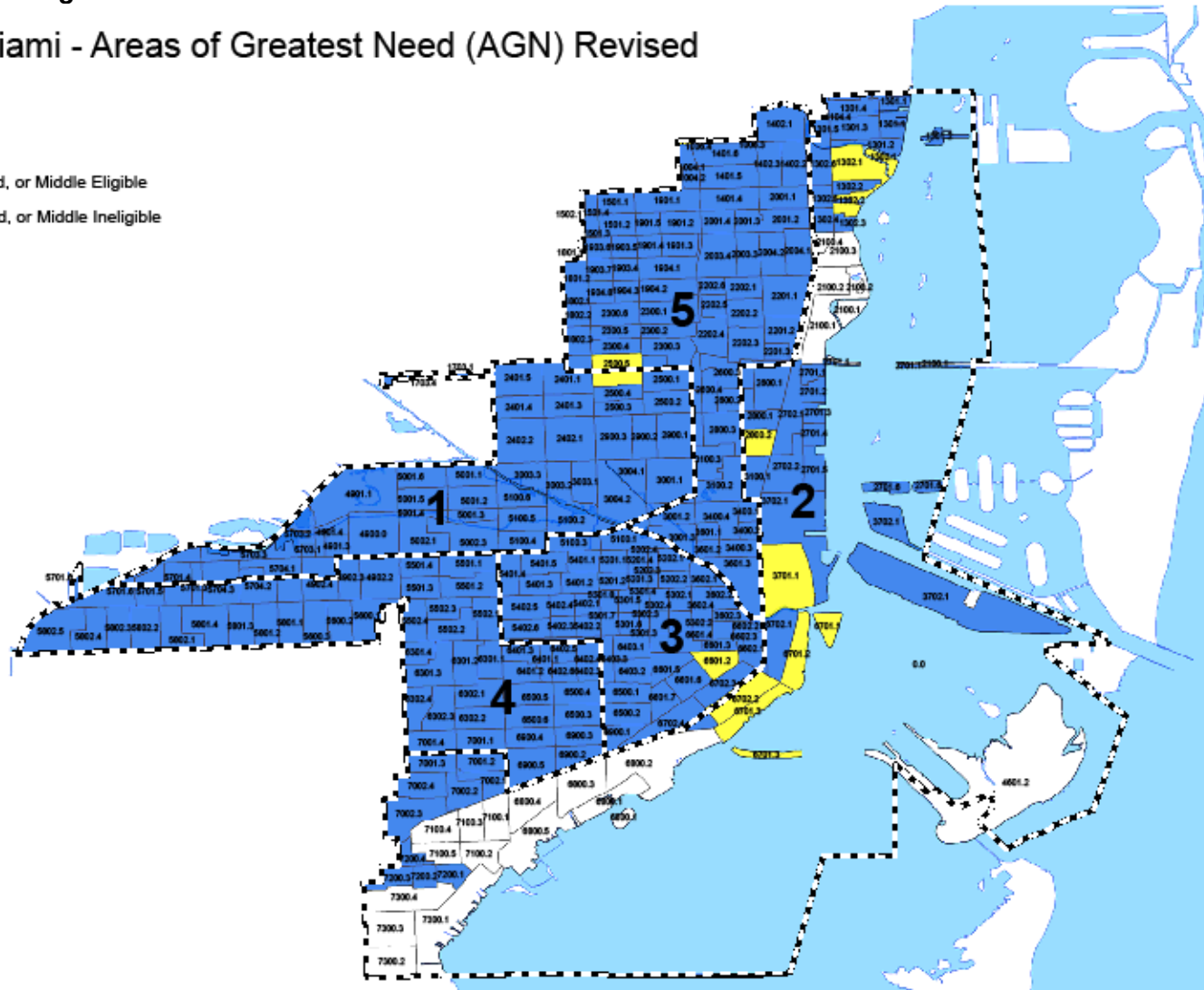
Data Source: HUD User http://www.huduser.org/datasets/nsp_target.html

Graph 6.- Isolating the Areas of Greatest Need

City of Miami - Areas of Greatest Need (AGN) Revised

Legend

- Eligible Low, Mod, or Middle Eligible
- Ineligible Low, Mod, or Middle Ineligible



Data Source: HUD User http://www.huduser.org/datasets/nsp_target.html

Graph 7.- Abandoned Properties

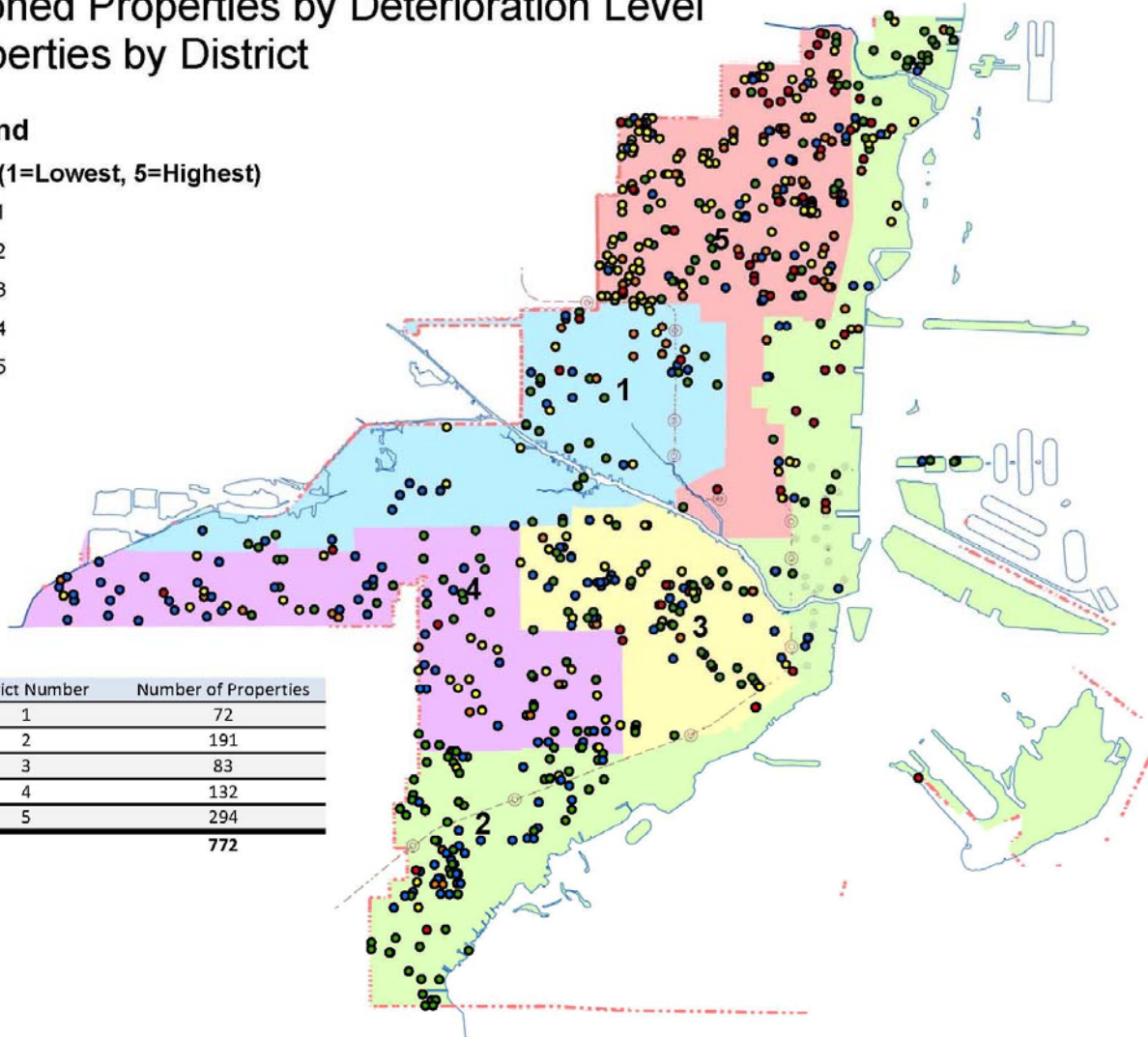
Abandoned Properties by Deterioration Level All Properties by District

Legend

Level (1=Lowest, 5=Highest)

- 1
- 2
- 3
- 4
- 5

District Number	Number of Properties
1	72
2	191
3	83
4	132
5	294
	772



Statistics show South Florida as one of the top five regions in the United States that was hit the hardest by the current housing foreclosure and financial crises. Within the past five years, property values sky rocketed as a result of a buying frenzy inspired both by investors trying to take advantage of appreciating housing market conditions and of homebuyers eager to be able to share in part of the American dream at any cost, lured by attractive, but deceiving financial instruments private lenders set in place to profit from the appreciating market. These facts paired with a large sub-prime mortgage loan market and a stagnant economy with high unemployment rates contributed to the large number of foreclosure proceedings we encounter today in the City of Miami. Many homeowners found themselves with mortgages that exceeded the equity on their properties.

Based upon the data and projections utilized, most of the areas in the City of Miami are under “great need” for some financial relief. As such, the City has catalogued the area represented in Graph 6 as the “Areas of Greatest Need.”³ These areas will be targeted by the City and will be given *priority* in the allocation of NSP funding. Table 1 below shows the census tracts and census blocks that comprise the Areas of Greatest Need.

Table 1. - Areas of Greatest Need by Census Block Group

Source: HUD NSP data

Census Block Group	Low, Mod, Middle Eligible	Percent of People <= 120 Ami	Census Block Group	Low, Mod, Middle Eligible	Percent of People <= 120 Ami
1004.1	YES	99%	5002.1	YES	87%
1004.2	YES	98%	5002.3	YES	83%
1006.3	YES	100%	5100.1	YES	88%
1006.4	YES	100%	5100.2	YES	83%
1202.3	YES	82%	5100.3	YES	75%
1301.1	YES	66%	5100.4	YES	89%
1301.2	YES	92%	5100.5	YES	96%
1301.3	YES	67%	5100.6	YES	85%
1301.4	YES	92%	5201.1	YES	94%
1301.5	YES	95%	5201.2	YES	95%
1302.1	NO	42%	5201.3	YES	90%
1302.2	YES	53%	5201.4	YES	95%
1302.3	YES	83%	5202.1	YES	86%
1302.4	YES	92%	5202.2	YES	85%
1302.5	YES	92%	5202.3	YES	94%
1302.6	YES	86%	5202.4	YES	97%
1401.4	YES	81%	5301.3	YES	90%
1401.5	YES	94%	5301.4	YES	83%
1401.6	YES	93%	5301.5	YES	88%
1402.1	YES	91%	5301.6	YES	90%

³ Criteria utilized: areas with Foreclosure Risk Levels of 6+ AND where sub-prime loans comprise more than 25 percent of the total loans issued in the census block.

Census Block Group	Low, Mod, Middle Eligible	Percent of People <= 120 Ami	Census Block Group	Low, Mod, Middle Eligible	Percent of People <= 120 Ami
1402.2	YES	89%	5301.7	YES	94%
1402.3	YES	100%	5301.8	YES	83%
1501.1	YES	93%	5302.1	YES	93%
1501.2	YES	98%	5302.2	YES	93%
1501.3	YES	96%	5302.3	YES	95%
1501.4	YES	101%	5302.4	YES	93%
1502.1	YES	99%	5401.1	YES	90%
1703.1	YES	87%	5401.2	YES	85%
1703.4	YES	92%	5401.3	YES	86%
1801.1	YES	102%	5401.4	YES	79%
1801.2	YES	74%	5401.5	YES	90%
1801.1	YES	76%	5402.1	YES	92%
1802.2	YES	81%	5402.2	YES	92%
1802.3	YES	80%	5402.3	YES	91%
1901.1	YES	97%	5402.4	YES	94%
1901.2	YES	86%	5402.5	YES	79%
1901.3	YES	94%	5402.6	YES	74%
1901.4	YES	78%	5501.1	YES	70%
1901.5	YES	92%	5501.2	YES	68%
1903.4	YES	86%	5501.3	YES	86%
1903.5	YES	93%	5501.4	YES	91%
1903.6	YES	96%	5502.1	YES	84%
1903.7	YES	98%	5502.2	YES	83%
1904.1	YES	92%	5502.3	YES	76%
1904.2	YES	91%	5502.4	YES	83%
1904.3	YES	91%	5600.1	YES	65%
1904.8	YES	87%	5600.2	YES	76%
2001.1	YES	94%	5600.3	YES	76%
2001.2	YES	90%	5701.3	YES	85%
2001.3	YES	83%	5701.4	YES	75%
2001.4	YES	95%	5701.5	YES	72%
2003.3	YES	89%	5701.6	YES	72%
2003.4	YES	96%	5703.1	YES	93%
2004.1	YES	93%	5703.2	YES	83%
2004.2	YES	91%	5703.3	YES	71%
2100.1	NO	46%	5704.1	YES	88%
2100.2	NO	40%	5704.2	YES	85%
2100.3	NO	42%	5704.3	YES	85%
2100.4	YES	88%	5801.1	YES	56%
2201.1	YES	70%	5801.2	YES	76%
2201.2	YES	81%	5801.3	YES	74%
2201.3	YES	100%	5801.4	YES	71%
2202.1	YES	80%	5802.1	YES	65%
2202.2	YES	83%	5802.2	YES	81%
2202.3	YES	90%	5802.3	YES	72%

Census Block Group	Low, Mod, Middle Eligible	Percent of People <= 120 Ami	Census Block Group	Low, Mod, Middle Eligible	Percent of People <= 120 Ami
2202.4	YES	68%	5802.4	YES	73%
2202.5	YES	72%	5802.5	YES	75%
2202.6	YES	82%	6301.1	YES	88%
2300.1	YES	78%	6301.2	YES	79%
2300.2	YES	84%	6301.3	YES	82%
2300.3	YES	78%	6301.4	YES	87%
2300.4	YES	81%	6302.1	YES	66%
2300.5	YES	91%	6302.2	YES	71%
2300.6	YES	93%	6302.3	YES	57%
2401.1	YES	85%	6302.4	YES	67%
2401.3	YES	97%	6401.1	YES	82%
2401.4	YES	92%	6401.2	YES	73%
2401.5	YES	87%	6401.3	YES	93%
2402.1	YES	98%	6402.3	YES	82%
2402.2	YES	81%	6402.4	YES	85%
2500.1	YES	78%	6402.5	YES	73%
2500.2	YES	94%	6402.6	YES	74%
2500.3	YES	80%	6403.1	YES	83%
2500.4	YES	88%	6403.2	YES	67%
2500.5	NO	27%	6403.3	YES	71%
2600.1	YES	96%	6500.1	YES	62%
2600.2	YES	90%	6500.2	YES	66%
2600.3	YES	94%	6500.3	YES	68%
2600.4	YES	98%	6500.4	YES	66%
2701.1	YES	53%	6500.5	YES	81%
2701.2	YES	78%	6500.6	YES	74%
2701.3	YES	74%	6601.2	YES	71%
2701.4	YES	84%	6601.3	YES	91%
2701.5	YES	55%	6601.4	YES	92%
2701.6	NO	38%	6601.5	YES	56%
2702.1	YES	87%	6601.6	NO	38%
2702.2	YES	73%	6601.7	YES	53%
2800.1	YES	98%	6602.1	YES	94%
2800.2	NO	14%	6602.2	YES	102%
2800.3	YES	98%	6602.3	YES	97%
2900.1	YES	60%	6602.4	YES	94%
2900.2	YES	75%	6701.1	NO	35%
2900.3	YES	60%	6701.2	NO	41%
3001.1	YES	67%	6701.3	NO	33%
3001.2	YES	98%	6702.1	YES	67%
3001.3	YES	75%	6702.2	NO	44%
3003.1	YES	94%	6702.3	YES	59%
3003.2	YES	91%	6702.4	YES	63%
3003.3	YES	88%	6800.1	NO	29%
3004.1	YES	73%	6800.2	NO	31%

Census Block Group	Low, Mod, Middle Eligible	Percent of People <= 120 Ami	Census Block Group	Low, Mod, Middle Eligible	Percent of People <= 120 Ami
3004.2	YES	93%	6800.3	NO	33%
3100.1	YES	92%	6800.4	NO	38%
3100.2	YES	73%	6800.5	NO	25%
3100.3	YES	93%	6900.1	YES	71%
3400.1	YES	97%	6900.2	YES	59%
3400.2	YES	99%	6900.3	YES	59%
3400.3	YES	56%	6900.4	YES	72%
3400.4	YES	83%	6900.5	YES	62%
3601.1	YES	98%	7001.1	YES	74%
3601.2	YES	100%	7001.2	YES	79%
3601.3	YES	100%	7001.3	YES	72%
3602.1	YES	92%	7001.4	YES	68%
3602.2	YES	97%	7002.1	YES	78%
3602.3	YES	95%	7002.2	YES	86%
3602.4	YES	95%	7002.3	YES	75%
3701.1	NO	23%	7002.4	YES	74%
3702.1	YES	87%	7100.1	YES	53%
4601.2	NO	0%	7100.2	YES	51%
4901.1	YES	87%	7100.3	NO	39%
4901.3	YES	91%	7100.4	YES	71%
4901.4	YES	88%	7100.5	YES	76%
4902.2	YES	81%	7200.1	YES	64%
4902.3	YES	80%	7200.2	YES	89%
4902.4	YES	90%	7200.3	YES	81%
5001.1	YES	75%	7200.4	YES	87%
5001.2	YES	82%	7300.1	NO	15%
5001.3	YES	72%	7300.2	NO	23%
5001.4	YES	84%	7300.3	NO	30%
5001.5	YES	72%	7300.4	NO	22%
5001.6	YES	68%			

Table 1 above shows the census block groups where more than 51 percent of the population in the area had incomes at or less than 120 percent of the Area Median Income (2000). This dataset assisted City staff to evaluate the eligibility of the census block's based on meeting national objectives to benefit low-, moderate- and middle-income households.

If or when the City identifies a project for funding outside the Areas of Greatest Needs, justification shall be provided to the HUD field office for approval.

B. DISTRIBUTION AND USES OF FUNDS

HUD's definition of an assisted household is "one that will receive benefits through the investment of federal funds, either alone or in conjunction with the investment of other public or private funds." A renter is benefited if the household or person takes occupancy of affordable housing that is newly acquired, newly rehabilitated, or newly constructed, and/ or receives rental assistance through a budget authority. A homebuyer is benefited if a home is purchased during the year. An existing homeowner is benefited if the home's rehabilitation is completed. Under all of these three-scenarios of assistance, the dwelling unit must, at a minimum, satisfy Housing Quality Standards.

One of the major challenges the City faces for the successful implementation of this program is household eligibility. Financial institutions are being more fiscally conscious when issuing new mortgage loans after witnessing the recent collapse of global financial markets due in part to the housing crisis the country is experiencing, which was sparked by the overwhelming amount of bad debt accumulated. The NSP target market makes it even more challenging as the City deals with a clientele whose income levels make homeownership difficult to attain. The current financial crisis adds an additional tier to the already complex task the City has. Creative methods of leveraging and layered financing have allowed the City to be successful in offering programs that allow for low-to moderate-income families to achieve the American dream of homeownership. Solid partnerships with private lenders helped the City build the foundations for programs that provide lasting, life-changing events for our residents, such as owning their own house for their well being and that of their children. The success of the City's current First Time Homebuyer program is reflected in the fact that only one homebuyer out of over 300 residents who received assistance through the program in the past 5 years endured foreclosure proceedings due to a death in the family.

NSP funds will be distributed through the implementation of five different strategies that cover different areas of housing and address both the rental and the homeownership market. The City is confident that a combination of these strategies will provide much needed relief to City neighborhoods most affected by the foreclosure crisis. Additionally, the City will work in conjunction with the private and public sectors to fine-tune such strategies to ensure an efficient implementation of the NSP program.

To be effective, strategies need to be well defined and target a specific clientele. The City recognizes that not all strategies are going to be effective to all income levels; as such, the implementation of different strategies, for renters and ready-to-be homeowners, is what will create the right balance and permit the City to assist more low-, moderate-, and middle-income residents. The City is firm in its commitment to affordable housing and clearly understands and accepts its role in the implementation of the NSP program. As such, it has taken a pro-active approach and has projected its efforts through different strategies that will benefit the ones that need housing the most while stabilizing neighborhoods in the process.

Priority in applying these strategies will be placed in the areas identified as of "greatest need". Currently, the Department of Community Development is in the process of gathering data and information regarding abandoned and foreclosed upon homes in those areas and it has brought aboard a specialized team of industry professionals to assess, negotiate, manage, and monitor the progress of the NSP program. Along with a team of City underwriters, inspectors, and housing managers, the City is moving forward with the implementation of this program as the timeframe for committing NSP dollars is very demanding.

The City will implement the following activities, or a combination thereof, in order to provide housing opportunities to low-, moderate- and middle- income households and to maintain or improve the value of properties in the areas of greatest need. Table 2 shows the estimated amount of funding allocated to each strategy and the estimated number of units that will result from the successful completion of each activity.

Table 2. – NSP activities to be implemented

Activity/ Strategy	Estimated Amount	Estimated Units
A. Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties. 1. Equity sharing program 2. Down payment assistance program	\$0	-
B. 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.	\$5,200,000	90
C. Establish land banks for homes that have been foreclosed upon.	\$ 800,000	24
D. Demolish blighted structures.	\$ 700,000	Included under strategy "C"
E. Redevelopment of demolished or vacant properties. Administration	\$4,157,332 \$1,206,370	33 -
TOTAL:	\$12,063,702	147

As under the regular CDBG program, the City may fund costs, such as reasonable developer’s fees, related to NSP-assisted housing rehabilitation or construction activities. NSP funds may be used to redevelop acquired property for nonresidential uses, such as a public park, commercial use, or mixed residential and commercial use⁴.

Program Income – Any program income generated by the sale, rental, redevelopment, rehabilitation, or any other eligible use that is in excess of the cost to acquire and redevelop (including reasonable development fees) shall be used in accordance with the provisions of Section 2301 of the Housing and Economic Recovery Act of 2008 and the Notice of Allocations, Application Procedures, Regulatory Waivers Granted to and Alternative Requirements for Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes Grantees under the Housing and Economic Recovery Act, 2008; Revisions to Neighborhood Stabilization Program (NSP) and Technical Corrections.

C. DEFINITIONS AND DESCRIPTIONS

Blighted Structure

Policy LU-1.2.1 of the City of Miami’s Comprehensive Plan defines “blighted neighborhoods” as areas characterized by the prevalence of older structures with major deficiencies and deterioration, high residential vacancies, widespread abandonment of property, litter and poor maintenance of real property.

⁴ Federal Register Vol. 73, No. 194 Pg. 58337.

In addition, Slum is defined by Florida Statutes as an area which there is a predominance of buildings, residential or commercial, that are either deteriorated, dilapidated or by reason of obsolescence, is a detriment to the public health, safety, morals, or welfare. Florida Statutes define “blight” as an area determined by the local government to have the characteristics of a slum area or one or more of the following characteristics:

1. Predominance of defective or inadequate street layout.
2. Faulty lot layout in relation to size, adequacy, accessibility, or usefulness.
3. Unsanitary or unsafe conditions.
4. Deterioration of site or other improvements.
5. Inadequate and outdated building density standards.
6. Tax or special assessment delinquency exceeding the fair value of the land.
7. Inadequate transportation and parking facilities; and
8. Diversity of property ownership or defective or unusual conditions of title.

The City uses a combination of the two definitions above to define a “blighted structure.”

Affordable Rents

The City defines “affordable rents” as rental payments that do not place unnecessary burden to households. The City of Miami will use HUD’s income and rent limits which are updated on an annual basis to ensure that housing provided through the NSP program is affordable. Affordable means that monthly rents or mortgage payments including taxes and insurance do not exceed 30% of the monthly gross income of eligible households as indicated in the table below:

Table 3. – Affordable Rents

Household Income Level	Affordable Rents
Low Income and below	Equal to 30% of the FY2008 Income Limits for 50% of HUD AMI
Moderate Income	Equal to 30% of the FY2008 Income Limits for 80% of HUD AMI
Middle Income	Equal to 30% of the FY2008 Income Limits for 120% of HUD AMI

AMI = Area Median Income

However, for a homebuyer, the City will not limit an individual household’s ability to devote more than 30 percent of its income for housing, if the mortgage lender(s) is satisfied that the household can afford mortgage payments in excess of the 30 percent benchmark. In such a situation, the target total monthly debt obligation as a percentage of monthly income cannot be more than 45 percent. On an exception basis, the monthly payment of mortgage payments could be less than the 30 percent benchmark, if justified. In the case of rental housing, the City will ensure that rents do not exceed those rental limits adjusted for bedroom size..

Affordability Period:

The City will ensure that NSP-assisted properties remain affordable to households with incomes at or below 120 percent of AMI. The City will adhere to HOME program standards (see table below), but at its discretion may choose to apply a higher affordability period to NSP-assisted properties. The maximum affordability period, however, shall not be longer than 30 years. The City monitors affordability of all its projects and activities on an annual basis and ensures that housing units that were assisted with federal funding remain affordable for the full affordability period.

Amount Provided	Minimum period of affordability in years
Rehabilitation or acquisition of existing housing per unit amount of HOME funds:	
Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000 or rehabilitation involving refinancing	15
New Construction or acquisition of newly constructed housing	20

Housing Rehabilitation Standards

For rehabilitation purposes, all materials and workmanship shall conform to the requirements of the South Florida Building Code. In addition, the Department of Community Development ensures that all repairs necessary to bring the house to a decent, safe, and sanitary condition are performed, as defined by US HUD's Housing Quality Standards as per 24 CFR 982.401.

Foreclosed

A property "has been foreclosed upon" at the point that, under state or local law, the mortgage or tax foreclosure is complete. HUD generally will not consider a foreclosure to be complete until after the title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transfer in lieu of foreclosure, in accordance with state or local law.

A property will be considered foreclosed and eligible for NSP assistance if any of the following conditions apply: The property is at least 60 days delinquent on its mortgage and the owner has been notified; or the property owner is 90 days or more delinquent on tax payments; or under state or local law, foreclosure proceedings have been initiated or completed; or foreclosure proceedings have been completed and title has been transferred to an intermediary aggregator or servicer that is not an NSP grantee, subrecipient, developer, or end user.

Abandoned

A home is abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, no mortgage or tax payments have been made by the property owner for at least 90 days, AND the property has been vacant for at least 90 days.

A home is abandoned when no mortgage or tax payments have been made by the property owner for at least 90 days or a code enforcement inspection has determined that the property is not habitable and the owner has taken no corrective actions within 90 days of notification of the deficiencies.

Current market appraised value

The current market appraised value means 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 of the final offer made for the property by a grantee, sub-recipient, developer, or individual homebuyer.

Land Bank

A land bank is a governmental or nongovernmental 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, 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 the service.

D. LOW INCOME TARGETING

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 is approximately \$5,034,557 . This amount equals to about 41.7 percent of the total NSP allocation for the City of Miami. Thus, the City will be meeting the statutory requirement by allocating over 25 percent of NSP funding toward housing individuals and families whose income do not exceed 50 percent of area median income. The table below illustrates low income targeting by activity.

Table 3.- Low Income Targeting

Activity/ Strategy	Estimated Amount	Target Low Income
A. Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties.	\$0	No
1. Equity sharing program		

2. Down payment assistance program		
B. 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. Funds used for single family purchase/rehabilitation may be used as equity sharing or down payment assistance.	\$5,034,557	Yes
C. Establish land banks for properties that have been foreclosed upon.	\$0	No
D. Demolish blighted structures.	\$0	No
E. Redevelopment of demolished or vacant properties. Administration	\$0 \$0	No -
Total NSP Funding	\$5,034,557	-

For more detailed information regarding the activities/ strategies listed above, please refer to Section G in this amendment.

E. ACQUISITIONS & RELOCATION

All acquisitions made by the City of Miami will follow and meet all federal requirements for acquiring properties utilizing federal funds and will comply with all of the Uniform Relocation Act mandates.

The City of Miami will take all precautions not to demolish any occupied low-, moderate-, or middle-income housing unit as these types of projects usually involve relocation costs, which would divert funding from other activities that could potentially achieve similar or better results without having to involve occupied low-, moderate- or middle-income housing or any public housing structures. However, should it become necessary for the City to demolish such housing, all eligible residents will be relocated in accordance with Section 104 or the Uniform Relocation Act.

F. PUBLIC COMMENT

The Department of Community Development duly advertised to the general public through a newspaper of general circulation the availability of the NSP substantial amendment and solicited comments from City residents. The comment period, as defined by NSP regulations, is of 15-days. The NSP substantial amendment was available through the Department's website and at the offices of the Department of Community Development located at 444 SW 2 Avenue, 2 Floor, Miami, FL 33130 from November 17, 2009 to December 17, 2009.

Please submit your comments in writing to:

NSP Comment

City of Miami – Department of Community Development
444 SW 2nd Avenue, 2nd Floor
Miami, FL 33130
Attn.: Roberto Tazoe

The NSP substantial amendment was available on the City's website and at the DCD reception,

[Comments are found under Attachment "A"]

G. NSP INFORMATION BY ACTIVITY

Strategy "A"

Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties:

Providing or improving permanent residential structures that will be occupied by a household whose income is at or below 120% of area median income (LMMH).

- (1) Activity Type: Providing or improving permanent residential structures that will be occupied by a household whose income is at or below 120% of area median income.
- (2) National Objective: LMMH (Low-, Moderate-, Middle-Income Housing)
- (3) Projected Start Date: February 2009
- (4) Projected Commitment Date: August 2010
- (5) Projected End Date: February 2013
- (6) Responsible Organization: City of Miami Department of Community Development
444 SW 2nd Avenue, 2nd Floor, Miami, FL 33130
Contact Information: Alfredo Duran, Deputy Director
Phone #: 305-416-2080; email: aduran@miamigov.com
- (7) Location Description: Areas of Greatest Needs and other areas within City limits as determined by the Department of Community Development.
- (8) Activity Description:

This strategy shall provide homeownership opportunities within the location description defined above. The City will be targeting households who do not exceed 120% of the area median income adjusted for family size. The City realizes that there may be households that may not qualify for this strategy as they may be affected by the current tighter financial restrictions imposed by private lending institutions.

- 1) Equity Sharing Program
Provide shared-equity investment of no less than 20% of the purchase price to homebuyers purchasing a property in the City of Miami's Areas of Greatest Need. The City will buy down the price of the purchase with the subsidy, in exchange for a guaranteed lower tax rate on the property. The buyer locates an abandoned and/ or foreclosed upon residential property within the City's AGN, meets with the bank holding

title to the property and utilizes private lenders to be pre-qualified for a mortgage loan. The City of Miami inspects the property to ensure compliance with housing standards and underwrites the shared-equity investment based on all financial commitments provided to the homeowner. The City will process applications on a first-come, first-ready, first-served basis. If the City of Miami inspector determines that the property has code violations and/or is not meeting Housing Quality Standards as per 24 CFR 982.401, then the property must be purchased AND rehabilitated through the City's NSP-funded program before the buyer can start occupying such property.

2) Down Payment Assistance Program

Provide zero percent (0%) deferred loans to homebuyers purchasing a property in the City of Miami's Areas of Greatest Need. The buyer locates an abandoned and/or foreclosed upon residential property, meets with the bank holding title to the property and utilizes private lenders to be pre-qualified for a mortgage loan. The City of Miami inspects the property to ensure compliance with housing standards and underwrites the loan based on all financial commitments provided to the homeowner. The City will process applications on a first-come, first-ready, first-served basis.

If the City of Miami inspector determines that the property has a code violation(s) and/or is not meeting the safe, sound, and sanitary standards, then the property must be purchased and rehabilitated through a City NSP program before the owner can start occupying said premises.

The following are eligibility requirements that apply to both the Equity Sharing and the Down Payment Assistance Programs described above.

Eligible Properties:

Abandoned, foreclosed upon, or Strategy E, Redeveloped, single family residences, townhomes, and/ or condominiums. The property must be located within the City of Miami's Areas of Greatest Need and must meet Housing Quality Standards as per 24 CFR 982.401. If the property is not meeting such standards, the property must undergo rehabilitation under the NSP-funded program.

Eligible Buyers:

The household income must be less than or equal to 120% of HUD's Area Median Income, adjusted for family size; the buyer must be able to afford a monthly payment based on income and debt; and the buyer must contribute at least \$500 of personal funds toward the downpayment/ closing costs. The buyer must not hold title to another residential property at time of closing.

Homebuyer Counseling:

Before obtaining a mortgage loan, eligible buyers must receive and complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency.

Sales Price:

Homes must be purchased at a 1% or greater discount from the current market appraised value of the property, taking into consideration its current condition. The appraisal shall be completed within 60 days of the final offer made for the property by the homebuyer.

Loan Terms:

The maximum amount of assistance shall be the amount necessary to meet the lender's underwriting criteria. The loan will carry a 0% non-amortizing rate for a 30-year deferred payment period. Payment of principal will be forgiven at the end of maturity period provided that the homeowner resided in the house as their primary residence for the full 30 years.

Security:

The loan will be secured by a mortgage on the property.

First Mortgage Restrictions:

Term of the loan must be 30 years. fixed interest rate & cannot exceed more than 150 basis points over Freddie Mac's weekly average 30-year rate, as published in the Primary Mortgage Market Survey ("PMMS"); no prepayment penalties; total percentage charged for Discount, Origination & Broker fees must not exceed 2 points; all other lending fees must be reasonable and cannot exceed \$500 or 0.5% of the loan amount, whichever is less.

Resale Restrictions:

If the owner sells and/ or transfer the house prior to the end of the City's mortgage term, the following provisions will apply:

1. The sale of the property must be pre-approved by the City, and the new buyers must meet the program's income limits in effect at the time AND the sales price must not exceed the maximum affordable sales price in effect at the time.
2. *Applicable to Down Payment Assistance Program Only.* For any "early" sale or transfer⁵, the City shall share in any gain realized, based on its pro-rated share of participation in the original purchase. Furthermore, if the sale occurs within the first 3 years, the City shall keep 100% of its pro-rated share of the "gain", from year 3 up to year 20, the City's share of its pro-rated "gain" shall decrease by 5% every year, while in turn, the owner's share shall increase by 5% each year. At year 20 up to the City's loan maturity, the owner shall retain 100% of the City's gain.
3. *Applicable to the Equity Sharing Program Only.* For any "early" sale or transfer, the City shall share in any gain realized, based on its pro-rated share of participation in the original purchase. A 30 year affordability period will be applicable under this strategy.
4. The above shared gain proposal terminates in the event of a foreclosure, with the lender required to provide the City the right of first refusal to purchase the loan at a negotiated price. In the case of a foreclosure, the City will recapture any amount of net proceeds available from the sale of the property. These same restrictions apply to the Equity Sharing Program.

NSP-Funded Rehabilitation Program

The objective of this program is to prevent moderately declining neighborhoods in the City from further deteriorating by supporting the principles by which the NSP program was created and by providing an avenue to achieve decent, safe, and sanitary conditions.

Eligible rehabilitations

All repairs necessary to bring the house to a decent, safe, and sanitary condition.

Eligible properties

Abandoned or foreclosed upon single family residences, townhomes, and/ or Condominiums with a buyer applying through Strategy A as explained above. The property must be located within the City of Miami.

(9) Total Budget: \$0

(10) Performance Measures: 0 Housing units

The following are projected numbers. The City will try to target this program to the Areas of Greatest Needs and to all income levels with the understanding that will be extremely challenging to have a low- income (or below) household, under current financial conditions, qualify for a mortgage loan.

Income Level	Projected Housing Units	Estimated Amount
Less than 50 percent AMI	0	\$0
Between 51-80 percent AMI	0	\$0
Between 81-120 percent AMI	0	\$0
TOTAL:	0	\$0

Strategy “B”

Purchase and rehabilitate homes and multi-family properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties. Funds used for single family purchase/rehabilitation may be used as equity sharing or down payment assistance.

(2) Activity Type: Providing or improving permanent residential structures that will be occupied by a household whose income is at or below 120% of area median income.

(3) National Objective: LMMH (Low-,Moderate-,Middle-Housing)

(4) Projected Start Date: February 2009

(4.1) Projected Commitment Date: August 2010

(5) Projected End Date: February 2013

(6) Responsible Organization: City of Miami Department of Community Development
444 SW 2nd Avenue, 2nd Floor, Miami, FL 33130
Contact Information: Alfredo Duran, Deputy Director
Phone #: 305-416-2080; email: aduran@miamigov.com

(7) Location Description: Areas of Greatest Needs.

(8) Activity Description:

Purchase and Rehabilitation Program of Multi-Family Units or Single-family Units

This program allows for the City or Developers to purchase⁶ or provide assistance fully or in partially for the purchase of abandoned and/or foreclosed upon multi-family or single family structures and rehabilitate them, if necessary, to meet the requirements of the South Florida Building Code. This activity may be designated as a rental activity, homeownership activity or a combination of both.

All rental units, or a pro-rata share of them, shall be rented to low-income families whose income does not exceed 50% of HUD's Area Median Income adjusted for family size.

All funds used for home ownership units can be used for purchase, rehab/construction and conversion to second mortgages or equity sharing to home owners at 120% of HUD's Area Median Income adjusted for family size.

(9) Total Budget: \$5,200,000

(10) Performance Measures: 90 Housing units

The following are projected numbers. The City will target this program to the Areas of Greatest Needs and to low-, moderate-, and middle-income households.

Income Level	Projected Housing Units	Estimated Amount
Less than 50 percent AMI	88	\$5,034,557.00
Between 51-80 percent AMI	0	\$ 0
Between 81-120 percent AMI	2	\$ 165,443.00
TOTAL:	90	\$5,200,000.00

Strategy “C”

Land Banking

- (2) Activity Type: Area Benefit. Benefits all residents of a primarily residential area in which at least 51 percent of the residents have incomes at or below 120% of area median income; OR providing or improving permanent residential structures that will be occupied by a household whose income is at or below 120% of area median income.
- (3) National Objective: LMMA (Low-, Moderate-, Middle-Income Area)
- (4) Projected Start Date: February 2009
- (4.1) Projected Commitment Date: August 2010
- (5) Projected End Date: February 2013
- (6) Responsible Organization: City of Miami Department of Community Development
444 SW 2nd Avenue, 2nd Floor, Miami, FL 33130
Contact Information: Alfredo Duran, Deputy Director
Phone #: 305-416-2080; email: aduran@miamigov.com
- (7) Location Description: Areas of Greatest Needs
- (8) Activity Description:
- The City will purchase⁷ properties that have been foreclosed upon and will provide the proper maintenance to such property/ land in an effort to protect the surrounding property values from devaluating. This strategy shall be utilized whenever applicable with Strategy “D”.
At the City’s discretion, properties that have an estimated rehabilitation cost that is 50% or greater of the “as is” appraised value, may be recommended for demolition.
- (9) Total Budget: \$800,000
- (10) Performance Measures: 24 Housing units

The following are projected numbers. The City will target this program to the Areas of Greatest Needs and to low-, moderate- and middle-income households.

Income Level	Projected Housing Units	Estimated Amount
Less than 50 percent AMI	0	\$0
Between 51-80 percent AMI	12	\$592,750.00
Between 81-120 percent AMI	12	\$207,250.00
TOTAL:	24	\$800,000.00

Strategy “D”

Demolition

- (2) Activity Type: Area Benefit. Benefits all residents of a primarily residential area in which at least 51 percent of the residents have incomes at or below 120% of area median income; OR providing or improving permanent residential structures that will be occupied by a household whose income is at or below 120% of area median income. For City acquired properties under **Strategy C**, the City may at its sole discretion, demolish a structure if the City determines the rehabilitation costs exceed 50% of the appraised “as is” value of the property.
- (3) National Objective: LMMA or LMMH (Low-, Moderate-, Middle-Area or Household)
- (4) Projected Start Date: February 2009
- (4.1) Projected Commitment Date: August 2010
- (5) Projected End Date: February 2013
- (6) Responsible Organization: City of Miami Department of Community Development
444 SW 2nd Avenue, 2nd Floor, Miami, FL 33130
Contact Information: Alfredo Duran, Deputy Director
Phone #: 305-416-2080; email: aduran@miamigov.com
- (7) Location Description: Areas of Greatest Needs
- (8) Activity Description:
- The City of Miami will utilize NSP funding to demolish “blighted structures” within City limits. For City acquired properties under **Strategy C**, the City may at its sole discretion, demolish a structure if the City determines the rehabilitation costs exceed 50% of the appraised “as is” value of the property.
- (9) Total Budget: \$700,000
- (10) Performance Measures: 24 Housing units (included in Strategy C)

The following are projected numbers. The City will target this program to the Areas of Greatest Needs and to low-, moderate- and middle-income households.

Income Level	Projected Housing Units	Estimated Amount
Less than 50 percent AMI	0	\$0
Between 51-80 percent AMI	12	\$350,000.00
Between 81-120 percent AMI	12	\$350,000.00
TOTAL:	24	\$700,000.00

Strategy “E”

Redevelopment of Demolished or Vacant Properties

(2) Activity Type: Providing or improving permanent residential structures that will be occupied by a household whose income is at or below 120% of area median income.

(3) National Objective: LMMH (Low-, Moderate-, Middle- Households)

(4) Projected Start Date: February 2009

(4.1) Projected Commitment Date: August 2010

(5) Projected End Date: February 2013

(6) Responsible Organization: City of Miami Department of Community Development
444 SW 2nd Avenue, 2nd Floor, Miami, FL 33130
Contact Information: Alfredo Duran, Deputy Director
Phone #: 305-416-2080; email: aduran@miamigov.com

(7) Location Description: Areas of Greatest Needs

(8) Activity Description:

The City of Miami will acquire⁸ abandoned properties or properties that have been foreclosed upon and demolish the sub-standard unit, if applicable, and reconstruct a new housing unit on the same lot. Under this program, the City will purchase or provide assistance for the purchase of the property to be reconstructed, demolish the structure, and build a brand new unit to be sold to a low-, moderate- or middle-income household. The City will also be able to provide financing for the construction of new housing on vacant lots in the Areas of Greatest Need. The buyer utilizes one of the participating lenders to be pre-qualified for a mortgage loan. The City of Miami allows a Strategy A like subsidy to stay in the property, the amount of the City's loan will be based on the first mortgage lender's commitment or the City can finance the complete transaction.

The City will also be able to provide financing to qualified developers for redevelopment of vacant or demolished properties into multi-family affordable rental properties. Eligible tenants' income must be less than or equal to 120% of HUD's Area Median Income, adjusted for family size.

Eligible Buyers:

The household income must be less than or equal to 120% of HUD's Area Median Income, adjusted for family size; the buyer must be able to afford a monthly payment based on income and debt; and the buyer must contribute at least \$500 of personal funds toward the downpayment/ closing costs. The buyer must not hold title to another residential property at time of closing.

Sales Price:

The City of Miami shall sell the home in an amount not to exceed the total cost of the combined purchase and redevelopment of the property. The City will purchase abandoned or foreclosed upon properties at a discount of at least 1% from the current market appraised

value, taking into consideration the home's current condition and work with the buyer to find the home that best fits the buyer's needs.

Loan Terms:

If lender financed, the maximum amount of City NSP assistance shall be the amount necessary to meet the lender's underwriting criteria. The loan will carry a 0% non-amortizing rate for a 30-year deferred payment period. If the City finances the total cost, payments could be dependent upon the buyer's ability to repay. Payment of principal will be forgiven at the end of maturity period provided that the homeowner resided in the house as their primary residence.

Security:

The loan will be secured by a mortgage on the property.

First Mortgage Restrictions:

Term of the loan must be 30 years. fixed interest rate & cannot exceed more than 150 basis points over Freddie Mac's weekly average 30-year rate, as published in the Primary Mortgage Market Survey ("PMMS"); no prepayment penalties; Total percentage charged for Discount, Origination & Broker fees must not exceed 2 points; all other lending fees must be reasonable and cannot exceed \$500 or 0.5% of the loan amount, whichever is less.

Resale Restrictions:

If the owner sells and/ or transfer the house prior to the end of the City's mortgage term, the following provisions will apply:

1. The sale of the property must be pre-approved by the City, and the new buyers must meet the program's income limits in effect at the time AND the sales price must not exceed the maximum affordable sales price in effect at the time.
2. For any "early" sale or transfer⁹, the City shall share in any gain realized, based on its pro-rated share of participation in the original purchase. Furthermore, if the sale occurs within the first 3 years, the City shall keep 100% of its pro-rated share of the "gain", from year 3 up to year 20, the City's share of its pro-rated "gain" shall decrease by 5% every year, while in turn, the owner's share shall increase by 5% each year. At year 20 up to the City's loan maturity, the owner shall retain 100% of the City's gain.
3. The above shared gain proposal terminates in the event of a foreclosure, with the lender required to provide the City the right of first refusal to purchase the loan at a negotiated price. In the case of a foreclosure, the City will recapture any amount of net proceeds available for the sale of the property³.

(9) Total Budget: \$4,157,332

(10) Performance Measures: 33 Housing units

The following are projected numbers. The City will target this program to the Areas of Greatest Needs and to middle-income households.

Income Level	Projected Housing Units	Estimated Amount
Less than 50 percent AMI	0	\$ 0
Between 51-80 percent AMI	4	\$ 400,000
Between 81-120 percent AMI	29	\$3,757,332
TOTAL:	33	\$4,157,332