

**POLK COUNTY**  
**NEIGHBORHOOD STABILIZATION PROGRAM**  
**SUBSTANTIAL AMENDMENT**

**TO THE**  
**POLK COUNTY**  
**2008-2009 ACTION PLAN**

ADOPTED NOVEMBER 2008  
Amendment #3 NSP Approved by BoCC \_\_\_\_\_

Jurisdiction(s): <b>Polk County</b> <i>(identify lead entity in case of joint agreements)</i>  Jurisdiction Web Address: <a href="http://www.polk-county.net">http://www.polk-county.net</a> <i>(URL where NSP Substantial Amendment materials are posted)</i>	NSP Contact Person: <b>Gregory Alpers</b> Address: <b>1290 Golfview Avenue, Suite 167, Bartow, FL 33830</b> Telephone: <b>(863) 534-5240</b> Fax: <b>(863) 534-0349</b> Email: <a href="mailto:GregAlpers@polk-county.net">GregAlpers@polk-county.net</a>
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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 [LINK – to HUD USER data], in developing this section of the Substantial Amendment.*

**Response:**

The target areas for the Neighborhood Stabilization Program in Polk County were developed pursuant to the three criteria set forth by the Housing and Economic Recovery Act (HERA) of 2008. The three criteria are:

- 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 these three criteria, Polk County identified the areas of: Auburndale, Combee, Eaton Park, Inwood, Jan Phyl Village, Kathleen, Poinciana, South Lake Wales, Wabash, and Wahneta.

The areas in order of greatest need are Inwood, Wabash, South Lake Wales, Eaton Park, Jan Phyl Village, Poinciana, Wahneta, and Combee.

Initially, the selected target areas were identified as high risk using the foreclosure abandonment risk score system. Areas with foreclosure abandonment risk scores of 8, 9, and 10 were selected. However, after reviewing the data, it has been determined that not all eligible geographic areas with risk scores of 8, 9, and 10 were included in the original NSP submittal. Therefore, Polk County is requesting approval to expand the NSP program to include all eligible areas/census tracts with abandonment risk scores of 8, 9 and 10. In addition, we are requesting to expand the NSP program service area to include tracts that have an abandonment risk score of 5, 6, and 7.

Polk County utilized the following data sources for the analysis of the three criteria.

- HUD NSP Data from HUD User Website
  - [www.huduser.org/publications/commdevl/nsp.html](http://www.huduser.org/publications/commdevl/nsp.html)
- RealtyTrac
  - <http://www.realtytrac.com>

### **Percentage of Foreclosures**

An assessment of the percentage of foreclosures compares the number of foreclosures by zip code to the housing structures in existence within that same area. The number of foreclosures was calculated for the period of January 1, 2008, through September 30, 2008. The County analyzed data and established a foreclosure rate of 6.01% or higher in determining which areas to prioritize.

The neighborhood area of Inwood had the highest foreclosure rate at greater than 10%.

The Combee and South Lake Wales neighborhood areas were estimated to have foreclosure rates between 8.01% and 10.00%.

The Auburndale, Jan Phyl Village, Eaton Park, and Poinciana areas were estimated to have foreclosure rates of 6.01% to 8.00%.

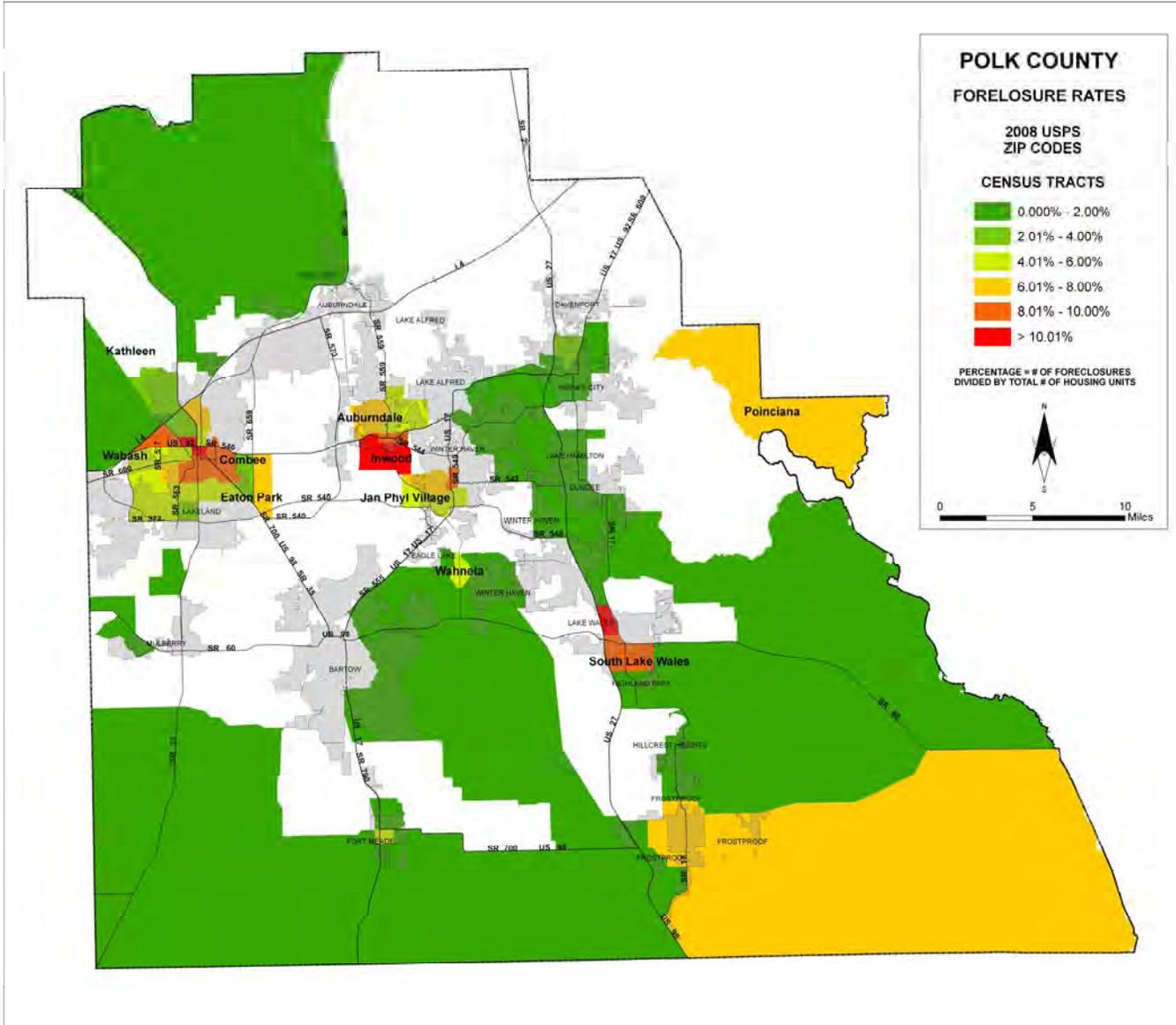
Wabash and Wahneta were estimated to have foreclosure rates of 4.01% to 6.01%.

The Kathleen area was estimated to have a 2.01% to 4.00% foreclosure rate.

The map on page 4, Polk County Foreclosure Rates Map (2008 USPS Zip Codes), indicates the areas that have the highest foreclosure rates by census tract and zip code.

Polk County analyzed all County area data in terms of NSP of foreclosures, subprime loans, and projected foreclosure to develop the areas of special need.

**Polk County Foreclosure Rates Map (2008 USPS Zip Codes)**



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

The County utilized Home Mortgage Disclosure Act (HMDA) data provided by U.S. Department of Housing and Urban Development (HUD) to determine areas that contained the highest percentage of homes financed by a subprime mortgage loan. The County analyzed the data and established a minimum high cost loan rate.

The neighborhood area of Wabash has a high percentage of high cost loan rates ranging from 10.01% to 16.00%.

The neighborhood areas of Combee, Eaton Park, Inwood, and Wahneta had a high cost loan rate between 12.01% and 14.00%.

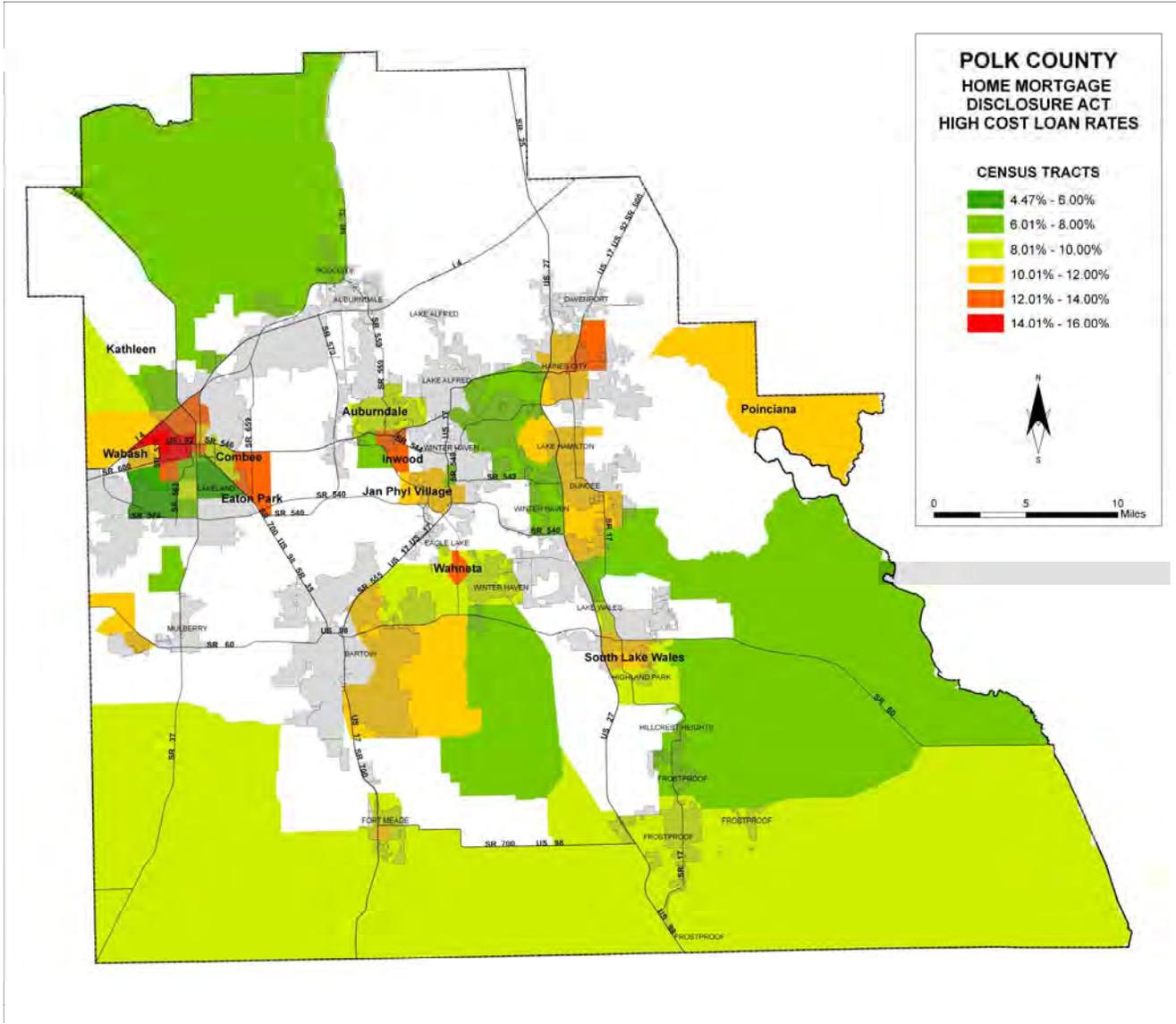
The neighborhood areas of Jan Phyl Village, Poinciana, and South Lake Wales had a high cost loan rate between 10.01% and 12.00%.

The neighborhood area of Auburndale had a high cost loan rate between 8.01% and 10.00%.

The neighborhood area of Kathleen had a high cost loan rate of 6.01% to 8.00%.

This information is reflected in the Polk County Home Mortgage Disclosure Act (HMDA) High Cost Loan Rates Map on the following page.

# Polk County Home Mortgage Disclosure Act (HMDA) High Cost Loan Rates Map



### **Areas at Risk**

Using HUD's Foreclosure and Abandonment Risk Scoring System, the County identified the areas of greatest need that will likely face a significant rise in the rate of home foreclosures. The County analyzed the data and established estimated abandonment foreclosure risk scores of 8, 9, and 10 in determining which areas to prioritize.

The areas of Wabash, Eaton Park, Auburndale, Inwood, Jan Phyl Village, Wahnetta, Poinciana, and South Lake Wales had estimated abandonment foreclosure risk scores of 10.

The areas of Kathleen and Combee had estimated abandonment risk scores of 9. Initially, the selected target areas were identified as high risk using the foreclosure abandonment risk score system. Areas with foreclosure abandonment risk scores of 8, 9, and 10 were selected. However, after reviewing the data, it has been determined that not all eligible geographic areas with risk scores of 8, 9, and 10 were included in the original NSP submittal. Therefore, Polk County is requesting approval to expand the NSP program to include all eligible areas/census tracts with abandonment risk scores of 8, 9 and 10. In addition, we are requesting to expand the NSP program service area to include tracts that have an abandonment risk score of 5, 6, and 7.

The Polk County Estimated Foreclosure Abandonment Risk Score Map as of January 2010 is provided on the following page.

**NOTE: PAGE INTENTIONALLY LEFT BLANK FOR MAP INSERTs**

### **Identified Program Target Areas**

The initial NSP Allocation focused on 10 proposed target areas pursuant to the NSP criteria to create a significant impact for the highest risk neighborhoods in the community. Polk County ~~has~~ identified the areas of Auburndale, Combee, Eaton Park, Inwood, Jan Phyl Village, Kathleen, Poinciana, South Lake Wales, Wabash, and Wahneta. However, after reviewing current data it was determined that not all of the geographic areas (census tracts) with high foreclosure abandonment risk scores were included in original NSP submittal for Polk County.

The areas in order of greatest need are Inwood, Wabash, South Lake Wales, Eaton Park, Jan Phyl Village, Poinciana, Wahneta, and Combee.

### ***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 upon the County's analysis, the areas of Auburndale, Combee, Eaton Park, Inwood, Jan Phyl Village, Kathleen, Poinciana, South Lake Wales, Wabash, and Wahneta meet the three stipulated categories of: 1) greatest percentage of home foreclosures; 2) highest percentage of homes financed by a subprime mortgage related loan; and 3) areas identified as the most likely to face a significant rise in the rate of home foreclosures. After review of current foreclosure abandonment risk score data, it was determined that not all eligible geographic areas with risk scores of 8, 9, and 10 were included in the initial NSP submittal. Therefore Polk County is seeking to include all areas/census tracts with foreclosure abandonment risk scores of 8, 9 and 10. Additionally, Polk County is requesting to expand the NSP service area to include census tracts that have an abandonment risk score of 5, 6, and 7. The census tracts requested to be included in the expansion also meet the three categories stipulated in HERA Act of 2008.

The NSP funds will be used as described in Section G for these ~~ten~~ areas.

**C. DEFINITIONS AND DESCRIPTIONS**

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

**Response:**

A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare.

(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 Polk County Metropolitan Statistical Area (MSA). The current rents are listed below:

	<u>Efficiency</u>	<u>1 Bedroom</u>	<u>2 Bedrooms</u>	<u>3 Bedrooms</u>	<u>4 Bedrooms</u>
FMR	\$620	\$684	\$788	\$999	\$1,173

Source: U.S. Department of Housing and Urban Development, 2012

The County will review and approve the rents charged on an annual basis. The Fair Market Rate is updated annually and shall automatically be applied upon the effective date.

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

**Response:**

Polk County will ensure long term affordability of multi-family units through the use of a Land Use Restriction Agreement (LURA) and a mortgage that will be recorded against the property. If an owner who has been assisted through this program transfers title to the property before the affordability period expires, the assistance provided by the County will be subject to recapture provisions. In addition, all single family properties receiving NSP funding will be secured by a recorded mortgage on the property, in favor of the County. When a Housing Partner sells the home to the eligible homebuyer, the homebuyer will receive assistance in the form of principal reduction; the amount will be secured by a mortgage.

The County will annually monitor the single family and/or multi-family rental developments that are assisted with NSP funds during the affordability period to ensure that the specified units are affordable and that the property(s) continue to meet minimum housing quality standards. Guidelines from the HOME Investment Partnership Program will be applied.

The County will use, as a minimum, 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 period is listed below:

- Up to \$15,000 = 5 Years
- \$15,001 - \$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:**

All housing that requires rehabilitation must meet requirements of HUD, the 2007 Florida Building Code, as well as local building codes including the Polk County Land Development Code (Polk County Ordinance 08-037), the Polk County Construction Code (Polk County Ordinance No. 02-03), and any ordinances pertaining to the provision of housing that is decent, safe, sanitary, and fit for habitation.

Polk County's Written Rehabilitation Standards or a similar alternative standard will be used to describe the specifications for the rehabilitation work needed to bring substandard housing into compliance with the minimum housing standards for Polk County.

*(5) Definition of "Middle Income Household".*

A household having an income equal or less than 120% of areas median income and greater than 80% of area median income

*(6) Definition of "Moderate Income Household".*

A household having an income equal to or less than 80% of area median income, but greater than 50% of area median income.

*(7) Definition of "Low Income Household".*

A household having an income equal to or less than 50% of area median income.

*(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, the land bank may also maintain abandoned or foreclosed upon 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% of area median income: \$3,700,000.*

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

**Response:**

It is anticipated that the majority of the funds set aside for households at or below 50% of the AMI will be for rental housing; however, homeownership opportunities will not be excluded. In that regard, it will be required that any partner selected to perform all rental types of activities have a proven track record in rental property management. The County will require that any potential multi-family development acquisitions be reviewed by the County’s approved Credit Underwriter for financial feasibility.

The county anticipates using NSP funds in the following manner to assist the low income target group:

Acquisition /Rehab/Financing/Resale Homeownership	10 Units	\$1,000,000
Acquisition/Rehab/ Financing/Resale Rental	25 Units	\$1,850,000
Demolition of Acquired Foreclosed Upon Homes and Redevelopment	17 Units	\$1,070,000
<b>Total</b>	<b>52 Units</b>	<b>\$3,920,000</b>

The County may provide other incentives for housing partnerships to assist special needs populations and who design creative mechanisms/programs to provide homeownership and/or affordable rental opportunities to low income households.

In the event that a single family housing unit does not sell within a specified period, the County will require the unit be rented to an income eligible household as a lease-purchase unit or if necessary as a scattered site rental unit.

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

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

*If so, include:*

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

**Response:**

At this time, Polk County anticipates demolition of approximately 17 low- and moderate-income dwelling units ( $\leq 80\%$  AMI). Polk County anticipates that approximately 111 affordable housing units will be purchased and made available to low-, moderate- and middle-income households through the Acquisition/Rehabilitation/Financing/Resale strategies detailed in Section G. The proposed units are as follows and are also provided with budget allocations in the Appendix – Polk County Neighborhood Stabilization Program Budget & Allocations.

**Acquisition/Rehabilitation/Financing/Resale for Homeowners (Activity 1):**

10 units for low-income households ( $\leq 50\%$  AMI)

76 units for moderate and middle-income households ( $> 50\%$  and  $\leq 120\%$  AMI)

Timeline is January 2009 through July 2013.

**Acquisition/Rehabilitation/Financing/Resale for Single- or Multi-family Housing (Rentals) (Activity 2):**

25 units for low-income households ( $\leq$  to 50% AMI)

Timeline is January 2009 through July 2013

**Demolition of Acquired Foreclosed Upon Homes and Redevelopment (Activity 3) (Includes demolition and redevelopment strategies)**

17 units for low-, moderate-, and middle-income households ( $\leq$  to 120% AMI)

Timeline is January 2009 through July 2013

***F. PUBLIC COMMENT***

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

**Response:**

The initial NSP Substantial Amendment was posted the Polk County Government website, [www.polk-county.net](http://www.polk-county.net), for official review for 15 days, beginning October 31, 2008. The document's location for review was advertised in the Lakeland Ledger, a daily circulated newspaper. The advertisement posted in the Lakeland Ledger is provided below.

One public comment was received. The comment was received in a letter dated November 14, 2008, from the City of Winter Haven's City Manager requesting that Polk County provide \$875,000 of the NSP monies to Winter Haven based on the City's needs. The letter states that several areas in Winter Haven, as identified in Polk County's NSP, meet the funding criteria for the NSP. A copy of the letter submitted is provided in the last section of the NSP.

Advertisement placed in the October 27, 2008, Lakeland Ledger.

**Public Inspection Period  
Regarding  
NOTICE OF INTENT TO MAKE AN  
SUBSTANTIAL AMENDMENT  
TO  
POLK COUNTY'S  
FY 2008-2009 Consolidated Plan Action Plan**

Polk County intends to make a substantial amendment to its FY 2008-2009 Action Plan. The proposed amendment will program \$14,586,258 in Neighborhood Stabilization Program (NSP) funds.

The proposed amendment to the FY 2008-2009 Action Plan, subject to Board of County Commissioners approval, will be available for public inspection from Friday, October 31, 2008 to Friday November 14, 2008 at the offices of the Polk County Housing & Neighborhood Development Division, 1290 Golfview Ave., Suite 167 in Bartow, Florida. Office hours are 8 a.m. to 5 p.m. The amendment may be viewed on the Polk County Website at [www.polk-county.net](http://www.polk-county.net) under the Housing & Community Development tab. For additional information call at (863) 534-5240.

C132 10-27-2008

The 2<sup>nd</sup> Neighborhood Stabilization Program (NSP) amendment was posted on the Polk County Website [www.polk-county.net](http://www.polk-county.net) and also available at the Housing and Neighborhood Development Division office for 15 days. The amendment was available for public comment from March 30, 2010, to April 2010. The public comment period and public hearing notice was advertised in the Lakeland Ledger, a newspaper of general circulation. In accordance with the Polk County Citizen Participation Plan, a public hearing was held April 22, 2010, to receive comments from the public concerning the proposed amendment. The proposed amendment was presented to the BoCC for approval on May 5, 2010.

Summary of Public Comments:

Written comments were received inquiring about incentives for special needs housing and energy efficiency, specifically requesting that language regarding incentives remain in the NSP amendment document. Staff accepted the comments and revised the amendment to say that the County may provide incentives for special needs housing and energy efficiency, if funding is available.

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

The County plans to develop multiple Requests for Qualifications (RFQ) for partners to assist with the acquisition, rehabilitation, management, and disposition of properties. Such partners may include, but not be 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 past successes will be among the critical areas that the County reviews in selecting non-profit and for-profit partners.

Current Polk County Housing Partners include Habitat for Humanity, Lakeland Housing Authority and Salvation Army as well as others.

**Activity 1: Acquisition/Rehabilitation/Financing/Resale-Homeownership**

(1) *Activity Name:* Acquisition/Rehabilitation/Financing/Resale-Homeownership

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

A) 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 (sale)
  - (i) Relocation, and
  - (n) Direct ownership assistance
- 24 CFR 570.202 - Eligible rehabilitation and preservation activities for homes and other residential properties.

(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).

- Activities benefitting 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  $\leq$  120% of area median income (abbreviated as LMMH);

(4) Projected Start Date: January 15, 2009

(5) Projected End Date: July 30, 2013

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

Polk County Board of County Commissioners – Housing and Neighborhood Development Division; 1290 Golfview Avenue, Bartow, FL 33831-9005; Gregory Alpers, Director.

The County will solicit through multiple RFQs for organizations/partners to participate in the program.

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

This activity will be carried out in target areas as referenced in Section A (page 2 of NSP Amendment) – Areas of Greatest Need. After the County completes analysis within the target areas, specific properties will be evaluated. The County specifically desires to work with clusters of foreclosed properties to ensure that close proximity of redeveloped properties yield optimum stabilization results. Factors may include elements such as block location, amount of rehabilitation, ownership, and other criteria affecting costs.

(8) Activity Description:

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

*For housing related activities, include:*

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

*For acquisition activities, include:*

- *discount rate*

*For financing activities, include:*

- *range of interest rates*

**Response:**

The County's Housing and Neighborhood Development Division or such agent working on the County's behalf, will work with lenders to acquire homes that have been foreclosed upon, vacant for at least 90 days, and are on the lender's or investor's current inventory. Once foreclosed upon properties have been identified in the target areas, the County or its agent will negotiate with the lender(s) to obtain the maximum reasonable discount for properties in the program.

In accordance with the 2009 NSP-1 Federal Register Bridge Notice, the purchase discount for all properties purchased with NSP funds during the 18-month use period shall be at least 1%.

Applicants must have Principal Interest Taxes Insurance (PITI) not to exceed 33% of household expense and 43% of total debt of household gross income as determined by HUD definitions, unless prior approval is granted by the County. Approval will be considered if justified by compensating factors and recommended by the underwriter.

To enable affordability, principal reduction may be provided to the homeowner, which may be secured by a mortgage in whole or in part. The mortgage will be subordinate to a first mortgage, if applicable, and in the case of buyers obtaining additional financing through the Florida Housing Finance Corporation (FHFC) or the Housing Finance Authority of Pinellas Bond Programs (serving Polk County), or other similar programs as approved by Polk County the mortgage may be in third position. The funding may reduce interest rates, mortgage principal amounts, provide a second mortgage and pay the purchaser's reasonable closing costs. Homebuyer counseling will be required before the sale to the homebuyer. All parties on the deed will be required to have at a minimum, eight hours of counseling.

The County 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 will result in the possibility of the home being turned into a rental to be managed by a Property Management agency that has been qualified by the County during the RFQ process.

The County will use, as a minimum, the minimum affordability standards of the federal HOME Investment Partnership Program which are listed below:

- Up to \$15,000 = 5 Years
- \$15,001 - \$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 after received by the County, its agents or designated developer.

### **Other Program Requirements**

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

I. Total Budget: \$10,216,258

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

### **Response:**

It is anticipated that Polk County will purchase and rehabilitate 76 homes. These homes will be for persons between 51% and 120% of the area median income. It is the intent of the County to assist buyers who currently do not own a home.

### **Activity 2: Acquisition/Rehabilitation/Financing/Resale of Single- and/or Multi-family Housing (Rentals)**

(1) Activity Name: Acquisition/Rehabilitation/Financing/Resale of Single Family and/or Multi-Family Housing (Rentals)

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

A) *Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers; and*

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.*

- 24 CFR 570.201(m) – 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.  $\leq$  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  $\leq$  120% of area median income (abbreviated as LMMH);

(4) Projected Start Date: January 15, 2009

(5) Projected End Date: July 30, 2013

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

Polk County Board of County Commissioners – Housing and Neighborhood Development Division; 1290 Golfview Avenue, Bartow, FL 33831-9005; Gregory Alpers, Director.

The County will solicit through multiple RFQs for organizations/partners to participate in the program.

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

This activity will be carried out in target areas as referenced in Section A (page 2 of NSP Amendment) – Areas of Greatest Need. After the County completes analysis within the target areas, specific properties will be evaluated. The County specifically desires to work with clusters of foreclosed properties to ensure that close proximity of redeveloped properties yield optimum stabilization results. Factors may include elements such as block location, amount of rehabilitation, ownership, and other criteria affecting costs.

(8) Activity Description:

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

*For housing related activities, include:*

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

*For acquisition activities, include:*

- *discount rate*

*For financing activities, include:*

- *range of interest rates*

The NSP program will rehabilitate both single-family and multi-family residential properties. Costs of the rehabilitation can include labor, materials, supplies, permits, lead paint assessment, abatement and clearance, barrier removal, energy efficient measures asbestos removal and program delivery.

Housing units acquired through the use of NSP funds will require rehabilitation in most cases. The County will provide NSP funds for housing rehabilitation to bring the housing units up to the requirements of HUD, the 2007 Florida Building Code, as well as local building codes including the Polk County Land Development Code and any ordinances pertaining to the provision of housing that is decent, safe, sanitary, and fit for habitation. Funding will be provided through a secured lien on the property at 0% interest.

A portion of the NSP funds for single-family dwelling units used for Housing Rehabilitation may remain in the home when it is sold to an income eligible household in the form of principal reduction. Principal reduction will be in the form of a secured 0% interest mortgage that shall be due and payable should the property cease to be the primary residence of the borrower, or if the home is rented, sold, or title is transferred.

The funds associated with this activity will benefit households at or below 50% of AMI. The benefits described in this activity are applicable to rehabilitation of single or multi-family units. If a housing unit is rented, it is critical that any chosen Housing Partner has a proven track record in property management. The County will require that any multi-family developments proposed for acquisition be reviewed by the County's approved Credit Underwriter for financial feasibility.

The County may provide incentives, if funding is available, for Housing Partners to assist special needs populations, which may include the homeless, disabled, victims of domestic violence, and others.

The County may provide incentives, if funding is available, 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.

All housing that requires rehabilitation must meet requirements of HUD, the 2007 Florida Building Code, as well as local building codes including the Polk County Land Development Code and any ordinances pertaining to the provision of housing that is decent, safe, sanitary, and fit for habitation.

Polk County's Written Rehabilitation Standards or a similar alternative standard will be used to describe the specifications for the rehabilitation work needed to bring substandard housing into compliance with the minimum housing standards for Polk County.

The County 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.

(9) Total Budget: \$1,850,000

(10) Performance Measures:

The performance of this Activity will be measured as follows:

- (a) The number of properties acquired, renovated, and/or rehabilitated;
- (b) Income levels of each partner family will be provided to the Grantee to prove the affordability component of this program within 30 days after the closing of each home.

**Response:**

It is anticipated that Polk County will purchase and rehabilitate 25 multi-family dwelling units. These units will be for persons with incomes that do not exceed 50% of the area median for the County.

**Activity 3: Demolition of Acquired Foreclosed Upon Homes and Redevelopment**

(1) Activity Name: Demolition/Redevelopment

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

- (D) Demolish blighted structures; and
- (E) Redevelop demolished or vacant properties.

- Eligible Activities
  - 24 CFR 570.201(d) – Clearance and Demolition
  - The County will obtain approval from HUD before demolishing any HUD-Owned properties

- 24 CFR 570.201(a) – Acquisition
- 24 CFR 570.201(b) – Disposition
- 24 CFR 570.201(c) – Public Facilities
- 24 CFR 570.201(n) - Direct Home Ownership Assistance
- 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  $\leq 120\%$  of area median income (abbreviated as LMMH);

(4) Projected Start Date: January 15, 2009

(5) Projected End Date: July 30, 2013

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

Polk County Board of County Commissioners – Housing and Neighborhood Development Division; 1290 Golfview Avenue, Bartow, FL 33831-9005; Gregory Alpers, Director.

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

This activity will be carried out in target areas as referenced in Section A (page 2 of NSP Amendment) – Areas of Greatest Need. After the County completes analysis within the target areas, specific properties will be evaluated. The County specifically desires to work with clusters of foreclosed properties to ensure that close proximity of redeveloped properties yield optimum stabilization results. Factors may include elements such as block location, amount of rehabilitation, ownership, and other criteria affecting costs.

(8) Activity Description:

*Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will*

*be used to meet the low income housing requirement for those below 50% of area median income.*

*For housing related activities, include:*

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

*For acquisition activities, include:*

- *discount rate*

*For financing activities, include:*

- *range of interest rates*

**Response:**

Housing units acquired through the County's program that are not economically feasible to rehabilitate, and/or pose a health/safety threat, may be demolished. The County will provide the funds initially to demolish the blighted structures. If at all possible the most favorable option is that the County or its agents will acquire, demolish, and construct a new home on the property. Vacant land resulting from home demolition may be placed in the affordable housing land inventory to be subsequently provided to the County. Another option is that the County may acquire the property, demolish and construct a new home on the property. The County will provide the funds in the form of a grant for the demolition.

The County may subsequently provide funding for the construction of a new home using NSP funds or other County affordable housing grant funds. If the County provides funding for the construction, it will be in the form of a secured mortgage against the property at a 0% interest rate and Land Use Restriction Agreement (LURA). Land Use Restriction Agreements will be used for multi-family units.

Redevelopment of the demolished or vacant property will be for households  $\leq$  120% AMI. Financing will be provided at a 0% interest deferred payment loan.

The County will indentify all vacant residential lots that have existing County liens and all of the lots with vacant dilapidated structures that have existing County liens. In both of these case types, the County will foreclose (with County Attorney support), clear, and rebuild for resale. These properties will then be available for redevelopment.

**Other Program Requirements**

- Homebuyer Counseling. Any NSP-assisted homebuyer must receive at least eight 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 [www.fdic.gov/regulations/laws/rules/5000-5160.html](http://www.fdic.gov/regulations/laws/rules/5000-5160.html)). Compliance must be documented. All loans must be a fixed rate loans not to exceed a term of forty (40) years.

(9) Total Budget: \$1,000,000 (Redevelopment/Demolitions/Vacant Properties), \$70,000 (Demolition) for a total of \$1,070,000.

(10) Performance Measures:

The performance of this Activity will be measured as follows:

- (a) The number of properties acquired, demolished, renovated, and/or rehabilitated;
- (b) Income levels of each partner family will be provided to the Grantee to prove the affordability component of this program within 30 days after the closing of each home.

After five months of program operation, we determined the per unit cost of demolition/redevelopment was overestimated. We found that a more realistic cost is \$10,000 per unit. Therefore, the budget should reflect an estimated cost of \$70,000 for line item Demolition/Redevelopment (including construction). The remaining \$70,000 from the initial budget will be reallocated to the Acquisition/Rehab/Financing/Resale for Homeownership (activity#1).

After five months of program operation, we determined that the per unit cost for Redevelopment/Demolition/Vacant properties was also overestimated. We determined that \$10,000 per unit is a more realistic estimate. We are also requesting to reduce the estimated number of units in this activity from 17 to 10. We will reallocate the remainder of the funds to the Acquisition/Rehab/Financing Resale (activity #1) for use in the purchasing of additional homeownership units.

**Activity 4: Planning and Administration**

(1) Activity Name: Planning and Administration

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

NSP Planning and Administration

- 24 CFR 570.206(1) – Planning and Administration
- Eligible Activity - 24 CFR 570.206(a)(1) – 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., ≤ 120% of area median income)*

Not applicable.

(4) Projected Start Date: September 29, 2008

(5) Projected End Date: July 30, 2013

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

Polk County Board of County Commissioners – Housing and Neighborhood Development Division; 1290 Golfview Avenue, Bartow, FL 33831-9005; Gregory Alpers, Director.

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

Polk County Board of County Commissioners – Housing and Neighborhood Development Division; 1290 Golfview Avenue, Bartow, FL 33831-9005; Gregory Alpers, Director.

(8) Activity Description:

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

*For housing related activities, include:*

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

*For acquisition activities, include:*

- *discount rate*

*For financing activities, include:*

- *range of interest rates*

**Response:**

The NSP funds will be used to provide administrative activities including but not limited to personnel to carry out contract management functions such as monitoring, reporting, and direct and indirect charges.

I. Total Budget: \$1,450,000

**Response:**

Please see attached Budget – Appendix

The County 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 appraisals, inspections, development fees, engineering studies, and mitigation, market analysis, credit underwriting reports, and associated permits, will be charged to each individual project.

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

Please refer to the Appendix in which the Budget and Allocations are provided.

**Activity 5: NSP1- Revolving Loan Fund**

(1) Activity Name: NSP-1 Revolving Loan Fund

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

A) Polk County Housing and Neighborhood Development Office will use the NSP revolving loan funds as a means to provide additional financing for Activity #1 Acquisition/Rehabilitation/Financing for Resale of Single Family units. A revolving loan fund will be established so repayments and sales proceeds from these NSP-1 activities can be used to assist more eligible homebuyers.

The revolving loan fund will established using program income, except as capitalization as permitted under limited CDBG rules related to lump sum drawdowns for rehabilitation only activities, as provided in 24 CFR 570.513. The program income will be kept in an interest bearing account and the interest must be remitted to the U.S. Treasury not less than annually. Interest paid by borrowers is program income and can be deposited in to the revolving account to be reused.

A repayment of to a revolving fund is NSP program income subject to all CDBG and NSP regulatory requirements, regardless of the amount of times the funds revolve.

NSP program income from this and any other NSP program (e.g. NSP3) can be combined in a project if the project meets the requirements of all applicable programs. Program Income from NSP -1 will be tracked separately from other NSP program income, in accordance with HUD requirements.

- Eligible Activities

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.

Activity Delivery Costs for eligible activities per 24 CFR 570.206

Acquisition; disposition; relocation; direct Homeownership as modified by HUD- 24CFR 570.202 eligible rehabilitation and preservation activities for homes listed above may include housing counseling as a delivery cost.

*(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 benefitting 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:*

- o Provides or improves permanent residential structures that will be occupied by a household whose income is ≤ 120% of area median income (abbreviated as LMMH);*

*(4) Projected Start Date: January 1, 2013*

*(5) Projected End Date: Perpetual*

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

Polk County Board of County Commissioners – Housing and Neighborhood Development Division; 1290 Golfview Avenue, Bartow, FL 33831-9005; Gregory Alpers, Director.

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

Polk County Board of County Commissioners – Housing and Neighborhood Development Division; 1290 Golfview Avenue, Bartow, FL 33831-9005; Gregory Alpers, Director.

(8) Activity Description:

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

*For housing related activities, include:*

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

*For acquisition activities, include:*

- *discount rate*

*For financing activities, include:*

- *range of interest rates*

**Response:**

Program income derived from the sale of NSP-1 units will be maintained in a revolving loan account for the following:

The County's Housing and Neighborhood Development Division or such agent working on the County's behalf, will work with lenders to acquire homes that have been foreclosed upon, vacant or abandoned unit, and are on the lender's or investor's current inventory. Once foreclosed upon properties have been identified in the target areas, the County or its agent will negotiate with the lender(s) to obtain the maximum reasonable discount for properties in the program.

In accordance with the 2009 NSP-1 Federal Register Bridge Notice, the purchase discount for all properties purchased with NSP funds during the 18-month use period shall be at least 1%.

Applicants must have Principal Interest Taxes Insurance (PITI) not to exceed 33% of household expense and 43% of total debt of household gross income as determined by HUD definitions, unless prior approval is granted by the County. Approval will be considered if justified by compensating factors and recommended by the underwriter.

To enable affordability, principal reduction may be provided to the homeowner, which may be secured by a mortgage in whole or in part. The mortgage will be subordinate to a first mortgage, if applicable, and in the case of buyers obtaining additional financing

through the Florida Housing Finance Corporation (FHFC) or the Housing Finance Authority of Pinellas Bond Programs (serving Polk County), or other similar programs as approved by Polk County the mortgage may be in third position. The funding may reduce interest rates, mortgage principal amounts, provide a second mortgage and pay the purchaser's reasonable closing costs. Homebuyer counseling will be required before the sale to the homebuyer. All parties on the deed will be required to have at a minimum, eight hours of counseling.

The County 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 will result in the possibility of the home being turned into a rental to be managed by a Property Management agency that has been qualified by the County during the RFQ process.

The County will use, as a minimum, the minimum affordability standards of the federal HOME Investment Partnership Program which are listed below:

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

### **Other Program Requirements**

- Homebuyer Counseling. Any NSP-assisted homebuyer must receive at least eight hours of homebuyer counseling from a HUD-approved housing counseling agency prior to obtaining a mortgage loan.

Lender Requirements. The lender of any first mortgage loan provided to an income eligible household must comply with the Treasury's guidance for non-traditional mortgages (available at [www.fdic.gov/regulations/laws/rules/5000-5160.html](http://www.fdic.gov/regulations/laws/rules/5000-5160.html)). Compliance must be documented. All loans must be fixed rate loans

I. Total Budget: \$750,000 for initial setup of revolving fund, amount will fluctuate depending on the program income received and used in the revolving account

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

Please refer to the Appendix in which the Budget and Allocations are provided.

### **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 upon 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% of area median income

## APPENDIX

### Polk County Neighborhood Stabilization Program Budget & Allocations

<b>Estimated Number of Units By Activity and Income Level</b>			
Eligible Use/Activity	Estimated Units < 50% AMI	Estimated Units 51-120% AMI	TOTAL UNITS
Acquisition/Rehab/Financing/Resale for Homeownership	10 units	76 units	86 units
Acquisition/Rehab/Financing/Resale Multi-family Housing/Rental	25 units	N/A	25 units
Demolition of Acquired Foreclosed Upon Homes and Redevelopment	17 units	N/A	17 units
Planning and Administration	N/A	N/A	N/A
<b>Total Units</b>	52 units	76 units	<b>128 units</b>

<b>Estimated Funding Allocation By Activity and Income Level</b>			
Eligible Use/Activity	Allocation < 50% AMI*	Allocation 51-120% AMI	TOTAL
Acquisition/Rehab/Financing/Resale for Homeownership	\$1,000,000	\$9,216,258	\$10,216,258
Acquisition/Rehab/Financing/Resale Multi-family Housing/Rental	\$1,850,000	N/A	\$1,850,000
Demolition of Acquired Foreclosed Upon Homes and Redevelopment	\$1,070,000	N/A	\$1,070,000
Subtotal	\$3,920,000	\$9,216,258	\$13,136,258
Planning and Administration**	N/A	\$1,450,000	\$1,450,000
Total Allocation	\$3,920,000	\$10,666,258	<b>\$14,586,258</b>
<b><u>NSP 1 Revolving Loan Fund</u></b>	<u>\$187,000</u>	<u>\$563,000</u>	<u>\$750,000</u>

\* At Least 25 percent of NSP funds must be used for households with incomes < 50% of AMI

\*\* Planning and Administration is limited to 10 percent of the allocation