



City of Miami Action Plan FY2008-2009



**NSP Substantial Amendment
2008.1**

December 1, 2008

THE NSP SUBSTANTIAL AMENDMENT

Jurisdiction(s): City of Miami	NSP Contact Person: George Mensah Address: 444 SW 2 Avenue, 2 Floor Miami, FL 33130 Telephone: 305-416-1978 Fax: 305-416-2090 Email: gmensah@miamigov.com
Jurisdiction Web Address: www.miamigov.com/communitydevelopment/pages/reports	

A. AREAS OF GREATEST NEED

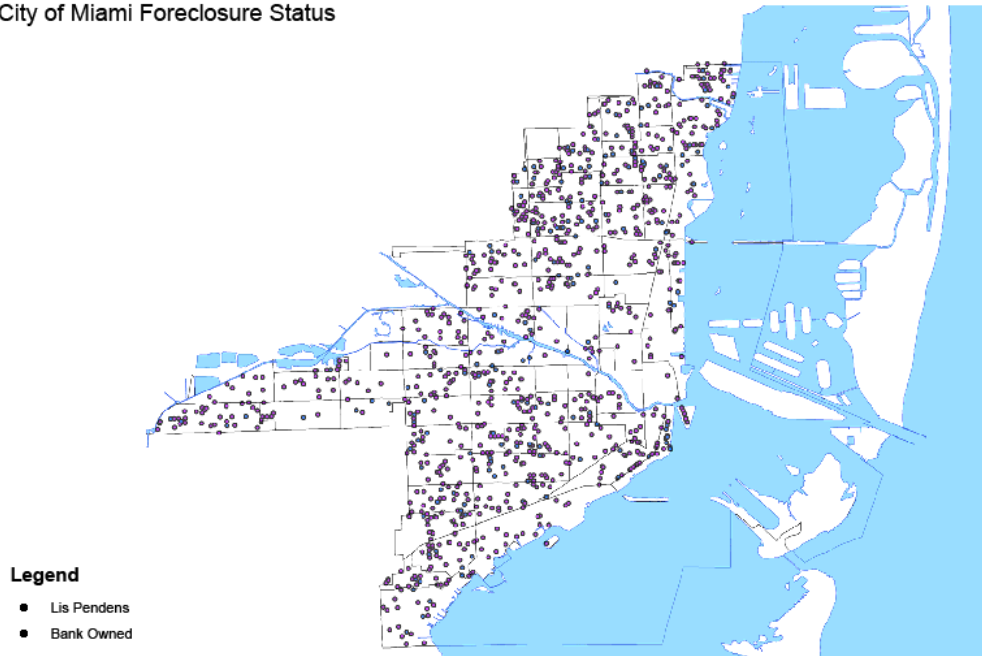
The Neighborhood Stabilization Program (“NSP”) was created to provide emergency assistance to state and local governments to acquire and redevelop foreclosed upon properties that might otherwise become sources of abandonment and blight within our communities. The NSP provided a grant to the City of Miami (“City”) to purchase foreclosed upon or abandoned homes and to rehabilitate, redevelop and resell, 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 (“CDBG”) dollars to implement this new program.

In response to the unveiling of this new federal program, the City conducted a special Housing-Market Foreclosure Assessment¹ to identify those areas most affected by the current housing crisis. The first factor taken into consideration was the geographical distribution of home foreclosure proceedings within the City as illustrated in Graph 1 below. Note that the number of proceedings is fairly balanced and scattered across City boundaries showing that the housing foreclosure problem is spread over the entire City and not only in certain pockets as it was originally thought. In addition, the City plotted census block information where the total number of homes financed by sub-prime mortgages exceeded 50 percent of the total number of loans issued for the area (Graph 2). In this case, we found that the sub-prime market is indeed located in areas of lower economic prosperity where predatory lending is usually found. This new information coupled with a third dataset 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 assisted the City in defining the “Areas of Greatest Need” (Graph 4).

¹ The data file for this study was obtained from HUD’s website at www.huduser.org/. The City utilized the “Estimated Foreclosure Abandonment Risk Score” to assess the high or low risk for a neighborhood to have foreclosed and/or abandoned homes, Federal Reserve Home Mortgage Disclosure Act (“HMDA”) data regarding sub-prime mortgage loans made between 2004 through 2006, and data on on-going foreclosure procedures within the City to arrive to its conclusions.

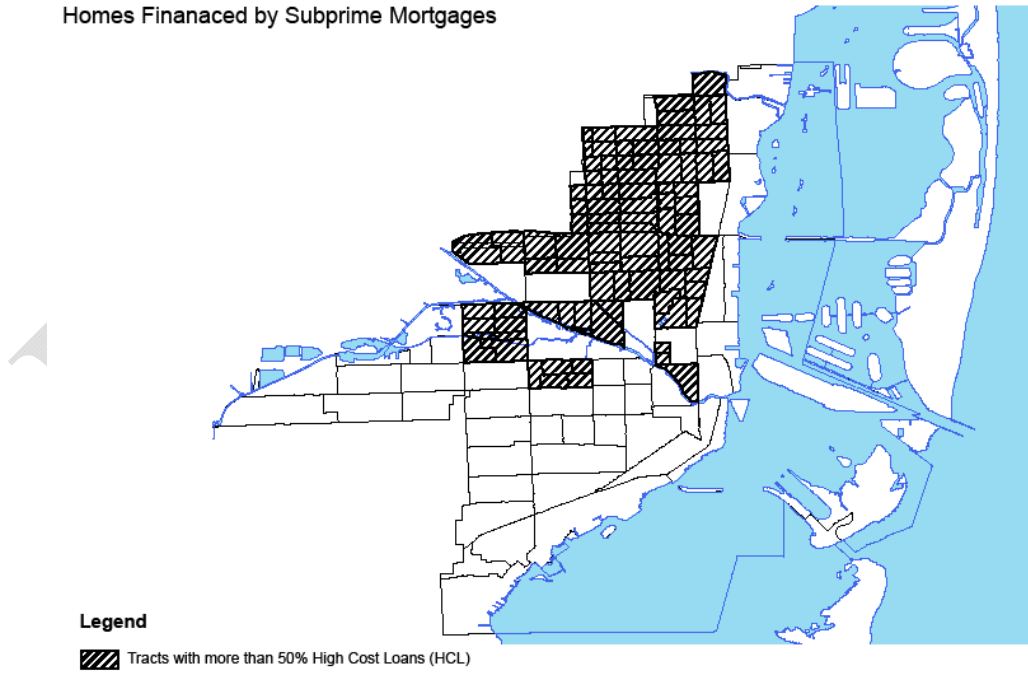
Graph 1. - Properties undergoing foreclosure proceedings.

City of Miami Foreclosure Status



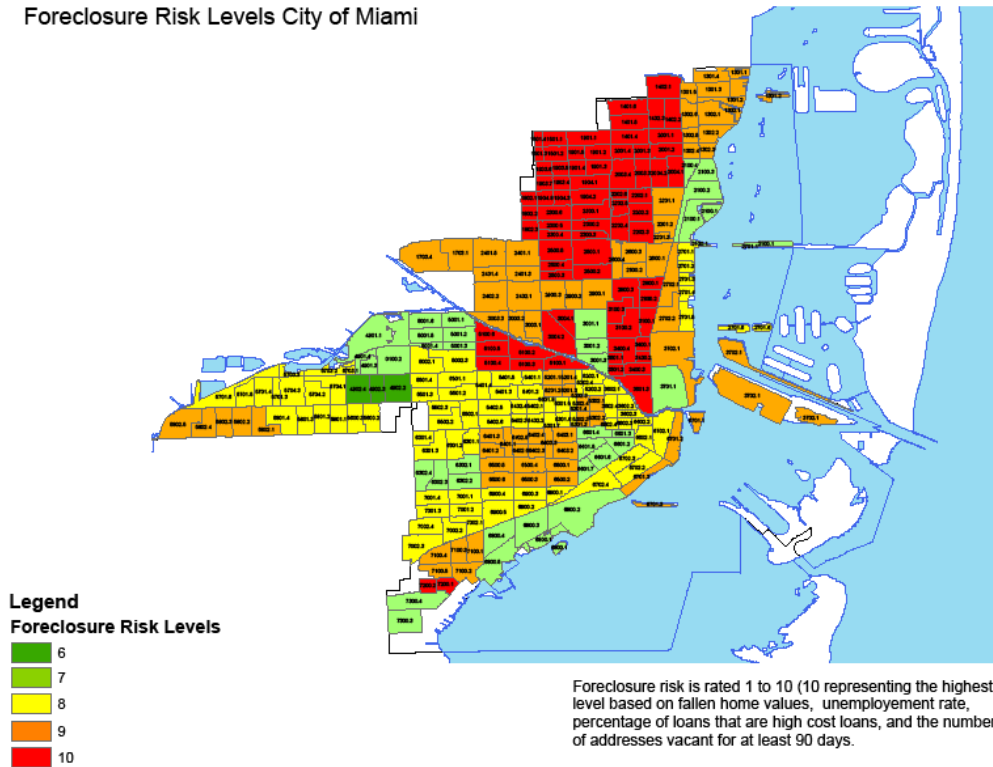
Graph 2. - Areas with high concentration of Subprime mortgages.

Homes Financed by Subprime Mortgages



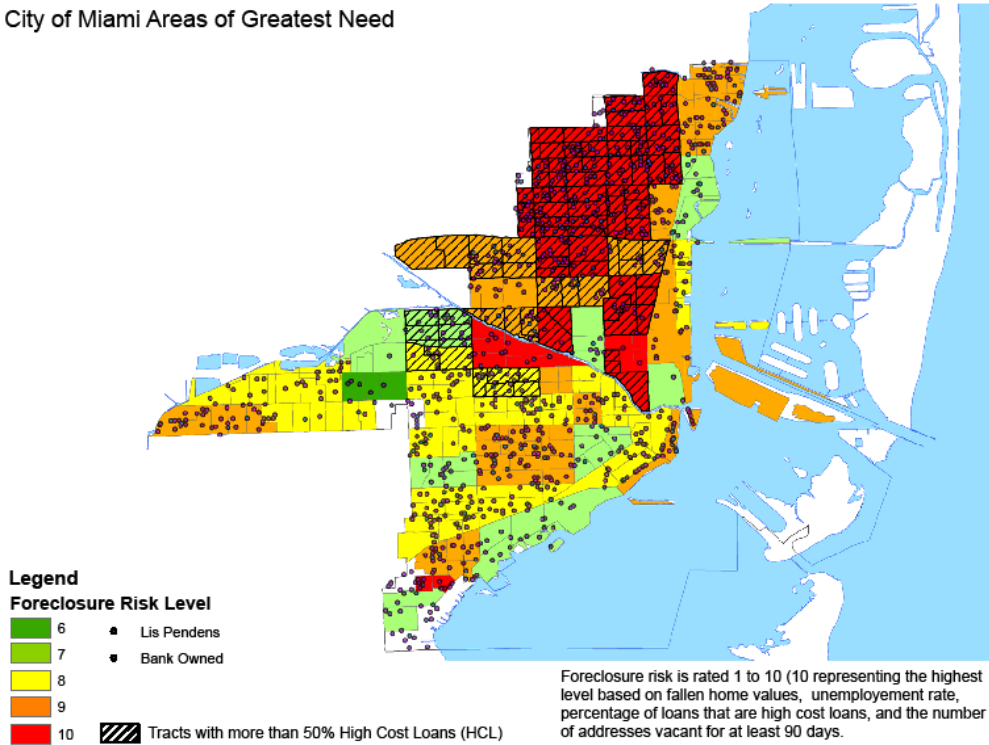
Graph 3. - Foreclosure Risk Levels based on home values, unemployment rate, % of high cost loans.

Foreclosure Risk Levels City of Miami



Graph 4. - Areas of Greatest Need based on foreclosure risk levels, concentration of sub-prime mortgages, and foreclosure statuses.

City of Miami Areas of Greatest Need



Statistics show South Florida as one of the top 5 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, arguably, over 95% of the City of Miami could be considered under "great need" for some financial relief. Nevertheless, it is clear that the concentration of high foreclosure risk factors, sub-prime mortgage loans, and actual cases under foreclosure proceedings is located north of the Miami River as illustrated in Graph 4 above. As such, the City has catalogued this area and other pockets around the City that show similar trends as the "Areas of Greatest Need." 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

Census Block Group	Percent of People <= 120 AMI	Low, Mod, Middle Eligible	Census Block Group	Low/Mod Population	Low, Mod, Middle Eligible
1401.4	81.0%	YES	2500.1	78.5%	YES
1401.5	94.3%	YES	2500.2	94.0%	YES
1401.6	93.0%	YES	2500.3	79.6%	YES
1402.1	90.8%	YES	2500.4	87.6%	YES
1402.2	89.0%	YES	2500.5	27.3%	NO
1402.3	100.0%	YES	2600.1	96.3%	YES
1501.1	92.9%	YES	2600.2	89.7%	YES
1501.2	98.3%	YES	2600.3	93.6%	YES
1501.3	96.5%	YES	2600.4	98.0%	YES
1501.4	100.0%	YES	2800.1	98.5%	YES
1703.1	87.0%	YES	2800.2	14.0%	NO
1703.4	92.2%	YES	2800.3	97.8%	YES
1802.1	75.9%	YES	2900.1	60.3%	YES
1802.2	81.0%	YES	2900.2	74.7%	YES
1802.3	80.3%	YES	2900.3	60.3%	YES
1901.1	97.5%	YES	3003.1	93.8%	YES
1901.2	86.0%	YES	3003.2	91.2%	YES
1901.3	94.3%	YES	3003.3	88.1%	YES
1901.4	78.8%	YES	3004.1	72.8%	YES
1901.5	92.0%	YES	3004.2	92.9%	YES
1903.4	86.3%	YES	3100.1	91.5%	YES
1903.5	93.0%	YES	3100.2	73.0%	YES
1903.6	96.2%	YES	3100.3	93.0%	YES
1903.7	98.2%	YES	3400.1	97.0%	YES
1904.1	91.8%	YES	3400.2	98.9%	YES
1904.2	90.7%	YES	3400.3	56.5%	YES

1904.3	91.4%	YES	3400.4	83.0%	YES
1904.8	87.2%	YES	3601.1	98.0%	YES
2001.1	93.6%	YES	3601.2	99.7%	YES
2001.2	90.4%	YES	3601.3	100.0%	YES
2001.3	83.4%	YES	5001.1	75.1%	YES
2001.4	94.9%	YES	5001.2	81.6%	YES
2003.3	89.2%	YES	5001.3	72.4%	YES
2003.4	96.4%	YES	5001.4	83.9%	YES
2004.1	93.0%	YES	5001.5	71.9%	YES
2004.2	90.7%	YES	5001.6	67.8%	YES
2202.1	80.3%	YES	5002.1	86.9%	YES
2202.2	82.7%	YES	5002.3	82.5%	YES
2202.3	90.4%	YES	5100.1	87.5%	YES
2202.4	67.5%	YES	5100.2	82.6%	YES
2202.5	72.5%	YES	5100.3	75.2%	YES
2202.6	82.5%	YES	5100.4	88.5%	YES
2300.1	78.2%	YES	5100.5	95.5%	YES
2300.2	83.9%	YES	5100.6	84.8%	YES
2300.3	78.2%	YES	5401.1	89.9%	YES
2300.4	81.3%	YES	5401.2	85.4%	YES
2300.5	90.8%	YES	5401.3	86.1%	YES
2300.6	93.0%	YES	5401.4	79.3%	YES
2401.1	84.6%	YES	5401.5	89.8%	YES
2401.3	97.3%	YES	7200.1	64.4%	YES
2401.4	91.6%	YES	7200.2	89.3%	YES
2401.5	86.8%	YES			

Source: HUD NSP data

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% of the Area Median Income (2000). This dataset assisted City staff to evaluate the eligibility of the census block's area benefit for low-, moderate- and middle income households.

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 collapse of global financial markets in recent days due in part to the housing crisis the country is experiencing 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 is bringing 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	\$2,100,000	21
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.	\$4,500,000	90
C. Establish land banks for homes that have been foreclosed upon.	\$2,851,000	38
D. Demolish blighted structures.	\$700,000	Included under strategy "C"
E. Redevelopment of demolished or vacant properties. Administration	\$706,332 \$1,206,370	5 -
TOTAL:	\$12,063,702	154

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.

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 total monthly debt obligation as a percentage of monthly income cannot be more than 45 percent. 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 at a minimum and may choose to apply longer affordability periods for some of its strategies. 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.

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.

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.

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.

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 prior to an 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 \$4,500,000. This amount equals to about 37.3 percent of funds allocated for households whose incomes do not exceed 50 percent of area median income. In this way, 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.

Activity/ Strategy	Estimated Amount	Target Low Income
A. Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties. 1. Equity sharing program 2. Down payment assistance program	\$2,100,000	Partially
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.	\$4,500,000	Yes
C. Establish land banks for properties that have been foreclosed upon.	\$2,851,000	No
D. Demolish blighted structures.	\$700,000	No
E. Redevelopment of demolished or vacant properties.	\$706,332	No
F. Administration	\$1,206,370	-
Total NSP Funding	\$12,063,702	-

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 low- and moderate-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-and moderate-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 October 29, 2008 to November 13, 2008.

Please submit your comments in writing to:

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

[Any public comment shall be added here]

PROPOSED

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).

- (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
- (5) Projected End Date: August 2010
- (6) Responsible Organization: City of Miami Department of Community Development
444 SW 2 Avenue, 2 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. The buyer locates an abandoned and/ or foreclosed upon residential property within City limits, 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-serve basis taking in consideration any pre-established priority based on the “Areas of Greatest Need” assessment.

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 rehabilitation 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. The buyer locates an abandoned and/or foreclosed upon residential

property within City limits, 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-serve basis taking in consideration any pre-established priority based on the "Areas of Greatest Need" assessment.

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 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 or foreclosed upon single family residences, townhomes, and/ or condominiums. The property must be located within the City of Miami 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 rehabilitation 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.

Sales Price:

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

Loan Terms (Down Payment Assistance Program Only):

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.

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 transfer², 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 transfer³, the City shall share in any gain realized, based on its pro-rated share of participation in the original purchase.
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 for the sale of the property⁴. 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.1 or A.2 as explained above. The property must be located within the City of Miami.

(9) Total Budget: \$2,100,000

(10) Performance Measures: 21 Housing units

The following are projected numbers. The City will try to target this program 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
Less than 50 percent AMI	1
Between 51-80 percent AMI	5
Between 81-120 percent AMI	15

² Any pro-rated share of participation (program income) received prior to July 30, 2013 shall be reinvested on NSP eligible activities. If the program income is realized after July 30, 2013, such gain shall be returned to the treasury.

³ Any pro-rated share of participation (program income) received prior to July 30, 2013 shall be reinvested on NSP eligible activities. If the program income is realized after July 30, 2013, such gain shall be returned to the treasury.

⁴ Any pro-rated share of participation (program income) received prior to July 30, 2013 shall be reinvested on NSP eligible activities. If the program income is realized after July 30, 2013, such gain shall be returned to the treasury.

Strategy “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.

- (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
- (5) Projected End Date: August 2010
- (6) Responsible Organization: City of Miami Department of Community Development
444 SW 2 Avenue, 2 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:

Purchase and Rehabilitation Program of Multi-Family Units
This program allows for the City to purchase⁵ or provide assistance fully or in partially for the purchase of abandoned and/or foreclosed upon multi-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 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.
- (9) Total Budget: \$4,500,000
- (10) Performance Measures: 90 Housing units

The following are projected numbers. The City will target this program to low and moderate income households.

Income Level	Projected Housing Units
Less than 50 percent AMI	80
Between 51-80 percent AMI	10
Between 81-120 percent AMI	-

⁵ If the City chooses to determine the discount for each purchase transaction through the use of a methodology, the average purchase discount shall be at least 10%, taking into consideration likely ‘carrying costs’ if the City were not to sell the property. If not, the minimum average discount shall be at least 15%.

**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 or LMMH (Low-,Moderate-,Middle-Area or Housing)
- (4) Projected Start Date: February 2009
- (5) Projected End Date: August 2010
- (6) Responsible Organization: City of Miami Department of Community Development
444 SW 2 Avenue, 2 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:

The City will purchase⁶ 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”.
- (9) Total Budget: \$2,851,000
- (10) Performance Measures: 38 Housing units

The following are projected numbers. The City will target this program to low and moderate income households.

Income Level	Projected Housing Units
Less than 50 percent AMI	10
Between 51-80 percent AMI	10
Between 81-120 percent AMI	18

⁶ If the City chooses to determine the discount for each purchase transaction through the use of a methodology, the average purchase discount shall be at least 10%, taking into consideration likely ‘carrying costs’ if the City were not to sell the property. If not, the minimum average discount shall be at least 15%.

**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.
- (3) National Objective: LMMA or LMMH (Low-,Moderate-,Middle-Area or Housing)
- (4) Projected Start Date: February 2009
- (5) Projected End Date: August 2010
- (6) Responsible Organization: City of Miami Department of Community Development
444 SW 2 Avenue, 2 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:

The City of Miami will utilize NSP funding to demolish “blighted structures” within City limits.
- (9) Total Budget: \$700,000
- (10) Performance Measures: 38 Housing units (included in Strategy C)

The following are projected numbers. The City will target this program to low and moderate income households.

Income Level	Projected Housing Units
Less than 50 percent AMI	10
Between 51-80 percent AMI	10
Between 81-120 percent AMI	18

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-Housing)
- (4) Projected Start Date: February 2009
- (5) Projected End Date: August 2010
- (6) Responsible Organization: City of Miami Department of Community Development
444 SW 2 Avenue, 2 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:
The City of Miami will acquire⁷ 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 buyer utilizes one of the participating lenders to be pre-qualified for a mortgage loan. The City of Miami underwrites the loan based on the first mortgage lender's commitment. The City only accepts applications from participating lenders and they are processed on a first-come, first-ready, first-serve basis taking in consideration any pre-established priority based on the “Areas of Greatest Need” assessment.

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 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:

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.

⁷ If the City chooses to determine the discount for each purchase transaction through the use of a methodology, the average purchase discount shall be at least 10%, taking into consideration likely ‘carrying costs’ if the City were not to sell the property. If not, the minimum average discount shall be at least 15%.

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 greater.

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 transfer⁸, 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: \$2,100,000

(10) Performance Measures: 5 Housing units

The following are projected numbers. The City will target this program to low and moderate income households.

Income Level	Projected Housing Units
Less than 50 percent AMI	-
Between 51-80 percent AMI	-
Between 81-120 percent AMI	5

⁸ Any pro-rated share of participation (program income) received prior to July 30, 2013 shall be reinvested on NSP eligible activities. If the program income is realized after July 30, 2013, such gain shall be returned to the treasury.

NSP Substantial Amendment Checklist

For the purposes of expediting review, HUD asks that applicants submit the following checklist along with the NSP Substantial Amendment and SF-424.

Contents of an NSP Action Plan Substantial Amendment

Jurisdiction(s): City of Miami Jurisdiction Web Address: www.miamigov.com/communitydevelopment/pages/reports	NSP Contact Person: George Mensah Address: 444 SW 2 Avenue, 2 Floor Miami, FL 33130 Telephone: 305-416-1978 Fax: 305-416-2090 Email: gmensah@miamigov.com
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The elements in the substantial amendment required for the Neighborhood Stabilization Program are:

A. AREAS OF GREATEST NEED

Does the submission include summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction?

Yes No . Verification found on page 1,4,5.

B. DISTRIBUTION AND USES OF FUNDS

Does the submission contain 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?

Yes No . Verification found on page 1,6,7.

Note: The grantee's narrative must address the three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.

C. DEFINITIONS AND DESCRIPTIONS

For the purposes of the NSP, do the narratives include:

- a definition of "blighted structure" in the context of state or local law,
Yes No . Verification found on page 7.
- a definition of "affordable rents,"
Yes No . Verification found on page 8.
- a description of how the grantee will ensure continued affordability for NSP assisted housing,
Yes No . Verification found on page 8.
- a description of housing rehabilitation standards that will apply to NSP assisted activities?
Yes No . Verification found on page 8.

D. INFORMATION BY ACTIVITY

Does the submission contain information by activity describing how the grantee will use the funds, identifying:

- eligible use of funds under NSP,
Yes No . Verification found on page 12-19.
- correlated eligible activity under CDBG,
Yes No . Verification found on page 12-19.
- the areas of greatest need addressed by the activity or activities,
Yes No . Verification found on page 12-19.
- expected benefit to income-qualified persons or households or areas,
Yes No . Verification found on page 12-19.
- appropriate performance measures for the activity,
Yes No . Verification found on page 12-19.
- amount of funds budgeted for the activity,
Yes No . Verification found on page 12-19.
- the name, location and contact information for the entity that will carry out the activity,
Yes No . Verification found on page 12-19.
- expected start and end dates of the activity?
Yes No . Verification found on page 12-19.

E. SPECIFIC ACTIVITY REQUIREMENTS

Does each activity narrative describe the general terms under which assistance will be provided, including:

If the activity includes acquisition of real property,

- the discount required for acquisition of foreclosed upon properties,
Yes No . Verification found on page 15,16,18.

If the activity provides financing,

- the range of interest rates (if any),
Yes No . Verification found on page 13,18.

If the activity provides housing,

- duration or term of assistance,
Yes No . Verification found on page 13,18.
- tenure of beneficiaries (e.g., rental or homeownership),
Yes No . Verification found on page 13,18,19.
- does it ensure continued affordability?
Yes No . Verification found on page 12,15,18.
- does the applicant indicate which activities will count toward the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of area median income?
Yes No . Verification found on page 14,15,16,17,19.

F. LOW INCOME TARGETING

- Has the grantee described how it will meet the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of area median income?
Yes No Verification found on page 10.
- Has the grantee identified how the estimated amount of funds appropriated or otherwise made available will 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?
Yes No Verification found on page 15.
Amount budgeted = \$4,500,000

G. DEMOLISHMENT OR CONVERSION OF LOW- AND MODERATE-INCOME UNITS

Does grantee plan to demolish or convert any low- and moderate-income dwelling units?
Yes No (If no, continue to next heading)
Verification found on page 17.

Does the substantial amendment include:

- The number of low- and moderate-income dwelling units—i.e., ≤ 80% of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities?
Yes No Verification found on page 17.
- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., ≤ 120% of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion)?
Yes No Verification found on page 14,15,16,17,19.
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income?
Yes No Verification found on page 14,15,16,17,19.

H. PUBLIC COMMENT PERIOD

Was the proposed action plan amendment published via the grantee jurisdiction’s usual methods and on the Internet for no less than 15 calendar days of public comment?
Yes No Verification found on page 11.

Is there a summary of citizen comments included in the final amendment?
Yes No Verification found on page 11.

I. WEBSITE PUBLICATION

The following Documents are available on the grantee’s website:

- SF 424 Yes No
- Proposed NSP Substantial Amendment Yes No
- Final NSP Substantial Amendment Yes No
- Subsequent NSP Amendments Yes No

Website URL: www.miamigov.com/communitydevelopment/pages/Reports/

K. CERTIFICATIONS

The following certifications are complete and accurate:

- | | | |
|--|---|-----------------------------|
| (1) Affirmatively furthering fair housing | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (2) Anti-lobbying | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (3) Authority of Jurisdiction | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (4) Consistency with Plan | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (5) Acquisition and relocation | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (6) Section 3 | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (7) Citizen Participation | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (8) Following Plan | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (9) Use of funds in 18 months | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (10) Use NSP funds ≤ 120 of AMI | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (11) No recovery of capital costs thru special assessments | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (12) Excessive Force | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (13) Compliance with anti-discrimination laws | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (14) Compliance with lead-based paint procedures | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (15) Compliance with laws | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

PROPOSED