

PUBLIC NOTICE
PALM BEACH COUNTY
AMENDMENT TO NEIGHBORHOOD STABILIZATION PROGRAM 2 (NSP2)

On February 17, 2009 the United States Congress approved Public Law 111-5 – Title XII of Division A of the American Recovery and Reinvestment Act of 2009 (ARRA), appropriating to the U.S. Department of Housing and Urban Development (HUD) funding for the redevelopment of abandoned and foreclosed homes and residential properties. Through a nationwide competition for ARRA’s component Neighborhood Stabilization Program 2 (NSP2), a total of \$50,000,000 was awarded to the Palm Beach County CDBG Entitlement Jurisdiction (which excludes the Cities of West Palm Beach, Boynton Beach, Delray Beach, and Boca Raton). Palm Beach County entered into an Agreement with HUD on February 11, 2010 to carry out proposed activities identified in the funding application in the County’s Urban Redevelopment Area (URA). The County is proposing to amend the application and a summary of the changes is provided below. The complete original application and the amendment can be viewed at Palm Beach County Department of Housing and Community Development (HCD) website at: www.pbcgov.com/hcd.

Palm Beach County Proposed NSP2 Program

Palm Beach County’s NSP2 Program, hereby proposed for amendment, includes four activities. The below descriptions of the activities include the proposed changes. Comparisons between the original program descriptions and the proposed changes are provided in the analysis of the program requirements table.

- 1) **First and Second Mortgage Loan Program:** Funds will be utilized to provide first and/or second mortgage to reduce the housing costs – principal and closing costs – of homebuyers with incomes at or below 120% AMI with at least 25% of the funds going to households with incomes no greater than 50% AMI. The program will be implemented by HCD. Funding amount--\$9.15 million.
- 2) **Residential Redevelopment Grant Program:** This activity offers grants for the purchase and rehabilitation of vacant and foreclosed residential properties for affordable resale or rental. Eligible applicants under this category are: municipalities with inter local agreements with Palm Beach County, public agencies, non-profit housing organizations. This program will be targeted to households earning less than 80% AMI. Proposed funding amount--\$12.72 million.
- 3) **Neighborhood Rental Redevelopment Loan Program:** This activity provides loans to for-profit developers selected through an RFP to redevelop or rehabilitate foreclosed and vacant residential properties for reuse as affordable rental housing. At least 25% of units assisted under this program shall be set aside for households at or below 30% AMI. At least 55% of the new or redeveloped units must be leased to households earning less than 50% of AMI, with the remainder of the units being leased to households earning up to 120% of AMI. Proposed funding amount--\$23.88 million.
- 4) **General Administration and Planning Costs:** HCD is proposing to utilize no more than 8.5% or \$4.25 million to plan and implement the NSP-2 Program over the term of the grant agreement. Funding request--\$4.25 million.

Program Requirements

Factors	Sub-factors	Proposed Amendment
Need/Extent of the Problem	a) Target geography	No change.
	b) Market conditions and demand factors	Data on local market conditions was revised to reflect changes in the target area since the original application and to justify the change in the strategy to include the provision of first mortgages and additional multi-family rental units.
Demonstrated Capacity of the Applicant and Relevant Organizational Staff	a) Past Experience of the applicant	This section was revised to include similar activities performed under NSP1.
	b) Management Structure	This sub-factor was revised primarily to reflect changes in HCD’s organizational structure not related to the actual amendment. The implementation of the First and Second Mortgage Loan Program was changed to include a pre-approval and post closing phase.
Soundness of Approach	a) Proposed activities	<p>The proposed changes to the three activities are as follows:</p> <p><u>Activity 1 – Financing Mechanisms (NSP Eligible Use A)</u>: Currently PBC implements a Second Mortgage Loan Program providing subordinate financing to eligible homebuyers to purchase foreclosed residential properties. This amendment will expand the scope of the activity to also include the provision of first mortgages which addresses the greatest challenge PBC has faced in closing loans – difficulties being encountered by borrowers in securing first mortgages in the private sector lending market.</p> <p><u>Activity 2 – Purchase and Rehabilitation (NSP Eligible Use B)</u>: PBC published a Request for Proposals (RFP) in November 2010 to distribute \$20,130,000 to non-profits agencies, municipalities, and public agencies to acquire and rehabilitate foreclosed properties. The RFP resulted in three subrecipients being recommended for funding of \$12,724,825. The difference of \$7,405,175 is being reallocated to the Neighborhood Rental Redevelopment Loan Program (NRRLP), described below.</p> <p><u>Activity 3 – Redevelopment of vacant properties (NSP Eligible Use E)</u>: A total of \$16,470,000</p>

		<p>was available for distribution under the NRRLP. The NSP2 application designated one subrecipient to receive \$4,523,066 in funding. The remaining \$11,946,934 was awarded to two developers via a RFP process. PBC proposes to increase funding to the NRRLP by \$7,405,175 of uncommitted funds.</p> <p><u>Activity 4 – General Administration and Planning Costs</u> : No change</p>
	b) Income targeting for 120% and 50% of median	The income targeting percentages will be the same as proposed in the original application.
	c) Continued affordability	No change.
	d) Consultation , outreach, communications	The only revision to the sub-factor is the addition of public comments received as a result of the amendment.
	e) Performance and monitoring	No change.
Leveraging and removal of substantial negative effects	a) Leveraged funds	With the selection of subrecipients and developers for the RRGF and NRRLP programs, the leveraged amounts have been revised to reflect commitments for actual projects to be performed under NSP2. Leveraged funds amount to over \$28 million from various non-federal sources.
	b) Value of destabilizing influences proposed to be removed	The calculation was updated due to the change in the number of vacant properties that will be addressed by the overall NSP2 Program as well as reflect the increase in the total number of vacant properties in the target area.
Energy efficiency improvement	a) Transit accessibility	No change.
	b) Green building standards	
	c) Re-use of cleared sites	
	d) Deconstruction	
	e) Sustainable development practices	
Neighborhood transformation and economic opportunity	Certify consistency with an established plan	No change.

Written comments on the proposed amendment will be accepted by HCD at 100 Australian Avenue, Suite 500, West Palm Beach, FL 33406, until May 15, 2011.

IN ACCORDANCE WITH THE PROVISIONS OF THE ADA, THIS AD CAN BE REQUESTED IN ALTERNATE FORMAT. (AUXILIARY AIDS OR SERVICES WILL BE PROVIDED UPON REQUEST WITH AT LEAST THREE DAYS NOTICE (CONTACT HCD AT (561) 233-3616).

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