



August 3, 2011

Mr. Stanley Gimont, Director
Office of Block Grant Assistance
U.S. Department of Housing & Urban Development
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Washington, DC 20410

Housing & Community
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**Re: Palm Beach County Neighborhood Stabilization
Program 2 (NSP2) – Revised Amendment**

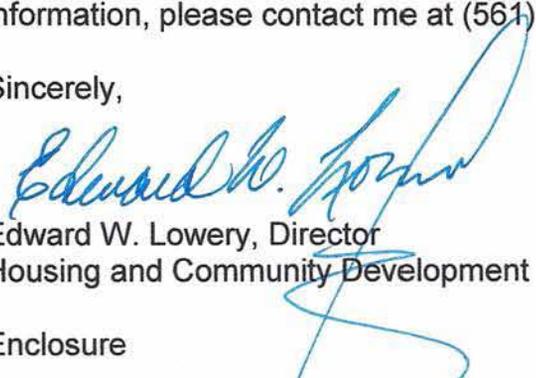
Dear Mr. Gimont:

Please find enclosed a copy of Palm Beach County's revised Neighborhood Stabilization Program 2 amendment prepared in accordance with the NSP Amendment Guidance issued by HUD. The original NSP2 amendment request was submitted to your office on May 16, 2011.

Public notice of the revised amendment will be published on August 6, 2011 and will provide for a 10-day comment period. Proof of publication and a summary of all comments received will be provided under separate cover.

Should you have any questions and/or require additional information, please contact me at (561) 233-3602. Thank you.

Sincerely,


Edward W. Lowery, Director
Housing and Community Development

Enclosure

Cc: Yolanda Chavez, Deputy Assistant Secretary for Grant Programs, HUD
John Laswick, NSP Team Leader, HUD
Maria Ortiz-Hill, Director, CPD, Miami Field Office
Shannon LaRocque-Baas, Assistant County Administrator, PBC
Journey Beard, Director of Contract Development and Quality Control, HCD
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Summary of Revised Amendment to the Palm Beach County NSP2 Application

In May 2011, Palm Beach County (PBC) submitted a request to amend its NSP2 Application in order to ensure the successful implementation of the activities comprising the County's Program and to allow for the timely expenditure of the NSP2 funding by the expenditure deadlines of February 11, 2012 and 2013.

Since that time, various developments have transpired which have led PBC to submit this request to revise the pending amendment. Palm Beach County is seeking to eliminate from the amendment the requested reallocation of \$7,405,175 from the Residential Redevelopment Grant Program (Category B—Acquisition and Rehabilitation) to the Neighborhood Rental Redevelopment Loan Program (Category E—Redevelopment). Such funding would now remain in Acquisition and Rehabilitation as was originally identified in the County's approved NSP2 application. An additional revision to the amendment request is to expand the NSP2 target geography to add a second target area to be known as the Glades Region Target Area (GRTA). The amendment request to expand the scope of the Category A—Financing Mechanism activity to add the provision of first mortgages remains unchanged.

Proposed NSP2 Amendment

- Expansion of Activity 1 to include the provision of first mortgages – Financing Mechanisms (Category A): Currently PBC implements a Second Mortgage Loan Program providing subordinate financing to eligible homebuyers to purchase foreclosed residential properties for owner occupancy. This amendment will expand the scope of the activity to also include the provision of first mortgages to homebuyers in order to address the greatest challenge to this activity's success – the inability of borrowers to secure first mortgages from private lenders.
- Creation of the NSP 2 Glades Region Target Area: This area is comprised of the Cities of Belle Glade, Pahokee, and South Bay, and the unincorporated area of Canal Point in western Palm Beach County.

The amendment will result in an increase in beneficiaries in the overall NSP2 Program. The original application facilitated the purchase or lease of affordable housing for 408 households with incomes below 120%. With the proposed amendment, a total of 439 households will benefit which represents a 7.6% increase in beneficiaries. Even more significant is the change in the number of low-income households (0-50% AMI) benefitting. A total of 45 additional low-income households will be assisted representing a 26.9% increase.

Palm Beach County engaged in the following tasks in the development of this request:

- Prepared the amendment in the format directed by HUD and followed all other requirements of the NSP2 Amendment Process;
- Arranged for publication of notice of the revised amendment in a local newspaper of general circulation and provided for a 10-day comment period. All comments emanating from the notice will be summarized and submitted to HUD under separate cover;
- Revised the timeline for implementation of the NSP2 activities; and
- Transmitted amendment to HUD Headquarters with copy to the Miami Field Office.

Rating Factor 1: Need/Extent of the Problem

a. Target Geography

The target area for the NSP2 Program consists of the County's Urban Redevelopment Area (URA) in eastern Palm Beach County as identified in the original NSP2 application, and now a new target area known as the Glades Region Target Area. The URA remains unchanged by the amendment request. The following narrative will address the location and conditions in the Glades Region Target Area (GRTA).

The GRTA encompasses the Cities of Belle Glade, Pahokee, Canal Point and South Bay. It is bounded approximately by Lake Okeechobee to the west, G2 Canal Road to the south, and Ammons Rd to the north. This area is a rural, agricultural area with households that are predominantly low income, hold low-wage jobs, or are unemployed. The Glades Region Target Area consists of nine census tracts and includes six CDBG target areas. In order to be designated as a CDBG target area, the areas are required to have a majority low- and moderate income population and have a concentration of structures in need of rehabilitation, as well as meet several other criteria.



Map of Glades Region Target Area

The table below provides the census tracts for the target areas as well as the neighborhood score for each of the areas.

Urban Redevelopment Area (existing target area) Census Tracts	Neighborhood ID-7984832 Census Tracts	Neighborhood ID-7427001 Census Tracts	Neighborhood ID-8873077 Census Tracts
12099001906	12099008001	12099008101	12099008001
12099001909	12099008002	12099008201	
12099002000	12099008101	12099008202	
12099002900		12099008203	
12099003101		12099008301	
12099003102		12099008302	
12099003000		12099008102	
12099003200			
12099003800			
12099003901			
12099003902			
12099004007			
12099004008			
12099004009			
12099004101			
12099004201			
12099004203			
12099004300			
12099004500			
12099004601			
12099004602			
12099004702			
12099004704			
12099004808			
12099004901			
19.74	19.75*	20*	20*

* The NSP3 HUD Mapping Tool was utilized to generate the foreclosure index scores of the new target area due to the NSP2 Mapping Tool being disabled.

There are just over 11,400 housing units in the GRTA of which approximately 2,278 (20.0%) are 90 days or more delinquent or in some stage of foreclosure. According to the 2010 Census Demographic Profile, vacancy rates for the three Glades Region municipalities range from 1.4% to 8.9% for homeownership and 11.1% to 37.5% for rental vacancies. In addition to high vacancy rates, the local market suffers from poor housing conditions. According to the 2000 Census, 26.9% of all units in Belle Glade were overcrowded compared to 6.5% statewide percentage, and 3% of the units lacked complete plumbing and kitchen facilities. Also with over 39% of the residents of the Glades Region living below the poverty line, there is not sufficient private economic incentive to maintain affordable housing in decent quality.

Unemployment is rampant in the Glades Region. The national unemployment rate in February 2011 was 8.8%. Palm Beach County's unemployment rate at that same time was 11.1%. The

Glades Region unemployment rate almost triples that of Palm Beach County reaching over 30%. To exacerbate the problem, one of the area's largest employers, the Glades Correctional Institute is scheduled to be closed due to State privatization and consolidation in the corrections system. The facility employs 300 people in the area.

One of the goals identified in the County's Comprehensive Plan is the revitalization of the Glades. Recent public and private investments projects include:

- CDBG infrastructure and public facility projects totaling \$9.5M over the FY 2000-2010 time period;
- City of Pahokee and City of Belle Glade Belle Glade downtown revitalization projects totaling \$7.6M in HUD Section 108 and BEDI funding;
- Glades Regional Hospital, a new state-of-the-art facility developed through public/private investment of over \$73M; and
- The establishment of the Glades Regional Utility Authority which consolidates public potable water and wastewater disposal service under one entity, replacing ineffective and inefficient municipal systems.

Establishing this new target area will assist in the continuation of countywide efforts to improve living conditions in the Glades as a whole, and to deliver decent affordable housing to the very-low and low income residents of the Glades.

b. 1) Market Conditions and Demand Factors

The number of available housing units in the Urban Redevelopment Area (URA) has increased tremendously due to the high occurrence of foreclosures, abandonment of properties, and the number of mortgage delinquencies. In February 2011 alone, there were 355 foreclosure filings in the URA, bringing the total foreclosure filings for the past year to 10,698. The high rate of foreclosures has driven up the supply of available housing. Average foreclosure sales prices are relatively low compared to sales prices in recent years, ranging from \$26,000 to \$123,415 depending on the location within the target area. Although foreclosure prices average 24% less than resales at market prices, the local housing market remains soft.

Typically, a steep decline in housing prices has the effect of driving up demand. Sales have improved over the last year, compared to previous years, up 12.7% from 2009 according to the Realtor Association of the Palm Beaches 2010 Palm Beach County Housing Market Annual Report. Currently there are 19,233 foreclosed properties listed within the URA. In 2010, 23.7% of homes sold in Palm Beach County were distressed. Based on these figures, the market absorption rate is approximately 380 sales per month. It would take approximately 4 years to deplete the existing inventory. The market absorption rate of 4 years reinforces the need for investment of public funds in the URA to stabilize the area.

ZIP CODES	ACTIVE FORECLOSURE LISTINGS ¹
33409	3150
33417	2333
33413	1634
33415	2058

¹ Active listings include all types of residential properties at various stages of foreclosure including pre-foreclosure, auction, and bank-owned

33406	3655
33461	3324
33463	3079
	19233

Source: Realtytrac

Current Market absorption rate: 4,558 sales ÷ 12 months = 380 sales/month

Months of Inventory = 19,233 current listings ÷ 380 sales/month = 50 months of inventory or 4 years

Four years of inventory is a significant change from the 13 years of inventory projected in the County's initial NSP2 application. This demonstrates that while the total number of foreclosures has grown exponentially in recent years, market correction has begun to occur. Although the number of additional foreclosure listings each month is less than the absorbed properties, foreclosures and short sales will continue to be a reality for several more years and the presence of these units impedes a full recovery of the housing market.

Typically, a six-month supply of properties represents a healthy supply of homes. Four years on the other hand, indicates that the market is still saturated and may become more so with more pending foreclosures tied up in the court system. The long absorption period is also an indication of a buyer's market. This would normally be a good opportunity to carry out the goals of NSP2 except that the situation in the target area is compounded by the fact that the local real estate market is an investor-driven one. According to the Federal Financial Institutions Examination Council (FFIEC) HMDA data, during 2009, 11,747 loans were made to purchase residential homes in Palm Beach County, 1,796 of those loans were to investors. Utilizing Florida Realtors sales report for the year ending 2009, in the West Palm Beach - Boca Raton MSA, 16,571 existing single-family and condominium units were sold. A simple calculation indicates that 4,827 sales were financed with cash. Assuming that cash purchases of residential properties were made by investors, this amount in addition to the 1,796 investor loans results in a 40% investor participation in the Palm Beach County real estate market. While investor speculation may remove properties from the market fairly quickly, investment properties have the potential to remain vacant until they are resold or leased, still not contributing to the stabilization of the neighborhood.

In the Glades Region of Palm Beach County, the number of available housing units is far less than the amount available within the URA. According to huduser.org; as of June 2010, there were 11,433 housing units in the GRTA of which 2,278 or 20% were in some stage of foreclosure or at least 90 days delinquent. According to the 2010 Census Demographic Profile, vacancy rates for the three GRTA municipalities range from 1.4% to 8.9% for homeownership units and 11.1% to 37.5% for rental vacancies. Among all housing unit types in the entire GRTA, 13.6% are vacant (1,555 units).

According to the Realtors' Association of the Palm Beaches Local Market Update for the year ending June 2011, there were only 20 homes sold within the Glades Region, equating to a market absorption rate of approximately 2 homes per month. Based on this figure, it would take 89 months or 7.4 years to deplete the existing inventory. The market absorption rate of 7.4

years reinforces the need for investment of public funds in the Glades Region to re-energize the area and put foreclosed and abandoned properties back into productive use.

Another factor that illustrates the weakness in the GRTA is the condition of housing. According to the 2005-2009 American Community Survey, approximately 69% of all housing units in the area were built prior to 1980. These units may have used lead-based paint and asbestos containing materials in their construction. The cost to remove these substances is disincentive to homebuyers purchasing in the Glades Region. Also, according to the Shimberg Center for Housing Studies, approximately 27% of all housing units in the Glades Region are overcrowded, compared to a statewide percentage of 6.5%

Countywide, while sales have increased in the past year, other factors have affected the rate of absorption of the available properties. These factors include population changes, the job market, housing needs, and the supply of housing. Between 2000 and 2010, the population in Palm Beach County grew by 16.7%. As of the 2010 Census, the population count in the County is 1,320,134. The population is projected to increase to 1,415,721 by 2020. This represents a 7.2% growth rate over the next 10 years, a significant decrease in rate of growth. Concomitant with the slow population growth is projected job growth. According to the Florida Agency for Workforce Innovation, for February 2011 unemployment in the County was at 11.1%, higher than the national unemployment rate of 8.8%. The same agency projects job growth of 6.33% over the next three years (2010-2013), a 2.11 % annual growth rate.

	2009 ²	2015 projections ³	% change
Palm Beach County population	1,279,950	1,343,297 ⁴	4.9
Number of households	526,728	534,385	1.5
Average household size	2.43	2.51	3.3
Number of housing units/supply	642,074	672,414	4.7
DEMAND	642,351	672,182	4.6
Shortage/Surplus	(277)	232	

Housing demand does not take population in group quarters and vacancy rate into consideration

Slow population growth, slow job growth, and an unemployment rate higher than the national unemployment rate does not lend favorably to increasing housing demand and comparative market absorption. Based on projections for 2015, the demand for housing in Palm Beach County may increase by 4.6%. This amount may be overestimated because housing supply does not take into account any new housing construction that has or will be permitted during the period. The demand estimate also does not factor in the high vacancy rate in the County. The increased demand is equivalent to 29,831 units needed by 2015 based on projected population growth.

Based on the countywide projections for population change, households in the target geography are projected to increase from 134,181 in 2010 to 136,194 in 2015. Assuming household changes is directly connected to housing demand then 2000 housing units will need to be available to meet the needs of the target geography population. Due to the current market conditions, this

² 2009 American Community Survey (ACS)

³ 2015 Projections are from the Palm Beach County Business Development Board with the exception of the projected population

⁴ Florida Legislature Office of Economic And Demographic Research

demand can be addressed by the current housing stock due to the high vacancy rate. With the current market absorption rates and the anticipated increase in the number of foreclosures and short sales coming on the market, without NSP2 funding the URA and GRTA, demand over the next few years will not generate recovery from the housing market bust.

2) Critical factors causing abandonment and foreclosure

One of the factors causing the incidence of abandonment and foreclosure in the county was the over-building of housing units which was fueled by the demand for housing during the boom. Unlike the current market where increased demand is a result of lower home prices, during the peak of the market, demand was due to anticipated gains and also by easy access to credit and the accompanying liberal rates and terms. Over the past few years, with the collapse of the financial markets and with the ballooning of loans, housing costs for many homeowners has as much as doubled resulting in the loss of homes. Over-building is evident in the rising vacancy rates in the area in both the rental and ownership markets and also the housing supply.

For Palm Beach County, vacancy rates for all housing types increased by nearly 50% between 2000 and 2008 from 82,253 housing units to 142,584 housing units. Currently, the countywide vacancy rate is 18%. Having this amount of oversupply on the market will keep home prices depressed and slow any recovery. In the target area, there are 6,765 vacant housing units based on the FFIEC 2010 Census Report. This represents 11.1% of the 60,742 housing units in the URA. Palm Beach County's housing supply increased 17.1% from 2000 to 2008, while the number of households increased only 7.8%. Population increased by 37,058 households during that time, while 94,872 housing units were added, resulting in an oversupply of 57,814 housing units for the 8-year period. In other words, from 2000 through 2008, 2.6 new housing units were constructed for every new household. Market conditions encouraged some of the over-building due to the high sales rate and developers seeking to profit from increased property values. County policies also encouraged some of this over-building because of an effort to combat urban sprawl, as developers were given incentives to build housing in urban areas in exchange for higher densities. Also, development was encouraged in the suburbs of the county in an effort to expand utility service area boundaries. In the NSP2 target area specifically, higher density developments were encouraged because of the benefits that are usually associated with such an approach.

The NSP2 target geography falls within the West Palm Beach MSA which was 57% over-valued in 2006. In Palm Beach County, home price correction has already begun, however additional declines are expected. The average value of a home in the target area is \$98,007 which is 23% less than a year ago. The effect of the price correction on the market has been the loss of equity – nearly 50% of homeowners are underwater. Further effects include the inability of homeowners to relocate due to the loss in their property values, and an increase in the number of available housing units on the market.

The County's high unemployment rate has also had a tremendous effect on the number of foreclosures on the market because families are incapable of covering their expenses for an extended period of time. According to the Florida Agency for Workforce Innovation, for February 2011, unemployment in the County for non-agricultural jobs was at 11%, higher than the national unemployment rate. However, in the Glades Region where many jobs are tied to the agricultural industry, unemployment tops 30%.

The effect of the over-building of units, the overvaluation of property and high unemployment rate in conjunction with investors and subprime mortgages has led to too many houses being on the market a great number of which have been abandoned and foreclosed.

3) Income characteristics of the NSP2 target areas

Based on 2010 Census data, there are 134,181 persons residing in the URA comprising 53,819 households. The 2010 estimated median family income in the target area is \$48,557⁵ compared to the County's median income of \$67,600. The median household income is \$33,404. More than 14% of the households in the URA live below the poverty line and 80% of the population have incomes at or below 120% AMI. Based on statistics available at Trulia.com, approximately 52% of the target area's population have incomes below 50% AMI and 25% have incomes between 50% and 80% AMI.

In the GRTA, there are 34,759 persons comprising 10,032 households. The 2010 estimated median family income for the area is \$29,593¹ compared to the County's median income of \$67,600. More than 39% of families in the GRTA live below the poverty line, and all Census Tracts meet low- and moderate-income criteria (at least 51% with income >80% AMI).

The Housing Element of the Palm Beach County Comprehensive Plan defines an affordable home as one where a household pays 30% or less of its annual income for gross housing costs. Renter-occupied housing costs include rent plus utilities costs, while owner-occupied housing costs include mortgage loan principal, interest, taxes, and insurance.

For the URA, the average income household in the target area can afford to spend \$835 per month on housing (based on 30% cost-burden). The population earning less than 50% of AMI would be able to afford \$418 per month. According to Trulia.com, the average home sales price for the URA is \$64,142. 74% of the homes in the target area were built prior to 1980 and a great majority are in need of rehabilitation. The purchase price including the cost of rehabilitating an existing property is approximately \$94,142 assuming \$30,000 in rehabilitation expenses. Assuming a 2% down payment, 6% interest rate, and a 30 year term, the average mortgage payment, including taxes and insurance would be approximately \$733 without subsidy.

For the GRTA, the average family can afford to spend \$740 per month on housing (based on 30% cost burden). The population earning less than 50% AMI would only be able to afford a home that costs \$418 per month. According to Trulia.com, the average median sales price in the GRTA \$44,102. 69% of the homes in the area were built prior to 1980, and a great majority are in need of rehabilitation. The median purchase price including the cost of rehabilitating an existing property is approximately \$74,102, assuming \$30,000 in rehabilitation expenses. Assuming a 2% down payment, 6% interest rate, and a 30 year term, the average mortgage payment , including taxes and insurance) would be approximately \$590 per month, without subsidy.

In regards to the rental market, the FY 2011 fair market rent for a two bedroom unit in Palm Beach County is \$1,306. Not even households making 80% of median income can afford a rental unit at this rate without deep subsidy. Due to the gap in affordability and the financial situation of many of the families in the target area, homeownership is not a practical option for such

⁵ 2010 Federal Financial Institutions Examination Council Census Report

households. For this reasonable, the availability of affordable rental housing is also a crucial need in the target area.

4) Other Factors Contributing to Market Conditions

Other than the traditional factors that typically lead to foreclosure and neighborhood instability such as job loss and other financial setbacks, poor lending practices, falling home prices, and bad decisions by purchasers and investors, the NSP2 target geography also faces a relatively high crime rate, lack of infrastructure such as street lighting and drainage, and lack of public amenities, such as parks. Some of these elements have led residents to move out of the areas thereby increasing property abandonment and foreclosures. Over the years, funding from several sources such as CDBG, DRI, and County general funds have been directed to the URA and the GRTA to address these issues and numerous projects have been completed successfully. The County is committed to revitalizing the areas, and continues to invest its resources. NSP2 funds will assist in making the target areas healthy communities by returning abandoned and foreclosed properties to productive use; by preserving opportunities for lower income people to remain in the area; and by increasing property investment by owners. In doing so, NSP2 will aid in combating social issues in the community such as crime and the concentration of poverty.

5) Strategy to Stabilize the Neighborhoods

To summarize the market conditions in the URA and GRTA, there are a combined 21,511 units in some stage of foreclosure, a combined 8,320 vacant housing units (11.5%), and long absorption periods of over four and seven years respectively. Yet, due to investor activity demand is increasing and market correction is continuing. These ingredients constitute a market with moderate demand and a high supply of eligible properties.

The local housing market is a buyer’s market and qualified buyers in this area have the potential to purchase homes at reasonable prices and interest rates, choose from a large supply of housing units, and negotiate for a reduced purchase price. Unfortunately, first-time homebuyers and/ or low- and moderate income households have a difficult time qualifying a traditional home loan. In order to provide homeownership opportunities and the benefits thereof for potential homebuyers, and also to provide rental housing for those not ready for homeownership, Palm Beach County is proposing to engage in three of the five NSP2 eligible activities. The table below summarizes each activity, provides a description of the County’s programs, and explains why an amendment is needed to the original application.

Eligible Activity	Program Description from Original Application	Justification for Program Changes	New Program Description
Eligible Use A Financing Mechanisms for purchase and redevelopment	Second mortgage program providing subsidies to eligible homebuyers. Requires first mortgage financing from non-NSP sources.	Several obstacles encountered during implementation such as: borrower’s inability to meet lenders’ required minimum credit scores; lack of sufficient funds for required down payment; and financiers’ refusal to permit escrow of rehabilitation funds.	Addition of a first mortgage program. The County will offer first mortgages that are less restrictive than the private sector and provide second mortgages if subsidies are still necessary to make homeownership affordable.

Eligible Use B Purchase and rehabilitate for sale or rental	Grants to eligible participants including non-profits, public agencies, and municipalities to acquire/rehabilitate foreclosed residential properties for resale or least to eligible households.	Expand the NSP2 target area to include the Glades Region Target Area due to the inability to locate eligible, large multifamily properties in the URA that will enable the quick expenditure of funds.	No change
Eligible Use E Redevelopment of housing	Loans to developers to construct affordable rental housing on vacant or demolished properties.	No change	No change

Rating Factor 2: Demonstrated Capacity of the Applicant and Relevant Organizational Staff

a. Past Experience of the applicant

As part of the original NSP2 application, Palm Beach County Department of Housing and Community Development (HCD) discussed its extensive experience with administering and implementing community and housing development programs to assist low- and moderate income persons. Specifically information on funding received from HUD and the State of Florida and outcomes of each program were provided.

HCD either directly implements the programs/activities or utilizes the expertise of non-profit agencies, developers, municipalities, or public agencies to implement activities while providing comprehensive oversight of administration of the grant funds.

When directly implementing programs, HCD utilizes the experience of its staff in each of its sections – Planning Section, Fiscal Section, Mortgage and Housing Assistance (MHA) Section (formerly known as Commission on Affordable Housing), and the Capital Real Estate and Inspection Services (CREIS) Section (formerly known as the Housing and Capital Improvement Section). This year, two additional arms were formed under HCD Administration. These are the Contract Development and Quality Control responsible for the development of subrecipient agreements/loan agreements and the Compliance Section responsible for preparation of all environmental reviews.

Below is a summary of the results of the implementation of the Community Development Block Grant Program (CDBG), HOME Investment Initiatives Partnership Program (HOME), Disaster Recovery Initiative Program (DRI), SHIP, Tax Credits, Hurricane Housing Recovery Programs, and funding from the Housing Finance Authority of Palm Beach County. In addition to past experience outlined in the original application, this sub-factor has been revised to include activities being carried out under NSP1.

Specific experience implementing Financing Mechanism Activities:

HCD staff has direct experience in servicing mortgages, homebuyer qualification, income certification and underwriting to fill financing gaps, marketing of properties, and rehabilitation

specification-writing, estimation and review. These tasks have been performed under the following programs:

SHIP Program (\$15,308,881 expended)

- 439 households assisted to acquire homes under the Purchase Assistance Program which provided second mortgages or forgivable grants.

HOME Program (\$3,754,630 expended)

- 130 homebuyers were provided with second mortgages at very low interest or as grants to facilitate homeownership.

NSP1 (\$10,523,429 expended)

- 73 households were assisted to acquire homes under the 1st/2nd Mortgage Program. 21 of these homes were to very-low income households. Mortgage and Housing Assistance staff managed a waiting list of 367 applicants.

Housing Finance Authority Funded First Mortgage Program (\$2,644,725 expended)

- 18 qualified households received first mortgages at interest rates of 4% or less.

Specific experience implementing Acquisition/Rehabilitation Activities:

CDBG Housing Rehabilitation Program

- Over 272 single- and multi-family housing units have been rehabilitated since FY 2000, utilizing over \$3,000,000 CDBG.

Hurricane Housing Recovery Program (\$3,558,905 expended)

- 127 homes were rehabilitated due to extensive damage to the county's housing stock as a result of Hurricane Wilma.

Disaster Recovery Initiative Programs (DRI)

- As a result of being affected by Hurricane Wilma the County received a total of \$38,604,489 from two grants funded under the Disaster Recovery Initiative Program. Of the total amount of funds received, \$27,253,476 has been earmarked to rehabilitate and harden 806 single-family housing units and 428 multi-family housing units. A total of seventeen (17) such projects are currently underway and are at varying stages of completion.

SHIP Program (\$1,418,494 expended)

- 60 single-family homes were rehabilitated.

NSP1 (\$4,170,028 expended)

- The County partnered with eight subrecipients to acquire and rehabilitate 31 foreclosed and vacant single-family and multi-family homes for resale or rental.

Specific experience implementing Redevelopment Activities:

HCD has successful experience selecting qualified contractors/developers to develop affordable housing as well as the development of public facilities. In redevelopment activities, staff is

involved with contract development, procurement, income monitoring, construction inspections, draw reviews and approvals.

SHIP Program (\$2,660,211 expended)

- 571 rental units were constructed under the Multi-family Competitive Rental Program.

NSP1 (\$6,523,458 expended)

- A Homeless Resource Center has been purchased and is currently being redeveloped and is expected to be operational later this year.

b. Management Structure

The overall management and implementation of the activities for which funding is being requested in this application will be the responsibility of HCD. HCD currently administers the HUD funded CDBG, the HOME, and the Emergency Shelter Grant Program (ESGP). HCD also administers the federally funded DRI program whereby HUD funds are channeled through the State of Florida Department of Community Affairs to local governments. Additionally, HCD is the lead agency for implementing the Homeless Prevention and Rapid Re-housing Program (HPRP) and the CDBG-Recovery Program. The vast reservoir of knowledge on HUD funded programs will ensure that HUD's regulations governing the implementation of the NSP2 program are followed. HCD's ability to manage programs which provide housing for middle, moderate, and low-income households is also enhanced by its administration of the SHIP Program.

Since the submittal of the original NSP2 application, HCD has undergone reorganization to better address the volume of work in light of the addition of the federal stimulus programs identified above.

HCD is structured and staffed with a cadre of forty-five (45) professionals who are adept at implementing programs related to housing and the redevelopment. The Department is headed by a Director and consists of five sections: Administration, Planning, Capital Real Estate and Inspection Services, Mortgage and Housing Assistance, and Fiscal.

Administration Section: The HCD Director, the Director of Contract Development and Quality Control, and the Compliance Manager, and their staff constitute the HCD Administration. Contract Development and Quality Control consists of a Director and a Planner who prepare funding agreements with outside agencies, and who also provide oversight of overall program performance. The Compliance Section consists of a Manager and a Planner who perform environmental processing of all projects. The Department is currently creating a Director of Operations position which will be responsible for overall coordination and monitoring of project workflow, including NSP2, throughout the Department.

Planning Section: The staff complement of the Planning Section is as follows: a Planning Manager, a Principal Planner, a Senior Planner, two Planner II positions, a Planning Assistant, and a DRI Specialist. The specialized function of preparing environmental reviews, previously performed by the Planning Section, is now the responsibility of the Regulatory Specialist under the Compliance Section. The Planning Section remains responsible for all other previously-identified functions, including preparation of the Five Year Consolidated Plan, Annual Action

Plan and amendments thereto; program planning and general administration for NSP, CDBG, CDBG-R, ESG, HPRP, DRI, and HOME; research and issuance of regulatory determinations; solicitation and evaluation of requests for funding through NOFAs and RFPs; preparation, implementation, and monitoring of CDBG public service and ESG agreements; and program performance reporting in CAPER, IDIS, and DRGR.

Capital, Real Estate, and Inspection Services Section: The staff complement of the CREIS Section is as follows: Manager, three Community Development Coordinators, three Compliance Inspectors, and a Secretary. The section oversees the implementation of CDBG and DRI funded capital improvements and housing activities; undertakes projects involving acquisition of property and relocation; oversees the implementation of the Residential Redevelopment Program funded under NSP1 and will oversee the acquisition/rehabilitation and redevelopment activities under the NSP2 program.

Mortgage and Housing Assistance: The staff complement of the Mortgage and Housing Assistance Section is as follows: a Manager with over 20 years management experience in the financial services industry, specifically as a bank officer performing asset management, loan origination, underwriting and appraising duties; one Principal Planner who has over 15 years experience in implementing and managing various state and federal programs including new construction, rehabilitation, homebuyer housing programs; one Senior Planner; one Senior Planner, four Planner I, one HOME Program Specialist two Customer Service Representatives, and two Secretaries. The section is responsible for implementing the SHIP and HOME Programs which: provide direct homebuyer subsidies, operate a competitive loan/grant program for developers of multifamily rental housing, fund a mortgage assistance program, and assist homeowner payment of water/sewer connection fees. The section also implements the First Mortgage Loan Program funded under NSP1.

Fiscal Section: This section is responsible for the financial management and recordkeeping of all grant programs currently being administered by HCD. These programs include: CDBG, HOME, ESGP, SHIP, DRI, and NSP1. The section is staffed by 7 members with over forty-five collective years experience in governmental accounting. Staff includes: a Fiscal Manager with twenty (20) years accounting experience working with Federal, State and local grants including CDBG, ESG, HOME, and SHIP, and with expertise in grant budgeting, auditing, transaction processing, reporting, reconciliation and auditing; a Fiscal Analyst II with over twenty-five (25) years of experience with Palm Beach County working with the HUD programs and expertise in federal regulations, grant accounting and management, reporting and budgeting; a Fiscal Analyst I whose expertise in grant management contract management, and automated financial systems; a Fiscal Specialist III, three Fiscal Specialist IIs, a Fiscal Specialist I, and a Temporary Professional. The section will be directly responsible for the financial administration of the all programs proposed under NSP2.

Overall Management of Program

The implementation of the Residential Redevelopment Grant Program and the Neighborhood Rental Redevelopment Loan Program is being revised to reflect the changes in HCD's organization structure and is not due to changes to the programs themselves. On the other hand the implementation of the Second Mortgage Loan Program is being amended due to the addition of a First Mortgage Program. The addition of the provision of first mortgages requires the inclusion of a pre-approval process and a post-closing phase.

Organizational Structure for Implementation of the First Mortgage Program

This activity will be administered directly by HCD with the Department's MHA Section having direct responsibility for its management and implementation. Implementation and management of the program will be as follows:

- *Intake (pre-qualification) Phase:* Under the supervision of the MHA Manager and Principal Planner, MHA staff will review applications from prospective homebuyers to determine their eligibility to participate in the program. Major criteria which will be reviewed are: verification of household income, creditworthiness, assets, housing and overall debt ratios.
- *Income Certification (Pre-approval) Phase:* Once the applicant has met the minimum standard for approval they will be provided a "conditional loan commitment letter" which details the terms and conditions under which they qualify for funding. The approval letter has an expiration date of 60 days in which they will have to enter into a legally binding purchase contract with an additional 45-60 days to close the loan. The letter will include attachments of Palm Beach County's list of approved appraisers (all of whom have agreed, in writing to adhere to the NSP program regulations and State licensure standards). Eligible applicants will be referred to the various Palm Beach County Realtors Associations who will provide listings of eligible/foreclosed properties in the appropriate locations.
- *Selection of Property:* Property selected will be reviewed by Principal Planner to ensure that it meets discount requirements, is foreclosed/vacant, and located within the URA.
- *Upon selection of Property:* The CREIS Section Compliance Inspectors will perform pre-purchase inspections for the purpose of identifying Housing Quality Standards (HQS) deficiencies, local code violations and whether the home is suitable for immediate occupancy. Once an inspection has been completed and determined suitable, an appraisal is ordered by MHA staff from the approved list. A copy of the inspection report will accompany the appraisal. The 1% discount is based upon the current appraised value. A maximum repair amount of \$50,000 has been established and is included in the maximum loan amount based upon their housing and total debt ratios. A Post-purchase inspection is required when rehabilitation is compulsory to bring the home into compliance with Housing Quality Standards (HQS), State and local building code requirements. Title Policies (owner/lender), surveys, flood certification, environmental reviews (ER) will be ordered during this phase.
- *Environmental Review (ER)* on each property will be conducted by HCD's Compliance Section staff supervised by the Regulatory Specialist.
- *Loan Closing:* Once all regulatory and compliance procedures have been met and the property has been identified and inspected for habitability, the County will schedule a loan closing to be conducted by the County Attorney's Office. The file will go through an established internal review process to ensure all legal and contractual obligations for encumbering and disbursing of funds have been met. Provisions regarding affordability and tenure will be filed as a lien on the title.
- *Reporting on DRGR:* Both the MHA Manager and Principal Planner have been registered and trained as users of the DRGR. Both persons will be responsible for updating this system with client and activity data (financial updating will be done by the Fiscal Section).
- *Denials of NSP Assistance:* Whenever NSP2 assistance is denied due to applicant or property ineligibility, a letter will be provided to the denied applicant containing an explanation of the reason for the denial of assistance. The letter will also advise that the applicant may seek review with the Director of the Department of Housing and Community Development.
- *Post-closing Phase:* As the first lender, Palm Beach County will report accurately the monthly

payment to the established credit bureaus (Trans Union, Equifax and Experian). Palm Beach County may elect to be a portfolio lender, sell the loans and/or servicing to a secondary lender (Fannie Mae or Freddie Mac) or a combination of both during the life of the NSP2 loans.

Organizational Structure for Implementation of the Residential Redevelopment Grant Program (RRGP)

To date, Planning Section has issued two RFPs inviting non-profits, public agencies and municipalities to apply for funding. As a result of the first RFP process, three non-profit agencies were selected to implement this activity. The total NSP2 allocation to the three subrecipients amounted to \$12,724,825 leaving \$7,405,175 of the original amount set-aside for this activity unallocated. The remaining \$7,405,175 was allocated via a second RFP to a local public housing authority. Primary responsibility for implementation of these projects resides within the CREIS Section, in collaboration from HCD's other sections in terms of preparation of agreements, environmental reviews, and reporting functions.

CREIS Section

- Review and approve the sub-recipients' procurements for goods and services
- Review and approve acquisition-related documents
- Review and approve sub-recipients' rehabilitation projects
- Review and process sub-recipients' payment and reimbursement requests for submission to the Fiscal Section
- Ensure that income eligibility and affordability requirements are met
- Monitor sub-recipients' projects for compliance with the terms of the agreement and NSP-2 program requirements, affordability and other applicable regulations

Compliance Section

- Prepare an environmental review for each eligible property as required by 24 CFR Part 58.

Contract Development and Quality Control Section

- Prepare agreements, amendments and BCC agenda items and related program documents
- Periodic monitoring for timely compliance of contractual performance benchmarks
- Provide feedback on successful program implementation and address any necessary deficiencies, if required
- Design corrective actions, if required

Planning Section

- Prepare required amendments to the RRGP and ensure that the required citizen participation process is followed
- Set up the RRGP projects in HUD's Disaster Recovery Grant Reporting (DRGR) system, and make revisions, as needed, resulting from amendments to the NSP2 application or RRGP agreements
- Answer queries regarding program requirements and implementation
- Prepare and submit reports in FederalReporting.gov and DRGR system
- Prepare the Consolidated Annual Performance and Evaluation Report and other reports as required

Fiscal Section

- Provide all financial data required to prepare and submit reports to FederalReporting.gov and DRGR
- Provide financial data for other reports, as required
- Process payment and reimbursement requests
- Receive, monitor, and record program income

Organizational Structure for Implementation of the Neighborhood Rental Redevelopment Loan Program (NRRLP)

The NRRLP activity has also been publicized via a RFP and agreements have been executed with three entities selected to redevelop multifamily rental housing within the NSP2 target area. Implementation of this activity is the responsibility of the CREIS Section with support from the other HCD Sections.

Capital, Real Estate and Inspection Services (CREIS) Section

- Oversight of property acquisition to ensure Uniform Relocation Act and NSP2 purchase discount requirements are met.
- Directly monitor NRRLP agreements to ensure contractual and NSP2 programmatic compliance.
- Review/approval of vendor and contractor procurements, as applicable.
- Construction oversight.
- Verify tenants' income eligibility monitor projects for compliance with NSP2 and income targeting requirements.

Compliance Section

- Prepare an environmental review for each property activity site as required by 24 CFR Part 58.

Contract Management and Quality Control Section

- Responsible for preparation of all subrecipient agreements and the required agenda items.
- Periodically review subrecipient performance to ensure contractual compliance and rate of implementation.
- Prepare amendments to agreements, as required.

Planning Section

- Responsible for preparation of all required amendments to the RRGP and ensure that the required citizen participation process is followed.
- Liaise directly with the HUD Miami office as well as frequent review the NSP website to answer queries regarding program requirements and implementation.
- Prepare and submit reports in FederalReporting.gov and Disaster Recovery Grant Reporting system (DRGR).

Fiscal Section

- Provide all financial data required to prepare and submit reports to FederalReporting.gov and DRGR. Provide financial data for other reports required by the Federal government and Palm Beach County.
- Oversee the disbursement of funds to each developer and reconcile the funding balance.

- Track and record program income.

Rating Factor 3: Soundness of Approach

a. Proposed Activities

1) Description of the overall Neighborhood Stabilization Program

Palm Beach County proposed to fund three NSP2 activities and program administration in its application. This proposed amendment revises the scope of one of the activities and expands the NSP2 target geography. Specifically, the financing mechanism activity is being amended to include the provision of first mortgages. Expansion of the target area will allow subrecipients of the RRGP and the First/Second Mortgage programs additional opportunities to locate eligible properties.

Implementation of the activities will assist in the stabilization of the target areas because the activities allow for the removal of foreclosed/abandoned and vacant housing units from the market. The presence of these units has negatively affected the value of properties in the area, has contributed to the incidence of criminal activity, and has also impacted economic investment in the area.

The coordinated components related to the redevelopment of the target geography are the same as the original NSP2 application. As described, the County has been dedicated to the improving conditions in the URA and the Glades Region with the goal of spurring economic growth and reinvestment in the area.

2) a) Uses of funds and firm commitments

#	Activity Name	NSP2 Funding	Responsible Entity
1	First & Second Mortgage Loan Program	\$9,150,000	Palm Beach County HCD
2	Residential Redevelopment Grant Program	\$20,130,000	Palm Beach County HCD and subrecipients: Community Land Trust of PBC, Neighborhood Renaissance, Inc., and the Westgate/Belvedere Homes CRA, Palm Beach County Housing Authority
3	Neighborhood Rental Redevelopment Loan Program	\$16,470,000	Palm Beach County HCD and developers: Westgate Plaza Apartments, Ltd., Colonial Lakes Apartments Ltd., and the Community Land Trust of PBC, Inc.
4	Program Administration	\$4,250,000	Palm Beach County HCD

Activity Narrative

The following is a detailed description of the County’s NSP2 activities:

Activity 1 – First and Second Mortgage Loan Program

This activity will provide first and/or second mortgage assistance to income eligible homebuyers. NSP2 funds will be used to subsidize acquisition of foreclosed upon single family housing units located within the URA for owner-occupancy. The activity will exclusively assist households whose income are not greater than 120% AMI, and at least 25% of activity funds will be used to assist households whose incomes do not exceed 50% AMI. This program would be implemented by HCD's Mortgage and Housing Assistance Section (MHA).

HCD will provide first mortgages to prospective purchasers at an interest rate not to exceed 4% for a term of 30 years. Upon approval for a mortgage, each home buyer will be required to attend HUD certified housing counseling.

When second mortgages are provided, the actual amount of the second mortgage will vary on a case-to-case by the amount of funding needed to effectuate the affordable purchase of the particular housing unit under consideration. For assisted households in the 51 - 120% AMI income group, if repayment is triggered, the entire amount of the NSP2 second mortgage shall become due and payable. For assisted households in the 0 - 50% AMI income group, if repayment is triggered, an amount of the NSP2 second mortgage directly proportionate to the unsatisfied time remaining in the period of affordability shall become due and payable.

Housing unit types eligible for acquisition through the activity will include all for-sale housing types (single-family detached, townhome, condominium) with the exception of mobile homes and cooperative housing. The purchase price of assisted units will vary depending on the borrowing capacity of the individual homebuyer, but in no instances shall the purchase price exceed \$280,000, or violate the affordability standards detailed in this application.

In accordance with HERA Section 2301(d)(1), NSP2 funded acquisitions shall be at a discount from the current market appraised value of the property, taking into account its current condition. The discount shall be at a minimum of one percent (1%) from the appraised value. Current market appraised value will be established by a County-approved appraisal made in conformity with the URA at 49 CFR 24.103 and completed within sixty (60) days prior to a purchase offer. The County maintains a list of vendors approved to provide appraisal services.

Costs eligible for activity funding include acquisition purchase price, rehabilitation costs, and related closing costs (financing fees, appraisal, survey, title, etc).

Palm Beach County requests \$9,150,000 of NSP2 funding to undertake this activity. With this level of funding, it is anticipated that approximately sixty-one (61) households will be assisted, including eleven (11) in the 0 - 50% income group and fifty (50) in the 51 - 120% income group.

All housing units acquired under this program will be required to be located in the previously described target areas.

Activity 2 - Residential Redevelopment Grant Program

The description of this activity changes from the original application in terms of anticipated outcomes now that subrecipients have been identified. With \$20,130,000 of funding, it is anticipated that 151 households will be assisted, including 76 households in the 0 - 50% income

group and 75 households in the 51 – 80% income group. Also, the establishment of the Glades Region Target Area will expand the activity location potential.

Activity 3 – Neighborhood Rental Redevelopment Loan Program

The only change to the description of this activity from the original application is the anticipated outcomes now that developers have been identified. With the level of funding, it is anticipated that approximately 227 households will be assisted, including 125 in the 0 – 50% income group and 159 in the 51 – 120% income group. The establishment of the Glades Region Target Area will not impact the location of this activity.

Activities	Original Application		Amended Application	
Financing Mechanism	2 nd Mortgage Pr		1 st & 2 nd Mortgage Pr	
	0-50% AMI	27 HH	0-50% AMI	11 HH
	51-120% AMI	116 HH	51-120% AMI	50 HH
	143 HH		61 HH	
Acquisition/ Rehabilitation (RRGP)	Original Application		Amended Application	
	0-50% AMI	50 HH	0-50% AMI	76 HH
	51-80% AMI	51 HH	51-80% AMI	75 HH
	101 HH		151 HH	
Redevelopment (NRRLP)	Original Application		Amended Application	
	0-50% AMI	90 HH	0-50% AMI	125 HH
	51-120% AMI	74 HH	51-120% AMI	102 HH
	164 HH		227 HH	
	408 HH		439 HH	

Activity 4 – General Administration and Planning Costs

No change

Firmly Committed Funds

All of HCD’s partners have demonstrated their commitment to making their project and the NSP2 program successful by committing funds from various non-NSP sources. Between the five entities selected via the RFP process for the RRGp and NRRLP activities, \$17,653,864 has been firmly committed. An additional \$200,000 grant has also been committed by Palm Beach County to the Community Land Trust of PBC for Phase I of their Davis Landings project. Also, \$850,000 was secured by the Westgate CRA from the Florida Community Loan Fund for the development of 13 housing units for low income residents.

Use	Source	Amount
Costs associated with	Community Land Trust of PBC	\$11,000

acquisition/rehabilitation of foreclosed SF housing units	Neighborhood Renaissance, Inc.	\$542,000
	Westgate/Belvedere Homes CRA	\$25,000
Construction costs for development of affordable rental housing	Westgate Plaza Apartments	\$ 7,060,000
	Colonial Lakes Apartments	\$10,015,864
Installation of sewer lines and lift station at Davis Landings	Palm Beach County	\$200,000
Construction of 13 infill housing units in the Westgate CRA district	Neighborhood Renaissance/Westgate CRA	\$850,000

Demolition and preservation

Palm Beach County is not undertaking demolition with NSP2 funds.

b) Project Completion Schedule

Palm Beach County has until February 11, 2012 to expend 50% of its NSP2 allocation and until February 11, 2013 to expend the total allocation.

First and Second Mortgage Loan Program

Since the inception of the Second Mortgage Loan Program, the MHA Section has accepted approximately 100 applications for assistance to acquire residential properties. To date, these applicants have been unable to secure a first mortgage financing from a lending institution for reasons discussed previously.

Upon approval of this amendment to include the provision of first mortgages, the current applicants in the pipeline will be notified of the program change. HCD will offer first mortgages to eligible households in the pipeline and if funds remain uncommitted, the First and Second Mortgage Loan Program will be advertised to the general public.

Task	Timeframe
Develop client application	COMPLETED
Publish notice of program opening	COMPLETED (Second Mortgage Program only)
Client Intake	COMPLETED (Second Mortgage Program only)
Notify current pipeline of clients of First Mortgage Availability	August 2011
Client income certification and underwriting	August 2011 - November 2011
Property selections	September 2011 - December 2011
Environmental reviews	September 2011 - December 2011
Loan closings	November 2011 - January 2012
Post-closing phase	January 2012 - February 2012
Monitoring of owner occupancy requirements	Annually

Residential Redevelopment Grant Program

Task	Timeframe
Draft Program RFP and evaluation criteria	COMPLETED

Publish RFP	COMPLETED
Evaluate proposals	COMPLETED
BCC approval of funding recommendations	COMPLETED
Prepare environmental reviews	COMPLETED
Execute subrecipient agreements	COMPLETED
Identify properties to be acquired	June 2011 - Aug 2011
Loan closings/property acquisition	August 2011 - December 2011
Marketing	July 2011 - August 2012
Income qualification of homebuyers and renters	July 2011 - November 2012
Resales/lease-up	November 2011 - November 2012
Monitoring	Annually

Neighborhood Redevelopment Grant Program

Task	Timeframe
Draft program RFP and evaluation criteria	COMPLETED
Publish RFP	COMPLETED
Evaluate proposals	COMPLETED
BCC approval of funding recommendations	COMPLETED
Prepare environmental reviews	COMPLETED
Execute developer agreements	COMPLETED
Pre-construction and property acquisitions	June 2011 - September 2011
Commence construction	October 2011 - December 2011
Complete construction	August - October 2012
Marketing	June 2012 - December 2012
Income qualification of renters	Beginning October 2012
Lease-up	October 2012 - December 2012
Monitoring	Annually

c) Income targeting for 120 percent and 50 percent of median

NSP2 funds will benefit persons whose incomes do not exceed 120% AMI. No less than \$12,250,000 (25%) of total requested NSP2 funding will be used to acquire, with or without rehabilitation, abandoned or foreclosed residential properties for housing for persons whose incomes do not exceed 50% AMI.

The income targeting requirements of each activity is as follows:

Activity 1—First and Second Mortgage Loan Program: Of the \$9,150,000 budgeted for this activity, it is anticipated that no less than 25% (\$2,287,500) will be used to provide first and/or second mortgages to homebuyers with incomes no greater than 50% AMI for the purpose of subsidizing the acquisition, with or without rehabilitation, of an abandoned or foreclosed-upon home for owner-occupancy. The balance of activity funding (\$6,862,500) will assist households with incomes no greater than 120% AMI.

Activity 2—Residential Redevelopment Grant Program: Of the \$20,130,000 proposed for this activity, it is anticipated that no less than 50% (\$10,065,000) will be used to provide affordable rental and/or ownership housing opportunities to households with incomes no greater than 50% AMI via grants to subrecipients which will undertake the acquisition, with or without rehabilitation, of abandoned or foreclosed upon single- and multi-family residential properties. The balance of activity funding (\$10,065,000) will assist households with incomes no greater than 80% AMI.

Activity 3—Neighborhood Rental Redevelopment Loan Program: Of the \$16,470,000 requested for this activity, it is anticipated that no less than 55% (\$9,058,500) will be used to provide affordable rental housing opportunities to households with incomes no greater than 50% AMI via loans to developers which will undertake the redevelopment of demolished or vacant properties. The balance of activity funding (\$7,411,500) will assist households with incomes no greater than 120% AMI through the same activities.

d) Continued affordability

Continued affordability will be the same as proposed in the NSP2 application.

e) Consultant, outreach, communications

There is no change to this section as a result of the amendment.

f) Performance and monitoring

HCD is responsible for the monitoring and implementation of Palm Beach County's NSP2 Program. As described in the original application, the procedures to guide the implementation and monitoring of the program are reflected in Policies and Procedures Memorandums (PPMs). The PPMs address the specific responsibilities of the HCD Section responsible for implementation of the NSP2 activities as well as the support roles of the other sections.

The monitoring plan described in the application has not significantly changed. As explained before, some HCD sections have been renamed but the responsibilities of each section in regards to monitoring and implementation of the activities remains the same. Existing NSP2 PPMs are being refined, with input from HUD technical advisors, to address the specific monitoring requirements of each NSP2 activity.

The Internal Audit Requirements described in the application remain unchanged.

Rating Factor 4: Leveraging other funds, or removal of substantial negative effects

(a) Leverage

As detailed under Factor 3 - firmly committed funds, Palm Beach County has secured \$18,703,864 to be used as a match for the NSP2 funding. Letters of commitment previously provided for the identified matching funds remain in effect.

$$\text{Leverage} = \frac{\text{firmly committed resources}}{\text{NSP2 funds}} = \frac{\$18,703,864}{\$50,000,000} = 37.4\%$$

(b) Rubric for addressing vacant properties

The County anticipates that it will acquire 135 vacant properties as follows:

Activity 1 – 61 properties; Activity 2 – 71 properties (151 units); and Activity 3 – 3 properties.

Using the formula provided by HUD:

$$\begin{aligned} & (1.5 \times [\text{Sum total of vacant properties proposed to be addressed through acquisition/rehab}] \\ & + [\text{Sum total of vacant properties to be addressed via demolition}]) \\ & \div \text{by Sum total of all vacant residential properties in the target area} \end{aligned}$$

There are 6,765 vacant housing units in the target geography based on the FFIEC 2010 Census Report, therefore the calculation is:

$$1.5(135) / 6,765 = 2.99\%$$

Rating Factor 5: Energy efficiency improvement and sustainable development factors

No changes are being made to this factor.

Rating Factor 6: Neighborhood transformation and economic opportunity

No changes are being made to this factor.

Citizen Participation Requirements

Notice of the revised amendment request was published in the Palm Beach Post on May 6, 2011, 2011 and was also posted on HCD's website. The posting provides for a 10-day comment period which ends on May 16, 2011. Proof of publication of the notice as well as a summary of all comments received will be provided to HUD under separate cover.