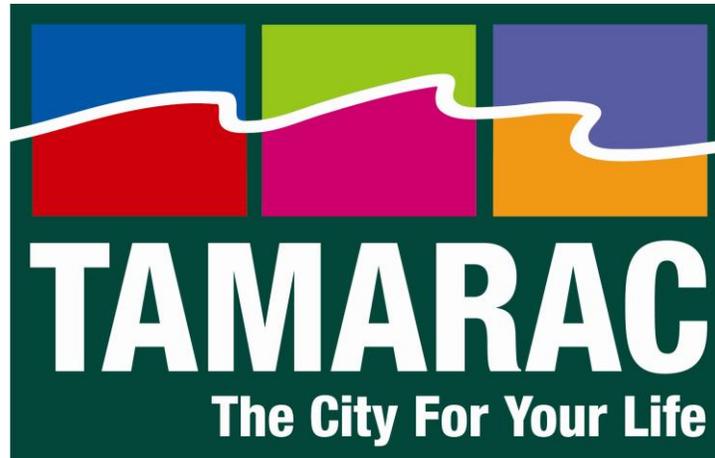


# CITY OF TAMARAC



**FY 2008-2009 Neighborhood Stabilization Program (NSP)  
Substantial Action Plan Amendment**

**through the**

**U.S. Department of Housing and Urban Development (HUD)  
under the Community Development Block Grant (CDBG)  
Program**

**Prepared by:  
City of Tamarac  
Community Development department  
Housing Division  
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**December 2008**

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## NEIGHBORHOOD STABILIZATION PROGRAM (NSP) SUBSTANTIAL AMENDMENT

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This section will address the specific requirements set forth in:

Federal Register Part III – Department of Housing and Urban Development Notice of Allocations, Application Procedures, Regulatory Waivers Granted to and Alternative Requirements for Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes Grantees under the Housing and Economic Recovery Act, 2008; Notice

And

Public law 110-289 – July 30, 2008 Title III-Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes Section 2301

Additionally, any other requirements and regulations handed down by the Department of Housing and Urban Development (HUD) will also be adhered to.

The City of Tamarac was allocated \$4,772,218.00 from the Neighborhood Stabilization Program funded in September 2008. Below describes the City's plan to utilize these funds and addresses the substantial action plan amendment requirements of Section 2301 ( c ) ( 2 ) of Housing Economic Recovery Act, 2008 (HERA).

## A. AREAS OF GREATEST NEED

***Provide summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction.***

Tamarac has approximately 1,400 properties in some state of foreclosure for any given month, consisting of 200-350 bank owned properties. Several factors were used when determining the areas of greatest need within the City's jurisdictional boundaries.

Two sources of data were used to determine areas of greatest need within the City.

HUD Data reported an estimated foreclosure risk score by census tract as well as an 18 month predicted underlying problem of foreclose rate. With this information, the City determined that most of the areas with a Estimated Foreclosure Abandonment Risk score of 10 or Predicted 18 Month Underlying Problem Foreclosure rate of 10% or higher where the same areas identified by the second data source so as to confirm the areas of greatest need.

These census tracts are as follows:

- \* 502.02
- \* 503.05
- \* 204.06
- \* 204.10
- \* 601.05
- \* 601.06
- \* 601.07
- \* 601.12

The second source of data was Foreclosure Logic, a website that provides foreclosure data by area. With the data from this website, our GIS division was able to extract two important factors:

- % of bank owned foreclosed properties within each residential sub-division.
- % of total foreclosures (properties at any stage of foreclosure) within each residential sub-division.

To identify areas of greatest need, a threshold of 15% combined foreclosure rate within any given sub-division was set. This figure represents the percentage of foreclosures at any stage, and bank owned foreclosures that have reached 15% of the total units within the sub-division.

The census tracts for these sub-divisions are as follows:

- \* 502.02
- \* 503.05
- \* 204.06
- \* 204.10
- \* 601.06
- \* 601.11
- \* 601.12

Aside from obvious key factors relating to the sub-prime mortgage crisis (interest only loans, balloon loans, adjustable rate loans (ARM), and other predatory loans) Tamarac sees other patterns affecting current foreclosure numbers.

One clear factor was that several of the sub-divisions within Tamarac that have higher rates of foreclosure than others are also the same ones that were severely affected during the 2005 hurricane season. These sub-divisions had homes damaged worse than those in other areas of the City. Additionally they may have endured increases in association fees, assessment fees and insurance hikes.

Sub-divisions identified that exceed a 15% threshold of foreclosures are as follows:

Jasmine at Tamarac	57%
Cypress Walk	51%
Westwood Condominium	42%
Southgate Condominium	30%
Arbor Keys	28%
Heathgate	28%
Riverside	24%
PRD Subdivision	21%
Lakeside	19%
Shaker Village	17%
Catalina Isles	16%
Caporella Townhomes	16%

The census tracts identified as areas of greatest need are as follows and will be areas to which the activities are allowed:

- \* 502.02
- \* 503.05
- \* 204.06
- \* 204.10
- \* 601.05
- \* 601.06
- \* 601.07
- \* 601.11
- \* 601.12

## **B. DISTRIBUTION AND USES OF FUNDS**

***Provide a narrative describing how the distribution and uses of the grantee's NSP funds will meet the requirements of Section 2301 (c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures.***

Distribution of funds to the identified areas of greatest need will be accomplished by providing down payment/subsidy and rehabilitation assistance to those purchasing in areas of greatest need as listed above in Section A.

The data collected by both HUD and Foreclosure Logic addresses the three stipulated categories as well as other factors indicated above.

The City anticipates assisting approximately 60 households in the purchase and rehabilitation of foreclosed properties.

## **C. DEFINITIONS AND DESCRIPTIONS**

***Definition of "blighted structure" in context of state or local law.***

### **1) Blighted Structure:**

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

Properties identified for demolition will meet one or more of the following criteria as a blighted structure:

1. Building Deterioration
2. Site Deterioration or site deficiencies
3. Unsanitary and unsafe conditions and incompatible uses
4. Six or more ownership parcels per block
5. Buildings greater than 40 years of age
6. Presence of closed/vacant buildings
7. Presence of vacant lots
8. Buildings in violation of property maintenance code violations
9. Presence of buildings scheduled for demolition

***Definition of "affordable rents". Note: Grantees may use the definition they have adopted for their CDBG program but should review their existing definition to ensure compliance with NSP program-specific requirements such as continued affordability.***

**2) Affordable Rents:**

Those requiring not more than 30 percent of an income cutoff defined in relation to Low-Moderate Area Median Income (AMI).

Tamarac is not implementing any rental activity with NSP funds.

***Describe how the grantee will ensure continued affordability for NSP assisted housing.***

**3) Continued Affordability**

Each activity will have a deferred loan component as follows to encourage residents to stay in their homes for an extensive affordability time period:

Financial Mechanism

Down Payment/Subsidy Assistance

30 Years Total

Years 1 – 5

Not Prorated

10% Shared Equity

Years 6 – 10

Not Prorated

5% Shared Equity

Years 11- 30

Prorated down 5% each year

Rehabilitation after Down Payment/Subsidy Assistance

15 Years Maximum

<\$15,000

5 Year Deferred Loan

Year 1 – 5

Prorated 20% per year

\$15,000 - \$40,000

10 Year Deferred Loan

Years 1 – 5

Not Prorated

Years 6 – 10

Prorated 20% per year

>\$40,000

15 Year Deferred Loan

Years 1 – 5

Not Prorated

Years 6 – 15

Prorated 10% per year

**Describe housing rehabilitation standards that will apply to NSP assisted activities.**

**4) Housing Rehabilitation Standards**

All housing rehabilitation work will follow Broward County Housing Standards, and Florida Building Code as well as City Code.

**D. LOW INCOME TARGETING**

**Identify 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: \$1,193,054.50**

Specific appropriations to households whose income does not exceed 50% AMI will be implemented in two tiers:

1) Down Payment/Subsidy Assistance

A household whose income is below 50% AMI will be eligible to receive up to 70% of the purchase price in assistance funds.

That amount is estimated based on the average cost of a Tamarac property of \$164,000 to be approximately \$114,000 in down payment/subsidy.

2) Rehabilitation Assistance

A household whose income is below 50% AMI will be eligible to receive up to \$60,000 towards the rehabilitation of a foreclosed upon property purchased through the down payment/subsidy assistance activity.

This tier will be added to tier #1 on properties that require rehabilitation, some properties will not require rehabilitation work.

The Area Median Income chart for Broward County is as follows:

**Florida**

**2008 Miami-Fort Lauderdale-Miami Beach MSA**

Fort Lauderdale HMFA

Family	1	2	3	4	5	6	7	8
50%	24,900	28,500	32,050	35,600	38,450	41,300	44,150	47,000
80%	39,850	45,550	51,250	56,950	61,500	66,050	70,600	75,150
<b>Median:</b>	<b>64,000</b>							
120%	59,760	68,400	76,920	85,440	92,280	99,120	105,960	112,800

## E. ACQUISITION & RELOCATION

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

The city will not be undertaking any acquisition and relocation activities.

## F. PUBLIC COMMENT

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

Advertisement for 15-day review period on Action Plan 1 <sup>st</sup> Amendment – proposed NSP activities	November 9, 2008
Beginning of 15-day public review period	November 11, 2008
End of 15-day public review period <b>No comments received during public review period.</b>	November 25, 2008
Public Hearing with City Commission for approval of NSP activities <b>No comments received during November 26<sup>th</sup> public hearing.</b>	November 26, 2008
<b>Beginning of 2<sup>nd</sup> 15 day public review period</b>	<b>December 10 , 2008</b>
<b>End of 2<sup>nd</sup> 15 day review period</b>	<b>December 24, 2008</b>
<b>No comments were received during 2<sup>nd</sup> public review period.</b>	

## NSP INFORMATION BY ACTIVITY

All activities will begin once notice to proceed has been received from the Department of Housing and Urban Development (HUD). Per HUD, at the Washington Summit, HUD expects to respond to all applicants by February 2009. The activities will begin at that point with an 18 month time frame for commitment of funds.

1) **Activity Name:**      **Financing Mechanism-Down Payment/Subsidy Assistance**

**Activity Type:**      NSP Eligible Use      CDBG Eligible Activity  
Financing Mechanism      24 CFR 570.201(a)  
Direct Homeownership  
Assistance

**National Objective:**      Benefit to low-moderate income persons-housing activity.

**Project Start Date:**      February 1, 2009

**Project End Date:**      July 31, 2010

Encumbrances and approval of eligible households to be made within the eighteen month timeframe.

**Responsible Organization:**      The City's Housing Division will administer this activity in-house.

**Location Description:**      Eligible applicants will be required to purchase foreclosed properties within the specified areas of greatest need listed in below. (scattered site locations).

**Census Tracts:**

- \*      502.02
- \*      503.05
- \*      204.06
- \*      204.10
- \*      601.05
- \*      601.06
- \*      601.07
- \*      601.12

**Activity Description:**      This activity is to assist first time homebuyers with the purchase of a foreclosed property. The financial assistance will be in the form of down payment assistance and subsidy assistance to bridge the gap between the first mortgage ability and purchase price. The front end mortgage ratio should not exceed 32% of a household's income.

Total assistance amount is as follows:

50% AMI and below	Up to 70% Purchase Price	<b>8 Units</b>
51% - 80% AMI	Up to 40% Purchase Price	<b>13 Units</b>
81% - 102% AMI	Up to 10% Purchase Price	<b>39 Units</b>

Deferred Loan-30 Years Total

Years 1 – 5

Not Prorated

10% Shared Equity

Years 6 – 10

Not Prorated

5% Shared Equity

Years 11- 30

Prorated down 5% each year

Housing Counseling services will be contracted out to HUD approved Counseling agencies to meet the 8-hour required training for each homebuyer.

Additional real estate services may also be included in this activity to assist eligible homebuyers in locating foreclosed upon residential properties, as well as locating the seller or seller's agent.

All eligible home buying applicants will be educated on negotiations with regard to discounts. Several considerations by the applicant may help determine the amount of the discount such as length of time on the market (carrying costs), condition of the property, costs associated with rehabilitation that may be required, and other contributing factors. During the Realtor Workshop, as well as all Workshops and contact with homebuyers, staff will stress the importance of discounts and work with all parties to be sure discounts are considered to their maximum abilities. A minimum of 10% discount from the current market appraised value per property will be enforced per purchase.

A current market value appraisal will be utilized to help determine the appropriate discount for each purchase transaction. The methodology will also provide for an analysis of the estimated holding period for the property and the nature amount of the carrying costs of holding the property for this period. Such carrying costs shall include, but not be limited to: taxes, insurance, maintenance, marketing, overhead and interest. The City will document this methodology within each transaction.

The City may conduct Housing Seminars to homebuyers after the eligibility process to educate them on the program, home buying process, lending guidelines, rehabilitation options, and any other home buying related activities.

Due to the fact this program will be available to City employees, Housing staff will ensure proper procedural adherence to the Department of Housing and Urban Development's Conflict of Interest regulation 24 CFR 570.611. All employee

applications seeking assistance under the NSP program will be forwarded to the local Miami HUD Field Office requesting an "exception" on a case-by-case basis approving said employee for assistance.

2) **Activity Name:**      **Financing Mechanism-Down Payment / Subsidy / Rehabilitation Assistance**

<b><u>Activity Type:</u></b>	<u>NSP Eligible Use</u> Financing Mechanism	<u>CDBG Eligible Activity</u> 24 CFR 570.201(a) Direct Homeownership Assistance
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**National Objective:**                      Benefit to low-moderate income persons-housing activity.

**Project Start Date:**                      February 1, 2009

**Project End Date:**                        July 31, 2010

Encumbrances and approval of eligible households to be made within the eighteen month timeframe.

**Responsible Organization:**          The City's Housing Division will administer this activity in-house.

**Location Description:**                  Eligible applicants that have purchased foreclosed properties within the areas of greatest need listed below. (scattered site locations).

**Census Tracts:**

- \*      502.02
- \*      503.05
- \*      204.06
- \*      204.10
- \*      601.05
- \*      601.06
- \*      601.07
- \*      601.12

**Activity Description:**                  This activity is to assist first time homebuyers with the purchasing of a foreclosed property which also requires rehabilitation. The financial assistance will be in the form of down payment assistance and subsidy assistance to bridge the gap between the first mortgage ability and purchase price followed by additional rehabilitation funds to bring the property up to current code/building standards. This property will be brought up to current building code standards, address any code deficiencies, as well as be equipped with energy star products.

Total assistance amount is as follows:



**Census Tracts:**

- \* 502.02
- \* 503.05
- \* 204.06
- \* 204.10
- \* 601.05
- \* 601.06
- \* 601.07
- \* 601.12

**Activity Description:**

This activity will address the need to demolish an abandoned or foreclosed property that exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare. A lien will be placed on the property for the amount of demolition.

Demolition will only occur in the case of abandoned/vacant residential properties. No occupied structures will be demolished utilizing NSP funds, therefore, relocation assistance will not be necessary.

Properties identified for demolition will meet one or more of the following criteria as a blighted structure:

1. Building Deterioration
2. Site Deterioration or site deficiencies
3. Unsanitary and unsafe conditions and incompatible uses
4. Six or more ownership parcels per block
5. Buildings greater than 40 years of age
6. Presence of closed/vacant buildings
7. Presence of vacant lots
8. Buildings in violation of property maintenance code violations
9. Presence of buildings scheduled for demolition

**Approximately 5 Units**

**G. TOTAL BUDGET**

<b>ELIGIBLE ACTIVITY</b>			
<b>A. Financing Mechanisms</b>	<b>&lt; 50% AMI</b>	<b>51% AMI - 120% AMI</b>	<b>TOTAL</b>
Financial Assistance to income eligible households for down payment/subsidy assistance.	\$915,000.00	\$1,385,000.00	\$2,300,000.00
<i>Delivery of Services costs associated with activity to be factored into each household's assistance.</i>			
Financial Assistance to income eligible households for down payment/subsidy with home rehabilitation assistance.	\$300,000.00	\$1,797,218.00	\$2,097,218.00
<i>Delivery of Services costs associated with activity to be factored into each household's assistance.</i>			
<b>D. Demolition</b>			
Demolition of blighted structures.		\$75,000.00	\$75,000.00
<b>Program Administration</b>			\$300,000.00
<i>25% of Allocation to 50% or below AMI requirement = 1,193,054.50</i>			
<b>TOTAL</b>	<b>\$1,215,000.00</b>	<b>\$3,257,218.00</b>	<b>\$4,772,218.00</b>

The program administration of the Neighborhood Stabilization Program will be handled in-house by the existing staff which is comprised of a full-time Housing Administrator and full-time Housing Coordinator and two additional full-time temporary positions that will be 100% dedicated to the NSP activities. The appropriate portion of salaries of the existing positions will be drawn based on the percentage of time spent on the NSP activities.

**Program Income**

Program Income generated from the activities within thin application (Financing Mechanisms for Purchase Subsidy and Home Rehabilitation) shall be used in accordance with the provisions of Section 2301 of the Housing and Economic Recovery Act of 2008.

Program Income generated by activities carried out pursuant to Section 2301(c) (3)(B) and (E).

- a) Program Income received before July 30, 2013, may be retained by the state or unit of general local government if it is treated as additional CDBG funds and used in accordance with the requirements of Section 2301.
- b) Program Income received on or after July 30, 2013 – Returned to the Treasury.

Any program income received by a state, unit of general local government, or sub recipient on or after July 30, 2013, that is generated by activities carried out pursuant to Section 2301 ©(3)(B) and (E) and that is in excess of the cost to acquire and redevelop or rehabilitate an abandoned or foreclosed-upon home or residential property may be retained if HUD approves a request to use the funds for other NSP purposes.

**PERFORMANCE MEASURES**

<b>Activity</b>	<b>Financing Mechanism-Down Payment/Subsidy Assistance</b>		
	50% AMI and below	Up to 70% Purchase Price	8 Units
	51% - 80% AMI	Up to 40% Purchase Price	13 Units
	81% - 102% AMI	Up to 10% Purchase Price	39 Units

<b>Activity</b>	<b>Financing Mechanism-Down Payment / Subsidy / Rehabilitation Assistance</b>	
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Total Number of units all income categories	35 Units
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<b>Activity</b>	<b>Demolition</b>	
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Total Number of properties	5 Properties
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**REPORTING**

NSP activities will be reported utilizing the DRGR system as required by the Department of Housing and Urban Development (HUD). Quarterly reports documenting number of units, households by income, expenditures, and other NSP/DRGR related information will be completed by the Housing Division.