

CITY OF port ST. LUCIE
NEIGHBORHOOD STABILIZATION PROGRAM NO 2
(NSP-2)
APPLICATION/CHECKLIST

Jurisdiction: City of Port St. Lucie
Web address: www.cityofpsl.com

NSP Contact Person: Tricia Swift-Pollard
Address: Community Services Department
City of Port St. Lucie
121 SW Port St. Lucie Blvd.,
Port St. Lucie, FL 34984
Telephone: 772-872-5284
Fax: 772-344-4340
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PLEASE NOTE: HUD IS STILL IN THE PROCESS OF PROVIDING UPDATED GUIDANCE REGARDING THE APPLICATION PROCESS. PORT ST. LUCIE IS FINALIZING PROCEDURES AND DATA FOR CERTAIN PORTIONS OF THIS APPLICATION.

THIS APPLICATION WILL BE UPDATED FROM TIME TO TIME AS THESE ITEMS ARE AVAILABLE.

THE PUBLIC COMMENT PERIOD FOR THIS APPLICATION WILL END JULY 14, 2009. PLEASE SEND ALL PUBLIC COMMENTS IN WRITING WITH CONTACT INFORMATION SO THAT QUESTIONS AND CONCERNS CAN BE ADDRESSED. SEND TO: TRICIA POLLARD, COMMUNITY SERVICES DEPARTMENT, CITY OF PORT ST. LUCIE AT THE ADDRESS BELOW.

A PUBLIC MEETING WILL BE HELD ON THE APPLICATION AS FOLLOWS:

JULY 13, 2009
AT 7:00 P.M.
COUNCIL CHAMBERS
CITY OF PORT ST. LUCIE
121 SW PORT ST LUCIE BOULEVARD
PORT ST. LUCIE, FL. 34984

The location of the public meeting is accessible to people with disabilities. Anyone requiring special accommodation should contact the City of Port St. Lucie's City Clerk's office 772-871-5157, TDD 772-873-6340.

Application Forms: (Not subject to page limitations.)

- SF-424, Application for Federal Assistance
- SF-424 Supplement, Survey on Ensuring Equal Opportunities for Applicant
- NSP2 Non-profit Organization Qualification – Narrative – **Not Applicable**
- Consortium Agreement, if applicable - **Not Applicable**

Program Summary/Application Overview

The Neighborhood Stabilization Program (NSP) was authorized initially by the US Housing and Economic Recovery Act of 2008 (HERA) (P.L. 110-289). NSP funds were to be used to acquire, rehabilitate, demolish, and redevelop foreclosed and abandoned residential properties in order to help stabilize neighborhoods. In 2009, Congress appropriated additional neighborhood stabilization funds provided under the American Reinvestment and Recovery Act of 2009 (ARRA), which are the subject of this application.

Port St. Lucie proposes to use its NSP funds to carryout the following eligible use activities permitted under the NSP2:

TABLE 1 NEIGHBORHOOD STABILIZATION PROGRAM-2 Eligible Use Activities and Estimated Budget		
Eligible Use	Activity	Estimated Budget
A. Establish financing mechanisms to assist clients to purchase: (1) 40 foreclosed homes from City after repair; and (2) 50 foreclosed homes from seller/lender. Units: 90	24 CFR 570.206 Set up and provide financing mechanism program of soft-second loans for direct client financial assistance for purchase of foreclosed homes from the City or from seller/lender.	\$ 3,000,000
B. Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties. Units: Purchase..... 100 City Purchase.....(50) Direct client purchase	24 CFR 570.201 (a)Acquisition (b)Disposition (n) Direct homeownership assistance as modified below:	\$ 4,250,000 \$ 200,000 \$ 2,700,000

TABLE 1
NEIGHBORHOOD STABILIZATION PROGRAM-2
Eligible Use Activities and Estimated Budget

Eligible Use	Activity	Estimated Budget
w/City subsidy.....(50)	570.202 eligible rehabilitation and preservation activities for homes and other residential properties	Subtotal: \$7,150,000
Rehab..... 90		
Disposition..... 100		
D. Demolish Blighted Structures Units: 10	24 CFR 570.201(d) Clearance for blighted structures only.	\$ 120,000
Program Administration		\$ 1,027,000
Total		\$11,297,000
Note: Responsible Entity for all activities is City of Port St. Lucie		

Location Description: The City will carry out all activities, including purchase, repair/rehabilitation and financing of multiple properties on the same street or in the same neighborhood, whenever possible, in an attempt to create a stabilizing effect. Clients receiving direct purchase assistance will also be required to purchase in the targeted areas. The core of the City where the population is most dense and where the data indicate the greatest need will be targeted for assistance. Those census tracts are as follows:

Targeted Census Tracts	
15.03	20.01
16.03	20.02
18.01	20.05
18.02	21.04
20.03	21.05

Responsible Organization: The following entity will be responsible for all activities associated with NSP-2 funding:

City of Port St. Lucie
121 SW Port St. Lucie Blvd.
Port St. Lucie, FL 34983
Attn: Tricia Swift-Pollard, Director
Community Services
772-871-5284
Fax: 772-344-4340
Email: TriciaP@cityofpsl.com

Expenditure of Funds: The City will expend all of the funds within 36 months. Activities will continue as long as funds are available with continued acquisition/rehabilitation and resale utilizing program income.

Homeownership/rental: All activities will result in homeownership, no rental is contemplated.

Narrative Statements Addressing the following Factors: (Limited to 40 pages)

1. Rating Factor 1 – Need/Extent of Problem and Market Conditions (40 points)

a. Target geography. (10 points; also a threshold factor)

Identify specific geography for NSP program: The City of Port St. Lucie proposes to carry out its NSP-2 program in the Census Tracts listed and mapped in the Appendices attached. (Neighborhood stabilization index scores are included) **ATTACH MAPS AND LIST OF CENSUS TRACTS WITH INDEX SCORES.**

Nature and Extent of Need for Neighborhood Stabilization in Target Geography: Incorporated in 1961, the City of Port St. Lucie is a 114 square mile community located in southern St. Lucie County, Florida. General Development Corporation developed the original city area of 80 square miles as a retirement community with 80,000 individual platted residential lots. No consideration was given to industrial or commercial land use for job creation and economic stability; little consideration was given to infrastructure. When the City took over the water/sewer/gas utility system in October 1994, very few homes in the City had access to water/sewer. The City laid water/sewer lines throughout all populated areas within the City and was then petitioned by land holders outside of the City to have their lands annexed. An additional 34 miles of commercial/industrial land to the north and west of the original city were annexed during the last 8 years.

Port St. Lucie had the distinction of being the fastest growing city in the Nation in 2005. Over the past two years, however, it has been listed by Realtytrac.com in the top 10 of Cities with the highest foreclosure rates in the nation. It appears that two factors were great contributors to the City's decline as a whole. First, the tremendous population growth drove speculative homebuilders to create an oversupply of homes. Second, these homes were then sold with the help of increased access to non-conventional (i.e. subprime) home loans to families that ultimately were not prepared for homeownership, especially with adjustable rate loans and escalating loan payments. In the past homeowners could sell their properties if they found themselves "upside down" with their payments. But as property values dropped many homeowners were denied the ability to sell or even to refinance. The result is a city-wide surplus of vacant and foreclosed homes.

As indicated above, the City has been impacted as a whole; foreclosures are located everywhere. Our plan of attack, however, is to target 10 census tracts located in the core of city. We will stabilize on a street by street basis, locating additional foreclosed properties on the same street where possible so that we can purchase, rehabilitate and improve the entire

block. We have already begun this strategy with our NSP-1 program and have been able to move forward with purchasing property, demolishing some homes and preparing others for rehabilitation.

Housing Market, Credit and Employment Needs Analysis: All three factors of housing market decline, which are unemployment, negative equity and tight credit standards, began with the oversupply of housing and increased housing prices and have contributed to the continued foreclosure crisis throughout the City of Port St. Lucie. Unemployment first started in the construction industry. According to the City Building Department, building permits for single family homes declined from 3,623 in 2006 down to 465 in 2008. With no work, home builders began to lay off workers; home improvement and home repair contractors lost jobs. The City not only lost direct construction jobs but we also lost all of the related service industry positions. Unemployment jumped from 3.4% in 2006 to 11.6% as of April 2009 (unemployment numbers from the Bureau of Labor Statistics, U.S. Department of Labor). As people lost jobs, they defaulted on mortgage and rent payment, lenders reacted with tighter credit. According to the St. Lucie County Lending Consortium, lenders are looking for much better credit scores and are imposing more stringent loan requirements as a result of the foreclosure crisis. Many households who were dependent upon refinancing to save their homes have found that they can no longer qualify. They are “upside” down as home values continue their downward plunge. With the negative equity, tight credit and job loss the problems have quickly developed into a crisis.

According to recent reports (Miami Herald, “Center for Foreclosure Suffering” February 10, 2009) St. Lucie County had over 5,000 properties in the foreclosure process in 2007 and 10,764 properties in the foreclosure process in 2008. With Port St. Lucie’s population at 165,000, the City has been the growth engine for defaults in the county over the past five years and is now considered the foreclosure center for the county. Our May 2009 foreclosures are up 13.4 percent from May 2008 according to Realtytrac.com.

HUD provided detailed default and foreclosure data for the NSP1 application and updated that information for NSP2. This information shows the vast scope of the foreclosure crisis as it exists in Port St. Lucie.¹

Included in the data provided by HUD are the following statistics:

- Rate of housing price decline from peak value to December 2008 value was 33.3% (at the time of NSP1 HUD data, the devaluation was listed at 26%).
- Average percent of high cost and low leverage loans made in targeted census tracts from 2004 to 2007 is 15.1%.
- Estimated number of mortgages starting foreclosure process or seriously delinquent in the past 2 years is 13,302.
- Estimated foreclosure and abandonment risk score as calculated by HUD is 20 in every census tract targeted, and in every census tract in the City.

¹ U.S. Department of Housing and Urban Development, “Neighborhood Stabilization Program Data”, available on line at <http://www.huduser.org/publications/commdev/nsp.html>.

Additional local data gathered from RealtyTrac and local realtors confirms the pervasiveness of the foreclosure problem, as on a single day in May 2009 there were 2,290 homes in the foreclosure process. While these are remarkably large figures in their own right, they are even more striking in a city the size of Port St. Lucie. This means, of course, that the fallout resulting from the foreclosure crisis is not confined to a few neighborhoods.

As stated previously, the City is unique in that it was originally platted with 80,000 individual quarter-acre residential lots. As a result, the foreclosure crisis for this City is not confined to a particular area but is widespread throughout our original core City boundaries. Our intent is to focus on a large piece of this core area and purchase, where possible, all foreclosed properties on the same block. In order to expend the funding in a timely manner and to best serve the City as a whole, we are confining our targeted areas to those census tracts with the highest foreclosure and vacancy rates, highest percent of high-cost and low-leverage loans, and those census tracts that qualify, as low/moderate/middle income. Port St. Lucie has analyzed HUD data and local data as listed above and utilizing that data we targeted the Census Tracts as listed and mapped in Appendices attached.

b. Market conditions and demand factors (30 points)

(1) Projection of absorption of abandoned and foreclosed properties during next three years: According to the President of the St. Lucie County Realtors Association, the absorption rate for St. Lucie County has decreased from 41 months during 2008 to 20 months in early 2009. Recent data indicates the absorption rate may have dropped even further to a 9 month inventory, with home sales up 14.66% in 2009 compared to 2008. Using that data alone, we might anticipate that the market could correct itself in the next 36 months without using NSP funding. We should not surmise, however, that the absorption rate will continue to fall, as we still have incredibly high “pre-foreclosure” numbers, both in the HUD provided data and on sites such as RealtyTrac. The percentage of late mortgage payments and lis pendens notices continues to rise and maintains a level in the thousands. In addition the foreclosures in St. Lucie County have been slowed through a Court Ordered mediation process and it is expected that many of those delayed foreclosures will hit the market soon. No one knows what impact the mediation will have in the long run; the outlook is mixed at best.

If the City is approved for NSP2 funding, it is estimated that the foreclosure inventory of Bank Owned (REO) properties listed for sale on the MLS would be reduced by 55.5%, which is calculated as follows:

<p>There are approximately 431 bank-owned REOs presently for sale. We are targeting 60.7% of the Census Tract areas in the city which equals 261 bank-owned REOs using the HUD rubric in Appendix 3: 90 homes x 1.5 + 10 homes to be demolished = 145 divided by 261 is 55.5%.</p>

The thousands of homes listed as pre-foreclosures by RealtyTrac and listed in the HUD data as “at risk” have not, of course, progressed completely through the foreclosure process and are, therefore, not available for purchase through NSP at this time. With an increasing unemployment rate, however, it is likely that additional homes will be added to that list in the near future. According to the Federal Bureau of Labor Statistics the unemployment rate was 7.5% in 2008; it was 11.6% as of April 2009.

According to David Denslow, a University of Florida economist, this recession is not only going to be bad for us in Florida, it is going to be worse here than in the nation as a whole. The primary reason: Florida’s residential construction boom grew at twice its normal rate and “we got overbuilt.” The backlog of unsold homes nationwide coupled with the credit crisis makes it almost impossible for Florida to lure people from other states when those individuals can’t sell their homes, he said. State economists have predicted that the recession will linger throughout 2009, and gradually return to very slow growth in employment and population in the second quarter of 2010. Meanwhile we have hundreds of foreclosed properties being purchased at much less than appraised value by speculators, repaired with band aids and rented out. It is imperative for the health of the City to have these homes repaired correctly and occupied by homeowners.

(2) Critical factors causing abandonment and foreclosure: As discussed above, over-building was definitely a result of the construction boom in Port St. Lucie. As more and more people moved here, over-valuation of housing also became a factor. There was plenty of competition for housing, and competition brings higher prices. Port St. Lucie was no longer the affordable housing mecca; homes were overvalued and people were still buying. But the housing bubble burst, and unemployment caused a reversal in the trends, especially in the area of construction.

Port St. Lucie’s foreclosure crisis is well chronicled in the St. Petersburg Times article “No more relying on waves of newcomers as tax revenue plummets with economy” by Mary Ellen Klas and Steve Bousquet, Sunday, December 7, 2008.

“Nowhere are the ups and downs in Florida’s economic roller coaster more apparent than in Port St. Lucie, a city of 166,000...In January 2002, while most of Florida was still reeling from the recession brought on by the September 11 attacks, Port St. Lucie was bustling. Jobs increased 4 percent. Wages were up 11 percent. Home construction soared. The New York Times called it the “fastest-growing economy in the fastest-growing state. Fueled by low home prices that lured people up the coast from heavily congested high-cost South Florida, the city’s population had soared by 133 percent by 2007. Fast-forward to 2008: New construction is down 70 percent, unemployment is at 10 percent and one in every 113 homes is in foreclosure.”

Port St. Lucie had the distinction of being the fastest growing City in the Nation in 2005. Over the past two years, according to RealtyTrac.com, Port St. Lucie has been listed in the top 10 Cities with the highest foreclosure rates in the nation. The tremendous population growth drove speculative homebuilders to create an oversupply of homes that

were sold, with the help of increased access to non-conventional (i.e. subprime) home loans to families who are now unable to refinance these bad loans due to negative equity.

Additionally, employment in Port St. Lucie was fueled, in large part, through the construction industry and as those companies failed or moved, jobs were lost in construction and service related industries.

Unemployment Percentage Port St. Lucie (U.S. Department of Labor, Bureau of Labor Statistics)			
Year	Percentage	Year	Percentage
2004	5.1%	2005	3.7%
2006	3.4%	2007	4.6%
2008	7.5%	2009 (4/09)	11.6%

Finally, over-valuation of housing cannot be discounted as a huge factor in this crisis. According to the most recent HUD data Port St. Lucie home prices have plummeted by 33% from peak value to December 2008. According to Trulia Real Estate Search data for Port St. Lucie, home values have continued to fall 28% in the first few months of 2009.

In summary, it would appear that all three factors of unemployment, over-building and over valuation carry similar or equivalent weight in this crisis.

(3) Household Income characteristics in target geography: According to the Shimberg Center (www.flhousingdata.shimberg.ufl.edu) households citywide were divided by income level in 2005 as follows:

Household Income	Household	
	Count	%
120.01+% AMI	20,391	41.91
30.01 – 50% AMI	4,177	8.59
50.01 – 80% AMI	9,780	20.10
80.01 – 120% AMI	12,386	25.46
<=30% AMI	1,916	3.94

Over 41% of all households in Port St. Lucie had incomes at 120% or above.

Housing Cost Burden by Income: Households at 120% of median income and above experience the least amount of housing burden, as shown in the following chart:

HOUSING COST BURDEN 2005			
Household Income	Housing Cost Burden	Household Count	
		Owners	Renters
<=30% AMI	50.01+	1,407	606
	30.01 – 50%	193	0
	<=30%	488	222

30.01 – 50% AMI	50.01+	1,309	639
	30.01 – 50%	800	483
	<=30%	887	59
50.01 – 80% AMI	50.01+	768	102
	30.01 – 50%	2,940	1,196
	<=30%	3,923	851
80.01 – 120%	50.01+	160	80
	30.01 – 50%	1,777	191
	<=30%	8,111	2,067
120%+	50.01+	95	0
	30.01 – 50%	855	32
	<30%	17,094	2,315
TOTAL		40,807	8,843

As shown above, a higher number of households with incomes in the 50% AMI or less category experience housing cost burden of 50.01+. As income increases, housing burden decreases. Housing in the targeted area of the City is no different. Lower income residents are not concentrated in one particular area. The City, however, has chosen to target census tracts within the core of the City for the NSP program. All but one of the block groups located within those census tracts have low/mod percentages of 50% or above and qualify for NSP as low/mod/middle census tracts.

(4) Social, governmental, educational and economic factors contributing to local market conditions and neighborhood decline or instability: The most relevant factors contributing to local market conditions have been enumerated above: original development of the city with 80,000 individual platted quarter acre lots, no planning for infrastructure or commerce, rapid growth, overbuilding, over valuation, and subprime lending - high cost/low leverage mortgage loans. As the recession took hold construction faltered and stopped; unemployment, negative equity, inability to refinance and foreclosure were widespread.

There is not one census tract or neighborhood that has been affected more than others; there are no industries or large employment centers that pull employees from one section or require center educational certifications. Many of the city's residents travel to neighboring counties for their work, and they live in all areas of Port St. Lucie. The city's social, governmental, educational and economic factors act as one in the target area and citywide.

(5) NSP Activities most likely to stabilize target geography and why: The City of Port St. Lucie has a very large number of properties in the foreclosure process (2,290 as of May 2009). As stated in (b)1 above, the absorption rate for St. Lucie County is decreasing. But the percentage of late mortgage payments and lis pendens notices continues to rise. Valuations have declined by an estimated 61% since the peak of the housing market. (HUD NSP2 data 33% decline from peak to December 2008, plus "Trulia" Real Estate Search estimate of 28% decline this year, equals 61% decline). We need to keep the inventory moving by purchasing foreclosed real estate that is not

attractive to normal home buyers and by providing home purchase assistance so that households can afford to purchase now, while home prices and interest rates are low. We need to market foreclosed homes to primary occupants, solving some of the maintenance problems associated with absentee landlords. The City also needs to repair homes, bringing them up to code instead of providing band aids that only offer short-term fixes.

Therefore, the activity categories identified as the most relevant for our targeted areas and for the City as a whole combine the following:

- Establishing Financing Mechanisms to provide home purchase assistance for 90 eligible homebuyers, as follows:
- Providing home purchase assistance and repair assistance to 50 homebuyers to purchase and repair bank-owned REO's. (City will work with realtors to ensure that contract is contingent on paying at least 1% below appraised value)
- Purchasing additional 50 foreclosed properties directly from seller/lender, repairing 40 and reselling to eligible homebuyers, and
- Demolishing 10 blighted homes.

Note: Of the 50 acquired by the City, it is estimated that 10 foreclosed homes will be demolished and provided to a nonprofit, after an RFP process, for construction of single family homes and resale to low/moderate income homebuyers; low income homebuyers will be targeted. 40 homes will remain for resale to qualified home buyers.

A minimum of 25% of the funding expended for these projects will assist qualified clients at or below 50% of median income.

2. Factor 2 – Demonstrated Capacity of the Applicant and Relevant Organizational Staff (40 points)

a. Past Experience of the applicant. (30 points)

The City of Port St. Lucie has been eligible for Florida's State Housing Initiatives Partnership (SHIP) funding since 1992-1993 and works with home purchase assistance and repair/rehab programs on a regular basis. We also received over \$7 million for disaster assistance for similar activities following the 2004 hurricanes that hit in our area. Our legal department has purchased scattered property for major roadway development within the City; houses were demolished to make way for the improvements. The following table documents the City's experience managing neighborhood stabilization activities similar to activities eligible under NSP2 and discusses the tasks undertaken, actual results achieved, and the specific skills and resources which were applied to each task:

Tasks Undertaken	Results Achieved May 2007 through May 2009 (Units)	Program and Skills
1. Acquisition and disposition of real estate	(1) 11 foreclosed properties acquired (2) 26 properties acquired under home purchase assistance program (3) 90 properties acquired by City legal department for roadway development Total: 127	Program: (1) NSP-1 properties acquired by legal department (2) State Home Purchase Program (3) Roadway expansion programs – properties acquired from willing sellers by legal department. Skills and Resources: City Community Services staff identified properties, obtained leads through local real estate brokers or contracts from clients. We performed inspections (building department and/or contract inspector), completed environmental reviews and lead based paint tests, as required. Ordered appraisals, negotiated purchases, prepared and reviewed closing documents, prepared work write-ups according to rehab standards, prepared RFPs for contractors or ordered demolition, all as required. Legal staff rented back some properties acquired for roadway development or ensured property was maintained before demolition.
2. Rehabilitation of housing (includes hazard mitigation, disaster recovery and handicapped accessibility)	122 properties	Program: Provided repair/rehab and related activities under State and Federal funding. Skills and Resources: City staff processed applications in compliance with beneficiary eligibility requirements, targeting those under 80% of median income. Processed property information and prepared mortgage documents. Provided inspections and work write-ups, monitored procurement/bidding process and rehab, processed contractor payments, and monitored compliance with all aspects of program, including reporting.
3. Redevelopment of vacant property	(1) 2 Habitat properties	Program: (1) Habitat for Humanity has built homes on City owned lots through

Tasks Undertaken	Results Achieved May 2007 through May 2009 (Units)	Program and Skills
	(2) 8 Unit apartment complex	<p>the State housing assistance for scattered lots.</p> <p>(2) M.I.S.S. rental for extremely low income.</p> <p>Skills and Resources: (1) City staff prequalified Habitat's clients and prepared documents for conveyance of the lot with restrictions, subrecipient agreements, etc.</p> <p>(2) Staff prepared long-term restrictions for affordability, construction management, worked with local bank on disbursement of funds to purchase and construct (based on draws), monitored selection of tenants in compliance with State guidelines.</p>
<p>4. Program marketing and management of waiting lists for potential residents</p>	<p>100 home purchases selected from waiting list;</p> <p>170 repair/rehab currently on waiting list</p>	<p>Program: We market all of our housing programs, when funding is available, through advertising and maintaining information on our web site. We talk to realtor groups and attend lending consortium meetings every two months; we market our home purchase assistance program through those groups. We have maintained waiting lists for both home purchase and repair/rehab clients for the last two years due to reductions in funding and increased need in those areas. Our home purchase waiting list has had as many as 100 households listed; we have over 170 households on our repair/rehab list at this time.</p> <p>Skills and Resources: Community Services staff provides information to realtors and lenders who market the home purchase program, as needed. Staff keeps brochures and web site up-to-date and maintains waiting lists in compliance with program guidelines.</p>
<p>5. Financing</p>	<p>148</p>	<p>Program: Provided purchase and/or</p>

Tasks Undertaken	Results Achieved May 2007 through May 2009 (Units)	Program and Skills
Mechanisms for Homebuyer Assistance and Repair/rehab programs		repair/rehab assistance to qualified homebuyers under State funding programs. Skills and Resources: Staff prepared mortgage documents (deferred loans) for low to middle income homeowners to purchase and/or repair homes, targeting those under 80% of median income. Monitored compliance with beneficiary and property eligibility. Worked with lenders on prequalification of home buyers, coordinated homebuyer counseling, prepared documents and coordinated closings with lenders and title companies. Provided inspections and work write-ups, monitored bidding process and rehab, processed contractor payments, and monitored compliance with all aspects of program, including reporting.

b. Management structure (10 points)

The City of Port St. Lucie’s Community Services Department team will be charged with the overall administration of the Neighborhood Stabilization Program and has years of experience and an excellent track record working within deadlines and implementing new programs. The seven staff members of the Department represent over 56 years of experience working with CDBG and housing programs.

- The Director of the program has worked as the Director of the City’s Community Services Department administering housing and CDBG programs for 16 years.
- The Assistant Director has worked for the City’s Community Services Department administering housing and CDBG programs for almost 10 years. Her prior experience has been as a lender, working with FHA and affordable housing programs, bond programs, etc.; she has also worked in title insurance companies.
- Our three Community Services Coordinators have been employed by the City’s Community Services Department working with housing and/or CDBG for 8 years, 7 years, and 3 years. We may be hiring another Coordinator for help on this program. Also, Hurricane Program funds are ending in June 2009 the Coordinator

- Our Housing Specialist has been employed by the City’s Community Services Department working with housing and/or CDBG for 3 years.
- The Administrative Assistant has been employed by the City’s Community Services Department, working on housing and CDBG programs for 10 years.

An organizational chart appears on Exhibit 1.

The Community Services Department has administered millions of dollars in grant funding over the past 16 years and has never failed an audit or missed a deadline. Last year our housing program received one of the highest marks given by the auditor for our state housing and hurricane recovery programs.

In 2005 the Community Services Department received 10 times the City’s normal allocation in state housing funding (\$7 million) and 5 times the normal allocation in CDBG Disaster funding (\$3 million) as a result of the 2004/2005 hurricanes. Port St. Lucie expended all funding within the deadlines and in accordance with all audit requirements, in addition to working with FEMA and the Army Corps of Engineers on the Disaster Recovery Center and Blue Roof programs in the aftermath of the storms.

In addition to general program administration by the Community Services Department, the City Manager has assigned staff from other Departments to help with tasks appropriate to their level of expertise.

- An Assistant City Attorney has been assigned to negotiate each property purchase. The Legal Department has purchased over 100 properties in the last two years.
- Two building inspectors and a supervisor with oversight by the Building official are assisting in identifying properties, inspecting and preparing work write ups for each property.
- The Office of Management and Budget has assigned three purchasing professionals to help with the bid and contract requirements.
- Our Finance, Budget and Purchasing Departments will be responsible for oversight of the finance, budget and purchasing activities of the NSP program. Each Department has received state awards in its area of expertise.

Specific responsibilities for the implementation of NSP are as follows:

Responsibility	Staff Member
Overall responsibility for Program	Community Services Director
HUD Compliance Management and	Community Services Assistant Director

Operations Supervisor	
Spreadsheet/Tracking Management	Community Services Coordinator
Client eligibility/Coordination	Community Services Coordinator and Housing Specialist
Coordination with Realtors/Contractors and Purchasing/Finance/Budget/Legal	Community Services Coordinators (2)
Foreclosed Property Acquisition	Assistant City Attorney
Repair/rehab Inspection/Work write-up/Contractor Oversight	Building Official Building Inspectors (2) Building Administrative Assistance Community Services Home Inspector
Bidding/Contracts	Office of Management and Budget
Financial Oversight	Finance Department

We also have the ability to tap into our Management Information Systems (MIS) Department for all software and/or hardware needs. Our Geographical Information Systems Division is available for any mapping or geotech requirements. At this time we do not anticipate hiring any outside entities to administer the NSP program.

Meetings and/or phone consultations are normally held to coordinate this program every two weeks; staff from Community Services Department, Legal, Building and the Office of Management and Budget attend; other Departments are available as required. We have a Management Plan for NSP-1 and intend to use many of the same procedures for NSP-2. We intend to be diligent in self evaluation of program performance and endeavor to ensure program compliance in all areas.

References regarding recent work covered under NOFA:

Reference Number 1: The following is an excerpt from an email sent by the state auditor hired by Florida Housing Finance Corporation to monitor our state-funded Housing Program home purchase and repair/rehab files each year.

From: Elaine [mailto:eswfp@comcast.net]
Sent: Monday, May 05, 2008 4:26 PM
To: Tricia Swift-Pollard
Subject: RE: Port St. Lucie SHIP/HHRP Monitoring Report

Tricia –
Monitoring your programs is a pleasure. Port St. Lucie received the highest scores, to date, of anyone that we’ve monitored. As much as monitoring can be called a “pleasure,” it’s a pleasure to review your program.
-Elaine-

Ms. Wright’s contact information is as follows:

Elaine S. Wright

Monitoring Manager
Florida Planning Group, Inc.
P.O. Box 656
Ponte Vedra Beach, FL 32004-0656
904.821.8281
eswfp@comcast.net

Reference Number 2: The following contact can provide information about coordination with local lenders for the SHIP, HHR and NSP-1 home purchase program:

Mr. Michael Smith
V.P., CRA Officer
Riverside Bank
2810 U.S. Hwy 1
Ft. Pierce, FL 34982
(772) 467-2075 x 55624
(772) 579-6338 cell
(772) 462-4123 FAX
Michael.Smith@riversidenb.com

See reference letter in Appendices.

3. Factor 3: Soundness of approach (45 points)
a. Proposed Activities (15 points)

Port St. Lucie will focus its neighborhood stabilization activities on purchase, rehabilitation and resale of foreclosed homes by the City and direct home purchase assistance to clients. Selective demolition of an estimated 10 foreclosed, blighted structures may be carried out to achieve program objectives. These strategies are a continuation of NSP1, with the exception of providing direct home purchase assistance to allow clients to purchase bank owned REOs. The City estimates that short and long-term benefits will begin within the first month with individual streets stabilized with the purchase of one or two homes. However, as we have detailed throughout this application, the foreclosure “risk” estimates are extremely high for Port St. Lucie; unless the high number of defaults are mitigated, we will still be fighting an uphill battle for stabilization.

The City estimates that between the start of the program and 36 months later the following number of housing units will be made available to homebuyers with the initial appropriation of funds: (Please note the 10 units estimated to be demolished are not listed in the chart)

Activity	< 50% of median	50-80% of median	80%-120% of median
Sales to Homebuyers	25	35	30

NSP funds will be used to provide assistance to 50 eligible homebuyers to purchase foreclosed homes directly from the seller/lender. Direct homeownership assistance will be available for those homes that are slightly higher priced, require minor rehab only, and are more easily marketed through local realtors. At least 25% of the funds spent on this activity are expected to provide the required amount of assistance for households at 50% of median income and below.

The City will purchase 50 or more foreclosed homes directly from the seller/lender; approximately 10 of those homes are expected to require demolition. The City will repair the remaining homes and provide financial mechanisms (soft seconds) in order to assist approximately 40 households to purchase directly from the City. The sale of City-owned homes to lower income households will provide the required amount of assistance (25% or more) for households at 50% of median income and below. The City has already undertaken this activity under the NSP-1 program and has been purchasing homes in census tracts that are also included in the NSP-2 targeted area. We are proposing to expand those efforts with NSP-2 funding, making use of the same direct purchase strategy to ensure that we can address lower income housing with major rehab requirements. This NSP2 application adds a new strategy to provide home purchase financing mechanisms for 50 clients to purchase foreclosed homes directly from the seller/lender.

All home purchases will be financed with a first mortgage from a member of the St. Lucie County Lending Consortium who agrees to comply with the bank regulators' guidance for non-traditional mortgages. The City has been working with a similar program since 1992 and has utilized State funding for low to middle income households. Assisted homebuyers under the NSP-2 program will receive and complete at least 8 hours of homebuyer training from a HUD-approved housing counseling agency before obtaining a mortgage loan. Homes will be inspected prior to closing and must meet Port St. Lucie's Housing Rehabilitation Specifications. Repair/rehab assistance will be provided through FHA 203k financing or funds will be escrowed at closing and/or provided through a repair/rehab program immediately after purchase.

Since foreclosures in Port St. Lucie are not concentrated in any area, the effect of the program will be noted on individual streets throughout the City within the 36 months that have been allotted for expenditure of funds. The City will attempt to locate additional foreclosed homes along the same street where others have been purchased, negotiating similar purchases when possible. By working with direct purchases we can also target specific types of homes, some that are not easily marketable and/or should not be purchased by lower income residents without help from home purchase or repair/rehab assistance. As funds are returned to the program through sale of homes to low income buyers, additional homes will be purchased and additional streets stabilized.

(2) **Uses of funds and firm commitments:** The City proposes to utilize NSP2 funds for the following activities and in the following amounts:

(a) NEIGHBORHOOD STABILIZATION PROGRAM-2 Eligible Use, Activities and Estimated Budget		
NSP Eligible Use	CDBG Eligible Activity	Estimated Budget
A. Establish financing mechanisms to assist clients to purchase (1) 40 foreclosed homes from City after repair; and (2) 50 foreclosed homes from seller/lender. Units: 90	24 CFR 570.206 Set up and provide financing mechanism program of soft-second loans for direct client financial assistance for purchase of foreclosed homes from the City or from seller/lender.	\$ 3,000,000
B. Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties. Units: Purchase 100 City Purchase (50) Direct client purchase w/city subsidy (50) With Rehab 90 Disposition 100	24 CFR 570.201 (a)Acquisition (b)Disposition (n) Direct homeownership assistance as modified below: 570.202 eligible rehabilitation and preservation activities for homes and other residential properties	\$ 4,250,000 \$ 200,000 \$ 2,700,000 Subtotal: \$7,150,000
D. Demolish Blighted Structures Units: 10	24 CFR 570.201(d) Clearance for blighted structures only.	\$ 120,000
Program Administration		\$ 1,027,000
Total		\$11,297,000
Note: Responsible Entity for all activities is City of Port St. Lucie		

- City will direct purchase 50 foreclosed homes and estimates 10 homes will be demolished. The City expects to purchase lower cost homes in need of moderate repairs and provide financial mechanism to 40 clients to repurchase those homes. It is expected that these homes will be purchased by more low-moderate income home purchasers who will need more purchase subsidy and require lower cost homes.

- City will provide purchase assistance for 50 clients to purchase foreclosed homes directly from lender. We will provide repair assistance escrow at closing and/or directly after purchase. It is estimated that these direct purchase homes will be utilized predominantly by moderate-middle income home purchasers for higher cost homes with fewer repairs.

(b) NSP-2 ACTIVITY NARRATIVES:

ACTIVITY 1

1. Activity Name: Establish financing mechanisms for purchase of foreclosed upon homes and residential properties

2. Activity Description: The financing mechanism provides for mortgage loans to assist income eligible households – those earning at or below 120% of median income adjusted for family size - to acquire foreclosed homes either from the City or directly from a seller/lender. NSP-2 funds will provide financing and subsidy (lower purchase price) that along with client funds will be sufficient to bridge the affordability gap between the private mortgage available to the homeowner, and the sales price of the home, up to a maximum of \$40,000 depending on income level. The assistance will take the form of a “soft second” deferred payment loan with no interest. The loan, which will be available only to primary occupants, will provide for forgiveness of a portion of the loan or subsidy each year. If the property is sold before the end of the affordability period, the outstanding principal or subsidy balance of the loan will be due on sale. This will ensure long term affordability as detailed in Appendix 1, paragraph B.2 of the NOFA for NSP-2. Households earning 50% of median or below will be provided with the highest subsidy amount; at least 25% of the funding will be used for that targeted group.

First mortgage loans will be provided by members of Port St. Lucie’s existing lending consortium, allowing for more units to be purchased in the first few months of the program. In addition, the clients will receive better terms and be charged fewer upfront closing fees. Lenders are allowed one discount point or 1% increase in rate to meet the minimum threshold for a salable loan. The lender can charge up to \$400 for lender fees plus the actual cost of credit reports and appraisal fees, no other fees or points are allowed.

The City has also established standards for the terms of homebuyer first mortgages to ensure that such mortgages will not jeopardize affordability; rates must be fixed. The loan will be provided by a lender member of the St. Lucie County Lending Consortium who agrees to comply with the bank regulators’ guidance for non-traditional mortgages. Homebuyers will receive at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining mortgage assistance from NSP funds.

All funds recaptured at resale of assisted properties will be treated as program income and, to the extent permitted by NSP, reinvested in NSP activities including additional homebuyer financing for future eligible buyers of the same or similar income.

3. Location Description:

As listed on Page 3 above and on Appendices, attached.

4. Performance Measures:

Units to be Financed - With the initial grant, Port St. Lucie plans to provide financing that will assist the following number of home buyers in the specified income levels:

Measure	Goal	Funding
Homes for HH <u><50% of median</u>	25	Up to \$40,000
Homes for HH 50% - 80% of median	35	Up to \$30,000
Homes for HH 81% - 120% of median	30	Up to \$20,000

As program income is received from resale of the homes, additional homes will be financed.

5. Total Activity Budget:

\$3,000,000 in NSP funding
\$ 6,300,000 Lender Financing (estimated)

6. Responsible Organization(s):

City of Port St. Lucie (see page 3 above for additional contact information)

Additional partners may be utilized for a variety of functions such as appraisal, title, closing, maintenance, and other real estate services. The City may elect to implement this program through a third party contract or subrecipient.

7. Specific Activity Requirements:

Affordability Periods and Loan Repayments: The following Affordability Periods and Loan Repayments will apply:

Affordability Period and Loan Repayment			
Client income	Subsidy	Affordability Period	Repayment Schedule for Loan
(50% of median) Low income and below	Up to \$40,000	25 years	The deferred payment loan term will be 25 years at 0% interest with loan forgiven at the rate of 4% per year for 25 years. Prorated repayment is due if the home is sold prior to the end of the affordability period.
(80% of median income) Moderate Income	Up to \$30,000		
(120% of median income) Middle Income	Up to \$20,000		

Duration or Term of Assistance: 25 years with 4% of the loan forgiven each year the home is maintained as a primary residence. Any default including sale of the home will require repayment of the outstanding loan balance.

Tenure of Beneficiaries: Homeownership

Description of how the design of the activity will ensure continued affordability: To ensure there is no flipping of properties or premature sale for gain, all properties will be secured with a deferred payment, no interest mortgage requiring repayment of the subsidy if the home is sold or is not maintained as a primary residence for the established affordability period.

The following conditions will also apply to properties financed under this activity:

- **Eligible homebuyers must:**
 - Meet income eligibility requirements
 - Comply with requirements for home purchase assistance terms and conditions for repayment
 - Receive 8 hours of homeowner counseling
 - Agree to occupy the property as their primary residence
 - Finance their acquisition with conventional or FHA fixed rate mortgages - no subprime financing mechanisms will be allowed
- **Terms of the financial assistance:**
 - Maximum subsidy: \$40,000
Note: The homebuyer will receive only the amount of subsidy needed to make the purchase affordable, per lending guidelines. Low income home purchasers may also receive a discount on city repair costs made to the home.

ACTIVITY 2

1. Activity Name: Purchase and rehabilitate homes that have been foreclosed upon in order to sell such homes

2. Activity Description:

ACQUISITION: Estimated Budget \$4,250,000 (for City Purchase of homes). Direct client purchase assistance is detailed in Activity #1 (financial mechanisms section).

Foreclosed properties will be identified with assistance from the building department and code enforcement staff and/or realtor submittals, and selected for purchase from the targeted area described in “Location Description” below. Realtor referrals will also be solicited. The financial institutions (sellers/lenders) who own the properties will be contacted through realtors where possible. The City’s legal department will negotiate the purchase at a cost not to exceed 99% of the appraised value of the property (appraisal must have been completed within 60 days of purchase.) Performance Measures below set out the expected number of homes to be purchased and the amount of said purchases that will eventually be sold to households at less than 50% of median. At least 25% of the funding for this activity will benefit low income households at or below 50% of median income.

DISPOSITION: Estimated Budget \$200,000

The City plans to advertise the financial assistance available by income level. We will advertise in advance of the funding cycle and take applications for a period of at least 30 days. All households will be required to fill out applications and their financial status will be verified through third party verifications. Households will be prequalified for a first mortgage loan through a member of the St. Lucie County Lending Consortium. Households will be able to select City-owned properties on a first come, first served basis from a listing of properties that they are prequalified to purchase. Other households will be able to purchase their own homes in the targeted area directly from the seller/bank through a local realtor. The City will provide written instructions and other assistance to realtors in order to ensure that properties are priced at least 1% below appraised value. City properties receiving rehab will be reappraised before sale to determine the actual sales price. All or a portion of the rehabilitation amount may be recaptured. Sale of the homes will be handled by our Legal Department in conjunction with a local title company.

Port St. Lucie anticipates that disposition of properties will proceed as follows:

- City-owned properties that do not require rehabilitation will be immediately resold to eligible households – those with incomes less than 120% of median utilizing the financing mechanisms described above.
- Homes that are deteriorated and can be cost-effectively rehabilitated will be repaired/renovated prior to disposition and then sold utilizing the financing mechanisms described above,
- Homes that are blighted and cannot be cost-effectively repaired will be demolished (see Activity 3: Demolition). The unimproved vacant properties will be conveyed to a nonprofit for redevelopment and use in a housing program benefiting low and moderate income households. Priority will be given to

- Homes purchased by clients will have funds for repairs escrowed at closing or they will be able to participate in a repair program after purchase.

Performance Measures below set out the expected number of homes to be purchased and the amount of said purchases that will eventually be sold to households at 50% of median or below.

REHABILITATION: Estimated Budget \$2,700,000

The purchase and rehabilitation of foreclosed properties is intended to stimulate repair, improvement and maintenance of homes in the neighborhood and arrest disinvestment. The Community Services Department and inspection contractor, with the assistance of Building Department and Office of Management and Budget, will prepare work write ups, cost estimates and bid packages and oversee the rehabilitation. The City will solicit proposals from general contractors and/or trades people such as painters and roofers, to repair the homes.

Housing Rehabilitation Standards: Homes rehabilitated with NSP funds will meet the *State of Florida and local building codes*. The rehab standards will comply with all applicable laws and codes for housing safety, quality and habitability. Energy or conservation improvements and modern green building improvements may be included for low income clients. The Community Services Department has adopted the St. Lucie County HOME rehab standards to ensure that appropriate written rehabilitation standards are applied.

3. Location Description:

As listed on Page 3 above and on Appendices attached.

4. Performance Measures:

With the initial grant, Port St. Lucie plans to acquire and dispose of 100 units. As program income is received from resale of the homes, additional homes will be purchased.

ACQUISITION AND DISPOSITION			
Activity	< 50% of median	50-80% of median	80%-120% of median
Sales to Homebuyers (either from City owned foreclosed properties already repaired or through purchase assistance to eligible clients to purchase REOs directly	25	35	30

from bank)			
Demolition of foreclosed blighted property with redevelopment of single-family housing and resale to low/moderate income	7	3	
Estimated funding for acquisition, disposition, demolition-redevelopment and funding mechanisms by income level	\$922,960	\$1,291,480	\$1,105,560

Port St. Lucie plans to rehabilitate 90 homes at an average cost of \$30,000 per home. As program income is received from resale of the homes, additional homes will be financed. The City anticipates the rehabilitation of the initial number of units to income eligible households as follows:

REHABILITATION		
Measure	Goal	Estimated funding for rehabilitation by income level
Homes for HH <50% of median	25	\$1,100,000
Homes for HH 50% - 80% of median	35	\$1,000,000
Homes for HH 81% - 120% of median	30	\$ 600,000

5. Total Activity Budget:

\$10,270,000 NSP Funding (Financing Mechanisms, Acquisition for City Direct Purchase, Rehab, Disposition, Demolition)

\$ 6,300,000 Lender Financing (estimated)

6. Responsible Organization(s):

City of Port St. Lucie (see page 3 above for additional contact information)

Additional partners may be utilized for a variety of functions such as appraisal, title, closing, maintenance, and other real estate services. City may elect to implement this program through a third party contract or subrecipient.

7. Specific Activity Requirements:

Discount Rate: For home purchases, at least 1% discount from appraisal performed within 60 days of purchase

Range of Interest Rates: 0% interest

Duration or Term of Assistance: Term of assistance will be 25 years with 4% of the loan forgiven each year the home is maintained as a primary residence. Any default including sale of the home will require repayment of the outstanding loan balance.

Tenure of Beneficiaries – Homeownership

How the design of the activity will ensure continued affordability: See Financing Mechanisms above

ACTIVITY 3

1. Activity Name: Demolish blighted structures

2. Activity Description: This activity allows for the demolition of “blighted” structures. The cleared property will be maintained by the City until such time as it can be disposed of to a nonprofit for redevelopment. The City of Port St. Lucie will seek a nonprofit partner to redevelop the property and to build a residential home for primary occupant households with income at 80% of median income or below.

Only those homes meeting the definition of “blighted” will be demolished. Removing these homes from the market will help to stabilize property values for all homeowners in the targeted areas. The City does not intend to demolish blighted low or moderate income dwelling units or to convert those dwelling units to other uses. Selective demolition of foreclosed blighted structures will be carried out to achieve program objectives. When demolition is necessary, a replacement home will be constructed for resale to a low/moderate income household. The home will be constructed by a non-profit following a Request for Proposal process.

Port St. Lucie does not feel than an exception to the demolition limitation is warranted.

3. Location Description:

As listed on Page 3 above and on Appendices, attached.

4. Performance Measurement:

Units to be Demolished:

Average Cost to Demolish	Number of Homes	Single family home redevelopment and resale to Moderate Income	Single family home redevelopment and resale to Low Income
\$12,000	10	3	7

We do not anticipate recapturing the cost of the demolition of these homes. We will deed the properties to a nonprofit such as Habitat for Humanity and record restrictions on resale. We will also record a mortgage on the property for the appraised value of the land; any program income received will be utilized for eligible NSP activities.

5. Total Budget:

\$120,000 from NSP allocation.

6. Responsible Organization:

City of Port St. Lucie (see page 3 above for additional contact information)

7. Specific Activity Requirements:

Range of Interest Rates: N/A

Duration or Term of Assistance: at least 25 years (mortgage will be recorded for appraised value of lot and any subsidy)

Tenure of Beneficiaries: homeownership

How the design of the activity will ensure continued affordability: After RFP process a nonprofit will be selected to build a single family home for low/moderate income clients. Restrictions or a long-term mortgage will be placed on the property. Low income clients will be targeted.

Properties to be cleared must meet the NSP definition of “blighted” structure.

ACTIVITY 4

1. Activity Name: NSP Administration

2. Activity Description: This activity will provide the general administration and planning activities required to receive NSP funding and implement a successful NSP program, including preparation of the application, required noticing, monitoring, financial reporting, and other required administrative tasks. It will also cover the following activities:

- Oversight and management to ensure compliance with federal regulations and transparency
- Legal Department oversight and management of real estate transactions

This activity will not be used to meet the low income housing requirement for those below 50% of area median income.

3. Location Description

Not applicable

4. Performance Measures

The City of Port St. Lucie will complete necessary planning activities to receive NSP funds; 100% of NSP funds will be accurately administered.

5. Total Budget: (Include public and private components)

\$1,027,000 from initial NSP allocation plus 10 percent of program income. See Table 1 for overall NSP budget breakdown.

6. Responsible Organization:

City of Port St. Lucie (see page 3 above for additional contact information)

Additional partners may be utilized for a variety of functions (management of plan, ongoing monitoring, etc.)

11. Specific Activity Requirements:

No specific activity requirements for administration activities.

(c.) Identify whether the other funds are firmly committed (legally obligated to a specific activity or under your control and budgeted for a specific activity) or not. See II.A.5 and Rating Factor 4.

The only other funds required for any of the activities shown above are funds that will be obligated by lenders for specific loan transactions, where borrowers have been prequalified. Those funds are estimated at \$6,300,000

b. Project completion schedule. (5 points)

The following project completion schedule indicates how the City of Port St. Lucie intends to comply with the deadlines imposed by the Recovery Act and included in Appendix 1, paragraphs O and M of the NOFA:

Project Completion Schedule		
Time Milestone	Critical Management Action	Results (Units and/or \$)
Month 1-2	Expand strategy for buying foreclosed property	0 Units \$ 50,000
Months 3-6	Acquire 10 properties; begin rehab	10 Units \$1,356,625
	Hold funding cycle to qualify clients for direct bank REO purchase and purchase of City owned properties.	150 applicants (rank according to income and first/come first served)
Month 6-9	Begin closing on direct client	10 units

	purchase homes, provide home purchase and repair subsidy	\$798,000
	Acquire 10 additional City owned foreclosed properties continue rehab process, market city properties to eligible clients	10 units \$1,356,625
Month 9-12	Close on all direct client purchases provide home purchase and repair subsidy	40 units \$2,878,750
Month 12-18	Continue City purchase of homes and repair or schedule for demolition and sell to eligible clients	20 units \$3,144,667
	Demolish homes	10 units \$140,000
Month 18-36	Continue City purchase of homes and repair and sell to eligible clients	10 units \$1,572,333
Month 1-36	Complete all activities, expend all admin	100 units \$11,297,000

All activities are expected to begin within a week of contract/agreement signing. Even though the original funds will be fully expended within 36 months, it is expected that the activities will continue through utilization of program income from resale of City-purchased homes. Activities can be accomplished simultaneously. We will begin purchasing homes immediately and will advertise a funding cycle for those who will purchase directly from a lender/seller through a real estate broker. Rehab on city owned property is expected to begin when five or six homes have been purchased.

c. Income targeting for 120 percent and 50 percent of median (5 points)

All NSP2 funds must provide benefit to persons whose income does not exceed 120 percent of area median income. Also, 25 percent of each grant must be used for the purchase and redevelopment of abandoned or foreclosed upon homes or residential properties that will be used to house individuals or families whose incomes do not exceed 50 percent of area median income. Describe specifically how your proposed NSP2 activities will meet these requirements.

The NSP requires that 25% of the allocation to each locality be used for housing to assist low income households – households with incomes at or below 50% of median income adjusted for household size. Port St. Lucie is therefore setting aside \$2,824,250 of its grant as follows:

- \$1,787,500 for purchase, rehab and resale of foreclosed properties for households whose incomes do not exceed 50 percent of area median income.
- \$750,000 to provide a larger financial subsidy for low income households whose incomes do not exceed 50 percent of the area median income to assist them in the purchase of the foreclosed homes.

- Total: \$2,824,250

The City may hold additional funding cycles for low income only or reserve certain homes for low income only in order to ensure a sufficient number of households receive assistance in this income category.

d. Continued affordability (5 points)

The NSP requires that, to the maximum extent practicable and for the longest term feasible, homes remain affordable. The City proposes to provide a financing subsidy on a sliding scale in accordance with income to assist eligible clients to purchase foreclosed properties. The City of Port St. Lucie will promote continued affordability for NSP-assisted properties by requiring, in the terms of a deferred mortgage loan, that the home be the primary residence of the income eligible household for 25 years or a prorated amount of the funding is due back to the program for reuse in NSP eligible activities. Recapturing funds if the home is sold prior to the end of the affordability period will prevent flipping and/or realizing an early profit. NSP funds will be loaned as follows.

Client income	Subsidy	Affordability Period	Repayment Schedule for Loan
(50% of median) Low income and below	Up to \$40,000	25 years	The deferred payment loan term will be 25 years at 0% interest with loan forgiven at the rate of 4% per year for 25 years. Prorated repayment is due if the home is sold prior to the end of the affordability period.
(80% of median income) Moderate Income	Up to \$30,000		
(120% of median income) Middle Income	Up to \$20,000		

Each year that the assisted property is owned and occupied by the loan recipient, a proportional amount of NSP funding, as shown above, will be forgiven. Should a recipient sell the property prior to the end of the loan period, the outstanding principal balance of NSP dollars will be recaptured by the City of Port St. Lucie and reused in the NSP program.

e. Consultation, outreach, communications (5 points)

In order to prepare an Action Plan Substantial Amendment for the NSP1 funding, the City of Port St. Lucie held informational meetings with realtors and lenders to determine which activities would best meet the goals of the NSP program and the needs of Port St. Lucie’s citizens. We discussed our proposal, and the participants provided advice on which elements should work as planned and which might need to be revised. We have continued to work with lenders in the St. Lucie County Lending Consortium and have been getting referrals for purchase of foreclosures from local realtors on a regular basis.

Information on the program and possible collaboration was discussed with both local governments in our County. Port St. Lucie's proposed program was also advertised in the paper and was available on the City's web site as the plan was developed. All information is still available so that all have access to the plan, procedures, etc. All reports will be placed on the site as available.

(2) Proposed outreach and affirmative marketing actions: The City of Port St. Lucie has worked with the state home purchase program since 1992, advertising availability of funding, qualifying buyers, and rehabbing houses. We have expanded our marketing efforts over the years, making all information available on our City web site. We use portable sign boards to advertise when feasible. We also market to lenders and realtors through our lending consortium and meetings of the realtors association in order to ensure that we have a sufficient number of qualified families available for housing activities.

(3) Continual communication of program design, progress, opportunities and results, and process of complaints: We have kept our NSP-1 site available since we developed our plan in order to keep the public informed of our program. We post advertisements about all of our housing programs on the web site as they are published. We will be posting reports of our progress, as they are made available. When a complaint/question/comment is received by the City it is routed to the proper Department normally within 24 hours; we try to respond in 24 hours. We have the same plans for NSP-2.

f. Performance and monitoring (10 points)

In accordance with its Consolidated Plan, Port St. Lucie's Community Services Department has established internal standards and procedures in order to monitor activities authorized under federal programs and to ensure long-term compliance with the provisions of those programs. As a method for checking progress, the standards and procedures will serve to measure resources consumed, track the status of projects, measure and compare accomplishments with projections, and provide methods for change and/or improvement, where needed.

The City will enter binding contractual agreements with all other parties participating in federal programs. Such agreements will insure compliance with program provisions between the City and these parties. Additionally, these agreements will provide a basis for enforcing program requirements and for identifying remedies in the event of a breach of the any of the provisions.

The City will monitor through communication with and evaluation of program participants. Such a process involves frequent telephone contacts, written communication, analysis of reports and audits, and periodic meetings. The primary goal of monitoring will be to identify deficiencies and advocate corrections in order to improve operations and/or reinforce or augment participant performance. As part of this process, the City will watch for evidence of fraud, waste and mismanagement or for situations with potential for such abuse. The emphasis will be on prevention, detection and correction of problems.

In the case of NSP-1, we have established a special Management Plan that describes duties of all staff members and participants. There are many checks and balances within the plan, as documentation produced in one department is checked in the next before the file progresses. The plan will be expanded, as necessary, and followed in relation to the NSP-2 program. The Assistant Director of Community Services will have an ongoing responsibility to monitor all aspects of the program within the Department and report back to the Director on a regular basis. Any evidence of risky practices, lack of sufficient internal control, etc. will be addressed immediately.

The City of Port St. Lucie also has an internal audit system in the Finance Department and an external audit headed by an outside accounting firm. These auditors evaluate how city resources/assets are protected, used and recorded; how and where City money is spent, and how city departments are operating.

4. Factor 4: Leveraging other funds, or removal of substantial negative effects (10 points)

a. Leverage: The City of Port St. Lucie does not have the capacity to leverage funds for NSP-2 activities.

b. Calculate the value of any destabilizing influences you propose to remove:

Using the rubric in Appendix 3: Homes to be purchased for rehab and resale = 90×1.5 plus homes for demolition = 10, = 145 and calculating foreclosures in all census tracts in targeted area utilizing REO's = $145/261 = 55.5\%$ (Realtytrac bank owned foreclosures 6/17/09.)

5. Factor 5: Energy efficiency improvement and sustainable development factors (10 points)

a. Transit accessibility.

The City of Port St. Lucie is transit accessible, as it is serviced by Community Transit demand/response and fixed route transit system. The western portion of Census Tract 1802 and eastern portion of Census Tract 2001 are serviced by an hourly fixed route system. The southern and western areas of Census Tract 2105 are covered with the hourly fixed route and the southern area of Census Tract 2005 is covered with a fixed route system. The rest of the city is under the demand/response bus system where the bus will come to your home and deliver you to your destination within the County. There is a one hour leeway for pickup and delivery.

b. Green building standards.

Port St. Lucie will require that all major rehabilitation or energy retrofits be accomplished with the purchase of Energy Star products and appliances. We do not contemplate any gut rehabilitation activities. New construction on the redeveloped lots will be required to utilize Energy Star products and appliances where possible.

c. Re-use of cleared sites.

The unimproved vacant properties will be provided to a nonprofit for redevelopment to provide a single-family residence for homeownership benefiting low and moderate income households. Priority will be given to nonprofits that benefit low income households and will be able to build within a 12-18 month time frame.

d. Deconstruction. Port St. Lucie will not be utilizing deconstruction.

e. Other sustainable development practices

Port St. Lucie will utilize the following green practices with rehabilitation of NSP2 foreclosure homes:

- Energy Star appliances for repair/rehabilitation of properties
- Low-flow shower and bathroom fixtures.
- Sustainable landscaping, selecting native trees and plants appropriate to the site's soils and climate.
- No carpet in basements, entryways, laundry rooms, bathrooms or kitchens.
- Where possible we will use non-carpet, non-vinyl floor coverings.
- One-piece fiberglass or similar enclosure or use backing materials such as cement board, fiber cement board, fiber-glass reinforced board or cement plaster.
- Termite resistant materials in areas known to be infested.

We will also provide a guide for homeowners explaining the benefits, use and maintenance of Green building features and encourages Green activities such as recycling gardening and/or use of healthy cleaning materials. An orientation/walk for the homeowner will also be provided.

6. Rating Factor 6: Neighborhood transformation and economic opportunity (5 points)

(1) Certification of consistency with comprehensive plan: All NSP2 activities are consistent with the City of Port St. Lucie's established Comprehensive Plan, located at www.cityofpsl.com (Click on the Planning and Zoning Department or call the Planning and Zoning Department at 772-871-5212.)

(2) NSP2 Activities relate to and increase effective of the Comprehensive Plan as follows: The proposed NSP2 housing activities further the following Goals, Objectives, and Policies of the Housing Element of the City of Port St. Lucie Comprehensive Plan:

Policy 3.1.1.2 Develop and maintain local government partnerships with the private and non-profit sectors, such as local lenders and the St. Lucie County Lending Consortium through the SHIP program, to improve the efficiency and expand the capacity of the housing delivery system.

NSP2 Program will require that all lenders adhere to the guidelines of the St. Lucie County Lending Consortium to ensure that there will be no subprime lending.

Objective 3.1.2. Continue to enforce codes and policy for the rehabilitation of substandard housing.

The City of Port St. Lucie NSP1 program adopted the HOME housing rehabilitation standards instituted by St. Lucie County. These standards will be used for NSP2.

Policy 3.1.2.3: Continue participation in the CDBG and SHIP programs to obtain funds for the rehabilitation of substandard housing.

NSP2 is part of the CDBG program and will provide for rehabilitation of substandard housing.

Policy 3.1.2.4: Assist neighborhood improvement projects by providing code enforcement assistance, community-oriented policing and neighborhood planning, encouraging neighborhood self-help, removing blighting influences and concentrating capital and/or operating budget improvements in such neighborhoods.

NSP2 will assist in removing blighting influences.

Policy 3.1.3.2: Pursue other federal sources of funding earmarked for very-low, low and moderate income housing.

NSP2 will provide low/moderate/middle income housing.

c. Disclosures: (Not subject to page limitations.)

- SF-LLL, Disclosure of Lobbying Activities, as applicable. **Not applicable.**
- HUD-2880, Applicant/Recipient Disclosure/Update Report. (“HUD Applicant Recipient Disclosure Report”).

d. Appendices: (Not subject to page limitations.)

- List of Census Tracts and Scores
- Definitions:
 - blighted structure
 - affordable rents
 - rehab standards will include housing construction that meets accessibility standards at 24 CFR part 8, must be energy efficient, and must incorporate cost effective green improvements, gut rehab must meet Energy Star Qualified New

Homes standards. Other rehab must meet standards applicable to type of rehab
(page 14)

- A copy of your code of conduct
- Organizational Chart
- Leveraging documentation – firm commitment letters (see factor 4)
- Signed certifications (See Appendix 4 for relevant certifications)
- Calculation of removal of negative effects using HUD provided rubric
- Summary of citizen comments including URL where plan is posted

NOTE: NO ADDITIONAL INFORMATION SHOULD BE SUBMITTED.