

Housing News

The Journal of the Florida Housing Coalition, Inc.

Volume 25, Number 3

MERCEDES MÁRQUEZ

Addressed the
Florida Housing Coalition's
2009 Statewide Affordable
Housing Conference:
The Route to Recovery

Foreclosure Recovery:
Implementing the
Neighborhood
Stabilization
Program in
Florida

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The Florida Housing Coalition is a nonprofit, statewide membership organization whose mission is to act as a catalyst to bring together housing advocates and resources so that Floridians have a quality affordable home and suitable living environment. *The Housing News Network* is published by the Florida Housing Coalition as a service to its members, housing professionals and others interested in affordable housing issues. **Jaimie Ross**, Editor, with assistance from Johnitta Richards, Florida Housing Coalition Communications Manager • Email: info@flhousing.org, Web site: www.flhousing.org •



Jaimie Ross

In an impossibly tight budget year, the Florida Housing Coalition's statewide annual conference drew a tremendous reception; over 650 housing participants. It was an event chocked full of housing resources and pressing policy issues, but no topic hotter than the Neighborhood Stabilization Program. After all, but for federal stimulus monies (including TCAP and TCEP), affordable housing would have come to a screeching halt in Florida this year.

For that reason, we are dedicating the greater portion of this Journal to NSP in Florida, highlighting best practices from around the state and recommendations for strategic opportunities to make this challenging program a success. All seven of the Florida Housing Coalition's offices are assisting NSP communities and their partners to implement NSP. We are especially grateful to our partners, Fannie Mae, Freddie Mac, and the Federal Home Loan Bank of Atlanta for funding the bulk of that work.

Sadowski Education Effort

Advocacy at the Florida Housing Coalition continues to be focused on restoration of the Sadowski Act state and local housing trust funds. We receive word almost daily that another local government has adopted a resolution calling upon the Florida Legislature to repeal the cap on the state and local housing trust funds and fully fund Florida's housing programs. These resolutions are an important piece of the larger Sadowski Education Effort spearheaded by the Sadowski Coalition and administered by the Florida Housing Coalition. Before the start of the 2010 session, we anticipate that every legislator will have received at least one personal visit by a member of the Sadowski education team.

Affordable housing is key to Florida's economic recovery. For every \$1 million of state funding, \$7.66 million of economic activity is generated. As part of that economic activity, each \$1 million of state funding generates over \$2.98 million of earnings/income. For every \$1 million of state funding, 77 jobs are created. See www.flhousing.org for updates and advocacy talking points.

Advocacy for affordable housing in Florida takes many forms, it can be meeting with your legislator; it can be developing quality affordable housing; it can be administrating a SHIP program well. Florida lost such an advocate for affordable housing at our statewide affordable housing conference on September 20th, Annette Ayala.

HNN

JAIMIE ROSS is the President of the Florida Housing Coalition and the Affordable Housing Director at 1000 Friends of Florida.

Annette Ayala, was also the best friend of Lisa Hoffmeyer, one of the Florida Housing Coalition's Technical Advisors, who offers the following in her honor.

The affordable housing world lost a true champion and a great friend in September. **Annette Ayala** served Florida's affordable housing partnerships for many years in different capacities- with non-profit organizations, cities and counties and as a private consultant.

Rarely is enough credit given to those in the "trenches." Annette was one of those who diligently wrote the programs, prepared the resolutions, put the ads in the paper, qualified the applicants, got the bids, awarded the contracts, completed the work, and reported on the



Annette Ayala

accomplishments. Such complex and at times frustrating work is a job for those who do it for the love of service. They understand that they will not get the credit, that if something goes wrong they will be held accountable but that does not matter because ultimately they are serving Florida's families that need their help. They do not give up, they do not quit, they continue to fight for those less fortunate. Annette stayed in this industry because she loved the outcome and understood how important her work was. Annette didn't hesitate to help a family who never thought they would own a home achieve the American dream. She relished fixing up the home of a disabled elderly resident and converting it into a home that would be decent, safe, sanitary and accessible. Annette helped to transform substandard rental properties into quality affordable housing for hundreds of families.

Annette loved this industry and what it sets out to accomplish- her primary goal was to help those less fortunate. She had compassion, respect and empathy for those in need and a great sense of joy in her personal life. We have a lost a warrior, a friend and a sister in the fight for decent, safe and affordable housing for all. *Annette, you will be truly missed.*



Implementation of the Neighborhood



By Gladys Schneider

Florida, perhaps even more so than the rest of the nation, is grateful for The Neighborhood Stabilization Program (NSP); this \$541 million infusion is a critically important piece of our housing and economic recovery. But it will come as no surprise to those working with NSP that the program is not without its challenges.

The Lay of the Land

Florida's Neighborhood Stabilization Program communities are frequently finding that buying bank owned foreclosed property, (REO properties) is not an easy task. As we check in with NSP communities about their progress, we find that competing with investors is reported as the single most surprising and difficult obstacle in obligating their NSP funds.

Word on the street, in the news, and in the reported foreclosure data, would have us believe that foreclosed properties are there for the taking, but the reality is that in the process of finding suitable properties located in target areas, inspecting the properties, making an offer to the bank-seller, and executing contracts, local governments find that they are competing with multiple bids from private cash investors. Local governments are left behind

TECHNICAL ASSISTANCE AVAILABLE



The Florida Housing Coalition is pleased to offer on-site technical assistance and training for HUD Direct NSP communities, their partners and sub-recipients. Thanks to support from Fannie Mae, Freddie Mac, and the Federal Home Loan Bank of Atlanta, we can assist with utilizing First Look Programs as well as the overall implementation of NSP strategies including property identification, due diligence, rehabilitation best practices, homeownership counseling and the core program goals of stabilizing low and moderate income neighborhoods. We will also be offering a series of workshops in January and February. If you would like us to come to your community to provide direct technical assistance, call us at 850-878-4219.

ood Stabilization Program in Florida

clutching purchase orders, marked up purchase contracts and addenda and that sinking feeling of another deal scooped.

Yet many communities have persevered and across Florida hundreds of foreclosed properties have been purchased either directly by the NSP grantee or their partners.

Rehabilitation activity is sparking in some neighborhoods and the search for buyers or renters is on. First Look programs are making it a lot easier for local governments to get a fair chance at purchasing foreclosed properties because they get relief from the competition with a 15 day look period when the bank-seller offers to hold the property until NSP buyers can make inspections and place an offer. Appraisals can then be used to modify the offer and a firm closing date is set. Fannie Mae offers such a program as do several financial institutions such as Bank of America,

Wachovia Bank, a Wells Fargo Company, and JP Morgan Chase. Responding to a national collaborative effort to streamline the purchase of foreclosed properties, some communities are signing on with the National Community Stabilization Trust which provides first look access to the properties of a dozen financial institutions including Fannie Mae and Freddie Mac loans.

Nationally, it is estimated by the Enterprise Foundation that 13% of the NSP allocation has been obligated. Overall, many of Florida's 48 HUD direct funded NSP communities are underway with the implementation of their strategies. Some however have not expended any funds and this is of great concern. We take a look at the progress of some of these jurisdictions and explore the progress and obstacles they experience. Given the shrinking timeframe for completion of the first 18 months to obligate NSP funds we take a closer look at land banking as a backup strategy to secure the properties until permanent disposition is achieved.

First Look Programs

Florida's NSP communities are not the first in the game to purchase dramatically reduced foreclosed residential properties from the banks. Private investors and speculators have come back full strength in Florida's real estate market, spiking home sales above 2005 levels in some areas. The list price of the homes offered by the banks is in many areas being bid up with multiple buyers- in one astonishing case in Lee County there were 41 offers on one house. Given the high level of private sector competition along with the strict ground rules a local government using NSP funds must use, NSP communities are turning to properties shunned by investors for needing substantial rehab, or utilizing First Look programs.



established by the broker. The NSP manager would then make an offer contingent upon the appraisal. The purchase agreement can be amended once the appraisal is available. The prospective buyer has five days to present the appraisal and make a final offer based on the amount of the appraisal. If unknown problems are found during the appraisal, the offer might reflect those

conditions. At this time the procedure unfolds according to the purchase agreement. Most lenders will allow for a 45 day closing period. Another benefit of the First Look process is that, in some programs, the earnest money deposit is either waived or is nominal for buyers using NSP funds.

First Look Process

When the foreclosure is final on the courthouse steps and the bank is the owner of the real estate, there is a time lag before the NSP managers (term being used for the local government staff person in charge of coordinating NSP activities) can process the unit in-house, get broker opinions on list price and then establish it for sale through the multiple listing services. During this period, the NSP manager can view "coming properties" (newly foreclosed properties that have not yet been put on multiple listing service) on the various websites of the lenders. NSP managers should contact the lender to set up a relationship as an NSP community so that they are assigned an associate to work with. This can either be through the eventual listing agent or the lender itself. When interest is expressed in a coming property, there is a 15 day window opened when, in the case of the Fannie Mae program for example, no offers will be accepted unless they are from the owner occupant or a public entity using NSP or other funds. This enables the community to conduct basic due diligence: driving by the unit; getting access; and making an offer. This occurs once a listing opinion is

The usefulness of First Look programs can vary from community to community depending on the nature of the foreclosure market. In areas where there is a high level of investor competition, the programs may be the most direct way to have access to acquiring move-in ready homes. This can be a significant advantage in communities such as Cape Coral, a highly competitive market where multiple bids frequently far exceed the seller's list price.

In areas where there is an abundant supply of homes that are in need of significant rehabilitation or in stressed neighborhoods, it may not be necessary to rely on the First Look program. In Miami Dade, for example, the market is changing rapidly. Since the required purchase price discount was reduced to just 1% below appraisal, the purchase of REO properties is now successfully underway. Real estate agents are presenting properties that can be acquired, but there is a concern by housing providers that the eventual rehab costs will far exceed the appraised value and there will be greater subsidy requirements than anticipated. In most areas, working directly with a Realtor who is committed to presenting offers promptly to sellers is the most direct way to make offers and negotiate a purchase.

Donation Programs

Some lenders are willing to donate properties to qualified nonprofits. Properties that have languished and/or have listings set to expire are the type of properties which are good targets for donation. The NSP manager need only identify the properties and ask the seller for a donation. In these instances the seller will ask that in return the local government waive any liens that have encumbered the property. Since these properties clearly have marketing problems due to the need for extensive rehabilitation, being located in a flood plain or other issues, they may be good candidates for demolition and land banking.

At the Florida Housing Coalition Conference, JP Morgan Chase Vice President-Program Manager of the REO Gifting and Discounted Sales Program described the process and welcomed requests. The goal is to leverage resources in order to stabilize communities and maintain housing stock while providing affordable housing through collaborative partnerships. The bank will work with individual non-profits and government entities and NSP jurisdictions to donate or sell Chase, WaMu REO properties within their service areas that will assist to stabilize neighborhoods with high foreclosure activity. Properties of interest are identified by nonprofit, government entities and NSP jurisdiction. The availability of properties is confirmed and property viewing is arranged. Nonprofit, government entities and NSP jurisdiction confirm interest in properties after viewing. The properties are transferred.

Some of the other provisions that may be found in First Look programs include the following:

- Purchase contract language is rarely negotiable and there are addendums that are drafted by the seller that are not open to revisions.
- Bulk discounts are not available- each unit is separately priced. However, a single transaction can occur for over five properties.
- NSP managers must ensure that the listing broker and the seller's agent are aware this is an NSP purchase. If not, the seller has no way of knowing that this is a priority purchase.
- After 15 days, if no offer is made, the properties are listed for the general market. It is still possible to continue the negotiation but the NSP manager is now competing with the private sector. We found one case where on the 14th day a property was put in an

auction. A call to the lender brought the property back, illustrating the importance of a good working relationship with the broker and seller.

- The Bank of America First Look program allows sub-recipients to be designated to participate in the program.

The National Community Stabilization Trust is a collaborative first look program. If the NSP communities engage the National Community Stabilization Trust, the NSP manager gains access to the properties of the larger lenders (there are currently 12 national lenders participating). Offers are made on behalf of the NSP communities by the Trust. It is possible when signing on to opt out of the Fannie Mae program so that direct purchases can be made through Fannie Mae. Otherwise all offers must go through the Trust. The Trust is still mobilizing in Florida and even though many communities are considering working with the Trust, others are making progress independently.

Fannie Mae Visit the Fannie Mae REO website at www.homepath.com and email requests to Fran Pheeny at frances_m_pheeny@fanniemae.com or to Keith Bell at keith_a_bell@fanniemae.com

Freddie Mac. visit the Freddie Mac REO website at www.Homesteps.com or contact the call center at 800-972-7555.

Bank of America Contact Robert Grosinger at robert.grossinger@bankofamerica.com or call 312-904-9677. Purchase Requests should be sent to tom.lin@bankofamerica.com or 805-579-5803

JP Morgan Chase Email Yves.mombeleur@chase.com or call 866-803-9844

Wells Fargo Visit www.wellsfargo.com/about/wfhf/realestateowned.

Nonprofit Organizations may write to REODiscountedPropertiesProgram@wellsfargo.com or call (612) 667-5131.

Local governments should contact Jeff Mathison at Wells Fargo Home Mortgage/Premiere Asset Services Jeff.mathison@wellsfargo.com or email pasinquiry@wellsfargo.com or call (612) 312-9773

National Community Stabilization Trust Contact Racquel M. Reddie, Community Development Manager, East Coast Direct: (214) 710-3423 Mobile: (813) 919-5136, Email: rreddie@stabilizationtrust.com, www.stabilizationtrust.com

Community Progress: A Variety of Approaches Taken by Florida's NSP Participants Across the State

Fort Myers NSP home just listed as a foreclosure being checked out by inspector.

The City of Fort Myers Housing and Real Estate Division is in charge of the NSP program.

Division Director Sharon Rozier, Housing and Real Estate Division Manager works with an outside consultant, Lee Combs, AICP, to coordinate all NSP activities.

The City team also includes a building inspector and sustainability coordinator, Diana Giraldo, Housing Development and Financial Specialist, Cary Mock, and managing the DRGR process, Keisha Cyriaano, Housing and Development Principal Planner.



The City of Fort Myers

Some best practices are happening in this small but committed city. With close to half of their NSP allocation of \$2.2 million obligated, Fort Myers is well on their way to purchasing and rehabilitating foreclosed properties.

Last spring, director Sharon Rozier asked the Florida Housing Coalition for technical assistance on overall program format and several approaches were considered. The City has chosen to acquire the units in its own name, bid out the rehab, and provide down payment assistance and counseling to interested buyers. The City also pur-

chased a 7 unit apartment complex which will be rehabilitated using NSP funds and deeded to a dedicated nonprofit support organization to meet its 25% set-aside for very low income residents. It is turning out that many of the home purchasers are also below 50% area median income and thus ensure the program requirement will be met.

Some observations of the NSP program in Ft. Myers:

- A record keeping system has evolved to keep track of the property purchases. Each property has three folders that will eventually be combined: Acquisition, Rehabilitation, and Sales. These contain all of the

The Neighborhood Stabilization Program provides opportunities for Fort Myers to offer affordable housing to low/moderate income families. The City is stabilizing neighborhoods by acquiring, then rehabilitating, homes in foreclosure. Rehabilitation best practice includes energy efficiency and water conservation features that benefit future homeowners. This program emphasizes the importance of green building, energy conservation and effective sustainable practices for the NSP recipients and the overall community.

– Robert Gardner, City of Fort Myers Community Development Director

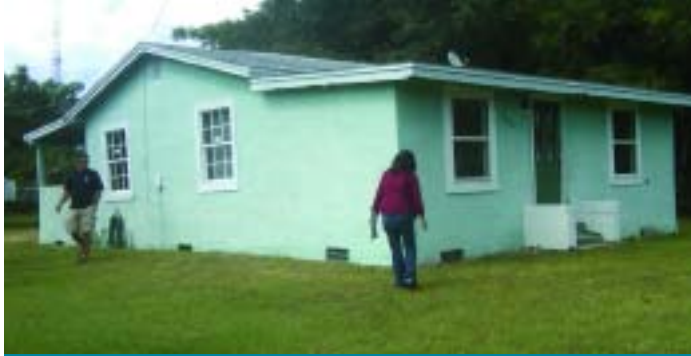


compliance and due diligence documents that will be required for reporting. Along with these active folders are the dead end folders of deals that did not materialize. The NSP plan calls for 15 homeowner units, of which 7 have been purchased. The rental property fulfills the dollar amount obligated in the plan with some contingencies.

- Financing for homebuyers is being sought from several mortgage companies through FHA loans.
- Many properties contain code liens that were accumulated after the foreclosure event. The City's code board has been cooperative in waiving these liens at the code enforcement hearings.
- One of the properties brought into the program was a foreclosure owned by the City; NSP does not

require that the foreclosed property be a bank owned foreclosure.

- The city has set aside \$300,000 for demolition. They do not intend to land bank these properties but will build new homes on these sites.
- Purchased properties must be added to the City's umbrella liability policy.
- The seven unit rental property will be deeded to a nonprofit organization to own and manage. The subrecipient agreement contains the rental occupancy and affordability requirements. This will also be included in a land use agreement that will run with the property. The nonprofit does not have experience in rental property management and will therefore receive technical assistance from the Florida Housing Coalition in regard to property management.



Fort Myers NSP inspected home- no offer made as the home cannot be rehabbed.

- The rental property will require rehabilitation exceeding \$100,000. Therefore, since it is below 8 units, Davis Bacon will not be involved but Section 3 and bonding are required. The City held a workshop for its qualified builders to make sure they understand what is involved. Section 3 requires that a portion of employees of the contractor or subcontractors must be either public housing residents or low income. Three bonds are required- a bid bond, performance bond and payment bond.
- The City has taken Green Building technologies seriously. Every home rehab has energy efficiency features including, for example, insulation innovations: energy efficient appliances; solar operated exterior lights; rain barrels; and native landscaping. These features are costing an estimated \$10,000 per unit. There is an education element for the homebuyers so they understand their responsibilities in maintaining these systems. For example, a home in Hope Gardens has been certified as "Silver" level by the Florida Green Building Coalition. The HERS index went from an existing score of 102 to 73 post-rehab resulting in an estimated annual energy cost reduction from \$1,251 to \$947.



Hope Gardens Home showing native landscaping for low water usage.



Hope Gardens home showing rain barrels for watering as a green feature.

- FEMA has re-drawn its flood zones in the city. This has created a complicating factor in neighborhood stabilization. The relatively low market values of the homes and the limitation on expending over 50% of the building value on rehab has put a damper on making the investments in new roofs, new flooring, HVAC systems, and new windows because these costs exceed the FEMA maximums. These properties may be candidates for demolition and new construction.
- So far acquisition costs are about a quarter of the total project cost with rehabilitation expenses making up the bulk of the expenditures.
- The NSP consultant and inspector spend a lot of time together- communication is critical in finding properties, making a drive by, setting up appointments with the listing agents and making an early assessment of whether to make an offer.



City of Plantation NSP homes.

The City of Plantation

The City of Plantation, a HUD funded NSP community, received slightly more than \$2 million and chose to use the majority of their funds (\$1.3 million) to acquire and rehabilitate scattered site single family homes for resale to low and moderate income first time homebuyers.

The City has initially chosen to concentrate the majority of its NSP funding on the two single family residential neighborhoods that have been the most severely impacted by foreclosure. The purchase prices of homes in the target area range from \$100,000- \$200,000 and need an average of \$50,000 in renovation.

Recognizing the need to act quickly, the City issued a request for proposals (RFP) in February of 2009 seeking a non profit agency to administer the program. In the RFP, the City agreed to advance funds for both acquisition and rehabilitation to the selected non profit. This facilitated the buying process to allow the non profit to take title to the property subject to a 0% interest first lien by the City. In April 2009, the City selected BAND (Broward Alliance for Neighborhood Development) which is based in nearby Ft. Lauderdale. The City's Mayor, Rae Carole Armstrong said "We welcome the opportunity to work with BAND to address the City's foreclosure issues while assisting new residents of Plantation by providing rehabilitated homes at an affordable price. We plan to recycle the NSP funds as the homes are sold to continue this program well into the future."

BAND, a non-profit membership organization, is a collaborative comprised of non profits and other affordable housing stakeholders. BAND identified three member agencies to make up the development team and, according to their areas of expertise, entered into memoranda of understanding that distributed tasks as follows:

- Identify properties for homeownership
- Approve scope of work for rehabilitation
- Work with Realtor/broker to negotiate and execute sales contracts
- Assist with the identification of bank REO (Real Estate Owned) departments; utilize other sources of acquisition (Fannie Mae HomePath, National Community Stabilization Trust) and bulk purchase programs
- Identify closing agents as needed
- Price homes for resale
- Assist with marketing the program and the houses to potential buyers

Additionally, four other member organizations are engaged to provide housing counseling and homeowner preparation services. Fees associated with these services are paid for through the developer fee.

BAND uses several methods in the acquisition process to locate potential properties:

- Realtor - BAND selected a Realtor who monitors the Multiple Listing Service (MLS) looking for properties that fit the BAND criteria, arranges inspections and prepares offers.
- Drive by - the acquisition team drives through the targeted areas and researches the feasibility of



City of Plantation home under inspection.

homes that appear to be vacant or abandoned.

- BAND monitors the websites of Fannie Mae and Freddie Mae and other lender REO sites to identify properties before they are listed on the MLS.
- National Community Stabilization Trust (NCST) First Look Program.

Almost every day, BAND receives an email from the NCST. They have 24 hours to review the list, decide which property they want to see, notify the Trust, assemble the development team and visit the site. If they are interested in the property they notify NCST and request pricing. BAND has found that the majority of the time, the pricing is reasonable and all parties accept the initial offer. A pre-negotiated purchase agreement is provided by the selling lender which requires a \$1000 deposit. The closing is handled by a local title company acceptable to the Trust. The closing usually occurs within 30 days unless title issues surface and cause a delay.

BAND considers the following about each property:

- Evaluate amount of rehabilitation needed
- Look for illegal additions/property encroachments
- Check for Chinese drywall
- Check for lead based paint and excessive mold
- High Home Owner Association fees
- Age of home
- Unresolved title issues that remain post foreclosure
- Goal is to assemble a mix of housing sizes and styles and pricing which represent needs of potential buyers

“NSP has provided the opportunity for cities to address problem properties, correct code and zoning violations, improve curb appeal while at the same time providing decent, affordable housing for new buyers. BAND enjoys working with the City of Plantation to bring new homeowners to their community”

— Pat Stephenson, Executive Director, BAND.

Prior to closing, the contracted architect provides a scope of work for BAND’s review. BAND and the City of Plantation see NSP as an opportunity to improve the city’s housing stock, as well as to provide decent affordable housing for new homeowners. The first priority for all rehabs is to correct code violations and remove illegal additions or outbuildings. Special attention is paid to curb appeal and all homes are renovated using green building techniques and energy star appliances.

BAND recognized the inherent risk in owning properties that had been rehabilitated yet had no qualified buyers in the pipeline. Consequently BAND has begun conducting homebuyer events in the City of Plantation and throughout Broward County to identify and inform potential buyers. After attending the workshop, interested clients are provided with access to homebuyer education, budgeting and finance training and credit counseling. Once they are mortgage ready, clients are referred to prescreened lenders for prequalification.

Lessons learned

- Title issues are not always resolved during foreclosure, which causes fall out and closing delays.
- Competition on REOs is fierce, cash investors are plentiful and these buyers are stockpiling property (vacant or rented) in anticipation of future housing price increases.
- Banks are metering the amount of properties they put on the market to avoid flooding the market and causing price reductions.

Jacksonville

The centerpiece of the City of Jacksonville-Duval County Neighborhood Stabilization Program is a firm commitment to involve the private sector to the maximum extent possible.

With only two full time staff administering the \$26 million NSP 1 program, private partners are carrying out the bulk of the activities-12 local companies are providing support services, 15 developers acquire, rehab and resell or rent the foreclosed homes, and there are over 600 building contractors and subcontractors in the qualified pool to rehabilitate or demolish targeted properties. The focus to create jobs is making the NSP program successful in not only providing housing for lower income households, but stimulating the local economy.

Director Wight Greger reports that it took some time to develop these systems and to shorten the due diligence timeframe from 40 to 20 days, but now the work is proceeding efficiently with over 60 homes having been processed. Some of the surprises and insights shared with the Coalition:

- About a fourth of the homes inspected were rejected because rehab costs would be too high and affordability standards could not be met. Title issues and competition from investors have resulted in others being delayed or purchased by others.
- Sellers' have been reluctant to offer more time for closing, requiring a short ten days to close on purchase contracts. A contract with mortgage banking professional has led to more realistic timeframes as confidence has grown that the program can move effectively through a purchase.
- Lenders offering permanent financing for buyers at first had numerous obstacles but negotiations



Arbor Oaks NSP home in Jacksonville.

and agreements have allowed the developers to purchase the properties with NSP funds. There can be a variation between the timeframe a seller wants (fast- ten days) and the permanent lender requires (up to 60 days). By authorizing the developer partners to purchase the properties

in the interim, the closing can take place while the buyers get their permanent mortgages.

- Homebuyers are able to take their 8 hour training on a Saturday while at the same time their applications and qualifications are processed side by side at the event. This allows for one stop shopping to obtain HUD certified homeownership counseling and qualification. These activities are carried out by the City's partners.
- The program hired a GIS expert who maps lis pendens on a daily basis and produces maps that allow the City to identify clusters and neighborhoods that can be targeted for stabilization. This has provided a glimpse into the future to allow for strategic purchases and neighborhood stabilization.
- Another contractor hired is a LEED certified specialist who is providing assistance with incorporating green and energy efficiency features into homes and is developing creative uses for deconstruction materials and recycling, all in support of the City's Green initiatives.
- Rental projects are on schedule but require a different set of tools in evaluating capital needs and future operating funding.
- Demolition has taken place and a large blighted foreclosed property is the subject of community support for demolition.

City of Port St. Lucie

The City of Port St. Lucie hopes to have 130 homes purchased and rehabilitated by September of 2010 using its NSP allocation of \$13.5 million. The centerpiece of their program was getting the various city departments coordinated and ready to work together. The information technology department set up a special computer network so that all Departments working on the program can access files and information on each property as it goes through the process. This took some time but was worth the effort. The City also received technical assistance from the Florida Housing Coalition in its early stages to set up a tracking system for the properties and funds.

In its operation of the program it has been noted that they have to look at ten properties for every one that is purchased. Competition with cash investors has lost many properties to the private sector which is a concern for neighborhood stabilization if these are not adequately rehabilitated before being rented. The City also needed to expand its target areas to take in a broader spectrum of affected areas and to increase the available choices for purchase.

The City is taking title to the properties and this is triggering a more extensive environmental review. They are dealing with vacancy and mold related problems. The City is also responsible for paying the utilities, lawn maintenance and liability insurance for these properties. The Community Services Department, with Tricia Swift Pollard coordinating, is seeking to purchase multiple properties on the same street so as to have more impact on stabilizing neighborhoods. This is beginning to make a difference visually in some areas. They are working with a core of 5-6 Realtors out of a 30 who signed on to assist. They have purchased 37 homes and obligated or committed close to \$4 million in NSP funds. Twenty homes are under rehab and ten have been demolished. According to Tricia Pollard, "I think this



Purchased for \$45,900 the home needs approximately \$17,000 in repairs and will be repaired. Some of the prior interior "improvements" such as the paint will be toned down during the repair/rehab process. This home (except for the colorful interior) is typical of the homes purchased early in the process, in Port St. Lucie.

program will make a difference in Port St. Lucie., We have seen a number of instances where the property we buy really improves the entire street. However, it is a challenge to purchase other abandoned properties on the same street because those homes are either not through the foreclosure process or are not yet for sale. With the short time frames for this program if the homes are not through foreclosure, we do not have the luxury of waiting for them to become available."

Polk County

Just as Polk County's building growth skyrocketed over the past five years, this very large central Florida county suffered from widespread foreclosures in both scattered site areas and entire subdivisions. Just last year over 9,000 homes were added to the foreclosure inventory. The City of Lakeland also experienced a high rate of foreclosures. Both Polk County (\$14.5 million) and the City of Lakeland (\$2 million) are recipients of HUD direct Neighborhood Stabilization Program funds. So far over 30 homes have been purchased.

Polk County's strategy for mobilizing NSP dollars is a deep commitment to having the private sector play a major role in the administration and implementation of the program. The County's role is confined to compliance and monitoring contracts while a procurement process led to the engagement of Swan Advisors to manage implementation of the program and the Keystone Challenge Fund to carry out the development

activities. Both are compensated a flat fee. The County engaged a private accounting firm to manage all disbursements and provided a \$4 million advance from general revenue funds to allow for rapid remittances. This greatly enhances the possibility for meeting tight closing deadlines and to have funds available for all due diligence activities. Over 140 local firms have been qualified to work within the program providing myriad services from locksmiths to building contractors.

According to Jeff Bagwell, executive director of Keystone Challenge, the Polk County partnership has a core philosophy of acting strategically to stabilize neighborhoods. With several very large target areas there is an emphasis on limiting the number of very low income units in a given area to buying units in bulk in subdivisions. Bruce Lyons, with Swan Advisors, cautions that the relatively low listing prices of the homes often results in the need for a very low subsidy for homebuyers but the program must be cognizant of the risks of homeownership for very low income buyers. This is the rationale for homeownership counseling. Bruce commented that rather than focus on sheer numbers production, the partnership is allowing economic impacts to accrue to those most affected- for example, if a locksmith is needed in Lake Wales, a qualified vendor from that community is called to do the work. This supports the neighborhood not only with the housing but with other services funded in that community.

Some of the lessons learned in Polk County are:

- It is important to closely analyze the market dynamics on a neighborhood basis- is the neighborhood suitable for homeownership or is it largely rental and needing additional planning activities; or are the homes to be purchased in a platted subdivision near the entrance which would be more marketable?
- The use of a nonprofit developer enables the homes to be purchased and rehabilitated under one title and then re-sold when the buyer is qualified and the home is completed.



So far Polk County has obligated \$2,576,818 dollars with the purchase of 28 homes, with 4 homes currently contract with offers pending.

- The partnership is working with the Neighborhood Stabilization Trust, a national agency that provides daily listings of available units held by certain banks- there are now 12 lenders who participate. The closing process is somewhat assisted with this process as a 24 hour first look is allowed so the properties can be checked for further investigation.
- Good public relations is helpful- the partnership has received positive media support from local newspapers and three television stations have covered the project.
- Working with Realtors has brought some surprises- while the Multiple Listing Service is essential, many real estate professionals are busy with investors and do not participate heavily in the program.
- Local vendors responded quickly and enthusiastically to the call for qualifications.
- This is a four year program and the partnership is attempting to move according to the benchmarks in funding obligations and market dynamics.



The nonprofit partnership program has 134 properties acquired or under contract for over \$10 million in NSP funds.



Pasco County

The Neighborhood Stabilization Program has hit the ground running in Pasco County. A \$19.4 million budget for this mid-state county that was severely hit by the foreclosure crisis means administrator George Romagnoli must structure the program to expend close to \$1 million per month on acquisition, rehabilitation, and demolition of foreclosed homes and apartments in order to meet the compressed time frame that defines the program. Pasco County received the 17th highest NSP award to any local government nationally. The county is also considered by some to be a leader both in the state and nation for spending its NSP money most quickly.

At press time, Pasco County NSP has expended or obligated over half of its NSP allocation on the acquisition, rehabilitation, and in some cases demolition of over 150 homes. The County is seeking to amend its substantial amendment to reduce the level of funding originally committed to purchase assistance as only five homes have been purchased to date under that strategy. It is noteworthy that in the initial stages of the program purchase assistance was promoted by the private sector as the only strategy needed.

The nonprofit partnership program has 134 properties acquired or under contract for over \$10 million in NSP funds. The County is also refining its procedures to make sure it complies with the Tenant Protection Act of February 17, 2009 which requires that all tenants in foreclosed homes have at least 90-120 days after the foreclosure to occupy the unit. Verifying this and ensuring that the law will be followed is absorbing staff time as they review court files to determine occupancy. The NSP plan may also be amended to allow the Habitat for Humanity affiliates to acquire and rehabilitate homes with volunteers and then hold their traditional zero percent interest mortgages for homebuyers.

Here are some highlights of the Pasco County NSP experience with some lessons learned along the way.

- Working with an experienced and qualified Realtor is the key to success. Homes are identified through daily Multiple Listing Services notifications or through lender based websites such as Fannie Mae's site, www.homepath.com. Gregg Schwartz, director of the Tampa Bay Community Development Corporation, one of eight nonprofit partners in the program, makes bi-weekly inspections of available homes accompanied by a Realtor. For homes they are interested in, the offers are phoned in from the

site. Offers are written and submitted by day's end. Even though bids may not be accepted due to competition from investors, they are left on the table as in this volatile market they are often accepted at a later date. As Gregg says, "the meter is running."

- Pasco County provides inspection, appraisal, rehabilitation write up and construction management services. This ensures that the funder has those HUD and CDBG requirements in compliance and location in a target area and allows the nonprofits to continue to work with their buyers.
- Time is of the essence. Sellers may allow only 7 days for due diligence. The only problem seen with this timeframe is for lead paint inspections on homes built prior to 1978.
- Timing for closing funds is also critical. The Pasco County Clerk of Court works closely with NSP by providing closing funds rapidly. When an executed contract for purchase is submitted to the county, a case is established and sent to the Finance Department. Upon submittal of a signed HUD settlement statement the amounts are confirmed and funds are wired to the title company within a day.
- Pasco County has 40 appraisers qualified for the program. They are paid a flat rate. The high number of appraisers available ensures that if one is busy, another can come back in several days with an appraisal. There have been times when the appraised value is well below the asking price.
- When the rehabilitation of homes is 95% complete, Tampa Bay CDC puts the property on its website and its buyers who have registered with the Homebuyers Club can make plans to visit and purchase a home they like. They are already completing their home-buyer counseling program.
- Most buyers are receiving FHA insured loans. Some community banks are also participating. Buyers with income below 50% of area median income,

qualify for a subsidy of up to 50% of the sales price. Lenders are requiring a minimum mortgage amount of \$40,000 which prevents over-subsidy based on income level.

- Pasco County plans to use NSP for rental housing as well and is working with a variety of agencies that provide supported living or related services. They are considering multi-family properties as well as single family homes that would be suitable for NSP funding.
- Pasco County has determined that given their market conditions, using Realtors to provide lists of available properties is the most expedient manner to implement the NSP process.
- Pasco County has also purchased "abandoned" properties through the short sale process. A determination from HUD allows this as the homes are in the foreclosure process and abandoned by definition. It is critical to ensure that other title issues are cleared up but this makes a greater inventory available to the program.

City of Tampa

The City of Tampa is making good progress with their NSP program with its allocation of \$13.6 million. The City has acquired ten properties in one target area with another 20 in due diligence. NSP coordinator Stuart Campbell was surprised that at least in this community's target areas, the cost of the properties is coming in less than expected and they will be able to purchase more than anticipated. The City has selected four supportive housing organizations for the acquisition and rehabilitation of units for clients of social services. Finding multi-family properties that are located in the NSP target areas has been a challenge. The City also has a homeownership purchase assistance program that will target four neighborhoods with direct assistance through local partnerships. There is a supplemental subsidy for the acquisition and rehabilitation of historic properties purchased in the historic preservation area.

As Owner Occupied residences are surrounded by a concentration of abandoned and blighted duplexes that negatively affect the character of the neighborhood, acquisition and demolition of such structures will allow the City to upgrade the neighborhood and provide future sites for single family home ownership to complement the existing neighborhood.



Note on Chinese Drywall

Some newly developed housing markets in Florida have a high incidence of toxic drywall products that emit a gas that rots all metallic elements including wiring, HVAC systems, plumbing and even mirror silver. The restoration of homes built with Chinese drywall is catastrophically expensive. Legislation may be presented this year in Florida that would empower FEMA to provide relief to homeowners whose insurance companies or builders are unable to rectify the problem.

City of Cape Coral

Recently dubbed the third highest percentage of foreclosures in the country by RealtyTrac with almost four percent of properties receiving a notice, the City has found that the purchase assistance program is leading the way thanks to Fannie Mae and HUD contracts that give homebuyers preference in the bidding process. The City has an NSP allocation of over \$7 million. The acquisition-rehab strategy is encountering a high number of homes with Chinese drywall which is an unpleasant finding after scheduling the inspection and getting the results back. One out of seven homes has this problem and it can only be discovered after investing in the due diligence process. The City has decided to avoid these units altogether. At press time, 17 homes are under contract or have been purchased.

The foreclosure market in Cape Coral is extremely competitive and the City is frequently outbid during their due diligence process. For this reason First Look programs are the preferred means to gain access to acquiring these homes. According to NSP coordinator Amy Yearsley, this has become essential as the market is experiencing homes selling for \$20,000 to \$50,000 over the sellers listing

price. Initially the City had structured its program to allow for the City's real estate and legal department to negotiate purchase contracts and then assign them at closing to their nonprofit partner, the Cape Coral Housing Development Corporation. This has not worked out as the sellers are not permitting the assignments. The Cape Coral HDC is maintaining a sufficient buyer pool with 120 prospective homebuyers on a waiting list.

Collier County has developed an in-house NSP strategy where the County takes title to the properties and conducts the rehabilitation. The homes are then set for disposition through private channels. So far 469 properties have been evaluated with 249 inspections made. There are 39 homes now either closed or under contract. Collier County learned early on that competing with investors for the move-in ready homes was not fruitful. They have purchased homes needing more rehab and have completed 14 of the homes. The County has obligated over half of its NSP allocation of \$7 million. Now as they turn to the sale of homes, there are 28 buyers qualified out of 65 applications taken. According to Marcie Krumbine, NSP manager, the County feels confident in obligating the balance of the NSP allocation.

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Strategic Opportunities

The survey of local NSP strategies and those highlighted in this article reveal that successful approaches come in a variety of forms- and no single strategy is best for every community. Also evident is that certain NSP challenges, such as the competition of cash investors, means that NSP communities should be looking at some strategic opportunities to reach their goal of expending NSP funds in a timely manner. The dynamics of the foreclosure crisis and the dynamics of the foreclosure and economic recovery process mean that NSP communities would be wise to immediately assess some strategic opportunities: expanding the target area; targeting multifamily properties; land banking; lease purchase, and better partnering with nonprofits, lenders, and Realtors.

Expand the Target Area

Many communities have drawn their boundaries too narrowly and face a diminished supply of suitable inventory. In some cases foreclosure rates have risen in other neighborhoods warranting an expansion of the initially drawn target areas. If the expansion of a target area is considered, HUD should be notified. The action plan amendment will need to go through the same process as the initial substantial amendment including a 15 day public comment period. The justification for expanding the target areas should be described both through foreclosure data and geographically to describe how NSP funds will stabilize areas of greatest need. The approval process of expanded areas may overlap the initial 18 month deadline for obligation of funds but this will improve the chances for success in neighborhood stabilization over the program horizon of four years.

Target Multifamily Properties

Most of Florida's NSP communities have been focused on single family homes- purchasing one unit at a time. As time is running short, focusing on the purchase of multiple units within one development can be both efficient and less likely to draw competition from the private investor segment of the market. The purchase and rehabilitation can utilize more

funds at one time reducing the transaction costs and efforts. A Realtor specializing in multifamily properties can provide listings and information on the properties history and occupancy. Multifamily rehabilitation and management requires significant capacity and experience however, so it is critical to form the necessary partnerships to

undertake multifamily property acquisition. An extensive analysis of the condition of the building, or capital needs assessment, will indicate the feasibility of rehabilitation and extent of the cost. The area market is also critical to understand for any rental property management. If rental strategies were not included in the substantial amendment, a revision will be necessary.

Land Banking

The land banking strategy that is an eligible use of NSP funds can be a valuable alternative during the critical months ahead as communities run into the 18 month obligation deadline. Because land banking can buy the NSP community up to ten years to develop a property, the strategy can be used to obligate remaining NSP funds during the waning months of the



A seven unit apartment complex purchased by the City of Ft. Myers. Once rehabilitated it will be deeded to a nonprofit supportive housing provider for families who are rebuilding their lives after foreclosure, evictions, homelessness and unemployment. Support services include education and training for new careers.

program. It is important to note that land banking does not satisfy the 25% low income set aside as this must be shown in the closeout of the first phase of the program. The June 19, 2009 NSP1 Federal Register Bridge Notice added language supporting the use of NSP funds for the operation of land banking expenses. This clarification greatly enhances the attractiveness of this strategy.

Land banking can be combined with demolition activities so that properties that need extensive rehabilitation or are located in flood plains can be acquired, cleared and saved for future use. Compounding the value of the land banking strategy is the use of a community land trust to serve a dual role as a designated land bank entity and to ensure permanent affordability of NSP funded properties.

Community Land Trust programs are up and running in many Florida communities. Most were the result of the boom market conditions, providing an alternative to fee simple homeownership at a time when homeownership was out of reach for many in the community. Using a community land trust as the vehicle for land banking is an excellent strategy for land management. The NSP homes that are land banked with a community land trust will be preserved through the market re-bound expected to occur within the next five years. The CLT organization can be a valuable partner as they provide a full range of housing development services as well as the capacity to own and manage land. The CLT, in its role as land steward, acquires, develops or rehabilitates properties and supports buyers with enhanced pre and post purchase assistance.

Land Bank and Land Trust

Land banks and land trusts are defined differently but can be used in combination to implement the NSP long term affordability provisions as well as reserve land for future development as affordable housing. The NSP Rule defines a land bank as a short-term (10 years maximum) means of managing land that may not have a defined purpose and cannot be immediately used due to market conditions. A land trust is a long-term land management tool. The land trust model can be used as a financing mechanism permissible under Eligible Use A of the NSP1.

If land banking is not already one of the NSP communities' strategies, now would be the time to make that amendment; this would be a sound decision that ensures the full use of NSP funding. Coupling the land banking strategy with a community land trust promotes the important public purpose of creating and managing a perpetual stock of affordable housing.

Increase Realtor, Lender, and Nonprofit Partnerships

NSP communities are varied in their approaches to implementing their NSP strategies. Some communities are taking a hands-on approach with the local government taking title to the properties and conducting the rehabilitation through their procurement process using qualified contractors. The homes are then made available to buyers through Realtors or in-house applications. Homeownership counseling is largely conducted by nonprofit organizations that are also providing foreclosure counseling to troubled homeowners.

Realtors have made great efforts to assist buyers but the difficult terrain of identifying properties and making offers on homes that need substantial rehabilitation takes extra effort and lenders are reluctant to escrow rehab funds. Finding financing for families with less than excellent credit has been a tough obstacle in meeting the strict 45 day closing deadlines on the purchase of the home. In those communities with move-in ready homes and willing first mortgage lenders, purchase assistance can succeed but NSP managers need to be watching carefully to ensure that

funds will be obligated in time -otherwise they must quickly develop another strategy.

Local market conditions will determine the success rate for purchase assistance programs. In areas with move-in ready homes and a cadre of committed Realtors who are experienced with the rigors of income qualification, subsidy applications and finding first mortgages can be expected to meet targeted goals. Even so, banks are not lending to homes that need significant repair. Finding qualified buyers under the increased credit requirements is also hampering the strategy. For communities with challenging neighborhood stabilization situations such as homes needing significant rehabilitation, working with nonprofit partners who conduct the acquisition and rehabilitation may prove more expedient.

Some local governments, such as Jacksonville, have relatively few staff and are allowing the private sector to carry out virtually all of the NSP activities. With over 80 homes in process, Jacksonville is not only creating jobs in the community, but saving on administration costs. Pasco and Polk Counties have adopted this type of strategy as well and now have mobilized systems that allow them to focus on compliance while the nonprofits provide one stop shopping for buyers.

Nonprofit housing partners provide the intermediary support required during the acquisition and rehabilitation process so that fully completed homes can be marketed to qualified buyers. The SHIP and Catalyst programs have enabled the development of these community based organizations and existing partnerships have enabled a smooth procurement process to engage them for NSP work.

Lease Purchase Programs

As communities take possession of foreclosed properties, qualified buyers are often in short supply. As an interim measure many are considering using a lease purchase program to allow potential buyers to take occupancy of the home while they complete their purchase qualification process. This type of tenancy

seems to gain popularity when housing inventory is high and financing options are low.

Using NSP funds to purchase and rehab homes and then make them available under a lease purchase agreement can be a good choice but there are many issues to consider. Of critical importance is the recognition that a lease purchase program goes beyond basic rental property management. Rent collection and maintenance are the primary functions but program responsibility in a lease purchase program extends far beyond this.

Potential homebuyers who occupy a home under a lease purchase program have responsibilities including resolution of credit issues, making a down payment, and completing a homebuyer counseling course. Property maintenance can also be their responsibility as a means of preparing for homeownership.

The leasing organization needs to have adequate staff for outreach and intake, collection of rent, counseling and basic property maintenance needs. A significant investment in the acquisition and rehabilitation of the home will be required and the organization must be able to carry that expenditure for an extended period of time until the purchase is complete. Should the tenant-purchaser breach the agreement and be evicted, the organization must be able to shoulder that unpleasant scenario, rehab the house again, and find another occupant. For this reason the organization must be able to select viable purchasers who have a very good chance of obtaining permanent mortgage financing and who have a satisfactory rental history.

The lease purchase model has been rarely used in the recent past in the affordable housing industry. Nationally, the rate of graduation from rental to homeownership has been relatively low which invites a serious review into the viability of the process.

The Florida Housing Coalition is developing a model lease purchase agreement and a training and technical assistance module for future workshops on best practices for lease purchase programs.

Rhode Island: A Statewide Approach



Rhode Island NSP \$19.5 Million (M) Budget in a Nutshell (sidebar)

- \$4 M Land Bank** (\$3.5 M for acquisition, \$100K for property management, \$100K for legal expenses, \$200K transaction costs)
- \$2 M Purchase Assistance**
- \$10 M Rehabilitation** (most properties being considered are substantial rehabilitation)
- \$3 M Demolition and Administration**

A Statewide Program of Note: Rhode Island

The NSP program allocates funding to all fifty states. In some states where foreclosure thresholds did not require funding to entitlement communities, a flat amount of \$19.5 million is made available to the state agency that administers the CDBG program. In Rhode Island, several interesting observations have been made. First, the state has nearly obligated all of its NSP funding. This was done by using existing partnerships with the Rhode Island Housing Agency (their version of the Florida Housing Finance Corporation.) The Agency has long standing partnerships with nonprofit developers who have extensive experience in developing tax credit rental properties. A statewide Land Bank is an essential element, which is a subsidiary of the Agency. Rhode Island chose to allocate its NSP funds to make the most use of the land bank and to use it as a holding entity for real estate purchased. This strategy has allowed the program to obligate its funds rapidly while parcels are acquired by the nonprofit developers for rehab and rental. There is also a purchase assistance program with a

portion of the NSP funds. The Agency requires developers to provide a neighborhood stabilization plan to qualify for funds. This ensures that the overall intent of the NSP program- stabilizing neighborhoods- is at the forefront of all activities. Because of the high level of need for rental housing and the availability of qualified rental property managers, the program is easily exceeding its 25% set aside for low income households. Over fifty homes

have been purchased at this time and have been dedicated to the land bank.

The Rhode Island NSP program is experiencing many of the same challenges as Florida's communities.

The Rhode Island NSP program is experiencing many of the same challenges as Florida's communities. Working in a highly competitive market has resulted

in a reliance on First Look programs. The purchase contract with the sellers has had some unacceptable conditions but there is little chance for revision. Sellers retain the right to cancel contracts at any time which can be frustrating as the only recourse is a return of the earnest deposit. Some properties are found to have legal flaws in the foreclosure process just before the closing, requiring a "re-foreclosure." This puts a delay in the timing but so far the second process clears the title and closing can occur.

The FHC thanks Kim Smith, NSP Coordinator and Joe Voccio, Business Development Manager at Rhode Island Housing for the information contained in this article.

The Neighborhood Stabilization Program (NSP), Land Banking, and the Community Land Trust (CLT)



Florida's NSP grantees, (48 HUD entitlement communities and 24 state funded subgrantee communities) are facing a critical timeframe in which to obligate \$541 million in HUD funding on the acquisition and rehabilitation of foreclosed properties. Unless these funds are obligated by September 2010, the money reverts to the federal government.

To avoid the loss of NSP funding, every NSP community should have land banking as a strategy in its NSP plan. If land banking is not currently a strategy in your NSP plan, the plan should be amended as quickly as possible to provide for land banking.

Land banking extends the time period for expenditure of NSP monies for ten years, avoiding the loss of these critically needed funds from the community and providing the time needed to implement a successful program.

The June 19, 2009, NSP1 Federal Register Bridge Notice added language supporting the use of NSP funds for the operation of land banking expenses. This clarification greatly enhances the attractiveness of this strategy.¹

The Community Land Trust is considered a financial mechanism under the NSP rule and can play a valuable role in implementing the land banking strategy.

- It is the mission of a CLT to acquire land to be held long term, or in perpetuity, for the provision of affordable housing. The CLT uses a 99-year ground lease to ensure that future owners of CLT homes will be income eligible as well as receive affordable mortgage payments or rents.
- CLT's have financing potential to become qualified as FHA lenders and provide down payment assistance. The CLT organization can also finance mortgages with the support of NSP funding.
- The CLT organizations are prepared for long term management of land bank properties. Community Land Trusts are stewards of the land for the benefit of the community, and as such can, acquire, develop or rehabilitate properties and support qualified buyers with enhanced pre and post- purchase assistance.
- For more information, contact the **Florida Housing Coalition** at **850-878-4219**. HNN

¹ Please note that land banking does not satisfy the NSP 25% low income set aside as this must be shown in the closeout of the first phase of the program.



Building the Capacity of Nonprofits in Florida to Preserve Affordable Housing: MacArthur Foundation's Window of Opportunity Initiative



By Stan Fitterman

The Florida Housing Coalition, in partnership with the Florida Housing Finance Corporation and the Shimberg Center for Housing Studies has been awarded funding from the John D. and Catherine T. MacArthur Foundation under MacArthur's "Window of Opportunity" initiative. Florida was one of 12 recipients (out of 81 initial submissions) to be awarded funding from the

Foundation for preservation activities. The Florida Housing Coalition will use its \$475,000 three year award to provide in-depth technical assistance to nonprofit organizations wishing to begin a business line for the acquisition of existing rental units that have project based rental assistance. The Florida Housing Finance Corporation handled the process for selecting the nonprofits. Ten organizations responded; four were selected to receive the assistance – Ability Housing of Northeast Florida, Florida Home Partnership, Homes for Independence, and Miami Beach CDC.

those developments with project-based rental assistance are often the only way, other than resident-based Section 8 rental assistance, to make housing affordable for ELI households.

Ability Housing currently provides affordable rental housing to the Jacksonville community. Over the years, we have become more and more aware of our community's aging affordable rental housing stock. Many of these existing developments have project-based rental assistance contracts with HUD. As these properties age, and are in need of capital repairs, their ability to provide quality housing – in compliance with HUD standards – diminishes. We have seen some of these developments lose their Housing Assistance Payments (HAP) contracts. Once these units lose their rental subsidies, they can and do become a blight on the community.

Ability Housing wants to assist our local and state governments in preserving these properties, in addition to meeting the housing needs of our community's homeless and ELI households.

Ability Housing of Northeast Florida



*Shannon Nazworth,
Ability Housing of
Northeast Florida, Inc.*

The mission of Ability Housing of Northeast Florida, Inc. ("Ability Housing") is to provide quality, affordable, community inclusive housing for individuals and families at risk of homelessness and adults with disabilities. Because the organization's mission is focused on the affordable housing needs of households with extremely low-incomes ("ELI") and those with special needs, Ability Housing has determined that the preservation of properties with project-

based rental assistance is integral to fulfilling its mission.

Although Ability Housing recognizes the importance of preserving all existing affordable rental housing developments,



*Earl Pfeiffer, Florida
Home Partnership*

Florida Home Partnership ("FHP") has been developing affordable single family housing utilizing the USDA's mutual self-help housing program in rural Hillsborough and now Pasco counties for the past fifteen years. In doing so, FHP has successfully developed 400 homes serving families under 80% of the area median income.

In 2005, at the direction of their Board of Directors, we changed our name from Homes for Hillsborough and expanded our service area to include several central Florida counties to include Hillsborough, Pinellas, Pasco, Manatee, Polk, Hardee, Desoto as well as Hillsborough.

Due to FHP's successful experience developing homes for low and very low income homebuyers, we believe it is time to expand our business lines to include multifamily development; specifically preservation of existing affordable rental housing that is aging and has expiring affordability periods. Developments with expiring rental assistance contracts service families in the income range FHP has serviced for 15 years. FHP believes that it can serve a vital role in preserving these developments through acquisition and rehabilitation in rural and urban areas of the counties FHP services.

- The Shimberg Center for Housing Studies estimates that Florida has lost 5,601 federally subsidized units since 1993.
- There are currently 3,803 units with HUD rental assistance set to expire between 2009 and 2012.
- The Shimberg Center site provides information about properties including risk factors (expiration dates, REAC scores, project rent/FMR ratios, etc. <http://flhousingdata.shimberg.ufl.edu/a/preservation> http://flhousingdata.shimberg.ufl.edu/a/ahi_opt http://flhousingdata.shimberg.ufl.edu/a/ahi_det
- For a general overview of Florida's assisted housing stock, including a discussion of preservation risks, see State of Florida's Assisted Rental Housing report, at <http://flhousingdata.shimberg.ufl.edu/docs/AssistedHousingReport2009.pdf>.

Homes for Independence



*Lori Kreisle,
Homes for
Independence*

The mission of Homes for Independence, Inc. (HFI), a 501(c)(3) non-profit organization, is to provide affordable housing to low-income individuals and their families and to increase the availability of affordable and accessible housing for individuals with disabilities, striving to provide individual consumer choice whenever possible. Because of our affiliation with Abilities Inc., (a non-profit organization with a mission to provide indi-

viduals with disabilities an exceptional service delivery experience through innovative and valued employment, training, rehabilitation and support services) HFI is a member of the ServiceSource Network, and leverages the resources and expertise of the affiliation of non-profit organizations supporting people with disabilities in 10 states from Florida to Delaware to Colorado as well as the District of Columbia.

HFI's current programs and services include scattered-site affordable rental condominium units, assistance with homeownership for low-income individuals, property management, property maintenance, condominium association management, property renovations, accessibility modifications and repairs, and low-interest home improvement loans. We currently operate a total of 15 Section 811 corporations in Florida. Individual corporations are acquired, renovated and developed by HFI through the sponsorship of Abilities, Inc. of Florida. We also expanded our affordable housing services to North Carolina with our first HUD Section 811 award there in the fall of 2003. Due to our experience with working with project-based rental assistance under the 811 program, the preservation of existing assisted rental housing is a logical extension of our work and in line with our mission.

Miami Beach CDC



*Roberto Datorre,
Miami Beach CDC*

Founded in 1981 by the Miami Design Preservation League, MBCDC spearheaded the revitalization of the Art Deco District, public and private investment on Ocean Drive and Lincoln Road and the re-emergence of South Beach as a world class tourist destination. MBCDC now works throughout Miami Beach and the region to celebrate an extraordinary architectural and urban

endowment, revitalize distressed neighborhood, create increased economic opportunity, rehabilitate affordable housing and improve the quality of life for those who live, work and visit the City.

Organized with a commitment to preservation and urban design, MBCDC uses a holistic approach to institute a balanced and comprehensive program of community development. The Homeownership Assistance Program has helped over 280 families purchase a home by providing training, counseling, favorable financing and downpayment assistance. The agency will soon reach a milestone of 250 additional units that it has developed and operates as rental housing for elderly and special needs clientele.

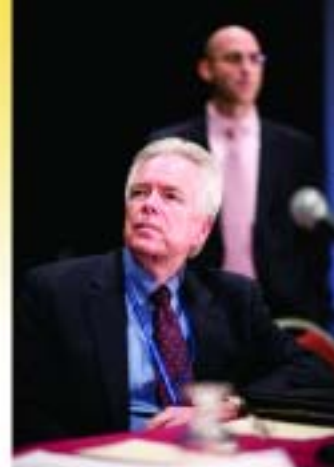
The Miami Beach CDC is committed to the preservation of residential neighborhoods and the development of safe, decent and affordable housing for low and moderate income residents. Over the next five years, the agency hopes to expand its reach into Miami Dade County and continue its mission by increasing the affordable rental stock through the acquisition, preservation and renovation of aging and/or historic buildings.

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THE ROUTE TO RECOVERY



HUD Assistant Secretary Mercedes Márquez delivers keynote address to more than 650 housing professionals at FHC 22nd Annual Conference



DCA Secretary, Tom Pelham and FHFC Executive Director, Steve Auger provided the state of the state address

(Below) FHC Chair George Romagnoli presents FHC Past Chair Jeff Bagwell an award for his leadership and dedication to the Florida Housing Coalition



(Left) Attorney General Bill McCollum, giving his keynote speech at the Florida Housing Coalition Conference on September 21, was emphatic in his

support for fully funding Florida's housing programs "I am very aware of the Sadowski Trust Funds and the dedicated doc stamp money. Personally, I believe if you have a dedicated fund for housing, every single penny taken into that trust fund should be available for that purpose. Period"



Michael Bodaken, president of NHT, John Taylor, president of the NCRC, Sheila Crowley, president of NLIHC and FHC Board Member Mark Hendrickson, respond to the audience during FHC Conference Public Policy Plenary



Nancy Muller speaking at TCAP, TCEP, and Preservation FHFC caucus. Video of this session is available at: www.floridahousing.org



Stacey Walker, Director, Community Relations and Housing Outreach, for Freddie Mac speaking about the Making Home Affordable program



Elvin Torres, Senior Business Developer, with Fannie Mae speaks at Making Home Affordable workshop



Joe Glucksman, of J. Glucksman Consulting, addresses Housing Finance workshop



Louis Freeman, of Federal Home Loan Bank of Atlanta, on the panel for Affordable Housing Finance





Rob Dearduff, Special Programs Administrator, FHFC addresses the SHIP Roundtable



Representative Keith Fitzgerald speaks at FHC Conference after receiving an award for his legislative leadership on community land trusts



Representative Ron Saunders receives award for his legislative leadership on repeal of the trust fund cap from Jaimie Ross, president of FHC



Chuck Elsesser, FHC Board Member and Sharon Lee, Executive Director of LIHI, asking questions to the public policy panel



Rep. Gary Aubuchon receives an award for his legislative leadership, on repeal of the cap, from FHC President Jaimie Ross



(Left) Stacey Walker Director, Community Relations and Housing Outreach for Freddie Mac and (Right) Fran Pheeny, Business Development Manager for Fannie Mae participated throughout the conference workshops and roundtables and are greatly appreciated by the Florida Housing Coalition for their pivotal roles in funding our NSP technical assistance



James Ayotte, Executive Director for Florida Manufactured Housing Association, speaks to SHIP roundtable



We Help CDC is the winner of \$1,000 to support nonprofit work in Florida. (Left) Michelle Braun, Senior Vice President, Community Development Manager for Wachovia, a Wells Fargo Company, presents the bank's check to Dorothy Walker, CEO of We Help CDC. (Right) George Romagnoli, incoming Chair of Florida Housing Coalition



Expo prizes, time to network with colleagues from across the state, and some well-earned fun at the reception



Seasoned housing professionals always find engaging content at the conference workshops





SHIP Caucus at Conference



By George Romagnoli

The year was 1993, and local governments were feeling their way around the brand new State Housing Initiative Partnership (SHIP) Program. The state's new housing program was something that local gov-

ernments had never seen before – a truly innovative flexible program that was meant to meet a local area's need, not loaded down by decade's worth of federal rules and regulations. Not only homeownership and rehabilitation activities were eligible, but also rental activities and foreclosure prevention.

The Tampa Bay area was rich with over a dozen large SHIP recipients that wanted to share ideas and programs. Howie Carroll from Hillsborough County took the lead in forming the West Coast SHIP Steering Committee. The first few meetings showed that even though governments were from cities and counties, rural and urban areas, they all had similar issues and problems. This group has met regularly and continuously since then.

The Florida Housing Finance Corporation (FHFC) took note of this group, and the State's SHIP Administrator met regularly with them over the years to bounce ideas, rule changes, and Annual Report revisions. Many of the policies and directions that SHIP has taken has been because of these discussions. The group was able to give the State real life examples of issues they had to face. This interaction led to unusual case in state



George facilitates the SHIP Caucus at the Florida Housing Coalition Conference

government – a true partnership. Unlike other state agencies, FHFC does not promulgate rules and policies without talking to SHIP Administrators first – and usually their first stop is the West Central Florida SHIP Steering Committee.

The group also formed the nucleus of the group that organized the state-wide SHIP Administrators Roundtable. There is no doubt that the opportunity to meet and discuss common problems and tasks helps all SHIP Administrators improve their programs.

This experience was the reason that all SHIP Administrators were invited to caucus by region on the first day of the Florida Housing Coalition Conference. Groups were formed in Central Florida, Northwest Florida, Northeast Florida, Southeast Florida and the West Coast reorganized and elected a new Chair. The West Coast group decided to expand beyond SHIP, and invite all government agencies to join them to discuss common housing experiences.

As SHIP Administrators from other areas met, they found that they too had common issues that they faced, developers, builders Realtors, and not-for-profit agencies that crossed municipal lines, and regional issues that they faced together. All agreed to meet in the near future.

As Humphrey Bogart said in Casablanca, ***“I think this is the start of beautiful friendship.”***

HNN

This was the first year we incorporated a formal caucus time at the conference, and the feedback was overwhelmingly positive. Some groups will continue to meet throughout the year and we will include the caucus time again at next year's conference on September 20, 2010. Let us know if you are part of another group that would like a caucus at the conference: info@flhousing.org.



Housing Opportunities for Youth Aging Out of Foster Care



By Lydia Beltrán

What happens when young people age out of foster care and have no family support system? They can easily join the growing number of homeless and even worse, fall victim to the criminal world steeped in drugs and prostitution. But small victories

are being won in the battle to help youth aging out of foster care thanks to state and local housing trust fund monies and mission based nonprofits willing and able to take on the most difficult tasks.

According to the Child Welfare League of America, approximately 37% do not have a high school degree when they leave foster care, 56% are unemployed, and 25% become homeless within one year. According to the Treasure Coast Homeless Services Council, youth between the ages 18-23 are the fastest-growing segment of the homeless population in Florida. More than 800 children in Florida will age out of foster care this year.

“The Youth Transition Center is our community’s opportunity to help provide hope and a brighter future for our foster children.”

— Lawrence Brooks, Executive Director, CHS

Children’s Home Society (CHS) Treasure Coast Division – Fort Pierce

The Youth Transition Center will consist of six one bedroom units and three two bedroom units along with a community space and administrative offices for case management and vocational services. The facility will be built in Vero Beach and will serve Indian River, Martin, St. Lucie and Okeechobee counties. The youth will benefit from an 18 month program which will provide comprehensive services to prepare them for independent living. The services will include developing a case plan with each youth, monitoring compliance with the plan, and assessing readiness to leave the program. A six-month follow-up will also be included upon



Aging Out of Foster Care



completion of the program. Approximately 60 young people will be provided transitional living services every year (20 in residence at the Youth Transition Center and 40 through community support services).

Construction for the Youth Transition Center began in February 2009. The project is expected to be completed prior to year's end with the estimated move-in to be January 2010.

The project is funded by private donors of the CHS Foundation and a commitment for funding from the Florida Housing Finance Corporation Demonstration Loan Program, funded from the state housing trust fund.

“Without the Youth Transition Center, what we are in effect saying to these young people when they turn 18 is, ‘Happy Birthday, You’re Homeless.’ The Youth Transition Center will give them the opportunity to make a positive transition into adulthood and become contributing members of society.”

Lawrence Brooks
Executive Director
Children's Home Society
415 Avenue A
Ft. Pierce, Florida 34950
772- 489-5601
www.youthtransitioncentertc.com

**Section 420.628, Florida Statutes, is created to read:
Affordable housing for children and young adults
leaving foster care; legislative findings and intent.—**

- (1)(a) The Legislature finds that there are many young adults who, through no fault of their own, live in foster families, group homes, and institutions, and face numerous barriers to a successful transition to adulthood. Young adults who are leaving the child welfare system may enter adulthood lacking the knowledge, skills, attitudes, habits, and relationships that will enable them to become productive members of society.
- (b) The Legislature further finds that the main barriers to safe and affordable housing for such young adults are cost, lack of availability, the unwillingness of landlords to rent to such youth due to perceived regulatory barriers, and a lack of knowledge about how to be a good tenant. These barriers cause young adults to be at risk of becoming homeless.
- (c) The Legislature also finds that young adults who leave the child welfare system are disproportionately represented in the homeless population. Without the stability of safe and affordable housing, all other services, training, and

opportunities provided to such young adults may not be effective. Making affordable housing available will decrease the chance of homelessness and may increase the ability of such young adults to live independently.

- (d) The Legislature intends that the Florida Housing Finance Corporation, agencies within the State Housing Initiative Partnership Program, local housing finance agencies, public housing authorities, and their agents, and other providers of affordable housing coordinate with the Department of Children and Family Services, their agents, and community based care providers who provide services under s. 409.1671 to develop and implement strategies and procedures designed to make affordable housing available whenever and wherever possible to young adults who leave the child welfare system.
- (2) Young adults who leave the child welfare system meet the definition of eligible persons under ss. 420.503(7) and 420.907(10) for affordable housing, and are encouraged to participate in federal, state, and local affordable housing programs. Students deemed to be eligible occupants under 26 U.S.C. 2(i)(3)(d) shall be considered eligible persons for purposes of all projects funded under this chapter.



Following Up on the Successful Construction of Buckner: Group Home and Apartments for Youth Aging out of Foster Care

In the last edition of the Housing News Journal we showed the groundbreaking, pictured at right. As you can see from the top photo, the Children's Home Society of Florida (CHS), Buckner Division's group home is nearing completion. This Jacksonville project includes a group home and apartments for youth aging out of foster care.



City Councilman Don Redman, Nancy Drecier (District Administrator, Department of Children & Families), Andry Sweet (CHS Vice President of Operations), Kymberly Cook (Executive Director, CHS Buckner Division), Brian Hall (Family Support Services of North Florida) and Charlie Cromer (CHS Chairman of the Board, Buckner Division).

“We are excited about adding Buckner Place to our residential services allowing us to include young people who recently aged out of foster care. These young adults need assistance in making the transition from dependency to independence, and our new facility will help them navigate these rough waters.”

— Kimberly Cook, Executive Director, CHS Buckner Division

While the residents continue their education, project services will emphasize independent living skills for all residents to ready the former foster youth for living on their own. Most of the residents will also have jobs, and CHS staff will provide support to ensure success.

The CHSF Buckner Division project is being financed through the City of Jacksonville's SHIP

program, the Florida Housing Finance Corporation (FHFC) Demonstration Loan Program, (which received technical assistance from the Florida Housing Coalition), the Children's Home Society of Florida Foundation, as well as private donors.

The program services will be funded through community based care services including Family Support Services of North Florida and United Way of Northeast Florida.

Chartered in Jacksonville in 1902, Children's Home Society of Florida, Buckner Division is dedicated to embracing children and inspiring lives. They work to restore and strengthen families through various programs and services such as adoption, foster care and child abuse prevention programs.

For further project information, contact David Clark, Director of Development at 904.493.7737 or www.chsfl.org/Locations/buckner.aspx

HNN



Solar Panel Tour – Orlando Convention Center



Ground Mount PV Modules (Crystalline Panels)

As part of the conference's green track, a tour of the Orlando Convention Center's solar panel was held. A group of conference participants were provided a tour by the Climate Change Education Center staff to learn of the design and process in which the panels generate solar energy. The solar system is located on the roof and is a 1Megawatt photovoltaic (PV) system that is tied to the OUC (Orlando Utilities Commission) electric grid. The system was funded with support of the Governor's Energy Office Florida Energy and Climate Commission.



Inverters convert DC solar power to synchronized power

For further information:

John Parker

Phone:

Orange County Convention Center

9989 International Drive

North/South Building, Room S-222

Orlando, Florida 32819

St. Johns Housing Partnership Achieves Platinum Rating

St. Augustine, Florida

The Hancock Place homes represent the future of building, especially in Florida with the importance of indoor air quality and energy costs for air conditioning.

Bill Lazar

Executive Director

St. John's Housing Partnership

By focusing on high energy efficiency and water conservation, it's been easy to be green certified. As a custom home builder I wanted to first figure out how to build affordable, then we began our quality improvement process to incorporate green design. USAHERS, our energy rating company, was a huge help in deciding how to incorporate design improvements in a cost effective manner.

Robert Marshall

Owner, World Islands Builder



Increased energy efficiency and water conservation: stormwater pond re-design swales, drought-tolerant landscaping; placing the HVAC ducts in semi-conditioned space, using open cell foam in the attic, with Energy Star bath exhaust fans, low VOC paint, finger joint trim, and dual-flush toilets along with tile in bath kitchen and foyer brought Hancock Subdivision to Platinum.



Affordable Energy Efficient Green Housing Roundtable

Sponsored by Progress Energy Florida and Florida Power and Light



By Andrew Pauline

Rising energy prices and environmental concerns have fueled interest in “green building”—resource-efficient and environmentally friendly construction and maintenance practices. The federal programs and activities summarized below represent some recent or planned efforts to address green building issues as they relate to

affordable housing. For example, many Department of Housing and Urban Development (HUD) supported housing units are older properties which were built when there was less attention to energy efficiency. In particular, their associated energy costs place a financial burden on HUD which subsidizes utility expenses in HUD supported housing.

Several topics from the GAO research, “*Green Affordable Housing: HUD Has Made Progress in Promoting Green Building but Expanding Efforts Could Help Reduce Energy Costs and Benefit Tenants*” (GAO-09-46) were highlighted at the roundtable. It was reported that HUD, which annually spends approximately \$5 billion on energy costs, provides some financial incentives to promote green practices, including energy efficiency. For example, public housing authorities can finance “green” improvements to properties through ensuing energy savings. However, HUD has not required energy-efficient products and appliances in its public housing properties, as required by statute. HUD also has not made major energy-efficiency updates to the building code for manufactured housing in more than a decade. Although HUD has partnered with others to develop a “utility benchmarking” tool that can assess energy consumption for its public housing portfolio, it has not created such a tool for the multifamily housing portfolio. Thus, HUD cannot fully understand the utility costs for more than 1.6 million units. GAO recommended that HUD complete a regulation to require energy-efficient

products and appliances in public housing, update the building code for manufactured housing, consider developing a utility benchmarking tool for multifamily properties, and consider providing incentive points for more green practices in some grant programs. The report can be found at www.gao.gov/products/GAO-09-46.

Shortly after the conference, the Government Accountability Office (GAO) released an additional report: *Affordable Housing in Transit-Oriented Development: Key Practices Could Enhance Recent Collaboration Efforts between DOT-FTA and HUD* (GAO-09-871). The report discusses federal efforts to promote the availability of affordable housing in and near walkable, mixed-use neighborhoods near transit (transit-oriented developments). Although the developments may provide green benefits (such as reducing automobile emissions) they can increase land and housing values which has the potential to limit the availability of affordable housing near transit.

The increased transportation costs that come from living far from work or transit can burden lower-income households. Since 2005, HUD and the Department of Transportation (DOT) have collaborated to promote affordable housing specifically in transit-oriented developments. A recent DOT-HUD partnership (which includes the Sustainable Communities Initiative) would fund grants to local governments to integrate housing, transportation, and land use planning and investments and reform zoning, building, and land use codes. However, the agencies lack a comprehensive integrated plan to implement these efforts. GAO recommended that DOT and HUD develop such a plan, and collect sufficient data to assess the results of these efforts. A copy of the report can be found at www.gao.gov/products/GAO-09-871. HNN

Andrew Pauline is the Financial Markets and Community Investment Senior Analyst for the U.S. Government Accountability Office (GAO).

SHIP CLIPS

Frequently Asked SHIP Questions

STATE HOUSING INITIATIVES PARTNERSHIP PROGRAM



By Evelyn Rusciorelli

Q: Does the Program Income collected during the 09/10 State Fiscal Year have to be expended on first time homebuyers in the same manner as FHOP funding?

A: A jurisdiction may spend Program Income on any SHIP strategy UNLESS the program income comes from the repayment of a FHOP loan during the period before the end of the IRS tax credit. For some jurisdictions, program income could amount to tens of thousands of dollars during the 09/10 fiscal year. Jurisdictions receive bank interest, which may result mostly from SHIP 07/08 or 08/09 funds still in their local housing trust fund.

Q: Can jurisdictions submit a close out annual report when the first FHOP annual report is submitted in September 2010?

A: Yes, the Annual Report submitted in September 2010 may be a Closeout Report. By September 2010, it is likely that all FHOP money (and program income) will have been expended in many jurisdictions. Close Out should only be allowed for those that have expended the entire FHOP distribution along with all the program income received before June 30, 2010.

Q: On the 09/10 Annual Report, will jurisdictions report on money expended for other strategies beyond the FHOP Strategy?

A: Yes, a jurisdiction may expend program income on non-FHOP SHIP strategies, so the annual report must accept expense and encumbrance data for more strategies than just the FHOP strategy. Furthermore, once the

IRS first-time homebuyer tax credit ends (currently scheduled to happen on December 1, 2009) a jurisdiction may expend the remainder of its FHOP allocation on any other SHIP strategy. The only way this would not happen is if the tax credit is extended past June 30, 2010; in such a case, all FHOP funding expended by June 30 must be spent on first time homebuyers.

Q: What do I need to be tracking under our FHOP strategy so that I am prepared for next year's Annual Report?

A: As staff members begin to assist first time homebuyers, they will need to collect some new types of data for FHOP. In 2010, the Florida Housing Finance Corporation will update its new web annual reporting system to include a handful of new FHOP data collection requirements. FHOP jurisdictions will need to report each FHOP buyer's income as reported on their tax return documentation provided to demonstrate eligibility for the first-time homebuyer tax credit. The buyer's income must be included on Annual Report Form 4 along with the buyer's name, address and amount of assistance. In addition, the sales price and date of purchase must be reported alongside each buyer's name on Form 4.

Between now and September 2010, each jurisdiction should track this new information in preparation for creating an FHOP annual report. The Coalition has updated its SHIP tracking spreadsheet to accommodate this data. The FHOP tracking spreadsheet will be available for download within a few weeks with the launch of our new Web page. A Member Update will also be sent to announce the Coalition's new web site with a link to the new tracking spreadsheet.

Throughout the new 'TRAKFHOP' spreadsheet, cells have been color

coded where FHOP data must be provided.

- "Date FHOP Repaid" has been added to Form 1.
- "Date of Purchase" has been added alongside 'Sales Price or Value' on Form 3.
- New columns have been added to track FHOP buyers above the Moderate category.
- A blue box on the Summary Page reports the amount of expended funds per income category, including the 121-140% AMI and 'Above 140%' income categories.
- Form 1 includes a column for reporting the household's income, as reported on the tax return.
- The bottom left part of the Summary page distinguishes between FHOP repayments and other types of Program Income.

Since Senate Bill 360—enacted after the 2009 Legislative session—now permits assistance to households at 121-140% AMI, the ability to track this has been added for the first three strategies. SB 360 also redefined Recaptured Funds, so this has been changed on the summary page, alongside the sources of Program Income, which now includes the "Sale of Property".

Q: Can you clarify the SHIP change as to mobile homes and are mobile homes also allowed with FHOP?

A: Mobile Homes are now considered "eligible housing" and may be purchased or rehabilitated under the SHIP program. The FHOP program follows this same SHIP definition of eligible housing. Any home that qualifies as a principal residence under SHIP will also qualify for the IRS tax credit. The IRS definition of eligible housing includes "single-family detached homes, attached homes like townhouses and condominiums, manufactured homes, and houseboats."

Have you got a question about the SHIP program? Free telephone technical assistance is available to help you successfully implement your SHIP funded work. Call the Florida Housing Coalition's SHIP telephone hotline at (800) 677-4548.

In June, the Governor signed into law Senate Bill 360, the Housing Omnibus bill. Among the changes to SHIP, the definition of "eligible housing" now includes "manufactured housing constructed after June 1994 and installed in accordance with the installation standards for mobile or manufactured homes contained in rules of the Department of Highway Safety and Motor Vehicles, for home ownership or rental for eligible persons as designated by each county or eligible municipality participating in the State Housing Initiatives Partnership Program."

Furthermore, section 420.9075 (5) c of the SHIP Statute is amended to read "Not more than 20 percent of the funds made available in each county and eligible municipality from the local housing distribution may be used for manufactured housing."

If your local jurisdiction wants to assist with purchase or repair of mobile homes, you will need to revise your strategies by adding mobile homes as defined in the statute as an eligible housing category.

Q: *An applicant is single now but will soon be getting married. The fiancé lives with her and they are buying the house together. When determining SHIP income eligibility, how much income can the entire household earn and still be eligible?*

A: Eligibility for the tax credit is determined on the date of purchase. The applicants must be married at the time of purchase. If the applicant is single at the time of purchase, the income is limited to \$75,000.

Detail of this answer is found in IRS FAQ: S1. If a single person (Taxpayer A) qualifies as a first-time homebuyer at the time he/she purchases a home with someone (Taxpayer B) that is not a first-time homebuyer and then later that

year they marry each other, is the credit still allowed?

A: Eligibility for the first-time homebuyer credit is determined on the date of purchase. If Taxpayer A, a first-time homebuyer, buys a house and then later that year marries Taxpayer B, not a first-time homebuyer, the credit is allowable to Taxpayer A. Taxpayer A may take the maximum credit.

Q: *If a person does not file taxes because they are getting on Social Security (which is not taxable income), are they still eligible to apply for the FHOP funds?*

A: The applicant is eligible as provided in the following IRS FAQ:

Q: *I don't owe taxes and/or my income is exempt from tax and I do not have a filing requirement. Do I qualify for the credit?*

A: The credit is fully refundable and, if you qualify as a first-time homebuyer, having tax-exempt income will not preclude eligibility. Although there are maximum income limits for qualifying first-time homebuyers, there are no minimum income criteria. Thus, someone with no taxable income who qualifies as a first-time homebuyer may file for the sole purpose of claiming the credit for a refund.

Q: *If two unmarried people buy a house together, how do they determine how much each may take of the credit?*

A: The IRS has created Notice 2009-12 to provide guidance for allocating the first-time homebuyer credit between taxpayers who are not married. It prescribes many methods in which the first-time homebuyer credit is allocated between two or more taxpayers who are not married and who purchase a principal residence.

According to this notice, "the total credit allocated between the taxpayers cannot exceed \$7,500." There are six examples of different situations. The first two give you an example of the many ways to split the tax credit.

Example 1.

A contributes \$45,000 and B contributes \$15,000 towards the \$60,000 purchase price of a residence. Each owns a one-half interest in the residence as tenants in common. Under § 36(a), the allowable credit is limited to 10 percent of the purchase price, or \$6,000. A and B may allocate the allowable \$6,000 credit three-fourths to A and one-fourth to B based on their contributions toward the purchase price of the residence, one-half to each based on their ownership interests in the residence, or using any other reasonable method (for example, the entire credit to A or B because both A and B are eligible to claim the entire allowable credit).

Example 2.

A contributes \$10,000 for a down payment towards the \$100,000 purchase price of a residence, and A and B obtain and are jointly liable for a \$90,000 mortgage for the remainder of the purchase price. Each owns a one-half interest in the residence as tenants in common. Under § 36(b)(1)(A), the allowable credit is not \$10,000 (10 percent of the purchase price) but is limited to \$7,500. A and B may allocate the allowable \$7,500 credit 55 percent to A and 45 percent to B based on their contributions toward the purchase price, one-half to each based on their ownership interests in the residence, or using any other reasonable method (for example, the entire credit to A or B because both A and B are eligible to claim the entire allowable credit).



The Florida Homebuyer Opportunity Program is Extended



*By Aida Andujar
Florida Housing
Coalition*

The Florida Homebuyer Opportunity Program (FHOP) was created by the Florida Legislature in 2009 under Section 47 of the General Appropriation Act to help eligible Floridians access the \$8,000 federal tax credit for homeownership more quickly. Senator Fasano championed this cause which resulted in a \$30 million appropriation through the SHIP program. The original deadline for the federal tax credit program was November 30, 2009.

The Worker, Homeownership and Business Assistance Act of 2009, signed into law by President Obama on Nov. 6, 2009, extends and expands the first-time homebuyer tax credit. The extended credit applies to first-time home buyers who purchase homes between November 7, 2009 and April 30, 2010. The extension of time is good news for those who have been struggling to expend FHOP monies by the November deadline. The expansion of the tax credit has no effect on FHOP as it applies to those who are over-income for the FHOP and not first time homebuyers.

Following are changes in the law that apply to the FHOP program:

- The credit now terminates on April 30, 2010. Purchasers with binding contracts on April 30, 2010 will have until June 30, 2010 to close on the transaction. Cities and Counties that received Florida Homebuyer Opportunity Funds (FHOP) now have until June 30, 2010 to expend FHOP funds.
- The property being sold cannot be purchased from a dependent of the seller.
- Purchasers must attach documentation of the purchase to their tax return.

One of the challenges that a number of SHIP administrators have found in the FHOP program is confusion by some lenders and mortgage brokers in regard to whether the homebuyer tax

credit money can be counted toward the borrower's 3.5% down payment required by FHA loans. This is because FHA Mortgagee letter 2009-15 provides tax credit guidance, and in one section of that letter, it appears to prohibit the use of homebuyer tax credits for the 3.5% down payment.

The Florida Housing Coalition has received clarification from HUD staff regarding the use of the federal first-time homebuyer tax credit toward the 3.5% FHA down payment requirement. When we inquired about the \$8,000 tax credit, HUD staff cited the section of the Mortgagee letter that applies to eligible government entities and instrumentalities of government providing "Secondary Financing". HUD-4155.1 C3 and C5 allows for gifts from eligible government entities and instrumentalities of government to be used toward the 3.5% required down payment as well as closing and pre-paid expenses in the form of advances as second liens.

HUD staff will not comment directly on the tax credit because this is a program of the IRS, but does not refer to the section on "Purchase of the Tax Credit" that appears to prohibit counting the \$8,000 credit toward the homebuyer's 3.5% of the down payment. This portion of the Mortgagee letter only applies to "FHA-approved mortgagees and FHA-approved nonprofit organizations as well as Federal, state and local governmental agencies and instrumentalities" who buy the anticipated tax credit. If the credit is purchased by one of these entities, the required 3.5% minimum down payment must come from the buyer. This is not what is happening with the \$8,000 credit.

Hopefully, this clarification, along with the extension of the credit will enable SHIP communities to overcome a couple of the obstacles that have kept this program from assisting more families to get into homeownership. HNN

FHA Resource Center
If you have additional questions
you can submit them
via email to
info@fhaoutreach.com or
contact FHA at 1-800-225-5342.

For more information about the
\$8000 tax credit for first time
home buyers you can contact the
Internal Revenue Service at
1-800-TAX-1040, www.irs.gov,
or your tax advisor regarding
tax-related questions.

For questions regarding the
administration of FHOP, contact
the Florida Housing Finance
Corporation at 850-488-4197
www.floridahousing.org



Florida Housing Coalition Welcomes New Board Members

During the 2009 Annual Conference, the Florida Housing Coalition installed new executive committee members and elected several new board members. We would like to thank Past Chair Jeff Bagwell and Past Vice-Chair Annetta Jenkins for their leadership and dedication to the Coalition.

The Florida Housing Coalition new Executive Board members include: Chair George Romagnoli, with the Pasco County Community Development; Vice-Chair Sophia Sorolis, with the City of St. Petersburg; and Secretary Ed Busansky, with First Housing Development Corporation. In addition, long time board members Dan Horvath and Jim Dyal will serve on the Florida Housing Coalition's Advisory Board.

The Coalition also welcomes our new board members and congratulates our new executive committee officers. Our new board members include:



BRAD GOAR

Brad Goar serves as Program Manager for FPL's Residential Conservation Services and Low Income Weatherization programs. Prior to his being a program manager, he was responsible for product marketing of FPL's residential and business DSM

programs. Prior to his joining FPL, Goar was the Director of Marketing and Sales for Comcast Communications in Naples/Ft Myers Florida. He has more than 20 years experience as a marketing/sales director for a variety of communication companies in a variety of locations through out the United States and Puerto Rico. Goar has a Bachelor of Arts degree from Maryville College, Maryville, Tenn.



BARBARA INMAN

Barbara Inman serves as the Executive Director for Habitat for Humanity of Pinellas County. In 16 years with Habitat for Humanity, she has been instrumental in the creation of more than 500 affordable housing units,

not only in California and Florida, but in developing countries as well. She has raised more than \$17 million for Habitat for Humanity, not including land contributions. At each affiliate, she successfully increased production and achieved overall growth of 300 percent during her tenure. Inman secured that same percentage of growth in just three years at Habitat Pinellas.



BEN JOHNSON

Ben Johnson is President and majority shareholder of Seltzer Management Group, Inc. Seltzer's primary focus is providing financial services to Florida's affordable housing lending community with its largest client being the Florida

Housing Finance Corporation. Seltzer has been under continuous contract with Florida Housing for more than 16 years. Seltzer also provides similar services to most large county local housing finance authorities located in Florida. Johnson has worked at Seltzer since 1996 and been its President since 1998. He maintains direct managerial responsibility for Seltzer's credit underwriting function. Prior to Seltzer, Johnson was the controller and in-house CPA for a publicly traded Real Estate Investment Trust. He received a B.S. in Accounting from Virginia Tech and M.S. in Finance from Kings College.

Continued on next page



The Florida Housing Coalition gratefully appreciates all our Partners for Better Housing, but would like to give special recognition to **Bank of America** and **Wachovia** for their partnership, leadership and support as our **Platinum Sponsors**





CECILIA LA VILLA-TRAVIESO

Cecilia la Villa-Travieso is the Market President of Neighborhood Lending Partners in South Florida (NLPsf) serving Monroe, Miami-Dade, Broward and Palm Beach counties. NLP is a mortgage-lending consortium with membership representing over 80 financial institutions in Florida. Before joining NLP, la Villa-Travieso was the Deputy Director of Fannie Mae's South Florida Community Business Center for 11 years. She has more than 20 years experience in affordable housing and community development.



MICHAEL J. MARRA

As Senior Vice President of Development for American Housing Initiatives, Michael Marra is responsible for development, acquisition and investments in multifamily residential developments. He specializes in affordable multifamily tax-exempt bond and Low Income Housing Tax Credit finance. Marra has closed nearly \$500 million in debt, representing more than 6,000 affordable housing units. Marra has 18 years of proven success working in the affordable multifamily and single-family housing sectors and 22 years of tax-exempt

bond experience. Marra received his B.S. and B.A. from Boston University.

FHC WELCOMES NEW FINANCIAL SERVICES COMMITTEE MEMBER AILEEN PRUITT



Aileen M. Pruitt is the Florida Market Manager for Community Development Banking for PNC Bank. PNC is devoted to improving low-to-moderate income neighborhoods by offering and delivering financial education courses, consumer products, community development lending products and direct investments within these communities. Pruitt's community service includes: serving as Treasurer and Board Member of the Governor's Commission on Volunteerism, Board Member for the Governor's Foundation for Volunteerism, Advisory Board member for the St. Lucie County Volunteer Center, Board member for the Florida Community Development Association, Advisory Board member for the Treasure Coast Children's Home Society and periodically volunteers for various other organizations. A graduate of the University of Florida, Pruitt resides in Port St. Lucie with her husband, former Florida Senator Ken Pruitt.

Long time board members Dan Horvath and Jim Dyal will serve on the Florida Housing Coalition's Advisory Board

MARK YOUR CALENDAR for the Florida Housing Coalition's 23rd Annual Statewide Affordable Housing Conference September 20-22, 2010, at the Rosen Shingle Creek Resort, in Orlando. Join us for this premier training and networking opportunity for affordable housing professionals in Florida. You don't want to miss it!



PARTNERS FOR BETTER HOUSING MEMBERSHIP

Partners for Better Housing Membership is for those who wish to support the work of the Florida Housing Coalition by making a tax deductible donation of \$500 or more. Membership benefits include:

- Complimentary conference registrations (Patron Level or higher only, quantity indicated below)
- Unlimited membership rates for registration at the conference
- Free job vacancy posting service on the Coalition's Web site
- Access to the Coalition's e-newsletter *Member Update*

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- Subscriptions to Housing News Network Journal (up to 20)
- Logo displayed on home page of Coalition's Web site
- Logo displayed in all conference-related publications, on the Coalition's Web site and in each triennial issue of *Housing News Network Journal*
- Complimentary booth at conference expo (if reserved by July 31)

ADDITIONAL BENEFITS FOR CO-SPONSOR, PATRON, & CONTRIBUTOR

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BASIC MEMBERSHIP

Basic membership is for those who wish to subscribe to *Housing News Network*, post job vacancy announcements free of charge on the Coalition's Web site and receive membership rate registrations at the annual conference. An individual member receives one subscription and one member rate registration. Organizational members receive up to five subscriptions and five member rate registrations. All memberships are on a unified membership cycle, memberships are due on August 1st and expire on July 31st of each year. (Please indicate additional names, addresses and phone numbers on an attached sheet.) Each membership is entitled to be represented by one voting member at the coalition's annual meeting as designated below.

☐ \$25 Student

☐ \$75 Individual

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