

**FLORIDA'S
NEIGHBORHOOD STABILIZATION PROGRAM
SUBSTANTIAL AMENDMENT**

DECEMBER 1, 2008

FLORIDA DEPARTMENT OF COMMUNITY AFFAIRS



NSP SUBSTANTIAL AMENDMENT

Jurisdiction(s): State of Florida	NSP Contact Person:
Jurisdiction Web Address: http://www.floridacommunitydevelopment.org/cdbg/NSP.cfm	Janice Browning, Director, Division of Housing and Community Development Address: 2555 Shumard Oak Blvd Telephone: 850-487-3644 Fax: 850-922-5609 Email: Janice.Browning@dca.state.fl.us

A. AREAS OF GREATEST NEED

The national foreclosure crisis has impacted families and communities as well as entire cities and states which are struggling to manage the abandoned and vacant properties resulting from foreclosure and subprime mortgages. These vacant and abandoned properties threaten the value of homeowners, invite crime, and discourage further investment.

Foreclosures are having a multifaceted negative impact on communities and threaten to undermine strides made by local governments that have increased homeownership, lowered crime, and made communities healthy places to live. In addition, Florida's supply of affordable housing is diminishing and assistance to expand the supply must be provided in a way that is more cost effective. The lack of affordable housing is a significant hardship for many families, often preventing them from meeting their other basic needs.

The NSP program requires that NSP funds be used to address foreclosure and abandonment in the "areas of greatest need." Florida has determined that the areas of greatest need, after taking into account the NSP funds to be distributed by HUD, are those CDBG entitlement and non-entitlement communities which did not receive NSP funds directly from HUD (see further discussion under B. (1) Distribution of Funds).

Florida's greatest need determination is based on the limited availability of statewide data with which to identify greatest needs as defined by federal law and the short time allotted for states to submit and implement a plan for allocating and spending these funds. HUD determined that while data on foreclosures, subprime loans, and delinquencies are available from various private resources at county, zip code, and metropolitan levels, those sources have varying levels of coverage and transparency regarding how the data are collected and aggregated. HUD further determined that 75 percent of the variance between states on foreclosure rates can be explained by three variables (data sources) available from public data:

- 1) Office of Federal Housing Enterprise Oversight (OFHEO) data on decline in home values as of June 2008 compared to the peak value since 2000;
- 2) Federal Home Mortgage Disclosure Act (HMDA) data on percent of all loans made between 2004 and 2006 that are high cost; and
- 3) Federal Department of Labor data on unemployment rates in places and counties as of June 2008.

Because these publicly available variables are good predictors of foreclosure risk, HUD used these data sources to estimate the foreclosure rate for each community using a linear regression

analysis. The resulting estimated foreclosure rate was then multiplied by the estimated number of mortgages within each jurisdiction to calculate the number of foreclosures in each jurisdiction. A further modification was made to adjust each jurisdiction's allocation of funds up or down by the comparative vacancy rates in census tracts with more than 40 percent of loans being high-cost, which was identified as an indicator of possible imminent foreclosure. In making its direct funding allocations to communities, HUD established a \$2 million threshold for direct NSP sub-grantees.

Pursuant to HERA law 2301 (c) (2), the State of Florida did give consideration to metropolitan areas, metropolitan cities, urban areas, rural areas, low and moderate income areas, and other areas with the greatest need. Further, in accordance with HUD NSP Notice (II B 2), Florida did consider and include the needs of the entire state and not just the areas not receiving an NSP allocation.

Data Sources

Attached is the complete table (Attachment A) demonstrating the data calculations conducted by Florida to determine the allocation of NSP funds to the areas of greatest need. The decision was made to utilize HUD's data and methodology after consulting with several of the state's leading experts in the areas of housing and fiscal policy. More specifically, Florida collaborated with the Florida Housing Finance Corporation, the Florida Housing Coalition, the Florida League of Cities, as well as the Governor's Office of Planning and Budgeting. It was determined that the HUD data and methodology was best suited for developing an allocation of greatest need in the short timeframe provided. No other statewide data source was determined to be suitable for use in the timeframe provided. Further, through stakeholder input and public feedback, it was determined that there was no consensus on what would be an alternative data source or methodology.

Relative Need

Through HUD's direct allocation of \$450 million to 48 entitlement communities, HUD has addressed some portion of the total need in those communities. By utilizing the same data and methodology as HUD for determining the extent of need, Florida's \$91 million distribution has attempted to address that same proportionate share of need for communities that were ineligible for direct HUD funding and for those communities that fell below HUD's minimum grant level of \$2 million.

For example, the largest HUD direct-funded community in Florida received just over \$62 million. This \$62 million allocation does not address 100% of the need for that community. Therefore, Florida determined it was furthering the example set by HUD in allocating funds to areas of greatest need by attempting to address a comparable level of relative need for communities that were ineligible for direct HUD funding and for those communities that fell below HUD's minimum grant level. By doing so, Florida did consider and include the needs of the entire state and not just the areas that did not receive an NSP allocation from HUD.

Florida determined that this distribution formula allowed for maximum consideration to metropolitan areas, metropolitan cities, urban areas, rural areas, low and moderate income areas, and other areas with the greatest need. Through Florida's NSP allocation, we are attempting to maximize the NSP dollars statewide in order to most effectively stabilize our neighborhoods and protect home values.

Serving the Highest Concentration of Greatest Need

The State of Florida is comprised of 67 counties. Florida’s NSP distribution provides funding to numerous communities that are within the counties that also received direct funding from HUD, based on HUD's determination of greatest need. Specifically, a city (or cities) may receive state NSP funds that are geographically located within a county receiving HUD NSP funds. For example, Florida allocates \$2,363,142 to the City of Daytona Beach within Volusia County and HUD has allocated a total of \$11,858,740 directly to Volusia County.

Conversely, Florida allocates funding to counties in which HUD has also allocated NSP funding to a municipality within the geographic boundaries of a county. A specific example is St. Lucie County, in which Florida allocates \$6,069,997 to St. Lucie County and the City of Fort Pierce; whereas HUD allocates a total of \$13,523,132 to the City of Port St. Lucie within St. Lucie County.

Overall, Florida determined that 26 communities would receive funding under the State's NSP program. Of these 26 communities, 10 are either counties or within counties that also received direct funding from HUD, based on HUD's determination of greatest need. Outlined in the table below, Florida demonstrates how both HUD and Florida’s NSP funds are targeting areas of greatest need.

County	Total HUD-Direct NSP Allocations by County (includes direct-funded cities)	State NSP Allocation
Brevard	\$10,477,771	\$4,033,972
Broward	\$69,146,875	\$2,316,292
Manatee	\$5,283,122	\$2,576,267
Miami-Dade	\$92,256,166	\$2,549,551
Orange	\$34,632,036	\$1,909,966
Osceola	\$2,371,749	\$14,091,818
Palm Beach	\$35,013,197	\$1,905,005
Pinellas	\$17,562,721	\$2,845,751
St. Lucie	\$13,523,132	\$6,069,997
Volusia	\$11,858,740	\$2,363,142

TOTAL STATE NSP FUNDS ALLOCATED TO OR WITHIN COUNTIES RECEIVING HUD NSP FUNDS \$40,661,761

As a result of the above state NSP allocations, \$40,661,761 (or 46%) of Florida’s total NSP distribution to local government is allocated to or within counties already determined by HUD to be areas of greatest need. Based on this fact, it is clear that Florida has demonstrated that it is funding the areas of greatest need within the state in accordance with both HERA and HUD’s NSP Federal Notice.

Florida is also providing Attachment B as further demonstration of this point. Attachment B is a map of Florida identifying both HUD and State NSP funds by County. With Attachment B and the examples above, it is clear that both HUD and Florida NSP funds are being allocated to the areas in the state with the highest concentration of greatest need.

Opportunities for Additional Funding

Communities in Florida directly funded by HUD are not precluded from receiving state-allocated NSP funds. If the communities funded with the state's allocation are determined to lack the capacity to obligate and spend these funds in a timely fashion, HUD-funded communities that demonstrate the capacity to obligate and spend funds quickly and effectively are eligible to receive funds recaptured from those communities initially funded by Florida. In addition, program income funds may also be re-distributed to HUD direct-funded communities.

B. DISTRIBUTION AND USES OF FUNDS

(1) DISTRIBUTION OF FUNDS

Florida's allocation methodology targeted funds to give priority emphasis and consideration to areas with greatest need as required under Title III of Division B of the Housing and Economic Recovery Act of 2008 (HERA).

Florida has determined that the methodology used by HUD to make sub-state allocations to eligible grantees is the most efficient and expeditious way to allocate funds to communities not funded directly by HUD. Those are the communities Florida will initially target with the \$91.14 million. The 48 HUD-funded communities received a share of available funds proportionate to their level of foreclosure-related need. Using the same data and methodology as HUD for determining the extent of need, Florida's allocation will fund that same proportionate share of need for non-entitlement communities that were ineligible for direct HUD funding and those entitlement communities that fell below HUD's minimum grant level. This will still only fund 26 additional communities throughout Florida. Furthermore, communities in Florida directly funded by HUD are not precluded from receiving state-allocated NSP funds. If the communities funded with the state's allocation are determined to lack the capacity to obligate and spend these funds in a timely fashion, HUD-funded communities that demonstrate the capacity to obligate and spend funds quickly and effectively will be eligible to receive funds recaptured from those communities initially funded by Florida.

Should Florida receive any future appropriations for the Neighborhood Stabilization Program, the State will not necessarily utilize the same approach to distribute funding.

REGULAR STATE NSP ALLOCATION

The \$91.14 million, after deducting state administrative funds, will be allocated using the same methodology HUD used to make its sub-state allocations, with a minimum grant level. This funding will be referred to as the **regular state NSP allocation**.

Similar to HUD, Florida determined that it would be difficult for a grantee to administer a smaller program because of the complexities inherent in the problem being tackled and the short time frame involved. Florida has therefore established a floor of \$1.25 million for a NSP regular grant.

Recipients of regular NSP grants will be those eligible communities which receive an allocation at or above the state’s minimum grant amount of \$1.25 million. Where counties receive a regular state NSP allocation amount based on the inclusion of one or more otherwise unfunded cities within the county, the county’s application to the Department must show how the greatest need is being addressed in both the unincorporated and applicable incorporated areas in the county. If a local government chooses not to apply for its regular allocation or applies for or receives less than its allocation, those funds will be redistributed for use in other communities.

Below are the results of the regular state NSP allocation with minimum grant awards of \$1.25 million.

Local Government Jurisdiction	County	Allocation Amount	<u>Included</u> (not funded by HUD or state)	Cities
Alachua County	Alachua	\$1,411,917	All cities included	
Bay County	Bay	\$1,615,436	All cities included	
Titusville	Brevard	\$1,625,481	N/A	
Melbourne	Brevard	\$1,343,243	N/A	
Davie	Broward	\$1,715,568	N/A	
Charlotte County	Charlotte	\$5,364,020	All cities included	
Citrus County	Citrus	\$1,478,164	All cities included	
Clay County	Clay	\$2,722,894	All cities included	
Palm Coast	Flagler	\$2,177,980	N/A	
Hernando County	Hernando	\$4,299,472	All cities included	
Indian River County	Indian River	\$3,598,543	All cities included	
Tallahassee	Leon	\$1,693,435	N/A	
Bradenton	Manatee	\$1,975,077	N/A	
Ocala	Marion	\$1,313,887	N/A	
Martin County	Martin	\$2,645,982	All cities included	
Miami Beach	Miami-Dade	\$1,641,832	N/A	
Okaloosa County	Okaloosa	\$2,255,252	All cities included	
Apopka	Orange	\$1,547,689	N/A	
Osceola County	Osceola	\$11,524,826	All cities included EXCEPT Kissimmee	
Delray Beach	Palm Beach	\$1,351,043	N/A	
Clearwater	Pinellas	\$2,034,862	N/A	
Santa Rosa County	Santa Rosa	\$1,662,215	All cities included	
St. Johns County	St. Johns	\$1,761,096	All cities included	
Ft. Pierce	St. Lucie	\$1,505,403	N/A	

Local Government Jurisdiction	County	Allocation Amount	<u>Included</u> (not funded by HUD or state)	Cities
St. Lucie County	St. Lucie	\$3,144,510	All cities included EXCEPT Ft. Pierce & Port St. Lucie	
Daytona Beach	Volusia	\$1,668,161	N/A	
Total =		\$65,077,988		

NEIGHBORHOOD STABILIZATION PROGRAM LOW-INCOME (NSPLI) SUPPLEMENTAL ALLOCATION

A fundamentally important requirement for the use of NSP funds is that each HUD grantee must use no less than 25 percent of the funds for the purchase and redevelopment of abandoned or foreclosed upon homes or residential properties that will be used to house individuals or families whose incomes do not exceed 50 percent of area median income. Florida refers to this requirement as the Neighborhood Stabilization Program Low-Income (NSPLI) requirement. Failure to comply with this requirement will jeopardize the remaining 75 percent of the NSP funds, which must be used to benefit individuals and families whose incomes do not exceed 120 percent of area median income and for state and local administration.

In order to ensure that Florida complies with this requirement, a separate funding allocation shall be established. These grant awards will provide supplemental funding to each geographic area receiving a regular state allocation based on both its proportionate allocation of regular state NSP funds and its proportionate concentration of NSPLI target population. In addition, these funds will have to be used to provide rental housing for those individuals and families whose incomes do not exceed 50 percent of area median income.

The funds for the NSPLI supplemental allocation will come from regular state NSP allocations that fell below the minimum grant amount of \$1.25 million. This amounts to \$23.0 million, or 25.2 percent of the state’s total award from HUD.

Within the supplemental NSPLI geographic areas, the eligible recipient is the regular NSP sub-grantee. If the regular NSP sub-grantee does not have at least 5 years experience providing rental housing to the NSPLI target population, it must either partner with one or more local housing authority or non-profit organization in the county with such experience or designate one to be the eligible applicant for supplemental funding.

As a direct NSP grantee, Florida must ensure compliance with the Federal requirement to address the NSPLI target group. Segregating NSPLI target funds will increase their visibility and improve the ability to monitor their use. Having a separate NSPLI allocation will also make it easier for Florida to recapture and reallocate these funds if they are not obligated or spent in a timely manner.

These funds shall be used to provide rental housing because Florida determined that it will be the most affordable and feasible option available to the target group in the short timeframe for the program.

These supplemental funding areas have already been identified as having the greatest need related to the foreclosure crisis. Factoring in the relative concentration of the NSPLI population ensures that there will be an adequate number of this target group to meet this federal requirement.

If a local government chooses not to apply for its supplemental allocation or applies for or receives less than its allocation, those funds will be redistributed for use in other communities.

Below are the results of the supplemental NSPLI allocation.

Local Government Jurisdiction	County	Allocation Amount	<u>Included</u> (not funded by HUD or state)	Cities
Alachua County	Alachua	\$1,517,321	All cities included	
Bay County	Bay	\$908,311	All cities included	
Titusville	Brevard	\$488,300	N/A	
Melbourne	Brevard	\$576,948	N/A	
Davie	Broward	\$600,724	N/A	
Charlotte County	Charlotte	\$1,423,037	All cities included	
Citrus County	Citrus	\$693,256	All cities included	
Clay County	Clay	\$915,629	All cities included	
Palm Coast	Flagler	\$486,923	N/A	
Hernando County	Hernando	\$1,344,912	All cities included	
Indian River County	Indian River	\$1,082,282	All cities included	
Tallahassee	Leon	\$1,252,235	N/A	
Bradenton	Manatee	\$601,190	N/A	
Ocala	Marion	\$429,318	N/A	
Martin County	Martin	\$891,481	All cities included	
Miami Beach	Miami-Dade	\$907,719	N/A	
Okaloosa County	Okaloosa	\$1,003,183	All cities included	
Apopka	Orange	\$362,277	N/A	
Osceola County	Osceola	\$2,566,992	All cities included EXCEPT Kissimmee	
Delray Beach	Palm Beach	\$553,962	N/A	
Clearwater	Pinellas	\$810,889	N/A	
Santa Rosa County	Santa Rosa	\$703,188	All cities included	
St. Johns County	St. Johns	\$728,347	All cities included	
Ft. Pierce	St. Lucie	\$579,993	N/A	
St. Lucie County	St. Lucie	\$840,091	All cities included EXCEPT Ft. Pierce & Port St. Lucie	
Daytona Beach	Volusia	\$694,981	N/A	
	Total =	\$22,963,490		

RECAPTURE OF UNOBLIGATED FUNDS

In order to ensure that all NSP funds are obligated within 18 months from the date of an executed agreement between HUD and Florida, as required in Federal Register Notice, Volume 73, No. 194, dated October 6, 2008 and Title III of the Housing and Economic Recovery Act, 2008 (HERA) (Pub. L. 110–289, approved July 30, 2008), Florida will recapture unobligated funds through the following process for both regular and supplemental grants.

No later than 10 months following execution of the agreement between HUD and Florida, Florida will recapture all unobligated funds (including applicable administrative funds) from the sub-grantee except for a specified percent (applied to all applicable sub-grantees) of the original NSP grant amount.

Again, no later than 15 months following execution of the agreement between HUD and Florida, Florida will recapture all unobligated funds from the sub-grantee except for 5 percent of the original NSP grant amount.

The amount of unobligated funds that sub-grantees will be allowed to keep at both 10 and 15 months is considered a level they should reasonably be able to obligate by the 18-month deadline. To establish a state requirement to recapture all of the unobligated funds at these milestones would put an unfair burden on those sub-grantees to have to obligate all of their funds in a shorter timeframe than the already challenging federal requirement of 18 months, as well as deprive them of the opportunity to obligate or spend any of their funds in the last 3 months of the 18-month obligation period.

Florida shall verify the amount of unobligated funds through the Disaster Recovery Grant Reporting System (DRGR). For purposes of the Neighborhood Stabilization Program, funds are obligated for an activity when orders are placed, contracts are awarded, services are received, and similar transactions have occurred that require payment by the state, unit of general local government, or sub-grantee during the same or a future period.

Any recaptured funds will be placed in Florida's Incentive-Based Set-Aside to be redistributed. The Incentive-Based Set-Aside is outlined in detail on page 8 of this substantial amendment.

RECAPTURE OF UNSPENT FUNDS

In order to ensure that NSP funds are utilized within the 4-year timeframe as directed by HUD, Florida shall execute two-year (24 months) grant agreements with sub-grantees for both regular and supplemental NSPLI funds. If the sub-grantee has not spent its entire NSP award amount by the two-year completion date, Florida shall evaluate whether the sub-grantee has made substantial progress and whether an extension may be granted. If it is determined that substantial progress is being made and at least 50 percent of the funds have been spent, Florida may grant up to two regular contract extensions for a total of no more than 18 months, as warranted by the sub-grantee's overall progress, remaining activities, and funding. Following the extension(s), Florida shall recapture all unspent funds except for 10 percent of the original NSP grant amount, which will require a special extension in order to be spent after expiration of the regular extension(s).

The 10 percent that sub-grantees will be allowed to keep at the end of the regular extension(s) is considered a level they should reasonably be able to spend within the 4-year period (48 months).

To establish a state requirement to recapture all of the unspent funds when a grant contract expires would deprive those sub-grantees of an opportunity to spend any of their funds in the remaining months of the 48-month period.

Florida shall verify the amount of unexpended funds through DRGR. For purposes of NSP, funds are considered expended when all invoices, accounts, and contractual agreements for NSP-funded activities have been paid in full.

Any recaptured funds will be placed in Florida's Incentive-Based Set-Aside to be redistributed.

INCENTIVE-BASED SET-ASIDE

Given the urgency outlined by HUD in quickly addressing the serious housing crisis and utilizing NSP dollars in an expeditious manner, Florida is creating an Incentive-Based Set-Aside. Any unobligated or unspent NSP funds recaptured by Florida shall be set aside for state funded sub-grantees that are obligating and spending NSP funds in a judicious and expeditious manner.

During the initial NSP application process, sub-grantees shall be directed to submit a special funding request that outlines any additional unmet needs beyond those addressed in their basic application in order to be eligible to participate in the Incentive-Based Set-Aside. These special funding requests are subject to the same NSP guidelines and requirements set forth in Federal Register Notice, Volume 73, No. 194, dated October 6, 2008 and Title III of the Housing and Economic Recovery Act, 2008 (HERA) (Pub. L. 110-289, approved July 30, 2008).

Incentive-Based Set-Aside funds shall be collected through the following processes.

1. Any unobligated funds recaptured at 10 and 15 months following execution of an agreement between HUD and the State shall be reallocated as Incentive-Based Set-Aside funds.
2. Any unspent funds recaptured at the end of the grant agreement or any extension shall be reallocated as Incentive-Based Set-Aside funds.

Incentive-Based Set-Aside funds shall be distributed to sub-grantees based on the NSP funds they have obligated or spent. Sub-grantees that have funds recaptured are not eligible to receive funds redistributed through the Incentive-Based Set-Aside.

If the amount of Incentive-Based Set-Aside funds to be redistributed is deemed to exceed the capacity of the eligible sub-grantees to obligate these additional funds within 18 months from the date an agreement is executed between HUD and the State or to spend these funds within the program's 4-year timeframe, Florida may reallocate these recaptured funds to local governments receiving NSP funds directly from HUD or to any other entity it deems appropriate to accomplish the purposes of Florida's NSP program.

With regard to allowable uses for Incentive-Based Set-Aside funds by sub-grantees, Florida will give priority to ensuring compliance with the Federal requirement to address the NSPLI target group.

All Incentive-Based Set-Aside funding resulting from the recapture of unobligated funds must be obligated within 18 months of HUD's execution of an agreement between HUD and the State.

Verification of obligation and expenditure rates shall be conducted through DRGR. Any Incentive-Based Set-Aside funding awards to Florida-funded sub-grantees shall be achieved through a modification to the existing sub-grantee NSP award agreement.

PROGRAM INCOME

All program income earned as a result of activities funded under this grant shall be returned to the state for reallocation based on greatest need and capacity to obligate and spend NSP funds. Any generated program income must be reported to the Department and must comply with the requirements set out in 24 CFR 570.489(e)(3) and the Federal Register Notice that states the requirements of the NSP must be met.

Any program income received on or after July 30, 2013, may not be retained by the local government and must be remitted to Florida to be returned to HUD.

(2) USES OF FUNDS

Florida will use NSP funds within the areas of greatest need for eligible activities described under section 2301(c)(3) of HERA. Eligible sub-grantees for NSP funds will be required to specify activities, proposed units of accomplishment and beneficiaries in a NSP application. In addition, 100 percent of the project funds must be to benefit individuals and households whose income does not exceed 120 percent of the area median income.

Communities receiving funding under Florida's NSP allocations are encouraged to foster partnerships with other organizations and programs to meet the requirements outlined in this substantial amendment. Building strong partnerships, utilizing specialized expertise, and fostering community outreach are essential to a successful neighborhood stabilization program.

HUD has established restrictions on these activities through its Federal Register Notice on the allocation and application process for NSP funds. In particular, several of these activities are only eligible if the use of funds will address a foreclosed property. HUD has also waived the one-for-one replacement required under the CDBG program, but requires documentation on the number of units that will be produced. Florida will seek to provide NSP funds with the maximum authorized flexibility while adhering to HUD-mandated restrictions. Florida will also advise and provide technical assistance to all of its eligible applicants and sub-grantees regarding applying for and administering NSP funds under these requirements.

Florida will limit eligible activities conducted by sub-grantees in the following manner:

- By ensuring that applicants for allocated funds clearly and convincingly identify the scope and nature of the foreclosure problems within their communities and propose to conduct only those eligible activities that will reasonably contribute to resolving those identified problems;
- By limiting the use of NSP funds for public facilities to eligible activities that are directly related to and in support of the primary NSP activity approved in the application;
- By conducting site visits prior to funding applications to ensure that the project and activities are eligible in accordance with the application's project description and eligible uses identified in this amendment to Florida's Action Plan;

- By limiting the amount of grant funds that can be used for activity delivery costs; and
- By reviewing the grantee's capacity to adequately administer, manage, and use the NSP funds within the required timeframe.

The eligible activities outlined in this NSP substantial amendment are subject to change based upon HUD's approval of this amendment, and/or changes issued to the NSP Notice or interpretation of the Notice as clarified on the HUD website for this program: <http://www.hud.gov/nsp>.

The NSP substantial amendment outlines the State's framework for allocating NSP funding. However, eligible applicants are being provided, and are also encouraged to read, the requirements set out in the Federal Register (Vol. 73, No. 194). Except as described in the Federal Register notice, all statutory and regulatory provisions governing the Community Development Block Grant (CDBG) program for states, including 24 CFR part 570 subpart I, for CDBG entitlement communities, including those at 24 CFR part 570 subparts A, C, D, J, K and O, applicable emergency rule and program guidance, shall apply to the use of these funds.

MONITORING

The Department shall utilize Florida Small Cities CDBG Program monitoring policies and procedures outlined in its 2008 Annual Action Plan to ensure compliance with federal guidelines. These policies and procedures mirror those used by HUD to monitor state administered and entitlement programs. In addition, the Department's Office of the Inspector General, the Office of the Auditor General, and HUD frequently perform monitoring, assessment, or auditing to ensure that the Department is in compliance with state and federal rules and regulations and to assist the state in providing guidance to CDBG recipients.

The Department shall utilize its existing monitoring process to ensure that all contracts funded under the NSP allocation are carried out in accordance with federal and state laws, rules, and regulations. The Department shall monitor the compliance of sub-grantees and HUD will monitor the state's compliance with this requirement. Expenditures shall be disallowed if the use of the funding does not conform to eligible activities serving eligible beneficiaries. In such case, the sub-grantees receiving the funding would be required to refund the amount of the grant that was disallowed.

MITIGATION OF FRAUD

Through technical assistance and training, Florida shall ensure that grantees are aware of federal financial recordkeeping and best practice methods for fraud prevention. In addition, Florida shall utilize timely, standard monitoring practices to mitigate potential risk for fraud.

To further prevent the opportunity for fraudulent activities or fiscal mismanagement related to real estate and financial transactions, sub-grantees are required to work with a third party management or accounting entity that can assist with proper asset valuation and secured transactions, unless they can demonstrate significant experience in these areas.

C. DEFINITIONS AND DESCRIPTIONS

Certain terms are used in HERA and the subsequent HUD notice that are not used, or used differently, in the regular CDBG program under the Housing and Community Development Act.

HUD has defined these terms in its HERA notice for all grantees, including states. Florida is incorporating those HUD definitions as part of this NSP substantial amendment with the exception of the definitions listed below.

Florida establishes the following definitions for purposes of the NSP.

Blighted structure. “Blighted structure” means a structure in which there is substantial deterioration in which conditions are leading to economic distress or endangerment of life, the local government jurisdiction agrees by ordinance that the structure is blighted, and in which one or more of the following factors are present.

- (a) Unsanitary or unsafe conditions;
- (b) Deterioration of site or other improvement;
- (c) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness.

Affordable rents. “Affordable rents” is defined as the Fair Market Rents (FMR) as published annually by HUD for the sub-grantees.

CONTINUED AFFORDABILITY FOR NSP ASSISTED HOUSING

The State shall ensure, to the maximum extent practicable and for the longest feasible term, that the sale, rental, or redevelopment of abandoned and foreclosed-upon homes and residential properties under NSP remain affordable to individuals or families whose incomes do not exceed 120 percent of area median income or, for units originally assisted with funds under the requirements of section 2301(f)(3)(A)(ii) of HERA, remain affordable to individuals and families whose incomes do not exceed 50 percent of area median income.

The State will ensure long-term affordability by requiring that all NSP assisted housing have a Deed Restriction (if resale) or Mortgage (if recapture) recorded on the property. The periods of affordability for NSP-assisted homebuyer projects must meet or exceed the minimum affordability requirements established in 24 CFR 92.252(e) and 24 CFR 92.254(a)(4) for the HOME Investment Partnerships Program (HOME) as specified below, beginning after project completion.

The periods of affordability applicable to NSP homebuyer projects are as follows.

Under \$15,000	5 years
Between \$15,000 to \$40,000	10 years
Over \$40,000	15 years
New Housing Construction	20 years

While these are minimum requirements, the local government may choose to implement more stringent affordability requirements than the minimum listed here to ensure that the properties remain affordable for as long as possible.

RENTAL HOUSING

The income of each tenant will be determined at the time of occupancy in accordance with 24 CFR 570.3 using the definition of “annual income” as defined by Section 8 Housing Assistance Payments Program to ensure income requirements of NSP are being complied with.

Rents charged for each unit assisted under NSP may not exceed the definition of “affordable rents” as contained in this Action Plan amendment. All NSP sub-grantees will be required to monitor each rental property during the required affordability period to ensure that all rental units maintain long-term affordability.

OWNER-OCCUPIED HOUSING

The income of each owner occupant assisted with NSP funds will be determined at the time of purchase in accordance with 24 CFR 570.3 using the “annual income” as defined by the Section 8 Housing Assistance Payments Program to ensure income requirements of NSP are being complied with. Residential properties purchased for occupants with NSP funds must be the primary residence of the beneficiary.

Long-term affordability requirements will be met through either resale or recapture provisions established by the sub-grantee that must meet or exceed the requirements under the HOME Program. The sub-grantees’ affordability plan must be reviewed and approved by the Department.

DURATION OF ASSISTANCE

NSP assistance shall be provided up to a maximum of 4 years based on the State’s program and availability of funding.

TENURE OF BENEFICIARIES

For homes that are developed as rental property the tenure is expected to be long term, without planned limits on tenancy. For homes that are developed for the purposes of being sold to low, moderate and middle income individuals or families, the tenure shall be no less than the affordability period established for the property.

HOUSING REHABILITATION STANDARDS APPLICABLE TO NSP ASSISTED ACTIVITIES

a. Housing that is constructed or rehabilitated with NSP funds must meet all applicable local codes, rehabilitation standards, zoning ordinances, and HUD Housing Quality Standards under 24 CFR 982.401, at the time of project completion. The participating jurisdiction must have written standards for rehabilitation that ensure that NSP-assisted housing is decent, safe,

and sanitary. In the absence of a local code for new construction or rehabilitation, NSP-assisted new construction or rehabilitation must meet the Florida Building Code, based on the International Building Code. Newly constructed housing must meet the Florida Energy Efficiency Code for Building Construction. Florida shall require all housing construction to incorporate modern, green building and energy-efficiency improvements in all NSP activities to provide for long-term affordability and increased sustainability and attractiveness of housing and neighborhoods.

b. The housing must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and covered multifamily dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements at 24 CFR 100.205, which implement the Fair Housing Act (42 U.S.C. 3601-3619).

c. Construction of all manufactured housing must meet the Manufactured Home Construction and Safety Standards established in 24 CFR Part 3280. These standards pre-empt state and local codes covering the same aspects of performance for such housing. Participating jurisdictions providing NSP assistance to install manufactured housing units must comply with applicable state and local laws or codes. In the absence of such laws or codes, the participating jurisdiction must comply with the manufacturer's written instructions for installation of manufactured housing units. Manufactured housing that is rehabilitated using NSP funds must meet the requirements set out in paragraph (a) of this section.

D. LOW-INCOME TARGETING

For HUD's \$91.1 million allocation to Florida, no less than 25 percent, or \$22.8 million, must be allocated to assist the NSP Low-Income (NSPLI) target population not exceeding 50 percent of area median income. Failure to comply with this requirement will jeopardize the remaining 75 percent of the NSP funds, which must be used to benefit individuals and families whose incomes do not exceed 120 percent of area median income and for state and local administration.

In order to ensure that Florida complies with this requirement, a separate funding allocation shall be established. These grant awards will provide supplemental funding to each geographic area receiving a regular state allocation based on both its proportionate allocation of regular state NSP funds and its proportionate concentration of NSPLI target population. In addition, these funds will have to be used to provide rental housing for those individuals and families whose incomes do not exceed 50 percent of area median income.

The funds for the NSPLI allocation will come from regular state NSP allocations that fell below the minimum grant amount of \$1.25 million. This amounts to \$23.0 million, or 25.2 percent of the state's total award from HUD.

Within the supplemental NSPLI geographic areas, the eligible recipient is the regular NSP sub-grantee. If the regular NSP sub-grantee does not have at least 5 years experience providing rental housing to the NSPLI target population, it must either partner with one or more local housing authority or non-profit organization in the county with such experience or designate one to be the eligible applicant for supplemental funding.

As a direct NSP grantee, Florida must ensure compliance with the Federal requirement to address the NSPLI target group. Segregating NSPLI target funds will increase their visibility

and improve the ability to monitor their use. Having a separate NSPLI allocation will also make it easier for Florida to recapture and reallocate these funds if they are not obligated or spent in a timely manner.

These funds shall be used to provide rental housing because Florida determined that it will be the most affordable and feasible option available to the target group in the short timeframe for the program.

These supplemental funding areas have already been identified as having the greatest need related to the foreclosure crisis. Factoring in the relative concentration of the NSPLI population ensures that there will be an adequate number of this target group to meet this federal requirement.

If a local government chooses not to apply for its supplemental allocation or applies for or receives less than its allocation, those funds will be redistributed for use in other communities.

E. ACQUISITIONS & RELOCATION

No dwelling units will be converted as a result of NSP-assisted activities. All units demolished will be replaced and made available to low, moderate and middle income individuals and families under 120% of area median income.

F. PUBLIC COMMENTS

Florida published its proposed draft NSP Substantial Amendment on November 14, 2008, for 15 days by posting it on the Department website at www.floridacommunitydevelopment.org/cdbg/index.cfm as required by the HUD Federal Register Notice. The public comment period began on that date and ended on November 28, 2008. The Department conducted a publicly noticed Public Hearing on November 24, 2008. A total of 78 persons participated in the Public Hearing by conference call and 34 persons were in attendance. The following is a summary of public comments received through the Department's website, email, regular mail, stakeholder meetings, and the public hearing.

Funding formula/allocation methodology

The majority of the comments focused on the data that was used in the development of the formula. Several local governments asked to review the data that was used for their community. Many comments were also made regarding the use of more current data as related to determining the areas of greatest need.

Local governments that were not identified in the plan as eligible for NSP funding wanted to know how they could participate in the State program. Several local governments that were directly funded by HUD commented that they should be entitled to participate in the State program due to the extent of their needs. Some local governments expressed the need for a set-aside of NSP funds that would be made available specifically to the small cities and counties that participate in the State's CDBG program.

Program Income

Comments on the use of program income included allowing the jurisdictions to keep it at the local level to further NSP activities, reallocate the funds to direct-funded grantees, and reallocate the funds to the smaller cities and counties that were not initially funded by the State.

Grant Minimum

Several recommendations were made to reduce the minimum grant size from \$1.5 million to \$1.25 million, \$1 million, \$750,000, or as low as \$500,000 in order to fund more communities.

Eligible Activities

Various local governments and non-profit organizations asked the State to reconsider the policy of how to address the housing needs of individuals and families whose incomes do not exceed 50% AMI. The entities would like to be able to include homeownership assistance as an eligible activity for meeting the requirements of this target group.

Administration

Percentage of funds allowed for grant administration was also discussed. Several comments were made that the percentage was not sufficient for local governments given the short timeframe and requirements of the program.

A number of general comments were made concerning the application process and other administrative issues that related to the overall administration of the funding.

Technical Assistance

A number of comments, questions and recommendations were made regarding the need for technical assistance to understand and implement the NSP program. Local governments, as well as non-profit organizations, made comments on the need for technical assistance from the State. The technical assistance requests included issues such as purchasing foreclosed and abandoned properties, working with lenders, and establishing and maintaining land banks.

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

Florida has endeavored within the allotted time period to determine a reasonable method of allocating the Florida NSP funds to best achieve the program objectives of stabilizing neighborhoods of greatest need by providing a means for the acquisition, rehabilitation, renovation, and subsequent provision of homes and other foreclosed or abandoned residential properties to individuals and families whose income does not exceed 120 percent of the area median income. Florida has also endeavored to establish a method to ensure that at least 25 percent of the Florida NSP funds are used for individuals and families whose income does not exceed 50 percent of the area median income. As a result of the scope of these endeavors and the very limited time allowed to develop this Substantial Amendment, Florida has not been able to

work directly with its intended sub-grantees to determine which of the NSP eligible activities most appropriately addresses the program objectives within each of the sub-grantee communities. Therefore, Florida is not at this time able to provide the detail sought below. Florida intends to submit an additional amendment(s) as deemed necessary and if required by HUD to provide the requested detail after Florida’s sub-grantees have had an opportunity to develop and submit their local NSP programs to Florida.

ACTIVITY #1 - HOMEOWNERSHIP

(1) Activity Name: Housing Acquisition/Rehabilitation of homes for sale to individuals and families with incomes less than 120 percent of AMI

(2) Activity Type:

NSP- Section 2301(c)(3)B

Purchase and rehabilitate residential properties that have been abandoned or foreclosed in order to sell the homes to qualified individuals or families.

CDBG eligible activities

24 CFR 570.201(a) Acquisition

24 CFR 570.201(b) Disposition

24 CFT 570.201(e) Public Services for housing counseling

24 CFR 570.201(i) Relocation

24 CFR 570.201(n) Homeownership Assistance

24 CFR 570.202(a) Rehabilitation

(3) National Objective:

LMMH - Benefiting low-, moderate-, and middle-income households.

(4) Activity Description:

The purpose of this activity is to stabilize neighborhoods of greatest need by providing a means for the acquisition, rehabilitation, renovation, and subsequent provision of homes and other foreclosed or abandoned residential properties to individuals and families whose income does not exceed 120 percent of the area median income.

Proposed number of units to be addressed by income category

Activity	Low-income	Moderate-income	Middle-income
Acquisition/rehabilitation	55	33	21

(5) Location Description:

26 cities and counties identified under NSP allocation

(6) Performance Measures

All activities funded with State NSP funds will meet one or more of the following performance measures for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent:

- units of housing to be acquired,
- units of housing to be rehabilitated,
- units of housing to be sold,

(7) Total Budget:

\$11,714,038

(8) Responsible Organization:

Janice Browning, Director
Division of Housing and Community Development
Florida Department of Community Affairs
2555 Shumard Oak Boulevard
Tallahassee, Florida 32399-2100

(9) Projected Start Date: March 1, 2009

(10) Projected End Date: February 28, 2011

(11) Specific Activity Requirements:

NSP recipients will be required to work with lenders to acquire homes that have been foreclosed within the areas designated as having the greatest need. Sub-grantees will be encouraged to work with non-profit organizations that have the capacity to implement this housing activity.

The minimum purchase discount for an individual property will be at least 5 percent. The average purchase discount for all properties purchased with NSP funds shall be at least 15 percent.

All properties will be sold to individuals and families with incomes at or below 120 percent of area median income. The income of each owner occupant will be determined at the time of purchase in accordance with 24 CFR 570.3.

Long-term affordability requirements will be met through either resale or recapture provisions established by the sub-grantee that must meet or exceed the requirements under the HOME Program. For homeownership activities - a non-amortizing five (5) year second mortgage for homebuyer projects under \$15,000, ten (10) years for projects between \$15,000 to \$40,000, fifteen (15) years for projects over \$40,000, and twenty (20) years for new construction.

All subgrantees must establish an affordability plan that ensures the sale, rental, or redevelopment of abandoned and foreclosed-upon homes and residential properties under NSP remain affordable to individuals or families whose incomes do not exceed 120 percent of area median income and remain affordable to individuals and families whose incomes do not exceed 50 percent of area median income, as applicable. The subgrantees' plan will be reviewed and approved by the Department and must include, at a minimum the affordability requirements outlined above. The subgrantee may choose to implement more stringent affordability requirements than the minimum listed above to ensure that the properties remain affordable for as long as possible. The affordability periods will be monitored by the Department for compliance.

For homes that are developed for the purposes of being sold to low, moderate and middle income individuals or families, the tenure shall be no less than the affordability period established for the property.

NSP financing provided will be through a grant or a loan at zero percent interest rate.

NSP assistance shall be provided up to a maximum of 4 years based on the State's program and availability of funding.

ACTIVITY #2 - HOMEOWNERSHIP

(1) Activity Name: Housing Acquisition/Rehabilitation of homes for sale to individuals and families with incomes less than 50 percent of area median income.

(2) Activity Type:

NSP – Section 2301(c)(3)B

Purchase and rehabilitate residential properties that have been abandoned or foreclosed in order to sell the homes to qualified individuals or families.

CDBG eligible activities

24 CFR 570.201(a) Acquisition

24 CFR 570.201(b) Disposition

24 CFT 570.201(e) Public Services for housing counseling

24 CFR 570.201(i) Relocation

24 CFR 570.201(n) Homeownership Assistance

24 CFR 570.202(a) Rehabilitation

(3) National Objective:

LMMH - Benefiting low-, moderate-, and middle-income households.

(4) Activity Description:

The purpose of this activity is to turn foreclosed or abandoned properties into viable assets for low-income individuals and families. NSP sub-grantees will be required to work with lenders to

acquire homes that have been foreclosed within the areas designated as having the greatest need. Sub-grantees will be encouraged to work with non-profit organizations that have the capacity to implement this housing activity.

Proposed number of units to be addressed by income category

Activity	Low-income	Moderate-income	Middle-income
Acquisition	55	33	21

(5) Location Description:

26 cities and counties identified under NSP allocation

(6) Performance Measures

All activities funded with State NSP funds will meet one or more of the following performance measures for the income levels of households that are 50 percent of area median income and below:

- units of housing to be acquired,
- units of housing to be rehabilitated,
- units of housing to be sold,

(7) Total Budget:

\$11,714,038

(8) Responsible Organization:

Janice Browning, Director
 Division of Housing and Community Development
 Florida Department of Community Affairs
 2555 Shumard Oak Boulevard
 Tallahassee, Florida 32399-2100

(9) Projected Start Date: March 1, 2009

(10) Projected End Date: February 28, 2011

(11) Specific Activity Requirements:

The minimum purchase discount for an individual property will be at least 5 percent. The average purchase discount for all properties purchased with NSP funds shall be at least 15 percent.

All properties will be sold to individuals and families with incomes at or below 50 percent area median income. The income of each owner occupant will be determined at the time of purchase in accordance with 24 CFR 570.3.

Long-term affordability requirements will be met through either resale or recapture provisions established by the sub-grantee that must meet or exceed the requirements under the HOME Program. For homeownership activities - a non-amortizing five (5) year second mortgage for homebuyer projects under \$15,000, ten (10) years for projects between \$15,000 to \$40,000, fifteen (15) years for projects over \$40,000, and twenty (20) years for new construction.

All subgrantees must establish an affordability plan that ensures the sale, rental, or redevelopment of abandoned and foreclosed-upon homes and residential properties under NSP remain affordable to individuals or families whose incomes do not exceed 120 percent of area median income and remain affordable to individuals and families whose incomes do not exceed 50 percent of area median income, as applicable. The subgrantees' plan will be reviewed and approved by the Department and must include, at a minimum the affordability requirements outlined above. The subgrantee may choose to implement more stringent affordability requirements than the minimum listed above to ensure that the properties remain affordable for as long as possible. The affordability periods will be monitored by the Department for compliance.

For homes that are developed for the purposes of being sold to low, moderate and middle income individuals or families, the tenure shall be no less than the affordability period established for the property.

NSP financing provided will be through a grant or a loan at zero percent interest rate.

NSP assistance shall be provided up to a maximum of 4 years based on the State's program and availability of funding.

ACTIVITY #3 - HOMEOWNERSHIP

(1) Activity Name: Housing Finance

(2) Activity Type:

NSP- Section 2301(c)(3)A

Establish financing mechanisms for purchase and redevelopment of foreclosed homes.

CDBG eligible activities

24 CFR 570.206(g) Administrative expenses to facilitate housing

24 CFR 570.201(n) Homeownership Assistance

(3) National Objective:

LMMH - Benefiting low-, moderate-, and middle-income households.

(4) Activity Description:

The purpose of this activity is to improve access to mortgage capital on flexible terms, maintain occupancy of foreclosed homes, facilitate property renovation, and help individuals and families access responsible credit and financing to promote homeownership by promoting long-term affordability.

Proposed number of units to be addressed by income category

Activity	Low-income	Moderate-income	Middle-income
Homeownership Assistance	55	33	21

(5) Location Description:

26 cities and counties identified under NSP allocation

(6) Performance Measures

All activities funded with State NSP funds will meet one or more of the following performance measures for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent:

- units of housing to be acquired,
- parcel(s) to be acquired.

(7) Total Budget:

\$11,714,038

(8) Responsible Organization:

Janice Browning, Director
 Division of Housing and Community Development
 Florida Department of Community Affairs
 2555 Shumard Oak Boulevard
 Tallahassee, Florida 32399-2100

(9) Projected Start Date: March 1, 2009

(10) Projected End Date: February 28, 2011

(11) Specific Activity Requirements:

NSP financing provided will be through a grant or a loan at zero percent interest rate.

For homes that are developed for the purposes of being sold to low, moderate and middle income individuals or families, the tenure shall be no less than the affordability period established for the property. For homeownership activities - a non-amortizing five (5) year second mortgage for

homebuyer projects under \$15,000, ten (10) years for projects between \$15,000 to \$40,000, fifteen (15) years for projects over \$40,000, and twenty (20) years for new construction.

All subgrantees must establish an affordability plan that ensures the sale, rental, or redevelopment of abandoned and foreclosed-upon homes and residential properties under NSP remain affordable to individuals or families whose incomes do not exceed 120 percent of area median income and remain affordable to individuals and families whose incomes do not exceed 50 percent of area median income, as applicable. The subgrantees' plan will be reviewed and approved by the Department and must include, at a minimum the affordability requirements outlined above. The subgrantee may choose to implement more stringent affordability requirements than the minimum listed above to ensure that the properties remain affordable for as long as possible. The affordability periods will be monitored by the Department for compliance.

NSP assistance shall be provided up to a maximum of 4 years based on the State's program and availability of funding.

ACTIVITY #4 – HOMEOWNERSHIP AND RENTAL

(1) Activity Name: Establishing Land Banks

(2) Activity Type:

NSP- Section 2301(c)(3)C

Establish land banks for homes that have been foreclosed upon;

CDBG eligible activities

24 CFR 570.201(a) Acquisition

24 CFR 570.201(b) Disposition

(3) National Objective(s):

LMMA - Benefiting low-, moderate-, and middle-income area.

LMMH – Benefiting low-, moderate-, and middle-income households.

(4) Activity Description:

Florida communities are seeing more abandonment, and as the mortgage crisis spreads to suburban and rural areas, the authority to create land banks is increasingly relevant to residents statewide. Using property productively and putting tax delinquent property back on the tax rolls benefits the entire state. Blight is contagious, not only within neighborhoods but also across jurisdictions. The purpose of this activity is to bring abandoned property back into productive use, generating tax revenue, raising property values and creating community amenities such as affordable housing and green space.

Proposed number of parcels to be addressed by income category

Activity	Low-income	Moderate-income	Middle-income
Acquisition	8	3	1

(5) Location Description:

26 cities and counties identified under NSP allocation

(6) Performance Measures

All activities funded with State NSP funds will meet one or more of the following performance measures for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent:

- parcel(s) to be acquired.

(7) Total Budget:

\$6,507,800

(8) Responsible Organization:

Janice Browning, Director
 Division of Housing and Community Development
 Florida Department of Community Affairs
 2555 Shumard Oak Boulevard
 Tallahassee, Florida 32399-2100

(9) Projected Start Date: March 1, 2009

(10) Projected End Date: February 28, 2011

(11) Specific Activity Requirements:

For the purposes of the NSP program, a land bank will operate in a specific, defined geographic area. It will purchase properties that have been abandoned or foreclosed upon and maintain, assemble, facilitate redevelopment of, market, and dispose of the land-banked properties. If the land bank is a governmental entity, it may also maintain abandoned or foreclosed property that it does not own, provided it charges the owner of the property the full cost of the service or places a lien on the property for the full cost of the service.

All subrecipients will develop a strategic plan for the acquisition, redevelopment and disposition of land banks purchased with NSP funds. The plan must be submitted as part of the local government's application and will be reviewed and approved prior to awarding NSP grant funds for this activity. All plans must incorporate a requirement that the land bank may not hold the property for more than ten (10) years without obligating the property for a specific NSP eligible activity. Under no circumstances will NSP grant funds:

- pay more than the appraised value of the property
- be responsible for displacement of a tenant/homeowner

For homes that are developed as rental property the tenure is expected to be long term, without planned limits on tenancy. For homes that are developed for the purposes of being sold to low, moderate and middle income individuals or families, the tenure shall be no less than the affordability period established for the property. For homeownership activities - a non-amortizing five (5) year second mortgage for homebuyer projects under \$15,000, ten (10) years for projects between \$15,000 to \$40,000, fifteen (15) years for projects over \$40,000, and twenty (20) years for new construction. For rental activities - a non-amortizing five (5) year land use restriction agreement for rental projects under \$15,000, ten (10) years for projects between \$15,000 to \$40,000, fifteen (15) years for projects over \$40,000, and twenty (20) years for new construction.

All subgrantees must establish an affordability plan that ensures the sale, rental, or redevelopment of abandoned and foreclosed-upon homes and residential properties under NSP remain affordable to individuals or families whose incomes do not exceed 120 percent of area median income and remain affordable to individuals and families whose incomes do not exceed 50 percent of area median income, as applicable. The subgrantees' plan will be reviewed and approved by the Department and must include, at a minimum the affordability requirements outlined above. The subgrantee may choose to implement more stringent affordability requirements than the minimum listed above to ensure that the properties remain affordable for as long as possible. The affordability periods will be monitored by the Department for compliance.

The minimum purchase discount for an individual property will be at least 5 percent. The average purchase discount for all properties purchased with NSP funds shall be at least 15 percent.

NSP financing provided will be through a grant or a loan at zero percent interest rate.

NSP assistance shall be provided up to a maximum of 10 years based on the State's program and availability of funding.

ACTIVITY #5 – HOMEOWNERSHIP AND RENTAL

(1) Activity Name: Demolition and Clearance/ Housing Redevelopment

(2) Activity Type:

NSP- Section 2301(c)(3)D and 2301(c)(3)E

Demolish blighted structures/ redevelop demolished or vacant properties

CDBG eligible activities

24 CFR 570.201(a) Acquisition

- 24 CFR 570.201(b) Disposition
- 24 CFR 570.201(d) Clearance and remediation
- 24 CFR 570.201(i) Relocation
- 24 CFR 570.201(n) Homeownership Assistance
- 24 CFR 570.201(o) Counseling

(3) National Objective(s):

LMMA - Benefiting low-, moderate-, and middle-income area.
 LMMH – Benefiting low-, moderate-, and middle-income households.

(4) Activity Description:

The purpose of this activity is to turn vacant or blighted properties into productive use that will help stabilize a neighborhood which has been negatively impacted by foreclosures.

Proposed number of units to be addressed by income category

Activity	Low-income	Moderate-income	Middle-income
Acquisition	55	33	21
Demolition	55	33	21
New construction	55	33	21

(5) Location Description:

26 cities and counties identified under NSP allocation

(6) Performance Measures

All activities funded with State NSP funds will meet one or more of the following performance measures for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent:

- units of housing to be acquired,
- units of housing to be rehabilitated,
- units of housing to be sold,
- units of housing to be rented, or
- parcel(s) to be acquired.

(7) Total Budget:

\$11,714,037

(8) Responsible Organization:

Janice Browning, Director
 Division of Housing and Community Development
 Florida Department of Community Affairs

2555 Shumard Oak Boulevard
Tallahassee, Florida 32399-2100

(9) Projected Start Date: March 1, 2009

(10) Projected End Date: February 28, 2011

(11) Specific Activity Requirements:

The proposed activity must be directly related to the sub-grantee's overall plan to address foreclosure needs.

The Department may limit the total amount of grant funds that may be expended on this activity.

The minimum purchase discount for an individual property will be at least 5 percent. The average purchase discount for all properties purchased with NSP funds shall be at least 15 percent.

All properties will be sold to individuals and families with incomes at or below 120 percent of area median income. The income of each owner occupant will be determined at the time of purchase in accordance with 24 CFR 570.3.

Long-term affordability requirements will be met through either resale or recapture provisions established by the subgrantee that must meet or exceed the requirements under the HOME Program. The subgrantees' affordability plan must be reviewed and approved by the Department. For homeownership activities - a non-amortizing five (5) year second mortgage for homebuyer projects under \$15,000, ten (10) years for projects between \$15,000 to \$40,000, fifteen (15) years for projects over \$40,000, and twenty (20) years for new construction. For rental activities - a non-amortizing five (5) year land use restriction agreement for rental projects under \$15,000, ten (10) years for projects between \$15,000 to \$40,000, fifteen (15) years for projects over \$40,000, and twenty (20) years for new construction.

All subgrantees must establish an affordability plan that ensures the sale, rental, or redevelopment of abandoned and foreclosed-upon homes and residential properties under NSP remain affordable to individuals or families whose incomes do not exceed 120 percent of area median income and remain affordable to individuals and families whose incomes do not exceed 50 percent of area median income, as applicable. The subgrantees' plan will be reviewed and approved by the Department and must include, at a minimum the affordability requirements outlined above. The subgrantee may choose to implement more stringent affordability requirements than the minimum listed above to ensure that the properties remain affordable for as long as possible. The affordability periods will be monitored by the Department for compliance.

For homes that are developed as rental property the tenure is expected to be long term, without planned limits on tenancy. For homes that are developed for the purposes of being sold to low,

moderate and middle income individuals or families, the tenure shall be no less than the affordability period established for the property.

NSP financing provided will be through a grant or a loan at zero percent interest rate.

NSP assistance shall be provided up to a maximum of 4 years based on the State's program and availability of funding.

ACTIVITY #6 - RENTAL

(1) Activity Name: Housing Acquisition/Rehabilitation of homes for lease to individuals and families with incomes less than 120 percent of area median income.

(2) Activity Type:

NSP- Section 2301(c)(3)B

Purchase and rehabilitate residential properties that have been abandoned or foreclosed in order to rent to qualified individuals or families.

CDBG eligible activities

24 CFR 570.201(a) Acquisition

24 CFR 570.202(a) Rehabilitation

24 CFR 570.201(b) Disposition

24 CFR 570.201(i) Relocation

(3) National Objective:

LMMH - Benefiting low-, moderate-, and middle-income households.

(4) Activity Description:

The purpose of this activity is to turn foreclosed or abandoned properties into decent, safe and affordable housing for low, moderate and middle income individuals and families.

Proposed number of units to be addressed by income category

Activity	Low-income	Moderate-income	Middle-income
Acquisition	55	33	21

(5) Location Description:

26 cities and counties identified under NSP allocation

(6) Performance Measures

All activities funded with State NSP funds will meet one or more of the following performance measures for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent:

- units of housing to be acquired,
- units of housing to be rehabilitated,
- units of housing to be rented

(7) Total Budget:

\$11,714,037

(8) Responsible Organization:

Janice Browning, Director
Division of Housing and Community Development
Florida Department of Community Affairs
2555 Shumard Oak Boulevard
Tallahassee, Florida 32399-2100

(9) Projected Start Date: March 1, 2009

(10) Projected End Date: February 28, 2011

(11) Specific Activity Requirements:

All properties will be leased to individuals and families with incomes at or below 120 percent of area median income. The income of each owner occupant will be determined at the time of purchase in accordance with 24 CFR 570.3.

The NSP-assisted units in a rental housing project must be occupied only by households that are eligible as low-income individuals or families under NSP and must meet the following requirements to qualify as affordable housing. The affordability requirements also apply to the NSP-assisted non-owner-occupied units in single-family housing purchased with NSP funds. For rental activities - a non-amortizing five (5) year land use restriction agreement for rental projects under \$15,000, ten (10) years for projects between \$15,000 to \$40,000, fifteen (15) years for projects over \$40,000, and twenty (20) years for new construction.

All subgrantees must establish an affordability plan that ensures the sale, rental, or redevelopment of abandoned and foreclosed-upon homes and residential properties under NSP remain affordable to individuals or families whose incomes do not exceed 120 percent of area median income and remain affordable to individuals and families whose incomes do not exceed 50 percent of area median income, as applicable. The subgrantees' plan will be reviewed and approved by the Department and must include, at a minimum the affordability requirements outlined above. The subgrantee may choose to implement more stringent affordability requirements than the minimum listed above to ensure that the properties remain affordable for

as long as possible. The affordability periods will be monitored by the Department for compliance.

The maximum NSP rents are defined as the fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 888.111.

For homes that are developed as rental property the tenure is expected to be long term, without planned limits on tenancy.

The minimum purchase discount for an individual property will be at least 5 percent. The average purchase discount for all properties purchased with NSP funds shall be at least 15 percent.

NSP financing provided will be through a grant or a loan at zero percent interest rate.

NSP assistance shall be provided up to a maximum of 4 years based on the State's program and availability of funding.

ACTIVITY #7 - RENTAL

(1) Activity Name: Housing Acquisition/Rehabilitation of homes for lease to individuals and families with incomes less than 50 percent of area median income.

(2) Activity Type:

NSP- Section 2301(c)(3)B

Purchase and rehabilitate residential properties that have been abandoned or foreclosed in order to rent to qualified individuals or families.

CDBG eligible activities

24 CFR 570.201(a) Acquisition

24 CFR 570.202(a) Rehabilitation

24 CFR 570.201(b) Disposition

24 CFR 570.201(i) Relocation

(3) National Objective:

LMMH - Benefiting low-, moderate-, and middle-income households.

LMMC – Benefiting low-, moderate-, and middle-income limited clientele

(4) Activity Description:

The purpose of this activity is to turn foreclosed or abandoned properties into decent, safe and affordable housing for low income individuals and families.

Proposed number of units to be addressed by income category

Activity	Low-income (do not exceed 50% AMI)
Acquisition	214

(5) Location Description:

26 cities and counties identified under NSP allocation

(6) Performance Measures

All activities funded with State NSP funds will meet one or more of the following performance measures for the income levels of households that are 50 percent of area median income and below:

- units of housing to be acquired,
- units of housing to be rehabilitated,
- units of housing to be rented

(7) Total Budget:

\$22,963,490

(8) Responsible Organization:

Janice Browning, Director
 Division of Housing and Community Development
 Florida Department of Community Affairs
 2555 Shumard Oak Boulevard
 Tallahassee, Florida 32399-2100

(9) Projected Start Date: March 1, 2009

(10) Projected End Date: February 28, 2011

(11) Specific Activity Requirement:

All properties will be leased to individuals and families with incomes at or below 50 percent of area median income. The income of each owner occupant will be determined at the time of purchase in accordance with 24 CFR 570.3.

The NSP-assisted units in a rental housing project must be occupied only by households that are eligible as low-income individuals or families under NSP and must meet the following requirements to qualify as affordable housing. The affordability requirements also apply to the NSP-assisted non-owner-occupied units in single-family housing purchased with NSP funds. For rental activities - a non-amortizing five (5) year land use restriction agreement for rental projects under \$15,000, ten (10) years for projects between \$15,000 to \$40,000, fifteen (15) years for projects over \$40,000, and twenty (20) years for new construction.

All subgrantees must establish an affordability plan that ensures the sale, rental, or redevelopment of abandoned and foreclosed-upon homes and residential properties under NSP remain affordable to individuals or families whose incomes do not exceed 120 percent of area median income and remain affordable to individuals and families whose incomes do not exceed 50 percent of area median income, as applicable. The subgrantees' plan will be reviewed and approved by the Department and must include, at a minimum the affordability requirements outlined above. The subgrantee may choose to implement more stringent affordability requirements than the minimum listed above to ensure that the properties remain affordable for as long as possible. The affordability periods will be monitored by the Department for compliance.

The maximum NSP rents are defined as the fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 888.111.

For homes that are developed as rental property the tenure is expected to be long term, without planned limits on tenancy.

The minimum purchase discount for an individual property will be at least 5 percent. The average purchase discount for all properties purchased with NSP funds shall be at least 15 percent.

NSP financing provided will be through a grant or a loan at zero percent interest rate.

NSP assistance shall be provided up to a maximum of 4 years based on the State's program and availability of funding.

ACTIVITY #8

(1) Activity Name: Administration/Technical Assistance

(2) Activity Type:

NSP- An amount of up to 10 percent of an NSP grant provided to a jurisdiction and of up to 10 percent of program income earned may be used for general administration and planning activities as those are defined at 24 CFR 570.205 and 206. Increase the capacity of entities to carry out eligible NSP activities.

CDBG eligible activity

24 CFR 570.201(p)

24 CFR 570.205

24 CFR 570.206

(3) National Objective:

N/A

(4) Activity Description:

Administrative costs associated with overall program management, coordination, monitoring, and evaluation of the State of Florida's NSP funds.

The State Training and Technical Assistance component will include state program training and implementation components as well as a statewide capacity building component. The purpose of these funds is to provide technical expertise in planning, managing or carrying out NSP funded activities such as meeting applicable NSP requirements, increasing program management or capacity building skills. The technical assistance for state funded NSP recipients will focus on three main areas – on-site technical assistance, off-site technical assistance and workshops.

Technical assistance will focus on providing specific training in all aspects of purchasing, rehabilitating and selling or renting foreclosed or abandoned properties including: methods for identifying properties, including working with lenders; evaluating properties for acquisition once they are identified; negotiating the purchase price for individual or bulk purchases of units; coordinating NSP funds with other sources and permanent financing; appraisals; and establishing and maintaining a land bank.

(5) Location Description:

26 cities and counties identified under NSP allocation

(6) Performance Measures

N/A

(7) Total Budget:

\$9,114,148 to be allocated as follows:

State NSP Program Administration	\$1,100,000
State Training and Technical Assistance	\$2,000,000
Local NSP Administration	\$6,014,148

(8) Responsible Organization:

Janice Browning, Director
Division of Housing and Community Development
Florida Department of Community Affairs
2555 Shumard Oak Boulevard
Tallahassee, Florida 32399-2100

(9) Projected Start Date: March 1, 2009

(10) Projected End Date: February 28, 2011

(11) Specific Activity Requirements:

This does not include costs associated with carrying out activities eligible under Section II(B)(3)(b) regarding homebuyer counseling.