

## **City of Miami Beach NSP2 Consortium Summary of Neighborhood Stabilization Program 2 (NSP2) Proposal**

The City of Miami Beach NSP2 Consortium (“Consortium”), comprised of the City of Miami Beach as lead applicant, Miami Beach Community Development Corporation (“MBCDC”), Carrfour Corporation (“Carrfour”) and the Miami-Dade Affordable Housing Foundation, Inc. (“MDAHF”), is applying for federal funding under the Neighborhood Stabilization Program (NSP2) and hereby invites citizens to comment upon the specific elements of its NSP2 application identified below.

Federal regulations governing the NSP2 application process require that citizens be provided with at least 10 days to comment on the NSP2 application. On May 4, 2009, the U.S. Department of Housing and Urban Development (HUD) released a Notice of Funding Availability under the American Reinvestment and Recovery Act, 2009 (ARRA). A total of \$1.93 billion in NSP2 funding is available nationally to stabilize neighborhoods that have been negatively impacted by abandoned and foreclosed residential properties. Eligible applicants include local governments, non-profits, and consortia of non-profits (which include local governments). The application deadline is July 17, 2009. Additional information concerning the ARRA and NSP2 can be found at <http://www.hud.gov/recovery>.

The Consortium’s intent is to stabilize geographic areas within the City of Miami Beach by census tract that have been significantly affected by the foreclosure crisis.

The Consortium requests comments from the general public on the proposed plan that will be submitted to the U.S. Department of Housing and Urban Development (HUD). **Written comments must be submitted no later than July 15, 2009 at 12:00 pm** to Anna Parekh, Director, Office of Real Estate, Housing, and Community Development at 1700 Convention Center Drive, Miami Beach, Florida 33139 or at [annaparekh@miamibeachfl.gov](mailto:annaparekh@miamibeachfl.gov). **A public hearing will be held during the City Commission meeting on July 15, 2009 at 12:15 pm** Miami Beach City Hall, 1700 Convention Center Drive, Miami Beach, Florida.

### **TARGET GEOGRAPHY**

One difference between the NSP-1 regulations and NSP-2 is the rating system of eligible geographies where NSP-2 may be spent. The U.S. Department of Housing and Urban Development (HUD) released new data in May 2009 related to the risk of foreclosure by census tract. The new data had a rating scale of 1 – 20 and scored both foreclosure risk and vacancy risk caused by foreclosure. To apply for funds, selected census tracts must score an average of 18 in one of the two categories. Based on a City of Miami Beach staff analysis, all Miami Beach census tracts are eligible geographic target areas. The Consortium, however, will place special emphasis on North Beach neighborhoods.

### **ELIGIBLE BENEFICIARIES OF NSP2 FUNDS**

NSP2 funds may only benefit low- to moderate-income households (those households at or below 120% of median area income). A minimum of 25% of NSP2 funds awarded to an applicant must benefit households at or below 50% of median income.

**PROPOSED USE OF NSP2 FUNDS BY STRATEGY**

The Consortium’s proposed strategies are summarized below.

<b>Activity/Eligible Use</b>	<b>NP2 Funds</b>	<b>SHIP</b>	<b>Projected Units</b>
Soft-second mortgages assistance and closing costs	\$9,975,000	\$650,000	100
Homebuyer counseling	\$150,000	0	100
Purchase and rehabilitate abandoned or foreclosed-upon homes or residential properties for rent.	\$3,375,000	0	17
Program Administration	\$1,500,000	0	-
<b>Total Funds:</b>	<b>\$15,000,000</b>	<b>\$650,000</b>	<b>-</b>

**PROPOSED HOMEOWNERSHIP STRATEGIES**

- ◆ **Provide access to soft second mortgage financing and closing cost assistance to assist homebuyers in the purchase of foreclosed-upon homes. Homebuyers also will receive homebuyer counseling.**

***Proposed Funding: Financial assistance - \$10,625,000  
Homebuyer counseling - \$150,000***

Working with private lenders, Consortium members MBCDC and MDAHf will provide access to homebuyer financing and counseling using NSP2 funding leveraged with City of Miami Beach State Housing Initiatives Partnership (SHIP) Program funds. Such financing assistance will be in the form of soft second mortgages and closing costs. These subordinate mortgages will have fifteen-year terms with 0% interest with no monthly payments. The mortgage will be forgiven if the homebuyer occupies the home as their principal residence for the full term of the mortgage. In the event that the homebuyer sells or refinances the home, the homebuyer will be required to share any profits with the City of Miami Beach in accordance with City of Miami Beach SHIP Program provisions. Homebuyers may only purchase foreclosed-upon homes, which may include condominium units.

**PROPOSED RENTAL STRATEGY**

- ◆ **Acquire, rehabilitate and rent foreclosed-upon housing to eligible tenants**

***Proposed funding: \$3,375,000***

Consortium members MBCDC and Carrfour Corporation will acquire and rehabilitate abandoned or foreclosed-upon individual housing units or multi-family properties for use as rental housing. The Consortium will satisfy the requirement that 25% of NSP2 funds benefit households at or below 50% of median area income by restricting tenancy to such households

Green building requirements will be incorporated into this strategy. Energy star

appliances and lighting will be required as well as other green features to the extent financially feasible.

### **Expenditure Deadlines**

NSP2 funds will be awarded in the form of a three-year grant. Under the federal rules governing NSP2, fifty percent (50%) of the funds must be expended within the first two years that funds are made available to the recipient and one-hundred percent (100%) of the funds must be expended within three years of such date.