

**Grantee: Palm Bay, FL**

**Grant: B-08-MN-12-0021**

**October 1, 2009 thru December 31, 2009 Performance Report**

**Grant Number:**

B-08-MN-12-0021

**Obligation Date:****Grantee Name:**

Palm Bay, FL

**Award Date:****Grant Amount:**

\$5,208,104.00

**Contract End Date:****Grant Status:**

Active

**Review by HUD:**

Reviewed and Approved

**QPR Contact:**

No QPR Contact Found

**Disasters:****Declaration Number**

NSP

**Plan Description:**

Although the initial NSP investment will be targeted in the Neighborhood Investment Program (NIP) targeted neighborhood areas, additional Port Malabar (PM) Units of the City will also be addressed to the extent resources are available. With over 3,500 homes in some state of foreclosure (approximately 10% of the City's single family housing), the NSP program will also be used secondly, to preserve individual PM Units throughout the City whose single-family housing density > 30% of the available lots and whose foreclosure rate > 2% (see Appendix I) and thirdly, to include any severely distressed properties having a significantly detrimental impact on an established neighborhood. For example: There may be a few isolated areas where there is a densely populated neighborhood in a sparsely populated PM Unit that does not meet the above mentioned criteria, where a foreclosed property is in such severe disrepair that it needs to be addressed in order to preserve the neighborhood. The areas of greatest need in the City of Palm Bay therefore include the following Port Malabar (PM) units: 2, 4-13, 15-20, 22-26, 28, 30-32, 35-37, 39-42, 46, 48-50, 55-57, CC 01, CC06 CC 08. With the \$5,208,104 in NSP funds the City wishes to also focus on the NIP targeted neighborhood improvement areas. The City of Palm Bay will meet the intent of the NSP program by investing the NSP funds toward stabilizing neighborhoods within the community. This will include additional isolated, sparsely populated areas having severely distressed properties which have a significantly detrimental impact on an established neighborhood.

**Recovery Needs:**

Activity Description: The City will reduce the sale price of the home to an amount equivalent to a down payment/closing cost assistance level and will encumber the property with a junior lien. All income-eligible homebuyers must also attend eight (8) hours of a HUD Certified homebuyer counseling workshop. The NDAP program is available for those income-eligible applicants from below 50% AMI up to 120% AMI. The areas of greatest need include NIP targeted neighborhood improvement areas as well as prioritized PM Units whose single-family housing density > 30% of the available lots and whose foreclosure rate > 2% (see Appendix I for priority areas). Since the purchase price of the home is being discounted, there are no NSP funds associated with this activity. The activity will be used to meet the low-income housing requirement for those with combined household incomes below 50% AMI.

The maximum amount that the purchase price of the home will be discounted under the NDAP program is as follows:

Maximum Amount of Award\*

<50% AMI \$50,000

>50% AMI to 80% AMI \$50,000

>80% AMI to 120% AMI \$40,000

Under the HOME guidelines, the maximum purchase price shall not exceed \$221,350 (or current under HUD guidelines) for new construction and existing homes. The purchase price may not exceed 90% of the median purchase price for new and existing homes in the area where the home is to be purchased under the HOME

guidelines.

All applicants are required to complete an 8 hour HUD approved homebuyer education course. The discounted purchase price of the home is intended to reduce the monthly housing expense of the homebuyer to no more than thirty (30%) percent of the gross monthly income for the households income group, unless otherwise authorized by the first mortgage lender. Liens will be forgiven at the end of thirty (30) years so long as the title remains in the name of the eligible client and the home remains the clients principal residence. The City of Palm Bay and the homebuyer will participate in a Shared Equity agreement. Should an applicant default on the loan, the full amount of the loan as well as the percentage of the level of assistance pro-rated in the overall increased sale will be owed to the City. For example:

Cost of Home - \$160,000  
Assistance - \$32,000  
Percent of Assistance 20%  
Sale Price - \$200,000

Difference between original cost of Home (\$160,000) and sale price (\$200,000) = \$40,000. Amount owed is the  
Discounted Purchase Price Assistance = \$32,000 plus 20% of \$40,000 or \$32,000 + \$8,000 = \$50,000.

For housing related activities, include:

tenure of beneficiaries--rental or homeownership; The affordability period for homeownership shall not exceed a 30 year lien.

duration or term of assistance; The term of assistance shall be a 30 year affordability period.

a description of how the design of the activity will ensure continued affordability. The City annually will send out certified letters to all homeowners on the anniversary date of their closing to determine that the residence is occupied by the original homeowner that closed on the house. Also, a condition will be included in the Mortgage Deed to ensure that income-eligible applicants will be acquiring the property and upon any future sale, the property must remain with an income-eligible household. This will be enforceable for the term of the Mortgage. Affordability periods referenced in other funding sources including the HOME Investment Partnership and the State of Florida Housing Initiatives Program as well as any Neighborhood Stabilization Program rules will also be enforced.

For acquisition activities, include:

discount rate: The discount rate for the acquisition of the home shall be in the aggregate of 5% to 15% below the market value of the home.

For financing activities, include:

range of interest rates: An interest rate with the City shall not apply.

I. Total Budget: (Include public and private components) There are no funds associated with this activity. This is an unfunded activity based upon a discounted purchase price for the home.

J. Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent): The primary performance measure outcome associated with this NDAP activity is Affordability. The activity will resell those properties identified in activities 2 & 3 after repairs, rehabilitation or rebuilding at an affordable (discounted) cost to income-eligible households. The performance measure outputs by income level are accounted for in activities 2 & 3

<b>Overall</b>	<b>This Report Period</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	\$5,208,104.00
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$5,208,104.00
<b>Program Funds Drawdown</b>	\$0.00	\$0.00
<b>Obligated CDBG DR Funds</b>	\$0.00	\$0.00
<b>Expended CDBG DR Funds</b>	\$0.00	\$0.00
<b>Match Contributed</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Program Income Drawdown</b>	\$0.00	\$0.00

## Progress Toward Required Numeric Targets

Requirement	Required	To Date
Minimum Overall Benefit Percentage	99.99%	0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$781,215.60	\$0.00
Limit on Admin/Planning	\$520,810.40	\$0.00
Limit on State Admin	\$0.00	\$0.00

## Progress Toward Activity Type Targets

## Progress Toward National Objective Targets

### Overall Progress Narrative:

Progress Toward Activity Type Targets: Most of the preliminary effort has been completed to acquire properties. Processes are now in place for identifying potential acquisitions, evaluating, recommending offer price and also toward getting the paperwork processed. Staff has evaluated over twenty (20) potential properties for purchase but no offers have been made to date. That will change in the next quarter.

Progress Toward National Objective Targets: Nothing to report at this time.

Overall Progress Narrative: Most of the preliminary effort has been completed to acquire properties. Processes are now in place for identifying potential acquisitions, evaluating, recommending offer price and also toward getting the paperwork processed. Staff has evaluated over twenty (20) potential properties for purchase but no offers have been made to date. That will change in the next quarter. Lines of communication with Realtors and Banks are being developed to facilitate purchases when started. Staff has received training in the use of the City Purchasing Division's Small Purchase Process which will be used for much of the rehabilitation work. Numerous properties of interest have resulted in detailed discussions with Fannie Mae and a successful resolution to the issues is expected during the next quarter.

## Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
1, FINANCING MECHANISM NDAP	\$0.00	\$0.00	\$0.00
2, ACQUISITION & REHAB ARP	\$0.00	\$4,192,500.00	\$0.00
3, DEMOLITION & REBUILDING DRP	\$0.00	\$495,000.00	\$0.00
4, GENERAL ADMIN.	\$0.00	\$520,604.00	\$0.00
9999, Restricted Balance	\$0.00	\$0.00	\$0.00

