



**PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS  
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
NSP-2 FUNDING APPLICATION**

APPLICATION ID#: 372938317

SUBMITTED TO:

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
ROBERT C. WEAVER HEADQUARTERS BUILDING  
NSP 2 APPLICATION  
ROOM 7286, OFFICE OF BLOCK GRANT ASSISTANCE  
451 7<sup>TH</sup> STREET, SW, WASHINGTON, DC 20410



|  |                                 |   |
|--|---------------------------------|---|
| <b>Application for Federal Assistance SF-424</b>   |                                 | Version 02  |
| <b>*1. Type of Submission:</b><br><input type="checkbox"/> Preapplication<br><input checked="" type="checkbox"/> Application<br><input type="checkbox"/> Changed/Corrected Application |                                 | <b>*2. Type of Application</b> * If Revision, select appropriate letter(s)<br><input checked="" type="checkbox"/> New<br><input type="checkbox"/> Continuation    *Other (Specify) _____<br><input type="checkbox"/> Revision |
| 3. Date Received:  |                                 | 4. Applicant Identifier:  |
| 5a. Federal Entity Identifier:   |                                 | *5b. Federal Award Identifier:  |
| <b>State Use Only:</b>   |                                 |   |
| 6. Date Received by State:   |                                 | 7. State Application Identifier:  |
| <b>8. APPLICANT INFORMATION:</b>   |                                 |   |
| *a. Legal Name: <u>Palm Beach County</u>   |                                 |   |
| *b. Employer/Taxpayer Identification Number (EIN/TIN):<br><u>59-6000785</u>  |                                 | *c. Organizational DUNS:<br><u>078470481</u>  |
| <b>d. Address:</b>   |                                 |   |
| *Street 1:   | <u>100 Australian Avenue</u>    |   |
| Street 2:  | <u>Suite 500</u>                |   |
| *City:   | <u>West Palm Beach</u>          |   |
| County:  | <u>Palm Beach County</u>        |   |
| *State:  | <u>FL</u>                       |   |
| Province:  | _____                           |   |
| *Country:  | <u>United States of America</u> |   |
| *Zip / Postal Code   | <u>33406</u>                    |   |
| <b>e. Organizational Unit:</b>   |                                 |   |
| Department Name: <u>Housing &amp; Community Development</u>  |                                 | Division Name: <u>Planning</u>  |
| <b>f. Name and contact information of person to be contacted on matters involving this application:</b>  |                                 |   |
| Prefix:  | <u>Mr</u>                       | *First Name: <u>Edward</u>  |
| Middle Name:   | <u>W</u>                        |   |
| *Last Name:  | <u>Lowery</u>                   |   |
| Suffix:  | _____                           |   |
| Title: <u>Director</u>   |                                 |   |
| Organizational Affiliation:  |                                 |   |

\*Telephone Number: 561-233-3602

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OMB Number: 4040-0004

Expiration Date: 01/31/2009

**Application for Federal Assistance SF-424**

Version 02

**\*9. Type of Applicant 1: Select Applicant Type:**

County Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

\*Other (Specify)

**\*10 Name of Federal Agency:** U.S. Department of Housing and Urban Development

**11. Catalog of Federal Domestic Assistance Number:**

14.256

CFDA Title:

Neighborhood Stabilization Program (Recovery Act Funded)

**\*12 Funding Opportunity Number:**

FR-5321-C-01

\*Title:

**13. Competition Identification Number:**

Title:

**14. Areas Affected by Project (Cities, Counties, States, etc.):**

Palm Beach County Urban Redevelopment Area - Unincorporated Palm Beach County

**\*15. Descriptive Title of Applicant's Project:**

Palm Beach County Residential/Neighborhood Redevelopment Program

OMB Number: 4040-0004

Expiration Date: 01/31/2009

**Application for Federal Assistance SF-424**

Version 02

**16. Congressional Districts Of:**

\*a. Applicant: FL-016, FL-019, FL-022, FL-023

\*b. Program/Project: FL-016, FL-019, FL-022, FL-023

**17. Proposed Project:**

\*a. Start Date: 2/17/2010

\*b. End Date: 2/17/2013

**18. Estimated Funding (\$):**

|                    |              |
|--------------------|--------------|
| *a. Federal        | \$50,000,000 |
| *b. Applicant      | _____        |
| *c. State          | _____        |
| *d. Local          | _____        |
| *e. Other          | _____        |
| *f. Program Income | _____        |
| *g. TOTAL          | \$50,000,000 |

**\*19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

- a. This application was made available to the State under the Executive Order 12372 Process for review on \_\_\_\_\_
- b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- c. Program is not covered by E. O. 12372

**\*20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)**

Yes  No

21. \*By signing this application, I certify (1) to the statements contained in the list of certifications\*\* and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances\*\* and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U. S. Code, Title 218, Section 1001)

\*\* I AGREE

\*\* The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions

**Authorized Representative:**

Prefix: Mr. \*First Name: Robert

Middle Name: \_\_\_\_\_

\*Last Name: Weisman

|   |                                 |
|---|---------------------------------|
| Suffix: _____   |                                 |
| *Title: <b>County Administrator</b>   |                                 |
| *Telephone Number: <b>561-355-2712</b>  | Fax Number: <b>561-355-3982</b> |
| * Email: <b>RWeisman@pbcgov.org</b>   |                                 |
| *Signature of Authorized Representative:  | *Date Signed: <b>7/14/09</b>    |

Authorized for Local Reproduction

Standard Form 424 (Revised 10/2005)

Prescribed by OMB Circular A-102

**\*Applicant Federal Debt Delinquency Explanation**

The following should contain an explanation if the Applicant organization is delinquent of any Federal Debt.

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## Program Summary

Palm Beach County, a unit of general local government, is submitting an application for funding under the \$1.93B made available under the American Reinvestment and Recovery Act of 2009 (ARRA) for neighborhood stabilization. The County is requesting a total allocation of \$50 million to return 247 vacant and foreclosed/abandoned residential properties to productive use, benefitting 408 LMMI households, 41% of which will have incomes at or below 50% AMI.

NSP-2 funds will be used to implement activities under 3 of the 5 eligible uses: (A) Financing Mechanisms, \$9,150,000 (B) Purchase, Rehabilitation and Sale of Residential Properties, \$20,130,000, and (E) Redevelopment of demolished or vacant properties, \$16,470,000. The remaining \$4,250,000 will be used for general planning and administrative costs and represents 8.5% of the request. The proposed activities will meet the CDBG National Objective of benefitting low- and moderate income persons. All NSP-2 funds will benefit persons whose incomes do not exceed 120% AMI.

Palm Beach County's Department of Housing and Community Development (HCD) will be the lead agency in implementation of the NSP-2 program and will coordinate with subrecipients, to be determined later, in achieving the program goals. HCD has extensive knowledge in administering both Federal and State funds including CDBG, HOME, SHIP, and DRI, among other programs. In the past two years, HCD has funded housing activities similar to those eligible under NSP totaling over \$23 million and involving over 1,200 housing units.

The County intends to direct the funds to the area known as the Urban Redevelopment Area (URA). The URA is an approximately 25 square mile unincorporated area located in central Palm Beach County that was established in 2005 to further the County's redevelopment efforts. After public input was sought via a publication in the local newspaper and at a meeting of the Board of County Commissioners, this area was selected for concentration of the NSP-2 funds. The economic crisis and the housing market slump has had a devastating impact in the neighborhoods in terms of the high foreclosure and vacancy rates, high unemployment rates, and the incidence of REO properties throughout the area. Utilizing HUD's foreclosure needs index; the 31 census tracts in the URA had an average score of 19.74 out of the maximum of 20.

The following pages will provide more insight into the need for the funds, the strategies that the County will employ to address the damage to the area caused by the economic situation, and the anticipated accomplishments over the next three years.

### **Factor 1: Need and Market Conditions**

#### **a) Target Geography**

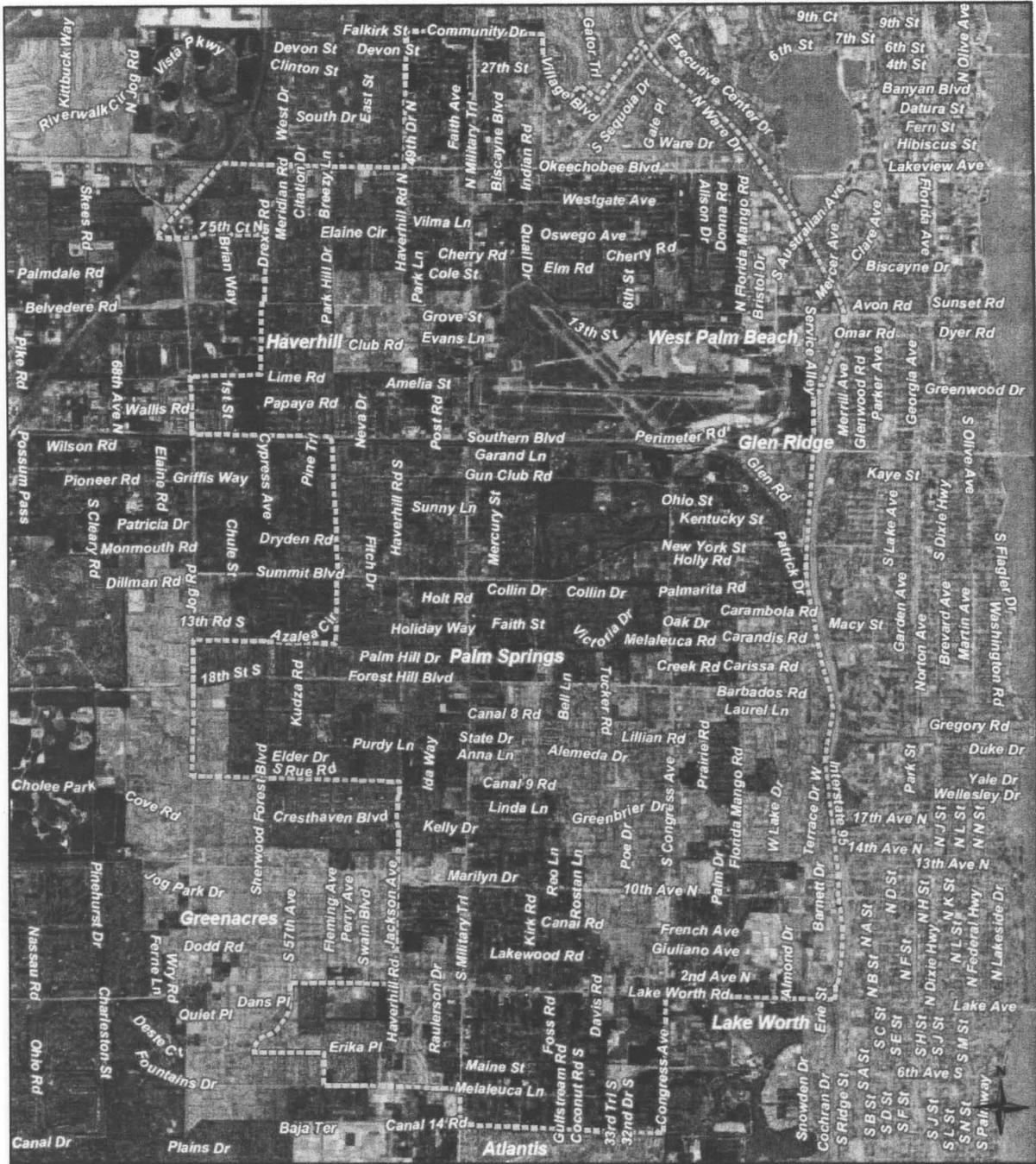
Palm Beach County's NSP-2 target area consists of the County's Urban Redevelopment Area (URA). The URA was established in 2005 to promote infill and redevelopment in the area. It is bounded approximately by Community Drive to the north, Lake Worth Drainage District (LWDD) L-14 Canal to the south, Interstate 95 (I-95) to the east, and Jog Rd to the west at the farthest point. The URA is approximately 25 square miles in size and is comprised of nine municipalities:

bounded approximately by Community Drive to the north, Lake Worth Drainage District (LWDD) L-14 Canal to the south, Interstate 95 (I-95) to the east, and Jog Rd to the west at the farthest point. The URA is approximately 25 square miles in size and is comprised of nine municipalities: parts of the City of West Palm Beach, Town of Haverhill, Town of Cloud Lake, Town of Glen Ridge, Village of Palm Springs, City of Greenacres, City of Lake Worth, City of Atlantis, and the Town of Lake Clarke Shores. The area includes several distressed communities and concentrations of low- and moderate-income persons as evidenced by the 14 CDBG target areas within the boundaries. The NSP-2 target area is served by several organizations with a goal of redevelopment and economic advancement. These organizations include the Westgate/Belvedere Homes CRA, the Community Land Trust of Palm Beach County, the Palm Beach County Housing Authority, and numerous non-profit agencies. All these organizations have extensive knowledge of the needs of the region and these along with municipalities with interlocal agreements with the County, other non-profits, for-profits, and non-profit organizations in partnerships with for-profits, will be eligible to participate in the implementation of the NSP-2 program thereby improving the likelihood of quick expenditure and efficient use of the funds.

In determining the effect the economic crisis has had on the area, the County utilized the HUD-estimated greatest need index which combines the foreclosure and vacancy rates for the selected census tracts. This method resulted in an average score of 19.74 out of a maximum of 20, indicating the area is a 'high risk area'. The table in Appendix 6 includes the census tracts, foreclosure and vacancy scores, and the average score for the URA. Please note that the census tracts are not entirely consistent with the boundaries of the URA.

Local Housing Market: In order to establish the need for neighborhood stabilization in the target area, the strategies to address damage that has occurred due to the high foreclosure and vacancy rates, and the extent of the actions needed to curb the decline, HCD considered several factors that typically have a destabilizing impact. These factors are the number of foreclosure filings, number of Real Estate Owned (REO) properties, changes in house prices, number of homebuyers, and the number of vacant and abandoned properties. A discussion of these factors and their impacts on the Target Area is summarized below.

*Foreclosure Filings:* According to Realtytrac, there are currently 3,782 properties in foreclosure in the Target Area. During May 2009, there were an additional 842 foreclosure filings. The URA accounts for 24% of the entire county's foreclosed homes (15,727). This is a significant number of foreclosures since the URA comprises only 1% of the County's total area. The concentration of foreclosures in the area has undermined the local housing market and has led to deterioration of the area influencing the number of vacancies, increased crime, and code violations. Local reports have indicated that for the past two months, the market has been appearing to stabilize based on a slight increase in home prices, however, that change reversed in May 2009. The same pattern exists in terms of foreclosures.



**Urban Redevelopment Area  
Aerial Map**

Water
  Municipality
  Urban Redevelopment Area

Date August 23, 2004    Filename: ura\_letter\_size\_aerial.mxd/ac



**Planning, Zoning and Building  
Department - GIS**

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[www.pbcgov.com/pzb](http://www.pbcgov.com/pzb)

*Real Estate Owned Properties:* Of the 3,782 foreclosed properties in the target area, 142 are bank-owned. As the REO inventory continues to increase, property values will continue to fall and in order to compete in this distressed market, sale prices will continue to go down and market values will be eroded even further. REO sales affect the rest of the market and make the area prone to investment activity and flipping rather than habitation, dragging down prices even further as a result.

*Home Prices and Homebuyers:* Palm Beach County's current median sales price is \$162,300. At the markets peak in 2007, the median sales price in Palm Beach County was \$295,300. This sharp drop in sales price has negatively affected existing homeowners but has benefitted buyers who were previously unable to afford to purchase a home. This may account for the Florida Association of Realtors (FAR) report which states that the State of Florida is in its ninth consecutive month of increase in home sales.

Employment: While the state of the housing market clearly is a primary factor in the destabilization of neighborhoods, the job market is gaining momentum in its effect. The housing bust was primarily attributed to subprime loans however; the practice of subprime lending was virtually cut off in 2007 according to FAR, yet foreclosure rates continue to increase. In the County's NSP-2 target area, interest rates have been declining but foreclosure activity has still increased. Between June 2008 and May 2009, interest rates have declined by 23% from 6.32% to 4.86%. However, foreclosure filings increased by 36.7% for the same period. The fall in interest rates might have suggested the start of a housing market recovery especially with the recent opportunities made available to homeowners through refinancing options and loan modifications to improve affordability. However, the market turnaround that was anticipated has not yet been achieved possibly because affected parties have been unable to take advantage of these programs due to specific criteria that must be met. Additionally, the economy is now being driven by the job market. Layoffs are becoming the main reason for default on homes loans rather than risky mortgages. In Palm Beach County, the unemployment rate from May 2008 to May 2009, increased from 5.8% to 10.2% respectively (Florida Agency for Workforce Innovation Local Area Unemployment Statistics).

Based on the increase in REOs in the local market, the increase in number of foreclosure filings, declining house prices, potential homebuyers less than available supply, the increase in number of vacant and abandoned properties, and the high unemployment rate, the target area is in a state of market destabilization. This means that while demand for housing is increasing, it is not at a rate that will lead to market correction. For this reason, the County along with the other government entities, non-profits, and other interested parties, must intervene to acquire properties to create opportunities for reuse, rehabilitate properties to further market recovery, and build effective homeownership demand.

**b) Market conditions and demand factors**

(1) It is clear from the evaluation of the local housing market that the decrease in home prices has led to an increased demand for housing. However, home prices are not the only factor affecting demand. Population change is considered the basis for estimates of households

and estimates of the need for housing units. The University of Florida Bureau of Economic and Business Research (BEBR) estimates that the County's 2008 population was 1,294,654. In 2008, Palm Beach County was estimated to lose 933 people or -0.4%, and according to an article in the Palm Beach Post, "the County will follow-up its first negative-growth year in decades – a loss of 4,379 people – with further declines through 2010". Although the County has experienced this population decrease, over the next three years, the population is still expected to grow, just at a slower rate than in previous years. The BEBR anticipates that Palm Beach County's population will reach 1,380,904 by 2012, a 6.67% population increase where previous projections for the same timeframe ranged from 8.6% to more than 10%.

For purposes of this application, housing demand is being estimated based on household population, household composition, and the supply of housing. While these variables are essential in determining housing demand, the method being used here is an estimate based on secondary data and as such does not include the intricate calculations typically used in computing housing demand. Based on the projected population of 1,380,904, an average household size of 2.68, 534,652 households, and 741,300 housing units, it is estimated that Palm Beach County will have a demand for 769,068 residential units by 2012. Therefore an additional 54,768 housing units will be needed to meet the needs of the residents countywide. For further clarification, this information is detailed in the table below.

|                                       | <b>2008 Estimates</b>  | <b>2012 Projections</b> | <b>% change</b> |
|---------------------------------------|------------------------|-------------------------|-----------------|
| <b>Palm Beach County Population</b>   | 1,294,654 <sup>1</sup> | 1,380,904 <sup>2</sup>  | <b>6.7</b>      |
| <b>Average household size</b>         | 2.53                   | 2.68                    | <b>5.9</b>      |
| <b>Number of households</b>           | 512,210 <sup>2</sup>   | 534,652 <sup>3</sup>    | <b>4.4</b>      |
| <b>Number of housing units/supply</b> | 651,300 <sup>3</sup>   | 714,300 <sup>3</sup>    | <b>9.7</b>      |
| <b>DEMAND</b>                         | <b>651,045</b>         | <b>769,068</b>          | <b>18.1</b>     |

For purposes of establishing the County's market absorption rate of foreclosure properties, population estimates and projections were used to determine the housing demand over the next three years. For the county as a whole, demand is expected to increase by 18.1% over the next three years. This percentage was applied to the NSP-2 target area in order to determine the market absorption rate for this segment of the County. The result was a market absorption rate of 45.5 sales per month.

<sup>1</sup> University of Florida Bureau of Economic and Business Research

<sup>2</sup> Palm Beach County Business Development Board

<sup>3</sup> Palm Beach County Department of Planning and Zoning

In calculating the market absorption rate, HCD utilized data on the number of foreclosures over a 12-month period (June 2008 – May 2009). The result of this calculation is the monthly demand. The actual absorption rate is the time it will take to sell all the foreclosed properties in the target area which is determined by the current foreclosure listings divided by the monthly demand. If the County does not receive NSP 2 funding, and market conditions remain unchanged, the current foreclosure housing stock can be expected to remain on the market for the next 11 years.

| ZIP CODES | FORECLOSURE SALES*<br>(JUNE 08 – MAY 09) | CURRENT LISTINGS*** |
|-----------|--|---------------------|
| 33409     | 105                                      | 939                 |
| 33417     | 9**                                      | 791                 |
| 33413     | 85                                       | 752                 |
| 33415     | 166                                      | 1269                |
| 33406     | 71                                       | 467                 |
| 33461     | 7**                                      | 822                 |
| 33463     | 19**                                     | 1101                |
|           | <b>462</b>                               | <b>6141</b>         |

Sources: \* Foreclosure sales data was primarily assembled from Realtytrac

\*\* Data for these zip codes was not available from Realtytrac. The foreclosure resale percentages were retrieved from zillow.com and applied to Realtytrac foreclosure counts

\*\*\* Current listings include all types of residential properties at various stages of foreclosure including pre-foreclosure, auction, and bank-owned

*Current Market absorption rate:*  $462 \text{ sales} \div 12 \text{ months} = 38.5 \text{ sales/month}$

*Inventory:*  $6,141 \text{ current listings} \div \text{by } 38.5 \text{ sales/month} = 159.5 \text{ months or } 13.3 \text{ years inventory}$

#### **Applying 18.1 % increase in demand over the next three years**

*Projected Market absorption rate:* Homes sold/month = 45.5 sales/month

*Projected Inventory:*  $6,141 \text{ current listings} \div 45.5 \text{ sales/month} = 135 \text{ months or } 11.2 \text{ years inventory}$

#### Critical factors causing abandonment and foreclosure

One of the factors causing the incidence of abandonment and foreclosure in the target area was the over-building of housing units which was fueled by the demand for housing during the boom. Unlike the current market where increased demand is a result of lower home prices, during the peak of the market, demand was due to anticipated gains and also by easy access to

credit and the accompanying liberal rates and terms. Over the past two years, with the collapse of the financial markets and with the ballooning of loans, housing costs for some homeowners, mostly speculators, has as much as doubled resulting in the loss of homes. Over-building is evident in the rising vacancy rates in the area in both the rental and ownership markets and also the housing supply. For Palm Beach County, vacancy rates for all housing types increased by nearly 50% between 2000 and 2008 from 82,253HU to 142,584HU. In the target area, there are currently 3,998 vacant housing units based on HUD Aggregated USPS Administrative Data on Address Vacancies for the quarter ended March 31, 2009. This represents 5.2% of the 76,464 residential addresses. Palm Beach County's housing supply increased 17.1% from 2000 to 2008, while the number of households increased only 7.8%. Population increased by 37,058 households during that time, while 94,872 housing units were added, resulting in an oversupply of 57,814 housing units for the 8-year period. In other words, from 2000 through 2008, 2.6 new housing units were constructed for every new household. County policies encouraged some of this over-building because of an effort to combat urban sprawl; developers were given incentives to build workforce housing in urban areas in exchange for higher densities. In the NSP-2 target area specifically, higher density developments were encouraged because of the benefits that are usually associated with such an approach.

The NSP-2 target area falls within the West Palm Beach MSA which is 56.9% over-valued. In Palm Beach County, home price correction has already begun however additional declines are expected. The current value of a home in the target area is \$112,477 which is 34% less than a year ago. The effect of the price correction on the market has been the loss of equity, inability to relocate, and an increase in the number of available housing units on the market from speculators dumping property.

In the span of one year, the County's unemployment rate increased by 76%. This has had a tremendous effect on the number of foreclosures on the market because families are incapable of covering their expenses for an extended period of time.

The effect of these three factors in conjunction with investors and subprime mortgages has led to too many houses being on the market a great number of which have been abandoned and foreclosed. However, market correction and increased demand as a result of the lower home prices, projected population and job growth, has led researchers to believe that vacancy rates will decline over the next three years.

#### Income characteristics of the NSP-2 target area

Based on 2000 Census data, there are 149,887 persons residing in the NSP-2 target area consisting of 76,464 households. The 2008 estimated median family income in the target area is \$47,435<sup>4</sup> compared to the County's median income at that time of \$66,000. More than 14% of the households in the area live below the poverty line and 69.9 % of the population has incomes at or below 120% AMI.

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<sup>4</sup> 2008 Federal Financial Institutions Examination Council Census Report

Palm Beach County commissioned the preparation of an Affordable Housing Study in 2005 which divided the County jurisdiction into 18 sectors. The URA fits within 3 of these sectors (please note that the area is larger than the boundaries of the URA and the data has been extrapolated to fit the URA). Based on the analysis of these areas, the housing cost burden for the NSP-2 target area was derived. Approximately 30,526 of 76,464 households or 40% of the households in the NSP-2 target area are cost-burdened. According to the Housing Element of the Palm Beach County Comprehensive Plan, an affordable home is defined as a household paying 30% or less of its annual income for gross housing costs. Renter-occupied housing costs include rent plus utilities costs, while gross owner-occupied housing costs include mortgage loan principal, interest, taxes, and insurance, plus utilities and association fees. The table below provides the number of households that are cost-burdened by tenure and income group in the NSP-2 target area and as it relates countywide.

|                         | <b>0% - 50% AMI</b> | <b>51% - 80%<br/>AMI</b> | <b>81% - 120%<br/>AMI</b> | <b>TARGET AREA<br/>TOTAL</b> | <b>COUNTY<br/>TOTAL</b> |
|-------------------------|---------------------|--------------------------|---------------------------|------------------------------|-------------------------|
| Owner Households        | 12,962              | 2,077                    | 668                       | 15,707                       | 158,741                 |
| Renter Households       | 12,760              | 1,498                    | 561                       | 14,819                       | 95,280                  |
| <b>TOTAL HOUSEHOLDS</b> | <b>25,722</b>       | <b>3,575</b>             | <b>1,229</b>              | <b>30,526</b>                | <b>254,021</b>          |

#### Other Factors Contributing to Market Conditions

Other than the traditional factors that typically lead to foreclosure and neighborhood instability such as job loss and other financial setbacks, poor lending practices, falling home prices, and bad decisions by purchasers and investors, the NSP-2 target area also faces a relatively high crime rate, lack of infrastructure such as street lighting and drainage, and lack of public amenities, such as parks. Some of these elements have led residents to move out of the area thereby increasing property abandonment and foreclosures. Over the years, funding from several sources such as CDBG, DRI, and County general funds have been directed to the area to address these issues and numerous projects have been completed successfully. The County is committed to revitalizing the area and NSP-2 funds will assist in making the target area a healthy community not only by building the housing market, but by also preserving opportunities for lower income people to remain in the area, and by increasing property investment by owners and in so doing combating the social issues in the community such as crime and the concentration of poverty.

#### Strategy to Stabilize the Neighborhoods

To summarize the market conditions in the NSP-2 target area, there are 6,141 units in some stage of foreclosure, 3,998 vacant housing units, and a low absorption rate of 45.5 sales per month. Yet, demand is increasing and market correction is continuing. These ingredients constitute an intermediate housing market and strategies should include performing rehabilitation, sales to sustainable owners and targeting of subsidies. The County will

implement activities under 3 of the 5 eligible NSP-2 uses: (A) Financing Mechanisms – provide incentives for families to buy and redevelop foreclosed properties; (B) Purchase and Rehabilitation of Residential Properties – properties for sale or lease to eligible households; and (E) Redevelopment of demolished or vacant properties – acquisition of privately-owned land for affordable housing development for continued affordability. In a market like Palm Beach County's these strategies are the best approach for neighborhood stabilization because they will encourage in-migration since there will be more competing sources of housing supply, the desirability of the neighborhood housing stock will improve and also the overall quality of life.

## **Rating Factor 2: Demonstrated Capacity of the Applicant and Relevant Organizational Staff**

### **a. Past experience of the applicant**

Palm Beach County Department of Housing and Community has extensive experience in the administration and implementation of community and housing development programs which are designed to assist families whose incomes are at or below 120% of the county's median family income. The programs, which will be described individually later in this section, were implemented through funding provided by the United States Department of Housing and Urban Development (i.e. CDBG, HOME and DRI); the State of Florida (i.e. SHIP, SAIL, Tax Credits, Hurricane Housing Recovery Program, and the Housing Finance Authority of Palm Beach County). Over the past two years (FY 2006-07 to FY 2007-08), HCD has accomplished the following, through implementation of the various housing programs funded from the sources identified above.

- Provided second mortgages totaling \$19,063,511 to 569 first-time home buyers.
- Provided first mortgages amounting to \$222,500 to 2 first-time homebuyers.
- Provided \$2,660,211 for new construction and/or rehabilitation of 571 rental units.
- Provided \$1,539,432 for rehabilitation of 67 single-family homes.
- Provided \$152,330 for construction of 1 replacement home.

SHIP Program: This state funding source is the county's flagship program for addressing the housing needs of families whose incomes do not exceed 120% of the county's MFI. Administered by Palm Beach County Department of Housing and Community Development through its Commission on Affordable Housing, the Program was first funded with county general funds in 1990 but these were supplanted by State funding in 1996. State funding was provided until the State's 2009-10 budget year when the economic crisis severely reduced the amount of money available to the state to fund its overall budget thereby causing the program to receive almost no funding. The program objective is to facilitate the rehabilitation, acquisition, and construction of affordable single-family and multi-family housing. Program rules requires that at least 65% of the annual funding must be expended on homeownership activities (first and second mortgages or purchase subsidies) and that 30% of all units produced be allocated to very low-income households (that is, households with incomes at or below 50% of the county's MFI). It is noteworthy that the income groups identified as eligible for assistance under the NSP Program directly correlates with those eligible for assistance under the SHIP Program and that the requirement to target households with incomes at or below 50% of the county's MFI is a requirement of both programs.

Over the past two years, a sum of \$19,387,586 has been expended under the SHIP Program. This has resulted in the provision of housing benefits to 1,070 households. Accomplishments under the specific activities undertaken are as follows:

- 439 households were assisted to acquire homes under the Purchase Assistance Program which provided second mortgages or forgivable grants totaling \$15,308,881.
- 571 rental units were constructed under the Multi-family Competitive rental program through the provision of \$2,660,211.
- 60 single-family homes were rehabilitated at a cost of \$1,418,494.

Hurricane Housing Recovery Program: In 2005, Palm Beach County was one of several counties in Florida which were adversely affected by Hurricane Wilma. This storm caused extensive damage to the county's housing stock and as a result the County received \$4,485,784 from the State under the Hurricane Housing Recovery Program to complete repairs and rehabilitation to the affected housing units and to provide mitigation measures (e.g. shutters) to limit or minimize the effect of future hurricanes. Funding was first received in 2005 and the program was administered by Palm Beach County Department of Housing and Community Development Commission on Affordable Housing. The following reflects the accomplishments which were achieved over the past two years:

- 127 homes were rehabilitated through the expenditure of \$3,558,905.

HOME Investment Partnership Program: Palm Beach County receives over \$2.0 million annually under the HOME Program. The activities which are undertaken by these funds are administered by Palm Beach County Department of Housing and Community Development. The following were accomplished for the two-year period FY 2006-07 through FY 2007-08:

- 130 homebuyers were provided with second mortgages at very low interest or as grants to facilitate homeownership. Total amount of funds which were expended to carry out this activity was \$3,754,630.

Housing Finance Authority Funded First Mortgage Program: In FY 2004-05 HCD was awarded a sum of \$3,000,000 by the Housing Finance Authority to implement two first mortgage programs. One program was to specifically target the provision of housing for police officers (Officer Next Door) and the other the Universal Housing Trust Fund Program to households with incomes at 120% or less of the AMI for the County. Both programs are administered by Palm Beach County Department of Housing and Community Development through its Commission on Affordable Housing. The following were accomplished under both programs funded:

- 18 qualified households received first mortgages at interest rates of 4% or less. The total funding expended was \$2,644,725. HCD services these mortgages.

Community Development Block Grant (CDBG) Housing Rehabilitation Program: Palm Beach County allocated \$600,000 from its last two year's CDBG entitlement amounts to fund a housing rehabilitation program benefitting persons whose incomes are at or below 80% of the county's AMI. This program is administered by the Palm Beach County Department of Housing

and Community Development through its Housing and Capital Improvements Section. The following accomplishments were realized under the program during FY 2006-07 through FY 2007-08:

- 7 single-family homes were rehabilitated at a cost of \$120,938.

Disaster Recovery Initiative Programs (DRI)

As a result of being affected by Hurricane Wilma the County received a total of \$38,604,489 from two grants funded under the Disaster Recovery Initiative Program. Of the total amount of funds received, \$27,253,476 has been earmarked to rehabilitate and harden 806 single-family housing units and 428 multi-family housing units. A total of seventeen (17) such projects are currently underway and are at varying stages of completion.

Neighborhood Stabilization Program- I (NSP I)

In March 2009, the County signed an agreement with the U.S. Department of Housing and Urban Development for the use of the \$27,700,340 in NSP-I funding which was allocated to the County. The County's Action Plan amendment specifies the use of the funds in the following manner: \$12,845,811 for funding of a first mortgage program to enable seventy (70) eligible households to purchase and rehabilitate if necessary, vacant foreclosed homes; \$5,000,000 to non-profits, public agencies and municipalities to purchase and rehabilitate, if necessary, approximately twenty-seven (27) foreclosed and vacant single-family and multi-family homes which will be sold or rented to eligible households; \$7,500,000 to be used to purchase and redevelop up to two vacant public facilities to be used as homeless resource centers; and \$2,354,529 be used for program administration. The County requires that at least 40% of the funds which is made available to undertake the first two activities mentioned above, benefits households with incomes which are at or below 50% of the county's MFI. The following reflects the progress made to date in implementing the County's NSP-I activities:

- Program criteria were approved for the first mortgage program and HCD began taking applications from the public on April 27, 2009. Approximately 367 persons responded to the a Notice of Funding Availability within the first two (2) weeks of posting leading to the closure of the application process on May 11, 2009. Of the 367 applicants, 340 were approved at the initial screening.
- Program criteria were approved for the Residential Redevelopment Program (funding of non-profits, public agencies, and municipalities). A NOFA which closed in June 2009 attracted 12 applicants and these applications are currently being reviewed by HCD staff.
- Two vacant public facilities have been identified and Palm Beach County is currently conducting due diligence in preparation for submitting bids to the owners.

**b. Management Structure (10 points)**

The overall management and implementation of the activities for which funding is being requested in this application will be the responsibility of the Palm Beach County Department of Housing and Community Development (HCD). HCD currently administers the HUD funded Community Development Block Grant Program (CDBG), the HOME Investment Initiatives

Partnership Program (HOME), and the Emergency Shelter Grant Program (ESGP). HCD also administers the federally funded Disaster Recovery Initiative Program (DRI) whereby HUD funds are channeled through the State of Florida Department of Community Affairs to local governments. Additionally, HCD will be the lead agency for implementing the Homeless Prevention and Rapid Re-housing Program (HPRP) and the CDBG-Recovery Program. The vast reservoir of knowledge on HUD funded programs will ensure that HUD's regulations governing the implementation of the NSP-2 program are followed. HCD's ability to manage programs which provide housing for middle, moderate, and low-income households is also enhanced by its administration of the SHIP Program.

HCD is structured and staffed with a cadre of forty-seven (47) professionals who are adept at implementing programs related to housing and the redevelopment of public facilities. The Department is headed by a Director and consists of four sections: Planning, Housing and Capital Improvements, Commission on Affordable Housing, and Fiscal. (See Organizational Chart)

*Planning Section:* The Planning Section is comprised of: a Planning Manager who has a degree in Planning and over twenty-five (25) years experience in planning, implementing and monitoring HUD funded programs (CDBG, ESGP, HOME, DRI, Section 108); a Principal Planner with over 13 years experiencing in planning, implementing, and monitoring HUD funded Programs (CDBG, ESGP, HOME, Section 108); a Senior Planner with over nine (9) years experience in planning, implementing, monitoring HUD funded Programs (CDBG, ESGP, HOME, DRI); two Planner II, two Planner I, one Disaster Recovery Specialist; and a Planning Assistant. The section is responsible for the Action Plan, amendments thereto, determining eligibility of activities, environmental reviews, and administering contracts with subrecipients/subgrantees.

*Housing and Capital Improvement Section:* The Housing and Capital Improvement Section is headed by a Manager who has dual degrees in architecture and planning and has over twenty (20) years experience in implementing and monitoring housing programs and public facilities/infrastructure projects funded by HUD. The staff complement is one Project Manager, two Capital Improvement Project Specialists, one Community Development Project Specialist, one Rehabilitation Inspector, one Financial Rehabilitation Advisor, and a Secretary. The section currently oversees the implementation of CDBG and DRI funded capital improvements and housing activities; undertakes projects involving acquisition of property and relocation; and will oversee the implementation of the Residential Redevelopment Program funded under NSP-I.

*Commission on Affordable Housing:* The staff complement of the Commission on Affordable Housing is as follows: a CAH Manager whose position is currently vacant; one Principal Planner who has over 15 years experience in implementing and managing various state and federal programs including new construction, rehabilitation, homebuyer housing programs; one Senior Planner with over 20 years management experience in the financial services industry, specifically as a bank officer performing asset management, loan origination, underwriting and appraising duties; one HOME Program Coordinator with over 30 years experience implementing affordable housing programs; two Planner II, four Planner I, two HOME Program Specialists

each having at least six years experience underwriting in either SHIP or HOME funded mortgage subsidy programs; two Rehabilitation Inspectors, both with at least six years of job experience in government sector housing programs as well as construction experience from the private sector; one Secretary; and one Clerical Specialist. The section is responsible for implementing the SHIP and HOME Programs which: provide direct homebuyer subsidies, operate a competitive loan/grant program for developers of multifamily rental housing, fund a mortgage assistance program, and assist homeowner payment of water/sewer connection fees. The section also implements the First Mortgage Loan Program funded under NSP-I.

*Fiscal Section:* This section is responsible for the financial management and recordkeeping of all grant programs currently being administered by HCD. These programs include: CDBG, HOME, ESGP, SHIP, DRI, and NSP-I. The section is staffed by 7 members with over forty-five collective years experience in governmental accounting. Staff includes: a Fiscal Manager with twenty (20) years accounting experience working with Federal, State and local grants including CDBG, ESG, HOME, and SHIP, and with expertise in grant budgeting, auditing, transaction processing, reporting, reconciliation and auditing; a Fiscal Analyst II with over twenty-five (25) years of experience with Palm Beach County working with the HUD programs and expertise in federal regulations, grant accounting and management, reporting and budgeting; a Fiscal Analyst I whose expertise in grant management contract management, and automated financial systems; a Fiscal Specialist III, and three Fiscal Specialist IIs. The section will be directly responsible for the financial administration of the all programs proposed under this application.

#### Overall Management of Program

HCD will implement and manage the activities using current HCD staff members from the Planning Section, the Capital Improvements and Housing Rehabilitation Section, the Commission on Affordable Housing, and the Fiscal Section. Recently, the State of Florida severely curtailed funding to the SHIP Program resulting in a reduction from an annual average of over \$8 million down to approximately \$800,000. This has required Palm Beach County to drastically overhaul the Commission on Affordable Housing. It is proposed to utilize these staff to implement the proposed Second Mortgage Program and to assist with the implementation of the redevelopment activities as it relates to income qualifying prospective renters and ensuring that the goal of at least 55% of the total renters have incomes that is at or below 50% of the County's MFI. For the other sections within HCD, It is anticipated that the existing staff will be able to absorb some of the task involved with implementing the proposed NSP-2 activities. However, HCD plans to hire at least five additional staff persons to complement the work of its current staff on this program (two for the Planning Section and two for the Capital Improvements and Housing Rehabilitation Sections. Additional staffing expertise will be provided by the County Attorney's Office. County staff performing NSP functions in addition to their statutory duties will complete time sheets to ensure accurate charge off by the County. Other expertise needed to ensure that HUD requirements are adhered to will be contracted/hired as needed. These include appraisers and housing counseling agencies.

#### Organizational Structure for Implementing of the Second Mortgage Loan Program

This activity will be administered directly by HCD with the Department's Commission on Affordable Housing (CAH) having direct responsibility for its management and implementation. Implementation and management of the program will be as follows:

- *Intake (pre-qualification) Phase:* Under the supervision of the CAH Manager and Principal Planner, CAH staff will review applications from prospective homebuyers to determine their eligibility to participate in the program. Major criteria which will be reviewed are: verification of household income, creditworthiness, assets, Housing and overall debt ratios.
- *Selection of Property:* Property selected will be reviewed by Principal Planner to ensure that it meets discount requirements, is foreclosed/vacant, and located within the URA.
- *Upon selection of Property:* The CAH's two Rehabilitation Inspectors will perform pre-purchase inspections for the purpose of identifying Housing Quality Standards (HQS) deficiencies, local code violations and whether the home is suitable for immediate occupancy.
- *Environmental Review (ER)* on each property will be conducted by HCD's Planning Section staff supervised by the Principal Planner and Senior Planner.
- *Loan Closing:* Once all regulatory and compliance procedures have been met and the property has been identified and inspected for habitability, the County will schedule a loan closing. The file will go through an established internal review process to ensure all legal and contractual obligations for encumbering and disbursing of funds have been met. Provisions regarding affordability and tenure will be filed as a lien on the title.
- *Reporting on DGRG:* Both the CAH Principal Planner and Senior Planner have been registered and trained as users of the DGRG. Both persons will be responsible for updating this system with client and activity data (financial updating will be done by the Fiscal Section).

#### Organizational Structure for Implementing of the Residential Redevelopment Program

- Planning Section will be responsible for drafting the NOFA and application packet inviting non-profits, public agencies and municipalities to apply for funding. The NOFA and application will be prepared by the Principal Planner, Senior Planner, and Planning Manager.
- Planning Section Staff (Planner Is and Planner IIs) will review applications for funding under the supervision of the Principal Planner and Senior Planner.
- Funding recommendations will be made by a Committee comprising of the Planning Manager, Principal Planner, and Senior Planner. (Applications selecting for funding will be passed to the Housing and Capital Improvement Section for contracting and implementation).
- Planning staff, under the supervision of the Senior Planner and the Planning Manager will perform all environmental reviews and ensure that the properties are within the URA.
- Housing and Capital Improvements Section's Capital Improvement Project Specialists supervised by the Section Manager will draft sub-grantee agreements for execution by the sub-grantee and approval by the Board of County Commissioners.
- Housing and Capital Improvements Section's Financial Rehabilitation Advisor supervised by Community Development Project Coordinator will ensure that all prospective homebuyers

meet income eligibility requirements; track expenditures to ensure that income targeting requirements are met; and ensure housing counseling requirements are met.

- Housing and Capital Improvements Section will ensure that the required 15% purchase discount is realized for each property and verify necessity of rehabilitation work.
- Where rehabilitation is necessary, it will be accomplished by the subrecipient prior to conveyance to a qualified homebuyer. If lead-based paint and asbestos requirements apply Capital Improvements and Housing Rehabilitation staff, primarily through its two rehabilitation inspectors will be responsible for ensuring that the scope of the rehabilitation work complies with NSP and County requirements, including lead-based paint and asbestos requirements.
- Housing and Capital Improvements Section Manager will be responsible for ensuring that the required affordability periods are adhered to by the assisted homeowner households; and that the rent charged at assisted rental properties meets the standards for affordable rents.
- Planning Section staff directly supervised by the section manager will be responsible for entering all beneficiary related data into the DRGR System.

#### Organizational Structure for Implementing of the Neighborhood Redevelopment Program

The implementation and management of this activity is primarily the responsibility of the Housing and Capital Improvement Section. The activity will be implemented as follows:

- Palm Beach County through agreements developed by the Housing and Capital improvement Section will coordinate this activity.
- Sub-grantees will identify vacant land or abandoned residential buildings which can be redeveloped for use as multi-family rental housing units.
- Planning Section will: write RFP, evaluate proposals, and make funding recommendations.
- HCD Planning Section will perform the necessary environmental review on the identified sites to ensure compliance with Part 58 of the HUD Regulations.
- Housing and Capital Improvement Section staff will collaborate with the County's Property and Real Estate Management Section to obtain and/or validate the appraisal of the property.
- Housing and Capital Improvement Section staff will obtain an asbestos survey and undertake asbestos abatement if required. Similarly, a lead-based paint assessment will be undertaken if necessary, and abatement completed, if required.
- Housing and Capital Improvement Section staff will review all bid documents to ensure compliance with county procurement requirements. Staff will provide the required Davis-Bacon wage guidelines needed to be included in the bid documents and construction contract and will perform monitoring and enforcement. The redevelopment work should incorporate all elements of work necessary for the facility to meet or exceed State/County building codes.
- Housing and Capital Improvement Section staff will inspect the construction work and approve payments to the contractor.
- Housing and Capital Improvement Section staff will monitor the construction work associated with redevelopment and construction. HCD Capital Improvement and Housing

Rehabilitation Section will monitor the enforcement of the Davis-Bacon wage guidelines.

- Housing and Capital Improvement Section staff will pre-qualify prospective tenants and perform compliance monitoring on an ongoing basis to ensure that the required low-income targeting is met and that the rent charged is affordable.

### **References**

The following references are provided to very HCD successful undertaking projects claimed in this application:

1) Project: Second Mortgage Program  
 Funded By: HUD – HOME Program  
 Contact: Maria Ortiz, CPD Director  
 Address: U.S. Dept of HUD  
 909 S.E. 1<sup>st</sup> Avenue, Suite 500  
 Miami, Florida 33131  
 Telephone: (305) 536-4431  
 E-Mail: Maria.R.Ortiz@hud.gov

2) Project: First Mortgage Program  
 Funded By: Housing Finance Authority of Palm Beach County  
 Contact: David Brandt, Executive Director  
 Address: 100 Australian Avenue, Suite 400  
 West Palm Beach, Florida 33406  
 Telephone: (561) 233-3652  
 E-Mail: [dbrandt@pbcgov.org](mailto:dbrandt@pbcgov.org)

3) Project: SHIP Second Mortgage Program and Competitive Rental Program  
 Funded By: Florida Housing Finance Corporation  
 Contact: Darlene Raker, SHIP Program Administrator  
 Address: 227 N. Bronough Street, Suite 5000  
 Tallahassee, FL 32301-1329  
 Telephone: (850) 488-4197  
 E-Mail: [darleneraker@floridahousing.org](mailto:darleneraker@floridahousing.org)

### **Rating Factor 3: Soundness of Approach (45 points)**

#### **a. Proposed Activities (15 points)**

##### **1) Description of the overall neighborhood stabilization program**

In recent years most planning and development studies have focused on the county's gradual western expansion and have neglected the traditional urban core areas of the county. As such many areas of the County which are centrally located, including the Urban Redevelopment Area (URA), are underutilized yet provide great opportunities for redevelopment. The URA was created by Palm Beach County in 2005 through an amendment to the Comprehensive Plan to promote infill and redevelopment in the central core areas of unincorporated Palm Beach

County. Specifically, the purpose of the URA is to focus the County's redevelopment and infill efforts within the 25 square mile area by promoting economic growth; improving the present condition of infrastructure, investment and reinvestment in the area; and discouraging urban sprawl by directing development where resources exist.

The policies adopted to achieve the above stated purpose are as follows:

- The encouragement of higher development densities where appropriate;
- Encourage the development of mixed-use and employment centers where appropriate;
- Higher development densities should incorporate multi-modal transportation amenities for development and redevelopment projects where appropriate;
- Requiring, where feasible, inter connectivity in the URA between complementary neighboring land uses for both vehicular and pedestrian cross access;
- Encourage workforce housing opportunities, and;
- Coordinate with adjacent municipalities regarding redevelopment activities within the URA to ensure that such efforts are consistent with municipal annexation plans and redevelopment activities within the URA, as appropriate.

Through the implementation of these policies, Palm Beach County has experienced abatement in the rate of the western expansion of the county. A number of infill projects have already been undertaken and several infrastructure projects have been implemented by the County to support the redevelopment efforts, through its Engineering Department, Water Utilities Department, Office of Community Revitalization (OCR) and the Department of Housing and Community Development. Seventy-one of the Office of Community Revitalization target areas are located in the URA. Of 21 HCD designated target areas which are located in the unincorporated areas of Palm Beach County, 14 are located in the URA. Since 2005, OCR has expended \$4,226,566 on 70 projects. These projects are located in 24 of the 71 OCR designated target areas in the URA and the amount of funding per project category is as follows: Street Lighting (6 projects)- \$656,000; Parks (6 projects)- \$500,000; Water and Sewer Infrastructure (7 projects)- \$1,291,848; Paving and Drainage (11 projects)- \$1,371,659; Community Center (1 project)- \$250,000; Home façade Improvement (1 project)-\$78,060; and, Other Projects (6 projects)- \$73,000. Other projects which are implemented by Palm Beach County Government Departments are funded by the County from its general revenues, CDBG, HOME or SHIP allocations. Other activities have been undertaken by the private sector using their own funds and by adjoining municipalities.

The activities proposed for funding under this NSP2 application are as follow:

- Second Mortgage Loan Program--\$9,150,000;
- Residential Redevelopment Program--\$20,130,000; and
- Neighborhood Redevelopment Program--\$16,470,000.

The three activities will foster the policy of providing workforce housing for residents since they will target and provide housing benefits (rental and homeownership to 408 households with

incomes which are at or below 120% of the County's MFI). Of the 408 households slated to benefit from the programs to be undertaken, 167 households will have incomes which are at or below 50% of the AMI, and 241 households will have incomes between 51% and 120% of the County's AMI. The quick removal of 244 foreclosed single-family homes from the market will stabilize the housing market by arresting the decline in housing prices in the area. It is anticipated that approximately 172 construction-related jobs will be created by rental housing construction/rehabilitation. All of these benefits will be realized within three years of implementation of this project.

The Neighborhood Redevelopment Program is planned to be implemented in specific areas of the Urban Revitalization Area. These are the Westgate/Belvedere Homes CRA and the CDBG Target Areas located within the URA. This activity will specifically complement other activities planned or currently being implemented in the Westgate/Belvedere Homes CRA and the Lake Worth Corridor South CDBG Target Area. Current and planned developments in both areas are consistent with the aforementioned policies which have been adopted for the URA. With regards to Westgate the following have been accomplished:

- The Westgate CRA master plan proposes redevelopment activities for each block of the district. Concentrated efforts from the School District, County Department, WCRA, Sheriff's Office and business owners are being made to promote economic growth, retrofit the infrastructure and improve the overall conditions of the district. As a result, a new elementary school and new community center have been built, new drainage and sanitary sewer have been installed and a Sheriff Satellite Station was developed in the area.
- The County amended the Westgate CRA Zoning Overlay to allow high intensity/density project in the WCRA. The new code has increased the building height from approximately 36 feet to 240 feet in certain areas. The land use ratio has also been increased. Furthermore, the WCRA new zoning overlay has been awarded 1300 bonus units that can be distributed to developers to increase the density of projects up to 150 units per acre.
- A special mixed use land use (CH/8) has been approved for most parts of the Westgate area. This land use allows developers to integrate commercial and residential uses in the same building. The code even requires certain mixed uses in certain areas of the commercial corridors. Westgate offers special incentives to developers to encourage mixed use development. These incentives include parking reduction, cash contribution, higher density, buffer reduction, and expedited site plan approval.
- To maintain its designation as Traffic Concurrency Exception Area (TCEA), Westgate needs to create an environment that fosters alternative modes of transportation. As a result, the sidewalk network has been improved to facilitate pedestrian traffic. As part of the reconstruction of the roadways, new sidewalks have been installed and many of the streets' cross sections are being modified to include bike paths. Also, Westgate Avenue is undergoing a comprehensive modification that is reducing and narrowing the travel lanes, adding parallel parking, bike lanes and other pedestrian friendly features. Also a new bus stop is planned to be added soon for public transportation.

- Westgate Ave is centrally located and is connected to major thoroughfares of the County's transportation network, namely, I-95, the Turnpike, and the Airport. The WCRA has a grid system with very few dead ends that facilitate pedestrian and vehicular cross access.
- The Westgate zoning overlay requires developers receiving bonus units to set aside a certain percentage of their units for low income residents. The CRA incentivizes housing projects providing low income units with parking reduction and higher density.
- The CRA works closely with its neighbors, Town of Haverhill, Cloud Lake, Glenn Ridge and City of West Palm Beach to coordinate housing, transportation, redevelopment, crime prevention and drainage activities.

The proposed activities will complement current activities now being implemented in the Westgate Area where more than \$10 million of non-federal funds have been invested in past five years to improve roads, sanitary sewers, parks, houses, schools and drainage to improve the quality of life. The Westgate CRA has recently spent \$500,000 to acquire land for an Infill Housing Project for which a construction loan has been secured from the Florida Community Loan Fund. This Project consists of the development of 13 units of fee simple housing for low income residents. The CRA has also spent another \$500,000 to administer and implement two other two housing programs, namely: the Neighborhood Improvement Program which encourages the preservation of the CRA's existing housing stock by offering up to \$6,000 to homeowners for exterior home improvements; and, the site Development Assistance Program which approves grant applications for reimbursement for \$5,000 for residential projects to help with predevelopment and exterior improvement costs.

HCD is also proposing to use NSP-2 funds under the Neighborhood Redevelopment Program to finance the construction of 25 multi-family rental units in the Davis Landings affordable housing development located in the Lake Worth Corridor South Target Area. This activity comprises Phase I of a two Phase project that will ultimately consist of up to 51 homeownership units in addition to the 25 rental units. All multi-family units will be made available to families at or below 65% of the AMI. All homeownership units will be made available to households at or below 80% of the AMI. This development will take place on a 7.29 acre vacant piece of property that was purchased by Palm Beach County for \$2.6 million in 2006 and donated to the Community Land Trust of Palm Beach County, Inc. for the development of housing that will remain affordable in perpetuity. This redevelopment effort will bring surrounding roads up to County Code including the installation of new drainage and sidewalks to encourage a pedestrian friendly environment and bring sanitary sewer into the neighborhood to service the existing residents.

Phase I of the project is estimated to cost \$4,523,066. In addition to NSP funding, other sources of financing for the project is a \$200,000 grant from Palm Beach County, a deferred developer fee of \$498,921, and \$1,324,145 in 1<sup>st</sup> mortgage financing from Wachovia Bank. Total development costs for both phases are estimated to be \$13,111,592 and will leverage an estimated \$4,695,315 in first mortgage financing.

## **2) Uses of funds and firm commitments**

See the following page for a table summarizing Palm Beach County's proposed activities.

**a) Activity Descriptions**

All NSP2 activities will take place within the County's Urban Redevelopment Area (URA), as previously described. The following is a detailed description of the County's NSP2 activities:

**Activity 1—Second Mortgage Loan Program (NSP-Eligible Use A)**

This activity will provide NSP2 second mortgages to income eligible homebuyers to subsidize acquisition of foreclosed upon single-family housing units located within the URA for owner-occupancy. The activity will require and leverage first mortgage financing from non-NSP2 funding sources. The activity will exclusively assist households whose incomes are not greater than 120% AMI, and at least 25% of activity funds will be used to assist households whose incomes do not exceed 50% AMI. Palm Beach County's Department of Housing and Community Development will directly implement the activity.

The second mortgage will be non-interest bearing and forgivable, only demanding repayment upon transfer of title to the property during the required period of affordability, or in the event that the property cease to be the homebuyer's principal place of residence during the required period of affordability. Properties assisted through this activity are required to remain affordable for a minimum twenty (20) year period. Continued affordability will be ensured through encumbrances placed upon title to the properties.

For assisted households in the 51 – 120% AMI income group, if repayment is triggered, the entire amount of the NSP2 second mortgage shall become due and payable. For assisted households in the 0 – 50% AMI income group, if repayment is triggered, an amount of the NSP2 second mortgage directly proportionate to the unsatisfied time remaining in the period of affordability shall become due and payable.

The maximum amount of the NSP2 second mortgage offered will depend on the income of the homebuyer. Homebuyers in the 0 – 50% AMI income group may receive up to \$100,000. Homebuyers in the 51 – 80% AMI income group may receive up to \$65,000. Homebuyers in the 81 – 120% AMI income group may receive up to \$50,000. The actual amount of the second mortgage will vary case-to-case by the amount of funding needed to effectuate the affordable purchase of the particular housing unit under consideration, but will not exceed the applicable maximum.

**Neighborhood Stabilization Program 2**  
**Palm Beach County, Florida**  
**Department of Housing and Community Development**

| # | Activity Name                      | NSP2 Funding  | NSP2 Eligibility | CDBG Eligibility   | National Objective               | Responsible Entity  |
|---|------------------------------------|---------------|------------------|--|----------------------------------|---|
| 1 | Second Mortgage Program            | \$ 9,150,000  | Category A       | 570.201(n)–Direct Homeownership Assistance   | 570.208(a)(3)–Housing Activities | Palm Beach County Dept. of Housing & Community Development (PBCHCD) |
| 2 | Residential Redevelopment Program  | \$ 20,130,000 | Category B       | 570.201(a)–Acquisition; (b)–Disposition; (i)–Relocation; and 570.202–Eligible Rehabilitation and Preservation Activities | 570.208(a)(3)–Housing Activities | PBCHCD and subrecipient subgrantees                                 |
| 3 | Neighborhood Redevelopment Program | \$ 16,470,000 | Category E       | 570.201(a)–Acquisition; (b)–Disposition; (i)–Relocation; and 570.202–Eligible Rehabilitation and Preservation Activities | 570.208(a)(3)–Housing Activities | PBCHCD and subrecipient and non-subrecipient subgrantees            |
| 4 | Program Administration             | \$ 4,250,000  | N/A              | 570.206–Program Administrative Costs   | N/A                              | PBCHCD  |

Housing unit types eligible for acquisition through the activity will include all for-sale housing types (single-family detached, townhome, condominium) with the exception of mobile homes and cooperative housing. The purchase price of assisted units will vary depending on the borrowing capacity of the individual homebuyer, but in no instances shall the purchase price exceed \$280,000, or violate the affordability standards detailed in this application.

In accordance with HERA Section 2301(d)(1), NSP2-funded acquisitions shall be at a discount from the current market appraised value of the property, taking into account its current condition. The discount shall be at a minimum of one percent (1%) from the appraised value. Current market appraised value will be established by a County-approved appraisal made in conformity with the URA at 49 CFR 24.103 and completed within sixty (60) days prior to a purchase offer. The County maintains a list of vendors approved to provide appraisal services.

Costs eligible for activity funding include acquisition purchase price and related closing costs (financing fees, appraisal, survey, title, etc). NSP2 second mortgage funding will not be provided for rehabilitation, as this work can more efficiently be undertaken through the required first mortgage financing.

Palm Beach County requests \$9,150,000 of NSP2 funding to undertake this activity. With this level of funding, it is anticipated that approximately one hundred forty-three (143) homebuyers will be assisted, including twenty-seven (27) in the 0 – 50% income group and one hundred sixteen (116) in the 51 – 120% income group.

#### Activity 2—Residential Redevelopment Program (NSP-Eligible Use B)

This activity will provide NSP2 funds to subgrant entities to purchase, and rehabilitate if necessary, abandoned or vacant and foreclosed residential properties in the URA in order to sell, rent, or redevelop for the purpose of providing affordable housing to eligible NSP2 beneficiaries. Eligible subgrant entities under this activity are: municipalities with interlocal agreements with Palm Beach County, public agencies, and other non-profit organizations located in or servicing the URA. HCD will identify subgrantees via an RFP/NOFA process, or will otherwise identify subgrantees at the discretion of the Board of County Commissioners. The NSP2 funds will be provided to subgrantees in the form of grants.

Revenues generated through resale or rental of the NSP2 assisted housing units, will be considered program income, and regular CDBG rules governing program income at 24 CFR 570.504 will apply. For projects entailing housing acquisition/rehab for subsequent resale of the units, the NSP2 subgrant agreement will require that all proceeds from the resales, minus eligible carrying and delivery costs, must be returned to the County. For projects entailing housing acquisition/rehab for rental of the units, the NSP2 subgrant agreement will require that revenues generated through rental operations that exceed operating expenses and debt service will be returned to the County.

This activity will exclusively benefit households earning less than 80% AMI, and it is anticipated that at least 50% of activity funds will be used to assist households whose incomes do not exceed 50% AMI.

Costs eligible for activity funding include:

- acquisition purchase price and related closing costs (fees, appraisal, survey, title, etc);
- rehabilitation work necessary to address structural deficiencies and bring the unit into compliance with State/local building code;
- Required homebuyer counseling solely for buyers assisted through subgrant activities;
- Carrying costs incurred by a subgrantee during the time period between a property's NSP2 acquisition and its subsequent resale; and
- Reasonable developer fee and/or necessary activity delivery costs (as determined eligible by the County).

All housing unit types (single-family attached/detached, multi-family, etc) are eligible for acquisition through the activity with the exception of mobile homes and cooperative housing. In accordance with HERA Section 2301(d)(1), NSP2-funded acquisitions shall be at a discount from the current market appraised value of the property, taking into account its current condition. The discount shall be at a minimum of one percent (1%) from the appraised value, and in no event shall the purchase price exceed \$280,000, or violate the affordability standards detailed in this application. Current market appraised value will be established by a County-approved appraisal made in conformity with the URA at 49 CFR 24.103 and completed within sixty (60) days prior to a purchase offer.

The sale price of NSP2 acquired units which are offered for resale will not exceed the original acquisition cost plus rehabilitation, and must be affordable to the income-eligible homebuyer. The rents at which assisted units are offered will not exceed the maximum rents described in the "Continued Affordability" section of this application. For a minimum period of twenty (20) years for ownership properties and thirty (30) years for rental properties, the affordability requirements in "Continued Affordability" will be enforced via deed restrictions.

Rehabilitation costs may not exceed \$50,000 per unit for all housing unit types. Subgrantees will be encouraged to focus on the acquisition of units with need for the least amount of rehabilitation work in order to maximize the number of activity beneficiaries.

Palm Beach County requests \$20,130,000 of NSP2 funding to undertake this activity. With this level of funding, it is anticipated that approximately one hundred and one (101) households will be assisted, including fifty (50) in the 0 – 50% income group and fifty-one (51) in the 51 – 80% income group.

### Activity 3—Neighborhood Redevelopment Program (NSP-Eligible Use E)

This activity will provide NSP2 funds to subgrant entities to redevelop demolished or vacant properties as affordable rental housing for eligible NSP2 beneficiaries. Properties acquired

under this activity may or may not be abandoned or foreclosed. Eligible subgrant entities under this activity include private for-profit developers and partnerships between private for-profits and private non-profit or public agencies. HCD will identify subgrantees via an RFP/NOFA process, or will identify subgrantees at the discretion of the Board of County Commissioners.

The NSP2 funding will be provided to subgrantees in the form of a loan. Loans will be structured attractively, with terms of thirty (30) years and interest rates not exceeding two percent (2%). Repayment of the loans will be cash flow dependent, given the income-targeting requirements and the consequent effect on debt service capacity. All loans will be secured via mortgages on the property. In accordance with HUD's NSP2 NOFA, Appendix 1, Section N, the County will structure the NSP2 assistance so as to avoid undue enrichment of the subgrantee.

The County intends to utilize this activity as a tool to provide affordable rental housing to lower income groups often underserved by the private market, and it is anticipated that at least fifty-five percent (55%) of units benefit households whose incomes do not exceed 50% of AMI, and at least twenty-five percent (25%) of units will benefit households whose incomes do not exceed 30% AMI. It is anticipated that the 0 – 30% units will be occupied by formerly homeless families being served through Palm Beach County's Continuum of Care. The balance of activity units will benefit households whose incomes do not exceed 120% AMI.

Costs eligible for activity funding include:

- Acquisition purchase price and related closing costs (financing fees, appraisal, survey, title, etc);
- Rehabilitation work necessary to address structural deficiencies and bring housing into compliance with State/local building code;
- Hard costs of new construction/redevelopment; and
- Architectural design and engineering costs associated with NSP2 housing construction and rehabilitation.

All subgrantees must leverage the NSP2 funds with other sources of project funding, and preference will be given to projects maximizing the use of NSP2. In the event that more than one mortgage is required to secure multiple project funding sources, the County's NSP2 mortgage will assume a position based on its position in the hierarchy of project financing.

Revenues generated by the use of NSP2 by subgrant entities which are not subrecipients is not considered program income, and it is anticipated that this activity will fund NSP2 subgrantees which are not subrecipients. Per 24 CFR 570.500(c), a subrecipient is "a public or private nonprofit agency, authority, or organization, or a for-profit entity authorized under 570.201(o), receiving CDBG funds from the recipient or another subrecipient to undertake activities eligible for such assistance..." The CDBG regulations classify a for-profit entity as a subrecipient only when that entity is undertaking micro-enterprise assistance activities eligible under 570.201(o). The NSP2 NOFA permits for-profit entities to undertake NSP2-eligible activities as subgrantees. Revenues generated by these subgrantees NSP2 activities are not subject to reporting or

recapture requirements and may be retained by the subgrantee. As mentioned above, the County will structure subgrantee assistance in a manner so as to avoid undue enrichment.

Palm Beach County requests \$16,470,000 of NSP2 funding to undertake this activity. With this level of funding, it is anticipated that approximately one hundred sixty-four (164) households will be assisted, including ninety (90) in the 0 – 50% income group and seventy-four (74) in the 51 – 120% income group.

**Activity 4—General Administration and Planning Costs**

Although NSP2 allows for 10% of the overall grant to be used for general administration and planning activities, Palm Beach County requests eight and one-half percent (8.5%) or \$4,250,000. This funding will provide for expenses incurred by the Department of Housing and Community Development in administering NSP2 over a period of three (3) years.

**b) Identify whether the other funds are firmly committed (legally obligated to a specific activity or under your control and budgeted for a specific activity) or not.**

At this time, other funding sources for the activities have been committed as follow:

| Amount       | Source  | Use   | Status          |
|--------------|---|---|-----------------|
| \$10,000,000 | Housing Finance Authority of PBC                                    | 1 <sup>st</sup> mortgage financing for NSP2 SF acquisitions       | FIRM COMMITMENT |
| \$18,000,000 | Housing Finance Authority of PBC                                    | 1 <sup>st</sup> mortgage financing for NSP2 MF rehab/construction | FIRM COMMITMENT |
| \$1,324,145  | Community Land Trust of PBC (Wachovia Bank)                         | Construction costs and Permanent Financing for Davis Landings     | FIRM COMMITMENT |
| \$200,000    | Palm Beach County   | Installation of sewer lines and lift station at Davis Landings    | FIRM COMMITMENT |
| \$850,000    | Neighborhood Renaissance/Westgate CRA (Florida Community Loan Fund) | Construction of 13 infill housing units in the CRA                | FIRM COMMITMENT |

Letters evidencing the firm commitment of the above-listed funds are included in Appendix 2.

**c) Demolition and preservation**

This item is not applicable because Palm Beach County does not propose to utilize NSP2 funds to undertake demolition.

**b. Project completion schedule**

The County's NSP2 activities will be completed over a three (3) year period beginning from the time of HUD's execution of the NSP2 grant agreement. Upon receipt of a grant agreement, the County will counter-execute and return the agreement to HUD, and implement its activities as detailed below. Times are stated in months following approval of the grant agreement.

Second Mortgage Program:

| <i>Task/Event</i>                          | <i>Timeframe</i> |
|--|------------------|
| Develop client application                 | Months 0 -1      |
| Publish notice of program opening          | Month 1          |
| Client intake and qualification            | Months 2 - 6     |
| Property selections                        | Months 4 - 9     |
| Environmental reviews                      | Months 5 - 10    |
| Loan closings/Property acquisitions        | Months 6 - 18    |
| Monitoring of owner occupancy requirements | Annually         |

Residential Redevelopment and Neighborhood Redevelopment Programs:

Note that because multiple subgrant projects will be funded under these programs, start and completion times for the related activity tasks are expected to vary as indicated.

| <i>Task/Event</i>                              | <i>Timeframe</i> |
|--|------------------|
| Draft program RFPs and evaluation criteria     | Months 0 – 1     |
| Publish RFPs                                   | Month 1          |
| Evaluate proposals                             | Months 3 – 4     |
| BCC approval of funding recommendations        | Month 5          |
| Prepare environmental reviews                  | Months 5 - 7     |
| Draft subgrant agreements                      | Months 5 - 7     |
| BCC approval of subgrant agreements            | Month 8          |
| Appraisal/review of properties to be acquired  | Months 9 - 15    |
| Loan closings/Property acquisitions            | Months 10 - 16   |
| Design/permitting/development approval         | Months 11 - 17   |
| Contractor procurement                         | Months 16 - 22   |
| Commence construction                          | Months 18 - 24   |
| Complete construction                          | Months 24 - 30   |
| Marketing                                      | Months 12 - 30   |
| Income qualification of homebuyers and renters | Months 12 - 36   |
| Resales/lease-up                               | Months 18 - 36   |
| Monitoring for occupancy requirements          | Annually         |

Activity 3—Neighborhood Redevelopment Program: Of the \$16,470,000 requested for this activity, it is anticipated that no less than 55% (\$9,058,500) will be used to provide affordable rental housing opportunities to households with incomes no greater than 50% AMI via loans to private for-profit developers and other entities which will undertake the redevelopment of demolished or vacant properties. The balance of activity funding (\$7,411,500) will assist households with incomes no greater than 120% AMI through the same activities.

**d. Continued affordability**

In accordance with the NSP2 NOFA, Appendix 1, Section B.2., Palm Beach County's proposed NSP2 activities will ensure continued affordability through the enforcement of affordability standards that exceed HOME Program standards at 24 CFR 92.252(a)(c)(e)(f) and 92.254.

Affordable Rental Housing Rates

Based on criteria at 24 CFR 92.252, the maximum rents that may be charged in any NSP2-assisted rental housing will be the lesser of:

- 1) The fair market rent for existing comparable housing units, as established by HUD under 24 CFR 888.111; and
- 2) A rent that does not exceed thirty (30) percent of the adjusted income of a tenant family whose annual income equals 50% of AMI (for units so designated) or 120% of AMI (for units so designated), with adjustments for number of bedrooms in the unit. The County may require that certain NSP2 assisted units be made available to other tenant income groups where the incomes of households comprising the group are no greater than 120% AMI (ex: 30% AMI, 80% AMI). In such instances, maximum affordable rents will be calculated through the same method, utilizing the applicable income percentage.

Affordable Home Purchase/Sale Prices

Based on criteria at 24 CFR 92.254, the maximum purchase/sales price of a NSP2-assisted housing unit after rehabilitation, if any, (whether assisted through funding for acquisition, rehabilitation, or redevelopment) will be the lesser of:

- 1) The Single Family Mortgage Limits under Section 203(b) of the National Housing Act (12 USC 1709(b)), as provided by the HUD's Miami Field Office and updated from time to time.
- 2) Ninety-five percent (95%) of the median purchase price for fee simple housing in Palm Beach County in the most recent year for which such information is available.

The County will not participate with NSP2 in a home purchase/sale when the resulting level of housing expense to the buyer is not affordable, and results in an unstable housing situation, potentially leading to foreclosure. In order to ensure affordability for each individual homebuyer assisted through NSP2, in no instances shall the principal, interest, tax, insurance, and association fees (if any) exceed thirty-five percent (35%) of the homebuyer's annual household income.

In order to ensure continued affordability of all properties assisted with NSP2 funds, an encumbrance will be placed on title to the property restricting its use to that specified by terms

of the NSP2 assistance and requiring the applicable affordability standards described above for an uninterrupted period of no less than thirty (30) years from the date of project completion for rental properties, and no less than twenty (20) years for owner/for-sale properties. The County may elect to require lengthier periods of affordability given the amount and type of assistance provided to a specific project. The aforementioned encumbrances will be required and enforced regardless of the amount or type of NSP2 assistance provided and regardless of any mechanism by which the NSP2 financial interest is secured. Furthermore, the encumbrance shall prevail and be maintained through any subsequent transfer of title or resale of the assisted property, and despite repayment of NSP financial assistance and satisfaction or termination of any mechanism by which such assistance was secured.

**e. Consultation, outreach, communications**

Palm Beach County Department of Housing and Community Development (HCD) involved the public in the development of its NSP-2 program by publishing program information in a local newspaper of general circulation (see following page) and on the website, and by inviting the public to participate in a regular meeting of the Board of County Commissioners (BCC) in which the proposed NSP-2 program was discussed. The published advertisement required a comment period of 10 days prior to its discussion at the BCC meeting. Evidence of the publication of the notice referred to above is provided at the end of this section. No written comments were received by HCD nor were any comments received from the general public at the BCC meeting.

Upon HUD's approval of the County's NSP-2 application, HCD will inform members of the public about the Second Mortgage activity via publication in the newspapers of general circulation serving the county and on its website. A Notice of Funding Availability (NOFA)/Request for Proposals (RFP) will be published in the newspapers of general circulation that serve the county relating to the Residential Redevelopment activity and the Neighborhood Redevelopment activity. Also posted for review and comments from the members of the public will be the underwriting criteria for all three programs. The public will also be encouraged to provide comments on the underwriting criteria at a BCC scheduled for their adoption by Board members. HCD will also host a public meeting to discuss all of the NSP-2 activities and explain how the public can access this funding source.

Funding recommendations emanating out of the responses to the NOFA and RFP will be made at a public meeting, of which the location and date will be announced to the public via letters to all applicants, the newspaper, and the County's website. Funding recommendations will be presented to the BCC for approval at a public meeting

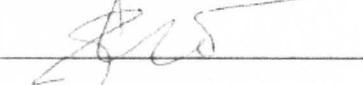
HCD staff will ensure that all families being assisted with NSP-2 funds are income qualified and meet all other eligibility requirements to either become homeowners or to occupy the premises. Once HCD is satisfied that all activity requirements have been met, HCD will request checks be prepared by the County's Finance Department. HCD will attend all property closings to not only bring the County's check but to ensure that applicable liens are filed.

**THE PALM BEACH POST**  
 Published Daily and Sunday  
 West Palm Beach, Palm Beach County, Florida

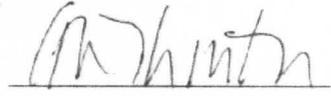
**PROOF OF PUBLICATION**

STATE OF FLORIDA  
 COUNTY OF PALM BEACH

Before the undersigned authority personally appeared **Rose Novotny**, who on oath says that she is **Real Estate Manager** of The Palm Beach Post, a daily and Sunday newspaper, published at West Palm Beach in Palm Beach County, Florida; that the attached copy of advertising for a **Notice** in the matter of **NSP-2** was published in said newspaper in the issues of **June 26, 2009**. Affiant further says that the said The Post is a newspaper published at West Palm Beach, in said Palm Beach County, Florida, and that the said newspaper has heretofore been continuously published in said Palm Beach County, Florida, daily and Sunday and has been entered as second class mail matter at the post office in West Palm Beach, in said Palm Beach County, Florida, for a period of one year next preceding the first publication of the attached copy of advertisement; and affiant further says that she/he has neither paid nor promised any person, firm or corporation any discount rebate, commission or refund for the purpose of securing this advertisement for publication in the said newspaper. Also published in Martin and St. Lucie Counties.



Sworn to and subscribed before 26<sup>th</sup> day of June, A.D. 2009.  
 Who is personally known to me.



NOTARY PUBLIC-STATE OF FLORIDA  
**Karen M. McLinton**  
 Commission # DD832672  
 Expires: NOV. 15, 2012  
 BONDED THRU ATLANTIC BONDING CO., INC.

NO. 4504225R



**PUBLIC NOTICE**  
**PALM BEACH COUNTY**  
**DEPARTMENT OF HOUSING &**  
**COMMUNITY DEVELOPMENT**  
**NEIGHBORHOOD STABILIZATION**  
**PROGRAM 2 (NSP-2)**

On July 20, 2008 the United States Congress approved Public Law 110-289 - Title II of the Housing and Economic Recovery Act, 2008 (HERA), appropriating to the U.S. Department of Housing and Urban Development (HUD) funding for emergency assistance for the redevelopment of abandoned and foreclosed homes and residential properties. HERA was amended, and appropriated an additional \$2 billion nationwide for the same purpose. This second round of neighborhood stabilization funds, referred to as Neighborhood Stabilization Program 2 (NSP-2) is available through a competitive process and in order for Palm Beach County to obtain these funds, the County must submit a funding application to HUD no later than July 17, 2009.

**HUD's Description, Neighborhood Stabilization Program 2**  
 The purpose of this Neighborhood Stabilization Program is to assist in the redevelopment of abandoned and foreclosed residential properties. All activities funded under the program must be used to provide benefits to individuals and families whose incomes do not exceed 120% of the median income. At least 25% of the grant must be expended on eligible activities that will provide housing for persons or families whose income is at or below 50% of the area median income. NSP eligible activities include: A) creation of financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties; B) purchase and rehabilitation of homes and residential properties that have been abandoned or foreclosed upon in order to sell, rent, or redevelop; C) establish land banks for homes that have been foreclosed upon; D) demolish blighted structures; and E) redevelop demolished or vacant properties.

**Proposed Program Activities**  
 Palm Beach County will apply for a total amount of \$50 million under the NSP-2 divided over four activities as follows:

- 1) **Second Mortgage Loan Programs:** Funds will be utilized as a second mortgage to reduce the housing costs - principal and closing costs - of homebuyers with incomes at or below 120% AMI with at least 25% of the funds going to households with incomes no greater than 50% AMI. The program will be implemented by HCD. Second mortgage criteria will vary for each income group with very low income households receiving a greater amount of funds. Funding request-\$9.15 million.
- 2) **Residential Redevelopment Programs:** This activity offers grants and/or loans for the purchase of vacant and foreclosed residential properties, intended to be resold or rented, after repairs, to eligible potential homebuyers or renters. Eligible applicants under this category are municipalities with inter local agreements with Palm Beach County, public utilities, and CUs, CHDOs, CDCs, CRAs and other non-profit organizations located in Palm Beach County. HCD will distribute these funds via a RFP/NOFA process. This program will be targeted to households earning less than 80% AMI. Funding request-\$20.13 million.
- 3) **Neighborhood Redevelopment Programs:** This activity will provide grant and/or loan assistance through an RFP/NOFA to municipalities, non-profit organizations, for-profit organizations, non-profit organizations in partnership with for-profits, and other local agencies to redevelop or rehabilitate foreclosed and vacant residential properties for reuse as affordable rental housing; and to purchase vacant residential land upon which new rental housing shall be constructed. At least 25% of units assisted under this program shall be set aside for households at or below 30% AMI. It is anticipated that these units will be occupied by households who are part of Palm Beach County's Homeless Continuum of Care. At least 55% of the new or redeveloped units must be leased to households earning less than 50% of AMI, with the remainder of the units being leased to households earning up to 120% of AMI. The applicants must secure first mortgage financing or gap financing. Funding request-\$16.47 million.
- 4) **General Administration and Planning Costs:** HCD is proposing to utilize no more than 8.3% or \$4.25 million to plan and implement the NSP-2 Program over a period of 3 years. Funding request-\$4.25 million.

Written comments on the proposed application will be accepted by HCD at 100 Australian Avenue, Suite 300, West Palm Beach, FL 33406, until July 6, 2009.

Palm Beach County's Board of County Commissioners (BCC) will discuss the Neighborhood Stabilization Program 2 and consider for approval his application at a regular meeting to be held July 7, 2009. All interested parties are invited to attend. The BCC meeting is to be held as follows:

**Location:** Palm Beach County Governmental Center  
 BCC Chambers (6<sup>th</sup> Floor)  
 301 North Olive Avenue  
 West Palm Beach, FL 33401  
 No time certain BCC meetings begin at 9:30a.m.]

**Time:**

**Date:** Tuesday, July 7, 2009

IN ACCORDANCE WITH THE PROVISIONS OF THE ADA, THIS AD CAN BE REQUESTED IN ALTERNATE FORMAT, AUXILIARY AIDS OR SERVICES WILL BE PROVIDED UPON REQUEST WITH AT LEAST THREE DAYS NOTICE (CONTACT HCD AT (561) 233-3616.

**PUB: June 26, 2009**

HCD will continue to communicate program design, progress and results by dialoguing with the public through various outlets. Activity modifications as well as outcomes will be publicized through the various media outlets within Palm Beach County (newspaper, television, radio). Outcomes and results will be noted in various required reporting tools and documents. Communication between various local agencies and HCD will be maintained during the course of the NSP-2 program as HCD will be administering the subrecipient agreements the county will have with these entities.

Groups such as the Realtor Association of Palm Beach County, providers of homeownership counseling services and various other municipalities and non-profits who are located within the URA target area will be solicited to enhance the implementation and success of the NSP-2 Program.

**(f) Performance and monitoring**

**Monitoring Plan**

The Department of Housing and Community Development (HCD) will be responsible for monitoring the implementation of Palm Beach County's NSP-2 Program. Traditionally, the department develops monitoring standards and other appropriate procedures to guide the implementation and monitoring of all programs it undertakes. These procedures are usually reflected in Policies and Procedures Memorandums (PPMs) which are prepared by the relevant HCD Section and whose adoption is approved by the HCD Director upon recommendation by the Section Manager. By adhering to these PPMs, HCD ensures that all federal and state funded programs which it administers comply with HUD and other Federal, State, and County regulations. It is HCD's intention to develop specific PPM's to guide the implementation and monitoring of the NSP Program. These PPM's will address the unique regulatory and programmatic requirements of the NSP Program. The following will be addressed:

**Citizen Participation**

The Planning Section will be responsible for ensuring that all citizen participation requirements are met during the application and implementation phases of the program. Unless specified by HUD the County will use its own HUD approved Citizen Participation Plan. The activity presented for funding in this application was advertised to the public in through posting in the Palm Beach Post newspaper and on the Department's website on June 20, 2009. The Notice was subject to a 10 day comment. On July 7, 2009, the proposal was discussed at a Board of County Commissioners meeting. The public was made aware of this meeting and had the opportunity to make comments.

Planning Section will continue the citizen participation process by making available to the public for comments, via the County's website and newspaper advertisement, the underwriting criteria for participating in the 2<sup>nd</sup> Mortgage Loan Program and in the Residential Redevelopment Program. There will be a 15 day comment period. The public will also be given

an opportunity to comment on the criteria at a Board of County Commissioners meeting prior to its adoption.

Planning Section will prepare application packet and publish Notice of Funding Availability (NOFA) for the residential redevelopment Program and the Neighborhood redevelopment Program. Funding recommendations will be made at a public meeting and the recommendations will be approved at a public meeting by the Board of County Commissioners.

#### National Objective and other Eligibility Compliance

Planning section will review each project submitted for funding to ensure that it satisfies the CDBG National Objective of benefitting low- and moderate-income households and that the income targeting requirements will be met. During the implementation of the 2<sup>nd</sup> Mortgage Loan Program, CAH staff will income certify all applicants to ensure compliance with the eligible income requirements. The CAH Manager will keep a running log to ensure that at least 25% of the grant is expended on households with income at or below 50% of the AMI. CAH staff will ascertain the property to be purchased is foreclosed upon, vacant and abandoned and that the purchase price reflects the required discount. The CAH Manager will ensure that a lien is filed with each property purchased to ensure its affordability for at least the period outlined in the underwriting criteria. The staff of the Housing and Capital Improvement Section will ascertain that each benefitting renter/homeowner household under the Residential and Neighborhood Redevelopment Program is income eligible, and that property purchased is foreclosed upon/vacant/abandoned, is located in the URA target area, and that the purchase price reflects the required discount. The Housing and Capital Improvement Manager will ensure that the required amount of funds be expended on activities funded under the Residential Redevelopment Program to ensure that at least 25% of the overall funds is expended on households with incomes at or below 50% of the AMI. The Manager will also ensure that properties acquired under both programs meet affordability requirements.

#### Environmental Reviews

Environmental Reviews will be conducted for every property purchased or developed under the NSP-2 program. These reviews will be done by members of the Planning Section following HUD approved strategies. The completed ERR will be kept on file at HCD. If the activity is determined to have a Finding of no Significant Impact, a Request for Release of funds will be submitted to HUD.

Construction-Related and Rehabilitation Activities: The Housing and Capital Improvement Section will be responsible for monitoring agencies for procurement procedures, Section 3, and compliance with all labor regulations. The Section has a vast amount of experience in performing these monitoring. The County's Procurement Policy is already approved by HUD and will be used to guide all procurement of goods and services under the funded program. The policy requires that formal bids be submitted for the procurement any goods and/or service where the value exceeds \$50,000 for lesser amounts a Request for Quotes (RFQ) is required. If it is anticipated that the Davis-Bacon Labor Standards will be triggered by an activity, the Housing and Capital Improvement Section will ensure that prevailing wage rate be placed in bid

documents. Prior to the award of any contract, the Housing and Capital Improvement Section will review the construction contracts to ensure that they contain the correct wage rates. During the construction phase, payrolls are reviewed and workers are interviewed to ensure payment of the correct wages. Payment from NSP-2 funds will not be effected unless the Davis-Bacon Labor Standards are fully complied with. Section 3 reporting on all applicable contracts will be performed on an annual basis. Housing and Capital Improvement Staff will observe construction activities as to their general nature and progress; however, the project consultant will monitor projects to ensure that work is performed to all specifications. The Housing and Capital Improvement Section will also be responsible for complying with all Uniform Relocation Act (URA), asbestos, and lead-based paint requirements.

#### Financial Management

Palm Beach County uses the AMS Advantage Financial System (AMS) for financial management functions. In addition to the standard accounting functions of accounts payable, accounts receivable and general accounting, AMS Advantage Financial performs the specialized functions of encumbrance control, fund accounting, grants and project management. It allows comprehensive front-end editing and maintenance of a single, unified database. Various processes in the system control the generation of reports, security, batch processing and workflow. Palm Beach County (PBC) Department of Housing and Community Development complies with Federal, State and Local regulations in administering ALL awarded grant funds. The County has established policies and procedures (PPM) for grant applications, grant agreements, grant reporting and related functions for funds received by the County from various external sources which are subject to Audit requirements. The NSP-2 grant funds will be administered by the Fiscal Section of HCD using AMS and in accordance with County PPMs which require that grant funds be accounted for in such a manner as to be easily identifiable within the County's Financial System. For the NSP2 grant, this will be accomplished as follows:

- A Separate Fund will be established to account for all NSP-2 financial transactions.
- The Cost Accounting - Grant Method will be used to track all NSP financial transactions within the Separate Fund. This method is designed to meet governmental requirements related to tracking and controlling internal and external funding sources. Program Codes that correspond to the four (4) NSP-2 project will be set up as an additional accounting and monitoring tool. Program Codes are alpha/numerical identifiers that are created in AMS that are associated with individual grants. They are required by County PPM for departments that choose to use this method. So in addition to the usual revenue and expenditure budget established in the separate fund as required by generally accepted accounting principles, all NSP transactions will have program codes.
- NSP-2 financial records will be monitored to insure postings are in accordance with the Grant agreement and County PPM's (e.g., correct time frame, allowable, etc.)

- NSP funds will be drawn down after expenditures have been incurred and on a timely basis. Documentation supporting the draw down amounts will be reconciled to the official general ledger in the County's AMS Financial System.
- The Disaster Recovery Grant Reporting System (DRGR) will be used to draw funds.
- Projects will be entered and established to correspond with AMS program codes.
- Activity Codes will be established for individual sub-recipient awards and grouped by project/target area. The activity codes will correspond with AMS program sub-codes.
- DRGR financial records will be reconciled to the official general ledger in the County's AMS Financial System on a monthly basis.
- Timesheets will be used to document and monitor staff time charged to the NSP grant budget. The timesheets require employee and supervisor approval and will be submitted bi-weekly to the Fiscal section to ensure accounts are appropriately charged.

### Reporting

The Commission on Affordable Housing will enter all HUD required information regarding the 2<sup>nd</sup> Mortgage Loan Program into the relevant database. The Section will also be required to compile and submit any required report. Similarly, the Planning Section will enter all required information regarding the Residential Redevelopment Program into the relevant database and will also be responsible for the preparation and submission of any required report. The Housing and Capital Improvement Section will be responsible for reporting on the Neighborhood Redevelopment Program. Each Section will seek to update the HUD database monthly.

### Post Implementation Monitoring

It is recognized that due to the imposition of an affordability period, the monitoring process will extend well beyond the actual purchase and redevelopment of properties. For single-family units purchased for homeownership under the 2<sup>nd</sup> Mortgage loan Program and the Residential Redevelopment Program, deed restrictions will be placed on the property preventing its sale unless it is to another eligible buyer and under terms and conditions to be specified by the county to ensure affordability. Also, the County will require annual proof that the property remains the primary residence of the owner. For rental properties, HCD staff will insist that the property owners maintain information on the income and family size of renters at the time of occupancy. These records will be checked by staff annually to verify the eligibility of the renters.

### **Internal Audit Requirements**

Palm Beach County Internal Auditor performs operational audits and examines internal control systems of all departments under the Board of County Commissioners to identify problem areas and make recommendations for improvement. The Office of the Internal Auditor was established under Section 4.4 of the Charter of Palm Beach County. Per the Charter, "there shall be a County Internal Auditor selected by the Board of County Commissioners who shall serve at the pleasure of the Board. The office of County Internal Auditor shall not be under the

direction and control of the County Administrator, but shall instead be directly responsible to the Board of County Commissioners. The County Internal Auditor shall be a certified public accountant or certified internal auditor. Upon appointment, he/she shall be employed full-time by said County. The County Internal Auditor shall employ such assistant County auditors, on either a full-time or part-time basis, as may be necessary, subject to budget approval. The office of the County Internal Auditor shall be responsible for performing post audits and performance audits, and interfacing with all external auditors for the Board of County Commissioners, County Administration, and all other departments, divisions, regulatory boards and advisory boards of County government in all financial matters relating to their official responsibilities." The office is currently Staffed by a Chief Internal Auditor, one Audit Manager, seven Auditors, and an Executive Assistant.

**Factor 4: Leveraging other funds, or removal of substantial negative effects**

**(a) Leverage**

Palm Beach County has secured \$30,274,145 in non-federal funds to be used as a match for the requested NSP-2 funding. The agencies providing the funding are the Housing Finance Authority of Palm Beach County, the Community Land Trust of Palm Beach County, and the Westgate/Belvedere Homes CRA. The letters of commitment are provided in Appendix 2 of this application.

$$\text{Leverage} = \frac{\text{firmly committed resources}}{\text{NSP 2 funds}} = \frac{\$30,374,145}{\$50,000,000} = 60.7\%$$

**(b) Rubric for addressing vacant properties**

The County anticipates that it will acquire and rehabilitate 247 vacant properties as follows: Activity 1 – 143 properties; Activity 2 – 101 properties; and Activity 3 – 3 properties.

Using the formula provided by HUD:

$$\begin{aligned} & (1.5 \times [\text{Sum total of vacant properties proposed to be addressed through acquisition and rehab}] \\ & \quad + [\text{Sum total of vacant properties to be addressed via demolition}]) \\ & \div \text{by Sum total of all vacant residential properties in the target area} \end{aligned}$$

There are 3,998 vacant properties in the NSP-2 target area according to the HUD Aggregated USPS Administrative data on Address Vacancies for the quarter ended March 31, 2009, therefore the calculation is:

$$1.5(247)/ 3,998 = 9.3\%$$

**Rating Factor 5: Energy efficiency improvement and sustainable development factors**

### a. Transit accessibility

PalmTran is the local commuter bus service. PalmTran operates 33 daily service routes in Palm Beach County. The Target Area is currently serviced by 14 of these daily routes. This includes many of the heaviest traveled routes running along Okeechobee Boulevard, Congress Avenue, and Military Trail. Two of the routes go into the terminal at Palm Beach International Airport, making transit an option for airport workers and certain travelers. Four of these routes go to the Intermodal Transit Facility located in downtown West Palm Beach. The Intermodal Transit Facility includes PalmTran, a Tri-Rail stop (the local commuter rail), and an Amtrak Station.

The Lake Worth Tri-Rail stop is also located within the target area.

### b. Green building standards

Palm Beach County will ensure that, to the greatest extent possible, all new construction and rehabilitation undertaken with NSP-2 funds meets standards established by the United States Environmental Protection Agency and outlined in the publication titled *A Green Home Begins with ENERGY STAR Blue* or the version 6.0 standard of the Florida Green Building Coalition ([www.floridagreenbuilding.org](http://www.floridagreenbuilding.org)). Also, the County will ensure that all yards and landscaped areas will be designed in accordance with the University of Florida's Florida-Friendly Landscaping Program (<http://fyn.ifas.ufl.edu/index.html>). This program emphasizes sustainable practices, specifically low watering needs, stormwater retention, shading, and wildlife attraction.

Per the publication, "Green building means improving the way that homes and homebuilding sites use energy, water, and materials to reduce impacts on human health and the environment." This improvement is done through the following elements:

- Energy-efficient construction techniques and products;
- Improved indoor environments through environmentally preferable materials and building practices;
- Water-efficient products and processes;
- Renewable energy options, when feasible;
- Waste reduction and recycling during the construction process; and
- Smart growth and sustainable land development practices.

Specifically, Palm Beach County is proposing to incorporate the following elements into its use of the Neighborhood Stabilization Program 2 (NSP-2) funds as follows:

#### Energy-efficient construction techniques and products;

- Properly installing and inspecting insulation in floors, walls and attics ensures even temperatures throughout the house.
- High performance impact windows will help reduce cost of cooling during the extreme heats of summer as well as provide an added measure of security not only from

- hurricanes but also from any criminal activity. This will also help in creating a better sense of place by eliminating the need for barred windows in high crime areas.
- Installing energy-efficient HVAC systems to reduce indoor humidity and improve the overall comfort of the home.
  - Installing new Energy Star qualified products to help reduce operating costs even further. Some products are to include light fixtures, compact fluorescent bulbs, ventilation fans and appliances (refrigerators, dishwashers and washing machines).

Improved indoor environments through preferable materials and building practices;

- In order to improve comfort and indoor air quality it is also important to properly seal all cracks and holes in the envelope of the home as well as in the duct system.
- Reduce pollutants by reducing carpet installation and only using Carpet and Rug Institute's Green Label certified carpet and pads.
- Using only low VOC paints and sealants.
- Using proper water sealing methods to eliminate any possibility of mold.
- Installing programmable thermostats.

Water-efficient products and processes;

- Installing low volume, non-spray irrigation system.
- Using drought tolerant plant material to help reduce water needs even further.
- Further water reductions will be achieved with the use of Energy Star Appliances.
- Installing low flow toilets, showerheads and sink faucets to reduce water usage.

Renewable energy options, when feasible;

- When dealing with new construction the building orientation can be positioned to take advantage of passive solar heating and cooling.
- Landscape material will also be used to provide shade in the summer and allow for heat gain in the winter.
- When feasible the development can be designed, engineered and wired to accommodate installation of photovoltaic panels in the future.

Waste reduction and recycling during the construction process;

- Through the Solid Waste Authority (SWA) Building Materials Reuse Center II that diverts building materials to local non-profits, affordable housing organizations, community development organizations, and low-to-moderate income homeowners.

Smart growth and sustainable land development practices.

- Implement EPA's Best Management Practices for erosion and sedimentation control during construction.
- There will be separate connections provided from the development to sidewalks or pathways in the surrounding neighborhood.
- Native and drought tolerant trees and plants will be used.
- When feasible the project shall be located close to community and retail facilities.

**c. Re-use of cleared sites**

This is not applicable as no units are to be demolished with NSP2 funds.

**d. Deconstruction**

This is not applicable as no units are to be demolished with NSP2 funds.

**e. Other**

Water use for irrigation is a significant drain on local water sources. No potable water will be used for irrigation. Canals and lakes will be used for irrigation where available. Where not available, no irrigation will be used.

**Factor 6: Neighborhood Transformation and Economic Opportunity**

Palm Beach County hereby certifies that the activities which are being proposed to be undertaken with NSP-2 funds are consistent with two established plans, namely the Palm Beach County Comprehensive Plan, which may be viewed on the internet at [www.pbcgov.com/pzb/planning/comprehensiveplan](http://www.pbcgov.com/pzb/planning/comprehensiveplan) and the County's Five Year Consolidated Plan (October 2005 to September 2010), which may be found on the internet at the following location <http://www.pbcgov.com/hcd/pdf/FY2005-2010FiveYearPlan.pdf> The latter Plan is now being updated.

The goals and objectives of the County's Comprehensive Plan are to: redirect growth to the east where services and facilities can be provided, and to encourage the revitalization and redevelopment of the coastal communities; through the implementation or concurrency management system, provide for orderly growth and provision of facilities and services to maintain the existing quality of life in an economically manner; implement County-wide growth management strategies while providing the opportunities for flexibility within the plan that recognize and maintain the diversity of lifestyles. The Five Year Consolidated Plan goals, which further the intent of the Community Development Act, are: provision of decent housing; suitable living environment by improving the safety and livability of neighborhoods; and expanding economic opportunities for persons who are predominantly low and moderate-income.

The activities proposed for funding in this application directly relates to achieving the above stated objectives of both the County Comprehensive Plan and the County's Five Year Consolidated Plan. Of particular interest is the Comprehensive Plan objective of "redirect growth to the east where services and facilities can be provided, and to encourage the revitalization and redevelopment of the coastal communities" this is a direct reference to the NSA and the proposed activities will provide/stabilize the housing market to achieve this goal. In relation to the Five Year Consolidated Plan, its objectives are enhanced since the activities proposed will provide housing opportunities to persons who are predominantly low and middle income and the purchase of foreclosed, vacant, abandoned will stabilize the community and improve the livability of the neighborhood. Also, the jobs which will be generated as a result of undertaking the activities will provide economic benefits to the residents.

# Applicant/Recipient Disclosure/Update Report

U.S. Department of Housing and Urban Development

OMB Approval No. 2510-0011 (exp. 8/31/2009)

**Instructions.** (See Public Reporting Statement and Privacy Act Statement and detailed instructions on page 2.)

## Applicant/Recipient Information

Indicate whether this is an Initial Report  or an Update Report

|  |   |
|--|---|
| 1. Applicant/Recipient Name, Address, and Phone (include area code):<br>Palm Beach County Board of County Commissioners<br>301 N. Olive Avenue, 9th Floor, West Palm Beach, FL 33401<br>(561) 355-2712 | 2. Social Security Number or Employer ID Number:<br>596-00-0785   |
| 3. HUD Program Name<br>Neighborhood Stabilization Program 2  | 4. Amount of HUD Assistance Requested/Received<br>\$50,000,000.00 |
| 5. State the name and location (street address, City and State) of the project or activity:<br>Residential/Neighborhood Redevelopment Program; Palm Beach County, FL                                   |   |

## Part I Threshold Determinations

|  |   |
|--|---|
| 1. Are you applying for assistance for a specific project or activity? These terms do not include formula grants, such as public housing operating subsidy or CDBG block grants. (For further information see 24 CFR Sec. 4.3).<br><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 2. Have you received or do you expect to receive assistance within the jurisdiction of the Department (HUD), involving the project or activity in this application, in excess of \$200,000 during this fiscal year (Oct. 1 - Sep. 30)? For further information, see 24 CFR Sec. 4.9<br><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No. |
|--|---|

If you answered "No" to either question 1 or 2, **Stop!** You do not need to complete the remainder of this form. **However,** you must sign the certification at the end of the report.

## Part II Other Government Assistance Provided or Requested / Expected Sources and Use of Funds.

Such assistance includes, but is not limited to, any grant, loan, subsidy, guarantee, insurance, payment, credit, or tax benefit.

| Department/State/Local Agency Name and Address | Type of Assistance | Amount Requested/Provided | Expected Uses of the Funds |
|--|--------------------|---------------------------|----------------------------|
|  |                    |                           |                            |
|  |                    |                           |                            |

(Note: Use Additional pages if necessary.)

## Part III Interested Parties. You must disclose:

- All developers, contractors, or consultants involved in the application for the assistance or in the planning, development, or implementation of the project or activity and
- any other person who has a financial interest in the project or activity for which the assistance is sought that exceeds \$50,000 or 10 percent of the assistance (whichever is lower).

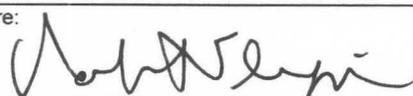
| Alphabetical list of all persons with a reportable financial interest in the project or activity (For individuals, give the last name first) | Social Security No. or Employee ID No. | Type of Participation in Project/Activity | Financial Interest in Project/Activity (\$ and %) |
|--|--|---|---|
| N/A  |  |   |   |

(Note: Use Additional pages if necessary.)

## Certification

**Warning:** If you knowingly make a false statement on this form, you may be subject to civil or criminal penalties under Section 1001 of Title 18 of the United States Code. In addition, any person who knowingly and materially violates any required disclosures of information, including intentional non-disclosure, is subject to civil money penalty not to exceed \$10,000 for each violation.

I certify that this information is true and complete.

|   |                                  |
|---|----------------------------------|
| Signature:<br> | Date: (mm/dd/yyyy)<br>07/04/2009 |
|---|----------------------------------|

# APPENDICES

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RESOLUTION NUMBER 94-693  
AS AMENDED BY RESOLUTION NUMBER 2003-0962

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, TO BE KNOWN AS THE PALM BEACH COUNTY CODE OF ETHICS; PROVIDING FOR TITLE; PROVIDING FOR EMPLOYEE ACKNOWLEDGMENT, ONGOING EDUCATION; PROVIDING FOR INTERPRETATION, ADVISORY OPINIONS; PROVIDING FOR RULES OF CONSTRUCTION; PROVIDING FOR DEFINITIONS; PROVIDING FOR CONFLICTS OF INTEREST AND DISCLOSURE; PROVIDING FOR THE ACCEPTANCE AND REPORTING OF GIFTS; PROVIDING FOR USE OF POSITION AND PROPERTY; PROVIDING FOR VOTING CONFLICTS; PROVIDING FOR POLITICAL ACTIVITIES; PROVIDING FOR PROHIBITION AGAINST MISUSE; PROVIDING FOR ENFORCEMENT; PROVIDING FOR AN EFFECTIVE DATE.

19           **WHEREAS**, Part III of Chapter 112, Florida Statutes (1993) -  
20 the Code of Ethics for Public Officers and employees - provides  
21 that the public interest requires that the law protect against any  
22 conflict of interest and establishes standards for the conduct of  
23 elected officials and government employees in situations where  
24 conflicts may exist; and

25           **WHEREAS**, section 3.2 of the Palm Beach County Charter provides  
26 that the Board of County Commissioners shall take whatever action  
27 is necessary on behalf of its residents to ensure that Public  
28 Officers and Employees abide by the Code of Ethics as set out in  
29 State Law; and

30           **WHEREAS**, the Board of County Commissioners finds and declares  
31 that the enactment of a local Code of Ethics is in the best  
32 interests of the citizens of the County, and will help ensure that  
33 Public Officers and Employees abide by the highest ethical  
34 standards; and

35           **WHEREAS**, the adherence to the highest standards of ethics  
36 protects the integrity of County government and fosters public  
37 confidence in the actions of Public Officers and Employees; and

38           **WHEREAS**, it is essential that government attract those  
39 citizens best qualified to serve. Thus, the provisions of this  
40 Resolution concerning conflict of interest must be so designed as  
41 not to impede unreasonably or unnecessarily the recruitment and  
42 retention by government of those best qualified to serve. Public

1 officials should not be denied the opportunity available to all  
2 other citizens to acquire and retain private economic interests  
3 except when conflicts with the responsibility of such officials to  
4 the public cannot be avoided; and

5 **WHEREAS**, it is also essential that the people be accorded  
6 access to all government officials to address relevant issues at  
7 all levels of government. In order to preserve and maintain the  
8 integrity of the governmental process, it is necessary that the  
9 identity, and activities of those who regularly engage in efforts  
10 to persuade public officials be regularly disclosed to the people.

11 **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY**  
12 **COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, THAT:**

13 **Section 1. Title.**

14 1.01 This Resolution shall be known as the Palm Beach County  
15 Code of Ethics.

16 **Section 2. Employee Acknowledgment, Ongoing Education.**

17 2.01 All persons employed by the Board of County  
18 Commissioners are required to submit a signed statement to the  
19 Director of Personnel acknowledging they have received and read the  
20 Code, and that they are bound by it.

21 2.02 After this Resolution becomes effective all Employees  
22 shall receive ethics education as part of the overall Employee  
23 orientation. The County shall emphasize ethics for all Board  
24 Members, Advisory Board Members and Employees on an ongoing basis.

25 **Section 3. Interpretation, Advisory Opinions.**

26 3.01 When in doubt as to the applicability and interpretation  
27 of the Code of Ethics, covered individuals may request an advisory  
28 opinion from the County Attorney's Office. The County Attorney's  
29 Office shall keep a file of all written opinions issued and submit  
30 a copy of each opinion rendered to all Board Members. These  
31 opinions shall be grounded, to the extent possible, by the  
32 principles and precedents established by the Florida Judiciary and  
33 the Florida Commission on Ethics.

1           Section 4. Rules of Construction.

2           4.01 For the purposes of administration and interpretation  
3 of this Code, unless otherwise stated herein, the following rules  
4 of construction shall apply:

5           a. In case of any difference of meaning or implication  
6 between the text of this Code and any caption, illustration,  
7 summary table, or illustrative table, the text shall control.

8           b. The word "shall" is always mandatory and not  
9 discretionary; the word "may" is permissive.

10           c. Words used in the present tense shall include the  
11 future and words used in the singular number shall include the  
12 plural, and the plural the singular, unless the context clearly  
13 indicates the contrary.

14           d. Unless the context clearly indicates the contrary,  
15 where a regulation involves two (2) or more items, conditions,  
16 provisions, or events connected by the conjunction "and", "or" or  
17 "either...or", the conjunction shall be interpreted as follows:

18                 1. "And" indicates that all the connected terms,  
19 conditions, provisions, or events shall apply.

20                 2. "Or" indicates that the connected items,  
21 conditions, provisions, or events may apply  
22 singly or in any combination.

23                 3. "Either...or" indicates that the connected  
24 items, conditions, provisions or events shall  
25 apply singly but not in combination.

26           e. Words importing the masculine gender shall include the  
27 feminine and neuter.

28           Section 5. Definitions.

29           5.01 Unless expressly provided herein to the contrary, for  
30 purposes of this Code, the following definitions shall apply:

31           a. "Advisory Board Member" shall mean any individual  
32 appointed by the Board to serve on a County advisory or appeal  
33 board, however constituted.

1           b. **"Board"** shall mean the Board of County Commissioners of  
2 Palm Beach County, Florida.

3           c. **"Candidate"** shall mean any individual who has filed a  
4 statement of financial interest and qualification papers, has  
5 subscribed to the candidate's oath required by Section 99.021,  
6 Florida Statutes, and seeks by election to become a member of the  
7 Board of County Commissioners.

8           d. **"Conflict"** or **"Conflict of Interest"** shall mean a  
9 situation in which regard for a private interest tends to lead to  
10 disregard of a public duty or interest.

11           e. **"County Commissioner"** shall mean any member of the Board  
12 of County Commissioners of Palm Beach County, Florida.

13           f. **"Employee"** shall mean all personnel employed by the Board  
14 of County Commissioners.

15           g. **"Participate"** shall mean any attempt to influence a  
16 decision by oral, written or other communication, whether made by  
17 a County Official or at his or her direction.

18           h. **"Person"** shall mean individuals, firms, associations,  
19 joint ventures, partnerships, estates, trusts, business trusts,  
20 syndicates, fiduciaries, corporations (profit or not-for-profit),  
21 professional corporations or associations, and all other groups or  
22 combinations however constituted.

23           i. **"Purchasing agent"** shall mean an Employee having the  
24 authority to commit the expenditure of public funds through a  
25 contract for, or the purchase of, any goods, services, or interest  
26 in real property, as opposed to the authority to request  
27 requisition of a contract or purchase by another person.

28           j. **"Relative"** shall mean an individual who is related to the  
29 subject individual as father, mother, son, daughter, brother,  
30 sister, uncle, aunt, first cousin, nephew, niece, husband, wife,  
31 father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-  
32 in-law, sister-in-law, stepfather, stepmother, stepson,  
33 stepdaughter, stepbrother, stepsister, half brother, half sister,  
34 grandparent, great grandparent, grandchild, great grandchild, step

1 grandparent, step great grandparent, step grandchild, step great  
2 grandchild, individual who is engaged to be married to the subject  
3 individual or who otherwise holds himself or herself out as or is  
4 generally known as the individual whom the subject individual  
5 intends to marry or with whom the subject individual intends to  
6 form a household, or any other natural person having the same legal  
7 residence as the subject individual.

8 **Section 6. Conflicts of Interest and Disclosure.**

9 **6.01 Prohibition - Doing Business with the County.**

10 a. No Employee acting in his or her official capacity as a  
11 purchasing agent, or a Board Member, or an Advisory Board Member,  
12 may, either directly or indirectly, purchase, rent or lease any  
13 realty, goods or services for the County, from any person in which  
14 the Employee, Board Member, Advisory Board Member, or his or her  
15 relative, is an officer, partner, director or proprietor, or in  
16 which he or she or any relative (or any combination of them) have  
17 a material interest. For purposes of this Section, ownership of  
18 five or more percent of the total assets of a business entity shall  
19 constitute a material interest.

20 b. No Board Member or Advisory Board Member or Employee  
21 acting in a private capacity may rent, lease or sell any realty,  
22 goods or services to the County. This sub-section shall not apply  
23 to Advisory Board Members provided said member's board is not  
24 responsible in any manner for the approval of or the giving of  
25 advice or recommendations as to the rental, lease or sale to the  
26 County.

27 **6.02 Prohibition - Conflicting Employment or Contractual**  
28 **Relationships.** No Board Member, Advisory Board Member or Employee  
29 shall have or hold any employment or contractual relationship with  
30 any person if the approval, concurrence, decision, recommendation  
31 or advice of the Board Member, Advisory Board Member or Employee in  
32 his or her official capacity may be sought, obtained or required on  
33 any county matter involving such person.

1           6.03 Where advisory board composition requires or permits its  
2 members to have particular expertise, such requirement or  
3 permission shall constitute an exemption to the provisions of sub-  
4 section 6.02 of this Code. Notwithstanding the foregoing, the  
5 Members of such Advisory Boards shall comply with Section Nine of  
6 this Code pertaining to voting conflicts.

7           6.04 **Exemptions - Advisory Board Members.** The prohibitions  
8 set forth in sub-sections 6.01 and 6.02 of this Section, as they  
9 pertain to Advisory Board Members, may be waived in a particular  
10 instance by the Board upon a full disclosure of the transaction or  
11 relationship prior to the waiver and an affirmative vote in favor  
12 of waiver by two-thirds (2/3) of the Board.

13           6.05 **Exemption - County Commissioners.** County Commissioners  
14 shall not be deemed in violation of sub-section 6.02 of this  
15 Section if they maintain an employment relationship with an entity  
16 which is currently a tax-exempt organization under Section 501(c)  
17 of the Internal Revenue Code, and which contracts or otherwise  
18 enters into a business relationship with the County, and:

19           a. they are not directly or indirectly compensated as  
20 a result of the relationship;

21           b. they did not participate in the entity's decision to  
22 enter into the relationship; and

23           c. they abstain from voting or participating on any  
24 matter which may come before the County involving the entity,  
25 publicly state to the assembly the nature of their interest in the  
26 matter from which they are abstaining, and file a written  
27 memorandum as provided in Section Nine of this Code.

28           6.06 **Additional Exemptions.** In addition, no Board Member,  
29 Advisory Board Member or Employee shall be held in violation of  
30 sub-sections 6.01 and 6.02 if otherwise permitted by state law, or:

31           a. An emergency purchase or contract must be made in  
32 order to safeguard the health, safety and welfare of the citizens  
33 of the County, as certified by the County Administrator or his or  
34 her designee; or

1                   b. the person involved is the sole source of supply  
2 within the County, as certified by the County Administrator or his  
3 or her designee; or

4                   c. the total amount of the transactions in the  
5 aggregate between the person and the County does not exceed \$500.00  
6 per calendar year; or

7                   d. the Board Member, Advisory Board Member or Employee  
8 purchases in a private capacity goods or services, at a price and  
9 upon terms available to similarly situated members of the general  
10 public, from a person who is doing business with the County.

11                   **6.07 Disclosure - County Commissioners and Employees .**

12                   a. County Commissioners and members of quasi-judicial  
13 boards or other boards whose members are required by Florida  
14 Statutes to file a disclosure statement shall file a county  
15 disclosure statement with the Clerk of the Board provided the  
16 individual covered by this subsection has an employment or other  
17 contractual relationship with any non-county entity or has any real  
18 property interests in Palm Beach County except homestead property.

19                   b. All Employees covered by the Executive Pay Plan must  
20 file a county disclosure statement with their Department Head,  
21 provided the individual covered by this subsection has an  
22 employment or other contractual relationship with any non-county  
23 entity or holds any real property interests in Palm Beach County  
24 except homestead property.

25                   c. All Department Heads must file a county disclosure  
26 statement with the County Administrator, provided the individual  
27 covered by this subsection has an employment or other contractual  
28 relationship with any non-county entity or holds any real property  
29 interests in Palm Beach County except homestead property.

30                   d. The disclosure statement shall be filed within thirty  
31 (30) days after the creation or acceptance of the outside  
32 employment activity or real property interest, and shall be renewed  
33 and updated on or before July 1st of each year.

34                   e. All other Employees must meet the requirements of the  
35 Merit Rule regarding outside or non-county employment.

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**6.08 Disclosure Statement**

The county disclosure statement shall set forth in writing outside employment activities and ownership interests in real property as follows:

a. With regard to any outside employment activity, the disclosure statement shall contain the following information:

1. The name, address, and telephone number of the outside employer;
2. A brief description of the purpose and activities of the outside employer;
3. The position held by the disclosing individual;
4. The disclosing individual's relationship in and to the business; and
5. The nature and extent of any ownership interest in the business.

b. With regard to the real property interest, the disclosure statement shall contain the following information:

1. The address or location of all real property situated in Palm Beach County, except homestead property;
2. The address or location of all real property situated in Palm Beach County, except homestead property, in which the disclosing individual's spouse holds an interest, provided the disclosing individual reasonably believes that the spouse's ownership interest could give rise to a conflict as set forth in Section Six or Nine of this Code; and
3. A description of the nature of the interest and the type of investment.

**Section 7. Acceptance and Reporting of Gifts.**

The Board of County Commissioners hereby adopts and incorporates by reference Florida's Gift Law as it may be amended from time to time. Relevant provisions of the Florida Gift Law, as

1 codified in section 112.312(12) and section 112.3148, Florida  
2 Statutes (1993), are attached hereto as Exhibit A.

3 **Section 8. Use of Position or Property.**

4 Board Members, Advisory Board Members and Employees shall not  
5 use or attempt to use, with a wrongful intent, their official  
6 position or any property or resource which may be within their  
7 official trust, to secure a special privilege, benefit or exemption  
8 for themselves or others, except for those that are incidental and  
9 consistent with the proper performance of their official duties.

10 **Section 9. Voting Conflicts.**

11 9.01 No Board Member or Advisory Board Member shall vote  
12 or participate in his or her official capacity on any matter if  
13 that member knows or should know that doing so would inure, either  
14 directly or indirectly, to:

15 a. his or her special private gain; or

16 b. the special private gain of any person by whom he or  
17 she is retained, or the parent or subsidiary organization thereof;  
18 or

19 c. the special private gain of a relative of the Board  
20 Member or Advisory Board Member.

21 For the purpose of this sub-section, "special private gain" shall  
22 mean economic benefit of any kind which inures to the individual,  
23 as opposed to a class of similarly situated individuals.

24 9.02 **Disclosure.** Board Members and Advisory Board  
25 Members prohibited from voting and participating on any matter  
26 pursuant to sub-section 9.01 above, shall:

27 a. publicly state to the assembly the nature of their  
28 interest in the matter in which they are prohibited from voting and  
29 participating; and

30 b. disclose the nature of their interest in the matter  
31 from which they are prohibited from voting and participating within  
32 fifteen (15) days after the vote occurs in a memorandum filed with  
33 the clerk of such board, who shall incorporate the memorandum in  
34 the minutes.

1           9.03 **Resignation or Removal.** Advisory Board Members shall  
2 resign or be removed from service when the number and nature of the  
3 conflicts disclosed and declared pursuant to sub-sections 9.01 and  
4 9.02 of this Code, create a continuing or frequently recurring  
5 conflict between their private interests and the performance of  
6 their public duties, or impairs the full and faithful discharge of  
7 their public duties.

8           9.04 Whenever an Advisory Board Member is being considered  
9 for reappointment to public office, the number and nature of said  
10 conflicts previously disclosed and declared pursuant to this  
11 Section shall be considered by the Board.

12 **Section 10. Political Activities.**

13           10.01 No Employee shall engage in political activities  
14 during his or her scheduled hours of employment or office hours.  
15 The term "political activities" shall mean soliciting support or  
16 funds for a candidate for public office or a political party.

17           10.02 No County Commissioner or Employee shall require,  
18 directly or indirectly, any other County Commissioner or Employee  
19 to participate, in any manner, in an election campaign.

20           10.03 No Employee shall be prohibited from seeking or  
21 holding elective office. Employees shall not be disciplined for  
22 seeking or holding elective office, unless they violate any  
23 provision of this Section while engaging in that activity.

24 **Section 11. Prohibition against Misuse.**

25           Individuals covered by this Code shall not use its provisions  
26 to further frivolous claims against another. Frivolous claims  
27 shall be those forwarded with knowledge that the claim contains one  
28 or more false allegations or with reckless disregard for whether  
29 the complaint contains false allegations of fact material to a  
30 violation of this Code.

31 **Section 12. Enforcement.**

32           Violation of any of the provisions set forth in this Code may  
33 constitute grounds for suspension or removal from office, pursuant  
34 to applicable statutory and constitutional procedures. Any  
35 Employee who violates any of the provisions set forth this Code may

1 be subject to employment sanctions, including but not limited to  
2 reprimand, suspension, or discharge in accordance with procedures  
3 under which the Employee may otherwise be disciplined. Any  
4 Advisory Board Member who violates any of the provisions set forth  
5 in this Code may constitute grounds for removal from any and all  
6 boards pursuant to applicable statutes local ordinance.



TO: Carlos  
\_\_\_\_\_  
\_\_\_\_\_

Edward W. Lowery, Director

*Received 6/26/09*

June 12, 2009

**Department of Community Services  
Housing Finance Authority**

810 Datura Street  
1st Floor, West Side  
West Palm Beach, FL 33401  
(561) 355-4780  
FAX: (561) 355-4191  
www.pbchfa.org



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Robin B. Henderson

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Clark D. Bennett

Jack Fiedor

Judy F Irwin

Jimmy L. Weatherspoon

**Executive Director**

David M. Brandt

dbrandt@pbcgov.com

**Secretary**

Jennifer M. Hamilton

jhamilto@pbcgov.com



"An Equal Opportunity  
Affirmative Action Employer"

Mr. Edward W. Lowery, Director  
Department of Housing & Community Development  
of Palm Beach County, Florida  
100 Australian Avenue, Suite 500  
West Palm Beach, FL 33406

RE: Housing Finance Authority of Palm Beach County, Florida  
support of Neighborhood Stabilization Program 2 application

Dear Mr. Lowery:

On behalf of the Housing Finance Authority of Palm Beach County, Florida (the "Authority"), I am pleased to inform you that the Authority will commit to assist Palm Beach County, Florida (the "County") in the implementation of a Neighborhood Stabilization Program 2 under the American Recovery and Reinvestment Act of 2009 (the "NSP2 Program"), subject to the following:

1. The Authority will issue tax-exempt single family mortgage revenue bonds ("SF Bonds") in a maximum principal amount of \$10,000,000, to provide first mortgage financing to eligible home buyers purchasing single family homes in the County (the "Eligible Homebuyers") if:

a. The County receives and makes available NSP2 Program funds to provide second mortgages to the Eligible Homebuyers for the acquisition of affordable housing in the County;

b. The Authority receives private activity bond allocation ("Allocation") for the issuance of such SF Bonds from the State of Florida Division of Bond Finance (the "DBF");

c. The issuance of the SF Bonds and the application of the proceeds thereof are consistent with, and in compliance with, the rules and regulations governing the Authority, including, but not limited to, tax regulations, and all applicable federal, state and local law;

d. Conditions in the tax-exempt bond market are (i) generally favorable for the successful issuance and sale of SF Bonds and (ii) will provide more favorable interest rates for the financing of single family home mortgages than would be available in the conventional mortgage market; and

- e. If additional funds are necessary to support the issuance of SF Bonds, the Authority has sufficient funds available for such purpose.

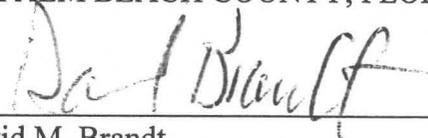
2. The Authority will issue tax-exempt multi-family mortgage revenue bonds ("Multi-Family Bonds") in a maximum principal amount of \$18,000,000, to provide first mortgage financing for the new construction of, or the acquisition and substantial rehabilitation of, eligible multi-family rental housing projects within the County ("Eligible Multi-Family Housing") if:

- a. The County receives and makes available NSP2 Program funds to provide grant and loan assistance for the new construction of, or the acquisition and substantial rehabilitation of, such Eligible Multi-Family Housing;
- b. The Authority receives Allocation for such Multi-Family Bonds from the DBF;
- c. Conditions in the tax-exempt bond market are generally favorable for the successful issuance and sale of Multi-Family Bonds;
- d. The borrower of the proceeds of the Multi-Family Bonds enters into the necessary agreements and documents with the Authority; and
- e. The issuance of the Multi-Family Bonds and the application of the proceeds thereof are consistent with, and in compliance with, the rules and regulations governing the Authority, including, but not limited to, tax regulations, and all applicable federal, state and local law.

This letter is solely for the benefit of the County and no other person or party shall be a beneficiary hereof or have any rights hereunder. Due to the limited resources of the Authority, this letter represents a general conditional commitment to the County with respect to the NSP2 Program with the understanding that a more detailed financial commitment would be contemplated with respect to a specific project developed by the County in connection with the NSP2 Program. Execution hereof shall not deem the Authority a partner or joint venturer with the County. The Authority's commitment under this letter shall expire on the earlier to occur of (i) the determination by the Department of Housing and Urban Development not to award NSP2 Program funds to the County or (ii) December 31, 2011.

Sincerely,

HOUSING FINANCE AUTHORITY  
OF PALM BEACH COUNTY, FLORIDA



---

David M. Brandt  
Executive Director

Wachovia Bank, N.A.  
301 South College Street  
Charlotte, NC 28288



**WACHOVIA**

**WACHOVIA  
PRELIMINARY LOAN COMMITMENT AGREEMENT  
FOR CONSTRUCTION AND PERMANENT FINANCING**

July 13, 2009

Mr. Cynthia LaCourse-Blum  
Community Land Trust of Palm Beach County, Inc.  
100 Australian Avenue  
Suite 410  
West Palm Beach, Florida 33406

**Re: *Davis Landings – 25 units  
Unincorporated Palm Beach, Palm Beach County, Florida***

Dear Ms. LaCourse-Blum:

We are pleased to advise you that, on or before the date set forth above, we have preliminarily approved a construction and permanent loan for the above referenced development. This preliminary commitment is made based upon the financial information and projections provided to us in support of your loan application, and under the following terms and conditions:

**Borrower:** Community Land Trust of Palm Beach County, a Florida Not for Profit Corporation.

**Guaranty:** The unconditional joint and several guaranty of payment and performance of the construction loan and permanent loan (described below) by Community Land Trust of Palm Beach County, Inc. and any such other entities/individuals deemed appropriate following Wachovia's due diligence review. The permanent loan (described below) is non-recourse.

**Loan Amount:** Construction - \$ 1,324,145  
Permanent - \$ 1,324,145

**Interest Rate:** Construction - LIBOR plus 700 basis points with a floor of 7.50% and the rate fixed at closing.  
Permanent - 10-year treasury plus 400 basis points with a floor of 7.50% and the rate fixed at closing.

The debt was underwritten at 7.50% interest. Actual rate may be negotiated by the payment of additional points set at closing.

**Repayable:** Construction - Interest only payable monthly.  
Permanent - Principal and interest payable monthly.

**Term:** Construction - 24 months  
Permanent - 18 years  
Amortization - 30 years

**Commitment Fee:** 1.0% of the Construction loan payable at closing.  
1.0% of the Permanent loan payable at closing.

**Security:** Construction and Permanent - A first mortgage lien on the above proposed development.

**Conditions to Funding Construction Loans:**

Complete plans and specifications.

Firm cost estimates with Wachovia's independent analysis,  
Appraisal acceptable to Wachovia.

Soils analysis and environmental report acceptable to Wachovia.

The general contractor and the construction contract shall be subject to approval by Wachovia.

Such other conditions which are customary and reasonable for a loan of this nature and amount.

**Conditions to Funding Permanent Loan:**

Construction of the project is 100% complete.

Property has reached stabilized occupancy for at least 90 days.

All certificates of occupancy have been issued and remain in effect.

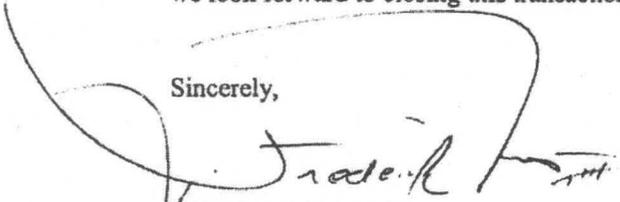
Such other conditions which are customary and reasonable for a loan of this nature and amount.

All third-party beneficiary rights are expressly negated. No person who is not a party to this preliminary commitment shall have or enjoy any rights under this letter. No change, amendment or modification of this preliminary commitment shall be valid unless made in writing, addressed to the Borrower and signed by a duly authorized officer of Wachovia.

This commitment will expire on December 31, 2009 if not extended by Wachovia.

Wachovia wishes to thank you for the opportunity to provide financing for the development, and we look forward to closing this transaction.

Sincerely,



J. Frederick Davis, III  
Managing Director

**Agreed and Accepted this Day:**

By: \_\_\_\_\_

Name: Cynthia LaCourse-Blum

Title: Executive Director

Date: \_\_\_\_\_

7/13/09

**2009 UNIVERSAL CYCLE - LOCAL GOVERNMENT VERIFICATION  
OF CONTRIBUTION - GRANT**

Name of Development: Davis Landings  
The East and West Side of Davis Road, South of the Intersection of Davis Road and Brooklyn  
Development Location: Lane, Lake Worth, Florida 33461  
(At a minimum, provide the address assigned by the United States Postal Service, including the address number, street name and city, or if the address has not yet been assigned, provide the street name, closest designated intersection and city.)

On or before 06/01/2009 the City/County of Palm Beach County committed  
Date (mm/dd/yyyy)\* (Name of City or County)

\$ 200,000.00 as a grant to the Applicant for its use solely for assisting the proposed Development referenced above. The City/County does not expect to be repaid or reimbursed by the Applicant, or any other entity, provided the funds are expended solely for the Development referenced above. No consideration or promise of consideration has been given with respect to the grant. For purposes of the foregoing, the promise of providing affordable housing does not constitute consideration. This grant is provided specifically with respect to the proposed Development. \$130,000 SHIP and \$70,000 CDBG  
The source of the grant is: \_\_\_\_\_  
(e.g., SHIP, HOME, CDBG)

The following government point of contact can verify the above stated contribution:

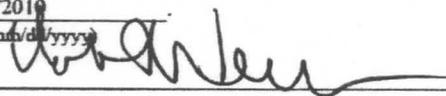
Name of Government Contact: Edward W. Lowery, J.D.  
Address (street address and city): 160 Australian Avenue, Suite 500  
West Palm Beach, Florida 33406  
Telephone Number: 561-233-3602

\* Date must be "on or before" the Application Deadline.

**CERTIFICATION**

I certify that the foregoing information is true and correct and that this commitment is effective through

12/31/2010  
Date (mm/dd/yyyy)

  
Signature

Robert Weisman  
Print or Type Name

561-233-2050  
Telephone Number

County Administrator  
Print or Type Title

This certification must be signed by the chief appointed official (staff) responsible for such approvals, Mayor, City Manager, County Manager/Administrator/Coordinator, Chairperson of the City Council/Commission or Chairperson of the Board of County Commissioners. If the contribution is from a Land Authority organized pursuant to Chapter 380.0663, Florida Statutes, this certification must be signed by the Chair of the Land Authority. One of the authorized persons named above may sign this form for certification of state, federal or Local Government funds initially obtained by or derived from a Local Government that is directly administered by an intermediary such as a housing finance authority, a community reinvestment corporation, or a state-certified Community Housing Development Organization (CHDO). Other signatories are not acceptable. The Applicant will not receive credit for this contribution if the certification is improperly signed. To be considered for points, the amount of the contribution stated on this form must be a precise dollar amount and cannot include words such as estimated, up to, maximum of, not to exceed, etc.

This contribution will not be considered and the Application will fail threshold if the certification contains corrections or 'white-out' or if the certification is scanned, imaged, altered, or retyped. The certification may be photocopied.

The Application may still be eligible for automatic points.

| Davis Road FHFC HOME Rental                      |   |                |                 | Palm Beach County          |                          | 06/25/09        |                               |                 |
|--|---|----------------|-----------------|----------------------------|--------------------------|-----------------|-------------------------------|-----------------|
| <b>DEVELOPMENT SUMMARY</b>                       |   |                |                 |                            |                          |                 |                               |                 |
|  | <b>Units Type</b>                               | <b>Number</b>  | <b>%</b>        | <b>% Mkt</b>               |                          |                 |                               |                 |
|  | 1BR   | 7              | 28.00%          | % Low HOME                 | 0.00%                    |                 |                               |                 |
|  | 2BR   | 9              | 36.00%          | % High HOME                | 32.00%                   |                 |                               |                 |
|  | 3BR   | 9              | 36.00%          | <b>Total Affordable</b>    | <b>100.00%</b>           |                 |                               |                 |
|  | <b>TOTAL</b>                                    | <b>25</b>      | <b>100.00%</b>  | <b>Total Market</b>        | <b>0.00%</b>             |                 |                               |                 |
| <b>ONE YEAR STABILIZED OPERATING PROJECTIONS</b> |   |                |                 |                            |                          |                 |                               |                 |
|  |   |                |                 | Gross                      |                          |                 |                               |                 |
|  | <b>Unit Type</b>                                | <b># Units</b> | <b>Avg SF</b>   | <b>Rent</b>                | <b>Utility Allowance</b> | <b>Net Rent</b> | <b>Gross Potential Income</b> |                 |
|  | 1br/1ba (50%)                                   | 2.0            | 700             | 648                        | 60.00                    | 588.00          | 14,112                        |                 |
|  | 2br/2ba (50%)                                   | 3.0            | 950             | 778                        | 80.00                    | 698.00          | 25,128                        |                 |
|  | 3br/2ba (50%)                                   | 3.0            | 1,150           | 899                        | 90.00                    | 809.00          | 29,124                        |                 |
|  | 1br/1ba (65%)*                                  | 5.0            | 700             | 824                        | 60.00                    | 664.00          | 39,840                        |                 |
|  | 2br/2ba (65%)*                                  | 6.0            | 950             | 991                        | 80.00                    | 811.00          | 58,392                        |                 |
|  | 3br/2ba (65%)*                                  | 6.0            | 1,150           | 1,136                      | 90.00                    | 946.00          | 68,112                        |                 |
|  | <b>* Net rent assumes \$100 discount to Max</b> |                |                 | <b>Gross Rental Income</b> |                          | <b>234,708</b>  |                               |                 |
|  | W/D rental                                      | \$45 /u/mo     |                 | 80% penetration            |                          |                 | 10,800                        |                 |
|  | Bulk cable                                      | \$45 /u/mo     |                 | 80% penetration            |                          |                 | 10,800                        |                 |
|  | Other   | \$15 /u/mo     |                 |                            |                          |                 | 4,500                         |                 |
|  |   | 25             | 23,800          | <b>Gross All Income</b>    |                          | <b>260,808</b>  |                               |                 |
|  | Averages  |                | 952             |                            |                          | 782             |                               |                 |
|  | Vacancy & Collection Loss                       |                |                 |                            |                          |                 | 5%                            | 13,040          |
|  | Effective Gross Income (EGI)                    |                |                 |                            |                          |                 |                               | 247,768         |
|  | <b>Operating Expenses</b>                       |                |                 |                            |                          |                 | <b>4,356</b>                  | <b>-108,888</b> |
|  | Taxes (exempt)                                  | 100            | Bldg Svcs       | 300                        | 43.95%                   |                 |                               |                 |
|  | Insurance                                       | 400            | Maint & Repairs | 600                        |                          |                 |                               |                 |
|  | Mgt Fee(5%EGI)                                  | 496            | Grounds         | 150                        |                          |                 |                               |                 |
|  | Gen & Admin                                     | 350            | Emp Unit        | 60                         |                          |                 |                               |                 |
|  | Payroll   | 1000           | Repl reserve    | 300                        |                          |                 |                               |                 |
|  | Utilities                                       | 600            | Other           |                            |                          |                 |                               |                 |
|  | <b>Net Operating Income</b>                     |                |                 |                            |                          |                 | <b>138,879</b>                |                 |

| Davis Road FHFC HOME Rental                   |          | Palm Beach County |             |       |          | 06/25/09      |
|---|----------|-------------------|-------------|-------|----------|---------------|
| <b>CASH FLOW / DSCR CALCULATION</b>           |          |                   |             |       |          |               |
| Debt Service                                  |          | Amount            | All-in rate | Amort | Constant |               |
|   | 1st Mtg. | 1,324,145         | 7.500%      | 30    | 8.391%   | 111,103       |
|   | 2nd Mtg  | 2,500,000         | 0.000%      | NA    | 0.000%   | 0             |
|   | 3rd Mtg. | 200,000           | 0.000%      | NA    | 0.000%   | 0             |
|   | Total    |                   |             |       |          | 111,103       |
| <b>Annual Cash Flow</b>                       |          |                   |             |       |          | <b>27,776</b> |
| <b>DSCR 1st Mortgage</b>                      |          |                   |             |       |          | 1.250         |
| <b>DSCR 1st + 2nd Mortgage</b>                |          |                   |             |       |          | 1.250         |
| <b>DSCR 1st + 2nd + 3rd Mortgage</b>          |          |                   |             |       |          | 1.250         |
| <b>ACTUAL FINANCING DETAILS</b>               |          |                   |             |       |          |               |
| <b>1st Mortgage</b>                           |          |                   |             |       |          | 7.500%        |
| Other   |          |                   |             |       |          | 0.000%        |
| All-in rate                                   |          |                   |             |       |          | 7.500%        |
| Amort Term                                    |          |                   |             |       |          | 30.00         |
| Constant                                      |          |                   |             |       |          | 8.391%        |
| Loan Amount                                   |          |                   |             |       |          | 1,324,145     |
| Debt Service                                  |          |                   |             |       |          | 111,103       |
| <b>2nd Mortgage - FHFC HOME</b>               |          |                   |             |       |          | 2,500,000     |
| Pay rate                                      |          |                   |             |       |          | 0.00%         |
| Fees  |          |                   |             |       |          | 0.000%        |
| Debt Service                                  |          |                   |             |       |          | 0             |
| <b>3rd Mortgage - Palm Beach County Grant</b> |          |                   |             |       |          | 200,000       |
| Pay rate                                      |          |                   |             |       |          | 0.00%         |
| Fees  |          |                   |             |       |          | 0.000%        |
| Debt Service                                  |          |                   |             |       |          | 0             |

| Davis Road FHFC HOME Rental             |           | Palm Beach County |                 |                | 06/25/09           |
|---|-----------|-------------------|-----------------|----------------|--------------------|
| <b>SOURCES AND USES</b>                 |           |                   |                 |                |                    |
| <b>Sources</b>                          |           |                   | <b>Per Unit</b> | <b>Percent</b> |                    |
| Housing Credit Equity                   |           | 0                 | 0               | 0.00%          |                    |
| 1st Mortgage                            |           | 1,324,145         | 52,966          | 37.56%         |                    |
| 2nd Mortgage - FHFC HOME                |           | 2,500,000         | 100,000         | 70.92%         |                    |
| 3rd Mortgage - Palm Beach County Grant  |           | 200,000           | 8,000           | 5.67%          |                    |
| Deferred Developer Fee                  |           | -498,921          | -19,957         | -14.15%        |                    |
| <b>Total Sources</b>                    |           | <b>3,525,224</b>  | <b>141,009</b>  | <b>100.00%</b> |                    |
| Developer Fee Paid                      |           | 985,159           |                 |                |                    |
| <b>Uses</b>                             |           |                   | <b>Per Unit</b> | <b>Per SF</b>  | <b>HC Eligible</b> |
| Hard Costs - Res                        | 90.00     | 2,142,000         | 85,680          | 90.00          | 2,142,000          |
| Hard Costs - Commercial                 |           | 0                 | 0               | 0.00           | 0                  |
| Amenities                               | incl      | 0                 | 0               | 0.00           | 0                  |
| Sitework                                | incl      | 0                 | 0               | 0.00           | 0                  |
| Construction Contingency                | 6.00%     | 128,520           | 5,141           | 5.40           | 128,520            |
| Lender Legal                            |           | 15,000            | 600             | 0.63           | 15,000             |
| Lender Orig - Const                     | 1.00%     | 11,750            | 470             | 0.49           | 11,750             |
| Lender Orig - Perm.                     | 1.50%     | 19,862            | 794             | 0.83           | 0                  |
| FHFC App Fees                           |           | 1,500             | 60              | 0.06           | 38                 |
| FHFC CU Fee                             |           | 0                 | 0               | 0.00           | 0                  |
| Constr Int Reserve (15 mos)             | 1,175,000 | 83,763            | 3,351           | 3.52           | 50,258             |
| Accounting                              |           | 20,000            | 800             | 0.84           | 20,000             |
| Application Fees other                  |           |                   | 0               | 0.00           | 0                  |
| Appraisal/Market Study                  |           | 10,000            | 400             | 0.42           | 10,000             |
| Architect Design                        |           | 25,000            | 1,000           | 1.05           | 25,000             |
| Architect Supervision                   |           | 15,000            | 600             | 0.63           | 15,000             |
| Builders Risk Insurance                 |           | 26,775            | 1,071           | 1.13           | 26,775             |
| Building Permit Fees                    |           | 10,000            | 400             | 0.42           | 10,000             |
| Engineering Fee                         |           | 25,000            | 1,000           | 1.05           | 25,000             |
| Environmental report                    |           | 1,500             | 60              | 0.06           | 1,500              |
| FF & E, Mgt. Setup                      |           | 12,500            | 500             | 0.53           | 12,500             |
| FHFC Admin                              |           | 0                 | 0               | 0.00           | 0                  |
| FHFC Compliance Fee                     |           | 0                 | 0               | 0.00           | 0                  |
| Impact Fees (credit for prior uses?)    |           | 155,000           | 6,200           | 6.51           | 155,000            |
| Inspection Fees                         |           | 30,000            | 1,200           | 1.26           | 30,000             |
| Insurance (1st yr. Oper.)               |           | 10,000            | 400             | 0.42           |                    |
| Legal Fees                              |           | 60,000            | 2,400           | 2.52           | 20,000             |
| Marketing                               |           | 12,500            | 500             | 0.53           |                    |
| Op def                                  |           | 27,222            | 1,089           | 1.14           |                    |
| Property Taxes                          |           | 5,000             | 200             | 0.21           | 5,000              |
| Soil Test Report                        |           | 12,000            | 480             | 0.50           | 12,000             |
| Survey                                  |           | 20,000            | 800             | 0.84           | 20,000             |
| Title Insurance                         |           | 22,500            | 900             | 0.95           | 22,500             |
| Utlity Cxn (credit for prior uses?)     |           | 100,000           | 4,000           | 4.20           | 100,000            |
| Soft Cost Contingency (5%)              |           | 36,594            | 1,464           | 1.54           | 36,594             |
| Developer Fee (per FHFC guidelines 16%) |           | 486,238           | 19,450          | 20.43          | 486,238            |
| Land                                    |           | 0                 | 0               | 0.00           | 0                  |
| <b>Total Uses</b>                       |           | <b>3,525,224</b>  | <b>141,009</b>  | <b>148.12</b>  | <b>3,380,672</b>   |



June 4, 2009

Ms. Terri Murray  
Executive Director  
Neighborhood Renaissance, Inc.  
510-A 24<sup>th</sup> Street  
West Palm Beach, FL 33407-5455

Re: Acquisition, Pre-Development and Construction Revolving Line of Credit Loan  
Commitment – Westgate Urban Infill Project in Palm Beach County, FL (the  
“Project”)

Dear Ms. Murray:

This letter (the “Commitment”) replaces in its entirety the Commitment issued by the Florida Community Loan Fund, Inc. (the “Loan Fund”) dated November 16, 2007, together with any subsequent extensions thereof, to make an acquisition and pre-development line of credit loan (the “Loan”) to the entity described below as the borrower (“Borrower”). The terms and conditions of this Commitment are as follows:

1. **BORROWER:** Neighborhood Renaissance, Inc., a not-for-profit Florida corporation
2. **MAXIMUM PRINCIPAL AMOUNT OF LOAN:** The lesser of \$850,000.00 or the Loan Fund’s Maximum Loan Size at the time of closing of the Loan. (As of the date of this commitment, the Maximum Loan Size is \$750,000.00.)
3. **INTEREST RATE:** a fixed rate of five and three-quarters percent (5.75%). Subject to availability of funds in the Loan Fund’s Green Building Loan Pool and subject to Borrower meeting all terms and conditions of Section 11, the interest rate on the first \$200,000.00 of Loan balance outstanding would be reduced to a rate of four and one-half percent (4.50%). The fixed rate of five and three-quarters percent (5.75%) would apply to the remaining Loan balance.
4. **MATURITY DATE:** the date twenty-four (24) months from the date of Loan closing.
5. **REPAYMENT TERMS:** Commencing on the last day of the month following the Loan closing date, monthly payments of interest are due and payable on the last day of each month, with the principal balance of the Loan, if not sooner paid, due and payable in full on the Maturity Date. See also Term 10.15 (b) and Term 13.
6. **LOAN ORIGINATION FEE:** One percent (1.0%) of the maximum principal amount of the Loan, of which \$4,250.00 is due and payable upon acceptance of this Commitment. The balance of \$4,250.00 is due and payable at the Loan closing.

7. **COMMITMENT EXPIRATION:** This Commitment expires, at the Loan Fund's option, on November 19, 2009.

8. **SECURITY PROPERTY:** First mortgages on one (1) separate and five (5) adjacent residential parcels located in unincorporated Palm Beach County, Florida (the "Land"). The Land will be improved with a total of thirteen (13) units, consisting of two duplexes and nine single family homes (the "Improvements"). The Land and Improvements are collectively called the "Collateral" or "Property".

9. **LOAN PURPOSE/TOTAL PROJECT FUNDING:** The loan will assist Borrower with the acquisition of the Land and pre-development costs for the development of thirteen (13) affordable housing units for sale to low-, very low- and moderate-income families in unincorporated Palm Beach County, Florida. The closing of this Loan is conditioned upon Borrower having all sources of funding committed, including \$2,056,776 from the Florida 2005 CDBG Disaster Recovery Funding Program – Supplemental Appropriation Addressing Hurricane Wilma and down-payment assistance funds from HOP and SHIP grant awards. Prior to Loan closing and at all times during the term of the Loan, the Loan Fund must be satisfied that the cost to complete the Project does not exceed the Total Project Funding. If required, Borrower shall make additional equity investments or provide evidence of additional funding sources to ensure Project completion.

10. **LOAN DOCUMENTS AND ITEMS REQUIRED FOR LOAN CLOSING:** Each document and item required to be submitted to the Loan Fund pursuant to this Commitment shall be satisfactory in form and substance to the Loan Fund.

- 10.1 **Mortgage and Security Agreement:** providing the Loan Fund with a first lien on the Collateral and a security interest in all fixtures and tangible and intangible personal property necessary for the operation of the Property. Advances on the Loan for acquisition of Land and pre-development expenses will not exceed 85% of the appraised value of the Land based on current appraisals (see Term 10.7).
- 10.2 **Note:** including provisions for the collection of late payment charges of five percent (5%) of the amount of any late payment, cross-default provisions with Borrower's existing loan from the Loan Fund, no prepayment penalty and a default rate of thirteen and three-quarters percent (13.75%).
- 10.3 **Title Insurance:** a standard, ALTA mortgagee title policy, providing coverage for the full principal amount of the Loan, listing only those title exceptions acceptable to the Loan Fund.
- 10.4 **Assignments:** providing the Loan Fund with a first priority collateral assignment of Borrower's interest in all sales contracts and deposits, permits, plans and specifications, engineering and/or architecture contracts, licenses, construction contract and rights in the name of the Project.
- 10.5 **Corporate Borrowing Authority Documents:** corporate documents which evidence the authorization for the actions to be taken by Borrower in connection with this Commitment and the Loan, including articles of incorporation, 501 (c)(3) letter from the Internal Revenue Service, by-laws, corporate borrowing resolutions and current certificates of "good standing" from the Florida Division of Corporations.
- 10.6 **Purchase and Sale Contracts:** a copy of the Purchase and Sale Contracts executed between the sellers of the Land and the Borrower.



- 10.7 **Appraisals**: current appraisal of the Land, reflecting the market value of the Land as-is and as-improved, conducted by state certified appraisers satisfactory to the Loan Fund. The loan-to-value on the Property shall not be greater than 85% of the appraised value.
- 10.8 **Loan-to-Value Requirement**: Borrower acknowledges that Lender was induced to make the Loan based upon a specific loan-to-value ratio (the "Original Loan-to-Value Ratio") and that has been made known that Lender will conduct periodic reviews of Collateral value. Loan documents will provide that, if any updated appraisal received by Lender reflects that the appraised value of the Property has decreased from the original appraised value, and if such decrease results in a loan-to-value ratio which is higher than the Original Loan-to-Value Ratio, Borrower shall, within thirty (30) days of Lender's written request, either: (a) make a principal payment (the "Prepayment") under the Note in an amount sufficient to maintain the Original Loan-to-Value Ratio; or (b) pledge such additional collateral for the Loan that is acceptable to Lender in its sole discretion. Any Prepayment shall not entitle Borrower to a release of any of the Property.
- 10.9 **Survey**: recent survey of the Property by a registered surveyor, certified to the Loan Fund, the title insurance company and Borrower.
- 10.10 **Public/Private Assistance Agreement**: a copy of the fully executed agreement between Borrower and the Westgate-Belvedere Community Redevelopment Agency (Borrower's "Development Partner").
- 10.11 **Flood Hazards**: evidence as to whether or not the Land is located within an area identified as having special flood hazards pursuant to the Flood Disaster Protection Act of 1973. If the Land is located in a special flood hazard area, flood insurance naming the Loan Fund as mortgagee will be required.
- 10.12 **Insurance**: comprehensive general liability coverage for Borrower and builder's risk or an "all risk", non-reporting, completed value property insurance policy, as applicable, designating the Loan Fund as mortgagee and loss payee, granting the Loan Fund at least 30 days notice of intended cancellation.
- 10.13 **Compliance with Laws**: satisfactory evidence that construction of the Improvements and intended uses of the Property are in compliance with all applicable laws, regulations and ordinances, including local zoning laws.
- 10.14 **Environmental Site Assessments and Environmental Compliance and Indemnity Agreement**: copies of the Phase I Environmental Site Assessments performed on the Land, and an agreement signed by the Borrower indemnifying the Loan Fund from any environmental hazards that may be present on the Property.
- 10.15 **Loan Agreement**: including (a) provisions for the general loan conditions set forth in Term 12; (b) provisions for the hold-back and monthly disbursement of an interest reserve of up to \$84,500.00 to pay interest on the Loan from Loan proceeds; (c) provisions for the disbursement of Loan funds for pre-development and construction expenses set forth in Term 11; and (d) provisions for meeting a Green Building Standard set forth in Term 11.
- 10.16 **Sources and Uses of Funds/Cost Breakdown**: sources and uses of funds for the Project, including a detailed breakdown of the cost of constructing the Improvements and an itemization of non-construction costs.
- 10.17 **Miscellaneous**: any other Loan documents or items that are customarily provided in loan transactions of this type.



## 11. CONDITIONS FOR DISBURSEMENT OF LOAN FUNDS AFTER LOAN CLOSING:

Subject to availability within the 85% loan-to-value requirement, disbursements for pre-development expenses may be made from Loan proceeds. Any pre-development funding request must be in writing with copies of invoices in amounts sufficient to support the requested amount.

Construction advances under the Loan will be made from Lender's "Green Building Loan Pool", an incentive to encourage and assist the building of "Green" standard affordable housing, supportive housing and community facilities throughout Florida. As such, Borrower agrees to seek certification from either the Florida Green Building Coalition (FGBC Green Home Standard) or Leadership in Energy and Environmental Design (LEED for Homes Standard). Construction disbursements will be subject to the following provisions of this Term 11.

- 11.1 Construction Documents: a detailed cost breakdown by construction trade and non-construction costs, construction/completion timeline, plans and specifications, contract between Borrower and architect providing supervisory services, contract between Borrower and general contractor, completed value builder's risk insurance evidence, and building permit for each home.
- 11.2 Request for Payment: signed by Borrower, setting forth a detailed breakdown of the Loan disbursement requested, including a signed requisition of the general contractor and approved by Borrower's supervising architect, and, at Loan Fund's option, Loan Fund's construction consultant. Loan disbursements shall be limited to 95% of the value of the construction in progress.
- 11.3 "Green" Standard Plans and Specifications: plans and specifications for the construction of the Improvements to a "Green" standard, as defined in this Term 11, signed and sealed by Borrower's architect.
- 11.4 Sales Contract / Permanent Financing Commitment / Sources and Uses of Funds: sales contract between Borrower and low-income Home buyer, evidence of pre-qualification for financing from a financial institution, and a statement of sources and uses of funds for the home to be constructed.
- 11.5 Appraisal: a current appraisal, prepared by a state certified appraiser, indicating the value of the Lot and the proposed Improvements. After any pre-development disbursements and allocation of Loan proceeds for an interest reserve identified in Term 10.15(b), the Loan Fund may disburse up to 85% of the value of the Land and up to 95% of the construction in progress, up to a maximum of 95% of the appraised value of the Property.
- 11.6 Owner's Affidavit and Lien Waivers: notarized partial lien waivers executed by the general contractor, specifying the amount paid in consideration of such partial release and certification by Borrower that funds disbursed to date by the Loan Fund have been paid to the appropriate parties.
- 11.7 Construction Consultant's Approval: The Loan Fund reserves the right to designate a construction consultant to inspect construction work for conformity with the plans and specifications and approval of Borrower's request for Loan disbursements. A written report of the results of the consultant's inspection of construction work may be required for a disbursement of Loan funds.



- 11.8 **Final Construction Disbursement:** Prior to the final Loan disbursement for each home, the following documents shall be submitted to the Loan Fund: (a) as-built survey, (b) certificate of occupancy, (c) contractor's final waiver of lien and certification of completion, and (d) construction consultant's final approval, if required.

12. GENERAL CONDITIONS:

- 12.1 **Assignments:** Neither this Commitment nor any interest in it may be assigned by Borrower without the Loan Fund's prior written approval.
- 12.2 **Financial Statements:** Borrower shall submit annual and interim financial statements. Annual statements shall include a Statement of Activities (revenue and expenses) and a Statement of Financial Position (balance sheet) prepared by a certified public accountant, and submitted within one hundred twenty (120) days of Borrower's fiscal year-end.
- 12.3 **Additional Debt:** During the term of this Loan, Borrower will not incur any additional debt without the written permission of the Loan Fund.
- 12.4 **Publicity:** The Loan Fund shall have the right to secure printed publicity through newspapers and other media concerning the project and its financing. Borrower shall provide the Loan Fund with photographs of the Project and demographic information regarding the clients who receive housing and other services from Borrower.
- 12.5 **Loan Application:** The issuance of this Commitment is based upon the accuracy of Borrower's representations and statements, any loan application and all additional information, representations, exhibits and other matters submitted to the Loan Fund for consideration. The Loan Fund shall have the option to declare this Commitment to be breached, and therefore, void, if there shall have been any material misrepresentation or misstatement or any material error in anything submitted to the Loan Fund.
- 12.6 **Expenses:** All costs and expenses in connection with the Loan, including, but not limited to, the costs of attorneys, documentary stamp and intangible taxes, the construction consultant and recording fees, shall be paid by Borrower.

13. **RELEASE OF SECURITY PROPERTY:** Until the Loan has been paid in full, each residential unit shall be released from the Loan Fund's mortgage on the Property upon payment to the Loan Fund of a minimum release amount of the total amount advanced directly for acquisition, any soft pre-development costs and the costs of construction of the individual unit, to be determined in the sole discretion of the Loan Fund.

14. **ENTIRE AGREEMENT:** This Commitment, when accepted, shall constitute the entire agreement between the Loan Fund and Borrower, and it may not be altered or amended unless agreed to in writing by the Loan Fund and Borrower.

15. **ACCEPTANCE:** Please indicate acceptance of the terms and conditions of this Commitment by signing the enclosed duplicate original Commitment letter.



***Return one half of the loan origination fee, \$4,250.00, (See Term 6) and one original Commitment letter to the Orlando office of the Loan Fund, within fifteen (15) days of the date of this letter.***

Sincerely,

FLORIDA COMMUNITY LOAN FUND, INC.

Nelson W. Black III  
Senior Loan Officer

The undersigned accepts the foregoing commitment on behalf of Borrower.

NEIGHBORHOOD RENAISSANCE, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



## CERTIFICATIONS

(1) **Affirmatively furthering fair housing.** The applicant certifies that it will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.

(2) **Anti-displacement and relocation plan.** The applicant certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan.

(3) **Anti-lobbying.** The applicant must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.

(4) **Authority of applicant.** The applicant certifies that it possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.

(5) **Acquisition and relocation.** The applicant certifies that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for the NSP2 program published by HUD.

(6) **Section 3.** The applicant certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

(7) **Citizen participation.** The applicant certifies that it is carrying out citizen participation in accordance with NSP2 requirements.

(8) **Use of funds.** The jurisdiction certifies that it will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008, as modified by the American Reinvestment and Recovery Act by spending 50 percent of its grant funds within 2 years, and spending 100 percent within 3 years, of receipt of the grant.

(9) **The applicant certifies:**

a. that all of the NSP2 funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income; and

b. The applicant will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

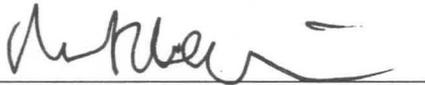
(10) **Excessive force.** The applicant, if an applicable governmental entity, certifies that it has adopted and is enforcing:

- a. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and
- b. A policy of enforcing applicable state and local laws against physically barring entrance to, or exit from, a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

(11) **Compliance with anti-discrimination laws.** The applicant certifies that the NSP grant will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(12) **Compliance with lead-based paint procedures.** The applicant certifies that its activities concerning lead-based paint will comply with the requirements of 24 CFR part 35, subparts A, B, J, K, and R.

(13) **Compliance with laws.** The applicant certifies that it will comply with applicable laws.



Signature/Authorized Official

7/14/09

Date

COUNTY ADMINISTRATOR

Title

## Calculation of removal of negative effects using HUD provided rubric

The County anticipates that it will acquire and rehabilitate 247 vacant properties as follows:  
Activity 1 – 143 properties; Activity 2 – 101 properties; and Activity 3 – 3 properties.

Using the formula provided by HUD:

$$\begin{aligned} & (1.5 \times [\text{Sum total of vacant properties proposed to be addressed through acquisition and rehab}] \\ & \quad + [\text{Sum total of vacant properties to be addressed via demolition}]) \\ & \div \text{by Sum total of all vacant residential properties in the target area} \end{aligned}$$

There are 3,998 vacant properties in the NSP-2 target area according to the HUD Aggregated USPS Administrative data on Address Vacancies for the quarter ended March 31, 2009, therefore the calculation is:

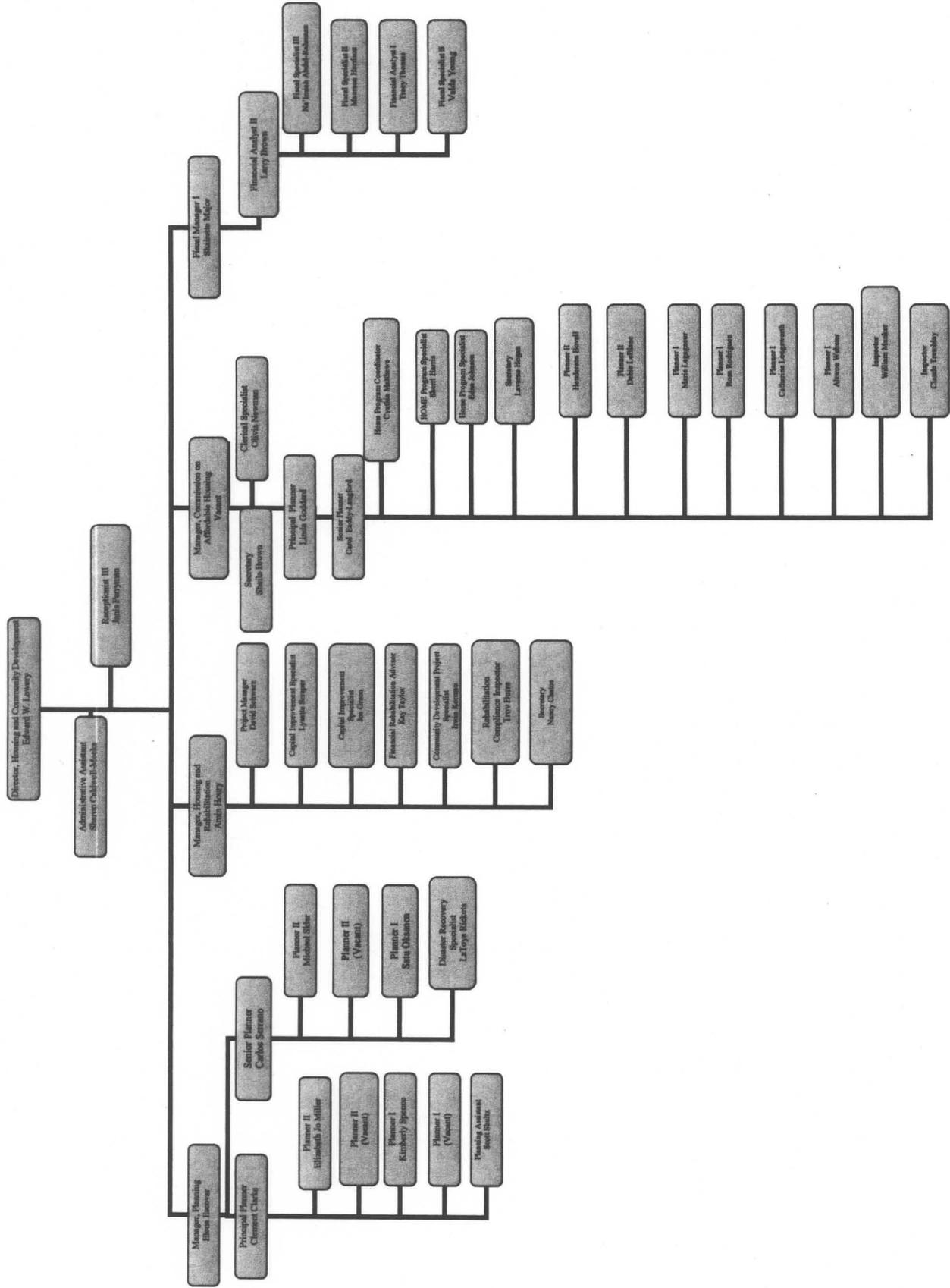
$$1.5(247) / 3,998 = 9.3\%$$

The public notice advertising the Palm Beach County's intent to apply for NSP 2 was published in the Palm Beach Post Newspaper and posted on the HCD website at [www.pbcgov.com/hcd](http://www.pbcgov.com/hcd) on June 26, 2009. The advertisement invited comments from members of the public and interested parties for a period 10 days, which expired on July 6, 2009. HCD required all comments to be submitted in writing and all comments which were received, on or before the expiration of the public comment period, would be considered. On July 7, 2009, the agenda item authorizing HCD to submit the application to HUD and authorizing the County Administrator or his designee, to execute all documents associated with NSP 2 was presented to the Board of County Commissioners, at a public meeting, for their approval. This public meeting forum also allowed members of the public to comment prior to the BCC's arriving at a decision to approve or to not approve. No public comments were received as a result of the posting of this notice in the newspaper, on the website and at the BCC public meeting.

| Census Tract             | State | FORECLOSURE SCORE | VACANCY SCORE | MAX SCORE    |
|--------------------------|-------|-------------------|---------------|--------------|
| 12099001906              | FL    | 20                | 15            | 20           |
| 12099001909              | FL    | 20                | 18            | 20           |
| 12099002000              | FL    | 20                | 19            | 20           |
| 12099002900              | FL    | 20                | 18            | 20           |
| 12099003101              | FL    | 20                | 19            | 20           |
| 12099003102              | FL    | 20                | 19            | 20           |
| 12099003000              | FL    | 20                | 14            | 20           |
| 12099003200              | FL    | 20                | 18            | 20           |
| 12099003800              | FL    | 20                | 18            | 20           |
| 12099003901              | FL    | 19                | 16            | 19           |
| 12099003902              | FL    | 20                | 16            | 20           |
| 12099004007              | FL    | 20                | 17            | 20           |
| 12099004008              | FL    | 20                | 18            | 20           |
| 12099004009              | FL    | 19                | 17            | 19           |
| 12099004101              | FL    | 20                | 18            | 20           |
| 12099004010              | FL    | 20                | 19            | 20           |
| 12099004011              | FL    | 20                | 18            | 20           |
| 12099004012              | FL    | 19                | 19            | 19           |
| 12099004013              | FL    | 19                | 18            | 19           |
| 12099004202              | FL    | 19                | 15            | 19           |
| 12099004102              | FL    | 20                | 17            | 20           |
| 12099004201              | FL    | 20                | 18            | 20           |
| 12099004203              | FL    | 18                | 19            | 19           |
| 12099004300              | FL    | 20                | 15            | 20           |
| 12099004500              | FL    | 19                | 16            | 19           |
| 12099004601              | FL    | 20                | 14            | 20           |
| 12099004602              | FL    | 20                | 14            | 20           |
| 12099004702              | FL    | 19                | 16            | 19           |
| 12099004704              | FL    | 20                | 17            | 20           |
| 12099004808              | FL    | 20                | 20            | 20           |
| 12099004901              | FL    | 20                | 14            | 20           |
| <b>Average Max Score</b> |       |                   |               | <b>19.74</b> |
| Qualified                |       |                   |               |              |



# HOUSING AND COMMUNITY DEVELOPMENT ORGANIZATIONAL CHART



**DEFINITIONS**

**Definition of “blighted structure” in context of state or local law.**

According to Senate Bill 2440, Approved by the Florida Senate in 2006, “Blighted” means, after inspection by the responsible authority, the property is found to be dangerous to the health and safety of the public as a result of the condition of the property or structure upon it, or of growth or debris on the property.

**Definition of “affordable rents.”**

When determining affordable rent for any occupant of rental property purchased with NSP funds, Palm Beach County will utilize one of the following methodologies which are allowable under the HOME Program:

- The Fair Market Rent for existing housing for comparable units in the area as established by HUD under 24 CFR 888.111. For Palm Beach County, the FY 2009, fair market rent as determined by HUD is as outlined on the chart below.

| <b>West Palm Beach – Boca Raton, FL</b> | <b>0 BR</b> | <b>1BR</b> | <b>2BR</b> | <b>3BR</b> | <b>4BR</b> |
|---|-------------|------------|------------|------------|------------|
| <b>HMFA</b>                             | \$936       | \$1096     | \$1294     | \$1830     | \$1885     |

- A rent that does not exceed 30 percent of the adjusted income of a family whose annual income equals 65 percent of Palm Beach County’s median income, as determined by HUD, with adjustments for number of bedrooms in the unit.
- A rent, including utilities, which does not exceed 30.0% of a household’s gross income.

The county will, in its agreement with the subrecipient, stipulate the methodology to be used and will conduct annual monitoring of projects and tenants to ensure proper maintenance of the units and continued affordability.

**RESOLUTION NO. R-2009- 1122**

**RESOLUTION AUTHORIZING THE COUNTY ADMINISTRATOR OR HIS DESIGNEE TO EXECUTE THE NEIGHBORHOOD STABILIZATION PROGRAM 2 GRANT APPLICATION, STANDARD FORM 424, CERTIFICATIONS, AGREEMENT WITH HUD, AND ALL OTHER DOCUMENTS RELATED TO IMPLEMENTATION OF THE NEIGHBORHOOD STABILIZATION PROGRAM 2.**

**WHEREAS**, The State of Florida is one of the hardest hit states nationwide by the current crisis in the real estate industry; and

**WHEREAS**, Palm Beach County has experienced a significant increase in the number of homes foreclosed upon or in the foreclosure process due to the real estate crisis; and

**WHEREAS**, the Palm Beach County Board of County Commissioners intends to utilize all available resources to enable the full recovery of the County's housing and real estate industry from its current negative condition; and

**WHEREAS**, on July 30, 2008 the President of the United States signed the Housing and Economic Recovery Act of 2008 (HERA), as amended, which appropriated \$2 billion for assistance for the acquisition and redevelopment of abandoned and foreclosed homes and residential properties; and

**WHEREAS**, a component of HERA called the Neighborhood Stabilization Program 2 (NSP-2), made available \$2 billion through a nationwide competition, to be used for the purchase, rehabilitation, and redevelopment of abandoned and foreclosed homes and other residential properties; and

**WHEREAS**, on May 4, 2009 Palm Beach County was officially notified of the NSP-2 funding availability, the statutory program requirements, and the application submission deadline of July 17, 2009.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA:**

The County Administrator or his designee is authorized to execute the Neighborhood Stabilization Program 2 grant application, Standard Form 424, Certifications, Agreement with HUD, and all other documents related to implementation of the Neighborhood Stabilization Program 2.

The foregoing Resolution was offered by Commissioner Marcus, who moved its adoption. The motion was seconded by Commissioner Burt Aaronson, and being put to a vote, the vote was as follows:

|                                     |   |     |
|-------------------------------------|---|-----|
| <b>JOHN F. KOONS, Chairman</b>      | - | Aye |
| <b>BURT AARONSON, Vice Chairman</b> | - | Aye |
| <b>KAREN T. MARCUS</b>              | - | Aye |
| <b>SHELLY VANA</b>                  | - | Aye |
| <b>STEVEN L. ABRAMS</b>             | - | Aye |
| <b>JESS R. SANTAMARIA</b>           | - | Aye |
| <b>VACANT (DISTRICT 7)</b>          | - |     |

The Chairperson thereupon declared the Resolution duly passed and adopted this 7th day of July, 2009.

**PALM BEACH COUNTY, FLORIDA, BY ITS BOARD OF COUNTY COMMISSIONERS**

**APPROVED AS TO FORM AND LEGAL SELF SUFFICIENCY**

By: Tammy K. Fields  
Tammy K. Fields, Senior Asst. County Attorney

**ATTEST:**  
**SHARON R. BOCK, Clerk and Comptroller**  
By: Sharon R. Bock  
Deputy Clerk

