

Action Plan

Grantee: Palm Coast City, FL

Grant: B-11-MN-12-0034

Grant Amount:	\$ 1,375,071.00
Status:	Reviewed and Approved
Estimated PI/RL	\$ 0.00
Total Budget:	\$ 1,375,071.00

Funding Sources

No Funding Sources Found

Narratives

Summary of Distribution and Uses of NSP Funds:

NSP3 Funds will be distributed into three activities: Activity 1) Acquisition and Rehabilitation for low, moderate, and middle income homebuyers through purchase assistance per 24CFR570.201(a) and (n) and 570.202 in an amount of \$843,796.00; Activity 2) Acquisition and Rehabilitation for low income beneficiaries through a rental program per 24CFR570.201(a) and 570.202 in an amount of \$393,768.00; and Activity 3) Program Administration in an amount of \$137,507.00.

On December 12, 2012, a minor modification was made to the Action Plan to shift \$50,000 from Activity 1 to Activity 2, in order to cover costs related to acquisition, rehab, and disposition of a unit for low income beneficiaries. This minor modification does NOT trigger a substantial amendment, since this modification does NOT change the purpose, scope, location, or beneficiaries of activities.

On January 8, 2013, a minor modification was made to the Action Plan, Activity 1 & Purchase Assistance. This Activity will also allow, under Eligible Use B, the acquisition, rehabilitation, and disposition of NSP3-eligible properties. This minor modification does NOT trigger a substantial amendment, since this modification does NOT change the purpose, scope, location, or beneficiaries of activities.

On August 22, 2013, a modification to the Action Plan was submitted to HUD to enlarge the Area of Greatest Need, increase the maximum home price limit from \$150,000 to \$175,000, and increase the maximum amount of rehabilitation assistance from \$15,000 to \$30,000. These changes were submitted in order to meet improving real estate market conditions and meet upcoming grant compliance deadlines. This major modification does trigger a substantial amendment and the appropriate public input process was undertaken, including a public comment period, public hearing before the Citizen's Advisory Task Force, and final consideration by the City Council.

How Fund Use Addresses Market Conditions:

The City of Palm Coast carefully selected its NSP3 area of greatest need by first mapping the locations where the NSP1 funds were used. This map was then compared to data and information received from both the RealtyTrac and PolicyMap websites. This comparison revealed that the greatest concentration of foreclosed homes assisted with NSP1 funding were located in the areas of Royal Palms Parkway and White View Parkway. The data received from both RealtyTrac and PolicyMap websites verified that foreclosures continued to be and would continue to be high in this area. A recent survey of the REO properties in the City of Palm Coast area revealed that approximately 30 properties priced between \$80,000 and 280,000 were available. Analysis of the Flagler County housing market conditions from information gathered on RealtyTrac, PolicyMap, the HUD website, and Flagler County Board of Realtors helped to determine suitable target areas. It was noted that over half of the home sales in Flagler County were in the City of Palm Coast. Also, the total sales price of a home in Palm Coast is about \$10,000 lower than the rest of the County. Even at the square foot level, the City is less expensive (\$77) versus the County (\$84). Interest rates have remained at or below 5% the last few months, which are at the lowest levels in over 50 years. Homebuyers are finding sustainable home finance solutions with products such as FHA insured and USDA guaranteed loans. The combination of reduced rates, market decline, and such a large surplus of homes on the real estate market has directly caused increased affordability for all consumers currently looking to purchase a home. The NSP Program helped with this positive change by educating realtors and buyers as well as creating additional incentives to help sell or rent 20+ NSP1 properties in the City. The analysis of this data led the City to decide to carry out the activities described in this Action Plan.

The City of Palm Coast requests approval to enlarge its currently approved Area of Greatest Need (AGN). The current AGN will be enlarged by adding an area that adjoins to the northeast and an area that adjoins to the west of the current AGN. The new AGN will have a northern border that runs along White View Parkway from U.S. Highway 1 to Interstate 95 and the southern border will run along Royal Palms Parkway from U.S. Highway 1 to Interstate 95. These additional areas have been discussed as possible Areas of Greatest Need at the Citizen Advisory Task Force (CATF) and City Council meetings that choose the current AGN. A public comment period for this change was run from March 8



&ndash 22, 2012. No comments or questions were received.

The City is making this request because information being received from potential applicants through a series of City-run webinars and telephone calls to the office indicates that there are very few foreclosed properties available in the current market within the current AGN. It is deemed necessary to enlarge the AGN at this time so that the City can meet its contractual obligation with HUD to expend its NSP3 allocation within the timeline required. The new AGN will increase the total housing units in the AGN from 2,082 to 6,162. It is believed that there will then be enough foreclosures in this new AGN to allow the City to purchase at least 23 homes as stated in its Action Plan.

Additional Information for this request:

Neighborhood ID# - 9590484

Project Summary Sheet Information:

Project Name &ndash Palmcoastc

Total Housing Units &ndash 6,162

NSP3 Need Score &ndash 19

Amendment 3 (date entered into DRGR - August 26) - The City of Palm Coast requests approval to enlarge its currently approved Area of Greatest Need (AGN). The current AGN will be enlarged by adding an area that adjoins to the north of the current AGN. The new AGN will have a northern border that runs along the Palm Coast Parkway from U.S. Highway 1 to Interstate 95 and the southern border will run along Whiteview Parkway from U.S. Highway 1 to Interstate 95. U.S. Highway 1 is the western boundary and Interstate 95 is the eastern boundary. This new area has been discussed as a possible Area of Greatest Need at a Citizen Advisory Task Force (CATF) meeting on August 7, 2013. The CATF recommended approval of the addition to the City Council. The City Council met on August 20, 2013 and approved adding this new area as an AGN. A public comment period for this change was run from July 20 to August 5, 2013. No comments or questions were received. The City of Palm Coast requests this expansion because over the last several weeks the City staff has been working with NSP3 applicants to find properties that fit our program requirements and are located in the current AGN. We are finding that there are only a limited number of foreclosures in the current AGN. This situation is confirmed by the Housing Market Analysis done for the City by the National Community Stabilization Trust (NCST). The Analysis noted that REO properties have steadily declined in Palm Coast. REO sales have dropped from 30% to 13% over the last year. The Analysis also notes that resales and new construction numbers have risen and are becoming the more prominent means of disposition in the City. As has been noted previously, the competition from investors in the purchase of the smaller inventory of homes has also made it more difficult to purchase homes for our clients. The Analysis has noted a greater density of REO's in and north of the current AGN. Therefore, in order to expend its NSP3 funds within the timeframe required, the City would like to expand its current AGN as depicted in the attached map. The City plans on impacting the same number of properties (about 25) as originally planned.

Additional Information for this request:

>Neighborhood ID# - 5195404

Ensuring Continued Affordability:

The City will use the HOME affordability limits in its downpayment assistance and rehabilitation/lease activities. In those activities, as per 24CFR 92.252(e), the City will ensure that all properties receiving NSP funding will be secured by a restriction on the deed and/or recorded mortgage as follows:

Up to \$15,000 = 5 years

\$15,001 - \$40,000 = 10 years

Over \$40,000 = 15 years

New Construction = 20 years

To also help maintain the long-term affordability, it should be noted that interest will not be charged. All soft second, deferred payment mortgages will be at 0% interest.

Definition of Blighted Structure:

A blighted structure is a structure that has substantial deterioration in which conditions are leading to economic distress or endangerment of life. The City Housing Quality Standards agree that the structure is blighted when one or more of the following factors are present:

1. Unsanitary or unsafe conditions;
2. Deterioration of site or other improvement; or
3. Faulty lot layout in relation to size, adequacy, accessibility, or usefulness.

Definition of Affordable Rents:

Affordable Rents are defined as, and shall not exceed, the Fair Market Rents (FMR) published annually by the U.S. Department of Housing and Urban Development for the Palm Coast, Florida MSA. The current rates are listed below:

FMR

Efficiency \$692

1Bedroom \$798

2Bedroom \$1,004

3Bedroom \$1,406

4Bedroom \$1,499

U.S. Department of Housing and Urban Development, 2011

Housing Rehabilitation/New Construction Standards:

The City's NSP Housing Assistance Plan, Florida Residential Building Code, and when more stringent, City Building Code shall be the standard used in the NSP program in the City of Palm Coast. Modern, green building and energy-efficient improvements shall be incorporated in all NSP activities to provide for long-term affordability and increased sustainability of housing and neighborhoods.

Also, per HUD guidance, any gut rehabilitation or new construction of residential buildings up to three stories will be designed to meet the standard for Energy Star Qualified New Homes.

Also, any gut rehabilitation or new construction of mid or high rise multifamily units will be designed to meet American Society of Heating, Refrigerating, and Air-Conditioning Engineers Standard 90.1-2004, Appendix G plus 20%. Other rehabilitation will meet those standards to the extent applicable to the rehabilitation work being undertaken, e.g. replacing older obsolete products and appliances with Energy Star - 46



labeled products. Water efficient toilets, showers, and faucets, such as those with the WaterSense label, will be installed. Where relevant, the housing will be improved to mitigate the impact of disasters, such as earthquake, hurricane, flooding, and fire. Amendment 3 (date entered into DRGR - August 26, 2013) - The City of Palm Coast will also increase the maximum amount of Rehabilitation Assistance from \$15,000 to \$30,000 and maximum purchase price of a home to increase to \$175,000. These increases are deemed necessary so that the City might be able to purchase properties that have increased in value because of the improvement in the local housing market and be able to rehabilitate properties that have been sitting on the market for a long time and therefore, need more repairs. It is also recognized that with the improvement in the housing market, the City has also seen an increase in the costs for rehabilitation.

Vicinity Hiring:

The City will do everything feasible to provide for the hiring of individuals and small businesses that are owned and operated by persons residing in the vicinity of the NSP3 projects, especially Section 3 persons and businesses. This will include, but not be limited to the following; advertising in local newspapers, with the local Workforce Board and colleges and on the City's website for the employees and businesses that the City will need to carry out its Abbreviated Action Plan. The City will issue RFP's specifically seeking persons/businesses that are engaged in landscaping, painting, debris removal, and related services to accomplish this goal. The City will still adhere to the local, State, and Federal procurement procedures in this hiring process.

Procedures for Preferences for Affordable Rental Dev.:

The City will use its set-aside activity for rental housing. There is a lack of rental housing especially for low income households who cannot afford to purchase a home. The City expects to expend \$393,768 to purchase three properties to be used as rental property. The City will confer with Mid-Florida Housing Partnership, Inc. to determine the preferences for rental housing created. Rental Housing Preference is defined as the preference given to specific groups of families with the greatest housing needs. These preferences are established to reflect the rental needs of the local community. The City will also confer with the MFHP to determine the appropriate area and properties for rental housing.

Grantee Contact Information:

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Project Summary

Project #	Project Title	Grantee Activity #	Activity Title
9999	Restricted Balance	<i>No activities in this project</i>	
ACT1-PA	Activity 1 - Purchase Assistance	ACT1-PA	Purchase Assistance
ACT2-RLH25	Activity 2 - Rental Low Income 25%	ACT2-RLH25	Low Income Rental - Set-Aside
ACT3-ADMIN	Activity 3 - Program Administration	ACT3-ADMIN	Program Administration

Activities



Grantee Activity Number: ACT3-ADMIN
Activity Title: Program Administration

Activity Type:

Administration

Activity Status:

Under Way

Project Number:

ACT3-ADMIN

Project Title:

Activity 3 - Program Administration

Projected Start Date:

06/01/2011

Projected End Date:

05/31/2014

National Objective:

Not Applicable - (for Planning/Administration or Unprogrammed Funds only)

Total Budget:

\$ 137,507.00

Other Funds Total:

\$ 0.00

Total Funds Amount:

\$ 137,507.00

Environmental Assessment:

EXEMPT

Benefit Report Type:

NA

Activity is being carried out by Grantee:

Yes

Activity is being carried out through:

Grantee Employees and Contractors

Organization carrying out Activity:

City of Palm Coast

Proposed budgets for organizations carrying out Activity:

Responsible Organization

City of Palm Coast

Organization Type

Local Government

Proposed

\$ 137,507.00

Location Description:

Area of Greatest Need is generally located in the areas bordered by Royal Palms Parkway and White View Parkway between US1 and I95.

Activity Description:

NSP3 Program Administration Funds will be used to pay reasonable and necessary expenses of implementing the program. This includes but is not limited to City staff salaries, office supplies, and the engagement of a consulting firm to provide administrative and rehabilitation assistance.



Grantee Activity Number: ACT2-RLH25
Activity Title: Low Income Rental - Set-Aside

Activity Type:
 Rehabilitation/reconstruction of residential structures

Activity Status:
 Under Way

Project Number:
 ACT2-RLH25

Project Title:
 Activity 2 - Rental Low Income 25% Set-Aside

Projected Start Date:
 06/01/2011

Projected End Date:
 05/31/2014

National Objective:
 LH25: Funds targeted for housing for households whose incomes are at or under 50% Area Median Income.

Total Budget: \$ 393,768.00

Other Funds Total: \$ 0.00

Environmental Assessment:
 UNDERWAY

Total Funds Amount: \$ 393,768.00

Benefit Report Type:
 Direct (Households)

Proposed Beneficiaries	Total	Low	Mod	Low/Mod%
# Renter Households	3	3		100.00
# of Households	3	3		100.00

Proposed Accomplishments	Total
# of Singlefamily Units	3
# of Housing Units	3
# ELI Households (0-30% AMI)	

Activity is being carried out by Grantee:
 Yes

Activity is being carried out through:
 Contractors

Organization carrying out Activity:
 City of Palm Coast

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed
City of Palm Coast	Local Government	\$ 393,768.00

Location Description:

Area of Greatest Need is generally located in the areas bordered by Royal Palms Parkway and White View Parkway between US1 and I95.

Activity Description:

Per 24CFR570.201(a) and 570.202, the Acquisition and Rehabilitation activity will address neighborhood stabilization within the identified target area through the purchase and rehabilitation of NSP eligible properties for lease to income qualified households. It is with this activity that the City will address the rental needs. Current price and financing market conditions will make rental units more feasible for VLI beneficiaries.

The City will select a non-profit or for-profit partner to purchase and manage NSP rental property in the area of greatest need. The City will have a formal written agreement with the partner which will outline the scope of work, budget, and procedures for reimbursement, allowable costs, and reporting and management requirements, in addition to any federal, state or local requirements that apply. The City or a contracted project manager shall monitor the partner to ensure compliance with HUD



guidelines. Renters of properties purchased with NSP funds must have a household income below 50% of the most recently published HUD Area Medium Income (AMI) table, as adjusted for family size. Units will be rented for no more than the Fair Market Rents (FMR) as published annually by HUD. However, the entity selected to own/manage the rental housing unit will review the current fair market rent and may reduce the rents to ensure that they are affordable to tenants at 50% of AMI. The City will apply rental preferences, as defined on page 2, to these rental properties being purchased through the set-aside activity. All set aside units will be rental properties.

The rehabilitation cost for properties acquired through this activity shall not exceed 50% of the appraised value of the housing unit. Rehabilitation standards will be those expressed in Section 3.1 of the NSP Housing Assistance Plan and as required by HUD which is noted in the Housing Rehabilitation Standards on page 3 of this plan.

The City will monitor the properties that are assisted with NSP funds during the affordability period of up to 15 years. This affordability period will be imposed through a restriction on the deed and/or mortgage recorded at the time a partner begins rental operation of the housing unit. Should the property be sold or other qualifying events occur before the end of the affordability period, all NSP funds must be repaid.

All URA requirements and local anti-displacement policies will be followed. Through training and procedures, the City intends to avoid any displacement of tenants that trigger URA. The focus of this program will be REO and other NSP eligible properties that do not trigger URA. Normal notice to the seller concerning URA rights and visual inspections of the property before contract offer and closings will be used to prevent URA compliance activities, where possible.

The City will do everything it can to provide for the hiring of individuals and small businesses that are owned and operated by persons residing in the vicinity of the NSP3 projects. This will include but not be limited to advertising in local newspapers and on the City's website for the employees and businesses that the City will need to carry out its Action Plan. The City will specify in partner contracts that partners will reach out to individuals in the target area when hiring new employees. The City will still adhere to the local, State, and Federal procurement procedures in this hiring process.

The City will create preferences for the development of affordable rental housing by conferring with partners to determine an appropriate area of need and properties for rental housing.



Grantee Activity Number: ACT1-PA
Activity Title: Purchase Assistance

Activity Type:

Homeownership Assistance to low- and moderate-income

Activity Status:

Under Way

Project Number:

ACT1-PA

Project Title:

Activity 1 - Purchase Assistance

Projected Start Date:

06/01/2011

Projected End Date:

05/31/2014

National Objective:

LMMI: Low, Moderate and Middle Income National Objective for NSP Only

Total Budget:

\$ 843,796.00

Other Funds Total:

\$ 0.00

Total Funds Amount:

\$ 843,796.00

Environmental Assessment:

UNDERWAY

Benefit Report Type:

Direct (Households)

Proposed Beneficiaries

Owner Households

Total	Low	Mod	Low/Mod%
20		20	100.00
20		20	100.00

of Households

Proposed Accomplishments

of Singlefamily Units

Total

20

of Housing Units

20

Activity is being carried out by Grantee:

No

Activity is being carried out through:

Organization carrying out Activity:

City of Palm Coast

Proposed budgets for organizations carrying out Activity:

Responsible Organization

City of Palm Coast

Organization Type

Local Government

Proposed

\$ 843,796.00

Location Description:

Area of Greatest Need is generally located in the areas bordered by Royal Palms Parkway and White View Parkway between US1 and I95.

Activity Description:

Per 24CFR570.201(a) and (n) and 570.202, the Purchase Assistance Program will address NSP eligible scattered sites within the identified target area through direct assistance to eligible homebuyers by providing down payment assistance not to exceed \$30,000. Additional assistance of up to \$15,000 may address code and/or safety related rehabilitation financing, as needed. All participants will be required to have a minimum of eight hours of homebuyer counseling from a HUD approved counseling agency.

By a minor modification and clarification to this activity, the City of Palm Coast also intends, per 24CFR570.201(a) and (b) and 24CFR570.202, under Eligible Use B – Purchase and rehabilitate homes, to provide up to \$150,000 to LMMI homebuyers for the acquisition, rehabilitation, and disposition of NSP3-eligible properties. The City of Palm Coast will contract with a Community Based Organization for the purchase, rehab, and reselling of these properties.



The City will monitor the properties that are assisted with NSP funds during the affordability period of up to 15 years. All properties receiving NSP funding will be secured by a restriction on the deed and/or recorded mortgage on the property. Subsidy recapture provisions will be defined as a soft second mortgage with zero percent interest. Recapture period will be 10 years for assistance of \$40,000 or less and 15 years for assistance over \$40,000.

The City will do everything it can to provide for the hiring of individuals and small businesses that are owned and operated by persons residing in the vicinity of the NSP3 projects, especially Section 3 persons and businesses. This will include but not be limited to advertising in local newspapers and on the City's website for the employees and businesses that the City will need to carry out its Abbreviated Action Plan. The City will specifically look for persons/businesses that are engaged in landscaping, painting, and debris removal to accomplish this goal. The City will still adhere to the local, State, and Federal procurement procedures in this hiring process.

The City will create preferences for the development of affordable rental housing by conferring with partners to determine an appropriate area of need and properties for rental housing.

Action Plan History

Version	Date
B-11-MN-12-0034 AP#1	09/17/2013
B-11-MN-12-0034 AP#2	01/08/2013
B-11-MN-12-0034 AP#3	04/12/2011
B-11-MN-12-0034 AP#4	12/13/2012
B-11-MN-12-0034 AP#5	04/10/2012

