

Grantee: Palm Coast City, FL

Grant: B-11-MN-12-0034

January 1, 2015 thru March 31, 2015 Performance Report



Grant Number:

B-11-MN-12-0034

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

Palm Coast City, FL

Contract End Date:**Review by HUD:**

Original - In Progress

Grant Award Amount:

\$1,375,071.00

Grant Status:

Active

QPR Contact:

Michael Falgout

LOCCS Authorized Amount:

\$1,375,071.00

Estimated PI/RL Funds:

\$138,143.83

Total Budget:

\$1,513,214.83

Disasters:

Declaration Number

NSP

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.

On July 18, 2014, a minor budget modification was made to the Action Plan to shift the remaining funds in the amount of \$10,653.08 from Activity 2 to Activity 1. This minor budget modification does not trigger a substantial amendment, since the modification does NOT change the purpose, scope, location, or beneficiaries of activities.

On September 23, 2014, a minor budget modification was made to the Action Plan to shift funds in the amount of \$25,014.13 from Activity 3 to Activity 1. This minor budget modification is being made in advance of grant close out. This minor budget modification does not trigger a substantial amendment, since the modification does NOT change the purpose, scope, location, or beneficiaries of activities.

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 – 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 – Palmcoast

Total Housing Units – 6,162

NSP3 Need Score – 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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Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$1,513,214.83
Total Budget	\$0.00	\$1,513,214.83
Total Obligated	\$0.00	\$1,513,214.83
Total Funds Drawdown	\$0.00	\$1,513,214.83
Program Funds Drawdown	\$0.00	\$1,375,071.00
Program Income Drawdown	\$0.00	\$138,143.83
Program Income Received	\$0.00	\$138,143.83
Total Funds Expended	\$0.00	\$1,513,214.83
Match Contributed	\$0.00	\$0.00

Progress Toward Required Numeric Targets

Requirement	Required	To Date
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$206,260.65	\$0.00
Limit on Admin/Planning	\$137,507.10	\$126,307.25
Limit on State Admin	\$0.00	\$126,307.25

Progress Toward Activity Type Targets

Activity Type	Target	Actual
Administration	\$137,507.10	\$126,307.25

Progress Toward National Objective Targets

National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	\$343,767.75	\$383,114.92

Overall Progress Narrative:

The City of Palm Coast has expended all grant funds on eligible activities, met the 25% set-aside requirement, and all units are occupied. The City of Palm Coast is ready to close out the NSP3 grant.



Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
9999, Restricted Balance	\$0.00	\$0.00	\$0.00
ACT1-PA, Activity 1 - Purchase Assistance	\$0.00	\$1,003,792.66	\$879,463.21
ACT2-RLH25, Activity 2 - Rental Low Income 25% Set-Aside	\$0.00	\$383,114.92	\$383,114.92
ACT3-ADMIN, Activity 3 - Program Administration	\$0.00	\$126,307.25	\$112,492.87



