



CITY OF LAKE WORTH

7 North Dixie Highway · Lake Worth, Florida 33460 · Phone: 561-586-1600 · Fax: 561-586-1798

**AGENDA
CITY OF LAKE WORTH
JOINT CITY COMMISSION/COMMUNITY REDEVELOPMENT AGENCY
WORK SESSION
COMPASS CENTER
201 NORTH DIXIE HIGHWAY
TUESDAY, APRIL 27, 2010 - 6:00 PM**

1. ROLL CALL:

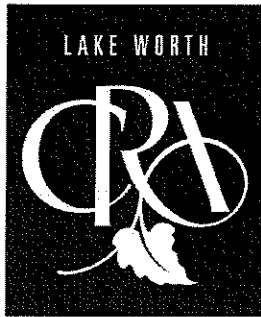
2. UPDATES/FUTURE ACTION/DIRECTION:

A. Neighborhood Stabilization Program II update

3. ADJOURNMENT:

If a person decides to appeal any decision made by the board, agency or commission with respect to any matter considered at such meeting or hearing, he or she will need a record of the proceedings, and that, for such purpose, he or she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. (F.S. 286.0105)

NOTE:ONE OR MORE MEMBERS OF ANY BOARD, AUTHORITY OR COMMISSION MAY ATTEND AND SPEAK AT ANY MEETING OF ANOTHER CITY BOARD, AUTHORITY OR COMMISSION.




LAKE WORTH
COMMUNITY REDEVELOPMENT AGENCY
29 SOUTH J STREET, SUITE 1
LAKE WORTH, FLORIDA 33460-3787
www.lakeworthcra.org

Phone: (561) 493-2550
Fax: (561) 493-2549

MEMORANDUM

TO: Mayor, Vice Mayor and Members of the Commission
Chair, Vice-Chair and Members of the Board

CC: Susan Stanton, City Manager

FROM: Joan C. Oliva, Executive Director 

DATE: April 27, 2010

SUBJECT: Neighborhood Stabilization Program (NSP-2) Update

EXPLANATION:

At the last joint meeting between the City and CRA in February, most of the discussion centered on the Neighborhood Stabilization Grant awarded to the Lake Worth CRA consortium. The Staff memo from that meeting is attached as **Exhibit "A."** In preparation for this joint meeting, Staff has provided a brief update for the Board to review and a list of items and issues that need immediate attention in order for the Program to move forward in an effective and efficient manner.

Update on NSP-2

Over the past two months the CRA and consortium have completed the following:

- Executed agreements with all consortium members
- Developed participant applications for interested households
- Gained access to reporting systems and submitted reports
- Held a public workshop to explain the program
- Continue working with National Community Stabilization Trust to access properties
- Working with our acquisition team to streamline inspection and buying procedures
- Meeting on a continual basis with partners on such issues as marketing, intake and the provision of social services when needed
- Discussions and meeting with our assigned Miami HUD Staff

- CRA Board passed Resolutions 2010-01 and 2010-02, authorizing a process for both acquisition and conveyance of properties

Over the next few months Staff will be involved in more in-depth training and will be familiarizing themselves with the several required reporting programs and web sites. Meanwhile property inspection and acquisition will be taking place. An RFP will be advertised for a firm to provide performance auditing services. A policy and procedure manual is almost complete and will include reporting and payment procedures, acquisition, relocation and affirmative action policies, to name a few. Discussions with Finance regarding the need for quick turnaround for NSP- related payment as well as accounting and reporting policies will be undertaken shortly.

Property acquisition in the target area remains the number one priority of the program. To that end, the CRA needs confirmation from the City will work cooperatively with the CRA on the issues listed below. Several of these were addressed in a letter from Commissioner Grimm in February. A copy of the letter is attached for review as **Exhibit "B."**

The CRA will need:

- quick access to property files
- information on any outstanding code cases, fines associated with the property
- information on any outstanding utility fees

Most of the foreclosed properties will have code violations and working on properties one by one will cause the program to come to a virtual standstill. These fines and fees should be waived in a timely fashion so acquisition, conveyance and eventual rehabilitation can proceed. This could be addressed, perhaps, by drafting a resolution, to be approved by the City Commission and special monthly magistrate meetings to address target area properties. Any increased fees associated with the acquisition of properties decreases the amount of funds that are available for property rehabilitation. The CRA hopes to be able to go above and beyond typical rehabilitation costs to make as many homes as possible "green" according to Florida Green Building Coalition (FGBC) so monthly housing costs remain affordable.

Surplus Properties

The City Commission and the CRA began talking about using the City surplus properties when the application for the grant was underway. Since that time the City has identified additional properties owned by both the City and the County that are in the target area. If the City Commission would like to use these properties for affordable housing, conveying them to the CRA for use in the NSP-2 program would be the most judicious since time is of the essence and a plan has already been established. The CRA could potentially use some of these properties for the Cultural Renaissance Program as well.

These are just some of the immediate concerns that need attention. Over the next six months, as acquisition and rehabilitation begin, more issues will arise. At this time we know for certain that it will take a cooperative attitude and problem-solving skills to jump over both the hurdles we see and those we do not.

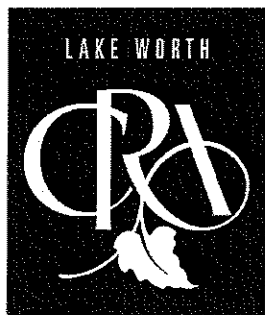


Exhibit "A"

LAKE WORTH
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LAKE WORTH, FLORIDA 33460-3787
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Phone: (561) 493-2550
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MEMORANDUM

TO: Mayor, Vice Mayor and Member of the Commission
Chair, Vice-Chair and Members of the Board

CC: Susan Stanton, City Manager

FROM: Joan C. Oliva, Executive Director

DATE: February 9, 2010

SUBJECT: NSP-2 Award and Plan

EXPLANATION:

The American Recovery and Reinvestment Act of 2009 was signed into law by President Obama on February 17, 2009. The Recovery Act includes \$13.61 billion for projects and programs administered by the Department of Housing and Urban Development, nearly 75 percent of which was allocated to state and local recipients. Almost \$2 billion of those funds were made available for the Neighborhood Stabilization Program (NSP-2) to help stabilize neighborhoods that continue to suffer the deepening economic effects of devaluation and foreclosure. Eligible entities included states, units of general local government, nonprofit entities, and consortium of nonprofit entities.

The Lake Worth CRA, in conjunction with other consortium partners, prepared a grant application in July 2009 in pursuit of NSP-2 funds for our target area. The total request amount was \$23.2M. On January 14, 2010, we received official word that our application was fully funded. While 482 applications were submitted, with requests totaling over \$15 billion, only 56 rewards were given. These 56 applicants were able to leverage over \$500M in public and private assets. The Lake Worth CRA was one of only seven organizations in the state of Florida to receive these funds. Many organizations that did receive funding were awarded only a portion of their requested amount. The Lake Worth CRA was one of only seven organizations in the state of Florida to receive funding and one of several to receive the total requested amount.

This colossal accomplishment could not have been done without our dedicated Staff, the CRA Board and the help of our partners. CRA leadership and our partnership with these organizations will be pivotal in implementing this comprehensive program for stabilization. A list of Lake Worth Consortium Partners is included in the Program Summary which is included as **(Exhibit "A")**.

To indicate to HUD that the entity or consortium has the ability to carry out NSP-2 approved activities, we had to demonstrate that the entity or consortium completed activities, including demolition, rehabilitation and new construction, during the past 24 months involving at least 75 units of housing. In the short time allotted for preparation of the application, the CRA in working with its partners were able to bring together a group of agencies and firms that fulfilled the many requirements of the grant. The purpose of requiring a demonstrated history and proof of capacity was to ensure that once the funds were allocated, the lead entity could immediately begin implementing the plan. For this reason, the CRA and our partners are not required to competitively procure subs and developers. The list of people we intend to engage are listed as our consortia partners. Deviation from the Plan will result in the award being reconsidered.

The CRA, as lead agency, must execute written agreements with all partners within a very limited time frame. The Agency must expend at least 50% of its award within two years and 100% of its award within three years. Any program income received must also be expended and used for activities included in the Plan.

The Agency is required to use the Disaster Grant Recovery System (DRGR) to set up activities, draw funds and routinely report progress. The system will assist with providing data and a method to track progress. Over the next several months, Staff and our partners will be extremely busy setting up policies and procedures so the grant can function effectively and timely. There is a significant amount of federal requirements that must be met. Staff and our partners have been attending as much training as possible to ensure the program's success. Compliance is crucial and therefore an effective financial management system must be put in place to ensure eligible costs are tracked, report program income and keep financial records up to date. In addition, an audit must be conducted on the lead agency and all partners. The CRA, as lead, agency is responsible for all aspects of the program including expenditures reporting, oversight and monitoring.

The Plan

The Lake Worth NSP Consortium will use NSP-2 funds to arrest decline and initiate measures to help revitalize the target area (**Exhibit "B"**). The target area includes 1764 parcels with approximately 130 units in foreclosure and 170 in pre-foreclosure (as of July 2009). The CRA will acquire 130 properties that have been foreclosed or abandoned due to foreclosure. Rehabilitation will be completed on 90 homes, 10 properties will be demolished and replaced with newly constructed homes and 30 properties will be held in a land bank.

NSP activities will include:

Acquisition & Rehabilitation – Due to the high number and rate of foreclosure, this will be the single most important factor in stabilizing the target area. The area has an older housing stock. According to the US Census, 84.3 % of housing structures in the city were built before 1979. Many of these homes needed significant rehabilitation prior to the current market downturn. This is also evidenced by the large number of code violations, an average of 5.6 per property. Energy efficiency and the incorporation of green building practices will be incorporated into rehabilitation projects and new construction.

Financing Mechanisms – This will also be a critically important strategy for stabilizing this area because there will be no subsidy funding available through Florida's Housing Trust Fund due to the legislature sweeping almost all of the funds for general revenues. Since 1992, when the state housing trust fund was first authorized, documentary stamp taxes have been collected on each real estate transaction specifically for financing affordable housing activities. Palm Beach County is a high cost county but subsidy funds made available through the state housing trust fund made homeownership a possibility, especially for households making less than 60% of AMI. No subsidy funding is being made available at a

time when more households could potentially afford homeownership so offering financing for deep income targeting will be critical to achieving our stabilization goals. A HUD Area Medium Income chart is provided on page five.

Land Banking – This activity will provide immediate relief in terms of helping to stabilize home prices and revitalize the neighborhood while providing long term affordability strategies when home prices begin to rebound. In 2005, homes in Lake Worth became virtually unaffordable due to the rising home prices in South Florida. Habitat for Humanity proposes to land bank 30 properties in the area in order to provide safe, decent and affordable housing for those making 30-80% or AMI.

Demolition – Although demolition will be used as a last resort in an effort to stabilize the neighborhood, there are properties within the target area where rehabilitation efforts would be more expensive than demolition and new construction. This activity will be limited to no more than 10% of the structures within the NSP revitalization plan.

New Construction - This activity will mitigate the demolition we will be undertaking. New homes will be built to Florida Green Building Standards for maximum efficiency and sustainability and to provide savings on homeowners' utility bills.

The activities planned under this application will promote the immediate arrest of decline in the target area. The homes will be accessible to the local workforce with fifty percent of the homes being targeted for those making 50-120% of AMI and fifty percent being targeted for those making 50% of AMI and below. Financing will be an important factor in enabling lower income families to become homeowners. We will also be offering rental opportunities for 25 families with lower incomes and address other challenges such as credit problems and underemployment.

In addition, the land banking activities will ensure that 30 additional homes will be available to those making 30-80% of AMI. Habitat will construct these homes as the market recovers but all units will be completed well before the 10 year deadline for use.

Specific Roles in Stabilization Implementation

25 Purchase/Lease to Own Properties - Adopt-A-Family - Adopt-A-Family of the Palm Beaches, Inc. (AAF) will purchase, rehabilitate, and rent/sell 25 homes acquired through NSP activities for persons earning less than 50% of the Area Median Income (AMI) to be held in perpetuity through the AAF Community Land Trust (CLT). Of these properties, 20 will be acquisition and rehabilitation and 5 will be acquisition followed by demolition and new construction.

25 Rental Properties

Additionally, AAF will purchase, rehabilitate, and rent 25 units of housing to persons earning less than 120% of the AMI, with preference being given to persons earning less than 50% of the AMI. These units will also be held in perpetuity through the AAF CLT. AAF will also provide comprehensive case management services to all families housed under NSP II. Case management services include budget counseling, homeowner education, aftercare for school-aged children, a variety of parent and children support groups, mental health and substance abuse classes and mainstream navigational services. Additional services include access to a food pantry, a clothing closet, and a store of household goods, as well as a strong and vibrant resident council.

30 Units for 30-80% of AMI - Habitat for Humanity – Habitat will rehabilitate 30 homes in the target area and upgrade an additional 10 adjoining homes with energy efficient improvements and moderate improvements such as painting and minor landscape. All new construction and rehabilitation work will be done to green building standards as established by the Florida Green Building Coalition (FGBC), installation of energy star appliances, and will meet all specified wind mitigation standards. HFHPBC

feels that all of these efforts are needed to have the local communities take pride in their "new" neighborhoods and to provide safe, healthy and affordable homes.

30 Land Bank Properties

Additionally, Habitat for Humanity will be acquiring 30 properties to be held in their land bank. These properties will be developed into owner occupied housing units for those making from 30-80% of AMI. Habitat will construct these homes as market recovery occurs to insure there is full market absorption of these units. The land bank properties will be used for housing well within the 10-year timeframe.

20 Units for 120% and below of AMI – Lake Worth CRA – The CRA will purchase, rehabilitate, and rent/sell 25 homes acquired through NSP-2 activities for persons earning 120% or less of AMI. Of these units, 15 will be acquisition and rehabilitation and 5 will be acquisition, demolition and new construction.

The non-profit Consortium Partners include agencies and organizations that can provide services and programs, in addition to housing, so a comprehensive plan of stabilization can evolve. These other services include financing, counseling, education and skills training, access to employment opportunities and other support services. The for-profit partners include local developers to provide rehabilitation, demolition services, and new construction, as well as, a firm to provide such services as appraisals, inspections and property maintenance. An accounting firm will also be hired to provide annual audits.

Over \$2.8M was committed from the CRA and our partners as leverage for the NSP program. The CRA committed \$1.8M for the continued funding of the Cultural Renaissance Program. The plan, as envisioned, was to marry both residential and commercial redevelopment, both necessary building blocks for overall and sustainable redevelopment.

At the last joint meeting, the Board and Commission discussed the Cultural Renaissance Program at length. Minutes from that meeting are included as **Exhibit "C."** When the program was envisioned, the Board sought to hire a firm that would not develop a plan document but, instead, develop and implement a program. Discussions with our consultants, Hands-On, are ongoing and the future scope of services and work product will be discussed by the CRA Board at the next regularly scheduled meeting. The consultants will be given direction on how to proceed, what the Board's expectations are and what the program will encompass moving forward.

Implementation of the NSP-2 program will be a substantial undertaking. As mentioned earlier, Staff continues, along with our partners, to become familiar with the process and requirements so we can develop policies and procedures. A workshop is planned for March to provide information to the public. In the meantime, Staff will be updating the Board at regular Board meetings and posting information on the web site as it becomes available.

The CRA, working with its partners, has an incredible opportunity to initiate a program and provide services that will have a significant impact on the City. Successful implementation of this program provides us the opportunity to leverage other funding while also providing the City with an opportunity to demonstrate needed capacity, skills and resources. With success comes the opportunity to realize additional federal funding in the near future.

FY 2009 Income Limits for 120% of HUD Area Median Income
 AMI for West Palm/Boca MSA is \$67,600

1 person household	2 person household	3 person household	4 person household	5 person household	6 person household	7 person household	8 person household
63360	72360	81480	90480	97680	105000	112200	119400

FY 2009 Income Limits for 80% of HUD Area Median Income

1 person household	2 person household	3 person household	4 person household	5 person household	6 person household	7 person household	8 person household
42200	48250	54250	60300	65950	69950	74750	79600

FY 2009 Income Limits for 50% of HUD Area Median Income

1 person household	2 person household	3 person household	4 person household	5 person household	6 person household	7 person household	8 person household
26400	30150	33950	37700	40700	43750	46750	49750

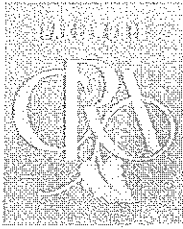


EXHIBIT "B"

LAKE WORTH COMMUNITY REDEVELOPMENT AGENCY 29 SOUTH J STREET SUITE 1 LAKE WORTH, FL 33460 T : 561 493 2550 F : 561 493 2549 LAKEWORTHCRA.ORG

Mayor, Vice Mayor and Commissioners,

At the last joint City Commission / CRA meeting a great deal was accomplished; however, a number of issues which required more specific detailed discussion were not addressed. While I am in agreement with commissioner Jennings suggestion that we conduct monthly or bi-monthly workshops in order to ensure successful implementation of the NSP-2 funds, it is equally important for the City Commissioners to include discussions and possible action regarding NSP-2 implementation at regular meetings. This is extremely important for three reasons. One, workshop meetings do not allow either board to vote on a required action. Two, all participants within the consortium will be discussing their roles with their respective boards in order to ensure the success of this program. Finally, the speed at which the city will need to respond to issues that will arise during the next 36 months requires that this subject be included in nearly all City Commission meetings.

The following are three issues that the City Commission should include as discussion items and give clear direction to staff as soon as possible.

Code Compliance Fines & Administrative Fees;

Property acquisition will be the number one priority of the NSP-2 program. The purchase of one hundred and thirty foreclosed residential properties is required in order to fulfill the goals stated in the application for NSP-2 funding. When the CRA acquires a foreclosed property within the NSP-2 target area, it will be very likely that a code case exists. Since clear title will be required for the development of the properties, the removal by the city of all code related fines and administrative fees would be needed. This is of course is a logical request in so far as we agree that the City of Lake Worth and the Lake Worth CRA are 'one and the same' therefore it would be counter productive to charge 'oneself' for fines and fees. Also, if fines and fees will be removed from CRA purchased foreclosed properties within the NSP-2 target area, then all code compliance staff activity on these properties should be halted immediately in order for staff to focus its limited resources for code cases outside the NSP-2 target area. Furthermore, the payment of fines and or fees is not an eligible activity under the NSP-2 guidelines. Finally, the fines and fees relating to these properties are not "realized" monies and in many cases will never be realized. So then it should be agreed that the unimpeded development of the subject properties and their long-term contribution to our city budget is a superior strategy than one, which attempts to collect fees for the short-term budget solution.

Surplus Properties;

A strategy for the disposition of surplus property is needed immediately. It is essential that the CRA have a clear-cut understanding of the quantity, location, ownership, duration and cost of the surplus property both residential and commercial within the boundaries of the entire CRA district. This must occur before the CRA begins its acquisition of property so as to ensure the highest level of success for the NSP-2 program and other future development strategies within the entire CRA district. Once again it will be imperative for the City to eliminate any cost to the CRA for the transfer of surplus property because of the previously mentioned condition that we are essentially "one and the same" and so we would not charge ourselves. I have attached a list of surplus properties in the NSP-2 target area for your review. Please consider the transfer of these properties to the CRA for use in our NSP-2 affordable housing program.

Demolition;

The city of Lake Worth has the ability to access the demolition program at Palm Beach County Housing and Community Development but has not utilized the program for a number of years. The CRA is currently identifying numerous properties within the district that could be candidates for the program. Since the NSP-2 program allows for only ten demolitions, access to the County program is desired. The CRA understands access to County funding for demolition is very limited. Since County staff must process all county wide applications and divide the funding between all applicants access to the program may limit the City to as few as 6-12 demolitions annually. Given these expectations the CRA would be fortunate to contribute a few demolition requests per year, which would be very helpful because it is not the volume of demolitions needed as much as the flexibility access to this program would provide our Board in its attempt to fulfill the goals of NSP2.

The most challenging component of a successful NSP-2 Grant will be the ability of the City of Lake Worth (commission and staff), the CRA (board and staff) and the coalition partners attempting to create a harmonious relationship in which all members are willing and ready to respond responsibly to one another's needs. By including NSP-2 discussions at regular meetings, your board will be contributing to all of our success.

Sincerely,



Edward Grimm
Lake Worth CRA Commissioner

City Owned

Address	PCN	Comments
25 S. F ST	38-43-44-21-15-009-0270	Possible Rehab of Structure
215 N. H ST	38-43-44-21-15-056-0250	Vacant Lot
211 N. H ST	38-43-44-21-15-056-0270	Vacant Lot
328 N. C ST	38-43-44-21-15-074-0140	Vacant Lot
325 N. D ST	38-43-44-21-15-074-0210	Boarded Up-Possible Structural Damage-Likely Demo
304 S. F ST	38-43-44-21-15-123-0130	Vacant Lot
331 S. E ST	38-43-44-21-15-127-0320	Boarded Up-Could be Rehabed
1310 LAKE AVE	38-43-44-21-15-504-0130	Duplex-Likely Rehab
626 S. E St.	38-43-44-21-15-199-0020	Vacant Lot
902 N. C St.	38-43-44-21-15-266-0010	Boarded Up-Could be Rehabed
225 S. E St.	38-43-44-21-15-075-0282	Vacant Lot

County Owned

Address	PCN	Comments
319 N. H Street	38-43-44-21-15-082-0230	Vacant Lot
622 N. H Street	38-43-44-21-15-182-0110	Vacant Lot
627 S. H Street	38-43-44-21-15-203-0160	Vacant Lot