CITY OF PORT ST LUCIE

COUNCIL AGENDA MEMORANDUM

Agenda Item #: 9E
Meeting Date: 11/10/2014

TO: Mayor and City Council

THRU: Jeff Bremer, City Manager
Patricia Roebling, Interim Assistant City Manager

FROM: Patricia J. Selmer, Director, Community Services

Agenda Item: Motion: Public Hearing: NSP3 Program - Substantial Action Plan Amendment No. 3 to Extend Areas of Greatest Need

Submittal Date: 10/27/2014

BACKGROUND: City Council approved the original NSP3 Substantial Action Plan Amendment (No. 1) in February 2011. A subsequent amendment (No. 2) was approved in March of 2012 in order to extend the area of greatest need (targeted area) from one Census Block within Census Tract 20.05 to the entire census tract. This change was made in order to increase the amount of foreclosed properties that were available for purchase under the program. Community Services has over $500,000 in program income available for purchasing additional foreclosed properties in the NSP3 program area. However, we are finding that a majority of these properties do not qualify for purchase due to the following reasons: Purchase price is above $100,000 and the home cannot be repaired and sold for a sales price that is affordable to a low, mod or middle income household; Many homes in the area have swimming pools and do not qualify under the City's policies for affordable housing; Many of the smaller houses are two bedroom, which have proven to be unpopular and hard to market, especially to families with children; Some of the older homes were built with substandard construction methods and should be demolished, but building new homes on these lots is not economically feasible at this time.

ANALYSIS: Community Services is proposing an additional NSP3 substantial action plan amendment (No 3) to extend the areas of greatest need to include all of the NSP1 areas, except for one census tract (16.03) that no longer qualifies. The areas of greatest need for NSP3 will contain the following Census Tracts: Census Tracts 15.03, 18.01, 18.02, 20.00, 20.01, 20.02 20.03, 20.05, 21.04, 21.05. We anticipate that

RECEIVED
OCT 27 2014
City Manager's Office

a larger targeted area will allow us to get closer to meeting our original goals for NSP3 and utilize the funding that remains unencumbered.

FINANCIAL INFORMATION: N/A

LEGAL INFORMATION: N/A

STAFF RECOMMENDATION: Motion to approve NSP3 Program - Substantial Action Plan Amendment No. 3

SPECIAL CONSIDERATION: N/A

PRESENTATION INFORMATION: N/A

REQUESTED MEETING DATE: 11/10/2014

LOCATION OF PROJECT: See attached map comparing original and revised areas of greatest need

ATTACHMENTS: Substantial Action Plan Amendment No. 3; Targeted Areas Map.

NSP3 PROGRAM - SUBSTANTIAL ACTION PLAN AMENDMENT NO. 3

City of Port St. Lucie NSP3: Extension of Areas of Greatest Need

Introduction

On March 14, 2011, the City of Port St. Lucie entered into a grant agreement with HUD for $3,515,509 in NSP3 funds. The City has used these funds to make a substantial impact in terms of clearing blight, providing affordable homeownership opportunities, and creating jobs—all within the expenditure deadline of 3/9/2014. The NSP3 funds, along with program income, have been used to purchase 31 foreclosed, abandoned, and vacant residential properties, rehabilitate 29, build one (1) new home and sell 30 rehabbed or rebuilt homes to low-, moderate-, and middle-income families. Another home is in the process of being repaired, and two (2) have been repaired and are awaiting sale to qualified buyers. We also rebuilt 3 homes that were purchased and demolished with NSP1 funding, as they were located in the NSP3 area of great need.

The City still has over $500,000.00 in program income available and is seeking additional foreclosed homes for purchase and rehab in the NSP3 areas of greatest need (targeted areas). Demographics available from HUD indicate that the area (Census Tract 2005) still has a NSP3 Need Score of 20 and an estimated delinquent mortgage percentage of 22.9, but the houses that have been available for purchase do not meet the City's qualifications for purchase due to one or more of the following issues:

- Purchase price is above $100,000 and the home cannot be repaired and sold for a sales price that is affordable to a low, mod or middle income household.
- Many homes in the area have swimming pools and do not quality under the City's policies for affordable housing.
- Many of the smaller residences are two bedroom, which have proven to be unpopular and hard to market, especially to families with children.
- Some of the older homes were built with substandard construction methods and materials and should be demolished, but building new homes on these lots is not economically feasible at this time.

For this reason, the City is expanding the areas of greatest need to include all of the NSP1 areas, except for one census tract that no longer qualifies. The areas of greatest need for NSP3 will contain the following census tracts:

Targeted Census Tracts	
15.03	20.02
18.01	20.03
18.02	20.05
20.01	21.04
21.05	

We anticipate that a larger targeted area will allow us to get closer to meeting our original goals for NSP3 and utilize the funding that remains unencumbered.

Compliance Requirements Met

1. LH25 set-aside

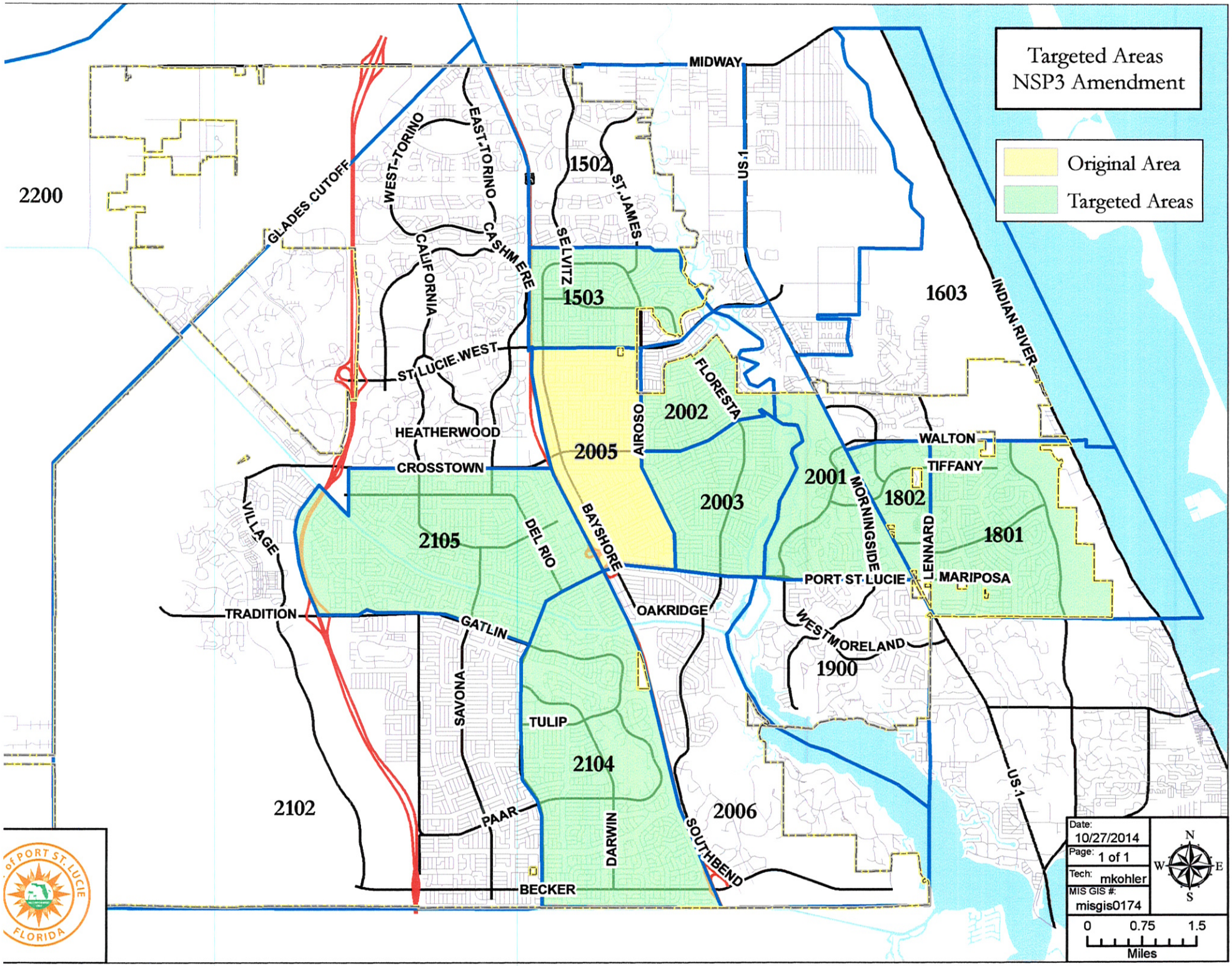
Title III of HERA requires that:

> "... not less than 25 percent of the funds appropriated or otherwise made available under this section shall be used for the purchase and redevelopment of abandoned or foreclosed upon homes or residential properties that will be used to house individuals or families whose incomes do not exceed 50 percent of area median income" [§2301 (f) 3 (A) ii].

Under the LH-25% set-aside, the City anticipated purchasing 53 homes and expending a minimum of $878,877.48, which is 25% of funds allocated. As of 10-23-14 we have expended $1,188,495 under the LH25set, which amounts to over 25% of funds expended and encumbered. Thus, extending the area of greatest need will allow us to continue to achieve our set-aside requirements for this funding.

Conclusion

As described above, the City of Port St. Lucie has determined that extending its area of greatest need to add additional census tracts is necessary to continue to meet its goals in stabilizing Port St. Lucie neighborhoods. The City requests HUD approval to define the following census tracts as the NSP3 areas of greatest need.


Targeted Areas
NSP3 Amendment
Original Area
Targeted Areas
MIDWAY
GLADES CUTOFF
WEST TORINO
EAST TORINO
CALIFORNIA
CASHMERE
SELVITZ
ST. JAMES
US 1
INDIAN RIVER
ST LUCIE WEST
HEATHERWOOD
CROSSTOWN
AIROSO
FLORESTA
WALTON
TIFFANY
MORNINGSIDE
LENNARD
VILLAGE
DEL RIO
BAYSHORE
PORT ST LUCIE
MARIPOSA
TRADITION
GATLIN
OAKRIDGE
WESTMORELAND
SAVONA
TULIP
PAAR
DARWIN
SOUTHBEND
BECKER
2200
1502
1503
1603
2002
2005
2003
2001
1802
1801
2105
1900
2104
2006
2102
Date: 10/27/2014
Page: 1 of 1
Tech: mkohler
MIS GIS #: misgis0174
N
W
E
S
0
0.75
1.5
Miles
of PORT ST. LUCIE
FLORIDA