

**Grantee: Sarasota, FL**

**Grant: B-11-MN-12-0036**

**October 1, 2016 thru December 31, 2016 Performance**

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**Grant Number:**

B-11-MN-12-0036

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

Sarasota, FL

**Contract End Date:**

03/10/2014

**Review by HUD:**

Reviewed and Approved

**Grant Award Amount:**

\$1,038,811.00

**Grant Status:**

Active

**QPR Contact:**

Donald Hadsell

**LOCCS Authorized Amount:**

\$1,038,811.00

**Estimated PI/RL Funds:**

\$302,453.24

**Total Budget:**

\$1,341,264.24

**Disasters:****Declaration Number**

No Disasters Found

**Narratives****Summary of Distribution and Uses of NSP Funds:**

Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent or develop such homes and properties. At least 25% of funds will be used for households at or below 50% of the area median income. A substantial amendment was submitted to HUD and approved. Two changes were made: first, landbanking was added as an eligible activity, eligible use C. The City of Sarasota has acquired foreclosed property (1541-1559 Dr. Martin Luther King Jr Way) that will be land banked for future development. Acquisition and demolition costs have been borne by NSP2. This property will eventually be sold to a nonprofit or for-profit developer who will redevelop the site with multi-family housing and either sell or lease the homes to a low-income households. The property will be redeveloped within 10 years to comply with NSP regulations and an estimate of 6 housing units will be constructed. A minimal budget for maintenance has been established. Second, the initial NSP3 target area was expanded because the original parameters did not include enough suitable foreclosed or abandoned properties to acquire. Activity within the private sector, by both homeowners and investors, had stabilized the area without the need for federal assistance. Therefore, the NSP3 target area was expanded to include a portion of the NSP2 area within the City of Sarasota and two additional adjacent neighborhoods were included. The original northwest boundary of 12th Street was expanded up to 17th Street and the eastern boundary was expanded from Tuttle Avenue towards Beneva and the southern boundary expanded from Hyde Park to Hibiscus Street. The second substantial amendment to add Eligible Use E - Redevelopment was approved by the City of Sarasota Commission January 7, 2013 after being duly advertised for 30 days. The City of Sarasota redeveloped a multi-family complex formerly known as the Mediterranean Apartments at 1720 Dr. Martin Luther King Way using NSP2 funds to construct 25 energy-efficient townhomes in place of the blighted apartments which had been a haven for drug-dealers. An additional 3 units could be added by using mostly NSP3 funds to pay for the redevelopment. All 28 units are within the target areas of NSP2 and NSP3.

**How Fund Use Addresses Market Conditions:**

The City of Sarasota and Sarasota County received \$23 million in NSP2 funding to address the needs of the three census tracts scoring a 20 under the HUD mapping system. Because all of the areas scoring a 20 were already receiving NSP funding, staff examined the areas scoring a 19 to determine which of those areas should receive NSP3 funding.

HUD has established several recommended guidelines for communities to use when selecting their NSP target area. Primarily, HUD is recommending that the community be able to address at least 20% of the REO properties. Because NSP3 funding is only \$1,000,000, it is estimated that only 6 - 7 properties will be able to be acquired and rehabilitated with NSP3 funds (HUD is not allowing communities to use the homes that may be subsequently purchased with NSP3 program income in this application). This means that the NSP3 site will need to be modest in size.

The area selected is in census tract 102 and is adjacent to the NSP2 target area. The NSP3 target area consists of 2 city neighborhoods - Park East and Gillespie Park. These areas are located between the downtown, central business district and the NSP2 target area.

According to HUD, there are 1020 housing units in the NSP3 target area. The estimated number of homes that need to be acquired to make an impact in the target area is 5. This means that the NSP3 funding would be able to satisfy the HUD desires of being able to have the NSP3 funds make an impact in the targeted neighborhood.

The proposed NSP3 target area is adjacent to the existing NSP2 area. Stabilizing the NSP3 neighborhood will support the larger NSP2 efforts occurring in north Sarasota.



### **Ensuring Continued Affordability:**

Sarasota will, at the option of the nonprofit developer, NSP3 units may be placed in a Community Land Trust and subject to the resale restrictions or they may use a shared appreciation mortgage and be subject to the recapture provisions.

In instances where the unit is placed in a land trust, a deed restriction will be placed on the property requiring that the housing can only be sold to family with an income less than 120% of the area median income for 99 years, which exceeds the HOME standard. Housing that benefited families with incomes less than 50% of the area median income will be required to be resold to families with incomes less than 50% of the median income for 20 years. For the remainder of the 99 year affordability period, the home will have to be sold to families with incomes less than 120% of the median income.

When a unit is not placed in a community land trust, a Shared Appreciation Mortgage (SAM) will be placed on the property requiring repayment of both the original amount of the loan, and also a portion of the appreciation on the property based upon the percentage of the purchase price provided by the subsidy. For example, on a \$100,000 sale receiving \$25,000 in subsidy, the recapture amount will be the original \$25,000 plus 25% of any appreciation. The SAM will allow the recapture of sufficient subsidy to assist subsequent purchasers. The SAM will not be forgiven over time so that whenever the property is sold the funds will be recaptured. This repayment requirement is infinite and thus exceeds the HOME standards. All recaptured funds will be used to assist families with income less than 120% of area median income.

### **Grantee Contact Information:**

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### **Definition of Blighted Structure:**

A blighted structure under the NSP program will need to meet the definition of an Unsafe Building as described in the Standard Unsafe Building Abatement Code (City Ordinance Number 92-3537).

### **Definition of Affordable Rents:**

Affordable rents is defined as the fair market rent for the area or the high HOME rent, whichever is lower. When there are five or more assisted units in the development, at least 20% of the assisted units must be initially occupied by very low income families and the rent may not exceed the low HOME rent or, if the unit receives federal rent subsidy and the family does not pay more than 30% of their income for rent, the rent allowable under the public housing or tenant based voucher program.

NSP3 assisted units must charge an affordable rent and rent to eligible families for not less than 30 years, which exceeds the HOME standards. Those units initially leased to families earning less than 50% of the area median income that become vacant must be subsequently rented to families earning less than 50% of the area median income using the rental restrictions applicable to this income group.

### **Housing Rehabilitation/New Construction Standards:**

The Sarasota Housing Rehabilitation Standards establish the requirements that all homes must meet, following the completion of any rehabilitation using federal, state or local funds. The standards require that, upon completion, all homes meet the following statutory requirements:

Florida Existing Building Code:

- Section 8 Housing Quality Standards
- HOME, CDBG and NSP program regulations (if applicable)
- SHIP program regulations (if applicable)

The rehabilitation standards also specify the types of products that must be installed to insure that any older obsolete products and appliances, such as windows, doors, lighting, hot water heaters, furnaces, boilers, air conditioning units, and refrigerators are replaced with Energy Star labeled products. The rehabilitation specifications require that water efficient toilets, showers and faucets be installed when these fixtures are replaced and that when windows are replaced that the home is hardened to mitigate the impact of hurricanes by installing either hardened windows or shutters.

The Sarasota Housing Rehabilitation Standards exceed the minimum energy star requirements. Because technology is improving and the cost for energy star appliances continues to decrease, the standards are constantly changing to provide the products with the lowest energy demand.

All gut rehabilitation and new construction must comply with the new construction standards contained in the Florida Building Code. The Florida Building Code requires the installation of energy efficient and green improvements. New homes and gut rehabilitation projects will also be required to meet the standard for Energy Star Qualified New Homes. Should there be any gut rehabilitation of mid or high rise multifamily housing, that housing must all be designed to meet the American Society of Heating, Refrigerating and Air Conditioning Engineers Standard 90.1-2004, Appendix G plus 20 percent.

The rehabilitation standards require compliance with the accessibility standards at 24 CFR part 8.

### **Vicinity Hiring:**

The City of Sarasota has a local ordinance (ordinance 09-4849) that gives priority to City of Sarasota firms and a secondary priority to firms located in Sarasota County. Developers who hire new employees must, to the maximum extent possible, hire workers who live in the NSP3 program area and contract with small businesses that are either owned and operated by persons residing in the vicinity of the project. A provision will be inserted in all development agreements and contracts incorporating this requirement.



**Procedures for Preferences for Affordable Rental Dev.:**

The ownership program will be substantially the same as the NSP2 program now being administered by OHCD for the City of Sarasota. Foreclosed and abandoned homes will be purchased and assigned to non-profit developers who will rehabilitate the homes in accordance with the Sarasota Housing Rehabilitation Standards. All NSP3 funds lent to the non-profit developers for acquisition and rehabilitation will be made at a 0% interest rate with all payments deferred. The duration or term of assistance will be 12 months or until the properties are sold to the eligible borrower, whichever occurs first. The homes will be sold to eligible families for the appraised price or the cost of acquisition and rehabilitation, whichever is less. The non-profit developer will find 1st mortgage financing for the eligible family from a private lender or, in the case of Habitat for Humanity, may hold the mortgage themselves. The non-profit developer will also work with the family to assist the family in receiving the required 8 hours of homeownership counseling. At that time of sale of the home, the sales price, less any subsidy needed to make the home affordable to the borrower, will be repaid to the NSP program or, if the non-profit holds the mortgage, the monthly mortgage payments will be repaid to the NSP program and used for other eligible activities. The subsidy will be structured to provide long term affordability as described above either through a shared appreciation mortgage or by placing the unit in a community land trust. The rental program will also be substantially the same as the NSP2 program being administered by OHCD for the City of Sarasota. Foreclosed and abandoned homes will be purchased and assigned to non-profit developers who will rehabilitate the homes in accordance with the Sarasota Housing Rehabilitation Standards. All NSP3 funds lent to the non-profit developers for acquisition and rehabilitation will be made at a 0% interest rate and deferred until the properties are sold or no longer used for NSP3 activities. At that time, the amount of the NSP funds must be repaid to the NSP program for other eligible activities. To insure that the rents are affordable, the maximum that the non-profit developer will be able to charge for rent will be the HOME high rents. The subsidy will be structured to provide long term affordability.

<b>Overall</b>	<b>This Report Period</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	\$1,341,264.24
<b>Total Budget</b>	\$0.00	\$1,341,264.24
<b>Total Obligated</b>	\$0.00	\$1,282,133.87
<b>Total Funds Drawdown</b>	\$0.00	\$1,117,071.09
<b>Program Funds Drawdown</b>	\$0.00	\$973,150.92
<b>Program Income Drawdown</b>	\$0.00	\$143,920.17
<b>Program Income Received</b>	\$0.00	\$300,711.56
<b>Total Funds Expended</b>	\$0.00	\$1,127,891.22
<b>Match Contributed</b>	\$0.00	\$0.00

**Progress Toward Required Numeric Targets**

<b>Requirement</b>	<b>Required</b>	<b>To Date</b>
<b>Overall Benefit Percentage (Projected)</b>		0.00%
<b>Overall Benefit Percentage (Actual)</b>		0.00%
<b>Minimum Non-Federal Match</b>	\$0.00	\$0.00
<b>Limit on Public Services</b>	\$155,821.65	\$0.00
<b>Limit on Admin/Planning</b>	\$103,881.10	\$92,814.62
<b>Limit on State Admin</b>	\$0.00	\$92,814.62

**Progress Toward Activity Type Targets**

<b>Activity Type</b>	<b>Target</b>	<b>Actual</b>
<b>Administration</b>	\$103,881.10	\$134,126.42

**Progress Toward National Objective Targets**

<b>National Objective</b>	<b>Target</b>	<b>Actual</b>
<b>NSP Only - LH - 25% Set-Aside</b>	\$259,702.75	\$712,938.19



## Overall Progress Narrative:

There were no new acquisitions between October 1, 2016 and December 31, 2016. Until additional program income is received, there are not enough funds to acquire and renovate a foreclosed or abandoned home. However, staff continues to monitor rental properties acquired with NSP3 funds.

## Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
01, Administration	\$0.00	\$134,126.42	\$73,862.57
02, Acquisition/Rehabilitation	\$0.00	\$861,296.52	\$553,449.05
03, Landbanked Property	\$0.00	\$2.00	\$0.00
04, Redevelopment	\$0.00	\$345,839.30	\$345,839.30



