

INDIAN RIVER COUNTY, FLORIDA

MEMORANDUM

TO: Jason E. Brown, County Administrator

THROUGH: Stan Boling, AICP; Community Development Director

THROUGH: Sasan Rohani, AICP; Chief, Long-Range Planning

FROM: Bill Schutt, AICP
Senior Economic Development Planner, Long Range Planning

DATE: March 28, 2017

SUBJECT: Neighborhood Stabilization Program 3 (NSP3) Close-out

It is requested that the following information be given formal consideration by the Board of County Commissioners at its regular meeting of April 4, 2017.

DESCRIPTION AND CONDITIONS

In early 2011, the U.S. Department of Housing and Urban Development (HUD), approved Indian River County's application and action plan for \$1,500,428 in Neighborhood Stabilization Program 3 (NSP3) Community Development Block Grant (CDBG) funds. The purpose of the Neighborhood Stabilization Program was to provide local governments with funds to stabilize targeted areas within communities by purchasing foreclosed properties, rehabilitating those properties, and selling or renting them to income qualifying households.

Since execution of the agreement with HUD, the County worked with Indian River County Habitat for Humanity (IRHFH) to acquire, rehabilitate, and sell a total of seventeen (17) foreclosed housing units to income qualified applicants. Although allowed by the program, none of the homes assisted through NSP3 in Indian River County were used for rental purposes. All of the County's \$1,500,428 allocation from HUD plus an additional \$311,392.19 in "Program Income" funds (described below) were utilized for home purchase, rehabilitation, and resale activities and for administrative activities.

For the first four (4) properties assisted through NSP3, IRHFH worked with a lender that purchased applicant's 1st mortgages and those funds were returned to the County as Program Income. Starting with the fifth property, the lender would no longer purchase the mortgages. As a result, the County and IRHFH altered the approach so that the County now holds the 1st

mortgage for properties five (5) through seventeen (17). For those thirteen (13) mortgages, IRHFH collects the monthly mortgage payments and sends a total monthly mortgage check to the County. Those mortgage terms range from 20 to 30 years. The \$311,392.19 in spent Program Income funds resulted from the resale of the first four (4) properties and from the monthly mortgage payments received prior to program close-out.

Currently, Indian River County has a program income balance of \$48,952.14 in NSP3 funds and has a total of \$782,405.62 in outstanding (future) mortgage payments. The County is receiving monthly mortgage payments of \$3,210.70. Those monthly payments are gradually increasing the amount of NSP3 funds that the County has on hand and decreasing the total balance of mortgage payments owed.

Close-out

With respect to the County's original NSP3 allocation of \$1,500,428 from HUD, the County has completed its obligations associated with those funds, and staff has recently completed the process to close-out the grant with HUD. That process involved completing necessary reports and forms verifying that all grant requirements have been met and receiving acknowledgement of HUD approval for the closeout.

Because Program Income funds are continuing to accumulate, the County is required to annually report to HUD any NSP3 activities associated with those funds. Under current NSP3 rules, the annual reporting will be conducted until all NSP3 funds are spent.

Once NSP3 program income funds substantially accumulate, staff will bring forward options for how the Board can proceed with use of those funds. Based on current guidance provided by HUD, those options may include but are not limited to purchasing and rehabilitating abandoned or foreclosed homes to be re-sold or rented to income qualified applicants, demolishing blighted structures, establishing land banks, and redeveloping demolished or vacant properties.

RECOMMENDATION:

The above referenced information is provided for the Board's information. No action is needed at this time.

ATTACHMENTS

1. NSP3 Closeout Documents