

THE NSP SUBSTANTIAL AMENDMENT

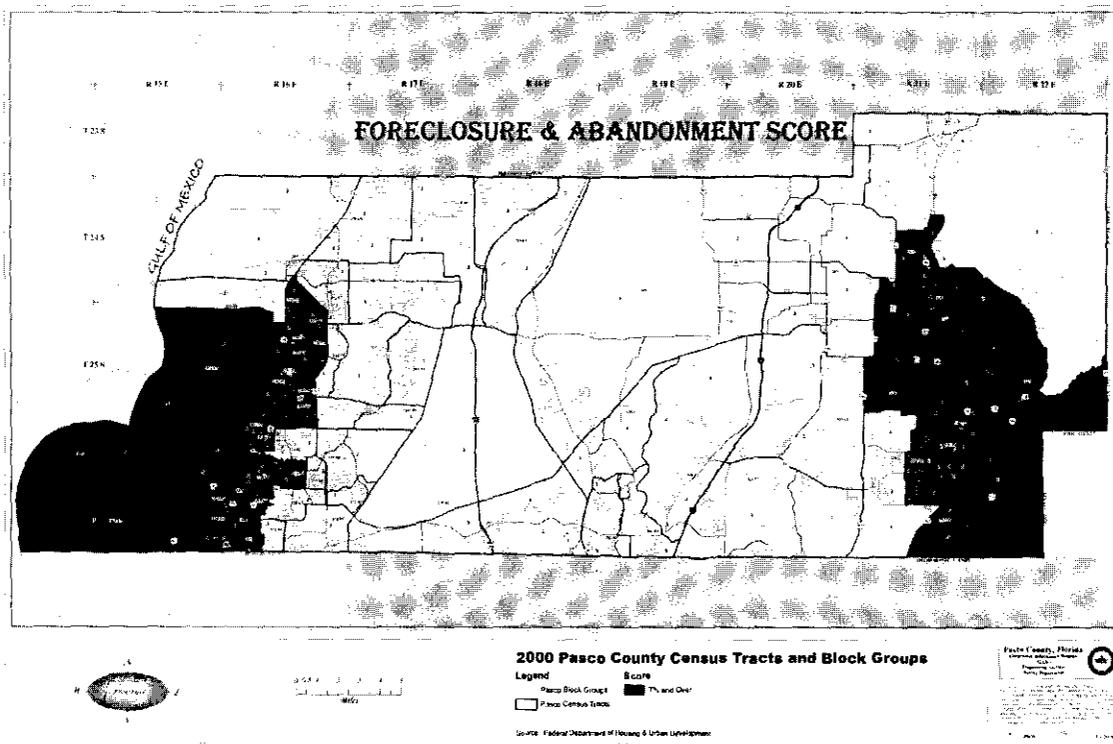
<p>Jurisdiction(s): <u>Pasco County</u> <i>(identify lead entity in case of joint agreements)</i></p> <p>Jurisdiction Web Address: www.pascocountyfl.net <i>(URL where NSP Substantial Amendment materials are posted)</i></p>	<p>NSP Contact Person: George Romagnoli Address: 5640 Main Street #200 New Port Richey, FL 34652 Telephone: (727) 834-3445 Fax: (727) 834-3450 Email: gromagnoli@pascocountyfl.net</p>
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A. AREAS OF GREATEST NEED

Response: In Pasco County, data was used from the HUD User website in order to determine the areas that need to be targeted according to the requirements of Neighborhood Stabilization Act. Local data was also looked at, and it conformed to the HUD User data. This will be discussed later.

In order to identify areas with greatest foreclosures, the HUD User data for foreclosure abandonment score was used. All census block groups in Pasco County that have a score higher than 7 are targeted for assistance.

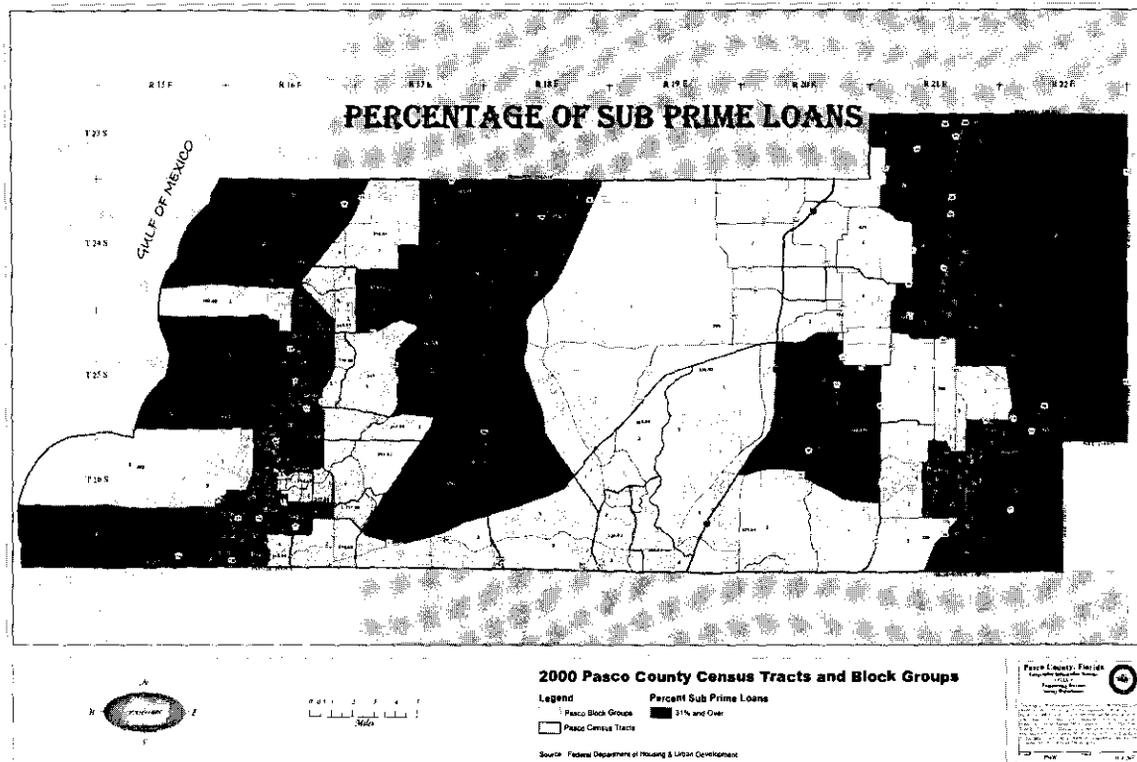
Map I



These areas are located principally on the eastern and western areas of the County, which is also where the County's oldest housing stock is located and where the majority of low and moderate income households are located.

In order to identify areas with the highest percentage of homes financed by subprime mortgage related loans, HUD User data was used. All census block groups which have a score higher than 31%, are targeted for assistance.

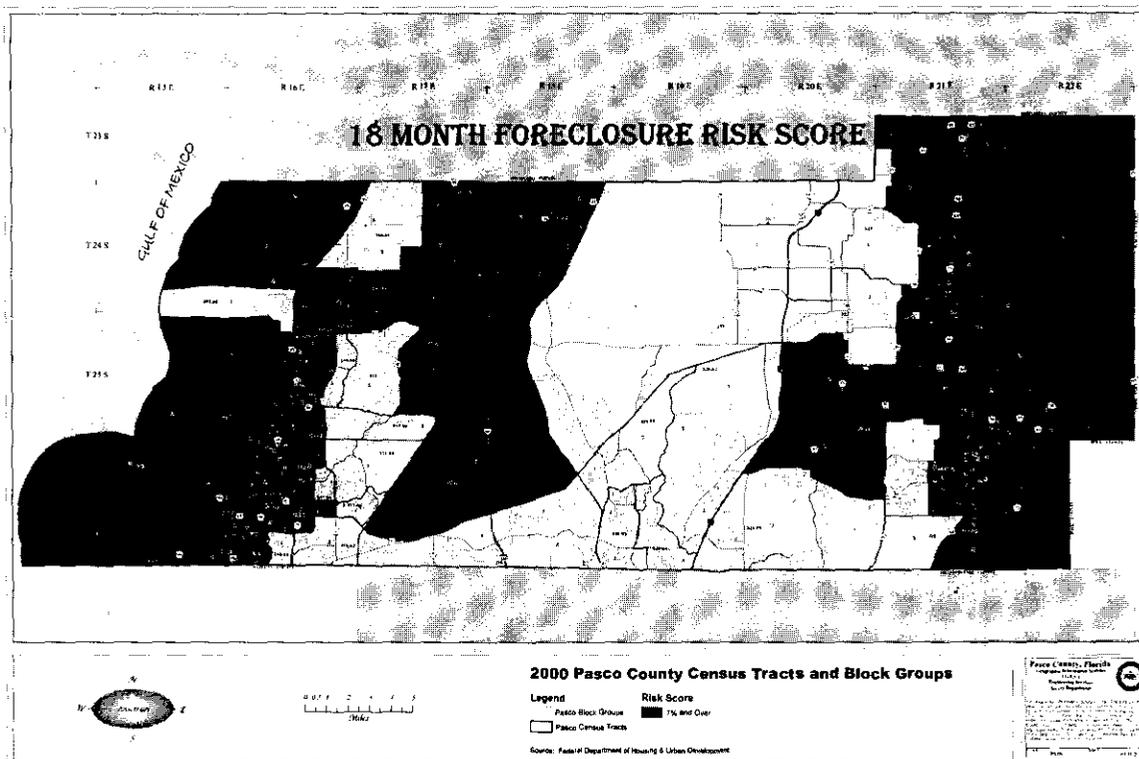
MAP II



With Map I and Map II, there are some important distinctions. Map II includes some areas where there has been a great deal of new construction, particularly Wesley Chapel and areas along the Suncoast Expressway. Additionally, rural areas such as Shady Hills and Lacoochee are now included.

In order to identify those areas likely to face a significant rise in the rate of home foreclosures HUD User data was used. All census block groups which have a score higher than 31% were used.

Map III



Map II and Map III are very similar. Comparing the two maps, it shows that the area that had a predominate amount of subprime lending is the path for the future foreclosures in the County.

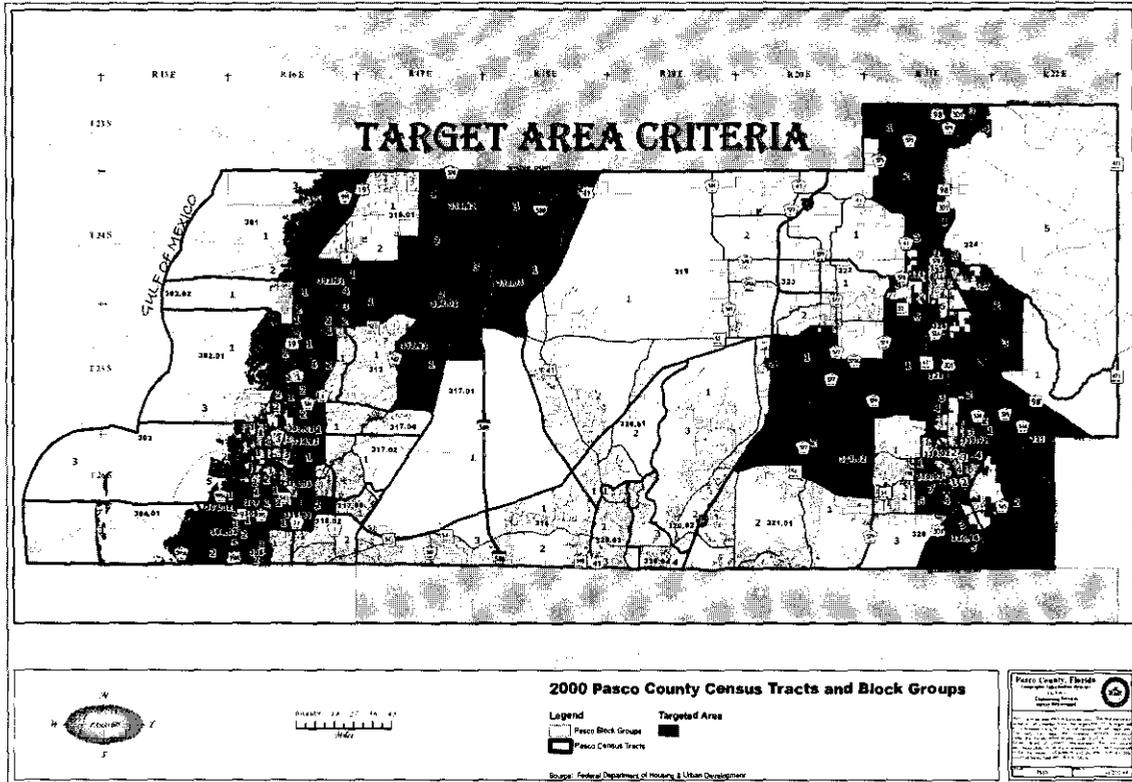
Local data confirmed the HUD User data. The data is organized by zip code, not census block group, so some interpretation is required. The areas that have been hardest hit, particularly Port Richey, New Port Richey and Holiday, all correlate with the HUD User data. There are signs, however, if this program continues, that areas in the central part of the County, particularly Land O'Lakes and greater Wesley Chapel will need to be included. Although not high enough yet to be considered, it appears their default rate is escalating and will need to be addressed in future funding.

Sources for data included the Pasco County Clerk's office, Foreclosuresdaily.com, and the New York Federal Reserve Bank.

B. DISTRIBUTION AND USES OF FUNDS

Response: Based on the analysis above, Pasco County will spend NSP funds in census block groups that meet one of the three criteria listed above:

Map IV



This map includes the following neighborhoods and Census Tracts:

Anclote	304.01
Aripeka	301
Bayonet Point	311.01, 311.02, 312.01
Central Gulf Coast	302.01, 303
Dade City	325, 326, 327, 328
Elfers	307
Holiday	304.01, 304.03, 305, 306, 315.03
Hudson	312.02, 318.02, 318.03
Moon Lake Estates	317.03
New Port Richey	308, 314.01, 314.02, 314.03, 314.04, 314.05
Port Richey	310.02, 310.03, 310.04, 310.05, 310.06, 310.07
Seven Springs	315.01
Suncoast Lakes	317.01
Trilby-Lacoochee	324
Wesley Chapel	321.02
Zephyrhills	330.01, 330.02, 330.03, 330.04, 331

These are the areas of the County that have been most affected by the foreclosure crisis. While most of the County is not included, the most hard-hit areas have been targeted for assistance.

This represents less than 30% of the County's area. Pasco County has been hit very hard by the foreclosure crisis, and the entire county could be chosen for assistance. Additionally, the area could not be too small or the selection of property chosen for stabilization would be too limited.

C. DEFINITIONS AND DESCRIPTIONS

(1) Definition of "blighted structure" in context of state or local law.

Response: A blighted structure is not safe to live in. Major structural damage is clearly visible. Portions of the unit may be collapsed or in a state of total disrepair. Rehabilitation of the unit is not economically feasible under normal circumstances. All blighted structures must be certified that they are in that state by the City or County Building Official.

(2) Definition of "affordable rents."

Response: The maximum affordable rents shall not exceed the "Fair Market Rent" as published by the Department of Housing and Urban Development for the Tampa-St. Petersburg- Clearwater Standard Metropolitan Statistical Area.

Currently, the Fair Market Rents are as follows:

Size	Amount
Efficiency	\$ 658
1 Bedroom	\$ 730
2 Bedrooms	\$ 883
3 Bedrooms	\$1,119
4 Bedrooms	\$1,351

(3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

Response: Pasco County will use the following standards for continued affordability.

For rental projects: The assisted units must meet the affordability requirements for not less than the fifty years, beginning after project completion. The affordability requirements will be imposed by deed restrictions and mortgages.

For homeownership projects, Pasco County will recapture all NSP funds. Those funds will be used for another NSP eligible project with an NSP eligible client.

Also to ensure affordability, an equity-capturing provision will be in place through a mortgage and note that will also prevent flipping of homes. Pasco County will recapture at time of re-sale or payoff the amount of equity that is not mortgaged by the lender loan and the County loan combined, and what the homebuyer puts into the purchase, at time of purchase. Appreciation is defined as the gain a homebuyer receives from the sale of the home, less any reasonable title and real estate costs. The cost of home improvements completed with building permits also shall be deducted from this amount. The penalty may not be more than the cash available at closing.

An example follows:

Pasco County assists a homebuyer purchase a home that is valued at \$100,000. The bank loan and the County loan is \$60,000. The homebuyer puts \$1,000 into the purchase. Several years later, the homebuyer sells the home for \$120,000. At closing, the homebuyer will pay the lender and the County the balance of the \$60,000 loan, and the County an additional \$39,000.

Appraised Value:	\$100,000
County and Lender Loan:	\$ 60,000
Homebuyer Funds	\$ 1,000
Equity Balance:	\$ 39,000
Sales Price of Home:	\$120,000
-County and Lender Loan:	\$ 60,000
+Homebuyer Funds	\$ 1,000
= Initial Equity Balance:	\$ 39,000
Cash to Homebuyer	\$ 22,000
Equity Capping Penalty	\$ 39,000

Another example: the same homebuyer after closing puts an addition on the house that costs \$15,000.

Appraised Value:	\$100,000
County and Lender Loan:	\$ 60,000
Homebuyer Funds	\$ 1,000
Equity Balance:	\$ 39,000
Sales Price of Home:	\$120,000
-County and Lender Loan:	\$ 60,000
+Homebuyer Funds	\$ 1,000
-Initial Equity Balance	\$ 39,000
+Addition Cost:	\$ 15,000
Cash to Homebuyer	\$ 37,000
Equity Capping Penalty	\$ 24,000

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

All housing rehabilitated by Pasco County must meet the Pasco County Housing Rehabilitation Standards. This standard is used for all Pasco County rehabilitation projects funded with federal funds. All work must be completed according to the technical details listed in the Housing Specification Manual.

D. LOW INCOME TARGETING

Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income.

Response: Pasco County will ensure that it spends at least 25% of grants funds for individuals and families that earn less than 50% of the median income through the following programs:

Homebuyer Assistance Program	\$2,000,000
Pasco Opportunity Program	\$2,250,000
Special Needs Housing	\$2,000,000
Construction	\$ 130,000
Total	\$6,380,000

This is 33% of the allocation of NSP funds.

E. ACQUISITIONS & RELOCATION

Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e., $\leq 80\%$ of area median income).

If so, include:

- The number of low- and moderate-income dwelling units—i.e., $\leq 80\%$ of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.
- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., $\leq 120\%$ of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion).
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.

Response: Pasco County estimates that it will demolish 80 structures under the NSP. It is estimated that 70% will be dwelling units that were affordable (when they were in standard condition) to families under 80% of the median income. No units are expected to be converted. The total cost for demolitions is budgeted at \$400,000.

Units to be created

Program	Units < 120% Median (Total Units)	Units <50% Median
Homebuyer Assistance Program	163	50
Projected Start Date: February 1, 2009		
Projected End Date: February 1, 2013 (This project will continue if program income is available for use)		
Pasco Opportunity Program	100	25
Projected Start Date: February 1, 2009		
Projected End Date: February 1, 2013 (This project will continue if program income is available for use)		
Special Needs Housing	15	15
Projected Start Date: February 1, 2009		
Projected End Date: February 1, 2013 (This project will continue if program income is available for use)		
Construction	7	1
Projected Start Date: February 1, 2009		
Projected End Date: February 1, 2013 (This project will continue if program income is available for use)		

F. PUBLIC COMMENT

Provide a summary of public comments received to the proposed NSP Substantial Amendment.

Response: All public comments listed in Appendix A. The Substantial Amendment was advertised and posted on the County's website for comment.

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

All Activities, Budget and Units:

Homebuyer Assistance Program	\$6,500,000	163
Pasco Opportunity Program	\$8,995,790	100
Demolition Program	\$ 400,000	80
Special Needs Housing Program	\$2,000,000	15
NSP Construction Program	\$1,000,000	7
Administration	\$ 600,015	
Total	\$19,495,805	365

(1) Activity Name: **Homebuyer Assistance Program (Homeownership)**

(2) Activity Type: NSP Eligible Use: (A) establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties,

including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers.

CDBG Eligible Activity: 570.201 (a) Acquisition
 570.201 (b) Disposition
 570.201 (n) Homeowner Assistance
 570.202 Rehabilitation

(3) National Objective: Low/Moderate/Middle Income (LMMI). All NSP funds shall be used to benefit individuals and families whose incomes do not exceed 120 percent of area median income, measured as 2.4 times the current Section 8 income limit for households below 50 percent of median income, adjusted for family size.

(4) Activity Description: This program will finance purchase and redevelopment of foreclosed upon homes and residential properties. The County will provide loans to low- and moderate income homebuyers to purchase these homes.

One of the most difficult tasks for a family who would like to be a homebuyer is to save the money needed for a down payment on a home. As housing prices have dramatically fallen, a reasonable housing payment is more and more within the range of families. However, the credit crisis has caused many lenders to increase the amount of funds required by borrowers to put into the purchase. NSP funds will assist those individuals and families to become homeowners.

Homeownership is a key indicator of neighborhood stability, especially in neighborhoods that are predominately single-family homes. Homeowners tend to live in their homes longer, tend to keep their yards and homes in better conditions, and take action about crime in their area. This is not always true for renters and their landlords.

These funds will be used for all eligible income levels, including those under 50% of the median income.

Recipients of funds will receive the following amounts of financing to purchase the home:

Under 50% of the median income	Up to half of the sales price
Under 120% of the median income	Up to \$20,000

Additional funds of up to \$10,000 for those that are between 51-120% of the median income shall be available to the following essential service workers: government employees; School Board employees; other educational employees, including private education and higher education; law enforcement personnel; active military and retirees; and health care workers. It should be noted that eligible homebuyers will only receive these funds if it is necessary to complete the purchase of the home.

Rehabilitation assistance will be in addition to the funds mentioned above, but under no circumstances shall the NSP loan amount be more than 50% of the sales price. County staff will manage the rehabilitation process, which will occur after the closing of the loan.

Rehabilitation is a much easier process if the families are not living in the home, so clients will receive up to a \$1,000 voluntary relocation benefit per month until the house construction is completed if they live in another location during construction.

The funds that recipients will receive from the County are in the form of a 0% loan. If the recipient can afford payments immediately, a payment plan will be designed. If the client cannot afford payments immediately, payments will be deferred for five years. Payments can be up to 30 years.

To ensure affordability, homebuyer assistance will recapture all funds. Those funds will be used for another NSP eligible project with an NSP eligible client.

In order to apply for these funds, applicants will apply through lenders that have signed Cooperation Agreements with the County for its homebuyer programs. The lender will underwrite the loan and see if the applicant is eligible for the program. When the lender has approved the loan, the package will be sent to the County. County staff will make sure that the client is eligible for the program. County staff will inspect the home and make sure it meets the County Housing Rehabilitation Standards, and perform a visual lead based paint assessment (if applicable), and have the paint tested, if necessary. At the same time, the County will order an appraisal from its team of appraisers to make sure that the sales price is acceptable according to the NSP requirements. The appraisal will be also reviewed by the County's Real Estate Division to make sure it meets all County and Federal requirements.

If the applicant and the homes meet all NSP requirements, a loan closing will be scheduled, and the County will begin the rehab process, if needed, to correct the violations as noted from the inspection. Working with the homeowner, a work-write-up will be prepared, and bid out to contractors approved by the County.

County staff will ensure that construction is done correctly, and approve payments along with the homeowner.

All NSP homebuyers will receive 8 hours of counseling from a HUD approved counseling agency, before obtaining a mortgage loan, which is an eligible expense under this strategy.

Pasco County will ensure that the homebuyer obtains a mortgage loan from a lender who agrees to comply with the bank regulators' guidance for non-traditional mortgages (see, Statement on Subprime Mortgage Lending issued by the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Department of the Treasury, and National Credit Union Administration, available at <http://www.fdic.gov/regulations/laws/rules/5000-5160.html>). Pasco County will design its NSP programs to comply with this requirement and will document compliance in the records for each homebuyer. Pasco County will not permit homebuyers to obtain subprime mortgages for whom such mortgages are inappropriate, including homebuyers who qualify for traditional mortgage loans.

(5) Location Description: This program will be funded in the following neighborhoods, with corresponding census tract numbers:

Anclote	304.01
Aripeka	301
Bayonet Point	311.01, 311.02, 312.01
Central Gulf Coast	302.01, 303
Dade City	325, 326, 327, 328
Elfers	307
Holiday	304.01, 304.03, 305, 306, 315.03
Hudson	312.02, 318.02, 318.03
Moon Lake Estates	317.03
New Port Richey	308, 314.01, 314.02, 314.03, 314.04, 314.05
Port Richey	310.02, 310.03, 310.04, 310.05, 310.06, 310.07
Seven Springs	315.01
Suncoast Lakes	317.01
Trilby-Lacoochee	324
Wesley Chapel	321.02
Zephyrhills	330.01, 330.02, 330.03, 330.04, 331

(6) Performance Measures: Pasco County estimates the following amount of units to be units assisted:

Households less than 50% of the median income:	50
Households 51-80% of the median income:	50
Households 81-120% of the median income:	63

(7) Total Budget:

NSP Funds	\$ 6,500,000
Lenders Funds	\$ 9,780,000
Owner Contribution	\$ 163,000
Total	\$16,443,000

This budget is based on the following assumptions: 163 units; average downpayment and rehabilitation cost of \$40,000; average bank loan of \$60,000; and average homebuyer contribution of \$1,000.

(8) Responsible Organization: Pasco County Community Development Division, George Romagnoli, AICP, Community Development Manager, 5640 Main Street #200, New Port Richey, FL 34652

(9) Projected Start Date: February 1, 2009

(10) Projected End Date: February 1, 2013 (This project will continue if program income is available for use)

(11) Specific Activity Requirements:

Discount Rate: The sales price shall have a minimum discount of 5% from the appraisal obtained by Pasco County for the property. The minimum average discount for the portfolio of properties acquired with NSP funds shall be 15%, unless the County

develops a methodology that results in a discount equivalent to the total carrying costs that would be incurred by the seller if the property were not purchased with NSP funds (provided the discount is at least 5 percent), then the aggregate discount will be 10%. Such methodology shall provide for an analysis of the estimated holding period for the property and the nature and amount of the carrying costs of holding the property for this period. Such carrying costs shall include, but not be limited to: taxes, insurance, maintenance, marketing, overhead, and interest. The procedures to implement such methodology shall be in writing and applied consistently to all purchases. The analysis for each purchase transaction shall be documented in the County's records.

Range of Interest Rates: All Pasco County loans through the NSP shall be 0%.

Lenders are limited by County regulations to have loans with interest rates no more than 1% above the Freddie Mac average rate, which as of October 30, 2008, would make that maximum rate 7.04%. Over the next 4 years, with both the country in a recession and the possibility of massive inflation through the Federal Reserve Board's rate cuts, rates may go as low 4% and as high as 12%.

Duration of Term of Assistance: The maximum length of a NSP loan shall be 30 years. Payback loans may be as short as two years, if the loan is for a small amount, and the homebuyers can afford the payments. Deferred payment loans shall be according to the following schedule:

<u>Loan Amount</u>	<u>Term of Loan</u>	<u>Maximum Payment</u>
\$0 - \$5,000	10 years	\$41.67 per month
\$5,001 - \$10,000	15 years	\$55.56 per month
\$10,001 - \$15,000	20 years	\$62.50 per month
\$15,001 - \$20,000	25 years	\$66.67 per month
\$20,001 - \$25,000	30 years	\$69.44 per month
\$25,001 - \$30,000	30 years	\$83.33 per month
\$30,001 - \$35,000	30 years	\$97.22 per month
\$35,001 - \$40,000	30 years	\$111.11 per month
\$40,001 - \$45,000	30 years	\$125.00 per month
\$45,001 - \$50,000	30 years	\$138.89 per month

The County can defer payments longer if the homebuyer cannot afford payments when the loan payments are due. Applications are required through the Community Development Division.

Tenure of Beneficiaries: All beneficiaries under this program will be homebuyers.

Continued Affordability: To ensure affordability, Pasco County will recapture all funds. Those funds will be used for another NSP eligible project with an NSP eligible client.

Also to ensure affordability, an equity-capturing provision will be in place through a mortgage and note that will also prevent flipping of homes. Pasco County will recapture

at time of re-sale or payoff the amount of equity that is not mortgaged by the lender loan and the County loan combined, and what the homebuyer puts into the purchase, at time of purchase. Appreciation is defined as the gain a homebuyer receives from the sale of the home, less any reasonable title and real estate costs. The cost of home improvements completed with building permits also shall be deducted from this amount. The penalty may not be more than the cash available at closing.

(2) Activity Name: Pasco Opportunity Program

(2) Activity Type: NSP Eligible Use: (A) establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers.

CDBG Eligible Activity:	570.201 (a)	Acquisition
	570.201 (b)	Disposition
	570.201 (n)	Homeowner Assistance
	570.202	Rehabilitation

(3) National Objective: Low/Moderate/Middle Income (LMMI). All NSP funds shall be used to benefit individuals and families whose incomes do not exceed 120 percent of area median income, measured as 2.4 times the current Section 8 income limit for households below 50 percent of median income, adjusted for family size.

(4) Activity Description: This program will provide financing to not for-profit agencies to purchase foreclosed and abandoned homes, repair them, and sell them to eligible homebuyers.

Many of the homes that meet the foreclosed/abandoned definition are in great need of repairs. These homes bring down the quality of life for the entire neighborhood. Broken windows are not repaired. The lawn is not cut. Debris and refuse is not removed. Agencies will purchase the homes with NSP assistance. Working together, the agencies and the County will repair the home and sell them to an eligible homebuyer. These funds will be used for all income levels, including those under 50% of the median income.

Homebuyers will purchase these homes from POP agencies as described above in the Homebuyer Assistance Program

All NSP homebuyers will receive 8 hours of counseling from a HUD approved counseling agency, before obtaining a mortgage loan, which is an eligible expense under this strategy.

Pasco County will ensure that the homebuyer obtains a mortgage loan from a lender who agrees to comply with the bank regulators' guidance for non-traditional mortgages (see, Statement on Subprime Mortgage Lending issued by the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Department of the Treasury, and National Credit Union Administration, available at <http://www.fdic.gov/regulations/laws/rules/5000-5160.html>). Pasco County

will design its NSP programs to comply with this requirement and will document compliance in the records for each homebuyer. Pasco County will not permit homebuyers to obtain subprime mortgages for whom such mortgages are inappropriate, including homebuyers who qualify for traditional mortgage loans.

The sales price of a home that is purchased, redeveloped, or otherwise sold to an individual shall be in an amount equal to or less than the cost to acquire and redevelop or rehabilitate such home or property up to a decent, safe, and habitable condition. (Sales and closing costs are eligible NSP redevelopment or rehabilitation costs.) The maximum sales price for a property is determined by aggregating all costs of acquisition, rehabilitation, and redevelopment (including related activity delivery costs, which generally may include, among other items, costs related to the sale of the property).

(5) Location Description: This program will be funded in the following neighborhoods, with corresponding census tract numbers:

Anclote	304.01
Aripeka	301
Bayonet Point	311.01, 311.02, 312.01
Central Gulf Coast	302.01, 303
Dade City	325, 326, 327, 328
Elfers	307
Holiday	304.01, 304.03, 305, 306, 315.03
Hudson	312.02, 318.02, 318.03
Moon Lake Estates	317.03
New Port Richey	308, 314.01, 314.02, 314.03, 314.04, 314.05
Port Richey	310.02, 310.03, 310.04, 310.05, 310.06, 310.07
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Suncoast Lakes	317.01
Trilby-Lacoochee	324
Wesley Chapel	321.02
Zephyrhills	330.01, 330.02, 330.03, 330.04, 331

(6) Performance Measures: Pasco County estimates the following amount of units to be units assisted:

Households less than 50% of the median income:	25
Households 51-80% of the median income:	50
Households 81-120% of the median income:	25

(7) <u>Total Budget</u> :	NSP Funds	\$ 8,995,790
	Lenders Funds	\$ 6,000,000
	Owner Contribution	\$ 100,000
	Total	\$15,095,790

This budget is based on the following assumptions: 100 units; average acquisition and rehabilitation cost of \$90,000 (this includes funds that may be left in the project for downpayment assistance to the homebuyer); average bank loan of \$60,000; and average homebuyer contribution of \$1,000.

(8) Responsible Organization: Pasco County Community Development Division, George Romagnoli, AICP, Community Development Manager, 5640 Main Street #200, New Port Richey, FL 34652

(9) Projected Start Date: February 1, 2009

(10) Projected End Date: February 1, 2013 (This project will continue if program income is available for use)

(11) Specific Activity Requirements:

Discount Rate: The sales price shall have a minimum discount of 5% from the appraisal obtained by Pasco County for the property. The minimum average discount for the portfolio of properties acquired with NSP funds shall be 15%, unless the County develops a methodology that results in a discount equivalent to the total carrying costs that would be incurred by the seller if the property were not purchased with NSP funds (provided the discount is at least 5 percent), then the aggregate discount will be 10%. Such methodology shall provide for an analysis of the estimated holding period for the property and the nature and amount of the carrying costs of holding the property for this period. Such carrying costs shall include, but not be limited to: taxes, insurance, maintenance, marketing, overhead, and interest. The procedures to implement such methodology shall be in writing and applied consistently to all purchases. The analysis for each purchase transaction shall be documented in the County's records.

Range of Interest Rates: All Pasco County loans through the NSP shall be 0%.

Lenders are limited by County regulations to have loans with interest rates no more than 1% above the Freddie Mac average rate, which as of October 30, 2008, would make that maximum rate 7.04%. Over the next 4 years, with both the country in a recession and the possibility of massive inflation through the Federal Reserve Board's rate cuts, rates may go as low 4% and as high as 12%.

Duration of Term of Assistance: The County will lend the agency funds to purchase and rehabilitate the structure. This will be in the form of a 0% deferred loan with a one year term. The County, at its option, may renew the loan if the one year period ends.

For the eventual homebuyer, the maximum length of a NSP loan shall be 30 years. Payback loans may be as short as two years, if the loan is for a small amount, and the homebuyers can afford the payments. Deferred payment loans shall be according to the following schedule:

<u>Loan Amount</u>	<u>Term of Loan</u>	<u>Maximum Payment</u>
\$0 - \$5,000	10 years	\$41.67 per month
\$5,001 - \$10,000	15 years	\$55.56 per month
\$10,001 - \$15,000	20 years	\$62.50 per month
\$15,001 - \$20,000	25 years	\$66.67 per month

\$20,001 - \$25,000	30 years	\$69.44 per month
\$25,001 - \$30,000	30 years	\$83.33 per month
\$30,001 - \$35,000	30 years	\$97.22 per month
\$35,001 - \$40,000	30 years	\$111.11 per month
\$40,001 - \$45,000	30 years	\$125.00 per month
\$45,001 - \$50,000	30 years	\$138.89 per month

The County can defer payments longer if the homebuyer cannot afford payments when the loan payments are due. Applications are required through the Community Development Division.

Tenure of Beneficiaries: All beneficiaries under this program will be homebuyers.

Continued Affordability: To ensure affordability, Pasco County will recapture all funds. Those funds will be used for another NSP eligible project with an NSP eligible client.

Also to ensure affordability, an equity-capturing provision will be in place through a mortgage and note that will also prevent flipping of homes. Pasco County will recapture at time of re-sale or payoff the amount of equity that is not mortgaged by the lender loan and the County loan combined, and what the homebuyer puts into the purchase, at time of purchase. Appreciation is defined as the gain a homebuyer receives from the sale of the home, less any reasonable title and real estate costs. The cost of home improvements completed with building permits also shall be deducted from this amount. The penalty may not be more than the cash available at closing.

(3) Activity Name: Demolition Program

(2) Activity Type: NSP Eligible Use: (D) demolish blighted structures.

CDBG Eligible Activity: 570.201 (d) Clearance

3) National Objective: Low/Moderate/Middle Income (LMMI). All NSP funds shall be used to benefit individuals and families whose incomes do not exceed 120 percent of area median income, measured as 2.4 times the current Section 8 income limit for households below 50 percent of median income, adjusted for family size.

(4) Activity Description There are many blighted structures in Pasco County. These structures not only decay and hurt neighborhoods and property values, but also become an attractive nuisance for drug users and destructive youth. NSP funds will be used to demolish these structures. As per NSP regulations, all structures are eligible, they need not be abandoned or foreclosed, nor do they have to be residential structures.

Buildings are condemned by the City or County Building Official, and a notice is sent to all interested parties. If the condemnation decision is not appealed nor the building demolished by the owner, the County will demolish the structure and place a lien on the property.

The liens may be foreclosed upon. When they are, and the County obtains the property, housing units will be built for NSP eligible clients, with NSP or non-NSP funds. Liens that are paid-off will be placed in the NSP fund to fund NSP eligible activities.

(5) Location Description: Initially, this program will be funded in the following neighborhoods, with corresponding census tract numbers:

Anclote	304.01
Aripeka	301
Bayonet Point	311.01, 311.02, 312.01
Central Gulf Coast	302.01, 303
Dade City	325, 326, 327, 328
Elfers	307
Holiday	304.01, 304.03, 305, 306, 315.03
Hudson	312.02, 318.02, 318.03
Moon Lake Estates	317.03
New Port Richey	308, 314.01, 314.02, 314.03, 314.04, 314.05
Port Richey	310.02, 310.03, 310.04, 310.05, 310.06, 310.07
Seven Springs	315.01
Suncoast Lakes	317.01
Trilby-Lacoochee	324
Wesley Chapel	321.02
Zephyrhills	330.01, 330.02, 330.03, 330.04, 331

After six months, this program shall operate county-wide

This activity shall occur all throughout Pasco County.

(6) Performance Measures: Pasco County estimates that 80 units will be demolished.

(7) Total Budget: NSP Funds \$400,000

This budget is based on the following assumption: 80 units, \$5,000 per unit to demolish.

(8) Responsible Organization: Pasco County Community Development Division, George Romagnoli, AICP, Community Development Manager, 5640 Main Street #200, New Port Richey, FL 34652

(9) Projected Start Date: February 1, 2009

(10) Projected End Date: February 1, 2013 (This project will continue if program income is available for use)

(11) Specific Activity Requirements:

Range of Interest Rates: The interest rate on demolition liens is 0-8%.

(4) Activity Name: **Special Needs Housing Program**

(2) Activity Type: NSP Eligible Use: (B) purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.

CDBG Eligible Activity:	570.201 (a)	Acquisition
	570.201 (b)	Disposition
	570.201 (c)	Public Facilities
	570.202	Rehabilitation

3) National Objective: Low/Moderate/Middle Income (LMMI). All NSP funds shall be used to benefit individuals and families whose incomes do not exceed 120 percent of area median income, measured as 2.4 times the current Section 8 income limit for households below 50 percent of median income, adjusted for family size.

(4) Activity Description: With all the discussion of the hard times that homeowners have faced with the foreclosure crisis, the families and individuals that have always had the worst housing situations have almost been forgotten. This includes the developmentally and physically disabled, aged-out foster children, the elderly, the homeless, domestic violence victims, persons living with HIV/AIDS, farmworker's and other populations on fixed incomes without any prospect of a higher income in the future. The lucky ones find decent and safe subsidized housing with supportive services where they can live and function. For many of the others, unsafe housing, moving from place to place, and homelessness is their unfortunate condition.

With NSP funds, foreclosed/abandoned properties will be purchased, rehabilitated and used for these populations. Not-for-profit agencies that provide supportive services will be chosen to own and manage the property, and rent to eligible renters. This program will only be for individuals and families that earn less than 50% of the median income.

Pasco County will solicit proposals from not-for-profit agencies and select agencies that have the best capability, capacity, and experience to be funded through the program. One or several agencies may be funded.

(5) Location Description: This program will be funded in the following neighborhoods, with corresponding census tract numbers:

Anclote	304.01
Aripeka	301
Bayonet Point	311.01, 311.02, 312.01
Central Gulf Coast	302.01, 303
Dade City	325, 326, 327, 328
Elfers	307
Holiday	304.01, 304.03, 305, 306, 315.03
Hudson	312.02, 318.02, 318.03
Moon Lake Estates	317.03
New Port Richey	308, 314.01, 314.02, 314.03, 314.04, 314.05
Port Richey	310.02, 310.03, 310.04, 310.05, 310.06, 310.07
Seven Springs	315.01

Suncoast Lakes	317.01
Trilby-Lacoochee	324
Wesley Chapel	321.02
Zephyrhills	330.01, 330.02, 330.03, 330.04, 331

(6) Performance Measures: Pasco County estimates the following amount of units to be units assisted:

Households less than 50% of the median income:	15
Households 51-80% of the median income:	0
Households 81-120% of the median income:	0

(7) Total Budget: NSP Funds \$2,000,000

This budget is based on the following assumptions: 15 units; average acquisition and rehabilitation cost of \$130,000.

(8) Responsible Organization: Pasco County Community Development Division, George Romagnoli, AICP, Community Development Manager, 5640 Main Street #200, New Port Richey, FL 34652

(9) Projected Start Date: February 1, 2009

(10) Projected End Date: February 1, 2013 (This project will continue if program income is available for use)

(11) Specific Activity Requirements:

Discount Rate: The sales price shall have a minimum discount of 5% from the appraisal obtained by Pasco County for the property. The minimum average discount for the portfolio of properties acquired with NSP funds shall be 15%, unless the County develops a methodology that results in a discount equivalent to the total carrying costs that would be incurred by the seller if the property were not purchased with NSP funds (provided the discount is at least 5 percent), then the aggregate discount will be 10%. Such methodology shall provide for an analysis of the estimated holding period for the property and the nature and amount of the carrying costs of holding the property for this period. Such carrying costs shall include, but not be limited to: taxes, insurance, maintenance, marketing, overhead, and interest. The procedures to implement such methodology shall be in writing and applied consistently to all purchases. The analysis for each purchase transaction shall be documented in the County's records.

Range of Interest Rates: All Pasco County loans through the NSP shall be 0%.

Duration of Term of Assistance: The County will lend the funds to the agency for at 50 years. The loan will not be paid back unless the agency changes the NSP eligible use, sells or transfers the property, or vacates the property without County permission.

Tenure of Beneficiaries: All beneficiaries under this program will be renters.

Continued Affordability: The assisted units must meet the affordability requirements for not less than the fifty years, beginning after project completion. The affordability requirements will be imposed by deed restrictions and mortgages.

(5) Activity Name: NSP Construction Program

(2) Activity Type: NSP Eligible Use: (E) redevelop demolished or vacant properties.

CDBG Eligible Activity 570.201 (a) Acquisition
570.201 (m) Construction of Housing
570.201 (n) Homebuyer Assistance

3) National Objective: Low/Moderate/Middle Income (LMMI). All NSP funds shall be used to benefit individuals and families whose incomes do not exceed 120 percent of area median income, measured as 2.4 times the current Section 8 income limit for households below 50 percent of median income, adjusted for family size.

(4) Activity Description: While the NSP is primarily focused on foreclosed and abandoned homes, vacant property is an underutilized asset that can be used to create housing opportunities for eligible individuals and families. Vacant properties produce lower taxes, and can be an eyesore in neighborhoods.

This program will provide financing to not for-profit agencies to acquire properties, build new homes, and sell them to eligible homebuyers.

Homebuyers will purchase these homes from POP agencies as described above in the Homebuyer Assistance Program

All NSP homebuyers will receive 8 hours of counseling from a HUD approved counseling agency, before obtaining a mortgage loan, which is an eligible expense under this strategy.

Pasco County will ensure that the homebuyer obtains a mortgage loan from a lender who agrees to comply with the bank regulators' guidance for non-traditional mortgages (see, Statement on Subprime Mortgage Lending issued by the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Department of the Treasury, and National Credit Union Administration, available at <http://www.fdic.gov/regulations/laws/rules/5000-5160.html>). Pasco County will design its NSP programs to comply with this requirement and will document compliance in the records for each homebuyer. Pasco County will not permit homebuyers to obtain subprime mortgages for whom such mortgages are inappropriate, including homebuyers who qualify for traditional mortgage loans.

The sales price of a home that is purchased, redeveloped, or otherwise sold to an individual shall be in an amount equal to or less than the cost to acquire and redevelop or rehabilitate such home or property up to a decent, safe, and habitable condition. (Sales

and closing costs are eligible NSP redevelopment or rehabilitation costs.) The maximum sales price for a property is determined by aggregating all costs of acquisition, rehabilitation, and redevelopment (including related activity delivery costs, which generally may include, among other items, costs related to the sale of the property).

(5) Location Description: This program will be funded in the following neighborhoods, with corresponding census tract numbers:

Anclote	304.01
Aripeka	301
Bayonet Point	311.01, 311.02, 312.01
Central Gulf Coast	302.01, 303
Dade City	325, 326, 327, 328
Elfers	307
Holiday	304.01, 304.03, 305, 306, 315.03
Hudson	312.02, 318.02, 318.03
Moon Lake Estates	317.03
New Port Richey	308, 314.01, 314.02, 314.03, 314.04, 314.05
Port Richey	310.02, 310.03, 310.04, 310.05, 310.06, 310.07
Seven Springs	315.01
Suncoast Lakes	317.01
Trilby-Lacoochee	324
Wesley Chapel	321.02
Zephyrhills	330.01, 330.02, 330.03, 330.04, 331

(6) Performance Measures: Pasco County estimates the following amount of units to be assisted:

Households less than 50% of the median income:	1
Households 51-80% of the median income:	3
Households 81-120% of the median income:	3

(7) Total Budget:

NSP Funds	\$1,000,000
Lenders Funds	\$ 700,000
Owner Contribution	\$ 7,000
Total	\$1,707,000

This budget is based on the following assumptions: 7 units; average acquisition and construction cost of \$130,000 (this includes funds that may be left in the project for downpayment assistance to the homebuyer); average bank loan of \$100,000; and average homebuyer contribution of \$1,000.

(8) Responsible Organization: Pasco County Community Development Division, George Romagnoli, AICP, Community Development Manager, 5640 Main Street #200, New Port Richey, FL 34652

(9) Projected Start Date: February 1, 2009

(10) Projected End Date: February 1, 2013 (This project will continue if program income is available for use)

(11) Specific Activity Requirements:

Discount Rate: The sales price shall have a minimum discount of 5% from the appraisal obtained by Pasco County for the property. The minimum average discount for the portfolio of properties acquired with NSP funds shall be 15%, unless the County develops a methodology that results in a discount equivalent to the total carrying costs that would be incurred by the seller if the property were not purchased with NSP funds (provided the discount is at least 5 percent), then the aggregate discount will be 10%. Such methodology shall provide for an analysis of the estimated holding period for the property and the nature and amount of the carrying costs of holding the property for this period. Such carrying costs shall include, but not be limited to: taxes, insurance, maintenance, marketing, overhead, and interest. The procedures to implement such methodology shall be in writing and applied consistently to all purchases. The analysis for each purchase transaction shall be documented in the County's records.

Range of Interest Rates: All Pasco County loans through the NSP shall be 0%.

Lenders are limited by County regulations to have loans with interest rates no more than 1% above the Freddie Mac average rate, which as of October 30, 2008, would make that maximum rate 7.04%. Over the next 4 years, with both the country in a recession and the possibility of massive inflation through the Federal Reserve Board's rate cuts, rates may go as low 4% and as high as 12%.

Duration of Term of Assistance: The County will lend the agency funds to purchase and rehabilitate the structure. This will be in the form of a 0% deferred loan with a one year term. The County, at its option, may renew the loan if the one year period ends.

For the eventual homebuyer, the maximum length of a NSP loan shall be 30 years. Payback loans may be as short as two years, if the loan is for a small amount, and the homebuyers can afford the payments. Deferred payment loans shall be according to the following schedule:

<u>Loan Amount</u>	<u>Term of Loan</u>	<u>Maximum Payment</u>
\$0 - \$5,000	10 years	\$41.67 per month
\$5,001 - \$10,000	15 years	\$55.56 per month
\$10,001 - \$15,000	20 years	\$62.50 per month
\$15,001 - \$20,000	25 years	\$66.67 per month
\$20,001 - \$25,000	30 years	\$69.44 per month
\$25,001 - \$30,000	30 years	\$83.33 per month
\$30,001 - \$35,000	30 years	\$97.22 per month
\$35,001 - \$40,000	30 years	\$111.11 per month
\$40,001 - \$45,000	30 years	\$125.00 per month
\$45,001 - \$50,000	30 years	\$138.89 per month

The County can defer payments longer if the homebuyer cannot afford payments when the loan payments are due. Applications are required through the Community Development Division.

CERTIFICATIONS

(1) **Affirmatively furthering fair housing.** The jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.

(2) **Anti-lobbying.** The jurisdiction will comply with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.

(3) **Authority of Jurisdiction.** The jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.

(4) **Consistency with Plan.** The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.

(5) **Acquisition and relocation.** The jurisdiction will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the Notice for the NSP program published by HUD.

(6) **Section 3.** The jurisdiction will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

(7) **Citizen Participation.** The jurisdiction is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.

(8) **Following Plan.** The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.

(9) **Use of funds in 18 months.** The jurisdiction will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the NSP Notice, all of its grant funds within 18 months of receipt of the grant.

(10) **Use NSP funds \leq 120 of AMI.** The jurisdiction will comply with the requirement that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income.

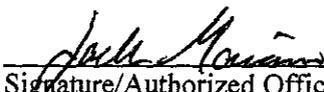
(11) **Assessments.** The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

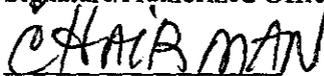
(12) **Excessive Force.** The jurisdiction certifies that it has adopted and is enforcing: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) a policy of enforcing applicable State and local laws against physically barring entrance to or exit from, a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws.** The NSP grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

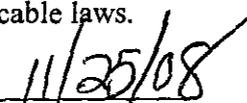
(14) **Compliance with lead-based paint procedures.** The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) **Compliance with laws.** The jurisdiction will comply with applicable laws.



Signature/Authorized Official


Title



Date



NSP Substantial Amendment Checklist

For the purposes of expediting review, HUD asks that applicants submit the following checklist along with the NSP Substantial Amendment and SF-424.

A. AREAS OF GREATEST NEED

Does the submission include summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction?

Yes X No . Verification found on page 1-3

B. DISTRIBUTION AND USES OF FUNDS

Does the submission contain a narrative describing how the distribution and uses of the grantee's NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures?

Yes X No . Verification found on page 3-5

Note: The grantee's narrative must address the three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.

C. DEFINITIONS AND DESCRIPTIONS

For the purposes of the NSP, do the narratives include:

- a definition of "blighted structure" in the context of state or local law,
Yes X No . Verification found on page 5
- a definition of "affordable rents,"
Yes X No . Verification found on page 5.
- a description of how the grantee will ensure continued affordability for NSP assisted housing,
Yes X No . Verification found on page 5-6.
- a description of housing rehabilitation standards that will apply to NSP assisted activities?
Yes X No . Verification found on page 7

D. INFORMATION BY ACTIVITY

Does the submission contain information by activity describing how the grantee will use the funds, identifying:

- eligible use of funds under NSP,
Yes X No . Verification found on page 8-23.

- correlated eligible activity under CDBG,
Yes X No . Verification found on page 8,9,13,16,18,20.
- the areas of greatest need addressed by the activity or activities,
Yes X No . Verification found on page 10,11, 13,14,17,18,21.
- expected benefit to income-qualified persons or households or areas,
Yes X No . Verification found on page 6, 11,13, 14,17,18,21.
- appropriate performance measures for the activity,
Yes X No . Verification found on page 6, 11, 13, 14, 17, 19, 21
- amount of funds budgeted for the activity,
Yes X No . Verification found on page 6, 11,13,14,17,19,21
- the name, location and contact information for the entity that will carry out the activity,
Yes X No . Verification found on page 6, 11,14,17, 21
- expected start and end dates of the activity?
Yes X No . Verification found on page 6,11,15,17,21

E. SPECIFIC ACTIVITY REQUIREMENTS

Does each activity narrative describe the general terms under which assistance will be provided, including:

If the activity includes acquisition of real property,

- the discount required for acquisition of foreclosed upon properties,
Yes X No . Verification found on page 11,15,19,22

If the activity provides financing,

- the range of interest rates (if any),
Yes X No . Verification found on page 12,15,17,19,22

If the activity provides housing,

- duration or term of assistance,
Yes X No . Verification found on page 12,15,19,22
- tenure of beneficiaries (e.g., rental or homeownership),
Yes X No . Verification found on page 12,16,19,23.
- does it ensure continued affordability?
Yes X No . Verification found on page 12, 16, 20, 23
- does the applicant indicate which activities will count toward the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of area median income?

- Yes X No . Verification found on page 7.

F. LOW INCOME TARGETING

- Has the grantee described how it will meet the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of area median income?
Yes X No . Verification found on page 11,14,18,21.
- Has the grantee identified how the estimated amount of funds appropriated or otherwise made available will be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50% of area median income?
Yes X No . Verification found on page 7
Amount budgeted = \$6,380,000

G. DEMOLISHMENT OR CONVERSION OF LOW- AND MODERATE-INCOME UNITS

Does grantee plan to demolish or convert any low- and moderate-income dwelling units?

- Yes X No . (If no, continue to next heading)
Verification found on page 7-8.

Does the substantial amendment include:

- The number of low- and moderate-income dwelling units—i.e., ≤ 80% of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities?
Yes X No . Verification found on page 7-8.
- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., ≤ 120% of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion)?
Yes X No . Verification found on page 7-8
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income?
Yes X No . Verification found on page 7-8

H. PUBLIC COMMENT PERIOD

Was the proposed action plan amendment published via the grantee jurisdiction’s usual methods and on the Internet for no less than 15 calendar days of public comment?

- Yes 8 No . Verification found on page 8

Is there a summary of citizen comments included in the final amendment?

- Yes X No Verification found on page 30-43

I. WEBSITE PUBLICATION

The following Documents are available on the grantee’s website:

- SF 424 Yes X No
- Proposed NSP Substantial Amendment Yes X No
- Final NSP Substantial Amendment Yes X No
- Subsequent NSP Amendments Yes X No

Website URL: www.pascocountyfl.net

K. CERTIFICATIONS

The following certifications are complete and accurate:

- | | | |
|--|-------|-----------------------------|
| (1) Affirmatively furthering fair housing | Yes X | No <input type="checkbox"/> |
| (2) Anti-lobbying | Yes X | No <input type="checkbox"/> |
| (3) Authority of Jurisdiction | Yes X | No <input type="checkbox"/> |
| (4) Consistency with Plan | Yes X | No <input type="checkbox"/> |
| (5) Acquisition and relocation | Yes X | No <input type="checkbox"/> |
| (6) Section 3 | Yes X | No <input type="checkbox"/> |
| (7) Citizen Participation | Yes X | No <input type="checkbox"/> |
| (8) Following Plan | Yes X | No <input type="checkbox"/> |
| (9) Use of funds in 18 months | Yes X | No <input type="checkbox"/> |
| (10) Use NSP funds ≤ 120 of AMI | Yes X | No <input type="checkbox"/> |
| (11) No recovery of capital costs thru special assessments | Yes X | No <input type="checkbox"/> |
| (12) Excessive Force | Yes X | No <input type="checkbox"/> |
| (13) Compliance with anti-discrimination laws | Yes X | No <input type="checkbox"/> |
| (14) Compliance with lead-based paint procedures | Yes X | No <input type="checkbox"/> |
| (15) Compliance with laws | Yes X | No <input type="checkbox"/> |

APPENDIX A

The following comments came through email:

Dear Mr. Romagnoli,

I have reviewed the proposed plan for utilizing the HERA monies that have been allocated to Pasco County under the Neighborhood Stabilization Plan. Based on my twenty years experience working with Federal agencies including FDIC, RTC and HUD, it is evident that the plan, as originally submitted to the Board of County Commissioners for approval, captures both the spirit and intent of the HERA legislation.

It is my understanding that representatives of the West Pasco Realtors Association have put forth an alternative plan that requires the following:

- The majority of the monies allocated to Pasco County would be used exclusively as down payment assistance.
- Homebuyers would purchase foreclosed homes in "as is" condition and rehab properties after purchase.
- Banks and/or mortgage companies would be willing to fund an acquisition/rehab loan in order to facilitate the purchase transaction.

Again most of my career has been spent in the banking regulatory industry, and one thing is certain, banks will be reluctant to fund acquisition and rehab loans especially in a tight credit market like the one we are currently experiencing.

Secondly, the above approach eliminates the possibility for the county and/or the POP non-profit agencies to negotiate a bulk purchase of foreclosed homes, which would certainly result in much lower acquisition prices. In turn the lower acquisition price could be passed on to the family purchasing the home thereby making the homes much more affordable. These savings would be totally lost if the alternative plan as outlined above is approved.

The third thing to consider is the spirit and intent of the HERA legislation. Specifically this legislation was designed to Stabilize Neighborhoods! If indeed the West Pasco Realtors alternative is approved, individual buyers all across the county would be attempting to use the down payment assistance regardless of neighborhood conditions. Whereas the HERA legislation requires this money to be utilized in targeted areas that have high rates of foreclosure activity. Again the county's original plan would allow bulk acquisitions in high foreclosure areas so those neighborhoods could indeed be stabilized! This would not necessarily be the case if the West Pasco Realtors alternative is adopted.

Therefore, I would strongly urge Pasco County's Community Development Department and the Pasco County Board of County Commissioners approve and implement the ORIGINAL plan that was submitted to the Board for consideration.

Regards,

Jim Caldwell, Executive Director
Workforce Housing Ventures, Inc.
36739 State Road 52, Suite 212
Dade City, Florida 33525
T: 352-458-4635
C: 352-424-1009
Email: jcaldwell@workforcehousingventures.org

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As you know, Tampa Bay CDC is an approved non-profit POP Agency in Pasco County where to date the CDC has purchased and rehabbed 65 homes that have been sold to low and moderate income families. With regard to the NSP funds that is intended to purchase REO properties in distressed neighborhoods, Tampa Bay CDC has a proven track record to provide quality service to the County and its residents. Tampa Bay CDC could purchase properties from Pasco County Realtors who have REO listings where applicable. In the spirit of the NSP Program and its intended use, I support the County's original plan to work with approved non-profit agencies to acquire problem REO properties, rehab them as turn-key move in condition, and sell them eligible homebuyers. These homebuyers would be required to obtain pre-purchase counseling in order to understand the home purchase process.

Respectfully,

--

Gregg Schwartz
President
Tampa Bay CDC
727-442-7075

Some thoughts on Neighborhood Stabilization:

I support using majority of the funds to purchase abandoned and foreclosed homes, rehab and then selling to public a finished, move-in ready home.

1. Using all of the monies for down-payment assistance is not feasible. Truthfully, there are not enough qualified buyers in the market for use that much in down payment assistance.

2. Selling too many homes at lower price would set the remainder of the housing market too low. The price of these homes reflect the condition (often poor and vandalized). The rehab would not be reflected in public records. However, if someone were to purchase the homes at lower price, rehab and then re-sell the finished product, the public records would reflect a higher final sales price. Therefore, we have helped in a small way to create a "bottom" in the market.

3. Realtors would benefit in 2 ways:

a. Initial sale of the homes. The non-profit agencies and the County would be purchasing current inventory in most cases. As the homes are listed with Realtors those realtor fees would still apply. The lenders do not communicate directly w/ buyers, there processes are lengthy and confusing. So, non-profits would not be able to circumvent the Realtors.

b. On re-sale the Realtors would be offered compensation for bringing buyers. In some cases the non-profits would utilize the listing services of Realtors. I really don't see that they could market that many properties without professional services.

4. If all of the funds were used solely for down payment assistance and re-hab thru the County, can your office handle that impact or would further funds be required to provide staffing, support services, etc.? Of course, this is assuming that we could produce that many qualified purchasers in the time frame allowed.

Thank you for allowing us the opportunity to share our thoughts on this process.

Kathy Britton
Coldwell Banker-Britton & Assoc., Inc.

(352) 567-5155
(813) 714-1152 (cell)
(866) 458-4351 (fax)
kbritton@coldwellbanker.com
www.kathybritton.com

Dear Mr. Romagnoli,

As the largest producer of affordable homes in Pasco County over the past 20 years, I was disappointed by the position taken by the west Pasco realtors with their desire to use the HERA funds for down payment assistance, rather than for the purchase & rehab as designed by this valuable federal program. Their position is strictly wrong. I'll remind you that there is not one cent of profit for my company in the position that I am taking, but rather my strong sense doing what is right for our county in the manner in which the NSP program was designed.

I realize that upon understanding the facts of HERA that the Pasco County Commission voted to rescind their first vote, and allow \$13,000,000 to be used for

purchase/rehab. I believe this is still wrong. Used as intended, these funds should all be dedicated to purchase/rehab through experienced Nonprofit agencies serving Pasco County. The west Pasco realtors don't seem to understand that they can still earn commissions on the initial purchase side to the Nonprofits, and then a much higher commission as these rehabbed homes reappear in MLS. Their logic eludes me!

Points of importance for HERA are:

- 1) This federal program is titled "The Neighborhood Stabilization Program", not the "west Pasco realtor bailout"!
- 2) The NSP program specifically mentions working through Nonprofits to provide the necessary services to Pasco residents.
- 3) I have been a realtor in Pasco County since 1976. Myself and the other realtors that I have spoken to in east Pasco do not want to sell homes in their present state, but rather see the great merit in selling rehabbed homes to families that are more energy efficient, modernized, and meet higher hurricane standards.
- 4) Rather than just catering to one industry trying to make quick profits from this funding, the ultimate benefits from HERA generates a stimulus for the construction industry, mortgage industry, title companies, Pasco County suppliers, sales tax, and of course higher ad valorem taxes.
- 5) I don't believe that the west Pasco realtors realize that by law, we are mandated to purchase homes in the areas of worse deterioration and foreclosure. Without the rehab, how do they envision finding customers that qualify?
- 6) Forget the rhetoric that "there are mortgage companies out there for unrehabbed homes"..... this simply is not true. There is not a mortgage company left in America that will allow a loan on a deteriorated home in one of the neighborhoods that we are mandated to target, with the promise of the customer to perform the rehab work later.
- 7) Remember that the program is called "Neighborhood Stabilization". If Pasco is to properly stabilize these neighborhoods, the program should be administered through the experienced Pasco Nonprofits with a proven system such as your Pasco Opportunity Program (POP).
- 8) No other county that I have spoken to would even consider a foolish program of using down payment assistance on unrehabbed homes. Pasco should not either.
- 9) By the system that you first proposed similar to POP, many, many more homes will be rehabbed, more construction dollars spent, more taxes collected, and of course, many more families would achieve homeownership.
- 10) Finally, there is a definite possibility that HUD would disallow a down payment assistance program only. Pasco would be forced to rewrite their program and lose valuable time, or even worse, the funds could be diverted to other counties.

My final thought. I believe the program should be designed as you originally proposed, with the \$17,600,000 going to purchase/rehab, and \$3,000,000 for down payment assistance. Ultimately, all of the funds will stay behind as DPA, but the realtors do not understand this.

Tom Smith
GHD Corp

Please consider this my recommendation for the use of the Neighborhood Stabilization Funding monies for down payment assistance. I feel this is the best use of these monies and would have the biggest impact on the local economy. This will increase home ownership, grow our tax base and put local people back to work.

Please insure that our program requires banks to utilize LOCAL services. This would further help Pasco's economy.

Thank you for your consideration-

Lois E. Robinson
General Manager
Capstone Title
9108 U.S. Hwy. 19
2nd Floor
Port Richey, Fl. 34668
Office: 727 569 2304
Cell: 727 992 5656
Fax: 727 842 2930
lrobinson@capstonetropical.com

Please consider this my recommendation for the use of the Neighborhood Stabilization Funding monies for down payment assistance. I feel this is the best use of these monies and would have the biggest impact on our local economy. This will increase home ownership, grow our tax base, and put local people back to work. Please insurance that the program requires banks to utilize local Pasco County services. This would further help our Pasco economy. Thank you for your consideration.

Ginny Pierce
2247 Ground Squirrel Drive
Trinity, FL 34655

I believe the best use of the Neighborhood Stabilization Funding would be for down payment assistance. This would allow the turn around of the most homes and would have the biggest impact on our local economy. With thousands of homes in foreclosure we need an approach that would touch as many homes as possible. This would increase home ownership, grow our

tax bae and put local people back to work.
Please insure that our program requires banks to utilize local
services. This would further help Pasco's economy.

Cynthia Armstrong

George,

I am a great supporter of what you have done with the POP program in Pasco County. I believe that the 19.5 million should continue to be used to purchase, rehab, and resell these properties through non profits. I understand that Realtors want the money to go directly to the buyers to rehab properties, with lenders holding the funds in escrow. That will not work with an FHA loan, and or first time home buyers. Lenders need all the work done prior to closing and will not escrow for repairs unless it is weather related. They need to sell these loans on the secondary market as soon as possible. If an escrow were approved it would be fore 1.5 times the amount of the work to be done. The typical first time home buyer cannot handle that type of extensive rehab. I say put the money into POP, down payment assistance, and home buyer education.

Your a great success story, don't mess with it.

Best Regards,

Linda L. Kemp

Home Mortgage Consultant

Wells Fargo Home Mortgage

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From: Ryan Smudde [mailto:RSmudde@Tampabay.rr.com]
Sent: Wednesday, November 12, 2008 10:41 AM
To: George Romagnoli
Subject: Neighborhoods stabilization program

To Whom It May Concern:

After reading the proposed use of the funds, I have a few suggestions. The blighted areas of Pasco, use moon lake as an example, deserve proper water supply & sewer services. If you look at a map of water & sewer infrastructure, it ostensibly excludes moon lake from these basic human needs. This is a humanitarian, environmental and health issue.

Second, using the funds to demolish condemned property is excellent use of the money from an eco standpoint. These properties can then be redeveloped, saving our woodlands.

Third, In rural neighborhood that do not have paved roads, monies should be spent for sidewalks & pavement. This will empower homeowners to improve their own houses once they see the county taking an effort to maintain the roads.

I do not agree with using the money to build low income homes, if there was a strong demand for low income housing the private sector will provide it.

Regards,

R. Smudde

Thank you, we will include your comments.

We cannot do sewer and water, streets and, however, but we can do demolitions

Public Comment on Neighborhood Stabilization Program (NSP)

c/o George Romagnoli, Pasco County Community Development Manager

As a mortgage banker, I see facets of the NSP proposed as very positive for the following reasons. Under the proposal set forth, not for profit POP agencies can acquire, **rehabilitate and construct homes** in blighted areas.

At present, the only rehab mortgage programs available are the FHA 203k loan, available for homes with structural damage and the Streamline "K" FHA loan, available for homes without structural damage. Both of these programs are for owner occupied purchasers only and the interest rate is higher than regular FHA financing. The only other home rehab options for purchasers are escrow closings where buyers or sellers pay for the repair out of their own pocket or the occasional portfolio conventional loan usually requiring a greater down payment than FHA. Many times, homebuyers are discouraged from purchasing homes in need of rehab due to additional costs, increase in the interest rate and extra time and energy these few loan types take to close. By allowing POP to rehab and even construct homes in Pasco County (which has a higher construction

standard than other counties AND FHA!) and then sell these homes on the open market, ALL financing options through FHA, VA and conventional means would be available for these homes! Additionally, *the availability of down payment assistance for qualified owner occupied homebuyers will encourage homeowners to move into these blighted areas, ultimately increasing property values* currently lower (in these areas) due to lack of financing options and the overall rundown condition of these properties.

Additionally, the rehab and construction of these targeted properties will provide jobs for those in the construction industry.

I have worked with down payment assistance programs throughout the state of Florida for the past 23 years. Pasco County has always been at the forefront of analyzing the greatest needs of homeowners. By allowing these homes currently desired by few to be acquired, rehabilitated and/or constructed through the NSP, ALL homes are then on the same playing field for ALL financing options.

thank you for your time,
Pam Marron,
23 Yrs. Sr. Loan Officer
Homexpress Lending, Inc.
727-375-8986
pmarron@tampabay.rr.com

Your e-mail covers key points that reverses my negativity. Thanks for taking the time to clear my conscious.

Do good for the people.

Gordon

-----Original Message-----

From: George Romagnoli [<mailto:gromagnoli@pascocountyfl.net>]

Sent: Wednesday, October 22, 2008 7:58 PM

To: Pat Mulieri; Gordon Bennett

Subject: RE: Government Funds Given To Pasco For Abandoned Homes

Mr. Bennett

The rules for the program are still be written, and soon will be posted to the front page of the County's website.

The County has assisted almost 2800 families become homeowners. The hardest part for a renter to do is save the money to become a homeowner. Homeownership is important because it stabilizes neighborhoods, and homeowners tend to take care of the property better than loandlords. The County lends this money out, and we re-use it to help other

people. An overwhelming majority have not been foreclosed.

The houses assisted must be sold for at least 85-90% of the value of the property. That is federal law, and we cannot change that.

Some of this money will go towards demolitions.

We can only use this money for housing. Tax relief and education s not eligible.

if you have any other questions, please do not hesitate to contact me

George Romagnoli
Community Development Manager

-----Original Message-----

From: Pat Mulieri
Sent: Wed 10/22/2008 10:32 AM
To: 'gordon-bennett@bisk.com'; George Romagnoli
Cc:
Subject: Re: Government Funds Given To Pasco For Abandoned Homes

You are welcome

-----Original Message-----

From: Gordon Bennett <gordon-bennett@bisk.com>
To: Pat Mulieri; George Romagnoli
Sent: Wed Oct 22 10:17:08 2008
Subject: RE: Government Funds Given To Pasco For Abandoned Homes

Thanks Pat, I look forward to George's response.

-----Original Message-----

From: Pat Mulieri [<mailto:pmulieri@pascocountyfl.net>]
Sent: Wednesday, October 22, 2008 10:04 AM
To: Gordon Bennett; George Romagnoli
Subject: Re: Government Funds Given To Pasco For Abandoned Homes

Gordon. There are rules as to how fed money can be spent. I am copying george R who can explain and ans your questions pat

-----Original Message-----

From: Gordon Bennett <gordon-bennett@bisk.com>
To: Pat Mulieri; Ted Schrader

Sent: Wed Oct 22 09:15:38 2008

Subject: Government Funds Given To Pasco For Abandoned Homes

Good Morning,

I wanted to voice my thoughts regarding a county commissioners comments I heard on the news this morning. This is in regards to the Government giving money to Pasco County to buy abandoned homes, and the commissioners recommendations of given the money to homeowners for a down payment.

Banks should not give money to people that cannot afford loans and neither should the county.

If someone is unable to save money for a down payment, they must be in a situation in which they live paycheck to paycheck, which in return is a high chance they will end up losing the house anyway over years to come.

The houses should go on the market and should be sold to whomever is qualified to buy them.

If you are giving money away to use as a down payment, then give me some so I am not punished for doing what is right. No one helped me get my home 4 years ago in Lake Bernadette.

Honestly, I feel the money should be used to clean up the properties. Local realtors should sale them for what they are worth, guidelines will need to be followed to protect realtors and buyers.

At the end of the day we should have money left over from what the government and the money from the sale of the home. This should be applied to projects to help Pasco grow. Examples lowering property taxes, education, etc...

Please correct me if there is more to the story I may be missing.

Thanks

Gordon Bennett

813-715-6363

MEMO

From: Greg Armstrong President West Pasco Board of Realtors

To: Pasco County Commissioners
George Romagnoli

SUBJECT: Foreclosure Plan (Neighborhood Stabilization Funding)

On behalf of the West Pasco Board of Realtors I would respectfully ask the commission to consider the following option for use of much of the \$19.6 million in federal aid to help in getting foreclosures in Pasco sold and fixed up.

The staff thinking that I am hearing was the county should buy many of these distressed properties and have the county handle the repairs. We see this as a slow, cumbersome and bureaucratic process that makes Pasco County a residential property owner. This would put the county competing with their taxpayers to sell these properties in the future. This would not be a pleasant situation for anyone involved in such a case and can lead to much hostility between homeowners and the county. At a meeting earlier this week we met with George and commissioner Mariano and outlined roughly the plan mentioned below. Having worked with George in the past, it is great to brainstorm with someone with such an open mind to ideas. In these tough times we must think outside the box at all levels.

We do realize the need for the county to purchase some units for special needs housing (approximately 25% per the guidelines) and those cases would not put the county in competition with the taxpayer down the road. We do, however, believe great care should be taken in selection of the location for these so as to mesh with the surrounding neighborhoods.

Our proposal calls for participation not only of the county, but the Real Estate community, Banks and the Public. We are extremely confident that this will get foreclosures cleaned up and improved faster and more efficiently. More foreclosures will be sold to first time homebuyers. Repairs will mean jobs for the local economy for such things as plumbing, electrical, roofing, painting and flooring. Our plan would also speed up the process as funding is only available for 18 months. We would be able to see returns on the investment as early as January 2009 (closings).

The Plan

- 1) – Ask the state for an 18-month modification of the ship-program in Pasco to remove income requirements in only those cases where it is for the purchase of foreclosures. We have already requested Florida Housing Finance for an opinion as to this provision. This is important because many in essential services miss qualifying for such programs by the smallest of margins. The essential services also account for a greater number of those who work in Pasco but do NOT own a home. The requirement should simply be that they be buying this home to live in and homestead and that they work in Pasco County. The loans could be this simple -- \$5,000 for those buying a foreclosure. An additional \$5,000 for those buying one in a subdivision defined by the department as having excessive foreclosures. Another \$5,000 could also be offered to essential services employees such as county, school, fire, police, nurses, etc. The total loan should not exceed \$10,000. It is notable that many of the people who would now consider buying would be eligible for the up to \$7,500 federal tax credit as well. Right now foreclosures are almost exclusively sold to investors looking to steal these properties. That means that they are being minimally repaired and are quickly returned to rental status. This would put pride of ownership into these former foreclosure properties and keep the county from tying up valuable resources to monitor and perform these repairs.
- 2) Loans on the properties – these would almost exclusively have to be FHA loans. That is about the only game in the mortgage business right now except for VA. That is where the banks come in and free enterprise will help us solve our own problem. Banks right now are just getting dirt cheap to sell their foreclosures because they have to look for cash buyers since they are not repaired. Banks would now be able to sell these foreclosures for more money because they would be available to a whole new set of buyers that this program would bring to the table. The catch is that they will have to bring the homes up to a repair level to meet FHA loan guidelines. This is a win for all involved. The banks sell for more, non-homeowners get into a home at a bargain price and the county gets our foreclosure process moved along. Working with the commission and staff we believe the real estate and banking community can help play a major role in getting these foreclosures sold while at the same time helping to stop the steep decline in property values that we have been experiencing. This program would also be a plus for such employees as government and schools and can help boost morale in these tough economic times.

Positives:

Foreclosures are sold faster and for more money

Homeownership in Pasco is expanded to more of its citizens

Repairs mean jobs are created

Improved properties will help expand the future tax base

Gets MORE people involved in solving our problem

THE BULK OF THE EFFORT IS PERFORMED THROUGH FREE ENTERPRISE

Pasco County would not have to become a residential home owner

We stand ready to work with county government on these measures to solve the foreclosure problem here in Pasco County. We realize that to move forward we must all be part of the solution. We are excited about the opportunity to turn a very large negative into a giant positive for Pasco County.

Thank you for your consideration!

The following comments came from the public hearing on November 21, 2008:

PUBLIC HEARING MINUTES

PASCO COUNTY BOCC BOARD ROOM NEW PORT RICHY, FL
NEIGHBORHOOD STABILIZATION PROGRAM (NSP)
PUBLIC HEARING 11/21/08 -3PM

PRESENT:

GEORGE ROMAGNOLI – MANAGER, PASCO COUNTY COMMUNITY DEVELOPMENT
DIVISION
MIKE NURRENBROCK – DIRECTOR OMB – PASCO COUNTY
JUDY D'AMICO – COMMUNITY DEVELOPMENT SPECIALIST
PAT OLSON – COUNTY EMPLOYEE
GREG ARMSTRONG – REALTOR
VICGTORIA BAILEY – REALTOR
SAMMIE COPELAND – REALTOR
REBECCA RUSSELL-COOTE – WEST PASCO HABITAT FOR HUMANITY
BOB BALTZER – COUNTY EMPLOYEE

George Romagnoli opened the public hearing with an introduction outlining the NSP program.

Comment from the floor asking about CDBG requirement against down payment assistance for more than 10% down.

Comments from G. Armstrong commending George Romagnoli for his great work on this new program in such a brief time. Looks forward to working the GR to make this program work. Said he has studied other communities and thinks GR is going beyond them.

Comments from GR that the plan is not static after going to the BOCC then to HUD then they have 45 days to review and send back with requested changes. Then back to BOCC. Agreements should be in place by Feb., funds in by March. HUD requirement is that reports on program activity be posted on county web site. Going to BOCC in increase amount to amend changes.

Comments from G. Armstrong about using local services, research by him found 90% listed with outside brokers. More income locally if restriction to local brokers.

Comments from M. Nurrenbrock that if county restricts this they must change and restrict all county procurement practices. This is looked into periodically by county purchasing and has not been determined to be feasible.

Comment from GR that economic benefit will occur locally regardless.

Comment from Rebecca Russell-Coote - WPHFH that she hoped Habitat would not be squeezed out of the program. GR said that the other programs offered by county will continue to help Habitat. SHIP being the least restrictive and NSP being the most. Ms. Russell-Coote stated she has vision for greater expansion of Habitat.

Comment by Victoria Bailey thanking GR for his help and kindness explaining the program. Looking forward to working together. Said many of homes in the 100,000 to 200,000 bracket do not need extensive rehab, they need owners. Concern that values will decline drastically because they are vacant.

Comment from GR stating he has been in contact with lenders and credit unions. Stated that HUD makes the rules.

Comments from Pat Olson stating that we should rethink our plan to provide more funding for down payments and less to POP. Suggested a reverse auction technique where lenders make available properties for sale with a package of their requirements for each property. Open this to eligible citizens then to everyone else and then to POP for rehab and sale. Comment regarding land banking – as of now there are 8500 vacant developable lots. Suggested a parent parcel split instead. Said more funding to citizens, less to POP agencies.

Comment from G. Armstrong that there are builders with capital who are ready to work with this program. Would take care of blighted communities; put local workers back to work.

No more comments forthcoming. GR closed the meeting.