

# Action Plan

**Grantee:** Hernando County, FL

**Grant:** B-11-UN-12-0021

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<b>LOCCS Authorized Amount:</b>	\$ 1,953,975.00
<b>Grant Award Amount:</b>	\$ 1,953,975.00
<b>Status:</b>	Reviewed and Approved
<b>Estimated PI/RL Funds:</b>	\$ 700,000.00
<b>Total Budget:</b>	\$ 2,653,975.00

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## Funding Sources

**No Funding Sources Found**

## Narratives

### Summary of Distribution and Uses of NSP Funds:

Hernando Summary

Hernando County plans to use its NSP3 funds to:

1. Activity 1 is the Acquisition and Rehabilitation of NSP-eligible properties for low-income rental or homeowner housing. The County plans to use \$1,270,083 of its NSP funds for this activity. The County intends to impact 12 properties and households.
2. Activity 2 is the Acquisition and Rehabilitation of NSP-eligible properties for rental or homeowner housing. This activity will address the 25% low-income housing set-aside required by the program. The County plans to use \$488,494 of its NSP funds for this activity. The County intends to impact 5 properties and low income households.
3. Activity 3 is Land Banking. The County does not currently have any specific activity for this use. However, the County wishes to reserve this Eligible Use in case the responsiveness or availability of units under Eligible Use B is insufficient.
4. Activity 4 is Program Administration. The County will use \$195,398 of its NSP3 funds to pay reasonable and necessary expenses of implementing the program.

### How Fund Use Addresses Market Conditions:

Further analysis of the Hernando housing market conditions from information gathered on RealtyTrac.com, Trulia.com, PolicyMap.com, the HUD website, and Hernando County Association of Realtors helped to determine suitable target areas. It was noted that the Spring Hill area is one of the most popular areas in Hernando County to purchase a home. The median sales price has dropped to \$85,000, which is only \$73 per square foot. There are still over 1,800 homes for sale in the area and another 1,100 in various stages of foreclosure. Sales remain brisk as over 1,300 homes have recently sold in the area. Interest rates have remained at or below 5% the last few months, which are at the lowest levels in over 50 years. Homebuyers are finding sustainable home finance solutions with products such as FHA insured and USDA guaranteed loans. The combination of reduced rates, market decline, and such a large surplus of homes on the real estate market has directly caused increased affordability for all consumers currently looking to purchase a home. The NSP Program helped with positive change by educating realtors and prospective buyers about the market as well as creating additional incentives to buy/repair over 80 foreclosed homes, for both rental and ownership, in the Spring Hill area. The analysis of this data led the County to decide to carry out the activities described in Section 7.

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Amendment 3, January 15, 2014 - Hernando County requests approval to enlarge its currently approved Area of Greatest Need (AGN). The current AGN will be enlarged by adding an area that adjoins to the north of the current AGN and another area in the southern part of the County (see maps). These new areas have been discussed as possible Areas of Greatest Need at a Citizen Advisory Task Force (CATF) meeting on October 29, 2013. The CATF recommended approval of the addition to the Hernando County Board of County Commissioners (BOCC). The BOCC met on November 19, 2013 and approved adding these new areas as an AGN. A public comment period for this change was run from October 25 to November 10, 2013. No comments or questions were received.

Hernando County requests this expansion because over the last several weeks the County staff has been working with NSP3 applicants to find properties that fit our program requirements and are located in the current AGN. We are finding that there are only a limited number of



foreclosures in the current AGN. This situation is confirmed by the Housing Market Analysis done for the County by the National Community Stabilization Trust (NCST). The Analysis noted that REO rates have remained flat, suggesting additional shadow inventory still in the market. It was also noted that defaults continue to be noted in the 34606, 34608, and 34609 zip codes of the County. Therefore, in order to expend its NSP3 funds within the timeframe required, the County would like to expand its current AGN as depicted in the attached maps. The County plans on impacting the same number of properties as originally planned.

Additional Information for this request:

Neighborhood ID&rsquo &ndash 6057006 and 6303924

### **Ensuring Continued Affordability:**

The County will use the HOME affordability limits in its rehabilitation/resell and rehabilitation/rent activities. In those activities, as per 24CFR 92.252(e), the County will ensure that all properties receiving NSP funding will be secured by a restriction on the deed and/or recorded mortgage as follows:

- Under \$15,000 = 5 years
- \$15,000 - \$40,000 = 10 years
- Over \$40,000 = 15 years
- New Construction = 20 years

To also help maintain the long-term affordability, it should be noted that interest will not be charged. All soft second, deferred payment mortgages will be 0% interest.

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

A blighted structure is a structure that has substantial deterioration in which conditions are leading to economic distress or endangerment of life. The County agrees by ordinance that the structure is blighted when one or more of the following factors are presented:

1. Unsanitary or unsafe conditions;
  2. Deterioration of site or other improvement; or
- Faulty lot layout in relation to size, adequacy, accessibility, or usefulness.

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

Affordable Rents are defined as and shall not exceed the Fair Market Rents (FMR) published annually by the U.S. Department of Housing and Urban Development for the Tampa - St. Petersburg &ndash Clearwater, FL Metropolitan Statistical Area (MSA). The current rates are listed below:

- Efficiency
- 1 Bedroom
- 2 Bedroom
- 3 Bedroom
- 4 Bedroom
- FMR
- \$714
- \$792
- \$958
- \$1,214
- \$1,466

Source: U.S. Department of Housing and Urban Development, 2011

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

Per HUD guidance, any gut rehabilitation or new construction of residential buildings up to three stories will be designed to meet the standard for Energy Star Qualified New Homes.

Additionally, any gut rehabilitation or new construction of mid or high rise multifamily units will be designed to meet American Society of Heating, Refrigerating, and Air-Conditioning Engineers Standard 90.1-2004, Appendix G plus 20%. Other rehabilitation will meet those standards to the extent applicable to the rehabilitation work being undertaken, e.g. replacing older obsolete products and appliances with Energy-Star &ndash 46 labeled products. Water efficient toilets, showers, and faucets, such as those with the WaterSense label, will be installed. Where relevant, the housing will be improved to mitigate the impact of disasters, such as earthquakes, hurricane, flooding, and fire. The County will apply the County&rsquo NSP Housing Plan, County Building Code or Florida Residential Building Code when more restrictive.

### **Vicinity Hiring:**

The County will do everything feasible to provide for the hiring of individuals and small businesses that are owned and operated by persons residing in the vicinity of the NSP3 projects, especially Section 3 persons and businesses. This will include, but not be limited to advertising in local newspapers, working with the local Workforce Board and colleges and using the County&rsquo website to reach vicinity and Section 3 employees and businesses for needed NSP services to implement the NSP3 Abbreviated Action Plan. The County will issue RFP&rsquo specifically looking for persons/businesses that are engaged in landscaping, painting, debris removal and related services to accomplish this



goal. The County will adhere to the local, State, and Federal procurement procedures in this hiring process.

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

The County will use at least 25% of its NSP3 grant funds to assist households with incomes at or below 50% AMI. We will achieve this target by executing agreements with Partners/Developers using “Eligible Use B: Purchase and Rehabilitate Homes.” The Partners/Developers will acquire and rehabilitate units that will be rental units restricted to persons whose incomes do not exceed 50% AMI. For this income group, we plan to address at least four homes, and more if possible (depending on purchase and rehab costs).

**Grantee Contact Information:**

NSP3 Program Administrator Contact Information

Name (Last, First)

Moore, Donna

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## Project Summary

Project #	Project Title	Grantee Activity #	Activity Title
1	Acquisition and Rehabilitation	1-1	Acquisition and Rehabilitation
2	Acquisition and Rehabilitation for Set	2-1	Acquisition and Rehabilitation
3	Land Banking		<i>No activities in this project</i>
4	Program administration	4-1	Program administration
9999	Restricted Balance		<i>No activities in this project</i>

## Activities



**Grantee Activity Number: 1-1**  
**Activity Title: Acquisition and Rehabilitation**

**Activity Type:**  
 Rehabilitation/reconstruction of residential structures

**Activity Status:**  
 Under Way

**Project Number:**  
 1

**Project Title:**  
 Acquisition and Rehabilitation

**Projected Start Date:**  
 06/01/2011

**Projected End Date:**  
 05/31/2014

**Project Draw Block by HUD:**  
 Not Blocked

**Project Draw Block Date by HUD:**

**Activity Draw Block by HUD:**  
 Not Blocked

**Activity Draw Block Date by HUD:**

**Block Drawdown By Grantee:**  
 Not Blocked

**Total Budget:** \$ 1,725,083.50

**National Objective:**  
 LMMI: Low, Moderate and Middle Income National Objective for NSP Only

**Other Funds Total:** \$ 0.00

**Environmental Assessment:**  
 UNDERWAY

**Total Funds Amount:** \$ 1,725,083.50

**Benefit Report Type:**  
 Direct (Households)

Proposed Beneficiaries	Total	Low	Mod	Low/Mod%
# Owner Households	12	5	4	75.00
# of Households	12	5	4	75.00

Proposed Accomplishments	Total
# of Singlefamily Units	12
# of Housing Units	12

**Activity is being carried out by Grantee:**  
 Yes

**Activity is being carried out through:**  
 Grantee Employees and Contractors

**Organization carrying out Activity:**  
 Hernando County Board of County Commissioners

**Proposed budgets for organizations carrying out Activity:**

Responsible Organization	Organization Type	Proposed
Hernando County Board of County Commissioners	Local Government	\$ 1,725,083.50

**Location Description:**  
 Portion of the unincorporated community in Hernando County known as Spring Hill.

**Activity Description:**

Hernando County intends to work through affordable housing partners, with the capacity to provide affordable housing and meet NSP3 goals and requirements, by utilizing the Acquisition and Rehabilitation Eligible Use. The plan is to make grants to local affordable housing partners, who will be selected by the County, to acquire, rehab, and then resell 12 NSP-eligible properties as affordable housing to low-, moderate-, or middle-income households. The home values throughout the Metropolitan Area have fallen approximately 32% over the last few years. Utilizing the HUD NSP3 Mapping Tool, the County has identified a specific target area in the Spring Hill community upon which the purchase, rehab, and reselling of these properties will have a significant impact. Concentrating the NSP3 funding in this area will decrease the number of vacant units in the area, should increase property values, and should enhance the affordability of housing throughout the area.

The County will require that homeowners demonstrate the ability to pay conventional mortgage rates and maintain the home after the available NSP funds have been provided to acquire and rehab the property. No sub-prime or other high risk non-conventional mortgages will be allowed in this program. The term of assistance begins on the date of resale to a LMMI eligible household. Restrictions on the deed and/or mortgages shall apply for the affordability period on all NSP units. Affordability provisions will remain in effect for the minimum HOME affordability terms used in NSP1. For the affordability period, subsequent purchasers of assisted units must be income eligible. If not, the amount of assistance will be recaptured at resale.

The benefit to income-qualified persons or households is threefold, in that 1) the homebuyer will have the opportunity to purchase a home that will be priced below market value, 2) that home will have been recently rehabilitated, and 3) where cost feasible, will have increased energy efficiency. The average NSP cost per unit is expected to be about \$105,000. The area will also benefit by the decrease in number of vacant homes in the area, the estimated increase in property values, and the expected enhanced affordability of housing.

In Hernando County, we will provide maximum opportunities for the hiring of employees and small businesses that are owned and operated by persons residing in the vicinity of the NSP3 projects, especially Section 3 persons and businesses. This will include but not be limited to advertising in local newspapers and on the County's website for the employees and businesses that the County will need to carry out its Abbreviated Action Plan. The County will specifically look for opportunities to hire persons/businesses that are engaged in landscaping, painting, debris removal and similar services to accomplish this goal. The County will adhere to local, State, and Federal procurement procedures in this hiring process.



**Grantee Activity Number: 2-1**  
**Activity Title: Acquisition and Rehabilitation**

**Activity Type:**  
 Rehabilitation/reconstruction of residential structures

**Activity Status:**  
 Under Way

**Project Number:**  
 2

**Project Title:**  
 Acquisition and Rehabilitation for Set Aside

**Projected Start Date:**  
 06/01/2011

**Projected End Date:**  
 05/31/2014

**Project Draw Block by HUD:**  
 Not Blocked

**Project Draw Block Date by HUD:**

**Activity Draw Block by HUD:**  
 Not Blocked

**Activity Draw Block Date by HUD:**

**Block Drawdown By Grantee:**  
 Not Blocked

**Total Budget:** \$ 663,494.00

**National Objective:**  
 LH25: Funds targeted for housing for households whose incomes are at or under 50% Area Median Income.

**Other Funds Total:** \$ 0.00

**Total Funds Amount:** \$ 663,494.00

**Environmental Assessment:**  
 UNDERWAY

**Benefit Report Type:**  
 Direct (Households)

Proposed Beneficiaries	Total	Low	Mod	Low/Mod%
# Renter Households	5	5		100.00
# of Households	5	5		100.00

Proposed Accomplishments	Total
# of Singlefamily Units	5
# of Housing Units	5

**Activity is being carried out by Grantee:**  
 Yes

**Activity is being carried out through:**  
 Grantee Employees and Contractors

**Organization carrying out Activity:**  
 Hernando County Board of County Commissioners

**Proposed budgets for organizations carrying out Activity:**

Responsible Organization	Organization Type	Proposed
Hernando County Board of County Commissioners	Local Government	\$ 663,494.00

**Location Description:**  
 Portion of the unincorporated community in Hernando County know as Spring Hill.

**Activity Description:**

Hernando County intends to work through affordable housing partners, with the capacity to provide affordable housing and meet NSP3 goals and requirements, by utilizing the Acquisition and Rehabilitation Eligible Use. The Plan is to make grants to local affordable housing partners, who will be selected by a competitive process, to acquire, rehab, and then rent at least four foreclosed properties as affordable housing to low-income ( $\leq 50\%$  of area median income) households. The home values throughout the Metropolitan Area have fallen approximately 32% over the last few years. Utilizing the HUD NSP3 Mapping Tool, the County has identified a specific target area in the Spring Hill community upon which the purchase, rehab, and renting of these properties will be able to have a significant impact. Utilizing the NSP3 funding in this area will decrease the number of vacant units in the area, should increase property values, and enhance the affordability of housing throughout the area. The County will require that renters demonstrate the ability to pay Fair Market Rent (up to 30% of household income for VLI income limits) and maintain the home after the available NSP funds have been provided to acquire and rehab the property. Restrictions on the deed and/or mortgages shall be recorded and apply for the affordability period on all rental units. Affordability provisions will remain in effect for the minimum HOME affordability terms used in NSP1. For the affordability period, the subsequent purchasers of assisted units must be income eligible. If not, the amount of assistance will be recaptured. The benefit to income-qualified persons or households is the ability to rent a home that will be 1) priced below market value, 2) will have been recently rehabilitated, and 3) where cost feasible, have increased energy efficiency. The average NSP cost per unit is estimated to be \$98,000. The area will also benefit by the decrease in number of vacant homes in the area, the increase in property values, and the enhanced affordability of housing. The County will apply the rental preferences, as defined on page 3, by applying all set-aside funding to rental properties.

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**Grantee Activity Number:** 4-1  
**Activity Title:** Program administration

**Activity Type:**

Administration

**Project Number:**

4

**Projected Start Date:**

06/01/2011

**Project Draw Block by HUD:**

Not Blocked

**Activity Draw Block by HUD:**

Not Blocked

**Block Drawdown By Grantee:**

Not Blocked

**National Objective:**

Not Applicable - (for Planning/Administration or Unprogrammed Funds only)

**Environmental Assessment:**

UNDERWAY

**Benefit Report Type:**

NA

**Activity Status:**

Under Way

**Project Title:**

Program administration

**Projected End Date:**

05/31/2014

**Project Draw Block Date by HUD:**

**Activity Draw Block Date by HUD:**

**Total Budget:** \$ 265,397.50

**Other Funds Total:** \$ 0.00

**Total Funds Amount:** \$ 265,397.50

**Activity is being carried out by Grantee:**

Yes

**Activity is being carried out through:**

Grantee Employees and Contractors

**Organization carrying out Activity:**

Hernando County Board of County Commissioners

**Proposed budgets for organizations carrying out Activity:**

Responsible Organization	Organization Type	Proposed
Hernando County Board of County Commissioners	Local Government	\$ 265,397.50

**Location Description:**

Portion of the unincorporated community in Hernando County know as Spring Hill.

**Activity Description:**

NSP3 Program Administration funds will be used to pay reasonable and necessary expenses of implementing the program. This includes but is not limited to County staff salaries, office supplies, and contracting with a consulting firm to provide administrative and rehabilitation assistance.





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## Action Plan History

Version	Date
B-11-UN-12-0021 AP#1	12/05/2012
B-11-UN-12-0021 AP#2	10/15/2012
B-11-UN-12-0021 AP#3	01/28/2013
B-11-UN-12-0021 AP#4	08/04/2011
B-11-UN-12-0021 AP#5	02/04/2014
B-11-UN-12-0021 AP#6	08/08/2012

