

Recommendations from the South Florida Regional "Problem Solving" Symposium on the Neighborhood Stabilization Program

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December, 2009

In July 2008, the State of Florida received the single largest allocation of funding under the Federal Housing and Economic Recovery Act to implement the Neighborhood Stabilization Program (NSP). According to data released in the fall of 2009 from the Florida Housing Coalition, only 2.4% of the \$541 million allocated to Florida has been committed to date. To identify the barriers and solutions to implementing NSP funding, the Broward Housing Partnership hosted and Chase sponsored the "South Florida Regional Problem Solving Symposium." With over 100 participants, discussion focused on five key topics: Strategies and Best Practices; Acquisition; Regulatory Hurdles; Property Disposition; Development, and Restoration; and User Marketing and Qualifications. This document articulates the recommendations of participating entitlement agency representatives, sub-recipients, stakeholders and contractors. The successful expenditure of current NSP funding is necessary to achieve stability to South Florida's communities devastated by the foreclosure crisis.

STRATEGIES AND BEST PRACTICES

- Local governments should coordinate department activities required during the acquisition process to increase the efficiency of NSP.
- Entitlement agencies should assemble a team of pre-qualified contractors, representing each field needed for in the acquisition and rehabilitation of NSP properties, to ensure timely execution of NSP offers.
- Entitlement agencies should use the Inspector General reports of other NSP grantees posted on the HUD website as an instructive tool to evaluate and adjust current programs.
- Entitlement agencies can streamline the acquisition process by contracting a realtor to identify qualified properties. Working relationships with realtors could advance the program goals while conveying accurate knowledge of NSP regulations.
- Entitlement agencies should comply with Section 3, where 10% of low-income workers are utilized for rehabilitation of NSP properties, to increase the investment of program dollars into targeted communities.
- The Neighborhood Lending Partners should increase their training activities with NSP recipients, contractors and realtors to disseminate NSP information, strengthen financing strategies, and increase overall awareness of the program.

ACQUISITION

- HUD should provide a streamlined and clearly-articulated closing procedure to increase the success of NSP offers.
- HUD should allow amendments to original NSP grant requests when more effective strategies are identified.
- HUD should increase education programs for realtors regarding NSP and short sales.
- HUD should expand NSP to include pre-foreclosures, where occupants have vacated but foreclosure proceedings have yet to be finalized. The inclusion of pre-foreclosures could enable NSP funds to acquire homes at earlier stages of decline and could likely shorten acquisition procedures.
- The National Community Stabilization Trust should increase awareness and access to the First Look program to provide NSP agencies with an advantage over individual investors.
- The National Community Stabilization Trust could identify and create relationships with key realtors with major numbers of REO properties.
- Entitlement agencies should work with other non-profits specialized in the rehabilitation of properties, such as Habitat for Humanity.
- Entitlement agencies should enact simultaneous closings with the direct consumer to shorten the time between acquisition and occupancy.
- Realtors should provide greater transparency during negotiations to ensure NSP offers are being given to banks in an expeditious manner.
- Non-profits, particularly smaller non-profits, should collaborate to achieve the required capacity to access the First Look program of the National Community Stabilization Trust.

REGULATORY HURDLES

- HUD should create a standardized template for documents such as contracts to increase the efficiency of processing NSP acquisitions.
- HUD should continue the timely response to NSP program questions while increasing the consistency among their responses.
- HUD should interpret rules for HOME Program Income to interlink with NSP, allowing for reinvestment in neighborhoods where initial NSP investments have been made.
- HUD should waive the department's environmental review, as necessary, in circumstances where a private environmental analysis was conducted during the lending process.
- The National Community Stabilization Trust should expand the "First Look" program to individual consumers to better match users with prospective NSP acquisitions.
- Banks participating in NSP, including smaller financial institutions, should provide a central point of contact for NSP inquiries to ensure clear and responsive communication around NSP offers.
- Banks should overcome regulatory barriers to financing townhome and condominium properties, and provide FHA-insured end loans wherever possible.
- Local governments should tailor CDBG and HOME funds with NSP to increase efficiency of acquiring homes and revitalizing targeted neighborhoods.
- Local governments should perform property acquisition reviews jointly with local building, code enforcement and zoning reviews to identify mitigation required. This collaboration of agencies could expedite permits and approvals. Waiving of permit fees to further expedite the production of affordable housing should be considered.
- Entitlement agencies should streamline accounting procedures to ensure expedited processing of payments to increase the competitive nature of NSP activities while providing necessary internal controls to prevent fraud, waste and abuse.

PROPERTY DISPOSITION, DEVELOPMENT, AND RESTORATION

- HUD should provide from Entitlement agencies with rapid responses to day-to-day questions and technical assistance resources to avoid delays in the disposition, development and restoration of NSP properties.
- HUD should provide a clarification letter stating the repair of pools and the conversion of septic to sanitary sewers are reasonable and necessary in the South Florida market to retain market value.
- HUD should provide changes to increase the efficiency of homebuyer “empowerment” programs without slowing the disposition process.
- Local governments should develop a master document of NSP property and program standards to assist the coordination among entitlement agencies and educate homebuyers.
- Entitlement agencies should create an effective pipeline (i.e. increase capacity), engage best practices, consult with HUD, and create partnerships to increase resources and expertise available for current and future NSP projects.
- Entitlement agencies should pre-qualify contractors and develop internal work specifications to shorten the rehabilitation process.
- Entitlement agencies should simultaneously open as many potential property acquisition files as possible to increase chances of success.
- Entitlement agencies should partner with non-profits to reach the required 50% income group for rental unit production.
- Entitlement agencies should better understand local government code regarding rehabilitation of NSP properties.
- Entitlement agencies should work with non-profits willing to take title if local governments are unwilling.

USER MARKETING AND QUALIFICATIONS

- Local governments should encourage collaboration among county departments to identify marketing strategies.
- Entitlement agencies should work with realtor associations to create and implement NSP training programs with materials to assist in the identification and acquisition of NSP properties.
- Entitlement agencies should identify potential homebuyers through working with counseling agencies, mailings to renters, and advertising in local newspapers, radio, and on public transportation.
- Entitlement agency representatives should provide NSP presentations at local first time homebuyer courses, at places of worship, and community centers.
- Entitlement agencies should actively engage in NSP targeted neighborhoods to identify and overcome obstacles to attracting new homebuyers. The agency and community should create a unified vision for targeted neighborhoods to attract homebuyers.
- Entitlement agencies should working with moderate-income groups, such as firefighters, teachers, and police to identify qualified homebuyers.

As Miami Field Office Director Armando Fana of the Department of Housing and Urban Development stated, beyond the obstacles that entitlement agencies and contractors currently face, there are bigger questions that HUD and Congress must ask. Are strategies comprehensive enough to truly stabilize neighborhoods? Are governments and non-profits spending funding in a shotgun manner or are they strategically targeting the purchasing of homes? Are current programs truly halting the decline of neighborhoods? With both the urgent challenges of the current NSP program and the broader questions of policy, the Broward Housing Partnership hopes these recommendations will be considered and addressed quickly to ensure stability to South Florida neighborhoods is restored.

All participants in this effort agreed that a follow-up session should be held within the next 90-120 days to evaluate progress, measure the effectiveness of suggestions, and continue the coordination and communication process among all stakeholders. This event is expected to be coordinated by the Housing Leadership Council of Palm Beach County with the cooperation and participation of Broward Housing Partnership.