

## 1. NSP3 Grantee Information

NSP3 Program Administrator Contact Information	
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## 2. Areas of Greatest Need

### Map Submission

The map generated at the HUD NSP3 Mapping Tool for Preparing Action Plan website is included as an attachment.

### Data Sources Used to Determine Areas of Greatest Need

Describe the data sources used to determine the areas of greatest need.

#### Response

Collier County consulted local, state, and national data sources in determining the areas of greatest need. The use of myriad data sources allowed both a macro and micro and analysis of the areas of critical concern, local and national trends, forecasting future demand, and leveraging of existing resources. The goal of Collier County when determining the areas of greatest need was to stabilize neighborhoods, arrest decline, and produce a more sustainable, inclusive, and integrated community.

#### Local Data

Source: Naples Area Board of Realtors Multiple Listing Service (MLS).

Qualifiers: Excluded Marco Island, vacant land, commercial property, multi-family, and time-shares. Included mobile homes, manufactured homes, short sales, and foreclosures. All properties must have a minimum of 350 square feet.

Data Used: Median sales price, median list price, number of listings, and number of sales from January 2010 to October 2010.

The data provided a macro analysis of patterns and trends in the countywide residential real estate market. There continues to be a significant delta between the number of listings versus number of sales, and the median listing price versus the median sales price. For example, in October 2010 there were 434 sales compared to 7,966 properties listed; only 5.45% of properties listed for sale in October 2010 sold. Likewise, the median listing price in October 2010 was \$324,000 compared to a median sales price in the same month of \$165,000; the median sales price was approximately half of the median list price.

It may be true that until these deltas display an extended decrease in severity, the local housing market will continue to struggle. However, the dichotomy between the rural housing market and the coastal housing market may distort the median data figures; thus, drawing conclusions at this level of analysis may be problematic. For example, the December 2010 sale of a home in the prestigious Port Royal community for \$14.55 million dollars will likely distort the countywide median sales price data for that period.

Source: Various; compiled and reported in the U.S. Department of Housing and Urban Development's (HUD) *NSP3 Downloadable Data Files*.

Qualifiers: Data reflects market conditions for the second quarter of 2010. For further details, consult the "Data Dictionary" prepared by HUD and available at [www.huduser.org/portal/datasets/NSP.html](http://www.huduser.org/portal/datasets/NSP.html).

Data Used: Collier County was divided into 223 distinct areas by HUD when preparing data to assist in calculating the formula allocations amounts for NSP3. All data were used by HUD to calculate a NSP3 foreclosure need score ranging from one to twenty, with twenty being the worst. Locally, particular attention was paid to the following factors: foreclosure need score, percent low-moderate households, USPS vacancy rates, percentage of high-cost mortgages, and the estimate number of properties needed to make an impact.

In order to be eligible for participation in NSP3, an area must have a foreclosure need score of at least seventeen on the scale of twenty. Of the 223 areas HUD divided Collier County into, 206 have a foreclosure need score of at least 17 (92.38 percent). However, many of the areas would require expenditures in excess of the available NSP3 funding. Collier County must seek to deeply target funding into those areas where HUD believes we can make an impact based upon current market conditions and projections for future decline or instability.

Source: Collier County NSP1 experiences

Qualifiers: Collier County was allocated \$7,306,750 and successfully obligated 100 percent of the funds within 18 months. The program design generates program income upon sale to an income-qualified person or family. As such, activities are ongoing.

Data Used: Acquisition locations, average acquisition cost, average rehabilitation cost, and return of program income.

Collier County's NSP1 program has been successful in acquiring properties in focused geographical areas most adversely affected by the foreclosure crisis. When determining areas of greatest need for NSP3, consideration was given to properties approved using NSP1 funds. Furthermore, having already acquired over 70 properties with NSP1, Collier County has a considerable amount of data on costs. As such, we sought areas for NSP3 funding that we have adequate funding to make a real impact.

### State Data

Source: Shimberg Center for Housing Studies, University of Florida.

Qualifiers: Data projects affordable housing needs based upon the 2000 Census. While this data is dated, the Center was established in 1988 by the Florida legislature (Section 240.5111, Florida Statutes) as the State's source of research relating to the problems and solutions associated with the availability of affordable housing in Florida. As such, one must consider the data in any analysis of affordable housing needs.

Data Used: Collier County used cost burdened household data, divided by home ownership and rental, to assess the types of housing units projected to meet an unmet need in the community. Cost burdened is defined as a household spending greater than 30 percent of household income on housing related expenses.

Analyzing data from the Shimberg Center, Collier County is projected to have an average annual increase of 739.55 cost burdened household units between 2010 and 2030. The data shows the increase by income range and housing type (home ownership versus rental) and may prove a valuable tool in the long range planning and implementation of the NSP3 program.

**National Data**

Source: Neighborhood Stabilization Program Resource Exchange and other sources

Qualifiers: Information was assembled to ensure Collier County's NSP3 areas of greatest need could be effectively served with the resources available using best practices, toolkits, and examples of successful implementations in NSP1 and NSP2. Finally, national media coverage on housing related issues was used to provide context within the broader economic crisis. Much of this data is not quantitative, but remains valuable when selecting target areas.

Data Used: Two toolkits available on the Neighborhood Stabilization Program Resource Exchange were of particular benefit when determining areas of greatest need: *Instructions for Completing the NSP3 Substantial Amendment or Abbreviated Action Plan* and the *NSP3 Program Design Guidebook*. Figure 1-2 in the *NSP3 Program Design Guidebook* was used to consider market types and the implications for program design. For example, in an area with low demand and high supply of eligible properties, Collier County may undertake demolition of blighted structures and land bank for future redevelopment.

National media coverage was used to provide a context within the broader economic crisis when planning activities and selecting areas of greatest need. Topics considered included, but were not limited to: the growth in families "doubling up" due to loss of income or foreclosure; decreasing local government budgets resulting in, among other things, fewer funds for maintaining abandoned houses and funding social service initiatives; challenges in providing effective homeless prevention; uncertainty surrounding certain documents used by banks during foreclosure proceedings; presence of "Chinese Drywall" in homes and the adverse effects on owners; the state of housing and the uncertainties surround future prices; Florida Economic Outlook: July 2010 (Wells Fargo).

**Determination of Areas of Greatest Need and Applicable Tiers**

**Describe how the areas of greatest need were established and whether a tiered approach is being utilized to determine the distribution of funding.**

**Response:**

It is not proper, nor is it the intent, for the Collier County NSP3 to compete with the private market; the private market will take care of the private market. Rather, the Collier County NSP3 should deeply target those areas that are not attractive to private investors and homebuyers, and which are causing instability, deterioration, blight, and unstable conditions in the community.

For purposes of NSP3, HUD divided Collier County into 223 unique target areas. Providing this number of small target areas will permit Collier County to deeply target areas adversely impacted by the foreclosure crisis. However, the County's success will depend on the availability of eligible properties. As such, Collier County will employ a tiered approach.

Based upon data collected from NSP1, Collier County NSP3 allocation will fund activities on approximately thirty (30) units as funding allows. A tiered approach will further define within the general target area, sub-areas (or tiers), to ensure that the County is able to meet the impact criteria provided by HUD. Where funds are insufficient to meet the impact criteria, the County will seek other tiers in which funds may be deeply targeted and produce the results expected by HUD, the Housing and Economic Recovery Act of 2008, and the Wall Street Reform and Consumer Protection Act of 2010

(Dodd-Frank Act).

Finally, when assessing tiers to target with NSP3, the County will consider properties assisted with NSP1. For example, the County has made great efforts to stabilize an area loosely defined as Golden Gate City. Further investment in this area and the associated tiers will maximum the effects of both NSP1 and NSP3. Additionally, the past and future use of NSP1 in conjunction with NSP3 may assist the County in meeting the impact criteria.

The following have been selected as the target areas for Collier County’s NSP3:

Target Area One – Golden Gate City (HUD Neighborhood ID 1108764)

- Tier One – Census Tract 0104.10
  - GeoID 120219230126300010410U1
  - GeoID 120219230126300010410U2
  - GeoID 120219230126300010410U3
- Tier Two - Census Tract 104.19
  - GeoID 1202101419
- Tier Two - Census Tract 104.20
  - GeoID 1202101420
- Tier Three – Census Tract 0104.11
  - GeoID 120219230126300010411U1
  - GeoID 120219230126300010411U2
  - GeoID 120219230126300010411U3
  - GeoID 120219230126300010411R3
  - GeoID 120219230126300010411R1

Target Area Two – East Naples Bayshore Gateway CRA (HUD Neighborhood ID 3981140)

- Tier One – Census Tract 0107.01
  - GeoID 120219230199999010701U4
  - GeoID 120219230199999010701U1
  - GeoID 120219230199999010701U2
  - GeoID 120219230199999010701U3
  - GeoID 120219230199999010701R2

Please note that the above data is presented and identified as contained in HUD’s NSP3 Mapping Tool. Copies of the reports are attached to this application.

### 3. Definitions and Descriptions

#### Definitions

Term	Definition
Blighted Structure	In conformance with Section 163.340, Florida Statutes, a “blighted structure” means a structure that is deteriorated, or deteriorating, in which conditions,

	<p>as indicated by government-maintained statistics or other studies, are leading to economic distress or endangering life or property, and in which two or more of the following factors are present:</p> <ul style="list-style-type: none"> <li>a) Predominance of defective or inadequate street layout, parking facilities, roadways, bridges, or public transportation facilities;</li> <li>b) Aggregate assessed value of real property in the area for ad valorem tax purposes have failed to show any appreciable increase over the 5 years prior to the finding of such condition;</li> <li>c) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;</li> <li>d) Unsanitary or unsafe conditions;</li> <li>e) Deterioration of site or other improvements;</li> <li>f) Inadequate and outdated building density patterns;</li> <li>g) Falling lease rates per square foot of office, commercial, or industrial space compared to the remainder of the county or municipality;</li> <li>h) Tax or special assessment delinquency exceeding the fair value of the land;</li> <li>i) Residential and commercial vacancy rates higher in the area than in the remainder of the county or municipality;</li> <li>j) Incidence of crime in the area higher than in the remainder of the county or municipality;</li> <li>k) Fire and emergency medical service calls to the area proportionately higher than in the remainder of the county or municipality;</li> <li>l) A greater number of violations of the Florida Building Code in the area than the number of violations recorded in the remainder of the county or municipality;</li> <li>m) Diversity of ownership or defective or unusual conditions of title which prevent the free alienability of land within the deteriorated or hazardous area; or</li> <li>n) Governmentally owned property with adverse environmental conditions caused by a public or private entity.</li> </ul> <p>However, the term "blighted structure" or "blighted area" also means any structure or area in which at least one of the factors identified in paragraphs (a) through (n) are present and all taxing authorities subject to s. 163.387(2)(a) agree, either by interlocal agreement or agreements with the agency or by resolution, that the structure or area is blighted.</p>
Affordable Rents	<p>24 CFR § 92.252</p> <p>Rents shall not exceed the Fair Market Rents (FMR) as published annually by HUD for the Naples – Marco Island Metropolitan Statistical Area (MSA). Furthermore, the maximum rent are the lesser of:</p> <ul style="list-style-type: none"> <li>1) The fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 888.111; or</li> <li>2) A rent that does not exceed 30 percent of the adjusted income of a family whose annual income equals 65 percent of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit.</li> </ul>



	<p>Furthermore, when the NSP3 assisted unit is occupied by very low-income families the rent requirements are:</p> <ol style="list-style-type: none"> <li>1) The rent does not exceed 30 percent of the annual income of a family whose income equals 50 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families. However, if the rent determined under this paragraph is higher than the applicable rent under paragraph (1) or (2) of this section, then the maximum rent for units under this paragraph is that calculated under paragraph (1) or (2) of this section; and</li> <li>2) The rent does not exceed 30 percent of the family's adjusted income. If the unit receives Federal or State project-based rental subsidy and the very low-income family pays as a contribution toward rent not more than 30 percent of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the Federal or State project-based rental subsidy program.</li> </ol>
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**Descriptions**

Term	Definition										
Long-Term Affordability	<p>24 CFR 92.252(a), (c), (e), and (f), and 92.254</p> <p><u>Rental: Long-Term Affordability</u>                      The NSP3-assisted units must meet the affordability requirements for not less than the applicable period specified below, beginning after project completion. The affordability requirements for NSP3-assisted rental units apply without regard to the term of any loan or mortgage or the transfer of ownership, except that the affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure. Collier County will enforce long-term affordability through the use of a recorded lien, covenant, or deed restriction against the assisted property.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">Rental housing activity</th> <th>Minimum period of affordability in years</th> </tr> </thead> <tbody> <tr> <td>Rehabilitation or acquisition of existing housing per unit amount of NSP3 funds: Under \$15,000.....</td> <td style="text-align: center;">5</td> </tr> <tr> <td>\$15,000 to \$40,000.....</td> <td style="text-align: center;">10</td> </tr> <tr> <td>Over \$40,000 or rehabilitation involving refinancing.....</td> <td style="text-align: center;">15</td> </tr> <tr> <td>New construction or acquisition of newly constructed housing.....</td> <td style="text-align: center;">20</td> </tr> </tbody> </table> <p>Subsequent rents during the affordability period will be calculated and applied in conformance with 24 CFR 92.252(f).</p> <p><u>Homeownership: Long-Term Affordability</u>                      The NSP3-assisted housing must meet the affordability requirements for not less than the applicable period specified in the following table, beginning</p>	Rental housing activity	Minimum period of affordability in years	Rehabilitation or acquisition of existing housing per unit amount of NSP3 funds: Under \$15,000.....	5	\$15,000 to \$40,000.....	10	Over \$40,000 or rehabilitation involving refinancing.....	15	New construction or acquisition of newly constructed housing.....	20
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Rehabilitation or acquisition of existing housing per unit amount of NSP3 funds: Under \$15,000.....	5										
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New construction or acquisition of newly constructed housing.....	20										

after project completion. These restrictions are a minimum and Collier County may elect to impose longer affordability periods. The per unit amount of NSP3 funds and the affordability period that they trigger are described more fully below under "Homeownership: Recapture Resale Provisions."

Homeownership assistance NSP3 amount per-unit	Minimum period of affordability in years
Under \$15,000.....	5
\$15,000 to \$40,000.....	10
Over \$40,000.....	15

Homeownership: Recapture Provisions-Homeownership: Long Term

The recapture provisions will ensure that Collier County or their designated Developer recoups all or a portion of the NSP3 assistance benefiting the homebuyer, if the housing does not continue to be the principal residence of the family for the duration of the period of affordability. The period of affordability is based upon the total amount of NSP3 funds subject to recapture described above.

~~Collier County may choose to recapture the entire amount of NSP3 assistance or a reduced amount on a prorata basis for the time the homeowner has owned and occupied the housing measured against the required affordability period. The net proceeds may be divided proportionally as set forth in the following mathematical formulas:~~

~~$$\frac{\text{NSP3 investment}}{\text{NSP3 investment} + \text{homeowner investment}} \times \text{Net proceeds} = \text{NSP3 amount to County}$$~~

~~$$\frac{\text{homeowner investment}}{\text{NSP3 investment} + \text{homeowner investment}} \times \text{Net proceeds} = \text{amount to homeowner}$$~~

~~Collier County may permit the homebuyer to recover the homebuyer's entire investment (down payment and capital improvements made by the owner since purchase) before recapturing the NSP3 investment.~~

Resale restrictions shall be implemented for every homebuyer property constructed, redeveloped, or rehabilitated, in whole or in part, with NSP funds in the form of a development subsidy. A development subsidy consists of the difference between the cost of producing the unit and the fair market value of the property. If NSP funds are provided to the property it will be subject to a resale restriction.

If the homebuyer determines that it no longer intends to use the property as its principal residence, resale restrictions require the homebuyer to sell the property to a family that will use the property as its principal residence and meets the income limits described in the lien and restrictive covenant on that property. The house must be affordable to a range of new buyers in the target affordable range. The new buyer must occupy house as principal residence. The remaining resale restrictions apply to new buyer, for the



	<p><u>period of affordability.</u></p> <p><u>The original homebuyer is entitled to a fair return on its investment (as described below) upon the sale of the property. The fair return will be based on the percentage change in the Consumer Price Index for All Urban Consumers Owners' Equivalent Rent of Primary Residence category in Table I of the CPI Detailed Report (the "CPI Index") during the period of the homebuyer's ownership. Accordingly, the CPI Index during the month the residence was completed (the month during which the completion reports were received by and approved by IHCD) will be compared to the CPI Index during the month the original homebuyer sells the residence to determine the percentage of the return. The homebuyer's investment will include any down payment paid by the homebuyer plus any capital improvements. A capital improvement is any property enhancement that increases the overall value of the property, adapts it to new uses, or extends its life such as: adding windows, insulation, a new drive way, a new furnace, a garage, bedroom, new roof, remodeling kitchen, etc. Any capital improvement will be valued based on actual cost as documented by the original homebuyer's receipts. Generally, replacing worn dated components such as appliances or carpet would not be considered an improvement that adds value or adapts it to new uses.</u></p> <p><u>The purchasing family should pay no more than Thirty (30%) of its gross family income towards the principal, interest, taxes and insurance for the property on a monthly basis. In certain circumstances, such as a declining housing market where home values are depreciating, the original homebuyer may not receive a return on his or her investment because the home sold for less or the same price as the original purchase price and a loss on investment may constitute a fair return.</u></p> <p><u>Resale Example:</u></p> <p><u>Assumption: NSP funds total development</u></p> <p><u>Total Development Costs (TDC) \$120,000</u>  <u>Sale price based on appraisal \$90,000</u>  <u>Principle reduction \$10,000</u>  <u>First Purchase mortgage \$80,000</u>  <u>Closing cost assistance \$1,600</u></p> <p><u>Amount determining compliance \$120,000</u>  <u>Compliance period 15 years</u></p>
<p>Housing Rehabilitation Standards</p>	<p><u>General Standards</u></p> <p>All NSP3-assisted housing will be required to meet or exceed local and state building codes. All units that require rehabilitation must meet or exceed the current Florida Building Code (FBC). The current code applied in Collier</p>

County is 2007 FBC.

Collier County will incorporate energy-efficient, sustainable building practices when feasible, including the use of green building to provide long-term affordability and attractiveness within the community. Furthermore, Collier County encompasses a large coastal area that subjects the residents to the risk of hurricanes and severe flooding. As such, all NSP3-assisted housing will undergo hurricane hardening and damage mitigation, when feasible.

Required HUD Standards

In compliance with the requirements of HUD, the following standards will apply to gut rehabilitation and new construction projects. Gut rehabilitation is defined as the general replacement of the interior of a building that may or may not include changes to structural elements such as flooring systems, columns or load bearing interior or exterior walls.

- a) Residential buildings up to three stories must be designed to meet the standard for Energy Star Qualified New Homes;
- b) Mid- or high-rise multifamily housing must be designed to meet American Society of Heating, Refrigerating, Air-Conditioning Engineers (ASHRAE) Standard 90.1-2004, Appendix G plus 20 percent (which is the Energy Star standard for multifamily buildings piloted by the Environmental Protection Agency and the Department of Energy)

In further compliance with the requirements of HUD, the following standards will apply to all NSP3-assisted housing units.

- a) All rehabilitated units must meet the following standards to the extent applicable to the work undertaken:
  - i. Older obsolete products and appliances (such as windows, doors, lighting, hot water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers and dishwashers) must be replaced with Energy Star-46 labeled products;
  - ii. Water efficient toilets, showers, and faucets, such as those with the Water Sense label must be installed;
  - iii. Housing must be improved to mitigate the impact of disasters (e.g. hurricane, flooding, and fire)

HUD also encourages the adoption of energy efficient and environmentally-friendly green elements. Collier County will seek to incorporate the standards and policies of the Florida Green Building Coalition. A copy of the standards and policies is attached to this Action Plan.

#### 4. Low-Income Targeting

##### Low-Income Set-Aside Amount

**Identify the estimated amount of funds appropriated or otherwise made available under the NSP3 to be used to provide housing for individuals or families whose incomes do not exceed 50 percent of area median income.**

**Response:**

Collier County will set-aside 25 percent of funds appropriated to the County to provide housing for individuals or families whose incomes do not exceed 50 percent of the area median income, adjusted for household size. The final dollar amount is 25 percent of the sum of the County's appropriation and program income, rounded up to the nearest thousand

Total low-income set-aside **percentage** (must be no less than 25 percent): 25.00%

Total funds set aside for low-income individuals = \$1,078,042

##### Meeting Low-Income Target

**Provide a summary that describes the manner in which the low-income targeting goals will be met.**

**Response:**

Habitat for Humanity of Collier County, Inc. (hereinafter, "Habitat for Humanity" or "Developer"), has been successful in providing homeownership to households earning less than 50 percent of the area median income. Through a developer agreement, Collier County shall partner with Habitat for Humanity to meet the low-income targeting requirement through the provision of affordable homeownership.

#### 5. Acquisition and Relocation

##### Demolition or Conversion of LMI Units

Does the grantee intend to demolish or convert any low- and moderate-income dwelling units (i.e., ≤ 80% of area median income)?	Yes
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If yes, fill in the table below.

Question	Number of Units
The approximate 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.	3 units
The approximate total 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).	All activities have an estimated commencement date of March 1, 2011 and

	<p>completion date of February 28, 2014.</p> <p>Activity 1 LMMH/LH25 – 25 units</p> <p>Activity 2 LMMH – 5 units</p>
The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.	7 units

## 6. Public Comment

### Citizen Participation Plan

**Briefly describe how the grantee followed its citizen participation plan regarding this proposed substantial amendment or abbreviated plan.**

**Response:**

The Collier County Citizen Participation Plan was adopted January 9, 2001. The following steps were taken in preparation of this NSP3 substantial amendment:

1. Technical Assistance – In addition to providing public access to the draft and development document used in the preparation of this substantial amendment, Collier County was available to provide technical assistance to citizens, citizen groups, nonprofit organizations and agencies that requested assistance in understanding the NSP3.
2. Public Hearings/Meetings – The development of the Collier County NSP3 substantial amendment was contemplated in regular, publicly advertised meeting(s) of the Affordable Housing Advisory Committee, the Board of County Commissioners, and advertised in a newspaper of general circulation.
3. Fifteen-Day Public Comment Period – The County published notice of the availability of the proposed NSP3 substantial amendment in a newspaper of general circulation and posted it on the County’s website. The publication described, among other items, the total County appropriation, target areas, and proposed activities.
4. County Commission – Citizen Participation requirements shall not be construed to restrict the responsibility or authority of the County for the development and execution of the NSP3 program activities. The County Commission remains the sole approving authority for the program and any amendments.

### Summary of Public Comments Received.

No public comments were received.