

APPLICATION OVERVIEW

The City of Tallahassee's Application number is: 628796166. It is on every page of this application in the header.

The City of Tallahassee, a unit of general local government, proposes to use \$10,000,000 in Neighborhood Stabilization Program – 2 (NSP2) funding to create at least 100 affordable housing units in census tracts designated for redevelopment and revitalization. The selected target area for NSP2 has experienced extended economic decline. The selected census tracts have an area median income (AMI) that is significantly lower than the city as a whole, and unemployment has increased steadily in the past year. Lower incomes and aging housing stock create the need for substantial housing rehabilitation assistance. The City of Tallahassee has long invested local, state, and federal housing assistance resources in the area, but funds have never been sufficient to meet the need. The target area has been the subject of urban planning efforts for revitalization and redevelopment. All but one chosen census tract is located within the Southern Strategy Area, a special planning district with goals and objectives for improved housing, economic opportunities, transportation, infrastructure, aesthetics, and more. Sector plans were also developed surrounding major arterial roadways in the area. All of the NSP2 census tracts are at least partially within the Frenchtown-Southside Community Redevelopment Area (F/S CRA), a special district providing tax-increment financing to fund housing, infrastructure, and commercial improvements. There has been progress made with these concentrated resources, but needs continue to increase, especially since the economic downturn. NSP2 funds would be used in conjunction with existing and future improvement funds for greater impact in the target area.

NSP2 funds would primarily be used for acquisition and rehabilitation of existing units. However, a smaller portion of the funding is proposed for redevelopment of vacant properties. NSP2 funds would assist low and moderate-income households earning at or below 120% AMI. At least 25% of funds would be used to benefit households earning 50% AMI or less. Tallahassee has a significant number of multifamily developments that are currently in foreclosure. Two large universities and a large community college inspired a development boom in high-cost student apartments. Developers assumed that the growing student bodies could absorb the units, but State of Florida budget issues led to reductions in university funding. The student housing developments had been over-valued, and under-occupied. This led to cash flow problems and the debt load could not be serviced. Hence, several are in foreclosure. With NSP2 funds, the City would rehabilitate and convert student housing to affordable rental units. The City would use NSP2 funds for a potential redevelopment project partnering with the Tallahassee Housing Authority resulting in the addition of affordable units that would remain affordable in perpetuity under the Housing Authority's management and ownership. All rehabilitation and redevelopment projects would incorporate green building and energy efficiency improvements to increase the affordability of the housing units in the long term.

The NSP2 funds will be leveraged more than 6:1 with City funds, F/S CRA funds, and private funds. In addition, according to the Florida Bureau of Economic and Demographic Research, the economic ripple effect of the NSP funds will be long lasting and result in 62 jobs, and \$14,500,000 of economic benefit to the community.

NARRATIVE STATEMENTS

Rating Factor 1: Need/Extent of the problem

a. Target Geography

Tallahassee census tracts qualify for the Neighborhood Stabilization Program – 2 (NSP2) under the average maximum score, and most of the census tracts have high “Vacancy Risk Scores,” combining foreclosure rates and 90-day vacancy rates. The data released for Neighborhood Stabilization Program created under the Housing and Economic Recovery Act of 2008 (HERA) by the U.S. Department of Housing and Urban Development (HUD) showed the selected census tracts as having a foreclosure risk score factor of “10” – the highest score. The City of Tallahassee has chosen six census tracts that are part of the City’s focus for redevelopment and investment: census tracts 4.00, 10.01, 11.01, 12.00, 14.00 and 19.00 (see map in *Appendix I*). The HUD online mapping tool for NSP2 determined the six selected census tracts have an average maximum score (combining vacancy and foreclosure scores) of 18.00.

Table 1. Eligible Census Tracts Selected for the NSP2 Program Target Area

Census Tract	Foreclosure Score	Vacancy Score	Maximum Score
4.00	13	20	20
10.01	15	17	17
11.01	13	19	19
12.00	14	18	18
14.00	15	14	15
19.00	15	19	19
Average	14.17	17.83	18.00

Source: U.S. Dept. of Housing and Urban Development NSP Eligibility Mapping Tool

The six census tracts were selected because their viability has been and continues to be damaged by the economic effects of foreclosed or abandoned properties as evidenced by their high foreclosure scores identified in the HERA HUD data used for the NSP1 program. The census tracts are part of an existing revitalization effort by the City of Tallahassee, and there is great potential for impact using NSP2 to leverage additional funding in these areas. Each of the census tracts contains a portion of the Frenchtown-Southside Community Redevelopment Area (F/S CRA), a special district that funds revitalization and redevelopment initiatives through tax increment financing. The F/S CRA was established by the City Commission in 1998 to improve infrastructure and deteriorated housing, while boosting economic development opportunities in historically disadvantaged areas. The Community Redevelopment Agency (CRA) administers the program. Since 1998, the City has invested state and federal dollars into owner-occupied and rental rehabilitation programs, homeownership incentives, infrastructure improvements, slum and blight redevelopment, and more in the area. In the past two years, the market for ownership housing has declined more rapidly in the selected census tracts than in the rest of the City.

The targeted census tracts have the highest percentage of low to moderate-income households in the City (U.S. Census Bureau, 2000). The 2008 median household income for the City of

Tallahassee as determined by HUD for use in setting limits for housing assistance programs was \$62,100 for a 4-person household. The median household incomes for the selected census tracts are significantly lower than the citywide figure. The following table shows the median household incomes for a 4-person household in the selected census tracts:

Table 2. Median Household Income by Selected Tallahassee Census Tracts, 2008

Census Tract	Median Household Income, 2008
4.00	\$16,875
10.01	\$15,268
11.01	\$17,022
12.00	\$13,325
14.00	\$13,529
19.00	\$18,105

Source: Federal Financial Institutions Examination Council 2008 Census Data

The U.S. Bureau of Labor Statistics cites the unemployment rate for the City of Tallahassee as 7.1% in May 2009. The unemployment rate was 4.2% in May 2008 and 3.0% in May 2007. Unemployment has adversely affected low and moderate-income census tracts at a greater rate than higher income census tracts.

As evidenced by the continuing success of the City's first-time homebuyers program for down payment and closing cost assistance, low-income households earning 80% or less of AMI are still able to access credit in all areas of Tallahassee, including the targeted census tracts. A non-profit that partners with the City to educate first time homebuyers counsels low income households on credit repair and credit maintenance and will be part of the team contributing to the success of the NSP revitalization efforts.

Because of historical disinvestment and scarce government resources, the target census tracts continue to face challenges of deteriorating housing stock, few economic opportunities, and insufficient infrastructure. These census tracts have neighborhoods of substandard, low-cost housing. As they now exist, these census tracts are less likely to attract potential investors or families with good credit who are looking to rent or purchase. Without rehabilitation and government intervention, vacant units will continue to deteriorate and increase in number. The amount of housing rehabilitation and redevelopment needed to attract households that will support neighborhood businesses, stabilize social networks, and boost economic opportunities in the area is substantial.

b. Market Conditions/ Demands

(1) Absorption Rate

A look at the City of Tallahassee employment statistics indicate that the labor market may soon begin to improve but at a slow rate. According to the Florida Agency for Workforce Innovation Labor Market Statistics, (<http://www.floridajobs.org>) future job growth for Tallahassee is 34.40% over the next ten years with the majority of the growth occurring from years 5 – 10. Therefore, job growth for the area is projected to be approximately 3.4% per year. However, the

job growth projected in this forecast includes the recapturing of the jobs lost since 2007. The Florida Research and Economic Database (<http://fred.labormarketinfo.com/default.asp>) indicates that every employment industry in the City of Tallahassee experienced an average job decline of 2.8%, with the Retail and Service Industries reporting a 4.3% job loss since 2008. The unemployment rate in Tallahassee has increased overall by 4.1% since May 2008.

Migration data also indicates the economic decline in Tallahassee. According to figures provided by the University of Florida's Bureau of Economic and Business Research (BEBR), in the past three years there has been a dramatic decline in population growth in both Tallahassee and Leon County, the first such decline in decades. For several decades both the City of Tallahassee and Leon County have enjoyed moderate but steady increases in population, unsurprising in the capital city of one of the United States' largest and fastest growing states. In addition to being the State capital, Tallahassee is also the home to three institutes of higher learning – Florida State University, Florida A & M University and Tallahassee Community College – which, together with State government employment, has provided a remarkably stable base for employment growth through the years, at least until recently. Leon County has lost population through migration since 2005, meaning that more people have left the county than have moved here.

The United States Postal Service data provided to HUD for the NSP1 program shows the following vacancy rates for the selected census tracts:

Table 3. Vacancy Rate of Selected Tallahassee Census Tracts, 2008

	Census Tract 4.00	Census Tract 10.01	Census Tract 11.01	Census Tract 12.00	Census Tract 14.00	Census Tract 19.00
Vacancy Rate (%) 2008	2.4	9.7	10.6	8.4	3.5	13.5

Source: United States Postal Service Residential Vacancy Rate, 2008; U.S. Department of Housing and Urban Development NSP1 Foreclosure Data By Census Tract

For the purposes of *Table 4*, vacant properties are foreclosed properties, abandoned properties, and properties that are not occupied. The following table shows the estimated number of vacant properties (both homeownership and rental) in the selected census tracts:

Table 4. Housing Units and Vacant Units in NSP2 Census Tracts

Census Tract	Total # housing units	Total # of vacant units
4.00	587	14
10.01	1,182	115
11.01	954	101
12.00	679	57
14.00	3,976	139
19.00	3,784	511
TOTAL	11,162	937

Source: Tallahassee Planning Department Existing Land Use database, 2008, United States Postal Service Residential Vacancy Rate, 2008

The absorption rate is the rate at which the abandoned and foreclosed homes in the targeted census tracts will re-sell or be reoccupied during the next three years. The Tallahassee Real Estate Market Bulletin (<http://www.manausa.com/market.php>) states that absorption rate for Leon County is 15.2 %. Based on Multiple Listing Service (MLS) data, the number of houses in the target area on the market was determined to be 259. In total, 141 houses were sold in the last 12 months, creating a monthly average of 12 houses sold per month in the target area. The current inventory of homes would take approximately 22 months to sell. Meridian Appraisal Group, Inc. studied the absorption rate of apartment complexes in Tallahassee in 2008. A field survey comparing a random sample of apartment complexes determined the average number of apartments absorbed per month from 2003-2008 was 18. (Robert Von, Florida-certified General Appraiser RZ1604). Given the number of homes for sale, approximately 680 units in the target area may be vacant rentals or abandoned homes not on the market. It would take approximately 38 months to re-occupy the vacant units given the current rental absorption rate. If the City of Tallahassee does not receive NSP2 funding to assist in the acquisition and rehabilitation of 100 rental units, re-occupation of the existing units would be slow and cause further decline in these neighborhoods.

(2) Reasons for abandonment and foreclosure

One critical factor for causing abandonment and foreclosure in the target geography is over-building of market-rate and student housing. However, once the property has been foreclosed upon, the units remain vacant and begin to deteriorate because of the length of time the lender takes to dispose of its Real Estate Owned (REO) properties.

The City of Tallahassee has experienced an increase in the number of rental units on the market because of an abundant supply of condominium units in the local market over the last five years. There is currently a two-year supply of vacant condos as reported in the Century 21 Tallahassee Real Estate Blog (<http://blog.manausa.com> and <http://blog.manausa.com/2009/01/12/>). Sales are down 9.4% from a year ago and the median sales price has declined 18.5 – 20.0 %. These downturns are causing condo owners to wait out the market and in the short-term rent their units at rents comparable to apartment units. Condos are individually owned and not easily managed as affordable housing unless a significant portion of the complex were converted to affordable rental units, managed and owned by one entity. Because of these management challenges, condos are not a realistic supply of affordable units during the timeframe of the NSP2 program. Vacant and foreclosed homes in the target areas with deferred maintenance issues have difficulty competing with these condos as desirable rental units. Significant rehabilitation work in the target areas along with other redevelopment activities could revive the foreclosed homes to attract stable households and revitalize the neighborhood.

Another critical factor causing abandonment and foreclosure is over-valuation. Because of two major universities and a large community college, Tallahassee has an abundance of student rental housing that increases the market rate rental costs in the entire city. Student housing drives up housing costs because rents are determined per student or per bedroom. Family households with only one or two wage earners and very low-income households cannot afford the same rent levels. Several student housing developments in the target areas have been foreclosed upon because they were overvalued. Property owners borrowed more on the properties than they were

worth based on an expectation that the amount of rent they could charge would continue to increase.

Another factor that is affecting the economic condition of Tallahassee is job losses. As the State capital, Tallahassee may have postponed a decline in employment compared to the rest of Florida, since government jobs are thought to be steady even in economic downturns. The State government is one of the largest employers in Tallahassee. However, the State is experiencing severe financial problems related to the economic downturn. The State's financial engine is based on real estate transactions, construction projects, and tourism. The housing industry crisis and slow economy have negatively affected these key industries, resulting in approximately 120 employee layoffs. In addition to the State government, Tallahassee has two State-funded universities (Florida State University and Florida A & M University) and a large community college (Tallahassee Community College) that employs another significant portion of the workforce. The universities and college have experienced an estimated 246 layoffs in the past 12 months. In other areas of government sector employment, the City of Tallahassee has had to make 80 Full Time Equivalent (FTE) layoffs effective in fiscal year 2009-2010. The Housing Division will remain fully staffed, as it had already lost 2 positions previously.

Other industry sectors in Tallahassee have also experienced layoffs in the past 12 months. Albertson's, a large grocery store, closed and lost 120 FTE jobs. Comp USA, a retail electronics store, lost 40 FTE jobs when it closed. A large department store, Dillard's, lost 80 FTE positions. Retail shops within the nearly defunct Tallahassee Mall closed, losing 10 FTE positions. In total, Tallahassee has lost more than 600 jobs in the past year.

(3) Income characteristics of households in the census tracts

The Shimberg Center for Affordable Housing with the University of Florida uses American Communities Survey data from the U.S. Census Bureau and Florida Bureau of Economic and Business Research (BEBR) population projections to create future needs analyses for Florida jurisdictions. Income level data (as a percentage of area median income) is not collected for each census tract in the target area. The table below cross-references the 2000 U.S. Census data for households per census tract, and the Shimberg Center data for the distribution of income levels in Tallahassee, 2007. The Shimberg Center also reports that renters constitute 55.8 % of households in Tallahassee. This proportion of renter households is likely high because of the number of university students that rent housing.

Table 5. Estimated Household Income Distribution of NSP2 Target Census Tracts, 2007

Income Levels (AMI)	# Of Households per Census Tract						TOTAL
	4.00	10.01	11.01	12.00	14.00	19.00	
0 – 30 %	153	210	159	113	698	674	2,007
30.1 – 50 %	84	115	87	61	381	368	1,096
50.1 – 80 %	115	157	119	84	522	504	1,501
80.01 - 120 %	118	161	122	86	535	517	1,538
120 + %	197	270	205	145	897	867	2,582
TOTAL	667	913	693	489	3,032	2,930	8,724

Source: Shimberg Center for Affordable Housing, University of Florida, U.S. Census Bureau 2000

Shimberg data for Tallahassee reports 12,290 renter households earning less than 50% AMI who were considered “cost-burdened” and were paying over 50% of their income for housing costs in 2007. The Shimberg Center data estimates an increase of nearly 1,100 additional cost-burdened renter households by 2015. In addition, in 2007 over 2,600 owner-occupied households earning less than 80% AMI were considered “cost-burdened” and were paying over 50% of their income for housing costs. The Shimberg Center predicts that Tallahassee will experience a growth of over 250 “cost-burdened” homeowners by 2015. Cost burdened homeowners are most likely to lose their homes to foreclosure.

Table 6. Cost Burden of Tallahassee households by Tenure, 2007

Household Income (% of area median income)	Housing Cost Burden (% of income spent on housing)	Renter households	Owner households	Total households
0-30% AMI	<=30%	3,205	510	3,715
	30.01-50%	956	380	1,336
	50+%	10,046	1,344	11,390
30.1-50% AMI	<=30%	1,154	695	1,849
	30.01-50%	3,331	707	4,038
	50+%	2,244	841	3,085
50.1-80% AMI	<=30%	4,065	2,485	6,550
	30.01-50%	3,478	1,444	4,922
	50+%	319	500	819
80.01-120% AMI	<=30%	5,467	5,184	10,651
	30.01-50%	492	1,266	1,758
	50+%	5	186	191
120+% AMI	<=30%	5,103	15,046	20,149
	30.01-50%		940	940
	50+%		55	55
		39,865	31,583	71,448

Source: Shimberg Center for Affordable Housing

(4) Factors contributing to market conditions

Because of the area’s close proximity to Tallahassee’s universities, there is always a risk that available rental units would be purchased by investors who choose to rent to students. The student rental market allows property owners to charge per bedroom or per student rather than per unit. The result is significantly higher rents than Low-, Moderate-, and Middle-income households (LMMH) can afford (see definition of LMMH in *Appendix A*). The entire City’s rental market is affected by the student-housing factor. NSP funding could allow the City to affect conversion of some of the vacant student units to long-term affordable units.

In addition to the disadvantage of lower median incomes, many neighborhoods in the targeted census tracts have socio-economic factors that have affected their success. In the 1980’s, Providence Neighborhood in census tract 19.00, like many of the central city neighborhoods, transitioned from a majority white neighborhood to predominantly black neighborhood because larger homes were being built in the suburbs and the neighborhood homes were aging.

Households with higher incomes were able to move further from the center of town. The racial mix for the area changed from 71% white and 28% black in 1980, to 15% white and 81% black in 2000. At the time of the 2000 Census the median age of the homes in the area was 28 years old, which means today the median age of homes is 37 years old. Due to their age, significant rehabilitation would need to occur prior to reselling or renting the housing units. Concerns over the crime rate, lack of positive activities for children and the many vacant and deteriorating homes in the neighborhood contributed to the further decline of the area. In 2002, the Providence Neighborhood Association began working with the City of Tallahassee, Police Department, the local churches, and local Boys and Girls Clubs in an attempt to address the issues and begin revitalizing the neighborhood. The Providence Neighborhood was selected as the City of Tallahassee's second Renaissance Partnership, a neighborhood-planning program staffed by the Tallahassee-Leon County Planning Department. Through this program the City has shown its commitment to preserving the community by allocating funds and staff resources to improve local conditions. NSP2 would enhance an existing effort to affect positive change in disadvantaged neighborhoods.

Code Enforcement data for the City shows that there was at least a 24% increase in the number of property maintenance cases in all target census tracts since 2006. Since 2007, code enforcement issues increased 40% in census tract 10.01, 36% in census tract 11.01, and 88% in census tract 19.00.

(5) NSP strategy to address these issues

The activity most likely to stabilize the target geography is Acquisition and Rehabilitation, and Redevelopment of rental housing. However, most of the NSP2 funds would be used for acquisition and rehabilitation. There is a shortage of rental housing units for households in the target areas that earn less than 50% AMI. The City of Tallahassee will ensure that the appropriate rehabilitation is done to the unit to help stabilize the property values and have desirable units available to low to moderate-income families. Redevelopment of multifamily rental housing will provide new housing units for households earning less than 50% AMI. Affordable rent limits will assist households that cannot afford market-rate units. New and rehabilitated units will carry requirements for long-term affordability and strict maintenance monitoring. The City's coordinated intervention will not only provide safe decent and affordable housing with prescribed affordability periods for those families that need it the most, but will create jobs in the construction industry and property management business. These efforts will be combined with the ongoing redevelopment efforts being done with capital funds and CRA funding. The City will also focus some of its ongoing housing assistance programs in these census tract areas, so as to have the greatest impact. Examples of these ongoing programs include: owner-occupied rehabilitation, water and sewer expansion, code enforcement rehabilitation, and emergency home repair.

Acquisition and Rehabilitation of rental units meets a priority need for the City of Tallahassee. The Tallahassee City Commission has expressed concern that annual allocations of federal, state, and local housing assistance funds have not been able to address the need to create more affordable rental units. The foreclosure crisis has further impacted affordable rental units since some local multifamily apartment buildings have been vacated or abandoned. Several of these vacant buildings were developed for student housing. Property owners borrowed more on the

properties than they were worth based on an expectation that the amount of rent they could charge would continue to increase. Because of State fiscal problems, the universities' growth rate has slowed and may even decline in coming years. The demand for expensive student housing has diminished, while the need for affordable rental units remains strong. Acquiring and rehabilitating multifamily or single-family housing units with NSP2 funds, and potentially converting student housing to affordable housing for Tallahassee families would reduce the vacant units while simultaneously providing needed affordable housing with prescribed affordability periods for households adversely affected by the economy.

Land banking properties for several years may exacerbate the issue of vacancy in the selected census tracts. Demolition activities could help stabilize neighborhoods by removing blighted vacant units that cause a crime risk. However, demolition of abandoned or vacant units would not assist the neighborhoods by creating affordable housing units and vacant lots left by demolition activities could become blighted (e.g. attract loitering), even if they were maintained. If demolition occurs to reduce dilapidated units in the target census tracts, redevelopment would reduce vacant lots and would create needed housing units.

Selected census tracts continue to be areas in which income-qualified first time homebuyers purchase homes through the City's ongoing down payment assistance program, so further housing financing through NSP2 has not been identified as a need. However, the City is committed to using available funds, if necessary, to provide additional incentives to buyers to increase the interest in buying in the NSP2 target census tracts. Acquisition and rehabilitation of foreclosed properties is the NSP-eligible activity that will reduce the number of vacant properties in neighborhoods and also provide low-cost housing for income-eligible households.

Census tract 14.00 has been included in the target area because the City has identified a potential opportunity to redevelop vacant land in that census tract. The development would meet one of the goals identified for NSP2, which is the elimination of vacant land. The vacant land would be used in the production of 96 affordable rental units, with 10 units for households at or below 30% AMI, 14 units for households earning at or below 50% AMI, and the balance of the units for households earning at or below 60% AMI. The vacant land would be purchased and provided to the Tallahassee Housing Authority to combine with donated land dedicated to the development of 96 affordable units. It is anticipated that through the targeted redevelopment of census tract 19.00, it may be necessary to demolish some units using F/S CRA or other City funding. To compensate for the loss of housing units in census tract 19.00, the proposed new housing in census tract 14.00 will create sufficient replacement housing and enhance and revitalize the neighborhoods in both census tracts. Because the new housing in census tract 14.00 would be owned and managed by the local Housing Authority, ongoing affordability is guaranteed.

Rating Factor 2: Demonstrated capacity of the applicant and organizational staff

a. Past Experience of the applicant

The City of Tallahassee is an entitlement area for Community Development Block Grant (CDBG), HOME Investment Partnership, Emergency Shelter Grant (ESG), Neighborhood Stabilization Program -1 (through the Florida Department of Community Affairs), State Housing Initiatives Partnership (SHIP), and Florida Housing Opportunity Program (FLHOP). The City markets its programs on its website and by its presence at community events throughout the year. With this array of funding as well as funds from the City's own Affordable Housing Trust Fund and CRA funding, the City operates or oversees a full spectrum of programs either directly or through contracts with non-profit or for-profit entities:

- Multifamily Rental Rehabilitation (over 4 units)
- Rental Rehabilitation (1-4 units)
- Single-family Rehabilitation (owner-occupied, major and minor rehabilitation)
- Acquisition and rehabilitation for resale
- Multifamily New Construction
- Single-family New Construction
- Down Payment Assistance
- Housing Counseling
- Neighborhood Revitalization and Redevelopment Activities
- Public Facilities Renovations
- Demolition

The City has had many years of varied housing and redevelopment experience through the Department of Economic and Community Development (ECD) (which includes the Housing Division) and the CRA. Many of the specific experiences carry over to apply to various housing and economic development work. While the mission of the Housing Division is generally focused on affordable housing, this housing is usually part of a larger goal of redevelopment or community improvement. The activities proposed under NSP2 include acquisition and rehabilitation (rental) and redevelopment activities to include the construction of new housing. The following are examples of pertinent experience within the past 24 months relative to NSP2 activities.

Multifamily Rental Rehabilitation - The City provides loans/grants for rehabilitation or new construction of multifamily projects and oversees those projects. The Del Rio/South Meridian Oaks project was recently completed. It consists of 24 units of multifamily rehabilitation that will serve low (earning less than 80% AMI) and extremely low income (earning less than 30% AMI) households. The City's involvement included review of specifications for proposed rehabilitation, review and analysis of costs, physical needs assessments, operating proformas, feasibility analyses, construction inspections, process draw requests, review of bids, training and monitoring the management company on income certification, and monitoring the construction. The Housing Division also provided technical assistance for stabilization of the area in which the project was located. This included requesting increased police presence, suggestions on tenant selection, curb appeal, and security features. The Housing Division continues to be involved through the monitoring of tenant eligibility, performance of the property management company, and property maintenance throughout the affordability period.

The skills required for this project were: construction knowledge and expertise; income certification/income qualification expertise; property management expertise; knowledge of the

requirements of the funding source; planning, zoning and building code requirements; and development finance expertise. The outcome of this project was to dramatically improve the area by decreasing the opportunity for crime and gradual replacement of the undesirable tenants as well as providing 24 affordable rental units that serve low and extremely income households. The developers were inexperienced, but with strong guidance and technical assistance from Housing staff, the project has turned out well and is an asset to the area.

Rental Rehab (1-4 units) - The rental rehabilitation program for 1-4 unit properties is a recent addition to the City's array of programs. Three rental rehabilitation units are in final phases at this date and will be completed and ready for occupancy within two weeks. The result of these rental rehabilitation projects was to take three seriously deteriorated units on the point of foreclosure and redevelop them into three modern, attractive affordable housing units. The building was an eyesore and now is a focus for the neighborhood's revitalization. (This project is located within census tract 14.00, within the NSP2 target area.)

Single Family Rehabilitation - The City oversees approximately 35 owner-occupied major rehabilitation projects each fiscal year completed under contracts with non-profit entities. Housing staff directly manages approximately 75-85 minor rehabilitation or emergency repair projects and also oversees approximately 12 accessibility rehabilitation projects annually through contract with a non-profit agency. In fiscal year 2007, 114 rehabilitation projects were completed directly and through contract; in fiscal year 2008, 99 total rehabilitation projects were completed. In fiscal year 2009, it is anticipated that at least 95 rehabilitations will be completed.

For any rehabilitation handled through contracts, the City's involvement includes review of the income qualification paperwork, review of specifications and physical needs assessments, review of costs estimates, construction inspections, processing of draw requests, monitoring of the non-profits to be sure the requirements of the funding are met, and monitoring of the owner to be sure the program requirements such as income eligibility or homesteading are being met.

The skills required for these projects are construction knowledge and expertise, knowledge of building codes, income certification/income qualification expertise, knowledge of the requirements of the sources of funding, and administrative knowledge. The outcome of these projects was to provide homeowners with a safe, decent and sanitary home allowing them to remain in their home and/or age in place. Furthermore, when the owner-occupied rehabilitations are targeted to specific geographic areas, this activity contributes to community improvement and redevelopment efforts.

Acquisition and Rehabilitation for Resale – The City provided funding for a single-family home rehabilitation currently underway by Rainbow Rehab, a local community-based non-profit, that will be LEED-certified (Leadership in Energy and Environmental Design) upon its completion (scheduled within 60 days). This organization has completed another acquisition and rehabilitation for resale within the prior two years under the City's oversight. A City funded Community Housing Development Organization (CHDO) has recently focused its efforts on acquisition and rehabilitation for resale or rental. This CHDO recently completed one unit for rental use and has a similar project underway under the City's supervision. The result of these two completed projects was to take properties with code issues and return them to active use as

homes for low-income households. The City forgives code enforcement fines on properties such as these when they are converted to affordable housing.

Multifamily New Construction -Also under the City's oversight at this time is Magnolia Acres, 18 units of multifamily new construction for special needs housing for low and very low-income persons. Nine more units are anticipated to follow in fiscal year 2010.

Single-family new construction – The City oversees the activities of three CHDOs. One of these CHDOs has completed 8 units of new construction within the past two years under the supervision of the City. Another has completed 10 units of new construction and during the last contract year started making the new homes energy efficient. The third CHDO has recently focused its efforts on acquisition and rehabilitation for resale. While the focus of these CHDOs is primarily housing, much of this housing is incorporated into our redevelopment efforts. Of the 18 new homes built, 16 of them were in areas targeted for revitalization. One CHDO is also a community based development organization (CBDO) and located within the Greater Frenchtown area, an area where the City has been successful in its ongoing redevelopment and revitalization efforts.

Housing Counseling and Down Payment Assistance - The City has provided housing counseling to approximately 2,800 persons and has provided down payment assistance/closing cost assistance to approximately 182 homebuyers over the past 24 months through contract with a non-profit. Housing staff oversees and monitors the down payment assistance and housing counseling activities.

Redevelopment of vacant property - The City is continually involved in redevelopment activities through the use of its CRA funding as well as ongoing federal funding like CDBG, Economic Development Administration (EDA), and other sources. One example of redevelopment experience has been the efforts in the Greater Frenchtown area. The City targeted the area for redevelopment and then acquired and assembled property, which included a run-down, crime-ridden apartment complex and bar that created a negative perception of the area. Over a 10-year period, the area has had substantial transformation, including the addition of 24 affordable housing units, under-grounding of utilities and new commercial investments. The City's commitment is evident by its purchase of a commercial building that currently houses both City and County government departments. The result of this transformation has been a dramatic decrease in crime, increased property values, and a much more aesthetically pleasing area of the City. Businesses have begun to return and invest in the area.

b. Management structure

(1) The City is fortunate to have not only the experience of the ECD (Housing Division and Management Division), but also the CRA, the City Attorney's Office, and the Property Management Division (Property Management) involved in the NSP2 activities. The various roles of City staff as they relate to NSP are described below. This section demonstrates that the City has the capacity and capability to handle the duties and responsibilities involved should NSP2 funding be awarded. Furthermore, the City is receiving \$2.94 million in NSP1 funding from the Florida Department of Community Affairs and therefore, will also have experience

specific to the NSP program.

The City Attorney's Office, the Property Management Division of the Executive Office of the City Manager in cooperation with ECD will be responsible for accomplishing all acquisition activities. This includes all routine due diligence and uniform relocation issues, if any. Both Property Management and the City Attorney's Office have extensive experience with acquisition. Property Management reports directly to the City Manager's Office and the City Attorney's Office reports directly to the City Commission.

The Housing Division (Housing), the Management Division of ECD (Management), and the CRA in conjunction with Property Management will be responsible for making the determination as to which properties are appropriate for acquisition for the NSP2 program. Once the acquisition phase has been completed, Housing and the Management will be responsible for the completion of rehabilitation activities, securing a management company or identifying an organization to take over the management, ownership, or sale of the units. Property Management will be the interim property managers for the period between the completion of the rehabilitation and the disposition of the units or contracting of a management company.

The physical work of the rehabilitation activities will be contracted out but managed and overseen by Housing. Housing's responsibilities in this endeavor will include site review, construction inspections, draw request reviews, review of bids, monitoring of construction milestones, monitoring of federal labor requirements, and environmental review activities, as necessary. Due diligence activities falling within the scope of Housing's responsibilities include obtaining physical needs assessments, reviewing sources and uses and operating proformas, and compliance monitoring.

The Finance and Administration Division (F & A) within ECD will be responsible for the reporting and accounting responsibilities of the program including input into the Disaster Recovery Grants Reporting Program (DRGR). Housing and Property Management will provide programmatic information for DRGR to F & A, as appropriate. F & A currently has similar responsibilities in the City's administration of existing federally funded housing and human services programs, including input of data into the Integrated Disbursement Information System (IDIS). F & A will be serving that function with respect to NSP1 as well.

The Housing and Grants Administrator, Joyce Martinez, reports to the Director of ECD, Thomas H. Lewis. Mr. Lewis holds a bachelor's degree in accounting and economics and a master's degree in urban and regional planning. He has over 43 years in community development, urban revitalization and education during which time he served as the Chief of the Bureau of Housing in Florida's Department of Community Affairs, the Assistant Dean of the School of Business and Industry at Florida A & M University, the Regional Representative for the Secretary of the Department of Transportation for the eight-state Southeast region of the United States, the Deputy Director of Economic Development for the City of Detroit, the Director of Housing for the City of Detroit, and the Director of the City of Tallahassee Neighborhood and Community Services (now called the Department of Economic and Community Development).

Ms. Martinez also reports to the Deputy Director of ECD, Michael Parker. Mr. Parker has a bachelor's degree and a master's degree in public administration. He has 25 years of experience with affordable housing, community revitalization and economic development. Mr. Parker served previously as the Housing Administrator for the City of Long Beach, California; the City of Fort Lauderdale, Florida; and the City of Tallahassee. He also functions as the Director of the CRA. Both Mr. Parker and Mr. Lewis will be intimately involved in NSP2 and will provide advice and direction on all aspects of NSP2.

The roles of the Housing staff with respect to NSP2 will be very much in line with their existing skills, duties, and responsibilities with regard to the existing programs (including NSP1 funded through the Florida Department of Community Affairs). The Housing Administrator will be responsible for the ongoing operation of the NSP program by supervising, directing, planning, and coordinating the NSP2. Her role for NSP2 will be the same as the NSP1 and the Department's existing Housing programs. NSP2 duties will be incorporated into her current responsibilities.

Ms. Martinez has 12 years of experience in affordable multifamily loan administration funded from state and federal funding resources (including HOME), 6 of which are with the City. Her extensive experience includes multifamily projects and home ownership programs funded by CDBG, HOME, ADDI, and state and local sources. She has a bachelor's degree in business education, a master's degree in public administration, and is a licensed Florida Real Estate Salesperson. Ms. Martinez is responsible for all the City's affordable housing programs funded by the local, state, and federal funding sources. She is a HUD Certified HOME Administrator and Certified HOME Specialist.

Housing's Administrative Specialist II, Linda Hawthorne, will be the liaison between the programmatic side and the F & A for reporting purposes and for monitoring the fiscal requirements and responsibilities of the program. Ms. Hawthorne already functions in such a position with regard to the existing federal entitlement programs (HOME, CDBG, ESG). She provides the day-to-day financial information, tracks the budgets on a daily basis, conducts purchasing transactions, tracks the progress of numerous projects, and maintains production databases. She interfaces with F & A for additional financial information for the purpose of providing appropriate reporting information (e.g., IDIS or DRGR). Ms. Hawthorne has over 20 years of administrative experience. She is completing the final coursework for a bachelor's degree in Public Administration and is expected to receive the degree this month (July 2009). She will continue to function in the same capacity as she currently does with existing programs but NSP2 responsibilities will be incorporated.

One Grants and Housing Specialist, Gwen Lightfoot, is primarily responsible for the development of the Annual Action Plan and CAPER as well as management of contracts with non-profits or for-profits for administration of the housing counseling and down payment/closing cost assistance programs and the City's self-funded rental rehabilitation program. She serves as the liaison for all City funded homeless programs and manages other affordable housing projects. Ms. Lightfoot was intimately involved in the rehabilitation of the South Meridian Oaks development (also known as Del Rio) that is described in this application.

Ms. Lightfoot has extensive experience in the multifamily affordable housing area that includes managing Section 8/bond properties, administering the tax credits program for the State of Florida, supervising the administration of the State of Florida's multifamily loan programs funded from state and federal resources (including HOME), and working for a private sector developer providing affordable housing. Ms. Lightfoot has a bachelor's degree in business, and has been with the City for four years, continuing to work on multifamily programs as well as single-family homeownership programs. Ms. Lightfoot's role in NSP will be the supervision and coordination of monitoring and compliance activities. She will assist in training management companies in the income qualification process. She will also be involved extensively in the Housing due diligence activities.

A second Grants and Housing Specialist, Ellen Meyi, will be the coordinator of the NSP1 and NSP2 responsibilities. She has a master's degree in urban and regional planning and serves as the planning manager for the state funded State Housing Initiatives Partnership (SHIP). In addition, she provides oversight for affordable housing activities funded by contract with the City. Ms. Meyi recently obtained her American Institute of Certified Planners (AICP) designation. She has worked on affordable housing with the City for three years and had prior experience with affordable housing and community development work in Oregon, Paraguay, and Brazil. She is fluent in Spanish. This provides the Department with the capacity for effective communication with the City's increasing Hispanic population. Her role in NSP2 will be to function as a program manager as she already does for NSP1 that was funded through the State of Florida. Ms. Meyi will continue her existing responsibilities with the SHIP program and she will incorporate the NSP2 program into her job responsibilities.

A third Grants and Housing Specialist, Robin Slade, is the lead person with respect to income eligibility oversight. Four employees of the Housing Division staff, including Ms. Slade, are very well versed in the income qualification process for Section 8 (also used for the HOME program) and two others have a working knowledge of the requirements. Ms. Slade has over four years of experience conducting income-eligibility determinations with the City. In addition to these responsibilities, Ms. Slade provides oversight for contracts funded with federal HOME and ESG funding. Her role in the NSP2 program will be income-eligibility oversight of recipients of the rental units and training and technical assistance to the companies managing these NSP2 units.

Housing's Community Development Specialist, Kenn Bass, has over 25 years of experience in housing with the last 7 years in his current position handling three City owner-occupied rehabilitation programs that serve approximately 75-85 total clients per year. In addition, he monitors multifamily and single-family rehabilitation projects for the City and provides oversight and monitoring for construction-related contracts with outside agencies the City contracts with for some less extensive owner-occupied rehabilitation programs. Mr. Bass's affordable housing experience includes serving as the director of a small non-profit organization with the primary function of implementation and management of affordable housing programs. In addition, he worked for the State of Florida managing grants and providing oversight for a number of affordable housing assistance programs. His employment history also includes conducting pre-purchase home inspections.

The second Community Development Specialist in Housing, Eli Bryant, has 25 years of housing inspection with the City, serving previously as a Code Inspector and currently serving as the inspector for our owner-occupied rehabilitation program that is funded at over \$1,000,000 per year. The City completes between 30-35 owner-occupied rehabilitation projects annually under Mr. Bryant's review. Both Mr. Bass's and Mr. Bryant's roles in NSP will be primarily construction inspection, review of needs assessments, and review of proposed/estimated costs of rehabilitation.

Housing's Special Projects Coordinator, Michael Chbat, has a bachelor's degree in construction engineering, and approximately 21 years of experience in construction management, contracting, and building inspection. He is licensed by the State of Florida as a building inspector and continuing education instructor. He is extremely knowledgeable of the Florida Building Code and keeps informed of the latest updates, as it is necessary for him in teaching courses related to contracting and inspection. He has extensive construction experience and currently performs construction inspections, environmental reviews and Davis Bacon compliance monitoring for Housing. These are the duties he will be responsible for handling for the NSP2 program.

F & A will be monitoring the fiscal requirements and responsibilities of the program. Filling this role for NSP2 will be the F & A Manager, Wanda Whitehead; the Capital Projects, Budget, and Finance Coordinator, Shenika McNear; and the Human Services Analyst, Freddie Hurchins. Ms. Whitehead has extensive expertise in local government finance administration and holds a bachelor's degree in political science and a master's degree in public administration. Ms. McNear holds a master's degree in public administration and five years' experience in budgeting with the City. She was also a program administrator for a small community development organization.

Mr. Hurchins has a bachelor's degree in business administration. He holds certifications in the following areas: grants reviewer, grants specialist, senior grants specialist, and monitoring grants and cooperative agreements for federal personnel. In addition, he handles IDIS input for the City's current federal funding of housing and human services activities. Mr. Hurchins has been with the City for 25 years but prior to his tenure with the City, he worked in the consumer finance business as a branch manager handling first and second mortgage loans. Mr. Hurchins will be involved in the reporting of NSP2 activities into the DRGR system. NSP2 responsibilities for staff of F&A will be the same as the responsibilities for existing programs. NSP2 responsibilities will be incorporated into the job duties for each of the persons identified from F&A who will be a part of the NSP2 team.

Property Management provides oversight and maintains an inventory of all City property that includes over 1,000 properties for a total of over 11,000 acres. 142 of these properties are improved with over 2.4 million square feet of building space. Property Management is responsible for all real estate acquisitions, sales, and management for the City. The division routinely handles acquisitions and sale of affordable housing, manages rental properties, and assists with demolition and environmental review. These duties are all consistent with what is expected of Property Management with regard to the NSP2 program. Included among this division's staff are three licensed real estate brokers, two licensed real estate salespersons, and a licensed appraiser.

Mark Beaudoin is the Real Estate (Property Management) Administrator and is a licensed real estate broker. He has been with the City for 19 years and will be responsible for all real estate acquisitions of the NSP2 program. Prior to his tenure with the City, Mr. Beaudoin was in real estate sales. He holds a bachelor's degree in real estate.

The Real Estate Supervisor, Judy Donahoe, has been with the City for nearly five years. Prior to her employment with the City, Ms. Donahoe worked in various aspects of real estate including appraisals and acquisitions. She is a licensed real estate broker and a licensed appraiser. Her responsibilities for the NSP2 program will include review of appraisals and acquisitions.

The property manager for the City, Steve Taff, will assist with acquisitions and serve as the interim property manager of properties acquired through the NSP2 program. He is a licensed real estate broker and has 8 years of experience with the City. Prior to his employment with the City, Mr. Taff had over 20 years of real estate experience in the private sector including time spent in the mortgage brokerage business.

The Administrative Specialist II for Property Management, Cynthia Causseaux Greene, will be responsible for record keeping and reporting relative to acquisitions under the NSP2 program. She has over 27 years of experience with the City with 19 of those years in the real estate/property management division. She holds a bachelor's degree in criminology and has experience with accumulation of data necessary for DRGR as she has been involved in FEMA reporting.

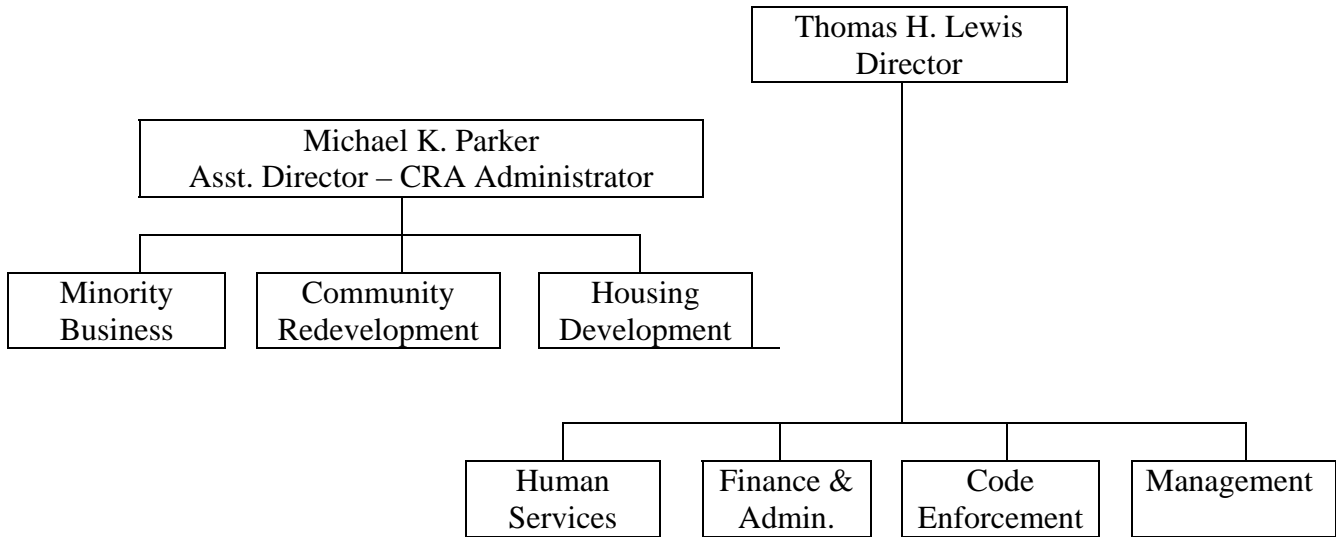
Assistant City Attorney Ann Wild has 25 years of experience in the practice of contract and real estate law. She holds B.A. and J.D. degrees and was formerly a Florida licensed real estate salesperson. As an attorney, she prepared documentation and handled residential real estate mortgage closings in private practice for 8 years. She closed real estate acquisitions for the Division of State Lands at the Florida Department of Environmental Protection for the CARL funds program for 2 years. She closed more than 500 real estate acquisitions through Florida Communities Trust at the Florida Department of Community Affairs using the Preservation 2000 and Florida Forever program funds to acquire parks and recreation lands through grants to and in cooperation with local governments for 8 years. For over 6 years at the City she has worked with multiple City departments on various types of agreements and contracts including grant contracts and real estate contracts for large and small acquisitions and sales of residential, commercial, and unimproved properties. She also represents the City in mortgage foreclosure suits against properties subject to City liens through various City departments.

Paralegal Gwen Rasmussen has 20 years of experience in real estate. This includes 10 years as a Certified Paralegal at the City where she works on eminent domain litigation, title review, and drafting of documents for litigation and transactional purposes. Both Ann and Gwen are experienced in working with the City surveyors in review of property surveys.

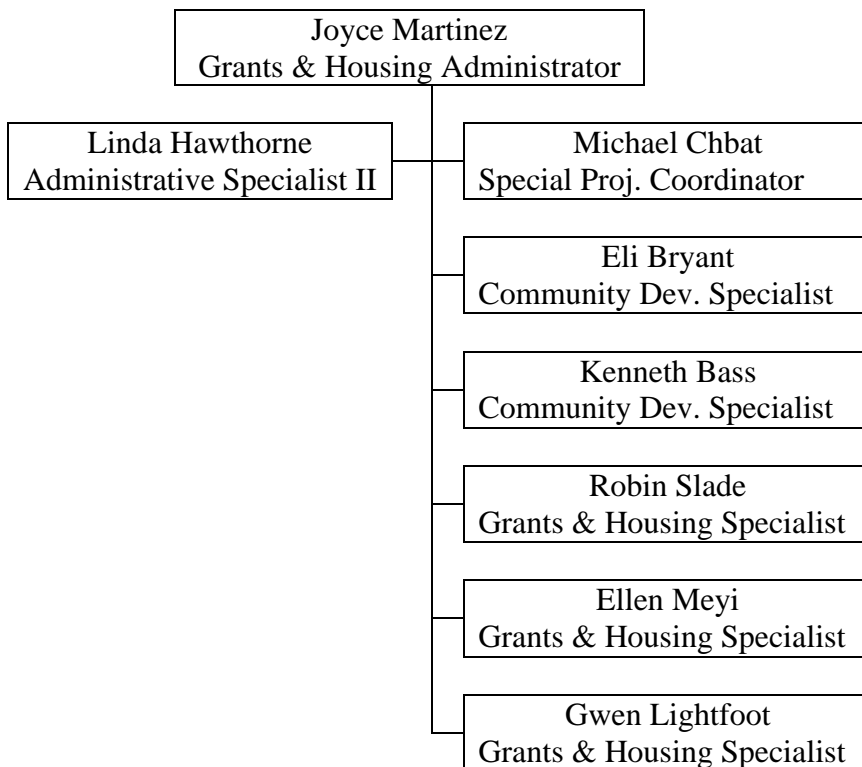
The City Auditor's Office staff has an average of over 20 years audit experience and staff collectively possess 14 professional designations to include CPA, CISA, CIA, CGAP, and CGFM. Staff consists of the City Auditor, one Senior Audit Manager, one Audit Manager, one

Information Systems Auditor, and two Senior Auditors. The Office of the City Auditor periodically undergoes an external quality assurance review with the most recent review completed in March 2009. The opinion letter was unqualified.

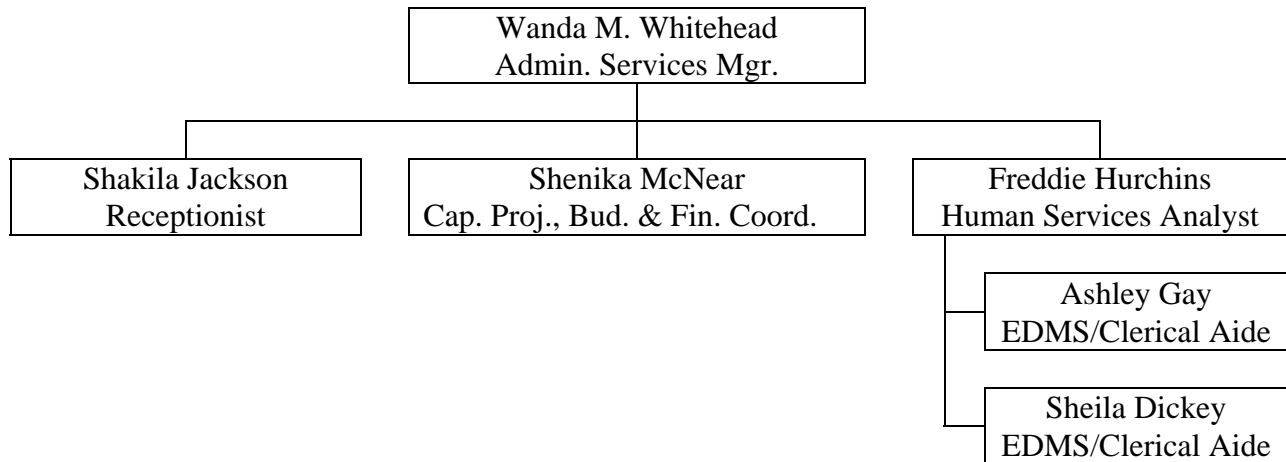
ECONOMIC & COMMUNITY DEVELOPMENT DEPARTMENT



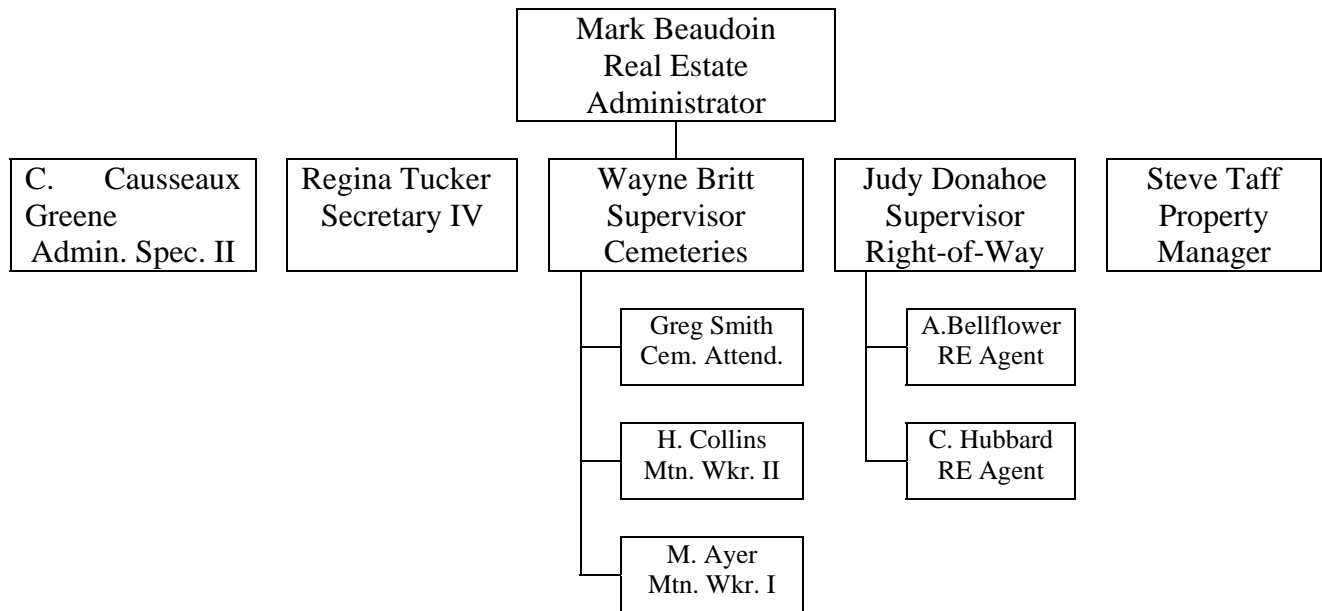
Housing Division



Finance & Administration Division



Property Management Division



(2) References:

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Rating Factor 3: Soundness of approach

The NSP2 Notice of Funding Availability and relevant sections of the American Recovery and Reinvestment Act of 2009 (ARRA), the Housing and Economic Recovery Act of 2008 (HERA), and the Public Housing and Community Development Act of 1974 guide the City of Tallahassee's NSP2 strategy.

a. Proposed Activities

To address vacant units and vacant parcels, the City of Tallahassee requests \$10,000,000 to acquire and rehabilitate and/or redevelop 100 units within the selected census tracts. No more than 10% of the award would be used for administration of the NSP2 funds. All acquired and rehabilitated or redeveloped units will fulfill the CDBG national objective to assist low-, moderate-, and middle-income households (LMMH). The proposed program will also fulfill the HERA national objective of improving permanent residential structures that will be occupied by a LMMH household. Defined terms for the administration of NSP2 are found in *Appendix A*. The Tallahassee Housing Rehabilitation Standards document is included in *Appendix B*, as required by the NSP2 Notice of Fund Availability.

(1) Overall program

Several coordinated components are underway to complement the NSP2 investment in the target area. Five out of six selected census tracts for NSP2 are located within the Southern Strategy Area, a target area for economic development opportunities and reinvestment as defined in the Tallahassee Comprehensive Plan (see map in *Appendix I*). Each census tract is at least partially within the Frenchtown-Southside Community Redevelopment Area (F/S CRA), a tax increment-financing (TIF) district created to spur investment and opportunities in local businesses and affordable housing development. The City has developed sector and neighborhood plans for portions of the selected area, setting attainable goals for infrastructure improvements and other redevelopment. In addition to ongoing City and CRA efforts, the City will also target a substantial portion of the existing programs to the NSP2 census tracts in an effort to make the biggest impact in these areas when combined with NSP2 activities.

Census tract 4.00 - Central to this census tract is Florida A & M University. The university has approximately 11,700 students. Single-family residences continue to surround the university despite development pressures to convert neighborhoods to accommodate student rental housing. Prior to 2006, the area became a magnet for new, multifamily rental redevelopment projects.

Unfortunately over-building created an over-supply of higher priced student apartments while decreased State funding for universities stagnated the growth of student admissions. The result was an increase in abandoned, foreclosed apartment complexes. The area is also plagued with a high rate of single-family foreclosures parallel to surrounding census tracts in the Southern Strategy Area. Acquisition and rehabilitation would render housing that has experienced deterioration ready for occupancy. Redevelopment of housing units for low and very low-income households would reduce vacant properties and provide needed units for the existing population.

Coordinated components for census tract 4.00 include funding through the F/S CRA. The CRA has funded projects in the area and has plans for additional investment. The South Monroe Sector Plan, created by the City Planning Department for the census tract 4.00 area, specifies achievable goals and objectives for the area with regard to streetscape improvements, new park and storm water infrastructure, economic development opportunities, public transit, and beautification.

Census tract 10.01- This area has several commercial properties and multifamily rental developments. The multifamily residential properties that are vacant pose a larger security concern than vacant single-family homes within neighborhoods. The large, abandoned multifamily properties must be fenced and constantly guarded by hired security to prevent trespassing, vandalism and squatting. Crime has increased dramatically in this area over the past two years, up 47%. Acquiring and rehabilitating the foreclosed vacant multifamily units will resolve one of the security concerns of the area, return the housing units into productive use, and help revitalize the neighborhood.

Similar to census tract 4.00, the components that create a coordinated revitalization effort for census tract 10.01 are the F/S CRA, the Southern Strategy Area plan, and the South Monroe Sector Plan. The City also provides an incentive of \$5,000 in down payment assistance for any City of Tallahassee employee that purchases a home within the neighborhood. The City has already assisted the area with affordable housing opportunities. In FY 2007-2008 the City invested state housing assistance funds to rehabilitate a 24-unit multifamily rental development, Del Rio/South Meridian Oaks. A non-profit partner of the City, Emergency Care Help Organization, Inc. (ECHO), operates a homeless transitional housing development with federal Emergency Shelter Grant funds and other funds. The City provided ECHO funds to rehabilitate the multifamily apartments in FY 2002-2003. In 2006 the City also provided funding for ECHO to rehabilitate 8 additional units in this census tract. Since 2000, the City has used housing assistance funds to rehabilitate 24 owner-occupied houses in the area.

Census tract 11.01 - This area consists mostly of single-family residences, and ownership has been boosted by City sponsored affordable housing assistance. The City has a successful CHDO, Bethel Community Development Corporation, whose activities are targeted in these this area. It has built over 50 homes in the area for first time homebuyers. The City completed a 25-unit mixed income ownership housing development in 2004, adjacent to the area's health clinic, Bond Community Health Center. State and federal funding has provided down payment assistance for 66 first-time homebuyers in the census tract since 2000. In addition to the emerging homeownership market, the area has affordable rental units in a strategic location near

downtown and university employment centers. Census tract 11.01 has experienced a high rate of foreclosures as the other census tracts in the Southern Strategy Area. Acquiring and rehabilitating single-family and multifamily units addresses a vacancy concern while providing housing for households in need. With NSP2 funds to help the City to support and complement the efforts already underway in census tract 11.01 there is potential to leverage funds, halt the decline resulting from the foreclosure and vacancy problems of the area, and return it to an attractive, desirable area in which to live.

In addition to the concentrated affordable housing assistance funding provided to the area, the City has coordinated additional components for census tract 11.01. The City operates a park and recreation facility and community center next to the recently redeveloped Bond Elementary School. Redevelopment efforts are assisted with funding through the F/S CRA. The CRA has funded projects in the area and has plans for additional investment. Since 2000, the City has used housing assistance funds to rehabilitate 59 owner-occupied houses in the area. The City donated the land for the Bond Community Health Center and supports the health center with annual allocations of local public services assistance. NSP2 funds to rehabilitate and redevelop vacant units would help maintain the owner-occupied home values, and create needed affordable housing.

Census tract 12.00 – This area has had disinvestment in its housing stock despite its strategic location close to Florida State and Florida A & M Universities, downtown employment centers, and a developing arts and entertainment corridor. In recent years there has been more redevelopment and rehabilitation, especially near Florida A & M University. However, dilapidated housing continues to be an issue affecting the property values of nearby redeveloped property. Acquiring and rehabilitating vacant multifamily and single-family units would further improve the housing stock and will re-establish housing units for households earning less than 80% of area median income in a centralized urban location.

Some components the City will coordinate with NSP2 in census tract 12.00 include the implementation activities of the Capital Cascades Sector Plan, a broad sector encompassing and extending beyond census tract 12.00. The City Planning Department worked with local citizens to develop goals of seeking out redevelopment opportunities; improving transportation linkages with the new Capital Cascades Park, downtown and the universities; and creating incentives for economic development opportunities and redevelopment. The Gaines Street Revitalization project is a redevelopment plan to create an arts and entertainment district with infrastructure improvements and local business incentives on the north side of the census tract.

Census tract 14.00 - This area is described as part of the Greater Frenchtown Neighborhood. The greatest residential issue is the aging, deteriorating housing stock. The City's owner-occupied and rental rehabilitation programs have improved the housing stock, but demand continues to increase with time. The neighborhood is located proximate to Florida State University, downtown employment, and many locally owned businesses. The risk of foreclosure is high in the area because the median income for the area is comparable to those in the Southern Strategy Area. Further work to rehabilitate multifamily and single-family units would improve the housing stock and would make housing units available for households earning less than 80%

of area median income in a convenient location. Redevelopment would reduce the vacant lots in the area and create new multifamily units for LMMH families.

The neighborhood experienced difficulty with crime and blight in the last decades, but the coordinated efforts of the Police Department; the Department of Economic and Community Development (formerly Neighborhood and Community Services), which includes the Code Enforcement and Housing Divisions; and partner agencies concentrating resources in the area has succeeded to improve safety, housing stock, and economic opportunities. The Frenchtown Community Development Corporation, a Community-based Development Organization (CBDO) works in rehabilitation and redevelopment in the area. Since 2000, the City has used housing assistance funds to rehabilitate 114 owner-occupied houses, and to provide down payment assistance for 47 first-time homebuyers in the area. Redevelopment efforts are assisted with funding through the F/S CRA. The CRA has funded projects in the area and has plans for additional investment. NSP2 could be highly leveraged with City, CRA, and private funds in the provision of new housing in this census tract by redeveloping vacant land. This new housing would provide a minimum of 10 units (10%) at 30% AMI, 15% of the units at 50% AMI, and the balance of the units at 60 % AMI. The City also provides an incentive of \$5,000 in down payment assistance for any City of Tallahassee employee that purchases a home within the neighborhood.

Census tract 19.00- In recent years, neighborhoods within census tract 19.00 encouraged more single-family homeownership through the active neighborhood association and participation in the City's neighborhood planning process. Non-profit and for-profit housing developers invested in ownership housing, while the City invested in neighborhood infrastructure. The area has been valuable as a location for affordable rental units. However, multifamily apartment buildings in the area have fallen into decline, affecting the homeownership market and neighborhood stability. Crime has also been perceived to be a problem in this area but statistics indicate a 19% decrease in crime, which is reflective of the City's efforts in this area. Therefore, overcoming this perception is still a challenge to be addressed. Federal investment to acquire and rehabilitate multifamily and single-family units will preserve affordable rental units while protecting the investment of local homeowners. Redevelopment of cleared property will add needed housing units for households earning less than 80% of area median income, while continuing to support the neighborhood through reinvestment.

The City plans to use a coordinated approach for census tract 19.00. The area participated in the City's planning process to develop the Lake Bradford Sector Plan, setting goals for the protection of area lakes and wetlands, reduction of crime and blight, improved transportation and balanced land use patterns. The City Commission targeted Providence Neighborhood within census tract 19.00 for its neighborhood planning process. The Providence Neighborhood Association, local property owners, businesses, and residents worked with the City Planning Department to identify strengths and opportunities of the neighborhood and set goals for revitalization in a neighborhood plan. The City Public Works Department committed funds for road improvements, sidewalk projects and storm water drains. The Delta Kappa Omega Foundation is partnering with the City to build and operate a community center on City donated property, one of the top priorities of the neighborhood plan. The City has contributed HOME Investment Partnership funds and F/S CRA funds to build houses for ownership through one of

its CHDOs, Bethel Community Development Corporation. The F/S CRA also provided funds to build townhouses for homeownership by another CHDO, Tallahassee Lenders' Consortium. The City plans to spend NSP1 funds within the neighborhood to acquire and rehabilitate a multifamily rental development for affordable housing. Since 2000, the City has used housing assistance funds to rehabilitate 37 owner-occupied houses, and to provide down payment assistance for 65 first-time homebuyers in the area. The City also provides an incentive of \$5,000 in down payment assistance for any City of Tallahassee employee that purchases a home within the neighborhood.

The NSP2 funding will provide resources necessary to expand an existing effort to successfully transform neighborhoods in the NSP2 target area. All but one of the selected census tracts are included in a specially designated area for reinvestment, called the Southern Strategy Area. The City acknowledged that the target neighborhoods historically faced a higher level of disinvestment than other areas of the city and developed a Southside Strategy Plan within the Comprehensive Plan in 1998. The Comprehensive Plan Land Use Element Policy 11.1.1 focuses housing efforts in the Southern Strategy Area on "maintaining the supply of affordable housing and raising the overall assessed value of housing in the Southern Strategy Area by attracting additional quality residential development to the area; improving the quality of existing housing stock; improving the safety, appearance and overall quality of life in the area; and increasing home ownership opportunities." One of the goals of the Southside Strategy Plan is to create a variety of housing types at varying levels of affordability. NSP funds will assist the City to achieve improved housing stock and a variety of housing options in the target area.

The NSP2 program is consistent with the goals of the F/S CRA, the special district benefiting from tax increment financing. The F/S CRA has numerous opportunities for new development and redevelopment of residential, commercial and industrial properties. CRA projects must serve a public purpose and must address concerns raised in the adopted redevelopment plans for each area. The six targeted census tracts for NSP2 contain significant portions of the F/S CRA. NSP-assisted housing located in the F/S CRA would benefit from non-federal funding the City is committed to providing for the designated area of need. Since 2002, the CRA has committed nearly \$3.0 million towards various affordable housing projects throughout the redevelopment area:

- Starting in FY 2009, the CRA has approved setting aside \$500,000, or about 25 %, of the annual Greater Frenchtown/Southside Community Redevelopment Area project budget for affordable housing projects. In response, staff has developed a competitive review process to evaluate multiple funding requests at a single time. Projects funded in FY 2009 include rehabilitation of a single-family home by Rainbow Rehab, \$46,000; construction assistance funds for three single-family homes to be developed by the Tallahassee Lenders' Consortium, \$113,000; and land acquisition and green building assistance for four single-family homes to be developed by the Bethel Community Development Corporation (CDC), \$168,000. Without the CRA funds these eight affordable-income homes would not be renovated or built.
- The CRA spent approximately \$62,000 for sidewalk and bus shelter improvements from Perkins south to Orange Avenue in census tract 10.01.

- Bethel CDC, a non-profit CHDO, was provided with \$42,000 for a Green Build certified, single-family home in census tract 11.01, using \$25,000 for land acquisition and \$17,000 to help cover some of the construction costs. The home was sold to a qualified low-income homebuyer earning at or below 80% of AMI.
- The CRA provided Bethel CDC with \$126,000 for another Green Build certified, single-family home in census tract 12.00, using \$75,000 for land acquisition and \$51,000 to help cover some of the construction costs. The home was also sold to a qualified low-income homebuyer earning at or below 80% of AMI.
- The CRA spent \$274,093 to assist in the development of 16 owner-occupied, single-family/duplex homes in the Providence Neighborhood in census tract 19.00, a neighborhood with over 90 % rental housing units. CRA funds were used for land acquisition, demolition, site preparation, construction, and mortgage buy down payment assistance. The homes ranged in sales price from \$80,000 to \$145,000. Assuming an average sales price of \$100,000 per unit, or \$1.6 million for all 16 units, the CRA had a return of \$5.84 for each dollar spent in the neighborhood. Although these improvements will not significantly increase the amount of tax increment the Agency receives from this neighborhood, the improvements are visible and essential to help stabilize the neighborhood and increase home ownership.
- The CRA committed \$539,560 for the renovation of the Chelsea Apartments in the Providence Neighborhood, in census tract 19.00. The renovation of these apartments, which have seriously deteriorated over the past few years, is seen as a major step in stabilizing the rental housing stock in the neighborhood. The expected return on investment in terms of increased tax increment available to the CRA may not be significant, but the return on investment in the quality of life in the neighborhood will be. Although the CRA will not be able to enter into an agreement with the current property owner because of foreclosure issues, the CRA is actively seeking other partners for the renovation of the property.
- In FY 2008, the CRA provided over \$340,000 in funds for several affordable housing projects: \$217,500 for the Tallahassee Lenders' Consortium for a revolving construction line of credit for four low-income homes in census tract 19.00 and \$124,000 to the Bethel CDC for the construction of four single family homes in census tract 19.00.

With NSP2 assistance, the City of Tallahassee can put forth a coordinated effort to purchase a large number of units at one time and lock-in an guaranteed affordability period instead of waiting for investors or future homebuyers to purchase one unit at a time with no guarantee that the rents will be affordable. The coordinated strategies will expand existing efforts and achieve the goals and objectives set forth in neighborhood and sector plans.

Based on the current absorption rate for rental units expressed in Rating Factor 1.b., it would take 33 months to fill vacant rental units on the current market. With NSP2 funds to rehabilitate rental units for re-occupancy, the number of months it would take to absorb vacant units would

accelerate significantly. Publicity related to the NSP2 program and the Recovery Act will also draw attention to the revitalization efforts in the target areas and will boost the occupancy of NSP2 assisted units. Green building techniques applied to NSP2 assisted housing, improved streets, and new investment in the neighborhoods will attract new residents to reside in the target census tracts. As the public investment increases, existing residents are inspired to invest in their own properties. The renewed interest in the community may attract investors, and inspire local entrepreneurs. Public investment is often a catalyst for permanent community change.

(2) Uses of funds and firm commitments

The following is a table showing the NSP2 eligible activities the City plans to undertake within the target areas to assist LMMH beneficiaries. At least 25% of NSP2 funds will be spent to create housing units for households earning at or below 50% AMI. Funds will be spent in each census tract of the target area, as properties are available. *Table 7* represents section (2)(a).

Table 7. Proposed uses of NSP2 funds

NSP-Eligible Use	Correlated CDBG Eligible Activity	Amount Budgeted	Responsible Entity
Administrative (10%)	Administrative	\$1,000,000	Housing Division
(B) Purchase and rehabilitate homes that have been foreclosed upon	24 CFR 570.201(a) Acquisition, 570.202 rehabilitation for homes	\$8,000,000	Housing Division, Property Management
(E) Redevelop demolished or vacant properties as housing	24 CFR 570.202 rehabilitation and preservation for demolished or vacant properties	\$1,000,000	Housing Division
TOTAL		\$10,000,000	

(2)(b) The City of Tallahassee plans to use NSP2 funds to acquire and rehabilitate housing and to a lesser extent redevelop vacant land with the result of 100 units of affordable housing. Staff believes that, for the most part, \$100,000 per unit would be needed to acquire and successfully rehabilitate this housing. Acquisition costs in Tallahassee are estimated to be at least \$50,000 per unit. The Housing Division operates several specialized rehabilitation programs using state and federal housing assistance funds to bring low-income owner-occupied and rental housing up to code. Local property owners may benefit from multiple rehabilitation programs to correct the health and safety issues within their homes. Some housing units require \$40,000 - \$50,000 of repairs. In addition to bringing the housing units up to code, the City will use green building techniques and add energy efficiency improvements for improved long-term affordability for the homebuyer or renter. The energy efficiency improvements will add to the cost of rehabilitation and redevelopment in the short term. However, with the potential redevelopment of vacant property in census tract 14.00, leveraging will be dramatic and not more than \$15,000 per unit will be required for that endeavor.

All redeveloped property will carry an affordability period of at least 15 years for rehabilitated housing and 20 years for newly constructed units. If the property is transferred to a non-profit or for-profit entity, affordability will be guaranteed through either deed restrictions recorded with the transfer of title of the property or through a land use restriction agreement recorded in the public records. Non-profit agencies may receive a 0% interest forgivable loan, while for-profit entities may have a below-market interest rate depending on what is required to make the development viable.

The City will monitor compliance with the required rent limits and annual income-verification of tenants for the duration of the affordability period. Full compliance may result in forgiveness of the NSP2 assistance. Terms of assistance and interest rates will be determined based on a financial analysis of each potential property and property manager. A pro-forma analysis will be used to determine viability and analyze property cash flow. If the rental property has sufficient cash flow, the City may charge a below-market interest rate to private owners. During underwriting the City will determine the amount of assistance needed for project feasibility. Each individual property must be evaluated to determine long-term viability.

The NSP2 requires that all housing units serve households earning less than 120% of area median income (AMI). NSP2-assisted housing units will be targeted for households earning less than 80% AMI and at least half the units rehabilitated will be targeted for households earning less than 50% AMI with not less than 25% of the NSP2 award used to provide affordable units for households at or below 50% AMI. If the City determines it is beneficial to support a mixed income development, some units for households earning at or below 120% AMI may be assisted.

Although homeownership is a desirable goal for low-income households, Multiple Listing Service data compiled by the Tallahassee local Board of Realtors, the city showed 834 units for sale in January 2009 at a comparable anticipated sales price of \$150,000 or less. Homes rehabilitated through the NSP program will be competing with these existing homes on the market. However, the City may provide additional assistance or structure financing from non-NSP2 funding sources to entice buyers. Furthermore, homes and rental units rehabilitated or built with NSP2 funds will include energy efficiency features to the greatest extent feasible to improve the affordability for the household. Tallahassee's Down Payment Assistance program for first-time homebuyers continues to thrive in the buyer's market and will be layered with other subsidies as necessary. The homeownership market is expected to rebound, but the rental market is more in need of public support. Tallahassee plans to focus the majority of NSP2 funds on rental housing.

The following table is an initial list of locations and addresses of potential properties in foreclosure identified in June 2009 for NSP2 activities:

Table 8. Potential Tallahassee properties for NSP2

Address	Census Tract
275 E. Harrison St.	4.00
1504 S. Adams St.	4.00
455 E. Van Buren St.	4.00

2238 Magnolia Circle	10.01
401 Putnam St.	10.01
205 Putnam St.	10.01
207 Putnam St.	10.01
617 Fancee Ave.	11.01
717 Floral St.	12.00
802 Eugenia St.	12.00
1023 Clay St.	14.00
1119 Green Tree Ct.	14.00
1326 Stuckey	19.00
1419 Kingford Ave	19.00

(2)(c) Frenchtown-Southside Community Redevelopment Area funds will be committed to NSP2 properties located within the district, including parts of census tracts 4.00, 10.01, 11.01, 12.00, 14.00 and 19.00. The F/S CRA commits one fourth of its annual budget for affordable housing projects, and will dedicate \$350,000 per year for NSP2 properties during the 3-year period of the NSP2. The F/S CRA will contribute \$550,000 towards construction of a community center in census tract 19.00. In addition, the CRA will commit \$665,418 to build a storm water facility in census tract 12.00 as part of the Capital Cascades Greenway project. A firm commitment letter for the total commitment of \$2,265,418 is in *Appendix D*.

The City will donate a parcel of land to construct a community center in census tract 19.00 within the F/S CRA. The value of the land is \$110,000 and the commitment letter is included in *Appendix D*. The community center, with computers, after school learning activities, and neighborhood meeting spaces, will be located proximate to housing that will be assisted with NSP2 funds. This will make the NSP2 assisted housing more marketable, and will be a benefit to residents. The Delta Kappa Omega Foundation will contribute \$100,000 to build the community center and has also committed \$55,000 per year to operate the facility. The total commitment to the census tract 19.00 neighborhoods over the 3-year NSP2 period will be \$265,000. The Delta Kappa Omega Foundation commitment letter is included in *Appendix D*.

The City Utilities Department Energy Smart Plus program focuses on reducing the energy demand in Tallahassee, to encourage citizens to save energy and save money on energy bills. The program gives rebates for each energy efficient appliance installed in a unit to reduce energy consumption. The City will commit \$1,050 in locally generated utility funds for each of the 100 NSP2 assisted housing units. Each NSP2 assisted home will receive new Energy Star rated refrigerators (\$75 rebate) and air conditioners (\$100 rebate), and natural gas oven/ ranges (\$200 rebate) and water heaters (\$675 rebate). Additional resources are available for clothes washers if applicable. More information about the program is available on the City's website: http://www.talgov.com/you/energy/energy_programs.cfm. The commitment letter from the City is in *Appendix D*. These rebates will be applied to the cost of the home to reduce the price to the homeowner or the redevelopment costs of the rental units.

The City Public Works Department and the City Commission recently established the Neighborhood Enhancement Program, using City-backed bond financing to complete

infrastructure projects in neglected neighborhoods. Candidate projects, compiled from long-range programs and sector plans, were categorized into the following three groups:

- I. Reconstruction of residential streets
- II. Reconstruction of neighborhood collector streets
- III. Residential sidewalks

The projects were ranked for priority based on these criteria: drainage problems, existing or planned sidewalks, significant pedestrian use, accident within 3 years, roadside hazards, health and welfare. Preliminary budgets have been established including Project Development and Environmental (PD & E) studies, right of way (ROW) acquisition, construction and utility relocation. The Neighborhood Enhancement Program will fund the following street improvement projects in Providence Neighborhood, located in census tract 19.00:

Table 9. Infrastructure Projects Planned for Census Tract 19.00 as Leveraging

Site #	Type	Location	Funding
2	I	McCaskill Avenue from Iamonia to Lake Bradford	\$2,240,000
4	I	Lake Avenue from Iamonia to Lake Bradford	\$2,100,000
6	II	Stuckey Avenue from Iamonia to Lake Bradford	\$4,500,000
14	I	Highland Road Levy to Stuckey	\$944,000
25	I	Holmes Street From Levy to Stuckey	\$972,000
TOTAL			\$10,756,000

Source: City of Tallahassee Public Works Department

Public Works is also planning street improvement projects in census tracts 12.00 and 14.00. The FAMU Way Extension is a road bisecting the north sides of census tracts 4.00 and 12.00. The project will improve east-west travel in the area and reduce traffic congestion. Additionally, the road extension will provide significant economic benefit to the immediate area surrounding the selected corridor. The project will cost \$50,000,000. In census tract 14.00, Public Works will rebuild the roadway, enclose ditches, add curbs and gutters, and add sidewalks (Joe Lewis and Richmond streets). The project will cost \$2,200,000. The Public Works commitment letter for a total of \$62,956,000 is located in *Appendix D*.

A proposed redevelopment project for census tract 14.00 is the Villas at Crowder Ridge, a \$14.8 million development of 96 affordable rental garden-style apartments with energy-efficiency and other high quality features. The proposed development will be located near the northern boundary of census tract 14.00, within the City's designated F/S CRA. This housing will be developed by a partnership between the Tallahassee Housing Authority and Pinnacle Housing Group LLC. These entities successfully competed for low-income housing tax credit funding in the 2008 Universal Application Cycle. NSP2 funds would be needed to secure access to the site and complete the construction. The City of Tallahassee will use local funds to waive \$150,000 in water and sewer system connection fees for the development. Commitment letters from the Tallahassee Housing Authority for \$280,000 in donated land and from the City of Tallahassee for \$150,000 in fee waivers are in *Appendix D*.

(2)(d) The City will may use NSP2 funds to demolish structures if it is part of the redevelopment of land with vacant structures. However, the City proposes to use the majority of its NSP2 funds to rehabilitate and redevelop housing. Rehabilitation preserves the original character of the neighborhood homes and it is generally more economical. The final housing unit is likely to be less expensive to the LMMH residents than new construction. Rehabilitation is also environmentally friendly because fewer new materials are needed. The City also intends to purchase vacant land for redevelopment into multifamily units under the management and ownership of the Tallahassee Housing Authority. These 96 units will remain affordable in perpetuity and serve households at extremely low income (30% AMI) and low income (50% and 60% AMI) levels.

b. Project completion schedule

Tallahassee has identified some foreclosed units for potential acquisition. The City's experience with property acquisition, rehabilitation, and redevelopment ensures compliance with the NSP2 regulation to spend at least 50% of NSP2 funds within two years and 100% of NSP2 funds within three years. Staff has been assigned to report NSP2 activities regularly into the DRGR system to ensure all data is received timely.

During Months 1 – 4, the City's Real Estate Division will visit potential properties and speak with property owners to determine the estimated value and estimated cost of rehabilitation or redevelopment (estimated start date: January 2, 2010). The City will order appraisals of potential properties (estimated start date: March 1, 2010). Due diligence activities will begin, including environmental reviews, and land use compliance reviews. During Months 5 - 11, the negotiation of price will occur when the City identifies the property as desirable. The City expects that contacting the national banks that hold mortgages and negotiating with the correct decision makers will be difficult and time consuming (estimated start date: May 1, 2010). Considering the steps necessary to acquire properties, from environmental review to locating the correct bank representative with whom to negotiate, Tallahassee anticipates the acquisition process taking six months. The City anticipates that Month 7 is the earliest that property closings would begin (estimated start date for closings: July 1, 2010). Solicitation for rehabilitation contractors can begin soon after closing (estimated start date August 1, 2010), estimated for Months 8 – 10, or the first three months after closing. Rehabilitation contracts would be developed in Months 11-13. Rehabilitation of single-family residences will likely take 2 - 3 months to complete, in Months 14 – 16. Multifamily rehabilitation may take a year to complete, from Months 14 – 26, and redevelopment may take more than a year to complete from Months 14 - 30. Although these are estimated start times, the actual project timelines will depend on the acquisition process and the scope of development. The table below represents the estimated timeline for accomplishing critical management actions:

Table 10. Estimated timeline to Complete Critical Management Actions

Critical Management Actions	Estimated Start Date	Estimated Date of Accomplishment
Identification of properties	1/2/10	5/1/10
Due diligence – land use, environmental review, etc.	3/1/10	9/1/10

Contact with bank to negotiate	5/1/10	11/1/10
Close on acquisition	7/1/10	1/2/11
RFP for rehabilitation/redevelopment work	8/1/10	10/1/10
Contracts for rehabilitation/ redevelopment	11/1/10	2/1/11
Rehabilitation work	1/2/12	1/2/13
Redevelopment work	1/2/12	7/1/13

The City anticipates NSP2 funding will result in 100 affordable housing units with energy efficiency features, revitalization of targeted census tracts including elimination of blighted areas, and neighborhood stabilization. Metrics the City will use to measure results of the NSP2 activities in the targeted census tracts are: a reduction in crimes reported, a decrease in code violations, a reduction in vacancy rates, an increase in property values, and an increase in the number of sales.

c. Income targeting

Households benefiting from NSP2 funds must earn less than 120% of area median income (AMI). Households earning more than 120% AMI will not be eligible to live in NSP2 assisted housing units. At least 25% of NSP2 funds will be spent to acquire and rehabilitate housing for households earning less than 50% AMI. Priority will be given to households with incomes less than 80% AMI, and more than half the units assisted with NSP2 will be targeted for households earning no more than 50% AMI.

d. Continued affordability

The City plans to transfer ownership of the rehabilitated rental units to an entity that has property management experience with the capacity to manage units with deed restrictions or land use restrictions. The restrictions will include rent limitations for the designated affordability period, annual income qualification of tenants, reporting and monitoring requirements. The restrictions and contract agreement for sale of the rental property will ensure NSP2 assisted rental housing will meet or exceed the requirements established in 24 CFR 92.252(e) beginning after the structure is complete. The length of time for housing units to maintain affordability will be the same for units benefiting households earning 50% AMI or less and 120% AMI or less. The amount of NSP2 assistance will determine the length of the affordability period, as in the HOME Investment Partnerships program, but the City may choose to impose longer affordability periods than those required based on the level of investment of public money.

Table 11. Affordability Period of NSP-assisted Rental Units

NSP Assistance (\$) per unit	Affordability Period
< \$15,000	5 Years
\$15,000 - \$40,000	10 Years
> \$40,000	15 Years
New Construction	20 Years

Non-profit agencies with experience to manage the NSP2 assisted units must have low-income rental property management as part of their mission. If a non-profit entity with a mission to manage affordable rental housing owns and operates NSP2 assisted property, the affordability period would be longer than the required years. The City plans to partner on a redevelopment project with the Tallahassee Housing Authority. Through the Housing Authority's management of the NSP2 assisted units, the units will continue to be affordable in perpetuity.

e. Consultation, outreach, communications

(1) The City of Tallahassee is receiving \$2.94 million in Neighborhood Stabilization Program – 1 funds through the State of Florida. NSP1 has a larger target geography than the NSP2 selected area, but the NSP1 target area is also within the Southern Strategy Area designated for investment and redevelopment in the Tallahassee Comprehensive Plan. The City is strategic about which identified properties would be more appropriate for NSP2 compared to NSP1. Properties identified for acquisition and rehabilitation through NSP1 are located within or proximate to the Community Redevelopment Area. Because the City would be the entity to administer both Neighborhood Stabilization Programs, activities undertaken with NSP2 funds will complement NSP1 activities and result in a greater impact in the target area.

(2) The City plans to find eligible households through the Tallahassee Housing Authority waiting list and references. Tallahassee Housing Authority does not have enough public housing units for the affordable rental housing demand in the city. The waiting list currently has 2,005 potential income-eligible households waiting for one-bedroom to five-bedroom housing units and 2,313 households waiting for housing vouchers (numbers may overlap). The City will also enroll graduates of transitional homeless housing programs for NSP2 assisted housing. ECHO and Lutheran Social Services are two organizations that work with the City to ensure households transition to permanent housing. Further outreach activities will be performed through the local Continuum of Care (CoC), the partnership of homeless service providers in the region. The service providers, including the City, meet monthly to coordinate service activities. The service providers then refer their clients to appropriate programs offered by CoC member agencies.

Households interested in housing through NSP2 may contact the City's Housing Division to express their interest. The City will maintain a database of interested tenants/buyers during the period of acquisition. During the rehabilitation stage and as the units are closer to completion, the City will advertise that applications for assistance were available at the Housing Division office, through the property manager, and on the City's website. Priority for rental units will be given to households earning less than 50% AMI to the extent that those units designated for 50% AMI are not all occupied.

(3) To get feedback about proposed NSP2 activities and in compliance with the citizen participation requirements, staff advertised a public meeting in a newspaper of general circulation and on the City website. The newspaper advertisement advertising the public hearing was published June 3, 2009. Staff also held a meeting of the citizen Community Improvement Advisory Council (CIAC) regarding NSP2 strategies. The public meeting was held June 9 and

the CIAC meeting was held June 10, 2009. The public comment period was open from June 3 to June 30, 2009. The proposed activities and budget for NSP2 were posted on the City of Tallahassee website June 3.

The City pro-actively seeks abandoned foreclosed properties and contacts the owners. Staff sent letters to bank owners of foreclosed property to inform them about the NSP opportunities. Code Enforcement staff identifies vacant properties and the City Attorney's Office receives notice of homes in foreclosure. The City has published three advertisements in the newspaper informing the public about the opportunities for jobs or housing through NSP1 and NSP2. The City will ensure interested residents are informed about program policies by distributing information with rental occupancy applications. As in all of the City's programs, beneficiaries will be informed of program rules and income eligibility requirements. Information about the NSP2 units will be available through the Housing Division and the selected property manager. Progress reports for NSP2 will be posted on the City's website for the duration of the NSP2 program.

Any complaints received regarding the NSP2 program will be addressed using the procedures identified in the City's citizen complaint policy (*Appendix H*). All complaints will be reviewed and addressed in writing within 15 days. Staff will attempt to make personal contact with a citizen once a day for the first three days after receiving the complaint.

f. Performance and Monitoring

The City of Tallahassee Housing Division will be responsible for the direct monitoring of NSP2 contracts and activities. The Housing Division is experienced in ensuring the performance of State and Federal grants (SHIP, FHOP, HOME, CDBG, and ESG) totaling over \$5 million per year. Each entity receiving funding is required to be monitored annually. Monitoring includes four aspects:

- a. Payment is made on a reimbursement basis upon proof of eligibility of the activity and proof of expenditure. This is true of all contracts as well as work coordinated by in-house staff. Program managers examine each pay request for accuracy, completeness and eligibility before authorizing reimbursement. This desk-monitoring activity is done each time a pay request is received and, for most contracts, it is done at least monthly.
- b. Regular reports (usually monthly but some contracts require quarterly) on accomplishments and activities are required from each contractor, non-profit participant and sub-recipient to show compliance with the approved tasks and responsibilities described in the contract. This includes internal audit reports commissioned by and for each agency receiving City, State or federal funding of \$500,000 or more.
- c. Staff will conduct on-site monitoring of all subrecipients, non-profit participants and contractors at least annually to assure compliance with state and federal regulations. Standard risk assessment criteria established by HUD and desk-monitoring are used to determine the scope of on-site monitoring examination for each agency.
- d. Site and construction inspectors visit construction project sites frequently for constant oversight of regulations. These site inspectors identify any activities that fall outside acceptable parameters for performance. If necessary, the project manager will make

arrangements to visit project sites with appropriate personnel, including City building officials, environmental permitting officials, or others if necessary to clarify issues.

Additional monitoring and technical assistance is provided as needed, based on any risk analysis, problems discovered in desk- or on-site monitoring, and capacity building needs identified by the City or the agency. This technical assistance may be provided by all appropriate staff, including Division administrators or outside consultants, as necessary.

In addition to the routine monitoring performed by the Housing Division for each NSP2 activity, the City's Department of Management and Administration Accounting Services Division and the Department of Economic and Community Development Finance Division monitor all expenditures and draw-downs from the U.S. Treasury.

The City Auditor's Office performs internal audits of City programs to ensure performance, financial accountability and conformity with requirements. The City of Tallahassee, by City Charter, has an internal audit function led by the City Commission appointed City Auditor. The Office of the City Auditor is staffed by six professional staff and follows Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors in the performance of all audit work. The City Auditor conducts performance audits under Government Audit Standards and provides assurance and consulting services under the standards of the IIA. In all contracts between the City and any contractor or nonprofit organization, the awardee is required to submit any audit completed on its operations to the City Auditor for review. In addition, all such contracts make provision to allow the City Auditor to audit such awardee's records to determine compliance with City contract provisions. Audits performed by the City Auditor are those recommended by the independent City Audit Committee and approved by the City Commission. All reports issued by the City Auditor are directed to the City Manager for response and corrective actions and to the City Commission and City Audit Committee for their review and follow up. All reports and working papers prepared by the City Auditor are a public record when a report is issued by the City Auditor.

The City Auditor annually reviews risk in the City and develops a recommended audit plan for the following year. During 2007-2008 the City Auditor reviewed housing rehabilitation program expenditures by both the City and several of its nonprofit contractors. For monies to be received under ARRA, the City Auditor has provided training to City staff and Minority Business Enterprises on the requirements of the Act and City contract performance expectations. While the City receives an annual Single Audit Act audit from its external auditors, the City Auditor performs additional work to review Department controls and risk. Additional audit work is performed as needed to supplement external audit work. As grants are made known and based on assessment of risk, it is likely that the Office of the City Auditor will audit selected monies received by the City and either disbursed directly or through nonprofit organizations.

Rating Factor 4: Leveraging other funds

a. Leveraged funds

Letters of commitment for non-NSP, non-CDBG, non-federal resources for investment in the NSP2 program are provided in *Appendix D*. The following is a table of the totals:

Table 12. Total Funds Leveraged by NSP2 Activities in Target Census Tracts

Description of funds	Amount over 3 years
Community Redevelopment Area (CRA)	\$2,265,418
City of Tallahassee community center land donation	\$110,000
Delta Kappa Omega Foundation community center construction	\$100,000
Delta Kappa Omega Foundation community center operation	\$165,000
City of Tallahassee Energy Star appliance rebates	\$105,000
City of Tallahassee Neighborhood Enhancement Program infrastructure	\$62,956,000
City of Tallahassee water/ sewer fee waivers for Crowder Ridge dev.	\$150,000
Tallahassee Housing Authority land donation	\$280,000
TOTAL	\$66,131,418
Amount requested in NSP2	\$10,000,000
Ratio of leveraged funds	6.61

A description of each leveraged item is detailed under Rating Factor 3, section a, part 2(c), Use of Funds and Firm Commitments. The ratio of leveraged funds shows that Tallahassee resources will produce \$6.61 for every dollar spent.

b. Value of destabilizing influences

Tallahassee's target census tracts scored highly for NSP2 eligibility based on the vacancy risk factor attributed to foreclosures and abandonment. Neglected, vacant housing and vacant lots further damage the safety perception and housing values in surrounding neighborhoods. Tallahassee census tracts targeted for NSP2 have experienced extended economic decline, resulting in a concentrated effort of City resources to address their challenges. The City plans to use NSP2 funds to acquire and rehabilitate vacant properties in the identified target areas. The score calculated to value destabilizing influences was 0.12, and the calculation is provided in *Appendix F*.

Rating Factor 5: Energy efficiency and sustainable development factors

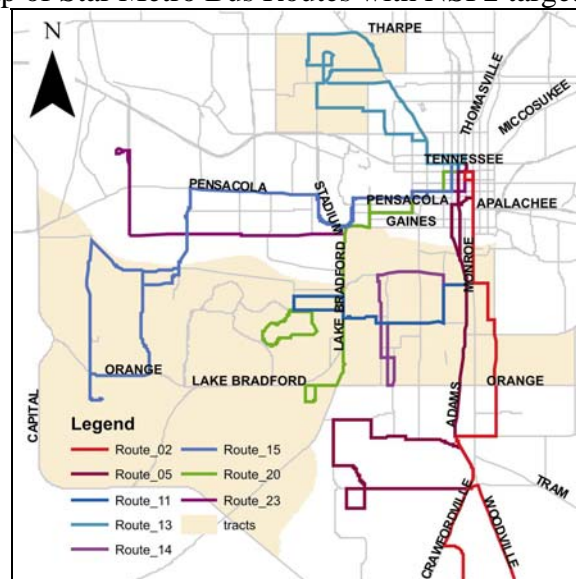
The City is dedicated to providing incentives to residents to receive long-term cost savings and reduce energy demand as demonstrated in the City Utilities Department's Demand Side Management program. The City created the Environmental Policy and Energy Resources Department within the government structure in 2008 to implement sustainable green practices into every facet of government operations. This commitment to sustainability continues to reduce the City's energy consumption and control waste.

a. Transit accessibility

Within census tracts 4.00, 10.01, 11.01, 12.00, 14.00 and 19.00, the City's bus service, StarMetro, is currently providing service with routes 2, 5, 7, 8, 11, 13, 14, 15, 20, and 24. Service frequencies range from every 20 minutes (routes 13, 14) to every 30 minutes (routes 23, 24, and 5 in peak hours) to every one-hour.

By the end of 2010, StarMetro will implement a decentralized route structure that will more broadly serve the public. Under this new scheme, a route will be operating continuously along Lake Bradford Road and Orange Avenue (arterial roads bordering census tracts 10.01, 11.01, 12.00, and 19.00) to the Capital Circle Office Center, which is a major employment center for State of Florida employees. This route will operate every 15 minutes during the peak hours and intersect with two north-south routes in the study area that will also have 15-minute service. One of those routes will specifically connect census tracts 11.01, 12.00 and 14.00 (similar to what routes 13 and 14 do now.) Census tract 14.00 will be served every 10-minutes by a bus route along U.S. Route 90, the major arterial that forms the southern boundary of that census tract; and every 30-minutes by a route along Tharpe Street, the northern boundary of that census tract. The existing service is distributed throughout the study area and can presently get people from home to the downtown transfer plaza, for connections to other parts of the city. Downtown is an employment center, and the transfer plaza connects to other employment centers across the City. The new system will offer more direct routes at greater frequencies providing even better service for the target area.

Map of Star Metro Bus Routes with NSP2 target area



b. Green building standards

Deconstruction and Recycling (D & R) is a more sustainable green building technique than new construction, because existing building materials are saved and re-used. Tallahassee will attempt to strategically incorporate modern, green building and energy efficiency improvements in all NSP activities to improve the long-term affordability and increased sustainability as well as the attractiveness of housing and neighborhoods. In building design for redevelopment activities,

green-building principles will be considered in addition to energy efficiency features. The City's Utility Services Department offers rebates for green building features that make the home more affordable and energy-efficient in the long term.

Tallahassee abides by all local and state building codes. Chapter 11 of the 2007 Florida Building Code for Residential development is the chapter for Energy Efficiency (http://www2.iccsafe.org/states/florida_codes/). The standards relate to doors, windows, walls, floors, heating and cooling, and more. The City is committed to the production of energy efficient housing for long term affordability. Florida Building Code standards for energy efficiency are incorporated into the Tallahassee Housing Rehabilitation Standards for the purposes of the NSP2 program. These Housing Rehabilitation Standards and the Florida Building Code Standards for energy efficiency may be found in *Appendix B*. The City and all contracted agencies shall adhere to all energy requirements of HUD and the State of Florida Energy Efficiency Code for Building Construction. To the maximum extent possible, the City and all contracted entities shall incorporate energy efficiency features, such as building layout and Energy Star rated appliances, into the rehabilitation or construction of any structure assisted by NSP funds. NSP rehabilitation and redevelopment activities will take advantage of Utility Services Department rebates for natural gas water heaters, oven/ranges, and Energy Star rated refrigerators, heating and air conditioning. The City will also install energy efficient clothes washers, clothes dryers, and/or ceiling insulation where possible.

The City of Tallahassee is committed to "Green Building". The City has been applying green strategies to its public buildings since 2007, when the Solid Waste Administration building was renovated and expanded. In both the Solid Waste building and the Wade Wehunt Pool House, methods such as reusing existing materials and recycling as much construction debris as possible, were incorporated reducing the materials going into the landfill by up to 80%. Energy efficient techniques such as the use of motion sensor light switches, low e-insulated glass windows with thermal breaks, T-8 compact fluorescent and LED light fixtures which have longer running life and reduce electric load, overhangs and awnings to shade walls and windows and the use of natural daylight reduced the amount of electric light needed. The reduction of water and impact on the sanitary sewer system was accomplished by the use of waterless urinals, low-flow toilets and faucets, and drought tolerant landscaping requiring no irrigation system. An energy recovery system with the heat pump Heating Ventilation/ Air Conditioning (HVAC) systems with SEER of 17.9 equipment was used at the Solid Waste Building. Both projects used recycled content and environmentally friendly materials and finishes to improve the air quality and provide a healthier environment for the public and the employees. The impervious surfaces of the sites were reduced to lessen the impact on the storm water system, as well as increase the green space. Wade Wehunt Pool House has photovoltaic solar panels and thermal solar to heat the pool water. The Solid Waste facility was awarded the LEED silver certification. The City continues to apply these and other green strategies to its new and existing buildings, and has the expertise to apply suitable green strategies to residential development.

c./d. Re-use of cleared sites and Deconstruction

Tallahassee will not demolish any structures with NSP2 funds unless the site is to be used for redevelopment into new affordable housing units or other uses necessary for neighborhood

stabilization. Therefore, sites to be cleared with NSP2 funds under the redevelopment strategy will be redeveloped within the timeframe of the NSP2 funding. Any structure that is demolished or deconstructed, partially or fully, in the course of rehabilitation or redevelopment, will be recycled or re-used to the greatest extent possible. Reusing existing materials and recycling as much construction debris as possible will significantly reduce the materials going into the landfill.

e. Other sustainable development practices

Tallahassee will use NSP2 funds to further encourage sustainability goals set by the City. The target geography is located in the central part of the City with easy access to employment centers, commercial areas, and public transportation, reducing automobile dependence. The City's planning document, the Comprehensive Plan, requires that all developments provide street connectivity to surrounding neighborhoods. NSP2 assisted units will provide sustainable landscaping of native trees and plants, and will use shade trees to make the housing units more energy efficient. The impervious surfaces of the sites will be reduced to lessen the impact on the storm water system, and increase the green space. Green construction principles that were applied to public buildings are in the process of being applied to all City-sponsored rehabilitation and new construction. The City plans to use energy efficiency techniques such as insulation in walls and windows, energy efficient lighting, and site techniques to maximize natural sunlight. Energy Star appliances with high SEER ratings will replace the Heating Ventilation/Air Conditioning (HVAC) systems, refrigerators, and clothes washers (as applicable). Natural gas oven/ ranges and water heaters will replace obsolete models. Recycled and other environmentally friendly materials and finishes will improve the air quality and provide a healthier environment for residents.

Economic Sustainability

The number of jobs created will be an emphasis of Tallahassee's NSP2 program. Temporary construction jobs may bridge economic difficulties in the short-term, but long-term jobs will also be created through property management, security, maintenance, landscaping, and more. The Florida Bureau of Economic and Demographic Research analyzes employment and business data for Florida counties. According to the Bureau, in Leon County, Florida, 62.2 Full Time Equivalent (FTE) jobs will be created with \$8 million for acquisition and rehabilitation of existing residential units and \$1 million for redevelopment of residential units. According to the Bureau, the economic ripple effect multiplier for residential construction is 1.45.

Tallahassee will receive \$784,267 in Homeless Prevention and Rapid Re-housing Program (HPRP) funds through the Recovery Act. Homeless households being re-housed through HPRP will be given priority and will be targeted for NSP-assisted rental units. The Tallahassee Housing Authority received \$1.4 million in the Public Housing Capital Fund formula grant to rehabilitate and make capital improvements to public housing units. The Housing Authority will use 10% of the grant in the Section 3 program to target low-income citizens who do not live in public housing for employment or skills training generated by public housing. Tallahassee residents participating in the Section 3 program may benefit from NSP2 assisted housing.

The City is receiving \$1,768,600 in Recovery Act Energy Efficiency and Conservation Block

Grant (EECBG) funds. Funding will be used to enhance the City's Free Energy Audit program, encouraging residents to identify ways to make homes more efficient. The City will implement new financial incentives for energy efficiency and renewable energy, develop new innovative rate options that take advantage of emerging Smart Meter infrastructure, and accelerate adoption of clean, efficient transportation opportunities. A green building rebate will be introduced to encourage builders to incorporate energy demand reduction, energy efficiency and other energy-related green practices into new and renovated homes. The City selected these activities because they can be implemented immediately and they have a high likelihood of becoming an integral part of the City's long-term strategy to reduce citywide energy demand. The City will ensure that contractors enlisted to do NSP2 rehabilitation and redevelopment activities know about EECBG incentives for green building and incorporate them into their specifications.

Rating Factor 6: Neighborhood transformation and economic opportunity

(1) Established City strategies

Rehabilitation of dilapidated housing is part of an existing strategy. The City of Tallahassee has a Code Enforcement Division that pro-actively identifies health and safety hazards in housing units. The Housing Division operates a rehabilitation program to maintain the inventory of safe and decent affordable housing. The Housing Element of the City's Comprehensive Plan addresses the goals, objectives, and policies related to maintaining a sufficient supply of affordable housing. Policy 2.1.2 promotes rehabilitation of multifamily units, the strategy proposed for NSP2 funds. Objective 3.1 states that the City will strive to rehabilitate at least 100 units per year based on funding availability. With federal, State and local housing assistance funds, the City reaches its annual goal, but State housing assistance funds were eliminated this year. Most of the City's rehabilitation programs are targeted to owner-occupants, with a portion of funds spent on multifamily rehabilitation. NSP2 funds City could make a significant improvement in the quality of multifamily housing. The Housing Element of the Comprehensive Plan is on the City's website: <http://www.talgov.com/planning/pdf/compln/thecomplan/hous.pdf>.

The NSP2 selected census tracts are regulated by the City of Tallahassee's planning process. The Land Use Element of the Tallahassee Comprehensive Plan addressed the goals, objectives and policies of the Southern Strategy Area. The census tracts designated as the NSP2 target area are located within the Southern Strategy Area. Land Use Element Goal 11 refers to the Southern Strategy Plan to create of a variety of housing types at varying levels of affordability, road and mass transit improvements, economic growth and more. The NSP2 would further the Southern Strategy Area goals for increased redevelopment and housing opportunities. The Land Use Element of the Comprehensive Plan is on the City's website: <http://www.talgov.com/planning/pdf/compln/thecomplan/lus.pdf>. Every three years the City produces a report called "The State of the Southern Strategy Area." The report measures the progress of the goals and objectives named in the Comprehensive Plan. The 2007 State of the Southern Strategy Area report is found on the City's sector planning website: <http://www.talgov.com/planning/npss/npssp.cfm>. Also located on the City's sector planning website are the South Monroe Sector Plan, related to census tracts 4.00 and 10.01; the Capital

Cascades Sector Plan, addressing census tracts 11.01 and 12.00; and the Lake Bradford Sector Plan, addressing census tract 19.00.

In an effort to revitalize the areas to the north and south of downtown Tallahassee, the City Commission established the Frenchtown-Southside Community Redevelopment Area (F/S CRA) and the Community Redevelopment Agency (CRA) in 1998. The F/S CRA has numerous opportunities for new development and redevelopment of residential, commercial and industrial properties. CRA projects must serve a public purpose and must address concerns raised in the adopted redevelopment plans for each area. Because the Southern Strategy Area plan calls for maintaining the supply of affordable housing and raising the value of housing, the CRA is committed to funding affordable housing projects in the district. The Community Redevelopment Agency plan for the Frenchtown-Southside Community Redevelopment Area is on the City's website: http://www.talgov.com/ecd/economic/french_south_cra.cfm.

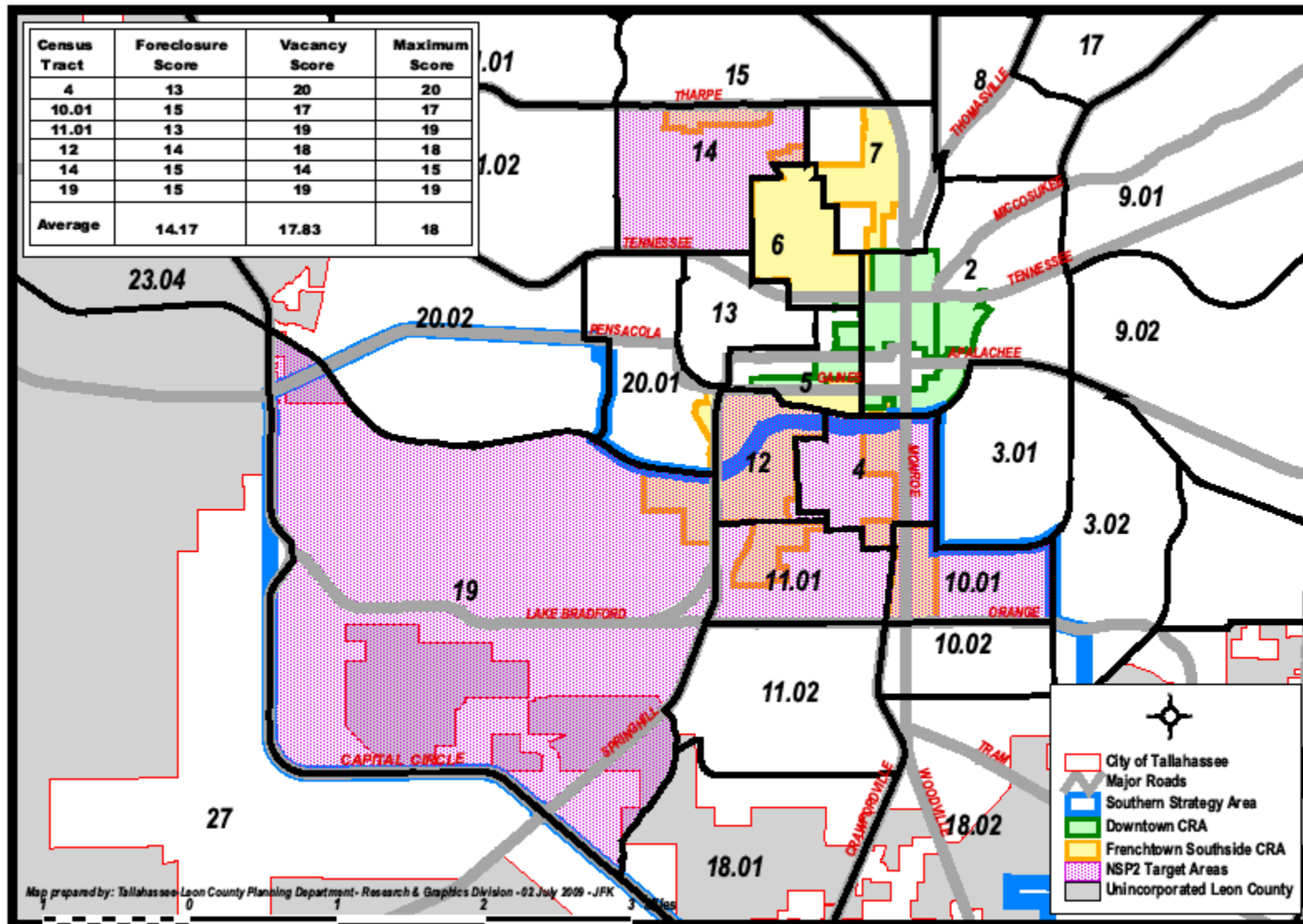
The City's Neighborhood Enhancement Capital Improvement Plan focuses on neglected neighborhoods and residential streets. The program uses City backed bond financing for residential street projects and advances several arterial/ collector street projects from the (PASS) program. The Neighborhood Enhancement Program furthers the directives of other programs administered by the City's Planning Department, including the Southern Strategy Area, the Neighborhood Renaissance planning program, and the South Monroe sector plan. Projects proposed under the program are in addition to the current City 5-year Capital Improvement Plan (CIP). Projects in census tracts 10.01 and 19.00 are included in the intended infrastructure improvements. An overview of the Neighborhood Enhancement Program can be found on the City's website: <http://www.talgov.com/pubworks/nep.cfm>.

(2) NSP2 relates to Tallahassee's established plans

The established plans for the targeted census tracts, especially the Southern Strategy Area plan, the Housing Element of the Comprehensive Plan, the Capital Cascades, South Monroe, and Lake Bradford Sector Plans, and the Frenchtown/Southside Community Redevelopment Area plan, would all be advanced by the investment of NSP2 funds in the area. All the referenced plans attempt to coordinate efforts to revitalize and beautify the target area, decreasing crime and blight while increasing economic opportunities and quality of life. The plans aim to implement improvements that would attract households of various income levels to reside in the census tracts, to support and reinvest in the community. Improving the existing housing stock would create a wider variety of housing opportunities for people of different income levels. The F/S CRA funds and other leveraged resources will complement NSP2 funding to increase the effectiveness of established plans. The NSP2 funds will be leveraged more than 6:1 with City funds, CRA funds, and private funds. In addition, according to the Florida Bureau of Economic and Demographic Research, the economic ripple effect of the NSP funds will be long lasting and result in 62 jobs, and \$14,500,000 of economic benefit to the community.

Appendix I

For other appendices, please contact the Tallahassee Housing Division at 850-891-6500 or ellen.meyi@talgov.com.



Neighborhood Stabilization Program 2 - Target Areas

Source: U.S. Department of Housing & Urban Development, NSP2 Need Factor Data