

THE NSP SUBSTANTIAL AMENDMENT

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A. AREAS OF GREATEST NEED

Provide summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction.

Note: An NSP substantial amendment must include the needs of the entire jurisdiction(s) covered by the program; states must include the needs of communities receiving their own NSP allocation. To include the needs of an entitlement community, the State may either incorporate an entitlement jurisdiction's consolidated plan and NSP needs by reference and hyperlink on the Internet, or state the needs for that jurisdiction in the State's own plan. The lead entity for a joint program may likewise incorporate the consolidated plan and needs of other participating entitlement jurisdictions' consolidated plans by reference and hyperlink or state the needs for each jurisdiction in the lead entity's own plan.

HUD has developed a foreclosure and abandonment risk score to assist grantees in targeting the areas of greatest need within their jurisdictions. Grantees may wish to consult this data, in developing this section of the Substantial Amendment.

Narrative Response:

Collier County is an economically diverse community, with areas of affluence in the coastal communities as well as extreme poverty in other locations. The County is geographically large, encompassing approximately 2,025 square miles. Collier County, with an estimated population of 339,000, is located on the southern gulf coast of the Florida peninsula, due west of Miami-Ft. Lauderdale. The largest of the three incorporated cities in Collier County is Naples, which is located in the western and costal area. The remaining two incorporated cities of Collier County are Everglades City and the City of Marco Island. Everglades City is located south and east of Naples, while the City of Marco Island lies south of Naples along the Gulf of Mexico.

Collier County used the U.S. Department of Housing and Urban Development's (HUD) Foreclosure and Abandonment Risk Scoring System to identify the areas at risk of foreclosure or abandonment. The information was analyzed and applied to the Collier County 2000 Census Tracts to assess the areas of greatest need. Additionally, Collier County employed local foreclosure data to further define the target areas for Neighborhood Stabilization Program (NSP) assistance. When considering the two aforementioned data, the information was consistent in the urban areas. However, in the rural areas there was a disparity between the HUD data and the local foreclosure information. The local housing and economic challenges currently plaguing the rural areas were not accurately captured in the HUD Foreclosure and Abandonment Risk Scoring System. Therefore, Collier County relied more heavily on local data when assessing the needs of the rural areas.

Areas at Risk

The following table summarizes the areas at risk in Collier County using the HUD Foreclosure and Abandonment Risk Scoring System. Areas receiving an index score of ten (10) are at greatest risk and areas receiving an index score of one (1) are least likely to suffer foreclosure or abandonment during the next 18 months.

Estimated Foreclosure Index	Urban	Rural
10	15	5
9	35	4
8	36	10
7	20	8
6	14	5
5	5	8
4	6	14
3	18	8
2	0	0
1	0	0

The above information was applied to the Collier County 2000 Census Tracts map to illustrate the geographic areas at greatest risk. The HUD Foreclosure and Abandonment Risk Scoring System Map shows those areas receiving a risk index score of seven (7) or higher. The County analyzed the data and determined that the following areas are at greatest risk for an increase in foreclosure or abandonment over the next eighteen (18) months: East Naples, Golden Gate City and Golden Gate Estates.

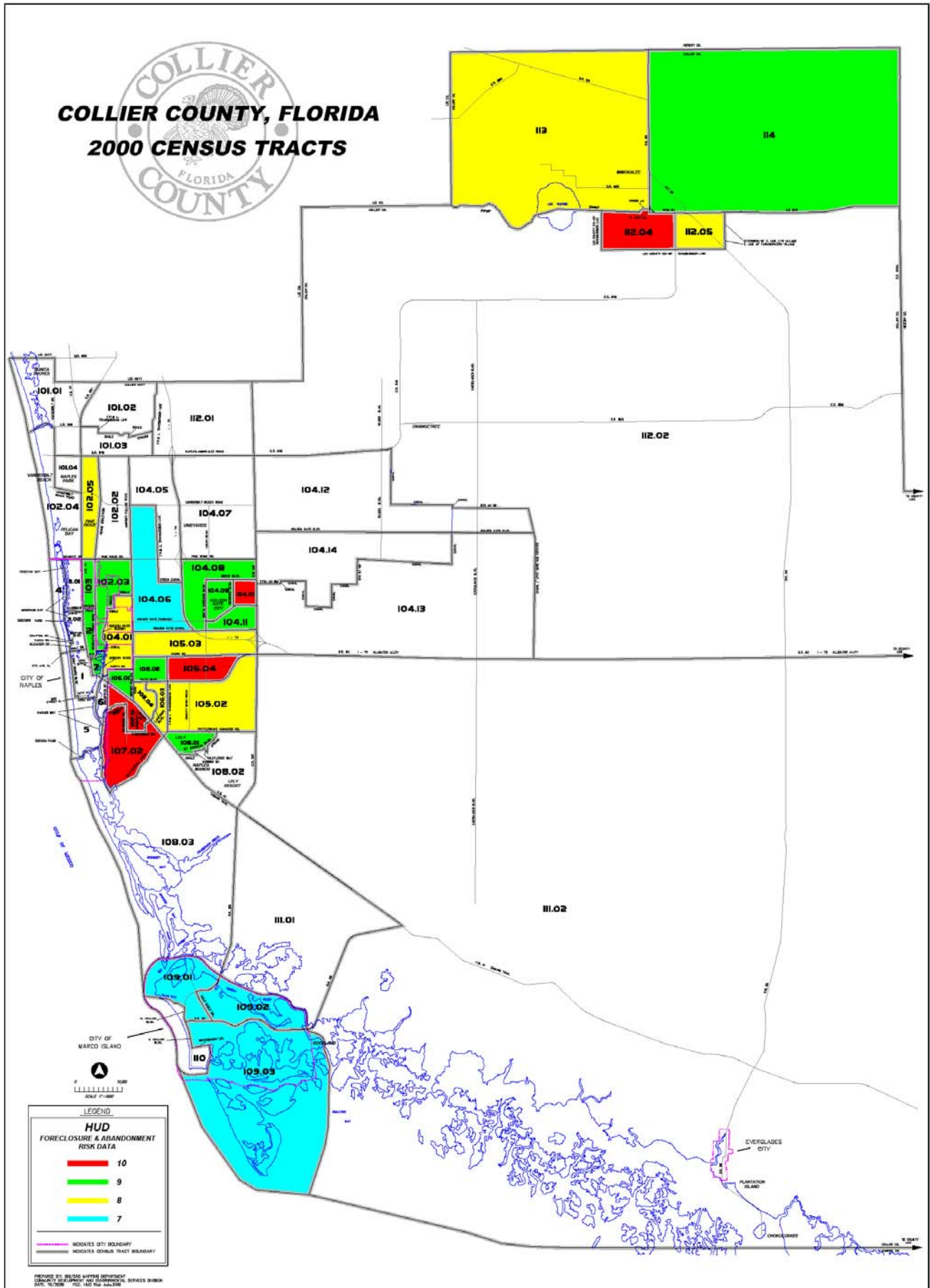
Collier County then analyzed the current number of foreclosures by zip code. This exercise served two purposes: first, the Collier County Foreclosure Map and Table reinforces the conclusions of the HUD Foreclosure and Abandonment Risk Scoring System and, second, the foreclosure data assists the County in accurately assessing the needs and risks contained in the rural areas not captured in the HUD data.

Finally, Collier County considered the percentage of homes financed by a subprime mortgage related loan in East Naples, Golden Gate City and Golden Gate Estates. The percentages were established by HUD using Home Mortgage Disclosure Act (HMDA) data. The following table summarizes the HMDA High Cost Loan Rate in the three areas of greatest need in Collier County.

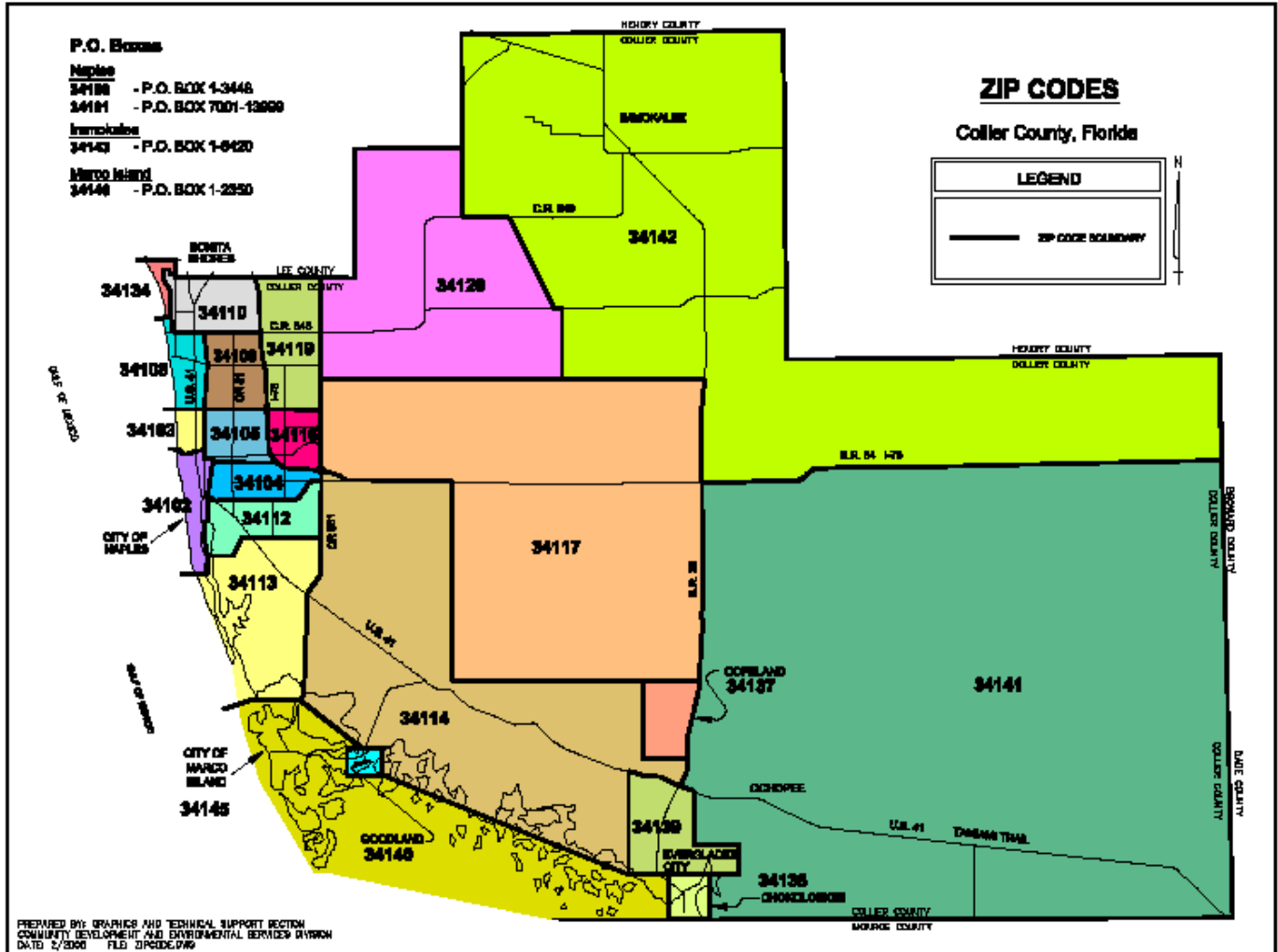
HMDA High Cost Loan Rate	East Naples	Golden Gate City	Golden Gate Estates
Percentage for Subprime Mortgage Related Loans	36.8%	52.4%	42.1%

Please refer to the following two pages for additional detail.

HUD Foreclosure and Abandonment Risk Scoring System Map



Collier County Foreclosure Map and Table



ZIP CODE	NUMBER OF FORECLOSURES		ZIP CODE	NUMBER OF FORECLOSURES
34142	70		34120	1228
34119	423		34110	190
34134	217		34108	202
34109	307		34103	129
34105	248		34116	915
34102	101		34104	413
34112	442		34117	550
34113	338		34114	174
34145	337		34139	6

Identified Program Target Areas

The Collier County NSP Allocation will target the following three (3) areas for economic and housing redevelopment: East Naples, Golden Gate City and Golden Gate Estates. The County will continue to monitor local foreclosure data and intends that the NSP Program be flexible to allow for timely reaction to any significant changes in the local housing market.

B. DISTRIBUTION AND USES OF FUNDS

Provide a narrative describing how the distribution and uses of the grantee's NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures. *Note:* The grantee's narrative must address these three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.

Narrative Response:

Based upon the County's analysis, the areas of East Naples, Golden Gate City and Golden Gate Estates meet all three (3) stipulated need categories. All three areas have a HUD Foreclosure and Abandonment Risk score of seven (7) or higher, all three have significant foreclosure activity and all have a HMDA High Cost Loan Rate above 36 percent. The NSP Allocation will be used as described in Section G – NSP Information by Activity. Twenty-five (25) percent of the Collier County NSP Allocation will be used to assist households earning no more than fifty (50) percent of the local area median income. Collier County will continue to monitor local housing data in an effort to determine if an expanded area of assistance is required.

Dwelling units assisted with NSP Funds shall be rehabilitated to the extent necessary to comply with applicable laws, codes, and other requirements relating to housing safety, quality, and habitability. Collier County will encourage rehabilitation that improves the energy efficiency and/or conservation of dwelling units receiving assistance. Additionally, the County shall strongly encourage the incorporation of green building improvements to provide long-term affordability, increased sustainability and attractiveness of housing and neighborhoods.

C. DEFINITIONS AND DESCRIPTIONS

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

Narrative Response:

Blighted structure, as extracted from 2008 Florida Statute 163.340, is defined as a structure that is deteriorated or deteriorating to the extent that unsanitary or unsafe conditions may threaten the health safety and welfare of the public. Characteristics include, but are not limited to:

- (a) Unsanitary or unsafe conditions;
- (b) Deterioration of site or other improvements;
- (c) Inadequate provision for ventilation, light, air, sanitation or open spaces;
- (d) The existence of conditions that endanger life of property by fire or other causes.

(2) Definition of “affordable rents.” **Note:** Grantees may use the definition they have adopted for their CDBG program but should review their existing definition to ensure compliance with NSP program –specific requirements such as continued affordability.

Narrative Response:

The maximum Affordable Rents shall not exceed the Fair Market Rents (FMR) as published annually by the U.S. Department of Housing and Urban Development for the Naples – Marco Island MSA. The current rates are listed below:

Final FY 2009 FMRs By Unit Bedrooms					
	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
Final FY 2009 FMR	\$ 868	\$ 995	\$ 1,120	\$ 1,392	\$ 1,449

Source: U.S. Department of Housing and Urban Development (2009)

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

Narrative Response:

Collier County will ensure long term affordability through the use of a recorded lien against the property. If an owner who has been assisted through this program transfers title to the property before the affordability period expires, the assistance provided by the County will be subject to recapture. The County will monitor assisted units on an annual basis during the affordability period.

All properties receiving assistance from the Neighborhood Stabilization Program (NSP) will be secured by a recorded second mortgage on the subject property in favor of Collier County. In the event the unit is transferred to an owner(s) deemed eligible for assistance under NSP guidelines, the amount of assistance will remain in the subject property to provide continued affordability. In the event the unit is transferred to an owner(s) deemed ineligible for assistance under NSP guidelines, the amount of assistance will be recaptured.

The County will use the minimum affordability period of the federal HOME Investment Partnership Program, 24 CFR 92.252(a), (c), (e) and (f), and 92.254. The minimum affordability periods are as follows:

- Up to \$15,000 – 5 Years
- \$15,001 to \$40,000 – 10 Years
- Over \$40,000 – 15 Years
- New Construction – 20 Years

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

Narrative Response:

All dwelling units that require rehabilitation must meet local and state building codes. Collier County will require home rehabilitation to meet, or exceed, current Florida Building Code (FBC). The current code used by Collier County is the 2004 FBC; effective March 1, 2009 the code will be updated to 2007 FBC. Collier County will encourage rehabilitation that improves the energy efficiency and/or conservation of dwelling units receiving assistance. Additionally, the County shall strongly encourage the incorporation of green building improvements to provide long-term affordability, increased sustainability and attractiveness of housing and

neighborhoods. Collier County encompasses a large costal area that subjects the residents to the risk of hurricanes and severe flooding. The County will encourage hurricane hardening and damage mitigation during rehabilitation.

Collier County's Department of Housing and Human Services has a Local Housing Assistance Plan (LHAP), adopted as Ordinance No. 93-19 and Ordinance No. 94-39. The referenced ordinances detail the specifications required to bring substandard housing into compliance with local and state building codes.

(5) Definition of "Middle Income Household"

A household having an income equal to or less than 120% of area median income, but greater than 80% of area median income, adjusted for household size.

(6) Definition of "Moderate Income Household"

A household having an income equal to or less than 80% of area median income, but greater than 50% of area median income, adjusted for household size.

(7) Definition of "Low Income Household"

A household having an income equal to or less than 50% of area median income, adjusted for household size.

(8) Definition of "Current Market Appraised Value"

The current market appraised value means the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the URA at 49 CFR 24.103 and completed within 60 days prior to an offer made for the property by a grantee, subrecipient, developer, or individual homebuyer.

(9) Definition of "Abandoned"

A home is abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, no mortgage or tax payments have been made by the property owner for at least 90 days, AND the property has been vacant for at least 90 days.

(10) Definition of "Blighted Structure"

A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare.

(11) Definition of "Foreclosed"

A property "has been foreclosed upon" at the point that, under state or local law, the mortgage or tax foreclosure is complete. HUD generally will not consider a foreclosure to be complete until after the title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transfer in lieu of foreclosure, in accordance with state or local law.

(12) Definition of "Land Bank"

A land bank is a governmental or nongovernmental nonprofit entity established, at least in part, to assemble, temporarily manage, and dispose of vacant land for the purpose of stabilizing neighborhoods and encouraging re-use or redevelopment of urban property. For the purposes of the NSP Program, a land bank will operate in a specific, defined geographic area. It will purchase properties that have been abandoned or foreclosed upon and maintain, assemble, facilitate redevelopment of, market, and dispose of the land-banked properties. If the land bank is a governmental entity, it may also maintain abandoned or foreclosed property that it does not own, provided it charges the owner of the property the full cost of the service or places a lien on the property for the full cost of the service.

D. LOW INCOME TARGETING

Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income: \$1,827,000.00.

Note: At least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50 percent of area median income.

Narrative Response:

Collier County acknowledges that households earning less than 50% AMI may require affordable rental apartment dwelling units. Therefore the County will explore options for purchase and rehabilitation of multi-family rental apartment dwelling units. Special emphasis shall be placed on providing rental housing to the special needs population, such as elderly or developmentally disabled, earning less than 50% AMI.

Some local non-profit housing providers in Collier County have a proven track record of success in providing homeownership units to households earning less than 50% AMI. As such, the County may encourage home ownership should the subject property be shown affordable to the prospective homebuyer.

Should a unit acquired and intended for homeownership fail to sell within a timeframe deemed reasonable by Collier County, said unit may be rented to a household earning less than 50% AMI. Should this occur, the Collier County Department of Housing and Human Service's may partner with for-profit or nonprofit organizations to provide services such as, but not limited to, property management services, tenant selection and collection of monthly rental payments. Currently, the Collier County Housing Authority operates a Tenant-Based Rental Assistance (TBRA) Program. The agency has a proven track record of providing a compliant Section 8 Department of Housing and Urban Development rental subsidy program.

E. ACQUISITIONS & RELOCATION

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

If so, include:

- The number of low- and moderate-income dwelling units—i.e., $\leq 80\%$ of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.

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

Narrative Response:

Should the initial inspection and/or rehabilitation work determine that demolition of the dwelling unit is more cost effective, Collier County may choose to demolish the existing unit and either place the site in the County land bank or construct a new unit on the site. If the cost to rehabilitate the unit is greater than fifty (50) percent of the acquisition price, and/or the cost of acquisition and rehabilitation exceeds one hundred (100) percent loan-to-value, the County will consider demolition. Collier County does not intend demolition to be a major activity in its NSP program. Rather, the County reserves the right to demolish an acquired property if deemed a more fiscally effective use of NSP Funds.

The County shall abide by Uniform Relocation Action (URA) requirements for any affected household where a housing unit is being demolished that has not been vacant for greater than ninety (90) days. Collier County will avoid using NSP Funds to acquire homes or residential properties that have been vacant for fewer than ninety (90) days.

F. PUBLIC COMMENT

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

Narrative Response:

All responses received during the public comment period shall be included in the final report.

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

Activity #1 - Acquisition and Rehabilitation of Foreclosed Properties for Resale

(1) Activity Name: Acquisition and Rehabilitation of Foreclosed Properties for Resale

(2) Activity Type: Acquisition and Rehabilitation of Foreclosed Properties for Resale

- Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent or redevelop such homes and properties;
- 24 CFR 570.201(a) Acquisition;
- 24 CFR 570.201(b) Disposition;
- 24 CFR 570.201(i) Relocation;
- 24 CFR 570.201(n) Direct homeownership assistance (as modified below);
 - 570.202 eligible rehabilitation and preservation activities for homes and other residential properties (HUD notes that rehabilitation may include counseling for those seeking to take part in the activity).

(3) National Objective: Provides or improves permanent residential structures that will be occupied by a household whose income is at or below 120 percent of area median income.

(4) Projected Start Date: January 15, 2009

(5) Projected End Date: July 30, 2013

(6) Responsible Organization: Collier County Department of Housing and Human Services; 3301 E Tamiami Trail, Building H, Suite 211, Naples, FL 34112. The County may solicit through Requests for Qualifications and/or Requests for Proposals organizations/partners to participate in the program.

(7) Location Description: Collier County will assist those areas defined in Section A. Areas of Greatest Need – Identified Program Target Areas. The County will continue to monitor local foreclosure data and intend the NSP Program to be flexible to allow for timely reaction to any significant changes in the local housing market.

(8) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

For housing related activities, include:

- tenure of beneficiaries--rental or homeownership;
- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include:

- discount rate

For financing activities, include:

- range of interest rates

Narrative Response:

Collier County's Department of Housing and Human Services will be the lead agency in working with local lenders to acquire homes that have been foreclosed, vacant for at least ninety (90) days and on the lender's list of current inventory. The County may partner with various community organizations and agencies to identify properties suitable for NSP assistance. Nonprofit and/or charitable organizations with a proven track record of successfully implementing this activity, as well as administering U.S. Department Housing and Urban Development grant funds, may be solicited to perform all or parts of this activity. The Department of Housing and Human Services will consult the County's list of approved contractors and developers when rehabilitation is required.

The County shall identify properties for sale in the areas of greatest need. If required, a rehabilitation plan shall be developed and the County and/or housing partners will determine if acquisition of the subject property is financially feasible.

The purchase price for all properties acquired with NSP Funds during the initial 18 month period shall be discounted at least 15 percent from the current market-appraised value of the home or residential property and that such discount shall ensure that purchasers are paying below-market value for the home or property. The current market appraisal will be made in conformity with the requirements of the URA at 49 CFR 24.103 and completed within 60 days prior to an offer to purchase made by the County or an approved housing partner.

If required, rehabilitation shall be completed and the subject property will be sold to an income eligible applicant earning no more than 120% of local area median income. The applicant will procure a fixed-rate mortgage through the Collier County Loan Consortium, local banks, FHA or USDA. The interest rate shall not exceed one (1) percent above the then current 60 day Fannie Mae Index. Additionally, no mortgage insurance is allowed (the only exception being FHA Home Loans), all loans shall be fully documented, no pre-payment penalties are permitted, closing costs must be reasonable and customary and applicants' total debt-to-income ratio must be reasonable as determined by the Collier County Department of Housing and Human Services.

All lenders providing first mortgage financing for homes or residential properties assisted with NSP Funds agree to comply with the bank regulators' guidance for non-traditional mortgages. Refer to Statement on Subprime Mortgage Lending issued by the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Department of the Treasury, and National Credit Union Administration, available at <http://www.fdic.gov/regulations/laws/rules/5000-5160.html>.

A portion of the NSP Funds used in the acquisition and/or rehabilitation may remain in the home or residential property to provide down payment assistance and increase affordability.

The homes targeted for NSP assistance will be properties that have been foreclosed, bank-owned, and vacant for at least ninety (90) days. The County shall negotiate with local banks to purchase properties at a discount rate of at least 15 percent from the current market-appraised value. The current market appraisal will be made in conformity with the requirements of the URA at 49 CFR 24.103 and completed within 60 days prior to an offer to purchase made by the County or an approved housing partner.

Collier County anticipates that many of the homes or residential properties acquired with NSP Funds will require rehabilitation and/or improvements to bring the home or residential property into compliance with current code for Collier County as detailed in Section C of this Substantial Amendment. Collier County shall prepare a written Rehabilitation Specification Report for each property to be used to describe in detail the

required rehabilitation and establishment of a cost estimate for the work plan. Additionally, the County shall strongly encourage the incorporation of green building improvements to provide long-term affordability, increased sustainability and attractiveness of housing and neighborhoods. Collier County encompasses a large coastal area that subjects the residents to the risk of hurricanes and severe flooding. The County will encourage hurricane hardening and damage mitigation during rehabilitation.

Collier County will ensure long term affordability through the use of a recorded lien against the property. If an owner who has been assisted through this program transfers title to the property before the affordability period expires, the assistance provided by the County will be subject to recapture. The County will monitor assisted units on an annual basis during the affordability period.

All properties receiving assistance from the Neighborhood Stabilization Program (NSP) will be secured by a recorded second mortgage on the subject property in favor of Collier County. In the event the unit is transferred to an owner(s) deemed eligible for assistance under NSP guidelines, the amount of assistance will remain in the subject property to provide down payment assistance. In the event the unit is transferred to an owner(s) deemed ineligible for assistance under NSP guidelines, the amount of assistance will be recaptured.

The down payment second mortgage shall bear an interest rate of 0%. No payment will be required until the home is sold, transferred, refinanced, is no longer the primary homesteaded residence or is operated for an activity deemed ineligible for assistance under NSP guidelines. At that time the balance of the loan will be repaid.

The County will use the minimum affordability period of the federal HOME Investment Partnership Program, 24 CFR 92.252(a), (c), (e) and (f), and 92.254. The minimum affordability periods are as follows:

- Up to \$15,000 – 5 Years
- \$15,001 to \$40,000 – 10 Years
- Over \$40,000 – 15 Years
- New Construction – 20 Years

The Collier County Department of Housing and Human Service's shall maintain an active list of income-qualified and mortgage ready applicants. Under direction from the Housing Manager, staff members shall meet with and pre-qualify potential homebuyers on a regular basis. The applicant(s) will be qualified based on criteria such as household income, job stability, credit history and liquidity. A minimum of 25 percent of the Collier County NSP Allocation shall be used to assist households earning less than 50 percent local area median income. In no event shall NSP Funds be used to assist households earning more than 120 percent local area median income. All applicants must receive at least eight (8) hours of homebuyer education from a U.S. Department of Housing and Urban Development certified counselor.

In the event Collier County is unable to sell the acquired home or residential property, the County may, at its sole discretion, deed the property to the Collier County Housing Authority or nonprofit provider of affordable housing. All affordability restrictions listed above shall still apply and the unit(s) must be occupied by households earning no more than 120 percent of the local area median income. Special preference shall be given to those who are currently homeless, at risk of homelessness, elderly or special needs. All tenants must be income-qualified and rents may not exceed the limits as established in Section C. Definitions and Descriptions, (2) Definition of "affordable rents".

Collier County shall place program income derived from the sale of the home or residential property into a separate revolving fund to recycle the NSP Funds. Program income shall be used for any eligible NSP Activity listed within this Substantial Amendment, a portion of which may be used for program administration.

A minimum of 25 percent of the Collier County NSP Allocation shall be used to assist households earning less than 50 percent local area median income. In no event shall NSP Funds be used to assist households earning more than 120 percent local area median income.

Activity #2 - Acquisition and Rehabilitation of Foreclosed Properties for Rental

(1) Activity Name: Acquisition and Rehabilitation of Foreclosed Properties for Rental

(2) Activity Type: Acquisition and Rehabilitation of Foreclosed Properties for Rental

- Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent or redevelop such homes and properties;
- 24 CFR 570.201(a) Acquisition;
- 24 CFR 570.201(b) Disposition;
- 24 CFR 570.201(i) Relocation;
- 24 CFR 570.201(n) Direct homeownership assistance (as modified below);
 - 570.202 eligible rehabilitation and preservation activities for homes and other residential properties (HUD notes that rehabilitation may include counseling for those seeking to take part in the activity).

(3) National Objective: Provides or improves permanent residential structures that will be occupied by a household whose income is at or below 120 percent of area median income.

(4) Projected Start Date: January 15, 2009

(5) Projected End Date: July 30, 2013

(6) Responsible Organization: Collier County Department of Housing and Human Services; 3301 E Tamiami Trail, Building H, Suite 211, Naples, FL 34112. The County may solicit through Requests for Qualifications and/or Requests for Proposals organizations/partners to participate in the program.

(7) Location Description: Collier will assist those areas defined in Section A. Areas of Greatest Need – Identified Program Target Areas. The County will continue to monitor local foreclosure data and intend the NSP Program to be flexible to allow for timely reaction to any significant changes in the local housing market.

(8) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

For housing related activities, include:

- tenure of beneficiaries--rental or homeownership;
- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include:

- discount rate

For financing activities, include:

- range of interest rates

Narrative Response:

Collier County's Department of Housing and Human Services will be the lead agency in working with local lenders to acquire homes that have been foreclosed, vacant for at least ninety (90) days and on the lender's list of current inventory. The County may partner with various community organizations and agencies to identify properties suitable for NSP assistance. Nonprofit and/or charitable organizations with a proven track record of successfully implementing this activity, as well as administering U.S. Department Housing and Urban Development grant funds, may be solicited to perform all or parts of this activity. The Department of Housing and Human Services will consult the County's list of approved contractors and developers when rehabilitation is required.

The County shall identify properties for sale in the areas of greatest need. If required, a rehabilitation plan shall be developed and the County and/or housing partners will determine if acquisition of the subject property is financially feasible.

The purchase price for all properties acquired with NSP Funds during the initial 18 month period shall be discounted at least 15 percent from the current market-appraised value of the home or residential property. The current market appraisal will be made in conformity with the requirements of the URA at 49 CFR 24.103 and completed within 60 days prior to an offer to purchase made by the County or an approved housing partner. If required, rehabilitation shall be completed and the subject property will be rented to an income eligible applicant earning no more than 120% of local area median income.

Collier County anticipates that many of the homes or residential properties acquired with NSP Funds will require rehabilitation and/or improvements to bring the home into compliance current code for Collier County as detailed in Section C of this Substantial Amendment. Collier County shall prepare a written Rehabilitation Specification Report for each property to be used to describe in detail the required rehabilitation and establishment of a cost estimate for the work plan. Additionally, the County shall strongly encourage the incorporation of green building improvements to provide long-term affordability, increased sustainability and attractiveness of housing and neighborhoods. Collier County encompasses a large costal area that subjects the residents to the risk of hurricanes and severe flooding. The County will encourage hurricane hardening and damage mitigation during rehabilitation.

Collier County will ensure long term affordability though the use of a recorded lien against the property. All rents charged shall conform to the Fair Market Rents (FMR) limits as defined in Section C. Definitions and Descriptions, Part 2, as amended from time to time by the U.S Department of Housing and Urban Development. The County will monitor assisted units on an annual basis during the affordability period.

All properties receiving assistance from the Neighborhood Stabilization Program (NSP) will be secured by a recorded second mortgage on the subject property in favor of Collier County. The interest rate shall be 0%. In the event the unit(s) is transferred, refinanced or operated for an activity deemed ineligible for assistance under NSP guidelines, the amount of assistance will be recaptured.

The County will use the minimum affordability period of the federal HOME Investment Partnership Program, 24 CFR 92.252(a), (c), (e) and (f), and 92.254. The minimum affordability periods are as follows:

- Up to \$15,000 – 5 Years
- \$15,001 to \$40,000 – 10 Years
- Over \$40,000 – 15 Years
- New Construction – 20 Years

A portion of the NSP Funds used in the acquisition and/or rehabilitation may remain in the home or residential property to provide a subsidy to the renter and increase the subject property's affordability. Collier County shall place program income derived from the rental operations of the home or residential property into a separate revolving fund to recycle the NSP Funds. Program income shall be used for any eligible NSP Activity listed within this Substantial Amendment, a portion of which may be used for program administration.

The Collier County Department of Housing and Human Service's may partner with for-profit or nonprofit organizations to provide services such as, but not limited to, property management services, tenant selection and collection of monthly rental payments. Currently, the Collier County Housing Authority operates a Tenant-Based Rental Assistance (TBRA) Program. The agency has a proven track record of providing a compliant Section 8 Department of Housing and Urban Development rental subsidy program. The TBRA program is designed to include a preference for those who are currently homeless, at risk of homelessness, elderly or special needs while meeting the fluctuating demands for housing.

Collier County or its housing partner may contact local social service agencies for tenant referrals. Currently, the following agencies provide referrals for the TBRA program: St. Matthew's House, Shelter for Abused Women, Salvation Army, Catholic Charities, Collier County School Resources and Immokalee Friendship Shelter. Applicants seeking assistance through the TBRA program are required to meet income guidelines and are subject to criminal background screening.

A minimum of 25 percent of the Collier County NSP Allocation shall be used to assist households earning less than 50 percent local area median income. In no event shall NSP Funds be used to assist households earning more than 120 percent local area median income.

Activity #3 – Direct Homebuyer Assistance to Acquire Foreclosed Properties

(1) Activity Name: Direct Homebuyer Assistance to Acquire Foreclosed Properties

(2) Activity Type: Direct Homebuyer Assistance to Acquire Foreclosed Properties

- Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent or redevelop such homes and properties;
- 24 CFR 570.201(a) Acquisition;
- 24 CFR 570.201(b) Disposition;
- 24 CFR 570.201(i) Relocation;
- 24 CFR 570.201(n) Direct homeownership assistance (as modified below);
 - 570.202 eligible rehabilitation and preservation activities for homes and other residential properties (HUD notes that rehabilitation may include counseling for those seeking to take part in the activity).

(3) National Objective: Provides or improves permanent residential structures that will be occupied by a household whose income is at or below 120 percent of area median income.

(4) Projected Start Date: January 15, 2009

(5) Projected End Date: July 30, 2013

(6) Responsible Organization: Collier County Department of Housing and Human Services; 3301 E Tamiami Trail, Building H, Suite 211, Naples, FL 34112. The County may solicit through Requests for Qualifications and/or Requests for Proposals organizations/partners to participate in the program.

(7) Location Description: Collier County will assist those areas defined in Section A. Areas of Greatest Need – Identified Program Target Areas. The County will continue to monitor local foreclosure data and intend the NSP Program to be flexible to allow for timely reaction to any significant changes in the local housing market.

(8) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

For housing related activities, include:

- tenure of beneficiaries--rental or homeownership;
- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include:

- discount rate

For financing activities, include:

- range of interest rates

Narrative Response:

Collier County's Department of Housing and Human Services will be the lead agency in working with local residents to acquire homes that have been foreclosed, vacant for at least ninety (90) days and on the lender's list of current inventory. The County may partner with various community organizations and agencies to assist persons locate properties suitable for NSP assistance. Nonprofit and/or charitable organizations with a proven track record of successfully implementing this activity, as well as administering U.S. Department Housing and Urban Development grant funds, may be solicited to perform all or parts of this activity.

The Direct Homebuyer Assistance Activity shall assist first-time homebuyers by paying a portion of their down payment and closing cost expense. The activity provides assistance for the purchase of single family homes, duplexes, condominiums, townhouses or DCA approved manufactured homes.

The purchase price for all properties acquired with NSP Funds during the initial 18 month period shall be discounted at least 15 percent from the current market-appraised value of the home or residential property. The current market appraisal will be made in conformity with the requirements of the URA at 49 CFR 24.103 and

completed within 60 days prior to an offer to purchase made by the applicant. All households assisted must earn no more than 120 percent of the local area median income.

The applicant will procure a fixed-rate mortgage through the Collier County Loan Consortium, local banks, FHA or USDA. The interest rate shall not exceed one (1) percent above the then current 60 day Fannie Mae Index. Additionally, no mortgage insurance is allowed (the only exception being FHA Home Loans), all loans shall be fully documented, no pre-payment penalties are permitted, closing costs must be reasonable and customary and applicants' total debt-to-income ratio must be reasonable as determined by the Collier County Department of Housing and Human Services.

All lenders providing first mortgage financing for homes or residential properties assisted with NSP Funds agree to comply with the bank regulators' guidance for non-traditional mortgages. Refer to Statement on Subprime Mortgage Lending issued by the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Department of the Treasury, and National Credit Union Administration, available at <http://www.fdic.gov/regulations/laws/rules/5000-5160.html>.

Collier County will ensure long term affordability through the use of a recorded lien against the property. The County will monitor assisted units on an annual basis during the affordability period. Additionally, all properties receiving assistance from the Neighborhood Stabilization Program (NSP) will be secured by a recorded second mortgage on the subject property in favor of Collier County.

The down payment second mortgage shall bear an interest rate of 0%. No payment will be required until the home is sold, transferred, refinanced, is no longer the primary homesteaded residence or is operated for an activity deemed ineligible for assistance under NSP guidelines. At that time the balance of the loan will be repaid.

All applicants will be taken on a first-come-first-served basis. Applicants must meet NSP income guidelines, as well as the following: applicant must be a first time home buyer, defined as not having home ownership interest in a residential property during the past three (3) years, a single parent with children under the age of eighteen (18) who has recently been divorced and displaced, a displaced victim of domestic violence, or a person displaced as the result of some government action; the assisted residential property must be located within the boundaries of Collier County, Florida and the purchase price may not exceed \$200,000.

The County will use the minimum affordability period of the federal HOME Investment Partnership Program, 24 CFR 92.252(a), (c), (e) and (f), and 92.254. The minimum affordability periods are as follows:

- Up to \$15,000 – 5 Years
- \$15,001 to \$40,000 – 10 Years
- Over \$40,000 – 15 Years
- New Construction – 20 Years

Collier County shall place program income derived from the sale of the home or residential property into a separate revolving fund to recycle the NSP Funds. Program income shall be used for any eligible NSP Activity listed within this Substantial Amendment, a portion of which may be used for program administration.

In no event shall NSP Funds be used to assist households earning more than 120 percent local area median income. All applicants must receive at least eight (8) hours of homebuyer education from a U.S. Department of Housing and Urban Development certified counselor.

Activity #4 – Homebuyer Education

(1) Activity Name: Homebuyer Education

(2) Activity Type: Homebuyer Education

- Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent or redevelop such homes and properties;
- 24 CFR 570.201(a) Acquisition;
- 24 CFR 570.201(b) Disposition;
- 24 CFR 570.201(i) Relocation;
- 24 CFR 570.201(n) Direct homeownership assistance (as modified below);
 - 570.202 eligible rehabilitation and preservation activities for homes and other residential properties (HUD notes that rehabilitation may include counseling for those seeking to take part in the activity).

(3) National Objective: Provides or improves permanent residential structures that will be occupied by a household whose income is at or below 120 percent of area median income.

(4) Projected Start Date: January 15, 2009

(5) Projected End Date: July 30, 2013

(6) Responsible Organization: Collier County Department of Housing and Human Services; 3301 E Tamiami Trail, Building H, Suite 211, Naples, FL 34112. The County may solicit through Requests for Qualifications and/or Requests for Proposals organizations/partners to participate in the program.

(7) Location Description: Collier will assist those areas defined in Section A. Areas of Greatest Need – Identified Program Target Areas. The County will continue to monitor local foreclosure data and intend the NSP Program to be flexible to allow for timely reaction to any significant changes in the local housing market.

(8) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

For housing related activities, include:

- tenure of beneficiaries--rental or homeownership;
- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include:

- discount rate

For financing activities, include:

- range of interest rates

Narrative Response:

Collier County's Department of Housing and Human Services will partner with local nonprofit agencies to provide homebuyer education. All homebuyer education and counseling shall be performed by HUD certified counselors. Currently, there are approximately 6,000 foreclosed upon residential properties in Collier County with an estimated 750 additional foreclosures filed each month. In order to have a successful NSP Program, Collier County will partner with local nonprofits to educate prospective homebuyers about successful homeownership.

Collier County currently contracts with two local agencies to provide homebuyer education. Each organization provides a minimum of eight (8) hours of education to each participant. The eight (8) hours is provided in the form of group education and private individual counseling. Annually this program serves over 800 prospective homeowners.

One agency focuses efforts in the Immokalee area of Collier County. They are certified by the Neighbor Works Center of Homeownership Education and Counseling (NCHEC). This organization is also a HUD certified counseling agency and operates in an area designated by HUD as a revitalization community.

The second agency focuses efforts throughout Collier County. They also are certified by the Neighbor Works Center of Homeownership Education and Counseling (NCHEC). This agency is currently seeking HUD certification. Recognizing that Collier County is a diverse community, classes are offered in multiple languages.

Examples of topics covered in the homebuyer education classes include, but are not limited to:

- Understanding Credit
- Predatory Lending
- Keeping your Home
- Managing your Finances
- Preparing for Homeownership
- Getting a Mortgage Loan
- Shopping for a Home
- Home Maintenance
- Responsibilities of Homeownership
- The Closing Process

Activity #5 – Demolition of Acquired Foreclosed Properties

(1) Activity Name: Demolition of Acquired Foreclosed Properties

(2) Activity Type: Demolition and Clearance of Foreclosed Properties

- Demolish blighted structures;
- 24 CFR 570.201(d) Clearance for blighted structures only.

(3) National Objective: Provides or improves permanent residential structures that will be occupied by a household whose income is at or below 120 percent of area median income.

(4) Projected Start Date: January 15, 2009

(5) Projected End Date: July 30, 2013

(6) Responsible Organization: Collier County Department of Housing and Human Services; 3301 E Tamiami Trail, Building H, Suite 211, Naples, FL 34112. The County may solicit through Requests for Qualifications and/or Requests for Proposals organizations/partners to participate in the program.

(7) Location Description: Collier County will assist those areas defined in Section A. Areas of Greatest Need – Identified Program Target Areas. The County will continue to monitor local foreclosure data and intend the NSP Program to be flexible to allow for timely reaction to any significant changes in the local housing market.

(8) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

For housing related activities, include:

- tenure of beneficiaries--rental or homeownership;
- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include:

- discount rate

For financing activities, include:

- range of interest rates

Narrative Response:

Homes or residential properties acquired through the NSP Program that are not economically feasible to rehabilitate, pose a health threat or pose safety threat, may be demolished. Demolished properties may be placed in a land bank maintained by Collier County or provided to a local nonprofit provider of affordable housing. Additionally, NSP Funds may be used to construct a new home on the site.

If the cost to rehabilitate the unit is greater than fifty (50) percent of the acquisition price, and/or the cost of acquisition and rehabilitation exceeds one hundred (100) percent loan-to-value, the County will consider demolition. Collier County does not intend demolition to be a major activity in its NSP program. Rather, the County reserves the right to demolish an acquired property if deemed a more fiscally effective use of NSP Funds.

The County shall abide by Uniform Relocation Action (URA) requirements for any affected household where a housing unit is being demolished that has not been vacant for greater than ninety (90) days. Collier County will avoid using NSP Funds to acquire homes or residential properties that have been vacant for fewer than ninety (90) days.

Should Collier County or its housing partner construct a new unit on the site, such activity shall be governed by NSP guidelines as discussed in Activity #1 - Acquisition and Rehabilitation of Foreclosed Properties for Resale. Additionally, all households assisted must earn no more than 120 percent of the local area median income.

The County will use the minimum affordability period of the federal HOME Investment Partnership Program, 24 CFR 92.252(a), (c), (e) and (f), and 92.254. The minimum affordability periods are as follows:

- Up to \$15,000 – 5 Years
- \$15,001 to \$40,000 – 10 Years
- Over \$40,000 – 15 Years
- New Construction – 20 Years

Collier County shall place program income derived from the sale of the home or residential property into a separate revolving fund to recycle the NSP Funds. Program income shall be used for any eligible NSP Activity listed within this Substantial Amendment, a portion of which may be used for program administration.

Activity #6 – Land Banking of Acquired Properties

(1) Activity Name: Land Banking of Acquired Properties

(2) Activity Type: Land Banking of Acquired Properties

- Establish land banks for homes that have been foreclosed upon;
- 24 CFR 570.201(a) Acquisition;
- 24 CFR 570.201(b) Disposition.

(3) National Objective: Provides or improves permanent residential structures that will be occupied by a household whose income is at or below 120 percent of area median income.

(4) Projected Start Date: January 15, 2009

(5) Projected End Date: July 30, 2013

(6) Responsible Organization: Collier County Department of Housing and Human Services; 3301 E Tamiami Trail, Building H, Suite 211, Naples, FL 34112. The County may solicit through Requests for Qualifications and/or Requests for Proposals organizations/partners to participate in the program.

(7) Location Description: Collier County will assist those areas defined in Section A. Areas of Greatest Need – Identified Program Target Areas. The County will continue to monitor local foreclosure data and intend the NSP Program to be flexible to allow for timely reaction to any significant changes in the local housing market.

(8) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

For housing related activities, include:

- tenure of beneficiaries--rental or homeownership;
- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include:

- discount rate

For financing activities, include:

- range of interest rates

Narrative Response:

Collier County may acquire properties that have been foreclosed and/or vacant for at least ninety (90) days and are on the lender's list of current inventory to be placed in a land bank. The purchase price for all properties acquired with NSP Funds during the initial 18 month period shall be discounted at least 15 percent from the current market-appraised value of the home or residential property. The current market appraisal will be made in conformity with the requirements of the URA at 49 CFR 24.103 and completed within 60 days prior to an offer to purchase made by the County or an approved housing partner. The County may partner with various community organizations and partners to identify properties suitable for NSP land banking. Properties acquired through this NSP Program for the purpose of being placed in a land bank may be demolished as discussed in Activity #5 - Demolition of Acquired Foreclosed Properties.

Collier County will ensure long term affordability through the use of a recorded lien against the property. The County will monitor assisted units on an annual basis during the affordability period. Additionally, all properties receiving assistance from the Neighborhood Stabilization Program (NSP) will be secured by a recorded second mortgage on the subject property in favor of Collier County.

The second mortgage shall bear an interest rate of 0%. No payment will be required until the home is sold, transferred, refinanced, is no longer the primary homesteaded residence or is operated for an activity deemed ineligible for assistance under NSP guidelines. At that time the balance of the loan will be repaid.

Subsequent redevelopment shall abide by all local and state building codes. Collier County will require home rehabilitation to meet, or exceed, current Florida Building Code (FBC). The current code used by Collier County is the 2004 FBC; effective March 1, 2009 the code will be updated to 2007 FBC. Collier County will encourage rehabilitation that improves the energy efficiency and/or conservation of dwelling units receiving assistance. Additionally, the County shall strongly encourage the incorporation of green building improvements to provide long-term affordability, increased sustainability and attractiveness of housing and neighborhoods. Collier County encompasses a large coastal area that subjects the residents to the risk of hurricanes and severe flooding. The County will encourage hurricane hardening and damage mitigation during rehabilitation.

The County will use the minimum affordability period of the federal HOME Investment Partnership Program, 24 CFR 92.252(a), (c), (e) and (f), and 92.254. The minimum affordability periods are as follows:

- Up to \$15,000 – 5 Years
- \$15,001 to \$40,000 – 10 Years
- Over \$40,000 – 15 Years
- New Construction – 20 Years

A minimum of 25 percent of the Collier County NSP Allocation shall be used to assist households earning less than 50 percent local area median income. In no event shall NSP Funds be used to assist households earning more than 120 percent local area median income.

An NSP-assisted property may not be held in a land bank for more than ten (10) years without obligating the property for a specific, eligible redevelopment of that property in accordance with NSP requirements.

Collier County shall place program income derived from the sale of the home or residential property into a separate revolving fund to recycle the NSP Funds. Program income shall be used for any eligible NSP Activity listed within this Substantial Amendment, a portion of which may be used for program administration

I. Total Budget:

Narrative Response:

Refer to Exhibit "A".

The U.S. Department of Housing and Urban Development allows up to 10 percent of the NSP grant provided to Collier County and up to 10 percent of program income earned for general administration and planning activities as those are defined at 24 CFR 570.205 and 206. The 10 percent limitation applies to the grant as a whole. Additionally, HUD recognizes the need to move forward rapidly to prepare this substantial amendment and to undertake other administrative actions. Therefore HUD has granted permission to incur pre-award costs effective September 29, 2008 in preparation of the substantial amendment.

J. Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent):

Narrative Response:

Collier County shall include performance measures in all agreements with local partners contracted with to implement activities described in this Substantial Amendment. Such measures shall ensure funds are expended within the initial NSP required 18-month time period. Collier County shall monitor all progress to ensure the housing activities listed in this amendment are completed in a timely manner and local benefit achieved as soon as possible.

Collier County estimates the total number of units assisted with the initial \$7,306,755 allocation to be 59. As assisted units are sold or transferred, program income shall return to the County. The County may use the program income received for any activities listed in this substantial amendment, a portion of which may be used for program administration. The following is a list, by income level, of total units of housing to be assisted with NSP Funds:

- Low Income – households earning 50% of area median income or less;
 - 15 units
- Moderate Income – households earning between 51% and 80% area median income;
 - 22 units
- Middle Income – households earning between 81% and 120% area median income;
 - 22 units

Summary of Projected Number of Units Assisted

Activity Type	Low Income	Moderate Income	Middle Income
Acquisition for Resale	3	13	13
Acquisition for Rental	6	2	2
Direct Assistance	2	3	3
Demolition	2	3	3
Land Banking	2	1	1
Total	15	22	22

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EXHIBIT "A"

**COLLIER COUNTY
NEIGHBORHOOD STABILIZATION PROGRAM BUDGET**

COLLIER COUNTY NSP ALLOCATION	\$ 7,306,755.00			
	Amount by Activity	50% AMI and Below Amount	51% - 120% AMI Amount	Total by Activity
Planning and Administration	\$ 730,675.00	\$ -	\$ -	\$ 730,675.00
Acquisition and Rehabilitation of Foreclosed Properties for Resale	\$ 3,879,755.50	\$ 730,675.50	\$ 3,149,080.00	\$ 3,879,755.50
Acquisition and Rehabilitation of Foreclosed Properties for Rental	\$ 1,526,324.50	\$ 811,324.50	\$ 715,000.00	\$ 1,526,324.50
Direct Homebuyer Assistance to Acquire Foreclosed Properties	\$ 400,000.00	\$ -	\$ 400,000.00	\$ 400,000.00
Homebuyer Education	\$ 70,000.00	\$ 35,000.00	\$ 35,000.00	\$ 70,000.00
Demolition of Acquired Foreclosed Properties	\$ 200,000.00	\$ 100,000.00	\$ 100,000.00	\$ 200,000.00
Land Banking of Properties	\$ 500,000.00	\$ 150,000.00	\$ 350,000.00	\$ 500,000.00
TOTALS	\$ 7,306,755.00	\$ 1,827,000.00	\$ 4,749,080.00	\$ 7,306,755.00
PERCENTAGE OF TOTAL ALLOCATION		25.00%	65.00%	