

Action Plan

Grantee: Cape Coral, FL

Grant: B-11-MN-12-0003

LOCCS Authorized Amount:	\$ 3,048,214.00
Grant Award Amount:	\$ 3,048,214.00
Status:	Reviewed and Approved
Estimated PI/RL Funds:	\$ 1,066,431.26
Total Budget:	\$ 4,114,645.26

Funding Sources

No Funding Sources Found

Narratives

Summary of Distribution and Uses of NSP Funds:

The City of Cape Coral is proposing three (3) activities: Administration, Acquisition Rehabilitation Resale, and Rental. In determining activities, the City concentrated on targeting the programs to the limited available NSP3 funding, leveraging resources on a program basis, and investing in programs that generate program income/revenue.

How Fund Use Addresses Market Conditions:

In order to comply with NSP3 "targeting" requirement to strategically invest NSP3 funds in a way that will stabilize and revitalize specific geographic areas, the City used data from HUD database and the Policy Map website (www.policymap.com) to analyze all City's census tracts in terms of foreclosures, subprime/high cost loan concentration, estimated foreclosure risk, and estimated number of properties needed to make an impact in each census tract. Geographic Information System (GIS) technology was utilized to map and analyze the data to determine areas that had multiple high risk factors (i.e., combinations of high completed and predicted foreclosure, and high cost loan concentration or estimated number of properties needed to make an impact). The absorption rate for REO properties was 1.5. Absorption rate calculations confirm what the City has experienced during the implementation of NSP1 program, that the foreclosure market in Cape Coral is very active and very competitive. It is a misconception that foreclosed properties are available for the taking. The reality is that in the process of finding suitable properties that meet NSP requirements, located in target areas, inspecting the properties, making an offer to the bank-seller, and executing contracts, the City found that it was competing with multiple bids from private cash investors. To further complicate the process, newer homes in Cape Coral were often built with defective foreign drywall that emits a gas that rots metallic elements including wiring, HVAC systems, plumbing and even mirror silver. The restoration of homes built with foreign drywall is catastrophically expensive. It is estimated that one out of seven homes has this problem and it can only be discovered after investing in the due diligence process (The Journal of the Florida Housing Coalition, Volume 25, Number 3). Six census tracts have been identified and provided to HUD for approval as eligible areas (see Map 8.1 below). The area is relatively consistent with the City's NSP1 target areas located predominately north of Pine Island Road in northeast Cape Coral. The neighborhood NSP score for the target area is 20 which is the maximum score and exceeds the minimum required score of 17. Sixty five (65) percent of the population has less than 120 percent of the area median income. According to HUD, there were approximately 500 bank owned properties in the target area for a period of July 2009 through June 2010. There are two census tracts south of Pine Island Road included in the NSP3 Area of Greatest Need; Census Tract 0103.07 and 0103.06. The neighborhood NSP score for census tract 103.07 is 20 which is the maximum score and exceeds the minimum required score of 17. Approximately 33 percent of all primary mortgages that were issued in this census tract between 2004 and 2007 were high-cost (sub-prime) mortgages. There were an estimated 216 foreclosure starts according to HUD as of 2010. The City is expanding this area to include Census Tract 103.06. The neighborhood NSP score for this census tract is 20 which is the maximum score and exceeds the minimum



required score of 17. Approximately 22.1 percent of all primary mortgages that were issued in this census tract between 2004 and 2007 were high-cost (sub-prime) mortgages. Besides meeting the requirements for NSP target area, census tracts 0103.07 and 0103.06 are located within an area of CapeCoral that has significant concentration of multifamily properties (both existing units and vacant land zoned for multifamily development).As previously mentioned, Cape Coral is a pre-platted community with single family residential as a predominant land use. The city as a whole lacks both multifamily units and land zoned for multifamily development. This created a unique challenge for the City to meet NSP3 requirement for affordable rental preference. The City initially proposed layering NSP

Ensuring Continued Affordability:

Rental properties shall have restrictive covenants filed with the mortgage that shall restrict the rent and use of the property for a defined term. For homebuyer assistance programs, deferred forgivable mortgages shall be filed that mirror the affordability guidelines as defined by HOME affordability requirements (see table below).

ACTIVITY	
AVERAGE PER-UNIT HOME	
MINIMUM AFFORDABILITY PERIOD	
Rehabilitation or Acquisition of Existing Housing	
<\$15,000	
	15,000- \$40,000
	>\$40,000
5 years	
10 years	
15 years	
Refinance of Rehabilitation Project	
Any dollar amount	
15 years	
New Construction or Acquisition of New Housing	
Any dollar amount	
20 years	

In addition, annual verifications will be completed to ensure that the property remains as the primary residence of the homebuyer and rental projects will be monitored annually or otherwise as required.

Definition of Blighted Structure:

The City of Cape Coral does not have a codified definition of a "blighted structure." For the purposes of the NSP, a blighted structure echoes the criteria for slum and blight found in Florida Statutes Chapter 163.340, which outlines the following conditions:

1. Building deterioration
2. Site deterioration or site deficiencies
3. Unsanitary and unsafe conditions and incompatible uses
4. Six or more ownership parcels per block
5. Buildings greater than 40 years of age
6. Presence of closed/vacant buildings
7. Presence of vacant lots
8. Buildings in violation of property maintenance code violations
9. Presence of buildings scheduled for demolition

A blighted structure will meet one or more of the aforementioned criteria. This determination will be made in consultation with the City of Cape Coral Building Official and Code Compliance Manager.

Definition of Affordable Rents:

For the purposes of the NSP3 program, rents will be determined based on the HOME program rent limits as amended on a yearly basis. Per 24 CFR Part 92.252, HUD provides the following maximum HOME rent limits. The maximum HOME rents are the lesser of:

1. The fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 888.111; or
2. A rent that does not exceed 30 percent of the adjusted income of the family whose annual income equals no more than 50 percent of the current median income for the area, as determined by HUD, with adjustment for number of bedrooms in the unit. The HOME rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions; and
3. The minimum income requirement is 30% of area median income. This policy is based on affordability and program revenue requirements; and
4. The Section 8 Voucher will be accepted in lieu of the minimum income requirement of 30% of the area median income; and
5. Based on the family's gross annual income, the applicable published HOME Rents schedules minus a utility allowance will apply; and HUD Income Limits are updated annually; applicable income limits and rent structures will be posted in designated locations and will be used when determining eligibility and rent amounts.



Housing Rehabilitation/New Construction Standards:

The Minimum Housing Rehabilitation Standards that will apply to all NSP, CDBG, and State Housing Initiative Partnership (SHIP) program funded activities can be accessed at www.capecoral.net (due to the application requirements restrictions the Minimum Housing Rehabilitation Standards have not been attached to this document). All deteriorated or substandard components will be addressed. All repairs and improvements will be designed to be permanent in nature.

Specifically, the City will comply with HUD requirements that:

1. All gut rehabilitation or new construction (i.e., general replacement of the interior of a building that may or may not include changes to structural elements such as flooring systems, columns or load bearing interior or exterior walls) of residential buildings up to three stories must be designed to meet the standard for Energy Star Qualified New Homes.
 2. All gut rehabilitation or new construction of mid -or high-rise multifamily housing must be designed to meet American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Standard 90.1-2004, Appendix G plus 20 percent (which is the Energy Star standard for multifamily buildings piloted by the Environmental Protection Agency and the Department of Energy).
 3. Other rehabilitation must meet these standards to the extent applicable to the rehabilitation work undertaken, e.g., replace older obsolete products and appliances (such as windows, doors, lighting, hot water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers and dishwashers) with Energy Star-46 labeled products.
 4. Water efficient toilets, showers, and faucets, such as those with the WaterSense label, must be installed.
 5. Where relevant, the housing should be improved to mitigate the impact of disasters (e.g., earthquake, hurricane, flooding, fires).
- The City will also incorporate energy efficient and environmentally-friendly green elements as part of NSP3 program design.

Vicinity Hiring:

All of the City's NSP areas are residential in nature so preference will be given to City of Cape Coral and Lee County based contractors. Currently, the qualified contractor list is comprised of approximately 98% City of Cape Coral and Lee County Contractors.

Procedures for Preferences for Affordable Rental Dev.:

The City of Cape Coral is 120 square miles of predominantly pre-platted single family quarter acre lots. Currently single family properties make up approximately 83% of the City's housing stock. The availability of multifamily land and units is limited. It is especially difficult to find multi-family that falls into the program regulations. There was significant difficulty finding these properties for NSP1 which resulted in the need to purchase vacant land and redevelop. There was only one multi-family lot that was bank owned in the City that we were able to locate and this was through a lot of effort. The current rental market in Cape Coral is made up primarily of single family scattered site housing and because of speculators is more active than it has been in years prior. Potential partners for multi-family have been reluctant to endeavor into scattered site because of the increased operating and maintenance costs associated with maintaining this type of inventory in such a large area and the rental rate restrictions. Because of these reasons, and the City's policy preference for affordable homeownership opportunities, the program has been designed with the 25% set aside being rental. This program design is consistent with the City's consolidated plan priorities.

Grantee Contact Information:

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CDBG/SHIP Team Coordinator
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Cape Coral, Florida 33915-0027

Project Summary

Project #	Project Title	Grantee Activity #	Activity Title
9999	Restricted Balance	<i>No activities in this project</i>	
NSP3001	Administration	28300210-227101	Program Administration
NSP3002	Rental Redevelopment 25% Set-	28300210-227135	SFAHC New Construction Rental 25%
NSP3003	Acquisition Rehabilitation Resale	20300210-227130	Rehabilitation Resale
		28300210-227131	City Acquisition



Activities

Project # / NSP3001 / Administration

Grantee Activity Number: 28300210-227101
Activity Title: Program Administration

Activity Type:

Administration

Project Number:

NSP3001

Projected Start Date:

03/21/2011

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

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

Activity Status:

Under Way

Project Title:

Administration

Projected End Date:

03/21/2015

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 388,865.00

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 388,865.00

Benefit Report Type:

NA

Activity is being carried out by

No

Activity is being carried out through:

Organization carrying out Activity:

City of Cape Coral

Proposed budgets for organizations carrying out Activity:

Responsible Organization

City of Cape Coral

Organization Type

Local Government

Proposed Budget

\$ 388,865.00

Location Description:



The location of this activity is 1015 Cultural Park Boulevard, Cape Coral, Florida 33990.

Activity Description:

This activity is comprised of the program administration of the NSP3 program for the City of Cape Coral.

Environmental Assessment: COMPLETED

Environmental None

Project # / NSP3002 / Rental Redevelopment 25% Set-Aside

Grantee Activity Number: 28300210-227135
Activity Title: SFAHC New Construction Rental 25%

Activity Type:
Construction of new housing

Project Number:
NSP3002

Projected Start Date:
03/09/2011

Project Draw Block by HUD:
Not Blocked

Activity Draw Block by HUD:
Not Blocked

Block Drawdown By Grantee:
Not Blocked

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

Activity Status:
Planned
Project Title:
Rental Redevelopment 25% Set-Aside

Projected End Date:
03/09/2015

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 762,054.00
Most Impacted and Distressed Budget: \$ 0.00
Other Funds: \$ 0.00
Total Funds: \$ 762,054.00

Benefit Report Type:
Direct (Households)

Proposed Beneficiaries	Total	Low	Mod	Low/Mod%
# Renter Households	8	8		100.00
# of Households	8	8		100.00

Proposed Accomplishments	Total
# of Multifamily Units	8
# of Housing Units	8
# ELI Households (0-30% AMI)	
#Units w/ other green	8
#Units with bus/rail access	8
#Units with solar panels	8

Activity is being carried out by

No

Activity is being carried out through:

Organization carrying out Activity:

Southwest Florida Affordable Housing Choice Foundation

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed Budget
Southwest Florida Affordable Housing Choice Foundation	Non-Profit	\$ 762,054.00

Location Description:

Van Loon Terrace (tentative)

Activity Description:

The City has an established partnership with a non-profit developer, Southwest Florida Affordable Housing Choice, (SFAHC) to acquire and redevelop property to provide rental housing opportunities for households at or below 50% the area median income. NSP3 funding will be used to provide a four unit apartment building. NSP3 funds will also be used to incorporate green and sustainable building practices and ultimately acquire LEED Platinum certification. This project will be similar to the City's NSP1 multi-family rental project.

Developed by the U.S. Green Building Council (USGBC), LEED is an internationally recognized green building certification system providing third-party verification that a building or community was designed and built using strategies aimed at improving performance across all the metrics that matter most: energy savings, water efficiency, CO2 emissions reduction, improved indoor environmental quality, and stewardship of resources and sensitivity to their impacts. LEED provides Architects, Contractors, Building Owners and Operators a concise framework for identifying and implementing practical and measurable green building design, construction, operations and maintenance solutions. (U.S. Green Building Council).

LEED rated homes benefit residents directly because the LEED Rating System incorporates prerequisites related to occupant health and wellbeing. In addition, the mandatory energy related prerequisites ensure at least 2030 percent energy savings (relative to the national energy code). Additional energy measures can result in 30 to 70 percent reductions in energy costs. This is especially beneficial when developing affordable multifamily rental housing since the reduction in long-term costs, will lead to reductions in operating costs which will more than offset the additional up-front costs of a green building (U.S. Green Building Council).

Environmental Assessment: COMPLETED

Environmental None



Project # / NSP3003 / Acquisition Rehabilitation Resale

Grantee Activity Number: 20300210-227130
Activity Title: Rehabilitation Resale

Activity Type:
 Rehabilitation/reconstruction of residential structures

Project Number:
 NSP3003

Projected Start Date:
 03/01/2011

Project Draw Block by HUD:
 Not Blocked

Activity Draw Block by HUD:
 Not Blocked

Block Drawdown By Grantee:
 Not Blocked

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

Activity Status:
 Under Way

Project Title:
 Acquisition Rehabilitation Resale

Projected End Date:
 03/01/2014

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 1,097,871.02

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 1,097,871.02

Benefit Report Type:
 Direct (Households)

Proposed Beneficiaries	Total	Low	Mod	Low/Mod%
# Owner Households	6	3	3	100.00
# of Households	6	3	3	100.00
Proposed Accomplishments	Total			
# of Singlefamily Units	6			
# of Housing Units	6			



Activity is being carried out by

No

Activity is being carried out through:

Organization carrying out Activity:

Cape Coral Housing Development Corporation

Proposed budgets for organizations carrying out Activity:

Responsible Organization

Cape Coral Housing Development Corporation

Organization Type

Non-Profit

Proposed Budget

\$ 1,097,871.02

Location Description:

Various Scattered Sites throughout Cape Coral.

Activity Description:

This activity pays for the rehabilitation and resale of single family properties purchased with acquisition dollars.

Environmental Assessment: COMPLETED

Environmental None



Grantee Activity Number: 28300210-227131
Activity Title: City Acquisition

Activity Type:

Acquisition - general

Project Number:

NSP3003

Projected Start Date:

03/09/2011

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

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

Activity Status:

Under Way

Project Title:

Acquisition Rehabilitation Resale

Projected End Date:

03/09/2011

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 1,789,506.16

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 1,789,506.16

Benefit Report Type:

Direct (Households)

Proposed Beneficiaries

Owner Households

	Total	Low	Mod	Low/Mod%
# Owner Households	16	5	5	62.50
# of Households	16	5	5	62.50

Proposed Accomplishments

of Singlefamily Units

of Housing Units

of Parcels acquired voluntarily

of Properties

Total

16

16

16

16

Activity is being carried out by

No

Activity is being carried out through:

Organization carrying out Activity:

City of Cape Coral

Proposed budgets for organizations carrying out Activity:

Responsible Organization

City of Cape Coral

Organization Type

Local Government

Proposed Budget

\$ 1,788,806.16



Location Description:

This activity will take place at scattered single family homes sites throughout the NSP3 Target Areas.

Activity Description:

This activity will provide funds to acquire foreclosed or abandoned single family homes or blighted structures (if foreclosed or abandoned) for the purpose of rehabilitation and resale to low, moderate, and middle income households. The City of Cape Coral will purchase homes in the developer's name. The rehabilitation and resale will be the responsibility of the developer and will take place under different activities.

Environmental Assessment: COMPLETED

Environmental None

Action Plan Comments:

Reviewer - Reviewed and Approved by La Vora Bussey, CPD Representative on April 5, 2011.

Reviewer - Reviewed and approved by La Vora Bussey on October 25, 2011.

Reviewer - The City indicated that a revision to its Action Plan (NSP3) to add an additional census tract into the special area of greatest need. The City indicated this was done to provide additional multi-family properties in order to accommodate the 25% Low-Income Set-Aside. Additionally, the rental strategy was revised to reflect the new project. Originally, the City intended to layer NSP1 and NSP3 in one project but didn't need to, so another building is being constructed at a new location. The City indicated that this was advertised in the newspaper, and there were two opportunities for public comment and City Council action. The City indicated that a hard copy was forwarded to our office including the affidavit of the publication.
Reviewed and approved by La Vora Bussey, CPD Representative, on April 5, 2012

Reviewer - Reviewer La Vora Bussey - The City included the program income to its budget for activities NSP3001 and NSP3003. Reviewed and Approved by La Vora Bussey, CPD Rep, on June 21, 2013.

Reviewer - Grantee amended the budget to move funds from rehabilitation to acquisition to accommodate the purchase of an additional property to meet the expenditure deadline.

Reviewed and approved by La Vora Bussey 12/23/2013.

Reviewer - The City has amended its Action plan to increase budgets to account for program income. The City's Administration and Rehabilitation Rehab activities were increased.

Reviewed and approved La Vora Bussey, April 28, 2014

Reviewer - The City indicated that its NSP3 Action Plan has been amended to account for the program income received. The City indicated the total budget increased by \$95,687.79. The City also stated that the program income was allocated and budgeted to the Administration and Rehab Resale Activities.

Reviewed and approved by LaVora Bussey 06/04/2014



Reviewer - The City's Action Plan had been updated to reflect the program income received from resale of property.
Reviewed and approved by La Vora Bussey 10/20/2015.

Reviewer - The City indicated that under the NSP3 they increased the administration and rehab/resale budgets to account for proceeds from the sale of property.
Reviewed and approved by La Vora Bussey 10/20/2016

Reviewer - The City indicated that changes were made to the budgets for the receipt of program income.
Reviewed and approved by La Vora Bussey 10/17/2017.

Reviewer - Grantee indicated that no changes have been made in Action Plan. (EF)

Action Plan History

Version	Date
B-11-MN-12-0003 AP#1	10/25/2011
B-11-MN-12-0003 AP#2	04/05/2012
B-11-MN-12-0003 AP#3	01/16/2013
B-11-MN-12-0003 AP#4	06/21/2013
B-11-MN-12-0003 AP#5	12/23/2013
B-11-MN-12-0003 AP#6	04/28/2014
B-11-MN-12-0003 AP#7	06/04/2014
B-11-MN-12-0003 AP#8	02/03/2015
B-11-MN-12-0003 AP#9	10/20/2015
B-11-MN-12-0003 AP#10	10/20/2016
B-11-MN-12-0003 AP#11	10/17/2017
B-11-MN-12-0003 AP#12	07/31/2018
B-11-MN-12-0003 AP#13	07/31/2019

