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Moderator: Marsha Tonkovich
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2:00 pm ET

Courtney Smith: Good day everyone and welcome to the NSP Regional Peer-to-Peer webinar for Florida grantees.

Today's webinar is being recorded. However you'll be muted until there are specific instructions for taking questions.

We'll take questions at various intervals throughout the presentation and we have a number of grantees speaking. And we'll have time to ask questions of the grantees after each of their presentations.

If you have a question please change your Feedback box from green to purple and let us - to let us know you have a question.

The Feedback box is in the upper right hand corner of Live Meeting.

We will let you know that you can ask your question by pressing star 1 on your touch-tone phone. If your question has been answered you can remove yourself from the queue by pressing star 2.

Once you're finished asking your question please change your Feedback box back to green.

At this time I'll turn the webinar over to Marsha Tonkovich.

Marsha Tonkovich: Good afternoon everybody and we're thrilled to have you with us. This is the first of the Regional Peer-to-Peer webinars that we're going to be doing and the intent of these regional sessions is to allow grantees in a similar region to share their experiences in terms of what has worked program wise and tips and techniques that they've learned usually the hard way. And to also talk about the challenges they're facing and how they've really addressed those challenges.

And so we have a group of really great grantees from all over Florida who are going to share their experience with you guys and we'll go through some PowerPoints. And they're each going to point out particular things about their program. They'll give you a general overview of their program and then they'll talk specifically about some things that are unique or particularly successful about what they have been able to do.

After each of them speak we'll take a few minutes and we'll take questions from everybody who's on the phone or you can also write them in if you want to under the written Q&A section as well.

And when we're all done at the end if we have additional questions and we also have some general questions for the panel we can do that as well.

So please do share your experiences. We invite you if you have things that have worked as a grantee or things that you have not worked that you think, you know, you want to share we by all means, we mean this to be an open exchange between grantees in Florida.

So that's our purpose for today. We're going to start with Ralph and his team from Broward.

We'll then move onto Ann from Lee County, Patrick and Priscilla from Plantation, Franz from Orange County, and George from Pasco County. And they'll each tell you, as I said, a little bit more about their program and some of the unique aspects of that.

So I think with that I'll go ahead and turn it over to the folks from Broward who'll begin to do a summary.

And again don't forget, if you have a question go ahead and call in, star - I think it's - is it - Courtney star 1 to call in?

Courtney Smith: Correct, it's star 1.

Marsha Tonkovich: And then you'll get in the queue for your call. And also do be sure to change your button to purple so that we know that you're waiting to ask a question.

So with that let met turn it over to Broward County.

Ralph Stone: Good afternoon everybody. This Ralph Stone in Broward County and since most of us are from Florida you may know where we're at. We're down in the Fort Lauderdale area sandwiched between Miami-Dade and Palm Beach.

I have with me this afternoon Pat Stevenson who's the Executive Director of BAND which is a local consortium of nonprofits that was one of our, really our lead vendor and (Michael Hunikey) who is our Project Manager.

As you can see from the slide we had around $18 million for NSP1 and about $5.5 million for NSP3.

Broward County is really unique, unique probably even nationally in that we have 15 entitlement cities in the county. So the $18 million that the county administered was a portion of a much larger bucket of around $65 million that went to the other entitlement cities and of course Plantation is one of those and Patrick will be speaking about their experience a little later on.

We are a built-out county. We've got 31 cities in Broward County. And we did work county wide including some in the entitlement cities.

A little bit about the foreclosure environment in Broward, about four years ago say the last year of the real estate bubble there were about 4000 lis pendens or foreclosure filings county wide. Last year there were 40,000 which made us one of the largest foreclosure filing counties in the country.

So there was plenty of inventory out there for us to work with but in spite of that you'll hear from Pat in a second that we did have some significant challenges in getting access to a lot of those.

So our program activities were to go out and purchase rehab and then resell single family homes.

And on the multifamily side to go out and purchase rehab and then place the properties with either the Community Land Trust or the Fort Lauderdale Housing Authority which were our other two partners.

Most of our low income placement was in multifamily although the land trust does have about ten single family homes which may or may not end up being occupied by lower income families and residents.

You can see from this slide as I mentioned our two major partners were the Community Land Trust and BAND.

It was interesting that the Community Land Trust really was a little bit of a risk for us and for the Board of County Commissioners in that they had been around for a number of years, had organized and had a Board but not had - had not had any success capitalizing their program at all.

So we actually contracted with them to do initially 20 units of multifamily and they ended up doing double that.

And to kind of fast-forward we have recently extended our contract with both BAND and the land trust and the land trust is up to about a little over 40 multifamily units and 10 single family units and have recently hired a full time Executive Director.

So we're real happy to have kind of gotten them off the ground, capitalized and running and it looks like, you know, there's going to be a legitimate future for the land trust here in Broward County.

I'll let Pat talk a little bit more about her organization in just a second.

And I'll mention the third major partner that we had was the Fort Lauderdale Housing Authority. And they had the other half so to speak of our funding that was available for multifamily.

And the Housing Authority has a unique program that we've gotten a little bit of notoriety in regard to which is called the Step Up Program.

And what they do with the Step Up Program is they go in and take disadvantaged youths either from their Section 8 families or from the neighborhoods that they service or have properties in and they teach them to do basic carpentry skills. They'll go in and do rough out carpentry all the way to some finished window work and some cabinet work.

So they literally did all of that kind of work in a 20 unit property that we had in Dania Beach.

And actually the Deputy Secretary of HUD came down and reviewed that and was very impressed by the program. And they have been really outstanding partners with us.

So at this point what I'll do is turn it over to Pat and let her talk a little bit about some of the challenges that they encountered in terms of acquisition and finding and preparing their buyers.

Pat Stevenson: Good afternoon. Can you hear me okay?

Courtney Smith: Yeah, Pat we can hear you just fine.

Pat Stevenson: Okay, great. BAND as Ralph mentioned is a combination of nonprofit organizations. We actually have four active nonprofits that work with us in Broward County.

And as Ralph mentioned that NSP was also kind of a capacity building project for the Community Land Trust; that's also true of the Boards of nonprofits that we've worked with because the developer fee has been shared across Boards with five nonprofit organizations which has been really nice for the sustainability of those organizations.

Going into NSP we encountered two challenges. One of them we anticipated, one of them we did not anticipate at all.

Our first challenge was with actually acquiring the properties. And when we came into this of course we knew we were in Broward County. We knew that we had this multitude of foreclosed properties. And so we thought all we had to do was go out and buy them and life would be good.

Well it turned out that there were several obstacles to that. We are in South Florida.

And the investors are once again starting to come back into our communities. And we also surprisingly found great resistance from some of the asset manager companies that the banks had owned. And we were - we found ourselves making about ten offers to get one.

And of course that was creating all kinds of problems including that it was tying up a lot of earnest money. It was also tying up our ability to go out and make other offers because if for some reason those ten would come through then suddenly we'd have too many offers on the board. Anyway it got to be a real nightmare.

So we began talking with the National Community Stabilization Trust. And they actually became a very active and very successful partner of ours. As it turned out in Broward County I believe about 83% of the NSP houses that we acquired came through the trust. The rest came through MLS.

So that was getting the properties acquired and figuring our way through that maize was certainly a learning experience. We've had all kinds of nightmare stories. In fact on one trust house we got permission to go look at it. We went out to look at it. The asset manager showed up and said for me to not to step a foot on his property.

So we had a lot of challenges in acquisition and I'm sure many of you have but we can answer questions about that if you have any.

The second big challenge we had which in fact we did anticipate was having mortgage ready buyers for the NSP houses that we were developing.

And fortunately because we are a consortium of nonprofit who do this kind of work all the time early on they said, you know, this is not and if we build it they will come situation. We need to figure out a way to have buyers ready as these houses become available.

So what we did was we actually entered into memorandums of understanding with three HUD approved housing counseling agencies who are now also sharing in portions of developer fee so again is sustaining even more organizations in our community.

But we set up a system where we did workshops and explained to the people how our NSP Program works. They create an intake form. At that point they are triaged and they are sent to one of each of the three HUD approved counseling agencies.

And then once they are ready for the mortgage they are invited to the open houses. They come. Their counselor decides that yes, they're ready to buy. If so they present us with a letter of intent to purchase. And we take the process from there.

We have had several houses that we have had multiple offers on and on those houses we have developed a lot of (assistance) for those buyers.

So I think that we are successfully addressing the issue of having buyers ready.

Ralph Stone: I'll just click forward to our final slide which is the before and after and you can see that the BAND has done a great job with the houses. They've taken particular care to do not only the basic code work but to cosmetically and structurally make these homes among the best in each neighborhood. They get new air conditioning units for every home. They do a really good job with the landscaping.

And interestingly enough the neighbors in all of the neighborhoods where they've worked have become kind of partners and tend to look out for the homes in their neighborhood because they understand that what they're getting is something that truly is stabilizing in their neighborhood.

Just a couple final comments, we did so far we've done about 150 units the combination of the multifamily and the single family. And we've been really pleased in that when we first started thinking about program income and what we would be able to do once we sold these houses we were estimating about 50 cents on the dollar when we sold the rehab house. And at this point in time we're upwards to 75 cents on the dollar.

So as I said earlier we've already extended our contracts with BAND and the land trust and we're moving on toward the next 150 units.

And that concludes our presentation.

Marsha Tonkovich: Thanks very much. (Melissa). First one question I wanted to ask you guys. I love the idea that you were able to sustain these nonprofits in your community and really help them to continue to grow and build.

Question for Pat, are you guys at CHDO or any of your member organizations CHDO's and do you get CHDO operating assistance under home as well?

Pat Stevenson: BAND isn't CHDO and the three - about three of our main development brokers are CHDO's. We do not get CHDO operating assistance because that's not an eligible activity under our county's plan but we would like it if they change that.

Marsha Tonkovich: Okay and we'll jump into that. But so it sounds like you guys are doing, you know, you're able to bring together different resources as well which what seems important as part of this process.

Great, okay, questions from the phone for the folks from Broward, do we have anybody (Charlene) who's queued up on the phone?

Operator: Currently we have no questions over the phone lines.

Marsha Tonkovich: Okay, all right. Well why don't we - we're going to have time for questions at the end. So why don't we go ahead and move onto the folks of Lee County. So I'll just forward to the Lee County slides. So you guys are up and then we'll come back and take questions at the end.

Oh, Ann are you there? You might have us muted.

Ann, from Lee County? No, okay.

Tell you what, why don't we go ahead and we'll move on and we can come back to Lee County.

So we will move on to Plantation and then we'll go back to Lee if that's okay with you guys.

Patrick Haggerty: This is Patrick Haggerty. I'm with the City of Plantation. And through the NSP1 Program the city received $2,016,309. As this was quite a hefty upgrade from what we normally receive through CDBG we had to do quite a bit of planning in order to get ready to undertake such a big project.

And I was lucky enough that I have Priscilla Richards in my Administration who has 35 years of experience in real estate. Otherwise we might not be as far along as we are.

But basically when we set up the program we actually also work with BAND. We put out an RFQ and utilize their services through that.

And before we began though we set up our program activities, we're doing something very similar to what the county is doing. Foreclosure acquisition, rehabilitation and resale of single family scattered sites.

And with the low income set aside of 25% we actually are using that for rental properties.

And at this point we've acquired three, two of which are actually occupied. The third I believe is complete and just about ready for someone to move in.

With that Priscilla Richards is going to speak and give you an idea of our best practices and some of the challenges that we had while we were putting our program together and implementing it.

Priscilla Richards: Thank you Patrick. Good afternoon. As Broward said we did have the same challenges they did of course with finding property. And we worked with BAND now for many, many months and have been very successful in the acquisition.

One of the things that the city knew early on is that we had to do whatever we needed to do. And this came from the top from our mayor and our City Council to make this process as quick and as efficient for all parties involved.

So from our Finance Department who basically wires the funds to BAND instead of cutting checks to code enforcement and police as you can well imagine we've been working hand-in-hand with them right along to identify properties, to our Building Department. We expedite the permit process for these homes. We waive the permitting fees, inspection fees. We - before we even go look at a house our Building Department pulls all the records so we know about illegal structures and when that roof was replaced when we first go look at a house before we ever make an offer.

Our Utilities Department waived hookup fees for BAND while they own and rehab those properties.

I don’t know. There’s been at least three or four times that utilities has actually gone out with cameras that we have to explore water and sewer issues with some of these houses.

Our Public Works Department as far as sidewalk repair; Landscape Department that’s actually done the landscape designs and installed street trees wherever necessary; our City Clerk, all the documents involved from acquisitions to lien releases and maintaining all those records for us; our Legal Department that reviews all the title work before a house is ever purchased and any other document that we need.

So it’s a well oiled machine at this point and again the directive has come from the top. Our City Council goes to every open house. They look at these houses. We’re continually in front of them making reports and they appreciate this program because it has done what it is meant to do which is stabilize neighborhoods.

And as Ralph said we see these neighborhoods where the neighbors are up painting or all of a sudden they’re putting in flowers or putting on a new roof or whatever it is.

We’ve created jobs for appraisers and title companies and to source the GCs we buy local products to put into these homes. So it’s win, win, win all the way around.

And we also have the rental situation. And 25% is, you know, our money as yours, is to go to low income. And Plantation typically has larger homes, larger lots and it's difficult if not impossible to qualify a low income family for a purchase.

So we've partnered with Urban League of Broward County. And once the home is acquired and rehabbed, BAND transfers title to the Urban League of Broward County. They assume all the debt of the acquisition and rehab. And they put in a low income family and they document that to the city. And as long as that property is held for that purpose then we're well within the guidelines of the NSP Program.

So that's how we take care of our rental share in our county.

And I think we have a picture. We also pre-qualified contractors. So when it's time to actually bid out, as you see this before picture, there's only a group of pre-qualified contractors that come out and it's a mandatory pre-bid meeting on the site.

And they then present field bids to BAND. They open those bids and then award the contract.

And BAND has an architect that they work with who actually goes in and has those plans ready and permitted so that once the contract is awarded to the contractor it's the simple matter of going into our Building Department and changing out the name, you know, presenting an insurance certificate and they can move right in and get the properties rehabbed in really a quick fashion.

So you see before and after and, you know, as Ralph said we work very closely with BAND and the homes. We even work on zoning issues. You know we find in some cases this particular house had a sidestep back with the garage, you know, whether it's 2 inches or 3 inches. We take care of that administratively within the city so that there's no problem going forward with the family. They move into a home that is safe, secure, new kitchens, appliances, a/c, roofing if necessary. We do termite inspections.

So we're very, very confident when those keys get into that family's hands that that home is in the best condition it can be and that we've covered anything that we can see in the near and hopefully far future that would affect that family's success in homeownership.

Marsha Tonkovich: Terrific. Well thank you for sharing. And really that's one of the things that's striking about this is how attractive and, you know, how much more attractive the after house is. And it looks like you guys put in a lot of thought about the landscaping and the painting of the home and all of that so it looks terrific.

Tell us a little bit about your Urban League partnership. It sounds like it's rental. Is it lease purchase or is it just straight rental?

Patrick Haggerty: At this point it's just straight rental.

Marsha Tonkovich: Okay. And so Urban League does all of the qualifying of the tenants and all the property management and all of that as well.

Patrick Haggerty: Correct. Yeah, I believe they have an organization that they work with that actually does the management.

Marsha Tonkovich: Right. And these are scattered sites, single family houses.

Patrick Haggerty: Correct.

Marsha Tonkovich: Great. That's terrific. So it sounds like they've been able to - there's been a lot of challenges across the country with managing scattered site rentals and it sounds like they've been able to address those which is great.

Okay, terrific. So Lee County are you guys back yet?

Ann Arnall: I am.

Marsha Tonkovich: Okay, great. Can we just go backwards on the slides?

And we'll start with you. Oops, there we go, okay.

Ann Arnall: Okay. You can hear me okay?

Marsha Tonkovich: We can hear you just fine.

Ann Arnall: This is Ann Arnall from Lee County. I'm with Human Services. We also received $18.2 million of NSP1 money and are getting $6.6 million of NSP3.

Our major activity for NSP1 was acquisition and rehab of single family properties that our department handles directly. We do partner with various departments of the county to make this happen predominantly County Lands is our acquisition agent. And they work with us. They do eminent domain work and have real estate background so we've worked with that department.

We really have a overbuilt market in the spec house industry. When the, you know, economy took a dive we had a lot of general contractors that were building spec houses that were vacant out in one of our largest target areas. So that has been what our initial acquisitions were made up of.

We too partnered with NST and found a few things through that resource but we found someone, the National Credit Union who backed some of those spec builders and held a lot of inventory in that area. So we were able to transact a lot of our single family houses with them. Many of those houses had never been lived in so we did, you know, still have to do some rehab work. But they're pretty much like new housing inventory that we were able to acquire.

We do bid out the work. After our staff here does the rehab spec we bid that out to the general contractor community and award that work to them and then monitor the work.

Simultaneously we're starting the acquisition process early on. We also started our outreach client eligibility marketing process and we did that by partnering with two nonprofits in the community. We did requests for proposals and both of them are HUD approved housing finance counseling agencies.

But they do all our client outreach, eligibility, marketing, housing counseling. Get the people matched with mortgage products and then bring them to us when they are ready to buy. And we pay them on a fee-for-service basis.

So once they're - like someone else mentioned they get a final approval letter that they're ready to buy, then they're able to look at our inventory of houses. And so those who track - match up at the end with the homebuyer then looking at what houses we have that are, you know, completed through the rehab process and ready to sell.

That group - those two agencies did partner together and hire a professional marketing firm. So we have pretty extensive marketing materials. And they are found on that web site that's showing on the slide so our housing inventory shows on that web site, our NSP question and answers, the marketing materials are there so that's accessible to everyone.

Part of that marketing strategy was to go to the largest employers in our community and promote the program to them but we've also done billboards, bus signs. Our staff vehicle has magnet signs on them. Anything we can get in front of people we've been, you know, willing to try.

So we've had pretty aggressive marketing and have had good success in selling those houses. So far we've acquired 125 houses, 68 of which have sold, 12 have sale pending so we've sold over half of our inventory to date. And we have 17 listed for sale and we've generated $3.6 million in program income with those sales.

So we're getting about 66% on the dollar back on the houses that we're selling.

Our acquisition and rehab of multifamily property is how we're meeting our 25% low income set aside. We did that through a partnership with anyone that was willing to develop multifamily housing and own it and manage it for a long period of time. We put deed restrictions on - in place on those properties when they were acquired.

But our partner is the local Housing Authority. They were able to acquire 70 multifamily units. Our goal was 50, they acquires 70 of those units.

And they will own and manage them and have them be of course income restricted to the 50% AMI but they'll also be rent restricted for at least a 20 year period.

And then the third activity we undertook was redevelopment. And we did that because our largest target area was in the Eastern part of our county and there's limited - well there's public transportation. It's not ideal. And there's limited services out there.

But there was an initiative going on with our Sheriff's Department to apply for a weed and seed grant which is removing blight and bringing in positive activities and social service programs. That was going on at the time we were developing our NSP plan and since we were going to acquire so many housing units out in that area we thought it would be a positive thing and a good partnership to offer some money up for redevelopment.

And we did a request for proposal for somebody to acquire a foreclosed property and turn it into a Social Service Center out there so that was awarded to a small nonprofit. They have been able to acquire and rehab it and they are actually very happy in their new home. And they've expanded their services greatly since they had that opportunity to do that.

So on my next slide that's the top, the best practice of the Community Social Service Center that we made that resource available to them and they are operating in their new home.

I talked a little bit about the outreach and marketing for homebuyers and renters to market the program.

And then our homebuyer financing strategy, we have structured our program in that people need to bring some down payment to the table. Our Steering Committee if you will when we were developing the program felt very strongly that people should have some skin in the game and some down payment.

So our down payment levels are structured from $500 for a low income buyer to $1,200 for a middle income with $1,000 being the moderate income category. So people do need to have a cash down payment, they do need to be able to qualify for a first mortgage.

But then the subsidy that we're leaving in the home which is roughly a third of the cost that we have into the acquisition and rehab is secured by a soft second mortgage that is not repayable if the person stays there, the family stays there for a 15 year term. If they leave in the first five years it's all repayable. If they leave in year 6 through 15 it is forgiven at 10% a year so that it's gone by year 15 for that.

The challenges that we've encountered in our multifamily first acquisition, it was in our largest targeted area which is a middle income or moderate income area, I'm sorry. In the community we did have a very strong NIMBY issue.

And I'm just going to advance to the next slide so you can see the picture that was there. The picture on the left of the slide was actually a single family house that was behind this multifamily property. The multifamily property was being developed as high income condominiums at the height of the market.

And during the market bust the developer went under and it was about 70% complete. And it had been sitting there for about four years with the construction fencing up and the dumpsters still there.

When we acquired it or the Housing Authority acquired it with NSP money through our partnership this sign went up in the yard behind it and we had a lot of people protesting that we were doing something horrible in their neighborhood. We were bringing those people to their community. Of course we had a lot of heated community meetings.

The project has been completed. It's fully occupied and to date there has been no major issues there in regards to law enforcement. And the community is beginning to embrace it. And some people in the community did when they got factual information instead of misinformation that was being spread throughout the community that we were, you know, building projects in their neighborhood.

So that was an interesting period we went through about this time last year. And that is actually my office phone number that that person put in their front yard. So I fielded many, many calls, most were in opposition due to misinformation.

But several people called and said they believed there was a need for that kind of housing and how dare I put that sign in my yard even though it was not my yard so we had an interesting 60 days last year.

The other part of that slide is showing some challenging - challenges that we've encountered due to break-ins and thefts. Of course we're a victim of crime like any other homeowner is.

And part of the target area is a little bit remote where there might be three or four houses on a street because of the vacant land that's out there.

And so of course people are targeting houses for stripping copper, appliances, anything they can get their hand on.

We did work very closely and still work closely with our Sheriff's Department. And actually when we had several appliances walk off from our properties and we're reporting those crimes and staff were having to spend a lot of time doing that, we got to know some of the officers very well and participated in an undercover sting.

And we're to the point where we were going to allow them after I got, you know, layers of approval from the county attorney and wanting people to sign hold harmless agreements and all those great things we get to deal with when we deal with our legal staff, we were able to get clearance that we were going to allow the Sheriff's Department to actually GPS track some of our appliances.

And we were on the verge of doing that when they caught - they did a traffic stop and caught the people that were running this appliance theft ring and actually shut down a very large operation in our target area where people were stealing and then there was an outlet to buy them. And they were reselling and so it was a pretty large bust in our community related to appliance theft that our staff worked with them and did some of that surveillance with the Sheriff's Department to get that accomplished.

The next slide is just showing a - one of our single family before and after acquisitions. We actually purchased this house for $1 from HUD. We debated about whether we would demolish or rehab it and ended up rehabbing it.

And it was a challenge to rehab. It has many cats living there for many years so it was affectionately known as the cat house.

And it took a lot of work and effort to get the odor out of the house but we were able to successfully rehab the house and there is a man living there that is thrilled to have it.

And it was certainly the blighted house in a fairly well developed neighborhood that the neighbors have embraced him and the fact that this house was fixed up in their neighborhood and have sent him some very nice, you know, notes about how they'll look out for him and have welcomed him to their neighborhood.

So we have a lot of positive stories like that from the acquisition and - that we, you know, we've been successful in matching people with houses through our nonprofit partnership.

Marsha Tonkovich: That's fantastic Ann. I mean it must make all the hard work that you guys have obviously had to go through worth it to see families like that that get a house in a neighborhood that embraces them. So that's wonderful.

I have a question about your soft second program that you talked about, your homebuyer program.

Ann Arnall: Yeah.

Marsha Tonkovich: It sounds like you do have a down payment requirement and then you leave a soft second in the property.

Have you scaled the amount of that soft second to what the family can afford?

Ann Arnall: We have. We have ranges for low income category, for moderate income and for middle income based on their need. So they pretty much go and pre-qualify for a first mortgage through the nonprofit partner. And then we back into that subsidy up to a capped amount.

Marsha Tonkovich: So what...

Ann Arnall: So then the nonprofit is helping them determine what is really affordable for them in their situation based on their income level and how much first mortgage they can qualify for.

Marsha Tonkovich: And what...

Ann Arnall: So our average - our subsidies are averaging about $25,000 per house.

Marsha Tonkovich: Great. And so leave the development subsidy in the deal, anything that's sort of above the market you're just leaving in the deal as an investment in the deal.

Ann Arnall: Right. We're pretty much staying inline with market. It's just that we're not recapturing all our costs of acquisition and then rehab.

Marsha Tonkovich: Got you. Okay, terrific. And I'm sure some of the folks on the phone may have follow-up questions about that.

So do we have anybody on the phone (Charlene) or should we keep going?

Operator: We currently have no phone questions on the line.

Marsha Tonkovich: Okay. So let's go ahead and move on then and we'll come back and again as I said take a broader open conversation in a few minutes.

So I'm going to move onto Orange County. Let's move forward to Orange County. Okay, so you guys are on.

Franz Dutes: Great. Good afternoon everyone.

Can everyone hear me?

Marsha Tonkovich: You sound great.

Franz Dutes: Can everyone hear me now?

Marsha Tonkovich: Yeah, we can hear you just fine.

Franz Dutes: Great, great. Good afternoon. This is Franz Dutes. Orange County was a recipient of approximately $27.9 million under NSP1 and NSP3 we received approximately $11.5 million.

In both instances we were the second largest award within the State of Florida and in the top ten throughout the United States. That is a merely a reflection of the volume of the problem that we had here in Orange County as far as foreclosures are concerned. Back in 2009 our foreclosure filings exceeded 30,000.

And when we received our NSP1 funding it was $27.9 million and tasked to expend it within 18 months, we looked at several program design options and activities as well. We looked at the following activities is what we implemented.

On the homeowner side, single family acquisition, rehab and sale. And we also had a down payment principal reduction program that we call Option B and we also had a rental component.

Under the homeowner acquisition/rehab activity we decided to administer that program internally with our existing staff. We developed an NSP Team that included an acquisition section of two professional staff that did nothing else but acquire properties through the MLS and CSG National Community Stabilization Trust daily.

We also hired two inspectors that would conduct inspections and assist us in our due diligence and feasibility of properties to be acquired. And they also conducted the construction work to be done and the bidding of the construction work as well.

And our last component was our Marketing Team that primarily was responsible for the sale of properties and advertisement properties on the MLS.

All of this was supported by our Real Estate and Legal Departments. Within our Real Estate Division we had an employee that had a real estate broker license and that facilitated us to access the MLS system, Multi Listing System, to view properties on a daily basis. And we received updates as the properties were being listed as well.

Moving onto some of our, I guess best practices, we also on our rental program we use our NSP funds to acquire a 444 unit apartment complex that over the years been foreclosed and become a blighted structure in that community. Worked with a developer out of Miami along with the not-for-profit, it was a tri-party I guess partnership that we had.

And this project is going to be renovated and eventually reduced from 444 units to 264 units of which 164 will be set aside for the very low income individuals.

What was also interesting is that the not-for-profit will actually assume ownership of the property once the property stabilizes in approximately five years and they will be providing a variety of services at that facility to include leadership training, GED classes, homebuyer education and a whole menu of additional programs as well.

And some of the charges that we had was to develop an efficient expeditious and accountable program design. And we did that by partnering with Habitat for Humanity. They assisted us in one of our target areas that had a single family inventory that was not particularly attractive. We're talking three bedroom, one and a half bath homes that had a carport.

What was good about Habitat is that they also had a pool of buyers readily available. So we provided approximately $600,000 and they went in there and they purchased properties and have sold properties as well and secured homeownership for those very low income families.

We also acquired two properties that we renovated and then turned over to not-for-profit agencies that provided rental services for the mentally challenged and disabled population.

The last component of our program that has helped us is our web site. Our web site is there to your right. If you look at it, it actually has program information as well as the homes that are available today. It's (a house multiple) listing I guess system. It provides a great deal of information on each unit that's for sale and individuals can go in and tour the properties and just get a feel for what's available.

In all to date we have acquired 138 properties. I'm pleased to say that we have sold 35 and we have 16 contracts pending at this time.

Under our Option B which is I guess down payment/principal reduction program we've assisted 91 families as well. Program has really worked really well in stabilizing these communities although we've had some challenges along the lines of vandalism. Not as much as we anticipated.

The real challenge has been in working with homeowner associations and getting the payments to them and just crappy management I think continues to be a challenge for us as we move forward with the volume of properties that we have.

At this point I'd be more than happy to address any questions from the audience.

Marsha Tonkovich: Okay, great. Well one question from me and then I'll move onto the audience is and your web site looks terrific, how did you guys develop it? Did you have an in-house Web Team? Did you contract out for it?

And how do you drive people to the web site to know that it's out there?

Franz Dutes: It was an in-house Web Team that designed the web site. And we work in partnership with a lot of local builders. And they are in turn sharing the information to potential buyers and we're out there in the community actually advocating this program quite a bit so the word of mouth has helped us tremendously as well.

Marsha Tonkovich: Terrific. Okay, great. Well (Charlene) do we have anybody on the phone right now?

Operator: We currently have no questions.

Marsha Tonkovich: Okay, all right. So we'll keep going and I'm sure folks will have questions for you guys as we finish up here.

So I think we're on Pasco County is next. So I'll forward to you guys. And then we'll come back and have sort of an open panel discussion.

George Romagnoli: Hello. Can you hear me?

Marsha Tonkovich: Yeah, you sound great.

George Romagnoli: Okay. I was just checking my mute button, see if it worked.

Marsha Tonkovich: Yep.

George Romagnoli: This is George Romagnoli with Pasco County. I think we all have great programs. I'm reminded of the line that Chevy Chase did in Caddy Shack when he was asked how do you compare other people that play golf and he said by height.

And I think what the meaning behind that is that we all have programs that work for our communities and to compare that one's better than the other is not really a good comparison. I think we all have good programs where we can steal from each other.

And just for the record I'm 10 foot 4.

So Pasco County received quite a bit of NSP money. We're nowhere near one of the larger cities or counties in the state. But we received $19.4 million which was the 17th largest allocation in the country. Our population is approaching half a million people so that tells you how bad the foreclosure problem was in our community.

We were fortunate in the competitive round of NSP2 to receive $29.5 million. We were in a consortium with Pinellas County just south of us, a neighbor lending partners. We called ourselves the Florida Sun Coast Housing Partners.

And our share of the $50 million is $29.5 million. And with NSP3 coming up we will receive $5.1 million.

And we're no longer the 17th biggest in the country so we've gone down so hopefully that shows that NSP has had an effect in Pasco County.

With that money so far with NSP1 and we have tried to concentrate for the most on the single family. You know we looked at the, what it said neighborhood stabilization. And Pasco County is principally single family. There is some multifamily but not to the large amounts that there are in Orange County or in some of the South Florida communities.

So we really tried to go into neighborhoods. So we have through NSP1 through our nonprofit partners purchased 232 homes with NSP, 163 the relocation is completed, and 124 have been sold at this time.

With NSP2 we have 259 properties, 36, construction is completion and 18 have been sold. So, you know, that's approaching 500 properties and I'm sure when everything is done we'll be, with program income and everything we'll have 6, 7, 800 homes under the NSP program.

So we're pretty proud of that. As I said on the program activities we did concentrate on the single family. We have done some rental and some new construction and some demo too. But principally what we've done has been single family work.

Our program is tied in pretty much with our nonprofit partners. We have some good nonprofits. Some are based in our county, some are multicounty.

And, you know, one thing we looked at when we got this program, we had a preexisting program that we nicknamed the POP Program, the Pasco Opportunity Program which was our nonprofit program under the Home and (SHIP) Programs.

And we did quite a bit of that. Of course not to the scale of NSP, we kind of put that program on steroids to make it go farther.

One thing we learned really quickly on real estate is real estate it's not a fair profession. It's a profession of relationships. A profession of schmooze and that's why, you know, sometimes unfortunately that's how housing agencies get in problems with them, right, because we schmooze too much.

You know you can be the high bidder on the house and not win a house. You know and so not all the houses that we found go through multi listing services.

So we talked to our nonprofits and we encourage our nonprofits to team up with effective realtors in the neighborhoods. And we found that the different nonprofits had different relationships with different banks, different credit unions, different investors.

And that houses you wouldn't even know that are on the market that are being foreclosed are for sale.

So we did that and that was pretty effective. In fact it was so effective that the realtors complained that NSP was buying up all the homes. And the investors were complaining. And in fact they went to the Board of County Commissioners and we had to agree that we wouldn't purchase a home except through first look until after ten days it's been on the MLS system because we were just a little bit too successful for the investors out there. So we actually considered that a good accomplishment.

But with our nonprofits we teamed up with - at first we had seven. We don't have as many now. But we worked with them. We developed a relationship with them over the years.

And, you know, we looked at what they can do well and what we can do well. And we looked at, you know, back when we started our nonprofit program is how other communities were treating their nonprofits and some communities give their nonprofits money and they're very effective. And some of them give them money and they fall flat on their face. And we didn't want anyone to fall flat on their face.

And what we looked at on nonprofits, you know, what they're good at again they can develop those relationships with realtors, with lenders, work with vendors. They can manage properties. They can market. They work with the people in the neighborhood. That's what they're good at.

What we're good at as a county government is we know how to do construction projects, manage construction, bid out projects, make sure that the rules and regulations are managed.

So we have a joint level responsibility in that the nonprofits find a house. We analyze it whether it should be bought or not. It's bought. We wire them money just like a lot of communities do to get it quick. We work under a system that we can do our due diligence within seven days and get a check out within ten days if a property should be purchased.

And that's very important in this - when you're combating investors buying these properties. You need the money quick.

So we developed a separation of responsibilities between the nonprofits and the counties. And it's worked well. The other thing of course with our nonprofits is, you know, we - you try as a government official to squeeze as much as you can out of every nickel you get especially today when our nickels are being taken away.

But, you know, with our nonprofits you have to realize they need - that they overhead, they have cash flow, they have things to do. So our nonprofit partners are developers. And we give them 2,500 bucks when the property is purchased and $5,000 when the property is sold.

And that's been working out for them. And we pay for all the expenses of managing the property for them.

So we worked well with the nonprofits. It worked well. Now some of our challenges, again, you know, we didn't want to - we had done some rental but not as much as some other communities.

We tried to resist doing single family rentals because that's what's destabilizing the neighborhoods in Pasco County. Pasco County has changed from the retirement community it was in the 70s to a county with a low median age which has built about 25 elementary schools in the last decade. Is the only county over the last five years to have every year that there are more kids in school than there were last year. I know a lot of communities have less kids in school but we keep growing and growing and growing.

So a lot of those houses that were built in the 60s and 70s for retirees are, you know, the houses that the investors buy because they were built cheaply, they're sold cheaply and they can be managed cheaply.

And, you know, neighborhoods are tipping points of how much rental you can have. There's a debate on how much that is but, you know, we try to avoid getting single family homes as rentals. So we've done some rentals with some apartment buildings but that's about it.

Now we do have a problem with some of these homes that our nonprofits have purchased. They are in marginal neighborhoods. And they just don't sell. And you can drop the price. Of course you don't want to drop it to ridiculous levels but you sometimes have to drop that price to make it attractive. And we drop the price constantly it seems sometimes.

But sometimes houses just won't sell. Either they're in the wrong location. They have the wrong layout or for whatever reason.

So one of the problems of course that happened after this real estate crisis is there's a lot of people that can't afford to be homeowners but because of whatever situation, you know, the credit score is going up, now requirements and stuff like that.

Now we made some of the houses 100% financing that the county will hold the paper. When we do that we increase the sales price actually and we do charge them an interest rate. And that so far has been good for people that had a problem and they couldn't get bank financing. But they have for us.

And we've had to do that on some condos. We did buy some condo units at first and realized really quickly that they're really - the banks aren't lending to condo units for the most part.

So we have limited that program mainly to the people under 50% and that program has done well.

But we try to resist 100% financing so we can get that program income also so we can do more homes for that. That happens occasionally.

And I guess that's all I have.

Marsha Tonkovich: All right thanks George. Quick question about the condo program you were talking about because I know that that has been an issue for many grantees in Florida.

So is the loan that you guys put the 100% financing, is it amortized or forgiven or how is that set up?

George Romagnoli: Yeah. The only thing we forgive is sneezes. So it is amortized, yes.

Now we - you know when a person gets assistance from us to buy any NSP homes we have that the largest amount of homebuyer assistance they can get is $20,000. If they're a central worker, they can get up to $30,000. And at the very low income we'll subsidize up to half the sales price.

Marsha Tonkovich: Okay.

George Romagnoli: So we still do that when someone buys one of these 100%. It's the other half that we amortize.

Marsha Tonkovich: Got you. And what interest rate are you guys charging typically?

George Romagnoli: We do an average Freddie Mac rate, whatever it was at that time.

Marsha Tonkovich: Okay.

George Romagnoli: And we use that rate.

Marsha Tonkovich: And people are able - you're finding people are able to pay you monthly. It was just a credit. In terms of again, the private financing it was a credit issue.

George Romagnoli: Right.

Marsha Tonkovich: But people are able to make their payments to you guys so far?

George Romagnoli: The people that go through the 100% financing kind of go through the ringer.

Marsha Tonkovich: Yeah.

George Romagnoli: They go through our, you know, homebuyer counselor. They go through county staff. And we really make a really hard decision on whether to do it or not. We haven't approved everybody.

But we really look at that and see if, you know, their credit scores just because more of habit stance and not their fault. And, you know, and then see if it'll work.

Marsha Tonkovich: Right.

George Romagnoli: You know so so far we've been lucky.

Marsha Tonkovich: Okay, terrific. Well we do have I think one person on the phone. So it should be (Frank).

Do we have a call in (Charlene)?

Operator: Currently we have no questions in the queue. If (Frank) can press star 1 at this time.

Marsha Tonkovich: Okay. So (Frank) do press star 1 and we'll get you in the queue for the call.

We also have two written in calls so written in questions. So I'll put these to the panel.

The first one goes to (Angela) in Lee County or I'm sorry, (Angela)'s question for Lee County, excuse me.

Please elaborate on the relationship and expectations of the housing counseling agency with regard to determining mortgage capabilities of the homebuyer.

So what exactly do you expect from the counseling agency? Are they able to sort of ((inaudible)) the homebuyer's ability to buy?

Ann Arnall: Can you hear me?

Marsha Tonkovich: Yeah, we can.

Ann Arnall: Okay. Yeah, they're responsible for every aspect of client eligibility. So their first - we did their contract in phases. So their first kind of milestone is doing outreach for buyers and taking an application and qualifying them.

Then the next step would be to start getting them paired with appropriate mortgage lenders so of course in step - in that step, you know, looking at their credit scores. We didn't do a first come first serve because knowing that when apply through the process somebody may become housing ready before somebody else depending on their credit scores.

So they're analyzing that information and seeing whether they need to look at credit repair at that time or if the person is actually mortgage ready then they would, you know, make suggestions for an appropriate mortgage product in town through banking relationships that they have.

And they were developing, they as in nonprofit, were responsible for developing those banking relationships. So they've been dealing with large national banks, small community banks. I mean whoever they could get to work with their clientele. They were handling that aspect.

Really the only different - and the housing, you know, counseling of course is tied in there as one of the milestones that people need to complete the housing counseling. That's actually prior to the mortgage product, you know, match up.

If someone were to come we have marketed heavily to the real estate community but we had a lot of criticism early on from the real estate community and we have a handful of realtors working the program but not a lot.

But based on what I just said theoretically somebody come mortgage ready to the program through a realtor referral and be, you know, very little work for the housing agency to do or the opposite could be true. It could be a person who needs a lot of credit repair done.

So they're, you know, time intensive with a buyer varies depending on the person's background and whether they had already been, you know, interested in a home, working with a realtor, pre-qualified for a loan or, you know, someone who's never even thought they could do that yet and knows nothing about homeownership.

So I think that answered her question.

Marsha Tonkovich: It does. Ann a follow-up question. So does the housing counseling agency or staff person make a recommendation to you about the level of subsidy they might need? Or who does the underwriting aspect of it?

Ann Arnall: Once they qualify - they get a pre-qualification letter from a bank that says, you know, Ann has qualified for a $50,000 loan let's say, my household. And then we kind of back into the subsidy from that.

Now granted we have a lot of debate early on in structuring our program on how we discourage people from getting too much help for them if that makes sense. And we really couldn't figure out a way, you know, effectively to do that.

But of course if the person is looking for the $90,000 house and they can only get a $50,000 loan because we may have houses on the market from $65,000 to $100,000 at any given time, you know, but they have to look within their means.

So based on what our subsidy guidelines are where they fall income wise in how much first mortgage, yes, that housing agency counsels them on really what's affordable for them.

So if they're looking at too big of a house, you know, that they're not going to end up getting between their down payment, their first mortgage and what we can subsidy if it's not going to work, then they need to counsel them and say you need to, you know, maybe you need to look at that $75,000 house instead of the $90,000 house.

Marsha Tonkovich: Got you. It looks like (Angela) might have had a follow-up question. So (Angela) if you want to queue into the phone line and again if anybody else has a question as well star 1 will get you into the queue so that we can ask questions of the panel.

I have one more written in question and then we'll go back and see if we have phone questions as well.

The question was I liked Priscilla's indication of neighborhood - indicators of neighborhood stabilization, things like neighbors painting or repairing their home.

What have other communities found as signs of the improvements that are extending beyond the NSP houses? So what are some of the spin-off benefits that you guys are seeing in the neighborhoods that you are working in?

So I put that to anybody on the panel or for that matter any of the grantees if you want to call in with some thoughts about it.

Priscilla Richards: This is Priscilla from Plantation. We have also experienced a number of neighbors who come to our open house that ultimately express their thanks for this program because of the condition the property had been left in for, you know, obviously some time.

Our - obviously our Police Department is thankful for this program also because, you know, we have incidences of, you know, break-ins or people living in vacant homes as well.

And this is another situation. We've actually had members or chair people of community neighborhood associations come to our council and express how much they appreciate this program because they themselves as a community feel safer because of this program as well as just the other day I was looking at a house potential to purchase and I noticed that somebody on the street actually put some flowers around one of our street trees, you know, which is actually the city's responsibility.

But it just goes to show you something as just a few flowers for, you know, maybe sweeping up a bit or not leaving so many things outside your property.

And again our code enforcement people have also, you know, expressed that they can see that those changes on the streets where NSP houses are.

Marsha Tonkovich: So a reduction in code violations might be another one of those indicators.

Priscilla Richards: Exactly.

Marsha Tonkovich: Other folks on the panel, any other community, things that you've seen as neighborhood spin-offs of your NSP?

Franz Dutes: This is Franz. I just want to add that to a certain extent we can control some of the neighborhood impact that your programs will have by strategically purchasing homes that are within subdivisions that have a high number of foreclosures. That's been one of our strategies is to go into subdivisions where you've got 10%, 15% of the homes that are foreclosed. And you could really see the impacts.

In addition to that I think you have to build (and set) some excitement about this program. Every single home that you sell I believe Lee County mentioned the same thing, you've go to have the ribbon cuttings. You've got to let the community know that, you know, this is working and it's working well.

Marsha Tonkovich: Great.

Ann Arnall: This is...

Marsha Tonkovich: Anybody else on the panel, things that you (seen) that your neighborhood impact of your program?

Ann Arnall: Well this is Ann from Lee County. We have always done some small acquisition, rehab, resale and owner occupied rehab. And if we do a couple houses on a street it usually has that trickle down effect that the neighbors will paint their houses.

Basically if you fix up the worst house and the next worst house, you know, the neighbor's house is the next worst. They don't want to have the worst house on the block.

So they'll - we've experienced that for several years similar to what somebody else mentioned.

But the thing I wanted to mention on our multifamily projects that was so controversial I go out to that community regularly for some of the Community Steering Committee Meetings for the weed and seed grant and whatnot.

Our multifamily project believe it or not just established the first neighborhood watch in that community that was so opposed to them moving in.

And they've invited the single family people in. So the Housing Authority took the leadership and routinely establishes neighborhood watches for their community so they did that and invited others to kind of embrace that neighborhood.

Marsha Tonkovich: That's terrific. So the increase and the ability to set up that kind of neighborhood watch and the fact that that probably increases safety in the neighborhood is yet another indicator of success for NSP.

Great, okay. So questions on the phone. Do we have the folks who wanted to call in? (Charlene) do we have any questions waiting?

Operator: Currently we have no questions over the phone lines.

Marsha Tonkovich: Okay, all right. So we'll - again star 1 if anybody wants to call in. I have a couple questions that I wanted to put to the panel. Some of them they touched on but we wanted to kind of explore a little bit more.

I think one of the ones that folks have struggled with across the country is how to meet the 25% set aside.

And you guys, some of you mentioned single family and some of you mentioned multifamily.

For those of you who are doing multifamily on the panel how - what's your plan in terms of the long term monitoring of those units?

How are we going to pay for that over time?

What's your plan for sort of all of those ongoing responsibilities?

Has anybody got a procedure in place that's going to be related to that?

Ralph Stone: This is Ralph Stone in Broward County. We did almost all of our 25% as multifamily either through the land trust or through the Fort Lauderdale Housing Authority.

And on all of the properties we attach a 30 year deed restriction which requires that the tenants of the property are at the 50% AMI level.

And then, you know, we have the good fortune internally to have a fiscal section that actually has people that do full time monitoring. So they'll be following up annually to make sure that the tenants are meeting the income levels. And also we require them to provide reports to us to ensure the same thing.

Marsha Tonkovich: Excellent. So you have an in-house - and it probably does that for other programs I imagine that you guys run.

Ralph Stone: Right.

Marsha Tonkovich: Great. Anybody else, anything - anybody doing anything different?

Ann Arnall: This is Ann in Lee County. We're essentially doing the same. Our deed restriction was 20 years. And we have a contract monitoring staff that then requires annual reporting from the Housing Authority.

And we track that through a fairly sophisticated contract database. So when they set up that contract with the Housing Authority they can already load in their 20 years worth of deliverables so that if there's a staff change or something like that it's not somebody remembering an Excel spreadsheet or a piece of paper. It's a system that they generate reports out of every month and it'll tell them what they're looking for from what vendor.

And we've done something similar for some supportive housing projects we've done with some motherhood funding in the past that we have those long term deliverables.

And they're in that system. And they pull out a report every month to see what they're looking for and it may be one of those annual, you know, beneficiary reports or verification of income qualified people.

Marsha Tonkovich: That's great Ann. Did you guys buy that software or did you develop it?

Ann Arnall: A combination. We used an outside vendor, you know, bought from them but they developed specifically for us.

Marsha Tonkovich: I wonder if - and obviously you can't sell the software itself. But folks might want to look at it for an idea.

Ann Arnall: They work with a lot of counties so they've done it for other counties. We actually track our acquisition/rehab projects in a component of that software as well for our housing side.

Marsha Tonkovich: So would you be okay if folks wanted to ((inaudible))?

Ann Arnall: Yeah, they can contact us.

Marsha Tonkovich: Okay, that's terrific. So that's Ann if you have questions about that tracking system.

Okay, we have a follow-up question. So the question is two presenters mentioned returns on single family sales, meaning the cash is going back to you guys, the program income of 66% and 75%. I know there are a couple of you guys and I think others also are getting program income back.

To set aside property's administrative costs what do you think your total program income will be?

And, you know, what do you think sort of your amount of - you know what do you think your overall return is going to be?

And a follow-up question for the panel on that for me would be and what do you plan to do with it? So are you going to do more of the same or do you have a new kind of program you're going to do or you're going to do revolving loan fund?

So how much program income do you think you're going to get and what are you going to do with it?

George Romagnoli: Well this is George. We get about I guess a third of the money back when a house is sold and we leave a third in there. And about a third is written off. Sometimes more, sometimes less but it seems to be averaging like that.

You know when we do all that rehab, making it energy efficiency and making sure a house is in such great shape, you know, that there'll be no problems for the next 15 or 20 years, you're going to put a lot more into the house you know.

And one thing we didn't talk about, you know, in this market appraisers are under appraising houses. And they're so, you know, scared from the real estate crisis of the last time that they're going low now on values and that's catching us with our pants down sometimes.

But, you know, with the money that comes back we have planned that we're going to continue more of the same but be a little bit more - have a little bit more discretion. Not try to acquire so many houses in one time like we did before. Try to really go for those good deals.

And long term we think this might be the funding source that for new construction, you know, since new construction it really doesn't matter if you make a profit with NSP.

Marsha Tonkovich: Right.

George Romagnoli: And that market will come back eventually. So, you know, with - between NSP1, NSP2, NSP3 $55 million from Pasco County, that money will be returning over the years so keep us sustaining especially with other federal funds and looks like (SHIP) will never come back so, you know, we need something to keep on going.

Marsha Tonkovich: So you're thinking about maybe a third or so will come back.

George Romagnoli: Well a third comes back right away.

Marsha Tonkovich: Okay.

George Romagnoli: But a third will come back over time because we don't forgive the loans. They pay back those loans so they...

Marsha Tonkovich: Got you. So you get in total about two-thirds actually...

George Romagnoli: Two-thirds.

Marsha Tonkovich: ...you guys will eventually get back in PI some of which I'm sure you'll use for admin.

George Romagnoli: Right.

Marsha Tonkovich: But the balance of it you're going to put back into perhaps new construction and other existing activities.

George Romagnoli: Correct. And, you know, and we have talked and we had some conversations with HUD about, you know, straight, and they don't like to use the word down payment within the CDBG but kind of down payment programs with new homes.

You know and I know our local government really, you know, they're (kind of impact things) for new homes right now because they're so desperate for new home construction to start up again and we may be looking at that also.

And, you know, new construction down payment assistance, there's basically no admin cost and no cost at all. So we may go towards some kind of direction with that too.

Marsha Tonkovich: Got you. What about our other panelists? What are you guys expecting in terms of total program income? How much you think you're going to use for admin versus other kinds of ongoing activities?

Ralph Stone: Well this is Ralph Stone again in Broward. I mentioned earlier we're having really good success at this point in time in getting much higher than 50 cents on the dollar that we anticipated.

And over the long haul who knows what'll happen.

But what we have done is already contracted with both the land trust and BAND to take that program income and roll into exactly the same strategy.

So we've got the land trust which will buying another, you know, midsize multifamily project and rehabbing that. And Pat's going to continue to buy single family homes around the county and work on those.

And Pat, George had mentioned the issue with appraisals which we find kind of distressing and surprising. Why don't you comment on that real quickly.

Pat Stevenson: Yeah, I agree with George. And I think they - not only do we have somewhat of an issue with them being very cautious about appraisals, they also appear to be very erratic about appraisals.

And in fact we have had houses that appraised very low and we were concerned about that. So we ordered a second appraisal. And we've seen 15 to $20,000 differences in the two appraisals.

Marsha Tonkovich: And are those the appraisals you guys are ordering or the ones that private lenders ((inaudible))?

(Crosstalk)

Pat Stevenson: One the private lender ordered and then we asked for a second appraisal. Ordered a second appraisal and there was sometimes, we've had as high as a $12,000 difference.

Marsha Tonkovich: So it sounds like the issue might partly be the pressures from the private lenders in terms of ((inaudible)).

(Crosstalk)

Pat Stevenson: I really would totally agree with that because we honestly have one lender in particular who's appraisals are coming notoriously low.

And, you know, you hate to think because they're supposed to be this whole process in place for choosing lenders and blah, blah, blah.

But, you know, if they get a low appraisal it lessens their risk. There's a benefit to them. And they also are starting to, I don't know if I want to say play the game, but they're starting to understand that if it's an NSP house we will lower our purchase price to match the appraisal. They think they're doing things with us they probably would not do with another seller. I can't - that's just an anecdotal statement. I can't prove that.

Marsha Tonkovich: Right. So it sounds like Pasco and Broward are both seeing it. Anybody else on the panel seeing issues with their appraisals?

Franz Dutes: This is Franz in Orange County. We are seeing issues as well. There are some inconsistencies. One appraiser or several appraisers have opted to reduce the appraised value by the amount of subsidy that we're providing.

Marsha Tonkovich: Oh.

Franz Dutes: And we thought that was interesting. We had our internal appraisers review it as well. And they sort of concurred.

And unfortunately, you know, we want to sell these properties. And we've got a buyer at hand. And we do our due diligence and do another follow-up appraisal and that's all we can do at this point.

And it's really something that to a certain extent is outside of our control.

Pat Stevenson: This is Pat. And I - we have a strategy we're going to try. I don't know how well it will work. But we're going to try it. Because we are now getting some critical mass of houses that we're selling and we are not selling our houses through MLS because of our pipeline of buyers.

However one thing we can do is put our sales on MLS so that our homes can become comp because part of the problem with the appraisals we're seeing is that most of the comp in our neighborhood are either foreclosures or short sales. They are not conventional straight sell.

So we are going to engage a realtor. I don't know if we're going to have to pay a fee for this but if we do they can actually put the sale into MLS and which would then an appraiser would pull that sale up at the top.

So that's something just came up within the last ((inaudible)). We're going to try it and see if that has any effect.

Marsha Tonkovich: It sounds like a promising idea. Let's ((inaudible)) Florida and tell (the guy) doing the (TA) if that turns out to be successful. It sounds like a reasonable approach.

Pat Stevenson: Try anything.

Marsha Tonkovich: Good luck, yeah.

Pat Stevenson: Yeah.

Marsha Tonkovich: Did anybody call in yet?

Operator: No questions over the phone.

Marsha Tonkovich: Okay. Well one question for the panel. We were talking a little bit about ongoing affordability.

Let's talk just a couple questions about resale, recapture. So are there folks on the phone who's using resale versus recapture for your homebuyer unit and have you had any issues with implementing those and are you trying any shared appreciation approaches in case, you know, for when the market does rebound and these prices go up are you doing anything to e able to get some of that appreciation back?

So to the panel on resale, recapture.

Priscilla Richards: This is Priscilla with Plantation. Right now our return excluding the - actually 30% of our money which is - has been spent and therefore on rental units but are - we've recaptured on the other 70% of our money about 79% has come back to us.

We do not have any shared appreciation at this time. It's acquisition resale and it's a conventional loan to the new buyer without any restrictions going forward.

Marsha Tonkovich: Okay. Anybody else on the panel in terms of whether you've chosen the resale approach or the recapture approach to affordability?

George Romagnoli: Well this is George. We are recapturing the entire loan to us. But also if the house sells for less than the appraised value we do recapture the difference at time of resale.

Marsha Tonkovich: Okay. Terrific.

Ralph Stone: This is Ralph in Broward County. The land trust does have in addition to their multifamily ten single family.

And the market right now probably won't support the traditional land trust business model. But once the market adjusts they're going to be looking I think to institute some appreciation sharing.

What we do on our single family homes that we're working with BAND on is that they - we recapture at 10, 20 and 30 years. So if someone sells at the ten year mark we recapture two-thirds. If they, you know, live out the entire mortgage period they basically get a grant.

Marsha Tonkovich: Got you. Okay, that's terrific.

And if anybody hasn't tried shared appreciation I know folks with home programs have tried it. And if anybody wants to learn more about it I think you can probably find things on the HUD web site or also on the NSP web site.

But basically the idea is that you could build into your agreements with your homebuyers that if you're doing a recapture approach if that's what you decided to do if the home appreciates over the affordability period when they go to sell the house during that period that you're going to share in that appreciation between the city, the county and the, excuse me, the homebuyer so that if, you know, the house doubles in price or something you guys will get more back than just your original investment. So that's something to consider.

Okay, one more last question. Are you finding enough mortgage money for your standard acquisition/rehab programs and products? Are you finding enough private capital or you guys finding you're having a hard time getting the private lending to couple with your activities?

Pat Stevenson: This is Pat. We really haven't had an issue with - on the resale. Our lenders have really been pretty good actually.

But most of them I've worked with the county on other programs and we're used to working on these kind of projects. We've been okay on that.

We are - we would like to pursue some line of credit or capital to leverage NSP funds further and we're going to be looking at that in the next few months.

Marsha Tonkovich: Okay. How is the market working in other folks - for other folks?

Franz Dutes: This is Franz from Orange County. On the single family side it hasn't been a problem.

But on the rental side there are definitely some challenges in securing long term financing. It took us approximately six months for our developer to secure long term financing for a number of different reasons. Not just the private market but policy changes at the state level from the Florida Housing Finance Agency as well.

And that has impeded our efforts quite a bit.

Marsha Tonkovich: Have you been able to get tax credits on any of your deals at all?

Franz Dutes: Yeah. And that's one of the concerns that we had with the state. The state had adopted a new policy that basically said that if a project was within a one and a half mile radius of a tax credit project that they would not provide any tax credits for it.

And our project fell within that radius. So we had to appeal and that took sometime.

Marsha Tonkovich: Got you. Other folks on the market whether it's single or multifamily in terms of getting acquisition financing.

George Romagnoli: This is George. I - there have been some issues. And, you know, we're doing lots of marketing too. Twenty percent of the time is when you got to the St. Pete Times web site our, you know, popup ad will come up. And we're in a real estate magazine.

So we're putting up a wide net out there. And, you know, people come and they sign contracts but they weren't pre-qualified. And things go down.

The realtors are telling us, you know, they have to sift five to ten people to find a buyer. It is true the banks have tightened up their standards, you know, at least 620 credit score, some is 680.

So, you know, there's not as many eligible buyers as there were. I think though with our homebuyer classes and stuff we're finding, you know, people are reliving what they need to do to become homebuyers.

You know the other thing is that I don't know about other communities but the majority of the people that purchase homes through our program have been under 30.

And I think the reason is that because the people that are 30 to 50 are all the people that got hit in the real estate crisis. And those people that want to be homebuyers again they just can't get financing.

So it's the young people that are buying most of our homes.

Marsha Tonkovich: Interesting.

Ann Arnall: This is Ann from Lee County. I mean I'm sure our nonprofit partners would like it to be easier to find financing for people or help link them than it has been but they, you know, it's a little bit challenging but they've done okay. They have those relationships there.

I know we had staff find out about some products through relationships with Wells Fargo that was just at a seminar in Tampa that actually we're working through now that had a little - has some looser requirements than some of our conventional financing.

So, you know, it's been out there. It just depends on like what George just said, the people's background and history.

And we too have had some younger people who thought that, you know, when they made kind of their longer term plan that they wouldn't be ready to buy yet and now with the market being down and this opportunity of the subsidy, you know, they'd be silly not to and they're paying less in their mortgage than they are for rent.

Marsha Tonkovich: Well it sounds like a lesson a lot of you guys have learned is that the relationship between your developer or your subrecipient and the lenders in your community or you guys and the lenders in your community has really made a big difference.

All right, well thank you. Unless - one last call for called in questions. So (Charlene) do we have any last called in questions?

Operator: We have no questions from the phone line audience.

Marsha Tonkovich: Okay. Well thank you to our panelists. I really - I think it's been a really interesting discussion and a lot of great points have come up.

If anybody's on the call and wants to see the transcripts that'll be up on the web site and in addition we will be putting up the slides as well.

And we also have the contact information. That's part of the slides. And here you'll see on the screen for the colleagues who - and they're offering to be able to answer questions and share information with you so feel free to network with your colleagues as you have time.

And then lastly we hope that you'll take this survey for those who attended and let us know what you think about this. This is the first of the Peer-to-Peer that we'll be doing.

So if you have any questions or feedback or things you suggest done differently please let us know.

So with that I do want to thank our panelists. It sounds like you have really terrific programs and we appreciate all the insight and advice you were able to offer to your colleagues.

So thanks everybody for joining us and have a good afternoon.

Bye-bye.

Female: Thanks.

Operator: That concludes today's conference. Thank you for your participation.

END