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Funds to save homes unspent in South Florida

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A group of researchers has spent the past year studying how a federal program aimed at healing foreclosure-ravaged neighborhoods in South Florida is working -- and the results have been mixed.

The Neighborhood Stabilization Program -- which allows local governments to buy up foreclosed homes, revamp them, and sell them to low-income families at a discount -- is the subject of a study being released on Thursday by a group of local organizations.

With less than 90 days before a crucial deadline, NSP has only used about a quarter of the \$541.4 million granted to the state of Florida in 2008, according to the most recent filings, submitted in April. All of that money must be committed to projects by September, or handed back to the federal government.

Facing that unpalatable option, cash-strapped local governments administering the program have had to shift their strategies to ramp up spending this summer.

Clarence Brown, who runs Miami-Dade County's \$62.2 million NSP project, said recent shifts have allowed the county to move much closer to its spending target, making the prospect of having to return money less likely.

As of March 31, the county had only purchased 29 single-family properties, spending a fraction of the \$62 million it had been granted. Its plan to offer millions in down-payment assistance to homebuyers was a complete flop -- only \$5,146 of its \$3.75 million budget has been spent. In the past three months, the county has changed its strategy from buying single-family homes and offering down-payment assistance to purchasing more expensive multi-family units, Brown said.

"We wanted to see more of the [down-payment assistance] loans, but that was very difficult and we saw month after month the program wasn't moving," he said. "We did see more multi-family projects being available so we used the money to buy multi-family." The county now has concrete plans in place for about 95 percent of the money, he added.

CHALLENGES

According to the report, commissioned by the Miami Workers Center and scheduled to be released on Thursday, the program has run up against a number of challenges during the past year, including complex federal requirements, the influx of cash-wielding investors into the foreclosure market and the lack of available credit for low-income home buyers.

The study acknowledges that Florida's foreclosure problem has been unprecedented and unpredictable, conceding that most local governments have done a good job of making sure the federal money is directed toward low- and moderate-income areas.

Nonetheless the Miami Workers Center is calling for increased transparency and community input. A community forum is scheduled for Thursday to discuss the report -- and to give local residents an opportunity to voice their opinion about how this money should be spent.

"We're trying to promote an atmosphere of transparency," said Hashim Benford, lead organizer with MWC. "There's a lot of talk about this program, but there's still a lot of questions about it as well."

Miami-Dade County continues to be one of the country's hardest hit areas, with 38,395 foreclosures in the first six months of this year alone. The county's NSP, which originally budgeted to purchase and rehabilitate about 50 homes, represents only a small drop in the enormous bucket of foreclosures. Nevertheless, spending all of the money awarded is crucial to setting a good precedent, Benford said.

In Broward County, some local governments, like the city of Tamarac, have already committed nearly all of the money awarded in the first round, and have begun working on how to best implement the program's next phase.

While the first round focused attention on properties in South Miami-Dade, the second round, NSP 2, targets neighborhoods in Overtown, North Miami, Liberty City, Little River, Miami Gardens and elsewhere in the center of the county.

"NSP 2 needs to be done on a micro-level," said Arden Shank, president of the Neighborhood Housing Services of South Florida. "When we've spent this money, we want to be able to say, 'We've made an impact.'"

TARGETING THE MONEY

Shank said that moving forward, the program should be targeted at specific neighborhoods, with a clear end goal in mind. NHSSF, the lead nonprofit in charge of administering the \$89.3 million stimulus-tied NSP 2 grant awarded to South Florida, is developing strategies for addressing the lack of credit and competition from all-cash investors.

Brown said he doesn't expect the county will have trouble spending the rest of its first-round dollars before the cutoff date. The county is planning to use some of the remaining funds to purchase a 300-unit apartment complex near Opa-locka and a 123-unit building in Florida City.

"Remember, we have until September," he said. "There are probably more opportunities out there than dollars."