



Neighborhood Renaissance

Diverse Communities – Strong Economies

Annual Report

2010



Working Toward a Sustainable Recovery

Working Toward a Sustainable Economic Recovery

Even with the continuing foreclosure crisis in Palm Beach County, affordable housing remains a serious problem. The Florida Realtor's Association reports that at year-end the median sales price for an existing single-family home was \$228,900, which is out of the financial reach of the median income household in Palm Beach County who earns \$67,600 and can afford a \$175,000 purchase price. The affordability gap for low-income first-time homebuyers is much higher. When the adjusted income for a family of four is below \$58,700 (80% of median) the maximum affordable purchase price is \$150,000. In addition, this price range of homes is typically located in older urban neighborhoods with an aging housing stock in need of extensive renovations.

Achieving a healthy balance of owner-occupied homes is key to neighborhood stability; however, given the affordability gap and the cutback in public and private investment needed to foster homeownership opportunities, we have adopted a rental rehabilitation component that complements our neighborhood revitalization efforts. This approach reclaims vacant and REO property as affordable rental homes for low-income families before real estate prices rise again, which helps to upgrade the aging neighborhood housing stock while helping low-income families to begin to improve their economic outlook. During the past fiscal year our neighborhood improvement programs and efforts to create permanently affordable housing included:

- ◆ Northwood Lease-to-Purchase Program through a partnership with Palm Beach County, Comerica Bank, PNC Bank and LISC resulting in our first homeowner scheduled to close in March;
- ◆ Housing counseling services to over 250 households ;
- ◆ Northwood purchase/ rehab program supported by JP Morgan Chase, who donated a REO property at 931 35th St. ;
- ◆ Westgate Housing Replacement Project, which includes 13 new affordable single-family homes to be built in partnership with the Westgate CRA on vacant lots through a \$2,054,000 grant awarded by Palm Beach County and a \$850,000 revolving loan from the Florida Community Loan Fund; and
- ◆ Rental Rehabilitation Program funded through Palm Beach County's NSP 1 and a revolving loan from the Florida Community Loan Fund.

In 2011 we plan to continue our current efforts as well as strengthen our capacity to preserve affordable housing. The steps we anticipate taking in the coming year to rebuild our communities for a sustainable economic recovery encompass:

- ◆ Partnering with Palm Beach County to reclaim scattered-site REO properties as affordable rental housing through NSP 2, we have proposed to use \$ 9.5 mil to acquire and rehab 50 properties in the County's Urban Redevelopment Area ;
- ◆ Completing the construction of 13 quality built, green, and affordable single-family homes in Westgate for low-income first time homeowners; and
- ◆ Expanding affordable home ownership opportunities in the unincorporated Urban Redevelopment Area as a designated Palm Beach County Community Housing Development Agency (CHDO).

Understandably, the current economic climate presents challenges. Regardless, we must continue to move our communities forward towards a sustainable recovery because the Recession and its downward impact on housing values is not permanent. This goal can only be accomplished by implementing well planned neighborhood recovery and stabilization strategies. Why strive to do this? Because the demand for affordable housing remains high.



Carl A. Flick, AICP
President



Terri Murray
Executive Director

Westgate Hurricane Replacement Housing



Groundbreaking for the construction of 13 affordable 3 and 4 bedroom homes to be built in the Westgate Community Redevelopment Area (CRA) is on target for May 2011. The single-family homes will be sold to low-income first-time homebuyers and are priced from \$80,000 - \$95,000. The homes will be quality built with "Florida-friendly" landscapes, energy efficient, and will meet the green building standards of the Florida Green Building Coalition. In addition to providing low-income families with decent and safe housing, this \$3.5 million neighborhood investment will increase owner-occupancy, help to increase the tax base, create jobs, prevent crime by reducing the number of vacant properties, and improve the quality life in the community.

Working in partnership with the Westgate/Belvedere CRA to revive the Westgate neighborhood, Neighborhood Renaissance purchased 5 vacant land parcels through an \$850,000 low-interest revolving line of credit from the Florida Community Loan Fund, a state-wide nonprofit Community Development Finance Institution. Palm Beach County Housing and Community Development Dept. awarded a \$2,058,461 grant for the project's construction through its CDBG Disaster Recovery Initiative Program funded by the State of Florida.

Located just to the south of the City of West Palm Beach in unincorporated Palm Beach County and west of 1-95, the Westgate/Belvedere CRA is bordered by Okeechobee Blvd. to the north, Belvedere Road to the south, Military Trail to the west, and Florida Mango Rd. to the east. Over the years the housing stock in the Westgate area has experienced a significant amount of deterioration with the neighborhood exhibiting a large amount of blight. Furthermore, many homes were extensively damaged or destroyed during Hurricanes Jean, Frances, and Wilma. As a result of Hurricane Wilma alone, 182 mobile homes were destroyed causing displacement of low-income households in this area.

First Home Sale for Northwood Community Land Trust Lease-Purchase Program

During the past year, participants continued to work toward their goal of homeownership. The program helps low-income families to address obstacles preventing them from buying their house such as credit and lack of savings while renting the home they will one day buy. Janita Finley, a radiology clerk and her daughter Brandy, (pictured at right) especially stand out for their progress in achieving their goal.



Started in 2009 with a grant from Palm Beach County Department of Housing and Community Development the program addresses changes in the real estate market that impact low-income families and the elimination of purchase assistance programs. As a result of the program's affordable rent, Janita has been able to save the funds needed for her down payment and closing costs. As part of her housing counseling plan, she also participated in the United Way Prosperity Center's Individual Development Account program that matched a portion of her savings. Janita will soon be realizing the reward for her sacrifice and hard work, because she is on track to purchase her home this spring.

For Janita to be able to achieve her goal, PNC Bank played an important role. During a very different time, PNC's precursor Fidelity Federal Bank provided the construction financing to build this home for sale to a first-time homebuyer through our Community Land Trust. As a result of the Recession the property's value decreased below the amount of the construction loan. Because of PNC's commitment to preserving quality affordable housing they agreed to forgive a portion of the loan so that Janita can become a homeowner. Since moving in, Janita has been an asset to the neighborhood and with the help of our partners she will be a great homeowner as well.

Neighborhood Stabilization through Rental Rehabilitation

The rash of foreclosures within the older neighborhoods of unincorporated Palm Beach County (PBC) have left numerous homes vacant and in need of repairs. In order to help alleviate further neighborhood decline, improve an aging housing stock and to address the need for affordable rental housing, we applied for and received \$500,000 in funding from PBC's Neighborhood Stabilization Program (NSP) 1 for our Rental Rehabilitation Program. As part of the program, our tenants pay a rent they can afford and receive individualized credit and budget counseling to help them achieve economic self-sufficiency.

With our NSP1 grant we were able to acquire and moderately rehabilitate (under \$35,000) 3 single-family homes located in the older established neighborhoods of the central part of the County. During the rehabilitation of each home we made all necessary repairs, increased energy efficiency and hurricane preparedness, replaced missing/damaged appliances, and corrected code violations.



All of the homes are leased to low-income working families who pay no more than 30% of their gross monthly income for rent and utility expenses. In every situation, the families were able to lower their overall monthly housing expense, which empowers them to live beyond "pay check to pay check". One family that is benefiting is the Ortizes (pictured left). Prior to entering the program they were paying over \$1,000 for a small 2 bedroom apartment without a safe area outdoors to play. Now, they pay \$650 per month for a 3 bedroom single-family house with a fenced-in yard where the girls can run and play. Ms. Ortiz is also working to address credit issues and is beginning to save income so that some day she can consider purchasing a home.

In the coming year, we hope to expand our Rental Rehabilitation Program with additional grant funding from Palm Beach County's NSP 2 program. We currently have an application pending for funding in the amount of \$9.5 million to reclaim approximately 50 homes as affordable rental housing in the County's Urban Redevelopment Area that were lost to foreclosure.

Northwood Purchase-Rehab Program Moving Forward

To address the impact of foreclosures in Northwood, we began to investigate ways that we could be part of the solution. We therefore developed our Purchase-Rehab Program and are in the process of completing our first project. As a community development corporation we are able to work with the various lenders' nonprofit discount and donation programs to obtain vacant foreclosed homes that we can feasibly rehab for sale to a first-time homeowner. We target problem properties that blight otherwise good streets and that need a level of rehab beyond the financial reach of most potential owners.



Our first project home is located at 931 35th Street in the historic Northwood Hills neighborhood of West Palm Beach and was donated to the agency by JP Morgan Chase's Community Revitalization Program. Renovations are being financed through a revolving line of credit from the Florida Community Loan Fund, a statewide nonprofit Community Development Finance Institution (CDFI). Improvements to the property include: the removal of asbestos siding; upgrading the electrical and plumbing systems; structural repairs including new porches; new impact resistant and energy efficient windows; new roof, kitchen and bathroom; and the installation of central air conditioning. Once the home is completed it will be occupied by a future homeowner and will once again add value to this historic neighborhood.



Statement of Financial Position September 30, 2010

ASSETS

Cash	\$ 16,987
Prepaid expenses	8,393
Property and equipment— net	1,947,423
Property under development	721,636
Land	656,863
Loan commitment fees	8,000
Deposits	<u>1,771</u>
Total Assets	<u>\$ 3,361,573</u>

LIABILITIES

Accounts Payable	\$ 35,454
Bank lines of credit	149,500
Security deposits payable	10,932
Deferred grant revenues	12,500
Accrued and other liabilities	20,057
Short term working loan	15,000
Notes and mortgages payable	<u>1,638,862</u>
Total Liabilities	<u>\$ 1,882,305</u>

NET ASSETS

Unrestricted	<u>1,479,268</u>
Total Liabilities and Net Assets	<u>\$ 3,361,573</u>

Statement of Activities September 30, 2010

REVENUE

Public Support	
Grants	\$ 568,802
Contributions	27,500
Revenues	
Rental income-commercial	41,682
Rental income –residential	71,792
Program services and other revenues	<u>46,119</u>
Total Public Support and Revenue	<u>\$ 755,895</u>

EXPENSES

Program services	
General and administrative expenses	\$ 31,610
Economic Development Programs	63,219
Housing and Community Development	224,555
Loss on loan guarantee	<u>270,622</u>
Total Expenses	<u>\$ 590,006</u>

Increase in Net Assets	165,889
Net Assets - October 1, 2009	<u>1,313,379</u>
Net Assets - September 30, 2010	<u>\$ 1,479,268</u>

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Neighborhood
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