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# COUNTY DEPARTMENT AGENDA REQUEST

Department/Division: Planning and Zoning

Department Head: Jack Krakeel/ Tom Williams

Presenter, if needed: Jack Krakeel/ Tom Williams

Preferred Meeting Date: Wednesday, January 7, 2009

Wording for the Agenda:

Discussion of the Federal Neighborhood Stabilization Program designed to assist communities in lessening the impact of the nationwide foreclosure crisis.

Background/History/Details:

The Department of Community Affairs (DCA) has presented the final Georgia Action Plan for the Neighborhood Stabilization Program (NSP). The NSP is a Federal program which is funded by the Housing and Economic Recovery Act of 2008 (HERA) that addresses the housing foreclosure crisis. In the coming weeks, DCA will conduct a workshop dedicated to the NSP.

What action are you seeking from the Board of Commissioners?

Discussion of the Federal Neighborhood Stabilization Program.

If this item requires funding, please describe:

Not Applicable.

Has this issue come before the Commissioners in the past? No

If so, when?

Do you need audio-visual for the presentation? No

Back-up Material Submitted? Yes

## STAFF USE ONLY

Approved by Finance? Yes

Reviewed by Legal? Yes

Approved by Purchasing? Yes

Approved by Administrative Staff? Yes

Staff Notes

Administrator's Approval Yes

Confirmed Meeting Date Wednesday, January 7, 2009

- ○ Recognition/ Presentation
- ○ Public Hearing
- ○ Old Business
- ◉ New Business
- ○ Consent
- ○ Report
- ○ Other

**MEMORANDUM**

Date: December 9, 2008

To: Jack Krakeel

From: Tom Williams

**RE: Funding Opportunities and Requirements of the Neighborhood Stabilization Program**

This week the Georgia Department of Community Affairs (DCA) presented the final Georgia Action Plan for the Neighborhood Stabilization Program (NSP), a Federal program being funded by the Housing and Economic Recovery Act of 2008 (HERA) to address the housing foreclosure crisis. DCA will conduct a workshop dedicated to the NSP within the next few weeks.

Total federal authorization nationwide for HERA is $3.92 billion. Georgia's total allocation is $153 million. Of this state total the U. S. Department of Housing and Urban Development (HUD) has identified 9 local jurisdictions for distribution of $76 million. The Georgia Action Plan has identified a dual approach for distribution of the remaining $77 million. DCA will provide a direct allocation of $58.7 million statewide to the top 28 qualifying jurisdictions (which includes Fayette County) based on need. DCA will use the remaining $15.3 million in a flexible pool for funding competitive proposals from any qualifying entity, including local governments, for-profits, non- profits and any other properly organized entity including partnerships and sole proprietors.

**Program Requirements**

Qualifying Household Income - The Georgia Action Plan establishes goals which target household income groups for program benefits, primarily through occupancy of the housing, either by ownership or rental. The three income levels are based on HUD's 2008 Area Median Income (AMI) for Fayette County. Federal requirements are that the maximum household level income level that can benefit from this program is 120 percent of the AMI; and those households making less that 50 percent of the AMI will benefit from at least 25 percent of the program benefits. DCA added an additional income level at 50 to 80 percent of AMI for targeting at least another 25 percent of funds. Applied to actual household size the qualifying household income ranges are summarized below. The full range of qualifying incomes for households of one to eight persons is presented in the attached table.

1. A minimum of twenty-five percent of appropriated funds will be for the benefit of households with an income less than 50 percent of the Area Median Income (AMI). Qualifying incomes would range from $24,900 for a single person household to $47,000 for an eight person household.

2. Another 25 percent of appropriated funds will be for the benefit of households earning 50 to 80 percent of the AMI. This would qualify a single person household with an income of $24,901 up to an eight person household with an annual income of $75,200.

3. At the upper end a one person household with an income of $59,800 up to an eight person household with an annual income of $112,800 can qualify for the remaining 50 percent of program activities. Note that in activities where the lower level income households

cannot financially qualify that other households up to the 120% of AMI can participate, as qualified.

Certifications - A list of fifteen "Certifications" is required to be filed with the application. Some of these include statements on "Affirmatively furthering fair housing; Anti-lobbying; Acquisition and relocation; HUD Section 3 (provide jobs and/or contracts to low-income residents of target areas); Citizen Participation; and, Compliance with anti-discrimination laws." A copy of the Certifications is attached.

**Direct Allocation**

To determine direct allocations at the county level, DCA has used a methodology incorporating several variables. **These variables with Fayette County values in parentheses include: number and percentage of home foreclosures (777; 2%); number and percentage of sub-prime loans (532; 6.8%); residential vacancy rate (1.7%); and, number of households with less than 50 percent of the Area Median Income (AMI) (2,171).** The top 28 qualifying counties receive funding from the Direct Allocation Program. Fayette County ranked 20th.

Based on this methodology, the Action Plan includes a $1,158,086 direct allocation for Fayette County (with requirement to consult with Fayetteville, as county seat, on use of up to $161,792 of that amount). **DCA is looking for grant applications to identify a countywide program that will provide a share of the county allocation to municipalities based on ratio of housing units in need. To that end DCA has identified the share of funds that could be expected for each county seat based on the ratio of housing units city:county (i.e., Fayetteville's share would be $161,792). Shares for the other municipalities will be identified by the applicants.**

**Additionally,** DCA is proposing that 6% be set aside for local administration (approximately $69,500 for Fayette County).

The DCA Action Plan for the NSP direct allocation funds identifies nine eligible activities (with funding amount) for direct grant recipients:

1. Acquisition/Disposition ($45.3M) – Acquire foreclosed properties held by banks and other entities. This activity is "the first step in neighborhood stabilization" and is not seen as directly benefiting low-moderate median income populations (LMMI).
2. Clearance ($2.8M) – Directed to concentrations of vacant, dilapidated structures that are or have the potential for causing significant neighborhood destabilization. New construction in Activity 4 is targeted to these areas.
3. Rehabilitation ($3.4M) – Foreclosed properties with substandard structures will be acquired, renovated and marketed (sale or rental) to income-qualified individuals (LMMI).
4. New Construction ($14.1M) – New housing will be constructed on parcels that are vacant or cleared (under Activity #2). Targeted to LMMI populations.
5. Public Facilities and Improvements ($1.1M) – Provides for infrastructure that may be needed to redevelop properties to make them marketable. Permanent and transitional housing for special needs populations and construction of group homes will be encouraged. Targeted to LMMI populations.
6. Public Services for Housing Counseling ($77,000) – To be provided where needed by HUD certified housing counseling agencies.
7. Relocation ($761,000) – Provide for relocation where needed to support program activities. Anticipates assistance to 35 families, primarily under Activities 1 and 2.

8. Financing Mechanisms ($1.9M) – DCA has preliminarily used a down payment assistance of $5,000 per eligible applicant to develop a budget for this activity. Interest rate subsidies are also possible.
9. Administration ($7.7M) – DCA is reserving 4 percent for its administrative costs and 6 percent for local administrative costs.

Direct allocation grant applications are due by January 15, 2009. DCA is to announce awards by February 20 with allocation agreements in place by March 7. Funds must be expended or obligated within eighteen months (September 7, 2010).

Local governments are responsible for authorization of all applications and projects within its jurisdiction. Local governments may undertake projects by several means including direct undertaking with or without contract assistance; implementation through contract(s) with a qualified and eligible sub-recipient; or authorization for a qualified and eligible sub-recipient to directly receive assistance and implement specific NSP activities within a target area of the local jurisdiction. Eligible sub-recipients must be in good standing (audited financials) including local, regional or state development, housing or land bank authorities; for-profits, non- profits and any other properly organized entity including partnerships and sole proprietors; and, authorized regional development centers. **Contract costs for program administration/implementation can be covered as a share of each project cost. I have requested contact information on qualified contract administrators and will forward that information when received.**

**Flexible Pool**
The remaining $15.3 million will fund a flexible pool that will be managed by the Georgia Housing and Finance Authority (GHFA). Funds will be targeted to applications for the state's Low Income Tax Credit Program, Permanent Supportive Housing Program and GHFA/NSP Blight Program. Eligible entities include local governments, for-profits, non- profits and any other "properly organized entity including partnerships and sole proprietors."

GHFA will issue a RFP in early January 2009. Proposals will be due in 4 weeks. Awards will be made in April. If funds remain another round of proposals will be called with the intent of having all funds awarded by October 2009.

**Summary of Funding Availability**
The total amount of Georgia NSP grant funding available to Fayette County is $1,158,086 with approximately $69,500 of that amount available for program administration. This amount has been earmarked for Fayette County and if not applied for will be reallocated to participating entities. Other funds will be available for competitive proposals being funded by the $15.3 million in the Georgia NSP flexible funding program.

Cc: Pete Frisina

## HUD FY2008 INCOME LIMITATIONS BY HOUSEHOLD SIZE FOR NEIGHBORHOOD STABILIZATION PROGRAM GEORGIA ACTION PLAN INCOME LEVEL BREAKS

| | NUMBER OF PERSONS IN HOUSEHOLD | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| AMI | $49,800 | $57,000 | $64,100 | $71,200 | $76,900 | $82,600 | $88,300 | $94,000 |
| 120% | $59,800 | $68,350 | $76,900 | $85,450 | $92,300 | $99,100 | $105,950 | $112,800 |
| 80% | $39,840 | $45,600 | $51,280 | $59,960 | $61,520 | $66,080 | $70,640 | $75,200 |
| 50% | $24,900 | $28,500 | $32,050 | $35,600 | $38,450 | $41,300 | $44,150 | $47,000 |

NOTES: AMI is the HUD Area Median Income for counties in the Atlanta region, including Fayette County. AMI is presented in first data row at full value (100%).

- Program beneficiaries must be equal to or less than 120% of AMI based on household size.
- HUD/NSP requires that 25% of funds be used to benefit households with incomes at 50% or less of the AMI.
- DCA/Georgia Action Plan has set an additional target for 25% of funds to benefit households with incomes from 50% to 80% of the AMI.