COUNTY DEPARTMENT AGENDA REQUEST

Department:	Planning & Zoning	Presenter(s):	Pete Frisina/Tom Williams
Meeting Date:	Thursday, May 14, 2009	Type of Request:	Public Hearing

Wording for the Agenda:

Presentation of an update on the Federal Neighborhood Stabilization Program Grant Program and the grant awarded to Fayette County in the amount of $1,178,544. The public will be allowed to comment or ask questions.

Background/History/Details:

In July, 2008, Congress passed the Housing Economic Recovery Act which authorized $3.9 billion to address the home mortgage foreclosure crisis, of which Georgia's allocation is $153 million. Known as the Neighborhood Stabilization Program, its intent is to provide assistance to qualified buyers as incentives for purchasing houses in foreclosure. Fayette County applied for NSP grant funds and is approved to receive $1,178,544. to assist eligible buyers in purchasing eligible properties. The Georgia Department of Community Affairs is the administering agency for the State. Federal guidelines require that at least one public hearing be held within 60 days of the date the grant is awarded to discuss "approved activities". These activities, as defined by the Program are:

* Down payment/closing assistance for low, moderate, and middle income persons in the amount of $1,097,832;
* Certified home buyers counseling services in the amount of $10,000; and
* Recovery costs for administration of the Program in the amount of $70,712.

What action are you seeking from the Board of Commissioners?

Notice of this public hearing was issued in accordance with federal guidelines. Pete Frisina will present an overview of the status of the Neighborhood Stabilization Program. There is no action needed by the Board of Commissioners. This is a public hearing where the public is allowed to comment or ask questions.

If this item requires funding, please describe:

The Grant will require significant Staff time for administration; however, approximately $70,712 will be available from the $1,178,544 Grant for administrative costs. The Grant does not require matching funds.

Has this issue come before the Commissioners in the past?	Yes	If so, when?	Thursday, March 12, 2009
Do you need audio-visual for the presentation?	Yes	Back-up Material Submitted?	Yes

STAFF USE ONLY

Approved by Finance	Yes	Reviewed by Legal	Yes
Approved by Purchasing	Yes	Approved by County Clerk	Yes
Administrator's Approval	Yes		

Staff Notes:

Board of Commissioners
March 12, 2009

CONSENT AGENDA:

Chairman Smith reminded the Board that Consent Agenda Item 1 was removed from the Consent Agenda and moved to Old Business. Commissioner Horgan moved to approve Consent Agenda Items 2-8. Commissioner Frady seconded the motion. The motion passed unanimously.

4. **Approval of staff's request for authorization to accept a Neighborhood Stabilization Program (NSP) Grant from the Georgia Department of Community Affairs. A copy of the request and Resolution 2009-06, identified as "Attachment 5", follow these minutes and are made an official part hereof.**

Minutes

Board of Commissioners
Special Called Meeting
January 14, 2009
7:00 P.M.

The Board of Commissioners of Fayette County, Georgia, met for a Special Called Meeting on January 14, 2009, at 7:00 p.m. in the Public Meeting Room of the Fayette County Administrative Complex, 140 Stonewall Avenue, Fayetteville, Georgia.

Commissioners Present:	Jack Smith, Chairman Herb Frady, Vice-Chairman Robert Horgan Eric Maxwell
Commissioner Absent:	Lee Hearn
Staff Present:	Jack Krakeel, County Administrator Scott Bennett, County Attorney Carol Chandler, Executive Assistant Karen Morley, Chief Deputy Clerk

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Chairman Smith called the special called public hearing to order.

A. DISCUSSION OF THE NEIGHBORHOOD STABILIZATION PROGRAM (TITLE III, SECTION 2301 OF THE HOUSING AND ECONOMIC RECOVERY ACT OF 2008 HERA):

Director of Community Development Pete Frisina gave a brief presentation regarding the Neighborhood Stabilization Program. A copy of his presentation, identified as "Attachment No. 1", follows these minutes and is made an official part hereof.

Chairman Smith interjected that this was a public hearing and anyone wishing to speak on this issue could do so at this time.

PUBLIC COMMENT:
JACK BOWDON: Jack Bowdon of The Heritage Bank felt this was an opportunity for the County to assist people and sell the 100 plus homes in Fayette County. He felt there was no down side to the County to apply for the grant. He remarked that if this money was not used by Fayette County, it would be sent back to the State to be used by another County. He noted that there were no longer any National down payment assistance programs available. He remarked that F.H.A. had gone to a minimum 3.5% down payment and conventional lending had gone to

5%. He said the issue of administration of the program had come up during the meeting he had with several other banking representatives. He said any type of program that could be used to kick start the economy would be beneficial.
Chairman Smith asked if there were people who would meet the criteria of this program who receive this down payment assistance could manage the mortgage payments themselves.

Mr. Bowdon replied yes, that he thought there were. He said he understood part of the money would be used toward financial counseling for qualified applicants. He felt the whole idea of this program was to put qualified buyers into homes to help the economic conditions of Fayette County.

VANESSA FLEISCH: Vanessa Fleisch, realtor, respectfully asked for the County not to take advantage of this money. She felt this was not necessary when the free market was taking care of this situation right now. She pointed out that currently there were 102 homes on the market in the Georgia Multiple Listing Service with 37 homes going under contract within the last two to three weeks. She felt this was nothing more than rewarding bad behavior. She said down payment assistance was what got the Country into this mess. She said the County would be beholding to the Federal Government with whatever comes along next.

JOHN THOMPSON: John Thompson questioned the short notice given to the public for this special called meeting and felt this was the reason for the small number of citizens in attendance. He said there needed to be a mechanism in place to hold the people accountable as a result of the money they would receive. He felt the Board had not had enough time to investigate this grant especially with the deadline of January 15th for the submission of the application. He said the County needed to look at the entire picture and not just the issue of whether the 100 plus homes were occupied or not. He said with the Board just beginning discussion on this topic last Thursday, he questioned the results of findings in this short period. He felt with the deadline tomorrow for submission of the application, that one week had not been enough time for research. He said the action of the Board should be for the benefit of the County as a whole and not just one area.

Chairman Smith interjected that the qualifications for the loan would be handled through the mortgage institutions and not through the County itself. He said the County would have no role in this process other than to manage the money. He noted that this was a grant program and not a loan program. He said the banks and the mortgage companies who actually make the loans would have the responsibility for any foreclosed property just as they do now. He said the sole purpose of this program was to eliminate some of the homes on the market as a result of foreclosure. He said this would benefit everyone in the County in eliminating empty homes within neighborhoods. He said it would also benefit the County as a result of putting another home on the market that would give a market value relief to the neighborhoods experiencing some potential decline in property values and pricing. He said there was no down side to this program and he noted that this was a grant program from the Federal Government.

Commissioner Frady pointed out that in September of 2010 any unused money goes back to the State.

Chairman Smith said it was possible that the County could apply for the grant, be approved and then the County decide that it did not want to participate. He pointed out that the hearing was advertised to the public five days prior to tonight through the news media and the County's website. He noted that the County staff had just become aware of this grant and this was the earliest and the latest date that the Board could have this hearing.

LISA RICE: Lisa Rice remarked that this program would be of great benefit to her and her family. She said she had lived in Fayette County for the last ten years and was a single parent of four children. She said she could not afford a home and this would be a great down payment assistance for her. She also felt it would help a lot of current Fayette County residents get into homes that they otherwise could not afford.

PAT SOPP: Pat Sopp said she had been a realtor in Fayette County for the last twenty-nine years. She questioned the administration of this program and exactly how it would work. She questioned if this would involve only local banks or would there be a lottery for the 100 applicants. She asked how people would be selected and who would be eligible for the grant.

Chairman Smith interjected that there were actually Federal guidelines to the grant and the actual selection process was yet to be decided.

County Administrator Jack Krakeel noted that the Federal Government had specific regulations regarding the number of participants in this program. He said at least 25% of the total grant dollars would have to be allocated to those who would meet the income criteria of having less than 50% of the area median income. He said the remaining balance of 75% could be made available to families or individuals that meet the criteria of 120% of the area median income. He pointed out that the amount of assistance was limited to a maximum of $14,999. He said there was the potential for 100 to 125 homes that could come off the market based on meeting the income criteria as well as the individual being able to qualify for the loan specifically.

Ms. Sopp asked for clarification that any mortgage company in the area such as Wells Fargo versus Wachovia would all be able to adhere to the underwriting guidelines that would be acceptable for the grant and Mr. Krakeel replied, yes that was correct.

Ms. Sopp asked if there were any guidelines prohibiting a priority for a current Fayette County resident to be eligible.

Mr. Krakeel replied that to his knowledge the funding would be limited to properties that were located in Fayette County. He said there was a requirement for someone acquiring property under this program that the property would have to be their principle residence.

Chairman Smith asked Mr. Frisina if there was the ability to give preferential treatment to applicants who were current Fayette County residents.

Mr. Frisina replied that he had seen in other jurisdictions where there was some criteria that would allow public safety personnel to have preference and things of that nature.

Chairman Smith said before the County goes too far in this process, the Board would want to have that information.

DERRYL ANDERSON: Derryl Anderson, a realtor as well as a Planning and Zoning Commissioner for the City of Fayetteville, questioned the administration of this program. She asked if the County would be the administrator or was the County planning on utilizing a non profit organization to help with this process. She commented that one of the programs that she truly admired here in Fayette County was the Square Foot Ministries. She asked if there was a maximum amount for the price of the properties or location of the properties. She asked how eligible applicants would be selected.

Chairman Smith interjected that the Federal Government did have a guideline of a maximum of $14,999. He said the County would be responsible for maintenance and custody of the funds. He said the actual applicant process and the selection would be administered by the mortgage entities.

County Administrator Jack Krakeel commented on the constrained time frame that the County was operating under. He said the County was notified by the DCA on or about December 10th. He said there had been multiple meetings with various City officials throughout Fayette County to discuss the viability of this program and there had been several presentations by entities interested in assisting Fayette County with the administration of this program. He said the bulk of those activities included purchasing foreclosed properties, rehabilitating those properties and then reselling those properties. He noted that Square Foot Ministries had expressed an interest in actually constructing homes where there were blighted structures or vacant land and using the funds from this program to accomplish that. He said during discussions with various entities during the past thirty days, the potential impact of utilizing these funds for rehabilitation and resale purposes. He said after looking at the real estate market and the potential impact that might be created by utilizing these funds for the actual purchase and rehabilitation of foreclosed properties, it was felt that the impact would be so minimal that it really would not have much value. He said it was felt that the maximum benefit of a program of this nature would be to provide down payment assistance to allow the potential to impact the 100 plus properties through down payment assistance.

LATREVELLE DUCKWORTH: LaTrevelle Duckworth, realtor, questioned the requirements for the home ownership program and the applicant's credit rating possibly being a factor. She asked if the foreclosed home prices were going to be adjusted so people could afford to purchase them.

Commissioner Frady questioned the length of time someone has to live in the home.

County Administrator Jack Krakeel interjected that there was a five year period tied to the money and the person could not resell the home at a profit.

Chairman Smith noted that the price of the home was between the buyer and the seller. He said the plan also did not address the credit worthiness of the borrow and this would be decided by the lending institution.

County Administrator Jack Krakeel provided information as to how Fayette County was selected by the Department of Community Affairs for participation in this program. He noted that all of the counties in the State of Georgia were surveyed and analyzed by the Department of Community Affairs and there were 28 counties which were considered the top qualifying counties with respect to the formula utilized by the D.C.A. for this grant funding program. He pointed out that Fayette County ranked 20th out of the 28 qualifying counties and the following factors were taken into consideration (1) the number and percentage of home foreclosures being 2% of the current housing stock; (2) the number and percentage of subprime loans in Fayette County which was 6.8% of the mortgages in Fayette County; (3) the residential vacancy rate of 1.7%; and (4) the number of households with less than 50% of the area median income of 2,171 households.

Chairman Smith asked if anyone else wished to speak on this issue. Hearing none, he asked for the Board's pleasure in this matter.

Director of Community Development Pete Frisina remarked the document was due to the D.C.A. tomorrow and would require the Chairman's signature.

Commissioner Frady made a motion to authorize the Chairman to execute all necessary documents to be submitted to the Department of Community Affairs regarding the grant for the Neighborhood Stabilization Program. Commissioner Horgan seconded the motion, discussion followed.

Commissioner Maxwell interjected that he shared some of the concerns expressed tonight. He expressed concern over the overall scheme of the bailout program that the Federal Government has done. He noted that this was one of the few times that dollars would be coming back into the County. He pointed out that this was a stimulus package and not for individuals who were not otherwise qualified. He said this was a straight grant program and he was in favor of submitting the application but he noted that he was not clear on the next step in the process. He questioned if a local committee was going to be set up consisting of County employees or banking officials in the area. He said he wanted to try this program but wanted to do so very gradually. He felt this grant would help stimulate the local economy and this Commission would be dropping the ball if the money was not applied for.

Commissioner Frady clarified that the County was not doing this in order to get tax dollars. He said these foreclosed homes were sitting there and someone was paying taxes on them and they were going to continue to pay taxes on them.
He said this program would help get people in these empty houses and keep neighborhoods from declining.

The motion carried 4-0. Commissioner Hearn was absent. A copy of the document, identified as "Attachment No. 2", follows these minutes and is made an official part hereof.

Commissioner Horgan made a motion to adjourn the meeting at 7:50 p.m. Commissioner Frady seconded the motion. The motion carried 4-0. Commissioner Hearn was absent.

NOTICE OF PUBLIC HEARINGS FOR THE
NEIGHBORHOOD STABILIZATION PROGRAM (NSP)
GRANT AWARD

Please be advised that a **PUBLIC HEARING** will be held by the **FAYETTE COUNTY BOARD OF COMMISSIONERS** on the **14TH** day of **MAY, 2009,** at **7:00 P.M.** at the **FAYETTE COUNTY ADMINISTRATIVE COMPLEX**, 140 Stonewall Avenue West, **Public Meeting Room**, first floor, Fayetteville, Georgia, to consider the following:

Discussion of the approved activities of the Neighborhood Stabilization Program (NSP) Grant Award approved on March 27, 2009, in the amount of $1,178,544 to perform:

- **Downpayment/closing assistance for low, moderate, and middle income persons in the amount of $1,097,832;**
- **Certified homebuyers counseling services in the amount of $10,000; and**
- **Administration in the amount of $70,712.**

The Public is invited to attend this public hearing to comment and become informed of the project activities.