

**Proposed Substantial Amendment to
the 2008-2012 Consolidated Plan, including
the 2008 Annual Action Plan
For the
Neighborhood Stabilization Program
(February 2012)**

DeKalb County, Georgia

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Board of Commissioners

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The Department of Housing and Urban Development (HUD) requires a fifteen day period
(February 24 – March 9, 2012) for the purpose of obtaining public comments.

DeKalb County DUNS Number: **061420535**

Prepared by the DeKalb County
Community Development Department
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The purpose of this amendment is to revise the program income budget and modify the uses for the increased program income so that more NSP funds can be used in the appropriate categories to acquire, rehabilitate and sell foreclosed homes, establish land banks for foreclosed properties, demolish blighted structures and redevelop demolished or vacant properties. This amendment will allow the County to meet the Neighborhood Stabilization Program (NSP) requirements relating to the timeliness of this obligation.

The original NSP Action Plan, the definitions, eligible activities and priority tiers remain the same. What is being proposed is additional funding that has been generated from program income and the modified use of that program income. Program income is generated from the net sale proceeds of NSP homes to eligible buyers of Activity B, Purchase and Rehab Abandoned or Foreclosed Homes. NSP Guidance issued on September 1, 2011 requires grantees to include the initial program fund allocation plus program income to determine the statutory 25% low-income set-aside target.

The NSP budget amendment is based on the estimated program income from Activity B. The \$5.55 million estimate reflected in the proposed program income revision column includes the \$4.4 million already received and projected program income of \$1.1 million that is anticipated to be generated from outstanding NSP home sales.

Under HUD requirements, we are allowed to set aside 10% of Program Income for administration. The rest of program income will be used for NSP eligible activities. If NSP Program Income is more than the \$5.5 million dollars we projected, 10% of the Program Income above the projection will be set aside for administration, and the balance will continue to be used in Activity B. Program income from Activity A under multifamily will continue to be used under the same Activity A for multifamily.

We are following the same citizen participation plan for all HUD programs, which allows up to 60% of adjustment in each activity. If the adjustment is more than 60% for each activity, we will make another substantial amendment to inform the public.

Under HUD requirements, we are required to spend program income before we can draw down funds from the Treasury Department. Depending on the timing of the project and the availability of program income, it may be necessary to draw down NSP funds from the Treasury Department to accommodate the total project costs.

**Proposed NSP Budget Amendment including Program Income
(February 2012)**

NSP Activity	Activity	Original NSP Budget (October 2008)	Adjusted NSP Budget (June 2010)	Estimated Program Income Budget Approved (January 2011)	Estimated Program Income Revision (February 2012)	Total Set-Aside (25% for 50% AMI)	Estimated Private Leverage Funding
A	Establish Funding Mechanisms for the purchase and redevelopment of foreclosed upon homes and residential properties	\$7,500,020	\$5,990,512	\$500,000	\$2,100,000 (\$1,400,000 for multi-family) (\$700,000 for single-family)	\$6,290,512 (\$1,400,000 from program income) (\$4,890,512 expended from program fund)	\$4,715,000 ¹ \$6,100,000 ²
B	Purchase and Rehab Abandoned or Foreclosed Homes	\$7,690,492	\$10,700,000	\$1,500,000	\$1,768,000		\$9,850,000
C	Establish Land Banks for Foreclosed Homes	\$500,000	\$0	\$100,000	\$300,000		TBD*
D	Demo Blighted Structures	\$500,000	\$0	\$1,350,000	\$400,000		TBD*
E	Redevelop Demolished or Vacant Properties	\$500,000	\$0	\$150,000	\$400,000		TBD*
	Administration	\$1,854,501	\$1,854,501	\$400,000	\$552,000		Private funds will not be used in this activity
	TOTAL	\$18,545,013	\$18,545,013	\$4,000,000	\$5,552,000	\$6,290,512 (26.10%) (Included in Totals)	

Note:

¹ This amount represents private funding for single family properties.

² The amount represents private funding for multi-family properties.

*Private funds have not been identified at this time. We anticipate leverage funds in the future.

1. If more than \$5,552,000 additional NSP Program Income is received, we will use it for any of the approved activities.
2. Budget adjustments for Program Income may be necessary to satisfy the NSP requirements on targeting timeliness of expenditures, and/or other program objectives. The NSP Program Income budgeted amount is based on current market conditions, housing inventories, and pricing. Budgets may change at implementation due to changes in these factors.

Activity A: The County is proposing a total of \$2.1 M on multi-family and single-family properties for Activity A.

1. In accordance with recent NSP Guidance, the County is now required to set aside 25% of the aggregate amount of its original program grant fund (\$18.5 M) and program income (\$5.5 M.) to target households at 50% AMI. The total aggregate amount is \$24 M and the 25% set aside totals \$6 M. To date, the County has expended nearly \$4.9 M from the original program fund on multi-family units that target 50% AMI households. In a conservative effort to exceed the revised low-income target, the **County plans to allocate approximately \$1,400,000 of program income funds to finance properties with multi-family units targeted at households at 50%AMI.** This additional amount would represent a total low-income allocation of approximately \$6.3 M (or 26.2 %) of the County's aggregate NSP funds. It is very likely that moderate or substantial rehabilitation (rehab) will be needed. The funding source for the required rehabilitation will be leveraged funds. The funding mechanism will be a developer loan with the repayment terms palatable enough to maintain affordable rents for persons with low income, moderate income, and middle income. The rehab will be managed by the developer with HOME affordability periods consistent with NSP required affordability periods. The number of 50% AMI level units in each property will be in proportion to the NSP funds invested (for 50%AMI) in comparison to the total project cost.
2. **The County also plans to allocate \$700,000 in program income to help qualified homebuyers purchase foreclosed homes** by providing financial assistance to help lower the cost, address minor repairs, and/or or buy down the interest rate.

Activity B: Additional single-family homes will be developed for the purpose of purchase/rehabilitation and subsequent selling of single-family foreclosed homes.

Activity C: Designated funds represent an estimated amount to establish and implement the DeKalb County Land Bank Authority that has already been approved.

Activity D: Designated funds will allow the County to demolish vacant dilapidated properties

Activity E: Designated funds will allow the County to demolish and/or redevelop vacant abandoned properties.

Comment Form

Proposed Substantial Amendment to the 2008-2012 Consolidated Plan, including the 2008 Annual Action Plan For the Neighborhood Stabilization Program

You may submit your comments regarding the NSP Amendment on this form during February 23, 2012–
March 8, 2012. Comments may also be faxed or emailed to the Community Development
Department. Fax: (404) 286-3337; Email: njones2@dekalbcountyga.gov

Name

Date

Address

Email