



**PUBLIC
INFORMATION
MEETING**

Neighborhood Stabilization Program-3

January 22, 2011

Community Development Department ... Chris Morris, Director
Allen Mitchell, Assistant Director



PUBLIC INFORMATION MEETING

NSP 3

AGENDA

	AGENDA
A	WELCOME
B	MEETING OBJECTIVES
C	EXECUTIVE UPDATE ON NSP 1
D	OVERVIEW OF NSP 3
E	LOCAL MARKET ANALYSIS - DR. MICHAEL RICH Emory University Office of University & Community Partnerships
F	PUBLIC INPUT DISCUSSION – NSP 3
H	NEXT STEPS FOR NSP 3
I	QUESTIONS AND ANSWERS



NSP3 MEETING OBJECTIVE

- To obtain meaningful Community input to develop the DeKalb County's NSP3 program goals and program design.

Methodology ...

Use of the HUD recommended
Community Input Process



NSP3

COMMUNITY INPUT PROCESS

- ❑ Provides an opportunity to share information about goals and needs, market conditions, opportunities and constraints that affect the program.
- ❑ 15 Day Public Comment Period for the NSP3 substantial amendment.
- ❑ Use of inclusiveness in the community input.
- ❑ Community input should be targeted, focused, up-front and specific.



**EXECUTIVE
UPDATE!**

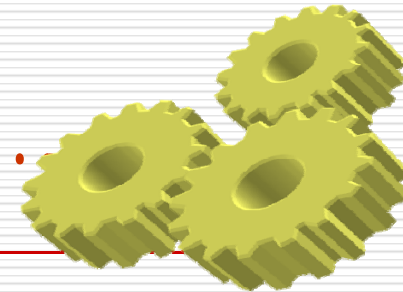
Neighborhood Stabilization Program-1

January 22, 2011

Community Development Department ... Chris Morris, Director
Allen Mitchell, Assistant Director



DeKalb's NSP Program Update



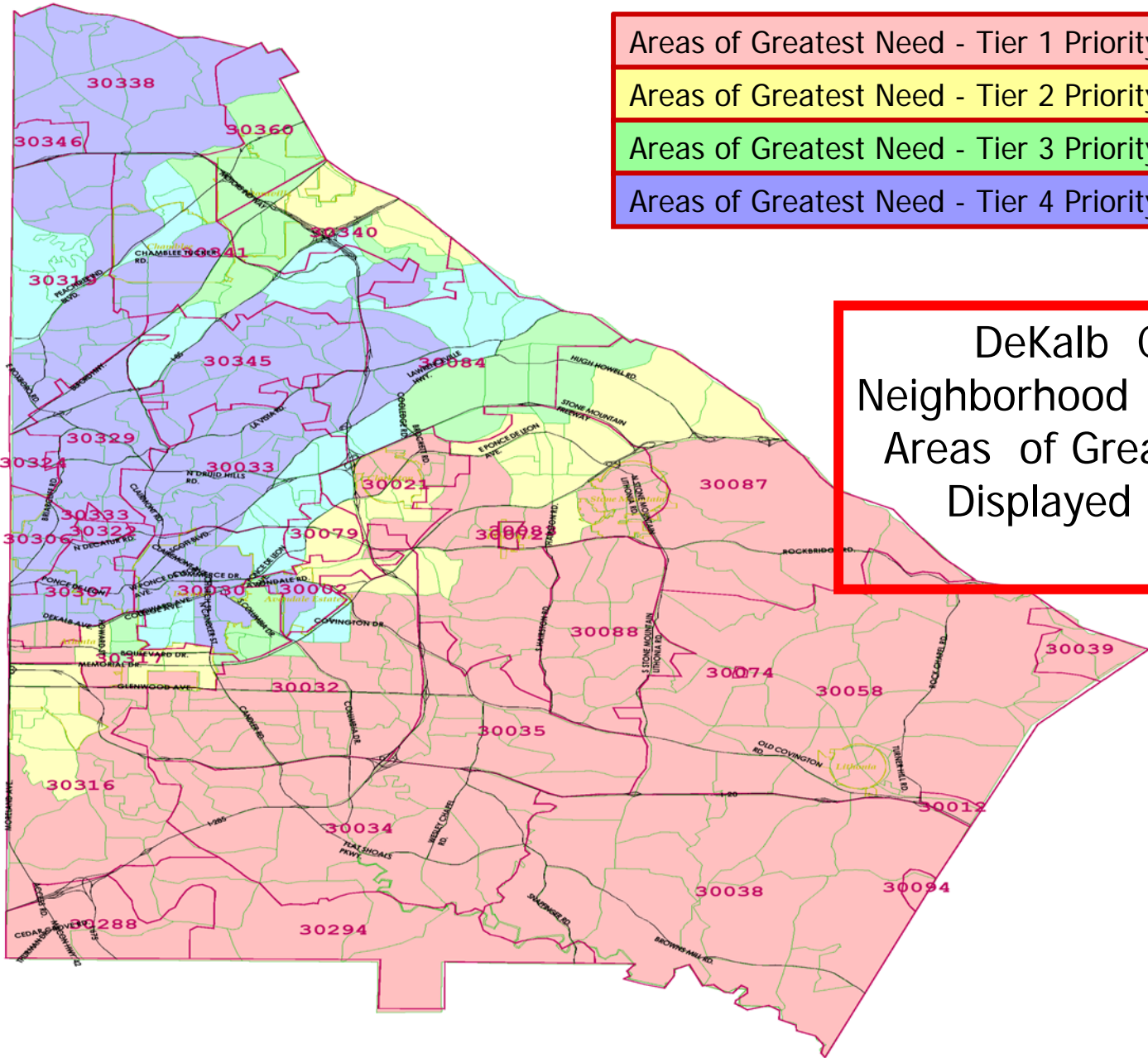
- ✓ NSP Application Submitted to HUD - Nov. 26, 2008
- ✓ Received official HUD grant agreement- March 4, 2009 - **\$18.5M**
- ✓ 18 Months to commit the funds – **Sept. 4, 2010 !!!**
- ✓ 48 Months to expend the funds – March 4, 2013
- ✓ Initiated the County RFP Process – Feb. 2009 - Two RFP's Issued
 1. Unincorporated DeKalb – Feb. 26, 2009
Contract award: **Atlanta Neighborhood Development Partnership, Inc. (ANDP) – 7/14/2009 - \$9.3M**
 2. Municipalities/ Unincorporated of DeKalb - March 5, 2009
Contract award: **Real Estate Alliance Partners/ Pellerin & Salomon - 11/11/ 2009 - \$2.5M**
- ✓ Executed a Developer's Agreement – 25% Set-Aside - 6/9/2010
Cedar Pines, LLC - \$4.9M



HUD MANDATORY MANAGEMENT PLAN IS ON TRACK!

- Areas of Greatest Need - Tier 1 Priority 1 = PINK
- Areas of Greatest Need - Tier 2 Priority 2 = Yellow
- Areas of Greatest Need - Tier 3 Priority 3 = Green
- Areas of Greatest Need - Tier 4 Priority 4 = Blue

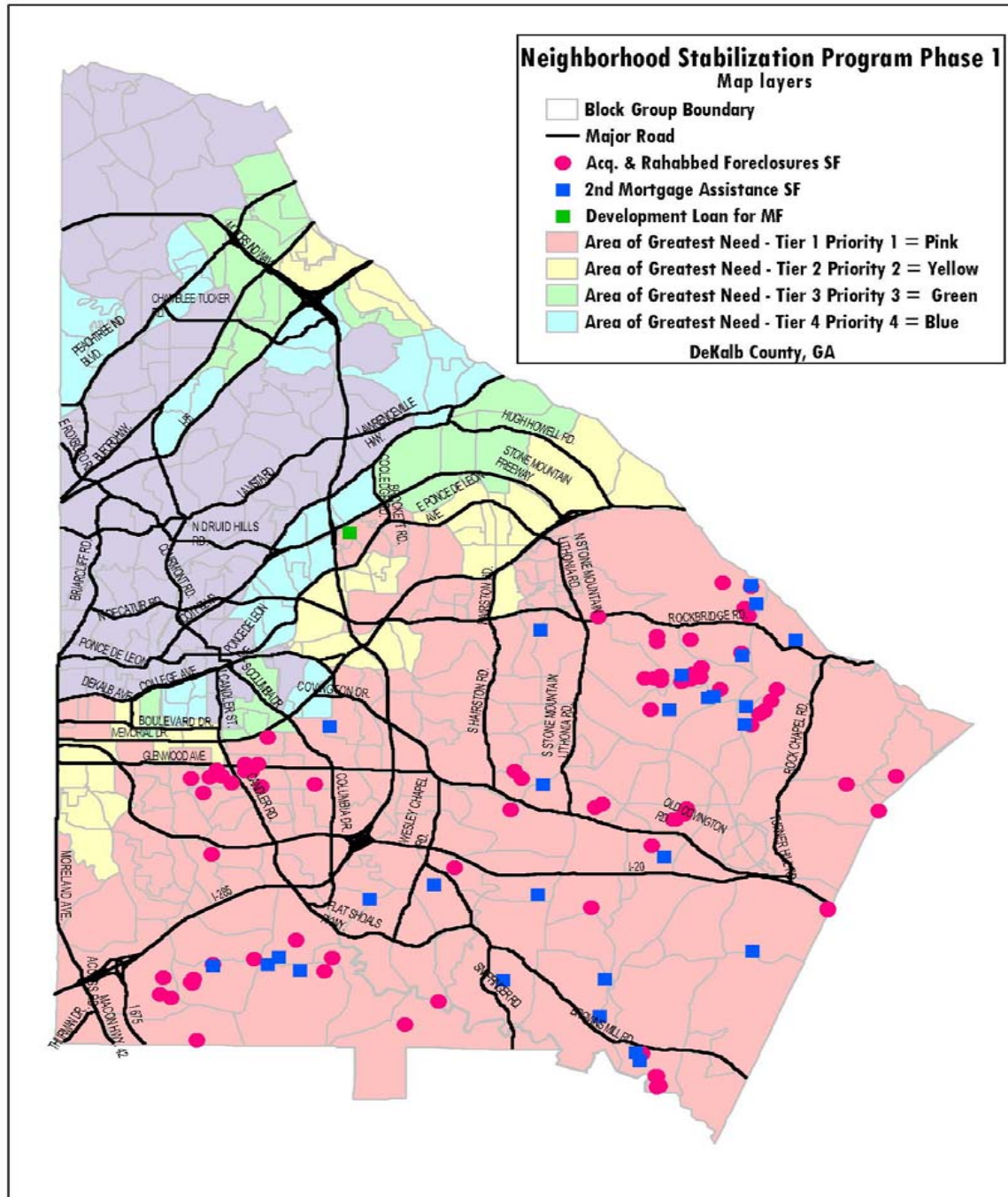
DeKalb County
Neighborhood Stabilization
Areas of Greatest Need
Displayed by Tiers





Neighborhood Stabilization Program Phase 1 Map layers

- Block Group Boundary
 - Major Road
 - Acq. & Rehabbed Foreclosures SF
 - 2nd Mortgage Assistance SF
 - Development Loan for MF
 - Area of Greatest Need - Tier 1 Priority 1 = Pink
 - Area of Greatest Need - Tier 2 Priority 2 = Yellow
 - Area of Greatest Need - Tier 3 Priority 3 = Green
 - Area of Greatest Need - Tier 4 Priority 4 = Blue
- DeKalb County, GA



DeKalb County

Use of Funds



	Activity	Proposed Funding	Actual
A	Establish Funding Mechanisms for purchase & redevelopment	\$7,500,020 100 2 nd Mortgages 1 Multi-Family Loan \$4,000,000	\$1,100,000 27 2 nd Mortgages 1 Multi-Family loan \$4,890,512
B	Purchase and Rehab Abandoned or Foreclosed Homes	\$7,690,492 50 Homes	\$10,700,000 81 Homes
C	Establish Land Banks for Foreclosed Homes	\$500,000 4 Properties	
D	Demo Blighted Structures	\$500,000 28 Properties	
E	Redevelop Demolished or Vacant Properties	\$500,000 4 Properties	
F	Administration	\$1,854,501	\$1,854,501
	TOTAL	\$18,545,013	\$18,545,013



CEDAR PINES- NSP- 25% Set-aside Project

Pre - Rehab



The project was highlighted in a recent article in an affordable housing publication.

Cortland Partners is bringing new life to a distressed DeKalb County apartment community. On **July 22**, Cortland closed on the funding for a ***\$9.5 M renovation of a multifamily community*** it purchased at ***foreclosure***. The amount includes a \$3.2 M construction loan from **State Bank and Trust Co.** and ***\$4.9 M in Neighborhood Stabilization Program funds***. We hear this is the **first time** NSP funds have been used for a multifamily property in DeKalb. "Purchased below historic land values, this property was on its way to **demolition**," Cortland Partners president **Steven DeFrancis** says. Dramatic, right?



CEDAR PINES- NSP- 25% Set-aside Project

New Rendering



Here's a post-renovation rendering of the **168-unit property**, to be named ***Avalon on Montreal***. Cortland acquired the foreclosed community, formerly named Cedar Pines Apartments, April 6 for a little over \$1 M. The renovation, now underway, will take **12 months**. Plans for the interiors include new cabinets, appliances, plumbing and electrical fixtures, floors, and finishes. The **clubhouse** will be renovated and expanded, the **swimming pool** will be re-done and an old tennis court will become a playground and community area. Exteriors will be **modernized** with new siding and roof designs.



NSP Initiative to Eliminate Slum and Blight at the “Blue Sky Condominiums Complex” located at 3106 Memorial Drive, Decatur, Georgia 30317

This initiative, funded with CDBG funds, is an integral part of the County’s Neighborhood Stabilization Program (NSP) and is of extreme importance. Plans and contract documentation have been created for Real Estate Alliance Partners/ Pellerin and Salomon Real Estate Services, LLC. to provide professional services to Project Manage a phased “NSP Initiative to Eliminate Slum and Blight at the Blue Sky Condominiums Complex”. ***The property consists of approximately 10 acres of land, 17 buildings, with 144 residential condominium units.***

Unfortunately, the property has been subjected to crime, extensive decay, vandals, squatters, trespassing, and mortgage fraud. The current vacant and abandoned state of the complex is purported to be due to the referenced fraudulent activities, foreclosures, County Code violations, tax delinquencies, water utility liens, security issues and general safety and health concerns. The contract was approved by the DeKalb BOC on 13 April 2010 for an amount ***not to exceed \$741,200*** and was executed on April 21, 2010. To date, the developer closed on ***102 properties*** and is securing the Blue Sky Condominium complex as required by Code Enforcement. The Police Department also met on site with the developer to get input on the security plan.

REAL P&S is actively engaged in surveying the community in an effort to understand their wishes. This approach keeps the community informed on the status of Blue Sky. To date, REAL P&S has acquired over 70% of the development. The most significant deliverable of this scope of work is to help facilitate the County in determining the ultimate use of the Property. The Scope of Work has one phase with two subtasks:

- | | |
|----------|--|
| Phase 1A | Acquisition |
| Phase 1B | Maintenance and Security Assessment
Site Control and Security Plans , Demolition Assessment |



NSP Weekly Report to HUD

JANUARY 20, 2011

TABLE I Grant Amount	Total Amount Obligated	% Obligated	Amount Obligated for 25% set-aside	% Obligated for 25% set-aside	Total Amount Disbursed 25% set-aside	Total Amount Disbursed Excluding 25% Set-aside	% Disbursed Excluding 25% Set-aside	Amount of Program Income Generated	% Program Income Disbursed
\$18,545,013	** \$18,865,013	100.7 %	\$4,890,512	26.3%	\$2,967,828	\$9,939,835	53.6%	\$0.00	\$0.00

TABLE II Grant Amount	Total Amount Obligated	% Obligated	Amount Obligated for 25% set-aside	% Obligated for 25% set-aside	Total amount Disbursed 25% set-aside	Total Amount Disbursed Excluding 25% Set-aside	% Disbursed Excluding 25% Set-aside	Amount of Program Income Generated	% Program Income Disbursed
DRGR									
\$18,545,013	**\$18,845,013	100%	\$4,890,512	26.3%	\$2,967,828	\$9,703,894	52.3%	\$0.00	\$0.00

****Note: Table I reflects our internal system of approved transactions.
Table II shows the actual data that has been entered into the DRGR system.**



NSP PROCESS STEPS STATUS

Acquisition

Rehab

Disposition

81 HOMES ACQUIRED
1 MULTI-FAMILY

**81 CONTRACTS
SIGNED;**
**MULTI-FAMILY
REHAB
INITIATED**

**29
PROPERTIES
SOLD**



NSP SELF ASSESSMENT TOOL STATUS

1 OF 2

OBJECTIVES:	STATUS
County's NSP Plan evidenced a focused strategy to achieve effective neighborhood stabilization in areas of greatest need in DeKalb.	YES
County's NSP Plan includes a commitment to target households at or below 50% of AMI.	YES
County's NSP Plan demonstrates appropriate levels of administrative, organizational, and financial capacity, and relevant professional experience, to successfully execute and monitor projects.	YES
The County staff demonstrates prior experience in managing federal CDBG and/or HOME programs.	YES
County's NSP Plan achieves maximum potential leverage with other funding sources.	YES
Loan commitments provide longest possible affordability period with shortest period mirroring HOME requirements.	YES
Projects provide sustained affordability by incorporating "green" technologies and/or materials into rehab or new construction activities.	YES



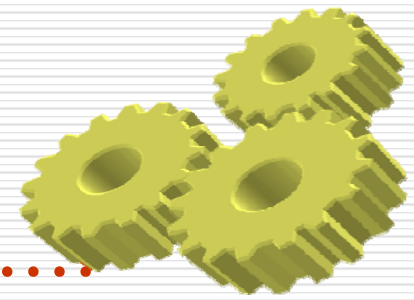
NSP SELF ASSESSMENT TOOL STATUS

2 OF 2

OBJECTIVES:	STATUS
Projects minimize displacements.	YES
County's NSP multi-family rental project obtained a firm commitment from a credible source for permanent takeout financing.	YES
County's NSP Plan for proposed home sale prices and monthly chargeable rents, to the targeted income band, must be realistically based on local market conditions.	YES
County's NSP Plan is linked to community leaders input and other key stabilization initiatives.	YES
County's Management Plan to demonstrate capacity to implement \$18.5 million of NSP funds, while accomplishing the objectives of the annual entitlement grants, is reasonable and achievable.	YES
County's NSP Plan achieves the mandatory requirement to spend at least 25% of its NSP funds for individuals at or below 50% of AMI.	YES
The County committed 100% of its NSP Funds (\$18.5 million) by 9/4/2010	YES



The Next Steps



- ✓ Identification of NSP Home Buyers for Property Disposition
- ✓ Focus on Rapid Rehabilitation of Acquired REO Properties
- ✓ Continue to Work with Developer to Finalize the Cedar Pines Project
- ✓ Collaboration with Code Enforcement
- ✓ Leveraging of NSP Funds via HOME and CDBG
- ✓ Neighborhood Empowerment Initiative:
 1. Greater collaboration and responsiveness from government.
 2. Technical assistance to facilitate Neighborhood Stabilization.
 3. Continue to work with Habitat DeKalb to acquire/ renovate foreclosed homes in Tier 1 priority area.
 4. Initiate the approved HOME/ CHDO contract with Neighborhood Works, Inc to acquire, renovate, and sell foreclosed properties in specific neighborhoods in focus/ target areas.
 5. Work with Senior Connections to initiate a housing rehab pilot program for seniors that live in focus/ target areas.

Policy Focus:

- Use of DeKalb Businesses
- HUD Section 3 Compliance

REO PROPERTY





**PROGRAM
OVERVIEW!**

Neighborhood Stabilization Program-3

January 22, 2011

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NSP 3 TIME TASK SCHEDULE

#	DATES (2011)	TASKS
1	January 3- February 3	Prepare Substantial Amendment
2	January 14 – February 1	Summary & Update to CEO & BOC
3	January 21 (noon) – February 3	Submit agenda item for February 8 BOC meeting
4	January 22 Maloof Auditorium, 12:30 to 2 pm	Public Information meeting
5	January 25	Finalize Proposed Substantial Amendment
6	January 27- February 10	Publicize Proposed Substantial Amendment Availability: <ul style="list-style-type: none"> ➤ Local newspapers ➤ Website ➤ ONE ➤ CEO &BOC
7	February 1 (Tues.)	Committee of Whole
8	February 4 (Noon)	Submit Agenda Item to Robin Giles for 2/22 meeting. Place item on website
9	February 8	Agenda Item for BOC Preliminary Approval
10	February 22	Agenda Item for BOC Final Approval
11	February 25 (Friday)	Submit Application (Substantial Amendment) to HUD
12	Mar. 1, 2011 (Tuesday)	LATEST THAT SUBSTANTIAL AMENDMENT CAN BE SUBMITTED TO HUD 19



COMMUNITY GOALS

NSP 3

1	Increase property values.
2	Decrease the number of dilapidated and or vacant units.
3	Enhance the affordability of housing.
4	Increase levels of homeownership.
5	Increase financial literacy for DeKalb citizens to prevent foreclosures.
6	Increase the quality of existing multi-family properties to enhance the quality of life for working families that are renting.
7	Remove existing blighted and /or abandoned properties to improve neighborhoods.
8	Leverage other resources to maximize neighborhood revitalization.



NSP3 OVERVIEW

- ❑ 3RD Round of NSP funding.
- ❑ Authorized as part of Dodd–Frank Act July 2010.
- ❑ \$970 million in funding made available to states and local governments throughout the country.
- ❑ Uses formula allocation from NSP1 (HERA).



NEW REQUIREMENTS UNDER NSP3

- ❑ All housing types qualify for 25% low income set-aside.

- ❑ NSP3 Deadlines:
 - 50% expenditures within two years
 - 100% expenditure within three year

- ❑ Vicinity Hiring.

- ❑ Preference for Affordable Rental Housing.



NSP3 OVERVIEW

15 Key NSP Program Requirements

- 1 • Location in area of greatest need & covered under Action Plan
- 2 • Activity/project administration
- 3 • Activity/project timeliness
- 4 • Property type
- 5 • Eligible uses
- 6 • National objective
- 7 • Low income targeting





NSP3 OVERVIEW

15 Key NSP Program Requirements (cont)

- 8 • Acquisition requirements
- 9 • Feasibility & underwriting
- 10 • Property standards
- 11 • Other Federal Requirements
- 12 • Financial management
- 13 • Project completion requirements
- 14 • Affordability period
- 15 • Reporting & documenting results





NSP3 OVERVIEW

1

Location In Area Of Greatest Need & Covered Under Action Plan

- Projects must be located in area of greatest need based on:
 - Percentage of home foreclosures
 - Number of homes with sub-prime loans
 - Areas likely to see rise in rate of foreclosures
 - May also include other local factors
- Areas defined by grantee in Action Plan
- Target areas should also be defined in agreements with subrecipients/state recipients/developers
- Funded activity types must also be described in Action Plan





NSP3 OVERVIEW

2

Activity/Project Administration (cont)

- Paying for admin & delivery costs:
 - Grantees & subrecipients can charge admin costs up to 10% of grant plus program income
 - Grantees & subrecipients can also charge program delivery costs
 - ✓ Cannot earn profit or developer fee
 - Developers & contractors only charge actual project costs – can include soft costs such as appraisal, market study, permits, architectural, builder's general requirements or overhead, fees, etc.
- Assess all costs for eligibility, reasonableness & tie to NSP
 - Timesheets required for labor costs





NSP3 OVERVIEW

4

Property Types

- Only three possible property types can be acquired or rehabbed under NSP:
 - *Foreclosed:*
 - ✓ 60 days delinquent under Mortgage Bankers of America delinquency calculations and owner notified
 - ✓ Property owner 90 days or more delinquent on tax payments
 - ✓ Foreclosure proceedings initiated or completed
 - ✓ Foreclosure proceedings complete, title transferred to intermediary that is NOT an NSP grantee, sub-contractor, developer, or end user





NSP3 OVERVIEW

4

Property Types (cont)

– *Abandoned:*

- ✓ Mortgage/tax/tribal leasehold no payments 90 days
- ✓ Code inspection determines not habitable and no corrective action within 90 days
- ✓ Subject to court-ordered receivership/nuisance abatement or state definition of abandoned

– *Vacant*

- ✓ Unoccupied structures or vacant land that was once developed

– When property meets both foreclosed & either abandoned or vacant definitions, grantee must treat as foreclosed

- Only blighted properties may be demolished with NSP \$\$\$





NSP3 OVERVIEW

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Eligible Uses

- Five possible eligible uses A – E
 - Can combine uses in a project
 - Describe uses in Action Plan
- **Use A:** Financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties
- **Use B:** Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties





NSP3 OVERVIEW

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Eligible Uses(cont)

- **Use C: Land banks for homes and residential properties that have been foreclosed upon**
 - Must operate in specific defined area
 - 10-year reuse plan (i.e., must meet national objective)
- **Use D: Demolish blighted structures**
 - NSP2/NSP3 can only use 10% funds unless more authorized
- **Use E: Redevelop demolished or vacant properties**
 - Under NSP2/NSP3 all must be related to housing
- **Ineligible: Foreclosure prevention; Demolition of non-blighted structures; Acquisition of property or structures that are not abandoned, foreclosed or vacant**





NSP3 OVERVIEW

6

National Objective

- All NSP activities must meet a national objective
 - Defined differently than CDBG
 - Low/moderate/middle income (LMMI) = 120% of median
 - “Slum/blight” and “urgent need” and LMI job creation national objectives not allowed
 - Use LMMI housing national objective, area benefit or limited clientele, depending on activity





NSP3 OVERVIEW

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National Objective (cont)

- LMMH:
 - A single-unit structure must be occupied by LMMI household
 - In a duplex, one unit must be occupied by an LMMI household
 - For structures with three or more units, 51% of the units must be occupied by LMMI households
- LMMMA: use for some demolition and land bank activities (only under certain circumstances)
- LMMC: Use for special needs projects





NSP3 OVERVIEW

7

Low Income Targeting

- 25% NSP award amount must create housing for low-income residents (at or below 50% of area median income, or AMI)
 - Use of initial award and NSP program income both count toward meeting the set-aside requirement
 - 25% requirement applies only to original grant amount, not program income
 - 25% of total funds, not 25% of beneficiaries
 - Shelters, group homes do not count
- Does not apply to each activity separately
 - Can be carried out through a single activity





NSP3 OVERVIEW

8

Acquisition Requirements

- Several acquisition requirements apply:
 - If foreclosed:
 - ✓ Must do appraisal no more than 60 days before final offer
 - ✓ Must buy at 1% discount
 - ✓ Does not apply to abandoned or vacant units
 - Tenants must receive tenant protection notice
 - Property owner must receive voluntary sale notice
 - Tenants may be covered by URA





NSP3 OVERVIEW

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Property Standards

- NSP3 imposes mandatory safety, quality, and habitability standards for new construction and rehabilitation
 - Must comply with local codes, laws, requirements
- NSP3 also mandatory green rehabilitation and new construction standards
 - Must meet Energy Star standards
- Grantee may impose additional requirements
- Establish inspection and work specifications procedures in order to ensure compliance





NSP3 OVERVIEW

11

Other Federal Requirements

- Several key other federal requirements may apply to NSP projects:
 - Environmental review
 - URA and tenant protections
 - Davis Bacon labor standards
 - Lead based paint
 - Fair housing and equal opportunity, including Section 504 handicapped access requirements
- Applicability depends on project & entity
- NSP3 must also comply with vicinity hiring requirement





NSP3 OVERVIEW

Designing Your NSP3 Program

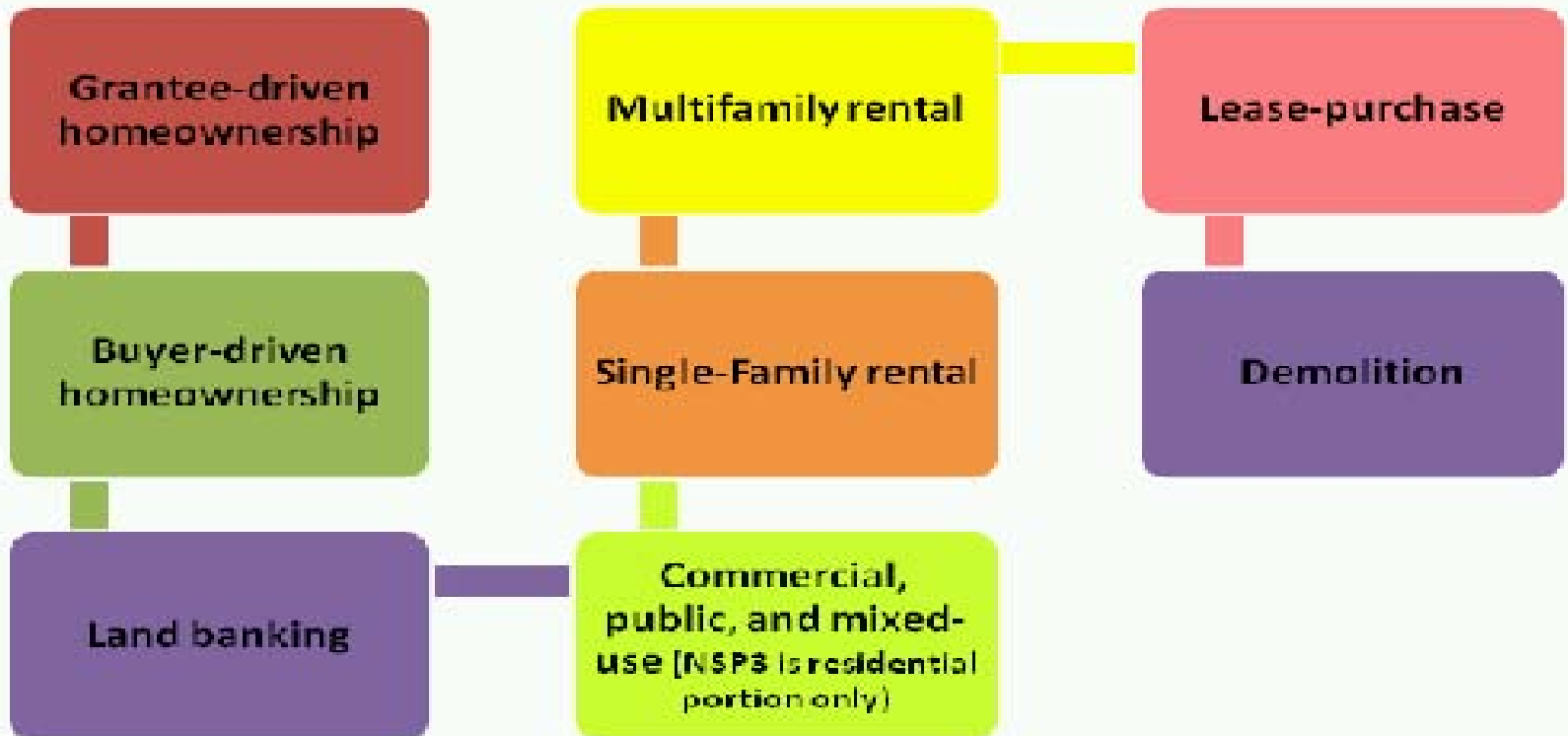
- Need to answer key questions:
 - Assess your local market conditions
 - Determine your programmatic goals
 - Assess staff & partner capacity
 - Evaluate trade-offs given available financing
 - Determine program management approach
 - Select program types





NSP3 OVERVIEW

NSP Program Type Options





DeKalb County

Planned Use of **NSP3** Funds

NSP Item	Activity	Proposed Funding	25% for 50% of AMI
A	Establish Funding Mechanisms for purchase & redevelopment	\$1,308,276	\$1,308,276 1 Multi-family loan
B	Purchase and Rehab Abandoned or Foreclosed Homes	\$3,139,864 26 Homes	
C	Establish Land Banks for Foreclosed Homes		
D	Demo Blighted Structures	\$261,655	
E	Redevelop Demolished or Vacant Properties		
F	Administration	\$523,310	
	TOTAL	\$5,233,105	\$1,308,276 (Included in totals)



NSP3

LOCAL MARKET ANALYSIS -

DR. MICHAEL RICH

Emory University

Office of University and Community Partnerships



NSP3

PUBLIC INPUT

DISCUSSION



NSP3

***QUESTIONS AND
ANSWERS***