



COMMITTEE OF THE WHOLE MEETING



Neighborhood Stabilization Program-3

February 1, 2011

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



PUBLIC INFORMATION MEETING

NSP 3

	AGENDA
A	EXECUTIVE UPDATE ON NSP1
B	OVERVIEW OF NSP3
C	LOCAL MARKET ANALYSIS - DR. MICHAEL RICH Emory University Office of University & Community Partnerships
D	QUESTIONS AND ANSWERS



**EXECUTIVE
UPDATE!**

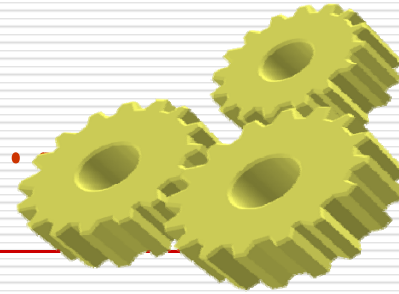
Neighborhood Stabilization Program-**1**

February 1, 2011

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



DeKalb's NSP Program Update



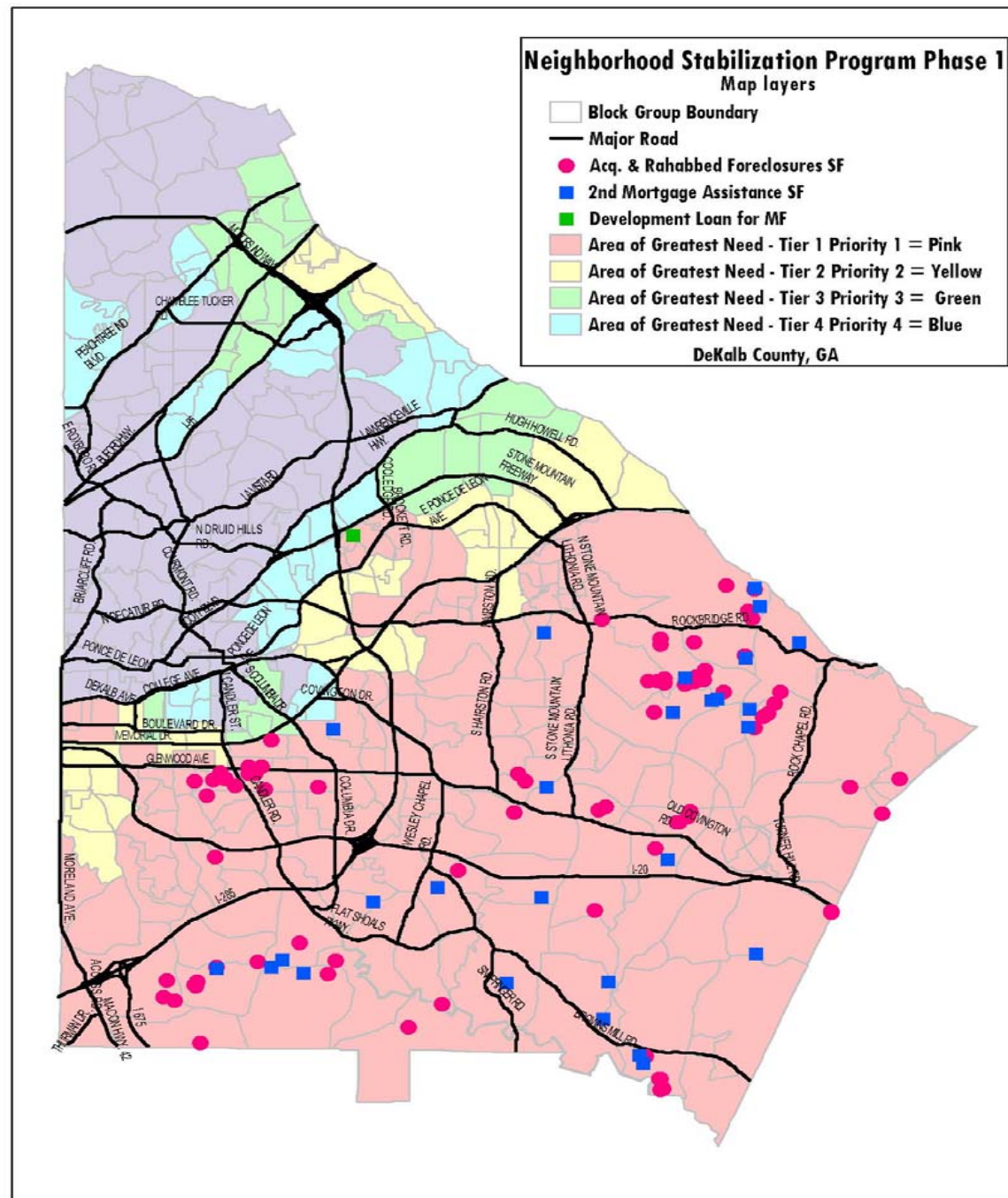
- ✓ NSP Application Submitted to HUD - Nov. 26, 2008
- ✓ Received official HUD grant agreement- March 4, 2009 - **\$18.5M**
- ✓ 18 Months to commit the funds – **Sept. 4, 2010 !!!**
- ✓ 48 Months to expend the funds – March 4, 2013
- ✓ Initiated the County RFP Process – Feb. 2009 - Two RFP's Issued
 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!



Page 3





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

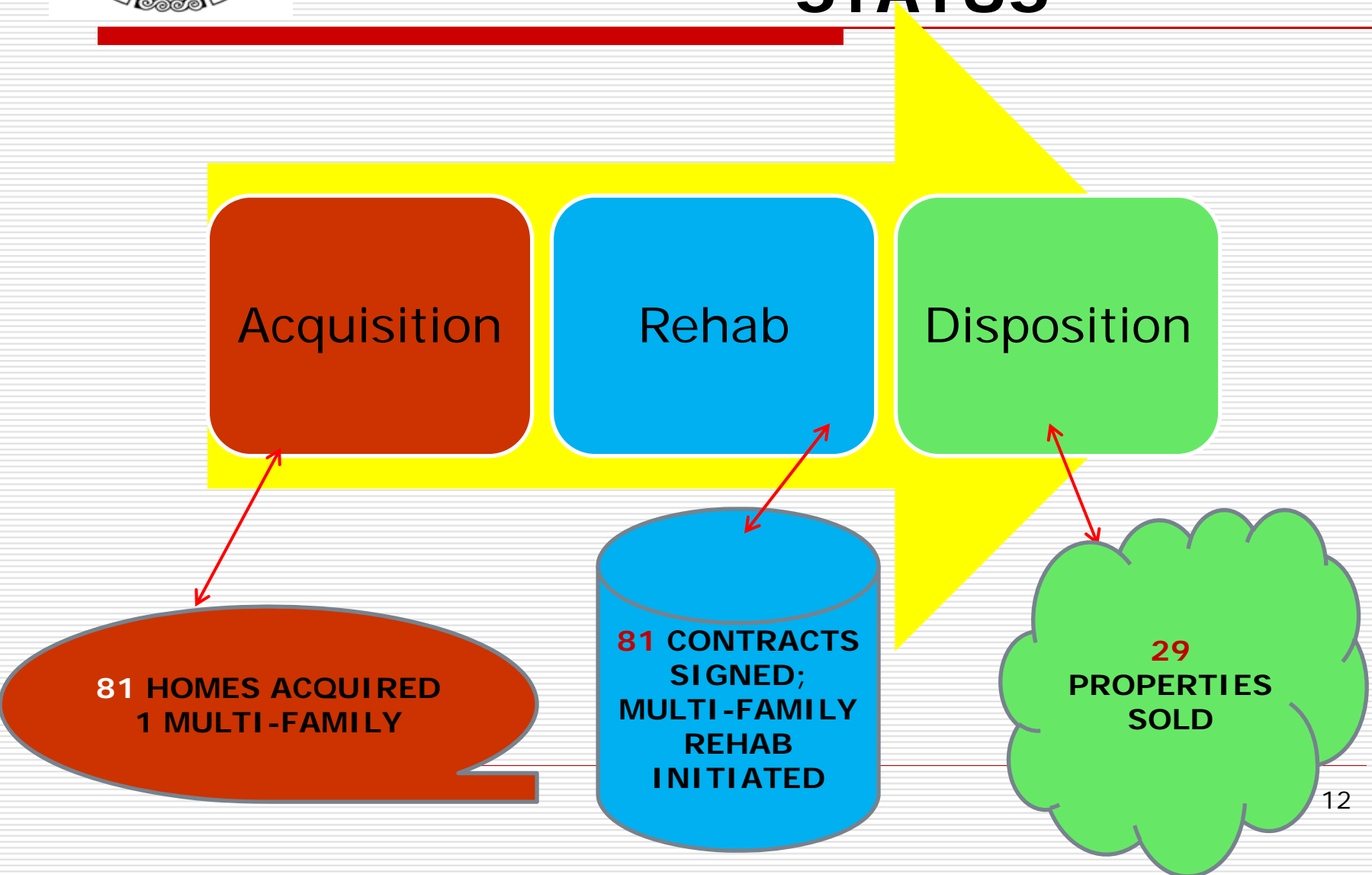
TABLE I Grant Amount	Total Amount Obligated	% Obligated	Amount Obligated for 25% set-aside	% Obligated for 25% set-aside	Total Amount Disbursed 25% set-aside	Total Amount Disbursed Excluding 25% Set-aside	% Disbursed Excluding 25% Set-aside	Amount of Program Income Generated	% Program Income Disbursed
\$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





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

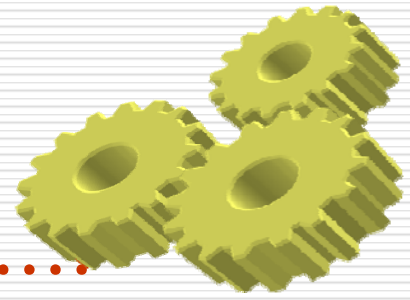
STATUS

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 Initiatives:**
 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

February 1, 2011

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



NSP3 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 17



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.
- ❑ **DeKalb County awarded \$5,233,105.**
- ❑ Uses formula allocation from NSP1 (HERA).



NEW REQUIREMENTS UNDER NSP3

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

- ❑ Low/moderate/middle income (LMMI) = 120% of AMI.

- ❑ 25% set-aside requirement, housing for low-income residents at or below 50% of AMI.

- ❑ Five possible eligible uses:
 - a. Financing Mechanisms b. Acquisition, Rehab, and Disposition
 - c. Land Banks d. Demolition e. Redevelopment f. Administration



NEW REQUIREMENTS UNDER NSP3

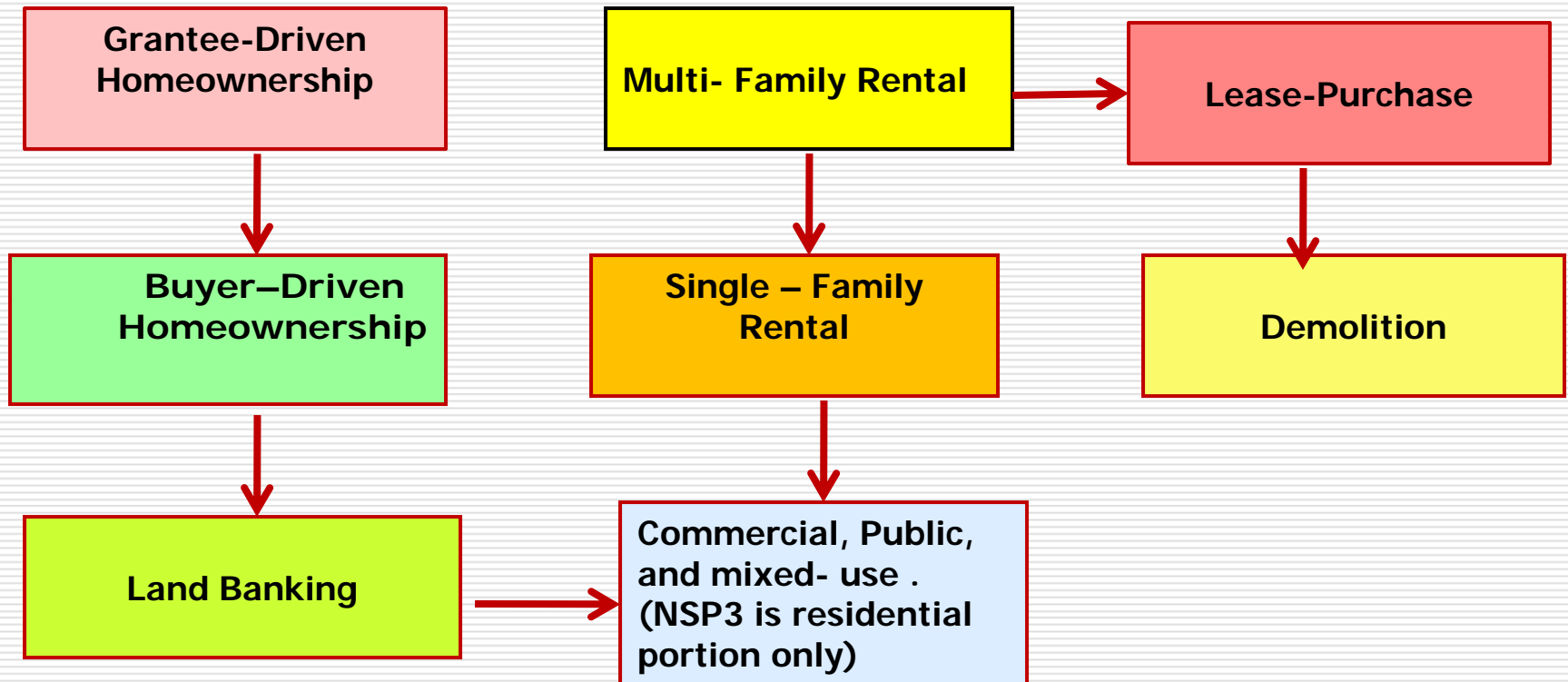
- ❑ Selected projects must be located in areas of greatest need based on:
 - Percentage of home foreclosures
 - Number of homes with sub-prime loans
 - Areas likely to see a rise in the rate of foreclosures
 - Other local factors (i.e. Emory University Market Study)

- ❑ Use NSP3 Mapping Tool to identify a DeKalb County target area where the NSP investment will impact the market.
 - NSP3 Indicator of Need- DeKalb score range – **17 to 20**
 - IMPACT– minimum number of properties to make impact
..... 20 % of REO Properties



NSP3 OVERVIEW

PROGRAM TYPE OPTIONS





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.



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

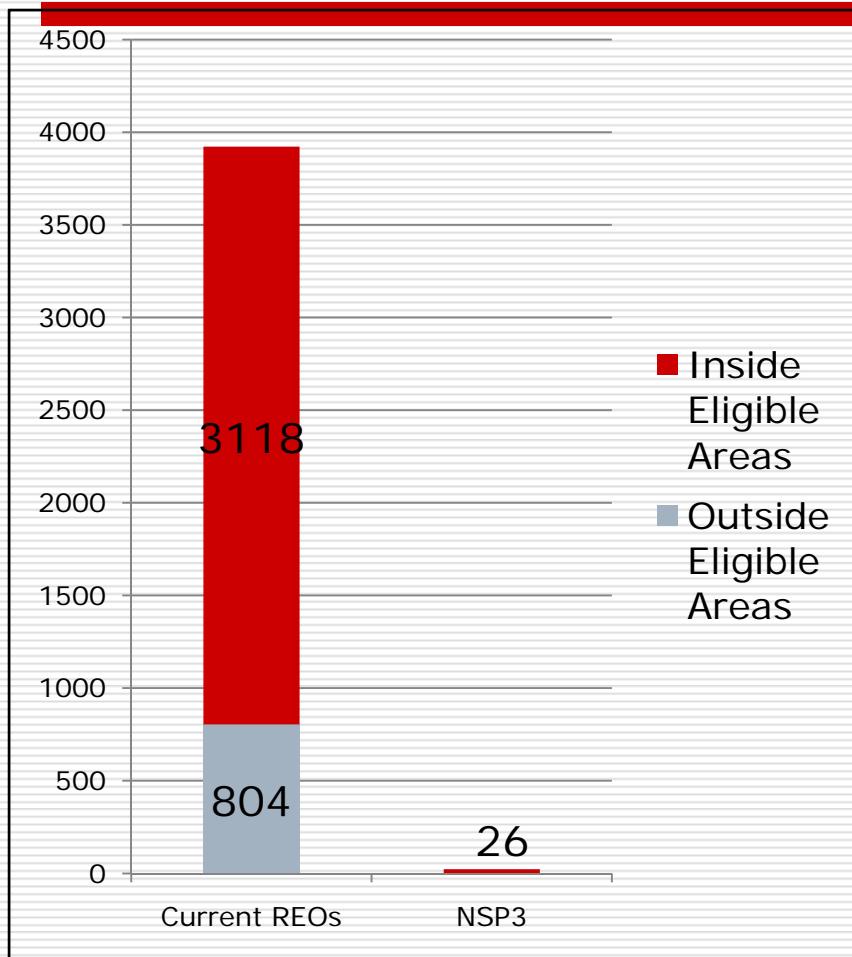
LOCAL MARKET ANALYSIS - DR. MICHAEL RICH

*Emory University
Office of University and Community Partnerships*

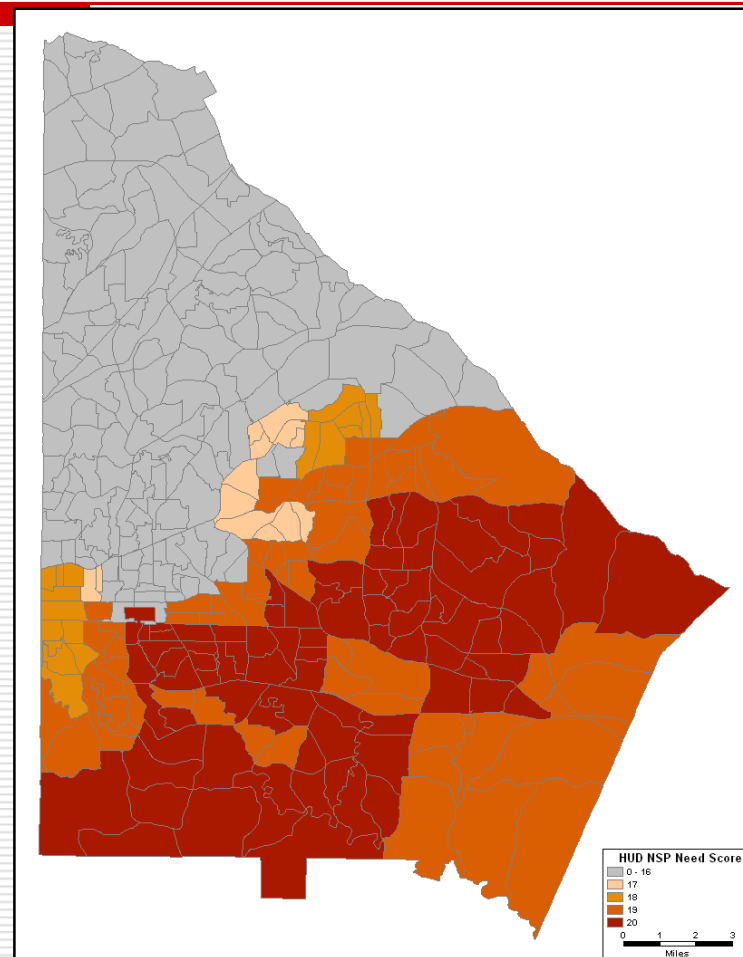


Why Target NSP3 Funds?

Current Inventory of REO



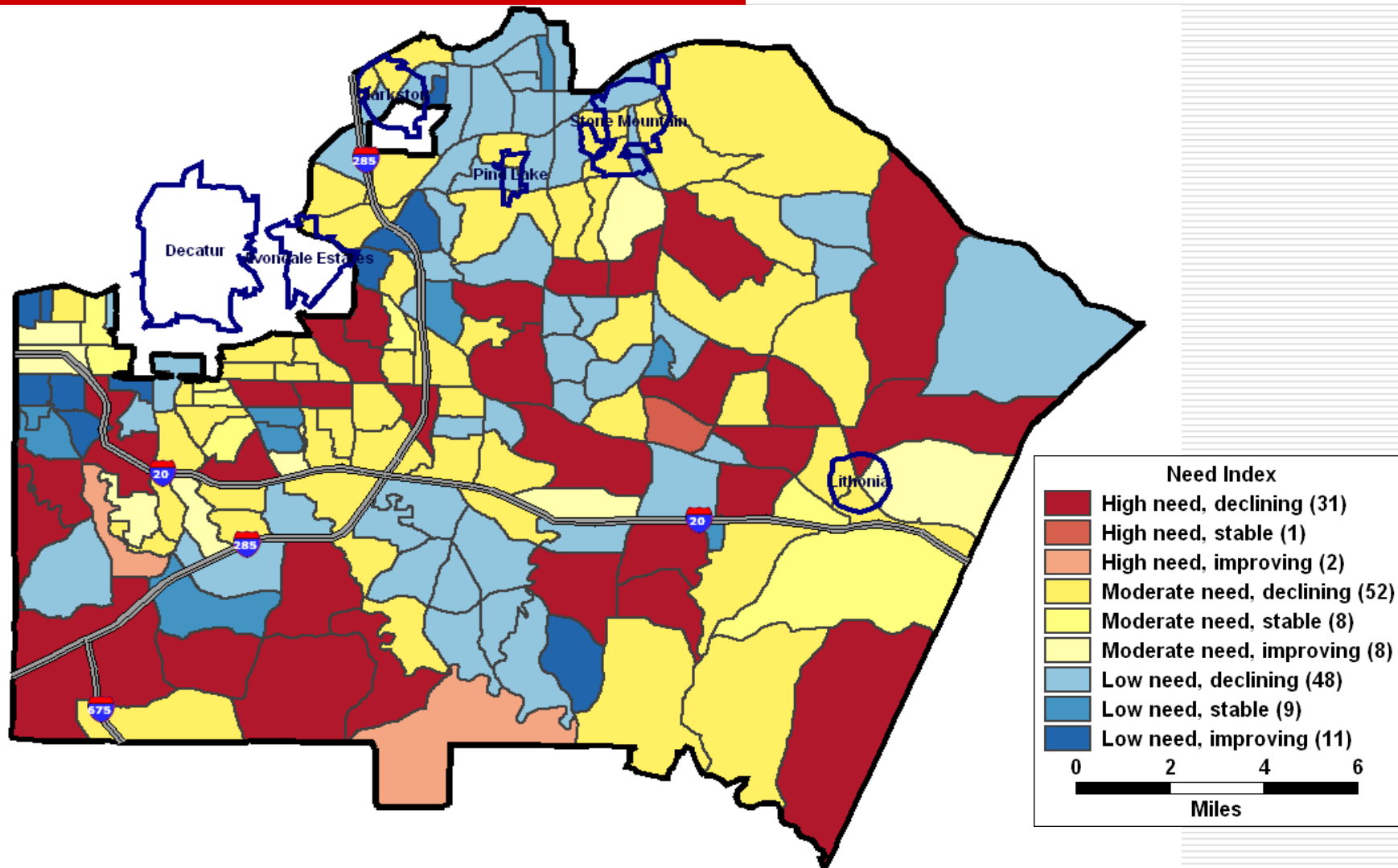
NSP 3 Eligible Block Groups



Source: RealtyTrac. Current REO properties as of January 12, 2011

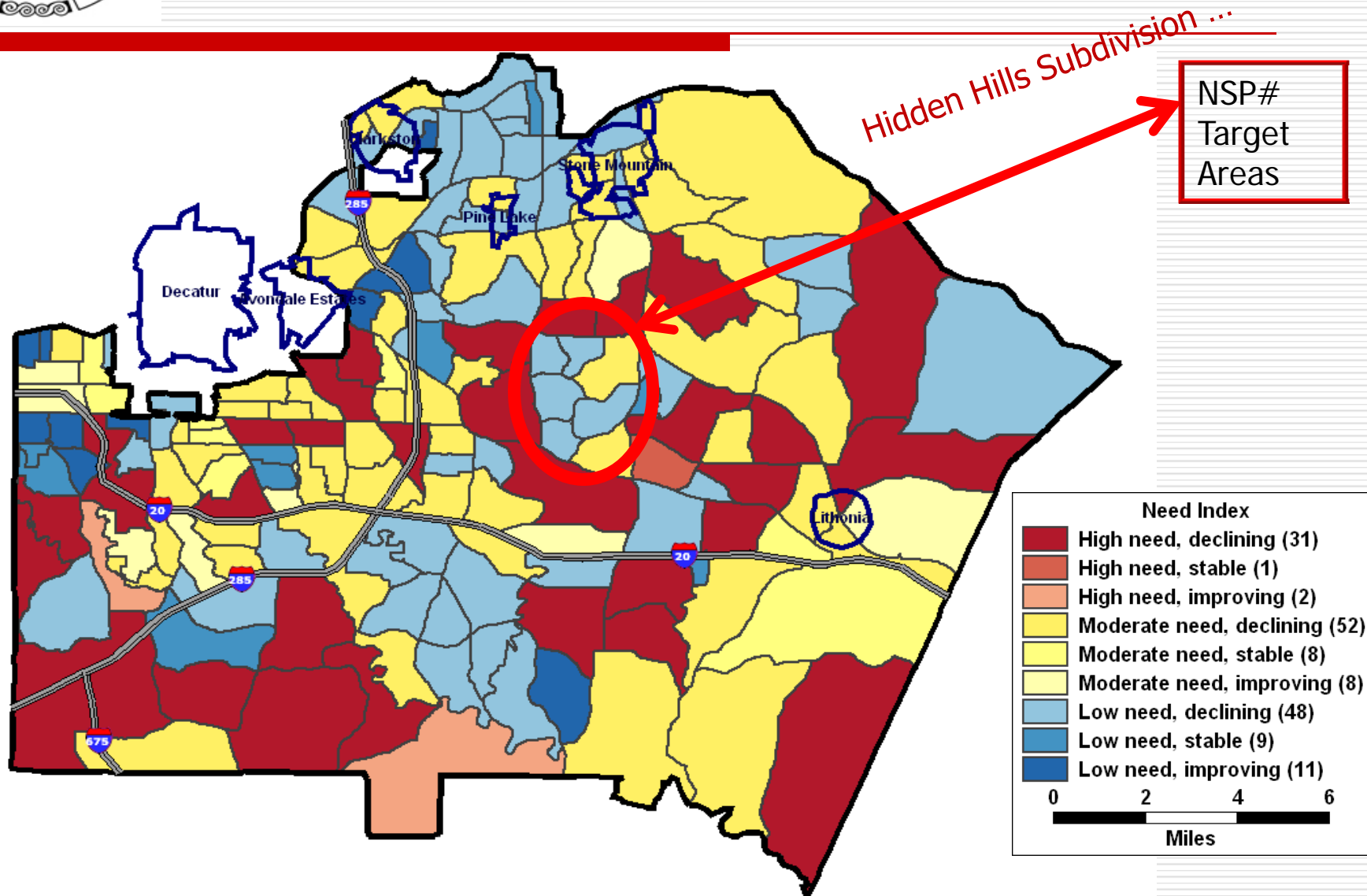


DeKalb's Composite Need Index



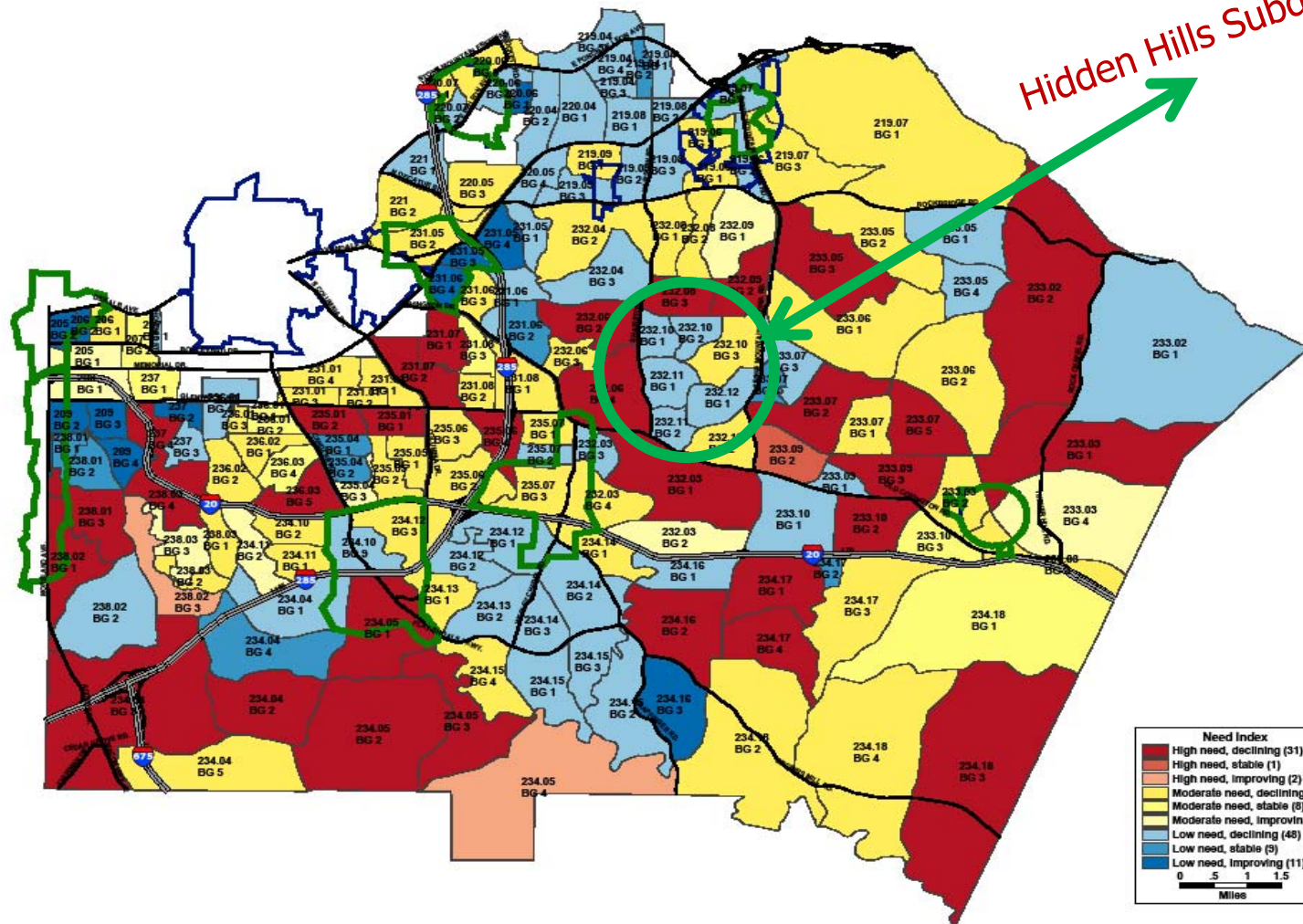


DeKalb's Recommended Target Areas





DeKalb's Recommended Target Areas





NSP3



***QUESTIONS AND
ANSWERS***