



Neighborhood Stabilization Program 3:

Proposed Substantial Amendment for the State of Georgia

February 10, 2011

STATE OF GEORGIA CDBG PROGRAM
NSP 3 SUBSTANTIAL AMENDMENT

1. NSP 3 Grantee Information

<p>Jurisdiction(s): State of Georgia <i>(submitted by the Georgia Department of Community Affairs)</i></p> <p>Jurisdiction Web Address: www.dca.ga.gov/communities/CDBG/index.asp <i>(URL where NSP Substantial Amendment materials are posted)</i></p>	<p>NSP Contact Persons: Brian Williamson Glenn Misner Address: Georgia Dept of Community Affairs 60 Executive Park South, NE Atlanta, Georgia 30329 Telephone: 404.679.4940 (Dept) 404.679.1587 (Brian's Direct) 404.679.3138 (Glenn's Direct) Fax:404.697.1583 Email: NSP.admin@dca.ga.gov</p>
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STATEMENT OF PURPOSE

This proposed NSP 3 Action Plan represents a substantial amendment to the Department's Consolidated Plan for FFY 2005 -2010. The Consolidated Plan, which has previously been approved by HUD, governs the Department's use of its federal community development and housing funds. This amendment outlines the expected distribution and use of \$18,679,977 through the newly-authorized Neighborhood Stabilization Program 3 (NSP 3), which the U.S. Department of Housing and Urban Development (HUD) is providing to the State. The NSP 3 funds were authorized by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Pub.L. 111-203, H.R. 4173) (herein after referred to as the Dodd-Frank Act) as an adjunct to the Community Development Block Grant (CDBG) Program.

The Department of Community Affairs (herein after referred to as DCA or The Department) will implement NSP 3 funds, in order integrate this new funding into the existing NSP 1 system developed by DCA to expeditiously deliver and effectively administer these funds.

Under NSP 1 the State obligated its entire award by the statutory 18 month deadline and continues to successfully implement the program through 21 grantees throughout the state.

Georgia continues to experience significant needs and housing problems due to the subprime lending crisis. Further, the level of foreclosures resulting from these problematic mortgages has placed an increased burden on the economy and affected families. Housing agencies and programs are also strained as they seek to assist families and individuals caught in this national crisis. DCA will use the NSP3 funds for the purposes intended – to promote neighborhood stabilization where subprime lending, foreclosure and housing vacancies and, in turn, abandoned and blighted properties have negatively affected the housing market. Accordingly, DCA will give priority to those applicants that can effectively target NSP resources to neighborhood stabilization projects that will address these problems in areas with the greatest needs. The State defined such geographic areas using the best data available to support its definition of areas of greatest need.

In 2010, Georgia became the state with the sixth-highest rate of foreclosures in the nation, with 1 in every 31 housing units receiving a foreclosure filing.¹ During the same quarter, approximately 14 percent, or one in seven, of the state's mortgage holders was at least 30 days behind on their loan.² Also, Georgia ranked fifth among the states with the most housing units held by lenders and classified as "Real Estate Owned" (REO).³ By 2012, it is estimated that another 350,000 homes will be lost to foreclosure. Approximately one in four or 377,000 of Georgia's 1,573,628 mortgages are "underwater" and, collectively, Georgia families will lose \$13 billion in home equity as the result.⁴

¹ Source: RealtyTrac

² Source: LPS (Lender Processing Services Inc.) Applied Analytics

³ Source: RealtyTrac

⁴ Source: "The Cost of Bad Lending Georgia," *Center for Responsible Lending*, (Jan 2010)

2. AREAS OF GREATEST NEED

For NSP 3, HUD has mandated the use of its data sources in determination of areas of greatest need as found at the HUD Foreclosure Need website (<http://www.huduser.org/portal/datasets/nsp.html>). The State of Georgia uses this data as well as additional data to most effectively target limited NSP 3 funds as described below.

(A) Data Sources Used to Determine Areas of Greatest Need

(a) Based on the information provided through the required HUD Foreclosure Need website and the NSP 3 Mapping Tool, the State of Georgia has determined that 122 of the 159 counties (77%) in the State include at least one census tract with a minimum foreclosure needs score of 17 or higher. The number of eligible census tracts in the State is so high in Georgia that there must be additional factors used to determine the areas to be served in the state in order to achieve meaningful impact with the amount of funds available. Therefore the State will limit eligibility for funds to those counties that have census tracts that exhibit needs scores of 17 or higher (as mandated by HUD) AND are experiencing a significant number of reported REO inventory within those counties. . For the purpose of this amendment, significant number is defined as 300 or more units that were a result of completed foreclosures in a particular county during 2010. The REO data is provided by RealtyTrac via DCA's subscription to the County Level Activity Reports tracking new numbers of REOs for each month in calendar year 2010. Eligibility for funding through DCA will be limited to counties meeting these criteria (all census tracks so identified aggregated in that county or counties for regional applicants). In order to meet the HUD requirement to create preferences for the development of affordable rental housing, DCA shall also undertake certain activities directly through agreement with the Georgia Housing Finance Authority using an allocation of funds for the Affordable Rental Housing Development Pool in eligible areas of greatest need. See map of eligible areas in Appendix 3

(b) Through the methodology described below, DCA has determined the State's areas of greatest need and potential allocations for all jurisdictions through use of the HUD mandated Foreclosure Needs data that uses the data elements required in Section 2301(c)(2) of HERA, as amended by the Recovery Act and the Dodd-Frank Act. As detailed in Appendix 1, the methodology calculates need on a county basis and ranks all eligible counties based on the HUD NSP 3 Formula Allocation methodology that considers the number and percentage of residential foreclosures in the State, the number and percentage of homes financed by a subprime mortgage related loan in the state used to purchase residential properties and the number and percentage of homes in default or delinquency in the state along with a variable that considers the number of REO held properties in each county. These combinations of variables not only measure the current residential foreclosure and abandonment problem, DCA believes they are predictive of future foreclosure and abandonment problems.

(c) As detailed within, the Department has used the HUD Mapping Tool and has considered the needs of the entire state in its assessment of need. All jurisdictions that include census tracts exhibiting a foreclosure risk score of 17 or higher and REO inventory score of 300 or above are potentially eligible to receive an allocation or participate directly with the Department. While the needs within both NSP 3 entitlement and non-entitlement local governments are considered, entitlement jurisdictions that have had their needs measured and received a direct allocation through the federal allocation process will have any subsequent "direct state" allocations adjusted by subtracting the amount of any direct federal allocation already received from the state allocation. Those entitlement jurisdictions who do not receive an initial allocation of funds based on the "offset" described above, retain eligibility to receive funds from the state program under the reallocation process (see Sec. 2(H)(4)(b)(i-ii)).

(B) Correlation with HUD Calculations of Need and Allocations

(a) As outlined in Appendix 2, the State's ranking of actual need and subsequent allocations correlates with the method outlined on HUD Foreclosure Need website at:

<http://www.huduser.org/NSP/NSP3.html>

(C) Submission of requests for funds from Local Jurisdictions

Since it is not known at the time of this writing which eligible local jurisdictions will choose to participate or where those participating jurisdictions will choose to focus their resources, DCA will proceed by implementing the alternative described by HUD in their Guidance on Mapping and Needs Data for State NSP 3 Action Plans published 12-10. DCA shall publish this Proposed Action Plan Amendment on 02/10/2011. DCA shall solicit public comment on the proposed plan and hold a public hearing to accept comments on February 18, 2011. Eligible jurisdictions must submit their applications for State NSP 3 funding no later than March 31, 2011. Applications for funding must include (at a minimum but not limited to) information regarding 1) overall need in the jurisdiction; 2) Intention to limit activities to eligible census tracts (as defined by the HUD NSP3 Mapping tool); 3) Market analysis and justification supporting proposed activities to be undertaken in the identified targeted area(s); 4) Discussion of intended impact in the Target Area (including outcomes/performance measures to be achieved); 5) Discussion of applicant capacity to carry out activities either directly or through sub-recipients, and 6) Proposed accomplishment timeline including dates and milestones to be achieved.

DCA shall review all requests for funding in accordance with the items listed above as well as the provisions set forth in Section 2(H)(5)(a-h) below and submit to HUD a second amendment including final needs and target area mapping information no later than June 30, 2011.

(D) Assistance Agreement Conditions to Prioritize High Risk Areas

(a) As described in Section C above, DCA will require NSP 3 applicants to provide assistance in census tracts of greatest need within LMMI areas and areas of foreclosure and abandonment as determined by the HUD mapping tool. Activities may only take place in those census tracts that show a foreclosure risk score of 17 or higher (see <http://www.huduser.org/NSP/NSP3.html>). Jurisdictions will be required to submit printed maps of these areas from the website to demonstrate such targeting, and will be required to prioritize activities to specific neighborhoods within those census tracts in order to achieve maximum possible impact in those neighborhoods. DCA will review local proposals (see Section 2(H)(5)(h)) for compliance with this provision ensuring accurate use of the HUD Mapping Tool. In order to focus on the areas of greatest need within a sub-recipient's jurisdiction, the State will negotiate and, when appropriate, require "special conditions" on its NSP 3 Award agreements to encourage any funded sub recipients to give priority to the areas of highest need. See Appendix 3 for maps of these areas. Additionally, the State shall require all grantees to achieve maximum neighborhood impact through the use of the Impact Score from the Mapping Tool. Each applicant must submit a plan that demonstrates the ability to use NSP to address (at least) the Impact number for units in a targeted census tract. (State of Georgia information for all census tracts, risk scores and impact scores may be found on the website: <http://www.huduser.org/NSP/NSP3.html>)

(b) In order to meet HERA requirement at Section 2031(f)(3)(A)(2) as modified by the Dodd-Frank Act to spend at least 25% of funds for households or individuals at or below 50% AMI, the State will require a special condition on assistance agreements to require all NSP 3 recipients to comply with this provision.

(c) Each NSP 3 recipient's performance will be subject to rigorous quarterly reporting and monitoring as described in Section 2(H) (3)(a) through (e) below.

(E) Eligible Uses of Assistance to Address Needs (NSP 3 Activities)

(a) establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low- and moderate- income homebuyers;

(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;

(c) establish and operate land banks for homes that have been foreclosed upon;

NOTE: The State has not budgeted funds for this activity in Section 7, however, reserves the option to add this activity should eligible grantees propose its use.

(d) demolish blighted structures; and

(e) redevelop demolished or vacant properties as housing.

(F) Provisions for Homeowner Counseling, Purchase Mortgages and Other Limitations

(a) Note that NSP 3 recipients will be required to provide each NSP assisted homebuyer with (at least) 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan. Sub-recipients will also be required to ensure that homebuyers obtain mortgage loans from lenders who agree to comply with the bank regulators' guidance for non-traditional mortgages available at www.fdic.gov/regulations/laws/rules/5000-5160.html.

(b) Sub-recipients should note that the provisions (regarding minimum purchase discount of 1%, rehabilitation standards, disposition of acquired properties, program income) of Section 2301(d)(1) through 2301(d)(1)(4) will be made applicable for any assistance approved through this program.

(G) Advisory Group and Citizen Participation

(a) Please note that DCA's approved NSP 1 Action Plan analysis of need and subsequent allocation method was a cooperative undertaking through a DCA advisory group made up of representatives of affected local governments, the state's municipal and county associations, non-profits, lending institutions, regional commissions, and other interested parties. The Advisory group met on September 11, and October 16, 2008. A discussion of that Plan and proposed method also occurred during the 2008 Recipients Workshop for the annual CDBG competition on September 16, 2008 and a CDBG technical assistance workshop on October 23, 2008. The State's Action Plan and coordination with entitlement recipients of NSP 1 funding was also discussed during a conference held October 28, 2008 in Atlanta, Georgia sponsored by the Department, Atlanta Regional Commission, and Atlanta Neighborhood Development partnership, Inc.

(b) For NSP 3, the Department published this proposed Action Plan on February 10, 2011 on the Department's website at <http://www.dca.ga.gov/communities/CDBG/programs/nsp3.asp> and began a public comment period. Concurrent with the publishing of the proposed Action Plan, the Department also published an Intent to Publish a State NSP Notice of Funds Availability (NOFA) on February 10, 2011.

(c) On February 18, 2011 the Department will hold a public hearing at DCA Atlanta headquarters to accept comments and answer questions regarding NSP.

H. STATE METHOD OF DISTRIBUTION

(1) Distribution of Funds and Direct State Undertakings

(a) As detailed within this plan and appendices, DCA has used a methodology to rank the State's jurisdictions based upon greatest need and plans to distribute its funds using **two (2) methods**: *i*) Direct Allocation Pool: A distribution of NSP 3 assistance for the highest ranked jurisdictions (pursuant to Section 2(A) with viable proposals that also meet the minimum scoring threshold and *ii*) Affordable Rental Housing Development Pool: In order to maximize the NSP 3 requirement to "create preferences for the development of affordable rental housing for properties assisted with NSP 3 funds" DCA will provide NSP 3 funds in eligible jurisdictions where NSP 3 activities will be undertaken directly through the Georgia Housing and Finance Authority (GHFA) using existing delivery systems that have been slightly modified for NSP 3 activities.

(b) Assistance from NSP 3 awards may take the form of grants, loans or any other assistance type allowed by the HERA statute as modified by the Dodd-Frank Act, regulation, or HUD guidance.

(2) State Allocation Amount Available

(a) On September 8, 2010 the federal government allocated a total of \$50,421,988 to Georgia's greatest need jurisdictions (NSP 3 entitlements) and the State for the NSP Program. Fourteen (14) NSP 3 entitlement jurisdictions received \$31,742,011 in direct allocations from HUD and the State received an allocation of \$18,679,977. The purpose of this Plan is to describe the method that the State will use to distribute the \$18,679,977 allocated to the State. The State shall offer the opportunity for those NSP 3 entitlement jurisdictions to request that the State partner in a joint effort to administer NSP 3 funds. The State shall be the lead administrator of the awards for all such approved requests.

(3) Administration, Grants/Loan Management, Monitoring, Reallocations and Reporting

(a) Administration and Grants Management. The Department will use its existing CDBG and NSP 1 Administrative and Grants Management framework to manage NSP 3 assistance. Each NSP 3 allocation award will be subject to a legally binding assistance agreement that includes appropriate Certifications and General or Special Conditions. In addition, processes exist to "Special Condition" the unique requirements of the NSP including the limitations of Section 2301(d) of the Act (as amended) related to appraised values, discounts on purchased properties and the sale and reinvestment or return of any program income generated by the NSP activities.

(b) Detailed Budgets and Drawdowns. Individual recipients will have their NSP 3 funds approved pursuant to a detailed budget designed around the eligible activities of Section 2301(c)(3) of the Act. Individual drawdowns will be required to include details and/or supporting cost documentation on the activity being financed. Such data will be reconciled with project reports and monitoring as described below.

(c) All NSP 3 recipients shall be required to meet the following additional NSP 3 requirements:

(i) All gut rehabilitation or new construction of residential buildings up to three stories must be designed to meet the standard for Energy Star Qualified New Homes.

(ii) All gut rehabilitation or new construction of mid- or high-rise multifamily housing must meet the Energy Star standard for multifamily buildings piloted by the Environmental Protection Agency and the Department of Energy.

(iii) all rehabilitation projects must replace older obsolete products and appliances with Energy Star labeled products and install water efficient toilets, showers and faucets.

(iv) To the maximum extent feasible, all projects funded will provide for the hiring of employees who reside in the vicinity of projects funded by NSP 3 or contract with small businesses owned and operated by persons residing in the vicinity of such projects (pursuant to Section 3 of the Housing and Urban Development Act of 1968 and implementing regulations).

(v) Grantees must establish procedures to create preferences for the development of affordable rental housing for properties assisted with NSP 3 funds.

(d) Project Monitoring. The CDFD's Office of Field Services will expand its existing system for monitoring of CDBG and NSP 1 projects and contracts. NSP 3 projects will receive significant desk monitoring as well as on-site monitoring to document local accountability and prevent inappropriate activities. Monitoring areas will include the standard CDBG programmatic areas including eligibility of activities, financial management, citizens' participation, environmental, procurement, contract provisions, acquisition, rehabilitation, clearance, and disposition of any properties. Program representatives will check and verify reported outcomes during such monitoring. Should any findings occur, recipients will be required to correct the problem or else the ineligible expenditures will be disallowed and funds recaptured by the Department.

(e) Reporting. Each Recipient will report on a quarterly basis (on the Department's on-line NSP reporting system) for the status of the activities undertaken and the funds drawn. Quarterly status reports will be due to the Department within 15 calendar days following the end of each quarter. The state will then report to HUD using the online Disaster Recovery Grant Reporting system. Additional reporting requirements (i.e., annual audits, contractual obligations and other required reports) will be specified in the Department's grant agreement.

(4) Amendments and Reallocations

(a) Should the State program receive an additional allocation from HUD or should DCA determine that a recipient's allocation is not accepted in a timely manner or that a recipient's project is not performing satisfactorily or on a timely basis, the Department may deobligate and/or re-allocate the non-performing contract or allocation and reallocate the resources to other recipients, jurisdictions or projects.

(b) DCA may direct reallocations to any jurisdiction(s) meeting a minimum NSP 3 scoring threshold described in Section 2(A)(a) (including NSP 3 funds directly allocated by HUD to the fourteen NSP 3 entitlement jurisdictions in the state) who on the basis of administrative capacity and program design or the proper and timely utilization of initial NSP 3 allocations have demonstrated an ability to fulfill the objectives of this Action Plan.

(i) Jurisdictions that did not receive an initial allocation of State funds under the methodology described in Sec. 2(A)(a) and Appendix 1 who responded to the NOFA as required

by the deadline described in Sec 2(H)(5)(k) may receive consideration for reallocation provided that their Action Plan meets the criteria outlined in Sec 2(H)(5)(h).

(ii) Jurisdictions participating as described in (i) above will be required, at a minimum, to submit progress reports generated from their DRGR reporting system to DCA monthly to be considered for reallocation of NSP funds.

(5) Method One—General Considerations of the Direct Allocation Pool

(a) Eligible Recipients for Direct Allocation. Eligible recipients for State Direct Allocation of NSP 3 assistance under this method include all units of general-purpose local government, including those cities and counties eligible to participate in the traditional "CDBG Entitlement Program" of HUD. In order to participate and in addition to requirements contained in the NSP 3, local governments must be in compliance with applicable federal and state laws including all audit requirements.

(b) Local Government Authorization Required. Local governments are responsible for the authorization of an NSP 3 application and project within their jurisdiction, It should be noted that local governments may undertake projects through several means: *i*) direct receipt of the assistance and direct implementation of the activities (with or without a contract for project administration); *ii*) direct receipt of the assistance and implementation of the program through a contract(s) with a qualified and eligible sub-recipient(s); and *iii*) authorization for qualified and eligible sub-recipient(s) to directly receive assistance and implement specific NSP 3 activities within a clearly defined target area within the local government's jurisdiction provided the local government has followed all applicable procurement requirements at 24 CFR Part 85.36 in selecting the sub-recipient.

(c) Eligible Sub-Recipients for Direct Allocation Assistance. Eligible sub-recipients consist of properly organized entities in good standing (with audited or reviewed financial statements) including: *i*) local, regional or state development, housing or land bank authorities authorized to administer or implement HERA/NSP activities; *ii*) for-profit corporations; *iii*) non-profit corporations; *iv*) any other properly organized entity including partnerships and sole proprietorships; and *v*) Regional Commissions authorized pursuant to O.C.G.A. 50-8-30.

(d) Minimum Assistance Amounts for State Direct Allocation. In order to encourage the greatest neighborhood impact on the State's residential foreclosure problems, the Department has set a minimum threshold (census tracts with Need Score of 17 or higher and REO Inventory Score of 300 or more) of need for NSP 3 as described in Sec. 2(A)(a) for state NSP 3 Direct Allocation assistance (including NSP 3 funds received directly from HUD). Due to limited funds available, each participating jurisdiction will be required to submit a plan to prioritize funds to specific geographic targeted areas within eligible census tracts in their jurisdiction and a plan to systematically target additional areas as funds are made available through generation of program income and/or reallocation.

(e) Jurisdictions with an initial assistance allocation must still meet the Section 2(H)(5)(h) viability criteria in order to receive the award.

NOTE: The allocation amounts listed in Appendix II are approximate and subject to change due to the number of eligible jurisdictions that may or may not apply for the funds, as well as the number of jurisdictions that may choose to propose a regional or joint application. **Applicants choosing to propose a regional or joint application must provide DCA with a Notice of Intent to apply as such no later than 03/15/2011.** The amounts available to each jurisdiction will be modified (increased or decreased) dependent upon the NSP 3 Grants awarded by DCA.

(f) Regional Partnerships for Purposes of Program and/or Achieving Minimum Direct Allocation amounts. For purposes of maximizing local jurisdictions' opportunities to receive Direct Allocations for areas with a high foreclosure and abandonment risk as determined by our methodology, the Department allows jurisdictions that have census tracts that exhibit Needs Scores of 17 or higher but do not individually achieve an REO Inventory Score of 300 or more to combine their REO Inventory Scores into a joint or regional application in order to reach the Direct Allocation threshold. Applications filed under this method must provide a clear strategy to address needs in all jurisdictions through a systematic approach to address neighborhood needs in all participating jurisdictions. **Applicants using this provision must submit a Notice of Intent to apply to DCA no later than 03/15/2011.**

i) Joint or regional proposals must include a joint resolution and/or agreement from all participating local governments [and sub-recipients if the proposal will utilize the implementation procedures described in Section 2 (H)(5)(b)]. The resolution or agreement must identify the lead applicant and be signed by appropriate representatives of all governments.

(g) Right to Waive Provision. The commissioner of DCA retains the right to waive the requirement for a supporting authorization if in his or her judgment a waiver serves the interests of the Georgia NSP 3 program. The commissioner will consult with the chief elected official prior to granting a waiver of the resolution requirement.

(h) Basic Viability Threshold Criteria for Proposals Requesting Direct Allocation. When evaluating proposals submitted for a Direct Allocation, DCA will consider the following criteria: *i)* prioritization of assistance to area(s) of highest and greatest need for eligible LMMI areas and areas with a high foreclosure and abandonment risk score (17 or above and REO Inventory Score of 300 or above) and impact of proposed outcomes, including sufficient market analysis that supports the activities in the proposed NSP 3 target area; *ii)* applicant's administrative capacity, understanding and history of successfully completing CDBG and NSP 1 activities; *iii)* clearly identified needs (e.g. specific eligible properties), implementation plan with specific eligible activities, and documentation of ability to implement activities quickly including intended program impacts and outcomes; *iv)* congruence between DCA's proposed allocation, funds requested through the local proposal, and the activities chosen to address the needs described; *v)* adequacy of local proposal to have at least 25% of proposed allocation benefit persons below 50% of the AMI; *vi)* a clear readiness to proceed with specific activities; *vii)* the efficiency and effectiveness of the proposed activities (e.g. when purchasing units or property for rehabilitation and sale within the local market, the jurisdiction is generally targeting units that require reasonable assistance to become "affordable housing" for LMMI persons); *viii)* demonstrated understanding of applicable laws and regulations; *ix)* description of implementation partnerships (if any) and documentation of partner roles and agreements and *x)* any needed agreements (e.g. options, contracts, leases, etc.) are in place and ready to implement.

i) Appendix 4 contains a detailed description of each criterion. Applicants are strongly encouraged to review this Appendix and insure they submit appropriate documentation with their proposals.

ii) The Department reserves the right to contact potential recipients and sub recipients to discuss and or negotiate any requested assistance.

iii) Applications must contain maps generated by the HUD NSP 3 Mapping Tool that demonstrate the location of their proposed activities and the extent that these locations are within areas discussed in Section 2(A)(a) of this Plan.

(j) Direct Allocation NOFA Process. On February 10, 2011, the Department, published our Draft Action Plan for comment and Intent to Publish a Notice of Funds Available (NOFA). Subsequent to the 15 day public comment period, the Department will incorporate comments and responses and finalize any changes to the Proposed Action Plan made as a result of public commentary. The Department will communicate those changes to the Plan to jurisdictions preparing their NSP 3 applications through publication of the Action Plan as submitted to HUD on March 1, 2011

(k) Deadline for Submission of Direct Allocation Proposals. The deadline for submission for all Direct Allocation proposals is March 31, 2011. Should HUD not approve this Action Plan on a timely basis, the Department reserves the right to adjust this deadline and subsequent dates affected by HUD's delay or any needed adjustments to the Action Plan.

(l) Timing of Direct Allocation Awards. On April 1, 2011 DCA will begin a Period of Review that will extend until April 30, 2011. Once HUD approves the submitted Action Plan Amendment, and DCA review of applications for funding are completed, DCA shall immediately make NSP 3 Awards to eligible applicants. Acceptance of allocation agreements by local jurisdictions must occur within 15 days of the announcement. DCA retains the authority to award funds and enter into contracts or agreements at anytime after HUD approval of its Action Plan Amendment in order to serve the best interests of the NSP 3 program. DCA shall submit an amendment for NSP 3 to HUD on or before June 30, 2011 that includes final information from grantees regarding approved needs and target area mapping information for all approved grantees.

(6) Method Two—General Considerations of the Affordable Rental Housing Development Pool

The Georgia Housing and Finance Agency (GHFA) will oversee the administration of the Affordable Rental Housing Development Pool. GHFA's Board is the same board as DCA's board and its executive director is also the Commissioner of DCA. GHFA is the state participating Jurisdiction (PJ) under the HOME program and serves as the state's Housing Finance Agency managing the state's Low Income Housing Tax Credit Program. GHFA and DCA will enter into a Memorandum of Understanding (MOU) that outlines GHFA's responsibilities under the Georgia NSP 3 program. Recipients of Affordable Rental Housing Development Pool funds will use the funds awarded from the Affordable Rental Housing Development Pool to stabilize neighborhoods whose viability has been, and continues to be, damaged by the economic effects of properties that have been foreclosed upon and abandoned. A NSP RFP Review Team will be established to review the proposals submitted under the Affordable Rental Housing Development Pool.

The Affordable Rental Housing Development Pool will be initially funded at approximately \$1.5 million from the State of Georgia's NSP 3 allocation. NSP 3 will be allocated by GHFA to projects that create affordable rental housing options for (1) families, (2) the elderly, (3) older persons, or (4) individuals and families who are homeless and have a disability. Additionally, the demolition of abandoned multifamily rental developments by local governments will be funded.

For proposals that create affordable rental housing options for individuals and families who are homeless and have a disability, all NSP 3 units in a project will be rented to households at incomes less than 50% of Area Median Income (AMI) as adjusted for family size for the minimum periods of affordability in accordance with the HOME program (24 CFR §92.252).

For proposals that seek to create affordable rental housing options for families, the elderly or older persons, GHFA will allocate NSP 3 funds for activities in which forty percent (40%) of the total residential units funded in a project will be rented to tenants at 50% AMI for the minimum period of affordability in accordance with the HOME program (24 CFR10 §92.252).

Eligible Entities

The specific entities that will carry out the activities under the programs listed have not yet been identified by GHFA. However, all eligible applicants pursuant to program regulations and the requirements of the Request for Proposals will be allowed to apply to the Affordable Rental Housing Development Pool, including individuals, local governments, for-profit corporations, non-profits corporations, and any other properly organized entity including partnerships and sole proprietors. The entities applying will be selected under a Request for Proposals (RFP) on a competitive basis issued by GHFA for eligible NSP 3 activities.

NSP 3 funds awarded through the Affordable Rental Housing Development Pool will be in the form of loans or grants. Entities awarded loans under the Affordable Rental Housing Development Pool will be provided with commitments specific to the program under which the loan was awarded. The commitment will contain the terms, conditions, program requirements and benchmarks that must be met in order to comply with the commitment. All commitments will be required to meet NSP 3 deadlines, requirements and affordability restrictions through restrictive covenants, restrictive agreements and other legal mechanisms.

Eligible Affordable Rental Housing Development Pool Activities

Affordable Rental Housing Development Pool funds will be used for the following activities:

- Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to develop affordable rental housing.
- Demolish abandoned and blighted multifamily structures.
- Redevelop demolished or vacant properties for affordable rental housing.

Prohibited Activities

No funds will be used to demolish public housing.

Additional Requirements of the Affordable Rental Housing Development Pool

All gut rehabilitation or new construction of residential buildings up to three stories must be designed to meet the standard for Energy Star Qualified New Homes.

All gut rehabilitation or new construction of mid- or high-rise multifamily housing must meet the Energy Star standard for multifamily buildings piloted by the Environmental Protection Agency and the Department of Energy.

To the maximum extent feasible, all projects funded will provide for the hiring of employees who reside in the vicinity of projects funded by NSP 3 or contract with small businesses owned and operated by persons residing in the vicinity of such projects.

All grantees will be required to comply with [Federal Funding Accountability and Transparency Act](#) (FFATA) requirements

I. JOINT AGREEMENT WITH NSP 3 ENTITLEMENTS

(1.) DCA may enter into an intergovernmental joint agreement with NSP 3 entitlement jurisdictions for the purpose of administering the federal allocation of NSP 3 funds for that jurisdiction. Such agreements will be mutually agreed upon by both parties and the State shall assume the lead role (as per the HUD Notice) in all such arrangements.

3. DEFINITIONS AND DESCRIPTIONS

(1) Definition of “blighted structure” in context of state or local law:

Pursuant to O.C.G.A. 22-1-1 "Blighted property," "blighted," or "blight" means any urbanized or developed property which: (A) Presents two or more of the following conditions: (i) Uninhabitable, unsafe, or abandoned structures; (ii) Inadequate provisions for ventilation, light, air, or sanitation; (iii) An imminent harm to life or other property caused by fire, flood, hurricane, tornado, earthquake, storm, or other natural catastrophe respecting which the Governor has declared a state of emergency under state law or has certified the need for disaster assistance under federal law; provided, however, this division shall not apply to property unless the relevant public agency has given notice in writing to the property owner regarding specific harm caused by the property and the owner has failed to take reasonable measures to remedy the harm; (iv) A site identified by the federal Environmental Protection Agency as a Superfund site pursuant to 42 U.S.C. Section 9601, et seq., or environmental contamination to an extent that requires remedial investigation or a feasibility study; (v) Repeated illegal activity on the individual property of which the property owner knew or should have known; or (vi) The maintenance of the property is below state, county, or municipal codes for at least one year after notice of the code violation; and (B) Is conducive to ill health, transmission of disease, infant mortality, or crime in the immediate proximity of the property.

(2) Definition of “affordable rents.” :

The State will require the NSP 3 program recipients to follow the HUD regulations as set forth in 24 CFR 92.252.

(3) Description: Long Term Affordability

The State will require NSP 3 projects to follow the affordability requirements for the HUD HOME program as set forth in 24 CFR 92.252 (2) (2) for rental housing and in 24 CFR 92.254 for homeownership housing, based on the amount of NSP 3 funds provided for each project. All rental housing affordability restrictions will be imposed by deed restrictions. When there is more than one financing source (besides NSP 3) imposing land use restrictions on a project, the most restrictive requirements will apply to the project.

For homeownership projects, the DCA NSP 3 program loan documents including a subordinate deed to secure debt, loan agreement and/or note will be used to enforce the required period of affordability.

In accordance with HERA, in the case of previously HOME-assisted properties for which affordability restrictions were terminated through foreclosure or deed in lieu of foreclosure, an NSP 3 grantee will be required to reinstate the HOME affordability restrictions for the remaining period of HOME affordability or any more restrictive continuing period of affordability required by any other financing source participating in the NSP 3 project.

(4) Description: Housing Rehabilitation Standards:

- a) Newly constructed or rehabilitation of single or multi-family residential structures being funded using NSP 3 assistance must, at project completion, meet all applicable regulations in accordance with Minimum Standard Georgia Building Codes (<http://www.dca.state.ga.us/development/constructioncodes/programs/codes2.asp>) as well as all locally adopted codes. Additionally all units for these activities will be required to meet the following:
- (i) All gut rehabilitation or new construction of residential buildings up to three stories must be designed to meet the standard for Energy Star Qualified New Homes.
 - (ii) All gut rehabilitation or new construction of mid- or high-rise multifamily housing must meet the Energy Star standard for multifamily buildings piloted by the Environmental Protection Agency and the Department of Energy.
 - (iii) all rehabilitation projects must replace older obsolete products and appliances with Energy Star labeled products and install water efficient toilets, showers and faucets.
 - (iv) To the maximum extent feasible, all projects funded will provide for the hiring of employees who reside in the vicinity of projects funded by NSP 3 or contract with small businesses owned and operated by persons residing in the vicinity of such projects.
- b) All requirements of 24 CFR Part 35 as related to lead-based paint shall apply to NSP activities.
- c) All single and/or multifamily residential structures must also meet all federal and state accessibility requirements including but not limited to those associated with the use of federal funds.

4. LOW INCOME TARGETING

Identify the estimated amount of funds appropriated or otherwise made available under the NSP 3 to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income: \$4,669,994.25.

This amount is derived as follows: Total State of Georgia allocation: \$18,679,977 x 25% = 4,669,994.25

All responses to the DCA issued NOFA (as described in Section 2) will be required to describe their methodology for how at least 25% of NSP funds will be used to provide housing for housing individuals or families whose incomes do not exceed 50 percent of area median income.

Further, as discussed in Section 2(H)(3)(a) DCA will require, through it's legally binding assistance agreement, that all sub-recipients will spend (at a minimum) 25% of NSP funds on individuals or families whose incomes are at or below 50% AMI.

5. ACQUISITION & RELOCATION

The Department does not anticipate demolition or conversion of any occupiable or occupied low-and-moderate dwelling units. However, should any subgrantees propose such activities, the Department will modify its Action Plan in accordance with HUD requirements and include methodology for reporting to HUD (via DRGR) and posting this information

prominently on the DCA website for viewing by the general public. Given the inventory of foreclosed upon units, sub-recipients are encouraged NOT to engage occupied units.

6. PUBLIC COMMENT

As described in Section 2(H)(5)(j) the Department conducted several planning meetings, and will hold a public hearing during the required 15 day comment period to ensure maximum citizen participation.

<RESERVED FOR COMMENTS RECEIVED DURING NSP 3 COMMENT PERIOD>

7. NSP INFORMATION BY ACTIVITY

The following budget is preliminary based upon activities the State has undertaken using NSP 1. As stated in Section 2(C), DCA shall proceed under the alternative described by HUD in their Guidance on Mapping and Needs Data for State NSP 3 Action Plans published 12-10, and submit a second amendment including budget, final needs and target area mapping information no later than June 30, 2011.

Activity Number 1				
Activity Name	Financing Mechanisms			
Use	Select all that apply:			
	<input checked="" type="checkbox"/>	Eligible Use A: Financing Mechanisms		
	<input type="checkbox"/>	Eligible Use B: Acquisition and Rehabilitation		
	<input type="checkbox"/>	Eligible Use C: Land Banking		
	<input type="checkbox"/>	Eligible Use D: Demolition		
<input type="checkbox"/>	Eligible Use E: Redevelopment			
CDBG Activity or Activities	As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206. Also, the eligible activities listed below to the extent financing mechanisms are used to carry them out.			
National Objective	Low, Moderate and Middle Income Housing Direct benefit to Households at or below 120% AMI			
Activity Description	Provide financing mechanisms for the purchase of foreclosed upon housing units. This assistance may take to form of homebuyer assistance that will be provided to eligible households who have completed a (minimum) 8 hour Homebuyer Education course from a HUD certified Counseling program.			
Location Description	Eligible census tracts with foreclosure risk score of 17 or more.			
Budget	Source of Funding	Dollar Amount		
	NSP3	\$2,469,492.96		
	(Other funding source)	\$		
	(Other funding source)	\$		
Total Budget for Activity	\$2,469,492.96			
Performance Measures	Estimated Households by Income Category (AMI)			
	Tenure	0-50%	51-80%	81-129%
	Owner	18	44	49

Projected Start Date	05/01/2011	
Projected End Date	05/01/2014	
Responsible Organization	Name	Georgia Department of Community Affairs
	Location	60 Executive Park South, Atlanta, GA 30329
	Administrator Contact Info	404-679-3138, glenn.misner@dca.ga.gov

Activity Number 2	
Activity Name	(Enter the name of Activity Number 2)
Use	Select all that apply: <input type="checkbox"/> Eligible Use A: Financing Mechanisms <input checked="" type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation <input type="checkbox"/> Eligible Use C: Land Banking <input type="checkbox"/> Eligible Use D: Demolition <input type="checkbox"/> Eligible Use E: Redevelopment
CDBG Activity or Activities	24 CFR 570.201(a) Acquisition (b) Disposition, (i) Relocation, and (n) Direct homeownership assistance (as modified below); 24 CFR 570.202 eligible rehabilitation and preservation activities for homes and other residential properties. HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost
National Objective	Low, Moderate and Middle Income Housing Direct benefit to Households at or below 120% AMI
Activity Description	<p>Purchase of foreclosed upon or abandoned housing units for rehabilitation and resale or rental to income qualified households. Activities include acquisition, demolition, disposition, direct homeownership assistance, rehabilitation (including reconstruction) and housing counseling.</p> <p>All acquired properties will be purchased at a minimum discount of 1% below appraised value (appraisal completed within 60 days of final offer).</p> <p>Each homebuyer purchasing these units under resale must complete a minimum 8 hour homebuyer education course from a HUD Certified housing counselor.</p> <p>This activity will provide stability to local housing markets by providing affordable energy efficient homes that are priced to be sustainable by households at or below 120% AMI. These units will provide stabilization to the neighborhood through occupancy of vacant units thereby arresting further decline of the neighborhood and stabilizing prices.</p>

	<p>No interest will be applied to these funds</p> <p>Duration and term of assistance are made in accordance with HOME regulations described in Definitions and Descriptions (Section 3(3) Long Term Affordability).</p> <p>Grantees are encouraged, to the maximum extent feasible, to hire employees, contractors and contract with small businesses that reside in the vicinity of NSP 3 target areas. Section 3 recruitment and hiring procedures are mandated through general condition in the NSP 3 award.</p> <p>Grantees are encouraged to develop affordable rental housing through use of NSP 3 funds.</p>			
Location Description	Eligible census tracts with foreclosure risk score of 17 or more.			
Budget	Source of Funding	Dollar Amount		
	NSP3	\$10,451,447.13		
	(Other funding source)	\$		
	(Other funding source)	\$		
Total Budget for Activity				\$10,451,447.13
Performance Measures		Estimated Households by Income Category (AMI)		
	Tenure	0-50%	51-80%	81-120%
	Ownership	30	20	39
	Rental	16	9	0
Projected Start Date	05/01/2011			
Projected End Date	05/01/2014			
Responsible Organization	Name	Georgia Department of Community Affairs		
	Location	60 Executive Park South, Atlanta, GA 30329		
	Administrator Contact Info	404-679-3138, glenn.misner@dca.ga.gov		

Activity Number 3	
Activity Name	(Enter the name of Activity Number 3)
Use	Select all that apply:
	<input type="checkbox"/> Eligible Use A: Financing Mechanisms
	<input type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation
	<input type="checkbox"/> Eligible Use C: Land Banking
	<input checked="" type="checkbox"/> Eligible Use D: Demolition
<input type="checkbox"/> Eligible Use E: Redevelopment	
CDBG Activity or Activities	24 CFR 570.201(d) Clearance for blighted structures only.
National Objective	Low, Moderate, Middle Income area benefit (LMMA)
Activity Description	Demolition and clearance of blighted structures.

	<p>This activity will provide stability to local housing markets by removing blighted structures in neighborhoods comprised of (at least) 51% of households at or below 120% AMI. Removal of these units will provide stabilization to the neighborhood through removal of vacant unoccupiable vacant units thereby arresting further decline of the neighborhood and providing the possibility of future redevelopment.</p> <p>No interest will be applied to these funds</p> <p>Grantees are encouraged, to the maximum extent feasible, to hire employees, contractors and contract with small businesses that reside in the vicinity of NSP 3 target areas. Section 3 recruitment and hiring procedures are mandated through general condition in the NSP 3 award.</p>	
Location Description	Eligible census tracts with foreclosure risk score of 17 or more.	
Budget	Source of Funding	Dollar Amount
	NSP3	\$586,551.28
	(Other funding source)	\$
	(Other funding source)	\$
Total Budget for Activity	\$586,551.28	
Performance Measures	Demolition/clearance of 74 blighted units	
Projected Start Date	05/01/2011	
Projected End Date	05/01/2014	
Responsible Organization	Name	Georgia Department of Community Affairs
	Location	60 Executive Park South, Atlanta, GA 30329
	Administrator Contact Info	404-679-3138, glenn.misner@dca.ga.gov

Activity Number 4	
Activity Name	Redevelopment
Use	Select all that apply:
	<input type="checkbox"/> Eligible Use A: Financing Mechanisms
	<input type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation
	<input type="checkbox"/> Eligible Use C: Land Banking
	<input type="checkbox"/> Eligible Use D: Demolition
<input checked="" type="checkbox"/> Eligible Use E: Redevelopment	
CDBG Activity or Activities	24 CFR 570.201(a) Acquisition, (b) Disposition,

	<p>(c) Public facilities and improvements,</p> <p>(e) Public services for housing counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties,</p> <p>(i) Relocation, and</p> <p>(n) Direct homeownership assistance (as modified below).</p> <p>24 CFR 570.202 Eligible rehabilitation and preservation activities for demolished or vacant properties.</p> <p>24 CFR 570.204 Community based development organizations.</p> <p>HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost.</p> <p>New construction of housing is eligible as part of the redevelopment of demolished or vacant properties.</p>
National Objective	Low, Moderate and Middle Income Housing Direct benefit to Households at or below 120% AMI
Activity Description	<p>Redevelopment of demolished or vacant properties as affordable housing.</p> <p>Activities include acquisition, demolition, disposition, direct homeownership assistance, rehabilitation and preservation activities, new construction and housing counseling.</p> <p>Redevelopment activities include rental and/or home ownership.</p> <p>All acquired properties will be purchased at a minimum discount of 1% below appraised value (appraisal completed within 60 days of final offer).</p> <p>Each homebuyer purchasing these units under sale must complete a minimum 8 hour homebuyer education course from a HUD Certified housing counselor.</p> <p>This activity will provide stability to local housing markets by redeveloping vacant or previously blighted properties and provide energy efficient housing (single family and/or multifamily) that are priced to be sustainable by households at or below 120% AMI. These units will provide stabilization to the neighborhood through occupancy of vacant units thereby arresting further decline of the neighborhood and stabilizing prices.</p> <p>No interest will be applied to these funds</p> <p>Duration and term of assistance are made in accordance with HOME regulations described in Definitions and Descriptions (Section 3(3) Long Term Affordability).</p> <p>Grantees are encouraged, to the maximum extent feasible, to hire employees, contractors and contract with small businesses that reside in the vicinity of NSP 3 target areas.</p> <p>Section 3 recruitment and hiring procedures are mandated through</p>

	<p>general condition in the NSP 3 award.</p> <p>Grantees are encouraged to develop affordable rental housing through use of NSP 3 funds.</p> <p>Additionally, the State shall undertake direct activities through the Georgia Housing Finance Authority (GHFA) using the Affordable Rental Housing Development Pool. NSP 3 funds will be allocated by GHFA to projects that create affordable rental housing options for (1) families, (2) the elderly, (3) older persons, or (4) individuals and families who are homeless and have a disability. Additionally, the redevelopment of abandoned multifamily rental developments by local governments will be funded.</p> <p>For proposals that create affordable rental housing options for individuals and families who are homeless and have a disability, all NSP 3 units in a project will be rented to households at incomes less than 50% of Area Median Income (AMI) as adjusted for family size for the minimum periods of affordability in accordance with the HOME program (24 CFR §92.252).</p> <p>For proposals that seek to create affordable rental housing options for families, the elderly or older persons, GHFA will allocate NSP 3 funds for activities in which forty percent (40%) of the total residential units funded in a project will be rented to tenants at 50% AMI for the minimum period of affordability in accordance with the HOME program (24 CFR10 §92.252).</p>			
Location Description	Eligible census tracts with foreclosure risk score of 17 or more.			
Budget	Source of Funding		Dollar Amount	
	NSP3		\$3,304,487.93	
	(Other funding source)		\$	
	(Other funding source)		\$	
Total Budget for Activity			\$3,304,487.93	
Performance Measures		Estimated Households by Income Category (AMI)		
	Tenure	0-50%	51-80%	81-120%
	Ownership	5	8	8
	Rental	27	41	0
Projected Start Date	05/01/2011			
Projected End Date	05/01/2014			
Responsible Organization	Name		Georgia Department of Community Affairs	
	Location		60 Executive Park South, Atlanta, GA 30329	
	Administrator Contact Info		404-679-3138, glenn.misner@dca.ga.gov	

Activity Number 5

Activity Name	Administration	
Use	Select all that apply:	
	<input type="checkbox"/>	Eligible Use A: Financing Mechanisms
	<input type="checkbox"/>	Eligible Use B: Acquisition and Rehabilitation
	<input type="checkbox"/>	Eligible Use C: Land Banking
	<input type="checkbox"/>	Eligible Use D: Demolition
<input type="checkbox"/>	Eligible Use E: Redevelopment	
CDBG Activity or Activities	General Administration	
National Objective	NA	
Activity Description	<p>The State of Georgia will reserve 10% of NSP 3 funds for administration of NSP 3.</p> <p>The State will pass up to 6% of its administrative allocation to grantees.</p> <p>The State shall allow grantees to retain NSP 3 program income for reuse for NSP 3 eligible activities.</p>	
Location Description	State of Georgia	
Budget	Source of Funding	Dollar Amount
	NSP3	\$1,867,997.70
	(Other funding source)	\$
	(Other funding source)	\$
Total Budget for Activity	\$1,867,997.70	
Performance Measures	NA	
Projected Start Date	05/01/2011	
Projected End Date	015/01/2014	
Responsible Organization	Name	Georgia Department of Community Affairs
	Location	60 Executive Park South, Atlanta, GA 30329
	Administrator Contact Info	Brian Williamson 404-679-1587 Brian.williamson@dca.ga.gov Glenn Misner 404-679-3138 glenn.misner@dca.ga.gov

Appendix 1

Methodology for Allocation of \$18,679,977 of NSP 3 Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes

Through the methodology described below, DCA has determined the State's areas of greatest need for all jurisdictions through a calculation that uses the mandated HUD estimates of foreclosure needs from the HUD Foreclosure Needs Website (<http://www.huduser.org/portal/datasets/nsp.html>) that includes data elements required in Section 2301(c)(2) of HERA in addition to REO Inventory data from another source.

In accordance with HUD guidelines, the needs of both NSP entitlement and non-entitlement local governments are considered. Entitlement jurisdictions that have had their needs measured by the federal formula and received a direct allocation through that process will have any subsequent state need and potential formula allocations offset by the amount of any direct federal allocation already received.

HUD's methodology (HUD Foreclosure Needs website data) for making sub-state allocations uses a model to estimate the foreclosure rate for each given jurisdiction, DCA's approach is complementary to HUD's and is based on actual foreclosure data provided by RealtyTrac. RealtyTrac makes its data available in the form of monthly foreclosure activity reports. Like HUD, DCA elected to use a measure of "completed foreclosures" over a period of time rather than properties "currently in foreclosure" to capture the volume of foreclosure activity. DCA has purchased the monthly activity reports starting with January 2010 through September 2010, which provide data on all 159 Georgia Counties. The reports include data on all phases of the foreclosure process. For Georgia, the most widely available and reported measures are the numbers of Notices of Trustees' Sale and Real Estate Owned (REO) properties. The "Notices of Trustees' Sale" is defined as assignment of a property for disposal through sale or auction to a trustee. REO property is the consequence of attempts to dispose of properties in default that have failed in obtaining a sale, short sale, or auction sale and the property ownership goes to the investor or lender.¹

To insure all areas of greatest need were considered and to insure a fair comparison between NSP 3 entitlements that have already received funding from HUD and non-entitlements, NSP entitlements were assessed based on the total grant amount to Georgia (\$50,421,988)². Where an NSP 3 entitlement received a federal allocation which was less than amount shown by the state formula, the NSP3 entitlement received the additional offset state amount. Non NSP 3 entitlement jurisdictions received allocations based on the state allocation (\$18,679,977 less 4% for state administration) less the amount

¹ RealtyTrac definitions.

² In the first step, an assessment was made for entitlements that received direct NSP 3 grants as well as those jurisdictions that did not receive direct NSP 3 grants.

additionally allocated to the NSP entitlements, and less \$1.5 million provided to GHFA for the Affordable Rental housing Development Pool to meet the HUD requirement to create preference for the development of affordable rental properties. The remaining funds were allocated according to each County' share of the total REO Inventory in Georgia.

Local jurisdictions should understand that DCA's encourages counties and cities to file joint applications within a particular county and freely collaborate on their NSP proposals to alleviate areas of highest need, no matter the jurisdiction of the need, provided the eligibility threshold (census tracts of 17 or above and combined REO Inventory Score of 300 or more) is met. DCA will allow such joint undertakings to spend their combined allocations within either jurisdiction; however, if for some reason cities and counties are unable to reach collaborative agreements on the use of their funds, DCA will use the afore-mentioned methodology to make allocations.

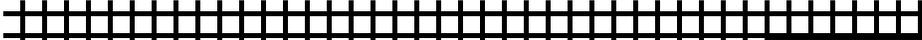
**APPENDIX 2
STATE OF GEORGIA NSP 3 ALLOCATION TABLE**

Allocation amount to determine need

\$ 50,421,988

CountyName	Inventory Size	Total	HUD Allocated	State Allocation Amount*	HUD+State
Atlanta/Fulton Cour	7,149	\$ 6,759,302	8,001,643	\$ -	\$ 8,001,643
Augusta/Richmond	639	\$ 604,168	1,161,297	\$ -	\$ 1,161,297
Carrol County/Villa	1,088	\$ 1,028,692	1,190,390	\$ -	\$ 1,190,390
Clayton County	2,408	\$ 2,276,738	3,796,167	\$ -	\$ 3,796,167
Cobb County	3,966	\$ 3,749,810	2,415,784	\$ 1,334,026	\$ 3,749,810
Columbus/Muscoge	617	\$ 583,367	1,128,174	\$ -	\$ 1,128,174
DeKalb County	4,807	\$ 4,544,966	5,233,105	\$ -	\$ 5,233,105
Douglas County	1,331	\$ 1,258,446	1,628,471	\$ -	\$ 1,628,471
Gwinnett County	5,880	\$ 5,559,476	2,065,581	\$ 3,493,895	\$ 5,559,476
Henry County	1,849	\$ 1,748,209	1,217,736	\$ 530,473	\$ 1,748,209
Macon/Bibb	816	\$ 771,519	1,503,897	\$ -	\$ 1,503,897
Paulding County	1,034	\$ 977,636	1,372,214	\$ -	\$ 1,372,214
Savannah/Chatham	951	\$ 899,160	1,027,553	\$ -	\$ 1,027,553

\$ 5,358,394



BALANCE

State Allocation **\$ 18,679,977** < State allocation

NSP 3 Entitlement State eligibility (see chart above) **\$ (5,358,394)** < Addtl Entitlements allocation

Affordable Rental Housing Development Pool **\$ (1,500,000)** < GHFA

State Admin **\$ (747,199)** < Admin costs

*Highlighted in blue are counties that met the threshold of a minimum 300 REOs, but are not eligible under the HUD guidelines of having CT w/ Needs Score of 17 and above.

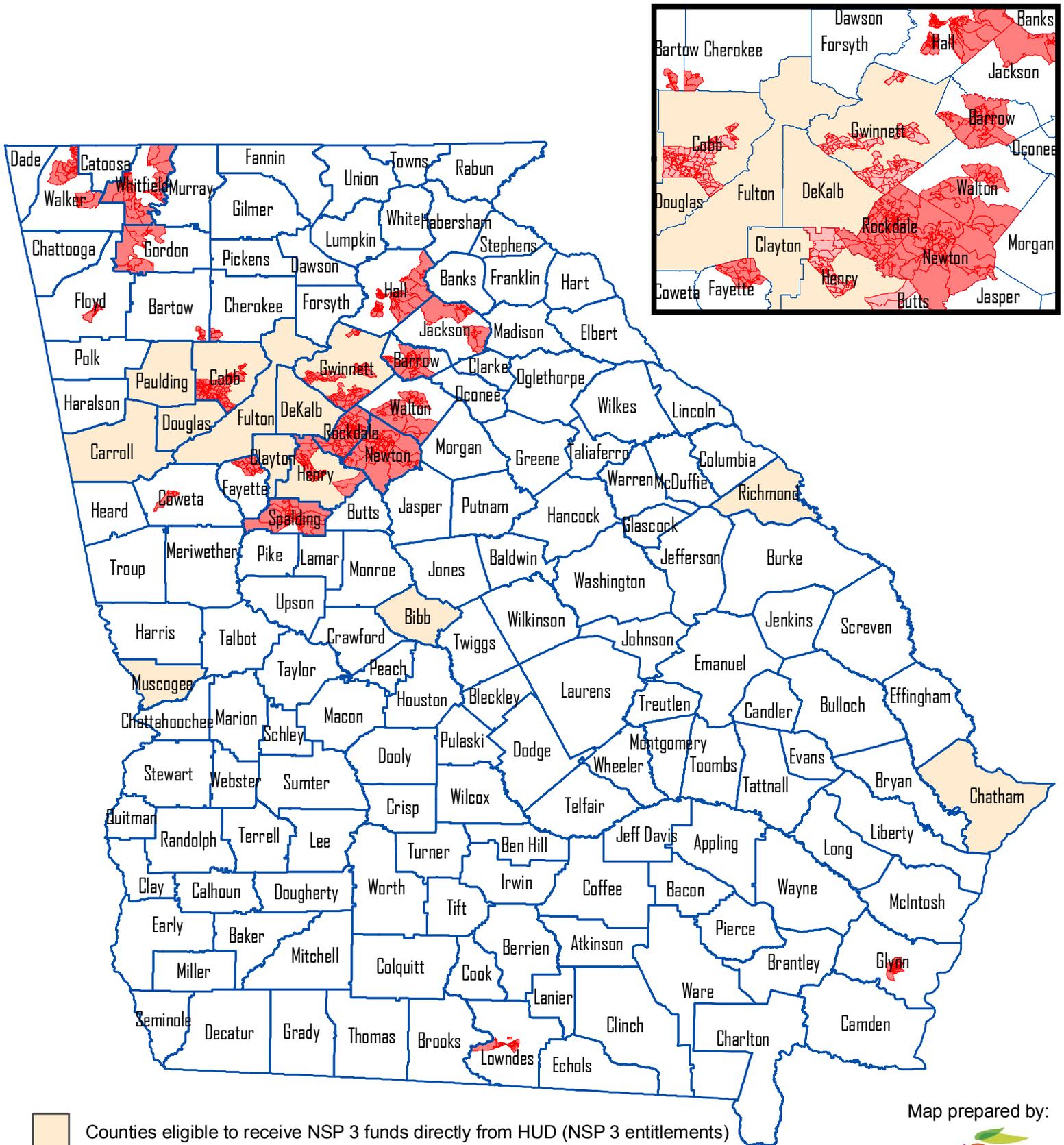
GEORGIA	REO Inventory Score	COUNTIES w/ REO of 300 and above	State Allocation Amount*	\$ 11,074,384	< Remaining State allocation
Appling County	19		\$ -	\$ 11,074,384	
Atkinson County	5		\$ -	\$ 11,074,384	
Bacon County	4		\$ -	\$ 11,074,384	
Baker County	0		\$ -	\$ 11,074,384	
Baldwin County	113		\$ -	\$ 11,074,384	
Banks County	96		\$ -	\$ 11,074,384	
Barrow County	696	696	\$ 685,318	\$ 10,389,066	
Bartow County	683	683	\$ 672,517	\$ 9,716,548	
Ben Hill County	45		\$ -	\$ 9,716,548	
Berrien County	45		\$ -	\$ 9,716,548	
Bleckley County	22		\$ -	\$ 9,716,548	
Brantley County	17		\$ -	\$ 9,716,548	
Brooks County	19		\$ -	\$ 9,716,548	
Bryan County	131		\$ -	\$ 9,716,548	
Bulloch County	103		\$ -	\$ 9,716,548	
Burke County	32		\$ -	\$ 9,716,548	
Butts County	187		\$ -	\$ 9,716,548	
Calhoun County	2		\$ -	\$ 9,716,548	
Camden County	251		\$ -	\$ 9,716,548	
Candler County	18		\$ -	\$ 9,716,548	
Catoosa County	160		\$ -	\$ 9,716,548	
Charlton County	26		\$ -	\$ 9,716,548	
Chattahoochee County	3		\$ -	\$ 9,716,548	
Chattooga County	60		\$ -	\$ 9,716,548	
Cherokee County	1,524	1,524	\$ 1,500,610	\$ 8,215,938	
Clarke County	392		\$ -	\$ 8,215,938	
Clay County	2		\$ -	\$ 8,215,938	
Clinch County	7		\$ -	\$ 8,215,938	
Coffee County	18		\$ -	\$ 8,215,938	
Colquitt County	95		\$ -	\$ 8,215,938	
Columbia County	246		\$ -	\$ 8,215,938	
Cook County	62		\$ -	\$ 8,215,938	
Coweta County	783	783	\$ 770,983	\$ 7,444,956	
Crawford County	61		\$ -	\$ 7,444,956	
Crisp County	62		\$ -	\$ 7,444,956	
Dade County	37		\$ -	\$ 7,444,956	
Dawson County	160		\$ -	\$ 7,444,956	
Decatur County	35		\$ -	\$ 7,444,956	
Dodge County	43		\$ -	\$ 7,444,956	
Dooly County	1		\$ -	\$ 7,444,956	
Dougherty County	222		\$ -	\$ 7,444,956	
Early County	10		\$ -	\$ 7,444,956	
Echols County	0		\$ -	\$ 7,444,956	
Effingham County	225		\$ -	\$ 7,444,956	

Elbert County	38			\$ -	\$ 7,444,956
Emanuel County	16			\$ -	\$ 7,444,956
Evans County	4			\$ -	\$ 7,444,956
Fannin County	196			\$ -	\$ 7,444,956
Fayette County	508	508		\$ 500,203	\$ 6,944,752
Floyd County	349	349		\$ 343,644	\$ 6,601,109
Forsyth County	706			\$ -	\$ 6,601,109
Franklin County	47			\$ -	\$ 6,601,109
Gilmer County	196			\$ -	\$ 6,601,109
Glascock County	0			\$ -	\$ 6,601,109
Glynn County	420	420		\$ 413,554	\$ 6,187,555
Gordon County	314	314		\$ 309,181	\$ 5,878,374
Grady County	48			\$ -	\$ 5,878,374
Greene County	62			\$ -	\$ 5,878,374
Habersham County	207			\$ -	\$ 5,878,374
Hall County	1,169	1,169		\$ 1,151,058	\$ 4,727,315
Hancock County	13			\$ -	\$ 4,727,315
Haralson County	157			\$ -	\$ 4,727,315
Harris County	114			\$ -	\$ 4,727,315
Hart County	9			\$ -	\$ 4,727,315
Heard County	20			\$ -	\$ 4,727,315
Houston County	467			\$ -	\$ 4,727,315
Irwin County	5			\$ -	\$ 4,727,315
Jackson County	518	518		\$ 510,050	\$ 4,217,266
Jasper County	90			\$ -	\$ 4,217,266
Jeff Davis County	25			\$ -	\$ 4,217,266
Jefferson County	31			\$ -	\$ 4,217,266
Jenkins County	21			\$ -	\$ 4,217,266
Johnson County	15			\$ -	\$ 4,217,266
Jones County	56			\$ -	\$ 4,217,266
Lamar County	69			\$ -	\$ 4,217,266
Lanier County	11			\$ -	\$ 4,217,266
Laurens County	126			\$ -	\$ 4,217,266
Lee County	116			\$ -	\$ 4,217,266
Liberty County	203			\$ -	\$ 4,217,266
Lincoln County	7			\$ -	\$ 4,217,266
Long County	14			\$ -	\$ 4,217,266
Lowndes County	349	349		\$ 343,644	\$ 3,873,622
Lumpkin County	120			\$ -	\$ 3,873,622
Macon County	14			\$ -	\$ 3,873,622
Madison County	131			\$ -	\$ 3,873,622
Marion County	11			\$ -	\$ 3,873,622
McDuffie County	47			\$ -	\$ 3,873,622
McIntosh County	29			\$ -	\$ 3,873,622
Meriwether County	68			\$ -	\$ 3,873,622
Miller County	0			\$ -	\$ 3,873,622
Mitchell County	27			\$ -	\$ 3,873,622

Monroe County	59			\$ -	\$ 3,873,622
Montgomery County	6			\$ -	\$ 3,873,622
Morgan County	83			\$ -	\$ 3,873,622
Murray County	182			\$ -	\$ 3,873,622
Newton County	1,102		1,102	\$ 1,085,087	\$ 2,788,535
Oconee County	93			\$ -	\$ 2,788,535
Oglethorpe County	25			\$ -	\$ 2,788,535
Peach County	181			\$ -	\$ 2,788,535
Pickens County	174			\$ -	\$ 2,788,535
Pierce County	39			\$ -	\$ 2,788,535
Pike County	106			\$ -	\$ 2,788,535
Polk County	232			\$ -	\$ 2,788,535
Pulaski County	21			\$ -	\$ 2,788,535
Putnam County	122			\$ -	\$ 2,788,535
Quitman County	1			\$ -	\$ 2,788,535
Rabun County	52			\$ -	\$ 2,788,535
Randolph County	2			\$ -	\$ 2,788,535
Rockdale County	652		652	\$ 641,993	\$ 2,146,542
Schley County	6			\$ -	\$ 2,146,542
Screven County	14			\$ -	\$ 2,146,542
Seminole County	8			\$ -	\$ 2,146,542
Spalding County	388		388	\$ 382,045	\$ 1,764,497
Stephens County	57			\$ -	\$ 1,764,497
Stewart County	7			\$ -	\$ 1,764,497
Sumter County	69			\$ -	\$ 1,764,497
Talbot County	15			\$ -	\$ 1,764,497
Taliaferro County	1			\$ -	\$ 1,764,497
Tattnall County	15			\$ -	\$ 1,764,497
Taylor County	19			\$ -	\$ 1,764,497
Telfair County	13			\$ -	\$ 1,764,497
Terrell County	17			\$ -	\$ 1,764,497
Thomas County	142			\$ -	\$ 1,764,497
Tift County	134			\$ -	\$ 1,764,497
Toombs County	47			\$ -	\$ 1,764,497
Towns County	45			\$ -	\$ 1,764,497
Treutlen County	3			\$ -	\$ 1,764,497
Troup County	180			\$ -	\$ 1,764,497
Turner County	12			\$ -	\$ 1,764,497
Twiggs County	8			\$ -	\$ 1,764,497
Union County	303			\$ -	\$ 1,764,497
Upson County	62			\$ -	\$ 1,764,497
Walker County	322		322	\$ 317,058	\$ 1,447,439
Walton County	950		950	\$ 935,420	\$ 512,019
Ware County	80			\$ -	\$ 512,019
Warren County	6			\$ -	\$ 512,019
Washington County	51			\$ -	\$ 512,019
Wayne County	66			\$ -	\$ 512,019

Webster County	0			\$ -	\$ 512,019
Wheeler County	6			\$ -	\$ 512,019
White County	147			\$ -	\$ 512,019
Whitfield County	520		520	\$ 512,019	\$ (0)
Wilcox County	6			\$ -	\$ (0)
Wilkes County	18			\$ -	\$ (0)
Wilkinson County	16			\$ -	\$ (0)
Worth County	24			\$ -	\$ (0)
SUM	53,329		11,247	\$ 11,074,384	

Georgia NSP 3 Eligibility Map



 Counties eligible to receive NSP 3 funds directly from HUD (NSP 3 entitlements)

 State of Georgia NSP 3 eligible census tracts
HUD Risk Score of 17 - 20 AND REO inventory of 300+

Map prepared by:



Appendix 4

Applications for Direct Allocation under NSP 3 will be rated on the following criteria:

NOTE: Feasibility considerations are the *minimum threshold* an application must meet in order to be awarded NSP funding through Georgia's NSP 3.

Feasibility

1) Prioritization of assistance to area(s) of highest and greatest need for eligible LMMI areas and areas with a high foreclosure and abandonment risk. Must include mapping information from the HUD mapping tool that clearly outline the eligible areas NAP 3 funds will be targeted and how minimum impact score will be met.

Plan must clearly describe methodology for identifying area(s) where activities will take place (including but not limited to problems to be addressed and underlying causes for identified problems) and activities that will be carried out to address those problems.

2) Applicant's administrative capacity, understanding and history of successfully completing CDBG and HERA type activities.

Plan must include specific description of the ability of existing staff to handle increased workload; the level of match between the skill sets of existing staff and the skills needed to carryout the proposal submitted to DCA. If such capacity doesn't exist, the applicant should indicate how it will procure or obtain such capacity in order to meet the 18 month timeframe for completing program activities.

3) Clearly identified needs (e.g. specific eligible properties, or at a minimum neighborhoods), implementation plan with specific eligible activities, and documentation of ability to implement activities quickly.

Plan must identify all needs to be met including specific eligible properties and the applicant's ability to implement the required discounted purchase (1% discount off of a current appraised value), sale or rental of the property to eligible LMMI using an eligible NSP3 activity. If specific properties are not yet identified, the applicant should indicate the neighborhood(s) that it will operate in, how the neighborhoods are eligible and its plan to meet the aforementioned implementation requirements.

4) Congruence between DCA's initial proposed allocation, funds requested through the local proposal, and the activities chosen to address the needs described.

Plan must demonstrate reasonableness of cost for proposed activities and how the activities meet the needs described in the proposal. Budget should also include additional sources (if applicable) and their use.

5) Adequacy of local proposal to have 25% of proposed allocation benefit persons below 50% of AMI.

Plan must clearly state how the program will spend at a minimum, 25% of the funds for households and individuals below 50% of Area Median Income.

Strategy

6) Readiness to proceed with specific activities.

Plan must clearly describe ability to achieve program goals including timelines and milestones to be achieved over the projects duration.

7) Efficiency and effectiveness of the proposed activities (e.g. when purchasing units or property for rehabilitation and sale within the local market, the jurisdiction is generally targeting units that require reasonable assistance to become "affordable housing" for LMMI persons; i.e. Rehabilitation in preparation for sale).

Plan must describe the mechanisms through which activity goals will be achieved.

8) Demonstrated understanding of applicable laws and regulations.

Plan must demonstrate clear understanding of federal and state laws, as applicable to NSP (Environmental, URA, Labor, Lead-based Paint, Etc.)

9) Description of implementation partnerships (if any) and documentation of partner roles and agreements.

Plan must identify all program partners (non-profits, lending partners, other financial partners, counseling agencies, etc.) and include documentation from those partners that outlines the roles they will play in implementation of the program.

10) Needed agreements (e.g. options, contracts, leases, etc.) are in place and ready to implement upon award.

Plan should include partner agreements, real estate options, leases (where applicable) and sample contract documents.