

# Jul 1, 2011 thru Sep 30, 2011 Performance Report

**Grant Number:**  
B-11-UN-13-0003

**Obligation Date:**

**Grantee Name:**  
DeKalb County, GA

**Award Date:**

**Grant Amount:**  
\$5,233,105.00

**Contract End Date:**  
03/09/2014

**Grant Status:**  
Active

**Reviewed By HUD:**  
Original - In Progress

**QPR Contact:**  
No QPR Contact Found

## Disasters: Declaration Number

NSP

### Summary of Distribution and Uses of NSP Funds:

The areas of greatest need were established after a team assessment of the County's substantial experience implementing NSP1 (\$18.5 million), the outstanding needs in the community, input from the community and stakeholders, and the results of the local market analysis conducted by Emory University. Additionally, a critical factor impacting how we would meet the requirement of utilizing 25% of the funds for individuals at or below 50% AMI is the large number of multi-family apartment complexes that exist in DeKalb and the number of units that have been foreclosed upon, blighted, and/or abandoned. Utilizing the data provided by HUD for Need Scores over 17, we initiated the local market analysis in partnership with Dr. Rich of Emory University to calculate a composite need index.

Calculating Composite Need Index:

1. Combined standardized scores for each need dimension
  - Population Characteristics
  - General Market Conditions
  - Foreclosure Risk
  - Foreclosures
  - Blight and Abandonment
2. Rank block groups on composite score; group into quintiles
3. Determine Direction of Neighborhood Change
  - Food Stamps
  - Property Sales

- Ratio Median Block Group Sales Price to County Median Sales Price
- Foreclosures
- Crime

4. Combined quintile rank and direction of change into composite need index score

Composite Need Index Charts Allow for Greater Differentiation Among Eligible Census Block Groups:

The next two graphs show a clearer prospective of the “areas of greatest need” with the HUD Foreclosure Need Score Chart (MAP 2B) providing less clarity, whereas the Emory University created “Composite Need Index Chart (MAP 2A) showing considerably more clarity and facilitates greater decision making to ultimately select a focused “Target Area.”

**The “Next Steps” required a review of:**

- Neighborhood context
- Neighborhood assets and amenities
- Civic engagements
- Related Public investments
- Assess feasible impacts

**Target Area Recommendation: Hidden Hills Neighborhood Area, Stone Mountain, GA**

DeKalb County Selected Target Areas:

**Census Block Groups:** 232.12 – BG1; 232.11 - BG1; 232.10 – BG1;  
232.10 – BG3; 232.10 – BG2

**How Fund Use Addresses Market Conditions:**

In order to develop an effective strategy for NSP3, DeKalb County partnered with Emory University, Dr. Michael Rich, to prepare a local market analysis. We familiarized ourselves with the NSP3 mapping tool, utilized existing information, worked with other County departments and coordinated with local stockholders and partners. The chart below identifies the market data indicators and data sources used.

**Indicators and Derviation:** 1. REO properties - Estimate from statewide REO totals (or foreclosure starts) based on each block group’s

share of a state’s estimated number of seriously delinquent loans

2. Seriously delinquent loans - Estimate based on rate of seriously delinquent loans times the number of mortgages made between 2004 and 2007.

Block group estimates derived from census tract estimates.

3. USPS vacancies - Estimate based on census tract count of vacancies assigned to block groups based on block group’s share of tract’s

estimated housing units in 2007.

4. High cost mortgages Census tract level rate assigned to block group- No variation across block groups in the same census tract.

**Constructed a Composite Need Index to Better Capture Variations in Foreclosure Data Across DeKalb County Neighborhoods:**

**Five dimensions of Data and need :**

1. Characteristics of the Population
2. General Market Conditions
3. Foreclosure Risk
4. Foreclosures
5. Blight and Abandonment

• **Level, Concentration, and Trend**

**Use of neighborhood-level data wherever possible**

**Ensuring Continued Affordability:**

The County will adopt a dual focused approach to ensure continued affordability for NSP assisted housing:

- Affordability at the citizen level in the use of housing obtained with NSP Funds.
- Monitoring of HOME regulation requirements to maintain long term affordability.

Steps to ensure affordability are:

**Affordability at the citizen level**

**Acquisition & Sale**

- Purchase all property at the lowest possible price.
- Negotiate with FHA, VA, Fannie Mae, Freddie Mac, and other lenders willing to work with the County, to purchase property at the best possible price.
- In selecting property, give priority to property that requires less extensive rehabilitation, while remaining cognizant of the neighborhood stabilization goal.
- Ensure that the mortgage amount does not exceed 2.5 - 3 times the purchaser's annual gross income.
- Sell property for an amount less than the total NSP investment. We need to remain cognizant of the goals of affordability and stabilization. Prior to NSP implementation, the County will engage subject matter experts to assist in developing policies and guidelines in this process.
- To avoid decreasing neighborhood value and maintain affordable mortgage payments, provide second mortgages to cover the difference between the appraised value and the buyer's first mortgage. The purchaser must qualify for a mortgage amount equal to 80% of the appraised value. Prior to NSP implementation, the County will engage subject matter experts to assist in refining policies and guidelines in this process.

## Buyer Selection

- Give priority to buyers qualifying under the County's Workforce Housing definition. This definition includes public and private sector employees whose incomes are between 61% and 120% of the County's median family income. (Note that the ordinance states 125% but NSP has a cap of 120% of median family income.)
- Require eight (8) hours of mandatory homeownership and financial management training. At least two (2) hours of the eight (8) hours will be one-on-one face to face counseling. The curriculum of the Housing Choice Voucher Program should be reviewed.
- Prequalify all individuals as required by NSP regulations.
- Examine consumers' debt to income ratio and ensure that buyers do not have excessive debt. Prior to NSP implementation, the County will engage subject matter experts to assist in refining policies and guidelines in this process.
- We will consult with HUD approved counseling agencies to finalize the requirements.
- The County will require all recipients of NSP3 funding to execute a mortgage, soft second mortgage, promissory note, and a declaration of restrictive covenants. These documents will be recorded in the Public Records and are enforceable mechanisms to insure continued affordability.

## Resale & Recapture:

If circumstances require the sale of NSP assisted property, the County will ensure that buyers retain at least a portion of their investment (if net revenues exist) while maintaining affordability. To preserve affordability of NSP assisted property, the County may place restrictions on property acquired with NSP funds. **Recapture is subject to the limitation that when the recapture requirement is triggered by a sale (voluntary or involuntary) of the housing unit, and there are no net proceeds or the net proceeds are insufficient to repay the NSP3 investment due, the County can only recapture the net proceeds, if any. The net proceeds are the sales price minus superior loan repayment (other than NSP3 funds) and any closing costs.**

During the NSP implementation phase, the County will establish policy and guidelines governing the deployment of these options. Affordability periods, as shown in 24 CFR 92.254 will apply to NSP assisted property.

The County may acquire NSP assisted property that is in jeopardy of foreclosure through right of first refusal or other preemptive right before foreclosure, acquire the housing at the foreclosure sale, undertake necessary rehabilitation, and provide assistance to another buyer, in accordance with the HOME guidelines shown in 24 CFR 92.254 (a)(ii)(9).

## Rental:

The County will use the HOME Program Rents published annually by HUD as the affordable rents for DeKalb County. Additionally, households between 80% and 120% AMI will pay 30% of their adjusted income for rent and utilities. Their rent may not exceed the market rent for comparable, unassisted units in the neighborhood.

## Affordability through Monitoring HOME Regulation Requirements:

The County will adopt the HOME regulations specified in the 24 CFR 92.252 and other HOME regulations as determined by the Community Development Director as the minimum program standards. The County has extensive HOME program monitoring experience. The monitoring methodology that we will implement for NSP funds used is documented in our 2008 – 2012 Consolidated Plan. NSP assisted units must satisfy the affordability requirements for not less than the applicable period specified in the chart below. The affordability requirements apply without regard to the term of any loan or mortgage or the transfer of ownership. Affordability

period will be imposed by deed restrictions and covenants.

### **Affordability Period Table for Homeownership**

#### **Homeownership Assistance HOME Amount Per Unit**

##### **Minimum Period Of Affordability In Years**

Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000	15

### **Affordability Period Table for Rental Housing**

#### **Rental Housing Activity**

##### **Minimum Period Of Affordability In Years**

Rehabilitation or acquisition of existing housing per unit of Home funds under \$15,000 - 5 years

years \* \$15,000 - \$40,000 -10

rehabilitation involving refinancing - 15 years \* Over \$40,000 or

acquisition of newly constructed housing - 20 years \* New Construction or

#### **Definition of Blighted Structure:**

A structure that exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare.

The DeKalb County local code defines a blighted structure as:

1. An abandoned or vacant structure that constitutes a hazard to the health or safety of persons who may come on or near the property on which the structure is located and which is not fenced in or otherwise protected to reasonable prohibit public access thereto.
2. A structure that is severely damaged by fire, storm or other natural or manmade causes which has remained in such damaged condition for a period of six (6) months or more and which constitutes a hazard to the health or safety of persons who may come on or near the property on which it is located.
3. A structure that is in a condition of being partially constructed and construction thereon has ceased for a period of twelve (12) months or more and which constitutes a hazard to the health or safety of persons who may come on or near the property on which it is located.

4. Any combination of the foregoing that would constitute a hazard to the safety and welfare of any person living on property located adjacent thereto.

#### **Definition of Affordable Rents:**

The County will use the HOME Program Rents published annually by HUD as the affordable rents for DeKalb County. (Source date 5/2010)

Metro Atlanta/DeKalb	Efficiency	1 BR	2BR	3BR
Low HOME rent	\$628	\$673	\$808	\$933
High HOME rent	\$757	\$820	\$912	\$1,109
Fair market rent	\$757	\$820	\$912	\$1,109
50% rent limit	\$628	\$673	\$808	\$933
65% rent limit	\$798	\$856	\$1,028	\$1,179

#### **Housing Rehabilitation/New Construction Standards:**

The DeKalb County local codes will determine the minimum housing rehabilitation standards for NSP assisted activities. However, The County may exceed those standards, depending upon the age and condition of the property.

A copy can be obtained from the County website:

[www.dekalbcountyga.gov](http://www.dekalbcountyga.gov) under the County Departments Tab – Community Development Department.

Please see “Standard Specifications For Residential Rehabilitation”.

#### **Vicinity Hiring:**

Vicinity hiring objectives will be placed in the contracts of all NSP3 service providers.

#### **Procedures for Preferences for Affordable Rental Dev.:**

DeKalb will appropriate at least 25% of the NSP funds (\$1,308,277) and any received Program Income to assist individuals and families whose incomes do not exceed 50 percent of area median income. The project initiatives and activities will be ancillary to our DeKalb County Homeless Continuum of Care (COC) Plans. Our Homeless Advisory Council and community leaders have previously documented the various gaps in our COC. Of special note is our focus on women with children, veterans, and at-risk homeless families in hotels.

We will use the referenced 25% of NSP funds (\$1,308,277) and any received Program Income principally to generate rental units; preferably, in multifamily properties. The number of Low-Income Set-Aside units in each property will be in proportion to the NSP funds invested in comparison to the total project cost.

Our tactical plans include working with major developers to identify a multi-family eligible project. Specifically, the developer will rehabilitate the multi-family projects using our 25% set-aside NSP3 funds coupled with private leveraged funds, and possibly a construction loans obtained by developers. The identified NSP3 rental units will be exclusively dedicated to individuals at or below 50% of AMI. The NSP3 activity used for the 25% Set-Aside requirement is Activity A (Financing Mechanisms).

This rehabilitation project will be accomplished in one of the targeted areas with a need HUD Foreclosure Need score in excess of 17. We will deploy the following activities to accomplish our goals for individuals in this target area:

- Purchase abandoned/ foreclosed residential multi-family properties
- Purchase and rehabilitation abandoned/ foreclosed residential multi-family properties

#### **Grantee Contact Information:**

DeKalb County Community Development, located at 150 E. Ponce de Leon Ave., Decatur, GA 30030, will serve as the lead organization for this activity. Administrators/ Contacts: **Chris H. Morris, Director (404) 286-3308 [chmorris@dekalbcountyga.gov](mailto:chmorris@dekalbcountyga.gov) or**

**Allen Mitchell, Assistant Director (404)286-3351 [amitchell@dekalbcountyga.gov](mailto:amitchell@dekalbcountyga.gov)**

The County will identify other partnering agencies and/or subrecipients through RFP, open application, and/or other processes as described in 24 CFR 85.36. All selected subrecipients and/or partnering agencies will have the capacity to manage and implement the extensive NSP regulations and requirements.

<b>Overall</b>	<b>This Report Period</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	5,233,105
<b>Total CDBG Program Funds Budgeted</b>	N/A	5,233,105
<b>Program Funds Drawdown</b>	0	0
<b>Program Funds Obligated</b>	0	0
<b>Program Funds Expended</b>	0	0
<b>Match Contributed</b>	0	0
<b>Program Income Received</b>	0	0
<b>Program Income Drawdown</b>	0	0

## Progress Toward Required Numeric Targets

Requirement	Required	To Date
Overall Benefit Percentage (Projected):		0%
Overall Benefit Percentage (Actual):		0%
Minimum Non-Federal Match	0	0
Limit on Public Services	784,965.75	0
Limit on Admin/Planning	523,310.5	0
Limit on State Admin	0	0

## Progress Toward Activity Type Targets

Activity Type	Target	Actual
Administration	523,310.5	523,310

## Progress Toward National Objective Targets

National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	1,308,276.25	1,308,277

## Overall Progress Narrative:

**GENERAL INFORMATION** The NSP 3 program was authorized by Section 1497 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. DeKalb County has been allocated \$5,233,105 in NSP 3 funds to target NSP activities within an area of greatest need in order to achieve greater impact. The County plans to utilize \$3,139,863 to purchase and rehabilitate abandoned or foreclosed single-family homes in the Hidden Hills community, the primary focus area designated in DeKalb County's NSP 3 program.

**OVERALL PROGRESS** The NSP 3 grant was approved by HUD on March 9, 2011 and DeKalb County has begun the initial planning and outreach efforts needed to implement the program. The steps outlined below have been taken by the DeKalb County Community Development Department during the third quarter to get the program underway.

1. The Request for Proposals (RFP) was issued on September 15, 2011. We plan to select up to three highly qualified and experienced service providers to assist the Community Development Department in acquiring, rehabilitating and selling foreclosed homes to eligible buyers in the Hidden Hills community. By having more than one service provider, the overall stabilization process will be completed in a timelier manner.

2. DeKalb County Community Development has been very aggressive in promoting Section 3 compliance and taken a leadership role by contracting with The Georgia Black Chamber of Commerce (GBCC) to identify Section 3 businesses for contract opportunities pertaining to NSP3. The following meetings held in September, were well publicized to engage potential Section 3 businesses:

- GBCC hosted a meeting on September 16th, along with other chambers and partners, to provide an opportunity for the businesses in the community to "get the information, get prepared, and get ready" for contract opportunities. This dynamic meeting included presentations on NSP, Section 3, DeKalb's Purchasing & Contracting process and Bonding

opportunities. It was very interactive and well-attended with approximately 150 participants.

- Purchasing and Contracting, in collaboration with Community Development and GBCC also hosted follow-up workshops on September 27th and September 30th. The September 27th workshop focused on business opportunities with DeKalb County", including Section 3, LSBE and was attended by approximately 25 participants.
- The September 30th "Section 3 Clinic" primarily focused on NSP 3, Section 3 business certification, as well as potential opportunities in the Hidden Hills community and throughout DeKalb County. This meeting was well-attended with approximately 100 participants, who indicated that the workshop was very informative. Detailed information for Section 3 applicants and one-on-one assistance was available to all in attendance.

3. We continued our collaborative efforts on NSP 3 with the Hidden Hills Community through meetings and networking with GBCC and the Hidden Hills HOA. The HOA provided Community Development and the GBCC a local business directory of business owners that live in the area and/or businesses that are located in the area. That list will serve as our focal point for the GBCC to begin their assessment and technical assistance to ensure that we maximize the use of Section 3 and vicinity businesses. To address Section 3 residents, we collaborated with DeKalb County Workforce Development, GBCC and the Hidden Hills HOA to host a meeting on September 30th for the unemployed, underemployed and low-income residents within the Hidden Hills community. Information on NSP3/Section 3 potential employment opportunities, current metro-wide opportunities, job search strategies, networking, and resume preparation was shared with the eleven families that were in attendance.

4. We have continued our outreach efforts to promote interest in the NSP 3 program by participating in events, such as the 2011 Family/Back to School Expo held on Saturday, August 13th at The Mall at Stonecrest. More than 40 exhibitors showcased their goods and services designed to help families and their students have a great school year. We featured homes available through our NSP 1 partners, and informed participants of potential homeownership opportunities in NSP 3. Our sponsorship included representatives from the "Get Home Now" mortgage program and HUD-approved counseling agencies, which provided guidance to current and future homeowners.

## Project Summary

Project#, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
11-A, Funding Mechanisms	0	1,308,277	0
11-B, Acquisition and Rehabilitation	0	3,139,863	0
11-D, Demolition	0	261,655	0
11-F, Administration	0	523,310	0
9999, Restricted Balance	0	0	0

## Project/Activity Index:

Project #	Project Title	Grantee Activity #	Activity Title
11-F	Administration	<i>No activities in this project</i>	
9999	Restricted Balance	<i>No activities in this project</i>	

11-A	Funding Mechanisms	<i>No activities in this project</i>
11-D	Demolition	<i>No activities in this project</i>
11-B	Acquisition and Rehabilitation	<i>No activities in this project</i>

## Activities