

**NEIGHBORHOOD STABILIZATION PROGRAM**  
**APPLICATION FOR RESERVATION OF FUNDS**  
**STATE OF GEORGIA**  
**ACTION PLAN**

<p>Jurisdiction(s): Henry County, Georgia  City of McDonough</p> <p><i>(submitted by): Michael Sabine, Henry County</i></p> <p>Jurisdiction Web Address: <a href="http://www.co.henry.ga.us">www.co.henry.ga.us</a>  Henry County, Georgia  <a href="http://www.mcdonoughga.org">www.mcdonoughga.org</a>  City of McDonough</p> <p><i>(URL where NSP Substantial Amendment materials are posted)</i></p> <p><a href="http://www.co.henry.ga.us/RiskManagement/pdf/NSP_Application.pdf">http://www.co.henry.ga.us/RiskManagement/pdf/NSP_Application.pdf</a></p>	<p>NSP Contact Persons:  Michael E. Sabine (Henry County)  Assistant County Manager</p> <p>Sandra Vincent (McDonough)  City Councilwoman, District II</p> <p>Address: 140 Henry Parkway  McDonough, Georgia  30253</p> <p>Telephone: (770) 288-6270 – Sabine  (678) 618-7579 – Vincent</p> <p>Email: <a href="mailto:msabine@co.henry.ga.us">msabine@co.henry.ga.us</a>  <a href="mailto:sandravincent@bellsouth.net">sandravincent@bellsouth.net</a></p>
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**THE STATE OF GEORGIA WILL ACCEPT REQUESTS FOR RESERVATION OF FUNDS UNDER TITLE III OF THE HOUSING AND ECONOMIC RECOVERY ACT (HERA) SEC. 2301 ENTITLED “EMERGENCY ASSISTANCE FOR THE REDEVELOPMENT OF ABANDONED AND FORECLOSED HOMES”.**

**A. AREAS OF GREATEST NEED**

Provide summary needs data identifying the geographic areas of greatest need in the applicant’s jurisdiction.

*Note:* The local jurisdiction must identify the area(s) of greatest need(s) and provide analysis of contributing factors that created the need described.

Response:

**Based upon HUD’s risk score data and Henry’s County/McDonough’s local data, the areas of greatest need include the City of McDonough, priority unincorporated areas, and other communities (Hampton, Locust Grove, and Stockbridge) as they are identified. For example, certain neighborhoods have been particularly impacted (e.g. Huntcliff & Panola Woods in the Fairview/Ellenwood community, Swan Lake in the Stockbridge area, and City Square & Wesley Lakes/Overlook & the Bridges**

Road Corridor in McDonough) as well as block/tract groups identified by Census geography (e.g. Census Blocks 701.01, 701.02, 701.06, 703.03, 703.04, 704.01, 704.02). All of these areas fall within the priority areas identified by DCA.

According to materials provided by the Georgia Department of Community Affairs, Henry County ranks second in the state of Georgia in terms of foreclosure rate. Henry County's 5.1 percent rate (NTS+REO/HU) is second only to Clayton County's 5.2 percent rate. During the last decade, Henry County was one of the fastest growing counties in the United States.

Henry County is strategically located along Interstate 75 with a total of seven interchanges within its borders. During the 1990s, Henry County emerged as one of the ten fastest growing counties in the United States with a population that nearly tripled since 1990. According to a 2007 report released by the U.S. Census Bureau, Henry County was the 8th fastest-growing county nationally in population from 2000 to 2006, and 6th in housing unit growth during the same period.<sup>1</sup> Overall, Henry County's population mushroomed from approximately 100,000 residents in 1998 to approximately 190,000 residents in 2008. During that ten-year timeframe the City of McDonough's population similarly expanded, from approximately 8,000 residents in 1998 to approximately 18,000 residents in 2008.

In the 2005-2007 timeframe, Henry County had a total population of 177,000 - 90,000 (51 %) females and 87,000 (49 %) males. The median age was 32.1 years, 30% of the population was under 18 years and 7 % was 65 years and older. For people reporting one race alone, 66 percent was White; 29 percent was Black or African American; less than 0.5 percent was American Indian and Alaska Native; 3 percent was Asian; less than 0.5 percent was Native Hawaiian and Other Pacific Islander, and 2 percent was Some other race. Two percent reported two or more races and 4% of the people in Henry County were Hispanic with Sixty-three percent being White non-Hispanic. From 2005-2007, Henry County had a total of 68,000 housing units, 10 percent of which were vacant. Of the total housing units, 84 percent were single family structures, 11 percent were multi-unit structures, and 5 percent were mobile homes. A total of seventy-one percent of the housing units were built since 1990.<sup>2</sup>

A rapid housing construction period culminating in numerous surplus properties, coupled with a downward economy, job losses, and unfulfilled mortgage commitments has resulted in a corresponding high foreclosure rate. Recognizing the excessive number of foreclosures of in Henry County and the immediate need to stabilize the housing crisis, Henry County and the City of McDonough jointly submit this application for funding under the Neighborhood Stabilization Program (NSP). For the purpose of this application reference to Henry County unless

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<sup>1</sup> US Census Bureau

<sup>2</sup> Source: American Community Survey 2005-2007

specifically identified as “unincorporated Henry County” or “McDonough City” is meant to reference both Henry County and the City of McDonough.

While rapid residential growth provided employment and income during construction of dwellings, most of which have been single-family dwellings, there has also been a corresponding rise in foreclosures of single-family homes in both Henry County and the City of McDonough. Henry County will utilize a two-step system for identifying the “Areas of Greatest Need” throughout the county. First, Henry County will utilize the HUD-developed “Foreclosure and Abandonment Risk Score” data as our primary system for identifying areas of greatest need. Henry County has already analyzed and aggregated the high risk score block groups and Census Tracts for the entire county. The attached map, “Henry County Priority Areas”, depicts Henry County’s areas of greatest need based upon the HUD Foreclosure and Abandonment Risk Score data. Thus, Henry will utilize the HUD data and the Henry Priority Areas map to assist in targeting Henry’s NSP grant funds.

Second, Henry has been obtaining detailed foreclosure information from local, state, and national sources. The attached map, entitled “Foreclosure Priority Areas”, depicts specific locations of actual home foreclosures in Henry County. As additional information is obtained, the map will be updated and a much larger list of specific addresses where foreclosures have occurred will be available to Henry to better pinpoint targeted areas of greatest need.

Henry County will utilize the “Priority” Areas data provided by HUD as our first “screen” in targeting NSP grant funds. Our second “screen” in targeting will be to utilize our developing list of actual foreclosure sites. These two “screens” will form the basis of Henry’s foreclosure acquisition, rehabilitation, and sales efforts.

#### ***B. DISTRIBUTION AND USES OF FUNDS***

Provide a narrative describing how the distribution and uses of the applicant’s NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the applicant as likely to face a significant rise in the rate of home foreclosures. *Note:* The applicant’s narrative must address these three stipulated need categories in the NSP statute, but the applicant may also consider other need categories.

Response:

Henry County, in the distribution and uses of its NSP funds, is using a dual methodology to rank its Census Tracts and Block Group areas of greatest need. HUD's "Foreclosure and Abandonment Risk Score" data will be utilized by Henry County as a first source to provide the HERA statutory requirement that it rank its distribution and uses of NSP grant funds based upon areas of greatest need and the three HUD targeted priority areas:

1. Areas of the greatest percentage of home foreclosures;
2. Areas with the highest percentage of homes financed by a subprime mortgage related loan, and;
3. Areas identified by Henry County as likely to face a significant rise in the rate of home foreclosures.

Henry County, through HUD's "Foreclosure and Abandonment Risk Score" methodology and Henry's own foreclosure data base has developed practical variables that measure the three HERA stipulated categories. This two screen approach by Henry County provides a methodology that considers the percentage and number of actual foreclosures, the percent and number of subprime mortgages used to purchase residential properties, as well as data variables that are predictive of future potential foreclosure problems in Henry County.

**A) Areas of Henry County with greatest percentage of home foreclosures:**

Henry County will use a qualified asset management firm to target "high priority" areas of need as described in Section A, herein, by employing a two-step foreclosure remediation strategy.

Qualified asset management entities will acquire and rehabilitate properties in Henry's areas of greatest need – as they are identified. Simultaneous to asset management entities acquiring and rehabilitating foreclosed vacant homes, the county will be working with the asset managers, and other local organizations to carry out a significant Outreach Program to identify eligible homeowners who might qualify for the Henry NSP. Henry County will prepare and disseminate to potential homeowners a list of all HUD-approved housing counseling organizations in Henry County and the Metro area. This will allow potential eligible homebuyers to meet the housing counseling requirement while Henry County's asset managers are acquiring and rehabilitating foreclosed Henry County Homes.

This two-step strategy will allow Henry County to expeditiously expend its NSP grant funds. Also, this strategy will allow foreclosed housing units to be put back into the housing inventory for low and moderate income individuals and families.

**B) Areas with the highest percentage of homes financed by a subprime mortgage related loan:**

Henry County will investigate the existing foreclosure inventory in the “high-risk”, high priority areas to determine which homeowners utilized a subprime mortgage. Overall, Henry County ranks high in subprime mortgages (percentage subprime loans). Through the utilization of the Flint Circuit Superior Court (Foreclosure Filings in Henry County) and Planning & Zoning Department, identified subprime mortgage properties will be given high priority to ascertain if they are within the scope of the NSP guidelines and if they can be acquired with the targeted discounted rates as defined in the NSP regulations and by Henry County. The Henry NSP staff will work with all appropriate agencies (Superior Court, Henry County Planning Department, local financial institutions, Fannie Mae, Freddie Mac, FHA, and other applicable agencies) to identify subprime mortgages that have been foreclosed upon.

**C) Areas identified as likely to face a significant rise in the rate of home foreclosures:**

Henry County will also investigate the existing foreclosure inventory in the “high-risk”, high priority areas to determine which areas are likely to face a significant rise in the rate of home foreclosures, and through the utilization of the County’s Superior Court and Planning & Zoning Department, these properties will be given high priority to ascertain if they are within the scope of the NSP guidelines and if they can be acquired within the targeted discounted rates as defined in the NSP regulations and by Henry County.

Henry County will also utilize a qualified contract administrative agency to carry out its NSP Program. This qualified agency will utilize a market analysis to establish trends that will substantiate those areas which not only have a “high foreclosure inventory”, but those areas that would be considered “at risk” for an increase in home foreclosures in the future.

***C. DEFINITIONS AND DESCRIPTIONS***

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

**Note:** For the purposes of the Georgia NSP the following definition shall apply: 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.

Response: **Henry County will adhere to the definition in O.C.G.A. 22-1-1.**

(2) Definition of “affordable rents.” Applicants may use the definition they have adopted for their CDBG program but should review their existing definition to ensure compliance with NSP program –specific requirements such as continued affordability. *Note:* The State will require the NSP program recipients to follow the HUD regulations as set forth in 24 CFR 92.252.

Response:

**Although Henry County does not intend to implement -- and will not implement -- any rental housing scenarios through the NSP program, Henry County would utilize the 2008 HUD-approved HOME Program Rent limits as the standard for the definition of “Affordable Rents” for all rental housing scenarios if rental scenarios were incorporated. However, as stated above, Henry County does not intend to implement any rental housing scenarios through NSP.**

**Please note that the City of McDonough may implement rental housing scenarios. In the event the City of McDonough implements rental housing scenarios, the City of McDonough will utilize the 2008 HUD-approved HOME Program Rent limits as the standard for the definition of “Affordable Rents.”**

(3) Describe how the applicant will ensure continued affordability for NSP assisted housing.

*Note:* The State will require NSP 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 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) imposing land use restrictions on a project, the most restrictive requirements will apply to the project.

For homeownership projects, the DCA NSP 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 applicant 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 project.

Response:

**Henry County plans to utilize two methods to ensure “continued affordability” of NSP assisted housing.**

**First, Henry will utilize a “Recapture Method” as defined by 24 CFR 92.254 (5) (ii) through liens on each property to ensure that the homeowner cannot reap a windfall profit. All NSP funds will be recaptured if NSP homeowners should sell their homes before the time period of designated “Continued Affordability” expires. Also, Henry County is considering a “Shared-Equity” provision for each NSP homeowner assisted under the NSP Program. Should Henry County adopt this provision (in addition to the Recapture Method), homeowners will have less incentive to sell their homes during Henry’s “Continued Affordability” time period. In other words, with a Recapture and/or Shared-Equity Provision, Henry County will have adequate mechanisms in place to keep NSP assisted homes affordable throughout Henry’s NSP period of affordability and to protect the County’s investment in this program.**

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

*Note:* At a MINIMUM, NSP rehabilitation activities must meet the following:

- a) Newly constructed or rehabilitation of single or multi-family residential structures being funded using NSP 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
- 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.

Response:

**Both Henry County and the City of McDonough have adopted the Minimum Standard Building Codes and these codes have been incorporated into each jurisdiction’s respective local ordinances. Accordingly, Henry County will utilize the following rehabilitation standards that will apply to NSP assisted activities: The International Residential Code (IRC) for one and two family dwellings – 2006, along with the Georgia State Amendments for one and two family dwellings to the IRC.**

**By submitting this application, Henry County and the City of McDonough acknowledge that the requirements of 24 CFR Part 35 as related to lead-based paint shall apply to NSP activities.**

All federal and state accessibility requirements will be met in accordance with the International Residential Code (IRC) for one and two family dwellings – 2006, along with the Georgia State Amendments for one and two family dwellings to the IRC. By submitting this application, Henry County and the City of McDonough acknowledge that all applicable federal and state accessibility requirements, including but not limited to those associated with the use of federal funds shall be met in NSP assisted activities.

***D. LOW INCOME TARGETING***

Identify the estimated amount of funds appropriated or otherwise made available under the NSP 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: \$1,562,817.

*Note:* At least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50 percent of area median income. The response must describe the methodology their project will use to ensure that **at least** 25% of NSP funds will 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

Response:

**Low Income Targeting:**

**Henry County anticipates the expenditure of 25% of its NSP grant funds on households whose incomes do not exceed 50% of AMI. In an effort to effectively and efficiently utilize Henry’s 25% share of NSP funds, it anticipates that two significant support financial mechanisms may be needed to qualify these very low income individuals and families for homeownership first mortgages. These two financial mechanisms are as follows:**

- 1. “Soft Seconds” to reduce the Sales Price to an amount affordable to a household whose income does not exceed 50% of AMI. For example, if an NSP home has a sales price of \$100,000 and the homebuyer can only qualify for a loan of \$85,000, Henry will give strong consideration to making a “Soft Second” loan for the \$15,000 difference. This mechanism can help many households at or below 50% of AMI to qualify for homeownership.**
- 2. Downpayment Assistance Henry County will utilize the resources of the NSP Program for downpayment assistance.**

**These two financial mechanisms, Soft Seconds and DPAs, will comprise the primary methods Henry County will use to purchase and redevelop abandoned or foreclosed**

**homes for housing individuals and families whose incomes do not exceed 50% of AMI. Henry County and the City of McDonough intend to utilize most of its low-income targeting funds within the City of McDonough, given the concentration of need in that specific area.**

#### ***E. ACQUISITIONS & RELOCATION***

Indicate whether applicant intends to demolish or convert any low- and moderate-income dwelling units (i.e.,  $\leq 80\%$  of area median income).

If so, include:

- The number of low- and moderate-income dwelling units—i.e.,  $\leq 80\%$  of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.
- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e.,  $\leq 120\%$  of area median income—reasonably expected to be produced by activity and income level by each NSP activity providing such housing (including a proposed time schedule for commencement and completion).
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.

Response:

**Henry County intends to demolish or convert a limited-number of dwelling units. However, it is Henry County's NSP policy to not acquire any dwelling/structure that is occupied at the time of purchase/acquisition. This policy will be adhered to under the NSP by Henry County purchasing/acquiring only vacant foreclosed homes.**

#### ***F. PUBLIC COMMENT***

Provide a summary of public comments received to the proposed NSP Substantial Amendment.

**Note:** The applicant must agree to the following:

As required by the Housing and Community Development Act, the Georgia Department of Community Affairs has adopted a written Citizen Participation Plan, available on the DCA website at

<http://www.dca.state.ga.us/communities/CDBG/programs/downloads/CDBGForms/CitizenParticipationPlan.pdf>.

Applicants for and recipients of CDBG/NSP funds certify that they will follow this plan that requires that local units of government will provide for and encourage participation in the planning, implementation and assessment of their CDBG/NSP program.

*In order to meet these goals, applicants must, at a minimum, meet the following requirements.*

1. Hold at least one (1) public hearing in the locality prior to submission of an application to DCA. The purpose of the hearing will be to obtain citizens' views and input in the development of their Neighborhood Stabilization Program (NSP) application. The applicant must furnish information including the estimated amount of funds proposed to be used for each NSP activity.

**Note:** For joint or regional applications, separate public hearings for each jurisdiction are required. A single public hearing, however, may serve the needs of each jurisdiction, provided that (a) each jurisdiction shares a central location and (b) the hearing is clearly publicized to residents of all applicable jurisdictions. If a single hearing is proposed, please contact DCA for guidance.

2. Notification of the public hearing must be published not less than five (5) calendar days prior to the date of the hearing in the non-legal section of a local newspaper of general circulation or on the jurisdiction's web page.
3. Hearings must be held at times and locations convenient to potential or actual beneficiaries and with accommodations for the disabled. The needs of non-English speaking residents must be met for public hearings where a significant number of non-English speaking residents can be reasonably expected to participate. Contact DCA for any required assistance.
4. Applicant files must contain documentary evidence that the actions listed herein have been taken, including copies of actual notices and minutes of hearings.
5. Citizens must be provided with reasonable and timely access to local meetings, information and records relating to the local government's proposed and actual use of CDBG/NSP funds as required by HUD regulations, state law, or DCA policy.
6. This section should not be construed to restrict the responsibility or authority of the local government for the development and execution of its community development program.
7. The applicant must certify in the Certified Assurances component of the application that the requirements above have been met.

Response:

**The above-stated public comment requirements are acknowledged and were implemented in the following manner: Henry County placed a notice on its web site/web page at least five days in advance of its January 12, 2008 public hearing. A copy of this notice is attached. The City of McDonough placed a notice on its website**

at least five days in advance of this hearing also. A copy of this notice is attached as well.

Minutes of the hearing, a sign-in sheet, and photos from the hearing held on January 12, 2008 at 4:00 PM at the Henry County Administration Building, 140 Henry Parkway, McDonough, Georgia 30253 are attached. Please note that this location is located within both the boundaries of Henry County and within the city limits of the City of McDonough.

**G. *NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)***

(1) Activity Name: **Henry County NSP Foreclosure Acquisition Program**

- (2) Activity Type: **A. NSP Eligible Use: Purchase residential properties that have been abandoned or foreclosed upon in order to sell, rent, or redevelop such homes and properties (HERA, Sect. 2301 (c) (3) (B)).**
- B. CDBG Eligible Activity**  
**(1) 24 CFR 570.201 (a). Acquisition.**  
**(2) As part of an activity delivery cost for an eligible activity delivery cost for an eligible activity as defined in 24 CFR 570.206.**

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e.,  $\leq 120\%$  of area median income). **100% low, moderate and middle income persons as defined in the NSP notice**

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income. **Henry's NSP Acquisition Program will be structured to meet all NSP statutory and regulatory requirements. The activity of Henry's NSP Acquisition Program will serve the county's targeted Priority Areas which comport with HUD's Foreclosure and Abandonment Risk Scores and Henry's locally developed site specific home foreclosures lists.**

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.) **Henry County will utilize its NSP Grant funds in its designated areas of greatest need. These specific areas include the City of McDonough, priority unincorporated areas, and other communities (Hampton, Locust Grove, and Stockbridge).**

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

**Performance Measures: Acquisition: Units**

1.	50% or under --	10 Units
2.	51% - 80% --	7 Units
3.	81% -- 120% --	<u>20 Units</u>
		37 Units

(7) Total Budget: (Include public and private components)

**Acquisition**

(a) Total NSP Grant Funds	\$4,110,357
(b) Administration Funds (for entire NSP activities (6%))	\$368,639
(c) Break-out of Acquisition Funds	
(1) 50% or under AMI	\$1,085,995
(2) 51% - 80% of AMI	\$770,000
(3) 81% - 120% of AMI	\$2,254,362

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

**Henry County NSP Administrative Office  
140 Henry Parkway  
McDonough, Georgia 30253  
Contact Person: NSP Administrator**

(9) Projected Start Date: **March 1, 2009 or whenever the DCA NSP Grant Agreement is executed between Henry County and DCA.**

(10) Projected End Date: **July 30, 2013**

(11) Specific Activity Requirements:

For acquisition activities, include:

- Discount rate: **Henry County will meet HUD's NSP minimum discount rates in all foreclosed homes acquired. Henry County will obtain a minimum discount of 15% on all homes acquired.**

For financing activities, include:

- Range of interest rates: **There will be no interest rates for the Henry County NSP Foreclosure Acquisition Program.**

For housing related activities, include:

- Duration or term of assistance; **Duration or Term of Assistance will be for a Henry determined period of affordability (up to 15 years) for each home purchased by an eligible NSP homebuyer. The NSP funds will be used to acquire foreclosed homes in Henry County’s Priority Areas (areas of greatest need). Liens will be placed on all sales properties to enforce the terms of Henry County’s affordability time period.**
- Tenure of beneficiaries--rental or homeownership; **Tenure will be homeownership, with the potential for lease-purchase arrangements, if the homes cannot be sold within a Henry County determined time period, i.e. 120-180 days.**
- A description of how the design of the activity will ensure continued affordability: **The design will utilize a Recapture Method and/or a Shared-Equity method to ensure continued affordability.**

**G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)**

(1) Activity Name: **Henry NSP Rehabilitation Program**

(2) Activity Type:

**A. NSP Housing Rehabilitation**

**Eligible Use:**

- (1) **Rehabilitate homes and residential properties that have been abandoned or foreclosed upon in order to sell, rent, or redevelop such homes and properties.**
- (2) **Redevelop vacant properties. (HERA, Sect. 2301 (c)(3)(B))**

**B. CDBG Eligible Use**

- (1) **24 CFR 570.202 eligible rehabilitation and preservation activities for homes and other residential properties (HUD includes counseling, herein, for those seeking to take part in the activity).**
- (2) **Public services for housing counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties.**

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income). **100% low, moderate, and middle income persons.**

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income. **Henry's NSP Rehabilitation Program will be structured to meet all NSP statutory and regulatory requirements. The activity of Henry's NSP Rehabilitation Program will serve the county's targeted Priority Areas which comport with HUD's Foreclosure and Abandonment Risk Scores and Henry's locally developed site specific home foreclosures lists.**

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.) **Henry County will utilize its NSP Grant funds in its designated areas of greatest need. These specific areas include the City of McDonough, priority unincorporated areas, and other communities (Hampton, Locust Grove, and Stockbridge).**

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

1.	50% or under AMI -	10 Units
2.	51%-80% AMI --	7 Units
3.	81%-120% --	<u>20 Units</u>
		37 Units

(7) Total Budget: Rehabilitation Program

1.	Total NSP Grant Funds	\$555,000
2.	Break-out of Rehabilitation Funds	
	(a) 50% and under AMI --	\$150,000
	(b) 51%-80% AMI --	\$105,000
	(c) 81%-120% AMI--	\$300,000

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

**Henry County NSP Administrative Office  
140 Henry Parkway  
McDonough, Georgia 30253  
Contact Person: NSP Administrator**

(9) Projected Start Date: **March 1, 2009 or whenever DCA NSP Grant Agreement is available.**

(10) Projected End Date: **July 30, 2013**

(11) Specific Activity Requirements:

For acquisition activities, include:

- Discount rate: **Henry County will meet HUD's NSP minimum discount rates in all foreclosed homes acquired. Henry County will obtain a minimum discount of 15% on all homes acquired.**

For financing activities, include:

- range of interest rates: **There will be no interest rates for the Henry County NSP Foreclosure Acquisition Program.**

For housing related activities, include:

- Duration or term of assistance; **Duration or Term of Assistance will be for a determined period of affordability (up to 15 years) for each home purchased by an eligible NSP homebuyer. The NSP funds will be used to acquire foreclosed homes in Henry's Priority Areas (areas of greatest need). Liens will be placed on all sales properties to enforce the terms of Henry County's affordability time period.**
- Tenure of beneficiaries--rental or homeownership; **Tenure will be homeownership, but with the potential for temporary rental for low, moderate and middle income tenants, or lease-purchase rentals, if the homes cannot be sold within a Henry County determined time period, i.e. 120-180 days.**
- A description of how the design of the activity will ensure continued affordability: **The design will utilize a Recapture Method and/or a Shared-Equity method to ensure continued affordability.**

**G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)**

(1) Activity Name: **Henry County NSP Foreclosure Financial Mechanisms**

(2) Activity Type:

**A. NSP Eligible Use:**

1. **Establish financial mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft seconds, loan loss reserves, and shared-equity loans for low and moderate income homebuyers. (HERA, Sect. 2301 (c)(3)(a))**

**B. CDBG Eligible Use:**

1. **Eligible activities to the extent financing mechanisms are utilized.**
2. **An activity delivery cost for an eligible activity as defined in 24 CFR 570.206.**

**3. Direct homeownership assistance.**

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income). **100% low, moderate and middle income persons.**

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income. **Henry’s NSP Program will be structured to meet all NSP statutory and regulatory issues. The financial mechanism activities for Henry’s NSP Program will serve the county’s targeted Priority Areas which comport with HUD’s Foreclosure and Abandonment Risk Scores and Henry’s locally developed site specific home foreclosure lists.**

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.) **Henry County will utilize its NSP grant funds to assist low/moderate income persons in its areas of greatest need. These specific areas include the City of McDonough, priority unincorporated areas, and other communities (Hampton, Locust Grove, and Stockbridge).**

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

**Financial Mechanisms: 37 Units**

<b>A.</b>	<b>Downpayment Assistance</b>	
1.	50% or under AMI --	10 Units
2.	51%-80% AMI --	7 Units
3.	81%-120% --	20 Units
<b>B.</b>	<b>Soft Seconds</b>	
1.	50% or under AMI --	10 Units
2.	51%-80% AMI --	7 Units
3.	81%-120%	20 Units

(7) Total Budget: (Include public and private components)

1.	Total NSP Grant Funds --	\$ 1,110,000
2.	Break-out of NSP Financial Mechanism Funds: Soft Seconds	
(a)	50% and under AMI --	\$ 300,000
(b)	51%-80% AMI --	\$ 210,000
(c)	81%-120% AMI --	\$ 600,000

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

**Henry County NSP Administrative Office  
140 Henry Parkway  
McDonough, Georgia 30253  
Contact Person: NSP Administrator**

(9) Projected Start Date: **March 1, 2009 or whenever HUD NSP Grant Agreement is available.**

(10) Projected End Date: **July 30, 2013**

(11) Specific Activity Requirements:

For acquisition activities, include:

- Discount rate: **Henry County will meet HUD’s NSP minimum discount rates in all foreclosed homes acquired. Henry will obtain a minimum discount of 15% on all homes acquired.**

For financing activities, include:

- range of interest rates: **Henry County will utilize a no-interest, non-forgivable Deferred Payment Loan for the entire affordability time period. If a homebuyer sells the home during the affordability time period, the entire “soft second” loan and possible “shared-equity” will be returned to the Henry NSP Program.**

For housing related activities, include:

- Duration or term of assistance; **Duration or Term of Assistance will be for a Henry determined period of affordability (up to 15 years) for each home purchased by an eligible NSP homebuyer. The NSP financial mechanism funds will assist low/moderate income persons to become homeowners in Henry’s Priority Areas. Liens will be placed on all properties sold to enforce the terms of the Federal Investment.**
- Tenure of beneficiaries--rental or homeownership; **Tenure will be homeownership, or lease-purchase rentals if the homes cannot be sold within a determined time period, i.e. 120-180 days.**
- A description of how the design of the activity will ensure continued affordability: **The design will utilize a “Recapture Method” and/or a “Shared-Equity” method to ensure continued affordability.**

**G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)**

(1) Activity Name: **Henry NSP Demolish Blighted Structures**

(2) Activity Type:

**A. NSP Eligible Use:**

- (1) **Demolish blighted residential dwellings that have been abandoned or foreclosed.**
- (2) **Demolish Blighted Structures. (HERA, Sect. 2301 (c)(3)(D))**

**B. CDBG Eligible Use**

- (1) **24 CFR 570.201(d) Clearance.**
- (2) **As part of an activity delivery cost for an eligible activity.**

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income). **100% low, moderate, and middle income persons.**

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income. **Henry’s NSP Demolish Blighted Structures Program will be structured to meet all NSP statutory and regulatory requirements. This activity will serve the county’s targeted Priority Areas which comport with HUD’s Foreclosure and Abandonment Risk Scores and Henry’s locally developed site specific home foreclosures lists.**

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.) **Henry County will utilize its NSP Grant funds in its designated areas of greatest need. These specific areas include the City of McDonough, priority unincorporated areas, and other communities (Hampton, Locust Grove, and Stockbridge).**

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

1.	<b>50% or under AMI -</b>	<b>2 Units</b>
2.	<b>51%-80% AMI --</b>	<b>6 Units</b>
3.	<b>81%-120% --</b>	<b><u>0 Units</u></b>
		<b>8 Units</b>

(7) Total Budget: Demolish Blighted Structures

1.	<b>Total NSP Grant Funds</b>	<b>\$107,269</b>
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<b>2.</b>	<b>Break-out of Demolish Blighted Structures</b>	
(a)	<b>50% and under AMI --</b>	<b>\$ 26,822</b>
(b)	<b>51%-80% AMI --</b>	<b>\$ 80,447</b>
(c)	<b>81%-120% AMI--</b>	<b>\$ -0-</b>

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

**Henry County NSP Administrative Office  
140 Henry Parkway  
McDonough, Georgia 30253  
Contact Person: NSP Administrator**

(9) Projected Start Date: **March 1, 2009 or whenever DCA NSP Grant Agreement is available.**

(10) Projected End Date: **July 30, 2013**

(11) Specific Activity Requirements:

For acquisition activities, include:

- Discount rate: **Henry County will meet HUD's NSP minimum discount rates in all foreclosed homes acquired. Henry County will obtain a minimum discount of 15% on all homes acquired.**

For financing activities, include:

- range of interest rates: **There will be no interest rates for the Henry County NSP Demolish Blighted Structures Program.**

For housing related activities, include:

- Duration or term of assistance; **Duration or Term of Assistance will be for a determined period of affordability (up to 15 years) for each home purchased by an eligible NSP homebuyer. The NSP funds will be used to acquire foreclosed homes in Henry's Priority Areas (areas of greatest need). Liens will be placed on all sales properties to enforce the terms of Henry County's affordability time period.**
- Tenure of beneficiaries--rental or homeownership; **Tenure will be homeownership, but with the potential for temporary rental for low, moderate and middle income tenants, or lease-purchase rentals, if the homes cannot be sold within a Henry County determined time period, i.e. 120-180 days.**
- A description of how the design of the activity will ensure continued affordability: **The design will utilize a Recapture Method and/or a Shared-Equity method to ensure continued affordability.**

**H. Complete a budget summary for each activity including source(s) of funds and use(s) for each activity proposed in Section G. See the guidance below for the preparation of DCA NSP Form H.**

The purpose of this form is to allow applicants to describe, in detail, the resources available, or to be made available, for each activity. Applicants are encouraged to provide sufficient quantifiable data and to describe supporting efforts for the proposed program. Form DCA NSP Form H should be backed-up by credible estimates of program cost prepared by individuals and agencies qualified to provide them.

Leverage may be cash or in-kind services. Its source may be local public funds, other state or federal funds, or private investments or contributions. Whatever the source, it must be evidenced by a firm written commitment in order to demonstrate a proposed program's readiness to proceed.

◆ **Line item instructions**

- ✓ In **column 1**, list the NSP eligible use using the uses found in the HERA statute at Title III, 2301(c) and at the federal register at FR-5255-N-01. Rather than stating each use in its entirety, please use the appropriate letter found in the law and the federal register. For example, use the letter (D) to indicate the use as "Demolish Blighted Structures."
- ✓ In **column 2**, list the activity name and number. See the note on the activity numbering system below.
- ✓ In **column 3**, briefly itemize NSP funds allocated for each activity. These brief summaries can reference additional detail that may be included in reports and attached to the application. The purpose of this form is to allow a review panel to compare unit costs. Be sure to provide units and costs (i.e., "construct 5,000 SF health center @ \$75 SF -- total cost: \$375,000).

Total engineering and architectural costs must be itemized here and shown in columns 3 through 6.

Housing applications including rehabilitation activities for units constructed prior to 1978 should budget an additional 25% of the total estimated rehabilitation cost to fund compliance with lead-based paint regulations.

Sufficient detail should be provided in this column to support proposed engineering and inspection fees. Such data should include detail on proposed services, as well as estimated fees for design services, conferences, travel, resident and periodic inspections, tests, surveys, printing and reproduction, additional services, etc.

- ✓ In **column 4** reference the NSP cost, if any, for each item shown in column 2. If the item in column 2 will not be paid for with NSP funds, indicate by placing a -0- in column 4.
- ✓ In **column 5** show the amount of "other funds" (not NSP) that will be used to pay for itemized costs. The source of these funds should be identified on **column 6**.
- ✓ In **column 7**, enter the total amount of funds available to carry out the proposed activity. On each page of *DCA NSP Form H* use **block 8** to subtotal columns 3, 4 and 5. On the final page, use **block 9** to total all pages.
- ✓ Attach clear commitments from the appropriate agencies.

◆ **Note on Activity Numbering System**

The activity number is used in this application on the *DCA NSP Form H*. In all instances, the activity should be referred to both by the activity number and activity name, as explained further below. In addition, all activities must be eligible as listed in the federal register at FR-5255-N-01.

The activity number system has two components:

- The prefixes indicate the purpose of the activity as follows:
  - A = Administration
  - E = Economic Development
  - H = Housing
  - P = Public Facility
  - T = Engineering
  - S = Architecture
- The second component is the budget code. The codes can be found below. Every code is comprised of three (3) alpha or numeric characters followed by a hyphen and then two (2) additional numeric characters. This code indicates the type of activity.

For example:

- P-001-00 = Acquisition of Property for a Public Facility
- H-001-00 = Acquisition of Property for Housing
- A-21A-00 = Grant Administration

## Budget Codes

001-00 Acquisition of Property (all acquisitions)	03K-01 Street Improvements
002-00 Disposition of Property	03J-01 Water Facilities
003-00 Public Facilities and Improvements (other)	03J-02 Sewer Facilities
003-01 Domestic Violence Shelter	03L-00 Pedestrian Walkways
003-02 Group Home	03K-02 Flood and Drainage Facilities
003-03 Learning Center	03S-00 Facilities for AIDS Patients (not operating)
03A-00 Senior Centers	004-00 Clearance
03B-00 Centers for the Disabled/Handicapped	005-01 Public Services (General)
03C-00 Homeless Facilities (not operating costs)	008-00 Relocation Payments and Assistance
03D-01 Boys and Girls Club or other At Risk Facility	009-00 Payments for Loss of Rental Income
03D-02 Youth Shelter	14C-00 Rehabilitation of Public Residential Structures
03E-00 Neighborhood Facilities	14A-01 Rehabilitation of Private Properties
03G-00 Parking Facilities	015-00 Code Enforcement
03M-01 Child Care Center	14A-02 Reconstruction of Private Properties
03M-02 Head Start Center	003-05 Site Development
03P-01 Health Center - Mental	012-00 Housing – Construction
03P-02 Health Center – Physical	005-02 Homebuyer Education
03P-03 Health Center - Mental and Physical	013-00 Down payment/Closing Cost Assistance
03Q-00 Abused and Neglected Children's Facilities	X00-00 Other - General (Attach Description)
03F-00 Parks, Playgrounds and other Rec. Facilities	020-00 Planning
003-04 Public Utilities, other than Water & Sewer Fac.	21A-00 Administration (General)

**Georgia Department of Community Affairs  
NSP Program  
Budget Analysis**

Applicant: Henry County, Georgia and City of McDonough

Original: XX Amendment dated: \_\_\_\_\_

1 NSP Eligible Use	2 Activity Name/Number	3 Itemized Unit Costs	4 NSP Funds	5 Other Funds	6 Source of Other Funds	7 Total Cost
(A)	Down Payment Assistance H-013-00	37 Homebuyers Assisted at \$10,000 each; 37 mortgages Obtained at \$110,000 each	\$370,000 \$0	\$0 \$4,070,000	Banks, Mortgage Brokers	\$4,440,000
(A)	Soft Second Mortgages H-X00-00	37 Homebuyers Assisted at \$20,000 each	\$740,000	\$0	\$0	\$
(B)	Acquisition H-001-00	Purchase 37 identified res. foreclosed prop. for an average of \$110,000	\$4,110,357	\$0	\$0	\$4,110,357
(B)	Housing Rehabilitation H-14B-09	Rehabilitate 37 residential units for \$15,000 each	\$555,000	\$0	\$0	\$
(D)	Demolish Blighted Structures  Administration H-21A-001	Clearance Activities for 8 Units at \$13,408 each -	\$107,269 \$368,639	\$0 \$0	\$0 \$0	\$368,639
<b>8 Subtotal</b>			<b>\$6,251,265</b>	<b>\$4,070,000</b>		<b>\$10,321,265</b>
<b>9 Grand Total (if final page)</b>			<b>\$6,251,265</b>	<b>\$4,070,000</b>		<b>\$10,321,265</b>

Check here if continued on additional pages: \_\_\_\_\_

Page \_\_\_\_\_ of \_\_\_\_\_

DCA NSP Form H

Form H  
Henry County

Supplemental Information

Program Income Usage

<b>Years</b>	<b>No. of Units Sold</b>	<b>Program Income Received</b>	<b>No. of REO Units Acquired &amp; Rehabilitated</b>
Year 1	30	\$3,300,000	30 Units
Year 2	25	\$2,750,000	25 Units
Year 3	25	\$2,750,000	25 Units
Year 4	25	\$2,750,000	25 Units
Year 5	25	\$2,750,000	25 Units
Total Program Income Earned and Additional Units Acquired, Rehabilitated, and Sold	130	\$14,300,000	130 Units
Initial DCA Grant Amount and No. of Units	37	\$4,110,357	37 Units
<b>Total DCA NSP Grant and Program Income</b>	<b>167</b>	<b>\$18,410,357</b>	<b>167 Units</b>

\*Leverage Ratio of DCA NSP Grant - 3 Times Original Grant amount (rounded)