

Neighborhood Stabilization Program 2 (NSP2) Application Submission Information for DCED Consortium Applicants

DUE DATE FOR INFORMATION TO BE RECEIVED BY DCED: July 8, 2009

I. Introduction

The purpose of this document is to gather information from local government entities and potential applicants to assist the Commonwealth in preparing a Consortium request for NSP2 funding from the U.S. Department of Housing and Urban Development (HUD). The request for submission information contains many charts. Please complete all charts that are applicable to your local activities. The Department intends to compile the information from all of the jurisdictions/respondents received by the **due date of July 8, 2009** into its master Consortium application for funding on behalf of the Commonwealth. Please be as accurate and as concise as possible since the entire Consortium application submitted to HUD is limited to 40 pages.

The information requested below follows the format of “Section IV – Application Review Information” of the HUD Notice. We encourage all applicants to review the NSP2 Notice which is available at:

<http://www.hud.gov/offices/epd/communitydevelopment/programs/neighborhoodspg/arrafactsheet.cfm>

DCED Goals

In order to establish a common strategy and themes to the Consortium application, DCED has developed the following set of goals. Applicants should use these goals to guide their submissions and narrative statements required in these instructions.

1. Significantly reduce the number of foreclosed properties that have a blighting influence on communities and neighborhoods in the Commonwealth.
2. Stabilize the property values in neighborhoods that are experiencing a significant number of foreclosed properties.
3. Demonstrate the total costs per unit for the activities undertaken with NSP2 funds is an appropriate cost level and appropriate use of public funds.
4. Assist low-income households to secure homeownership and affordable rental housing.
5. Leverage significant other resources that will assist in addressing the number of foreclosed properties.

DCED Proposal Requirements

DCED established several minimum thresholds to assure that the Consortium is competitive in the scoring process. In order to strengthen the application, DCED requires all proposals meet these thresholds, consistent with the DCED goals outlined above, and DCED will not submit any proposals that fail to meet these thresholds. Following are the required thresholds that must be met:

1. A minimum of 75% of NSP2 funds requested must be directed at addressing foreclosed properties or properties that meet HUD's definition of abandoned property through acquisition, rehabilitation, counseling and financing assistance to new homebuyers. While other redevelopment and demolition activities continue to be eligible, those activities will not score as well.
2. The maximum total cost (including leverage funds, homebuyer counseling and administrative costs) will not exceed \$200,000 per unit.
3. At least 35% of all NSP2 funds requested must fulfill the low-income set aside requirement that provides housing through previously foreclosed residential properties to households at or below 50% of the area median income.
4. Applicants must demonstrate that they have at least \$2 of leveraged funds for each \$1 of NSP2 funds requested.

Submission Requirements

The information requested below will help applicants describe the need in their areas. All applicants are required to address the same criteria so the Department can equitably review and include the information into the master Consortium application. Please provide, to the best of your ability, the information requested in the format requested. If any of the items/information requested does not apply to your submission, do not leave the item blank, please indicate as not applicable.

SUBMISSION FORMAT: All materials must be submitted both electronically and in hard copy. Microsoft Word 2003 is the preferred format for the electronic version of all text and tables. Other documentation, such as signed forms and appendices, may be submitted via scanned files or Adobe "pdf" files.

NOTE: Any applicant that is missing items described in this document may be excluded from the final submission. All interested parties should carefully review these instructions and the HUD Notice to assure that all required items are included in their submission of NSP2 materials to DCED.

II. Application Submission Material

1. Need/Extent of the Problem

a. Target Geography

Identify Census Tracts to be included in the project using the NSP2 Need Map calculations at <http://www.huduser.org/nspgis/nsp.html>. That site also provides two Need Factor scores:

- Average foreclosure needs index score for the identified target geography
- Average foreclosure with vacancy risk index score for the identified target geography

Because of the multiple areas that may be included in this Consortium application, we are requesting both scores (which HUD requires an average score of at least 18 for at least one of the two scores in order to apply).

Table 1 - Target Geography

Census Track #	Needs Index Score	Vacancy Rate Index Score
Average of All Tracks		

(Insert additional rows for each Census Tract included).

The information requested below in Table 2 will help document the need in your target geographic area. Data for this table can be obtained at:

http://www.huduser.org/nspgis/nsp_map_by_state.html.

Table 2 – Need Factors

Need Factors	Number or Percent
Unemployment Rate	
Change in Unemployment Rate	
Vacancy Rate	
Estimated number of mortgages to start foreclosure process or be seriously delinquent in past 2 years	
Estimated percent of mortgages to start foreclosure process or be seriously delinquent in past 2 years	

Table 2 – Need Factors (cont’d)

Percent of HMDA mortgage made 2004 to 2007 that are low-cost and high-leverage	
Percent of HMDA mortgage made 2004 to 2007 that are high-cost and low-leverage	
Percent of HMDA mortgage made 2004 to 2007 that are high-cost and high-leverage	

Need Factors – Narrative Statement (150 word limit)

Provide a narrative statement on the extent of need in light of the Need Factors listed in Table 2. Be certain to indicate how these factors relate to each other. (150 word limit)

b. Market Conditions and Demand Factors

This section is intended to describe the market conditions in the target geographic area the applicant intends to address with these NSP2 funds.

Complete Table 3 to address market condition items in relation to the foreclosures. The definitions below the table will assist in completing this information, including the source of data to complete this chart.

Table 3 – Market Conditions

Absorption Rate (Homes per Month)	Months of Inventory	Source of Data	Critical Factors	NSP2 Activities to Stabilize the Target Geography

Definitions for Table 3

Absorption rate: Provide the projected sales or re-occupancy of foreclosed homes per month if your community does not receive these funds.

Months of Inventory: Provide the total months of inventory, which is calculated as the total inventory of abandoned and foreclosed homes divided by the absorption rate for those homes.

Critical Factors: Indicate which of the following is the most critical factor causing abandonment and foreclosure in your target geography. Please list the top three factors in rank order of their severity, with the most severe listed first. Use the following list of possible factors to complete this section of the table.

- Over building of new housing
- Over-valuation of housing
- Unemployment
- Deterioration / blight
- Lack of credit
- Subprime and/or predatory lending
- Other (Please specify)

NSP2 Activities to Stabilize Target Geography – Narrative Statement (150 word limit)

Indicate which NSP2 activity categories that are most likely to stabilize the target geography based on the information in the “Market Conditions and Demand Factors” section. Some examples of activities are as follows:

- A community with a very low absorption rate for foreclosed property over the next 3 years might identify demolition and clearance as an appropriate activity.
- A neighborhood in a community with a higher absorption rate and a large number of properties might want to provide financial assistance to first time homebuyers.
- A neighborhood with a large number of abandoned properties may choose code enforcement, acquisition, and rehabilitation as the means to stabilize the target geography.

Other Factors – Narrative Statement (150 word limit)

List any other social, governmental, educational, or economic factors that contribute to the local market conditions that are causing instability and impact negatively in the target geography areas. Describe below using a brief listing of such factors (150 word limit).

Income Characteristics

Provide income characteristics for the target geographic area by completing the chart below.

Table 4 – Income Characteristics

Condition	Number of Households
Households below 50% AMI	
Subset with housing cost burdens	
Households between 51% - 80% AMI	
Subset with housing cost burdens	
Households between 81% - 120% AMI	
Subset with housing cost burdens	

2. Demonstrated Capacity of the Applicant and Relevant Organizational Staff

Threshold Information

Complete the chart below by addressing the following information:

List the number of units completed in the past 24 months for each NSP-eligible activity. (NSP2 will fund any eligible activity authorized under the initial NSP funding program.) The units listed must be clearly broken out between those that meet definitions of foreclosure/abandoned property according to HUD’s NSP requirements, which may include tax foreclosed units, and those units that have not been foreclosed. NOTE: The units meeting NSP requirements include units that may have been improved using other non-NSP funding or funding from any federal, state, or local sources.

Table 5 – Threshold Organizational Capacity

Activity	Units Meeting NSP Foreclosure and/or Abandoned Property Definitions	Units (Not NSP Eligible)	Total Units
Financing Mechanisms			
Purchase and Rehab of Residential Units			
Establish Land Banks			
Demolition of Blighted Structures			
Redevelop for Housing			

a. Past Experience

Past Experience – Narrative Statement (150 word limit)

Please describe past experience (within the past 24 months) in administering funds for only those activities identified in the “NSP2 Activities to Stabilize Target Geography – Narrative Statement” above. (150 word limit)

Further summarize experience with the “NSP2 Activities to Stabilize Target Geography” by completing Table 6 below for only those activities most likely to stabilize the target geography, as listed in the sections above. Provide numerical results and/or concise discussion. The definitions below the table should be used in completing that information.

Table 6 – Past Experience

Tasks / Proposed Activities	Results	Skills Applied	Resources Used
Financing Mechanisms			
Purchase and Rehab of Residential Units			
Establish Land Banks			
Demolition of Blighted Structures			
Redevelop for Housing			

Definitions for Table 6

Results: Provide numerical results of prior experience, such as units completed, households assisted, construction completed, or other dollars leveraged.

Skills Applied: Use the following terms to identify or describe “skills applied” in Table 6:

- City and Regional Planning
- Acquisition and disposition of foreclosed real estate
- Rehabilitation of housing
- Redevelopment of vacant property
- Program marketing and management of waiting lists for potential residents
- Accessing operating and investment capital
- Working productively with other organizations

Resources: Use program names and brief descriptors to identify resources employed.

b. Management Structure

Using Table 7 below, briefly describe the management structure that identifies all key management positions.

Also, provide an organizational chart identifying the key management positions including the names and positions of the staff managing the NSP2 funding.

Table 7 – Management Structure

Name	Position	Function/Role/Responsibility

References

Provide references for recent work similar to NSP2 activities. Include either: Name of contact person, address, phone, and email or Program evaluation/transcript from reputable source (newspaper or journal article). List or attach this information.

3. Soundness of Approach

a. Proposed Activities

Proposed Activities – Narrative Statement (250 word limit)

Provide a description of proposed activities, indicating whether the NSP2 activities will supplement existing efforts and how activities will achieve housing stabilization and long-term economic benefits. This statement should conform to the DCED goals described at the beginning of these instructions. (250 word limit)

Provide a detailed budget in the following format, using the list of activities found in Appendix 1 of the HUD Notice.

Table 8 – Budget and Commitments

Specify Responsible Entity and Activities	Owner or Rental Activity *	Committed Other Funds	Proposed or Planned Other Funds	NSP2 Funds	Total Budget
Responsible Entity: NSP2 Activity: CDBG Eligible Activity:					
Responsible Entity: NSP2 Activity: CDBG Eligible Activity:					
Responsible Entity: NSP2 Activity: CDBG Eligible Activity:					

* O = Owner; R = Rental Insert additional rows if necessary.

NOTE: At least 75% of all funds must be used for acquisition, rehabilitation, or financing assistance for previously foreclosed properties or properties that meet HUD’s definition of abandoned property in order to meet the DCED proposal requirements described at the beginning of these instructions. DCED will retain up to 4 percent of total funds requested for all activities to cover its administrative cos. All submissions in should include one entry in Table 8 that includes DCED’s Administration activity.

Table 9 – Cost Per Unit

Total Number of Units Developed	Total Budget (All Sources – Including NSP2 and Leveraged Funds)	Cost Per Unit

NOTE: The maximum total cost (including leverage funds, homebuyer counseling and administrative costs) cannot exceed \$200,000 per unit in order to meet the DCED proposal requirements described at the beginning of these instructions.

If your project entails mortgage or loan assistance, please provide the following information for those proposed activities:

Table 10 - Financing Activities

Specify Responsible Entity and Activities	Owner or Rental Activity *	Range of Interest Rates	Duration of Term of Assistance	Location(s), if known
Responsible Entity: NSP2 Activity: CDBG Eligible Activity:				
Responsible Entity: NSP2 Activity: CDBG Eligible Activity:				
Responsible Entity: NSP2 Activity: CDBG Eligible Activity:				

* O = Owner; R = Rental Insert additional rows if necessary.

Demolition

No more than 10% of NSP2 funds can be used for demolition activities. If an exception is requested, please provide separate justification and labeled as such.

Explain briefly, based on market conditions, the choice to demolish housing units rather than using funds for housing preservation. (100 word limit)

Complete the information required in the following table.

Table 11 - Development and Demolition Activities

Jurisdiction	Units Demolished	Units Developed	Units Available to Households Below 50% AMI

b. Project Completion Schedule

In the table below include a project timeline showing monthly milestones for each activity and expected results.

The table must demonstrate the following:

- 50% of allocated funds must be expended within 2 years of the date the funds become available to the Commonwealth or to our grantee for obligation.
- 100% of allocated funds must be spent within 3 years of that same date.

Table 12 – Project Schedule

Activity	Management Action/ Milestone	Start Date	End Date	Expected Results (Units Acquired, Completed, Demolished, or Financed)
Financing Mechanisms				
Purchase and Rehab of Residential Units				
Establish Land Banks				

Table 12 – Project Schedule (cont'd)

Demolition of Blighted Structures				
Redevelop for Housing				

c. Income Targeting for 120 and 50 percent of Area Median Income

While all funds must benefit persons at 120% or less median income, at least 25% of NSP2 funds must be used for the purchase and development of abandoned and foreclosed upon homes or residential properties that will be used to house individuals or families whose incomes do not exceed 50% of the Area Median Income (AMI). Properties that were not foreclosed or abandoned do not qualify to meet this requirement. Also, properties that were not previously residential, do not qualify to meet this requirement.

Indicate in Table 13 the units that will developed by income levels and the amount of NSP2 funds for each income category. NOTE: Only those units and funds that will address foreclosed/abandoned properties should be identified in the last 2 columns of Table 13 in order to comply with this statutory requirement. Also, some of this information is duplicative of Table 11. This duplicative information will assist DCED in reviewing for its proposal requirements.

Table 13 – Income Targets

Activity	Total Units Developed with NSP2 Funds	NSP2 Total Funds	Units of Previously Foreclosed/ Abandoned Housing Provided to Persons at or below 50% AMI	NSP2 Funds for Previously Foreclosed/ Abandoned Housing Provided to Persons at or below 50% AMI
Financing Mechanisms				
Purchase and Rehab of Residential Units				
Redevelop Residential Units			N.A.	N.A.
Total NSP2 Funds Requested – All Activities	N.A.		N.A.	N.A.

NOTE: At least 35% of the total NSP2 funds requested must meet the low-income set aside requirement in order to meet the DCED proposal requirements described at the beginning of these instructions.

d. Continued Affordability

HUD requires that NSP2 grantees ensure, to the maximum extent practicable and for the longest feasible term, the continued affordability of housing units assisted with these funds, including homes sold, rented, rehabilitated/improved, or redeveloped. These housing units must remain affordable to individuals or families whose incomes do not exceed 120 percent of Area Median Income (AMI). For units meeting the 25% set aside requirement, the project units must remain affordable to persons at or below 50 percent of AMI.

DCED intends to require that all grantees adhere to the HOME Program affordability requirements and standards. Any rental units assisted or developed with NSP2 funds fulfilling the requirements to create housing for households with incomes no greater than 50 percent AMI must remain available to households within that income limit for the duration of the HOME Program affordability period as well.

If the project cannot meet these affordability requirements, indicate how HUD's affordability requirements will be adhered to for the longest feasible amount of time.

For project activities that will impose longer affordability requirements, briefly describe the requirements that will be imposed.

e. Consultation, Outreach, Communications

Use Table 14 to describe how you publicized the intent to request funding and the proposed use of the funding. This can be achieved through newspaper advertising, and possibly through public meetings. Evidence of such must be attached.

At a minimum, provide a copy of the summary of the proposed project as printed in both a newspaper of general circulation and the applicant's website, at least 10 days prior to submitting information to DCED on July 8, 2009. The newspaper notice must include:

- target geography
- proposed uses of NSP2 funds (and amounts), in sufficient detail for affected citizens to understand how they may be affected
- posting information on your official website
- soliciting and receiving comments

Table 14 – Citizen Participation Information

Date of Publication	Newspaper Name	Website Address	Date of Public Meeting, if held

Summary of Citizen Comments – Narrative Statement

Provide a summary of citizen comments received on your plan and proposed activities and response to those comments.

f. Performance and Monitoring

Performance and Monitoring – Narrative Statement (150 word limit)

Briefly describe in the space provided your monitoring plan for any sub recipient of NSP2 funds and how you intend to comply with the internal monitoring requirement (continual examination of potentially risky areas of program operations and management, including feedback to program managers and to those who hold them accountable). (150 word limit).

4. Leveraging other funds, or removal of substantial negative effects

Provide measures of leveraged investments or removal of destabilizing influences resulting from the use of NSP2 funds.

a. Leverage

Indicate the total value of leverage commitments in Table 15 using the definition of leverage below the table. Note the required documentation described below the table that also must be submitted.

Table 15 – Leverage Commitments

Value of Committed Leverage Resources	Amount of NSP2 Funds Applied For

Definitions for Table 15

$$\text{Leverage} = \frac{\text{Value of firmly committed leveraged resources}}{\text{Amount of NSP2 funds application}}$$

NOTE: At least \$2 of leverage funds must be identified for each \$1 of NSP2 funds applied for in order to meet the DCED proposal requirements described at the beginning of these instructions.

Documentation

Attach a copy of written documentation as evidence of all non-NSP2 funds committed from other funding sources. (Do not include mortgages resulting from NSP2 assistance to homebuyers, a dollar value applied to sweat equity or volunteer labor or mortgage financing.)

Documentation of the commitment of leverage funding should include the following information:

- Name of your organization
- Name of contributing organization (identify if federal, state, local or private)
- Proposed type of commitment (cash, loan or in-kind)
- Dollar value of the commitment as it relates to NSP2 activities

This information must be included in signed commitment letters from an official of the organization legally authorized to make the commitment. Copies of these commitment letters must be submitted to DCED.

b. Value of Destabilizing Influences

HUD will provide points in the competitive scoring process for demolition or acquisition and rehab activities that show value in removing destabilizing influences of vacant properties. The goal of this factor is to credit communities with a vacancy problem and a strategy on how to address all of the vacant properties in a target geographic area in order to create stable healthy communities with a reduction in housing stock. The greater the proportion of vacant units in a geographic area that will be addressed the higher the score.

This score only applies if the project activities include the demolition or acquisition and rehab of a minimum of 25 vacant properties in any one target geographic area. The score is calculated using HUD’s “Rubric for Addressing Vacant Properties” in the NSP2 Program Notice.

Complete the following table only if you plan to demolish or acquire/rehab a minimum of 25 currently vacant properties in a single target area.

Table 16 – Destabilizing Influences

Target Geography	Vacant Properties Addressed Via Acquisition and Rehab	Vacant Properties Addressed Via Demolition	Total Number of All Vacant Properties in Target Area (Including Vacant Properties Not Addressed by Either Demolition or Acquisition and Rehab)

Data on the total number of vacant units may be obtained from U.S. Postal Service data and/or The Reinvestment Fund at www.PolicyMap.com.

5. Energy Efficiency Improvement and Sustainable Development Factors

Describe how you intend to incorporate specific energy efficient, environmentally friendly, or other sustainable green elements in some or all of your NSP2 activities. Additional points will be awarded if these construction techniques are incorporated into the proposal. Complete Table 17 using the definitions that follow the table to identify activities that meet these standards. Use a check mark or provide detail where specified.

Table 17 – Energy Efficiency and Sustainable Development

Target Area	
Transit Accessible – Bus	
Transit Accessible – Rail	
Accessible to Regional Employment Without Auto Use	
Comply with NSP2 Rehab Standards	
All Gut Rehabs Exceeding Energy Star for New Homes Standard	
All Moderate Rehabs Purchase Only Energy Star Products	
All Units Meeting Green Communities or Other Green Building Standard (Specify Standard: e.g. LEED, NAHB, etc.)	
Re-Use of Cleared Sites	
Deconstruction	
Other Sustainable Development Practices	

Definitions for Table 17:

Transit Accessibility: Defined as being in a Census Tract with convenient bus service (service every 20 minutes during rush hour or express service) or being or bordering a census tract with passenger rail stop or station (commuter rail, subway, light rail, street cars, etc). If there is no transit accessibility in the target geography area, does the area have access to transit or regional employment centers that do not require the daily use of automobiles.

Green Building Standards: Indicate whether your project will meet any of the following:

- Compliance with NSP2 rehab standards
- New construction and gut rehab activities will exceed the Energy Star for New Homes standard
- Moderate rehab or energy retrofits will purchase only Energy Star products.
- Green Communities or other green building standard will be meet

Re-use of Cleared Sites: Indicate that all cleared sites will be re-used within the term of the NSP2 grant. Re-use includes replacement housing, or use as a community resource (garden, pocket park, floodplain impound area).

Deconstruction: Indicate that salvaging and re-using materials resulting from demolition activities will be performed.

Other Sustainable Development Practices: Indicate if other green practices identified in Appendix 2 of the HUD Notice, recommended by HUD as part of the HOME Investment Partnerships program, will be used.

6. Neighborhood Transformation and Economic Opportunity

HUD will award additional points if the NSP2 activities are consistent with an established comprehensive, regional, or multi-jurisdictional plan. Please complete the following table with appropriate information.

Table 18 – Neighborhood Transformation

Consistent with Comprehensive, Regional or Multi-jurisdictional Plan	Website of Plan	Describe How the NSP2 Activities Relate to and Increase the Effectiveness of Plan (Limit 250 Words)

III. Other Application Submission Requirements

a. Consortium Agreement

DCED will be preparing a Consortium Agreement for signature and submission by applicants. This Consortium Agreement must be submitted with other required materials described above in Section II.

The Consortium Agreement will identify DCED as the lead member on behalf of the Consortium. DCED will also serve as the fiscal agent to disburse funds and assure program monitoring. DCED will retain up to 4 percent of all funds for its administrative costs.

b. Certifications

A copy of the required NSP2 Certifications must be signed by the official that signs the annual CDBG certifications and that copy must be submitted with other required materials described above in Section II.

c. HUD-2880 Form

A copy of the HUD-2880 Form is required to disclose the following information about your application:

1. All developers, contractors, or consultants involved in the application for the assistance or in the planning, development, or implementation of the project or activity; and,
2. Any other person who has a financial interest in the project or activity for which the assistance is sought that exceeds \$50,000 or 10 percent of the assistance (whichever is lower).

This form can be obtained at:

<http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/arrafactsheet.cfm>

d. Lobby Activities Form (if applicable)

A copy of the SF-LLL Form is required to disclose the information about lobbying activities, if applicable to your application.

This form can be obtained at:

<http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/arrafactsheet.cfm>

NOTE: Any applicant that is missing items described in this document may be excluded from the final submission. All interested parties should carefully review these instructions and the HUD Notice to assure that all required items are included in their submission of NSP2 materials to DCED. The HUD Notice is available at:

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