

The State of Iowa
Department of Economic Development
Consolidated Plan for Housing & Community Development

Action Plan for the Neighborhood Stabilization Program

Substantial Amendment to the 2008 Action Plan

November 2008

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NSP SUBSTANTIAL AMENDMENT DRAFT FOR PUBLIC COMMENT

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This document is a substantial amendment to the Action Plan for FFY2008 submitted by the State of Iowa. The Action Plan is the annual update to the Consolidated Plan for FFY 2005 through 2010. This amendment outlines the expected distribution and use of \$21,607,907 through the newly-authorized Neighborhood Stabilization Program (NSP) through the U.S. department of Housing and Urban development. The NSP funds were authorized by the Housing and Economic Recovery Act of 2008 (HERA) as an adjunct to the Community Development Block Grant (CDBG) Program.

I. Program Background

The Neighborhood Stabilization Program (NSP) provides emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities. The Neighborhood Stabilization Program provides grants to every state and certain local communities to purchase foreclosed or abandoned homes and to rehabilitate, resell, or redevelop these homes in order to stabilize neighborhoods and stem the decline in value of neighboring homes.

II. Allocation of Funding Within Iowa

The State of Iowa plans to allocate NSP resources to communities with the greatest need, and that have the interest and administrative capacity to operate the program. The State has determined that the most appropriate way to address these goals is to provide funding directly to Entitlement Communities, and have a competitive application process for the Non-Entitlement Communities.

The data show that a significant amount of the need in the State is within the 11 Entitlement Communities (Ames, Cedar Falls, Cedar Rapids, Council Bluffs, Davenport, Des Moines, Dubuque, Iowa City, Sioux City, Waterloo and West Des Moines). HUD data on foreclosures indicate that, of the 21,661 estimated foreclosures in the state (38 percent),

8,194 are in the 11 Entitlement Communities. (HUD’s estimates are for the period 1/1/07 – 6/30/08.) However, of the total estimated foreclosures of 21,661, many are widely scattered throughout the state. Many of them might be one, two, or three properties in a neighborhood, or even an entire community. As such, they would not be considered high priority areas for neighborhood-wide stabilization/revitalization. A different way to look at the data would be to look at the Census Tracts with the biggest problem (as defined by those with the largest numbers of foreclosures). Of the top 100 Census Tracts by this measure, 76 of the 100 (76%) are in counties where Entitlement Cities are located (and most of those are no doubt in the Entitlement Cities themselves). Looking at the top 200 Census Tracts by this measure, 133 of the 200 (66%) are in Entitlement City counties (and again presumably in the Entitlement City itself).

Thus by one measure, total estimated foreclosures, the funding would be split 38% Entitlement, 62% Non-Entitlement. By the second measure, most-distressed Census Tracts, the funding would be split approximately 70% Entitlement, 30% Non-Entitlement. Since a reasonable argument could be made for either method, the State proposes to “split the difference” and allocate the funding 50/50 to the Entitlements and Non-Entitlements as follows:

State Administration	Up to	\$864,317 4% of the total award
Entitlement Communities		\$10,371,795
Non-Entitlement Communities		<u>\$10,371,795</u>
Total Funding		\$21,607,907

A. Entitlement Allocation

The allocation between the Entitlement Communities only has been calculated using the following formula: Number of Estimated Foreclosures in the community (weighted 80%) and percent of sub-prime loans in the community (weighted 20%) After allocating the funds according to this formula and eliminating any allocations of less than \$250,000, the following totals are derived (See Appendix A for complete description of the methodology):

Des Moines	\$3,925,811
Davenport	\$1,539,139
Cedar Rapids	\$1,234,275
Council Bluffs	\$1,102,970
Sioux City	\$985,642
Waterloo	\$857,377
Dubuque	\$459,406
West Des Moines	<u>\$267,175</u>
TOTAL	\$10,371,795

If any of the eight Entitlement Cities above decide not to accept the funding, that amount will be allocated instead to the Non-Entitlement portion of the funding available to them by competitive application.

B. Non-Entitlement Allocation

As noted earlier, \$10,371,795 will be allocated for usage by non-entitlement communities, through competitive application. In an attempt to target these funds to communities with the greatest need, the following factors were employed to determine eligibility. Again using data provided by HUD, Block Groups were selected that met two criteria: they had a Foreclosure Risk Score of 9 or 10, and the Block Group in its entirety met the LMMI criteria. (They are Low, Medium or Moderate Income eligible if more than 50 percent of the households in the Block Group are below 120 percent Area Median Income – the NSP eligibility level.) Using these two criteria resulted in a list that includes 361 Block Groups in 98 different communities. These 98 communities (approximately 10 percent of all communities in the state) will be considered eligible to submit a Plan and apply for NSP funding as described later in this Plan. The 98 communities are listed in Appendix B.

III. Distribution of Funds – Community Plans – Entitlement Cities

In order to qualify for funding through the NSP, the eight Entitlement Communities must each prepare and submit to IDED an NSP Plan that describes their proposed use of funds, that gives priority consideration to their areas of greatest need, and that proposes activities that are consistent with this Plan and with NSP regulations as published by HUD on October 6, 2008. The proposed activities should relate to the major causes of foreclosure/abandonment in each neighborhood and the most effective way(s) to address the deterioration and encourage redevelopment.

The Entitlement Community Plan should target activities in no more than 25 percent of the total number of Census Tracts per community. Recognizing that neighborhoods do not necessarily coincide with Census Tract boundaries, the Community may extend their activities slightly beyond the selected Census Tract boundaries if the variation is identified clearly in the Plan, along with reasons for the variation.

Entitlement Communities are encouraged to work with or through non-profit organizations as appropriate.

Eligible Activities

IDED will make NSP funds available for the following statutorily eligible activities. NSP funds are eligible to:

- a. Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers.
- b. Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.
- c. Establish land banks for homes that have been foreclosed upon.
- d. Demolish blighted structures.
- e. Redevelop demolished or vacant properties.

HUD has established restrictions on these activities via its Notice on the allocation and application process for NSP funds. In particular, several of these activities are only eligible if the use of funds will address a foreclosed property. HUD has also waived the one-for-one replacement, but requires documentation on the number of units that will be produced. IDEED will seek to provide NSP funds with the maximum authorized flexibility while adhering to HUD-mandated restrictions. IDEED will also advise and provide technical assistance to all of its applicants regarding these requirements.

The eligible activities outlined in this Action Plan for NSP funds are subject to change based upon HUD's approval of this Action Plan, and/or changes issued to the NSP Notice or interpretation of the Notice as clarified on the HUD website for this program: <http://www.hud.gov/nsp>.

The Entitlement Community NSP Plan deadline is January 15, 2009. IDEED will review the plans for compliance with eligibility and regulatory requirements, and will make funding decisions by January 31, 2009.

Administrative Funds

The communities will be allowed six percent of the funding for administrative purposes.

IV. Distribution of Funds – Non-Entitlement Communities

The 98 eligible non-entitlement communities can apply for funding on a competitive basis, with a deadline of January 31, 2009. The applications will be on a form prepared by IDEED and available on its website, or other means. Each proposed plan must impact a minimum of three housing units and/or properties. The maximum amount that can be applied for by a non-entitlement community is \$1 million. The communities are encouraged to work with or through non-profits or other entities as appropriate. The communities will be allowed up to six percent of the awarded funds for administrative purposes.

Targeting

Proposed activities by the non-entitlement communities must be targeted as follows:

Communities of 1,000 population or less – entire community is eligible

Communities of 1,000 – 4,999 population – no more than 50 percent of the community by area

Communities of 5,000 – 24,999 – no more than 25 percent of the community by area

Communities of 25,000 – 50,000 – no more than 15 percent of the community by area

The proposals will be rated on the following factors:

- Need (30 points) – Measured by number of foreclosures, foreclosure rate, and foreclosure risk score
- Impact (30 points) – Measured by the expected effectiveness of the proposed activities to effect stabilization and/or redevelopment

- Targeting (20 points) – Measured by the degree to which the plan targets a specific neighborhood or neighborhoods and how the prioritization was determined
- Timeliness (10 points) – Measured by the likelihood that dollars will be committed to the proposed projects by June 30, 2010.
- Green Building (10 points) – Measured by the degree to which rehabilitation and/or redevelopment utilizes Green Building components and techniques.

V. Requirements Applicable to All Plans

- All beneficiaries must be less than 120% of Area Median Income (for activities that do not benefit a particular household, i.e. demolition, the activity must be in an area (Census Tract or Block Group) that is LMMI-eligible;
- At least 25% of the funds must go to benefit households at 50% or lower Area Median Income;
- Homes purchased for rehab/resale must be purchased at an average of at least 15% discount to current market appraised value;
- Long-term affordability requirements on homebuyer and rental units;
- Any NSP-assisted homebuyer must be provided at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan.

VI. Definitions and Descriptions

The following section describes the state's definitions of significant terms and program requirements for which HUD is mandating a response. **NOTE:** The first four definitions are **HUD** required and the remaining ones are listed alphabetically.

1. Blighted Structure

“Blighted area” means an area of a municipality within which the local governing body of the municipality determines that the presence of a substantial number of slum, deteriorated, or deteriorating structures; defective or inadequate street layout; faulty lot layout in relation to size, adequacy, accessibility, or usefulness; insanitary or unsafe conditions; deterioration of site or other improvements; diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land; defective or unusual conditions of title; or the existence of conditions which endanger life or property by fire and other causes; or any combination of these factors; substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations, or constitutes an economic or social liability and is a menace to the public health, safety, or welfare in its present condition or use.

2. Definition of Affordable Rents

NSP-assisted units will carry rent and occupancy restriction requirements. The rents will be set in order that individuals pay no more than 30 percent of their gross income for rent, including utilities or the applicable fair market rents for the area less any utility costs paid by the tenants, whichever is lower.

3. Continued Affordability

HUD requires that states ensure, to the maximum extent practicable and for the longest feasible term, that the sale, rental or redevelopment of abandoned and foreclosed upon homes and residential properties remain affordable to individuals or families whose incomes do not exceed 120 percent of area median income (AMI).

A. Homebuyer

All homebuyer and rental units assisted must include provisions for long-term affordability restrictions meeting at least the following requirements:

Subsidy Amount (the amount of NSP assistance provided to a homebuyer)	Minimum Affordability Period	Minimum Restriction
< \$15,000	5 years	Subsidy recapture, 20 percent forgiveness each year
\$15,000 - \$30,000	10 years	Subsidy recapture, 10 percent forgiveness each year
\$30,001 - \$45,000	15 years	Subsidy recapture, 6.6 percent forgiveness each year
\$45,001 - 60,000	20 years	Subsidy recapture, 5 percent forgiveness each year
\$60,001 and greater	25 years	Subsidy recapture, 4 percent forgiveness each year

While these are minimum requirements, the applicant may choose to implement more stringent affordability requirements than the minimum listed here to ensure that the properties remain affordable for as long as possible.

Proceeds from resale where subsidy recapture provision is used can be reinvested in eligible NSP activities until July 30, 2013. After that timeframe, proceeds must be returned to IDDED, which will subsequently return such amounts to the Federal Treasury in accordance with the HUD Notice for NSP.

B. Rental

Current HUD regulations state that all rental income above that needed for operations, maintenance and reserves is considered program income and must be returned to HUD. This provision does not provide for a sliding scale or shared return of those funds. Therefore, IDED encourages applicants to consider the long term feasibility of rental housing using these funds.

Average Per Unit NSP Assistance	Affordability Period	Minimum Restriction
< \$15,000	5 years	Subsidy recapture, 20 percent forgiveness each year
\$15,000 - \$30,000	10 years	Subsidy recapture, 10 percent forgiveness each year
\$30,001 - \$45,000	15 years	Subsidy recapture, 6.6 percent forgiveness each year
\$45,001 - 60,000	20 years	Subsidy recapture, 5 percent forgiveness each year
\$60,001 and greater	25 years	Subsidy recapture, 4 percent forgiveness each year

Rent, occupancy, and affordability requirements for homebuyer and rental units will be enforced with covenants, mortgages, or deed restrictions running with the property.

The definition of "Continued Affordability" in this Action Plan for NSP funds is subject to change based upon HUD's approval of this Action Plan, and/or changes issued to the NSP Notice or interpretation of the Notice as clarified on the HUD website for this program: <http://www.hud.gov/nsp>. IDED urges potential grantees to be on alert for such changes, which should be posted on the HUD website.

4. Housing Rehabilitation Standards

All newly constructed multi-family and single-family housing must meet all locally adopted and enforced building codes, standards and ordinances. In the absence of locally adopted and enforced building codes, standards and ordinances, the requirements of the State Building Code apply. All newly constructed housing must also meet the requirements of the 2006 International Energy Efficiency Code.

All multi-family housing activities involving rehabilitation must meet all locally adopted and enforced building or housing codes, standards or ordinances. In the absence of locally adopted and enforced building or housing codes, standards or ordinances, the requirements of the State Building Code apply.

The State Building Code (Department of Public Safety) has adopted the International Building Code and related publications.

All single-family housing activities involving rehabilitation must meet all locally adopted and enforced building or housing codes, standards or ordinances. In the absence of locally adopted and enforced building or housing codes, standards or ordinances, the requirements of the Iowa Minimum Housing Rehabilitation Standards apply (all

communities with a population of less than 15,000). Communities with populations of 15,000 or greater are required by state law to adopt a housing code.

The Iowa Green Streets criteria will apply to any rental housing and any single-family new construction activities undertaken through the NSP.

5. Abandoned Property

A home is abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, no mortgage or tax payments have been made by the property owner for at least 90 days, AND the property has been vacant for at least 90 days.

6. Foreclosed Property

A property "has been foreclosed upon" at the point that, under state or local law, the mortgage or tax foreclosure is complete. HUD generally will not consider a foreclosure to be complete until after the title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transfer in lieu of foreclosure, in accordance with state or local law.

7. Greatest Need Areas

The state's greatest need areas are the 8 entitlement communities and 98 non-entitlement communities identified in this Amendment to the Action Plan.

VII. Low-Income Targeting

All communities will be required to include in their proposals, the manner in which their activities will meet the low-income targeting requirement, which is that at least 25% of the NSP funds must be used for housing activities that benefit individuals whose incomes do not exceed 50% of the area median income. Therefore, at least \$5,187,647 will be utilized statewide to address the needs of this income category.

VIII. Acquisition and Relocation

It is anticipated that some demolition and/or conversion of low- and moderate-income dwelling units will occur. It is understood that, although the "one-for-one" replacement requirement has been waived for the NSP program, the proposed activities should mitigate such losses to the extent possible.

- Best estimate for low- and moderate-income units that will be demolished or converted is 350;
- Best estimate for number of LMMI (< 120% AMI) units that will be made available through the various activities is 635;
- Within that total number of housing units, we estimate that 159 will be made available for low-income households, not to exceed 50% AMI.

IX. PUBLIC COMMENT

This section will provide a summary of public comments received regarding the proposed NSP Substantial Amendment. This section will be added when the document is sent to HUD.

Persons who would like to comment on this amendment may send those comments to Mike Miller, Iowa Department of Economic Development, 200 East Grand Avenue, Des Moines, Iowa 50309, or to mike.miller@iowalifechanging.com. Comments must be received by 5 p.m. on November 27, 2008.

X. NSP INFORMATION BY ACTIVITY

This section contains the state's summary of each activity anticipated for NSP funds. There is a separate page for each activity. The state intends to provide additional details on these activities once local applications are received and approved.

- | | |
|-------------------------------------|---|
| 1. <u>Activity Name:</u> | <u>Financing Mechanisms</u> |
| 2. <u>Activity Type:</u> | NSP Activity (A); CDBG Eligible Activity 24 CFR 570.206 Delivery Costs, 24 CFR 570.201 (n) Direct homeownership assistance (as modified) |
| 3. <u>National Objective:</u> | Meets national objective benefiting low, moderate and middle-income persons, as defined in the NSP Notice (≤ 120 percent of area median income) |
| 4. <u>Projected Start Date:</u> | March 1, 2009 |
| 5. <u>Projected End Date:</u> | February 28, 2013 |
| 6. <u>Responsible Organization:</u> | Iowa Department of Economic Development
200 East Grand Avenue
Des Moines, Iowa 50309
Terry Vestal, Housing Team Leader |
| 7. <u>Location Description:</u> | To be determined once local applications are approved |
| 8. <u>Activity Description:</u> | |

The state anticipates a small amount of funds to be directed into this activity for homeownership. The state currently has significant resources available to homeowners through the Iowa Finance Agency (IFA) and its network of lending institutions. IFA's programs and other lenders can supply the vast majority of need for financing homebuyers that will acquire foreclosed properties. Consequently, the amount budgeted in this category is minimal.

It is anticipated that this activity will utilize minimal funds to assist those households at or below 50 percent AMI because they are least able to qualify for homeownership.

All housing activities will be subject to the definitions of affordability outlined in this Action Plan.

The range of interest rates will be determined once local programs are developed, and those programs establish detailed procedures for these financing activities.

1. **Activity Name:** **Acquisition**
2. **Activity Type:** NSP Activity (B); CDBG Eligible Activity 24 CFR 570.201 (a) Acquisition, and (b) Disposition
3. **National Objective:** Meets national objective benefiting low, moderate and middle-income persons, as defined in the NSP Notice (\leq 120 percent of area median income)
4. **Projected Start Date:** March 1, 2009
5. **Projected End Date:** February 28, 2013
6. **Responsible Organization:** Iowa Department of Economic Development
200 East Grand Avenue
Des Moines, Iowa 50309
Terry Vestal, Housing Team Leader
7. **Location Description:** To be determined once local applications are approved
8. **Activity Description:**

The state anticipates the largest share of funds to be directed into this activity primarily for homeownership. The properties acquired will be foreclosed and/or abandoned and will be ultimately made available to income-eligible buyers. The state currently has significant resources available to homeowners through the Iowa Finance Agency (IFA) and its network of lending institutions. IFA's programs and other lenders can supply the vast majority of need for financing homebuyers that will acquire foreclosed properties.

It is anticipated that this activity will utilize minimal funds to assist those households at or below 50 percent AMI because they are least able to qualify for homeownership. It is anticipated that these minimal funds are more likely to assist households at or below 50 percent AMI in rental housing.

All housing activities will be subject to the definitions of affordability outlined in this Action Plan.

The amount of purchase discount will be at least 5 percent and will average at least 15 percent. The exact discount rate will be determined once local applications are approved.

1. **Activity Name:** **Rehabilitation**
2. **Activity Type:** NSP Activity (B); CDBG Eligible Activity 24 CFR 570.201 (n) Direct homeownership assistance (as modified)
3. **National Objective:** Meets national objective benefiting low, moderate and middle-income persons, as defined in the NSP Notice (< 120 percent of area median income)
4. **Projected Start Date:** March 1, 2009
5. **Projected End Date:** February 28, 2013
6. **Responsible Organization:** Iowa Department of Economic Development
200 East Grand Avenue
Des Moines, Iowa 50309
Terry Vestal, Housing Team Leader
7. **Location Description:** To be determined once local applications are approved
8. **Activity Description:**

The state anticipates a share of funds to be directed into this activity primarily for homeownership, as well as a minimal portion for rental properties. The properties rehabilitated with these funds will be previously foreclosed upon homes.

It is anticipated that the majority of funding made available through this activity towards households at or below 50 percent AMI will be for rental projects because they are least able to qualify for homeownership.

All housing activities will be subject to the definitions of affordability outlined in this Action Plan.

1. **Activity Name:** **Land Banks**
2. Activity Type: NSP Activity (C); CDBG Eligible Activity 24 CFR 570.201 (a) Acquisition, and (b) Disposition
3. National Objective: Meets national objective benefiting low, moderate and middle-income persons, as defined in the NSP Notice (\leq 120 percent of area median income)
4. Projected Start Date: March 1, 2009
5. Projected End Date: February 28, 2013
6. Responsible Organization: Iowa Department of Economic Development
200 East Grand Avenue
Des Moines, Iowa 50309
Terry Vestal, Housing Team Leader
7. Location Description: To be determined once local applications are approved
8. Activity Description:

The state anticipates that a minimal amount of funding will be directed into this activity. Any properties acquired would be held until local markets and/or projects are ready to make use of these properties. The properties acquired with these funds will be previously foreclosed upon properties.

It is anticipated that minimal funds may assist those households at or below 50 percent AMI because they are least able to qualify for homeownership.

All housing activities will be subject to the definitions of affordability outlined in this Action Plan.

The amount of purchase discount will be a minimum of 5 percent and average at least 15 percent. The exact discount rate will be determined once local applications are approved.

1. **Activity Name:** **Demolition**
2. **Activity Type:** NSP Activity (D); CDBG Eligible Activity 24 CFR 570.201 (d) Clearance for blighted structures only.
3. **National Objective:** Meets national objective benefiting low, moderate and middle-income persons, as defined in the NSP Notice (\leq 120 percent of area median income)
4. **Projected Start Date:** March 1, 2009
5. **Projected End Date:** February 28, 2013
6. **Responsible Organization:** Iowa Department of Economic Development
200 East Grand Avenue
Des Moines, Iowa 50309
Terry Vestal, Housing Team Leader
7. **Location Description:** To be determined once local applications are approved
8. **Activity Description:**

The state anticipates a moderate share of funds to be directed into this activity. The properties demolished with these funds will be blighted structures, and most are anticipated to be foreclosed homes.

While these funds will not provide a direct benefit to households at or below 50 percent AMI, the blight removal may provide benefits to locations in which the majority of households in the area have incomes at or below 50 percent AMI.

1. **Activity Name:** **New Construction**
2. **Activity Type:** NSP Activity (E); CDBG Eligible Activity Waiver per HUD Notice for NSP
3. **National Objective:** Meets national objective benefiting low, moderate and middle-income persons, as defined in the NSP Notice (< 120 percent of area median income)
4. **Projected Start Date:** March 1, 2009
5. **Projected End Date:** February 28, 2013
6. **Responsible Organization:** Iowa Department of Economic Development
200 East Grand Avenue
Des Moines, Iowa 50309
Terry Vestal, Housing Team Leader
7. **Location Description:** To be determined once local applications are approved
8. **Activity Description:**

The state anticipates a significant share of funds to be directed into this activity primarily for rental properties at or below 50 percent AMI. The properties that will be used for new construction activities will be sites on which demolition occurred or on vacant properties.

It is anticipated that the majority of the funds in this activity will be made available to households at or below 50 percent AMI.

All housing activities will be subject to the definitions of affordability outlined in this Action Plan.

1. **Activity Name:** **Housing Counseling**
2. **Activity Type:** NSP Activity (E); CDBG Eligible Activity 24 CFR 570.201 (e) Public Services
3. **National Objective:** Meets national objective benefiting low, moderate and middle-income persons, as defined in the NSP Notice (≤ 120 percent of area median income)
4. **Projected Start Date:** March 1, 2009
5. **Projected End Date:** February 28, 2013
6. **Responsible Organization:** Iowa Department of Economic Development
200 East Grand Avenue
Des Moines, Iowa 50309
Terry Vestal, Housing Team Leader
7. **Location Description:** To be determined once local applications are approved
8. **Activity Description:**

The state anticipates a small share of funds to be directed into this activity primarily for homeownership. The households receiving this housing counseling will include only homeowners purchasing homes that were assisted with NSP funds. These homeowners will receive at least eight hours of counseling and will be delivered by HUD-approved housing counseling agencies.

It is anticipated that minimal funds in this activity may assist those households at or below 50 percent AMI

All housing activities will be subject to the definitions of affordability outlined in this Action Plan.

1. **Activity Name:** Administration
2. Activity Type: NSP Activity per HUD Notice; CDBG Eligible Activity 24 CFR 570.206 (a)
Administration – General Management and Oversight
3. National Objective: Meets national objective benefiting low, moderate and middle-income persons, as defined in the NSP Notice (≤ 120 percent of area median income)
4. Projected Start Date: March 1, 2009
5. Projected End Date: February 28, 2013
6. Responsible Organization: Iowa Department of Economic Development
200 East Grand Avenue
Des Moines, Iowa 50309
Terry Vestal, Housing Team Leader
7. Location Description: To be determined once local applications are approved
8. Activity Description:

The state anticipates distributing the administrative funds as follows: 6 percent will be available for local project administration, and 4 percent will be reserved for state-level administrative activities.

XI. TOTAL BUDGET

Below is summary of the State's expected budget for the use of NSP funds. These numbers are subject to change once local applications are approved by the State.

Activity/Category	Subtotals	Amounts	Percent of Total
Financing Mechanisms			
Project Cost	\$558,565		
Local Admin	\$35,653		
		\$594,218	2.75%
Acquisition			
Project Cost	\$6,702,772		
Local Admin	\$427,837		
		\$7,130,609	33.00%
Rehabilitation			
Project Cost	\$3,046,715		
Local Admin	\$194,471		
		\$3,241,186	15.00%
Land Banks			
Project Cost	\$1,015,571		
Local Admin	\$64,824		
		\$1,080,395	5.00%
Demolition			
Project Cost	\$3,046,715		
Local Admin	\$194,471		
		\$3,241,186	15.00%
Redevelop/New Construction			
Project Cost	\$5,077,859		
Local Admin	\$324,118		
		\$5,401,977	25.00%
Redevelop/Housing Counseling			
Project Cost	\$50,779		
Local Admin	\$3,241		
		\$54,020	0.25%
State Admin Activities			
State Admin	\$864,316		
		\$864,316	4.00%
TOTAL		\$21,607,907	100.00%

XII. PERFORMANCE MEASURES

Below is a summary of the state's expected budget for the use of NSP funds. These numbers are subject to change once local applications are approved by the state. IDEED can also provide the number of units broken out by income category once those applications are approved. IDEED will also provide information on progress of fulfilling these measures as required by the reporting procedures outlined in the HUD Notice.

	Housing Units
Financed	5
Acquisition	67
Rehabilitation	129
Land Bank	9
Demolished	350
New Construction	75
	Households Assisted
Housing Counseling	100

Certifications

- (1) **Affirmatively furthering fair housing.** The jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.

- (2) **Anti-lobbying.** The jurisdiction will comply with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.

- (3) **Authority of Jurisdiction.** The jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.

- (4) **Consistency with Plan.** The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.

- (5) **Acquisition and relocation.** The jurisdiction will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the Notice for the NSP program published by HUD.

- (6) **Section 3.** The jurisdiction will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

- (7) **Citizen Participation.** The jurisdiction is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.

- (8) **Following Plan.** The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.

- (9) **Use of funds in 18 months.** The jurisdiction will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the NSP Notice, all of its grant funds within 18 months of receipt of the grant.

(10) **Use NSP funds ≤ 120 of AMI.** The jurisdiction will comply with the requirement that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income.

(11) **Assessments.** The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) **Excessive Force.** The jurisdiction certifies that it has adopted and is enforcing: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) a policy of enforcing applicable State and local laws against physically barring entrance to or exit from, a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws.** The NSP grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(14) **Compliance with lead-based paint procedures.** The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) **Compliance with laws.** The jurisdiction will comply with applicable laws.

Michael L. Tramontina, Executive Director
Iowa Department of Economic Development

Date

APPENDIX A

The allocation among the Entitlement Communities only has been calculated using the following formula: Number of estimated foreclosures in the community (weighted 80%) and percent of sub-prime loans in the community (weighted 20%). This formula results in the following allocation of funding to the Entitlement Communities:

	A	B	C	D	E
	Number of Estimated Foreclosures	Percent of Estimated Foreclosures for Entitlement Areas	Number of Sub-Prime Loans	Percent of Sub-Prime Loans in Entitlement Areas	Allocation Percent = 80% Column B + 20% Column D
Des Moines	3157	0.3853	3993	0.3028	0.3688
Davenport	1204	0.1469	1777	0.1348	0.1445
Cedar Rapids	966	0.1179	1422	0.1078	0.1159
Council Bluffs	816	0.0996	1567	0.1188	0.1034
Sioux City	709	0.0865	1527	0.1158	0.0924
Waterloo	645	0.0787	1151	0.0873	0.0804
Dubuque	325	0.0397	746	0.0566	0.0431
West Des Moines	196	0.0239	390	0.0296	0.0250
Ames	69	0.0084	226	0.0171	0.0101
Cedar Falls	57	0.0070	202	0.0153	0.0087
Iowa City	50	0.0061	184	0.0140	0.0077

Using the percentages from Column E above, the following allocation of funding results:

Des Moines	0.3688	x	\$10,371,795	=	\$3,825,118
Davenport	0.1445	x	\$10,371,795	=	\$1,498,724
Cedar Rapids	0.1159	x	\$10,371,795	=	\$1,202,091
Council Bluffs	0.1035	x	\$10,371,795	=	\$1,073,481
Sioux City	0.0924	x	\$10,371,795	=	\$958,354
Waterloo	0.0805	x	\$10,371,795	=	\$834,929
Dubuque	0.0431	x	\$10,371,795	=	\$447,024
West Des Moines	0.0250	x	\$10,371,795	=	\$259,295
Ames	0.0101	x	\$10,371,795	=	\$104,755
Cedar Falls	0.0086	x	\$10,371,795	=	\$89,197
Iowa City	0.0076	x	\$10,371,795	=	\$78,826
TOTAL					\$10,371,795

The Department believes that any amount less than \$250,000 would clearly be impractical and/or inefficient for an Entitlement Community to operate. If one reallocates the funds eliminating the awards below \$250,000 and uses the same formulas and ratios, the following totals are derived:

Des Moines	0.3785	x	\$10,371,795	=	\$3,925,811
Davenport	0.1484	x	\$10,371,795	=	\$1,539,139
Cedar Rapids	0.1190	x	\$10,371,795	=	\$1,234,275
Council Bluffs	0.1063	x	\$10,371,795	=	\$1,102,970
Sioux City	0.0950	x	\$10,371,795	=	\$985,642
Waterloo	0.0827	x	\$10,371,795	=	\$857,377
Dubuque	0.0443	x	\$10,371,795	=	\$459,406
West Des Moines	0.0258	x	\$10,371,795	=	\$267,175
TOTAL					\$10,371,795

APPENDIX B

Non-entitlement communities considered eligible to submit a Plan

Albia	Hamburg	Ocheyedan
Allerton	Hampton	Oelwein
Anita	Harris	Onawa
Ashton	Havelock	Osage
Audubon	Hawarden	Oskaloosa
Bedford	Ida Grove	Ottumwa
Belle Plaine	Iowa Falls	Perry
Blockton	Jefferson	Pisgah
Boone	Jolley	Pocahontas
Britt	Keokuk	Pomeroy
Burlington	Knoxville	Prairie City
Carroll	Lake City	Red Oak
Castana	Lake Mills	Rockwell City
Centerville	Laurens	Rodney
Chariton	Leland	Sac City
Charles City	Lenox	Scarville
Chatsworth	Lincoln	Seymour
Clarion	Little Sioux	Sharpsburg
Clearfield	Lytton	Sheldon
Clinton	Mapleton	Shenandoah
Colfax	Maquoketa	Sigourney
Conway	Marne	Stuart
Corning	Marshalltown	Tama
Creston	Melvin	Thurman
Crystal Lake	Menlo	Toledo
Delta	Morning Sun	Traer
Dunlap	Mount Union	Turin
Eagle Grove	Muscatine	Wapello
Eldora	New London	Webster City
Fort Dodge	Newton	West Union
Fort Madison	Nodaway	Wiota
Gilmore City	Northwood	Yetter
Guthrie Center	Oakville	