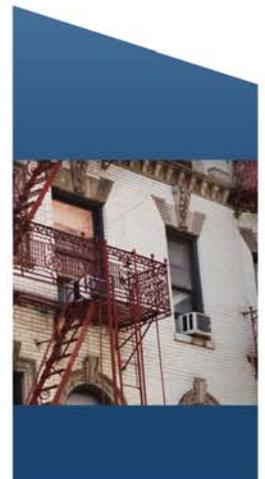
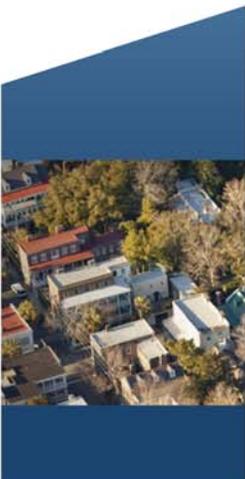




Instructions for Completing the NSP3 Substantial Amendment or Abbreviated Action Plan



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Part I. Overview

On October 19, 2010, HUD released the NSP3 Notice with the requirements for the new allocation of NSP funds that were authorized in the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Act provides \$970 million in new NSP funds to states and local governments to continue to assist in the redevelopment of abandoned and foreclosed homes. These Instructions should be used to complete the required submissions for NSP3 funding. An optional template is also included in Part III of these instructions to assist NSP3 grantees in completing Substantial Amendments (for states and entitlement communities) or Abbreviated Plans (non-entitlement communities).

1. General Information and Deadlines

Notice

NSP3 grantees can download the NSP3 Notice at:

<http://hudnsphelp.info/index.cfm?do=viewResource&ResourceID=790>. Before beginning work on the NSP3 Action Plan, grantees are strongly encouraged to download and read the Notice in its entirety. A webinar on the NSP3 Notice was held on October 19th 2010 and can be used as supplemental guidance.

NSP3 grantees can download the webinar transcript and power point presentation at:

<http://hudnsphelp.info/learning/index.cfm?do=viewLearningCenter>.

Forms of Submission

All local and state entitlement jurisdictions must submit a **Substantial Amendment** to their current HUD approved Consolidated Plan and 2010 Annual Action Plan describing their NSP3 program. Non-entitlement jurisdictions that do not have a HUD approved Consolidated Plan must submit an **Abbreviated Plan** describing their NSP3 program. The Abbreviated Plan must include all the required elements that entitlement communities provide as part of the NSP3 Action Plan.

NOTE: Throughout these instructions the term "Action Plan" is sometimes used to refer to "Substantial Amendment or Abbreviated Plan."

Grantees can submit their Action Plan one of two ways:

- Electronically through the Disaster Recovery Grant Reporting system (DRGR)
- Paper submission (electronic versions of paper submissions should be sent via email to the local HUD field office)

Grantees should contact their local field office for the DRGR submission directions. Paper submissions are allowed but each grantee must set up its action plan in DRGR prior to the deadline for the first required performance report after receiving a grant.

Due Date

The NSP3 Action Plan incorporating all public comments is due to each grantee's designated HUD field office representative no later than **March 1, 2011**. A list of NSP3 grantees and the designated field offices can be found on the NSP Resource Exchange Website (www.hud.gov/nspta) by clicking on "Grantees" at the top of the web page. Failure to submit a substantially complete application by March 1, 2011 or submitting an application for less than the total allocation amount will result in a cancellation of all or part of the allocation amount. For local jurisdictions, the funds will be reallocated to the state in which the jurisdiction is located. For states or insular areas, the funds will be reallocated to the ten highest-need states based on original rankings of need.

Joint Implementation

There are three options for jurisdictions if they are interested in implementing a joint program:

- **Option 1:** Jurisdictions may cooperate to carry out their grant programs through a joint request to HUD. HUD is providing regulatory waivers and alternative requirements to allow joint requests among units of general local government and to allow joint requests between units of general local government and a state. Grantees that want to consider joint implementation with another jurisdiction should consult the Notice for further details and contact their local field office as soon as possible for technical guidance on how to complete the NSP3 action plan.
- **Option 2:** Any existing cooperation agreements between a local government and an urban county governing FY2010 CDBG funding (for purposes of either an urban county or a joint program) automatically cover NSP funding.
- **Option 3:** A jurisdiction may choose to apply for its entire grant, and then enter into a subrecipient agreement with another jurisdiction or nonprofit entity to administer the grant. In this manner, for example, all of the grantees operating in a single metropolitan area could designate the same land-bank entity (or the state housing finance agency) as a subrecipient for some or all of their NSP activities.

Submission Format

The Action Plan has nine required sections. The instructions for completing each of these sections is included in **Part II. Required Sections and Information**. Each section includes an explanation of the required topics that must be covered and where applicable, where it is required to provide the information in a particular format. An optional template recommended for submission of NSP3 Action Plans is included in **Part III. Submitting Your NSP3 Action Plan**. Grantees are also required to submit a map of their Areas of Greatest Need in the format described in Part II.

Page Limits

An adequate and acceptable Substantial Amendment or Abbreviated Plan should be no longer than 25 pages. Grantees may incorporate additional information, such as detailed rehabilitation standards, by referencing a website in their plans where the information is posted.

Designing Your NSP3 Action Plan

NSP3 Action Plans are intended to reflect the community's vision of how it can make its neighborhoods not only more stable, but also more sustainable, inclusive, competitive, and integrated into the overall metropolitan fabric, including access to transit, affordable housing, employers, and services. HUD has

also published the **NSP3 Program Design Guidebook** to assist grantees with design strategies based on local market conditions and grantee capacity. This guidebook is available on the NSP Resource Exchange (www.hud.gov/nspta).

Where to go for Assistance

Grantees are strongly encouraged to contact their field office representative if they have any questions, concerns or need advice while completing their NSP3 Action Plan.

Part II. Required Sections and Information

Below is a list of required sections and information that must be included in the NSP3 Action Plan.

- | | |
|----------------------------------------|---------------------------------------|
| 1. NSP3 Grantee Information | 5. Acquisition and Relocation |
| 2. Areas of Greatest Need | 6. Public Comment |
| 3. Definitions and Descriptions | 7. NSP Information by Activity |
| 4. Low-Income Targeting | 8. Certifications |

Each required section and the information that must be included in each section are explained below.

1. NSP3 Grantee Information

All NSP3 grantees are required to provide the contact information for the grantee program administrator so that citizens and other interested parties know whom to contact for additional information.

2. Areas of Greatest Need

In this section, grantees identify the specific geography where they expect to carry out their NSP3 program. Each grantee must use the HUD Foreclosure Need website (<http://www.huduser.org/portal/datasets/NSP.html>) to submit to HUD the locations of its NSP3 areas of greatest need. On this site, HUD provides estimates of foreclosure need and a foreclosure related needs scores at the Census Tract level. The scores range from 1 to 20, with a score of 20 indicating census tracts with the HUD-estimated greatest need. The HUDuser site provides additional information and instructions.

The neighborhood or neighborhoods identified by the NSP3 grantee as being the areas of greatest need must have an individual score for the grantee's identified target geography that is not less than the lesser of 17 or the twentieth percentile most needy score in an individual state. For example, if a state's twentieth percentile most needy census tract is 18, the requirement will be a minimum need of 17. If, however, a state's twentieth percentile most needy census tract is 15, the requirement will be a minimum need of 15. HUD will provide the minimum threshold for each state at its website at www.hud.gov/nsp. If more than one neighborhood is identified in the Action Plan, HUD will average the neighborhood NSP3 scores, weighting the scores by the estimated number of housing units in each identified neighborhood. HUD is developing a new tool to allow communities to assess the weighted average score of multiple target areas. This will be available soon on the Mapping site.

Map Submission

The Areas of Greatest Need map should be created by following the instructions at the HUD NSP3 Mapping Tool for Preparing Action Plan website at <http://www.huduser.org/NSP/NSP3.html>. The tool assists NSP3 applicants to prepare data to provide to citizens during the public comment period and to submit with their grant application by allowing applicants to draw the exact location of their target neighborhood. The tool then calculates the number of housing units, Neighborhood NSP3 Score, and State Minimum threshold NSP3 score of the area drawn and sends an email back to the applicant within

24 hours. The email has an attachment containing the necessary data for the NSP3 application, along with information HUD can use to confirm the intended program area. This document should be included with the Action Plan submission to HUD due no later than March 1, 2011.

Information for States

States must include the needs of communities receiving their own NSP allocation. To include the needs of an entitlement community, the State may either incorporate an entitlement jurisdiction's consolidated plan and NSP needs by reference and hyperlink to the Internet, or state the needs for that jurisdiction in the State's own plan. The lead entity for a joint program may likewise incorporate the consolidated plan and needs of other participating entitlement jurisdictions' consolidated plans by reference and hyperlink or state the needs for each jurisdiction in the lead entity's own plan.

3. Definitions and Descriptions

There are some definitions and descriptions that must be included in the NSP3 Action Plan. These definitions and descriptions are to be determined by the grantee and applied to all properties assisted with NSP3 funds. Listed below are the terms that must be defined in your NSP3 Action Plan.

- **Blighted Structures:** Most states and localities have official statutes or regulations that define "blighted" structure for that jurisdiction. If there is no definition of "blighted structure" to be found in state or local law, grantees must determine an alternate definition and apply it consistently throughout the NSP3 program. Under NSP, structures must be "blighted" to qualify for demolition, which is why defining the term is so important for NSP grantees.
- **Affordable Rents:** Grantees may use the definition adopted for their CDBG or HOME programs but should carefully review their existing definition to ensure compliance with NSP and its specific requirements including continued affordability. HOME program standards can be used as a safe harbor, but if an alternative standard is applied it must be equal to or exceed the HOME standard.
- **Ensuring Continued Affordability:** Under NSP, all grantees are required to adopt a definition of continued affordability that at a minimum is at least as strict as the HOME program standards at 24 CFR 92.252(a), (c), (e), and (f), and 92.254. HOME program standards can be used as a safe harbor, but if an alternative standard is applied it must be equal to or exceed the HOME standard.
- **Applicable Housing Rehabilitation Standards:** The rehabilitation and new construction standards that will apply for NSP-assisted projects must be included in the Action Plan. Specifically, HUD requires that:
 - All gut rehabilitation or new construction (i.e., general replacement of the interior of a building that may or may not include changes to structural elements such as flooring systems, columns or load bearing interior or exterior walls) of residential buildings up to three stories must be designed to meet the standard for Energy Star Qualified New Homes.
 - All gut rehabilitation or new construction of mid -or high-rise multifamily housing must be designed to meet American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Standard 90.1-2004, Appendix G plus 20 percent (which is the Energy

- Star standard for multifamily buildings piloted by the Environmental Protection Agency and the Department of Energy).
- Other rehabilitation must meet these standards to the extent applicable to the rehabilitation work undertaken, e.g., replace older obsolete products and appliances (such as windows, doors, lighting, hot water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers and dishwashers) with Energy Star-46 labeled products.
 - Water efficient toilets, showers, and faucets, such as those with the WaterSense label, must be installed.
 - Where relevant, the housing should be improved to mitigate the impact of disasters (e.g., earthquake, hurricane, flooding, fires).

HUD also encourages the adoption of energy efficient and environmentally-friendly green elements as part of NSP3 program design. Attachment C to the NSP3 Notice describes in more detail how energy efficient and environmentally-friendly green elements can be incorporated and additional tools on incorporating green rehabilitation standards can be found on the NSP Resource Exchange at www.hud.gov/nspta.

4. Low-Income Targeting

NSP3 grantees are required to allocate at least 25 percent of their NSP3 funding allocation to housing for individuals and families with incomes at or below 50 percent of the area median income. NSP grantees may rehabilitate or redevelop abandoned or foreclosed residential property and vacant or demolished residential or nonresidential property to meet this requirement. This section must:

- Identify the estimated amount of funds appropriated or otherwise made available under the NSP 3 to be used to provide housing for individuals or families whose incomes do not exceed 50 percent of area median income:
- Provide a summary that describes the manner in which the grantee's low income targeting goals will be met.

5. Acquisition and Relocation

When a grantee or one of its partners acquires a property, there are certain tenant protection requirements that may be applicable under the Tenant Protection Act of 2009 and certain relocation requirements that may be applicable under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. For details on the circumstances that trigger these requirements and the steps that must be taken to ensure compliance, read the *NSP Tenant Protections at Foreclosure Under the Recovery Act* guidance at <http://www.hud.gov/offices/cpd/library/relocation/nsp/pdf/nsp-tenant-protection-8122010.pdf> and the *Real Estate Acquisition and Relocation Policy and Guidance* at <http://www.hud.gov/offices/cpd/library/relocation/policyandguidance/handbook1378.cfm>.

6. Public Comment

NSP3 grantees are required to follow their citizen participation process as described in the Consolidated Plan and as modified by the NSP3 Notice in order to ensure the public is aware of the NSP3 substantial

amendment. Non-entitlement grantees must follow the same abbreviated citizen participation requirements as NSP3 entitlement grantees.

A grantee's proposed NSP3 Action Plan must be published and posted on the jurisdiction's website for no less than 15 calendar days for public comment. NSP3 grantees should provide a summary of all public comments in an appendix attached to the Action Plan that is submitted to HUD.

7. NSP Information by Activity

Grantees must describe the activities they plan to implement with their NSP3 awards in the NSP3 Action Plans submitted to HUD. The following information must be included by activity:

- Eligible CDBG activity or activities
- Eligible use of funds under NSP3
- Brief description of the activity and the general terms under which assistance will be provided including:
 - how the activity will address local housing market conditions
 - range of interest rates (if any)
 - duration or term of assistance
 - tenure of beneficiaries (e.g. renters or homeowners)
 - expected benefit to income-qualified persons or households or areas
 - if the activity produces housing, how the design of the activity will ensure continued affordability
 - how the grantee shall, to the maximum extent possible, provide for the hiring of employees who reside in the vicinity of NSP3 projects or contract with small businesses that are owned and operated by persons residing in the vicinity of the project including information on existing local ordinances that address these requirements
 - the procedures used to create preferences for the development of affordable rental housing developed with NSP3 funds
- Areas of greatest need addressed by the activity or activities
- Amount of funds budgeted for the activity
- Appropriate performance measures for the activity (e.g. units of housing to be acquired rehabilitated or demolished for the income levels represented in DRGR)
- Expected start and end dates of the activity
- Name and location of the entity that will carry out the activity

Figure 2-1 provides a summary of eligible uses for NSP3 funds and the correlated CDBG eligible activities that can be used under NSP3.

Figure 2-1: Eligible Uses for NSP3 Funds and Correlated CDBG Eligible Activities

NSP Eligible Uses	Correlated Eligible Activities From the CDBG Entitlement Regulations
(A) Establish financing 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	As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206. Also, the eligible activities listed below to the extent financing mechanisms are used to carry them out.
(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	24 CFR 570.201(a) Acquisition (b) Disposition, (i) Relocation, and (n) Direct homeownership assistance (as modified below); 24 CFR 570.202 eligible rehabilitation and preservation activities for homes and other residential properties. HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost
(C) Establish and operate land banks for homes and residential properties that have been foreclosed upon	24 CFR 570.201(a) Acquisition and (b) Disposition. HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost
(D) Demolish blighted structures	24 CFR 570.201(d) Clearance for blighted structures only.
(E) Redevelop demolished or vacant properties as housing	24 CFR 570.201(a) Acquisition, (b) Disposition, (c) Public facilities and improvements, (e) Public services for housing counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties, (i) Relocation, and (n) Direct homeownership assistance (as modified below). 24 CFR 570.202 Eligible rehabilitation and preservation activities for demolished or vacant properties. 24 CFR 570.204 Community based development organizations. HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost. New construction of housing is eligible as part of the redevelopment of demolished or vacant properties.

8. Certifications

The certification forms located in Part III (9) of these instructions must be signed and submitted with the NSP3 Substantial Amendment. Note that there is one set of certifications that must be signed and submitted by state and entitlement communities and another set of certifications that must be signed and submitted by non-entitlement communities.

It is anticipated that grantees will abide by the approved NSP3 Action Plan and the signed certifications. These two documents will be used to measure program compliance as they contain the approved program design and the grantees legal certification to operate a program that is compliant with all applicable federal, state, and local laws, regulations, and executive orders. In order to ensure program compliance, HUD will monitor grantees, using the approved Substantial Amendment or Abbreviated Plans and certifications as a basis for the review. Also, for the purposes of grantee monitoring, HUD will use the applicable chapters and accompanying exhibits that are contained within the *Community Planning and Development Grantee Monitoring Handbook 6509.2* and all applicable laws, regulations, and executive orders. Grantees are strongly encouraged to maintain a level of documentation that sufficiently demonstrates compliance with all program requirements. Grantees are reminded that they have certified their administration of NSP-3 funds, and are therefore held accountable for the use of those funds and the compliance with all of the program requirements. Moreover, HUD will use the monitoring review as an opportunity for grantees to demonstrate compliance. If HUD finds any noncompliance issues pertaining to the administration of NSP-3 funding, HUD will address any concerns and/or findings, seek remedies for noncompliance, and if needed may exercise sanction authority and/or notify the Office of the Inspector General of any known or suspected cases of fraud, waste and abuse.

The NSP3 allocation included statutory language requiring grantees to —establish procedures to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds. HUD is requiring grantees to describe such procedures as part of their substantial amendments or abbreviated plans.

Grantees also must, to the maximum extent feasible, provide for the hiring of employees that reside in the vicinity of NSP3 funded projects or contract with small businesses that are owned and operated by persons residing in the vicinity of NSP3 projects. For the purposes of administering this requirement, HUD is adopting the Section 3 applicability thresholds for community development assistance at 24 CFR 135.3(a)(3)(ii). Note that the NSP3 local hiring requirement does not replace the responsibilities of grantees under Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135, except to the extent the obligations may be in direct conflict. For the purposes of NSP3, HUD defines vicinity as each neighborhood identified by the NSP3 grantee as being the areas of greatest need.

Part III. NSP3 Action Plan

Below is an optional template recommended for submission of the NSP3 Action Plan. Please follow the instructions below to enable document protection so that the fillable fields, text boxes, and check boxes included in this template can be used. When these protections are enabled, the rest of the document is not editable.

If you are not sure how to fill in a particular field, click once to place your cursor in the field and then press F1.

If using this template, please note that the map generated at the HUD NSP3 Mapping Tool for Preparing Action Plan website and a summary of public comments should be included as attachments.

Enabling Protection in Word 2007

1. Click the round Office button on the top left-hand corner of the menu.
2. Click on the "Word Options" button at the bottom of the dropdown.
3. The "Popular" menu item should be selected by default. In this menu, click on the third checkbox down -- next to "Show Developer Tab."
4. Click OK.
5. The "Developer" ribbon should now display as the last tab on the ribbon menu. Click on it.
6. Click the "Protect Document" button and click on "Restrict Formatting and Editing" in the dropdown. A menu will appear in the right panel of Word.
7. Click the checkbox next to "Allow only this type of editing in the document."
8. Select "Filling in Forms" from the dropdown below the checkbox.
9. Click on "Yes, Start Enforcing Protection." If this button is greyed out, you are probably in design mode and you will need to exit design mode before you can click the box.
10. A popup box will appear. Click OK. As long as you don't enter a password, no password protection will be applied.

Enabling Protection in Word 2003

1. Click on Tools in the top menu bar.
2. Click on "Protect Document" in the dropdown.
3. A popup box will appear. Follow steps 7 through 10 above.

Deleting Extraneous Activity Number Tables

The template below provides space to enter seven different activities. If you have fewer than seven activities, you should delete the extraneous tables in **Section 8**. To delete an extra table, take the following steps:

- 1) Ensure that the top of the unwanted table is visible on your screen.
- 2) Click one to place the cursor anywhere in the table.
- 3) Click on the crosshatch that appears in either the upper left-hand corner of the table. This should highlight the entire table.
- 4) Press the “Backspace” button on your keyboard. (Do not use the “Delete” button, as this will only delete the content of the table and not the table itself)

1. NSP3 Grantee Information

NSP3 Program Administrator Contact Information	
Name (Last, First)	Rann, Chuck
Email Address	crann@pauldingcounty.gov
Phone Number	770-443-7601
Mailing Address	240 Constitution Blvd., Dallas, GA 30132

2. Areas of Greatest Need

Map Submission

The map generated at the HUD NSP3 Mapping Tool for Preparing Action Plan website is included as an attachment.

Data Sources Used to Determine Areas of Greatest Need

Describe the data sources used to determine the areas of greatest need.

Response:

Paulding County utilized the HUD NSP3 Mapping tool to determine the areas of greatest need. (<http://www.huduser.org/portal/datasets/NSP.html>)

Determination of Areas of Greatest Need

Describe how the areas of greatest need were established.

Response:

HUD performed an assessment of all census tracts throughout the United States to create a foreclosure need score which is comprised of 1). the number of foreclosed properties 2). the number of subprime related mortgages and 3). areas that are likely to experience and high number of foreclosures. Each census tract was assigned a foreclosure risk score of 1-20 based on the aforementioned factors. The areas receiving the highest scores are considered the areas of greatest needs. HUD created a national and statewide average foreclosure score. The State of Georgia is determined to have an average foreclosure need score of 17.

Considering this information, Paulding County utilized the HUD NSP3 mapping system to chart foreclosure risk scores for each census tract. Paulding County foreclosure risk scores ranged from 14-20. Based on the requirement to address areas which were determined to have the most critical need according to the NSP3 mapping system, Paulding County recommends that our NSP3 efforts will be concentrated in the following Census tracts:

1202 (16) - **If more than one neighborhood is identified in the Action Plan, HUD will average the Neighborhood Scores, weighting the scores by the estimated number of housing units in each identified neighborhood.**

1203 (17)

1204 (17)

1205 (17)

3. Definitions and Descriptions

Definitions

Term	Definition
Blighted Structure	For the purposes of the NSP3, Paulding County will comply with the State of Georgia Definition of "blighted structure." Pursuant to O.C.G.A. 22-1-1 "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.
Affordable Rents	The Paulding County NSP3 will address "affordable rents" by adhering to the HUD HOME program guidelines as set forth in 24 CFR 92.252 for rental housing. All rental housing affordability restrictions will be imposed by deed restrictions which will be monitored by the HUD approved housing counseling agency to which the program participant is assigned.

Descriptions

Term	Definition
Long-Term Affordability	Long Term Affordability - Homeownership Paulding County will require NSP3 projects to follow the affordability requirements for the HOME program as is set forth in HUD regulation 24 CFR. 92.254 for homeownership housing. All NSP3 assisted units must meet the minimum 5 to 15 year affordability period. The affordability requirements apply without regard to the

	<p>term of any loan or mortgage or the transfer of ownership. NSP3 Downpayment Assistance loan documents including a subordinate deed to secure debt, loan agreement and/or note will be used to enforce the required period of affordability. The affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure. Paulding County may use purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure or deed in lieu of foreclosure to preserve affordability.</p> <p>For homeownership, the Paulding County NSP3 plans to utilize the "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.</p> <p>The following "Recapture" options will apply:</p> <p>i). Paulding County may recapture the entire amount of the NSP3 investment from the homeowner.</p> <p>ii). Paulding County may reduce the NSP3 investment amount to be recaptured on a prorata basis for the time the homeowner has owned and occupied the housing measured against the required affordability period.</p> <p>All NSP3 funds will be recaptured if NSP3 homeowners should sell their homes before the time period of designated "Continued Affordability" expires. By utilizing these "Recapture" methods, homeowners will have less incentive to sell their homes during the "Continued Affordability" time period. In other words, with the proposed Recapture options, the Paulding County NSP3 will have adequate mechanisms in place to keep NSP3 assisted homes affordable throughout the period of affordability and to protect Paulding County's investment in this program.</p> <p>Example: for Recapture method ii – Prorata Share The Paulding County NSP3 Investment is \$150,000 The Affordability Period is 15 years The Prorata basis is \$10,000 per year, meaning that the NSP3 investment to the purchaser will be forgiven 1/15 for each year that the purchaser occupies the home.</p> <p>The grantee is subject to the limitation that when the recapture requirement is triggered by a sale (voluntary or involuntary) of the housing unit, and there are no net proceeds or the net proceeds are insufficient to repay the NSP3 investment due, the grantee can only recapture the net proceeds, if any. The net proceeds are the sales price minus superior loan repayment (other than NSP3 funds) and any closing costs.</p>
<p>Housing Rehabilitation Standards</p>	<p>The Paulding County NSP3 strategy will focus on the acquisition and rehabilitation of Real Estate Owned (REO) single family houses. Paulding County will also consider the acquisition of vacant foreclosed and or abandoned properties whereby we will construct new single or multi-family (3 stories or less) affordable units. Regarding construction codes and energy efficiency the following standards shall apply:</p> <p>Codes All Paulding County NSP3 rehabilitation and new construction projects will meet</p>

	<p>applicable regulations in accordance with Minimum Standard Georgia Building Codes including:</p> <p>a) http://www.dca.state.ga.us/development/constructioncodes/programs/codes2.asp as well as all locally adopted codes</p> <p>b) International Residential Building Code 2009</p> <p>c) 24 CFR Part 35 as related to lead-based paint</p> <p>d) Federal and state accessibility requirements including but not limited to those associated with the use of federal funds.</p> <p>Gut rehabilitation and new construction homes up to three stories will meet the Energy Star Qualified Homes Standard. Cosmetic rehabilitation materials (e.g. windows, doors, appliances, etc...) will be replaced with Energy Star-46 labeled products. The standard Paulding County NSP3 rehab specifications will also require the replacement of toilets, showers and faucets with WaterSense (or equivalent) labeled products.</p>
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4. Low-Income Targeting

Low-Income Set-Aside Amount

Enter the low-income set-aside percentage in the first field. The field for total funds set aside will populate based on the percentage entered in the first field and the total NSP3 grant.

Identify the estimated amount of funds appropriated or otherwise made available under the NSP3 to be used to provide housing for individuals or families whose incomes do not exceed 50 percent of area median income.

Response:

Total low-income set-aside **percentage** (must be no less than 25 percent): 30%
 Total funds set aside for low-income individuals = \$445,000

Meeting Low-Income Target

Provide a summary that describes the manner in which the low-income targeting goals will be met.

Response:

Low Income Targeting

Paulding County anticipates the expenditure of 30% of its NSP grant funds on households whose incomes do not exceed 50% of AMI. For the Paulding County NSP3, this amount is \$445,000 (\$1,372,214 @ 30%).

In an effort to effectively and efficiently utilize 25/50% share of NSP3 funds, Paulding County will utilize two financial mechanisms to assist very low income families (below 50% AMI) and individuals to qualify for mortgages. These two financial mechanisms are as follows:

1. "Soft Seconds" to reduce the Purchase Price to an amount affordable for a household whose income does not exceed 120% of AMI. For example, if an NSP3 home has a sales price of \$100,000 and the

homebuyer can only qualify for a loan of \$85,000, Paulding County will give strong consideration to making a "Soft Second" downpayment assistance loan for the \$15,000 difference. This mechanism can help many households at or below 120% of AMI to qualify for homeownership.

2. Downpayment Assistance Paulding County will attempt both the resources of the NSP and the HOME Program for downpayment assistance. Paulding County will adopt the HOME Program Guidelines -24 CFR 92.252 (2) (2) for rental housing and in 24 CFR 92.254 for homeownership housing- to serve those at or below 120% of AMI.

Paulding County's goal is to appropriate NSP3 funding to assist families and individuals to achieve and maintain homeownership. However, Paulding County will also make housing and funding opportunities available for families and individuals whose income does not exceed 50% AMI (i.e. lease purchase and rental options).

Example:

The Paulding County will acquire properties that will be rehabilitated. Paulding County will partner with the local housing Authority to market and to make NSP3 homes available to families and individuals whose annual household income does not exceed 50% AMI for rental or lease purchase opportunities.

These three mechanisms, Soft Seconds, DPAs and rentals, will comprise the primary methods Paulding County will use to purchase and redevelop abandoned or foreclosed homes for housing individuals and families whose incomes do not exceed 120% of AMI.

5. Acquisition and Relocation

Demolition or Conversion of LMI Units

<p>Does the grantee intend to demolish or convert any low- and moderate-income dwelling units (i.e., ≤ 80% of area median income)?</p> <p>Paulding County has such a large number of vacant foreclosed properties that it intends to concentrate acquiring and rehabilitating these properties within the areas of greatest need. Paulding County will adopt an anti-displacement and relocation policy which will be consistent with all applicable statutes under HERA, ARRA and the Uniform Relocation Act. Specifically, Paulding County will forward letters to prospective property seller's informing them that Paulding County intends to purchase their property through the NSP3, however, Paulding County does not have eminent domain.</p> <p>The number of NSP affordable housing units to be made available under the Paulding County NSP3 Program is estimated as follows:</p> <ol style="list-style-type: none"> 1. Total Number of Units under 50% of AMI -- 3 Units. 2. Total Number of Units between 50% - 80% of AMI -- 3 Units. 3. Total Number of Units between 81% - 120% of AMI -- 2 Units. 4. Total Number of Units = 8 	<p>No</p>
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If yes, fill in the table below.

Question	Number of Units
The number of low- and moderate-income dwelling units—i.e., ≤ 80% of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.	0
The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., ≤ 120% of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion).	0
The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.	0

6. Public Comment

Citizen Participation Plan

Briefly describe how the grantee followed its citizen participation plan regarding this proposed substantial amendment or abbreviated plan.

Summary of Public Comments Received.

The summary of public comments received is included as an attachment.

Paulding County posted the HUD NSP3 Abbreviated Action Plan its website www.pauldingcounty.gov on February 14, 2011. The goal was to provide Paulding County citizens information regarding Paulding County’s plan to expend the approx. \$1.4MM NSP3 grant; and to allow citizens to make comments/recommendations regarding the Abbreviated Action Plan.

Paulding County received one (1) comment in regards to the NSP plan. On February 20, 2011 a citizen forwarded an email requesting information regarding on how to participate in the Paulding County NSP3 as an HVAC Contractor. On February 21, 2011 Paulding County responded and informed the citizen that there will be a Request For Qualifications process which will be later announced.

7. NSP Information by Activity

Enter each activity name and fill in the corresponding information. If you have fewer than seven activities, please delete any extra activity fields. (For example, if you have three activities, you should delete the tables labeled “Activity Number 4,” “Activity Number 5,” “Activity Number 6,” and “Activity Number 7.” If you are unsure how to delete a table, see the instructions [above](#).

The field labeled “Total Budget for Activity” will populate based on the figures entered in the fields above it.

Consult the [NSP3 Program Design Guidebook](#) for guidance on completing the “Performance Measures” component of the activity tables below.

Activity Number 1	
Activity Name	Downpayment Assistance NSP Eligible Use (A): 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, moderate and middle income homebuyers. (HERA, Sect. 2301 (c)(3)(A))
Uses	Select all that apply: <input checked="" type="checkbox"/> Eligible Use A: Financing Mechanisms <input type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation <input type="checkbox"/> Eligible Use C: Land Banking <input type="checkbox"/> Eligible Use D: Demolition <input type="checkbox"/> Eligible Use E: Redevelopment
CDBG Activity or Activities	1. Eligible activities to the extent financing mechanisms are utilized including down payment assistance as part of public services allowed under 24 CFR 570.201 (e)(n). 2. Direct homeownership assistance.
National Objective	100 percent of funds will benefit families and individuals whose income does not exceed 120 percent AMI. 1. Provides or improves permanent residential structures that will be occupied by a household whose income is at or below 120 percent of area median income (abbreviated as LMMH); 2. serves an area in which at least 51 percent of the residents have incomes at or below 120 percent of area median income (LMMA); or 3. serves a limited clientele whose incomes are at or below 120 percent of area median income (LMMC).
Activity Description	Paulding County will utilize financial mechanisms to provide “soft” second mortgages to families and individuals who meet HUD income eligibility requirements of regarding maximum annual household income (below 120% AMI) and; who purchase properties that are located within the areas of greatest needs as determined by the HUD estimated abandonment risk score. Paulding County will utilize a no-interest, non-forgivable deferred payment loan throughout the HUD affordability period as determined by the HOME Program. {cite HOME 92.....} This loan will be converted to a forgivable grant once the NSP3 homeowner meets the HUD affordability period. Duration or Term of Assistance will be for a HOME determined period of affordability of 5 to 15 years depending upon the amount of direct subsidy (DPA Loan) to the homebuyer. Tenure of beneficiaries-- (i) to recapture the entire amount of the NSP3 subsidy or (ii) to recapture a prorata share of the NSP3 subsidy to ensure continued affordability for each home purchased by an eligible NSP3 homebuyer. The NSP3 financial mechanism funds will assist LMMI(C)

	<p>persons to become homeowners in the Paulding County Priority Areas. Liens will be placed on all properties sold to enforce the terms of the Federal Investment.</p> <p>The Paulding County NSP3 Program will be structured to meet all NSP statutory and regulatory guidelines. The financial mechanism activities for The NSP3 Program will serve the county's targeted Priority Areas which comport with HUD's Foreclosure and Abandonment Risk Scores and the Paulding County locally developed site specific home foreclosure lists.</p> <p>To the maximum extent feasible, the county will provide for the hiring of employees who reside in the vicinity of NSP3 projects or contract with small businesses that are owned and operated by persons residing in the vicinity of such project, including information on existing local ordinances that address these requirements.</p>	
Location Description	<p>Paulding County will utilize its NSP3 grant funds to assist low/moderate income persons in its areas of greatest need. See attached maps generated from the HUD Mapping Tool. These specific neighborhoods include census tracts 1202-1206.</p>	
Budget	Source of Funding	Dollar Amount
	NSP3	\$221,000
	(Other funding source)	\$
	(Other funding source)	\$
Total Budget for Activity		
<p>1. Total NSP Down Payment Assistance H-013-00 Grant Funds -- \$221,000</p> <p>(a) 50% and under AMI -- \$ 106,000 (up to \$ 20,000 per purchaser)</p> <p>(b) 51%-80% AMI -- \$ 95,000 (up to \$ 15,000 per purchaser)</p> <p>(c) 81%-120% AMI -- \$ 20,000 (up to \$ 10,000 per purchaser)</p>		\$221,000
Performance Measures	<p>Down Payment Assistance H-013-00: 12 Units</p> <p>1. 50% or under AMI – 5 Units</p> <p>2. 51%-80% AMI – 5 Units</p> <p>3. 81%-120% -2 Units</p>	
Projected Start Date	3/1/2011	
Projected End Date	2/28/2014	
Responsible	Name	Paulding County Government

Organization	Location	240 Constitution Blvd., Dallas, GA 30132
	Administrator Contact Info	Chuck Rann, Community Development Director – (770) 443-7601, crann@paulding.gov

Activity Number 2	
Activity Name	Property Acquisition NSP Eligible Use: (B) Purchase and rehabilitate <i>homes and residential properties that have been abandoned or foreclosed upon</i> , in order to sell, rent, or redevelop such homes and properties (<i>HERA, Sect. 2301 (c) (3) (B)</i>).
Use	Select all that apply: <input type="checkbox"/> Eligible Use A: Financing Mechanisms <input checked="" type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation <input type="checkbox"/> Eligible Use C: Land Banking <input type="checkbox"/> Eligible Use D: Demolition <input type="checkbox"/> Eligible Use E: Redevelopment
CDBG Activity or Activities	<u>CDBG Eligible Activity</u> 24 CFR 570.201(a) Acquisition (b) Disposition, (i) Relocation , and (n) Direct homeownership assistance (as modified below); 24 CFR 570.202 eligible rehabilitation and preservation activities for homes and other residential properties. HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost.
National Objective	100 percent of funds will benefit families and individuals whose income does not exceed 120 percent AMI. 1. Provides or improves permanent residential structures that will be occupied by a household whose income is at or below 120 percent of area median income (abbreviated as LMMH); 2. serves an area in which at least 51 percent of the residents have incomes at or below 120 percent of area median income (LMMA); or 3. serves a limited clientele whose incomes are at or below 120 percent of area median income (LMMC).
Activity Description	Paulding County will purchase, rehabilitate and re-sell eligible real estate owned homes. NSP3 properties will be sold or leased -with the intent to purchase- to families and individuals whose income does not exceed 120% AMI. Discount Rate – Paulding County will meet HUD’s 1% minimum discount rate for all properties NSP3 properties purchased. Duration or Term of Assistance will be for a HOME determined period of

	<p>affordability (5 to 15 years) for each home purchased by an eligible NSP homebuyer. The NSP funds will be used to acquire foreclosed homes in Paulding County's Priority Areas (areas of greatest need). Liens will be placed on all sales properties to enforce the terms of the affordability time period.</p> <p>Tenure of beneficiaries—The design will utilize a Recapture Method (i) to recapture the entire amount of the NSP3 direct subsidy to the homebuyer or (ii) to recapture a prorata share of the NSP3 subsidy to ensure continued affordability.</p> <p>The Paulding County NSP3 Program will be structured to meet all NSP statutory and regulatory guidelines. The financial mechanism activities for The NSP3 Program will serve the county's targeted Priority Areas which comport with HUD's Foreclosure and Abandonment Risk Scores and the Paulding County locally developed site specific home foreclosure lists.</p> <p>To the maximum extent feasible, the county will provide for the hiring of employees who reside in the vicinity of NSP3 projects or contract with small businesses that are owned and operated by persons residing in the vicinity of such project, including information on existing local ordinances that address these requirements.</p>	
Location Description	<p>Paulding County will utilize its NSP3 grant funds to assist low/moderate income persons in its areas of greatest need. See attached maps generated from the HUD Mapping Tool. These specific neighborhoods include census tracts 1202-1206.</p>	
Budget	Source of Funding	Dollar Amount
	NSP3	\$785,000
	(Other funding source)	\$
	(Other funding source)	\$
<p>Total Budget for Activity Acquisition (a) Total NSP Acquisition Funds \$785,000 (1) 50% or under AMI - \$255,000 (2) 51% - 80% of AMI - \$300,000 (3) 81% - 120% of AMI - \$230,000</p>	<p>\$785,000</p>	
Performance Measures	<p>Performance Measures: Acquisition: 8 Units 1. 50% or under -3 Units 2. 51% - 80% - 3 Units</p>	

	3. 81% -- 120% - 2 Units	
Projected Start Date	3/1/2011	
Projected End Date	2/28/2014	
Responsible Organization	Name	Paulding County Government
	Location	240 Constitution Blvd., Dallas, GA 30132
	Administrator Contact Info	Chuck Rann, Community Development Director – (770) 443-7601, crann@paulding.gov

Activity Number 3	
Activity Name	Property Rehabilitation NSP Eligible Use: (B) Purchase and rehabilitate <i>homes and residential properties that have been abandoned or foreclosed upon</i> , in order to sell, rent, or redevelop such homes and properties (<i>HERA, Sect. 2301 (c) (3) (B)</i>).
Use	Select all that apply: <input type="checkbox"/> Eligible Use A: Financing Mechanisms <input checked="" type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation <input type="checkbox"/> Eligible Use C: Land Banking <input type="checkbox"/> Eligible Use D: Demolition <input type="checkbox"/> Eligible Use E: Redevelopment
CDBG Activity or Activities	<u>CDBG Eligible Activity</u> (1) 24 CFR 570.202 (a) (1). Rehabilitation and preservation. (2) As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.202.
National Objective	100 percent of funds will benefit families and individuals whose income does not exceed 120 percent AMI. 1. Provides or improves permanent residential structures that will be occupied by a household whose income is at or below 120 percent of area median income (abbreviated as LMMH); 2. serves an area in which at least 51 percent of the residents have incomes at or below 120 percent of area median income (LMMA); or 3. serves a limited clientele whose incomes are at or below 120 percent of area median income (LMMC).
Activity Description	Paulding County will utilize NSP3 funds to rehabilitate eligible vacant foreclosed properties purchased with NSP3 funds. Paulding County NSP3 rehabilitation projects will meet or exceed the HERA definition located in {insert definition}. Rehabilitation will include improvements to increase the energy efficiency or conservation of NSP3 homes. Specifically, rehabilitation will meet these standards to the extent

	<p>applicable to the rehabilitation work undertaken, e.g., replace older obsolete products and appliances (such as windows, doors, lighting, hot water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers and dishwashers) with Energy Star-46 labeled products. Water efficient toilets, showers, and faucets, such as those with the WaterSense label, must be installed. Where relevant, the housing should be improved to mitigate the impact of disasters (e.g., earthquake, hurricane, flooding, fires).</p> <p>In addition to stabilizing neighborhoods in the short-term, Paulding County will strategically incorporate modern, green building and energy-efficiency improvements in all NSP activities to provide for long-term affordability and increased sustainability and attractiveness of housing and neighborhoods.</p> <p>Once rehabilitated, properties will be sold or leased (with the intent to purchase) to families and individuals whose income does not exceed 120 percent AMI.</p> <p>To the maximum extent feasible, the county will provide for the hiring of employees who reside in the vicinity of NSP3 projects or contract with small businesses that are owned and operated by persons residing in the vicinity of such project, including information on existing local ordinances that address these requirements.</p>	
Location Description	<p>Paulding County will utilize its NSP3 grant funds to assist low/moderate income persons in its areas of greatest need. See attached maps generated from the HUD Mapping Tool. These specific neighborhoods include census tracts 1202-1206.</p>	
Budget	Source of Funding	Dollar Amount
	NSP3	\$228,992.00
	(Other funding source)	\$
	(Other funding source)	\$
<p>Total Budget for Activity Housing Rehabilitation H-14A-01 (a) Total Housing Rehabilitation Funds \$220,000 (1) 50% or under AMI \$ 98,992 (2) 51% - 80% of AMI - \$ 90,000 (3) 81% - 120% of AMI \$ 40,000</p>		\$228,992.00
Performance Measures	<p>Performance Measures: Rehabilitation: 8 Units 1. 50% or under - 3 Units 2. 51% - 80% - 3 Units 3. 81% -- 120% -2 Units</p>	
Projected Start Date	3/1/2011	

Projected End Date	2/28/2014	
Responsible Organization	Name	Paulding County Government
	Location	240 Constitution Blvd., Dallas, GA 30132
	Administrator Contact Info	Chuck Rann, Community Development Director– (770) 443-7601, crann@paulding.gov

Activity Number 4	
Activity Name	Homebuyer Education NSP Eligible Use: (B) Purchase and rehabilitate <i>homes and residential properties that have been abandoned or foreclosed upon</i> , in order to sell, rent, or redevelop such homes and properties (<i>HERA, Sect. 2301 (c) (3) (B)</i>).
Use	Select all that apply: <input type="checkbox"/> Eligible Use A: Financing Mechanisms <input checked="" type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation <input type="checkbox"/> Eligible Use C: Land Banking <input type="checkbox"/> Eligible Use D: Demolition <input type="checkbox"/> Eligible Use E: Redevelopment
CDBG Activity or Activities	<u>CDBG Eligible Activity</u> 24 CFR 570.201(a) Acquisition (b) Disposition, (i) Relocation , and (n) Direct homeownership assistance (as modified below); 24 CFR 570.202 eligible rehabilitation and preservation activities for homes and other residential properties. HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost.
National Objective	100 percent of funds will benefit families and individuals whose income does not exceed 120 percent AMI. 1. Provides or improves permanent residential structures that will be occupied by a household whose income is at or below 120 percent of area median income (abbreviated as LMMH); 2.serves an area in which at least 51 percent of the residents have incomes at or below 120 percent of area median income (LMMA); or serves a limited clientele whose incomes are at or below 120 percent of area median income (LMMC).
Activity Description	The NSP3 Homebuyer Education Program will be structured to meet all NSP statutory and regulatory requirements. Specifically, Paulding County will provide a minimum of eight (8) hours of HUD approved housing counseling to NSP3 homebuyers and lease purchase participants. All NSP3 properties will be located in Priority Areas which comport with HUD’s Foreclosure and Abandonment Risk Scores and Paulding County’s locally developed site specific home foreclosures lists. To the maximum extent feasible, the county will provide for the hiring of employees who reside in the vicinity of NSP3 projects or contract with small businesses that are owned and operated by persons residing in the vicinity

	of such project, including information on existing local ordinances that address these requirements.	
Location Description	Paulding County will utilize its NSP3 grant funds to assist low/moderate income persons in its areas of greatest need. See attached maps generated from the HUD Mapping Tool. These specific neighborhoods include census tracts 1202-1206.	
Budget	Source of Funding	Dollar Amount
	NSP3	\$
	(Other funding source)	\$
	(Other funding source)	\$
Total Budget for Activity The HUD Approved Housing Counseling will be a requirement of qualifying for the DPA Loan. The HUD approved Housing Counseling Partner Organization will not receive compensation for clients who attend counseling sessions but do not purchase qualified NSP3 properties. Therefore, the budget for the financial mechanisms includes that costs to provide Housing Counseling.		\$0.00 note
Performance Measures	Performance Measures: Rehabilitation H-005-02: 12 Units 1. 50% or under AMI – 5 Units 2. 51%-80% AMI – 5 Units 3. 81%-120% -2 Units	
Projected Start Date	3/1/2011	
Projected End Date	2/28/2014	
Responsible Organization	Name	Paulding County Government
	Location	240 Constitution Blvd., Dallas, GA 30132
	Administrator Contact Info	Chuck Rann, Community Development Director – (770) 443-7601, crann@paulding.gov

Activity Number 5	
Activity Name	Administration NSP Eligible Use: General Planning and Administrative Costs
Use	Select all that apply: <input type="checkbox"/> Eligible Use A: Financing Mechanisms <input type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation

	<input type="checkbox"/> Eligible Use C: Land Banking								
	<input type="checkbox"/> Eligible Use D: Demolition								
	<input type="checkbox"/> Eligible Use E: Redevelopment								
CDBG Activity or Activities	CDBG Eligible Activity 24 CFR 570.206 Administration HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost.								
National Objective	N/A								
Activity Description	General Administration to include staff and contractors								
Location Description	Administration of the Program will be conducted in Paulding County								
Budget	<table border="1"> <thead> <tr> <th>Source of Funding</th> <th>Dollar Amount</th> </tr> </thead> <tbody> <tr> <td>NSP3</td> <td>\$</td> </tr> <tr> <td>(Other funding source)</td> <td>\$</td> </tr> <tr> <td>(Other funding source)</td> <td>\$</td> </tr> </tbody> </table>	Source of Funding	Dollar Amount	NSP3	\$	(Other funding source)	\$	(Other funding source)	\$
	Source of Funding	Dollar Amount							
	NSP3	\$							
(Other funding source)	\$								
(Other funding source)	\$								
Total Budget for Activity	<p>The HUD Approved Housing Counseling will be a requirement of qualifying for the DPA Loan. The HUD approved Housing Counseling Partner Organization will not receive compensation for clients who attend counseling sessions but do not purchase qualified NSP3 properties. Therefore, the budget for the financial mechanisms includes that costs to provide Housing Counseling.</p> <p>\$137,222</p>								
Performance Measures	County Admin will not exceed 10% of Grant Award and any received Program Income								
Projected Start Date	3/1/2011								
Projected End Date	2/28/2014								
Responsible Organization	Name	Paulding County Government							
	Location	240 Constitution Blvd., Dallas, GA 30132							
	Administrator Contact Info	Chuck Rann, Community Development Director – (770) 443-7601, crann@paulding.gov							

8. Certifications

Certifications for Non-Entitlement Local Governments

- (1) **Affirmatively furthering fair housing.** The jurisdiction certifies that it will affirmatively further fair housing.
- (2) **Anti-displacement and relocation plan.** The applicant certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan.
- (3) **Anti-lobbying.** The jurisdiction must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (4) **Authority of jurisdiction.** The jurisdiction certifies that the consolidated plan or abbreviated plan, as applicable, is authorized under state and local law (as applicable) and that 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.
- (5) **Consistency with plan.** The jurisdiction certifies that the housing activities to be undertaken with NSP funds are consistent with its consolidated plan or abbreviated plan, as applicable.
- (6) **Acquisition and relocation.** The jurisdiction certifies that it 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.
- (7) **Section 3.** The jurisdiction certifies that it 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.
- (8) **Citizen participation.** The jurisdiction certifies that it 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.
- (9) **Use of funds.** The jurisdiction certifies that it will comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act and Title XII of Division A of the American Recovery and Reinvestment Act of 2009 by spending 50 percent of its grant funds within 2 years, and spending 100 percent within 3 years, of receipt of the grant.
- (10) **The jurisdiction certifies:**
 - a. 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; and
 - b. 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.

(11) **Excessive force.** The jurisdiction certifies that it has adopted and is enforcing:

- a. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and
- b. 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 nonviolent civil rights demonstrations within its jurisdiction.

(12) **Compliance with anti-discrimination laws.** The jurisdiction certifies that 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.

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

(14) **Compliance with laws.** The jurisdiction certifies that it will comply with applicable laws.

(15) **Vicinity hiring.** The jurisdiction certifies that it will, to the maximum extent feasible, provide for hiring of employees that reside in the vicinity of NSP3 funded projects or contract with small businesses that are owned and operated by persons residing in the vicinity of NSP3 projects.

(16) **Development of affordable rental housing.** The jurisdiction certifies that it will abide by the procedures described in its NSP3 Abbreviated Plan to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds.

Signature/Authorized Official

Date

Title

Appendix: NSP3 Action Plan Contents Checklist

The checklist below is an optional tool for NSP3 grantees to help to ensure that all required elements of the NSP3 Substantial Amendment or the Abbreviated Plan are submitted to HUD. This checklist only includes the minimum required elements that must be included in the NSP3 Action Plan and grantees may want to add additional details. This document must be protected, as described above, in order to use the checkboxes in this checklist.

1. NSP3 Grantee Information

	Yes
Did you include the Program Administrator's name, address, phone, and email address?	<input checked="" type="checkbox"/>

2. Areas of Greatest Need

	Yes
Does the narrative description describe how funds will give priority emphasis to areas of greatest need?	<input checked="" type="checkbox"/>
Does the narrative description specifically address how the funds will give priority emphasis to those areas:	
• With the highest percentage of home foreclosures?	<input checked="" type="checkbox"/>
• With the highest percentage of homes financed by subprime mortgage related loan?; and	<input checked="" type="checkbox"/>
• Identified by the grantee as likely to face a significant rise in the rate of home foreclosures?	<input checked="" type="checkbox"/>
Did you create the area of greatest needs map at http://www.huduser.org/NSP/NSP3.html ?	<input checked="" type="checkbox"/>
Did you include the map as an attachment to your Action Plan?	<input checked="" type="checkbox"/>
<i>ONLY Applicable for States:</i> Did you include the needs of all entitlement communities in the State?	<input type="checkbox"/>

3. Definitions and Descriptions

	Yes
Are the following definitions and topics included in your substantial amendment?:	
• Blighted structure in context of state or local law,	<input checked="" type="checkbox"/>

<ul style="list-style-type: none"> • Affordable rents, • Ensuring long term affordability for all NSP funded housing projects, • Applicable housing rehabilitation standards for NSP funded projects 	<input checked="" type="checkbox"/>
	<input checked="" type="checkbox"/>
	<input checked="" type="checkbox"/>

4. Low-Income Targeting

	Yes
Did you identify the estimated amount of funds appropriated to provide housing that meets the low-income set aside target?	<input checked="" type="checkbox"/>
Did you provide a summary describing how your jurisdiction will meet its low-income set aside goals?	<input checked="" type="checkbox"/>

5. Acquisition & Relocation

	Yes
For all acquisitions that will result in displacement did you specify:	
<ul style="list-style-type: none"> • The planned activity, 	<input type="checkbox"/>
<ul style="list-style-type: none"> • The number of units that will result in displacement, 	<input type="checkbox"/>
<ul style="list-style-type: none"> • The manner in which the grantee will comply with URA for those residents? 	<input type="checkbox"/>

6. Public Comment

	Yes
Did you provide your draft of the NSP3 substantial amendment for a minimum of 15 days for public comment?	<input checked="" type="checkbox"/>
Did you include the public comments you received on the NSP3 substantial amendment in your plan?	<input type="checkbox"/>

7. NSP Information by Activity

	Check all that apply
Did you include a description of all eligible NSP3 activities you plan to implement with your NSP3 award?	<input checked="" type="checkbox"/>
For each eligible NSP3 activity you plan to implement did you include:	

• Eligible use or uses?	<input checked="" type="checkbox"/>
• Correlated eligible CDBG activity or activities?	<input checked="" type="checkbox"/>
• Associated national objective?	<input checked="" type="checkbox"/>
• How the activity will address local market conditions?	<input checked="" type="checkbox"/>
• Range of interest rates (if any)?	<input checked="" type="checkbox"/>
• Duration or term of assistance?	<input checked="" type="checkbox"/>
• Tenure of beneficiaries (e.g. rental or homeowner)?	<input checked="" type="checkbox"/>
• If the activity produces housing, how the design of the activity will ensure continued affordability?	<input checked="" type="checkbox"/>
• How you will, to the maximum extent possible, provide for vicinity hiring?	<input checked="" type="checkbox"/>
• Procedures used to create affordable rental housing preferences?	<input checked="" type="checkbox"/>
• Areas of greatest need addressed by the activity or activities?	<input checked="" type="checkbox"/>
• Amount of funds budgeted for the activity?	<input checked="" type="checkbox"/>
• Appropriate performance measures for the activity (e.g. units of housing to be acquired, rehabilitated, or demolished for the income levels represented in DRGR) ?	<input checked="" type="checkbox"/>
• Expected start and end dates of the activity?	<input checked="" type="checkbox"/>
• Name and location of the entity that will carry out the activity?	<input checked="" type="checkbox"/>

8. Certifications

	Yes
Did you sign and submit the certification form applicable to your jurisdiction?	<input checked="" type="checkbox"/>

9. Additional Documentation

	Yes
Did you include a signed SF-424?	<input checked="" type="checkbox"/>

Distribution of Funds

As referenced in Section A "Areas of Greatest Need", Paulding County will utilize two target "screens" to ensure that the requirements of Section 2301 (c)(2) of HERA are met. The first method will be to distribute funds in the areas identified by the HUD "Foreclosure and Abandonment Risk Score" data. These risk scores have identified those neighborhoods within Paulding County with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a sub-prime mortgage related loan, and properties identified by the Paulding County as likely to face a significant rise in the rate of home foreclosures.

The Abbreviated action plan includes maps which identify specific census tracts where these three stipulated needs categories actually exist. In an effort to meet the requirement of addressing at least 20 percent of the "hisk-risk" inventory within a specific census tract, Paulding County will investigate the priority areas to determine which property owners utilized a sub-prime mortgage, and through the utilization of the Superior Court and Planning Departments, 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 with the targeted discounted rates as defined in the NSP3 regulations.

As a HUD Non-Entitlement Local Government NSP3 recipient, Paulding County received an initial award of \$1,372,214. Paulding County will meet the goal of expending at least half of our NSP3 allocation within the first two (2) years and the entire award within three (3) years. The following table lists the specific NSP3 eligible activities that will take place:

	Units	Low Income Below 50% AMI	Moderate Income 51-80% AMI	Middle Income 81-120% AMI	Total
Property Acquisition	8	\$255,000	\$300,000	\$230,000	\$785,000
Rehabilitation	8	\$98,992	\$90,000	\$40,000	\$228,992
Downpayment Assistance	12	\$106,000	\$95,000	\$20,000	\$221,000
Soft Costs					
Administration					\$137,222
Total					\$1,372,214

Area Median Income (AMI) is determined by HUD. See <http://www.dca.ga.gov/communities/CDBG/programs/nsp.asp> to view the 2010 State of Georgia Income Limits.

Paulding County will reserve Downpayment Assistance Loans for each of the eight (8) properties that will be targeted for acquisition during the initial allocation. In addition, Paulding County has reserved funds to assist four (4) additional qualified DPA participants who might purchase eligible foreclosed properties which are not part of Paulding County's NSP3 inventory.

Paulding County will engage qualified asset management firm(s) to acquire and rehabilitate properties located within Paulding County's areas of greatest need. Qualified asset management firm(s) will adhere to the NSP3 requirements of acquiring eligible real estate owned properties and other foreclosed

properties by performing necessary due diligence; by making construction improvements to NSP3 properties; by providing HUD approved housing counseling services; by marketing the NSP3 and available properties; and by administering financial mechanisms such as downpayment assistance and soft second loans. To accomplish these requirements, Paulding County will use specific strategies that include:

Property Acquisition

Paulding County will identify vacant properties that are located within the areas of greatest needs as is identified within section A of this document. Single family real estate owned properties will be targeted, however, other available and foreclosed properties will be considered based on priority areas. Other property considerations will include multifamily - apartments, townhomes, and duplexes – as well as blighted, abandoned, and dilapidated structures as described below.

Financial Mechanisms

In an effort to make properties more available to families and individuals whose annual household income is below 120 percent AMI, the Paulding County NSP3 will make Soft Second and Downpayment Assistance loans available. These subsidies are considered a direct investment to the qualified purchaser. The HUD Home Investment Partnership Program (HOME) guidelines will govern all Soft Second and Down Payment Assistance Funds as is stated in HUD 24 CFR 92.254. These funds will be provided as a zero percent interest loan and will be secured by a deed restriction which will require that the funds are either repaid entirely or by prorata share depending on the applicable recapture method selected by the Paulding County NSP3. The definition of recapture method is later described in this document, section C. Definitions and Descriptions (3).

The NSP3 assisted housing must meet the affordability requirements for not less than the applicable period specified in the following table, beginning after project completion. The per unit amount of NSP3 funds and the affordability period that trigger repayment or completion of the affordability period are described below:

Downstream Payment Assistance amount per unit	Minimum period of affordability in years
Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000	15

Please note that the following table is drafted from HUD 24 CFR 92.254. \$20,000 is the maximum amount of Down Payment Assistance funds that will be available through the Paulding County NSP3.

At the time that the affordability period is achieved, the soft second and downpayment assistance loan funds will be forgiven. In the event that the NSP3 purchaser does not meet the HOME affordability period, all recaptured Downpayment Assistance Funds will be returned to the Paulding County NSP3.

1. "Soft Seconds" to reduce the Sales Price to an amount affordable to a household whose income does not exceed 120% 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, Paulding County will give strong consideration to making a "Soft

Second" loan for the \$15,000 difference. This mechanism can help many households at or below 120% of AMI qualify for homeownership.

2. Downpayment Assistance Paulding County will consider both the resources of the NSP and the HOME Program for downpayment assistance. Paulding County will adopt the HOME Program Guidelines to serve those at or below 120% of AMI.

Soft Second and Downpayment Assistance Loans without NSP Purchase

The Paulding County NSP3 will make Soft Second and Downpayment Assistance loans available for customers who utilize independent financing to purchase properties not previously acquired or rehabilitated with NSP3 funds. Eligible participants will be those whose annual household income does not exceed 120 percent of the AMI. Only foreclosed properties which are located within HUD designated census tracts will be eligible for consideration of NSP3 Soft Second and NSP financing. This mechanism will allow Paulding County to leverage the NSP3 funds and to reach more customers within the initial 36 month program guideline.

Housing Counseling

All customers who are interested in purchasing homes through the Paulding County NSP3 are required to participate in a minimum of eight (8) hours of HUD certified housing counseling. Potential NSP3 purchasers will be invited to attend group homebuyer education and individual one-on-one counseling sessions.

During the group session, potential purchasers will be given an overview of the home buying process from loan origination to closing while discussing topics including predatory lending, credit scoring, budgeting, saving, choosing the right realtor, inspection and appraisal process and avoiding foreclosure.

During the one-on-one counseling sessions potential purchasers will receive an in-depth credit analysis, budget counseling, and debt reduction strategies.

The post purchase counseling sessions discuss budgeting and homeowner responsibilities with an emphasis on home maintenance and avoiding foreclosure.

The programs operated under the HUD certified education/preparedness component are designed to produce knowledgeable, qualified homebuyers and successful homeowners. Individuals and families will be better positioned to acquire a mortgage and assume the responsibilities of homeownership.

Property Disposition (Homeownership)

Paulding County will market properties acquired and rehabilitated under the NSP3 for sale to families and individuals whose annual household income is at or below 120% AMI. Qualified purchasers will also be eligible to access downpayment assistance and soft second loans.

Property Disposition (Lease Purchase Options)

The Paulding County NSP3 will offer Lease Purchase options for customers who attend the HUD certified Housing Counseling sessions and it is determined that they are not immediately prepared to assume homeownership. Lease Purchase candidates will also be those whose annual household income is below 120% AMI. Customers selected to utilize the NSP3 Lease Purchase option will be those customers that are determined to be within 12 to 18 months of qualifying for a first mortgage. Affordable rents for

Lease Purchase Participants will be determined by the Home Investment Partnership Program (HOME) guidelines 24 CFR 92.252

Under this scenario, the Paulding County NSP3 will purchase and rehab select properties and make them available for potential purchasers who are identified through the lease purchase pipeline. Eligible program participants are required to attend periodic one-on-one housing counseling sessions where their tri-merge credit report and bank statements will be analyzed to ensure that they are on track to achieve homeownership.

The goal is to work with various partners throughout Paulding County (i.e. Housing Authority, Mortgage Brokers, Realtors, etc...) to identify potential clients who are interested homeownership. The goal is also to create a homebuyer pipeline by enrolling clients who are currently renting through the Housing Authorities to register for NSP3 Homebuyer Education Counseling. We will encourage those clients to pursue affordable homeownership. If available, these clients will utilize their current VoucherChoice Certificates towards homeownership. VoucherChoice certificates will be layered with soft second and downpayment assistance loans through the Paulding County NSP3 in order to bridge the purchasers' affordability gap.

Example:

The Paulding County NSP3 will purchase and rehab existing foreclosed single family and or multifamily properties. If a buyer is not identified, the property will be marketed throughout the region. When a Lease Purchase candidate is identified, the housing authority partner will provide case management and property management services. When the family or individual becomes mortgage qualified, the property will be sold and the funds will be returned to the Paulding County NSP3.

Reuse of NSP Funds

We anticipate that at least half of the total NSP3 investment in each property will be returned and immediately made available for reuse upon sale of NSP3 properties.

Marketing and Outreach

Simultaneously to assisting management firms in acquiring and rehabilitating foreclosed vacant homes, the county will be working with the asset manager(s), and other local organizations to carry out a significant Outreach Program and to identify eligible homeowners who might qualify for the Paulding County NSP3. Paulding County will disseminate a list of HUD-approved housing counseling organizations throughout the Metro area to potential NSP3 purchasers. This will allow potential eligible homebuyers to meet the housing counseling requirement while The Paulding County asset manager(s) are acquiring and rehabilitating eligible foreclosed Real Estate Owned properties.

These strategies will allow Paulding County NSP3 to expeditiously expend its NSP3 grant funds. Also, this strategy will allow foreclosed housing units to be put back into the housing inventory for low, moderate, and middle income individuals and families.

