

THE NSP SUBSTANTIAL AMENDMENT

INCLUDING RESPONSES TO PROGRAM CLARIFICATION

Jurisdiction(s): Anoka County, Minnesota	NSP Contact Person: Karen Skepper
Jurisdiction Web Address: www.anokacounty.us	Address: 2100 Third Avenue, Ste 700 Anoka, MN 55303
	Telephone: 763-323-5709
	Fax: 763-323-5682
	Email: karen.skepper@co.anoka.mn.us

SUMMARY

The Housing and Economic Recovery Act (HERA) appropriated \$3.92 billion of emergency assistance for the redevelopment of abandoned and foreclosed homes and residential properties. Unless HERA states otherwise, the grants are considered Community Development Block Grant (CDBG) funds. The grant program under Title III of Division B is referred to as the Neighborhood Stabilization Program (NSP). HERA establishes the need, target areas and limits the eligible uses of NSP funds. The NSP allocation for Anoka County is \$2,377,310. The U.S. Department of Housing and Urban Development (HUD) is defining the application process for NSP funds as a substantial amendment to Anoka County's 2008 One Year Action Plan. This funding is a special one time allocation of CDBG funds.

Anoka County intends to use NSP funds to create permanent housing opportunities meeting NSP eligible activities and household income guidelines within the identified areas of "greatest need". Those areas have been determined by Federal Census Tract/Block groups and are outlined within the Anoka County NSP Action Plan. Anoka County will allocate \$594,330 to meet the needs of households at or below 50% of the area median income through homeownership activities working with local organizations and non-profits. The County will address foreclosed, vacant and abandoned properties in the following ways: set aside \$300,000 for second mortgage financing for households to purchase homes; \$400,000 for the acquisition of properties deemed blighted and in need of demolition; and, \$845,249 to acquire properties in need of rehabilitation and resale. All eligible households must be at or below 120% area median income and complete 8 hours of pre-purchase housing counseling. All properties acquired will be sold to an income-qualified household directly or in conjunction with local government or a non-profit organization to ensure long-term affordability and no-profit gain requirements. In addition, \$237,731 will be used for program administration of NSP funds throughout the next four years. Information regarding Anoka County's federal Neighborhood Stabilization Program is located at: www.anokacounty.us/communitydevelopment

HISTORY

Anoka County has seen an increase in mortgage foreclosures. Sheriff Sales have been on the rise while redemptions of mortgages have slowed. The chart below provides historical data for the past three years:

	<u>2006</u>	<u>2007</u>	<u>2008 (through 3rd Quarter)</u>
Sheriff Sales	843	1671	1821
Redemptions	166	83	30

Anoka County's Community Development Department created a tracking system in 2006 when it became evident that foreclosures were rising significantly. The department obtains copies of the sale notices from the Anoka County Sheriff's Department and enters them into a data base. The information obtained has become a resource for local municipalities interested, on a community level, in tracking homes that were at risk of abandonment as well as monitoring those homes for public health and safety issues. The Community Development Department continues to track this information and provides a monthly update to interested parties.

A. AREAS OF GREATEST NEED

The Census Tract/Blocks identified below are located in the Anoka County jurisdiction and have met the criteria outlined below as having the greatest need. These areas will be targeted for the use of Anoka County NSP funds. The cities with identified areas of greatest need make up 13 of the 21 communities in Anoka County.

City of Anoka

0504002	0504003	0505011	0505014	0505012
0505043	0505041	0505042	0505054	

City of Bethel

0501082

City of Blaine

0508073	0508081	0508082	0508102	0508113
---------	---------	---------	---------	---------

City of Columbia Heights

0513021	0513022	0513042	0513051	0513052
0514001	0514002	0514003	0514004	0515011
0515012	0513041			

City of Coon Rapids

0506021	0506022	0506052	0506054	0506071
0506072	0506073	0506074	0506081	0506104
0506105	0507021	0507022	0507041	0507042
0507043	0507044	0507045	0507062	0507063
0507101	0507102	0507103	0507104	0507111
0507115	0507124			

City of East Bethel

0501092	0501111
---------	---------

City of Fridley

0511014	0511012	0511031	0511032	0512013
0512011	0512012	0512062	0512061	0513041

City of Hilltop

0513053

City of Lexington

0509011	0509012
---------	---------

City of Oak Grove

0501152

City of Ramsey

0502271	0502281	0502282
---------	---------	---------

City of Spring Lake Park

0510012

City of St. Francis

0501071	0501081	0501082
---------	---------	---------

B. DISTRIBUTION AND USES OF FUNDS

HERA 2301(c)(2) requires that we determine greatest need through the evaluation of percentage of home foreclosures, the highest percentage of homes financed by subprime mortgages and the likelihood of any significant rise in foreclosures. Anoka County used the following methodology to complete this evaluation:

1. Anoka County determined areas of greatest need by using the following data:
 - a. Total amount of properties foreclosed upon in the years 2007 and 2008
 - b. USPS Residential Vacancy Rate and
 - c. HMDA High-Cost Loan Rate.
2. Information was compiled and weighed to show risk
3. Evaluated risk data with the information against:
 - a. Estimated Foreclosure/Abandonment Risk Score
 - b. Predicted 18-month underlying program foreclosure rates
 - c. Total number of foreclosures by city
4. Using the weighed data against the risk score and predicted foreclosure rates allows us to meet the 2301(c)(2) criteria.

The areas identified by the County as “greatest risk” were consistent with all data reviewed. Anoka County determined the areas of greatest need by census tract and blocks groups and has identified tracts within 13 of our 21 cities and townships.

Anoka County will administer the three activity types described in this document within those areas of greatest need. The County will only participate in projects of acquisition and demolition in those census areas that meet a low-to-moderate income level of 51%. This will give those areas an opportunity to redevelop housing that has become aged and is no longer cost effective to maintain. In addition, removing blight from those neighborhoods will benefit them by slowing or halting the decline of property values.

Questions received on Distribution of Funds:

1. Please explain specifically how the following data was used to determine the areas of greatest need in Anoka:
 - 1) Total amount of properties foreclosed upon during 2007 and 2008
 - a. Why was an absolute number used rather than a percentage? *Anoka County is fortunate enough to have absolute numbers available. Sheriff sales are used to provide the number of foreclosures. To use a percentage would have resulted in large areas being defined. Using an absolute number allowed the County to target areas with the greatest number of foreclosures based on real need.*

- b. What boundaries (city, census tract, zip code) etc were used to evaluate the number of properties foreclosed upon? *As identified in the Action Plan and maps, the County used the census tract/blocks. Anoka County has the exact address of all homes foreclosed upon and GIS placed those addresses within each census area.*
 - 2) USPS Residential Vacancy Rate and
 - 3) HMDA high-cost loan rate
Anoka County used the USPS and HMDA information received from HUD and applied it to the census block/tracks. This information was provided to us based on the census areas.
2. Further, how does each of the above-listed data correspond to one or more of the required three elements: greatest percentage of home foreclosures, highest percentage of homes financed by a subprime mortgage related loan, and area identified by the grantee as likely to face a significant rise in the rate of home foreclosures?

The Neighborhood Stabilization Program (NSP) as created by HUD calls for allocating funds to States and local governments with the greatest need, as determined by:

- a. "The number and percentage of home foreclosures in each State or unit of general local government: *Anoka County used the actual number of forecloses that have occurred in each census tract/block group from the property address of the unit foreclosed.*
 - b. "The number and percentage of homes financed by a subprime mortgages in each State or unit of general local government; and
 - c. "The number and percentage of homes in default or delinquency in each State or unit of general local government." *Anoka County used the data as received by HUD. Anoka County mapped by census areas the USPS Residential Vacancy rate, the HMDA High Cost Loan Rate, the Predicted 18 Month Underlying Problem Foreclosure Rate and the Estimated Foreclosure/Abandonment Risk Score and ALL areas targeted the same highest need areas that Anoka County has identified in the NSP Action Plan. Because the predicted underlying problem and the estimated foreclosure/abandonment score are estimates AND the County found that all areas were essentially the same, we had our GIS department create a map showing these areas based on the actual weighted data.*
3. How was this information compiled? How was it weighted to show risk? How much weight was given to each of the three required criteria (greatest percentage of home foreclosures, highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures)?

Information was compiled by the actual number of foreclosures in Anoka County and the balance of the information as provided by HUD. The information was weighted with a 50/25/25 balance. The actual number of foreclosures was weighted at 50%, vacancy rate at 25% and the HMDA High-Cost loans at 25%. This allowed the County to meet the needs of all high risk areas based on all the data we received from HUD. It also allowed the county to identify neighborhoods of actual need rather than entire cities.

4. B3c in the application stated that the total number of foreclosures by City was used. Why was the absolute number of foreclosures in a city used rather than the percentage of foreclosures in a city used?

B3 should or could have stated that absolute number of foreclosures “by census tract/block” was used. Whether we used absolute numbers or percentages we end up with the same cities. By using absolute numbers we are not committing funds to neighborhoods within each city that have not been greatly affected by foreclosure and vacancy issues.

Anoka County felt that by using the census tracts and the absolute number of foreclosures along with the data provided by HUD we would be targeting the areas of greatest need. The areas that have multiple foreclosed and vacant homes are the areas that are least likely to recover without this federal assistance. In addition, it was our understanding from trainings we have attended and direct guidance from HUD that we were to define the areas of greatest need not entire cities or the entire county. Basing the information on a percentage by city would have changed our target area by either including three fourths of the county or reducing it to four cities due to the percentages being so close.

5. The areas identified by Anoka as those being the “greatest risk” are identified by census tracts/block groups. Was the information that was reviewed to determine greatest risk also available by census tract/block group? If not, how was it decided that using census tract/block group was appropriate?

The information received from HUDUSER.org was provided by census tract/block and allowed the County GIS department to overlay all data provided.

6. Finally, the map does not clearly identify the specific greatest-risk tracts. Is it possible to have a map or maps that clearly show the identifying information (the tract number) for each “greatest need” census tract?

It is not possible to have a map show the census tract/blocks with the numbers included due to the small size of many of our southern county tracts. This is why we have listed each track out separately under the city name in the Action Plan and included the map within the Action Plan to show the highlighted colors. If we were to have included the census tracts on the map it would have been illegible unless increased to a document size that no longer provides the ability for the general public to view it.

C. DEFINITIONS AND DESCRIPTIONS

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

A “blighted structure” will be defined as a structure which, by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light and sanitary facilities, excessive land coverage, deleterious land use, or any combination of these or other factors, is detrimental to the safety, health, morale, or welfare of the community

Questions received on Definitions and Descriptions:

1. Anoka has included a definition of “blighted structure.” However, the requirement is that the definition be in context of state or local law. Please clarify what is included in the application as to its context to state or local law. **There is no state or local law that defines “blighted structure”.** Anoka County has worked with other counties, cities and Minnesota Housing to establish a definition to be used in the NSP action plan to define

blight. Cities use a definition most commonly used for Tax Increment Financing, but can also have a separate local definition for codes and ordinances. This definition was used to meet a high housing quality standard, require that all codes and ordinances are met and to meet what other counties and Minnesota Housing have determined to be a complete definition.

2. Please explain how using the MN state standards will satisfy local code requirements. Also, local code requirements are typically more stringent than HQS. How will using HQS ensure that local code requirements are met? Many of the municipalities have adopted parts of the State Building Code and the International Building Code. These codes regulate the type of rehabilitation being addressed in a unit and the requirements for permits and occupancy. To complete rehabilitation such as plumbing, electrical, framing, HVAC, roofing, siding, etc requires the County to pull a permit with the municipality in which the home is located. The permit is to ensure that rehabilitation on housing units meets applicable codes. The work is then reviewed to determine if codes are met by building inspectors before they will satisfy the permit or reinstate an occupancy certificate to the housing unit. As each city requires permits for rehabilitation that may address building codes, each city may also have separate and/or unique codes they review. Anoka County is working with each of the 13 municipalities with eligible census tracts to ensure city approval and permits are pulled as required to address codes.

Definition of “affordable rents.”

The approved 2005-2009 Anoka County Consolidated Plan defines “affordable rents” as those at or below the applicable Fair Market Rent (FMR) for the Minneapolis/St.Paul Metropolitan Area as defined by HUD. This definition of affordable rents will also be used for any Anoka County NSP-assisted rental units.

Continued affordability for NSP assisted housing.

Anoka County will ensure continued affordability by requiring the use of an enforcement document against each piece of real property. The County will secure a Repayment Agreement for not less than 10 years on all properties receiving assistance of \$10,000 or less. All units receiving assistance greater than \$10,001 will hold a Declaration of Covenants against the property with a long-term affordability component meeting or exceeding HOME Investment Partnerships standards. Affordability standards will be as follows: NSP-assisted homeowner or rental units including acquisition and/or rehabilitation of: \$10,001 - \$40,000 will require continued affordability for 15 years. A unit assisted with NSP greater than \$40,001 will require continued affordability for 20 years. Acquisition of new rental units or construction of new rental units will mandate an affordability period of not less than 20 years at any funding level.

All units will be monitored for continued affordability during their required period. Repayment Agreements will be subject to the Anoka County Subordination Policy in the event a homeowner chooses to sell, refinance or transfer the title of the real property. In the event a homeowner does not fulfill the 10-year period of affordability, repayment to the NSP program will be required and funds will be used for another NSP-eligible unit. All units subject to a Declaration of Covenants will be maintained as affordable housing until said Declaration is satisfied. All rental housing created will be subject to ongoing monitoring of its physical condition and adherence to Housing Quality Standards (HQS) for its predetermined period of affordability. Monitoring of NSP properties will follow HOME standards requiring that: properties of 1-4 units be monitored every 3 years; 5-25 unit

properties be monitored every 2 years; and, properties with 26 or more units be monitored annually.

If NSP funds assist a property that was previously assisted with HOME funds, but on which the affordability restrictions were terminated through foreclosure or transfer in lieu of foreclosure, Anoka County will revive the HOME affordability restrictions for either the remaining period of HOME affordability or the continuing affordability requirements of the NSP notice, whichever is greater.

Anoka County will require that all NSP-assisted homebuyers complete the *Home Stretch* pre-purchase workshops conducted by the Anoka County Community Action Program (ACCAP). ACCAP is a HUD-Certified Housing Counseling Agency that works with residents to meet pre-purchase, post-purchase, foreclosure and reverse mortgage needs. ACCAP administers the *Home Stretch* program which is a state-wide pre-purchase workshop that offers home buyer counseling. If a home buyer is unable to attend the workshop at the ACCAP office, *Home Stretch* may be completed at another HUD-Certified Housing Counseling Agency, but the homebuyer must provide documentation/certification that the class was completed with a certified organization.

Housing rehabilitation standards that will apply to NSP assisted activities.

NSP-assisted housing units will be rehabilitated in accordance with State of Minnesota Building, Electrical, and Plumbing Codes. In addition, all homes will meet HUD's Section 8 Housing Quality Standards (HQS). The County, working with housing inspectors and/or city building officials, will review the physical condition of each property and determine if the unit meets HQS. Many of the foreclosed and vacant housing units do not have occupancy certificates and will need to be rehabilitated before an occupancy certificate can be issued. In order to regain those certificates, all code violations must be corrected and health and safety deficiencies satisfied.

Anoka County will incorporate energy efficiency standards into its rehabilitation standards making cost effective improvements to insulation and heating units including furnaces, boilers and water heaters. The County currently has a Energy Rehabilitation program in place and will work with all NSP homes to improve heating unit efficiencies.

D. LOW INCOME TARGETING

Anoka County will use at least 25% of NSP funds to purchase and rehabilitate vacant and foreclosed properties for housing that serves persons at or below 50% of the area median income. It is anticipated that a minimum of \$594,330 will be used for this purpose. The County intends to create homeownership opportunities for those at or below the 50% of the area median income by partnering with affordable housing providers such as our local Community Action Program, local Land Trust Program and organizations such as Habitat for Humanity. Using affordable housing organizations will allow the units assisted with NSP funds to be matched with families looking to acquire permanent housing. The non-profit partnership provides families with a contact and resource to help in the event issues arise that may impact the stability of their homeownership. Anoka County is also working with local mental health and social service providers to create permanent supportive housing opportunities. NSP assisted rental housing would target households specifically that have income less than 50% AMI and services that would allow for ongoing operating cost. The Anoka County Continuum of Care is aware of NSP funding and has been encouraged to

submit permanent housing projects that would benefit the goals and activities stated in their Exhibit One document.

Additional assistance to households at or below 50% of the area median income is available through incentive financing or demolition activities. Although we are anticipating the greatest amount of assistance to these households through purchase and rehabilitation activities it is likely that we will assist beyond our 25% requirement through these other opportunities.

Questions received on Low Income Targeting:

1. Please explain this sentence “NSP assisted rental housing would target households specifically that have income less than 50% AMI and services that would allow for ongoing operating cost”. Are you proposing that NSP can be used for ongoing operating support? If not, which funds will be used?

If Anoka County and a collaborating partner can locate a multi-family housing structure within an area of greatest need that has been foreclosed upon and is now vacant, we may use NSP to stabilize this site. Any rental activities would be for the purpose of households at or below 50% AMI. This is how Anoka County has set up this activity with the intent to meet the needs of households below 50% AMI in need of affordable rental housing. NSP will not be used and it not being proposed to be used for operating support. If Anoka County was to assist an affordable or supportive housing provider they would need to identify their capacity to manage and operate the units that were assisted with NSP.

2. The second paragraph seems to say that Anoka will provide additional assistance to households <50% AMI through demolition activities. Please note that demolition alone does not satisfy the <50% AMI household requirement.

We are aware that demolition does not meet the set aside requirement for households at or below 50% AMI. However, it does not mean that a project which included demolition won't assist a household at or below 50% AMI. In discussions we have had with local non-profits, it is likely that when those sites are redeveloped, it is possible that a household at or below 50% could be the purchasing home buyer. All households assisted by Habitat for Humanity for example qualify as households below the 50% AMI. We did not indicate it would meet our set aside, but that it may also be a benefit to low income households.

E. ACQUISITIONS & RELOCATION

Anoka County does intend to demolish a certain number of dwelling units. Of these units, none are anticipated to have had an affordability covenant; however, some may have been previously occupied and/or owned by low and moderate income households.

Anoka County does not intend to convert any low and moderate income dwelling units. It is expected that Anoka County, using \$400,000 of the original program allocation, could demolish 3 to 5 properties. The County will assume properties located in low-mod areas will meet the affordable housing definition as set by HUD. It is the County's intent to redevelop these properties with new permanent housing for households at or below 120% of the area median income. It is anticipated that Anoka County will work with Habitat for Humanity or the Anoka County CAP/Corrections programs to build new permanent homeownership opportunities for low-to-moderate income households. The income guidelines for a program

such as Habitat would allow Anoka County to place a household with an income at or below 50% of the area median in these redeveloped units. It is expected that 2 to 3 cleared properties could meet the needs of households at the low income level.

Question received on Acquisition & Relocation:

1. Please provide further clarification to the sentence: "The County will assume properties located in low-mod areas will meet the affordable housing definition as set by HUD". Anoka County works closely with the 21 municipalities that make up our jurisdiction. We are aware of the type of housing located in the census tract/block areas that meet the 51% LM definition. Although there may be homes that exceed the affordable housing levels in these areas, it is realistic to assume a majority of the homes in these areas meet the affordable housing definition. Anoka County prefers to be prepared expecting all homes in a low income area meet the affordable housing definition to allow a more thorough preparation for the necessary project steps.

F. PUBLIC COMMENT

- The publication for the 15-day comment period was noticed in the *Anoka County Union* from October 31, 2008 through November 14, 2008.
- The Substantial Amendment to the 2008 Action Plan was posted on the Anoka County web page at www.anokacounty.us from October 31, 2008 until November 14, 2008

There was 1 comment received during our comment period. This comment is attached to this NSP Application.

The comment received was taken into consideration by the Anoka County Housing and Redevelopment Authority Board of Trustees at their board meeting on November 18, 2008.

The draft NSP Substantial Amendment will remain on our Anoka County Community Development web page during the first quarter of 2009 for citizen identification of any changes made.

Question received on Public Comment:

1. The CDBG requirement is that the Grantee respond to citizen comments. The application says the "comment was taken into consideration by the Anoka County Housing and Redevelopment Authority Board of Trustees at their board meeting". Please provide a more thorough description of how the one comment was taken into consideration and/or responded to.

Anoka County received one letter from the Metropolitan Interfaith council on Affordable Housing during the public comment period. Comments included in the letter are as follows: Comments to be made on all Plans for the State of MN

1. the majority of homeownership opportunities and rental units should be for people with incomes that are 50% and below median income and/or people of color.

Response: Anoka County will be following the law and at least 25% of the funds received will be used for persons at or below 50% of area median income.

2. People currently residing in the targeted area should have the first opportunities to utilize housing made available through this program.

Response: The intent of the program is to stabilize neighborhoods. To achieve this goal the program will be open to all qualified households and there will not be a requirement to have resided in the impacted area.

3. Use of funds for demolition and or land banking should be kept to a minimum. No more than 10% of total funds. Priority should be placed on utilizing the land for housing development for people at or below 50% not on higher income housing or public and or commercial facilities.

Response: The ACHRA has allocated \$300,000 or approx. 13% of the NSP funds For demolition and land banking activities.

4. It is imperative these funds make affordable housing available again as soon as possible in our community.

Response: Anoka County intends to implement the NSP program as soon as funding becomes available.

5. Community based non profits and for profits and minority companies should be prioritized to receive contracts from the City/County receiving the funds.

Response: All contracts will be open to any qualified organizations. It is the intent of the ACHRA to work with non-profit, for profit and any minority contractors is there is sufficient capacity within the organization.

6. We request that the following options allowed by HUD are eligible uses of NSP funds in your plan:

Eligible use scenario – HUD website 11-13-08

-Can an NSP grantee offer NSP funding to a person whose home has been foreclosed in order to buy back the same home or another home? Can a nonprofit purchase a foreclosed home and sell it back to the original owner whose home was foreclosed?

-Can NSP funds be used to redevelop a public facility (eligible use E) that will be owned and operated by a nonprofit (for example, turning a vacant library into a homeownership center owned and operated by a non profit).

-Posted 10-1-08 Can clients eligible to participate in the Section 8 Homeownership program also participate in financing provided through the NSP? For example: 1) Can a Section * Homeownership client purchase a property that was acquired with NSP funding and made available for sale by a Subrecipient? 2) Can a Section 8 Homeownership client apply for NSP financing to acquire a home and then pay the mortgage with the Section 8 Homeownership voucher

-New Construction is an eligible activity under NSP, does the new construction have to follow the CDBG requirements and be done under 24 CFR 570.204 by a community based development organization?

- Posted 11-7-08 If a municipality completes a tax foreclosure on a property and keeps it vacant waiting for the market to rebound, would such a property be eligible for NSP funding?

- Would such an activity still be eligible if the properties had been foreclosed and vacant versus foreclosed and operating under this scenario?

- Do the resale/recapture provisions apply to properties assisted with NSP funding?

There will be a period of time between acquisition, rehabilitation and resale where the NSP grantee will need to maintain the property (e.g. grass cutting, snow removal, insurance, etc.) Can the NSP grantee recover those costs from NSP funds as a delivery cost related to the activity?

-Can NSP funds be used to rehabilitate properties already in the municipality's portfolio that were abandoned, vacant, foreclosed upon, or subject to tax sale prior to the housing

crisis? If no, what is prior to the housing crisis? I don't see anything in the NSP notice to support or negate this use.

- Will a portion of NSP allocations be set aside for supportive services?

-Can a veteran preference of any type be placed on the housing produced using NSP funds?

Response: Anoka County will follow the guidance provided in the response to the Q&A.

Specific comments on the Anoka County Plan: Overall your plan utilizes the funding to maintain and create housing opportunities for people in Anoka County.

1. Please prioritize the majority of the funds to provide housing opportunities to people at or below 50% of median income and or people of color.

Response: Anoka County will be following the law and at least 25% of the funds received will be used for persons at or below 50% of area median income.

2. Establish land banks, demolish blighted structures, Redevelopment of demolished or vacant units. We request that Anoka's use of NSP funds for demolition or land banking should be kept to a minimum. No more than 10% of funds. Priority should be placed on utilizing the land for housing development for people at or below 50% AMI.

Response: The ACHRA has allocated \$300,000 or approx. 13% of the NSP funds For demolition and land banking activities

3. Please support innovative models that provide opportunities for existing homeowners and renters in foreclosed units to stay in their current units.

Response: HERA does not allow foreclosure prevention activities. All properties assisted with NSP funding must be vacant and foreclosed.

4. Thank you for providing information to the Anoka CoC and encouraging submission of permanent housing projects and your willingness to partner with community based non-profits.

Response: No response required.

G. NSP INFORMATION BY ACTIVITY

Activity 1 of 4:

(1) **Activity Name:** Anoka County Incentive Program

(2) **Activity Type:** 13 Direct Homeownership Assistance

(3) **National Objective:** LMH – Low Mod Housing for persons meeting the low/moderate/middle income definition as defined in the NSP Notice

(4) **Activity Description:**

Funds will be used as a second mortgage financing tool to purchase homes in standard condition within areas of greatest need. Anoka County will award grants in the amount of \$10,000 for income-eligible households to purchase single family homes that are foreclosed and vacant. This is a homeownership activity with a 10-year affordability period. Interested participants will be required to complete the *Home Stretch* pre-purchase workshops with a HUD-Approved Housing Counseling Agency. This program will be used to not only fill homes that are currently vacant but provide additional buying power to households in the low-to-moderate income levels. Using \$10,000 towards principle buy down reduces the monthly housing payment and overall long-term interest paid.

(5) **Location Description:** The County will target neighborhoods that have been identified as “areas of greatest need”. By using information provided by local municipalities and NSP program data, we will target those census tracts and blocks that have identified high foreclosure rates, vacancy rates and high cost loans.

City of Anoka

0504002	0504003	0505011	0505014	0505012
0505043	0505041	0505042	0505054	

City of Bethel

0501082

City of Blaine

0508073	0508081	0508082	0508102	0508113
---------	---------	---------	---------	---------

City of Columbia Heights

0513021	0513022	0513042	0513051	0513052
0514001	0514002	0514003	0514004	0515011
0515012	0513041			

City of Coon Rapids

0506021	0506022	0506052	0506054	0506071
0506072	0506073	0506074	0506081	0506104
0506105	0507021	0507022	0507041	0507042
0507043	0507044	0507045	0507062	0507063
0507101	0507102	0507103	0507104	0507111
0507115	0507124			

City of East Bethel

0501092	0501111
---------	---------

City of Fridley

0511014	0511012	0511031	0511032	0512013
0512011	0512012	0512062	0512061	

City of Hilltop

0513053

City of Lexington

0509011 0509012

City of Oak Grove

0501152

City of Ramsey

0502271 0502281 0502282

City of Spring Lake Park

0510012

City of St. Francis

0501071 0501081 0501082

(6) Performance Measures

LMH/Households. The total number of households expected to be served is 30. It is expected that most households assisted will be at income levels from 51% to 120% of the area median income. Anoka County will also market the program to meet the needs of households less than 50% of the area median income for the purchase of affordable properties.

(7) Total Budget: \$300,000

(8) Responsible Organization: Anoka County Housing and Redevelopment Authority (ACHRA) will be the responsible organization for this program. The ACHRA is located at 2100 Third Avenue, Suite 700, Anoka, MN 55303. Contact: Kate Thunstrom, CDBG Coordinator 763-323-5714. ACHRA will work with local homebuyer programs to inform interested households of opportunities to purchase homes with NSP assistance.

(9) Projected Start Date: 02/01/2009

(10) Projected End Date: 06/30/2012

(11) Specific Activity Requirements:

Anoka County will require all homeowners using the Incentive Fund program to obtain properties at no less than 5% of the Appraised Value as determined by an appraiser assigned by Anoka County. Affordability requirements will be placed upon the property in the form of a Repayment Agreement for 10 years at zero interest. If the homeowner chooses to refinance, sell or transfer title within 10 years, the NSP agreement will be called due. If a purchaser remains in the home through 10 years, the agreement will be forgiven in the 11th year.

Questions received on proposed activity:

1. Please describe how Anoka County will follow the first mortgage requirements on page 58334 of the NSP regulatory notice: “b. The grantee must ensure that the homebuyer obtains a mortgage loan from a lender who agrees to comply with the bank regulators’ guidance for non-traditional mortgages (see, Statement on Subprime Mortgage Lending issued by the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Department of the Treasury, and National Credit Union Administration, avail at <http://www.fdic.gov/regulations/laws/rules/5000-5160.html>. Grantees must design NSP programs to comply with this requirement and must document compliance in the records, for each homebuyer. Grantees are cautioned against providing or permitting homebuyers.

to obtain subprime mortgages for whom such mortgages are inappropriate, including homebuyers who qualify for traditional mortgage loans” Anoka County has strict mortgage requirements with our current HOME and CDBG housing programs. Such as all households must obtain a mortgage that conforms to current State of Minnesota lending practices as regulated by Minnesota Statutes 58 et seq. In addition we do not allow participation from households which P.I.T.I exceeds 40% of their gross monthly household income. Households participating in County housing programs must meet this requirement at initial assistance and if requesting subordination. Anoka County will continue these requirements on project policies, including NSP, that households benefiting from assisted housing units qualified by a first mortgage product that meets state statute lending requirements. In addition, housing assistance that Anoka County places against residential units qualify under state statute as a “special mortgage” and requires applicable lenders to comply with those conditions.

2. The projected end date is 6/30/2012. If the program starts 2/9/2009, funds will need to be obligated within 18 months, which would be around 8/2010. For a program like this, how could funds be obligated within the 18 month time frame but then not spent for another 18 months? We understand the 18 obligation requirement. However that does not mean that every home will be fully rehabilitated or sold and therefore program income coming in could ultimately allow the program to continue into future years.
3. Says homes must be purchased at no less than 5% below the appraised value. How will the County monitor the discount rates and ensure the 5% minimum and overall 15% discount is achieved? Anoka County will be tracking the value of the discount received on each property. We have created an appraisal review form and project file documents that will allow us to indicate in each file what the discount was. In addition we will use a program such as Microsoft Excel to track the overall calculation of the discounts received.

Activity 2 of 4:

(1) **Activity Name:** Anoka County Invest in Neighborhoods Program

(2) **Activity Type:** 01 Acquisition (to include rehabilitation of substandard units and resale)

(3) **National Objective:** Anoka County will meet the low/mod/middle income definition of all participants and fulfill the requirement that 25% of NSP funds be used for persons at or below 50% of the area median income.

(4) **Activity Description:**

Funds will be used to acquire residential housing that has been foreclosed upon, is vacant and in substandard condition. Anoka County will rehabilitate those units repairing health, safety and code deficiencies. Once a unit has been repaired and restored to decent and sanitary conditions, the County will sell the unit to a 120% AMI or less income-qualified household or a non-profit organization.

To meet the needs of households at or below 120% AMI, Anoka County will create homeownership opportunities through direct sale to income qualified households and/or non-profit organizations. Anoka County anticipates it will assist households below 50% of the area median income for homeownership opportunities. To aid our targeting, we will partner with nonprofit organizations who currently meet the needs of households at low and moderate income levels. Partnership opportunities with affordable housing organizations allow the Anoka County program to place as many households as possible in permanent housing.

Anoka County is working with local non-profits that are looking for assistance to create affordable rental opportunities to households at or below 50% AMI. We have had ongoing discussions with the Anoka County Human Services Department and the Continuum of Care to purchase a foreclosed and vacant multifamily building to create permanent housing opportunities for very low income households. This activity would assist in the requirement to provide housing opportunities for those at or below 50% AMI.

(5) **Location Description:**

The County will target neighborhoods that have been identified as “areas of greatest need”. By using information provided by local municipalities and NSP program data, we will target those census tracts and blocks that have identified high foreclosure rates, vacancy rates and high cost loans.

City of Anoka

0504002	0504003	0505011	0505014	0505012
0505043	0505041	0505042	0505054	

City of Bethel

0501082

City of Blaine

0508073	0508081	0508082	0508102	0508113
---------	---------	---------	---------	---------

City of Columbia Heights

0513021	0513022	0513042	0513051	0513052
0514001	0514002	0514003	0514004	0515011
0515012	0513041			

City of Coon Rapids

0506021	0506022	0506052	0506054	0506071
0506072	0506073	0506074	0506081	0506104
0506105	0507021	0507022	0507041	0507042
0507043	0507044	0507045	0507062	0507063
0507101	0507102	0507103	0507104	0507111
0507115	0507124			

City of East Bethel

0501092	0501111
---------	---------

City of Fridley

0511014	0511012	0511031	0511032	0512013
0512011	0512012	0512062	0512061	

City of Hilltop

0513053

City of Lexington

0509011	0509012
---------	---------

City of Oak Grove

0501152

City of Ramsey

0502271	0502281	0502282
---------	---------	---------

City of Spring Lake Park

0510012

City of St. Francis

0501071	0501081	0501082
---------	---------	---------

(6) Performance Measures

LMH/Housing Units. Anoka County expects to purchase and rehabilitate an estimated 11 units with the initial funding allocated. It is anticipated that the County will obtain and recycle program income revenues to further this program with the intent of assisting an estimated 20 units.

(7) Total Budget: \$1,439,579 (\$594,330 for permanent housing units for those at or below 50% of the area median income and \$845,249 serve households 0 to 120% of the area median income)

(8) Responsible Organization: Anoka County Housing and Redevelopment Authority (ACHRA) will be the responsible organization. The ACHRA is located at 2100 Third Avenue, Suite 700, Anoka, MN 55303. Contact: Kate Thunstrom, CDBG Coordinator 763-323-5714.

(9) Projected Start Date: 02/01/2009

(10) Projected End Date: 06/30/2012

(11) Specific Activity Requirements:

Anoka County will purchase properties at a discount ranging between 5% and 15% below the appraised price. Once a property is secured, the County will ensure long-term affordability by placing a Declaration of Covenants and Restrictions against the property. Based on the amount of NSP funds invested in the home, the declaration will be 10 to 20 years in length. If the home meets the needs of a household at or below the 50%, the declaration will require any changes in property ownership to also meet the same income level. This may require that Anoka County have right of first refusal to adequately meet this NSP requirement.

Questions received on proposed activity:

1. The National Objective described is not a CDBG national objective. Please modify. As identified in the performance measurement section of this activity Anoka County will be completing 01 Acquisition and meeting the LMH – Low Mod Housing National Objective which is a CDBG national objective.
2. Says homes/properties must be purchased at no less than 5% below the appraised value. How will the County monitor the discount rates and ensure the 5% minimum and overall 15% discount is achieved? Anoka County will be tracking the value of the discount received on each property. We have created an appraisal review form and project file documents that will allow us to indicate in each file what the discount was. In addition we will use a program such as Microsoft Excel to track the overall calculation of the discounts received.
3. For this activity there appears to be a resale provision, whereas in the first activity there is a recapture provision. Please provide some additional insight as to why the resale/recapture requirements differ between the two activities (this question I am mostly just curious about; if you don't have time don't worry about answering it). Because the amount of subsidy in the Acquisition/Rehab could end up being high we want to ensure the long term affordability will meet the minimum requirements and properly capture any revenue as required by HUD when this decision is clarified. However, by only subsidizing a unit with \$10,000 a homeowner can repay an amount at this level if they fail to meet the affordability standards. Deep subsidies result in unaffordable conditions against homeowners.
4. Is this all homeownership? If rental, how will the County ensure the ongoing affordability of rental property? If the county was to complete a rental property it too would have a resale provision placed against it to ensure ongoing affordability. This is why we have not listed two types of security documents within this activity.
5. The application states that the 25% <50% AMI requirement will be met within activity #2, Anoka County Invest in Neighborhoods Program. Somewhere in the application it needs to state the number of dwelling units expected to be made available for households at <50% AMI. The amendment does state the amount of \$\$ that will be used for these households, but it does not state an expected number of dwelling units expected to be made available to households at <50% AMI. Please provide the expected number of dwelling units expected to be made available to households at <50% AMI. Anoka County anticipates assisting 5 households at or below 50% AMI if these needs are met through single family home ownership opportunities. In the event Anoka County meets the needs of those at or below 50% AMI through permanent rental housing it is anticipated that 6 housing units or more would be created.

Activity 3 of 4:

(1) **Activity Name:** Anoka County Redevelopment Program

(2) **Activity Type:** 04 Demolitions and Land Bank

(3) **National Objective:** Properties to be demolished will be properties that are in a LMA as defined by CDBG and not less than 51% low mod by census.

(4) **Activity Description:**

Through this activity, Anoka County intends to purchase units that are substandard and not suitable for rehabilitation. Anoka County will take the necessary steps to demolish the structure, secure utilities and remove any debris, waste or environmental hazards. At that time vacant land will be held for up to 8 years, or until the opportunity to redevelop affordable housing, whichever is first. Anoka County will target the redevelopment program towards identified census tract/blocks that are 51% LMA to benefit the surrounding properties by removing blight and allowing new housing to occupy those sites. The County will purchase properties that require extensive rehabilitation beyond cost effective measures and that meet the definition of blight.

Anoka County will consider proposals for redevelopment by local organizations and municipalities. It is anticipated that these lots may be redeveloped by non-profit organizations using other funding mechanisms such as HOME funds.

(5) **Location Description:**

The County will target neighborhoods that have been identified as “areas of greatest need” and qualify as 51% LM. By using information provided by local municipalities and NSP program data, we will target those census tracks and blocks

City of Anoka

0504002-73.9%	0505054-54.4%	0505011- 53.5%	0505014- 78.1%	0505012- 62.9%
0505043- 57.1%				

City of Bethel

0501082 -51.7%

City of Columbia Heights

0515012- 69.9%	0513022-63.6%	0513041-51.3%	0514004-61.9%	0513052-59.4%
0514001-53.3%	0514002-57.5%	0515011-52.9%		

City of Coon Rapids

0506105-52.7%	0507063-57%	0506074-54.9%	0506081-55.9%
---------------	-------------	---------------	---------------

City of Fridley

0512011-51.4%	0512012-62.5%	0512061-62.6%	0511033-51.1%	0512013-58.9%
---------------	---------------	---------------	---------------	---------------

City of Hilltop

City of Lexington

City of St. Francis

0513053 -75.9%	0509011-61.6%	0501081-55.6%
----------------	---------------	---------------

(6) **Performance Measures**

LMA/Housing Units. Anoka County expects to assist 5 to 10 housing units within LMA as defined by Census data using the initial program budget and possible program revenues.

(7) **Total Budget:** \$400,000

(8) Responsible Organization: Anoka County Housing and Redevelopment Authority (ACHRA) will be the responsible organization. The ACHRA is located at 2100 Third Avenue, Suite 700, Anoka, MN 55303. Contact: Kate Thunstrom, CDBG Coordinator 763-323-5714.

(9) Projected Start Date: 02/01/2009

(10) Projected End Date: 06/30/2012

(11) Specific Activity Requirements:

Anoka County will purchase the properties at a discount ranging from 5% - 15% below the appraised price. Once a property is secured, the County will ensure long-term affordability by placing a Declaration of Covenants and Restrictions against the property. Redevelopment of this property will result in new construction. To meet HOME standards, the enforcement document will be 20 years in length. If the home meets the needs of a household at or below the 50%, the declaration will require that any changes in property ownership also meet the same income level criteria. This may require that Anoka County have right of first refusal on the property to adequately meet this NSP requirement.

Questions received on proposed activity:

1. The national objective should be changed to low-mod housing. The description included for the demolition and land-banking activities does not satisfy the minimum requirements for achieving a low-mod area benefit through these activities. **Anoka County will change the national objective for the demolition land banking program to be LMH. However, Anoka County is concerned that by using that national objective we will not meet the requirements of the grant closeout due to land banking being an activity that can occur for up to 10 years.**
2. Please note that all properties for which NSP funds are used for land-banking must have been foreclosed upon. Merely being substandard and not suitable for rehabilitation does not meet the requirements of NSP funds used for land banking. Please clarify this point in the narrative. **Anoka County will be requiring that all properties purchased with NSP funds, for all activity types, will have been foreclosed upon. The foreclosed properties are the greatest concern with our municipalities and the largest issue creating vacancy leading to public health and safety issues.**

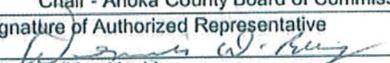
Activity 4 of 4:

- (1) **Activity Name:** Program Administration
- (2) **Activity Type:** 21A NSP Program Administration
- (3) **National Objective:** NA – all program administration will be used in the direct administration of the NSP program.
- (4) **Activity Description:**
Anoka County has set aside the allowable amount of program administration for the direct responsibilities and expenses associated with the NSP program.
- (5) **Location Description:** NA
- (6) **Performance Measures:** NA
- (7) **Total Budget:** \$237,731
- (8) **Responsible Organization:** Anoka County Housing and Redevelopment Authority (ACHRA) will be the responsible organization. The ACHRA is located at 2100 Third Avenue, Suite 700, Anoka, MN 55303. Contact: Karen Skepper, Community Development Manager 763-323-5709.
- (9) **Projected Start Date:** 10/01/2008
- (10) **Projected End Date:** 06/30/2012
- (11) **Specific Activity Requirements:** NA

**APPLICATION FOR
FEDERAL ASSISTANCE**

OMB Approved No. 3076-0006

Version 7/03

1. TYPE OF SUBMISSION: Application <input type="checkbox"/> Construction <input checked="" type="checkbox"/> Non-Construction		2. DATE SUBMITTED November 24, 2008	Applicant Identifier B-08-UC-27-0002
<input type="checkbox"/> Pre-application <input type="checkbox"/> Construction <input type="checkbox"/> Non-Construction		3. DATE RECEIVED BY STATE	State Application Identifier
		4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier
5. APPLICANT INFORMATION			
Legal Name: Anoka County		Organizational Unit: Department: Community Development	
Organizational DUNS: 07-177-1083		Division: Governmental Services	
Address: Street: Anoka County Government Center, STE 700 2100 3rd Avenue		Name and telephone number of person to be contacted on matters involving this application (give area code) Prefix: First Name: Karen	
City: Anoka		Middle Name L.	
County: Anoka		Last Name Skepper	
State: Minnesota	Zip Code 55303	Suffix: Community Development Manager	
Country: U.S.A.		Email: karen.skepper@co.anoka.mn.us	
6. EMPLOYER IDENTIFICATION NUMBER (EIN): 41-6005752		Phone Number (give area code) 763-323-5709	Fax Number (give area code) 763-323-5682
8. TYPE OF APPLICATION: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision If Revision, enter appropriate letter(s) in box(es) (See back of form for description of letters.)		7. TYPE OF APPLICANT: (See back of form for Application Types) COUNTY Other (specify)	
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: TITLE (Name of Program): 14-218 CDBG / NSP		9. NAME OF FEDERAL AGENCY: Department of Housing and Urban Development (HUD)	
12. AREAS AFFECTED BY PROJECT (Cities, Counties, States, etc.): ANOKA COUNTY		11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT: Neighborhood Stabilization Program (NSP) - Providing emergency assistance for the redevelopment of abandoned and foreclosed properties.	
13. PROPOSED PROJECT Start Date: November 24, 2008 Ending Date: November 24, 2012		14. CONGRESSIONAL DISTRICTS OF: a. Applicant MN Districts 3-5-6 b. Project MN Districts 3-5-6	
15. ESTIMATED FUNDING:		16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?	
a. Federal	\$ 2,377,310 ⁰⁰	a. Yes. <input type="checkbox"/> THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON DATE:	
b. Applicant	\$ ⁰⁰	b. No. <input checked="" type="checkbox"/> PROGRAM IS NOT COVERED BY E. O. 12372	
c. State	\$ ⁰⁰	<input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW	
d. Local	\$ ⁰⁰	17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?	
e. Other	\$ ⁰⁰	<input type="checkbox"/> Yes If "Yes" attach an explanation. <input checked="" type="checkbox"/> No	
f. Program Income	\$ ⁰⁰	18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.	
g. TOTAL	\$ 2,377,310 ⁰⁰	a. Authorized Representative	
Prefix Commissioner First Name Dennis Middle Name D.		Suffix	
Last Name Berg		c. Telephone Number (give area code) 763-323-5700	
b. Title Chair - Anoka County Board of Commissioners		e. Date Signed 11-18-08	
d. Signature of Authorized Representative 			

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.



Dennis D. Berg

11-18-08
Date

Chair, Anoka County Board of Commissioners
Title

NSP Substantial Amendment Checklist

For the purposes of expediting review, HUD asks that applicants submit the following checklist along with the NSP Substantial Amendment and SF-424.

Contents of an NSP Action Plan Substantial Amendment

Jurisdiction(s): <u>Anoka County, Minnesota</u> Lead Agency Jurisdiction Web Address: <u>www.anokacounty.us</u>	NSP Contact Person: Karen Skepper Address: 2100 3 rd Avenue, STE 700 Anoka, MN 55303 Telephone: 763-323-5709 Fax: 763-323-58682 Email: karen.skepper@co.anoka.mn.us
--	---

The elements in the substantial amendment required for the Neighborhood Stabilization Program are:

A. AREAS OF GREATEST NEED

Does the submission include summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction?

Yes No . Verification found on pages 2-3.

B. DISTRIBUTION AND USES OF FUNDS

Does the submission contain a narrative describing how the distribution and uses of the grantee's NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures?

Yes No . Verification found on page 3.

Note: The grantee's narrative must address the three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.

C. DEFINITIONS AND DESCRIPTIONS

For the purposes of the NSP, do the narratives include:

- a definition of "blighted structure" in the context of state or local law,
Yes No . Verification found on page 3.
- a definition of "affordable rents,"
Yes No . Verification found on page 3.
- a description of how the grantee will ensure continued affordability for NSP assisted housing,
Yes No . Verification found on page 4.

- a description of housing rehabilitation standards that will apply to NSP assisted activities?
Yes No . Verification found on pages 4-5.

D. INFORMATION BY ACTIVITY

Does the submission contain information by activity describing how the grantee will use the funds, identifying:

- eligible use of funds under NSP,
Yes No . Verification found on pages 7, 9, 11 & 13.
- correlated eligible activity under CDBG,
Yes No . Verification found on pages 7, 9, 11 & 13.
- the areas of greatest need addressed by the activity or activities,
Yes No . Verification found on pages 7-11.
- expected benefit to income-qualified persons or households or areas,
Yes No . Verification found on pages 8, 10 & 11.
- appropriate performance measures for the activity,
Yes No . Verification found on pages 8, 10 & 11.
- amount of funds budgeted for the activity,
Yes No . Verification found on pages 8, 10, 11 & 13.
- the name location and contact information for the entity that will carry out the activity,
Yes No . Verification found on pages 8, 10, 12 & 13.
- expected start and end dates of the activity?
Yes No . Verification found on pages 8, 10, 12 & 13.

E. SPECIFIC ACTIVITY REQUIREMENTS

Does each activity narrative describe the general terms under which assistance will be provided, including:

If the activity includes acquisition of real property,

- the discount required for acquisition of foreclosed upon properties,
Yes No . Verification found on pages 8, 10 & 12.

If the activity provides financing,

- the range of interest rates (if any),
Yes No . Verification found on pages 8, 10 & 12.

If the activity provides housing,

- duration or term of assistance,
Yes No . Verification found on pages 8, 10 & 12.
- tenure of beneficiaries (e.g., rental or homeownership),
Yes No . Verification found on pages 7, 9 & 11.
- does it ensure continued affordability?
Yes No . Verification found on pages 8, 10 & 12.
- does the applicant indicate which activities will count toward the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of area median income?
Yes No . Verification found on page 9.

F. LOW INCOME TARGETING

- Has the grantee described how it will meet the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of area median income?
Yes No . Verification found on page 5.
- Has the grantee identified how the estimated amount of funds appropriated or otherwise made available will be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50% of area median income?
Yes No . Verification found on page 5 & 10.
Amount budgeted = \$594,330.

G. DEMOLISHMENT OR CONVERSION OF LOW- AND MODERATE-INCOME UNITS

Does grantee plan to demolish or convert any low- and moderate-income dwelling units?

- Yes No . (If no, continue to next heading)
Verification found on page 5, 11 & 12.

Does the substantial amendment include:

- The number of low- and moderate-income dwelling units—i.e., $\leq 80\%$ of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities?
Yes No . Verification found on page 5, 11 & 12.
- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., $\leq 120\%$ of area median income—reasonably expected to be produced by activity and income level as provided for

in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion)?

Yes No Verification found on page 5.

- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income?

Yes No Verification found on page 5.

H. PUBLIC COMMENT PERIOD

Was the proposed action plan amendment published via the grantee jurisdiction's usual methods and on the Internet for no less than 15 calendar days of public comment?

Yes No Verification found on page 6.

Is there a summary of citizen comments included in the final amendment?

Yes No Verification found on page 6 and attachment following checklist.

I. WEBSITE PUBLICATION

The following Documents are available on the grantee's website:

- SF 424 Yes No
- Proposed NSP Substantial Amendment Yes No
- Final NSP Substantial Amendment Yes No
- Subsequent NSP Amendments Yes No

Website URL: www.anokacounty.us

K. CERTIFICATIONS

The following certifications are complete and accurate:

- | | | |
|--|---|-----------------------------|
| (1) Affirmatively furthering fair housing | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (2) Anti-lobbying | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (3) Authority of Jurisdiction | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (4) Consistency with Plan | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (5) Acquisition and relocation | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (6) Section 3 | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (7) Citizen Participation | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (8) Following Plan | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (9) Use of funds in 18 months | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (10) Use NSP funds ≤120 of AMI | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (11) No recovery of capital costs thru special assessments | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (12) Excessive Force | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (13) Compliance with anti-discrimination laws | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (14) Compliance with lead-based paint procedures | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (15) Compliance with laws | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

Public Comment, received 11/14/2008

MICAH
122 West Franklin Avenue Suite 310
Minneapolis, MN. 55404
(612) 871-8980

November 13, 2008

Anoka County Community Development Department
Karen Skepper
2100 3rd Avenue
Suite 700
Anoka, MN. 55303- 5024

Dear Ms. Skepper,

MICAH, the Metropolitan Interfaith Council on Affordable Housing, would like to thank Anoka County for the opportunity to comment on your Neighborhood Stabilization Program Plan.

MICAH's mission is to create a metropolitan area where everyone without exception has access to a safe, decent and affordable place to call home. We represent over 100 congregations in the Metro area with an active North Chapter in Anoka County.

The following are general comments we are providing on all the NSP plans in Minnesota followed by specific comments on the Anoka County Plan.

Recognizing that the vast majority of homeowners or renters in rental investment property that have experienced foreclosures are people of color and/or people with limited resources, we request that the NSP plan includes the following:

1. The majority of Home ownership opportunities and Rental Units should be for people with incomes that are 50% and below median income and/or people of color.
2. People currently residing in the targeted area should have the first opportunities to utilize housing made available through this program.
3. Use of funds for demolition and/or land banking should be kept to a minimum. No more than 10% of total funds. Priority should be placed on utilizing the land for housing development for people at or below 50% not on higher income housing or public and/or commercial facilities.
4. It is imperative these funds make affordable housing available again as soon as possible in our community.
5. Community based non profits and for profits and minority companies should be prioritized to receive contracts from the City/County receiving the funds.

6. We request that the following options allowed by HUD are eligible uses of NSP funds in your plan.

ELIGIBLE-USE SCENARIOS – HUD Web site 11-13-08

Can an NSP grantee offer NSP funding to a person whose home has been foreclosed in order to buy back the same home or another home? Can a nonprofit purchase a foreclosed home and sell it back to the original owner whose home was foreclosed?

Nothing would prevent a grantee from taking these actions so long as the person receiving the NSP assistance meets the income qualifications. However, it is up to the grantee to decide whether this is an appropriate use of their funds.

Can NSP funds be used to redevelop a public facility (Eligible Use E) that will be owned and operated by a nonprofit (For example, turning a vacant library into a homeownership center owned and operated by a nonprofit organization)?

Yes. Public facilities can be owned and operated by nonprofit entities. 24 CFR 201(c) provides the regulatory parameters for public facilities. It explains that nonprofit entities may acquire title to public facilities so long as these facilities are open for general use by the general public during normal hours of operation.

Posted 10/31/08

Can clients eligible to participate in the Section 8 Homeownership program also participate in financing provided through the NSP? For example:

1. Can a Section 8 Homeownership client purchase a property that was acquired with NSP funding and made available for sale by a subrecipient?
2. Can a Section 8 Homeownership client apply for NSP financing to acquire a home and then pay the mortgage with the Section 8 Homeownership Voucher?

Yes, persons with downpayment assistance, participants in lease-purchase programs, and Sec. 8 homeownership voucher holders may use those mechanisms to purchase an NSP home, whether from a subrecipient or directly from the unit of government. Additionally, prospective purchasers may receive financial assistance from the NSP program, through such means as downpayment assistance, to purchase houses that have been acquired with NSP funds. The grantee must ensure through its underwriting that such forms of dual assistance do not overly subsidize the purchase, but they are allowed.

New construction is an eligible activity under NSP, does the new construction have to follow the CDBG requirements and be done under 24 CFR 570.204 by a Community-Based Development Organization?

HUD does not have any specific restrictions on doing new construction of housing beyond the normal CDBG program requirements. New housing construction does not have to be done by a CBDO to be eligible under the NSP program.

Posted 11/7/08

If a municipality completes a tax foreclosure on a property and keeps it vacant waiting for the market to rebound, would such a property be eligible for NSP funding?

This could be eligible under eligible use C as part of a land bank or it could be eligible under eligible use B if the municipality is rehabilitating homes that will be sold, rented or redeveloped for income eligible individuals.

Posted 11/7/08

Would such an activity still be eligible if the properties had been foreclosed and vacant versus foreclosed and operating under this scenario?

No, eligible use B does not require NSP assisted homes to be vacant. It only requires that they be abandoned or foreclosed. Please see NSP Notice for definitions of abandoned and foreclosed.

Posted 11/7/08

Do the resale/recapture provisions apply to properties assisted with NSP funding?

Yes. The resale recapture provisions to ensure continued affordability do apply. In its NSP action plan substantial amendment, a grantee will define "affordable rents" and the continued affordability standards and enforcement mechanisms that it will apply for each (or all) of its NSP activities. HUD will consider any grantee adopting the HOME program standards at 24 CFR 92.252(a), (c), (e), and (f), and 92.254 to be in minimal compliance with this standard and expects any other standards proposed and applied by a grantee to be enforceable and longer in duration (Note that HERA's continued affordability standard is longer than that required of subrecipients and participating units of general local government under 24 CFR 570.503 and 570.501(b)).

Posted 11/7/08

There will be a period of time between acquisition, rehabilitation, and resale where the NSP grantee will need to maintain the property (e.g. grass cutting, snow removal, insurance, etc.). Can the NSP grantee recover those costs from NSP funds as a delivery cost related to the activity?

Yes. Several sections of the NSP Eligible Uses, which are correlated with CDBG Eligible Activities on page 58338 of the NSP Notice, and excerpted below, allow Disposition. The CDBG regulations specifically permit temporary property maintenance as part of Disposition. The only constraint for NSP is that you cannot add these costs to the eventual purchase price.

Posted 11/7/08

Can NSP funds be used to rehabilitate properties already in the municipality's portfolio that were abandoned, vacant, foreclosed upon, or subject to tax sale prior to the housing crisis? If no, what is "prior to the housing crisis?" I don't see anything in the NSP Notice to support or negate this use.

Yes. NSP grantees may use properties already in portfolio that meet the definitions of abandoned or foreclosed in the NSP Notice. Keep in mind the following advice from the Guide to NSP Eligible Uses, which you can find at this link:

<http://hudstage.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/nspeligibleuses.doc>

Posted 11/7/08

Will a portion of NSP allocations be set-aside for supportive services?

There are no specific set-asides for any kind of use under NSP. However, grantees could use NSP funds to support such services in certain circumstances. It will depend on the grantee, the housing stock, etc. Please see the eligible uses in the NSP Notice for further details.

Posted 11/7/08

Can a veteran preference of any type be placed on the housing produced using NSP funds?

A veteran's preference would not violate section 109 nondiscrimination requirements or any other NSP/CDBG requirements.

Specific Comments on the State NSP Plan:

Overall, your plan utilizes the funding to maintain and create housing opportunities for people in Anoka County.

1. Please prioritize the majority of the funds to provide housing opportunities to people at or below 50% of median income and/or people of color.
2. Establish Land Banks, Demolish Blighted Structures, Redevelop of Demolished or Vacant Units.

We request the Anoka's use of NSP funds for demolition and/or land banking should be kept to a minimum. No more than 10% of total funds. Priority should be placed on utilizing the land for housing development for people at or below 50% median income.

3. Please support innovative models that provide the opportunities for existing homeowners and renters in foreclosed units to stay in their current units.
4. Thank you for providing information to the Anoka CoC and encouraging submission of permanent housing projects and your willingness to partner with community based non-profits .

MICAH would like to thank you again for the opportunity to comment on your plan and our work together to ensure everyone, without exception, has access to a safe, decent affordable place to call home.

Sincerely,

Sue Watlov Phillips
Administrator

Areas of Greatest Need

