

Grantee: State of Alabama

Grant: B-08-DN-01-0001

April 1, 2009 thru June 30, 2009 Performance Report

Grant Number:

B-08-DN-01-0001

Obligation Date:**Grantee Name:**

State of Alabama

Award Date:**Grant Amount:**

\$37,033,031.00

Contract End Date:**Grant Status:**

Active

Review by HUD:

Reviewed and Approved

QPR Contact:

Sandra Donaldson

Disasters:

Declaration Number

NSP

Narratives

Areas of Greatest Need:

The NSP Substantial Amendment for the State of Alabama in its entirety, relative HUD and ADECA correspondence, and program materials may be viewed at: <http://www.adeca.alabama.gov/C2/NSP/default.aspx>.

AREAS OF GREATEST NEED

Section 2301(c)(2) of Title III of Division B of the Housing and Economic Recovery Act of 2008 (HERA) (Public Law 110-289, approved July 30, 2008), Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes requires Neighborhood Stabilization Program (NSP) 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.

The Alabama Department of Economic and Community Affairs (ADECA) utilized HUD-supplied data and developed a methodology to determine the areas of greatest need within the state. The analysis ADECA conducted may be viewed on pages 3-6 of the Substantial Amendment at the above-referenced website. Independent of the results of the State's analysis, HUD's approval of the Substantial Amendment limited NSP grants to only "priority" communities. Therefore, the State will award NSP grants on a competitive basis among applicants whose project areas are located within the following "priority" communities: Bessemer, Birmingham, Huntsville, Jefferson County, City of Mobile, Mobile County, and City of Montgomery.

Distribution and and Uses of Funds:**METHOD OF DISTRIBUTION**

The State program utilized a method of distribution which incorporated eligible applicants, grant ceilings, competitive project reviews, and state objectives to ensure NSP activities will be cost-effective, will have measurable impact and will be implemented in a timely manner. The competitive reviews involved qualitative and quantitative assessment to determine the extent to which the activity would assist areas of greatest need, applicant's capacity and readiness, and grant impact and cost-effectiveness. Criteria utilized in the reviews and additional details on the method of distribution may be viewed on pages 6-11 of the Substantial Amendment at the above-referenced website.

NSP ELIGIBLE USES/CDBG ELIGIBLE ACTIVITIES

The State anticipates most of its NSP funds will be used for Eligible Use "A", to establish financing mechanisms for purchase and re-development of foreclosed upon homes, and Eligible Use "B", to purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell or rent such homes and properties. Corresponding CDBG eligible activities for Eligible Use "A" are activity delivery costs and financing of an NSP eligible activity, to carry out that activity. Corresponding CDBG eligible activities for Eligible Use "B" are acquisition and rehabilitation, disposition, direct homeownership assistance, and preservation activities for homes and other residential properties and housing counseling for those seeking to take part in the activity. Other eligible uses and activities may be viewed on pages 23-25 of the Substantial Amendment at the above-referenced website.

PROJECT DATES AND DURATION OF ASSISTANCE

HUD's NSP agreement with the State is dated March 11, 2009; therefore, all funds must be obligated by September 10, 2010, and expended by March 10, 2013. All activities will be carried out by sub-recipients and/or developers within this timeframe.

RESPONSIBLE ORGANIZATIONS

ADECA will administer NSP funds for the State of Alabama. Sub-recipients and/or developers identified to date are Jefferson and Mobile Counties, the Cities of Bessemer, Birmingham, Huntsville, Mobile, and Montgomery, as well as the Huntsville Housing Authority, Aletheia House, Habitat for Humanity, and Mission Birmingham.

Definitions and Descriptions:

Detailed definitions and descriptions may be viewed on pages 11-15 of the Substantial Amendment at the above-referenced website.

BLIGHTED STRUCTURE

ADECA utilized the definition of "blighted property" as defined in Title 24, Chapter 2, Section 24-2-2(c) of The Code of Alabama 1975.

AFFORDABLE RENTS

Rent will be considered affordable if it falls within the Official Individual Area Fair Market Rents (FMR) as published in the Federal Register. These FMRs are utilized by the Alabama Housing Finance Authority which administers the State's Home Investments Partnership Program (HOME).

CONTINUED AFFORDABILITY

For NSP assisted housing, the State of Alabama will use the HOME program standards at 24 CFR 92.252(a),(c),(e) and (f) and 92.254 to ensure continued affordability. Under the State's Neighborhood Stabilization Program, subprime mortgages are discouraged. Sub-recipients and developers must ensure and document compliance that each homebuyer obtains a mortgage loan from a lender who agrees to comply with the bank regulators' guidance for non-traditional mortgages.

Enforcement requirements will be passed down to sub-recipients and developers to ensure to the maximum extent practicable and for the longest feasible term, that the sale, rental, or redevelopment of abandoned and foreclosed upon homes and residential properties remain affordable to individuals or families whose incomes do not exceed 120 percent area median income or, for units originally assisted with funds under the requirements of section 2301(f)(3)(A)(ii), remain affordable to individuals and families whose incomes do not exceed 50 percent area median income.

HOUSING REHABILITATION STANDARDS

The State of Alabama does not have a uniform, statewide building code for residential properties. At a minimum, the State will accept the Standard (Southern) Building Code (SBCCI) or HUD's Housing Quality Standards (HQS) as identified at Title 24 of the Code of Federal Regulations, Chapter IX, Part 982.401. Rehabilitation activities shall be to the extent necessary to comply with applicable laws, codes, and other requirements relating to housing safety, quality, and habitability, in order to sell, rent, or redevelop such homes and properties. The State will encourage rehabilitation which includes improvements to increase the energy efficiency or conservation of such homes and properties.

Low Income Targeting:

The State of Alabama will use its method of distribution, application for funds, and project review and award process to ensure that no less than 25 percent of its initial NSP award will be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties that will house individuals or families whose incomes do not exceed 50 percent of area median income. Further, the State will encourage each NSP applicant to develop activities whereby at least 25 percent of their grant amount will be expended on low-income targeted activities.

Based on an allocation of \$37,033,031, 25 percent or \$9,258,258 will be expended on low-income targeted activities. The State anticipates targeted activities will consist primarily of activities related to affordable rental housing.

Acquisition and Relocation:

The State's priorities are acquisition and rehabilitation of residential properties and necessary financing mechanisms.

Demolition or conversion of low- and moderate-income dwelling units is an eligible NSP activity under the State of Alabama's program; however, the State does not anticipate significant activities to involve demolition or conversion of low- and moderate-income dwelling units.

Performance measures will include the number of housing units assisted and the number of low-income (no more than 50 percent area median income) and moderate-income (51-80 percent area median income) households benefiting. The total number of households (which will include middle-income households 81-120 percent area median income) benefiting will be reported as well. The type of housing assistance and household income level will be reported by activity type, i.e. acquisition and rehabilitation, or financing mechanism. Street addresses will be entered for all single family housing activities. Further, the State will continue to follow HUD's prevailing reporting requirements and report on any subsequent performance measures as may be required.

Public Comment:

During the process of developing its Substantial Amendment, the State of Alabama hosted an input session on October 28, 2008. Attendance was solicited from over 1,000 representatives of HUD entitlement communities, municipal and county governments, public housing authorities, community action agencies, continuums of care, lending institutions, fair housing agencies, credit counseling services, nonprofit agencies including Habitat for Humanity and AIDS Alabama, regional planning and development commissions, grant professionals, rural and urban renewal communities, veterans affairs, Fannie Mae and HUD. English and Spanish translations of the notice for the public input meeting were posted on the State's NSP website; and, in compliance with Alabama's Open Meetings Act, the notice was also posted on the Secretary of State's website. Approximately 115 persons attended this session.

The Notice of Public Hearing and Notice of Availability was published in the State's four major daily newspapers on October 30, 2008, as well as published in English and Spanish on the State's NSP website. In an effort to broaden public participation, notice of the public hearing was mailed to approximately 700 chief elected officials, regional planning and development commissions and private grant professionals as well as e-mailed to ADECA's e-mail distribution list of interested parties and posted on the Secretary of State's Open Meetings Act website.

Copies of the draft Substantial Amendment were distributed to all persons attending the public hearing and the draft Substantial Amendment was published in English and Spanish on the State's NSP website. A hard copy was also made available for review at the ADECA office in Montgomery. The hearing was held on November 13, 2008, in Montgomery, with 134 persons attending. A comment period was allowed from November 13 to November 28, 2008. Individuals were offered the opportunity to comment verbally at the public hearing or in writing via formal correspondence, fax, or e-mail. ADECA's website also offered the ability to submit written comments. Comments received at the hearing, as well as the ten written comments received, are summarized on pages 18-23 of the Substantial Amendment at the above-referenced website.

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$37,033,031.00
Total CDBG Program Funds Budgeted	N/A	\$37,033,031.00
Program Funds Drawdown	\$0.00	\$0.00
Program Funds Obligated	\$0.00	\$0.00
Program Funds Expended	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Progress Toward Required Numeric Targets

Requirement	Required	To Date
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$5,554,954.65	\$0.00
Limit on Admin/Planning	\$3,703,303.10	\$0.00
Limit on State Admin	\$0.00	\$0.00

Progress Toward Activity Type Targets

Progress Toward National Objective Targets

National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	\$9,258,257.75	\$15,696,939.02

Overall Progress Narrative:

On April 28, 2009, the State of Alabama issued NSP1 grant agreements to 11 grantees. Seven of these grantees are entitlement units of government (City of Bessemer, City of Birmingham, City of Huntsville, City of Mobile, City of Montgomery, Jefferson County, Mobile County) and four are non-profit organizations (Alabama Association of Habitat for Humanity Affiliates, Aletheia House, Huntsville Housing Authority, Mission Birmingham). The State Substantial Amendment process resulted in the determination of 7 priority areas and these grantees will be conducting NSP1 activities in those areas: Jefferson County, Mobile County, and the cities of Bessemer, Birmingham, Huntsville, Mobile, and Montgomery.

On May 15, 2009, the State conducted a Compliance Workshop attended by 45 persons representing all 11 grantees. Staff members reviewed start-up requirements and grant compliance areas including national objective, environmental review, fair housing and equal opportunity, acquisition and relocation, rehabilitation, lead-based paint, procurement, and financial management as well as performance measures and reporting.

Also, on May 15, 2009, the State completed its Tiered Environmental Review Record for the 4 non-profit grantees. On May 18, 2009, the Notice of Intent to Request Release of Funds was published in 4 major newspapers in the State of Alabama and on the agency website (in English and Spanish). Four comments were received during the public comment period. On May 28, 2009, the State submitted its Request for Release of Funds to the HUD Birmingham Field Office and on June 15, 2009, HUD approved the request.

During the period of June 15-30, 2009, the State conducted site specific environmental reviews on 63 single-family residential properties proposed for acquisition by 2 non-profit grantees, Aletheia House and Habitat. These properties are located within Mobile County and the cities of Birmingham and Huntsville. The State has released funds for 45 of the properties. Three properties were sold shortly before the environmental reviews were completed and two properties have been submitted to the Alabama Historical Commission for concurrence. Even though these properties are only slightly over 50 years old, they are in good condition, located in stable, well-established neighborhoods, and appear to be worth pursuing. Unfortunately, the Historical Commission has 30 days to concur on the projects, so there is a strong possibility these properties may no longer be on the market when concurrence is received.

As of June 30, 2009, the 11 NSP grantees are completing the required start-up documentation. Two of the seven entitlement grantees, the City of Birmingham and Jefferson County, have submitted their Request for Release of Funds. The State anticipates start-up requirements including release of funds will be completed for all grantees during the next reporting period.

Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
0000, Alabama NSP	\$0.00	\$12,961,561.00	\$0.00
2RHB, Alabama NSP Rehabilitation	\$0.00	\$20,368,167.00	\$0.00
3ADM, Alabama NSP Administration	\$0.00	\$3,703,303.00	\$0.00
9999, Restricted Balance	\$0.00	\$0.00	\$0.00