ST. LOUIS HOME CONSORTIUM
SUBSTANTIAL AMENDMENT
TO
ACTION PLAN 2008

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A. AREAS OF GREATEST NEED

Provide summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction.

Note: An NSP substantial amendment must include the needs of the entire jurisdiction(s) covered by the program; states must include the needs of communities receiving their own NSP allocation. To include the needs of an entitlement community, the State may either incorporate an entitlement jurisdiction's consolidated plan and NSP needs by reference and hyperlink on the Internet, or state the needs for that jurisdiction in the State's own plan. The lead entity for a joint program may likewise incorporate the consolidated plan and needs of other participating entitlement jurisdictions' consolidated plans by reference and hyperlink or state the needs for each jurisdiction in the lead entity's own plan.

HUD has developed a foreclosure and abandonment risk score to assist grantees in targeting the areas of greatest need within their jurisdictions. Grantees may wish to consult this data [LINK – to HUD USER data], in developing this section of the Substantial Amendment.

Response:

St Louis County (the "County") has closely monitored the effects of subprime and adjustable rate loans on its residents for the past several years. The County's participation in regional efforts to form the Coalition to Promote Reputable Lending which led to formation of the Don't Borrow Trouble Campaign, which in turn led to the formation of the Foreclosure Prevention Task Force were designed as preventive measures to the issues surrounding subprime and adjustable rate loans. These campaigns grew from the knowledge that subprime lending and extension of credit to families beyond their ability to repay would lead to severe consequences in the future for both the families involved and the neighborhoods in which they lived. Educational efforts on behalf of these campaigns enabled thousands of residents of the region to seek assistance before losing their homes. Still thousands of others were unable, or unwilling to prevent a foreclosure.

Property values which saw increases in the late 1990's and early 2000's began to slow by 2005 and decrease by 2006. At the same time, many subprime loans began resetting, and the promises made by subprime lenders that refinancing homes out of adjustable rate mortgages was no longer an option. Homeowners and investors were now upside down on their loans, and are now faced with higher mortgage payments beyond their ability to pay.

In a report by RealtyTrac dated October 23, 2008, the St Louis Metro area ranked 44th in the nation in foreclosure related filings. Although the national rate of foreclosure activity is down 12% from August 2008, the St. Louis Metro area has risen another 2.64% and more than 57% from the same period one year ago. The resulting foreclosures have devastating effects throughout the County. Homeowners have lost their single largest asset and credit capacity. Tenants also have lost their homes due to the over-leveraging of investment properties. Communities in the County are now confronted with large numbers of vacant, abandoned properties. Nearly 5000 foreclosures are anticipated in 2008, leaving the market saturated with vacant properties furthering the decline of values. Vacant and abandoned properties are creating burdens on the County and municipalities to inspect, board up, and provide other maintenance. Property crime has increased as properties have become the prey of vandals, scavengers and squatters.

Areas of Greatest Need Methodology

The three categories that we have considered in distribution of funds are:

- Percentage of home foreclosures,
- Percentage of homes financed by a subprime mortgage related loan
- Likely to face a significant rise in the rate of home foreclosures

In addition our use of funds will reflect whether a census block group has 51% LMMHI or not. In block groups which meet the foreclosure/subprime lending criteria, but do not meet the income requirements, we will limit activities to those which explicitly serve homeowners or renters who meet the income requirements themselves.

Areas of Greatest Need - Foreclosures

St. Louis County has seen a dramatic increase in foreclosure activity from 2006 through 2008. Figure 1 shows foreclosures in the County 1998 through 2008 (2008 data is estimated based on January-June data). Foreclosures are defined as a completed foreclosure sale resulting in the issuance of a Trustee's Deed. Our data source is tabulation of Trustee's deeds from the St. Louis County Recorder of Deeds. Only Trustee's deeds resulting from a foreclosure are included.

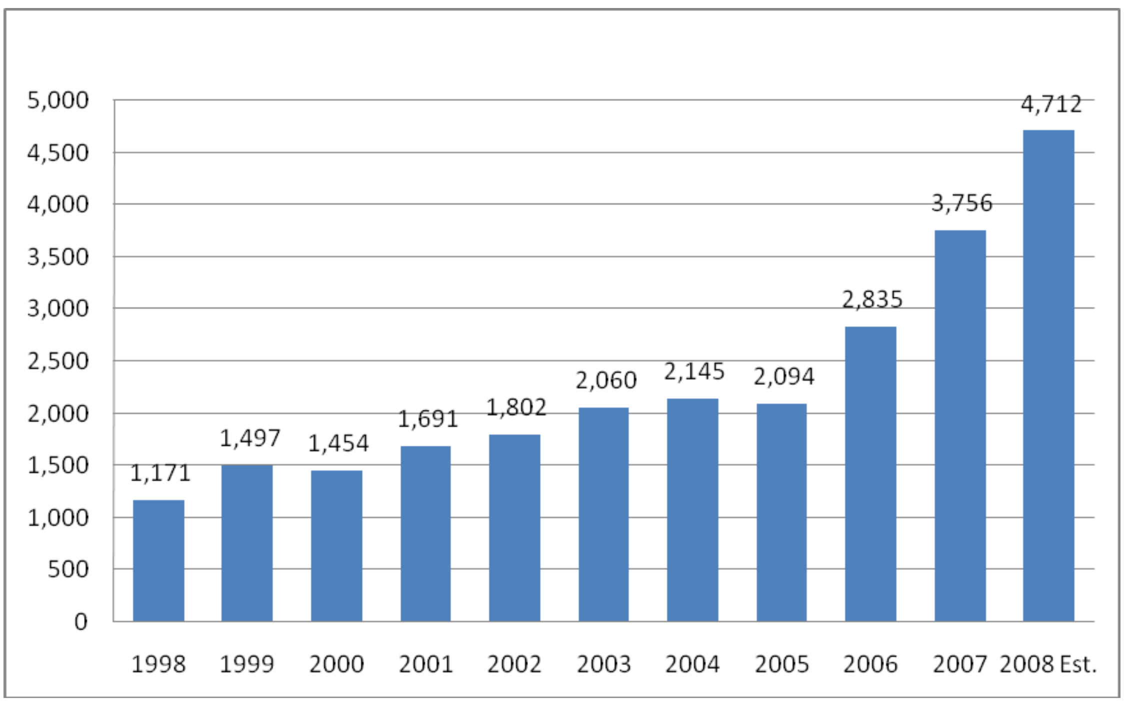

Figure 1

Our access to Recorder of Deeds data gives us the most accurate possible tabulation of foreclosures. In addition, County assessment data provides us with information as to which foreclosed properties are bank-owned. We will use this information to target individual properties for purchase.

The HUD model used to predict 18 month foreclosure start rates estimated 10,028 foreclosure starts for St. Louis County from January 2007 through June 2008. A review of foreclosure starts (Notices of Appointment of Successor Trustee) from the St. Louis County Recorder of Deeds found 9,840 starts, so the HUD model was very reliable in our case in estimating the incidence of foreclosures. During that time period, there were 5922 actual foreclosures, so 60% of all foreclosure starts were resulted in a foreclosure.

We summarized foreclosures from January 2007 through June 2008 by census tract, and calculated a rate of foreclosures per single family residences (detached homes and condominiums) from 2008 County assessment records. The average rate was 1.68% of homes underwent a foreclosure. The result is depicted in **Map 1- Foreclosure Rate by Census Tract 2007 - 2008**. The areas shaded in light blue were above the average. The areas shaded in dark blue were one standard deviation above the average. We consider this data set to be the most important indicator of need, and define greatest need as being above the county average.

HUD provided tabulations at Census summary level 90 for three other data items that we relied upon in defining greatest need.

- High Cost Lending – % of all loans that are High Cost (subprime) 2004-2006 by Census Tract. Source is HUD tabulation. This item is depicted in **Map 2 – Subprime Lending by Block Group**.
- Predicted Foreclosure Start Rate January 2007 – June 2008 – Estimated foreclosure starts (not completions) based on subprime lending, home price decline and unemployment rate in June 2008. Source is HUD tabulation from various sources. This item is depicted in **Map 3 - Predicted 18 Month Foreclosure Start Rate by Block Group.**
- Abandonment Risk – Ranking prepared for HUD based on Census Tract data used in predicted foreclosure starts with 2008 postal vacancy rates added. Source is HUD tabulation from various sources. This item is depicted in **Map 4 - Estimated Foreclosure and Abandonment Risk Score**.

For each item, need is defined by having the census block group be above the county average for the respective indicator. Each map is thematized with block groups above the average depicted in light blue and block groups at one standard deviation (as computed by ESRI ArcMap software) in dark blue. Thresholds are as follows:

Actual Foreclosure Rate - 1.68% or higher.
High Cost Lending – 26.9% or higher.
Predicted Foreclosure Start Rate January 2007 – June 2008 – 4.1% or higher.
Abandonment Risk – Rank 6 or higher.
Areas of greatest need are defined as follows:

Thresholds for indicators specified in statute and based on actual data must be met (High Cost(Subprime) Lending, Actual Foreclosures) and one of two model based indicator thresholds (Abandonment Risk or Predicted Foreclosure Starts) must be met.

516 out of the 1305 block groups (summary level 90) (Exhibit 1) in St. Louis County meet this definition.
Map 5- Areas of Greatest Need shows these block groups shaded in blue.

Of these, 382 block groups (Exhibit 2) meet the 51% LMMI threshold, 90 were small block group segments with zero population, and 44 did not meet the LMMI threshold. Within these 44 block groups 39% of the population was LMMI. **Map 6 - LMMA Qualified Areas of Greatest Need** depicts the intersection of the Need threshold and the Income threshold. Block groups meeting the income threshold are depicted with a light grey cross hatch overlay. As noted above, our activities in areas not meeting the income threshold will only be undertaken to benefit an LMMI household.

Areas likely to face a significant rise in the rate of home foreclosures
This is a statutory requirement that is difficult to define. Our methodology was as follows:

- Census tracts with at least 20 foreclosures (weed out areas with very little housing)
- Census tracts with July 2007-June 2008 foreclosures over 1% of all housing units (weeds out areas with proportionally small # of foreclosures).
- Census tracts with increase in foreclosures at 140% or more between July 2007-June 2008 and a three year average of foreclosures in 2004-2006. This is the key criterion and is aimed at selecting areas with a dramatic increase in foreclosures in the past year. Given that we don’t have any small area forward looking data, this seems like the best we have.

These are areas that have developed a significant foreclosure problem more recently. They are depicted in **Map 7 – Areas of Greatest Need and Areas Likely to See Increase in Foreclosures**. In these areas we would be more focused on dealing with problem properties and long term vacancy in these areas rather than changes in the housing stock (repositioning/rightsizing).

In determining the scope of the problem for foreclosed properties in St. Louis County we reviewed the ownership status of properties that were foreclosed on between January 2007 and June 2008. Out of a total of 5,922 homes that were foreclosed, we found that 2,353 were owned by lending institutions as of June 17, 2008. Of these properties, 1,792 or 75% are within the Areas of Greatest Need. There is a large degree of turnover in bank owned foreclosed properties. During June and July 2008, 613 lender owned properties were sold. However, during the same time period 715 new properties underwent foreclosure, indicating that the inventory of vacant lender owned foreclosed homes continues to expand.

B. DISTRIBUTION AND USES OF FUNDS

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

<u>Response:</u>

Strategies for the Neighborhood Stabilization Program in St Louis County

AREA Strategies

Utilizing three different approaches to neighborhood targeting, the County has identified neighborhoods for specific attention under the NSP. All will be implemented to the extent possible.

Classification A See Map 7 – Areas of Greatest Need – Likely to See Increase in Foreclosures (Must include areas of greatest need and Likely Increase in Foreclosure)	Acquisition/rehabilitation on a large scale with financing mechanism to ensure affordability	Concentrated neighborhood revitalization, rehabilitation of multiple properties to restore marketability and move toward recovery. May include major renovations to thwart functional obsolescence (right sizing)
Classification B See Map 5 – Areas of Greatest Need	Acquisition/rehabilitation on a scattered site scale with financing mechanism to ensure affordability	Selective rehabilitation of individual properties for the purposes of stabilizing a neighborhood otherwise intact and fairly marketable. May include major renovations to thwart functional obsolescence (right sizing may also occur)
Classification C See Map 6 – LMMA Qualified Areas of Greatest Need (Must include both areas of greatest need & LMMA eligible area)	Acquisition/Demolition/Land Banking	For the purposes of land banking or redevelopment of property beyond its functional use and in a blighted condition. Mainly to be utilized in severely distressed neighborhoods (repositioning)

Within these communities comprehensive approaches will be taken to mitigate the effects of vacant and abandoned properties.

First, a fair number of communities in St Louis County are still strong and have not felt a significant detrimental impact from the overall foreclosure crisis. These communities will continue to be stabilized through the County's code enforcement programs as well as existing services and support. Those areas where foreclosures have been scattered and few properties are left abandoned, again will be supported through the continuing services provided by the governmental jurisdictions, with a watchful eye on the areas of concern.

Next, in areas where the number of vacant properties is accelerating, analysis of market conditions will be conducted, and limited, targeted intervention from the County utilizing NSP will begin. Properties deemed to be absorbed by the market will be left for that purpose and only those properties assessed as not likely to be absorbed by the market will be targeted through NSP. Further action may include acquisition for the purposes of rehabilitation or acquisition for demolition for some complementary purpose (availability as a side lot for neighbors, reconstruction of housing, or alternative use). These neighborhoods will typically fall under Classification B.

Another priority for the County will be the communities where a significant number of foreclosed and abandoned properties remain. In these specific neighborhoods a more aggressive approach will be instituted. Groups of properties will be acquired through the grant for the purposes of stabilizing the neighborhoods and providing decent housing for its residents, along with the services and supports already in place by the County and social service providers. These neighborhoods will typically fall under Classification A or B.

In the areas where viability of the neighborhoods is being significantly impacted and the amount of leveraged funds is insufficient to produce the intended effect. Or in those cases where the current market conditions will not support redevelopment, the County will take on the task of land banking. Specific goals will be attached to those properties with clear strategic plans for redevelopment. These neighborhoods will typically fall under Classifications A or C.

ACTIVITY Strategies

Using these Classifications, the County will administer the funds for a variety of activities.

1. Acquisition/Rehabilitation and resale to income eligible homebuyers;
2. Acquisition/rehabilitation and rental which will include two sub-activities:
    a. Rental to income eligible families under a lease purchase program
        i. Eligible tenants will sign 6-12 month extendable leases
        ii. Eligible tenants will undergo counseling and education in preparation for homeownership
    b. Rental to income eligible families for traditional rental programs
3. Acquisition/Demolition/Redevelopment of units for land banking or other eligible purposes
4. As a financing mechanism to ensure affordability through loans to developers, down payment assistance, and primarily for the purchasers of activities 1 and 2, above.
5. Administration of the program, not to exceed 10% of the NSP allocation and 10% of program income.

Activity 1: Acquisition/Rehabilitation and resale to income eligible homebuyers with financing mechanism

The County will partner with the St Louis County Housing Authority, for profit and non-profit developers to rehabilitate foreclosed homes to be sold to income eligible partners. Affordability restrictions will remain with the properties for 5-15 years. The properties will be acquired in the targeted areas identified in the previous section and rehabilitated following OCD's rehabilitation standards. Additionally developers will identify to what extent Energy Star components will be utilized in the rehabilitation of the property to provide energy efficiency and long term sustainability. The County will assess the condition of the property to address functional obsolescence. Modifications to the property necessary to improve marketability will be assessed individually.

The County anticipates using the financing mechanism provided in the NSP regulations. The County will provide loans to developers to acquire, rehabilitate and sell or rent properties in accordance with the NSP regulations. The County will also use the financing mechanism as down payment assistance secured by a deed of trust or regulatory agreement for a portion of the subsidy at zero percent interest and due upon sale. The typical method under the HOME program is to provide down payment assistance in the amount between the appraised value and the amount of first mortgage available to the income eligible home buyer. The County's NSP will use the same method.

Activity 2: Acquisition/rehabilitation and rental

The County will partner with the St Louis County Housing Authority, for profit and non-profit developers to rehabilitate foreclosed homes to be rented to income eligible partners. Affordability restrictions will remain with the properties for 15 years. The properties will be acquired in the targeted areas identified in the previous section and rehabilitated following OCD's rehabilitation standards. Additionally developers will identify to what extent they utilized Energy Star components in the rehabilitation of the property to provide energy efficiency and long term sustainability.

a. **Rental to income eligible families under a lease purchase program**

   It is the intent of the County to make as many of the homes rehabilitated available for homeownership. Understanding that there may be a number of residents who need to repair credit issues, the County will work with its partners to create lease-purchase opportunities with coinciding counseling and educational opportunities to return those who were previously foreclosed upon to homeownership within a reasonable amount of time. We anticipate the lease purchase options to be closely monitored by our partners, and create homeownership opportunities within 36 months. A portion of the rents collected would be set aside for down-payment of the homes. All income eligible levels will be included in this program.

b. **Rental to income eligible families for traditional rental programs**

The County anticipates a large portion of NSP funding to be attributed to the rehabilitation of rental housing. Most of the housing types located in St Louis County are single family structures. Because of the over abundance of two bedroom homes within the targeted areas, we anticipate long term rental to be the best use of these homes. The county has engaged a number of competent partners with the capacity of renting and managing single family scattered site development. Where possible, these units will be used to augment special needs housing.

The County anticipates using the financing mechanism provided in the NSP regulations for this activity. The County will provide loans to developers to acquire, rehabilitate and lease purchase or rent properties in accordance with the NSP regulations. We will also use the financing mechanism as down payment assistance for the tenants to purchase their homes. These loans will be secured by a deed of trust or regulatory agreement for a portion of the subsidy at zero percent interest and due upon sale. The typical method under the HOME program is to provide down payment assistance in the amount between the appraised value and the amount of first mortgage available to the income eligible home buyer, that same method will be utilized in this program.

Activity 3: Acquisition/Demolition/Redevelopment of units for land banking or other eligible purposes

Understanding that areas of the County have suffered significantly from a number of issues relating not just to the housing crisis, but functional obsolesce, disinvestment, etc.; we anticipate demolishing blighted structures and acquiring land for future development. Properties that have no functional value, severe deterioration and meet the County's definition of blight will be demolished. Some may be offered to neighbors for side lots, others may be offered to community groups or municipalities for community purposes (green space such as community gardens or parks) others may be demolished for commercial use. Any property redeveloped or newly constructed as a result of this activity for residential use in the future will have an affordability restriction for 5- 15 years if sold to a low-, moderate-, or middle income household, and 20 years affordability restriction if constructed for the purposes of rental to that same income population.

Activity 4: Administration of the program, not to exceed 10% of the NSP allocation and 10% of program income.

The County anticipates using NSP administration funds not to exceed 10% of the allocation and 10% of the program income generated from the use of the funds to administer the program.

C. Definitions and Descriptions

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

Response:

Blighted structure – shall mean any dwelling predominate which, by reason of dilapidation, overcrowding, lack of ventilation, light or sanitary facilities or any combination of these factors are detrimental to safety, health and morals. As stated in section 99.320 of the Missouri Revised Statutes.

(2) Definition of “affordable rents.” ***Note:*** Grantees may use the definition they have adopted for their CDBG program but should review their existing definition to ensure compliance with NSP program –specific requirements such as continued affordability.

Response:

Affordable rents – 1. A monthly amount not to exceed 30% of 1/12th of the gross annual income of household members, minus an allowance for tenant furnished utilities and other services, as defined by the St Louis County Housing Authority. 2. Missouri Housing Development Commission’s established rent levels. The County will use whichever method most appropriately meets the guidelines of NSP for a particular property.

Other definitions:

Functional obsolescence - Impairment of the usefulness of a property due to a design defect, or due to its inability to be upgraded or modified to serve the user's current needs.

(3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

Response:

Deed restrictions such as deeds of trust and/or regulatory agreements binding the property will be placed on each property restricting sale or lease of the property to households whose combined income does not exceed 120% of the area median income or 50% of the area median income as necessary to meet the HUD requirement. The affordability period will be 5- 15 years for rehabilitated property and newly constructed for sale property and 20 years for newly constructed rental property, if any.

RENTAL PROPERTY CONTINUING AFFORDABILITY PROVISIONS

The County will incorporate NSP-assisted properties into its ongoing HOME Monitoring program. Annual rent certifications and income verification certifications will be conducted for each rental unit assisted with Neighborhood Stabilization Program funds. OCD staff currently performs these certifications and will add these units to their portfolio. In addition, the County will require property owners receiving assistance under the NSP program to sign legal documents which specify the terms of affordability. These documents will be recorded, creating land use restrictions

and specific penalties for not adhering to the affordability requirements, and will run with the property for the applicable time period, no matter who the owner of the property is.
Units to be rehabilitated with NSP funds must be tenant income and rent controlled for varying lengths of time depending upon the average amount of NSP funds invested per unit. These time periods are set forth below and are the same as the HOME time periods.

NSP AFFORDABILITY PERIOD	
NSP Rehabilitation or Acquisition of Existing Housing—NSP Amount Per Unit	**Minimum Period of Affordability in Years**
Under $15,000	5
Over $15, 000 to $40,000	10
Over $40,000	15
New Construction of Rental Units	20

The affordability restrictions may terminate upon occurrence of any of the following termination events: foreclosure, transfer in lieu of foreclosure or assignment of an FHA insured mortgage to HUD. OCD may use purchase options, right of first refusal or other preemptive rights to purchase the housing before foreclosure to preserve affordability. The affordability restrictions will be revived according to the original terms if, during the original affordability period, the owner of record before the termination event obtains an ownership interest in the housing.

OWNER-OCCUPIED PROPERTY CONTINUED AFFORDABILITY PROVISIONS

Resale requirements for owner-occupied properties will ensure that, at any sale during the affordability period, the home must be made available to a buyer whose family qualifies as an LMMI (at or below 120% of area median income) or a family meeting the 50% of area median income benefit test if the home has been counted towards that NSP funding category, and who will use the property as its principal residence. These resale requirements also ensure that the price at resale provides the original NSP-assisted owner a fair return on investment (including the homeowner's investment and any capital improvement). The period of affordability is based on the total amount of NSP funds invested in the housing and will conform to the periods in the chart set forth above for rental housing. Deed restrictions, covenants running with the land, or other similar mechanisms will be used to impose the resale requirements. The affordability restrictions may terminate upon occurrence of any of the following termination events: foreclosure, transfer in lieu of foreclosure or assignment of an FHA insured mortgage to HUD. The County may use purchase options, right of first refusal or other preemptive rights to purchase the housing before foreclosure to preserve affordability. The affordability restrictions will be revived according to the original terms if, during the original affordability period, the owner of record before the termination event obtains an ownership interest in the housing.

RECAPTURE PROVISIONS—OWNER-OCCUPIED AND RENTAL PROPERTY

Recapture provisions will ensure that the County can recover all or a portion of the NSP assistance to the homebuyers or rental property owners if the housing does not continue to be the principal place of residence of the eligible family or renters for the period of affordability. The County will structure recapture provisions based on its own program design and market conditions. The period of affordability is based upon the total amount of NSP assistance that enabled the homebuyer to buy

the dwelling unit or the rental property owner to develop and own the property. For owner occupants, NSP assistance for recapture purposes includes any NSP funding that reduced the purchase price from fair market value to an affordable price, but excludes the amount between the cost of producing the unit and the market value of the property (i.e., development subsidy).
The following are four options for recapture requirements that may be used:

1. Recapture entire amount. OCD may recapture the entire amount of the NSP investment from the homeowner. (Note, however, the entire amount subject to recapture is the NSP assistance that enabled the homebuyer to buy the dwelling unit; it does Not include development subsidy.)
2. Reduction during affordability period. OCD may reduce the NSP investment amount to be recaptured on a prorata basis for the time the homeowner has owned and occupied the housing measured against the entire affordability period.
3. Shared net proceeds. If the net proceeds are not sufficient to recapture the full NSP investment (or a reduced amount as provided for in paragraph 2 above) plus enable the homeowner to recover the amount of the homeowner's downpayment and any capital improvement investment made by the owner since purchase, we may share the net proceeds. The net proceeds are the sales price minus loan repayment (other than NSP funds) and closing costs. The net proceeds may be divided proportionally, per the following formulas:

$$\frac{\textbf{NSP investment}}{\textbf{NSP investment + homeowner investment}} \textbf{ X Net proceeds = Neighborhood Stabilization Program amount to be recaptured}$$

$$\frac{\textbf{Homeowner investment}}{\textbf{NSP investment + homeowner investment}} \textbf{ X Net proceeds = Amount to homeowner}$$

4. Owner investment returned first. We may permit the homebuyer to recover the homebuyer's entire investment (downpayment and capital improvements made by the owner since purchase) before recapturing the NSP investment.

NSP Assistance Used For:		
Affordability Subsidy	**Affordability + Development Subsidy**	**Development Subsidy**
Resale and/or Recapture provisions can be used	Resale and/or Recapture provisions can be used	Only Resale provisions can be used
Affordability period based on amount of NSP affordability subsidy	Affordability period may be based on amount of NSP affordability subsidy only	Affordability period based on amount of NSP development subsidy

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

Response:

The County adopted for the purposes of the HOME program housing rehabilitation standards in 2008. These standards will also be utilized to achieve the goals of the Neighborhood Stabilization

Program. In addition, developers entering into contracts for rehabilitation of residential homes will be expected to identify their approach to Energy Star guidelines in the rehabilitation of housing in the Neighborhood Preservation Program wherever possible.

D. LOW INCOME TARGETING

Identify the estimated amount of funds appropriated or otherwise made available under the NSP to 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 percent of area median income:

Note: At least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50 percent of area median income.

Response:

St Louis County has a great unmet need for affordable rental housing. We anticipate making an impact on this issue utilizing the funds allocated in NSP. The County will at a minimum address the need of housing families whose incomes do not exceed 50 percent of the area median income by allocating no less than $2,334,650 and no less than 25% of any program income generated during the course of the program. Most of these funds will be utilized to rehabilitate homes for the purposes of renting to low income families. However, under the HOME program, the County has established through its down-payment assistance program many successful homebuyers. Over 50% of the DPA funding for 2007 was utilized to assist first time homebuyers whose income was below 50% of the area median. Therefore, the NSP funds will also be utilized for homeownership to serve this income target either through direct sales or lease purchase.

E. *ACQUISITIONS & RELOCATION*

Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e., ≤ 80% of area median income).

If so, include:

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

Response:

The County anticipates demolishing only properties that meet the definition of blighted structure and cannot feasibly be rehabilitated to a marketable condition. Therefore, no low- and moderate – income dwelling units will be demolished under this grant. Future use for those blighted and demolished properties could include re-subdivision for construction of housing, side lot sales to neighbors, construction of parks or agriculture (community gardens), construction of commercial purposes or other eligible projects.

The number of low- and moderate-income dwelling units—i.e., ≤ 80% of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.– Zero

The number of NSP affordable housing units made available to low- , moderate-, and middle-income households—i.e., ≤ 120% of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion).

– With the funds available under this substantial amendment, the County anticipates providing financing for the rehabilitation of approximately 75 units of housing to be made available for sale, lease purchase or rental to households with incomes no more than 120% of the area median income.

Acquisition and rehabilitation of the properties is anticipated to begin within 3 months of approval of this substantial amendment, with all 75 units acquired and underway within the subsequent 15 months. Additional units will be acquired and rehabilitated under the program as program income is derived as allowed within the NSP regulations. The number and time line is unknown, as the amount of program income has not yet been estimated. However, the program will continue until all funds are exhausted or until required to return funds to HUD (anticipated in July, 2013).

Activity	**Timeline**
Acquisition, ERR and contractual obligations	3 months
Rehabilitation	5 months
Rent up of rental units	2 months
Sale of for sale units	4 months
Financing of units for sale	5 years – 15 years
Monitoring	Until end of affordability periods

The number to be made available to households with income not exceeding 50% of the area median:

The County anticipates assisting approximately 25-30 households whose income does not exceed 50% of the area median, through financing of lease purchase, for sale and rental development.

F. Public Comment

Provide a summary of public comments received to the proposed NSP Substantial Amendment.

Response:

See attached.

G. *NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)*

(1) Activity Name: **NSP -1 Acquisition/Rehabilitation and resale to income eligible homebuyers**

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)
CDBG – 24 CFR 570-201.(a), acquisition, and (b) disposition, and 570.202, rehabilitation and 570.201(n) direct homeownership assistance (for second deeds of trust and/or regulatory agreements), financing mechanisms

NSP – 2301(c)(3)(A) Establish financing mechanisms for purchase and redevelopment.
NSP – 2301(c)(3)(B) Purchase and rehabilitate homes and residential properties.
NSP – 2301(c)(3)(E) Redevelop demolished or vacant properties

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income). **Beneficiaries will be restricted to low-, moderate-, and middle-income (LMMH) residents, as defined by the NSP regulations. All participants will have income levels at or below 120% of the area median income.**

(4) Projected Start Date: **Upon notice of funding**

(5) Projected End Date: **Project will continue as long as funds including program income are available until the program end date as defined by HUD on or about July, 2013.**

(6) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information) **St Louis County Office of Community Development Department of Planning will administer all activities under the direction of Jim Holtzman, Director, 121 S. Meramec, Ste. 444, St Louis, MO 63105. Jim may also be reached by telephone at 314-615-4414, or by email jlholtzman@stlouisco.com Additionally, St Louis County Office of Community Development/Dept of Planning will contract with non-profits, quasi-governmental agencies, and for profit developers to acquire and rehabilitate properties. These entities will be identified once the RFQ process is completed.**

(7) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)
The activities will occur within various neighborhoods in targeted areas of greatest need, generally in North St Louis County and the southeastern section of unincorporated St Louis County known as Lemay. See maps 5 and 7.

(8) Activity Description:
Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

For housing related activities, include:

- tenure of beneficiaries--rental or homeownership;
- duration or term of assistance,
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include:

- discount rate

For financing activities, include:

- range of interest rates

The tenure of the beneficiaries is homeownership. The term of the assistance will be a second deed of trust in an amount equal to the difference of the appraised value and the amount of an affordable first mortgage. We will place a restriction similar to a regulatory agreement on each property maintaining affordability for 5-15 years.

The County will contract with the responsible organizations outlined above to negotiate with owners of foreclosed and abandoned property to acquire at a discount of no less than 5% if acquired singly, and no less than 15% if acquired as a part of a bulk sale. The County will make every effort to ensure that the actual acquisition price is well below these maximums in order to provide greater benefit to LMMI households and reduce overall subsidies per property.

The second deeds of trust mentioned above ensuring affordability will be the security of Notes at zero percent interest and due upon sale by the homebuyers. During the period of affordability these loans may be assumable by another LMMI buyer in the future, should the need to ensure affordability restrict the ability to finance the purchase to a new buyer. Any financing mechanisms used to fund the rehabilitation of the properties by developers will be at zero percent interest with the amount invested by the County and below the appraised value of the finished rehab, returned to the County upon sale.

The County will concentrate the efforts of this activity within the areas outlined in Classification A and B, as noted on Maps 7 and 5. Although a portion of this activity will assist our minimum goal of benefitting low income households (below 50% of the area median), it is anticipated that most of the homeownership activities will be targeted at the higher income limit of assisting those at or below 120% of the area median income.

I. Total Budget: (Include public and private components)

Estimates of the amount of acquisition costs vs. rehabilitation costs vary greatly based upon the size of the unit, condition, and area. However, as a general estimate, the County anticipates the acquisition price to be roughly 35-40% of the total development costs of properties being rehabilitated, and 60-70% of the cost of acquisition and demolition for any properties being reconstructed. The County anticipates a very low number of units where demolition and reconstruction occur, therefore, those estimates are not included in the examples below. Using this estimate we anticipate the following:

We anticipate the for sale activity to assist a greater number of families whose income is <120% AMI than <50% AMI. Estimating that 85% of the for sale homes will be sold to the higher income families, we anticipate the following formula:

These figures are only ESTIMATES at this time and a specific budget and types of eligible activities will be developed for each property to be assisted—these budgets will vary from property to property. The budgets provided in this NSP applications will require revision, to ensure that funds can be used effectively.

Example of financing of one property sold to household at <120% LMMI:

Acquisition and rehabilitation costs	**$200,000**	
Bank financing to developer		**$120,000**
County loan to developer		**$ 80,000**
Completed property appraised value	**$180,000**	
Homebuyer Affordable 1st mortgage (bank)		**$165,000**
County due upon sale Loan		**$ 15,000**
Developer loan repayment to bank	**$120,000**	
Developer loan repayment to County	**$ 60,000**	
Grant to developer	**$ 20,000**	

Example of financing of one property sold to household at <50% LMMI:

Acquisition and rehabilitation costs	**$150,000**	
Bank financing to developer		**$ 90,000**
County loan to developer		**$ 60,000**
Completed property appraised value	**$120,000**	
Homebuyer Affordable 1st mortgage (bank)		**$ 85,000**
County due upon sale Loan		**$ 35,000**
Developer loan repayment to bank	**$ 90,000**	
Developer loan repayment to County	**$ 30,000**	
Grant to developer	**$ 30,000**	

Approximately 40% of NSP funding or $3,735,425* /39 properties = $95,000 per unit

33 sales to <120% LMMI
6 sales to <50% LMMI

Total homes sold 33 to <120% LMMI and 6 to <50% LMMI = 39 homes

Other financing:

Developer financing of 33 properties for <120% LMMI homes $3,960,000
Developer financing of 6 properties for <50% LMMI homes $ 540,000

First Mortgage financing of 33 loans to <120% LMMI homebuyers $5,445,000
First Mortgage financing of 6 loans to <50% LMMI homebuyers $ 510,000

Estimated TDC of property for sale

Estimated TDC of property for sale:	**$6,600,000 for <120% LMMI buyers**
	$ 900,000 for <50% LMMI buyers
Total TDC	**$7,500,000**

***Market conditions in St Louis County have shown a decrease in homeowner sales. We anticipate 40% of the NSP funding to be used in the rehabilitation and sale of units in this project. However, should conditions change these percentages would change as the market dictates.**

Estimated TC of property to be acquired for demolition
No estimates for demolition are available at this time for this activity. The primary function under this activity initially will be rehabilitation. If funds are available in later phases, demolition and new construction may occur, and budgets will be developed for this activity.

ESTIMATED SUMMARY	**Total project**	**<120%***	**<50%**
TDC	**$7,500,000**	**$6,600,000**	**$900,000**
Construction Financing	**$4,500,000**	**$3,960,000**	**$540,000**
NSP Construction Subsidy	**$3,000,000**	**$2,640,000**	**$360,000**
Sale Proceeds	**$6,660,000**	**$5,940,000**	**$720,000**
1st Mortgage financing	**$5,955,000**	**$5,445,000**	**$510,000**
NSP 2nd to homebuyer	**$ 675,000**	**$ 495,000**	**$180,000**
Estimated NSP Subsidy	**$3,675,000**	**$3,135,000**	**$540,000**

J. Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent):

Total homes acquired, rehabilitated and sold	**17 to <120% LMMI ***
Total homes acquired, rehabilitated and sold	**16 to < 80% LMMI ***
Total homes acquired, rehabilitated and sold	**6 to <50% LMMI**

Total homes acquired, rehabilitated and sold 39 homes

***it is anticipated that of these homes sold within our targeted areas 50% will be sold to families whose income does not exceed 80% AMI and that the estimated subsidy amounts listed above in the example will vary.**

G. ***NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)***

(1) Activity Name**: NSP 2 (a)Acquisition/Rehabilitation/Lease Purchase Program**

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

CDBG – 24 CFR 570-201.(a), acquisition, and (b) disposition, and 570.202, rehabilitation and 570.201(n) direct homeownership assistance (for second deeds of trust and/or regulatory agreements), financing mechanisms

NSP – 2301(c)(3)(A) Establish financing mechanisms for purchase and redevelopment.
NSP – 2301(c)(3)(B) Purchase and rehabilitate homes and residential properties.
NSP – 2301(c)(3)(E) Redevelop demolished or vacant properties

Acquisition/rehabilitation and lease purchase

Rental to income eligible families under a lease purchase program

- i. **Eligible tenants will sign 6-12 month extendable up to 36 month leases**
- ii. **Eligible tenants will undergo counseling and education in preparation for homeownership**
- iii. **Financing mechanism – Loans to homeowners to assist in affordability. Also, loans will be made available to developers to finance a portion of the acquisition and rehabilitation.**

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income). **Beneficiaries will be restricted to low-, moderate-, and middle-income (LMMH) residents, as defined by the NSP regulations. All participants will have income levels at or below 120% of the area median income. The County anticipates a small portion of this program to be assisting those families whose incomes fall at or below 50% of the area median income.**

(4) Projected Start Date: **Upon notice of funding**

(5) Projected End Date: **Project will continue as long as funds including program income are available until the program end date as defined by HUD on or about July, 2013.**

(6) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information) **St Louis County Office of Community Development Department of Planning will administer all activities under the direction of Jim Holtzman, Director, 121 S. Meramec, Ste. 444, St Louis, MO 63105. Jim may also be reached by telephone at 314-615-4414, or by email jlholtzman@stlouisco.com Additionally, St Louis County Office of Community Development/Dept of Planning will contract with non-profits, quasi-governmental agencies, and for profit developers to acquire and rehabilitate properties. These entities will be identified once the RFQ process is completed.**

(7) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

The activities will occur within various neighborhoods in targeted areas of greatest need, generally in North St Louis County and the southeastern section of unincorporated St Louis County known as Lemay. See Maps 5 & 7.

(8) Activity Description:
Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

For housing related activities, include:

- tenure of beneficiaries--rental or homeownership;
- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include:

- discount rate

For financing activities, include:

- range of interest rates

The County will contract with the responsible organizations outlined above to negotiate with owners of foreclosed and abandoned property to acquire at a discount of no less than 5% if acquired singly, and no less than 15% if acquired as a part of a bulk sale. The County will make every effort to ensure that the actual acquisition price is well below these maximums in order to provide greater benefit to LMMI households and reduce overall subsidies per property.

The tenure of the beneficiaries is rental, with the eventual tenure to be homeownership. In those instances where the beneficiaries have appropriate income but insufficient credit capacity, this activity will allow time for the beneficiary to perform the necessary tasks to improve their credit in order to obtain a conforming home loan. The lease/purchase period will be designed to create homeownership within 36 months of initial lease-up. The proposed activity will allow beneficiaries to pay 35% of their annual income towards their housing costs, 30% will include the affordable rent less utility allowances as set by the St. Louis County Housing Authority, and 5% to be held as future down payment in escrow.

During the lease period, beneficiaries will attend education and counseling sessions to assist in credit repair, and homeownership preparation.

Upon such time as the beneficiary has sufficient credit capacity to acquire a conforming loan and the escrowed amount saved toward the down payment has reached or exceeds 3% of the purchase price, the unit will be sold to the beneficiary for the total amount of the cost to acquire and rehabilitate the property, or the appraised value, whichever is less. Should there

be an affordability gap, the County will fund through the proceeds of the sale, or some other method, a Note and second deed of trust in an amount that allows an affordable first mortgage to be obtained.

Once the property is conveyed to the homebuyer, the term of the assistance will be a second deed of trust in an amount equal to the difference of the appraised value and the amount of an affordable first mortgage. We will place a restriction similar to a regulatory agreement on each property maintaining affordability for 5-15 years.

The second deeds of trust mentioned above ensuring affordability will be the security of Notes at zero percent interest and due upon sale by the homebuyers. During the period of affordability these loans may be assumable by another LMMI buyer in the future, should the need to ensure affordability restrict the ability to finance the purchase to a new buyer. Any financing mechanisms used to fund the rehabilitation of the properties by developers will be at zero percent interest with the amount invested by the County and below the appraised value of the finished rehab, returned to the County upon sale.

The County will concentrate the efforts of this activity within the areas outlined in Classification A and B, as noted on Maps 7 & 5 Although a portion of this activity will assist our minimum goal of benefitting low income households (below 50% of the area median), it is anticipated that most of the homeownership activities will be targeted at the higher income limit of assisting those at or below 120% of the area median income.

<u>I. Total Budget</u>: (Include public and private components)

Estimated TDC of property for rental

Estimates of the amount of acquisition costs vs. rehabilitation costs vary greatly based upon the size of the unit, condition, and area. However, as a general estimate, the County anticipates the acquisition price to be roughly 35-40% of the total development costs of properties being rehabilitated. Using this estimate we anticipate the following:

We anticipate the lease purchase activity to assist a greater number of families whose income is <120% AMI than <50% AMI. Estimating that 70% of the homes will be lease purchased to the higher income families, we anticipate the following formula:

These figures are only ESTIMATES at this time and a specific budget and types of eligible activities will be developed for each property to be assisted—these budgets will vary from property to property. the budgets provided in this NSP applications will require revision, to ensure that funds can be used effectively.

Example of financing of one property sold to household at <120% LMMI:

Acquisition and rehabilitation costs	**$200,000**

Bank financing to developer		$120,000
County loan to developer		$ 80,000
Completed property appraised value	$180,000	
Homebuyer Affordable 1st mortgage (bank)		$165,000
Escrowed 3% down payment		4,950
County due upon sale Loan		$ 10,050
Developer loan repayment to bank	$120,000	
Developer loan repayment to County	$ 60,000	
Grant to developer	$ 20,000	

Example of financing of one property sold to household at <50% LMMI:

Acquisition and rehabilitation costs	$150,000	
Bank financing to developer		$ 90,000
County loan to developer		$ 60,000
Completed property appraised value	$120,000	
Homebuyer Affordable 1st mortgage (bank)		$ 85,000
Escrowed 3% down payment		2,550
County due upon sale Loan		$ 32,450
Developer loan repayment to bank	$ 90,000	
Developer loan repayment to County	$ 30,000	
Grant to developer	$ 30,000	

Approximately 10% of the County's allocation of NSP funds will be used for the performance of this activity. Nearly $950,000 / 10 homes = $95,000.00 will be used under this activity. 7 homes will be made available to families whose income does not exceed 120% of the area median income and 3 homes will be made available to families whose income does not exceed 50% of the area median income.

7 sales to <120% LMMI
3 sales to <50% LMMI

Total homes sold 7 to <120% LMMI and 3 to <50% LMMI = 10 homes

Other financing:

Developer financing of 7 properties for <120% LMMI homes	$1,400,000
Developer financing of 3 properties for <50% LMMI homes	$ 270,000
First Mortgage financing of 7 loans to <120% LMMI homebuyers	$1,155,000
First Mortgage financing of 3 loans to <50% LMMI homebuyers	$ 255,000

Estimated TDC of property for sale:	**$2,000,000 for <120% LMMI buyers**
	$ 750,000 for <50% LMMI buyers
Total TDC	**$2,750,000**

***Market conditions in St Louis County have shown a decrease in homeowner sales. We anticipate 10% of the NSP funding to be used in the rehabilitation and lease purchase of units in this project. However, should conditions change these percentages would change as the market dictates.**

ESTIMATED SUMMARY	**Total project**	**<120%***	**<50%**
TDC	**$1,850,000**	**$1,400,000**	**$450,000**
Construction Financing	**$1,110,000**	**$ 840,000**	**$270,000**
NSP Construction Subsidy	**$ 740,000**	**$ 560,000**	**$180,000**
Sale Proceeds	**$1,620,000**	**$1,260,000**	**$360,000**
1st Mortgage financing	**$1,410,000**	**$1,155,000**	**$255,000**
NSP 2nd to homebuyer	**$ 169,550**	**$ 70,350**	**$ 97,350**
Estimated NSP SUBSIDY	**$909,550**	**$ 630,350**	**$277,350**

J. Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent):

Total homes acquired, rehabilitated and sold	**4 to <120% LMMI ***
Total homes acquired, rehabilitated and sold	**3 to < 80% LMMI ***
Total homes acquired, rehabilitated and sold	**3 to < 50% LMMI**
Total homes acquired, rehabilitated and sold	**10 homes**

***it is anticipated that of these homes lease purchased within our targeted areas 50% will be sold to families whose income does not exceed 80% AMI and that the subsidy amounts may vary.**

G. ***NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)***

(1) Activity Name: **NSP 2 (b) Acquisition Rehabilitation Rental**

(3) Activity Type: (include NSP eligible use & CDBG eligible activity)
CDBG – 24 CFR 570-201.(a), acquisition, and (b) disposition, and 570.202, rehabilitation and 570.201(n) housing services. Financing mechanisms will be used to ensure affordable rents. No rental subsidies will be made available under this activity.

NSP – 2301(c)(3)(A) Establish financing mechanisms for purchase and redevelopment.
NSP – 2301(c)(3)(B) Purchase and rehabilitate homes and residential properties.
NSP – 2301(c)(3)(E) Redevelop demolished or vacant properties

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income). **Beneficiaries will be restricted to low-, moderate-, and middle-income (LMMH) residents, as defined by the NSP regulations. All participants will have income levels at or below 120% of the area median income.**

(4) Projected Start Date: **Upon notice of funding**

(5) Projected End Date: **Project will continue as long as funds including program income are available until the program end date as defined by HUD on or about July, 2013.**

(6) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information) **St Louis County Office of Community Development Department of Planning will administer all activities under the direction of Jim Holtzman, Director, 121 S. Meramec, Ste. 444, St Louis, MO 63105. Jim may also be reached by telephone at 314-615-4414, or by email jlholtzman@stlouisco.com Additionally, St Louis County Office of Community Development/Dept of Planning will contract with non-profits, quasi-governmental agencies, and for profit developers to acquire and rehabilitate properties. These entities will be identified once the RFQ process is completed.**

(7) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

The activities will occur within various neighborhoods in targeted areas of greatest need, generally in North St Louis County and the southeastern section of unincorporated St Louis County known as Lemay. See Maps 5 & 7.

(8) Activity Description:
Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

For housing related activities, include:

- tenure of beneficiaries--rental or homeownership;
- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include:

- discount rate

For financing activities, include:

- range of interest rates

The County will contract with the responsible organizations outlined above to negotiate with owners of foreclosed and abandoned property to acquire at a discount of no less than 5% if acquired singly, and no less than 15% if acquired as a part of a bulk sale. The County will make every effort to ensure that the actual acquisition price is well below these maximums in order to provide greater benefit to LMMI households and reduce overall subsidies per property. The County will then contract with non-profit and for-profit developer/property management providers to rehabilitate the properties for long term rental. Once developed the property management providers will enter into leases with tenants whose income does not exceed 120% of the area median income.

The tenure of the beneficiaries is traditional rental.

The second deeds of trust securing Notes will be recorded on each property ensuring long term affordability. The loans to the developer/property management provider will be at zero percent interest and due upon sale and in such amount as to provide a gap amount allowing first mortgage debt service reserves, and expenses to be offset by affordable rents. During the period of affordability these loans may be assumable by other property management providers that enter into agreements with the County to continue providing affordable rental opportunities until the end of the affordability period.

The County will concentrate the efforts of this activity within the areas outlined in Classification A and B, as noted on Map 7 & 5. The County anticipates the majority of this activity will assist our minimum goal of benefitting low income households (below 50% of the area median).

I. <u>Total Budget</u>: (Include public and private components) **Approximately 35% of the funds allocated to the County for the NSP program will be targeted to fund this activity. Due to the need to ensure affordability of rents, the County's loans will vary depending upon each property, its condition, location, and the anticipated rent structure of the units. Affordable rents will be at 30% of the tenant's gross income minus the utility allowance determined by St Louis County Housing Authority, not to exceed fair market rents. Each developer/property management agency will be required to complete a proforma outlining the potential debt service available for the property and loans from the County will be allocated upon analysis of the need for gap funding. Using a $200,000 TDC for properties**

to be rented to families whose income is <120% of the area median and a TDC for properties to be rented to families whose income is <50% of the area median, and assuming the majority of those assisted in this activity will be <50% of the area median, we have developed the following formula:

These figures are only ESTIMATES at this time and a specific budget and types of eligible activities will be developed for each property to be assisted—these budgets will vary from property to property. the budgets provided in this NSP applications will require revision, to ensure that funds can be used effectively.

TDC for rental unit at <120% income		**$200,000**	
Fair market rents of 4 bedroom	**958**		
Utility allowance of	**85**		
Rent allowed	**$ 873**		
Affordable debt service			**$ 373.00**
Estimated expenses and reserves			**500.00**
Total expenses			**$ 873.00**
Bank loan supported by rents	**$ 50,834**		
County Loan	**$149,166**		
TDC for rental unit at <50% income		**$150,000**	
30% of income family of 4	**$823**		
Utility allowance	**85**		
Rent allowed	**$738**		
Affordable debt service			**$ 238**
Estimated expenses & reserves			**500**
Total expenses			**$ 738**
Bank loan supported by rents	**$ 32,435**		
County Loan	**$ 117,565**		

Approximately 60% of the funds for this project will be allocated to serve families <50% of the area median income providing approximately 17 units of housing, and 40% of the funds for this project will assist families whose income does not exceed 120% of the area median income, providing approximately 9 units of housing.

J. Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent):

The County anticipates 9 units of housing for families <120% of the area median income	
@$149,166 in NSP funds per unit estimated at	**$1,342,494**
And 17 units of housing for families <50% of the area median income	
@ $117,565 + $29, 057 contingency in NSP funds per unit estimated at	**$2,027,662**
Totaling an estimated	**$3,370,156**

G. *NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)*

(1) Activity Name: **NSP – 3 Acquisition/Demolition/Redevelopment of units for land banking or other eligible purpose**

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)
CDBG – 24 CFR 570.201(a), acquisition, (b), disposition, (d) demolition, and (m) construction of housing.
NSP – 2301(c)(3)(A) Establish financing mechanisms for purchase and redevelopment.
NSP – 2301(c)(3)(B) Purchase and rehabilitate homes and residential properties.
NSP – 2301(c)(3)(E) Redevelop demolished or vacant properties
NSP – 2301(c)(3)(C) Establish land banks for homes that have been foreclosed upon
NSP – 2301(c)(3)(D) Demolish blighted structures
NSP – 2301(c)(3)(E) Redevelop demolished or vacant properties

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income). **The ultimate beneficiaries (after redevelopment of the site) will be restricted to low-, moderate-, and middle-income clientele, as defined by the NSP regulations . All participants will be restricted to the income levels <120% of the area median income.**

(4) Projected Start Date: **Upon notice of funding**

(5) Projected End Date: **Project will continue as long as funds including program income are available until the program end date as defined by HUD on or about July, 2013.**

(6) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information) **St Louis County Office of Community Development Department of Planning will administer all activities under the direction of Jim Holtzman, Director, 121 S. Meramec, Ste. 444, St Louis, MO 63105. Jim may also be reached by telephone at 314-615-4414, or by email jlholtzman@stlouisco.com Additionally, St Louis County Office of Community Development/Dept of Planning will contract with non-profits, quasi-governmental agencies, and for profit developers to acquire and rehabilitate properties. These entities will be identified once the RFQ process is completed.**

(7) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

The activities will occur within various neighborhoods in targeted areas of greatest need, generally in North St Louis County and the southeastern section of unincorporated St Louis County known as Lemay. See Map 6.

(8) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

For housing related activities, include:

- tenure of beneficiaries--rental or homeownership;
- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include:

- discount rate

For financing activities, include:

- range of interest rates
-

Properties that have no functional value, severe deterioration and meet the County's definition of blighted may be demolished under this activity. Some may be offered to neighbors for side lots, others may be offered to community groups or municipalities for community purposes (green space such as community gardens or parks) others may be demolished for commercial use. All properties will be disposed of prior to the 10 year requirement. Any property redeveloped or newly constructed as a result of this activity for residential use in the future will have an affordability restriction for 5 - 15 years if sold to a low-, moderate-, or middle income household, and 20 years affordability restriction if constructed for the purposes of rental to that same income population. Only properties within the designated areas on Map 6 will be eligible for this activity.

Properties sold to developers will be loaned at zero percent interest, to ensure future development will be to benefit LMMI households. Those properties offered to neighbors, or for community purposes will be at zero percent and forgivable after the period of affordability. The County will contract with the responsible organizations outlined above to negotiate with owners of foreclosed and abandoned property to acquire at a discount of no less than 5% if acquired singly, and no less than 15% if acquired as a part of a bulk sale. The County will make every effort to ensure that the actual acquisition price is well below these maximums in order to provide greater benefit to LMMI households and reduce overall subsidies per property.

I. Total Budget: (Include public and private components)

The County anticipates using approximately 5% of its allocation for demolition purposes under this activity equaling $450,000. Note that this is not a primary NSP activity, and the budget may be decreased to allow increases of other activity budgets should circumstance warrant within the St Louis HOME Consortium Consolidated Plan amendment guidelines.

These figures are only ESTIMATES at this time and a specific budget and types of eligible activities will be developed for each property to be assisted—these budgets will vary from

property to property. the budgets provided in this NSP applications will require revision, to ensure that funds can be used effectively.

No low income housing will be demolished under this project. All property demolished will be vacant.

J. Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent):

11 – 15 blighted properties could be acquired and demolished under this activity and held for future development.

G. ***NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)***

(1) Activity Name: **NSP – 4 Administration**

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)
CDBG: 24 CFR 570.206
NSP – 2301(c)4 - General Administration and Planning

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income). **Administration is exempt from meeting a national objective.**

(4) Projected Start Date: **September 30, 2008**

(5) Projected End Date: **Administration of the Neighborhood Stabilization Program will continue as long as funds including program income are available until the program end date as defined by HUD on or about July, 2013.**

(6) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information) **St Louis County Office of Community Development Department of Planning will administer all activities under the direction of Jim Holtzman, Director, 121 S. Meramec, Ste. 444, St Louis, MO 63105. Jim may also be reached by telephone at 314-615-4414, or by email jlholtzman@stlouisco.com Additionally, St Louis County Office of Community Development/Dept of Planning will contract with non-profits, quasi-governmental agencies, and for profit developers to acquire and rehabilitate properties. These entities will be identified once the RFQ process is completed.**

(7) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

(8) Activity Description:
Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

For housing related activities, include:

- tenure of beneficiaries--rental or homeownership;
- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include:

- discount rate

For financing activities, include:

- range of interest rates

Administration of the NSP Grant

I. Total Budget: (Include public and private components)

$933,856, which is 10% of the grant plus 10% of any program income generated as a result of this grant.

J. Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent):

Not applicable.

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): _St Louis County_______ Lead Agency St Louis HOME Consortium Jurisdiction Web Address: www.stlouisco.com/pln/nsp *(URL where NSP Substantial Amendment materials are posted)*	NSP Contact Person: Jim Holtzman Address: 121 S. Meramec, Ste. 444 Telephone: 314-615-4414 Fax: 314-615-8674 Email: jholtzman2@stlouisco.com

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 page _2___.

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 __5___.

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 __9___.
- a definition of "affordable rents,"
  Yes☒ No☐. Verification found on page __10___.
- a description of how the grantee will ensure continued affordability for NSP assisted housing,
  Yes☒ No☐. Verification found on page _10____.

- a description of housing rehabilitation standards that will apply to NSP assisted activities?

  Yes☒ No☐. Verification found on page __10___.

D. 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 _10____.

- 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 __11___.
  Amount budgeted = $_2,334,650____.

E. ACQUISITIONS & RELOCATION

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 __11___.

If so, does the substantial amendment include:

- The number of low- and moderate-income dwelling units—i.e., ≤ 80% of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities?
  Yes☒ No☐. Verification found on page _11____.

- The number of NSP affordable housing units made available to low- , moderate-, and middle-income households—i.e., ≤ 120% of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion)?
  Yes☒ No☐. Verification found on page __11___.

- 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 _11____.

F. 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 __12___.

Is there a summary of citizen comments included in the final amendment?
Yes☐ No☐ Verification found on page _____.

G. 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 page _Beginning on page 17____.
- correlated eligible activity under CDBG,
  Yes☒ No☐. Verification found on page __Beginning on page 17___.
- the areas of greatest need addressed by the activity or activities,
  Yes☒ No☐. Verification found on page __Beginning on page 17___.
- expected benefit to income-qualified persons or households or areas,
  Yes☒ No☐. Verification found on page _Beginning on page 17____.
- 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 _Beginning on page 17____.
- appropriate performance measures for the activity,
  Yes☒ No☐. Verification found on page _Beginning on page 17____.
- amount of funds budgeted for the activity,
  Yes☒ No☐. Verification found on page _Beginning on page 17____.
- the name, location and contact information for the entity that will carry out the activity,
  Yes☒ No☐. Verification found on page __Beginning on page 17___.
- expected start and end dates of the activity?
  Yes☒ No☐. Verification found on page _Beginning on page 17____.
- <u>If the activity includes acquisition of real property</u>, the discount required for acquisition of foreclosed upon properties,
  Yes☒ No☐. Verification found on page _Beginning on page 17___.
- <u>If the activity provides financing</u>, the range of interest rates (if any),
  Yes☒ No☐. Verification found on page _Beginning on page 17____.

- If the activity provides housing, duration or term of assistance,
  Yes☒ No☐. Verification found on page __Beginning on page 17___.

- tenure of beneficiaries (e.g., rental or homeownership),
  Yes☒ No☐. Verification found on page _Beginning on page 17____.

- does it ensure continued affordability?
  Yes☒ No☐. Verification found on page __Beginning on page 17___.

H. CERTIFICATIONS

The following certifications are complete and accurate:

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