

Action Plan

Grantee: Arkansas

Grant: B-11-DN-05-0001

LOCCS Authorized Amount:	\$ 5,000,000.00
Grant Award Amount:	\$ 5,000,000.00
Status:	Reviewed and Approved
Estimated PI/RL Funds:	\$ 2,000,000.00
Total Budget:	\$ 7,000,000.00

Funding Sources

No Funding Sources Found

Narratives

Summary of Distribution and Uses of NSP Funds:

On October 19, 2010, HUD released a new allocation of NSP funds ("NSP3") that was authorized by the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Act provides the State of Arkansas \$5 million in new NSP3 funds to continue to assist in the redevelopment of foreclosed homes and residential properties, contingent upon approval by HUD. Arkansas Development Finance Authority ("ADFA"), the housing agency for the state of Arkansas, has been designated, through a Memorandum of Understanding with the Arkansas Economic Development Commission (AEDC), as administrator of any NSP funds allocated to Arkansas (Appendix F). ADFA will distribute NSP funds on a competitive basis for the acquisition/rehabilitation and new construction of vacant, foreclosed residential property for the development of affordable rental housing. Applicants must submit an application to ADFA in accordance with guidelines to be established by ADFA. ADFA Housing Staff will review and score all applications according to the Proposed Scoring Criteria, attached hereto as Appendix A and incorporated herein by reference. ADFA Housing Staff will, based upon such review and scoring, submit its recommendation to ADFA's Board of Directors which will make the final award decision. Points will be given to each application based upon (1) Need; (2) Capacity; (3) Financing; (4) Quality of Plan; and (5) Ultimate Neighborhood Stabilization Goals; See, the Proposal Scoring Criteria at Appendix A, for greater detail. Applicants proposing to utilize NSP3 funds for an eligible use in a Priority County or Priority Area will receive a "Need" score corresponding to the priority location as discussed above. NSP3 funds may only be utilized in eligible census tract in one of the 43 Counties which have a HUD Needs Score of 12 or greater. Points under the zip code level may be available if the proposed area in the county qualifies as set forth herein. Allocation of points as described above will, assuming all other point categories are constant, prioritize eligible uses within the areas of Arkansas with the (1) greatest percentage of home foreclosures; (2) highest percentage of homes financed by a subprime mortgage-related loan; and (3) highest likelihood to face a significant rise in the rate of home foreclosures. ADFA believes that the above-described allocation of points based upon Priority Counties and Priority Areas will effect the purpose of NSP3 to stabilize neighborhoods most affected by foreclosure, subprime loans and the risk of foreclosure by, in part, returning vacant and foreclosed properties to the market. The consideration of both location factors will ensure that NSP3 funds are targeted to eligible uses benefiting those areas of greatest need within those counties of greatest need. An application must propose production of at least the number of units set forth by HUD as the minimum number of units necessary to make an impact in the area. This information can be found by using the HUD mapping tool at <http://www.huduser.org/portal/datasets/NSP.html>. The mapped area of scattered site proposed developments must include all proposed units and meet the minimum number of units set forth by HUD as the minimum number of units necessary to make an impact in the area which includes all proposed units. In addition to Need, applications will be reviewed for and scored on capacity, financing, quality of the plan, and ultimate neighborhood stabilization goals. These criteria are fully set forth and described in the Proposal Scoring Criteria at Appendix A. However, all applications are subject to the approval of ADFA's Board of Directors and the Board has absolute discretion to grant, deny or modify any application regardless of the score given the application by ADFA's Housing Staff. ADFA will accept appli



How Fund Use Addresses Market Conditions:

In determining areas of greatest need, which will be the target locations for distribution of NSP3 funds under this Substantial Amendment, ADFA relied upon data provided by: 1) Local Initiatives Support Corporation (“LISC”) published at: http://www.foreclosure-response.org/maps_and_data/lisc_data.html#wkbk ; and 2) Department of Housing and Urban Development (“HUD”) data is published at: <http://www.huduser.org/portal/datasets/NSP.html> HUD has provided estimates of foreclosure need and a foreclosure related needs scores at the Census Tract level. The scores range from 1 to 20, with a score of 20 indicating census tracts with the HUD-estimated greatest need. The HUD User site provides additional information and instructions. <http://www.huduser.org/portal/datasets/NSP.html> To be identified as a neighborhood or neighborhoods of greatest need by the State of Arkansas such area must have an individual score for the grantee’s identified target geography that is not less than the lesser of 17 or the twentieth percentile most needy score in an individual state. HUD has identified 12 as the minimum needs score for the State of Arkansas. Based upon HUD areas of greatest needs, ADFA has identified 43 counties which have at least one census tract with a needs score of 12 or higher. ADFA has designated the areas of greatest needs based upon the HUD needs score and LISC data. ADFA has identified two tiers of scoring to reflect need: 1) 28 counties, out of the 43 counties that contain at least one eligible census tract, that will receive priority scoring due to containing a greater number of eligible census tracts; and 2) zip-codes of areas (which must be in an eligible census tract) evidencing greater need based upon LISC data. I. County Level ADFA will provide priority points, as indicated below, to be those 28 counties in Arkansas identified by HUD as areas of greatest need. (“Priority Counties”). Priority A Counties: Arkansas Counties of a HUD needs score of 17 or greater: Lincoln, Crittenden, Desha, Jefferson, Phillips 15 Points Priority B Counties: Arkansas Counties of a HUD needs score of 14 or greater but less than 17 or greater: Arkansas, Ashley, Benton, Calhoun, Chicot, Cleveland, Dallas, Drew, Franklin, Madison, Mississippi, Newton, Pulaski, St. Francis, Searcy, Union 10 Points Priority C Counties: Arkansas Counties of a HUD needs score of 13: Bradley, Hot Springs, Marion, Poinsett, Polk, Scott, Union 5 points The eligible census tracts of greatest needs and priority counties can be found in the maps located in Appendix C. A proposed NSP3 project must be located in an eligible census tract. If the proposed development is also in one of the above-stated counties, or in a zip code as discussed below, such application will be entitled to points as set forth in this Substantial Amendment. II. Zip Code Level ADFA will provide priority points to the zip codes, within the eligible census tracts, that are identified by LISC data as area of greatest needs. LISC analyzed the requisite factors to determine the areas of greatest need, including (1) areas with the greatest percentage of home foreclosures; (2) areas with the highest percentage of homes financed by a subprime mortgage-related loan; and (3) areas likely to face a significant rise in the rate of home foreclosures. LISC additionally analyzed the delinquency rate of loans. LISC utilized such data, by U.S. Postal Service zip code, to calculate an Intrastate Foreclosure Needs Score (“LISC Needs Score”). This data was gathered and analyzed for the specific purpose of identifying those areas in each state that were in greatest need as defined by NSP. This data is published at: http://www.foreclosure-response.org/maps_and_data/lisc_data.html#wkbk A detail

Ensuring Continued Affordability:

HUD requires that states ensure, to the maximum extent practicable for the longest feasible term, that the sale, rental or redevelopment of foreclosed upon homes and residential properties remain affordable to individuals or families whose incomes do not exceed 120 percent (120%) of area median income (AMI). Accordingly, the affordability requirements set forth in this Substantial Amendment apply without regard to the term of any loan or mortgage or transfer of ownership. Such requirements shall be imposed by deed restrictions, covenants running with the land, or other mechanisms approved by ADFA. NSP3 project applicants (i.e., cities, counties, nonprofits, public housing authorities, and private developers) must maintain copies of the recorded instruments in their project files.

NSP3-assisted units must meet the affordability requirements for not less than the applicable period specified in the following table, beginning after project completion (defined as receipt of Certificate of Occupancy for all buildings comprising the proposed project and/or ADFA final inspection):

RENTAL

NSP Assistance Amount Per Unit /Minimum Affordability Period

Under \$15,000 / 5 years

\$15,000 - \$40,000 / 10 years

Over \$40,000 / 15 years

New Construction or acquisition of newly constructed housing / 20 years

At least 25 percent (25%) of NSP funds allocated shall be utilized to provide eligible assistance to individuals and families whose incomes do not exceed fifty percent (50%) of area median income, adjusted for family size. The minimum number of very low-income residential units (those units whose tenant’s income is 50 percent or less of area median income) will be based on 25% of the total NSP funds awarded, to an applicant, divided by \$90,000 per unit assistance cap for the eligible use. The remaining NSP residential rental units in such eligible use cannot exceed 120 percent (120%) of the area median income.

Rent, occupancy, and affordability requirements for rental units will be enforced with covenants, mortgages, or deed restrictions running with the property for a period of time consistent with this Substantial Amendment.

Definition of Blighted Structure:

The definition of a “blighted structure” for purposes of the CDBG Neighborhood Stabilization Program is as follows: A structure shall be defined as blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare.

The Arkansas Code does not provide a definition of a “blighted structure.” However, in the statutory area of “Community Development”, the Code does define a “blighted area” as “an area in which the structures, buildings, or improvements, by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for access, ventilations, light, air, sanitation, or open spaces, high density of population, and overcrowding or the existence of conditions which endanger life or property, are detrimental to the public health, safety, morals, or welfare.” Ark. Code Ann. § 24-168-301(3)(A).

ADFA does not intend to accept applications for proposed acquisition, demolition or redevelopment of blighted structures.



Definition of Affordable Rents:

“Affordable Rents” is defined as rents that are at or below the Fair Market Rent (FMR) levels as determined by the U.S. Department of Housing and Urban Development (HUD) per county. (Note: Fair Market Rents include utilities, therefore if a tenant is paying their own utilities, the Utility Allowance published by the local Public Housing Authority (PHA), must be deducted from the maximum FMR). For purposes of the NSP3, “affordable rents” shall be as follows:

- Beneficiaries whose total household income is = 50% of AMI – Low HOME Rent
- Beneficiaries whose total household income is 51% - 120% of AMI – FMR

NSP3-assisted units must meet rent and occupancy restriction requirements. Gross rents, including utility costs, will be restricted such that households shall pay the lesser of:

- 1) Thirty (30%) percent of their gross income for rent, including utilities;
- 2) Applicable fair market rent; or
- 3) HOME Program rents for persons at or below 50 percent of AMI.

Note: Affordable rent limits and area median incomes are recalculated on an annual basis by HUD. 2011 affordable rent limits and area median incomes have not been issued by HUD to date. When issued, such limits will be available on the ADFA website in addition to HUD’s website. Until the 2011 limits become available, 2010 limits shall be applicable.

Housing Rehabilitation/New Construction Standards:

Housing that is rehabilitated or constructed with NSP funds shall, upon completion, meet or exceed ADFA’s Minimum Design Standards and other applicable requirements, including but not limited to the HERS requirement for new construction, universal design, all state and local housing codes and accessibility standards, State Model Energy Code, zoning, fire, and building codes, as amended. In addition, all housing assisted with NSP3 funds shall be maintained in compliance with all applicable minimum Housing Quality Standards (HQS), as established by ADFA, and all stated foregoing requirements, for the full term of the required affordability period. In the absence of local building codes, NSP3-assisted structures must meet, as applicable the building standards outlined in the International Code Council (ICC) in addition to all other applicable standards as set forth herein.

The ADFA Minimum Design Standards and the ADFA HOME Program General Specifications/Performance Manual describe construction and rehabilitation standards established by ADFA. These standards can be found on ADFA’s website at www.arkansas.gov/adfa, Publications and Forms link.

Vicinity Hiring:

As part of the application process, the applicant will be required to submit a vicinity hiring plan to address the vicinity hiring requirements of NSP3. Prior to release of retainage payment for this activity, the applicants will be required to submit evidence of all activities undertaken in meeting the vicinity hiring requirements.

Procedures for Preferences for Affordable Rental Dev.:

As part of the application process, the applicant will be required to submit a market study for the area in which the project is proposed. As part of ADFA’s application review process, ADFA staff will consider the local housing conditions and the extent they will be addressed by the proposed NSP3 development.

Grantee Contact Information:

Arkansas Development Finance Authority (ADFA)
 900 West Capitol, Suite 300
 Little Rock, AR 72201
 Sara Oliver, Vice President of Housing
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Project Summary

Project #	Project Title	Grantee Activity #	Activity Title
1-NC (THE MANOR LLC)	NSP 3 (THE MANOR LLC)	2-NSP3 NC (THE MANOR LLC) 3 NSP3 NC (THE MANOR LLC)	NSP3 NC (THE MANOR LLC)
9999	Restricted Balance	<i>No activities in this project</i>	
NSP3 ADMIN	NSP 3 ADMINISTRATION	7-NSP3 ADMIN	NSP3 ADMINISTRATION



Activities

Project # / Title: 1-NC (THE MANOR LLC) / NSP 3 (THE MANOR LLC)

Grantee Activity Number: 2-NSP3 NC (THE MANOR LLC)
Activity Title: NSP3 NC (THE MANOR LLC)

Activity Type:

Construction of new housing

Project Number:

1-NC (THE MANOR LLC)

Projected Start Date:

06/25/2012

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

LMMI: Low, Moderate and Middle Income National Objective for NSP Only

Activity Status:

Completed

Project Title:

NSP 3 (THE MANOR LLC)

Projected End Date:

07/31/2013

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 3,500,000.00

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 3,500,000.00

Benefit Report Type:

Direct (Households)

Proposed Beneficiaries

Renter Households

Total	Low	Mod	Low/Mod%
21		21	100.00
21		21	100.00

of Households

Proposed Accomplishments

of Multifamily Units

Total

21

of Housing Units

21

Activity is being carried out by Grantee:

No

Activity is being carried out through:

Organization carrying out Activity:

ADFA

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed Budget
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ADFA

State Agency

\$ 3,500,000.00

Location Description:

CITY OF LITTLE ROCK, ARKANSAS

Activity Description:

ACQ & CONSTRUCT 75 ASSISTED LIVING UNITS FOR RENT

Environmental Assessment: COMPLETED

Environmental Reviews: None



Grantee Activity Number: 3 NSP3 NC (THE MANOR LLC)
Activity Title: NSP3 NC (THE MANOR LLC)

Activity Type:
 Construction of new housing

Project Number:
 1-NC (THE MANOR LLC)

Projected Start Date:
 02/06/2013

Project Draw Block by HUD:
 Not Blocked

Activity Draw Block by HUD:
 Not Blocked

Block Drawdown By Grantee:
 Not Blocked

National Objective:
 LH25: Funds targeted for housing for households whose incomes are at or under 50% Area Median Income.

Activity Status:
 Completed
Project Title:
 NSP 3 (THE MANOR LLC)

Projected End Date:
 07/31/2013

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 1,250,000.00
Most Impacted and Distressed Budget: \$ 0.00
Other Funds: \$ 0.00
Total Funds: \$ 1,250,000.00

Benefit Report Type:
 Direct (Households)

Proposed Beneficiaries	Total	Low	Mod	Low/Mod%
# Renter Households	8	8		100.00
# Owner Households				0.0
# of Households	8	8		100.00

Proposed Accomplishments	Total
# of Singlefamily Units	
# of Multifamily Units	8
# of Housing Units	8

Activity is being carried out by Grantee:
 No

Activity is being carried out through:

Organization carrying out Activity:
 ADFA

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed Budget
ADFA	State Agency	\$ 1,250,000.00



Location Description:

LITTLE ROCK, ARKANSAS

Activity Description:

ACQ NC OF LEVEL II ASSISTED LIVING FACILITY

Environmental Assessment: COMPLETED

Environmental Reviews: None

Project # / Title: NSP3 ADMIN / NSP 3 ADMINISTRATION

Grantee Activity Number: 7-NSP3 ADMIN

Activity Title: NSP3 ADMINISTRATION

Activity Type:

Administration

Project Number:

NSP3 ADMIN

Projected Start Date:

05/15/2011

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

Not Applicable - (for Planning/Administration or Unprogrammed Funds only)

Activity Status:

Under Way

Project Title:

NSP 3 ADMINISTRATION

Projected End Date:

05/15/2014

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 250,000.00

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 250,000.00

Benefit Report Type:

NA



Activity is being carried out by Grantee:

No

Activity is being carried out through:

Organization carrying out Activity:

ADFA

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed Budget
ADFA	State Agency	\$ 250,000.00

Location Description:

ADFA ADMINISTRATION

Activity Description:

ADMINISTRATION

Environmental Assessment: EXEMPT

Environmental Reviews: None

Action Plan Comments:

Reviewer - The grantee will undergo competitive allocation for projects. Therefore, no projects or related National Objectives are currently entered. However, the grantee will need to enter proposed planning and administration expenses as an activity, and assign the correct National Objective, which is designated N/A.

Action Plan History

Version	Date
B-11-DN-05-0001 AP#1	06/27/2011
B-11-DN-05-0001 AP#2	09/26/2012
B-11-DN-05-0001 AP#3	02/11/2013



