

**Grantee: State of Arkansas**

**Grant: B-08-DN-05-0001**

**April 1, 2009 thru June 30, 2009 Performance Report**

**Grant Number:**

B-08-DN-05-0001

**Obligation Date:****Grantee Name:**

State of Arkansas

**Award Date:****Grant Amount:**

\$19,600,000.00

**Contract End Date:****Grant Status:**

Active

**Review by HUD:**

Reviewed and Approved

**Submitted By:**

No Submitter Found

## Disasters:

### Declaration Number

NSP

## Plan Description:

The NSP for Arkansas is authorized by the Housing and Economic Recovery Act (HERA) (Public Law 110-289), which was signed into law by President Bush on July 30, 2008. Originally introduced as HR 3221, HERA Division B, Title III, establishes the NSP grant under the Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes heading. The NSP is administered by the Department of Housing and Urban Development (HUD) and is considered a special Community Development Block Grant (CDBG) allocation. CDBG allocations for Arkansas are administered by statute by the Arkansas Economic Development Commission (AEDC). Arkansas is expected to receive \$19,600,000 for the 2009 Program Year, contingent upon application approval by HUD. Arkansas Development Finance Authority (ADFA) the housing agency for the state of Arkansas, has been designated by AEDC as administrator of NSP funds for the State of Arkansas. This designation is by virtue of a Memorandum of Understanding (MOU) executed by AEDC and ADFA dated October 7, 2008. ADFA will distribute NSP funds for the following eligible uses: 1.Acquisition of abandoned and foreclosed properties; 2.Rehabilitation of acquired abandoned and foreclosed properties; 3.Demolition of blighted abandoned and foreclosed structures acquired using NSP funds; 4.Reasonable developers fees related to NSP-assisted housing rehabilitation or construction activities; 5.New construction; 6.Sale of residential properties acquired or acquired/rehabilitated using NSP funds; 7.Rental of residential properties acquired or acquired/rehabilitated using NSP funds; 8.Payment of reasonable down payment and closing cost assistance; 9.Interest rate buy-down for fixed-rate first mortgages for eligible purchasers; 10.General administration and planning activities. 11.Provide mortgage counseling to all purchasers of properties constructed, acquired or acquired/rehabilitated with NSP funds. The NSP funding is available statewide to any unit of local government, nonprofit organization, public housing authority, or private developer. Priority will be given to applicants proposing a project located in an area meeting the criteria established for greatest needs. ADFA anticipates that the amount of funds that can be applied for and approved will vary with population and need of the area. ADFA reserves the right to adjust contracted amounts based upon actual performance and progress to use the funds within the initial 18 months of the program.

## Recovery Needs:

### AREAS OF GREATEST NEED

In determining areas of greatest need, ADFA will rely upon data provided by:

- 1)Local Initiatives Support Corporation (LISC)
- 2)Department of Housing & Urban Development (HUD)

The Needs Score for areas in Arkansas range from 0 to 100, with a median score of 0.90. ADFA has determined a minimum Needs Score of 1.0 to indicate the areas of greatest need. Using LISCs Needs Score by U.S. Postal Service zip code area, ADFA has established the following as areas of greatest need (Priority Areas), translated into priority points:

Level 1 - USPS zip code areas with INF score &#8805; 10.0 15 priority pts  
Level 2 - USPS zip code areas with INF score &#8805; 3.0 but &#8804; 9.9  
10 priority pts  
Level 3 - USPS zip code areas with INF score &#8805; 1.0 but &#8804; 2.9  
5 priority pts

In addition, ADFA has designated additional areas of need, to be those 15 counties in Arkansas, identified by HUD, with the highest number of foreclosures (Priority Counties).

Category A - counties with 1000 or more foreclosures:

Benton; Pulaski; & Washington 10 priority pts

Category B - counties with 500-999 foreclosures:

Craighead; Garland; Saline; & Sebastian 7 priority pts

Category C - counties with 300-499 foreclosures:

Boone; Crawford; Crittenden; Faulkner; Jefferson; Lonoke; Mississippi; & White 5 priority pts

## DISTRIBUTION & USES OF FUNDS

ADFA will distribute NSP funds on a competitive basis. Applicants must submit an application in accordance to established guidelines. Staff will review & score all applications according to Proposed Scoring Criteria. Points will be given to each application based upon: Need; Capacity; Financing; Quality of Plan; Ultimate Neighborhood Stabilization Goals; Time of Performance. Staff will submit their recommendations to ADFA's Board of Directors for final decision.

## DEFINITIONS & DESCRIPTIONS

A structure shall be defined as blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, & public welfare. The Arkansas Code does not provide a definition of a blighted structure.

For purposes of the NSP, affordable rents shall be in accordance with the HOME Program Rents & FMRs as delineated in the HOME Investment Partnerships Program. The affordable rents are as follows:

Beneficiaries whose total household income is &#8804; 50% of AMILow HOME Rent

Beneficiaries whose total household income is 50%-60% of AMIHigh HOME Rent

Beneficiaries whose total household income is 60%-120% of AMIFMR

Any activities undertaken NSP funds must adhere to affordability requirements as follows based on the total amount of NSP funds used for the activity:

5 years---Under

10 years-- \$15,000-\$40,00

15 years-- Over \$40,000

20 years---New construction or acquisition of rental

Housing that is rehabilitated or constructed with NSP funds shall, upon completion, meet or exceed all applicable minimum housing code & accessibility standards, as established by ADFA, & all state & local housing, State Model Energy Code, zoning, fire, & building codes, as amended.

The ADFA Minimum Design Standards & the ADFA HOME Program General Specifications/Performance Manual describe construction/rehabilitation standards established by the agency.

## LOW INCOME TARGETING

At least 25% of funds must be used for housing individuals & families whose incomes do not exceed 50 percent of area median income. The remaining balance of funds will target households at or below 120% AMI.

On 11/14/08 ADFA advertised & posted on their website for public comments. Comments were received from 8 entities. All comments received were included in the submission to HUD on December 1, 2008.

**Overall**

**This Report Period**

**To Date**

<b>Total Projected Budget from All Sources</b>	N/A	\$9,708,974.00
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$9,708,974.00
<b>Program Funds Drawdown</b>	\$0.00	\$0.00
<b>Obligated CDBG DR Funds</b>	\$0.00	\$0.00
<b>Expended CDBG DR Funds</b>	\$0.00	\$0.00
<b>Match Contributed</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Program Income Drawdown</b>	\$0.00	\$0.00

## Progress Toward Required Numeric Targets

<b>Requirement</b>	<b>Required</b>	<b>To Date</b>
<b>Minimum Overall Benefit Percentage</b>	\$99.99	\$0.00
<b>Minimum Non-Federal Match</b>	\$0.00	\$0.00
<b>Limit on Public Services</b>	\$2,940,000.00	\$0.00
<b>Limit on Admin/Planning</b>	\$1,960,000.00	\$0.00
<b>Limit on State Admin</b>	\$0.00	\$0.00

## Progress Toward Activity Type Targets

## Progress Toward National Objective Targets

### Overall Progress Narrative:

Arkansas Development Finance Authority (ADFA) hired ICF Consulting to assist in implementing our Neighborhood Stabilization Program (NSP). ADFA held two NSP workshops to inform the public on eligible uses and requirements. Approximately one hundred people attended the sessions regarding the program. NSP guidelines and application are currently available at [www.arkansas.gov/adfa](http://www.arkansas.gov/adfa). Applications are due September 1, 2009.

## Project Summary

<b>Project #, Project Title</b>	<b>This Report Period</b>		<b>To Date</b>	
	<b>Project Funds Budgeted</b>	<b>Program Funds Drawdown</b>	<b>Project Funds Budgeted</b>	<b>Program Funds Drawdown</b>
9999, Restricted Balance	\$0.00	\$0.00	\$0.00	\$0.00
NSP ACQ/R SF (B), Acquisition & Rehab (Single Family)	\$4,570,000.00	\$0.00	\$4,570,000.00	\$0.00
NSP ACQ/RR (B), Acquisition & Rehab (Rental)	\$3,500,000.00	\$0.00	\$3,500,000.00	\$0.00
NSP ADMIN, Administration	\$1,960,000.00	\$0.00	\$1,960,000.00	\$0.00
NSP DEM (D), Demolition	\$1,500,000.00	\$0.00	\$1,500,000.00	\$0.00
NSP HCN (E), Housing Counseling	\$30,000.00	\$0.00	\$30,000.00	\$0.00
NSP NCSF (E), New Construction (Single Family)	\$4,540,000.00	\$0.00	\$4,540,000.00	\$0.00
NSP RNC (E), New Construction (Rental)	\$3,500,000.00	\$0.00	\$3,500,000.00	\$0.00

