

# **PROPOSED NSP3 SUBSTANTIAL AMENDMENT**

## **PY 2010 ACTION PLAN: 12/16/10**

### **1. NSP3 Grantee Information**

<b>NSP3 Program Administrator Contact Information</b>	
<b>Name (Last, First)</b>	Fenstermaker, Jim F
<b>Email Address</b>	jim.fenstermaker@birminghamal.gov
<b>Phone Number</b>	205-254-2483
<b>Mailing Address</b>	710 North 20th Street 10th Floor City Hall Birmingham, Al 35203

### **2. Areas of Greatest Need**

#### **Map Submission**

The map generated at the HUD NSP3 Mapping Tool for Preparing Action Plan website is included as attachment A.

#### **Data Sources Used to Determine Areas of Greatest Need**

##### **Describe the data sources used to determine the areas of greatest need.**

Response:

The areas of greatest needs within the City of Birmingham (hereinafter referred to as "the City") were defined through the use of available data including:

- (a) Greatest percentage of home foreclosures;
- (b) Highest percentage of homes financed by sub-prime mortgage related loan; and
- (c) Identified by the State or unit of general local government as likely to face a significant rise in the rate of home foreclosures.

#### **Determination of Areas of Greatest Need and Applicable Tiers**

##### **Describe how the areas of greatest need were established and whether a tiered approach is being utilized to determine the distribution of funding.**

Response:

A review of the City's overall situation indicates that for the purposes of this grant application, a large portion of the City exceeds the NSP program requirements for eligibility. The City will work within these areas where feasible but will not reject other areas of foreclosure concentration not shown under the Areas of Greatest Need. The foreclosure data presented was gathered from multiple sources but, due to time constraints, should not be considered all inclusive. Foreclosure data is not static and may change rapidly with market conditions. The areas shown on attachment A have been selected as Priority Areas of Greatest Need for the use of NSP funds within the City. The Priority Areas of Greatest Needs show most, though not all the factors which were included in the analysis. Among factors considered where the Areas with the highest percentage of foreclosures, the areas with the highest percentage of homes financed by subprime mortgage related loans, and the areas identified by the grantee as likely to face a significant rise in the rate of home foreclosures.

### 3. Definitions and Descriptions

#### Definitions

Term	Definition
Blighted Structure	<p>Standards for blight in the State of Alabama and the City of Birmingham are found in two places:</p> <p>1) Chapter 2, Title 24, Code of Alabama, 1975. In Section 24-2-2-c “blighted property” is defined to include: “property that contains any of the following factors: ...structures, buildings or improvements which, because of dilapidation, deterioration or unsanitary or unsafe conditions... are unfit for human habitation... structures from which utilities, plumbing, heating, sewerage or other facilities have been destroyed, removed or rendered ineffective...the presence of...overgrown...noxious weeds...trash and debris, a haven for mosquitoes, rodents or other vermin...</p> <p>2) Code of the City of Birmingham – Housing Ordinance – Section 7. In Section 7-1-172, the following standard for blight is set forth: Any dwelling or dwelling unit or place of employment which shall be found to have any of the following defects shall be condemned as unfit for human habitation or as a place of employment and shall be so designated and placarded by the director of buildings and inspections:</p> <p>(1) One which is so damaged, decayed, dilapidated, unsanitary, and unsafe or vermin infested that it creates a serious hazard to the health or safety of the occupants or of the public.</p> <p>(2) One which lacks illumination, ventilation or sanitation facilities adequate to protect the health or safety of the occupants or of the public.</p> <p>(3) One which because of its general condition or location is unsanitary, or otherwise dangerous, to the health or safety of the occupants or of the public.</p>
Affordable Rents	HOME program rents will be used by the City for projects funded by NSP. These are updated annually by the U.S. Department of Housing and Urban Development. HOME Program rent limits are available at <a href="http://www.hud.gov">www.hud.gov</a>

#### Descriptions

Term	Definition
Long-Term Affordability	The City has adopted the HOME Program affordability standards found at 24 CFR 92.252 (a), (c), (e), and (f), and 24 CFR 92.254 to meet the continued affordability standards of the Neighborhood Stabilization Program. Utilizing these standards, the City will ensure that all NSP assisted housing remains affordable to individuals or families whose incomes do not exceed 120 percent of area median

income or, for units originally assisted with funds under the requirements of section 2301 (f) (3) (A) (ii), remain affordable to individuals and families whose incomes do not exceed 50 percent of area median income. Enforcement Mechanisms HOME rules require that assisted properties remain affordable for a specific period of time (5, 10, 15 or 20 years), depending on the activity and the level of funds invested. Participating Jurisdictions are required to place certain restrictions on assisted properties in order to preserve affordable housing in their communities. Restrictions involving the period of affordability will be incorporated in a deed restriction and/or mortgage documents or other appropriate and binding documents (Note: covenants on land may be used in lieu of deed restrictions).

Qualification as Affordable Housing: Rental Housing

(a) 24 CFR 92.252 (a) Rent limitation. HUD provides the following maximum HOME rent limits. The maximum HOME rents (High HOME Rents) are the lesser of:

(1) The fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR § 888.111; or

(2) A rent that does not exceed 30 percent of the adjusted income of a family whose annual income equals 65 percent of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit. The HOME rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions.

(b) 24 CFR 92.252 (c) Initial rent schedule and utility allowances. The participating jurisdiction shall establish maximum monthly allowances for utilities and services (excluding telephone). The participating jurisdiction shall review and approve rents proposed by the owner for units subject to the maximum rent limitations in paragraphs (a) or (b) of this section. For all units subject to the maximum rent limitations in paragraphs (a) or (b) of this section for which the tenant is paying utilities and services, the participating jurisdiction shall ensure that the rents do not exceed the maximum rent minus the monthly allowances for utilities and services.

(c) 24 CFR 92.252 (e) Periods of Affordability. The NSP-assisted units must meet the affordability requirements for not less than the applicable period specified in the following table, beginning after project completion. The affordability requirements apply without regard to the term of any loan or mortgage or the transfer of ownership. They shall be imposed by deed restrictions, covenants running with the land, or other mechanisms approved by HUD, except that the affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure. The participating jurisdiction may use purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure or deed in lieu of foreclosure to preserve affordability. The affordability restrictions shall be revived

	<p>according to the original terms if, during the original affordability period, the owner of record before the foreclosure, or deed in lieu of foreclosure, or any entity that includes the former owner or those with whom the former has or had family or business ties, obtains an ownership interest in the project or property.</p> <hr/> <table border="0"> <tr> <td data-bbox="532 409 1104 493">Rental housing activity</td> <td data-bbox="1104 409 1398 493">Minimum period of affordability in years</td> </tr> </table> <hr/> <table border="0"> <tr> <td data-bbox="532 514 1104 766">           Rehabilitation or acquisition of existing housing per unit amount of NSP funds: Under \$15,000            \$15,000 to \$40,000            Over \$40,000            New construction or acquisition of newly constructed housing         </td> <td data-bbox="1104 514 1398 766">           5            10            15            20         </td> </tr> </table> <hr/> <p>(d) 24 CFR 92.252 (f) Subsequent rents during the affordability period.</p> <p>(1) The maximum HOME rent limits are recalculated on a periodic basis after HUD determines fair market rents and median incomes. HUD then provides the new maximum HOME rent limits to participating jurisdictions. Regardless of changes in fair market rents and in median income over time, the HOME rents for a project are not required to be lower than the HOME rent limits for the project in effect at the time of project commitment.</p> <p>(2) The participating jurisdiction must provide project owners with information on updated HOME rent limits so that rents may be adjusted (not to exceed the maximum HOME rent limits in paragraph (d) (1) of this section) in accordance with the written agreement between the participating jurisdiction and the owner. Owners must annually provide the participating jurisdiction with information on rents and occupancy of NSP-assisted units to demonstrate compliance with this section.</p> <p>(3) Any increase in rents for NSP-assisted units is subject to the provisions of outstanding leases, and in any event, the owner must provide tenants of those units not less than 30 days prior written notice before implementing any increase in rents.</p> <p>92.254 Qualification as Affordable Housing: Homeownership</p> <p>Acquisition with or without rehabilitation. Housing that is for acquisition by a family must meet the affordability requirements of this paragraph (a).</p> <ol style="list-style-type: none"> <li>1. The housing must be single-family housing.</li> <li>2. The housing must be modest housing as follows:        The City will use the Single Family Mortgage Limits under Section 203(b) of the National Housing Act (12 U.S.C. 1709(b)) (which may be obtained from the HUD Field Office) for</li> </ol>	Rental housing activity	Minimum period of affordability in years	Rehabilitation or acquisition of existing housing per unit amount of NSP funds: Under \$15,000 \$15,000 to \$40,000 Over \$40,000 New construction or acquisition of newly constructed housing	5 10 15 20
Rental housing activity	Minimum period of affordability in years				
Rehabilitation or acquisition of existing housing per unit amount of NSP funds: Under \$15,000 \$15,000 to \$40,000 Over \$40,000 New construction or acquisition of newly constructed housing	5 10 15 20				

projects/properties assisted with NSP funds.

3. The housing must be acquired by a homebuyer whose family qualifies as a low, moderate, and middle income, (LMMI) family and the housing must be the principal residence of the family throughout the period described in paragraph (a)(4) of this section.

4. Periods of affordability.

The NSP-assisted housing must meet the affordability requirements for not less than the applicable period specified in the following table, beginning after project completion. The per unit amount of NSP funds and the affordability period that they trigger are described more fully below.

Homeowner Assistance NSP amount per-unit	Minimum Period of affordability in years
Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000	15
New construction or acquisition of newly constructed housing	20

5. Continued Affordability

The Recapture Requirements [92.254(a) (5)]

The City will use the Recapture option for NSP funding. Recapture provisions must ensure that the participating jurisdiction recoups all or a portion of the NSP assistance to the homebuyers, if the housing does not continue to be the principal residence of the family for the duration of the period of affordability.

Under the “recapture” option, the recipient repays some or all of the NSP subsidy to the Participating Jurisdiction and is able to sell his/her home to any buyer at whatever price the market will bear. The City will require full repayment of outstanding NSP funds at the time of resale or, if the net proceeds are less than the full amount of the NSP subsidy, recapture of the net proceeds. The net proceeds of a sale are the sales price minus any non-NSP loan repayments and closing costs. The City may at its option reduce the NSP investment amount to be recaptured on a pro-rata basis for the time the homeowner has owned and occupied the housing measured against the required affordability period. In those cases where the real estate does not appreciate sufficiently to allow a full recapture, the City will reduce the repayment of the NSP subsidy to allow the original purchaser to resell the unit without incurring a loss. The period of affordability is based upon the total amount of NSP funds subject to recapture described in paragraph (4) of this section.

6. Lease-purchase.

NSP funds may be used to assist homebuyers through lease-purchase programs for existing housing and for housing to be constructed. The housing must be purchased by a homebuyer within 36 months of

	<p>signing the lease-purchase agreement. The homebuyer must qualify as a low-income family at the time the lease-purchase agreement is signed. If NSP funds are used to acquire housing that will be resold to a homebuyer through a lease-purchase program, the NSP affordability requirements for rental housing in § 92.252 shall apply if the housing is not transferred to a homebuyer within forty-two months after project completion. Lease purchase agreements shall be for a period of one year and renew annually. A portion of the monthly lease payment may be set aside to help the homebuyer accumulate funds for a down-payment and/or closing costs. Approvals of homebuyers for lease purchase are on a case-by-case basis and are at the sole discretion of the City.</p> <p>7. Contract to purchase. If NSP funds are used to assist a homebuyer who has entered into a contract to purchase housing to be constructed, the homebuyer must qualify as a LMMI family at the time the contract is signed.</p> <p>8. Preserving affordability. If NSP funds assist a property that was previously assisted with HOME funds, but on which the affordability restrictions were terminated through foreclosure or transfer in lieu of foreclosure pursuant to 24 CFR part 92, the City will revive the HOME affordability restrictions for the greater of the remaining period of HOME affordability or the continuing affordability requirements of this notice.</p> <p>(i) Notwithstanding § 92.214 (a) (6), to preserve the affordability of housing that was previously assisted with NSP funds and subject to the requirements of § 92.254(a), a participating jurisdiction may use additional NSP funds to acquire the housing through a purchase option, right of first refusal, or other preemptive right before foreclosure, or to acquire the housing at the foreclosure sale, to undertake any necessary rehabilitation, and to provide assistance to another homebuyer. The housing must be sold to a new eligible homebuyer in accordance with the requirements of § 92.254(a). Additional NSP funds may not be used if the mortgage in default was funded with NSP funds.</p> <p>(ii) The total amount of original and additional NSP assistance may not exceed the maximum per-unit subsidy amount established under § 92.250.</p> <p>In addition to the above standards each NSP-assisted homebuyer will be required to receive and complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a loan.</p>
<p>Housing Rehabilitation Standards</p>	<p>HUD is requiring that all gut rehabilitation or new construction (i.e., general replacement of the interior of a building that may or may not include changes to structural elements such as flooring systems, columns or load bearing interior or exterior walls) of residential buildings up to three stories must be designed to meet the standard</p>

	<p>for Energy Star Qualified New Homes. All gut rehabilitation or new construction of mid -or high-rise multifamily housing must be designed to meet American Society of Heating, Refrigerating, and Air-Conditioning (ASHRAE) Standard 90.1-2004, Appendix G plus 20 percent (which is the Energy Star standard for multifamily buildings piloted by the Environmental Protection Agency and the Department of Energy). Other rehabilitation must meet these standards to the extent applicable to the rehabilitation work undertaken, e.g., replace older obsolete products and appliances (such as windows, doors, lighting, hot water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers and dishwashers) with Energy Star-labeled products. Water efficient toilets, showers, and faucets, such as those with the WaterSense label, must be installed. Where relevant the housing should be improved to mitigate the impact of disasters (e.g., earthquake, hurricane, flooding, fires).</p>
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**4. Low-Income Targeting**

**Low-Income Set-Aside Amount**

Enter the low-income set-aside percentage in the first field. The field for total funds set aside will populate based on the percentage entered in the first field and the total NSP3 grant.

**Identify the estimated amount of funds appropriated or otherwise made available under the NSP3 to be used to provide housing for individuals or families whose incomes do not exceed 50 percent of area median income.**

Response:  
 Total low-income set-aside **percentage** (must be no less than 25 percent): 25.23%  
 Total funds set aside for low-income individuals = \$650,000.00

**Meeting Low-Income Target**

**Provide a summary that describes the manner in which the low-income targeting goals will be met.**

Response:  
 The 2010 AMI for the Birmingham – Hoover, AL Metro FMR Area is \$61,700. The City of Birmingham’s poverty rate is 24.8%; some 29% of our residents report some sort of disability. In light of the significant housing challenges of special needs populations in our City, we will make every effort to partner with non-profit service providers to provide affordable housing opportunities for these special needs families and individuals with NSP funds. Most of these special needs populations have incomes well below 50% of AMI, and we will make it a priority to work cooperatively to develop functional permanent supportive housing models to meet the needs of these families and individuals.

## 5. Acquisition and Relocation

### Demolition or Conversion of LMI Units

Does the grantee intend to demolish or convert any low- and moderate-income dwelling units (i.e., ≤ 80% of area median income)?	No
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If yes, fill in the table below.

Question	Number of Units
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.	

## 6. Public Comment

### Citizen Participation Plan

<b>Briefly describe how the grantee followed its citizen participation plan regarding this proposed substantial amendment or abbreviated plan.</b>
<p>Response:</p> <p>This NSP3 application is submitted as a substantial amendment to the City's Approved 2010 Action Plan. Procedures for citizen participation, as described in the City's current 2010-2015 Consolidated Plan are as follows:</p> <p>"the City shall provide citizens with reasonable notice of and opportunity to comment on such proposed changes in its use of funds. Notification shall be through all local media sources, flyers and other forms of communication. The City shall consider comments and, if deemed appropriate, modify the plan to include proposed changes. The City shall make available to the public, and shall submit to HUD, a description of any changes adopted. Additionally the City will provide a period, not less than (30) days, to receive comments, written or oral, on the substantial amendment prior to its adoption. Comments shall be forwarded to the Community Development Department. A list of comments and views will be attached to the substantial amendment of the Consolidated Plan".</p> <p>In accordance with the alternative requirements set forth by the Secretary, published in FR 75 64322-64348, to expedite the use of funds the City will be using a 15 day comment period. This replaces the 30 day period referred to in the Action Plan.</p> <p>Accordingly, the City conducted a public hearing at the City Council Chambers located in City Hall at 5:30 p.m. on Thursday, January 13, 2011 following a written notice in the local media, and posting a notice on the City website. A summary of comments is attached as Appendix B.</p>

The comment period began Thursday, December 16, 2010 and will end Friday, January 14, 2011. Comments and responses will be made available prior to submission of the final substantial amendment. NSP3 Program Summary Publication is included as attachment C.

**Summary of Public Comments Received.**

The summary of public comments received is included as attachment B.

**7. NSP Information by Activity**

Enter each activity name and fill in the corresponding information. If you have fewer than seven activities, please delete any extra activity fields. (For example, if you have three activities, you should delete the tables labeled “Activity Number 4,” “Activity Number 5,” “Activity Number 6,” and “Activity Number 7.” If you are unsure how to delete a table, see the instructions [above](#).

The field labeled “Total Budget for Activity” will populate based on the figures entered in the fields above it.

Consult the [NSP3 Program Design Guidebook](#) for guidance on completing the “Performance Measures” component of the activity tables below.

<b>Activity Number 1</b>	
<b>Activity Name</b>	Purchase and Rehabilitation Program for Sale, Rent or Redevelopment.
<b>Uses</b>	Select all that apply: <input checked="" type="checkbox"/> Eligible Use A: Financing Mechanisms <input checked="" type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation <input type="checkbox"/> Eligible Use C: Land Banking <input type="checkbox"/> Eligible Use D: Demolition <input type="checkbox"/> Eligible Use E: Redevelopment
<b>CDBG Activity or Activities</b>	<ul style="list-style-type: none"> <li>• As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206.</li> <li>• 24 CFR 570.201 (a) acquisition, (b) dispositions, (i) Relocation, and (n) Direct homeownership assistance (as modified below):</li> <li>• 24 CFR 570.202 eligible rehabilitation and preservation activities for homes and other residential properties (HUD notes that rehabilitation may include counseling for those seeking to take part in the activity).</li> </ul> .24 CFR 570.201 (a) Acquisition and (b) Disposition.
<b>National Objective</b>	Low Moderate Middle Income Housing (LMMH)
<b>Activity Description</b>	Funds utilized under this activity will 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 sub prime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures. In Attachment A, we have attached a map setting forth the “Areas of Greatest Need” in the City of Birmingham for the expenditure of CDBG-NSP

Funds. Criteria for inclusion in this identified 'target' area are that based on our analysis of HUD data, our "Areas of Greatest Need" are those Neighborhoods in which the Neighborhood NSP3 score is 15 or higher. The expected benefit to income qualified persons will be to provide or improve permanent residential structures for low, moderate and middle income persons, as defined in the NSP Notice---i.e., < 120% of area median income. This activity will be used to meet the low income housing requirement for those below 50% of area median income. Units purchased, rehabilitated or redeveloped under this Program may be gifted at no cost to qualified 501(c) (3) organizations that demonstrate the ability to maintain and manage the units over time or to other eligible program participants. The expected benefit to income-qualified persons will be as follows:

Income Group	Projected # Beneficiaries
0-50%	7
51-80% and 81-120%	18

Acquisition activities will include, where applicable:

- discount rate  
A discount rate of 5% for individual purchases will be applied and 15% for purchases in aggregate. Aggregate purchases for NSP are defined as all properties that an NSP grantee purchases with its entire NSP grant. Arranging to purchase multiple properties in bulk may not have much effect on meeting the individual and aggregate purchase discount requirements. The individual discount requirement still applies to each individual house and an appraisal is required for each house.

- Voluntary Termination of Right of Redemption  
The City does, however, intend on offering modest compensation to foreclosed property owners in return for their forfeiture of their right of redemption under Alabama State law. This will have the effect of expediting the acquisition of foreclosed homes.

For financing activities, include:

- range of interest rates  
0% interest rates.

Each NSP-assisted homebuyer will be required to receive and complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a loan.

**Section 3 Compliance**

The Department of Community Development (hereafter referred to as the department) acknowledges that compliance with Section 3 is not without cost or burden to the subrecipient(s), contractor(s), or subcontractor(s) but the burdens, in large part, are imposed by statute. The statute requires subrecipient(s), contractor(s), and subcontractor(s) to provide, to the greatest

extent feasible, economic opportunities to low and very low income persons. Thus, the department shall make every effort possible to minimize the burden on the subrecipient(s), contractor(s), or subcontractor(s). To assist subrecipient(s), contractor(s), or subcontractor(s) the department has adopted policies and procedures titled "Section 3, Policies and Procedures, Department of Community Development, Birmingham, Alabama".

135.38 Section 3 Clause

All Section 3 covered contracts shall include the following clause (referred to as the Section 3 clause):

A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities granted by HUD assistance or HUD assisted projects covered by Section 3 shall, to the greatest extent feasible, be directed to low and very low income persons, particularly persons who are recipients of HUD assistance for housing.

B. The parties to this contract agree to comply with HUD's regulations in 24 CFR 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.

C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section preference, shall set forth minimum number and job title subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulation in 24 CFR Part 135.

E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contract is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR Part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR Part 135.

	<p>F. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.</p> <p>G. With respect to work performed in connection with Section 3 covered Indian Housing Assistance, Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 and Section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with Section 7(b).</p>	
<b>Location Description</b>	<p>A review of the City's overall situation indicates that for the purposes of this grant application, a large portion of the City exceeds the NSP program requirements for eligibility. The City will prioritize the expenditure of NSP funds in its identified Areas of Greatest Need, described in Attachment A, and we will place emphasis on identifying projects in these identified Neighborhoods. Our goal will be to expend all NSP dollars within these identified areas. Within these identified areas, we will seek to identify 'clusters of opportunity' in which a targeted investment of NSP funds in a grouping of foreclosed, abandoned or blighted properties can become the catalyst for reversal of neighborhood decline. We would hope to identify as many as 3-5 such clusters within our Areas of Greatest Need. The City will work within these areas where feasible but will not reject other areas of foreclosure concentration not shown under the Priority Areas of Greatest Need. Foreclosure data is not static and may change rapidly with market conditions.</p>	
<b>Budget</b>	<b>Source of Funding</b>	<b>Dollar Amount</b>
	NSP3	\$2,318,536.00
	Anticipated NSP3 Program Income	\$ 100,000.00
<b>Total Budget for Activity</b>		\$2,418,536.00
<b>Performance Measures</b>	Income Group Projected	# Beneficiaries
	0-50%	7
	51-80% and 81-120%	18
<b>Projected Start Date</b>	3/1/2011	
<b>Projected End Date</b>	2/28/2015	
<b>Responsible Organization</b>	<b>Name</b>	City Of Birmingham
	<b>Location</b>	Community Development Department 710 20th Street North Room 1000 City Hall Birmingham, Al 35203
	<b>Administrator Contact Info</b>	James F. Fenstermaker 205-254-2483 jim.fenstermaker@birminghamal.gov The City may, at its discretion,

		determine to utilize a non-profit or for-profit developer(s) or sub-recipient(s) for all or a portion of the activities proposed. Entities chosen for this purpose will be selected through competitive proposals with an emphasis on experience and capacity in order to facilitate the highest and best use of the funds within the allocated time frame.
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Activity Number 2		
<b>Activity Name</b>	Administrative	
<b>Use</b>	Select all that apply:	
	<input checked="" type="checkbox"/>	Eligible Use A: Financing Mechanisms
	<input checked="" type="checkbox"/>	Eligible Use B: Acquisition and Rehabilitation
	<input type="checkbox"/>	Eligible Use C: Land Banking
	<input type="checkbox"/>	Eligible Use D: Demolition
<input type="checkbox"/>	Eligible Use E: Redevelopment	
<b>CDBG Activity or Activities</b>	As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206	
<b>National Objective</b>	Low Moderate Middle Income Housing (LMMH)	
<b>Activity Description</b>	Administration of the NSP Program.	
<b>Location Description</b>	City of Birmingham, Alabama Department of Community Development 710 North 20th Street 10th Floor City Hall Birmingham, Alabama 35203	
<b>Budget</b>	<b>Source of Funding</b>	<b>Dollar Amount</b>
	NSP3	\$257,615.00
<b>Total Budget for Activity</b>	\$257,615.00	
<b>Performance Measures</b>	ADMINISTRATIVE EXPENSES RELATED TO THE NSP PROGRAM.	
<b>Projected Start Date</b>	3/1/2011	
<b>Projected End Date</b>	2/28/2015	
<b>Responsible Organization</b>	<b>Name</b>	City Of Birmingham
	<b>Location</b>	Community Development Department 710 20th Street North Room 1000 City Hall Birmingham, Al 35203
	<b>Administrator Contact Info</b>	James F. Fenstermaker 205-254-2483 jim.fenstermaker@birminghamal.gov

## 8. Certifications

### Certifications for State and Entitlement Communities

(1) **Affirmatively furthering fair housing.** The jurisdiction certifies that it will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.

(2) **Anti-displacement and relocation plan.** The applicant certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan.

(3) **Anti-lobbying.** The jurisdiction must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.

(4) **Authority of jurisdiction.** The jurisdiction certifies that the consolidated plan or abbreviated plan, as applicable, is authorized under state and local law (as applicable) and that the jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.

(5) **Consistency with plan.** The jurisdiction certifies that the housing activities to be undertaken with NSP funds are consistent with its consolidated plan or abbreviated plan, as applicable.

(6) **Acquisition and relocation.** The jurisdiction certifies that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for the NSP program published by HUD.

(7) **Section 3.** The jurisdiction certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

(8) **Citizen participation.** The jurisdiction certifies that it is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.

(9) **Following a plan.** The jurisdiction certifies it is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD. [Only States and entitlement jurisdictions use this certification.]

(10) **Use of funds.** The jurisdiction certifies that it will comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act and Title XII of Division A of the American Recovery and Reinvestment Act of 2009 by spending 50 percent of its grant funds within 2 years, and spending 100 percent within 3 years, of receipt of the grant.

(11) **The jurisdiction certifies:**

- a. that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income; and
- b. The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) **Excessive force.** The jurisdiction certifies that it has adopted and is enforcing:

- a. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and
- b. A policy of enforcing applicable state and local laws against physically barring entrance to, or exit from, a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws.** The jurisdiction certifies that the NSP grant will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(14) **Compliance with lead-based paint procedures.** The jurisdiction certifies that its activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) **Compliance with laws.** The jurisdiction certifies that it will comply with applicable laws.

(16) **Vicinity hiring.** The jurisdiction certifies that it will, to the maximum extent feasible, provide for hiring of employees that reside in the vicinity of NSP3 funded projects or contract with small businesses that are owned and operated by persons residing in the vicinity of NSP3 projects.

(17) **Development of affordable rental housing.** The jurisdiction certifies that it will abide by the procedures described in its NSP3 Abbreviated Plan to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds.

\_\_\_\_\_  
Signature/Authorized Official

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

## Appendix: NSP3 Action Plan Contents Checklist

The checklist below is an optional tool for NSP3 grantees to help to ensure that all required elements of the NSP3 Substantial Amendment or the Abbreviated Plan are submitted to HUD. This checklist only includes the minimum required elements that must be included in the NSP3 Action Plan and grantees may want to add additional details. This document must be protected, as described above, in order to use the checkboxes in this checklist.

### 1. NSP3 Grantee Information

	Yes
Did you include the Program Administrator's name, address, phone, and email address?	<input checked="" type="checkbox"/>

### 2. Areas of Greatest Need

	Yes
Does the narrative description describe how funds will give priority emphasis to areas of greatest need?	<input checked="" type="checkbox"/>
Does the narrative description specifically address how the funds will give priority emphasis to those areas:	
• With the highest percentage of home foreclosures?	<input checked="" type="checkbox"/>
• With the highest percentage of homes financed by subprime mortgage related loan?; and	<input checked="" type="checkbox"/>
• Identified by the grantee as likely to face a significant rise in the rate of home foreclosures?	<input checked="" type="checkbox"/>
Did you create the area of greatest needs map at <a href="http://www.huduser.org/NSP/NSP3.html">http://www.huduser.org/NSP/NSP3.html</a> ?	<input checked="" type="checkbox"/>
Did you include the map as an attachment to your Action Plan?	<input checked="" type="checkbox"/>
<i>ONLY Applicable for States:</i> Did you include the needs of all entitlement communities in the State?	<input type="checkbox"/>

### 3. Definitions and Descriptions

	Yes
Are the following definitions and topics included in your substantial amendment?:	
• Blighted structure in context of state or local law,	<input checked="" type="checkbox"/>

<ul style="list-style-type: none"> <li>• Affordable rents,</li> <li>• Ensuring long term affordability for all NSP funded housing projects,</li> <li>• Applicable housing rehabilitation standards for NSP funded projects</li> </ul>	<input checked="" type="checkbox"/>
	<input checked="" type="checkbox"/>
	<input checked="" type="checkbox"/>

#### 4. Low-Income Targeting

	Yes
Did you identify the estimated amount of funds appropriated to provide housing that meets the low-income set aside target?	<input checked="" type="checkbox"/>
Did you provide a summary describing how your jurisdiction will meet its low-income set aside goals?	<input checked="" type="checkbox"/>

#### 5. Acquisition & Relocation

	Yes
For all acquisitions that will result in displacement did you specify:	
<ul style="list-style-type: none"> <li>• The planned activity,</li> </ul>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <li>• The number of units that will result in displacement,</li> </ul>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <li>• The manner in which the grantee will comply with URA for those residents?</li> </ul>	<input checked="" type="checkbox"/>

#### 6. Public Comment

	Yes
Did you provide your draft of the NSP3 substantial amendment for a minimum of 15 days for public comment?	<input checked="" type="checkbox"/>
Did you include the public comments you received on the NSP3 substantial amendment in your plan?	<input checked="" type="checkbox"/>

#### 7. NSP Information by Activity

	Check all that apply
Did you include a description of all eligible NSP3 activities you plan to implement with your NSP3 award?	<input checked="" type="checkbox"/>
For each eligible NSP3 activity you plan to implement did you include:	

• Eligible use or uses?	<input checked="" type="checkbox"/>
• Correlated eligible CDBG activity or activities?	<input checked="" type="checkbox"/>
• Associated national objective?	<input checked="" type="checkbox"/>
• How the activity will address local market conditions?	<input checked="" type="checkbox"/>
• Range of interest rates (if any)?	<input checked="" type="checkbox"/>
• Duration or term of assistance?	<input checked="" type="checkbox"/>
• Tenure of beneficiaries (e.g. rental or homeowner)?	<input checked="" type="checkbox"/>
• If the activity produces housing, how the design of the activity will ensure continued affordability?	<input checked="" type="checkbox"/>
• How you will, to the maximum extent possible, provide for vicinity hiring?	<input checked="" type="checkbox"/>
• Procedures used to create affordable rental housing preferences?	<input checked="" type="checkbox"/>
• Areas of greatest need addressed by the activity or activities?	<input checked="" type="checkbox"/>
• Amount of funds budgeted for the activity?	<input checked="" type="checkbox"/>
• Appropriate performance measures for the activity (e.g. units of housing to be acquired, rehabilitated, or demolished for the income levels represented in DRGR) ?	<input checked="" type="checkbox"/>
• Expected start and end dates of the activity?	<input checked="" type="checkbox"/>
• Name and location of the entity that will carry out the activity?	<input checked="" type="checkbox"/>

## 8. Certifications

	Yes
Did you sign and submit the certification form applicable to your jurisdiction?	<input type="checkbox"/>

## 9. Additional Documentation

	Yes
Did you include a signed SF-424?	<input type="checkbox"/>

**ATTACHMENT A**

**MAP AND DATA SETTING FORTH THE “AREAS OF GREATEST NEED”**

**MAP**

**DATA**



# Neighborhood Stabilization Program Grants

The Neighborhood Stabilization Program address the problems associated with foreclosed upon and are creating economic communities.

Select a State

Select a County

Enter an Address, city or state  Go

Map Options : Clear | Reset

Click Mode: Zoom | Info

NSP3 Legend (%): — Tract Outline

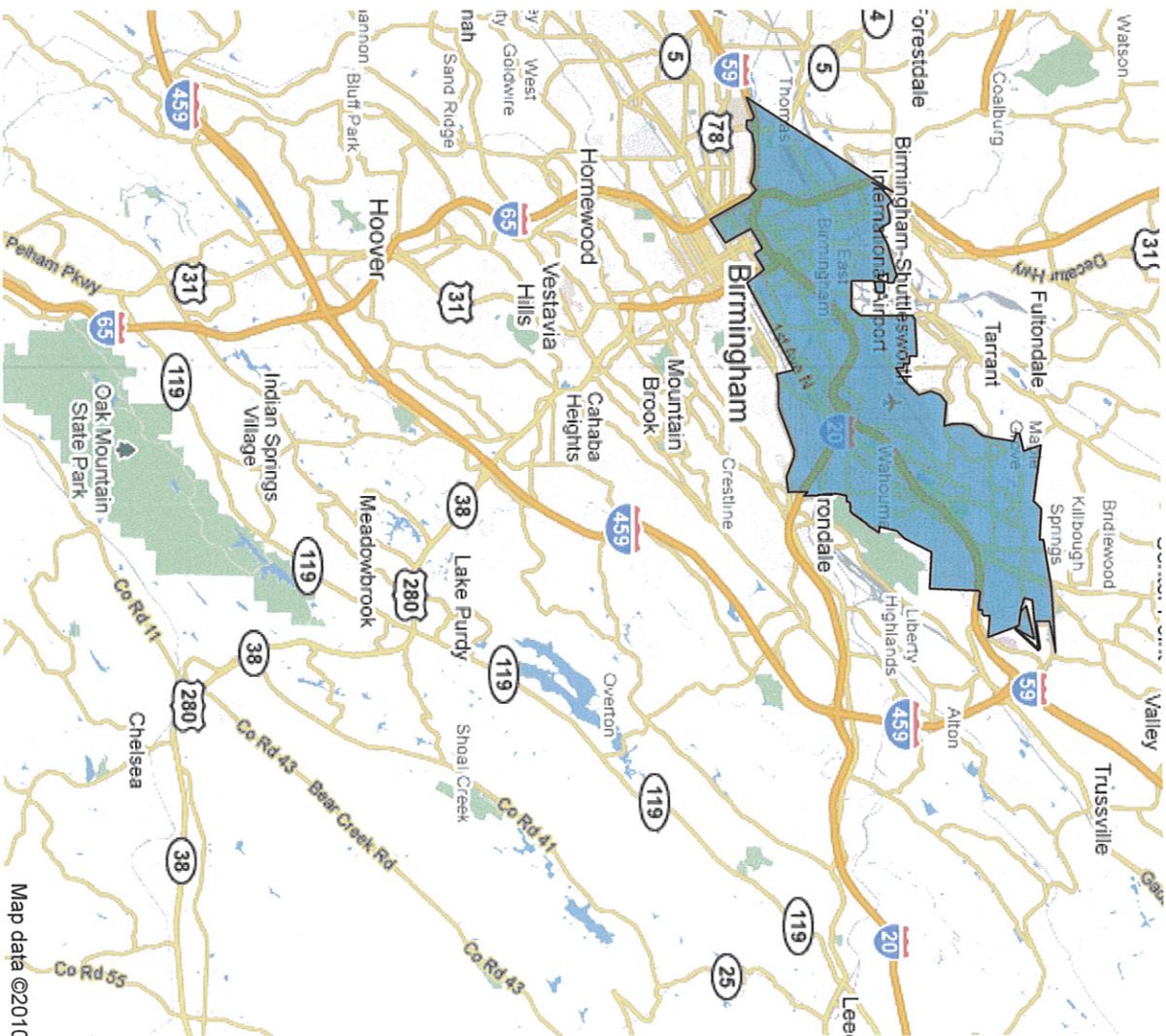
[Click here for an Overview](#)

**NSP3 Options**

11 Current Zoom Level

Show Tracts Outline (Zoom 11+)

The NSP3 mapping tool now provides a summary NSP3 score for all projects drawn. Click on "View Projects", which will list all of the projects (target areas) that have data calculated. It shows the NSP3 score for each target area along with the total estimated housing units in that area. At the bottom of the list is a sum of all housing units in all target areas and the NSP3 score for all target areas drawn. Grantees are advised to know their state minimum and if the summary score is less than the state minimum the grantee should delete, add, or revise target areas. Note that if you delete or add, the tool only recalculates after you close the "View Projects" box and reopen it. HUD also advises grantees to think carefully about the size of their target areas in total. If those target areas have a very large number of total housing units relative to the dollars available, HUD will likely ask that the grantee reduce the number and/or size of their target areas.



Map data ©2010



## Neighborhood Stabilization Program Grants

The Neighborhood Stabilization Program grants address the problems associated with foreclosed upon and are creating communities.

Select a State

Select a (

Go

Enter an Address, city or state

Map Options : Clear | Reset

Click Mode: Zoom | [Info](#)

NSP3 Legend (%): — Tract Outline

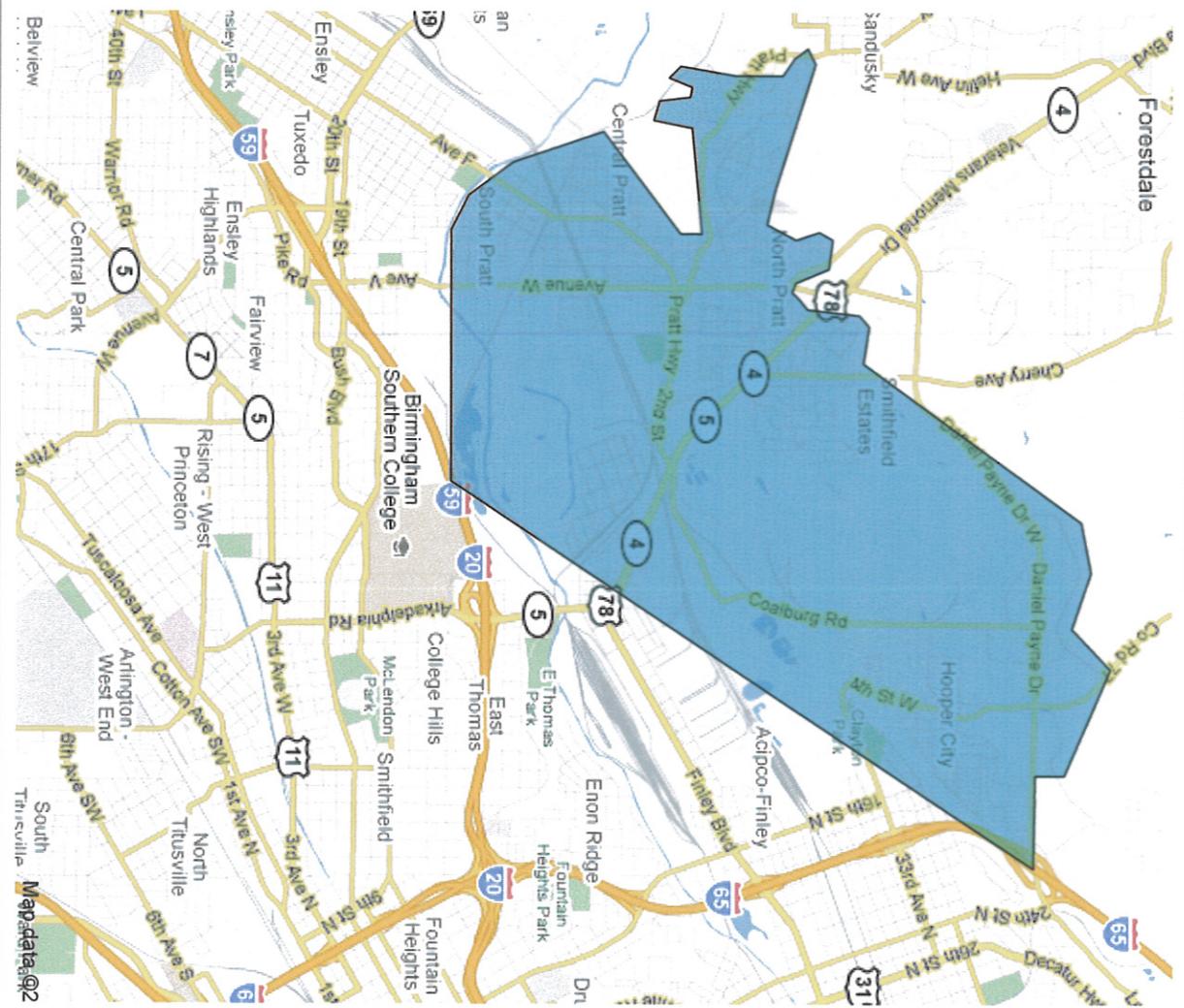
[Click here for an Overview](#)

**NSP3 Options**

13 Current Zoom Level

Show Tracts Outline (Zoom 11+)

Click anywhere on the map to get information related to that tract and its score.





**NSP3 Planning Data**

Grantee ID: 0102280E

Grantee State: AL

Grantee Name: BIRMINGHAM

Grantee Address: 710 20th St N Birmingham AL 35203

Grantee Email: James.Roberts@BirminghamAl.gov

Neighborhood Name: North and East

Date:2010-12-01 00:00:00

NSP3 Score

The neighborhoods identified by the NSP3 grantee as being the areas of greatest need must have an individual or average combined index 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. For example, if a state's twentieth percentile most needy census tract is 18, the requirement will be a minimum need of 17. If, however, a state's twentieth percentile most needy census tract is 15, the requirement will be a minimum need of 15. If more than one neighborhood is identified in the Action Plan, HUD will average the Neighborhood Scores, weighting the scores by the estimated number of housing units in each identified neighborhood.

Neighborhood NSP3 Score: 15.34

State Minimum Threshold NSP3 Score: 15

Total Housing Units in Neighborhood: 24938

Area Benefit Eligibility

Percent Persons Less than 120% AMI: 84.44

Percent Persons Less than 80% AMI: 68.14

Neighborhood Attributes (Estimates)*Vacancy Estimate*

USPS data on addresses not receiving mail in the last 90 days or "NoStat" can be a useful measure of whether or not a target area has a serious vacancy problem. For urban neighborhoods, HUD has found that neighborhoods with a very high number vacant addresses relative to the total addresses in an area to be a very good indicator of a current for potentially serious blight problem.

The USPS "NoStat" indicator can mean different things. In rural areas, it is an indicator of vacancy. However, it can also be an address that has been issued but not ever used, it can indicate units under development, and it can be a very distressed property (most of the still flood damaged properties in New Orleans are NoStat). When using this variable, users need to understand the target area identified.

In addition, the housing unit counts HUD gets from the US Census indicated above are usually close to the residential address counts from the USPS below. However, if the Census and USPS counts are substantially different for your identified target area, users are advised to use the information below with caution. For example if there are many NoStats in an area for units never built, the USPS residential address count may be larger than the Census number; if the area is a rural area largely served by PO boxes it may have fewer addresses than housing units.

USPS Residential Addresses in Neighborhood: 24114

Residential Addresses Vacant 90 or more days (USPS, March 2010): 3936

Residential Addresses NoStat (USPS, March 2010): 1397

### Foreclosure Estimates

HUD has developed a model for predicting where foreclosures are likely. That model estimates serious delinquency rates using data on the leading causes of foreclosures - subprime loans (HMDA Census Tract data on high cost and highly leveraged loans), increasing unemployment (BLS data on unemployment rate change), and fall in home values (FHFA data on house price change). The predicted serious delinquency rate is then used to apportion the state total counts of foreclosure starts (from the Mortgage Bankers Association) and REOs (from RealtyTrac) to individual block groups.

Total Housing Units to receive a mortgage between 2004 and 2007: 4849

Percent of Housing Units with a high cost mortgage between 2004 and 2007: 50.49

Percent of Housing Units 90 or more days delinquent or in foreclosure: 13.72

Number of Foreclosure Starts in past year: 316

Number of Housing Units Real Estate Owned July 2009 to June 2010: 159

HUD is encouraging grantees to have small enough target areas for NSP 3 such that their dollars will have a visible impact on the neighborhood. Nationwide there have been over 1.9 million foreclosure completions in the past two years. NSP 1, 2, and 3 combined are estimated to only be able to address 100,000 to 120,000 foreclosures. To stabilize a neighborhood requires focused investment.

Estimated number of properties needed to make an impact in identified target area (20% of REO in past year): 58

### Supporting Data

Metropolitan Area (or non-metropolitan area balance) percent fall in home value since peak value (Federal Housing Finance Agency Home Price Index through June 2010): -6.4

Place (if place over 20,000) or county unemployment rate June 2005<sup>1</sup>: 4.1

Place (if place over 20,000) or county unemployment rate June 2010<sup>1</sup>: 12.1

<sup>1</sup>Bureau of Labor Statistics Local Area Unemployment Statistics

### Market Analysis:

HUD is providing the data above as a tool for both neighborhood targeting and to help inform the strategy development. Some things to consider:

1. Persistent Unemployment. Is this an area with persistently high unemployment? Serious consideration should be given to a rental strategy rather than a homeownership strategy.
2. Home Value Change and Vacancy. Is this an area where foreclosures are largely due to a combination of falling home values, a recent spike in unemployment, and a relatively low vacancy rate? A down payment assistance program may be an effective strategy.
3. Persistently High Vacancy. Are there a high number of substandard vacant addresses in the target area of a community with persistently high unemployment? A demolition/land bank strategy with selected acquisition rehab for rental or lease-purchase might be considered.
4. Historically low vacancy that is now rising. A targeted strategy of acquisition for homeownership and rental to retain or regain neighborhood stability might be considered.
5. Historically high cost rental market. Does this market historically have very high rents with low vacancies? A strategy of acquiring properties and developing them as long-term affordable rental might be considered.

### Latitude and Longitude of corner points

-86.825297 -86.798601 33.517784 -86.793365 33.520073 -86.789074 33.513919 -86.769505 33.523580  
-86.760664 33.528159 -86.753798 33.527229 -86.740322 33.530735 -86.734743 33.532380 -86.726589  
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Blocks Comprising Target Neighborhood













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## NSP3 Planning Data

Grantee ID: 0102280E

Grantee State: AL

Grantee Name: BIRMINGHAM

Grantee Address: 710 20th St N Birmingham AL 35203

Grantee Email: James.Roberts@BirminghamAl.gov

Neighborhood Name: Northwest

Date:2010-11-30 00:00:00

### NSP3 Score

The neighborhoods identified by the NSP3 grantee as being the areas of greatest need must have an individual or average combined index 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. For example, if a state's twentieth percentile most needy census tract is 18, the requirement will be a minimum need of 17. If, however, a state's twentieth percentile most needy census tract is 15, the requirement will be a minimum need of 15. If more than one neighborhood is identified in the Action Plan, HUD will average the Neighborhood Scores, weighting the scores by the estimated number of housing units in each identified neighborhood.

Neighborhood NSP3 Score: 17.56

State Minimum Threshold NSP3 Score: 15

Total Housing Units in Neighborhood: 4276

### Area Benefit Eligibility

Percent Persons Less than 120% AMI: 80.5

Percent Persons Less than 80% AMI: 64.81

### Neighborhood Attributes (Estimates)

#### *Vacancy Estimate*

USPS data on addresses not receiving mail in the last 90 days or "NoStat" can be a useful measure of whether or not a target area has a serious vacancy problem. For urban neighborhoods, HUD has found that neighborhoods with a very high number vacant addresses relative to the total addresses in an area to be a very good indicator of a current for potentially serious blight problem.

The USPS "NoStat" indicator can mean different things. In rural areas, it is an indicator of vacancy. However, it can also be an address that has been issued but not ever used, it can indicate units under development, and it can be a very distressed property (most of the still flood damaged properties in New Orleans are NoStat). When using this variable, users need to understand the target area identified.

In addition, the housing unit counts HUD gets from the US Census indicated above are usually close to the residential address counts from the USPS below. However, if the Census and USPS counts are substantially different for your identified target area, users are advised to use the information below with caution. For example if there are many NoStats in an area for units never built, the USPS residential address count may be larger than the Census number; if the area is a rural area largely served by PO boxes it may have fewer addresses than housing units.

USPS Residential Addresses in Neighborhood: 4258

Residential Addresses Vacant 90 or more days (USPS, March 2010): 614

Residential Addresses NoStat (USPS, March 2010): 202

### Foreclosure Estimates

HUD has developed a model for predicting where foreclosures are likely. That model estimates serious delinquency rates using data on the leading causes of foreclosures - subprime loans (HMDA Census Tract data on high cost and highly leveraged loans), increasing unemployment (BLS data on unemployment rate change), and fall in home values (FHFA data on house price change). The predicted serious delinquency rate is then used to apportion the state total counts of foreclosure starts (from the Mortgage Bankers Association) and REOs (from RealtyTrac) to individual block groups.

Total Housing Units to receive a mortgage between 2004 and 2007: 697

Percent of Housing Units with a high cost mortgage between 2004 and 2007: 62.51

Percent of Housing Units 90 or more days delinquent or in foreclosure: 16.35

Number of Foreclosure Starts in past year: 57

Number of Housing Units Real Estate Owned July 2009 to June 2010: 29

HUD is encouraging grantees to have small enough target areas for NSP 3 such that their dollars will have a visible impact on the neighborhood. Nationwide there have been over 1.9 million foreclosure completions in the past two years. NSP 1, 2, and 3 combined are estimated to only be able to address 100,000 to 120,000 foreclosures. To stabilize a neighborhood requires focused investment.

Estimated number of properties needed to make an impact in identified target area (20% of REO in past year): 9

### Supporting Data

Metropolitan Area (or non-metropolitan area balance) percent fall in home value since peak value (Federal Housing Finance Agency Home Price Index through June 2010): -6.4

Place (if place over 20,000) or county unemployment rate June 2005<sup>1</sup>: 4.1

Place (if place over 20,000) or county unemployment rate June 2010<sup>2</sup>: 12.1

<sup>1</sup>Bureau of Labor Statistics Local Area Unemployment Statistics

### Market Analysis:

HUD is providing the data above as a tool for both neighborhood targeting and to help inform the strategy development. Some things to consider:

1. Persistent Unemployment. Is this an area with persistently high unemployment? Serious consideration should be given to a rental strategy rather than a homeownership strategy.
2. Home Value Change and Vacancy. Is this an area where foreclosures are largely due to a combination of falling home values, a recent spike in unemployment, and a relatively low vacancy rate? A down payment assistance program may be an effective strategy.
3. Persistently High Vacancy. Are there a high number of substandard vacant addresses in the target area of a community with persistently high unemployment? A demolition/land bank strategy with selected acquisition rehab for rental or lease-purchase might be considered.
4. Historically low vacancy that is now rising. A targeted strategy of acquisition for homeownership and rental to retain or regain neighborhood stability might be considered.
5. Historically high cost rental market. Does this market historically have very high rents with low vacancies? A strategy of acquiring properties and developing them as long-term affordable rental might be considered.

### Latitude and Longitude of corner points

-86.891738 33.5310428 -86.883574 33.535564 -86.883574 33.537138 -86.893101 33.536387 -86.893702 33.533525  
-86.895547 33.533990 -86.895890 33.536315 -86.896749 33.536458 -86.897521 33.534670 -86.898637  
33.535457 -86.897736 33.539678 -86.897736 33.543147 -86.899323 33.543934 -86.900096 33.544900  
-86.898723 33.545544 -86.887393 33.542504 -86.884518 33.541931 -86.883230 33.544077 -86.883788  
33.545866 -86.883101 33.546760 -86.880527 33.546510 -86.879282 33.544113 -86.878552 33.543791  
-86.877823 33.544435 -86.876879 33.544936 -86.876535 33.548834 -86.875505 33.549550 -86.872201  
33.549156 -86.858082 33.565321 -86.853619 33.566072 -86.848598 33.564534 -86.845036 33.567467  
-86.835637 33.563998 -86.835551 33.561781 -86.827354 33.561709

Blocks Comprising Target Neighborhood





## NSP3 Planning Data

Grantee ID: 0102280E

Grantee State: AL

Grantee Name: BIRMINGHAM

Grantee Address: 710 20th St N Birmingham AL 35203

Grantee Email: James.Roberts@BirminghamAL.gov

Neighborhood Name: West2

Date:2010-12-02 00:00:00

### NSP3 Score

The neighborhoods identified by the NSP3 grantee as being the areas of greatest need must have an individual or average combined index 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. For example, if a state's twentieth percentile most needy census tract is 18, the requirement will be a minimum need of 17. If, however, a state's twentieth percentile most needy census tract is 15, the requirement will be a minimum need of 15. If more than one neighborhood is identified in the Action Plan, HUD will average the Neighborhood Scores, weighting the scores by the estimated number of housing units in each identified neighborhood.

Neighborhood NSP3 Score: 16.71

State Minimum Threshold NSP3 Score: 15

Total Housing Units in Neighborhood: 33586

### Area Benefit Eligibility

Percent Persons Less than 120% AMI: 85.45

Percent Persons Less than 80% AMI: 68.04

### Neighborhood Attributes (Estimates)

#### *Vacancy Estimate*

USPS data on addresses not receiving mail in the last 90 days or "NoStat" can be a useful measure of whether or not a target area has a serious vacancy problem. For urban neighborhoods, HUD has found that neighborhoods with a very high number vacant addresses relative to the total addresses in an area to be a very good indicator of a current for potentially serious blight problem.

The USPS "NoStat" indicator can mean different things. In rural areas, it is an indicator of vacancy. However, it can also be an address that has been issued but not ever used, it can indicate units under development, and it can be a very distressed property (most of the still flood damaged properties in New Orleans are NoStat). When using this variable, users need to understand the target area identified.

In addition, the housing unit counts HUD gets from the US Census indicated above are usually close to the residential address counts from the USPS below. However, if the Census and USPS counts are substantially different for your identified target area, users are advised to use the information below with caution. For example if there are many NoStats in an area for units never built, the USPS residential address count may be larger than the Census number; if the area is a rural area largely served by PO boxes it may have fewer addresses than housing units.

USPS Residential Addresses in Neighborhood: 32561

Residential Addresses Vacant 90 or more days (USPS, March 2010): 5064

Residential Addresses NoStat (USPS, March 2010): 2937

### Foreclosure Estimates

HUD has developed a model for predicting where foreclosures are likely. That model estimates serious delinquency rates using data on the leading causes of foreclosures - subprime loans (HMDA Census Tract data on high cost and highly leveraged loans), increasing unemployment (BLS data on unemployment rate change), and fall in home values (FHFA data on house price change). The predicted serious delinquency rate is then used to apportion the state total counts of foreclosure starts (from the Mortgage Bankers Association) and REOs (from RealtyTrac) to individual block groups.

Total Housing Units to receive a mortgage between 2004 and 2007: 5253

Percent of Housing Units with a high cost mortgage between 2004 and 2007: 60.21

Percent of Housing Units 90 or more days delinquent or in foreclosure: 15.16

Number of Foreclosure Starts in past year: 401

Number of Housing Units Real Estate Owned July 2009 to June 2010: 202

HUD is encouraging grantees to have small enough target areas for NSP 3 such that their dollars will have a visible impact on the neighborhood. Nationwide there have been over 1.9 million foreclosure completions in the past two years. NSP 1, 2, and 3 combined are estimated to only be able to address 100,000 to 120,000 foreclosures. To stabilize a neighborhood requires focused investment.

Estimated number of properties needed to make an impact in identified target area (20% of REO in past year): 80

### Supporting Data

Metropolitan Area (or non-metropolitan area balance) percent fall in home value since peak value (Federal Housing Finance Agency Home Price Index through June 2010): -6.4

Place (if place over 20,000) or county unemployment rate June 2005\*: 4.1

Place (if place over 20,000) or county unemployment rate June 2010\*: 12.1

\*Bureau of Labor Statistics Local Area Unemployment Statistics

### Market Analysis:

HUD is providing the data above as a tool for both neighborhood targeting and to help inform the strategy development. Some things to consider:

1. Persistent Unemployment. Is this an area with persistently high unemployment? Serious consideration should be given to a rental strategy rather than a homeownership strategy.
2. Home Value Change and Vacancy. Is this an area where foreclosures are largely due to a combination of falling home values, a recent spike in unemployment, and a relatively low vacancy rate? A down payment assistance program may be an effective strategy.
3. Persistently High Vacancy. Are there a high number of substandard vacant addresses in the target area of a community with persistently high unemployment? A demolition/land bank strategy with selected acquisition rehab for rental or lease-purchase might be considered.
4. Historically low vacancy that is now rising. A targeted strategy of acquisition for homeownership and rental to retain or regain neighborhood stability might be considered.
5. Historically high cost rental market. Does this market historically have very high rents with low vacancies? A strategy of acquiring properties and developing them as long-term affordable rental might be considered.

### Latitude and Longitude of corner points

33.498067 -86.902628 33.499499 -86.900654 33.500894 -86.897650 33.500393 -86.897221 33.499463  
-86.897478 33.498783 -86.899281 33.497566 -86.896276 33.495705 -86.896491 33.494954 -86.896491  
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33.532988 -86.854219 33.533489 -86.854649 33.532595 -86.857352 33.533704 -86.853747 33.527300  
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33.512095 -86.861215 33.513061 -86.861601 33.516603 -86.869884 33.514671 -86.871128 33.514420  
-86.872244 33.513884

Blocks Comprising Target Neighborhood















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**ATTACHMENT B**

**SUMMARY OF CITIZEN COMMENTS**

## ATTACHMENT C

### **PROPOSED SUBSTANTIAL AMENDMENT TO PY 2010 ACTION PLAN-ONE YEAR USE OF FUNDS NEIGHBORHOOD STABILIZATION PROGRAM SUMMARY**

#### **CITY OF BIRMINGHAM, ALABAMA**

In accordance with 24 CFR Part 91, the City of Birmingham, Alabama (the City) is hereby publishing a summary of a Proposed Substantial Amendment to its Program Year (PY) 2010 (July 1, 2010 thru June 30, 2011) Action Plan One Year Use Of Funds for citizen comment for a period of at least fifteen (15) calendar days from the date of this publication. The Proposed Substantial Amendment is published in order to afford affected citizens an opportunity to examine its contents and to submit comments relating thereto.

#### **INTRODUCTION:**

The U.S. Department of Housing and Urban Development (HUD) has announced a third round of the Neighborhood Stabilization Program (NSP3) to provide emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities. The Neighborhood Stabilization Program provides grants to every state and certain local communities to purchase foreclosed or abandoned homes and to rehabilitate, resell, or redevelop these homes in order to stabilize neighborhoods and stem the decline of house values of neighboring homes. The program is authorized under Title III and Section 2301(b) of the Housing and Economic Recovery Act of 2008 (HERA), as amended, and an additional allocation of funds provided under Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) for additional assistance in accordance with the second undesignated paragraph under the heading 'Community Planning and Development-Community Development Fund' in Title XII of Division A of the American Recovery and Reinvestment Act of 2009 (Recovery Act), as amended.

#### **NSP GRANT AMOUNT:**

On October 19, 2010 the Office of the Secretary, HUD provided notice of the allocation formula and allocation amounts, the list of grantees, alternative requirements, and the waivers of regulations granted to grantees under Title III of Division B of the Housing and Economic Recovery Act of 2008, for the purpose of assisting in the redevelopment of abandoned and foreclosed homes under the Neighborhood Stabilization Program. **In the notice, the City of Birmingham, Alabama received an NSP Grant Allocation of \$2,576,151.00.**

#### **REQUIRED SUBMISSIONS FOR ELIGIBLE NSP GRANTEEES:**

Each NSP3 grantee receiving an allocation of NSP3 funds must submit to HUD the following by March 1, 2011. (1) Substantial amendment to the City's annual HUD action plan; (2) an SF-424; and (3) signed certifications.

**NATURE OF PROGRAM:**

HUD awards grants to states and local jurisdictions to stabilize communities hardest hit by foreclosures and delinquencies. The regulations for NSP3 grantees are noted at 75 FR 64322.

NSP3 grantees develop their own programs and funding priorities. However, NSP3 grantees must use at least 25 percent of the funds appropriated for the purchase and redevelopment of abandoned or foreclosed homes or residential properties that will be used to house individuals or families whose incomes do not exceed 50 percent of the area median income. In addition, all activities funded by NSP3 must benefit low- and moderate-income persons whose income does not exceed 120 percent of area median income. Activities may not qualify under NSP using the "prevent or eliminate slums and blight" or address urgent community development needs" objectives of the Community Development Block Grant program.

**ELIGIBLE USES:**

The use of grant funds must constitute an eligible use under Title III of Division B of the Housing and Economic Act of 2008 (HERA) for redevelopment of abandoned and foreclosed homes and residential properties and provides under a rule of construction that, unless HERA states otherwise, the grants are to be considered Community Development Block Grant (CDBG) funds. The grant program under Title III is commonly referred to as the Neighborhood Stabilization Program (NSP).

In addition to being an eligible NSP use of funds, each activity funded must also be CDBG-eligible under 42 U.S.C. 5305(a) and meet a CDBG national objective. NSP funds may be used for activities which include, but are not limited to:

- Establish financing mechanisms for purchase and redevelopment of foreclosed homes and residential properties;
- Purchase and rehabilitate homes and residential properties abandoned or foreclosed;
- Establish land banks for foreclosed homes;
- Demolish blighted structures;
- Redevelop demolished or vacant properties.

**THE CITY OF BIRMINGHAM'S PROPOSED USE OF NSP FUNDING:**

The City proposes the following eligible uses of its NSP funding allocation as authorized pursuant to the Housing and Economic Recovery Act (HERA) and the Community Development Block Grant (CDBG) program:

**I. Purchase and Rehabilitation Program for Sale, Rent or Redevelopment:**

**(1) Activity Name:**

Purchase and Rehabilitation Program for Sale, Rent or Redevelopment.

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

NSP Eligible Use:

NSP Eligible Use: Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.

CDBG Eligible Use:

- As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206.
- 25CFR 570.201 (a) acquisition, (b) dispositions, (i) Relocation, and (n) Direct homeownership assistance (as modified below):
- 570.202 eligible rehabilitation and preservation activities for homes and other residential properties (HUD notes that rehabilitation may include counseling for those seeking to take part in the activity).  
.24 CFR 570.201 (a) Acquisition and (b) Disposition.

**(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).

This activity meets the national objective by providing or improving permanent residential structures that will benefit low, moderate and middle income persons, as defined in the NSP Notice---i.e., < 120% of area median income.

**(4) Total Purchase & Rehabilitation Program Budget: **\$2,318,536.00****

**II. NSP Program Administration:**

(1) **Activity Name:** Administration.

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

NSP Eligible

NSP Eligible Use: Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.

CDBG Eligible Use:

- As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206.

(3) **National Objective:** (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e.,  $\leq 120\%$  of area median income).

This activity meets the national objective by providing or improving permanent residential structures that will benefit low, moderate and middle income persons, as defined in the NSP Notice---i.e.,  $< 120\%$  of area median income.

(4). **Total Administration Budget:** \$257,615.00

**TOTAL NSP GRANT BUDGET:** \$2,576,151.00

**FIFTEEN DAY CITIZEN COMMENT PERIOD & NOTICE OF PUBLIC HEARING:**

The City encourages citizens to participate in the development of the City's Final Substantial Amendments to its Action Plan described herein regarding proposed NSP program activities and the City's Final NSP3 Submission to HUD and will accept written comments for a period of at least fifteen (15) calendar days.

**Complete copies of the City's Proposed NSP Submission are available for inspection in the City's Community Development Department, 710 North 20th Street, Room 1000, Birmingham, Alabama from 8:00 a.m. to 5:00 p.m., Monday through Friday, except legal holidays. Copies are also available for inspection at the Birmingham Public Central Library, 2100 Park Place, Birmingham, Alabama, during regular business hours and a copy is posted on the City's website at [www.birminghamal.gov](http://www.birminghamal.gov).**

The City's Community Development Department will conduct a public hearing on **Thursday, January 13, 2011 at 5:30 p.m. at the Birmingham City Council Chamber, 710 North 20<sup>th</sup> Street, 3<sup>rd</sup> Floor City Hall; Birmingham, Alabama.** The purpose of

the hearing will be to obtain comments regarding the proposed use of NSP3 Program Funds. Also, citizens will be afforded an opportunity to 1) identify housing and community development needs and priorities; 2) review proposed uses of funds; and 3) comment on and review the City's program performance. All comments and proposals received will be considered in the development of the City's Final NSP3 Submission to HUD.

The hearing location is accessible to persons with disabilities; however, anyone who requires further information or has a disability which might require special materials, services, or assistance should notify the Community Development Department at the referenced address no later than 48 hours prior to the scheduled hearing dates. The City does not discriminate on the basis of disability in admissions to, access to, or operations of its programs, services, or activities. The City does not discriminate on the basis of disability in its hiring or employment practices as mandated by Title 11 of the Americans with Disabilities Act of 1990.

Written comments regarding the City's Proposed NSP Program Submission should be submitted to James F. Fenstermaker, Director; Community Development Department at the address referenced herein. All written comments or proposals must be received at the referenced address **no later than Friday January 14, 2011 by 5:00 p.m.** to be considered in the development of the City's Final PY 2011 Action Plan One Year Use Of Funds Substantial Amendment and NSP3 Final Submission. The City's Final NSP3 submission is due to HUD no later than **Tuesday, March 1, 2011.**

James F. Fenstermaker, Director  
Department of Community Development  
710 North 20<sup>th</sup> Street  
10<sup>th</sup> Floor City Hall  
Birmingham, Alabama 35203

December 16, 2010

Date of Publication

Birmingham News

Birmingham Times

City of Birmingham Website

File name: 12-16-10 NSP Publication

**ATTACHMENT D**

**STANDARD FORM 424**



# SF 424

The SF 424 is part of the CPMP Annual Action Plan. SF 424 form fields are included in this document. Grantee information is linked from the 1CPMP.xls document of the CPMP tool.

## SF 424

Complete the fillable fields (blue cells) in the table below. The other items are pre-filled with values from the Grantee Information Worksheet.

Date Submitted	Applicant Identifier	<b>Type of Submission</b>	
Date Received by state	State Identifier	<b>Application</b>	<b>Pre-application</b>
Date Received by HUD	Federal Identifier	<input checked="" type="checkbox"/> Construction	<input type="checkbox"/> Construction
		<input type="checkbox"/> Non Construction	<input type="checkbox"/> Non Construction
<b>Applicant Information</b>			
Jurisdiction: <b>City of Birmingham, Alabama</b>		UOG Code	
Street Address Line 1 710 North 20 <sup>th</sup> Street		Organizational DUNS 072103559-0001	
Street Address Line 2		Organizational Unit	
City Birmingham	Alabama	Department: Community Development	
ZIP 35203	Country U.S.A.	Division	
<b>Employer Identification Number (EIN):</b>		County: Jefferson	
<b>63-6001201</b>		Program Year Start Date (MM/DD) 03/01/2010	
<b>Applicant Type:</b>		<b>Specify Other Type if necessary:</b>	
Local Government: Township		Specify Other Type	
<b>Program Funding</b>		<b>U.S. Department of Housing and Urban Development</b>	
Catalogue of Federal Domestic Assistance Numbers; Descriptive Title of Applicant Project(s); Areas Affected by Project(s) (cities, Counties, localities etc.); Estimated Funding			
<b>Community Development Block Grant</b>		14.218 Entitlement Grant	
CDBG Project Titles Neighborhood Stabilization Program 3		Description of Areas Affected by CDBG Project(s) Described in NSP3 application maps and data	
\$CDBG Grant Amount\$2,576,151	\$Additional HUD Grant(s) Leveraged	Describe	
\$Additional Federal Funds Leveraged		\$Additional State Funds Leveraged	
\$Locally Leveraged Funds		\$Grantee Funds Leveraged	
\$Anticipated Program Income\$100,000		Other (Describe)	
Total Funds Leveraged for CDBG-based Project(s)\$2,676,151			
<b>Home Investment Partnerships Program</b>		14.239 HOME	
HOME Project Titles		Description of Areas Affected by HOME Project(s)	
\$HOME Grant Amount	\$Additional HUD Grant(s) Leveraged	Describe	
\$Additional Federal Funds Leveraged		\$Additional State Funds Leveraged	
\$Locally Leveraged Funds		\$Grantee Funds Leveraged	

\$Anticipated Program Income		Other (Describe)	
Total Funds Leveraged for HOME-based Project(s)			
<b>Housing Opportunities for People with AIDS</b>		14.241 HOPWA	
HOPWA Project Titles		Description of Areas Affected by HOPWA Project(s)	
\$HOPWA Grant Amount	\$Additional HUD Grant(s) Leveraged	Describe	
\$Additional Federal Funds Leveraged		\$Additional State Funds Leveraged	
\$Locally Leveraged Funds		\$Grantee Funds Leveraged	
\$Anticipated Program Income		Other (Describe)	
Total Funds Leveraged for HOPWA-based Project(s)			
<b>Emergency Shelter Grants Program</b>		14.231 ESG	
ESG Project Titles		Description of Areas Affected by ESG Project(s)	
\$ESG Grant Amount	\$Additional HUD Grant(s) Leveraged	Describe	
\$Additional Federal Funds Leveraged		\$Additional State Funds Leveraged	
\$Locally Leveraged Funds		\$Grantee Funds Leveraged	
\$Anticipated Program Income		Other (Describe)	
Total Funds Leveraged for ESG-based Project(s)			
Congressional Districts of:		Is application subject to review by state Executive Order 12372 Process? Yes	
Applicant Districts 6 and 7	Project Districts 6 & 7		
Is the applicant delinquent on any federal debt? If "Yes" please include an additional document explaining the situation.		<input checked="" type="checkbox"/> Yes	This application was made available to the state EO 12372 process for review on DATE
		<input type="checkbox"/> No	Program is not covered by EO 12372
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> N/A	Program has not been selected by the state for review

Person to be contacted regarding this application		
First Name: James	Middle Initial: F	Last Name: Fenstermaker
Title: Director	Phone: 205-254-2483	Fax: 205-254-2282
eMail: <a href="mailto:jim.fenstermaker@birminghamal.gov">jim.fenstermaker@birminghamal.gov</a>	Grantee Website: <a href="http://www.birminghamal.gov">www.birminghamal.gov</a>	Other Contact
Signature of Authorized Representative		Date Signed