

Community Development Block Grant

Neighborhood Stabilization Program



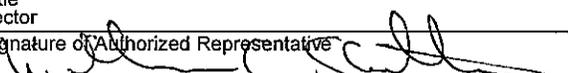
Virginia Neighborhood Stabilization Program 3



**VIRGINIA DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT**
Partners for Better Communities
www.dhcd.virginia.gov

**APPLICATION FOR
FEDERAL ASSISTANCE**

Version 7/03

		2. DATE SUBMITTED	Applicant Identifier	
1. TYPE OF SUBMISSION: Application <input type="checkbox"/> Construction <input checked="" type="checkbox"/> Non-Construction	Pre-application <input type="checkbox"/> Construction <input checked="" type="checkbox"/> Non-Construction	3. DATE RECEIVED BY STATE	State Application Identifier	
		4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier	
5. APPLICANT INFORMATION				
Legal Name: Commonwealth of Virginia		Organizational Unit: Department: Virginia Department of Housing and Community Development		
Organizational DUNS: 80391881		Division: Project Management Office		
Address: Street: 600 East Main Street, Suite 300		Name and telephone number of person to be contacted on matters involving this application (give area code)		
City: Richmond		Prefix: Ms.	First Name: Denise	
County:		Middle Name H.		
State: VA		Last Name Ambrose		
Zip Code 23219	Suffix:			
Country: USA		Email: denise.ambrose@dhcd.virginia.gov		
6. EMPLOYER IDENTIFICATION NUMBER (EIN): 54-1083047		Phone Number (give area code) 804-371-7029	Fax Number (give area code) 804-371-7093	
8. TYPE OF APPLICATION: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision If Revision, enter appropriate letter(s) in box(es) (See back of form for description of letters.) Other (specify) Cities of		7. TYPE OF APPLICANT: (See back of form for Application Types) <input type="checkbox"/> non-profit agency Other (specify) State		
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: 14-228		9. NAME OF FEDERAL AGENCY: U.S. Department of Housing and Urban Development		
12. AREAS AFFECTED BY PROJECT (Cities, Counties, States, etc.): Hampton, Franklin, Norfolk, Petersburg, Portsmouth, Richmond, Suffolk, Newport News, Martinsville		11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT: Virginia Neighborhood Stabilization Program - 3		
13. PROPOSED PROJECT Start Date: 5/1/2011		14. CONGRESSIONAL DISTRICTS OF: a. Applicant All		
Ending Date: 5/1/2014		b. Project 2, 3, 4, 5		
15. ESTIMATED FUNDING:		16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?		
a. Federal	\$ 5,000,000.00	a. Yes. <input type="checkbox"/> THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON		
b. Applicant	\$.00	DATE:		
c. State	\$.00	b. No. <input checked="" type="checkbox"/> PROGRAM IS NOT COVERED BY E. O. 12372		
d. Local	\$.00	<input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW		
e. Other	\$.00	17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?		
f. Program Income	\$.00	<input type="checkbox"/> Yes If "Yes" attach an explanation. <input checked="" type="checkbox"/> No		
g. TOTAL	\$ 5,000,000.00			
18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.				
a. Authorized Representative				
Prefix Mr.	First Name William	Middle Name C.		
Last Name Shelton		Suffix		
b. Title Director		c. Telephone Number (give area code) 804-371-7077		
d. Signature of Authorized Representative 		e. Date Signed 4/25/11		

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

2-24-11

Date

Director
Title

Certifications for Non-Entitlement Local Governments

- (1) **Affirmatively furthering fair housing.** The jurisdiction certifies that it will affirmatively further fair housing.
- (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) **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.
- (10) **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.

(11) **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.

(12) **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.

(13) **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.

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

(15) **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.

(16) **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

2-24-11

Date

Director

Title

THE NSP SUBSTANTIAL AMENDMENT

1. NSP3 Grantee Information

Jurisdiction(s): Commonwealth of Virginia
Jurisdiction Web Address: <http://www.dhcd.virginia.gov/nsp>
NSP Contact Person: Lisa A. Atkinson
Address: Virginia Department of Housing and Community Development
Main Street Centre
600 East Main Street, Suite 300
Richmond, VA 23219
Telephone: 804-371-7061
Fax: 804-371-7093
Email: Lisa.Atkinson@dhcd.virginia.gov

2. Areas of Greatest Need

Virginia has been awarded \$5 million for implementation of NSP3; this represents approximately 13 percent of the NSP 1 allocation awarded to the Commonwealth.

Targeting

DHCD intends to adhere to the intent of the program by targeting those areas designated by HUD as areas of greatest need. Under NSP3, DHCD first examined the eligible Census blocks in Virginia and has determined that localities which have Census blocks with a HUD *Need Score* of **18** or higher will be eligible to receive NSP3 funding. *For further information on the methodology used by HUD to assign this Score, please visit: <http://www.huduser.org/portal/datasets/NSP.html>.*

Use of Census block scores as a means to determine target areas is appropriate for NSP3 because there are limited resources available to address the foreclosure crisis and investments need to be focused in areas that have been hardest hit and where the greatest potential for positive impact exists. Utilizing this methodology, only selected areas of the Commonwealth will be targeted, therefore impact will not be diluted by attempting to distribute funds over a larger area. A review of the eligible Census blocks indicates nine incorporated areas of the state meet this threshold (Need score of 18 or higher), as follows:

- City of Hampton
- City of Newport News
- City of Norfolk
- City of Petersburg
- City of Portsmouth
- City of Richmond
- City of Suffolk
- City of Franklin
- City of Martinsville

It should be noted that just because a locality has an eligible Census block does not mean the entire area is eligible. Once the initial localities were determined, further selection of eligible Census tracts with a minimum score of 15 were identified and accepted as qualified for participation in the program. Allowing some flexibility in terms of working in Census tracts is necessary to keep pace with the fluid real estate markets. Additionally, working on a Census tract basis mirrors the structure used by many Virginia NSP1 partners and this method has proven to be successful. These NSP3 eligible tracts are listed in **Attachment III**. All targeted areas exceed the minimum required state Need score of 13.

Of the nine eligible areas of the state, eight are currently served through NSP1; the exception is the City of Martinsville.

Method of Distribution

Given that relationships are already in place with most local partners, DHCD will use a rolling, performance-based distribution method. Once the Action Plan has been approved, DHCD will set a date by which requests for funds will be received. The requests will be modeled on the existing structure, where local partners submit a Reservation Packet for each targeted property acquisition. The Reservation Packet will contain information for the proposed property and amount of NSP funds requested for acquisition, rehabilitation, and all other associated delivery costs, along with any committed leverage funds. Once the Reservation Packet is approved, funds in the amount of the request will be reserved for that partners' use. A sample reservation form can be found in Appendix 11 of the Grant Management Manual, located at: <http://www.dhcd.virginia.gov/NSP/PDFs/Appendices%201-50.zip>.

Initially, not more than \$750,000 will be available for use within any eligible locality. This cap will help ensure that all interested partners have sufficient time to access funds and to guard against any one locality receiving a disproportionate benefit. DHCD will periodically assess performance and determine a point by which the cap may be lifted.

NSP1 Amendment

NSP1 subrecipients will be allowed to modify their target areas based on revised Need information available for NSP3. Subrecipients will be allowed to utilize this up-to-date information to target eligible Census tracts with a score of 18 or higher, consistent with the current implementation of the program.

Eligible Grantees

Implementation of NSP1 has established a capable and knowledgeable network of local partners. While it is desirable to take advantage of the existing network for NSP3 implementation, there may be interest by other qualified providers. DHCD will allow additional partners to participate if they can demonstrate the capacity, track record, and ability to quickly initiate work in the program. DHCD expects any new partner will need customized training and therefore all will be required to participate in the *NSP*

Boot Camp or some similar form of onsite technical assistance training. New partners will also be expected to notify existing partners of their intentions to work with the NSP; all parties will be expected to coordinate their activities to avoid conflict.

Supporting Documentation for Targeted Areas

As discussed earlier, the Cities of Hampton, Newport News, Norfolk, Petersburg, Portsmouth, Richmond, Suffolk, Franklin, and Martinsville are eligible for funding. With the exception of the City of Martinsville, all have participated in the Virginia NSP1, and all except the Cities of Martinsville and Franklin are CDBG entitlement communities.

As previously noted, these localities were deemed high need for assistance based on HUD Need system; all localities listed have Census blocks with scores of 18 or higher. As described in each locality's Consolidated and Comprehensive Plans, the NSP3 aligns with current needs and priorities. For reference, these documents are available from each locality's website:

- City of Hampton - http://www.google.com/url?sa=t&source=web&cd=1&ved=0CBYQFjAA&url=http%3A%2F%2Fwww.hampton.va.us%2Fneighborhoods%2Fcdbg%2Fpdf%2Fconsolidated%2F2011%202015%20consolidated%20plan.pdf&ei=26BATefhGYOCgAeq08DQAg&usg=AFQjCNHFiE3gGwoYKey1uracu5_LtP9qiA

The City of Hampton's priority needs focus on improving the quality of existing stock for both renters and owners and enhancing the viability of the neighborhoods. Public investments need to focus on strategies that will encourage the private sector to participate in and sustain neighborhood revitalization.

- City of Newport News - <http://www.nngov.com/development/downloads/5%20Yr%20Plan%202011-2015.pdf>

The City of Newport News has identified the rehabilitation of homes occupied by extremely low, low- and moderate- income households and homeowners as a priority, along with the providing assistance to low- and moderate- income households with become homeowners. The City will also prioritize the continued revitalization of neighborhoods through the acquisition and demolition of deteriorated structures.

- City of Norfolk - http://www.norfolk.gov/grant/PDFfiles/FY_2009-11_Consolidated_Plan.pdf

Over the next three year period, the City of Norfolk anticipates a mounting need for more housing for low-to moderate-income households. Specifically, there will be a need for affordable housing programs and units. Minimizing impediments to

affordable housing, promoting homeownership, and providing fair housing continues to be a focus in building strong neighborhoods for the City of Norfolk.

- City of Petersburg - <http://www.petersburg-va.org/planning/cdbg2010/PBG%20Consolidated%20Plan%20Strategic%20Plan%20Narrative.pdf>

The community development needs of the City are profound. The City's housing stock is aging, with a high percentage of wood frame dwelling units beginning to show signs of deterioration. The top priority planning and community development needs for the City of Petersburg include efforts to support the quality rehabilitation and maintenance of owner-occupied units, rehabilitation of vacant and tax delinquent housing unit, and support for programs that attract and assist homebuyers.

- City of Portsmouth - <http://www.portsmouthva.gov/planning/CommPlanDevPrg/FY%2011%20Annual%20Action%20Plan.pdf>

Despite lower housing costs in Portsmouth and the availability of rental units for low income households, housing is beyond the means of some households, particularly very low and extremely low income households as demonstrated by the number of cost burdened households and the wait lists for assisted housing. Due to the slow-down of the economy and rising unemployment, households in the City are experiencing trouble with finding suitable affordable housing.

- City of Richmond - <http://www.richmondgov.com/EconomicCommunityDevelopment/documents/ConsolidatedActionPlan.pdf>

The City seeks to increase home ownership and neighborhood stability through new housing construction on formerly abandoned vacant lots, through the sale of such newly constructed homes, through the rehabilitation and sale of vacant houses and through rehabilitation assistance to owner-occupied housing for low and moderate income households.

- City of Suffolk - <http://www.suffolk.va.us/ConsolidatedActionPlan.pdf>

Market-driven costs of new housing in relation to median family income, water and sewer hookup fees as well as other City-related development fees pose a significant barrier to affordable housing.

- City of Franklin – The City of Franklin has demonstrated a strong need for continuing the NSP1 program with additional assistance. The City has an estimated citywide foreclosure rate of eight percent, while close to 47 percent of all mortgages are subprime mortgages, a prime indicator that the foreclosure rate will continue to rise. The 18-month predicted foreclosure rate is expected to reach 11.5 percent. Further, the City has been hard hit by recent economic woes, including the recent closure of a prime employer, leading to a job loss of over 1,100 positions. With a standing unemployment rate of 13 percent, the economic conditions can be expected to further worsen the foreclosure issue. Presently the City has four Census blocks with a Need score of 19.
- City of Martinsville – Southside Virginia, particularly the City of Martinsville, was facing severe economic times even before the foreclosure crisis and recession. Over the recent decade there have been a high number of industry closings that forced unemployment rates significantly higher, with the unemployment rate in the City of Martinsville standing at a state high of close to 20 percent. Many of the City's neighborhoods were already at risk from blighted and abandoned properties before the current crisis began, which further emphasizes the need for intervention before those and other neighborhoods experience further decline. The recent easing of subprime foreclosures has been offset by rising defaults among traditional fixed rate loans as a result of the deep recession. Loss of income is now the primary driver of loan default. Consequently, Virginia's foreclosure problem has now spread from the "bubble" market areas of Northern Virginia, to regions, like the City, suffering high unemployment. The City of Martinsville has four Census blocks with a Need score of 19.

3. Definitions and Descriptions

For purposes of this program, the following definitions will apply:

Affordable Rents – The minimum standards for affordability of rents will be the guidelines established by the HOME program. The proposed rent structure for assisted properties must be reviewed and approved by DHCD to determine the amount that will be considered Program Income.

Applicable Housing Rehabilitation Standards – The phrase "housing rehabilitation" applies to all residential improvements made on private property with NSP funds. All rehabilitation work must be done in conformance with the DHCD Housing Quality Standards

The local partner will contract improvements to the property ranging from minor repair to construction rehab (not to exceed \$45,000 per house) necessary to bring the property up to DHCD Housing Quality Standards (HQS) while keeping the home's integrity in line with the character of the surrounding neighborhood. The Rehabilitation Specialist shall use DHCD's Section 8 Field Inspection Checklist to

review and determine the need and eligibility of rehab work to be done on each house.

Steps include:

- a. Procure Rehab Specialist and pre-qualify contractors;
- b. Complete HQS inspection to indentify deficiencies;
- c. Prepare cost estimates and work write-ups;
- d. Host pre-bid conference;
- e. Solicit bids from area contractors;
- f. Review of bids and award of rehabilitation contract;
- g. Pre-construction conference takes place;
- h. Contractor rehabilitates the property to HQS;
- i. Post-rehabilitation DHCD HQS inspections are performed;
- j. Punch list is developed and completed as necessary;
- k. House is ready for sale to qualified low-, moderate- or middle-income family.

As required under NSP3 all housing construction will meet the accessibility standards at 24 CFR part 8, and be energy-efficient and incorporate cost effective green improvements. All gut rehabilitation of residential buildings up to three stories will be designed to meet the standard for Energy Star Qualified New Homes. All gut rehabilitation of mid -or high-rise multifamily housing will be designed to meet American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Standard 90.1-2004, Appendix G plus 20. Other rehabilitation must meet these standards to the extent applicable to the rehabilitation work undertaken with Energy Star-labeled products. Water-efficient toilets, showers, and faucets, such as those with the WaterSense label, will be installed.

Green building has become an increasingly important topic in the light of escalating energy costs and diminishing natural resources. In keeping with HUD's guidelines for the Neighborhood Stabilization Program, DHCD is advocating green building to encourage subrecipients to incorporate modern, energy-efficiency improvements in rehabilitation activities to promote long-term savings and increased sustainability. Many programs have adopted their own standards that include the use of EnergyStar appliances, coordination of rehabilitation to meet weatherization standards, and in cases of new construction, Earth-Craft standards.

DHCD has developed a "Go-Green" checklist that includes methods and materials relating to energy efficiency, landscaping, construction, indoor air quality, and building materials. This checklist will be made available to all VNSP3 partners, as well a checklist that can be used during the bid process.

A reference to the full set of standards may be found in **Attachment 1**. Note that DHCD conducts regular training for rehab specialists.

Blighted – Per Virginia Code, *blighted area* means any area that endangers the public health, safety or welfare; or any area that is detrimental to the public health, safety, or welfare because commercial, industrial, or residential structures or improvements are dilapidated, or deteriorated or because such structures or improvements violate minimum health and safety standards. This definition includes, without limitation, areas previously designated as blighted areas pursuant to the provisions of Chapter 1 (§ 36-1 et seq.) of this title.

Ensuring Continued Affordability – DHCD will ensure continued affordability by requiring that all loans be secured by a Deed-of-Trust. The nature of equity at resale, continued affordability, and future income to the Virginia NSP must be addressed and approved by DHCD.

HOME standards will be used to establish minimum affordability standards. The HOME standards include the items listed below. To ensure that HOME investments yield affordable housing over the long term, HOME imposes rent and occupancy requirements over the length of an affordability period. For homebuyer and rental projects, the length of the affordability period depends on the amount of the HOME investment in the property and the nature of the activity funded. A table illustrates the affordability periods below:

HOME Investment per Unit Length of the Affordability Period

- Less than \$15,000 5 years
- \$15,000 - \$40,000 10 years
- More than \$40,000 15 years
- New construction of rental housing 20 years
- Refinancing of rental housing 15 years

To aid the affordability of homes targeted for resale, the program has been designed with a sliding subsidy scale as follows:

Income Level	Subsidy (% x the NSP Sales Price)
50% and under AMI	30%
51% - 80% AMI	20%
81% -120% AMI	10%

This policy also anticipates the down payment requirement of 3.5% on FHA loans. As such, 3.5% of the sales price at all income levels for **all loan products will be forgiven**. This change will make NSP compliant with FHA / Virginia Housing Development Authority loan products our products.

4. Low Income Targeting

A strong pool of prospective homeowners currently exists throughout the proposed partners' programs. As part of preparation for participation in the original NSP, all

partners identified strategies for meeting the target of expending at least 25 percent of their award on housing solutions for persons at or below 50 percent of median income. Given that all but one partner for NSP3 operates an NSP1 program, there are no anticipated problems in meeting this requirement. The ongoing NSP1 has sold over 80 homes to date and is on pace to exceed the 25/50 requirement. Additionally, these partners have strong homeownership programs or collaborate with other organizations for this function and will not have any difficulty achieving this target through homeownership creation. This is particularly true for the Redevelopment and Housing Authorities and for Habitat for Humanity, organizations that routinely work towards homeownership creation at or below that target range. Beyond homeownership, units may also be targeted for use as rental housing for persons at or below 50 percent median income, or to serve as supportive housing.

At least \$1.25 million of \$5 million in NSP3 funds will benefit clients at or below 50 percent of the area median income. Each local partner will be obligated through contract to meet this goal and will be monitored for compliance.

5. Acquisition and Relocation

The local partners *must* maintain a separate acquisition file for each real property acquisition for at least five (5) years after Final Closeout, final settlement of the acquisition, or the disposition of the applicable relocation records, whichever is later. Generally speaking, each separate acquisition file must document that the owner received the *Preliminary Acquisition Notice*, the brochure *When a Public Agency Acquires Your Property*, an invitation to accompany the appraiser, a written offer to purchase, a *Statement of Settlement Costs*, etc..., as appropriate under the requirements of the Uniform Relocation Act.

Demolition

DHCD does not expect to demolish or convert any low- and moderate- income dwelling units with Virginia NSP funds that are habitable or which can be rehabilitated. However, DCHD reserves the right to review and examine the appropriateness of such a request should an instance surface where these activities appear reasonable. Relocation is not expected to be an activity of this program.

6. Public Comment

See **Attachment 2** for summary of actions taken to solicit input and comments received.

7. NSP Information by Activity

All NSP activities will be eligible and open for consideration. This includes:

- *Establishing financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms*

as soft-second, loan loss reserves, and shared-equity loans for low- and moderate- income homebuyers

- *Purchasing and rehabilitating homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties*
- *Establishing land banks for homes that have been foreclosed upon*
- *Demolishing blighted structures*
- *Redeveloping demolished or vacant properties*

All activities through the Virginia NSP are designed to stabilize neighborhoods, maintain their existing character, and serve as a catalyst for future private investment.

Activity Number 1		
Activity Name	Administration	
Uses	Select all that apply:	
	<input type="checkbox"/> Eligible Use A: Financing Mechanisms	
	<input 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		
CDBG Activity or Activities	Up to 10 percent of funding available to support administrative costs	
National Objective	N/A	
Activity Description	Oversight and implementation of the NSP3	
Location Description	N/A	
Budget	Source of Funding	Dollar Amount
	NSP3	\$500,000
	(Other funding source)	\$
	(Other funding source)	\$
Total Budget for Activity		\$0.00
Performance Measures	N/A	
Projected Start Date	May 1, 2011	
Projected End Date	May 1, 2014	
Responsible Organization	Name	Virginia DHCD
	Location	600 East Main Street, Suite 300, Richmond, VA 23219
	Administrator Contact Info	Lisa A. Atkinson, 804-371-7186, Lisa.Atkinson@dhcd.virginia.gov

Activity Number 2		
Activity Name	Acquisition	
Use	Select all that apply: <input 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 checked="" type="checkbox"/> Eligible Use D: Demolition <input type="checkbox"/> Eligible Use E: Redevelopment	
CDBG Activity or Activities	Property acquisition, allowable program delivery costs associated with acquisition activities	
National Objective	Activities funded through this program will benefit individuals at or below 120 percent area median income. At least 12 homes will be sold or rented to persons at or below 50 percent area median income.	
Activity Description	Acquisition of eligible foreclosed or vacant properties. Program deliverables necessary to support acquisition.	
Location Description	Cities of Hampton, Newport News, Norfolk, Petersburg, Portsmouth, Richmond, Suffolk, Franklin, Martinsville	
Budget	Source of Funding	Dollar Amount
	NSP3	\$2,900,000
	(Other funding source)	\$
	(Other funding source)	\$
Total Budget for Activity		\$0.00
Performance Measures	Acquisition of at least 45 properties; this figure expected to increase through the use of Program Income	
Projected Start Date	May 1, 2011	
Projected End Date	November 1, 2013	
Responsible Organization	Name	Virginia Department of Housing and Community Development
	Location	600 East Main Street, Suite 300, Richmond, VA 23219
	Administrator Contact Info	Lisa A. Atkinson, 804-371-7186, Lisa.Atkinson@dhcd.virginia.gov

Activity Number 3	
Activity Name	Property Rehabilitation
Use	Select all that apply: <input 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 checked="" type="checkbox"/> Eligible Use E: Redevelopment
CDBG Activity or	Rehabilitation of acquired properties to meet minimum HQS.

Activities		
National Objective	Activities funded through this program will benefit individuals at or below 120 percent area median income. At least 12 rehabilitated homes will be sold or rented to persons at or below 50 percent area median income.	
Activity Description	Rehabilitation of eligible foreclosed or vacant properties. Program deliverables necessary to support rehabilitation.	
Location Description	Cities of Hampton, Newport News, Norfolk, Petersburg, Portsmouth, Richmond, Suffolk, Franklin, Martinsville	
Budget	Source of Funding	Dollar Amount
	NSP3	\$1,250,000
	(Other funding source)	\$
	(Other funding source)	\$
Total Budget for Activity	\$0.00	
Performance Measures	Rehabilitation of at least 45 properties to minimum HQS	
Projected Start Date	June 1, 2011	
Projected End Date	January 1, 2014	
Responsible Organization	Name	Virginia Department of Housing and Community Development
	Location	600 East Main Street, Suite 300 Richmond, VA 23219
	Administrator Contact Info	Lisa A. Atkinson, 804-371-7186, Lisa.Atkinson@dhcd.virginia.gov

Activity Number 4	
Activity Name	Resale
Use	Select all that apply:
	<input checked="" type="checkbox"/> Eligible Use A: Financing Mechanisms
	<input type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation
	<input type="checkbox"/> Eligible Use C: Land Banking
	<input type="checkbox"/> Eligible Use D: Demolition
<input checked="" type="checkbox"/> Eligible Use E: Redevelopment	
CDBG Activity or Activities	Resale or rental of properties to income-eligible clients
National Objective	Activities funded through this program will benefit individuals at or below 120 percent area median income. At least 12 homes will be sold or rented to persons at or below 50 percent area median income.
Activity Description	Resale or rental of acquired properties. Program deliverables necessary to support resale or rental.
Location Description	Cities of Hampton, Newport News, Norfolk, Petersburg, Portsmouth, Richmond, Suffolk, Franklin, Martinsville

Budget	Source of Funding	Dollar Amount
	NSP3	\$350,000
	(Other funding source)	\$
	(Other funding source)	\$
Total Budget for Activity		\$0.00
Performance Measures	Resale or rental of at least 45 properties.	
Projected Start Date	August 1, 2011	
Projected End Date	March 1, 2014	
Responsible Organization	Name	Virginia Department of Housing and Community Development
	Location	600 East Main Street Suite 300 Richmond, VA 23219
	Administrator Contact Info	Lisa A. Atkinson, 804-371-7186, Lisa.Atkinson@dhcd.virginia.gov

Responsible Organization

The Virginia Department of Housing and Community Development will assume leadership for this program. DHCD partners with Virginia's communities to develop their economic potential; increase their capacity to address community development and housing needs; improve the quality and affordability of housing; regulate Virginia's building and fire codes and provide training and certification for building officials; and invest more than \$100 million each year into housing and community development projects throughout the state.

The DHCD Division of Community Development will serve as the primary service delivery agent. This Division brings to bear a comprehensive mix of programs tailored to support economic development, revitalization, infrastructure improvements, housing, and other key issues associated with community development as a whole. These programs include the Community Development Block Grant (CDBG), Virginia Enterprise Initiative, Virginia Main Street, Virginia's Appalachian Regional Commission, Virginia Enterprise Zone, and the Virginia Individual Development Account program.

Expected Subrecipients

As previously discussed, NSP1 has led to the creation of a very capable local partner network. It is anticipated that this network will be the primary mechanism for implementation of NSP3. The Cities of Hampton, Newport News, Norfolk, Portsmouth, Suffolk, and Franklin will continue their activities, with assistance from their support network, through NSP3. The City of Petersburg is expected to continue to be served by Pathways, a nonprofit, NSP1 provider currently working in the City. The City of Martinsville has expressed an interest and should be a natural fit; the City is a long-time partner of DHCD's and has successfully implemented numerous CDBG projects. The City of Richmond, a direct recipient of NSP3 funds, is also eligible to participate in Virginia's NSP and has expressed an interest to continue their efforts. Habitat for Humanity of Virginia has served as a strong NSP1 partner and has been coordinating local Habitat efforts in

several NSP1 communities; it is anticipated they will continue to serve areas that have been noted as eligible for assistance. Prime subrecipients have also developed their own network to facilitate implementation of the program, including partnerships with Redevelopment and Housing Authorities, Housing Counseling Agencies, lenders, realtors, and other necessary organizations. These entities are all members of the Management Team (as described below) and work together for successful completion of the program. This model and these targeted subrecipients have been very successful with NSP1.

Pay for Performance

Subrecipients must prepare a project budget using the DHCD required format. This budget must reflect current budget activities and funding sources (both Virginia NSP and leverage funds). Administrative costs are performance-based, i.e., costs are paid only after the attainment of pre-determined thresholds. These are negotiated between DHCD and the subrecipient after the completion of the Project Management Plan (a management tool that enables the subrecipient and its partners to know where the project is going and how it will get there). The payment thresholds will outline the respective tasks and how much DHCD will pay upon the completion of each task.

Management Team

DHCD requires the formation of a Project Management Team to oversee the project. The Team is made up of stakeholders who have direct responsibility or oversight of specific activities necessary for the successful completion of the project. Typically, the Team consists of the Chief Executive Officer (who serves as the chair), project administrator, management consultant, rehabilitation specialist, building official, lending professional, assessor, elected official, realtor, homeownership counselor, and other relevant stakeholders.

Contract Negotiations

Given that relationships are already in place with eight of the nine expected subrecipients it is not anticipated that a formal contract negotiation meeting will be necessary. Instead, the subrecipients will be notified when funds are available and Reservation Packets will be accepted. In the event that an organization currently not engaged in the Virginia NSP expresses an interest, a meeting will be held to assess the organization's capacity and ability to quickly begin implementation. Should the organization be deemed appropriate, a Contract Negotiation Meeting will be held, to be followed by a Boot Camp.

The Contract Negotiations Meeting marks the beginning of the period known as the Pre-contract Activities Phase. During this phase, the subrecipient must complete all of the requirements outlined at the contract negotiations meeting and any other conditions subsequently determined to be necessary to assure the successful implementation of the project. Shortly after the meeting, DHCD will send a follow-up letter to the subrecipient, summarizing what these activities are and the expected completion date.

Program Income

Program Income is defined as funds received as a result of the use of Virginia NSP investment. The Virginia NSP is expected to generate significant Program Income,

particularly as properties are acquired, rehabilitated, and sold to eligible clients. All subrecipients with projects that may earn Income must adopt a Program Income Plan (PIP) showing how Program Income will be expended. The PIP must be approved by DHCD prior to its adoption by the subrecipient and the receipt of Program Income.

All Program Income must first be returned to DHCD. If a subrecipient can continue the same activity in the same location that originally produced the Program Income, the returned Program Income will be earmarked for that subrecipient. If a PIP is approved to continue the same activity in the same location and Program Income is made available to the subrecipient, they will be entitled to keep up to 5 percent of the Program Income for administrative purposes; the remaining 5 percent will be available to DHCD to cover program administrative costs.

Client Readiness

Subrecipients are expected to have developed a list of qualified, eligible clients that are willing to move into the neighborhood targeted for Virginia NSP investment. Documentation will be required by the subrecipient to demonstrate a sufficient pipeline of clients.

Subrecipients must ensure that each Virginia NSP assisted homebuyer receive and complete at least eight hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan. Where possible, subrecipients are expected to identify partners that can bring homeownership resources to bear instead of relying on Virginia NSP funds. If necessary, utilization of Virginia NSP funds for homeownership counseling will be considered, however, only to the extent that funds are targeted for delivery of services to a qualified, eligible client that is intent on purchasing a home in a NSP-targeted neighborhood. Funds cannot be used for provision of general homeownership counseling.

Subrecipients will be required to ensure that homebuyers obtain a mortgage loan from a lender who agrees to comply with the bank regulators' guidance for non-traditional mortgages.

Furthering Affordable Rental Options

Virginia's NSP1 program heavily emphasized creating affordable homeownership opportunities. Strategies that addressed supportive housing, special needs housing, low-income homeownership, rental housing for displaced LMMI households, and the provision of rental units was allowed as a lower priority. For NSP3, the creation of affordable rental units *that keep within the character of the neighborhood* are allowed and encouraged. However, emphasis will be placed on projects that retain the fabric of the existing neighborhood. It is the intent of the Virginia NSP to ensure that projects will not significantly change the preexisting nature, characteristic, or stability of that neighborhood. Subrecipients wishing to pursue a rental component will be evaluated on a case-by-case basis.

Delivery Fees

It is DHCD's intent to allow reasonable and appropriate delivery fees which will encourage and fairly reimburse participants. Delivery fees may include both performance-based lump sum payments and allowable costs incurred in the direct delivery of contracted products. Reasonable costs for preserving the condition of eligible properties and its security from theft or vandalism are allowed. The structure in place for NSP1 will be continued.

Virginia CDBG Policy

Existing Virginia CDBG program policies were used as a model for development of a Virginia NSP Grant Management manual that will provide specific guidance, regulations, and sample documents for use by Virginia NSP subrecipients. Unless otherwise stated, Virginia CDBG policies will apply.

DHCD has developed a comprehensive **Project Management Manual** that is provided to each local partner. This manual outlines not just the rules and regulations for the program, but also contains numerous tools and checklists that clearly illustrate the activities that will be undertaken through the NSP, who the responsible parties are, and the expected timeline for completion. While too extensive to include as part of the proposal, this manual can be found online at:

<http://www.dhcd.virginia.gov/NSP/PDFs/2009%20NSP%20Manual%20.pdf>

The Project Management Manual discusses in detail the reporting and monitoring requirements. One of the requirements for this program is the development of the **Project Management Plan (PMP)**. It is a DHCD required management tool that enables the local partner to know where the project is going and how it will get there. As part of the regularly scheduled Project Management Team meetings, the PMP will be reviewed and compared with actual progress. If the review determines something is "amiss" in the project (i. e., timeline and budget) then the Project Management Team can use the meeting to identify the necessary corrective action.

Continuing NSP1 Policies

All existing NSP policies will remain in effect with the exception of administrative funds generated through Program Income. When Program Income is generated, up to 10 percent of those funds may be used for administrative purposes; this will be evenly split between DHCD and the local partner (five percent for each). Administrative funds from the initial NSP3 allocation will also be evenly split.

Technical Assistance and the Community Representative

The Community Representative is responsible for direct technical assistance and for assuring that each assigned local partner achieves stated performance and compliance requirements. The Community Rep is responsible for helping the local partner get under contract, providing technical assistance as needed, participating in Boot Camp, providing onsite and desktop compliance monitoring, ensuring that Project Management Plans are being adhered to, and reviewing all reporting documentation. Technical assistance is also provided by the Associate Director, who is responsible for contract negotiations, program management design, and policy and overall administration, the Program Manager, who is

responsible for uniform policy implementation and program management by the staff of Community Representatives, and the Financial Analyst who is responsible, for assuring accountability of funds, technical assistance in financial management, audit control and management.

Progress Reports

Progress reports are required at a specific time and are intended to provide necessary information regarding the progress, obligations and expenditures that have occurred to date. Their main purpose is to ensure that the local partner and DHCD are aware of the programmatic and financial status of the project and that sufficient financial resources are on hand to complete the project's activities. A progress report does not entail any action or response on the part of DHCD unless it indicates actual or potential problems in the implementation of the project in accordance with the contract documents. In many cases the minutes of the monthly Management Team meeting may serve as a Progress Report. These minutes shall be distributed to all members of the Management Team, inclusive of DHCD's Community Representative, within ten days of each meeting.

Quarterly Updates

The local partner must report the benefits, match and accomplishments achieved each quarter. DHCD will transmit the pre-printed report to the local partner at the end of the quarter so they can complete and return the report within two weeks. This data will be used to comply with HUD's reporting system.

Annual Expenditure Report

The Annual Expenditure Report is another preprinted form, which requires financial data specific to the project. This report is usually sent out prior to a Compliance Review or in lieu of a financial review. Failure to properly complete this report can lead to a Financial Finding.

Final Closeout Reports

Once all NSP funds but the last 5% of the administrative costs are drawn down and the Final Compliance Review has taken place, the project is ready to be administratively closed out. DHCD will send to the local partner a Letter of Conditions, which identifies what has to be done to achieve final closeout. Along with the letter, DHCD will send the Final Closeout Reports or "the blue forms." They usually consist of the following five reports: a Final Financial Report, a Final Construction Report, a Final Evaluation Report, a Program Income Report, and a Leverage Report.

Local Business Plans

All subrecipients must enter into a contractual agreement with DHCD. As part of this contract is the agreement the subrecipient will comply with Section 3 of the Housing and Urban Development Act of 1968, as amended, requiring that to the greatest extent feasible opportunities for training and employment be given to lower income residents of the program area and contracts for work in connection with the program be awarded to eligible business concerns which are located in, or owned in substantial part by, persons residing in the area of the program. A thorough discussion of the procurement process is

included in the Grant Management manual, including sample requests for proposals. As a contract condition, the subrecipient is also required to adopt a Local Business and Employment Plan, a sample is available in Appendix 4 of the Grant Management Manual at: <http://www.dhcd.virginia.gov/NSP/PDFs/Appendices%201-50.zip>. This information is collected as part of the NSP Completion Report.

ATTACHMENT I

DHCD has developed minimum housing standards for utilization in the Virginia NSP Program. These may be found beginning on page 38 of the file located at:
http://www.dhcd.virginia.gov/CommunityDevelopmentRevitalization/PDFs/VA_NSP_Plan.pdf.

ATTACHMENT II
Summary of Citizen Participation Efforts

- 1) On October 21, 2010, DHCD conducted training for all NSP1 partners. As part of this training an open discussion session was held to receive input for the proposed design of the NSP3. Limited comments were received; below is a summary:
 - Habitat for Humanity: 1st come, first serve to quickly recycle (performance-based)
 - Would like to allow two applicants from one locality
 - Criteria
 - o Per unit cost
 - o Leverage funds
 - o Consider serving populations with disabilities (prioritize)
 - o Offer simple rent-to-own, lease-to-own options
 - Make funds available for purchase of small multifamily property

- 2) On December 7, 2010, DHCD posted online a draft program design for comment. Notification of this was sent to all NSP1 partners and to other parties which had expressed an interest in the program. Comments are as follows:
 - A. Central Virginia Housing Coalition – Expressed concern that proposed distribution methodology focuses just on the urban areas of Virginia to the detriment of rural communities. Also states that some NSP1 grantees which made the program a success no longer have the ability to participate.
 - B. Northern Shenandoah Valley Regional Commission – Expressed understanding of why the approach for targeting was proposed.
 - C. Virginia Beach Community Development Corporation – Indicated the CDC may check with other eligible Tidewater communities if Virginia Beach were not a target. Follow-up comments indicated they were hoping we would allow work to continue in Virginia Beach and suggesting that DHCD not apply further restrictions related to targeting or allow Census tracts with a score of 15 or higher to be eligible.
 - D. City of Danville: The City hoped to participate in NSP2 and have asked that we consider Danville as an option for NSP3 funds.

- E. PEOPLE, Incorporated: Would like to continue working in the City of Bristol. They have identified 14 homes that could be purchased through a deed in lieu of foreclosure and have secured some funding from the Federal Home Loan Bank to assist with proposed activities; they have also submitted a request for approximately \$1.4 million in NSP funds. A conversation regarding possible options was held on December 17, 2010.
- F. Loudoun County – Loudoun County’s letter cited the success of NSP1 and the continued foreclosure crisis in the County. Issue was taken with HUD’s method for assessing the foreclosure crisis and assigning Need scores.
- G. Center for Community Development Inc (Portsmouth)– Would like to participate in NSP3; not just limit participation to the City,
- H. Habitat for Humanity of Virginia: Express a level of comfort with the proposed administrative funding and subsidy levels. Suggestions were offered which still directed funds to the originally identified areas but with a request to use a lower Need score to within those localities.
- I. Three NSP 1 partners, the City of Portsmouth, City of Newport News, and Pathways expressed support for the program approach. The City of Portsmouth would also like to be allowed to expand in to eligible NSP3 neighborhoods with NSP1 funds (using the new HUD data).

All were told that what was presented is a draft and to please submit specific recommendations.

ATTACHMENT III
NSP3 Target Areas

DHCD intends to adhere to the intent of the program by targeting those areas designated by HUD as areas of greatest need. Under NSP3, DHCD first examined the eligible Census blocks in Virginia and determined that localities which have Census blocks with a HUD *Need Score* of **18** or higher are eligible to receive NSP3 funding. A review of the eligible Census blocks indicates nine incorporated areas of the state meet this threshold, as follows:

- City of Hampton
- City of Newport News
- City of Norfolk
- City of Petersburg
- City of Portsmouth
- City of Richmond
- City of Suffolk
- City of Franklin
- City of Martinsville

The table below illustrates the first step utilized in identifying eligible localities. Once complete, Census tract mapping was completed in the nine eligible localities.

VA0019422	516509382735000011900U2	Hampton city	18
VA0019423	516509382735000011900U3	Hampton city	18
VA0020083	517009485156000030400U1	Newport News city	18
VA0020084	517009485156000030400U2	Newport News city	18
VA0020085	517009485156000030400U3	Newport News city	18
VA0020086	517009485156000030400U4	Newport News city	18
VA0020087	517009485156000030400U5	Newport News city	18
VA0020614	517109487557000003300U1	Norfolk city	18
VA0020615	517109487557000003300U2	Norfolk city	18
VA0020680	517109487557000004600R2	Norfolk city	18
VA0020682	517109487557000004600U1	Norfolk city	18
VA0020683	517109487557000004600U2	Norfolk city	18
VA0020708	517109487557000005100R1	Norfolk city	18
VA0020710	517109487557000005100U1	Norfolk city	18
VA0020713	517109487557000005200U1	Norfolk city	18
VA0020714	517109487557000005200U2	Norfolk city	18
VA0020715	517109487557000005200U3	Norfolk city	18
VA0020753	517109487557000005901U1	Norfolk city	18
VA0020754	517109487557000005901U2	Norfolk city	18
VA0020755	517109487557000005901U3	Norfolk city	18
VA0021191	517309503561832810500U1	Petersburg city	18

VA0021192	517309503561832810500U2	Petersburg city	18
VA0021193	517309503561832810500U3	Petersburg city	18
VA0021194	517309503561832810500U4	Petersburg city	18
VA0021209	517309503561832810900U1	Petersburg city	18
VA0021210	517309503561832810900U2	Petersburg city	18
VA0021211	517309503561832810900U3	Petersburg city	18
VA0021353	517409512364000210500U1	Portsmouth city	18
VA0021409	517409512364000211800U1	Portsmouth city	18
VA0021410	517409512364000211800U2	Portsmouth city	18
VA0021411	517409512364000211800U3	Portsmouth city	18
VA0021412	517409512364000211800U4	Portsmouth city	18
VA0021413	517409512364000211800U5	Portsmouth city	18
VA0021416	517409512364000211900U1	Portsmouth city	18
VA0021417	517409512364000211900U2	Portsmouth city	18
VA0021465	517409512364000212702U1	Portsmouth city	18
VA0021466	517409512364000212702U2	Portsmouth city	18
VA0021702	517609529167000010900U1	Richmond city	18
VA0021703	517609529167000010900U2	Richmond city	18
VA0021704	517609529167000010900U3	Richmond city	18
VA0021705	517609529167000010900U4	Richmond city	18
VA0021973	517609529167000071001U1	Richmond city	18
VA0021974	517609529167000071001U2	Richmond city	18
VA0021975	517609529167000071001U3	Richmond city	18
VA0021976	517609529167000071001U4	Richmond city	18
VA0022622	518009598776432065400R1	Suffolk city	18
VA0022624	518009598776432065400U1	Suffolk city	18
VA0022625	518009598776432065400U2	Suffolk city	18
VA0022628	518009598776432065500U1	Suffolk city	18
VA0022629	518009598776432065500U2	Suffolk city	18
VA0019136	516209364329600090200R1	Franklin city	19
VA0019138	516209364329600090200U1	Franklin city	19
VA0019139	516209364329600090200U2	Franklin city	19
VA0019140	516209364329600090200U3	Franklin city	19
VA0020007	516909453749784000200U1	Martinsville city	19
VA0020008	516909453749784000200U2	Martinsville city	19
VA0020009	516909453749784000200U3	Martinsville city	19
VA0020010	516909453749784000200U4	Martinsville city	19
VA0022602	518009598776432065100U1	Suffolk city	19
VA0022603	518009598776432065100U2	Suffolk city	19
VA0022604	518009598776432065100U3	Suffolk city	19
VA0020856	517109487557000007001U1	Norfolk city	20

It should be noted that just because a locality has an eligible Census block does not mean the entire area is eligible. Once the initial localities were determined, further selection of eligible Census tracts with a score of 15 or higher was completed. Census tracts were mapped utilizing the online mapping tool; the tracts below correspond as closely as possible to the true Census tracts in each locality. These areas may be amended as necessary. Census tracts with a Need score of 15 or higher in these eligible localities are eligible for NSP3 assistance. All targeted areas exceed the minimum required state score of 13.

Eligible Census Tracts for NSP3

Project Name	Total Housing Units	NSP3 Need Score by Map	Located in Tract Number	Census Tract Need Score
suffolk	1730	18.00	51800065300	15
suffolk2	1122	18.00	51800065500	18
suffolk3	1670	15.00	51800065300	15
suffolk4	993	18.99	51800065100	19
hampton1	1325	15.51	51650011600	16
hampton2	2218	15.00	51650011800	15
hampton4	913	14.96	51650011300	15
hampton7	1964	15.00	51650010309	15
hampton8	1998	15.00	51700031300	15
NN1	1566	18.00	51700030400	18
NN2	2836	17.00	51700030300	17
NN3	924	16.00	51700030500	16
NN3	1453	16.00	51700030600	16
NN4	1458	17.90	51650011900	18
NN5	1661	16.09	51650012000	16
NN6	1249	15.73	51650011600	16
Norfolk1	370	16.93	51710004700	17
Norfolk2	1557	15.00	51710004300	15
Norfolk3	1095	17.00	51710004400	17
Norfolk4	511	17.00	51710004500	17
Norfolk6	859	18.00	51710004600	18
Norfolk7	511	17.00	51710004500	17
Norfolk8	1423	16.00	51710006400	16
Norfolk9	3166	14.98	51710006100	15
Peter1	812	14.81	51041100600	15
Peter2	2060	15.00	51041100701	15
Peter4	920	16.98	51730810400	17
Peter6	2481	17.83	51730810500	18

Peter7	148	17.00	51053840400	17
Peter7	2256	15.10	51730811000	15
Peter9	1085	15.96	51730811100	16
Peter10	1050	17.00	51730811200	17
Port2	991	15.00	51740210700	15
Port4	600	17.00	51740212100	17
Port5	1938	15.00	51740212300	15
Port6	1480	15.00	51740212400	15
Rich1	1274	16.85	51760011100	17
Rich2	1270	17.00	51760011000	17
Rich3	1245	18.00	51760010900	18
Rich4	3777	17.01	51760010900	17
Rich5	1730	17.00	51087200805	17
Rich6	1127	16.57	51760010300	17
Rich7	1055	16.91	51760010700	17
Rich8	2741	16.74	51760011100	17
Rich9	4795	16.67	51760011100	15
Franklin1	1890	18.93	51620090200	19
Mart1	1644	16.01	51690000100	16
Mart2	1365	19.00	51690000200	19
Mart3	1364	17.00	51690000400	17
Mart4	1518	15.00	51690000300	15

Below is the project summary generated through the HUD mapping site.

Project Summary for NSP3		
Project Name	Total Housing Units	NSP3Need Score
suffolk	1730	18
suffolk2	1122	18
suffolk3	1670	15
suffolk4	993	18.99
hampton1	1325	15.51
hampton2	2218	15
hampton4	913	14.96
hampton7	1964	15
hampton8	1998	15
NN1	1566	18
NN2	2836	17
NN3	924	16
NN3	1453	16
NN4	1458	17.9
NN5	1661	16.09
NN6	1249	15.73
Norfolk1	370	16.93
Norfolk2	1557	15
Norfolk3	1095	17
Norfolk4	511	17
Norfolk6	859	18
Norfolk7	511	17
Norfolk8	1423	16
Norfolk9	3166	14.98
Peter1	812	14.81
Peter2	2060	15
Peter4	920	16.98
Peter6	2481	17.83
Peter7	148	17
Peter7	2256	15.1
Peter9	1085	15.96
Peter10	1050	17
Port2	991	15
Port4	600	17
Port5	1938	15
Port6	1480	15
Rich1	1274	16.85
Rich2	1270	17
Rich3	1245	18
Rich4	3777	17.01
Rich5	1730	17
Rich6	1127	16.57
Rich7	1055	16.91
Rich8	2741	16.74
Rich9	4795	16.67
Franklin1	1890	18.93
Mart1	1644	16.01
Mart2	1365	19
Mart3	1364	17
Mart4	1518	15

Total Housing Units for All Shapes: 77188
Total NSP3 Need Score: 16.41

ATTACHMENT IV
NSP3 Proposal 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:	Yes, using HUD data
<ul style="list-style-type: none"> • With the highest percentage of home foreclosures? 	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> • With the highest percentage of homes financed by subprime mortgage related loan?; and 	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> • 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 http://www.huduser.org/NSP/NSP3.html ?	<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 checked="" type="checkbox"/>

3. Definitions and Descriptions

	Yes
Are the following definitions and topics included in your substantial amendment?:	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> • Blighted structure in context of state or local law, 	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> • Affordable rents, 	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> • Ensuring long term affordability for all NSP funded housing projects, 	<input checked="" type="checkbox"/>

<ul style="list-style-type: none"> • Applicable housing rehabilitation standards for NSP funded projects 	<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:	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> • The planned activity, 	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> • The number of units that will result in displacement, 	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> • The manner in which the grantee will comply with URA for those residents? 	<input checked="" type="checkbox"/> Displacement and Relocation not anticipated

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:	
NOTE: Most items cited by reference as they are carried forward from NSP1	
• 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 checked="" type="checkbox"/>

9. Additional Documentation

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