

**NEBRASKA DEPARTMENT
of
ECONOMIC DEVELOPMENT**

(DED)

**Community Development Block Grant
(CDBG)**

Neighborhood Stabilization Program (NSP)

October 17, 2008

NEBRASKA
possibilities...endless™

Department of Economic Development

BRIEFING AGENDA

- About DED
- Overview of the Program
- Information Provided at Regional HUD trainings
- Preliminary DED Strategy and Timeline
- Open Discussion

DED'S MISSION

To provide quality leadership and services that enable Nebraska communities, businesses, and people to succeed in a global economy. We are here, equipped and ready, to assist you and your community in developing and capitalizing on economic development opportunities.

DED ANNUAL BUDGET 2007-08

Sources of Funds

General Fund	\$ 6,654,968
Cash Funds	23,666,004
Federal Funds	<u>21,861,622</u>
Total	\$52,182,594

Uses of Funds

Staff	\$ 4,989,222
Operations	6,644,287
Aid/Grants	<u>40,549,085</u>
Total	\$52,182,594

DED ANNUAL BUDGET 2007-08

MAJOR AID PROGRAMS

Community Development Block Grant (CDBG)

Affordable Housing Trust Fund (AHTF)

HOME

Customized Job Training

Manufacturing Extension Partnership (MEP)

Microenterprise Fund

Value Added Grants

Building Entrepreneurial Communities (BECA)

Tourism Marketing

Non- NSP CDBG – TYPES

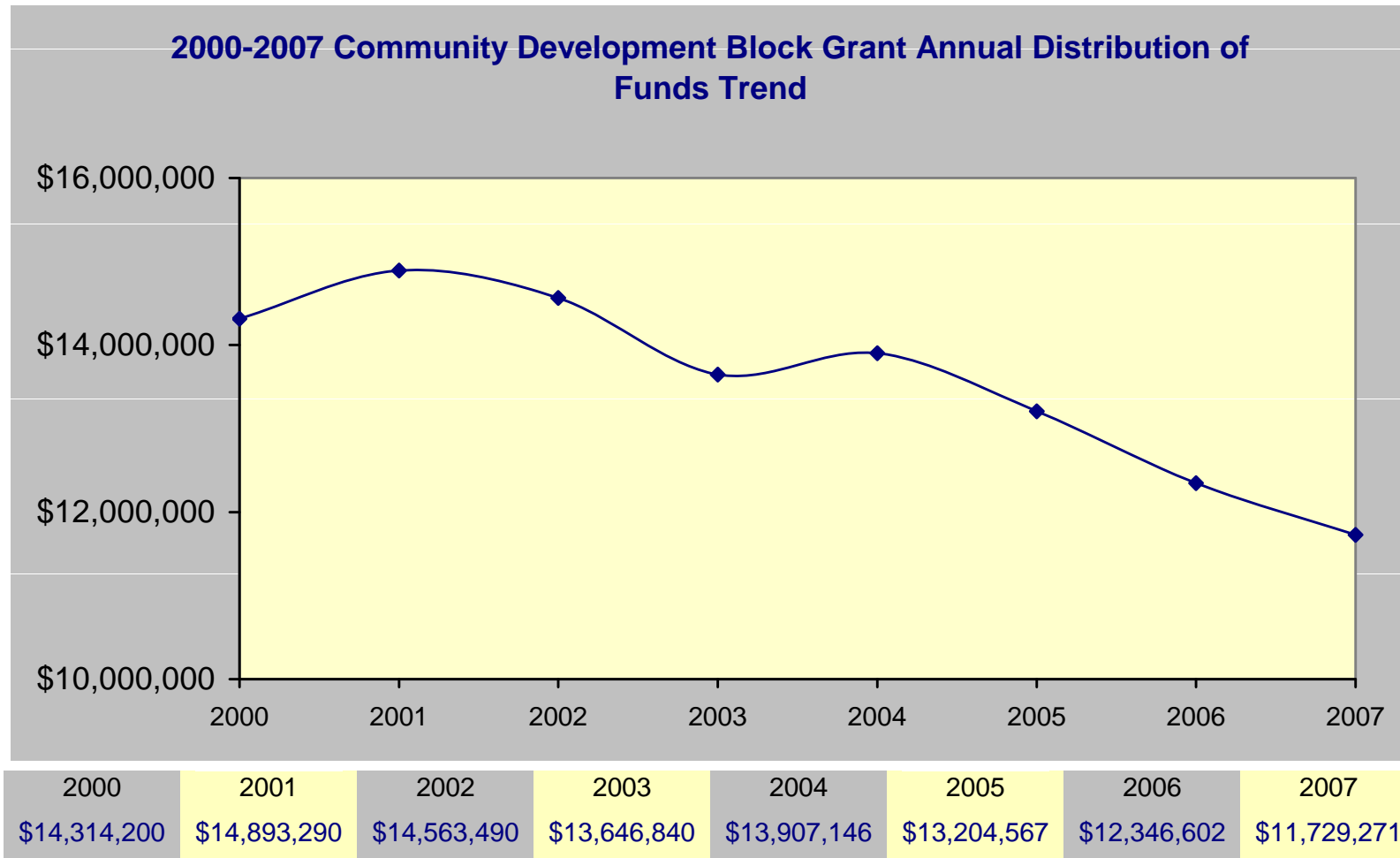
- **Planning**
- **Public Facilities**
- **Water/Waste-Water assistance**
- **Tourism Development Initiative**
- **Downtown Revitalization Initiative**
- **Community Revitalization**
- **Housing**

Non-NSP CDBG

National Objectives:

- 1) benefiting low- and moderate-income persons; or
- 2) aiding in the prevention or elimination of slums or blight; or,
- 3) meeting other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to health or welfare of the community and other financial resources are not available to meet such needs.

2000-2007 CDBG ANNUAL FUNDING TREND



* This chart represents the anticipated five percent decrease in CDBG funding in 2007.

2008 HOUSING FUNDS AVAILABLE

\$1,000,000	CDBG
\$5,000,000	HOME
<u>+\$10,000,000</u>	NAHTF
\$16,000,000	

NEB. AFFORDABLE HOUSING TRUST FUND

- Financed with a documentary stamp tax
- \$1.20 tax for every \$1,000 of valuation
- All real estate transfers
- Approximately \$10 million per year
- Began in 1998 with documented need of \$20 million per year minimum

Housing Activities

- Homebuyer programs
- Owner-occupied rehabilitation programs
- Non-profit operating assistance
- Rental housing

State of Nebraska NSP

- Allocation to the State of Nebraska
 - \$19.6 million
 - DED grant submission due December 1, 2008
 - Funds committed by 18 months of HUD signing grant agreement
 - Allowed administration – 10%
 - Proposed State Administration – 4% (\$785,000 total over 4 years+)
 - Proposed grantee administration – 4%
 - Additional funds available for activity soft costs

DED CDBG NSP – Eligible Activities

- 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

DED CDBG NSP – Eligible Grantees

- Local Governments – including Lincoln and Omaha
- Non-profits – including quasi-governmental agencies

NSP – Serving the lowest income

- 25% of the funds (\$4.9 million) must be used to house households with incomes at or below 50% AMI through any of the five eligible activities
 - Homebuyers
 - Renters
 - Lease-purchase
 - Special Needs projects such as transitional housing for the homeless
 - Habitat for Humanity partnerships

NSP allocation priority

- Allocation of funds must give priority to areas with
 - (1) the greatest percentage of home foreclosures;
 - (2) with the highest percentage of homes financed by a subprime mortgage related loan; and
 - (3) identified by the state as likely to face a significant rise in the rate of home foreclosures

NSP allocation priority

- Preliminary data suggests the following areas have the greatest need:
 - (1) Areas of North Omaha
 - (2) Douglas County, Sarpy County, Cass County and Washington County
- Areas most likely to see a rise in foreclosures are the more populated communities
- This information will be further substantiated & priority areas may change

NSP Eligible Activities

- Not limited to housing as an outcome
- Not limited to foreclosed properties
- Must meet a national objective defined as
 - Low Moderate Middle Income Housing benefit
 - Low Moderate Middle Income Area benefit
 - Low Moderate Middle Income Jobs benefit
 - May require request for special permission
- Low Moderate Middle Income = $<$ or $=$ to 120% Area Median Family Income

Summary of HUD Training (I)

- Emphasis these are CDBG funds
- If NSP is used with other federal funds, most restrictive requirement applies
- Environmental Review requirements same
- URA and 104(d) [acquisition/relocation] requirements different –
 - 1 for 1 replacement is not required
- Lead-based paint requirements same
- Housing at 50% AMI – rentals and special needs

Summary of HUD Training (II)

- Quickly awarding & using funds critical
- Reporting will be on an address-level basis (like HOME)
- Rental projects -HOME program affordability requirements
- Not eligible
 - Foreclosure prevention
 - Demolition of non-blighted structures
 - Purchase of properties not abandoned or foreclosed upon

Summary of HUD Training (III)

- Program Income could be very complicated
- Extraordinary oversight as a high-risk program
 - DED oversight of Grantees and subrecipients
 - HUD oversight of DED
 - HUD Office of Inspector General Audits oversight of HUD, DED, & Grantees
 - HUD OIG Investigators oversight of all
 - General Accounting Office oversight of all

DED NSP Timeline (I)

- Proposal Pre-applications available October 16
- Proposal Pre-applications due Nov. 3
- Proposed Grant Nov. 7
- Proposed Grant Submission public comment period Nov. 7-21
- Finalize Grant Submission November 25
- Deadline to submit to HUD December 1, 2008

DED NSP Timeline (II)

- HUD approval of plan
February 13, 2009



- Additional project applications accepted
- Project application reviews and commitments on an ongoing basis until June 30, 2009.
- **MUST** have commitments by June 30, 2009.

NSP Allocation Strategy

- DED can change this strategy based on pre-applications received
- Funds may be allocated to different strategy categories based on capacity of the applicant and readiness to proceed
- DED must rely on the Consolidated Plan for Omaha and Lincoln, therefore, requesting overall priorities from the City of Omaha and the City of Lincoln

DED CDBG NSP Allocation Strategy (1)

What?

Housing Projects that will house households
with incomes at or below 50% AMI

Where? Omaha

How much? \$4,000,000

Grantee? City of Omaha

DED CDBG NSP Allocation Strategy (2)

What?

All eligible Projects

Where? Omaha MSA (Douglas, Sarpy, Saunders, Washington, Cass county)

How much? \$3,230,000

Grantee? Local Government – housing activities

Local Gov't or non-profit for non-housing activities

DED CDBG NSP Allocation Strategy (3)

What?

Housing Projects that will house households
with incomes at or below 50% AMI

Where? Lincoln

How much? \$1,000,000

Grantee? City of Lincoln

DED CDBG NSP Allocation Strategy (4)

What? All eligible Projects

Where?

Lincoln MSA and Sioux City IA- NE -SD MSA
(Lancaster, Seward, Dakota and Dixon
counties)

How much? \$1,600,000

Grantee? Local Government – housing
activities

Local Gov't or non-profit for non-housing
activities

DED CDBG NSP Allocation Strategy (5)

What?

All eligible Projects

Where? Communities with population over 20,000 not included in MSAs (Norfolk, Columbus, Grand Island, Hastings, Kearney, North Platte, Fremont)

How much? \$4,500,000

Grantee? Local Government or non-profit

DED CDBG NSP Allocation Strategy (6)

What? Eligible community redevelopment projects and demolition programs

Where? All other Nebraska communities

How much? \$3,700,000

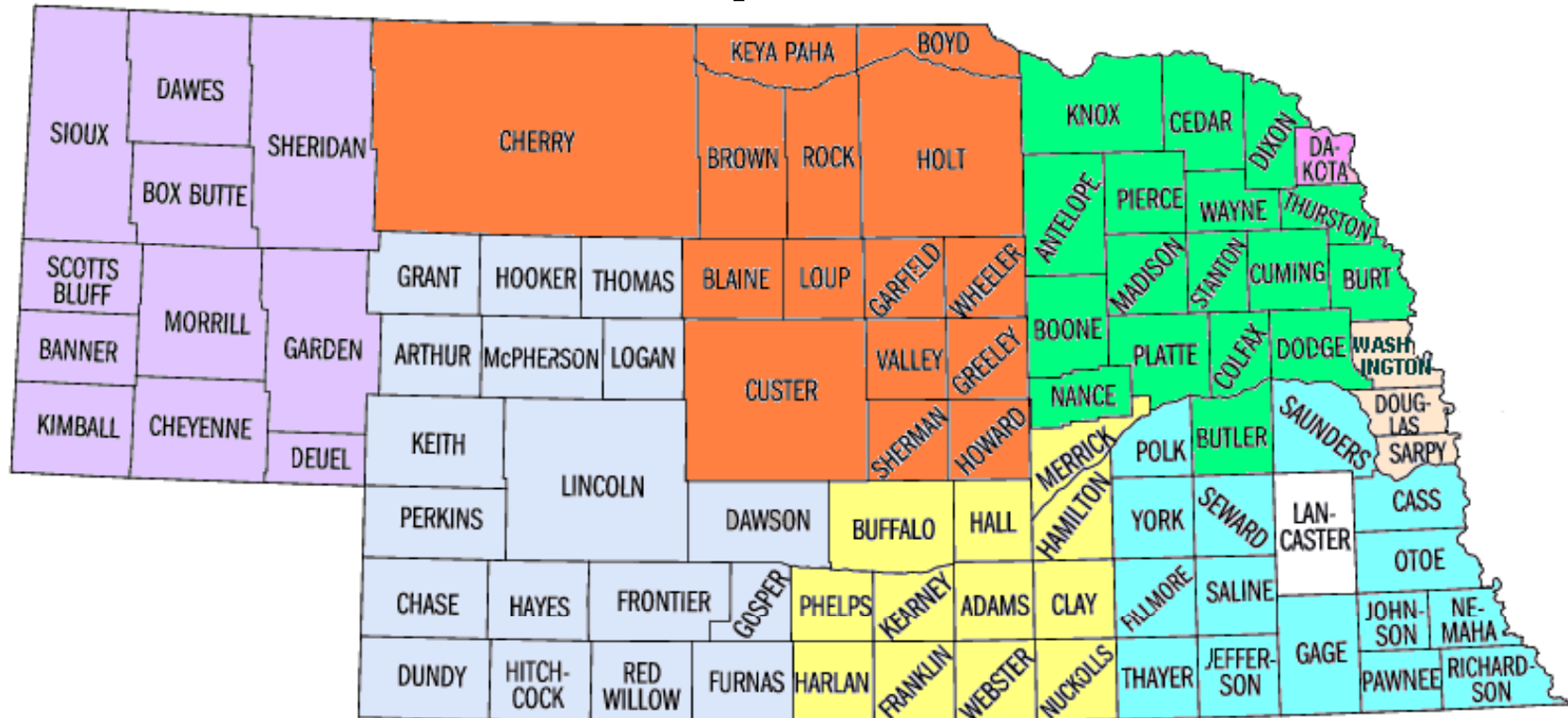
Grantee? Eligible Non-Profit or local government









NSP Allocation Strategy (6) continued

- Demolish blighted structures only
- HUD pre-defined area with 51% of population at 120% AMI
- DED pre-defined area determined to be likely to have an above average percentage of dilapidated housing OR completion of a survey tool to define an area as such
- Highly recommend regional programs for small communities
- Maps and survey tool available by Nov. 6

ADDITIONAL RESOURCES

Nebraska Development Districts



- | | |
|---|--|
|  Panhandle Area Development District |  Northeast Nebraska Economic Development District |
|  Central Nebraska Economic Development District |  Siouxland Interstate Metropolitan Planning Council |
|  West Central Nebraska Economic Development District |  Metropolitan Area Planning Agency |
|  South Central Economic Development District |  Southeast Nebraska Development District |

Pre-application

- NOT REQUIRED
- Should submit if you have a general project idea that may be included in the Plan to HUD.
- Complete to the best of your ability, a full application will be available later
- Think creatively – new program not all parameters are defined, yet

SEARCH...

Home

Nebraska is truly in the middle of it all, offering an array of advantages that make exploring, living, working and doing business here a wonderful and rewarding experience. Exceptional quality of life, clean air, excellent educational opportunities, vast recreation, and safe environment, as well as, unmatched work ethic, business-friendly atmosphere, and lower-overall cost of living make Nebraska a dynamic location. ***A Nebraska destination offers endless possibilities.***

- HOME
- Why Nebraska?
- About DED
- Events Calendar
- Affiliated Programs
- FAQs
- Research & Databook
- Staff
- Public Notices

News & Updates

- ▶ Press Releases
- ▶ Latest Newsletter
- ▶ Special Legislative Edition of Nebraska Development News
- ▶ 2007 Annual Report
- ▶ Proposed 2007 Annual Performance Report
- ▶ Marketplace 2008 - Register Online
- ▶ Legislative Bill Tracker
- ▶ Community Development Week 2008
- ▶ DED Job Postings

Business Development

- ▶ Starting A Business
- ▶ Expanding & Relocating
- ▶ Existing Business
- ▶ International
- ▶ Incentives & Financing
- ▶ Library & Forms
- ▶ More...

Community Development

- ▶ 2008 Governor Conference on Rural Development and NCIP Awards Banquet
- ▶ Neighborhood Stabilization Program (NSP)
- ▶ Proposed 2007 Annual Performance Report
- ▶ Pre-Application for New Neighborhoods II
- ▶ Housing Development
- ▶ Community Development Block Grant (CDBG)
- ▶ NE Community Improvement Program (NCIP)
- ▶ Tax Increment Financing (TIF)
- ▶ Improve Infrastructure
- ▶ Improve Neighborhood
- ▶ Build/Improve Facilities
- ▶ Community Promotion
- ▶ Library & Forms
- ▶ Nebraska Communities
- ▶ More...

Travel & Tourism

- ▶ Things to Do
- ▶ Places to Stay
- ▶ Maps
- ▶ Road Trips
- ▶ More...

Nebraska – Explore, Live, Work, Play, Do Business!

Questions?

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<http://www.neded.org/content/view/818/156/>