

*Prince George's County, Maryland*  
**JACK B. JOHNSON, County Executive**



# Neighborhood Stabilization Program (NSP)

## Substantial Amendment to Annual Action Plan

FY 2009

Department of Housing and Community Development  
James E. Johnson, Acting Director

9400 Peppercorn Place, Suite 200  
Largo, Maryland 20774

Telephone: 301-883-5531 • TDD: 301-883-5428

Visit Us: [www.co.pg.md.us/Government/AgencyIndex/HCD/index.asp](http://www.co.pg.md.us/Government/AgencyIndex/HCD/index.asp)

Modified: 7-6-2009

*Prince George's County, Maryland*

**JACK B. JOHNSON, County Executive**

**Dr. Jacqueline F. Brown, Chief Administrative Officer**

**Prince George's County Council**

**Marilynn M. Bland, Council Chairperson**

**Thomas E. Dernoga, Council Vice-Chair**

**Will Campos**

**Samuel H. Dean**

**Camille A. Exum**

**Andrea Harrison**

**Tony Knotts**

**Eric Olson**

**Ingrid M. Turner**

**Department of Housing and Community Development**

**James Johnson, Acting Director**

**Carla W. Carter, Deputy Director**

**9400 Peppercorn Place, Suite 200**

**Largo, Maryland 20774**

**Telephone: (301) 883-5540 or TDD: (301) 883-5428**

NSP Contact Person: Rosalyn Clemens, Program Manager at 301-883-7401



**Prince George's County, Maryland**  
**Neighborhood Stabilization Program (NSP)**  
**Substantial Amendment to FY 2009 Annual Action Plan**

**Table of Contents**

A. AREAS OF GREATEST NEED.....	1
B. DISTRIBUTION AND USES OF FUNDS .....	4
C. DEFINITIONS AND DESCRIPTIONS.....	6
D. LOW INCOME TARGETING .....	7
E. ACQUISITIONS & RELOCATION.....	8
F. SPECIFIC ACTIVITY REQUIREMENT .....	8
G. PUBLIC COMMENT .....	11
H. NSP INFORMATION BY ACTIVITY .....	15
I. ATTACHMENTS .....	29

## **A. AREAS OF GREATEST NEED**

Mortgage foreclosures have severely impacted Prince George's County. As a result, the County has one of the highest numbers of foreclosure activities in the State of Maryland.

In determining the areas of greatest need for the Neighborhood Stabilization Program (NSP), HUD guidelines required a review of the following statistical data:

- Real Estate Owned (REO),
- Received Auction Notices,
- Received Default Notices,
- Average HUD Foreclosure Risk Scores,
- Average Percentage of Low, Moderate, and Middle Income (LMMI) households,
- Average HMDA Hi Cost Loan Rate,
- Percentage of Subprime Mortgages

Based on HUD's greatest needs indicators, priority will be given to the Target Area Zip Codes in Prince George's County with the following:

- Areas that have 20 or more REOs
- Average HUD Risk Score of 5 and above
- Average HMDA Hi Cost Loan Rate of at least 25 %
- High Percentage of Subprime Mortgages
- Potential to create Workforce Housing, due to the proximity to major employers.

As a result, the County identified the following twelve (12) Target Area Zip Codes. Zip codes 20746 and 20747 have potential to create Workforce Housing due to its proximity to a major employer\*. Workforce housing is defined as homes purchased by teachers, police officers, nurses, firefighters, and employees working within a 3 mile radius of place of employment. These areas include:

- Bowie (20716)
- Capitol Heights (20743)
- District Heights (20747)\*
- Fort Washington (20744)
- Hyattsville (20783, 20785)
- Lanham (20706)
- Laurel (20708)
- Temple Hills (20748)
- Suitland (20746)\*
- Upper Marlboro (20772, 20774)

Table I identifies the areas of greatest need by zip codes. (See Table I on the next page.)

**Table I - Areas of Greatest Need by Zip Codes**

City	Zip Code	REOs	Auction Notice	Default Notice	Average HUD Risk Score	Average % of LMMI HHs	Average HMDA Hi Cost Loan Rate	High % of Subprime Mortgages	Target Areas (X)
Accokeek	20607	10	3	22	4	61	35	Yes	
Aquasco	20608	0	0	1	2	66	27	No	
Beltsville	20705	18	6	56	4	75	21	Yes	
Bladensburg	20710	4	2	15	8	91	48	Yes	
Bowie	20715	8	5	37	4	61	25	Yes	
Bowie	20716	20	8	43	5	62	27	Yes	X
Bowie	20720	17	6	66	5	58	30	Yes	
Bowie	20721	18	5	66	4	43	31	Yes	
Brandywine	20613	1	4	21	5	74	36	Yes	
Brentwood	20722	6	3	21	9	84	46	Yes	
Capitol Heights	20743	40	13	122	7	73	54	Yes	X
Cheltenham	20623	5	8	12	6	51	39	Yes	
Clinton	20735	27	5	79	4	64	36	Yes	
College Park	20740	4	3	39	6	75	30	Yes	
District Heights	20747	21	6	67	7	70	51	Yes	X
Fort Washington	20744	52	18	138	5	49	37	Yes	X
Glenn Dale	20769	8	2	23	6	57	33	Yes	
Greenbelt	20770	10	0	24	6	65	32	Yes	
Hyattsville	20781	4	5	26	7	84	39	No	
Hyattsville	20782	12	6	33	6	88	39	Yes	
Hyattsville	20783	39	9	94	8	80	43	Yes	X
Hyattsville	20784	25	10	86	8	83	50	Yes	X

City	Zip Code	REOs	Auction Notice	Default Notice	Average HUD Risk Score	Average % of LMMI HHs	Average HMDA Hi Cost Loan Rate	High % of Subprime Mortgages	Target Areas (X)
Hyattsville	20785	17	9	68	9	84	47	Yes	
Lanham	20706	32	13	82	7	51	37	Yes	X
Laurel	20707	23	5	63	5	69	27	Yes	X
Laurel	20708	11	6	24	5	66	29	No	
Mount Rainier	20712	6	4	9	8	87	35	No	
Oxon Hill	20745	12	4	44	7	70	45	Yes	
Riverdale	20737	12	7	37	8	75	41	Yes	
Suitland	20746	14	3	27	8	70	45	Yes	X
Temple Hills	20748	25	7	68	9	64	46	Yes	X
Upper Marlboro	20772	28	7	95	5	63	32	Yes	X
Upper Marlboro	20774	41	10	125	6	49	33	Yes	X
	<b>Total</b>	<b>570</b>	<b>202</b>	<b>1733</b>					

Source: RealtyTrac and HUD

REO, Auction Notice and Default Notice: This data was obtained from RealtyTrac. RealtyTrac publishes a comprehensive foreclosure database, which includes default, auction and bank-owned homes from across the country.

HUD Risk Score: HUD uses data to predict whether or not a neighborhood has a high or low risk for foreclosed and abandoned homes. A score for each neighborhood was provided from 0 to 10, where 0 suggests a very low risk and 10 suggest a very high risk.

HUD Area Income Limits: HUD created an Excel file for each state that shows every Census Tract/Block Group, where households in the year 2000 had less than 120 percent Area Median Income (AMI).

HMDA Hi Cost Loan Rate: The Federal Reserve Home Mortgage Disclosure Act (HMDA) provides data on the percentage of all loans made between 2004 and 2006 that are high cost at the Census Tract Level.

High Percentage of Subprime Mortgages: HUD identified, using 2000 Zip Code Tabulation Areas, the upper quartile ranking for both subprime loan market share and subprime loans originated in years 2004 and 2005.

## **B. DISTRIBUTION AND USES OF FUNDS**

The Target Areas will consist of those zip codes that meet the criteria of Section 2301(c)(2) of HERA and areas that have the potential to create Workforce Housing due to its proximity to a major employer.

The Department of Housing and Community Development (DHCD) and the Redevelopment Authority of Prince George's will maximize the impact of the NSP funds by using a ***comprehensive approach*** including:

1. Down payment and closing costs assistance for eligible families to purchase vacant foreclosed properties, with a priority for purchases in Target Areas, and a priority for vacant foreclosed properties purchased as Workforce Housing.
2. Acquiring, rehabilitating and selling blighted homes or acquiring and selling blighted homes to non profit organizations for rehabilitation and sale, with a priority in Target Areas. This activity is similar to the approach being employed by Pasco County, Florida in its Pasco Opportunities Program (POP).
3. Providing mandated housing counseling to beneficiaries of the NSP funds (DPCCA & acquired homes purchasers).
4. Acting to reduce or minimize the occurrence of additional foreclosures by using existing County resources, i.e., the Housing Development Division (HDD) Homeownership Center and CDBG funds, to expand access to foreclosure prevention housing counseling in Target Areas; and aggressively working with local banks to promote existing state and federal programs designed to refinance sub-prime mortgages.
5. Planning and Administration will not exceed 10 percent of the NSP grant.

Through this comprehensive approach, the County anticipates being able to impact a minimum of 675 households through down payment and closing cost assistance, new purchases of acquired and rehabilitated homes and foreclosure prevention efforts utilizing non NSP funding.

**NSP Grant Budget**

<b>Activity</b>	<b>%</b>	<b>Allocation</b>	<b>25% Allocation</b>	<b>Total</b>
Planning & Administration	10%	\$1,088,323		\$1,088,323
DPCCA (Finance Mechanism)	46%	\$5,058,447	\$1,972,605	\$7,031,052
Acquisition for Rehabilitation	16%	\$1,735,655	\$644,560	\$2,380,215
Housing Counseling	3%	\$280,000	\$103,644	\$383,644
25% at or below 50% AMI	25%	\$2,720,809		
<b>Total</b>		<b>\$10,883,234</b>	<b>\$2,720,809</b>	<b>\$10,883,234</b>

**HUD Performance Measures**

<b>Activity</b>	<b>Households Assisted 50% AMI</b>	<b>Households Assisted 51-80% AMI</b>	<b>Households Assisted 81-120% AMI</b>	<b>Total Households Assisted</b>
DPCCA (NSP)	151	199	251	601
Acquisition/Rehab (NSP)	8	10	12	30
*Housing Counseling (NSP)	159	210	264	631

\* Reflects total beneficiaries for DPCCA and Acquisition and Rehab Activity

In order to implement each program component of the Neighborhood Stabilization Program, the County has identified the following government agencies and partners.

**Program Components**

**Lead Agency/Division**

**Implementing Partners**

Down Payment  
Closing Cost Assistance

Redevelopment Authority

Realtors  
Bankers  
Housing Counselors

Acquisition for Rehabilitation Redevelopment Authority

Non-profit Organizations  
Housing Counselors  
DHCD/Rental Assistance Div  
Office of Central Services  
Realtors

Housing Counseling

Redevelopment Authority

Housing Counselors  
Community Organizations

## C. DEFINITIONS AND DESCRIPTIONS

### Definition and Terms

**Abandoned** - A home is abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, no mortgage or tax payments have been made by the property owner for at least 90 days, and the property has been vacant for at least 90 days.

**Affordable Housing** - (See Attachment A - Affordable Rent Policy)

**Blighted structure** - A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare.

**CDBG funds** - CDBG funds means, in addition to the definition at 24 CFR 570.3, funds used for the County's NSP.

**Current market appraised value** - The current market appraised value means the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the Uniform Relocation Act at 49 CFR 24.103 and completed within 60 days prior to an offer made for the property by a grantee, sub recipient, developer, or individual homebuyer.

**Foreclosed** - A property that has been foreclosed upon at the point that, under state or local law, the mortgage or tax foreclosure is complete. HUD generally will not consider a foreclosure to be complete until after the title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transfer in lieu of foreclosure, in accordance with state or local law.

**Land bank** - A land bank is a governmental or nongovernmental nonprofit entity established, at least in part, to assemble, temporarily manage, and dispose of vacant land for the purpose of stabilizing neighborhoods and encouraging re-use or redevelopment of urban property. For the purposes of the NSP program, a land bank will operate in a specific, defined geographic area. It will purchase properties that have been abandoned or foreclosed upon and maintain, assemble, facilitate redevelopment of, market, and dispose of the land-banked properties. If the land bank is a governmental entity, it may also maintain abandoned or foreclosed property that it does not own, provided it charges the owner of the property the full cost of the service or places a lien on the property for the full cost of the service. For the purposes of the County's NSP, land banks will not be used.

**Revenue for the purposes of Section 2301(d)(4)** - Revenue has the same meaning as program income, as defined at 24 CFR 570.500(a) with the modifications in these Administrative Regulations.

**Sub recipient** - Sub recipient shall have the same meaning as at the first sentence of 24 CFR 570.500(c). This includes any nonprofit organization (including a unit of general local government) that a state awards funds to.

### Affordability Descriptions

The County will ensure continued affordability by recording a Deed of Trust and Note in land records for all NSP assisted homes. Neighborhood stabilization will be guaranteed by requiring for a period of at least 10 years that the home be the recipients' primary residence, be properly maintained, and remain affordable to individuals or families whose incomes do not exceed 120 percent of the area median income (AMI). For homes assisted under HERA §2301(f)(3)(A)(ii), the home will remain affordable to individuals or families whose incomes do not exceed 50 percent of the AMI.

### Rehabilitation Standards Descriptions

The County will enforce its CDBG Substantial Rehabilitation Standards for Single-Family Homes properties rehabilitated with NSP funds. The standards maybe adjusted as necessary to provide energy efficiency activities and to accommodate accessibility repairs. A copy of the County's Rehabilitation Standards is available upon request.

### D. LOW INCOME TARGETING

The annual incomes (as defined in 24 CFR 5.609, referred to as "Part 5 annual income") of all homebuyers must not exceed 120 percent of the Area Median Income (AMI). The County will also ensure that not less than 25 percent of the funds will be earmarked for purchases at or below 50% of the AMI. A table showing the maximum limits for all income levels is listed below.

#### MAXIMUM INCOME LIMITS

Household Size

Income Category		1- person	2- person	3- person	4- person	5- person	6-person	7-person	8-person
		0.7	0.8	0.9	1	1.08	1.16	1.24	1.32
Very Low Income	30%	\$21,550	\$24,650	\$27,700	\$30,800	\$33,250	\$35,750	\$38,200	\$40,650
Very Low Income	50%	\$35,950	\$41,100	\$46,200	\$51,350	\$55,450	\$59,550	\$63,650	\$67,800
60% Limit	60%	\$43,140	\$49,320	\$55,440	\$61,620	\$66,540	\$71,460	\$76,380	\$81,360
Low Income	62%	\$44,800	\$51,200	\$57,600	\$64,000	\$69,100	\$74,250	\$79,350	\$84,500
80% Limit	80%	\$57,700	\$66,000	\$74,200	\$82,500	\$89,100	\$95,700	\$102,300	\$108,900
120% Limit	120%	\$86,600	\$99,000	\$111,300	\$123,700	\$133,600	\$143,500	\$153,400	\$163,300

Source: U.S. Department of Housing and Urban Development

## **E. ACQUISITIONS & RELOCATION**

Demolition, conversion of LMMI dwelling units, or relocation activities is not included in the County's plan.

## **F. SPECIFIC ACTIVITY REQUIREMENT**

### **1. Planning and Administration - \$1,088,323 (10%)**

A total of ten percent of the NSP grant budget or \$1,088,323 is earmarked to provide planning and administration services for implementation of the NSP grant.

### **2. Down Payment and Closing Cost Assistance - \$5,058,447 (46%)**

This component of the NSP Program will provide down payment and closing cost assistance (DPCCA) loans for purchases of REOs anywhere in Prince George's County. However DPCCA will be higher for REO purchases in Target Areas or for REOs purchased as Workforce Housing.

#### *Basic Eligibility*

- First time homebuyer or must not have owned a home anywhere during prior 3 years
- Vacant and foreclosed properties only
- Purchaser's income must not exceed 120% of the area median adjusted for family size (See income Limits in Attachment B)
- Purchaser must contribute minimum cash per the purchasers income range requirements set forth in Attachment B
- Home must be primary residence for at least 10 years
- Eligible properties purchased with DPCCA will require a 5% minimum discount from the appraised value
- Subprime mortgages are not allowed
- Purchaser must complete eight (8) hours of DHCD approved housing counseling and financial literacy training courses.

#### *DPCCA Limits for Target Areas and Workforce Housing*

- 7% of purchase price, not to exceed \$20,000

#### *DPCCA Limits for Non-Target Areas/Housing not meeting Workforce Housing Description*

- 3.5% not to exceed \$15,000

Approximately 46% or \$5,058,447 of the NSP funding will be earmarked for the DPCCA component.

3. Acquisition and Rehabilitation - \$1,735,655 (16%)

This component of the NSP Program will focus on acquiring, rehabilitation and selling blighted REOs to qualified buyers or acquiring and selling REOs to local non profit organizations that will rehabilitate the properties and sell them to qualified buyers.

The sale proceeds will be recycled to purchase additional REO properties. The NSP legislation requires that properties be acquired at a minimum discount of 5% of the appraised value and that the average discount from all properties acquired be at 15% of the appraised value. The NSP legislation prohibits earning profits on the resale of properties acquired, but allows implementing entities to recoup reasonable costs.

The justifications for this component are:

- The need to have a “quick impact” by immediately stabilizing a street with a major eyesore that is adversely affecting property values; and
- That many REOs may require more rehabilitation than what is considered affordable for the targeted home buyer.

The goal is to acquire, rehabilitate and sell at least 8 homes every 90 days. The key to the success of this component of the strategy will be:

- The ability to accurately assess rehabilitation costs and manage the construction process in order to minimize costs overruns; and
- The ability to minimize “carrying” costs and recycle the funding by having a pool of qualified buyers for each REO that is acquired.

The Redevelopment Authority will implement this portion of the strategy in partnership with non profit organizations demonstrating a capacity to acquire and rehabilitate affordable housing. This component of the program will also support the Section 8 Homeownership Initiative of the County, by partnering with the Rental Assistance Division and banks to move Section 8 voucher holders to homeownership.

The RA's experience includes successful implementation of the Asset Control Area housing acquisition and rehabilitation program in partnership with HUD, it has managed the acquisition and asset management of multiple residential properties as part of the \$30 million Suitland Manor Redevelopment Initiative, and has qualified in house construction and asset management staff.

Non profit organizations selected to participate in this component will be vetted through an application process that measures its existing housing development track record and organizational financial capacity. (See NSP Application Guidelines for CHDO's and Affordable Housing Non-Profit Organizations – Attachment C.)

The DHCD Housing Development Division will work with local housing counseling agencies, the HDD Homeownership Center, and the Rental Housing Division to identify a pool of buyers for each home. Rehabilitated homes will be sold on a first come first served basis. Purchasers may use NSP DPCCA.

4. Housing Counseling - \$280,000 (3%)

Per HUD Guidelines, the purchaser must complete eight (8) hours of DHCD approved housing counseling and financial literacy training courses. The third component of the NSP Program will use 3% of NSP funds to provide mandated counseling for beneficiaries of the DPCCA and acquisition for rehabilitation component.

The housing counseling component will be administered by contracting with six HUD certified housing counseling agencies to provide required training to participants of the NSP program. This training will be conducted in group sessions and/or one-on-one counseling, which must be conducted prior to full approval. To meet a minimum of 631 households assisted, at least 2,554 households will be counseled at a rate of \$150/per hour at 8-hour session.

Recognizing that the NSP legislation precludes the use of the funds for foreclosure prevention, the DHCD Homeownership Center will be requesting CDBG funding to expand housing counseling in Target Areas and areas where foreclosure risk is high. The goal is to expand housing counseling agency staff capacity and HDD staff capacity for foreclosure prevention and loss mitigation counseling and increase information on foreclosure prevention resources through community workshops and increased outreach.

Currently the County's strategy to assist families faced with foreclosure consists of financial literacy education, community outreach and one-on-one counseling. The Homeownership Center at DHCD provides information to consumers about their financial risks and responsibilities and encourages them to contact their lender to resolve problems early.

Despite ongoing efforts, many families remain at risk of having their homes foreclosed upon because of not knowing where to turn for help. Housing counseling agencies are swamped with callers and are increasingly unable to handle one-on-one counseling in a timely fashion. Moreover, refinancing of sub-prime mortgages remains difficult due to losses in property values.

To address these issues, the Homeownership Center at DHCD will aggressively engage the banking community to increase lender participation in existing federal and state sponsored programs designed to prevent foreclosures. Key programs include:

- HOPE for Homeowners (H4H) – FHA Program effective October 1, 2008, created by Congress to help homeowners at risk of default and foreclosure refinance into more affordable fixed rate loans.
- FHA Secure – A refinancing option that gives homeowners with non-FHA mortgages, current or delinquent and regardless of reset status, the ability to refinance into a FHA insured mortgage. With FHA Secure, the lender will not automatically disqualify you because you are delinquent and lender may offer a second mortgage to fill in appraisal gap.
- Maryland Housing Fund/Prince George's County mortgage insurance program for participating lenders to refinance subprime mortgages.

5. 25% Set Aside for Households at or below 50% of the AMI - \$2,720,809 (25%)

Twenty-five percent of the total NSP grant will be set aside for households with an income at or below 50% of the AMI. This amount will be distributed among the following activities:

Down Payment and Closing Costs Assistance	\$1,972,605
Acquisition and Rehabilitation	\$ 644,560
Housing Counseling	<u>\$ 103,644</u>
Total	\$2,720,809

## **G. PUBLIC COMMENT**

The public comment period for the Neighborhood Stabilization Program (NSP) Substantial Amendment was conducted from October 30, through November 13, 2008. Free copies of the NSP amendment were made available to citizens and groups of interest upon request. A copy of the amendment was available at the main County libraries, the County's website at [www.co.pg.md.us/Government/AgencyIndex/HCD](http://www.co.pg.md.us/Government/AgencyIndex/HCD) and the Department of Housing and Community Development and the Redevelopment Authority of Prince George's County. A public notice was advertised in three local newspapers.

The Department of Housing and Community Development and the Redevelopment Authority of Prince George's County presented the NSP Substantial Amendment to the County Council on November 5<sup>th</sup>, 13<sup>th</sup> and 17<sup>th</sup>. The County Council sponsored a public

hearing on November 18<sup>th</sup> and adopted County Resolution (CR-97-2008) supporting the NSP Substantial Amendment.

The following summary is provided to illustrate the types of comments made.

Initial comments were those of concern regarding the proposed use of NSP funds presented to the County Council. The first draft of the plan called for acquisition and rehabilitation of Real Estate Owned properties (REO) and housing counseling. Council members, the real estate community, and Community Housing Development Organizations (CHDOs) and non-profit organizations voiced concern regarding the limited use of funds resulting in a request for the DHCD to revise the plan to provide a more comprehensive way of appropriating the NSP dollars.

Once the revised NSP was presented to the County Council, the general comments were favorable regarding the amended proposal calling it a proactive initiative. The Council along with the Realty and CHDO representatives were generally pleased with the second draft of the plan for down payment and closing cost assistance, acquisition and rehabilitation, and housing counseling.

Some members of the realty community, however, suggested lowering the interest rate proposed for down payment and closing cost assistance in targeted areas from 7% to 3.5%. Two CHDO's requested that increased funding be appropriated for acquisition and rehabilitation.

### NSP Amendment

On July 6, the County adopted and approved an amendment to the FY 2009 Annual Action Plan to include revisions to the NSP Plan. The purpose for the revisions was to adjust the NSP administration budget to 10 percent to allow for supplemental staffing of the NSP Initiative.

During the public comment period several lenders and realtors provided verbal comments in support of the budget increase and the need to adequately staff the program to ensure timely processing of down payment and closing cost assistance loan applications by the Department of Housing and Community Development. DHCD received the following written comments and responded as reflected:

**Comment:** First, has the clock started to run on the program? This is very important because this has a direct effect on choosing the correct time frame for the budget.

**Response:** Yes, per U.S Department of Housing and Urban Development (HUD) requirements for the Neighborhood Stabilization Program (NSP), the performance period began on March 24, 2009.

**Comment:** The program has experienced several delays. Unofficially, the program has started without the funding. The PGCAR and other organizations have been conducting classes for buyers to receive the required counseling. How many buyers are ready now

to participate in the program? Can the current proposed staffing handle the number of qualified buyers?

**Response:** The NSP has not officially begun. The Prince George's County Department of Housing and Community Development (DHCD) are not responsible for pre-inception activities related to NSP that are conducted by others.

**Comment:** Have the approved lenders been contacted about how many buyers are in the pipeline? Has a distinction been made between those that have been approved by the lenders and those that have also satisfied the counseling requirement?

**Response:** The NSP has not officially begun. As such, there is no pipeline of buyers to be communicated to the approved lenders. Once the program begins, each applicant must be approved by the lenders and satisfy the HUD mandated counseling requirement to participate.

**Comment:** How many NSP contracts are pending? Can the current staffing handle the pending contracts and the contracts coming in the near future?

**Response:** Being that the program has not begun, there are no NSP contracts pending. The staffing proposal as presented to the County Council is made at the HUD maximum allowable administrative component percentage of 10%. DHCD expects this level of staffing to be sufficient and may revise the staffing compliment should the level of demand for the program increase beyond the staffing structure's capacity.

**Comment:** How many cases are the loan processors projected to handle on a monthly basis? What is the maximum load for the other key personnel that must be directly involved with each case? Are any of the other key personnel over their maximum projected work load?

**Response:** On a monthly basis the loan processors are projected to handle approximately 50 settlements. The staff that is to be hired for the processing of NSP cases will only be charged with working on NSP cases.

**Comment:** The peak season for the real estate market has just begun. Staffing needs to be seasonal. This is an accepted practice for the mortgage industry. If possible, the staffing should be reflective of the real estate cycle. This is a business practice that will improve on efficiency of the program and realize thousands of dollars in savings for the county.

**Response:** The NSP Staffing plan reflects staff's review of model down payment and closing cost assistance programs and key competencies required. To build and retain staff capacity, the NSP Staff team will be hired on a full time annual basis, rather than on a seasonal basis.

**Comment:** I was told that the staffing was extended to four years to basically cover a segment of buyers that will find difficulty qualifying. How many people are we talking about? Could an alternate system of underwriting these loans be established? Depending on the number of people affected, outsourcing this work may prove to be more cost effective.

**Response:** The NSP grant period is 48 months. The staffing plan reflects the 48 month grant period and the need to have appropriate staff in place to perform all necessary project functions. Necessary project functions will include loan processing and settlement functions throughout year 3 to serve, the number of households remaining in our HUD mandated 25% set-aside for households at or below 50% of the AMI (150). This population generally is more difficult to qualify and place in an affordable home. We are anticipating that we will have to obligate funds to this group, and be prepared to implement a more hands on approach to meet our HUD performance standard. Outsourcing this function is not a viable option.

In year 4, the only staffing in place will be a ½ time compliance monitor and a full time loan portfolio specialist.

**Comment:** I was told that the processing could take up to 21 days. This creates an additional cost and risk to the buyer. What is driving the 21 day time frame? What is actually being done at the Department of Housing? Could some of the work be shifted to the first trust lender?

**Response:** No additional costs or risks should be incurred by the buyer if contract settlement dates are set in anticipation of NSP published processing time. Our goal is to complete our processing within a maximum of 21 days. In light of federal statutory compliance requirements, eligibility review and financial processing, with an adequately staffed program, staff is comfortable setting a 21 day processing timeline. We have worked with our lender and realtor partners and have advised them that when the program commences, contract settlement dates should be set with our 21 day processing timeline in mind.

## H. NSP INFORMATION BY ACTIVITY

NSP Activity No.: 1	
<b>(1) Activity Name:</b> Down Payment and Closing Cost Assistance (DPCCA) Program	
<b>(2) Activity Type:</b>	
NSP Eligible Use:	(A) Financial Mechanism
CDBG Eligible Activity:	(13) Direct Homeownership Assistance
<b>(3) National Objective:</b> LMMH	
<b>(4) Projected Start Date:</b> 3/1/2009	<b>(5) Projected End Date:</b> 9/30/2010
<b>(6) Responsible Organization:</b>	
<p>Name: Department of Housing and Community Development (DHCD)</p> <p>Location: 9400 Peppercorn Place, Suite 120, Largo, Maryland 20774</p> <p>Contact Info: Rosalyn Clemens          Office: 301-883-3288          Fax: 301-925-4147          Email: rbclemens@co.pg.md.us</p> <p>Description of Organization: The DHCD will implement the down payment and closing cost assistance program.</p>	
<b>(7) Activity Location Description:</b> 20607, 20608, 20705, 20710, 20715, 20716, 20720,20721, 20613, 20722, 20743, 20623, 20735, 20740, 20747, 20744, 20769, 20770, 20781, 20782, 20783, 20784, 20785, 20706, 20707, 20708, 20712, 20745, 20737, 20746, 20748, 20772, 20774	
<p><b>(8) Activity Description:</b> <a href="#"><u>Down payment and closing costs assistance (DPCCA) will be made available for income eligible households to purchase REOs in Areas of Greatest Needs zip codes. DPCCA will be 0% interest, deferred payment loans. The DPCCA loan will be forgiven if the borrower maintains the home as a primary residence for a 10 year period.</u></a></p> <p><a href="#"><u>DPCCA loans will be 3.5% of the purchase price up to \$15,000 for REOs purchased in all Areas of Greatest Needs zip codes; and 7% of the purchase price up to \$20,000 for purchases in Target Area zip codes or for workforce housing located in Areas of Greatest Needs zip codes.</u></a></p> <p><a href="#"><u>REOs purchased under this activity must meet HERA minimum 5% discount requirement. Aggregate NSP assisted units will reflect HERA 15% discount requirement.</u></a></p> <p><a href="#"><u>The DPCCA loan amount will be recaptured on a declining sliding scale if the home is sold during the affordability period or if the home is no longer the borrower's primary residence. In order to recycle NSP/NCI proceeds, the full amount of the loan will be due during year 1-4, if</u></a></p>	

borrower does not meet residency requirement. Thereafter, if the borrower sells the home or if the home ceases to be the borrower's primary residence, the amount of the loan due will reduce as the 10 year primary residency requirement is met.

The continued affordability of NSP/NCI assisted homes under this activity will be maintained by restricting, through recorded land use agreements or covenants, the resale of NSP/NCI assisted homes to income qualified buyers. Affordability period will be for a period of 10 years for all NSP assisted homes under this activity and for the maximum allowable DPCCA of \$20,000, this 10 year affordability period is consistent with HOME standards.

A major component of the DPCCA activity will focus on partnering with the Prince George's Rental Assistance Division to leverage the HUD Family Self Sufficiency initiative designed to convert Section 8 renters to homeowners.

DHCD will partner with HUD certified counseling agencies and the Prince George's County Association of Realtors to market the DPCCA program.

Draft guidelines for the proposed DPCCA program is included as Attachment C.

**(9) Total Budget:**

Line Item	NSP Cost \$	Other Funds \$
Down Payment & Closing Cost	\$5,058,447	-0-
Total NSP Costs:	\$5,058,447	
Total Other Funds:		-0-
Total Activity Budget:		\$5,058,447

**(10) Performance Measures:**

Performance Measure Type(s):	Number of Households:
450 households assisted	0-50% AMI <u>0</u>
	51-80% AMI <u>199</u>
	81-120% AMI <u>251</u>
Total Households:	450
Local ID: AH-NSP-3-1	HUD Objective Number: DH-2

Objective category:  Suitable Living Environment  Decent Housing  Economic Opportunity  
 Outcome category:  Availability/Accessibility  Affordability  Sustainability

<b>NSP Activity No.:</b> 2	
<b>(1) Activity Name:</b> Down Payment and Closing Cost Assistance (DPCCA) Program – 25% Set-Aside	
<b>(2) Activity Type:</b>	
NSP Eligible Use:	(A) Financial Mechanism
CDBG Eligible Activity:	(13) Direct Homeownership Assistance
<b>(3) National Objective:</b> LMMH	
<b>(4) Projected Start Date:</b> 3/1/2009	<b>(5) Projected End Date:</b> 9/30/2010
<b>(6) Responsible Organization:</b>	
<p>Name: Department of Housing and Community Development (DHCD)</p> <p>Location: 9400 Peppercorn Place, Suite 120, Largo, Maryland 20774</p> <p>Contact Info: Rosalyn Clemens                  Office: 301-883-3288                  Fax: 301-925-4147                  Email: rbclemens@co.pg.md.us</p> <p>Description of Organization: The DHCD will implement the down payment and closing cost assistance program.</p>	
<b>(7) Activity Location Description:</b> 20607, 20608, 20705, 20710, 20715, 20716, 20720,20721, 20613, 20722, 20743, 20623, 20735, 20740, 20747, 20744, 20769, 20770, 20781, 20782, 20783, 20784, 20785, 20706, 20707, 20708, 20712, 20745, 20737, 20746, 20748, 20772, 20774	
<b>(8) Activity Description:</b> Down payment and closing costs assistance (DPCCA) will be made available for income eligible households to purchase REOs in Areas of Greatest Needs zip codes. DPCCA will be 0% interest, deferred payment loans. The DPCCA loan will be forgiven if the borrower maintains the home as a primary residence for a 10 year period.	
<p>DPCCA loans will be 3.5% of the purchase price up to \$15,000 for REOs purchased in all Areas of Greatest Needs zip codes; and 7% of the purchase price up to \$20,000 for purchases in Target Area zip codes or for workforce housing located in Areas of Greatest Needs zip codes.</p> <p>REOs purchased under this activity must meet HERA minimum 5% discount requirement. Aggregate NSP assisted units will reflect HERA 15% discount requirement.</p> <p>The DPCCA loan amount will be recaptured on a declining sliding scale if the home is sold during the affordability period or if the home is no longer the borrower's primary residence. In order to recycle NSP/NCI proceeds, the full amount of the loan will be due during year 1-4, if</p>	

borrower does not meet residency requirement. Thereafter, if the borrower sells the home or if the home ceases to be the borrower's primary residence, the amount of the loan due will reduce as the 10 year primary residency requirement is met.

The continued affordability of NSP/NCI assisted homes under this activity will be maintained by restricting, through recorded land use agreements or covenants, the resale of NSP/NCI assisted homes to income qualified buyers. Affordability period will be for a period of 10 years for all NSP assisted homes under this activity and for the maximum allowable DPCCA of \$20,000, this 10 year affordability period is consistent with HOME standards.

A major component of the DPCCA activity will focus on partnering with the Prince George's Rental Assistance Division to leverage the HUD Family Self Sufficiency initiative designed to convert Section 8 renters to homeowners.

DHCD will partner with HUD certified counseling agencies and the Prince George's County Association of Realtors to market the DPCCA program.

*Draft guidelines for the proposed DPCCA program is included as Attachment C.*

**(9) Total Budget:**

Line Item	NSP Cost \$	Other Funds \$
Down Payment & Closing Cost – 25% Set-Aside	\$1,972,605	-0-
Total NSP Costs:	\$1,972,605	
Total Other Funds:		-0-
Total Activity Budget:		\$1,972,605

**(10) Performance Measures:**

Performance Measure Type(s):	Number of Households:
151 households assisted	0-50% AMI _____ <u>151</u> _____
	51-80% AMI _____ <u>0</u> _____
	81-120% AMI _____ <u>0</u> _____
Total Households:	151
Local ID: AH-NSP-3-1	HUD Objective Number: DH-2

Objective category:  Suitable Living Environment  Decent Housing  Economic Opportunity  
 Outcome category:  Availability/Accessibility  Affordability  Sustainability

<b>NSP Activity No.:</b> 3	
<b>(1) Activity Name:</b> Acquisition and Rehab	
<b>(2) Activity Type:</b> NSP Eligible Use: (B) Purchase and Rehab Homes CDBG Eligible Activity: 14-G (Acquisition for Rehab)	
<b>(3) National Objective:</b> LMMH	
<b>(4) Projected Start Date:</b> 3/1/2009	<b>(5) Projected End Date:</b> 9/30/2010
<b>(6) Responsible Organization:</b>	
<p>Name: Redevelopment Authority of Prince George's County (RA)</p> <p>Location: 9201 Basil Court, Suite 155, Largo, MD 20774</p> <p>Contact Info: Rosalyn Clemens          Office: 301-883-3288          Fax: 301-883-5291          Email: rbclemens@co.pg.md.us</p> <p>Description of Organization: The RA will implement the acquisition and rehab phases of the program in partnership with several local CHDO's and non-profits.</p>	
<b>(7) Activity Location Description:</b> 20607, 20608, 20705, 20710, 20715, 20716, 20720,20721, 20613, 20722, 20743, 20623, 20735, 20740, 20747, 20744, 20769, 20770, 20781, 20782, 20783, 20784, 20785, 20706, 20707, 20708, 20712, 20745, 20737, 20746, 20748, 20772, 20774	
<b>(8) Activity Description:</b>	
<p>This component of the NSP Program will focus on acquiring and rehabilitation and selling REOs to income qualified buyers.</p> <p>Acquisitions will reflect HERA minimum 5% discount and aggregate portfolio discount requirement of 15%.</p> <p>A minimum of 25% of REOs acquired and rehabilitated will be sold to buyers at or below 50% of the area median income.</p> <p>The continued affordability of NSP assisted homes under this activity will be maintained by restricting, through recorded land use agreements or covenants, the resale of NSP assisted homes to income qualified buyers. Affordability period will be based on level of NSP assistance and will conform to HOME standards.</p> <p>Funds will be used for all acquisition and rehabilitation costs including purchase price,</p>	

settlement costs, developer fees, and other direct costs.		
<b>(9) Total Budget:</b>		
Line Item	NSP Cost \$	Other Funds \$
Acquisition for Rehab	\$1,735,655	-0-
Total NSP Costs:	\$1,735,655	
Total Other Funds:		-0-
Total Activity Budget:		\$1,735,655
<b>(10) Performance Measures:</b>		
Performance Measure Type(s):	Number of Households:	
22 units of housing to be acquired/rehabbed	0-50% AMI <u>0</u> 51-80% AMI <u>10</u> 81-120% AMI <u>12</u>	
Total Households:	22	
Local ID: AH-NSP-2-2	HUD Objective Number: DH-2	
Objective category: <input type="checkbox"/> Suitable Living Environment <input checked="" type="checkbox"/> Decent Housing <input type="checkbox"/> Economic Opportunity Outcome category: <input type="checkbox"/> Availability/Accessibility <input checked="" type="checkbox"/> Affordability <input type="checkbox"/> Sustainability		

<b>NSP Activity No.:</b> 4	
<b>(1) Activity Name:</b> Acquisition and Rehab – 25% Set-Aside	
<b>(2) Activity Type:</b> NSP Eligible Use: (B) Purchase and Rehab Homes CDBG Eligible Activity: 14-G (Acquisition for Rehab)	
<b>(3) National Objective:</b> LMMH	
<b>(4) Projected Start Date:</b> 3/1/2009	<b>(5) Projected End Date:</b> 9/30/2010
<b>(6) Responsible Organization:</b>	
<p>Name: Redevelopment Authority of Prince George's County (RA)</p> <p>Location: 9201 Basil Court, Suite 155, Largo, MD 20774</p> <p>Contact Info: Rosalyn Clemens          Office: 301-883-3288          Fax: 301-883-5291          Email: rbclemens@co.pg.md.us</p> <p>Description of Organization: The RA will implement the acquisition and rehab phases of the program in partnership with several local CHDO's and non-profits.</p>	
<b>(7) Activity Location Description:</b> 20607, 20608, 20705, 20710, 20715, 20716, 20720,20721, 20613, 20722, 20743, 20623, 20735, 20740, 20747, 20744, 20769, 20770, 20781, 20782, 20783, 20784, 20785, 20706, 20707, 20708, 20712, 20745, 20737, 20746, 20748, 20772, 20774	
<b>(8) Activity Description:</b>	
<p>This component of the NSP Program will focus on acquiring and rehabilitation and selling REOs to income qualified buyers.</p> <p>Acquisitions will reflect HERA minimum 5% discount and aggregate portfolio discount requirement of 15%.</p> <p>A minimum of 25% of REOs acquired and rehabilitated will be sold to buyers at or below 50% of the area median income.</p> <p>The continued affordability of NSP assisted homes under this activity will be maintained by restricting, through recorded land use agreements or covenants, the resale of NSP assisted homes to income qualified buyers. Affordability period will be based on level of NSP assistance and will conform to HOME standards.</p> <p>Funds will be used for all acquisition and rehabilitation costs including purchase price,</p>	

settlement costs, developer fees, and other direct costs.		
<b>(9) Total Budget:</b>		
Line Item	NSP Cost \$	Other Funds \$
Acquisition for Rehab	\$644,560	-0-
Total NSP Costs:	\$644,560	
Total Other Funds:		-0-
Total Activity Budget:		\$644,560
<b>(10) Performance Measures:</b>		
Performance Measure Type(s):	Number of Households:	
8 units of housing to be acquired/rehabbed	0-50% AMI <u>8</u> 51-80% AMI <u>0</u> 81-120% AMI <u>0</u>	
Total Households:	8	
Local ID: AH-NSP-2-2	HUD Objective Number: DH-2	
Objective category: <input type="checkbox"/> Suitable Living Environment <input checked="" type="checkbox"/> Decent Housing <input type="checkbox"/> Economic Opportunity Outcome category: <input type="checkbox"/> Availability/Accessibility <input checked="" type="checkbox"/> Affordability <input type="checkbox"/> Sustainability		

NSP Activity No.: 5		
<b>(1) Activity Name:</b> Homeownership Counseling		
<b>(2) Activity Type:</b> NSP Eligible Use: Housing Counseling CDBG Eligible Activity: 05-U (Housing Counseling)		
<b>(3) National Objective:</b> LMMH		
<b>(4) Projected Start Date:</b> 3-1-2009		<b>(5) Projected End Date:</b> 9-30-2010
<b>(6) Responsible Organization:</b>		
Name: Department of Housing and Community Development (DHCD)  Location: 9400 Peppercorn Place, Suite 120, Largo, Maryland 20774  Contact Info: Rosalyn Clemens Office: 301-883-3288 Fax: 301-925-4147 Email: rbclemens@co.pg.md.us  Description of Organization: DHCD manages the County's homeownership programs. The programs include homeowner counseling, foreclosure prevention, down payment and closing cost assistance, home purchase, purchase and rehabilitation, single family rehabilitation, inspection and work write-ups and community outreach.		
<b>(7) Activity Location Description:</b> 20607, 20608, 20705, 20710, 20715, 20716, 20720,20721, 20613, 20722, 20743, 20623, 20735, 20740, 20747, 20744, 20769, 20770, 20781, 20782, 20783, 20784, 20785, 20706, 20707, 20708, 20712, 20745, 20737, 20746, 20748, 20772, 20774		
<b>(8) Activity Description:</b> DHCD will use NSP funds to provide housing counseling assistance through five HUD-certified nonprofit counseling agencies. NSP regulations require that each NSP-assisted homebuyer receive and complete at least 8 hours of homebuyer counseling from HUD-approved housing counseling agency before obtaining a mortgage loan. DHCD and the counseling agencies will ensure that the homebuyer obtain a mortgage loan from a lender who agrees to comply with the bank regulator's guidance for nontraditional mortgages. DHCD will ensure that the homebuyers are not permitted to obtain subprime mortgages.		
<b>(9) Total Budget:</b>		
Line Item	NSP Cost \$	Other Funds \$
Homeowner Counseling	\$280,000	-0-
Total NSP Costs:	\$280,000	
Total Other Funds:		-0-
Total Activity Budget:		\$280,000

<b>(10) Performance Measures:</b>	
Performance Measure Type(s):	Number of Households:
474 households to be served	0-50% AMI <u>0</u>
	51-80% AMI <u>210</u>
	81-120% AMI <u>264</u>
Total Households:	474
Local ID: PS-NSP-23-3	HUD Objective Number: DH-2
Objective category: <input type="checkbox"/> Suitable Living Environment <input checked="" type="checkbox"/> Decent Housing <input type="checkbox"/> Economic Opportunity Outcome category: <input type="checkbox"/> Availability/Accessibility <input checked="" type="checkbox"/> Affordability <input type="checkbox"/> Sustainability	

<b>NSP Activity No.:</b> 6		
<b>(1) Activity Name:</b> Homeownership Counseling – 25% Set-Aside		
<b>(2) Activity Type:</b> NSP Eligible Use: Housing Counseling CDBG Eligible Activity: 05-U (Housing Counseling)		
<b>(3) National Objective:</b> LMMH		
<b>(4) Projected Start Date:</b> 3-1-2009		<b>(5) Projected End Date:</b> 9-30-2010
<b>(6) Responsible Organization:</b>		
Name: Department of Housing and Community Development (DHCD)  Location: 9400 Peppercorn Place, Suite 120, Largo, Maryland 20774  Contact Info: Rosalyn Clemens Office: 301-883-3288 Fax: 301-925-4147 Email: rbcclemens@co.pg.md.us  Description of Organization: DHCD manages the County's homeownership programs. The programs include homeowner counseling, foreclosure prevention, down payment and closing cost assistance, home purchase, purchase and rehabilitation, single family rehabilitation, inspection and work write-ups and community outreach.		
<b>(7) Activity Location Description:</b> 20607, 20608, 20705, 20710, 20715, 20716, 20720, 20721, 20613, 20722, 20743, 20623, 20735, 20740, 20747, 20744, 20769, 20770, 20781, 20782, 20783, 20784, 20785, 20706, 20707, 20708, 20712, 20745, 20737, 20746, 20748, 20772, 20774		
<b>(8) Activity Description:</b> DHCD will use NSP funds to provide housing counseling assistance through five HUD-certified nonprofit counseling agencies. NSP regulations require that each NSP-assisted homebuyer receive and complete at least 8 hours of homebuyer counseling from HUD-approved housing counseling agency before obtaining a mortgage loan. DHCD and the counseling agencies will ensure that the homebuyer obtain a mortgage loan from a lender who agrees to comply with the bank regulator's guidance for nontraditional mortgages. DHCD will ensure that the homebuyers are not permitted to obtain subprime mortgages.		
<b>(9) Total Budget:</b>		
Line Item	NSP Cost \$	Other Funds \$
Homeowner Counseling	\$103,644	-0-
<b>Total NSP Costs:</b>	<b>\$103,644</b>	
<b>Total Other Funds:</b>		<b>-0-</b>

Total Activity Budget:		\$103,644
<b>(10) Performance Measures:</b>		
Performance Measure Type(s):	Number of Households:	
159 households to be served	0-50% AMI _____	159 _____
	51-80% AMI _____	0 _____
	81-120% AMI _____	0 _____
Total Households:	159	
Local ID: PS-NSP-23-3	HUD Objective Number: DH-2	
Objective category: <input type="checkbox"/> Suitable Living Environment <input checked="" type="checkbox"/> Decent Housing <input type="checkbox"/> Economic Opportunity Outcome category: <input type="checkbox"/> Availability/Accessibility <input checked="" type="checkbox"/> Affordability <input type="checkbox"/> Sustainability		

<b>NSP Activity No.:</b> 7		
<b>(1) Activity Name:</b> Planning and Administration		
<b>(2) Activity Type:</b> NSP Eligible Use: Planning & Administration CDBG Eligible Activity: 21-A (Planning & Administration)		
<b>(3) National Objective:</b> N/A		
<b>(4) Projected Start Date:</b> 3-1-2009		<b>(5) Projected End Date:</b> 9-30-2010
<b>(6) Responsible Organization:</b>		
Name: Department of Housing and Community Development (DHCD)		
Location: 9400 Peppercorn Place, Suite 120, Largo, Maryland 20774		
Contact Info: Rosalyn Clemens Office: 301-883-3288 Fax: 301-925-4147 Email: rbclemens@co.pg.md.us		
Description of Organization: DHCD manages the NSP program.		
<b>(7) Activity Location Description:</b> 9400 Peppercorn Place, Suite 200, Largo, Maryland 20774		
<b>(8) Activity Description:</b> DHCD will use NSP funds for staffing and administrative costs including advertisements, printing and office supplies.		
<b>(9) Total Budget:</b>		
Line Item	NSP Cost \$	Other Funds \$
Planning and Administration	\$1,088,323	-0-
Total NSP Costs:	\$1,088,323	
Total Other Funds:		-0-
Total Activity Budget:		\$1,088,323
<b>(10) Performance Measures:</b>		
Performance Measure Type(s):	Number of Households:	
Timely completion HUD program compliance data in the DRGR system.	0-50% AMI	N/A
	51-80% AMI	N/A

	81-120% AMI _____ <u>N/A</u> _____
Total Households:	N/A
Local ID: PA – NSP - 1	HUD Objective Number: N/A
Objective category: <input type="checkbox"/> Suitable Living Environment <input type="checkbox"/> Decent Housing <input type="checkbox"/> Economic Opportunity Outcome category: <input type="checkbox"/> Availability/Accessibility <input type="checkbox"/> Affordability <input type="checkbox"/> Sustainability	

## **I. ATTACHMENTS**

## **Attachment A**

### **AFFORDABLE RENT POLICY**

#### **Prince George's County, Maryland CDBG and NSP Programs Adopted November 18, 2008**

#### **Statement of Purpose**

The purpose of this Affordable Rent Policy ("the Policy") is to define how the affordability of rents will be maintained for rental units funded with Community Development Block Grant (CDBG) funds and Neighborhood Stabilization Program (NSP) funds. This Affordable Rent Policy is required by Community Development Block Grant regulation under 24 CFR 570.208(a)(3).

#### **Applicability**

The Policy will apply to:

- A. Tenants of rental units funded with CDBG with gross household income, adjusted for family size, that is 80 percent or below the area median income, or Low – moderate income persons (LMI); and
- B. Tenants of rental units funded with NSP with gross household incomes adjusted for family size, that is 120% or below the area median, or Low – moderate – middle income persons (LMMI).

#### **Maximum Allowable Rent**

##### A. CDBG Funded Rental Units

###### Existing Occupied Units

It shall be Prince George's County's practice to review the rent structure of projects requesting funding for housing-related activities at the beginning of the application process. For existing units that are occupied by LMI tenants, the maximum allowable rent will be equal to the *lesser* of rent and utility amount being paid by the tenant at the time an application for funding is submitted or a rent amount that does not exceed 30 percent of the adjusted income of a family whose annual income equals to 65 percent of the median income for the area, as determined by HUD, with adjustments for the number of bedrooms in the unit.

If the rehabilitation involves conversion of utility type or transfer of utility payment from owner to tenant, an adjustment will be made based on the schedule listed in Section 8 Existing Housing Allowances for Tenant-

Furnished Utilities and Other Services (in effect when the rent is calculated). This maximum allowable rent shall remain in effect for a period of one year after the final inspection of CDBG funded units is completed by Community Development staff.

Thereafter and for a period of four additional years, the maximum allowable rent including utilities, shall be the lesser of Fair Market Rents or a rent amount that does not exceed 30 percent of the adjusted income of a family whose annual income equals to 65 percent of the median income for the area, as determined by HUD, with adjustments for the number of bedrooms in the unit.

#### Vacant Units occupied between funding application and Project Completion

Units vacant and occupied between the period the funding application is submitted and project completion, must be filled by LMI households. The maximum allowable rent including utilities for these units shall not exceed the Fair Market Rent (in effect when the rent is calculated) with an adjustment for utility allowance based on the Section 8 Existing Housing Allowances for Tenant-Furnished Utilities and Other Services (in effect when the rent is calculated). The Fair Market Rent will be maintained for a period of one year after the final inspection for project completion by Community Development staff.

Thereafter and for a period of four years, the maximum allowable rents including utilities will be the lesser of the Fair Market Rent or a rent amount that does not exceed 30 percent of the adjusted income of a family whose annual income equals to 65 percent of the median income for the area, as determined by HUD, with adjustments for the number of bedrooms in the unit.

#### Vacant Units occupied after Project Completion

For a period of five years after project completion, vacant CDBG funded units must be occupied by LMI tenants. The maximum allowable rents including utilities will be an amount that is the lesser of the Fair Market Rent or a rent that does not exceed 30% 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 the number of bedrooms in the unit.

## B. NSP Funded Rental Units

NSP Funded rental units must be occupied by households with incomes not to exceed 120% of the area median income or LMMI households.

Units Occupied by households with incomes at or below 50% of the area median income

The maximum allowable rent for a NSP assisted rental unit occupied by a household with income at or below 50% of the area median will not exceed 30 percent of the household's annual income, adjusted for family size.

Units Occupied by households with incomes up to 120% of the area median

The affordability of rents for NSP funded rental units occupied by households with incomes up to 120% of the area median will be maintained by adopting the HOME program standards a 24 CFR 92,252 (a), (c), (e) and (f).

The applicable affordability periods for NSP assisted units will mirror HOME standards:

NSP ASSISTANCE PER UNIT	MINIMUM AFFORDABILITY PERIOD
Up to \$15,000	5 years
\$15,000 - \$40,000	10 years
Over \$40,000	15 years
New Construction	20 years

### **Requested Information**

The applicant will be required to furnish rental information at the time of request for financial assistance to enable Community Development staff to evaluate the impact of the project on rent levels. The applicant will submit currently charged rent amounts for all units in the housing project, utility types, whether the tenant or applicant pays utilities, and names of tenants. The applicant will also be required to secure from all occupied units Tenant Information (Attachment A) forms which provide income and demographic data about the occupant's household. Based upon this information, Community Development staff will determine if further investigation of tenant data is necessary such as verifying tenant income.

### **Notices**

Tenants who are affected by this Policy will be notified in writing of the rent limitation and the approximate time the limitation will expire.

### **Rent Agreements and Ensuring Continued Affordability**

Applicants will be required to sign a Rent Agreement or Declaration of Covenant stipulating the rent restrictions; the agreement or covenant will be recorded in the land records of Prince George's County. Prince George's County will include in its loan/grant documents a provision of default if the applicant violates the stipulations of the Rent Agreement. Upon violation, Prince George's County will give written notice by certified mail. If the violation is not corrected to the satisfaction of Prince George's County within 30 days and restitution made to the tenant, Prince George's County may take any action deemed appropriate including assessing penalties, declaring the loan in default including accelerating the entire indebtedness and foreclosure of the mortgage, and repayment of grant funds. Project files will be monitored during applicable affordability period to ensure compliance.

**Prince George's County  
 CDBG and NSP Program  
 Affordable Rent Policy  
 Tenant Information**

Housing Community \_\_\_\_\_

Apartment Address \_\_\_\_\_

Tenants' Names \_\_\_\_\_

_____	(Last)	_____	(First)	_____	(M.I.)
_____					
_____	(Last)	_____	(First)	_____	(M.I.)
_____					
_____	(Last)	_____	(First)	_____	(M.I.)
_____					
_____	(Last)	_____	(First)	_____	(M.I.)
_____					
_____	(Last)	_____	(First)	_____	(M.I.)

Household Income: \_\_\_\_\_

Current Rent: \_\_\_\_\_

Applicable Utilities: \_\_\_\_\_

Average monthly utility payment of each utility identified above:

Race and Ethnicity:

	Hispanic	Not Hispanic
White		
Black/African American		
Asian		
American Indian/Alaskan Native		
Native Hawaiian/Other Pacific Islander		
American Indian/Alaskan Native & White		
Asian & White		
Black/African American & White		
American Indian/Alaskan Native & Black/African American		
Other Multi-Racial		
Declined to Report Race		

## **Attachment B**

### **NEIGHBORHOOD STABILIZATION PROGRAM (NSP)**

#### **Down Payment Closing Cost Assistance Program**

##### Program Fact Sheet

It is the goal of the Prince George's County Government to increase homeownership opportunities within the County while working to stabilize neighborhoods that have been impacted by foreclosure. In an effort to fulfill that goal the County announces the Down Payment Closing Cost Assistance Program (DPCCA). The program operates as a component of the County's Neighborhood Stabilization Program (NSP) and will provide down payment and closing cost assistance to homebuyers purchasing a foreclosed home. DPCCA will be higher for foreclosed homes in Target Areas or for Workforce Housing as defined below. The DPCCA program will be administered through the Housing Development Division of the Prince George's County Department of Housing and Community Development.

Individuals purchasing a foreclosed home must apply to the Housing Development Division of DHCD. Applicants are encouraged to apply for DPCCA when making an application for the first mortgage. The DPCCA Program is marketed by HDD, Housing Counseling Agencies, the Prince George's Association of Realtors, Prince George's County Real Estate Agents for Change, and the local banking community.

*DPCCA Target Areas are defined as:*

- Bowie (20716)
- Capitol Heights (20743)
- District Heights (20747)
- Fort Washington (20744)
- Hyattsville (20783, 20785)
- Lanham (20706)
- Laurel (20708)
- Temple Hills (20748)
- Suitland (20746)
- Upper Marlboro (20772, 20774)

##### *Workforce Housing*

Workforce housing is defined as homes purchased by teachers, police officers, nurses, firefighters, and employees working within a 3 mile radius of place of employment.

In order to receive DPCCA purchasers must meet the following criteria:

**BASIC ELIGIBILITY**

1. Purchaser must be first time homebuyer or must not have owned a home anywhere during previous three years.
2. Purchaser must have a ratified purchase contract on a vacant foreclosed property.
3. DPCCA may only be used for the purchase of a foreclosed (bank owned) home that will be the purchaser's primary residence.
4. The first mortgage loan amount cannot exceed FHA 203b limits.
5. Purchaser must be approved by a participating lender for a mortgage to purchase a home under the County's Neighborhood Stabilization Program.
6. Purchaser must have sufficient income to be able to qualify for the first trust mortgage.
7. Purchaser must be qualified for the maximum first trust loan amount that they can afford before determining the minimum amount of the DPCCA loan to fill the gap between the purchaser's cash contribution, seller's contribution and the amount needed for closing.
8. The total Loan to Value (LTV) of the first trust loan plus the DPCCA loan must not exceed 105% of appraised value of the home to be purchased.
9. The home to be purchased must meet the County's housing code or have cost of rehabilitation escrowed by the lender through mechanisms such as 203K loans.
10. Subprime first mortgages are not allowed.
11. Purchaser's total household income, according to family size, must not exceed the NSP income limits.

## DPCCA PROGRAM – MAXIMUM INCOME LIMITS

### Household Size

Income Category		1- person	2- person	3- person	4- person	5- person	6-person	7-person	8-person
		0.7	0.8	0.9	1	1.08	1.16	1.24	1.32
Very Low Income	30%	\$21,550	\$24,650	\$27,700	\$30,800	\$33,250	\$35,750	\$38,200	\$40,650
Very Low Income	50%	\$35,950	\$41,100	\$46,200	\$51,350	\$55,450	\$59,550	\$63,650	\$67,800
60% Limit	60%	\$43,140	\$49,320	\$55,440	\$61,620	\$66,540	\$71,460	\$76,380	\$81,360
Low Income	62%	\$44,800	\$51,200	\$57,600	\$64,000	\$69,100	\$74,250	\$79,350	\$84,500
80% Limit	80%	\$57,700	\$66,000	\$74,200	\$82,500	\$89,100	\$95,700	\$102,300	\$108,900
120% Limit	120%	\$86,600	\$99,000	\$111,300	\$123,700	\$133,600	\$143,500	\$153,400	\$163,300

*The County will provide homeownership opportunities to families earning between 30% and 120% of the area median family income. Example: For a Very Low-income family of four, the income must be at least \$51,350 and less than or equal to \$123,700 to be an eligible participant.*

### PURCHASER'S OWN CASH REQUIREMENT

Purchaser's minimum contribution of own cash towards down payment, pre-paid and closing costs is as follows:

Purchaser's Income Level (as % of Area Median Income)	Minimum Purchaser's Required Cash Contribution*
50% or below	\$1,000
60% - 80%	\$1,500
80% - 120%	\$2,000

\*Payments of any upfront costs by the purchaser will be credited to this amount.

### USE OF DPCCA LOAN FUNDS

The loan is to be used towards closing costs and to meet the minimum down payment required to comply with the underwriting regulations governing the type of first trust loan.

### LOAN TO VALUE REQUIREMENT

The total of the first mortgage loan plus the DPCCA loan cannot exceed 105% of the appraised value of the home to be purchased.

## **MAXIMUM LOAN AMOUNT**

The DPCCA loan cannot exceed the lesser of 7% of purchase price, or \$20,000 for the purchase of a foreclosed home (bank owned) in a Neighborhood Stabilization Program Target Area OR the purchase of a home for workforce housing. The DPCCA loan cannot exceed the lesser of 3.5% of purchase price, or \$15,000 for the purchase of a foreclosed home (bank owned) in a Neighborhood Stabilization Program Non- Target Area.

## **MAXIMUM LOAN TERM**

The DPCCA affordability loan term is 10 years.

## **INTEREST RATE**

The interest rate will be 0%.

## **REPAYMENT REQUIREMENTS**

1. The DPCCA loan will be a deferred payment loan, secured on the property as a second trust, with the balance due determined by length of time the purchasers remain in the home.
2. The amount of the DPCCA due or forgiven is based on the following:

<b>Purchaser Remains in Home</b>	<b>Balance Due (As % of Total DPCCA Received)</b>
0-3 years	100%
3-6 years	50%
6-9 years	30%
10+years	0%

## **Attachment C**

### **NEIGHBORHOOD STABILIZATION PROGRAM (NSP)**

#### **Application Guidelines for CHDO's and Affordable Housing Non-Profit Organizations**

##### **Purpose:**

The Redevelopment Authority of Prince George's County (RA), in partnership with the Department of Housing and Community Development (DHCD), is seeking non-profit partners to assist with implementation of the NSP program. Selected non-profits will be able to purchase foreclosed homes from the RA at a discount, rehab these homes in accordance with HUD specifications, and sell the homes to income qualified home buyers.

##### **Application Submittal Requirements:**

1. Legal evidence that the entity is a non-profit organization in accordance with the Internal Revenue Service (IRS) code.
2. Evidence that a core part of the mission of the organization is to provide affordable housing.
3. A narrative statement on the qualifications of the organization to purchase homes, manage the rehabilitation of these homes in accordance with HUD specifications, and sell these homes to income restricted home buyers.
4. A description of past experience in providing affordable housing including at least one example of a completed project in which a home was purchased, rehabbed, and sold to a qualified buyer.
5. Evidence of financial capacity to purchase the homes including the names of proposed lenders.

##### **Submit to:**

Department of Housing and Community Development  
Attention: Rosalyn Clemens, Program Manager, NSP  
9400 Peppercorn Place, Suite 120  
Largo, MD 20774

**FOR MORE INFORMATION:**

A reasonable number of free copies of the Neighborhood Stabilization Program (NSP) are made available to citizens and groups of interest upon request. Copies are also available at the County's main libraries and posted on the County's website at [www.co.pg.md.us/Government/AgencyIndex/HCD/index.asp](http://www.co.pg.md.us/Government/AgencyIndex/HCD/index.asp). To obtain a copy of the NSP contact the Community Planning and Development Division at 301-883-5540.

For general NSP information Homebuyers, Mortgage Providers, Realtors, and Homeownership Counselors should contact:

The Department of Housing and Community Development  
9400 Peppercorn Place, Suite 120  
Largo, MD 20774  
301-883-5570

Prepared by:  
Department of Housing and Community Development  
James E. Johnson, Acting Director

9400 Peppercorn Place, Suite 200  
Largo, Maryland 20774  
Telephone: (301) 883-5531 or TDD: (301) 883-5428



Prince George's County affirmatively promotes equal opportunity and does not discriminate on the basis of race, color, gender, religion, ethnic or national origin, disability, or familial status in admission or access to benefits in programs or activities.