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## **Factor 1: Need/Extent of the Problem**

### ***a. Target geography***

Applicant Volunteers of America Southeast, Inc., proposes a two-state strategy covering many of the NSP2 eligible census tracts in Alabama and Mississippi. See attached list in Appendix. Applicant selected these two states as it currently serves this geography with a wide variety of social service program and, together with its for-profit development partner, has extensive experience developing affordable housing in these two states. Furthermore, applicant has an existing network of nonprofit and other partners in each of these markets and expects to work closely with these local partners in facilitating the proposed two-state strategy. The selection of tracts clustered in major metropolitan areas will also enable applicant to approach these tracts in an efficient but comprehensive manner.

The census tracts applicant chooses to serve are clustered around major MSAs in the two states – a total of 117 eligible tracts with a combined average foreclosure/vacancy score of 18.16. In Alabama, they include the following MSAs (number of tracts in each MSA are in parenthesis): Mobile-Baldwin County (16), Tuscaloosa (5), Birmingham-Hoover (19), and Huntsville (5). In Mississippi, they include Gulfport-Biloxi (31), Jackson (30), and the Mississippi portion of the Memphis MSA (11). Applicant will provide services in all census tracts.

These MSAs encompass a broad cross section of economic and housing conditions and the eligible census tracts within these MSAs reflect a diverse set of economic and housing conditions. Many of these census tracts represent “inner-city” housing markets that faced numerous pre-existing challenges that have simply been compounded by the foreclosure crisis. Other eligible tracts are representative of over-developed areas that have a surplus of speculative homes and lots in inventory. Accordingly, as detailed below, applicant will provide a multi-tiered strategy providing both a macro and micro approach to the challenges in the two states drawing upon applicant’s track record and strengths.

### ***b. Market conditions and demand factors***

#### **Alabama Targeted Tracts/Markets**

[Note to reviewer: Each of the targeted MSAs will be discussed individually and will track the NOFA factors listed in Part 1b.]

#### **Mobile-Baldwin MSA:**

- a) Applicant proposes to target 16 census tracts in the MSA.
- b) Some relevant data for the Mobile Baldwin MSA:

The MSA has a metro population of 322,077 and a 2009 family income of \$49,500. The unemployment rate as of May 2009 is 9.6%. Foreclosures: 542 (according to [www.foreclosure.com](http://www.foreclosure.com); data from the University of South Alabama indicates over 600 homes were foreclosed in the first quarter of 2009).

Mobile County:

<u>Date</u>	<u># Sales</u>	<u>Average Selling Price</u>	<u>Median Selling Price</u>
12/05	570	151,096	130,000
12/08	246	141,594	125,000
	<u>Ave. Days on Market</u>	<u>Total For Sale</u>	<u>Inv/Sales Ratio</u>
	66	2,081	3.7
	86	3,069	12.5

Baldwin County:

<u>Date</u>	<u># Sales</u>	<u>Average Selling Price</u>	<u>Median Selling Price</u>
12/05	343	248,675	189,000
12/08	215	355,958	240,000
	<u>Ave. Days on Market</u>	<u>Total For Sale</u>	<u>Inv/Sales Ratio</u>
	135	4743	13.8
	145	4890	22.7

(Source: Alabama Center for Real Estate, University of Alabama)

c) (1) In regard to question 1b1, the current absorption rate for Baldwin County is 22.7 for homes (over 22 months of supply). In neighboring Mobile County, the current absorption rate is 12.5 for homes.

d) (2) In reference to question 1b2, these census tracts reflect a wide range of housing conditions and represent tracts in Baldwin County and in Mobile County (tracts in the City of Mobile have not been included as applicant is part of a consortium application led by the City of Mobile). Many tracts in coastal Baldwin County reflect severe overdevelopment as its housing market paralleled the “bubble” housing market seen in many coastal areas, such as found in parts of adjoining Florida. Baldwin County now has 2700 lots on the market and Mobile County (with a much larger population) has over 1000. According to the University of South Alabama, over three hundred homes went into foreclosure in Baldwin County in the first quarter of 2009 alone and sales are on pace to decline by 75% from 2006 numbers. Mobile County, with a much larger population, also experienced over 300 foreclosures in the first quarter of 2009 from a wide variety of tracts. In applicant’s experience, subprime lending abuse has contributed to the housing market challenges in these tracts as well as the recent tightening of underwriting. Mobile’s unemployment rate has spiked to 9.6% in recent months and this has contributed significantly to the weak housing market in Mobile County.

e) (3) The median family income for the Mobile-Baldwin MSA is \$49,500. A family of four is burdened by housing costs if they exceed \$619 (50%AMI), \$990 (80%AMI), and \$1485 (120%AMI).

f) (4) Applicant and its development partner have been active in the Mobile market for decades utilizing a wide variety of housing development programs. Baldwin County, prior to the housing slowdown, was regularly listed among the fastest growing counties in Alabama and had an economy driven by the housing industry and tourism. Civic and business leaders regularly pointed to the lack of affordable housing as a choke point in future growth. The economic effects of the housing slowdown have compounded the effects of declines in market prices. The more diverse Mobile County economy, traditionally based upon the paper and chemical industry, has evolved in recent years, according to its Chamber of Commerce, to include high-end manufacturing, logistics/distribution, technology, healthcare, finance and education in the U.S. Gulf Coast Region. This diverse economy has helped cushion Mobile somewhat from the national recession but the spike in unemployment to 9.6% is now a major contributing factor to the housing market slow down in Mobile County. The demand for affordable rental housing remains strong in Mobile County. In November 2008, applicant received over 300 applications for 56 units of affordable housing and leased up the property in less than thirty days.

g) (5) Drawing upon its deep knowledge of the Mobile-Baldwin market and the demand for low and moderate income housing, applicant proposes to rely heavily on land banking to help reduce the inventory of abandoned and foreclosed properties and help bring equilibrium back to the market. Such a strategy will be particularly effective in the heavily overdeveloped Baldwin County market. Applicant proposes to use NSP2 redevelopment funds as market demand adjusts given the slow down in the housing economy there. Development of single family rental properties consistent with NSP2 guidelines with a long term strategy of conversion to homeownership is generally expected to be the best approach in Baldwin County. In more developed Mobile County, a corresponding land banking strategy will be utilized but redevelopment will include a mix of single family rental combined with traditional multi-family properties given the strong demand for affordable housing in the market.

### **Tuscaloosa MSA**

a) Applicant proposes to target 5 census tracts in the Tuscaloosa MSA.

b) Some relevant market data:

Tuscaloosa has a metro population of 219,193 and a 2009 family income of \$55,000. The unemployment rate as of May 2009 is 8.8%. Foreclosures: 38 (according to [www.foreclosures.com](http://www.foreclosures.com)).

<u>Date</u>	<u># Sales</u>	<u>Average Selling Price</u>	<u>Median Selling Price</u>
12/05	158	158,544	142,362

12/08            109                            170,158                            145,000

<u>Ave. Days on Market</u>	<u>Total For Sale</u>	<u>Inv/Sales Ratio</u>
129	1,202	7.6
124	1,770	16.2

(Source: Alabama Center for Real Estate, University of Alabama)

c)        (1) In regard to question 1b1, the current absorption rate for the Tuscaloosa MSA is 16.2 for homes (over 16 months supply).

d)        (2) In reference to question 1b2, these Tuscaloosa area census tracts reflect a range of housing conditions, some overdeveloped “suburban” tracts but also three traditional “inner city” tracts reflecting the traditional high unemployment in these tracts as well as other preexisting challenges to the market. In regards to these latter tracts, Louis Barnett, Executive Director of the Westside Community Development Corporation in Tuscaloosa, a longtime participant in housing development in the area, indicates that the reduction in the number of mortgage products available in the market along with tighter underwriting has particularly increased barriers to homeownership and has contributed to the foreclosure and vacancy crisis.

e)        (3) The median family income for the Tuscaloosa MSA is \$50,500. A family of four is burdened by housing costs if they exceed \$631 (50%AMI), \$1,010 (80%AMI), and \$1,515 (120%AMI).

f)        (4) Tuscaloosa has traditionally benefited from a diverse economy. According to the Chamber of Commerce, twenty-three percent of the workplace is employed by government (major health care and education related employment); twenty-four percent in retail and wholesale trade; sixteen percent in manufacturing; twenty-two percent in services; and balance of the workforce spread among construction, transportation, finance, insurance, real estate and public services. As the home of the University of Alabama, Tuscaloosa benefits from its large employment base as well as an array of international manufacturing facilities including Mercedes-Benz. Nevertheless, in recent months, Tuscaloosa has experienced a spike in its traditional low unemployment rate to 8.8% -- a contributing factor to weakness in the local housing market.

g)        (5) Applicant and its development partner have developed affordable housing in the Tuscaloosa MSA, including single family rental properties, and is familiar with the market. If funded, applicant expects to work closely with the Westside CDC in certain eligible Tuscaloosa city tracts. Mr. Barnett indicates the housing slowdown has combined with other preexisting challenges (high unemployment in particular) to contribute to the decline of the housing markets in certain of these census tracts. Land banking would be utilized to a limited degree but Mr. Barnett recommends a comprehensive approach in traditionally challenged tracts (to include demolition, financing support, and acquisition/rehabilitation) and accordingly applicant would expect

to utilize the full range of NSP2 tools in the Tuscaloosa MSA. Redevelopment would include a mix of traditional multi-family properties along with single family rental properties where the demand appears to remain strong.

**Birmingham-Hoover MSA**

a) Applicant will target 19 census tracts in the Birmingham-Hoover MSA. These tracts exhibit an extraordinarily wide combination of housing conditions – ranging from overdeveloped suburban tracts to traditionally challenged housing markets (particular targeted tracts include parts of the City of Fairfield and the Woodlawn neighborhood in the City of Birmingham). According to MLS data, the market has over 1600 lots on the market (more than twice the average number on the market between 2004-06), representing more than a 20 year supply given current absorption rates.

b) Some relevant Birmingham-Hoover market data:

Birmingham has a metro population of 454,015 and a 2009 family income of \$60,900. The unemployment rate as of May 2009 is 8.7%. Foreclosures: 741 (according to www.foreclosure.com).

<u>Date</u>	<u># Sales</u>	<u>Average Selling Price</u>	<u>Median Selling Price</u>
12/05	1,377	207,780	172,900
12/08	798	174,968	139,900
	<u>Ave. Days on Market</u>	<u>Total For Sale</u>	<u>Inv/Sales Ration</u>
	88	7,301	5.3
	117	10,201	12.8

(Source: Alabama Center for Real Estate, University of Alabama)

c) (1) The absorption rate in the Birmingham area is 12.8 (over 12 months supply). Developed lots have over a 20 year supply.

d) (2) Multiple factors have contributed to the crisis in the Birmingham MSA. According to the Birmingham area Chamber of Commerce website, the Birmingham MSA represents 25% of the total employment in the state of Alabama and benefits from a diverse economy (healthcare, financial services, manufacturing, mining, among others). Nevertheless, the unemployment rate in the Birmingham area has now increased to 8.7% and is a major contributing factor to the slowdown in the market. Many suburban tracts reflect rampant overdevelopment (as demonstrated by the huge oversupply of lots) whereas many eligible tracts reflect traditional inner city tracts where high localized unemployment and lack of financing contribute to the high foreclosure and vacancy rates. Overdevelopment of condominiums is a problem in the Birmingham market as well.

e) (3) The median family income for the MSA is \$60,900. A family of four is burdened by housing costs if they exceed \$761 (50%AMI), \$1,218 (80%AMI), and \$1,827 (120%AMI).

f) (4) In conversations with local realtors, overdevelopment remains a broad problem in the Birmingham market. The conditions in these overdeveloped tracts vary greatly from the inner city tracts that reflect high foreclosure and vacancy rates. In developing its proposal, applicant has drawn upon the experience of local partners, particularly in regard to the Woodlawn neighborhood and the City of Fairfield that is proposes to target specifically. Applicant has also consulted with organizers of the new state land bank (crafted to help clear title and facilitate redevelopment of abandoned properties) and expects to utilize this tool in Woodlawn and similar tracts.

Within the City of Birmingham, applicant expects to target the Woodlawn neighborhood. The Woodlawn neighborhood is centered on census tracts 24.00, 03.00, 22.00, 05.00, and 19.02. Woodlawn has been particularly hard hit by the foreclosure crisis. Four of the five census tracts have foreclosure scores between 17 and 20 and all have vacancy scores between 17 and 20. As a typical “inner city” community, Woodlawn faced many preexisting challenges as reflected in the high vacancy rates of these tracts.

To be successful in reigniting the housing market in such a community, applicant recognizes it must work closely with local partners. David Fleming, Executive Director, of Mainstreet Birmingham, Inc., (headquartered in the Woodlawn neighborhood), has indicated a willingness to help VOASE target its activities to maximize the impact. Mr. Fleming indicates the foreclosure crisis has exacerbated existing impediments to the housing market in Woodlawn and in many ways the market needs to be reenvisioned to meet the needs of residents and be competitive in attracting new residents. Mr. Fleming indicates that the use of all the available NSP2 tools will be necessary – including demolition of older properties, purchase/rehab, and land banking. Mr. Fleming indicates that a major emphasis on redevelopment of vacant and abandoned properties should be a priority and will provide the most impact in terms of stabilizing the housing market in Woodlawn. Mr. Fleming suggests in limited cases donating cleared land to several nonprofit organizations that promote urban farms. In regard to acquired homes, Aletheia House, a Birmingham nonprofit that specializes in operating single family homes for low income families, has indicated an interest in being granted homes that are acquired pursuant to an agreement to operate the homes consistent with NSP2 guidelines.

Within Jefferson County, applicant expects to target the City of Fairfield. Fairfield is composed of census tracts 106.02, 106.03, and 134.00. The foreclosure crisis has been felt very clearly by Fairfield residents. Each of these census tracts has foreclosure scores of between 17 and 19 and vacancy rates between 18 and 20. Fairfield has a variety of housing submarkets, many of which faced preexisting challenges as reflected in the high vacancy rates of these tracts.

Applicant has consulted with Nigel Roberts, Economic Development Director for the City of Fairfield. Mr. Roberts has indicated a willingness to help applicant target its

activities in order to maximize impact. Mr. Roberts has stated that the foreclosure crisis has created additional hurdles in addition to the existing impediments faced by Fairfield in previous years. In particular, the reduction in financing options has been a major hurdle in Fairfield. Mr. Roberts indicates that Fairfield can benefit from a variety of NSP2 tools such as demolition of older properties and purchase/rehab. Land banking can be used in selective categories as well. Mr. Roberts indicates that a primary emphasis on redevelopment of vacant and abandoned properties would be a particularly effective method of providing a foundation for an improved housing market in Fairfield. In targeted tracts in Woodlawn and Fairfield, based upon the advice of local partners, applicant expects to craft detailed strategies in conjunction with local partners and utilize the full range of NSP2 tools to include acquisition/rehabilitation, demolition. Donation of certain properties to urban farm organizations and to Aletheia House would be appropriate as well.

g) (5) Applicant proposes to address the multiple factors contributing to the crisis in the Birmingham-Hoover MSA by utilizing a multi-tiered strategy. Applicant will market down payment assistance funding to each targeted tract in the MSA. In specific overdeveloped tracts, applicant expects to employ a selective land banking and redevelopment strategy drawing upon its experience in successful development of affordable housing.

**Huntsville MSA**

a) Applicant will target 5 tracts in the Huntsville MSA, reflecting primarily developed tracts that are suffering from ongoing disinvestment and one more recently developed tract.

b) Huntsville has a metro population of 342,376 and a 2009 family income of \$67,500. The unemployment rate is 7.42%. Foreclosures: 81 (source [www.foreclosure.com](http://www.foreclosure.com))

Date	#Sales	Aver Selling Price	Median Selling Price
12/2005	778	156,630	136,000
12/2008	512	158,462	139,900

  

	Ave Days on Market	Total for Sale	Inv./Sales Ratio
12/2005	104	3,468	4.5
12/2008	107	5,943	11.6

(Source: Alabama Center for Real Estate, University of Alabama)

c) (1) The absorption rate is 11.6 (over 11 months inventory).

d) (2) Due to the strong military and government presence there, the Huntsville MSA has been spared the brunt of the housing crisis as demonstrated by the relatively few NSP2 eligible tracts. Huntsville's relatively low unemployment (currently at 7.2%)

is still slowing the market. However, the brunt of the slow down is being felt in certain tracts that have experienced previous disinvestment and are plagued by foreclosures and vacancies. Joseph Lee, Director of the Alabama A&M CDC, indicates that financing hurdles that have arisen by the reduction of mortgage financing and increased underwriting standards is having a significant impact in these census tracts. At least one of these tracts reflects overdevelopment while the remainder suggest a combination of overdevelopment, localized unemployment and preexisting impediments are major factors.

- e) (3) The median family income for the MSA is \$67,500. A family of four is burdened by housing costs if they exceed \$843.75 (50%AMI), \$1,350 (80%AMI), and \$2025 (120%AMI).
- f) (4) Applicant expects to work closely with the Alabama A&M CDC in crafting a strategy for the target census tracts. The Alabama A&M CDC have been active in the majority of the target census tracts for many years. Joseph Lee, Director of the Alabama A&M CDC, indicates that although the overall Huntsville market is holding up, these particular census tracts are being adversely affected and are in need of assistance as demonstrated by their eligibility. Mr. Lee has observed increased weakness in the housing market, a weakness he attributes in part to increased financing hurdles and tighter underwriting standards faced by borrowers. Also, the housing product on the market does not fit the demographics of the communities in Mr. Lee's opinion.
- g) (5) Based upon the recommendations of Mr. Lee, applicant will make a priority of marketing down payment assistance to each of the tracts in the Huntsville MSA to increase financing flexibility. Applicant may also use land banking and redevelopment on a limited basis in the census tract that reflects overdevelopment. Mr. Lee recommends a redevelopment strategy that utilizes single family rental properties that can be converted to homeownership over time.

**Mississippi Targeted Tracts/Markets**

**Gulfport-Biloxi MSA**

- a) Applicant will target 31 tracts in the Gulfport-Biloxi MSA, reflecting a wide variety of both previously developed tracts and newly developed tracts.
- b) The Gulfport-Biloxi MSA (encompassing much of the Mississippi Gulf Coast) has a metro population of 259,812 and a 2009 family income of \$51,800. The unemployment rate as of May 2009 is 7.8%. Foreclosures: 243 (according to [www.foreclosure.com](http://www.foreclosure.com)). Some relevant sales data:

Date	# of Sales	Total for Sale	Inventory/Sales Ratio
6/09	220	4557	20.7

(Source: Sales Data from the Gulf Coast Association of Realtors; Sales Inventory from MLS)

- c) (1) The absorption rate is 20.7 (over 20 months inventory).
- d) (2) The housing market in the Gulfport-Biloxi MSA remains dominated by the residual effects of the devastation created by Hurricane Katrina in 2005. For instance, in July, 2009, three thousand Mississippi Gulf Coast residents remain in FEMA trailers and the area has been hampered in rebuilding by delays resulting from the complicated interaction of state and federal programs and agencies. Many residents who received extensive wind damage have not received assistance because of gaps in the assistance programs. In another indication of the need, the Gulf Coast Community Foundation has created a funding program to address these needs but has learned in recent months it can only fund a tiny portion of the 1800 requests from Gulf Coast families. Accordingly, demand for housing remains. Nevertheless, given the high levels of both foreclosures and vacancies in the numerous eligible tracts suggests that overdevelopment of the “wrong” kind of housing is a major contributor to the stabilization of the housing market. Unemployment, which now stands at 7.8% has also undoubtedly contributed to the decline in the housing market.
- e) (3) The median family income for the MSA is \$51,800. A family of four is burdened by housing costs if they exceed \$647.50 (50%AMI), \$1,036 (80%AMI), and \$1554 (120%AMI).
- f) (4) The applicant expects to work closely with the Gulf Coast Renaissance Corporation in addressing the crisis along the Gulf Coast. The GCRC was established with the explicit purpose of facilitating housing and community renewal in the wake of Hurricane Katrina. Kim LaRosa, CEO of the GCRC, meets routinely with state and federal housing officials in designing GCRC programs. Ms. LaRosa reports that in some ways from a statistical perspective the crisis may not be appear as widespread along the MS Gulf Coast but on the ground conditions suggest otherwise. For instance, auctions of properties held in mid-May have failed to attract buyers and were shut down. Similarly, a recent analysis of MLS data indicates inventories of homes are going down but there is not a corresponding increase in closings suggesting that properties are simply being pulled off the market and that a big wave of foreclosures could be coming soon. Based on anecdotal evidence, Ms. LaRosa suggests that the extensive down payment assistance that has been made available in the wake of Katrina has helped to cushion the Gulf Coast for the time being but in some ways has simply temporarily masked the underlying problems.
- g) Ms. LaRosa indicates that at this time several uses of NSP2 funds and the applicant’s development expertise could be particularly helpful in the eligible tracts. Specifically, the applicant can help to address the need for quality rental properties by converting foreclosed or abandoned properties to rental uses for eligible families. To help address the need to house the several thousand people still in FEMA trailers, MS

Gulf Coast PHAs will be receiving 5000 new Section 8 vouchers for rental housing. However, there is a dearth of good rental housing on the coast and conversion of abandoned properties to quality rental units should be a priority. Furthermore, the City of Gulfport has announced a major priority of redevelopment of the land and use of NSP2 funds as appropriate along with the applicants development experience would be particularly useful.

**Jackson MSA**

- a) Applicant will target 30 tracts in Jackson metropolitan area representing a broad spectrum of housing submarkets.
- b) Jackson has a metro population of 444,910 and a 2009 family income of \$56,700. The unemployment rate as of May 2009 is 7.6%. Foreclosures: 813 (according to [www.foreclosure.com](http://www.foreclosure.com)). Some relevant market data:

<u>Date</u>	<u># Sales</u>	<u>Total for Sale</u>	<u>Inv/Sales Ratio</u>
6/09	501	4105	8.2

(Source: Jackson Association of Realtors website)

- c) (1) The June 09 absorption rate is 8.2 (8.2 months inventory).
- d) (2) The eligible tracts in the Jackson metro area reflect a variety of tracts – from tracts with historically challenged housing markets and tracts reflecting overdevelopment of Greenfield areas. Accordingly, both underemployment within tracts and overdevelopment have contributed to the eligibility of these tracts. Unemployment, which now stands at 7.6% has also undoubtedly contributed to the overall decline in the housing market.
- e) (3) The median family income for the MSA is \$56,700. A family of four is burdened by housing costs if they exceed \$708.75 (50%AMI), \$1134.00 (80%AMI), and \$1701.00 (120%AMI).
- f) (4) Jackson benefits from a diverse economic base that has helped so far to insulate the metro area from the extremes of the economic downturn. Its status as the state capital and recent success in attracting high-paying industrial operations has benefited the city in recent years. The Jackson metropolitan area is also home to 16 banks and the governmental sector employs approximately 40,000 residents in the area. Nevertheless, the breadth of eligible tracts in the area is testament to the reach of the housing foreclosure crisis. Phil Eide with Enterprise Corporation of the Delta, an organization active in housing and community development initiatives in Jackson, indicates that the breadth of tracts.
- g) (5) If funded, applicant plans to work with local organizations in crafting a detailed approach. Mr. Eide of the Enterprise Corporation of the Delta has indicated a willingness to work with applicant. Given the breadth of the tracts, Mr. Eide

recommends use of the full range of NSP2 tools, including aggressive marketing of down payment assistance, acquisition/rehab and demolition. In overdeveloped tracts, Mr. Eide recommends both land banking and selective redevelopment using a range of redevelopment tools.

**Northwest Mississippi (Memphis MSA)**

- a) Applicant will target 11 tracts in the Mississippi portion of the Memphis MSA.
- b) Some relevant market data: The MSA has a metro population of 211,386 and a 2009 family income of \$55,730. The unemployment rate as of May 2009 is 9.7%. Foreclosures: 135 (according to www.foreclosure.com).

<u>Date</u>	<u># Sales</u>	<u>Average Selling Price</u>	<u>Ave. Days on Market</u>
6/08	262	157,502	126
6/09	245	148,072	138
		<u>Total For Sale</u>	<u>Inv/Sales Ratio</u>
		2,953	11.27
		2,194	8.96

(Source: Northwest MS Association of Realtors)

- c) (1) The absorption rate is 8.96 (over eight months inventory) for houses (there is a 20 year supply of lots).
- d) (2) The eligible tracts in the northwest Mississippi area reflect a variety of tracts – from tracts with historically challenged housing markets to tracts reflecting overdevelopment of greenfield areas. Accordingly, both underemployment within tracts and overdevelopment have contributed to the eligibility of these tracts. Unemployment, which now stands at 9.7% is also a major contributor to the overall decline in the housing market.
- e) (3) The median family income for the MSA is \$57,800. A family of four is burdened by housing costs if they exceed \$722.50 (50%AMI), \$1156.00 (80%AMI), and \$1734.00 (120%AMI).
- f) (4) Northwest Mississippi has been impacted significantly by the housing slow down. As an area that experienced rapid development in recent years, overdevelopment is the primary source of foreclosure issues in the eleven targeted tracts although several of the tracts have faced a multiple of impediments in recent years. According to MLS data supplied by the Northwest Mississippi Association of Realtors, there are over 1200 lots on the market in the area, representing a 25 year supply. Local real estate professionals point to the plethora of lots and stalled subdivisions as a major impediment to stabilization of the market.

g) (5) Applicant has consulted with Tom Pittman, President, Community Foundation of North Mississippi. The Community Foundation is an umbrella group that works with a range of housing organizations and other in the northwest Mississippi area. Mr. Pittman recommends a broad based approach, including aggressive marketing of down payment assistance and selective redevelopment. Accordingly, applicant proposes to employ these methods as well as land banking to address the psychological overhand of stalled subdivisions present in the market.

## **Rating Factor 2-Demonstrated Capacity of the Applicant and Relevant Organizational Staff**

### ***a. Past Experience of Applicant(s)***

#### **Volunteers of America Southeast, Inc.**

Volunteers of America (VOA) was established by Ballington and Maud Booth in 1896 on New York City's lower East Side. They pledged "to recognize and develop the value of each individual." Using donations obtained on street corners, they began offering programs with the goal of "restoring hope, dignity, and self reliance to those in crisis and distress."

Since its inception, VOA has led the way to higher ground on issues of human rights, human welfare, and human dignity. Throughout America, VOA staff and volunteers design and operate services that deal with today's most pressing social needs: abused and neglected children, frail elderly, youth at risk, people with developmental and physical disabilities, homeless individuals and families and many others.

Over its 100 years, VOA has grown from the operation of a single program in a single city to one of the largest social service organizations in the United States. The combined assets of VOA affiliates/subordinate organizations total more than \$800 million. In 2002, Volunteers of America was featured in Worth Magazine, a periodical of the Wall Street Journal, as one of America's best managed charities.

Although national in structure, VOA develops and operates programs in response to local community needs and interests. Volunteers of America of South Alabama, Inc. (VOASA) began serving the South Alabama community in 1980 through the operation of three group homes for people with developmental disabilities. In 1985 we received a Charter from the national office signifying that Volunteers of America Southeast (VOASE) met the standards required of VOA affiliates. In March of 1999, Volunteers of America Southeast incorporated to more accurately reflect the States served by the organization. The new entity, Volunteers of America Southeast, Inc. provides services for the southern half of the State of Alabama, the State of Georgia and the State of Mississippi. We are organized as a 501 c 3 organization under the IRS code. We currently provide housing and services to approximately 1,700 individuals and families in Alabama and Georgia.

Since 1980, our services have changed and expanded to meet the changing and increasing needs of the community. Volunteers of America Southeast has an operating budget of \$58 million and engages over 600 staff to provide services in the community. Today, Volunteers of America Southeast has developed 1,000 units of multifamily

housing, completed 550 rehabilitations of single family homes both owner occupied and acquisition rehabilitation, and constructed 15 new homes. We also manage over 900 units of subsidized housing through Section 8 and PRAC contracts. As a non-profit developer we have extensive experience working with both federal and private funding sources and also with private groups seeking specialized housing. One of the primary methods by which we begin to develop in a given area is through word of mouth with local governments and concerned citizens. Since May of 2007, Volunteers of America Southeast has placed over 190 units of housing in service.

HUD FUNDED PROJECTS DEVELOPED BY VOLUNTEERS OF AMERICA  
SOUTEAST

Corporation/Property Name	Type	Units	Cost
Americus VOA Elderly Housing, Inc. Joy Court Village Americus, GA	202	20	
Brewton VOA Elderly Housing, Inc. Crepe Myrtle Village Brewton, AL	202	38	\$1,790,117
Capital City Community Homes Montgomery, AL	811	15	\$957,778
Covington VOA Elderly Housing, Inc. Southern Oaks Opp, AL Hilltop Terrace Florala, AL	202	27 18	\$2,388,300
Douglasville VOA Housing, Inc. Pathway Apartments Douglasville, GA	811	12	
Enterprise VOA Elderly Housing, Inc. Port Mayaca Terrace Enterprise, AL	202	29	\$923,800
Five Star Development, Inc. Piney Grove Jasper, AL	202	28	
Foley VOA Living Center, Inc. Alston Court Foley, AL	811	20	\$1,049,000
Georgia VOA Elderly Housing Hunter's Run Apts. Sandersville, GA	202	40	
Group Homes of Alabama VOA Elderly Housing, Inc. Andalusia Group Home Andalusia, AL Enterprise Group Home Enterprise, AL Daphne Group Home Daphne, AL	811	10 10 10	
Halls Mill VOA Living Center, Inc. Halls Mill Road Group Home Mobile, AL	811	6	
Highpoint VOA Elderly Housing, Inc. Highpoint Apts. Eight Mile, AL	202	58	\$3,464,700
Jackson VOA Elderly Housing, Inc. Windsong Apts. Jackson, Ms	202	60	
Lookout Mountain VOA Housing, Inc.	811	12	

Woodland Valley Lookout Mountain, Ga.			
Middle Georgia VOA Housing, Inc. Lafayette, GA	811	10	\$1,198,146
Mobile Accessible Housing, Inc. Pine Trace Apts. Mobile, AL.	811	15	\$1,043,900
Mobile Community Living, Inc. Deerwood Group Home Mobile, AL	811	3	\$944,100
Mobile Shared Living, Inc. Ringold Group Home Mobile, AL.	811	6	
Mobile Supported Living, Inc. Girby Road Apts. Mobile, AL	811	20	\$1,319,300
Mobile Supportive Housing, Inc. Magnolia Place Mobile, AL	811	15	\$974,500
Mobile VOA Independent Housing, Inc. Onderdonk Cottages Mobile, AL	811	24	\$968,800
Mobile VOA Living Center, Inc. Christopherson Estates Mobile, AL.	811	21	\$944,100
Montgomery Community Homes I Montgomery, AL	811	9	\$621,600
Montgomery Community Homes II Montgomery, AL	811	9	\$717,000
Northwest GA VOA Housing, Inc. Lafayette, GA	811	13	\$1,400,841
Oconee VOA Housing, Inc. Hancock Court Milledgeville, GA	811	12	
Opp VOA Elderly Housing, Inc. Oak Hill Apts. Opp, AL.	202	36	\$963,200
Port City VOA Housing, Inc. Ivy Estates Mobile, AL	811	13	\$968,800
Reidsville VOA Housing, Inc. Chandler Ave. Apts. Reidsville, GA	811	12	
Rendu Terrace West, Inc. Rendu Terrace Mobile, AL	202	50	\$3,500,000
Selma VOA Elderly Housing, Inc. Selma, AL	202	20	\$2,355,000
Southern AL VOA Living Center, Inc. Navco Road Group Home Mobile, AL	811	11	\$371,200
Thomaston VOA Housing, Inc. Hannah's Lane Thomaston, GA	811	12	
VOA Group Homes of Brewton, Inc. Brewton Group Home Brewton, AL	811	9	
VOA Group Homes of Ozark, Inc. Ozark Group Home Ozark, AL	811	9	
Vicksburg VOA Elderly Housing, Inc. Shadowcliff Apts. Vicksburg, MS	202	40	
Waycross VOA Elderly Housing, Inc.	202	34	\$2,229,900

Waycross, GA			
Waycross VOA Housing, Inc. Waycross, GA	811	9	\$1,214,900
Waycross VOA Housing II, Inc. Waycross, GA	811	13	\$1,254,000
TOTAL		838 units	

TAX CREDIT PROJECTS DEVELOPED BY VOLUNTEERS OF AMERICA  
SOUTEAST

Sophia's Landing Mobile, AL.	Tax Credit	60	\$7,000,000
Addison Way Selma, AL	Tax Credit	120	\$12,000,000

FUNDED PROJECTS CURRENTLY UNDER DEVELOPMENT BY VOLUNTEERS  
OF AMERICA SOUTEAST

Corporation/Property Name	Type	Units	Cost
Zeigler VOA Housing, Inc. Mobile, AL	811	15	\$1,960,800
Bay Minette VOA Housing, Inc. Bay Minette, AL.	811	15	\$1,620,100
Bayou La Batre VOA Housing, Inc. Bayou La Batre, AL.	202	20	\$1,556,000
Trenton VOA Housing, Inc. Trenton, GA	811	13	\$1,207,300
Wiggins VOA Elderly Housing, Inc Wiggins, MS	202	20	\$1,925,300
Transitional Housing for Homeless Veterans Mobile, AL	VA	36	\$400,000
Ballington Place, Single Family Gated Com. Clanton, AL	Private Funding	38	\$4,940,000
Weems Drive, Single Family Mobile, AL	HOME	14	
Cambridge Park, Single Family Montevallo, AL		10	
Bainbridge Georgia, Single Family	Tax Credit	45	
TOTAL		157	\$32,609,500

ADDITIONAL EXPERIENCE

1. Tax exempt 501 (c) (3) bonds:
  1. \$1,600,000 for Day Training Facilities
  2. \$2,675,000 Special Care Facilities
  3. \$1,200,000 development of 9 group homes
  4. \$1,700,000 development Special Care Facilities
2. 9% LIHTC - 60 unit Family Complex in Mobile, Alabama, \$7,000,000
3. 4% LIHTC - 120 unit multifamily complex in Selma, Alabama, \$12,000,000
4. Section 202 - 16 communities funded by 202 for a total of 520 units.
5. HOME funds, City of Mobile, \$520,000, 14 single family homes, down payment assistance, and rehabilitation.
6. HOME funds, City of Montgomery, \$172,000, group home, \$367,000 for 48 unit elderly tax credit development.
7. Veterans Administration Capital \$400,000 grant to create 36 units of housing for veterans who are homeless and/or precariously housed.
8. Social Services Block Grant, \$9,000,000, to rehabilitate homes in hurricane impacted areas.
9. USDA, \$50,000, staff technical assistance position in Katrina impacted area of South Mobile County.
10. Federal Home Loan Bank EDGE Program, \$1,000,000, seed funds for Economic Development Activities, Southeast Steel Framing.
11. McArthur Foundation, \$1,000,000, PRI seed funds, Southeast Steel Framing.
12. Section 811 (HUD) funding for housing persons with disabilities, we currently have 330 units in operation and another 45 units that have been funded and are under development.  
Each 811 complex also has supportive service funding that go along with each unit.
13. Federal Home Loan Bank, assorted layering in projects including \$279,000 in rehabilitation funds to update 202, \$218,000 layered on Selma Tax Credit
14. Emergency Capital Repairs Grant, HUD, \$240,000, repair of 202
15. Georgia Department Mental Health, \$365,000, substance abuse services
16. TANF, \$1,765,000, substance abuse services
17. Social Services Block Grant, \$13,000,000, to assist Alabama state residents and evacuees still living in Alabama with unmet needs from Hurricanes Katrina and Rita.
18. NSP I, City of Montgomery, AL 15-20 units

### **Development Services, Inc.**

Development Services, Inc. (DSI) provides project management and development services for affordable housing activities. Areas of responsibility include site selection and analysis, land purchase and closing, HOME and Low Income Housing Tax Credit

(LIHTC) applications, LIHTC investment partnerships, pre-construction details, architectural and engineering selection and supervision, construction contract, construction loan commitment and closing, construction supervision, construction completion, lease up, and asset management.

DSI has successfully developed 19 properties including special needs housing, multifamily, single family, acquisition and rehabilitation, and done numerous affordable housing program grants (AHP) and assisted in economic development projects. DSI has worked in the states of Alabama, Georgia, Mississippi, and South Carolina. DSI has placed a total of 632 units of housing in service. 422 of these units have been placed in service since May of 2007.

FUNDED PROJECTS DEVELOPED BY DEVELOPMENT SERVICES, INC.

Project Name and State	Project Type NC, REHAB or ACQ/ REHAB	Total # of units 100% Low Income	Date Placed in Service	Total Development Costs	Funding Source/Proj Type
Sara's Ridge Apartments AL	NC	56	March 31, 2009	\$7,581,700	AHFA HOME/ LIHTC/Conv Multifamily
Washington Plaza AL	ACQ/ REHAB	80	Dec. 11, 2008	\$5,956,940	AHFA LIHTC/Conv Multifamily
Sophia's Landing Apartments AL	NC	60	October 14, 2008	\$8,541,500	AHFA LIHTC/Conv Multifamily
Parkway Place AL	ACQ/ REHAB	98	Sept. 16, 2008	\$5,681,408	AHFA LIHTC/Conv Multifamily
Greenwood Park AL	NC	52	October 16, 2007	\$8,460,000	AHFA HOME/ LIHTC/Conv Single Family
Community Village I AL	NC	72	June 19, 2007	\$10,923,503	AHFA HOME/LIHTC/ Conv Single Family

Pecan Cove Apartments AL	NC	60	May 21, 2007	\$7,382,385	AHFA HOME/LIHTC/ Conv Multifamily
Harbor Pointe Apartments AL	NC	40	March 12, 2007	\$4,600,364	AHFA HOME/LIHTC/ Conv Multifamily
Alexander Terrace Apartments II AL	NC	32	March 22, 2006	\$3,117,955	AHFA HOME/LIHTC/ Conv Multifamily
Mountainside Apartments AL	NC	56	April 15, 2005	\$4,950,783	AHFA HOME/ LIHTC/Conv Multifamily
Twin Oaks AL	NC	2	May 16, 2003	\$169,746	AHFA HOME Duplex- Special Needs
The Springs AL	NC	24	Feb. 1, 2003	\$1,837,085	AHFA HOME/LIHTC/ Conv Multifamily
Oakhill AL	ACQ/ REHAB	37	na	\$218,750	AHP/202 Federal Home Loan Bank of Atlanta Multifamily
Hanover Ridge Apartments SC	ACQ/ REHAB	155	na	na	LIHTC/AHP South Carolina Housing and Finance Authority Federal Home Loan Bank of Atlanta

**1. City and Regional Planning Experience**

Volunteers of America Southeast, Inc. has extensive experience working in communities with both large city and county governments as well as small rural communities with limited government. VOASE has developed relationships with local government in Mobile, Baldwin and Montgomery Counties. VOASE currently has administrative offices in Mobile, Montgomery, Tuscaloosa and Birmingham.

VOASE always takes the opportunity to participate in local planning. VOASE has provided comments for the Consolidated Planning Process with the City of Mobile. VOASE is also part of the South Alabama Regional Planning Commission's Coordinated Transportation Plan. VOASE is also part of the Continuum of Care.

## **2. Acquisition and Disposition of Foreclosed Real Estate**

Volunteers of America Southeast is currently working with the City of Montgomery and utilizing NSP 1 funds for the acquisition and rehabilitation of 15-20 homes. From 2001-2005, VOASE acquired, rehabilitated 150 REO homes during that time period.

## **3. Rehabilitation of Housing**

Volunteers of America Southeast, Inc.(VOASE) gained extensive experience rehabilitating housing after Hurricane Katrina devastated the Coast of Alabama and Mississippi. VOASE used private funding to rehabilitate 150 homes on the Mississippi Gulf Coast. Volunteers of America Southeast secured \$9,000,000.00 in Social Services Block Grant funding to rehabilitate 393 homes that were damaged by the storm.

In April of 2009, Volunteers of America Southeast applied for and received an additional \$13,000,000.00 in Social Service Block Grant funding to assist those with unmet needs from Hurricanes Katrina and Rita. The funding is available to residents of the 11 effected Alabama counties and evacuees still residing in the State. The majority of this funding will be used to rehabilitate homes.

Development Services, Inc. has used Low-Income Housing Tax Credits for the rehabilitation of 178 units of affordable multi-family housing. DSI also worked with Volunteers of America Southeast and used AHP funds and funding from the Federal Home Loan Bank of Atlanta to rehabilitate a 37 unit HUD 202.

## **4. Redevelopment of Vacant Property**

Volunteers of America Southeast has partnered with the City of Mobile to develop affordable single family housing on formally vacant land. The City of Mobile donated 14 vacant lots on Weems Drive. Volunteers of America Southeast used \$200,000 in private funding and received \$372,000 in HOME Funds to construct new homes and offer down-payment assistance. The first 8 homes are constructed and 4 additional homes are about to be under construction.

#### **5. Program Marketing and Management**

Volunteers of America Southeast has been managing housing since the mid-1980's. Volunteers of America Southeast currently manages over 900 units of housing. In addition to managing all VOASE HUD 202/811 properties, management staff also oversee Volunteers of America properties in Jackson and Vicksburg, MS. Volunteers of America Southeast manages all housing in accordance with Fair Housing regulations and are audited regularly by HUD.

Many of the HUD projects developed by VOASE are for persons with developmental disabilities and/or mental illness. While it is inappropriate to market these properties in a traditional fashion, VOASE always develops relationships with local service providers to make them aware of the housing. In other communities, VOASE contracts with a Community Service Boards to provide necessary services for the tenants.

When appropriate, VOASE has public relations staff that assist housing staff with marketing projects through newspapers, radio and flyers. Because of the significant need for housing for with persons with disabilities the majority of VOASE HUD properties have waiting lists. Housing staff manage these waiting lists according to HUD guidelines.

#### **6. Accessing Operating and Investment Capital**

Volunteers of America Southeast's greatest source of development funding has been from the Department of Housing and Urban Development 202/811 program. VOASE currently has 39 HUD 202/811 projects and an additional 5 projects in development. Through our experience working with CDBG HOME funds we have a system in place for reuse of program income and are experienced with tracking.

Development Services, Inc. has been highly successful in developing Low- Income Housing Tax Credit projects. DSI has completed 11 of these projects.

#### **7. Working Productively with other Organizations**

Volunteers of America Southeast, Inc. and Development Services, Inc. have collaborated on several successful projects. Most recently, Volunteers of America Southeast, Inc. and Development Services, Inc worked together on a 60 unit tax credit development, Sophia's Landing, in Mobile, AL. that was placed into service in October of 2008.

***b. Management Structure***

1. Volunteers of America Southeast and Development Services Inc. will share responsibility for the day to day operation of the program. VOASE staff will provide financial management and oversight of funds. Development Services will provide due diligence assistance, property identification, construction supervision, and consulting services on other funding sources specifically low income housing tax credits and 221 D applications. The organizational chart for VOASE with incorporated DSI staff for this project is attached.

Volunteers of America Southeast, Inc.  
DUNS 148678332

Unique Identifier: 356678551

Volunteers of America Southeast, Inc.  
DUNS 148678332

Unique Identifier: 356678551

2.

**References for Volunteers of America Southeast**

Senator Jeff Sessions  
41 West I-65 Service Road North  
Colonial Bank Centre, Suite 2300-A  
Mobile, AL 36608 -1291  
Main: (251) 414-3083  
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Aruna Doddapaneni  
Senior Project Developer  
National Development Services  
Mercy Housing, Inc.  
1999 Broadway, Ste 1000  
Denver, CO 80202  
(303) 830-3414  
303.830.3311 - Fax  
adoddapaneni@mercyhousing.org

**References for Development Services Inc.**

Mr. Haywood Sport  
Multifamily Administrator  
Alabama Housing Finance Authority  
P.O. Box 242967  
Montgomery, AL 36124-2967  
334.244.9200

Mr. Craig Descalzi  
Raymond James Tax Credit Funds  
880 Carillon Parkway  
St. Petersburg, FL 33716-1100  
1-800-438-8088 x71962  
Mobile 727-510-9382  
Fax 727-567-8455  
Email: Craig.Descalzi@RaymondJames.com

## **Rating Factor 3: Soundness of Approach**

### **a. Proposed Activities**

#### **(1) Overall NSP Program**

Applicant is targeting a two-state region with numerous census tracts exhibiting a wide variety of market conditions. Accordingly, as described in detail below, applicant, by necessity, will utilize a multi-tiered approach providing ability to provide programs with broad region-wide applicability along with the ability to target certain communities with a more in depth approach.

As discussed above, applicant consulted with local organizations active in target census tracts in designing its proposed program. In order to maximize its effectiveness, applicant and its for-profit partner will build upon their existing strengths: a) extensive experience in providing services to a variety of populations across the target area; b) the ability to conduct broad based federal programs in compliance with federal guidelines; c) a wide network of local partners that can help tailor the program to the nuances of individual; and d) a long track record of successful housing development experience.

The program will have three key core components:

- a) Down payment assistance marketed to all census tracts: Applicant will market and provide down payment assistance to eligible homebuyers in all targeted census tracts in order to support the stabilization and recovery of the housing market. The down payment assistance will be in amount up to \$40,000 per family. Applicants must qualify for an agency or FHA first mortgage and will receive at least 8 hours homebuyer counseling from a HUD approved counseling agency.
- b) Intensive neighborhood efforts in targeted tracts: As a result of its consultations with local partners, applicant will craft a nuanced approach to reigniting the housing market in those select communities facing multiple challenges to a housing recovery. Applicant will work with its local partners to utilize effectively multiple NSP2 tools and in some instances all five eligible uses, to provide an effective approach. This will include in some instances demolition, acquisition/rehab, land banking and redevelopment of foreclosed or abandoned structures.
- c) Land banking/redevelopment: Drawing upon its long and successful housing development track record, applicant will seek to stabilize overdeveloped markets by selecting the best available properties for land banking or immediate redevelopment as work force housing. Applicant has successfully developed 1100 units of housing using the HOME program, CDBG, LIHTC, Section 202/811, and other programs and will utilize that experience to select properties providing the best opportunity for redevelopment.

**(2) Uses of funds and firm commitments**

(a) Chart of activities

A.	Financing Assistance: (in the form of Down Payment Assistance up to 40,000)	\$5MM
B.	Acquiring/rehabbing foreclosed homes (donate):	\$2MM
C.	Land Banking:	\$11MM
D.	Demolition:	\$1MM
E.	Redevelopment/New Construction:	\$6MM

Applicant, in conjunction with its for-profit partner, will be responsible for each use and activity.

**(b) Proposed activities narrative**

- A. Financing Assistance: Applicant requests \$5,000,000.00 for down payment assistance. Applicant will affirmatively market the availability of the assistance in all targeted census tracts using advertising and other forms of media. The assistance will be made available on a first-come, first-served basis in amounts up to \$40,000.00 to help homebuyers purchase foreclosed homes. Applicant will work, where possible, with its local partners in promoting and selecting homes. Homebuyers will be required to complete a HUD approved homebuyer education program. Applicant will assist upwards of 125 potential homebuyers. At least 50% of funds will be in the form of a low interest loan with 1 percentage point under prime. This will ensure ongoing program related income. The remaining percentage on each individual household will be in the form of a soft second with graduated affordability requirements. The longest being 10 years. If required, assign ability documents will be recorded to HUD.
  
- B. Acquisition/rehabilitation: Applicant requests \$2,000,000.00 for acquisition/rehabilitation. To support broad-based community efforts conducted in conjunction with local partners, applicant will engage in targeted acquisition/rehabilitation to help revive local housing markets. Applicant will market selected homes for resale or will grant the home to experienced non-profit organizations who agree to rent homes consistent with NSP2 guidelines. Homes will carry a reversion clause if for some reason the non

profit is legally dissolved or is unable to maintain and properly comply with NSP 2 guidelines. Applicant will assist up to 15 families with this assistance.

- C. Land banking: Applicant requests \$11,000,000.00 for land banking. By utilizing applicant's extensive development experience, applicant will select properties for land banking best suited for redevelopment as affordable and work force housing. This activity is where the strength of the partnership will be most visible. Because of the development background of VOASE and DSI we will be able to bring other funding sources to development including Federal Home Loan AHP, 202/811 funds, tax credits, and other federal funding streams in redeveloping property. By doing so, applicant will help stabilize over developed markets and maximize the number of families assisted. The properties will be redeveloped as soon as feasible, in conjunction with other housing development programs if feasible. Applicant projects it can assist between 100 and 350 families.
- D. Demolition: Applicant requests \$1,000,000.00 (less than \$10% of the total request) for demolition of obsolete structures. This request is derived from recommendations of partners to use demolition of abandoned substandard structures in certain tracts with an excess of such housing units. In particular, demolition is recommended by partners in census tracts in the Birmingham-Hoover MSA (City of Birmingham and Fairfield). Demolition will facilitate redevelopment or will be used to fund pocket parks or community gardens, as recommended by local partners. Applicant will not demolish any units designed for low-to-moderate income housing. Applicant projects it can help demolish at least 25 housing units.
- E. Redevelopment: Applicant requests \$6,000,000.00 to support redevelopment of foreclosed and abandoned properties. As recommended by local partners, redevelopment will include new construction and conversion of abandoned properties. The presumptive strategy would be to develop NSP2 eligible rental properties that can be converted to homeownership as market conditions dictate. Applicant projects it can assist between 100-150 units.

### **(c) Firm Commitment of Leverage**

VOASE has firmly committed over \$743,780 in land and staff time to further the activities. We have also received firm commitment in land and donated staff time from Alabama A& M Community Development Corporation in the amount of \$337,440. **Total leverage for the NSP 2 application is \$1,081,220.**

**(d) Demolition and preservation.**

Applicant requests \$1,000,000.00 (less than \$10% of the total request) for demolition of obsolete structures. This request is derived from recommendations of partners to use demolition of abandoned substandard structures in certain tracts with an excess of such housing units. In particular, demolition is recommended by partners in census tracts in the Birmingham-Hoover MSA (City of Birmingham and Fairfield). Demolition will facilitate redevelopment or will be used to fund pocket parks or community gardens, as recommended by local partners. Applicant will not demolish any units designed for low-to-moderate income housing. Applicant projects it can help demolish at least 25 housing units.

**b. Project completion schedule**

**DEVELOPMENT SCHEDULE**

**Project Name:** NSP 2  
**Project Number:**  
**Location:** Scatter site  
**Number of Units:** 200-350  
**Capital Advance:** NA

**Development Team**

**Project Manager:** HUD  
**Sponsor:** Volunteers of America Southeast (VOASE)  
**Owner:** Volunteers of America Southeast (VOASE)  
**For Profit:** **Development Services Inc. (DSI)**  
**Attorney:** Harbin Law Firm, Bradley-Arant  
**Architect:** Christian & Associates, Joel Peek & Associates  
**Contractor:** TBD  
**Appraiser:** TBD  
**Cost Analysis:** Denny Broadwell

**Statutory Guidelines**

**Selection Notification:** 11/15/09  
**Returned Grant:** 11//30/09  
**50% funds expended:** 11/30/11  
**100% funds expended:** 11/30/12

**TARGET SCHEDULE**

Target Date	Event/Task	Person Responsible
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<b>2009</b>		
12/05	Order Independent Appraisal	VOASE
12/17	Scope of work on first 50 properties	VOASE/DSI
12/17	Option of first 50 properties	VOASE/Attorney
12/17	Order environmental clearances 50 properties	DSI
12/18	Development Team Meeting	All
<b>2010</b>		
01/01	Spec/Bid packages publically posted	VOASE/Architect
01/15	2 <sup>nd</sup> 25 properties identified/appraisals ordered	VOASE
01/15	Order Environmental Clearance on 2 <sup>nd</sup> 25 properties	DSI
01/22	Scope of Work Completed on 2 <sup>nd</sup> 25 properties	VOASE
01/24	Spec/Bid packages publically posted	VOASE/Architect
01/28	Development Team Meeting	All
1/30	1 <sup>st</sup> round of construction contracts awarded	VOASE
1/30	Marketing of first 50 homes begin	VOASE
1/30	Fairfield AL demolition permit application	DSI
1/30	Request Release of funds HUD	VOASE
2/05	Identification of next 25 properties	VOASE/DSI
2/05	DPRG Reporting	VOASE
2/05	First 50 Homes purchased-construction begins	VOASE
2/05	Construction Supervision	DSI
2/15	Development Team Meeting	ALL
2/28	2 <sup>nd</sup> Round Construction Contracts Awarded	VOASE
2/28	Due Diligence for Multifamily Development (20-60)	VOASE
3/01	Environmental Clearance on MF ordered	DSI
3/01	Development Team Meeting	ALL
3/05	DPRG Reporting	VOASE
3/15	1 <sup>st</sup> Draw on 1 <sup>st</sup> 50 homes	DSI/VOASE
3/15		Architect
4/07	Cost Analysis ordered on 1 <sup>st</sup> 50 homes	VOASE
4/07	DPRG reporting	VOASE

**Each quarter will be repeated with 50% of funds being expended by 11/30/11 and 100% by 11/30/12**

***c. Income targeting for 120 percent and 50 percent of median***

Applicant and its development partners have successfully developed over 1,924 units of affordable housing, many of which are restricted to families whose incomes do not exceed 50 percent of area median income. In selecting properties for land banking and for redevelopment, applicant will utilize this experience in creating housing that is appropriate for the NSP2 affordability requirements.

***d. Continued affordability***

As an experienced developer of income restricted housing, the applicant is experienced in developing housing that is viable as affordable housing over the long term. Applicant will utilize long term proformas that utilize rental income projections that permit long term affordability consistent with NSP2 program requirements. Volunteers of America Southeast will identify other subsidies to ensure long term affordability. In our current 202/811 housing we guarantee affordability for at least 40 years.

***e. Consultation, outreach, communications (5 points)***

(1) Applicant has consulted with the Alabama Department of Economic and Community Affairs, the City of Fairfield, the City of Birmingham, City of Mobile, the City of Huntsville, City of Montgomery and the City of Jackson. Applicant will continue to consult with local officials as well as its network of partners in crafting its NSP2 program.

Volunteers of America Southeast currently is the sole sub-contractor for the City of Montgomery on NSP 1 funds. In consultation with city officials it was decided we would drop census tracts within the City and join as a consortium member to assist in NSP 2 activities. In the City of Mobile, we consulted with officials who also asked us to join their consortium and forgo census tracts in the city limits.

(2) As an experienced developer of affordable housing, applicant is experienced with affirmative marketing and other techniques necessary for successful operation of rental properties. Applicant will utilize similar techniques in marketing NSP2 assisted properties. Through previous experience with HUD and CDBG/HOME activities we have learned that marketing is specific to each community. We begin marketing prior to the first shovel of dirt being removed and continually market post full occupancy. For single family homes we will list with local realtors who have been able to market our developments in the past and have extensive experience. In Alabama we will also work with Whitney Bank, our community lender, to get families mortgage qualified with affordable products. We will use both print and online media to market housing in all markets. Depending on market and type of units we will take a more directed approach. For rural areas will utilize non-traditional marketing techniques including notices through church bulletins, social service in-service trainings external to the organization, through participation in Continuums of Care throughout the Alabama and Mississippi, and local chambers of commerce. In regard to our workforce housing development we are seeking opportunities to partner with corporation already in existence in need of affordable housing for their staff especially along the Gulf Coast.

(3) By relying upon input and consultation from local partners, applicant will help ensure local citizens and parties are apprised of developments. As stated in the previous section we are active in Continuums of Care throughout the service area. We will also notify other groups as redevelopment occurs to ensure that our developments are consistent with their identified needs.

Volunteers of America Southeast consistently consult with State and local officials on Consolidated Planning activities both by providing input, comment and resources for the communities in which we serve. As one of the largest non profit housing developers in the United States we are able to utilize resources outside of our service area for communication.

Regarding formal complaints we respond within 5-10 days if not less depending on the type of complaint. As we identify target properties we will conduct focus groups to gauge community reaction/support. We have found in many instances that making staff available minimizes complaints that usually occur as a result of NIMBY issues.

### ***f. Performance and monitoring***

(1) Each month a reconciliation of expenses and income is prepared by the accounting staff assigned and reviewed with the Program Director to ensure consistency, stewardship, and highlight any potential irregularities. During this time cash need forecasting is completed and including a desk review for contract compliance where any issues are highlighted.

Programmatic outcomes are monitored through use of a logic model combined with internal development pipeline database. Our Pipeline is updated weekly showing status of current projects (each NSP activity will be added) estimated completion dates, and outcome measures. The overall monitoring will be completed internally by the Program Director with communication of information to the full development team at least once monthly. The Program Director will be responsible for DPRG reporting by the 5<sup>th</sup> of each month and preparing other required reports.

(2) ) Federal funding received by the organization is assigned to either our Comptroller or our Chief Financial Officer for internal audit controls, both MBA professionals. All requests for payment are submitted with payment invoice and require person submitting signature and supervisor approval prior to check issuance. All vendors are required to provide 1099 information prior to payment. Construction vendors are required to provide proof of bonding, licensure, and workman's compensation insurance. Each month a reconciliation of expenses and income is prepared by the accounting staff assigned and reviewed with the Program Director to ensure consistency, stewardship, and highlight any potential irregularities. During this time cash need forecasting is completed and including a desk review for contract compliance where any issues are highlighted.

The accounting policies of the Organization conform to generally accepted accounting principles as applicable to voluntary health and welfare organizations.

The Organization prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

The Organization is exempt from federal income taxes as a subordinate unit of Volunteers of America, Inc. Volunteers of America, Inc. is exempt from federal income

taxes under Section 501(a) of the Internal Revenue Code as a religious organization described in Section 501(c)(3).

## **Factor 4: Leveraging, integration, removal of negative effects**

a. Volunteers of America Southeast will leverage \$743,780 in land and staff time for the duration of three years for the project.

b. Calculation of Rubric

Applicant requests \$2,000,000.00 for acquisition/rehab and \$1,000,000.00 for demolition. These tools will be used in conjunction with neighborhood partners and at their recommendation in certain select targeted census tracts to achieve a greater impact. Applicant proposes to impact at least 15 homes with its acquisition/rehab budget and at least 25 homes with its demolition budget. Given the number of tracts targeted by applicant, it is impossible to quantify the number of eligible vacant properties at this time but a conservative projection of 100 vacant properties per the 117 census tracts would yield a number of 11,700 homes in the targeted tracts. Using these numbers, the score calculation would be as follows:

$$1.5 \times 15 (22.5) (\text{acq/rehab projection}) + 1.5 \times 25 (37.5) (\text{demolition projection}) = 60 / 11,700 (\text{conservative projection of number of homes}) = .005$$

## **Factor 5 – Energy Efficient and Environmentally Friendly Green Elements**

Volunteers of America Southeast, Inc. (VOASE) and Development Services, Inc. (DSI) are committed to rehabilitation and redevelopment practices that promote energy efficiency and environmentally friendly/green elements. VOASE and DSI understand the importance of energy efficient design elements not only for the positive impact they have on our environment but also for the cost savings and health benefits that are passed on to our low to moderate income homeowners and renters.

a. Transit Accessibility: VOASE and DSI are targeting communities in rural and urban settings. Most areas targeted in Huntsville, Tuscaloosa, Birmingham and Mobile County, AL as well as Jackson, MS will have access to adequate public transportation. In situations where neighborhood access to public transportation may be limited or insufficient to the redevelopment, VOASE and DSI intend on approaching local transit

authorities to make them aware of the inadequate service in the area by offering the opportunity to increase the number of patrons. In targeted areas that are more rural or lack adequate public transportation, VOASE and DSI will include carpooling suggestions as part of the Resident Orientation and Green Maintenance Guide.

b. Green Building Standards: VOASE and DSI will comply with required NSP2 rehabilitation standards. All new construction and gut rehabilitation activities will exceed the Energy Star for New Homes standard and moderate rehabilitations/energy retrofits will be outfitted with Energy Star products and appliances. When appropriate, durable and heat absorbing materials will be used to ensure energy efficiency. In gut and moderate rehabilitations where duct work is exposed, joints will be sealed and ducts shored up to prevent pest and rodent re-entry as well as reduce the leaking of heating and cooling. Termite resistant materials and tub and shower enclosures that prevent moisture will be a high priority for all rehabilitations and new construction projects. Healthy flooring materials will be used in all common areas. VOASE and DSI also plan to seek out local source materials in order to support local businesses and decrease the negative environmental effects of transporting materials.

c. Re-use of cleared sites: VOASE and DSI pledge to re-use all demolition sites within the terms of the NSP2 grant as replacement housing, for use as a community resource or to provide an environmental function. In the event that a demolished site will not be used for housing, VOASE and DSI will make this site available for a pocket park, community garden or flood plain impoundment area. VOASE has always followed HUD guidelines and does not build on or close to flood plains and wetlands.

d. Deconstruction: VOASE and DSI agree to use deconstruction techniques for our demolition activities when feasible for the house/site.

e. Additional Sustainable Development Practices: VOASE and DSI will work to incorporate sustainable and energy efficient landscaping by maintaining mature trees and shrubs when feasible and incorporating native trees and plants when additional landscaping is necessary. VOASE and DSI will work to connect neighbors and neighborhoods with sidewalks and pathways. Each new homeowner or resident will be provided with Green Maintenance Guide as part of their orientation which will highlight neighborhood features like community spaces, recycling services for the area, and options for healthy cleaning materials and ideas for efficient irrigation.

## **Rating Factor 6 Neighborhood Transformation and Economic Opportunity**

1. Volunteers of America Southeast Inc. certifies that the proposed NSP activities are consistent with established comprehensive plans.

2. Both Alabama and Mississippi have similar goals and objectives for their Annual Action plans for 2009:

#### HOMEOWNERSHIP OPPORTUNITIES

The State identified homeownership as a priority in the Consolidated Plan due to the number of low income families and families with children that are now renters. In many cases, with down payment and closing cost assistance, homeownership can become attainable.

#### HOMEOWNER REHABILITATION

In the Consolidated Plan very-low-income and low-income households were identified as having the greatest need for homeowner rehabilitation. Many homeowners' have difficulty maintaining their homes due to inadequate income. Aging and poor structural quality of housing affects all homeowners, but it places a special burden on the elderly and the very low-income.

#### AFFORDABLE HOUSING NEEDS

The State identified the development of regional approaches and best practices for addressing affordable housing needs. Overcoming institutional barriers by forming a network of housing providers across the State. The support of innovative local responses will result in the increased awareness of resources available for housing opportunities.

#### ENDING HOMELESSNESS

To promote economic development that creates new jobs, retains existing employment, and expands the local tax base. (CDBG)

The activities proposed by Volunteers of America will assist both states 1)increase the number of affordable housing units through acquisition/rehabilitation, and new construction activities. These same efforts will increase the availability of homes for purchase by households with targeted incomes. The down payment assistance is significant enough to assist families move into the next level of housing. The creation of affordable multifamily housing units will provide housing for homeless populations as they stabilize and reestablish their lives.

<http://www.adeca.state.al.us/C9/2005-2009%20Consolidated%20Plan%20an/default.aspx>  
[http://www.mississippi.org/index.php?id=48&zoom\\_highlight=2009+consolidated+plan](http://www.mississippi.org/index.php?id=48&zoom_highlight=2009+consolidated+plan)