

Appendix 2

Methodology for Determining Allocations for Direct NSP Recipients.

Step 1. Entitlement Areas

A. We calculated the percentage of statewide foreclosure filings that occurred in each entitlement area using the number of foreclosure filings reported by county Public Trustees for the period Jan. 1, 2007 through June 30, 2008. (column B on spreadsheet)

Since that data had been collected on a county by county basis, it was necessary to determine the number of foreclosure filings in the City of Aurora and the City of Colorado Springs based on filings in Adams and Arapahoe counties for Aurora, and El Paso County for Colorado Springs. It was determined which zip codes fell entirely or predominantly within the municipal boundaries of those cities, then the public trustees' online databases were queried by zip code and time period to derive an estimate of the number of foreclosure filings within the cities.

Formula: entitlement area foreclosure filings/statewide foreclosure filings

B. We determined what percentage of the state's total funding had been allocated to each entitlement area by HUD, then compared that percentage to the percentage of total foreclosures calculated in A above. (columns C and D on spreadsheet)

Formula: Entitlement area funding/Total state funding

C. Calculated what the funding amount would be if it were proportional to the percentage of foreclosure filings in each entitlement area (Proportional Funding) (column E on spreadsheet)

Formula: Total State Funding x Entitlement's percentage of statewide foreclosures

D. Calculated the difference between what each area received from HUD vs. the amount of Proportional Funding calculated in step 3 above to arrive at an amount of additional funding from the statewide balance that could be equitably provided. (column F on spreadsheet)

Formula: Entitlement area proportional funding – entitlement area HUD funding

E. Determined that we would fund each entitlement area up to the maximum of their program eligible expenses, withholding administration funding to be determined at a later date. (columns G and H on spreadsheet)

Formula: $.90 \times (\text{proportional funding} - \text{HUD funding}) = \text{Maximum program eligible expense}$

F. Calculated the amount of statewide funding available to other jurisdictions after subtracting the Proportional Funding for entitlements.