

Local Action Plan Neighborhood Stabilization Program

Submitted To:
Department of Economic and
Community Development

By:
The City of Waterbury

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Waterbury Local Action Plan

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LOCAL ACTION PLAN TEMPLATE

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A. Identification of Area(s) of Greatest Need

The City of Waterbury is currently implementing the first year of its 2008-2013 Consolidated Plan inclusive of the Fiscal Year 2008 Annual Action Plan. The Consolidated Plan is available online at www.waterburyct.org. The Consolidated Plan includes needs data for the entire community as well as goals and objectives to meet those needs. The Housing and Community Development Needs Assessment as well as the Strategic Plan sections of the Consolidated Plan Executive Summary are presented below. The reader is referenced to the website listed above for further detail.

Housing and Community Needs Assessment

Both the median household family income and the median family income fall below the HUD low-moderate income threshold for the Waterbury PMSA; significantly more than 50 percent of the Waterbury population is low to moderate income.

Waterbury continues to experience a number of significant housing problems, including a dramatic rental “affordability gap” between the amount of money most households can reasonably afford to spend and the actual cost of available housing. The 2000 Census provides data for two specific housing problems: (1) “cost burdened” households, those paying more than 30 percent of their income for housing; and (2) overcrowded households, defined as more than one person per room. The number of households (owners and renters) paying more than 30 percent of their gross income in housing costs totaled 12,520, or 29 percent of all households; and overcrowded households totaled 1,850, or 4.3 percent of households.

In many ways, housing conditions in Waterbury reflect the unique structure of its population, which is constantly changing. Housing problems continue to be centered in those areas of the City with concentrations of extremely low and very low income households and where homeownership rates are lowest.

There is a strong demand for ownership units priced for the entry-level market that is unsatisfied in Waterbury. Because this need for the entry-level market is going largely unmet, the availability of rental product for all market segments is reduced, particularly for those who have lower incomes and/or larger families. Additionally, there is a strong need for renter units with low and very low rents to serve families, singles and lower income seniors.

Non housing community development needs include a wide spectrum of physical facilities, services and programs. There is a high priority need for senior and youth centers; parks and recreation facilities; infrastructure (sidewalks); neighborhood (community gardens) and

parking facilities; blight removal, commercial/industrial development and brownfields redevelopment activities; and the majority of public services, including senior, youth and child care programs.

Strategic Plan

Priority Goals

The following goals serve as a guide in developing programs and evaluating projects and activities:

- To bring about a suitable living environment (i.e., revitalize distressed areas of Waterbury), priority will be given to activities that involve rehabilitation, adaptive reuse, expansion of commercial opportunities and improvement of public infrastructure, facilities and services.
- To achieve decent, safe and affordable housing, priority will be given to projects that involve rehabilitation or infill. Mixed income projects are encouraged.
- To expand economic opportunity, priority will be given to making homeownership affordable and projects that create jobs for low and moderate income persons or in targeted neighborhoods.
- Projects that leverage funds (i.e., have other sources of funding) are encouraged.
- Projects and activities that enhance Waterbury's disinvested neighborhoods are a priority.

Specific Objectives

Housing

- Increase opportunities for very low and low income households to become and remain renters through rental subsidies; and provide counseling to tenants in assisted housing with expiring subsidies, to prevent involuntary displacement
- Increase opportunities for very low/low income households to become and remain homeowners through home purchase or rehabilitation financing assistance
- Provide pre-and post-purchase housing counseling and mortgage foreclosure assistance
- Expand the supply of affordable rental housing through acquisition, rehabilitation and construction financing assistance
- Expand the supply of affordable owner-occupied housing through acquisition, rehabilitation and construction financing assistance
- Improve the quality of existing housing stock of affordable rental housing through rehabilitation financing assistance; and preserve existing affordable rental housing threatened with the loss of expiring Federal contracts
- Improve the quality of the existing stock of affordable owner-occupied housing through rehabilitation financing assistance

Homeless

- Direct assistance to shelter facilities for operational maintenance costs and essential supportive services to homeless persons
- Provide short-term homeless prevention assistance to persons at imminent risk of losing housing due to eviction, foreclosure or utility shutoff

- Strengthen mechanisms for effective homeless planning, information sharing, and service coordination; enhance collaboration among agencies through the creation of a centralized database and tracking system

Non-Homeless Special Needs

- Direct assistance to housing programs and related supportive services for special needs populations

Community Development

- Support infrastructure improvements in low-moderate income (LMI) areas
- Support public facilities and improvements in LMI areas
- Support construction of public facilities in LMI areas
- Support acquisition, clearance and demolition for the removal of blighting influences and deteriorated property/facilities and facilitation of brownfields remediation and redevelopment in LMI areas
- Support public services serving primarily LMI persons
- Support relocation and interim assistance programs related to essential services or repairs in emergency conditions which endanger public health, safety or welfare
- Support business retention and expansion programs in LMI areas
- Provide assistance to nonprofit and for-profit entities that create or retain employment opportunities for LMI persons
- Provide financial assistance for non-residential historic preservation, façade improvements and other beautification efforts in the downtown

Several of the needs included in the Consolidated Plan relate directly to NSP legislative purposes of this Local Action Plan. These include:

- 29 percent of all households are paying over 30% of income for housing.
- There is a strong demand for ownership units priced for the entry-level market which is unmet which forced many households to turn to sub-prime mortgages.
- Those households with incomes below 80% of median income and below the level to afford home purchase place pressure on the rental market for households with incomes in the 50% of median income range by establishing unaffordable rent levels.

Several of the goals and objectives are also consistent with the intent of the Neighborhood Stabilization Program. These include:

Priority Goals

- To achieve decent, safe and affordable housing, priority will be given to projects that involve rehabilitation or infill. Mixed-income projects are encouraged.
- Projects that leverage funds are encouraged.
- Projects and activities that enhance disinvested neighborhoods are a priority.

Objectives

- Provide pre- and post-purchase housing counseling and mortgage foreclosure assistance.
- Expand the supply of affordable rental housing through acquisition, rehabilitation and construction financing assistance.

- Expand the supply of affordable owner-occupied housing through acquisition, rehabilitation and construction financing assistance.
- Support acquisition, clearance and demolition for the removal of blighting influences and deteriorated property/facilities.

B. Program Narrative and Use of Funds

1. Response To The Guiding Principles Contained In The State Plan

This Local Action Plan proposes a multi-faceted approach to neighborhood stabilization inclusive of both homeownership and rental housing opportunities through the occupancy of foreclosed properties. Specific aspects of the Plan which respond to the guiding principles in the State Plan include:

- Target areas include both neighborhoods where public policy investments for long term sustainability are being made and areas considered “tipping” areas where foreclosures are a threat to neighborhood stability.
- The City has reached out to other community stakeholders including financial institutions, non-profit housing organizations and for-profit housing developers which have participated in past housing efforts.
- Two housing counseling organizations located in or serving Waterbury have been engaged in the planning process and will be partners in the program implementation.
- The City will use a solicitation process for proposals which must provide housing for individuals and families earning less than 50% of Area Median Income. This solicitation process will have a set aside of a minimum of 30% of Waterbury’s NSP allocation.
- The property rehabilitation standards currently used in CDBG and HOME assisted programs will be modified to incorporate green and energy efficient approaches.
- The WDC as the administering agency for NSP funds is prepared to enter into options to purchase agreements with provision to transfer to end users and/or development groups. The WDC will also consider the use of NSP funds in support of housing activities where the control of foreclosed properties meeting NSP requirements has been secured by others.
- Consistent with its overall community investment and neighborhood stabilization program contained in its Consolidated Plan, Waterbury will use other resources to foster sustainable neighborhood stabilization.

2. Data Analysis

The analysis of areas of greatest need as well as the rationale for targeting neighborhoods where NSP resources are to be deployed has been undertaken in compliance with Section II.B.2.ii of the NSP regulations and Section 2301(c)(2) of the Housing and Economic Recovery Act (HERA) of 2008 and the State NSP Plan. The data made available by HUD for the Abandonment Rate Score (10 being the highest), Hi Cost Loan Rate and Predicted 18-Month Problem Foreclosure Rate were used as the initial screen to identify areas of greatest need. The median for each of these indices for Waterbury was calculated. This was followed by a comparative analysis of each Census Block Group against the median and organized into quartiles. This analysis was mapped to provide a basis to identify areas of need. Maps 1, 2 and 3 present the results of this analysis.

The next step was to identify the extent and geographic distribution of foreclosures in Waterbury. Two sources were used for this purpose. One source was Foreclosures.com for the period between May and November 2008 and the State NSP Plan. The second source was foreclosures recorded in the Town Clerk's office for the period between January and October 2008. The location of these foreclosed properties were mapped. Maps 4 and 5 present the results of this analysis.

As part of the planning done for the Consolidated Plan and on-going neighborhood stabilization efforts, the Waterbury Development Corporation (WDC) is responsible for identifying and tracking the location of structures dilapidated to the point of being a significant blighting influence. These structures are abandoned and dilapidated beyond the feasibility of rehabilitation. This inventory of structures was mapped and is presented in Map 6.

Understanding that NSP resources alone cannot stabilize neighborhoods, it has been concluded that public/private policies including those included in the Consolidated Plan in support of neighborhood stabilization should be considered in conjunction with distress levels in the selection of target areas.

3. Public/Private Policies and Investments On-Going In Support of Neighborhood Stabilization

Several public/private policies currently underway support neighborhood stabilization. These include:

- Waterbury is currently in the midst of a comprehensive school building program at a cost of \$101 Million. A major component of this program is the creation of neighborhood schools intended to both provide quality education and strengthen surrounding neighborhoods.
- As part of its comprehensive revitalization program, the City, in cooperation with the State, created a new University of Connecticut-Waterbury Branch in the downtown. As a result, the old campus located on the Willow-Hillside area was leased by a group to create a Yeshiva. In addition to leasing of the campus, there was a commitment for 100 families to move to within walking distance of the campus. This investment has created some stabilization of the area, but there is a need for continued investment in the Willow-Hillside Area.
- The City has utilized HOME funds to create affordable housing and stabilize neighborhoods. As part of that program, procedures have been established for project selection and administration. In addition, a group of non-profit and for-profit housing organizations have made investments in the City's neighborhoods. The City will use this experience to provide a base for NSP investments. An example of this investment is renovation of properties on Willow Street by Willow-Mutual Housing aka New Horizons for 30 units of affordable housing.
- Investments have been made in neighborhood facilities by the City and non-profits to support neighborhood stabilization. Recent investments of this type include the Elmwood Community Center, the Willow-West Main infrastructure improvements funded by DECD and the creation of an activity and learning center by the Police Activities League (PAL) through the conversion of the former St. Lucy's School campus. Appendix A contains photographs showing some of these investments.

4. Selection of Target Areas

When deciding on an approach to targeting NSP resources, Waterbury has been guided by the goals and guiding principles contained in the State 2008 Action Plan Substantial Amendment Neighborhood Stabilization Program as well as input received at training sessions. Waterbury has also endeavored to meet the statutory objectives of HERA to address areas of greatest need.

The guidance with regards to targeting is to select neighborhoods with problems, but with some assets that are marketable. These neighborhoods are envisioned to be those where pockets of foreclosed, abandoned or blighted structures can be addressed before they spread. At the same time, communities are encouraged to determine where and how best to distribute limited resources which will result in positive and sustainable impact on one or more neighborhoods. This creates a challenge of targeting areas which can be impacted in the near term through the use of NSP funds while being strategic to the point of long term sustainability. As described in the State Action Plan, this strategic approach is most challenging when one considers the limited amount of NSP funds available as compared to the needs as well as the continuing deterioration in the housing market.

To meet these challenges, Waterbury proposes to use a two-tier approach to the allocation of NSP funds. Map 7 shows the two-tier areas. Consistent with the strategic approach to target areas where other resources are being committed to support the long term sustainability of neighborhoods, Waterbury has selected three somewhat geographically, narrowly defined areas containing the investments described in B.2. above. These areas contain the long term stabilizing factors of new neighborhood school construction, and the unique investment taking place related to the re-use of the former UCONN-Waterbury Campus. It is anticipated that the use of NSP resources in these areas will initially include demolition activities. The NSP supported housing activities will be implemented towards the latter period of the NSP implementation period as the new schools come on line.

The second tier NSP activities will be in neighborhoods outside of the core area of the City. These are areas where traditionally, CDBG and HOME funds have not been expended to any great extent. As described in training sessions, these neighborhoods contain what might be called "tipping areas". The delineation of this second tier area is based upon the HDMA Hi-Cost Loan Rate and Predicated 18-Month Problem Foreclosure Rate data as displayed on Maps 2 and 3. These maps present the data on a quartile basis. The second tier area includes the Census Block Groups within the second and third quartiles. The tier one areas are generally within the highest quartile, but have been designated for the other factors described above. To provide further input into the selection of these areas, the extent of foreclosures was analyzed and mapped. Maps 7 and 7A present the target areas as well as the location of foreclosed properties graphically in tabular form.

In summary, Waterbury believes that the targeting described above meets the guidelines in the State Action Plan, supports opportunities for long term sustainability, and recognizes the market strength of providing NSP resources in "tipping areas".

5. Capacity To Administer The Program

The City of Waterbury administers its CDBG and HOME programs through the Waterbury Development Corporation (WDC) Neighborhood Re-Investment Group. The program provides funds to low- and moderate-income homeowners and investors for the improvement of housing. The administration of these programs provides the experience necessary to administer the Neighborhood Stabilization Program. The WDC has established relationships with local partners in the implementation of the CDBG and HOME programs. These partners include NHS of Waterbury, New Horizons, St. Vincent DePaul of Waterbury as well as several for-profit development groups. It is anticipated that these partners will be involved in the implementation of the NSP activities. In anticipation of a program initiation, the City will issue a Solicitation of Interest In NSP Participation. A draft of the solicitation is attached as Appendix B.

Waterbury has prepared a preliminary program management and acquisition system to coordinate with local partners. In order to accomplish project goals in a timely manner, the City acting through the WDC will assist individuals to purchase foreclosed homes and consider taking options on foreclosed properties for acquisition and rehabilitation. These options will be transferable and also allow time for due diligence to determine project feasibility. This due diligence process will include a code inspection as well as an environmental assessment for lead, asbestos and other conditions impacting costs and feasibility. It is Waterbury's intent to transfer options to individual income qualified individuals as well as non-profit and for-profit development groups. NSP funds will be made available to the development group in the form of an appraisal or affordability gap based on the specifics of the project. Provision will be made for NSP assistance to development groups that are able to directly purchase foreclosed properties. In addition, where applicable, downpayment assistance to the \$7,500 maximum permitted by CDBG regulations will be provided.

6. Analysis of Impediments To Fair Housing Choice (AI)

Waterbury updated its AI as part of the preparation of the 2008-2013 Consolidated Plan. The AI contains action steps to address identified impediments to fair housing. These steps include:

- Designation of a Fair Housing Officer
- Preparation of an Affirmative Housing Marketing Plan
- Deconcentration of Publically Funded Housing Programs
- Monitor Fair Housing Complaints

A WDC staff member has been appointed Fair Housing Officer. This will assure that NSP activities will be implemented in accordance with the AI goals.

7. Set Aside Requirements

It is required that 30% of the NSP funds received by Waterbury be expended to benefit households and individuals with incomes at or below 50% of Area Median Income (AMI). For Waterbury, these incomes are as follows:

<u>Household Size</u>	<u>Income</u>
1	\$26,900
2	\$30,750
3	\$34,600
4	\$38,450
5	\$41,550
6	\$44,600

7	\$47,700
8	\$50,750

Waterbury will meet the set-aside requirement through a solicitation process which specifies that any proposal must meet the 50% of AMI requirement. The amount of funds made available through this process will represent 30% of the NSP funds allocated to Waterbury. It is anticipated that housing provided under this allocation will be rental housing. However, homeownership will be considered based upon specific underwriting standards. Households will not be permitted to expend over 30% of their income for housing.

8. Efforts To Minimize Displacement

Waterbury intends to provide NSP funds in support of activities to address vacant buildings. The solicitation process will specify that no occupied buildings will be considered for inclusion in the program. In the chance displacement does occur, Waterbury has a Relocation Plan which contains applicable policies and procedures. A copy of the Relocation Plan is attached as Appendix C.

9. Discount Rate

In accordance with HERA and the State Plan, Waterbury will require a 15% discount rate against appraised value approach for all properties purchased with NSP funds. This approach will be part of negotiations with all financial entities holding foreclosed properties. In addition, Waterbury is pursuing participation in the National Community Stabilization Trust program. This program is jointly sponsored by: Enterprise Community Partners, Inc.; Housing Partnership Network; Local Initiatives Support Corporation and NeighborWorks America. The goal of the program is to negotiate with financial entities holding large numbers of foreclosed properties to connect with localities to achieve the 15% discount. As of 1/15/09, at least four major financial institutions have agreed to participate in the program. Waterbury will also consider joining with New Britain to meet the minimum 10 properties owned by FANNIE MAE for a bulk sale. The methodology used to determine net realizable value is attached as Appendix J.

10. Breakdown of Use and Distribution of Funds

The following is a breakdown of the activities to be funded by the preliminary allocation of NSP funds:

- Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds and shared-equity loans for low-, moderate- and middle-income (LMMI) homebuyers – \$1,220,000 (35%);
- Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent or redevelop such homes and properties – \$1,500,000 (43%);
- Establish land banks for homes that have been foreclosed upon – (0%);
- Demolish blighted structures – \$500,000 (15%); and
- Redevelop demolished or vacant properties – \$100,000 (3%);
- Activity Total - \$3,320,000
- Administration - \$166,000 (per DECD allocation)
- Total NSP - \$3,486,000

C. Definitions and Descriptions

The City of Waterbury has chosen to incorporate by reference, the definitions and descriptions from the State’s 2008 Action Plan Substantial Amendment for the Neighborhood Stabilization Program for the following terms.

- (1) “blighted structure”
- (2) “affordable rents”
- (3) “abandoned structure”
- (4) “foreclosed property”
- (5) “current market appraised value”

The WDC has rehabilitation standards in effect for its current rehabilitation program activities. A copy of these standards is attached as Appendix D. The WDC intends to revise these standards to address energy conservation and “green” principles in the use of NSP funds.

As is the case with other programs administered by the WDC, all assistance agreements contain specific requirements to assure affordability for the relevant program. These same provisions will be contained in assistance agreements for the use of NSP funds. A copy of the covenants currently being used are contained in Appendix E.

Minimum Period of Affordability

Rental Housing Activity	Minimum Period of Affordability in Years
Rehabilitation or acquisition of existing housing per unit amount of NSP funds: Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000	15
New Construction or acquisition of newly constructed housing (24 CFR 92.252.e)	20

Homeownership NSP Assistance Including Rehabilitation Amount Per Unit	Minimum Period of Affordability in Years
Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000	15

Waterbury will use the same income certifications for the NSP assisted housing as described in the State NSP Plan.

D. Low Income Targeting

Waterbury will make available 30% of its NSP funds or \$1,050,000 for housing individuals and families whose incomes do not exceed 50% of the Area Median Income. This will be done through an solicitation process where only housing proposals meeting this requirement will be accepted for consideration.

E. Acquisitions and Relocation

The buildings for which NSP demolition funds will be used will be vacant and abandoned as well as declared unfit for occupancy. Therefore, no low- and moderate-income dwelling units will be lost. No NSP funds will be used for activities which will result in the displacement of any persons or families. If any displacement does occur, Waterbury will follow its Relocation Plan contained in Appendix C.

F. Public Consultation and Partnership Process

The preparation of this Local Action Plan involved two consultation processes. A working group comprised of elected officials, financial institution representatives, a Waterbury Housing Fund representative, Mayor's office staff and WDC staff met on a weekly basis through December and January. This group provided plan direction as well as data input. This group reviewed drafts of material moving towards the preparation of the final plan. In order to reach out to the broader community, a workshop was held on December 23, 2008. Minutes of the meeting are attached as Appendix I.

G. NSP Information by Activity

(1) Activity Name: **Acquisition and Rehabilitation**

(2) Activity Type: The purchase and rehabilitation of homes and residential properties that have been abandoned or foreclosed upon in order to sell, rent, or redevelop such homes and properties.

Acquisition: NSP reference: NSP Federal Register Notice dated Monday October 6, 2008 Section II Part H 3(a)(B) and HERA Section 2301(c)(3)(B)

CDBG reference: 24 CFR Part 570.201 Acquisition

Rehabilitation: NSP reference: NSP Federal Register Notice dated Monday October 6, 2008 Section II Part H 3(a)(B) and HERA Section 2301(c)(3)(B)

CDBG reference: 24 CFR Part 570.202

(3) National Objective: Direct benefit to LMMI persons

(4) Activity Description: Waterbury proposes to allocate NSP funds for the acquisition and rehabilitation of foreclosed properties to provide housing for income-eligible individuals and families. Between this activity and the financing mechanism activity at least 30% of the NSP funds received by Waterbury will be used to produce housing for individuals and families with incomes less than 50% of the Area Median Income. It is anticipated that this will be primarily rental units.

- (5) Location Description: This activity will be implemented within the target areas shown on Map 7.
- (6) Performance Measures: 30 to 35 units will be acquired and rehabilitated through the NSP program.
- (7) Total Budget: \$1,500,000
- (8) Responsible Organization: The Waterbury Development Corporation (WDC) will be the administering agency for this activity. The acquisition will be implemented by non-profit and /or for-profit development groups selected through a solicitation process. The rehabilitation will be undertaken by these development groups.
- (9) Projected Start Date: February 13, 2009
- (10) Projected End Date: February 13, 2011
- (11) Specific Activity Requirements: At least 30% of these funds or financing mechanism funds will be used for housing to be occupied by individuals and families with incomes less than 50% of the Area Median Income. If this activity includes the provision of loans, the interest rate if any, may range from 0 to 5%.

- (1) Activity Name: **Administration**
- (2) Activity Type: Administration
NSP reference: NSP Federal Register Notice dated Monday October 6, 2008 Section II Part H 4
CDBG reference: 24 CFR Part 570.206
- (3) National Objective: N/A
- (4) Activity Description: Administrative funds related to carrying out the NSP program.
- (5) Location Description: Administrative costs to be used.
- (6) Performance Measures: N/A
- (7) Total Budget: \$166,000
- (8) Responsible Organization: The Waterbury Development Corporation (WDC).
- (9) Projected Start Date: February 13, 2009
- (10) Projected End Date: February 13, 2011

(11) Specific Activity Requirements: Administrative costs are reasonable costs to meet the requirements of the NSP, including but not limited to general management and oversight, providing public information, technical support services, and assuring fair housing activities.

(1) Activity Name: **Demolition of Blighted Structures**

(2) Activity Type: Demolition of Blighted Buildings and related clearance activities for the purpose of providing sites for homeownership or rental development, or other eligible activity.
NSP reference: NSP Federal Register Notice dated Monday October 6, 2008 Section II Part H 3(a)(D) and HERA Section 2301(c)(3)(D)
CDBG reference: 24 CFR Part 570.201(d)

(3) National Objective: Demolition of blighted structures to be replaced by housing units for LMMI households or other purposes supporting such housing through redevelopment. If demolished properties are not used for redevelopment as housing, then the activity will meet the LMMI area benefit or limited clientele test based on the nature of the activity.

(4) Activity Description: To acquire blighted buildings and demolish same to provide sites or supporting improvements for home ownership, rental housing development, or other CDBG eligible activities benefitting LMMI persons.

(5) Location Description: This activity will be implemented within the target areas shown on Map 7. The location of structures currently appropriate for demolition is shown on Map 6.

(6) Performance Measures: 10 structures will be demolished.

(7) Total Budget: \$500,000

(8) Responsible Organization: The Waterbury Development Corporation (WDC).

(9) Projected Start Date: February 13, 2009

(10) Projected End Date: February 13, 2011

(11) Specific Activity Requirements: All structures to be demolished will be declared to be unfit for occupancy and a re-use of the parcel will be determined prior to demolition.

(1) Activity Name: **Financing Mechanisms**

(2) Activity Type: The establishment of Financing Mechanisms to assist in the purchase and redevelopment of foreclosed housing.
NSP reference: NSP Federal Register Notice dated Monday October 6, 2008 Section II Part H 3(a)(A) and HERA Section 2301(c)(3)(A)
CDBG reference: 24 CFR Part 570.201(n) Homeownership Assistance

- (3) National Objective: Direct benefit to LMMI households.
- (4) Activity Description: Funds will be made available for eligible activities to include acquisition, rehabilitation as well as the redevelopment of sites resulting from demolished housing. Activities may be in the form of loans, grants, soft seconds, shared-equity loans or other mechanisms to foster homeownership and rental housing opportunities for LMMI households. Interest rates may range from 0% to 5% and will be determined based on standard underwriting practices. It is anticipated that most loans will be at 0% per annum. However, interest rates may not exceed 5% and it is anticipated that rates above 0% will only be used for projects with rental properties where the operating proforma indicates that the project operating budget can support the proposed debt coverage ratios from 1.15 to 1.25. Homeownership projects will require that purchasers pay no more than 30% of income for housing.
- (5) Location Description: This activity will be primarily within the target areas shown on Map 7. Some funds will be set aside to address instances in non-target areas where a foreclosed property has deteriorated to the point where it is destabilizing the neighborhood.
- (6) Performance Measures: It is estimated that 25 to 30 households will receive secondary financing through this activity based on an estimate of \$45,000 per unit for both downpayment assistance and rehabilitation. Homeownership counseling will also be funded under this activity. Material from HUD approved housing counseling organizations are attached as Appendix F.
- (7) Total Budget: \$1,220,000
- (8) Responsible Organization: The Waterbury Development Corporation (WDC).
- (9) Projected Start Date: February 13, 2009
- (10) Projected End Date: February 13, 2011
- (11) Specific Activity Requirements: Any homebuyer activities must ensure that a buyer's payment of principal, interest, taxes, insurance (PITI) and associated fees (if applicable) cannot exceed 30% of the household's anticipated gross annual income for eligible persons or families. All properties assisted through these mechanisms will be occupied by households meeting the LMMI standard. All assisted properties will assure affordability consistent with the HOME Investment Partnerships Program by requiring the use of deed restrictions, restrictive covenants, or other such mechanisms running with the land. Affordability periods will be consistent with the HOME Program Standards at 24 CFR 92.252(a), (c), (e) and (f) and 24 CFR 92.254.

Interest rates may range from 0% to 5% and will be determined based on standard underwriting practices. It is anticipated that most loans will be at 0% per annum. However, interest rates may not exceed 5% and it is anticipated that rates above 0% will only be used for projects with rental properties where the operating proforma indicates that the project operating budget can support the proposed debt coverage ratios from 1.15 to 1.25.

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- (1) Activity Name: **Redevelopment of Demolished or Vacant Properties**
 - (2) Activity Type: The redevelopment of demolished or vacant properties through the new construction of residential dwelling units.
NSP reference: NSP Federal Register Notice dated Monday October 6, 2008 Section II Part H 3(a)(E) and HERA Section 2301(c)(3)(E)
CDBG reference: 24 CFR Part 570.201(c)
 - (3) National Objective: Benefit to LMMI Persons.
 - (4) Activity Description: This activity will use NSP funds to construct facilities in support of NSP assisted housing including, but not limited to off-street parking.
 - (5) Location Description: Target areas shown on Map 7.
 - (6) Performance Measures: The objective of this activity is to provide supportive public facilities in target areas where NSP assisted housing activities are being implemented.
 - (7) Total Budget: \$100,000
 - (8) Responsible Organization: The Waterbury Development Corporation (WDC).
 - (9) Projected Start Date: February 13, 2009
 - (10) Projected End Date: February 13, 2011
 - (11) Specific Activity Requirements: The properties selected for redevelopment for the purposes stated above will be supportive of housing activities described elsewhere in this plan.

H. Total Budget:

Total Budget: Including Public and Private Investment

NSP Eligible Activity	NSP Funds	Local \$	Other \$
Administration	\$166,000.00	\$.00	\$.00
Acquisition and Rehabilitation	\$1,500,000.00	\$70,000,000.00 ¹	\$2,800,000.00 ³
Financing Mechanisms	\$1,220,000.00	\$.00	\$2,800,000.00 ³
Land Bank/Assemblage	\$.00	\$.00	\$.00
Demolition of Blighted Structures	\$500,000.00	\$200,000.00 ²	\$.00
Redevelopment - Vacant or Demo	\$100,000.00	\$.00	\$.00
TOTAL	\$3,486,000.00	\$70,200,000.00	\$5,600,000.00

1. \$35M estimated cost of 2 neighborhood schools
2. CDBG funds
3. Financing from banks or similar sources based upon an estimated per unit cost of \$125,000 with \$80,000 of financing from non NSP sources

Letters from the Waterbury Housing Fund and Webster Bank addressing the availability of funds in support of NSP housing development are attached in Appendix G.

I. Performance Measures

The following are anticipated performance measures:

Activity	Performance Goal
Acquisition and Rehabilitation	30 to 35 Housing Units
Demolition of Blighted Structures	10 Structures
Financing Mechanisms	25 to 30 Housing Units
Redevelopment of Demolished or Vacant Properties	5 Properties

Waterbury will achieve these goals in conformance with the timeframe included in the Local Action Plan Submission Template.

J. Attachments

See Appendices

K. Certifications

Certifications are attached hereto.

L. Authorizing Resolution

An authorizing Resolution is attached hereto.

CERTIFICATIONS

1. **Affirmatively Furthering Fair Housing:** The subrecipient will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the subrecipient, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
2. **Anti-Lobbying:** The subrecipient will comply with restrictions on lobbying required by 24 CFR Part 87, together with disclosure forms, if required by that part.
3. **Authority of Subrecipient:** The subrecipient possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
4. **Consistency with Plan:** The housing activities to be undertaken with NSP funds are consistent with the State of Connecticut Consolidated Plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the State's substantial amendment.
5. **Acquisition and Relocation:** The subrecipient will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the Notice for the NSP program published by HUD.
6. **Section 3:** The subrecipient will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
7. **Following Plan:** The subrecipient is following the current State Consolidated Plan that has been approved by HUD.
8. **Use of Funds in 18 Months:** The subrecipient will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the Federal Register Notice of October 6, 2008, all of its NSP funds within 18 months from the date HUD signs contract with the State of Connecticut.
9. **Use NSP Funds ≤ 120% of AMI:** The subrecipient will comply with the requirement that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120% of AMI.
10. **Assessments:** The subrecipient will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or

charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the subrecipient certifies that it lacks NSP or CDBG funds to cover the assessment.

11. **Excessive Force:** The subrecipient certifies that it has adopted and is enforcing: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its subrecipient against any individuals engaged in non-violent civil rights demonstrations; and (2) a policy of enforcing applicable State and local laws against physically barring entrance to or exit from, a facility or location that is the subject of such non-violent civil rights demonstrations within its subrecipient.
12. **Compliance with Anti-Discrimination Laws:** The NSP grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.
13. **Compliance with Lead-based Paint Procedures:** The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.
14. **Compliance with Laws:** The subrecipient will comply with applicable laws.

Signature/Authorized Official

Date

Title

APPENDIX A

Public/Private Investment Photos

APPENDIX B

Draft Solicitation of Interest In NSP Participation

APPENDIX C

Relocation Plan

APPENDIX D

Rehabilitation Standards

APPENDIX E

Form of Restrictive Covenants

APPENDIX F

Housing Counseling Material

APPENDIX G

Letters From Financing Sources

APPENDIX H

Guidance For Non-Traditional Mortgages
As Specified In Federal Register
(Volume 71, Number 192, Page 58609-58618)

APPENDIX I

Minutes of December 23, 2008
NSP Meeting

APPENDIX J

Methodology Used To Determine Net Realizable Value