CITY OF HARTFORD

DEPARTMENT OF DEVELOPMENT SERVICES
DIVISION OF HOUSING AND PROPERTY MANAGEMENT
250 CONSTITUTION PLAZA
HARTFORD, CONNECTICUT 06103

EDDIE A. PEREZ
MAYOR

TELEPHONE: (860) 757-9005
FAX: (860) 722-6630
www.hartford.gov

DAVID B. PANAGORE
DIRECTOR

YASHA ESCALERA
DIRECTOR
HOUSING & PROPERTY MANAGEMENT

February 2, 2009

The City of Hartford has completed its Local Action Plan for the Neighborhood Stabilization Program and submitted it for review by the CT Department of Community and Economic Development (DECD). DECD may require some revision to the plan. Upon approval, The Plan will be operational and bear the approval date.

Local Action Plan
Neighborhood Stabilization Program

MAYOR EDDIE A. PEREZ

CITY OF HARTFORD

David B. Panagore, Director of Development Services
Yasha Escalera, Director of Housing and Property Management

250 Constitution Plaza, 4th Floor
Hartford, CT 06106

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LOCAL ACTION PLAN

Subrecipient(s): _City of Hartford_ *(identify lead entity in case of joint agreements)* Subrecipient Web Address: www.hartford.gov *(URL where Local Action Plan will be posted)*	NSP Contact Person: Yasha Escalera Address: 250 Constitution Plaza Telephone: 860-757-9005 Fax: 860-722-6630 Email: escay001@hartford.gov

A. Identification of Area(s) of Greatest Need

Instructions:
Provide summary needs data identifying the geographic areas of greatest need within your community. A Local Action Plan must include the needs of the entire community. Each community is encouraged to consider amending the community's own HUD Annual Action Plans to better coordinate CDBG, ESG, HOPWA and HOME programs with this program.

Note: *The lead community for a multi-jurisdictional program may likewise incorporate the consolidated plan and needs of other participating entitlement community's' consolidated plan by reference and hyperlink or state the needs for each community in the lead community's own plan.*

Response:

General Overview of Current Climate

The current foreclosure crisis has affected every neighborhood in the City of Hartford (City) and has had a profound effect on the lives of countless citizens. Families have lost their homes and their most valuable investment. This on-going crisis affects homeowners and renters alike. As Lenders have taken possession of foreclosed multi-family structures, tenants have been displaced, creating abandoned bank owned properties. Displaced residents have had to find alternate housing, living situations which often prove undesirable. Some of Hartford's low-income residents have ended up homeless or in the City's already strained shelter system. This experience has been particularly devastating for families with young children. The City of Hartford has evaluated the factors that led to this current crisis.

State of Connecticut – By the Numbers

There are approximately 71,000 subprime loans in the State of Connecticut, totaling more than 15 billion in outstanding loan balances. Of the 71,000 subprime loans, 21,000 represent adjustable rate mortgages ("ARMS.") "Re-pricing" or interest rate increases after loan origination make monthly payments extremely difficult, if not impossible, for Hartford's low and moderate-income to maintain long-term affordability from a debt to income perspective and often lead to serious mortgage delinquencies. A number of these households have been subject to *Lis Pendens* notices or outright foreclosure actions.

Of the state's 21,000 subprime adjustable rate mortgages, thousands have already reset to a higher interest rate since October 2007. More are due to reset between now and the first quarter of 2009. It is reasonable to anticipate that thousands of homeowners will experience financial hardship due to increased principal and interest payments. Some borrowers anticipated refinancing prior to their monthly payments increasing, others had inadequate access to information and are not aware of refinancing programs. Unfortunately, refinancing for many is no longer an option due to tightening credit standards and falling home values.

While subprime loans are found throughout the State, the largest concentrations are found in urban areas and larger surrounding suburbs. Actual delinquencies are concentrated in urban

Hartford – By Neighborhood

The chart below outlines foreclosure and Lis Pendens activity by neighborhood. The City has compiled and analyzed data from a number of different sources, including the Warren Group, the Commercial Record, and the City of Hartford's Assessor's Office to identify target neighborhoods and census tracts with greatest need and potential for success. This data, along with historical neighborhood data found in Chart B was used by the City to determine target neighborhoods.
Based on Department of Economic and Community Development's (DECD) definitions of areas of greatest need and areas with the greatest chance for success ("tipping" neighborhoods), the City has identified census tracts 5018, 5012, 5033, 5034, 5039, 5040, 5045, 5049, 5024, and 5048 for NSP allocations.

Chart A – Foreclosure & Lis Pendens by Neighborhood

Neighborhood	# of Lis Pendens 7/08-1/09	# of Foreclosures 2008	Neighborhood	# of Lis Pendens 7/08-1/09	# of Foreclosures 2008
Asylum Hill	10	14	Parkville	17	18
Barry Square	31	33	Sheldon Charter Oak	5	1
Behind the Rocks	36	32	South End	45	46
Blue Hills	32	28	South Green	5	2
Clay Hill Arsenal	11	32	South West	15	17
Downtown	4	0	Upper Albany	17	30
Frog Hollow	7	23	West End	12	10
North East	39	62	**Total**	**286**	**348**

areas. There is a direct correlation between areas with significant loan resets pending and areas that are currently experiencing higher subprime foreclosure activity.

The City of Hartford

A cursory look may indicate that Hartford has been somewhat spared relative to other Connecticut cities such as Bridgeport, Waterbury, and New Haven – all of which have a greater number of foreclosures. However, the nature of Hartford's housing stock, coupled with the state's lowest homeownership rate of 24.6%, magnify the crisis. Upon assuming office, Mayor Eddie Perez made increasing homeownership his administration's highest housing priority. For this reason, the City's primary programmatic approach is to support the efforts of the last eight years, by focusing NSP funds to create diverse homeownership opportunities.

Section B of Hartford's Local Action Plan includes other guiding principals on how to best maximize the opportunities presented in the NSP and their impact on Hartford.

While empirical data suggests foreclosures are substantially concentrated in only a few of Hartford's communities, all of the City's communities have been affected. The effect on the overall housing market to date has been profound and without critical intervention, the City will experience increasing hardship and foreclosure activity over the next few years.

There are currently 2,611 subprime loans outstanding in the City of Hartford. The total number of Lis Pendens in the City from July 2008 through December 18, 2008 was 632. This number is up from 375 for 2006 and is estimated to match 2007's total of 669. Ongoing foreclosure activity is anticipated until the number of newly occurring Lis Pendens are reduced through loan modifications and voluntary sale of property.

There were 697 total foreclosures from January, 2006 through December, 2008. Foreclosures among 1-4 family homes in the City of Hartford have spiked significantly since 2006 and represent a direct threat to neighborhood stabilization efforts and home values. In 2006, there were 116 foreclosures on record, compared with 217 for 2007. As of December 18, 2008 the City already experienced 274 foreclosures for 2008. This represents more than double the foreclosure activity in 2006.

The current foreclosure crisis has had a dampening effect on the number of sales transactions and the average sales price across the city. For the years 2005-2007, the number of transactions for 1-4 Family homes and condos fell year after year - 1028, 1025, 705 and respectively. 2008 numbers thru November 30, 2008 total 293 sales, representing a precipitous decline of 71% from 2005 levels.

Average sales prices of 1-4 family homes in the City have flattened, but as yet have not plummeted like other communities in the State. However, as of December 31, 2007 there were 76,820 active subprime loans in the State of Connecticut, representing the frenzied height of loan activity. New mortgages allowed once unqualified home buyers to purchase 1-4 family homes. Sellers seized upon this activity and from 2005 to 2007, average sales prices in the City increased 14% - from $211,907.25 to 241,677.00.

With subprime lending vehicles largely eliminated by the 2nd quarter of 2008, hundreds of prospective buyers were forced out of the housing market, leaving sellers and real estate agents with unsold inventory. Lofty list prices were no longer attainable by thousands of prospective buyers. Moreover, thousands of adjustable subprime loans began to re-price in 2007. As the number of delinquencies, Lis Pendens, and foreclosures began to increase in 2008, the average sales price for this same period began to decline. As of 11/30/2008, average sales price for 1-4 family homes dropped to $235,130, a 2.5% decline in 11 months.

Chart B - 2000 Census Information by Targeted Census Tract

Chart B	South End	Asylum Hill	Asylum Hill	Blue Hills	Blue Hills	Behind The Rocks	Behind The Rocks	South-West	Clay Arsenal	North-east	
Census 2000 Criteria	**5024**	**5033**	**5034**	**5039**	**5040**	**5045**	**5049**	**5048**	**5018**	**5012**	**Hartford**
TOTAL POPULATION	5856	3016	2246	5343	3528	3546	4415	4750	2671	2502	121,578
OCCUPIED HOUSING UNITS	2086	1187	948	1802	1090	1213	1411	1694	896	838	44,986
OWNER-OCCUPIED HOUSING UNITS	459	47	101	1328	629	404	524	1105	121	92	11,064
% OWNER-OCCUPIED HOUSING UNITS	22.0%	4.0%	10.7%	73.7%	57.7%	33.3%	37.1%	65.2%	13.5%	11%	24.6%
AVERAGE HOUSEHOLD SIZE OF OWNER-OCCUPIED UNITS	2.24	3.32	1.5	3.01	3.09	3.09	2.88	2.77	2.77	2.82	2.76
RENTER-OCCUPIED HOUSING UNITS	1627	1140	847	474	461	809	887	589	775	746	33,922
% RENTER-OCCUPIED HOUSING UNITS	78.0%	96.0%	89.3%	26.3%	42.3%	66.7%	62.9%	34.8%	86.5%	89%	75.4%
MEDIAN HOUSEHOLD INCOME (DOLLARS)	$27,321	$19,628	$20,188	$38,917	$37,432	$31,953	$29,758	$37,855	$13,590	$20,026	$24,820
FAMILIES BELOW POVERTY LEVEL	378	349	152	173	84	173	258	65	328	214	7,748
% FAMILIES BELOW POVERTY LEVEL	26.3%	50.2%	30.7%	12.1%	9.9%	19.7%	24.0%	5.9%	48.8%	34.6%	28.2%

Chart B - 2000 Census Information in Other Census Tracts

Chart B (Continued)	Sheldon Charter Oak	North-East	North-East	Barry Square	Frog Hollow	West End	West End	
Census 2000 Criteria	**5004**	**5011**	**5013**	**5026**	**5030**	**5042**	**5044**	**Hartford**
TOTAL POPULATION	2033	1326	1922	3700	3181	4965	3858	121,578
OCCUPIED HOUSING UNITS	702	612	627	1363	1124	2526	1775	44,986
OWNER-OCCUPIED HOUSING UNITS	42	221	114	414	75	254	444	11,064
% OWNER-OCCUPIED HOUSING UNITS	6.0%	36.1%	18.2%	30.4%	6.7%	10.1%	25.0%	24.6%
AVERAGE HOUSEHOLD SIZE OF OWNER-OCCUPIED UNITS	3.48	3.14	2.9	2.81	2.21	2.63	2.53	2.76
RENTER-OCCUPIED HOUSING UNITS	660	391	513	949	1049	2272	1331	33,922
% RENTER-OCCUPIED HOUSING UNITS	94.0%	63.9%	81.8%	69.6%	93.3%	89.9%	75.0%	75.4%
MEDIAN HOUSEHOLD INCOME (DOLLARS)	$16,809	$12,969	$24,896	$29,803	$15,123	$20,540	$29,838	$24,820
FAMILIES BELOW POVERTY LEVEL	207	95	142	248	300	269	156	7,748
% FAMILIES BELOW POVERTY LEVEL	41.8%	31.0%	32.6%	26.9%	46.2%	29.1%	19.0%	28.2%
SUB-PRIME LOANS								2611

The area median income of the census tracks listed above (with the exception of the Blue Hills and Southwest Neighborhoods) falls under 50%.

Approximately 28% of Hartford families fall below the poverty level – 25.3% for those census tracks listed above. If not for the low percentages of the Southwest and Blue Hills' census tracts, the aforementioned 25.3% would skyrocket to 33%.

The percentage of owner occupied housing units for the two Blue Hills and the Southwest Census tracts are 73.7%, 57.7%, and 65.2% respectively, representing the highest percentages of owner occupied homeownership in the City of Hartford.

Areas of Greatest Need

Housing policy has often been driven by targeting *areas of greatest need,* neighborhoods that have experienced high unemployment, low homeownership, low median area income, high crime rates and other indicators of urban poverty and disinvestment. The current foreclosure crisis has served to further devastate an already unstable homeownership base. The resources needed to adequately impact stabilization and recovery will almost always exceed the resources available. However, significant investment over recent years has increased potential for revitalization. By narrowly targeting reinvestment in these neighborhoods, the City believes NSP funds will serve as a catalyst for continued improvement and build upon existing strategies to generate long-term sustainability. Areas of Clay Arsenal, Asylum Hill, and the Northeast neighborhood have historically represented those areas of greatest need.

Areas with Greatest Chance of Success

Most likely to succeed are the "tipping" neighborhoods still showing signs of strength; neighborhoods with both problems and marketable assets. These are neighborhoods where pockets of foreclosed, abandoned or blighted structures can be converted to homeownership opportunities and stabilize the local market. These neighborhoods experience loan to value ratios that still offer collateral and core strength, but will continue to decline without public intervention. These are neighborhoods where strategic investments can improve property values, reduce disinvestment, and stabilize the tax base. The Blue Hills, Behind the Rocks and Southwest neighborhoods, for example, are areas that enjoy the highest percentages of income and owner-occupied homeownership. NSP funds can be invested to stabilize these neighborhoods and to build upon a historically solid homeowner base.

None of the City of Hartford's neighborhoods have been immune from the historic levels of foreclosure activity. Hartford will embark on a two pronged attack, utilizing the NSP focus in selected areas of *greatest need* and the *greatest chance for success.* In Section B of the Local Action Plan, the City will outline how Hartford will partner with Hartford Area Habitat for Humanity to establish a "beachhead" in one of the City's historically needy areas – the blocks of Guilford, Pliny, and Brook Streets. The City will also identify census tracks within those "tipping" neighborhoods that comply with program requirements in order to stabilize property values and maintain neighborhood vitality.

Within Hartford's Local Action Plan it is illustrated how funds awarded through the NSP, will assist prospective homebuyers in all income categories ≤120% AMI. The City recognizes the widening nature of the foreclosure crisis in Hartford, and this action plan will address those "tipping point" neighborhoods that have traditionally experienced the highest homeownership rates – while also targeting those areas within neighborhoods that demonstrate the greatest need. In particular, The City of Hartford's plan will outline aggressive strategies and examples by which prospective homebuyers ≤50% AMI might realize homeownership and secure long term affordability. This will result in a stabilizing effect on some of the City's greatest need neighborhoods.

The City of Hartford is uniquely equipped to capitalize on an existing housing policy which prioritizes homeownership and forges partnerships with community groups, agencies, community development corporations, and community loan funds already active and successful in all our diverse communities.

B. PROGRAM NARRATIVE AND USE OF FUNDS

Instructions:

Provide a Program Narrative which should detail both the areas of greatest need but also the rational for targeting neighborhoods where NSP resources are to be deployed and the percentage of funds for any or all the NSP eligible activities.

***Note**: The narrative must address these three stipulated need categories in the NSP statute, but the community may also consider other need categories.*

While NSP focuses both on areas of great need but also expects that a community will target these resources to stabilize neighborhoods. The local challenge of neighborhood stabilization is not to decide which neighborhoods have the greatest need, but which neighborhoods or blocks have the greatest chance for success. How best to distribute limited resources which will result in positive and sustainable impact on one or more neighborhoods is the biggest challenge. These are the neighborhoods where strategic investments can stabilize and redirect market forces, improve property values, reduce disinvestment, and stabilize the tax base. Communities are encouraged model targeting strategies to effectively utilize the NSP funds as outlined in "Stabilizing Neighborhoods by Addressing Foreclosed and Abandoned Properties" by Alan Mallach. The program narrative should include data from which choices were made and graphic and mapping with supports the program decisions.

The narrative should address both the Goals and Guiding Principles identified in the State's Provide definitions and descriptions for each as provided in the State's 2008 Action Plan Substantial Amendment for the Neighborhood Stabilization Program.

Second tier communities must also address, to the extent practicable, in the Program Narrative:

- *Racial Integration: How the choice of neighborhoods and specific locations address the impediments to fair housing choice (as outlined in the state or local Analysis of Impediments) and what affirmative fair housing marketing and tenant/homeowner outreach and selection processes will be put in place to promote integration; and*
- *Leveraging of NSP Funds: How the community will leverage local resources, both public and private, in order to maximize the neighborhood impact.*

The narrative should also address the community's capacity to administer a local program. Identify the staff and consultants to be used to administer and implement NSP-activities. Identify whether they are existing staff or new hires. Indicate how much time they will spend on NSP- related activities. If applicable, detail the experience and roles expected of consultants. Additionally, describe and identify any local partners to be used to implement NSP-activities; and their experience in administering such activities.

The Program Narrative should address how NSP funds will be used to further fair housing goals identified in the community's Analysis of Impediments (AI) to Fair Housing, or the State's AI. It should also clearly demonstrate how the community will meet the DECD set-aside requirement that at least 30% of any funds awarded must serve households with incomes at or below 50% of AMI. Additionally, communities should indicate efforts to minimize displacement and relocation and indicate if they will seek to maintain occupancy of tenants in good standing.

If the community does not choose the 15% aggregate discount rate, the Program Narrative should describe the methodology used to determine "net realizable value", consistent with HERA and Federal Register Notice, to determine an appropriate purchase price for homes and residential properties that have been abandoned or foreclosed;

Response:

Guiding Principles

In keeping with the intent of the authorizing legislation, the State Action Plan, the City has identified both neighborhoods of greatest need as well as "tipping" neighborhoods that have the greatest chance of success.

In the City's efforts to design a Local Action Plan that meets the legislation in the Home Economic Recovery Act (HERA) and in keeping with the State Action Plan on the NSP Initiative the City of Hartford has established the following guiding principals:

1. Prioritize new homeownership opportunities, particularly one and two family units.
2. Build on narrowly focused existing efforts to stabilize neighborhoods in areas of greatest need.
3. Select "tipping" neighborhoods that have the best chance of success.
4. Select developers with proven capacity.
5. Maximize the economic return to the City through the utilization of local and minority contractors.
6. Leverage the NSP funds with existing community agencies and private lenders.
7. Target financial and non-financial City services and resources in identified census tracts for NSP investment.
8. Assure long-term stability and sustainability by creating affordable mortgages.
9. Incorporate stakeholders in the design and implementation of the Local Action Plan to develop mutual goals and create a beneficial, comprehensive impact on the lives of our citizens and the overall health of our City.

Rationale for Targeting Neighborhoods

The City of Hartford's Local Action Plan is designed to maximize impact in our target areas through strategic investment. To determine these target areas the City will embark on a two pronged attack. The City will utilize the NSP focus to identify areas of greatest need and the greatest chance for success. Simultaneously, the City will identify census tracts within those "tipping" neighborhoods that comply with program requirements in order to stabilize property values and maintain neighborhood vitality. The goal is to meet the national objective to create new homeownership opportunities for low and moderate-income residents.

Characteristics Defining Areas of Greatest Need

Many neighborhoods in the City are characterized by low-income, low homeownership and high rates of unemployment. As required by Section 2301(c)(2) of HERA, the City is required to direct funding to the areas of greatest need as detailed below:

1. Areas with the greatest percentage of home foreclosures,
2. Areas with the highest percentage of homes financed by a subprime mortgage, and
3. Areas identified as likely to face a significant rise in the rate of foreclosures via Lis Pendens notices.

The charts below outline foreclosure and Lis Pendens activity by neighborhood. The City has compiled and analyzed data from a number of different sources, including the Warren Group, the Commercial Record, the City of Hartford's Assessor's Office as well as Connecticut Housing Finance Authority (CHFA) data regarding subprime loans to identify target neighborhoods and census tracts with greatest need and potential for success. This data, along with historical

neighborhood data found in Chart B was used by the City to determine neighborhoods of greatest need and greatest potential for success.
Based on Department of Economic and Community Development's (DECD) definitions of areas of greatest need and areas with the greatest chance for success ("tipping" neighborhoods), the City has identified census tracts 5018, 5012, 5033, 5034, 5039, 5040, 5045, 5049, 5024, and 5048 for NSP allocations.

Chart A – Foreclosure & Lis Pendens by Neighborhood

Neighborhood	# of Lis Pendens 7/08-1/09	# of Foreclosures 2008	Neighborhood	# of Lis Pendens 7/08-1/09	# of Foreclosures 2008
Asylum Hill	10	14	Parkville	17	18
Barry Square	31	33	Sheldon Charter Oak	5	1
Behind the Rocks	36	32	South End	45	46
Blue Hills	32	28	South Green	5	2
Clay Hill Arsenal	11	32	South West	15	17
Downtown	4	0	Upper Albany	17	30
Frog Hollow	7	23	West End	12	10
North East	39	62	**Total**	**286**	**348**

Chart B - 2000 Census Information by Targeted Census Tract

Chart B	South End	Asylum Hill	Asylum Hill	Blue Hills	Blue Hills	Behind The Rocks	Behind The Rocks	South-West	Clay Arsenal	North-east	
Census 2000 Criteria	5024	5033	5034	5039	5040	5045	5049	5048	5018	5012	Hartford
TOTAL POPULATION	5856	3016	2246	5343	3528	3546	4415	4750	2671	2502	121,578
OCCUPIED HOUSING UNITS	2086	1187	948	1802	1090	1213	1411	1694	896	838	44,986
OWNER-OCCUPIED HOUSING UNITS	459	47	101	1328	629	404	524	1105	121	92	11,064
% OWNER-OCCUPIED HOUSING UNITS	22.0%	4.0%	10.7%	73.7%	57.7%	33.3%	37.1%	65.2%	13.5%	11%	24.6%
AVERAGE HOUSEHOLD SIZE OF OWNER-OCCUPIED UNITS	2.24	3.32	1.5	3.01	3.09	3.09	2.88	2.77	2.77	2.82	2.76
RENTER-OCCUPIED HOUSING UNITS	1627	1140	847	474	461	809	887	589	775	746	33,922
% RENTER-OCCUPIED HOUSING UNITS	78.0%	96.0%	89.3%	26.3%	42.3%	66.7%	62.9%	34.8%	86.5%	89%	75.4%
MEDIAN HOUSEHOLD INCOME (DOLLARS)	$27,321	$19,628	$20,188	$38,917	$37,432	$31,953	$29,758	$37,855	$13,590	$20,026	$24,820
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% FAMILIES BELOW POVERTY LEVEL	26.3%	50.2%	30.7%	12.1%	9.9%	19.7%	24.0%	5.9%	48.8%	34.6%	28.2%

Chart B - 2000 Census Information in Other Census Tracts

Chart B (Continued)	Sheldon Charter Oak	North-East	North-East	Barry Square	Frog Hollow	West End	West End	
Census 2000 Criteria	**5004**	**5011**	**5013**	**5026**	**5030**	**5042**	**5044**	**Hartford**
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OCCUPIED HOUSING UNITS	702	612	627	1363	1124	2526	1775	44,986
OWNER-OCCUPIED HOUSING UNITS	42	221	114	414	75	254	444	11,064
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AVERAGE HOUSEHOLD SIZE OF OWNER-OCCUPIED UNITS	3.48	3.14	2.9	2.81	2.21	2.63	2.53	2.76
RENTER-OCCUPIED HOUSING UNITS	660	391	513	949	1049	2272	1331	33,922
% RENTER-OCCUPIED HOUSING UNITS	94.0%	63.9%	81.8%	69.6%	93.3%	89.9%	75.0%	75.4%
MEDIAN HOUSEHOLD INCOME (DOLLARS)	$16,809	$12,969	$24,896	$29,803	$15,123	$20,540	$29,838	$24,820
FAMILIES BELOW POVERTY LEVEL	207	95	142	248	300	269	156	7,748
% FAMILIES BELOW POVERTY LEVEL	41.8%	31.0%	32.6%	26.9%	46.2%	29.1%	19.0%	28.2%
SUB-PRIME LOANS								2611

The area median income of the census tracks listed above (with the exception of the Blue Hills and Southwest Neighborhoods) falls under 50%.

Approximately 28% of Hartford families fall below the poverty level – 25.3% for those census tracks listed above. If not for the low percentages of the Southwest and Blue Hills' census tracts, the aforementioned 25.3% would skyrocket to 33%.

The percentage of owner occupied housing units for the two Blue Hills and the Southwest Census tracts are 73.7%, 57.7%, and 65.2% respectively, representing the highest percentages of owner occupied homeownership in the City of Hartford.

Using the data above, the City has identified the following census tracts/neighborhoods as greatest need areas for receipt of limited and targeted NSP funding:

Census Tract 5018 in the Clay Arsenal neighborhood bounded by Guilford, Bethel, Pliny and Brook Streets

Census Tract 5012 bounded by Westland, Charlotte, Love and Martin Streets in the Northeast neighborhood

Census Tracks 5033 & 5034 in the Asylum Hill Neighborhood

Census Tracks 5039 & 5040 in the Blue Hills Neighborhood

Census Tracks 5045 & 5049 in the Behind the Rocks Neighborhood

Census Track 5024 in the South End Neighborhood

Census Tract 5048 in the Southwest Neighborhood

The South End and Behind the Rocks (BTR) census tracks were chosen because they exhibited the characteristics associated with areas of greatest need as defined by DECD – high foreclosure and Lis Pendens rates with high numbers of subprime loans ready for adjustment in the near future. The South End and Behind the Rocks neighborhoods ranked 1 and 3 respectively when analyzing Hartford's foreclosures by neighborhood and Lis Pendens data.

In addition to meeting the DECD definition of areas of greatest need, the BTR and South End census tracts boast two of the City's highest percentages of rental occupied housing. Conversely, owner-occupied housing percentages in these areas only range between 22-37% and most of the housing stock is multifamily dwellings and investor owned.

The Clay Arsenal and Asylum Hill neighborhoods have also experienced significant foreclosure and Lis Pendens activity and represent an area of great need. Although there were fewer foreclosures and Lis Pendens in these neighborhoods relative to adjacent areas, the historic barriers of low median area income, low homeownership rates, and the citywide unemployment rate, (currently at 11.9%) make these areas of need. Chart A shows us that Clay Arsenal and the Asylum Hill census tracks contain the lowest area median incomes and the lowest homeownership rates in the City of Hartford. These areas are truly neighborhoods where the resources needed to impact stabilization and recovery will almost always exceed the resources available. Partnerships with community development corporations are the only way to initiate real change in these neighborhoods from a homeownership stabilization perspective. The funds provided to the City through NSP will allow us to build upon existing citywide homeownership strategy.

Areas with Greatest Chance of Success

Most likely to succeed are the "tipping" neighborhoods still showing signs of strength - neighborhoods with problems but with some assets that are marketable. These are neighborhoods where pockets of foreclosed, abandoned or blighted structures have not yet critically destabilized local market values but threaten to. These neighborhoods experience loan to value ratios that still offer some collateral and core strength but will continue to decline without public intervention. These are neighborhoods where strategic investments can stabilize and redirect market forces, improve property values, reduce disinvestment, and stabilize the tax base. NSP funds will be invested to build upon an already proven track record of success.

Again, using the data found in Charts A and B, the City has identified the following census tracts as “tipping” areas of with the greatest chance for success with allocated NSP funding:

Census Tracts 5039 & 5040 in the Blue Hills neighborhood

Census Tract 5048 in the Southwest neighborhood

As mentioned in Section A, the City has started to identify specific properties in the two census tracts listed above. The Blue Hills and Southwest neighborhoods have two of the City’s highest area median incomes and owner-occupancy rates. Current data, however, shows that these traditionally stalwart areas have experienced scores of foreclosures and rising numbers of Lis Pendens. While the overall housing market is absorbing some of the resulting bank owned properties in these areas the eventual sales prices for these transactions are below market value. These properties most often are acquired by investors and speculators. This process creates a “drag” on the market value other neighboring 1-4 family properties in the Blue Hills and Southwest neighborhood. It is important for the City not to let "apparent" market activity turn into activity that further destabilizes homeownership neighborhoods.

The City, with the assistance of community partners, will work to identify destabilizing properties and will then purchase, rehabilitate, and sell them at fair market value. Together, the City and community development corporations will work to stem the tide of foreclosure activity and reverse the adverse “tipping” action evident in the Blue Hill’s 5039 and 5050 census tracks. For more information on the City’s partner organizations see in the *Community Development Corporation Partners* section.

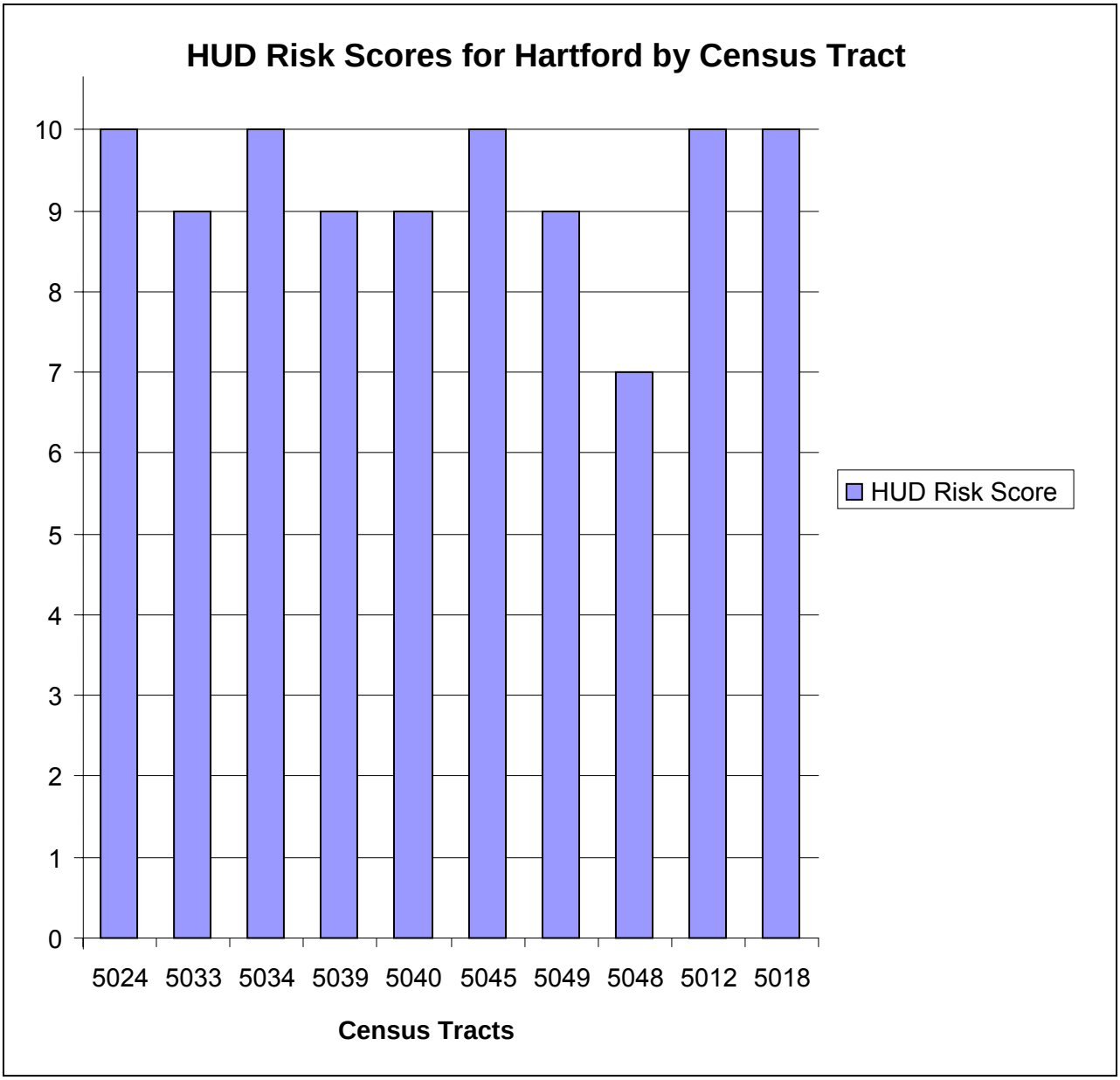
The City will employ this same aggressive approach in the Southwest census tract 5048. This community is comprised chiefly or one and two unit homes and for decades has been an area of high homeownership activity. This area has begun to experience instability as foreclosure activity has increased.

While the City and its Partners have been proactive in the identification of NSP eligible properties, the housing market is volatile and may affect our property selections before NSP funds are allocated. The City reserve the right to seek out other NSP eligible properties and community partnerships not yet targeted in an effort to meet or exceed the goals outlined in the guiding principles found throughout our Local Action Plan.

HUD Risk Codes – A Final Justification for the City of Hartford’s Targeted Areas

HERA requires each NSP recipient to prioritize funds according to the greatest need. While there is no generally accepted methodology for stating the relative severity of need, HUD has developed a foreclosure and abandonment risk score to help target areas of greatest need within national entitlement jurisdictions. The HUD risk score is derived from categories of demographic data, such as AMI, unemployment, residential vacancy, and home price declines.

The graph below shows the City of Hartford census tracts targeted for NSP funds and their corresponding HUD risk scores.



The HUD risk score is based on a scale from 1 to 10. A score of 10 represents the highest risk from a foreclosure and abandonment perspective. With the exception of census tract 5048 in the Southwest neighborhood, all other targeted tracts score a 9 or 10 furthering the City's rationale for its target neighborhoods.

Distribution and Use of Funds

The City will ensure that 100 percent of NSP funds will benefit individuals and households with incomes at or below 120 percent of area median income (AMI) in order to meet set-aside requirements. The City will expend at least 30% of NSP funding, or **$822,465**, to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families with household incomes that do not exceed 50% of AMI. This set-aside goal will be met through the Acquisition and Rehabilitation, and the Financing Mechanism activities by providing developer and homebuyer subsidies.

NSP funds will be used as described below:

- Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties – 41.51%;
- 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 – 39.39%;
- Demolish blighted structures – 6.31%;
- Redevelop demolished or vacant properties – 8.02%; and
- Administration – Local – 4.76%

Hartford's NSP Budget		
Eligible Activity	**Amount**	**%**
Administration	$ 130,550	4.76%
Acquisition and Rehabilitation	$ 1,080,000	39.39%
Financing Mechanisms	$ 1,138,000	41.51%
Land Bank/Assemblage	$ .00	N/A
Demolition of Blighted Structures	$ 173,000	6.31%
Redevelopment – Vacant or Demo	$ 220,000	8.02%
TOTAL	$ 2,741,550	100.00%

The City will concentrate on revitalizing single-family foreclosed properties in the following neighborhoods:

Census Tract 5018 in the Clay Arsenal neighborhood bounded by Guilford, Bethel, Pliny and Brook Streets

Census Tract 5012 bounded by Westland, Charlotte, Love and Martin Streets in the Northeast neighborhood

Census Tracks 5033 & 5034 in the Asylum Hill Neighborhood

Census Tracks 5039 & 5040 in the Blue Hills Neighborhood

Census Tracks 5045 & 5049 in the Behind the Rocks Neighborhood

Census Track 5024 in the South End Neighborhood

Census Tract 5048 in the Southwest Neighborhood

The City recognizes that prior to the NSP funds becoming available the housing market may improve within these originally targeted areas reducing the number of foreclosed properties available for purchase. As a result, the City seeks the flexibility to extend the boundaries of our target areas to include other census tracts within these neighborhoods so as to include

additional bank-owned foreclosed properties where a neighborhood stabilization effort can be achieved and sustained. The following contingency census tracts will be considered for future expansion of the NSP: 5047, 5026, 5023 and 5011.

Distribution of NSP Allocation by Activity

It is anticipated that the overall program will stabilize targeted areas, primarily through the acquisition, rehabilitation, resale, and redevelopment of 60-69 units of affordable housing. Of this figure, it is anticipated that 6-9 units will be newly constructed, 54-60 units will be rehabilitated and 2-4 properties will be demolished.

The City has prioritized the use of NSP funds by first targeting the acquisition of foreclosed units in neighborhoods within the highest concentration of subprime mortgage loans and the highest risk of additional foreclosures, as evidenced through Census, HUD and City data. Initially, targeted areas will be in those neighborhoods that meet the NSP selection criteria. The City will then further focus on census tracts within neighborhoods, to achieve the greatest impact. The City will target census tracts where communities have been historically stable. Only recently have these neighborhoods faced the destabilizing forces of foreclosure. By further targeting NSP funding to these relatively strong neighborhoods with the best chances for long term success - the City can stem the tide of foreclosure.

Redevelopment of Demolished or Vacant Properties

With homeownership as a key underlying theme of Hartford's NSP initiative, and in recognition of the quality, cost effective, transformational work that Hartford Area Habitat for Humanity has undertaken in numerous Hartford neighborhoods over the years, the City intends to utilize Habitat to provide redevelopment in areas where they have already begun stabilization efforts. Initially, Habitat will construct seven homes on Guilford Street for families at or below 50% AMI, and continue by constructing up to 14 additional homes on vacant lots in the Northeast neighborhood. This will complement the last building phase of Swift Village located on Waverly Street, Charlotte Street, Garden Street and Risley Street which is a thirty-three home subdivision that is 85% built out with the remaining units under construction.

Redevelopment funds may also be used to construct two new homes with census tracts 5033 and 5034 in the Asylum Hill neighborhood. Newly constructed homes built on vacant lots as part of this redevelopment activity will be designed as adaptable units and will meet Energy Star standards, which lower utility bills, improve comfort and increase property values – all of which benefit income-qualified persons.

Demolition of Blighted Structures

Any abandoned property selected for demolition under this activity will meet the City's definition of "blighted." See Section C - Definitions and Descriptions (1) Definition of Blighted Structure. The selection criteria for demolition of a blighted structure will concentrate on the anticipated positive impact to the targeted area. Removal of vacant blighted structures in residential neighborhoods enhance the livability of the area by increasing the visual appeal and decreasing a number of negative impacts – from litter to criminal activity.

An eligible reuse under this NSP activity may be the redevelopment of a subject property for residential use as well as certain nonresidential uses, such as a public park, commercial use, or mixed residential and commercial use.

Acquisition

The City, through its NSP participating development partners, will acquire abandoned and foreclosed properties, including those which may be occupied, for rehabilitation, demolition of blighted buildings, for possible re-sale to eligible low- and moderate-income families or for other activities meeting LMMI benefit. NSP participating developers will leverage private funds, including construction loans from two NSP stakeholders – the Hartford Community Loan Fund (HCLF) and the Local Initiatives Support Corporation (LISC) - to acquire and rehabilitate properties under this activity. HCLF and LISC have committed $3.5 million and $1.5 million, respectively, in support of this NSP activity. HCLF and LISC will make these funds available through a loan pool to perspective applicants. Loan applicants can use a combination of these funds to acquire and rehabilitate homes in key areas, leveraging the original NSP dollars.

The number of properties to be acquired is estimated between 54-60 units. Approximately 13 of acquired and rehabilitated units will be sold to households at or below 50% AMI.

Minimized Displacement and Relocation

The City will seek to minimize displacement of individuals and families by concentrating on the purchase of vacant single-unit foreclosed properties. Any property that is occupied is subject to the terms and requirements of the Connecticut Uniform Relocation Assistance Act General Statutes Sec. 8-266-8-282.) The cost associated with relocation of tenants is an eligible NSP cost. However, in order to maximize the use of funds, the City will consider the magnitude of the relocation effort as part of the property selection process.

The City has documented a plan for the relocation of families and individuals displaced as a result of the acquisition of foreclosed property. For additional details see the City's NSP Relocation Plan in Attachment 3.

Purchase Price Methodology

The City and NSP participating developers will fulfill the requirement that acquisitions meet the aggregate discount rate of 15% of appraised value to determine an appropriate purchase price for homes and residential properties that have been abandoned or foreclosed. Each foreclosed upon home shall be purchased at a discount of at least 5% from the current market-appraised value of the home or property. The minimum average purchase discount for the "portfolio" of properties acquired with NSP funds shall be at least 15%.

Rehabilitation

The primary goal of the property improvement activities within the City's NSP initiative is to enhance the exterior and interior of homes, increasing their curb appeal in targeted neighborhoods. The objective is to improve the appearance of each home so as to increase its marketability, making it more appealing to a wide variety of mixed-income buyers.

The City's Housing and Property Management Division's Rehabilitation Specialists will conduct a Housing Quality Standard (HQS) property inspection, and the City's Division of Licenses and Inspections will perform other required inspections prior to the NSP participating developers making an offer to purchase a property. HQS inspections will establish requirements to correct health and safety issues including environmental hazards such as lead-based paint, asbestos, and mold. These assessments will determine the extent of rehabilitation needed for each home. It is anticipated that these inspections may ultimately result in home improvements such as vinyl siding installation (when historically appropriate), window replacement, new roofs, furnaces and

landscaping improvements as needed and whenever financially feasible. Energy Star qualified products and practices will be utilized whenever applicable.

The categories of rehabilitation will be either moderate or major-gut rehabilitation. Homes in poor condition, deemed to be salvageable, will be categorized as major-gut rehab. Major-gut rehabs will be rehabilitated with the same stringent standards as new construction. It is anticipated that most homes will fall into the category of moderate rehabilitation. The City's rehabilitation standards are described in detail in Attachment 7 – NSP Rehabilitation and New Construction Standards.

Participating developers will rehabilitate properties in accordance with the City's NSP requirements and then sell the properties to NSP eligible LMMI buyers.

Economic Development

Developers who receive NSP funds are required to set-aside a portion of work as specified in a separate contract for Minority/Woman Business Enterprises (M/WBE), which must be submitted to the City of Hartford's Human Relations Department. The City has established a minimum requirement of 15%, with an overall goal of 50% utilization of M/WBE. Developers will be expected to show best efforts to have a minimum of 30% of contractors be Hartford residents. Developers and/or their contractors will be required to submit a "Monthly Minority/Woman Business Enterprise Payment Status Report" to the City's Human Relations Department to determine compliance with this requirement. Every effort will be made by the NSP developers to exceed these goals. Special information and training sessions will be held with The Minority Construction Council as well as The Hartford Economic Development Corporation to solicit participation from this essential segment of Hartford's contractor community.

The purpose of these requirements is to maximize economic return to the City, through the utilization of local and minority contractors and Hartford residents for new construction and rehabilitation of NSP assisted projects.

Financing Mechanisms

NSP funds will be provided to homebuyers in the form of down payment assistance grants – with resale deed restrictions to ensure long-term affordability. The down payment assistance will fill an affordability gap allowing LMMI households - with incomes less than or equal to 120% AMI - to purchase homes with a reasonably comfortable level of first lien mortgage debt. The average amount of NSP down payment assistance is estimated between $10,000 and $43,500 for LMMI homebuyer households. In addition to NSP down payment assistance the City will provide HouseHartford down payment and closing cost assistance to income-eligible homebuyers at ≤ 80% AMI. The City's HouseHartford Program, which is funded through the Home Investment Partnerships Program, provides buyers with a 7% down payment subsidy and up to $3,000 in eligible closing costs in the form of forgivable 0% soft second mortgages. The goal is to provide subsidy that brings the buyers monthly mortgage payment (PITI) to 30% of their anticipated monthly household income. Ideally, the combination of NSP and HouseHartford down payment assistance subsidies will allow the buyer to obtain an 80% LTV purchase mortgage (first lien). This will eliminate Private Mortgage Insurance (PMI) expense, and provide equity in the home – both of which spur stabilization as they reduce the monthly cost of homeownership to the LMMI household and provide a safety net of equity. Unfortunately these two factors were lacking during the recent subprime mortgage crisis – causing many Hartford homeowners to lose their homes to foreclosure.

Under this activity funds may also be used to fill an appraisal gap – in addition to an affordability gap – should the property's appraisal gap exceed the portion of NSP funding provided under the Acquisition and Rehabilitation activity for a specific property. In either case, deed restrictions

will ensure continued affordability. For a detailed description of mechanisms to ensure the long-term affordability of NSP properties, see Attachment 2: NSP Administrative Mechanisms to Ensure Affordability.

Homebuyers that receive down payment assistance under this activity must obtain a first mortgage from a NSP participating lender. First mortgages must comply with the City's *Purchase Mortgage Lending Policy*, which has been modified to comply with the bank regulators' guidance for non-traditional mortgages.

Section 8 Homeownership

The primary objective of the City's Section 8 Homeownership Program is to assist eligible housing voucher holders become successful and permanent homeowners. The City will provide for eligible housing voucher holders to become homeowners in coordination with this NSP initiative. The Section 8 Homeownership program is administered as a component of the City's Housing Choice Voucher program and will have an initial goal of recruiting up to twenty-five (25) families to become homeowners through the program, of which approximately 10 may be eligible to participate. The City's Section 8 Housing Voucher program currently has approximately 515 participating families with household incomes greater than $25,000 but below the NSP targeted 50% of AMI. This potential pool of applicants should yield a sufficient amount of qualified applicants for the desired Section 8 homeownership activities as well as help to support the statutory set-aside requirements of NSP funds.

Rental Property Contingency

The City fully expects that NSP assisted properties will be sold to LMMI buyers shortly after construction or rehabilitation is complete. Although, if a NSP participating developer has difficulty finding an eligible buyer, the property may be rented for the duration of the affordability period. The City's agreement with NSP participating developers will include terms and conditions that cover a 'rental property contingency plan.' Should a rental contingency be invoked, developers must retain ownership of the property or sell the property to a qualified rental property owner approved by the City. During the NSP affordability period the owner of an NSP-assisted rental property must maintain the property in accordance with the NSP Housing Quality Standards (HQS), lease all units to NSP income-eligible tenants at NSP fair market rents and provide the City with all NSP mandated rental/occupancy documentation. Under these circumstances, the City will be required to monitor NSP-assisted rental properties, including HQS inspections and all rental/occupancy requirements.

Any loans provided to rental property owners will be in the form of amortized low-interest (1%-3%) subordinate mortgage loans for projects where the operating proforma indicates that the project's operating budget can support the proposed debt coverage ratios from 1.15 to 1.25. These mortgages will include deed restrictions to ensure that the property complies with the NSP long-term affordability requirements. See Attachment 2: NSP Administrative Mechanisms to Ensure Affordability.

Pre-Purchase Homebuyer Education Counseling

All homebuyers purchasing an NSP subsidized property will be required to complete an eight (8) hour homebuyer education class provided by a HUD-approved counseling agency. See Attachment 5 for the City's CDBG contracts with counseling agencies providing homebuyer education classes and a course curriculum.

The City presently partners with the Christian Activities Council, the Housing Educational Resource Center Inc. (HERC), and Hartford Areas Rally Together through the allocation of CDBG funds for the implementation of their respective programs. Co-Opportunity, Inc. and the Urban League also provide educational assistance to prospective homebuyers. These agencies create housing opportunities for first-time homeowners and low and moderate-income Hartford residents. They provide comprehensive housing counseling services through pre- and post-purchase counseling, home purchasing classes, and education and referral services to their clients.

Counselors provide assistance to clients through curriculums based on foreclosure intervention, credit repair, budgeting and savings for perspective homebuyers. Services for tenants and landlords on issues such as fair housing, housing search, rental agreements are also offered. They provide support and technical assistance and distribute pertinent informational literature through community outreach and counseling services. See CDBG contracts for each agency listed above in attachment 5.

Post-Purchase Counseling

Homeowners purchasing homes utilizing NSP funds will be encouraged to participate in a minimum of eight hours post-purchase counseling with a HUD approved counseling agency to prevent mortgage default. The purpose of the post-purchase counseling session is to provide information on likely concerns and issues of new owners including presentations on:

- financial adjustments required by the new homeowner,
- maintenance and repairs including how to select a contractor and preventative care,
- energy conservation,
- programs to assist the homeowner, and
- the role of the bank in servicing the mortgage loan and what to do if there is a possibility of a late or missed payment.

Other Financial Investment Strategies

The City of Hartford has a long history of implementing investment strategies to support the creation of homeownership and maintenance of existing housing stock throughout the City. The following illustrates two of the City's most successful programs: The Homeownership Appraisal Gap Program and the Housing Preservation Loan Fund Program. Combined, these two highly effective programs represent over $4,000,000 in recent direct neighborhood-stabilizing investment.

The purpose of the Homeownership Appraisal Gap Program is to provide financing for the new construction or rehabilitation of vacant, deteriorated homes in order to increase the rate of homeownership. The program helps to achieve the following:

- Leverage private investment in Hartford's neighborhoods,
- Assist low-moderate income households to become homeowners,
- Stabilize and increase property values,
- Help create neighborhoods that are economically stable and physically attractive,
- Increase quality of life in Hartford, and
- Increase the overall percentage of homeownership and owner-occupancy in Hartford.

The chart below outlines funds invested and the number of units created by the Appraisal Gap Program in the neighborhoods targeted for NSP activities since 2005.

Homeownership Appraisal Gap Program

Housing Development Projects

in NSP Targeted Neighborhoods

July 2005 - December 2008

Neighborhood	#Units	City Funding (CCEDA)
Asylum Hill	10	$ 361,268.00
Behind the Rocks	7	$ 130,000.00
Blue Hills	3	$ 60,000.00
Clay Arsenal	21	$ 1,116,125.00
South End	9	$ 220,000.00
South West	1	$ 20,000.00
Total	**51**	**$ 1,907,393.00**

The purpose of the Housing Preservation Loan Fund (HPLF) is to provide financing for the preservation and improvement of Hartford's housing stock and the revitalization of its neighborhoods. Low interest and no interest loans are made available for the following types of repairs or improvements on a priority basis:

- Housing or building code violations, including lead-based paint hazards,
- Energy conservation measures,
- Handicapped accessibility, and
- General property improvements & repairs.

The chart below outlines HPLF funds spent in the NSP targeted neighborhoods since 2005.

Housing Preservation Loan Fund Program

Moderate Rehabilitation Projects

in NSP Targeted Neighborhoods

July 2005 - December 2008

Neighborhood	#Units	City Funding (CDBG)
Asylum Hill	23	$ 255,243.00
Behind the Rocks	25	$ 363,476.00
Blue Hills	57	$ 892,585.00
Clay Arsenal	26	$ 260,612.00
South End	18	$ 164,902.00
South West	16	$ 179,433.00
Total	**165**	**$ 2,116,251.00**

The Housing and Property Management Division of the City of Hartford will continue to market the HPLF Program to other one-to-four unit owner-occupied properties in the NSP targeted areas. Over the past 3 years, $2,116,251.00 in HPLF funding has been expended in these NSP target areas. The City plans to target these same neighborhoods and utilize both NSP and HPLF funds to maximize the sustainable impact.

The City recently completed streetscape improvements in several of the NSP targeted areas: Blue Hills, Frog Hollow, South End, and Clay Arsenal. Over the next five years, the City will expend approximately $1.5M in streetscape improvements in sections of the Blue Hills neighborhood. Streetscape improvements will include several or all of the following new components: landscaping, planters, pedestrian cross walks, lighting, sidewalks with paver designs, trash receptacles, fencing, curbing, and traffic calming measures.

Other Non-financial Investment Strategies

The City's Citation and Anti-Blight Program will be integrated with the NSP initiative. This powerful tool assists in efforts to curb blight in city neighborhoods. Targeted neighborhoods will be canvassed for properties with obvious exterior violations. Next, a letter of violation with correction a deadline will be sent to the owner of the property. If the violation is not corrected upon re-inspection a $99.00 fine can be imposed per day until the owner complies. If the fines do not result in prompt corrective action the City Department of Public Works will clean up the property and a bill that will be sent to the owner. Fines amount quickly so severe non-compliance can result in the City obtaining the property by foreclosure.

Housing Code Enforcement is a function of the Licenses and Inspections Division of the Department of Development Services. Housing Code Enforcement utilizes existing state statutes and municipal ordinances to protect public health, safety and welfare in order to stabilize NSP targeted areas. These statutes and ordinances apply to three-family and more structures, mixed use residential/commercial structures as well as one and two-family dwellings that are not occupied by the property owner. Housing Code Enforcement Inspectors investigate complaints regarding vacant, unsanitary and unsecured buildings, severely deteriorated or structurally unsafe buildings. They partner with the City Health & Human Services Department to enforce standards regarding mold issues and lead paint involving children under age 6. They also inspect for issues that affect neighborhood quality of life such as overcrowding conditions in a dwelling unit, rodent infestations, inadequate paint and general property maintenance. Property owners are warned of violations and cited $99 per day if the violation is not remedied.

Program Administration Capacity

The City NSP initiative will utilize existing City staff. Yasha Escalera, Director of the City's Housing and Property Management Division will be designated as the project manager. Staff in the housing division includes: Sharon Bailey - Senior Project Manager, Gus Espinoza - Senior Project Manager, Owen Humphries - Project Manager, Don Chapman - Senior Planner, Brian Mathews - Senior Administrative Analyst, Gary Crosse - Senior Rehabilitation Specialist and Thomas Rotchford - Rehabilitation Specialist. In addition, staff from the Development Services Department including the Licenses and Inspections and the Grants Management Divisions will participate as needed. For administration of the NSP grant the City estimates that it will commit $50,000 in yearly staff time.

1) Ability to Manage Grants - NSP will be administered by the Department of Development Services. The divisions that comprise this department are Housing and Property Management, Planning, Economic Development, Licenses and Inspections and Grants Management. With

eighty (80) employees, the Department of Development Services is supported by legal counsel through the City's Office of Corporation Counsel. When the grant is awarded, the City is prepared to adhere to the requirements and has the capacity to prepare a Cooperative Agreement Package with the Department of Economic and Community Development.

2) History of Managing Federal Funds - The Department of Development Services has extensive experience in managing federal funds. Hartford is a HUD entitlement city and manages $40 million in Section 8 and $4.8 million annually in CDGB and HOME funds. The Housing and Property Management Division has a direct responsibility for the HOME Program, which has a current fiscal year allocation of approximately $2 million. The department's present portfolio is valued at over $12 million. The Department of Development Services also administers the HUD BEDI and Section-108 Loans. The City has not had an adverse audit finding, thus meeting OMB circular A-133 audit standards, and has not been required to comply with "high risk" terms and conditions under agency regulations implementing OMB Circular A-102 guidelines.

Hartford has a solid record of managing federal and state government funds as demonstrated by the annual Single Audit conducted by our independent auditor Scully and Wolf, LLC. Their most recent Single Audit of Federal Funds noted no adverse findings.

3) DECD compliance with reporting - The City is in compliance with all reporting measures, including quarterly and annual reporting.

4) DECD Cooperative Agreements - The City has been the recipient of and has executed DECD Cooperative Agreements in the past.

5) Measuring Outputs and Outcomes – The City will measure progress through compliance with our work plan and preparation of quarterly reports.

Neighborhood Stabilization Partners

The City will partner with developers, lending institutions and community based organizations to strategically leverage resources through this NSP funding allocation in designated neighborhoods. Community partners are an essential part of this process to meet Hartford's urgent need. The City will use NSP funds in conjunction with other City programs such as HouseHartford, which can provide down payment and closing cost assistance to eligible homebuyers. Developer partners will include Northside Institutions Neighborhood Alliance, Inc. (NINA), Hartford Area Habitat for Humanity, Christian Activities Council (CAC), Community Renewal Team, Broad-Park Development Corporation and the Corporation for Independent Living (CIL). Lending partners will include the Hartford Community Loan Fund (HCLF), Connecticut Housing Finance Authority (CHFA), Asylum Hill Congregational Church, Peoples United Bank, Local Initiatives Support Corporation (LISC), and Bank of America. Community based HUD certified housing counseling organizations will consist of Christian Activities Council, Co-Opportunity Inc., Urban League of Greater Hartford and Housing Educational Resource Center Inc. (HERC). The City will work with the community, coordinating and incorporating the neighborhood residents and businesses perspectives and interests through on-going informational meetings with merchant associations and neighborhood revitalization zones.

Based on discussions, there are many opportunities to coordinate efforts under this model that would help the City achieve the desired goals. Furthermore, through the integration of activities

of the NSP with this network of providers, the City will leverage its implementation capacity to achieve greater gains toward its neighborhood stabilization goals.

Lending Partners

The Hartford Community Loan Fund has committed up to **$3,500,000** to leverage NSP funds received by the City to aggressively address properties under foreclosure. HCLF will make this funding available through a loan pool to perspective applicants.

The Local Initiatives Support Corporation (LISC) will partner with the City to addressing neighborhood stabilization and foreclosure mitigation. As part of this partnership, LISC is willing to offer up to **$1,500,000** of financing to qualified non-profit developers for predevelopment, acquisition and construction financing. LISC will also provide technical assistance to non-profit developers to help them purchase and rehabilitate properties through the Hartford NSP effort. Finally, Hartford LISC will work through LISC's national affiliation with the National Community Stabilization Trust to facilitate Hartford's access to opportunities for bulk purchases from large nationwide lenders.

Connecticut Housing Finance Authority will provide CHFA mortgages through participating lenders which have historically provided loan pools to applicants at 120% AMI. CHFA has offered access to their down payment assistance program to prospective homebuyers utilizing NSP funds. Our NSP program will benefit greatly from this financing being made available to eligible applicants that will be used toward the purchase of identified properties.

Bank of America has committed up to **$15,000,000** to this City initiative to aggressively address properties under foreclosure through the NSP. Bank of America would make funds available for the purchase/rehab of single, and two - four unit properties, through a loan pool.

People's United Bank will participate in this City initiative to aggressively address properties under foreclosure through the NSP. People's United Bank would make funds available for the purchase and rehabilitation of one to four unit properties through a loan pool.

The Asylum Hill Congregational Church (AHCC) in partnership with NINA may provide a commitment of up to $50,000 to this City initiative to aggressively address properties under foreclosure through the Neighborhood Stabilization Program (NSP) in the Asylum Hill neighborhood. AHCC will make this funding available through a loan pool to NINA.

The Hartford Foundation for Public Giving has expressed a willingness to provide substantial support for the strategy proposed by the City of Hartford. As a major funder of community development the foundation is very interested in supporting neighborhood stabilization and revitalization. Discussions with the Foundation, the City and LISC are ongoing and will further define the specific nature of their participation and funding.

Community Development Corporation Partners

The City has identified partners whose initial efforts will be defined by work in specific census tracts. The City will simultaneously develop an RFQ to solicit the participation of other eligible NSP developers. The following developers have been prequalified to work in NSP census tract defined below:

Northside Institutions Neighborhood Alliance, Inc. (NINA) has been organized to foster the revitalization of Hartford's Asylum Hill neighborhood. NINA was formed as a collaborative effort of six major institutions working together with residents to improve the Asylum Hill neighborhood. NINA's strategy is to revitalize the neighborhood by eliminating blight, improving public safety, creating owner-occupied housing and stimulating economic development. NINA

is focused on the development of one-family and two-family owner-occupied homes in the Asylum Hill neighborhood. They have a proven track record of success working in this neighborhood for over five years and have already served as a catalyst for change.

The City will continue to work with NINA to create "pockets of strength" in the 5033 & 5034 census tracts of the Asylum Hill neighborhood. This investment, in turn, will serve as a catalyst for further community reinvestment. NSP Funds will be allocated to NINA that will be used in Asylum Hill to benefit low and middle-income households. However, the neighborhood stabilization will extend beyond NSP resources and will leverage other investment activities. To date, NINA has purchased and rehabilitated four properties consisting of singe and two-family homes, leveraging $205,000.00 in Appraisal Gap Funds provided by the City. Our relationship with NINA is an outstanding example of how private and public partnerships can strategically and efficiently expend NSP funds to realize our Guiding Principles in the competent execution of the City of Hartford's Local Action Plan.

Christian Activities Council (CAC) is a 151-year-old faith-based, non-sectarian, community development and social service organization. For over 50 years, CAC has developed affordable housing of various types including elderly, special needs (HIV/AIDS), cooperatives, family rental and condominium. Further, The Christian Activities Council is also a HUD-approved counseling agency. NSP funds will be allocated to CAC that will be used in Census Tracks 5039 and 5040 that will benefit low/moderate/middle-income homebuyer households. Redeveloped housing in Blue Hills utilizing NSP funds will be one-family or two-family owner-occupied homes, which will be the primary residence of the NSP-assisted homebuyer. Any rental units developed in this targeted area will not be 'NSP-assisted' housing as the amount of NSP funding assistance will be less than 50% of the total development costs.

CAC has nine full-time staff members and will utilize minority trade contractors for most of those services that require a licensed contractor. It is one of the state's most successful developers of land bank/land trust. CAC has extensive experience utilizing state, local and private funds to effectuate affordable homeownership for Hartford residents. CAC will expand their area of concentration to include the Blue Hills neighborhood.

Hartford Habitat for Humanity has been in existence since 1989. Since its inception, 142 homes have been built by Habitat in the city of Hartford. Since 2003, Habitat has been working throughout the North End neighborhoods of Hartford. NSP Funds will be allocated to Habitat and it is anticipated that seven units will be newly constructed in accordance with NSP requirements. Reuse will meet CDBG requirements and service to LMMI persons. Funds used for this activity in the targeted Clay Arsenal neighborhood will serve households below 50% of AMI. Habitat for Humanity has already established a "beachhead" of affordable homeownership in the Clay Arsenal neighborhood, specifically in the areas targeted by the City.

Habitat has three full-time construction staff members and will utilize minority trade contractors for most of those services that require a licensed contractor. Habitat has a stable volunteer base for construction (5,000 volunteers annually) and engages potential homeowners in the home renovation. The City intends to utilize Habitat to provide redevelopment in areas where they have already begun stabilization efforts. Initially, Habitat will construct seven homes on Guilford Street for families at or below 50% AMI. Next Habitat may acquire an abandoned, foreclosed industrial building for demolition in the Westland, Martin, Love & Charlotte Street area in order to redevelop 14 additional homes. This will complement their last building phase in the North End, a thirty-three home subdivision that is 85% built out with the remaining units under construction.

Corporation for Independent Living (CIL) has been building affordable housing in Hartford since 1998. During this time CIL has completed 109 affordable single and two-family homes, the majority in Hartford, creating $19.5 million dollars in economic activity. NSP Funds will be allocated to CIL for the new construction and rehabilitation of housing units on vacant land or

carried out as part of a demolition of blighted property activity as eligible under the NSP. Reuse will meet CDBG requirements and service to LMMI persons. NSP funds will be used in the targeted blocks within the South End and Southwest neighborhood and properties will be sold to low, moderate or middle-income families at affordable prices.

Broad-Park Development Corporation (BPDC) develops affordable housing and commercial revitalization projects throughout Hartford with a major focus in the Behind the Rocks, Frog Hollow and South Green neighborhoods. BPDC owns or manages over 500 apartments in Connecticut - along with 42,000 square feet of retail space. NSP Funds will be allocated to BPDC for the new construction and rehabilitation of housing units on vacant land or carried out as part of a demolition of blighted property activity is eligible under the NSP. Reuse will meet CDBG requirements and service to LMMI persons. NSP funds will be used within the targeted blocks contained in this plan and properties will be sold to low, moderate or middle-income families at affordable prices.

Community Renewal Team (CRT) is Connecticut's oldest and largest continuously operating community action agency. CRT serves nearly 63,000 people and 20,200 families per year through 60 programs that provide an array of services, including housing counseling, child care, elderly nutrition, behavioral health and financial assistance. The Community Renewal Team is a HUD-approved counseling agency. CRT will supplement developers in all NSP target areas.

Counseling Agencies

The Urban League of Greater Hartford, Inc.'s Center for Financial Literacy, Asset Building & Homeownership is dedicated to promoting equal housing opportunities for low to moderate - income residents of Connecticut's Capital Region. Last year, 283 participants purchased their first home. Classes and one-on-one counseling in homebuyer education, money management, credit repair/management and foreclosure prevention are available. The Urban League of Greater Hartford, Inc. is a HUD-approved counseling agency.

The Housing Education Resource Center (HERC) agency provides counseling for those seeking answers to housing questions and solutions to housing problems. Topics addressed include:

- Tenant/Landlord Rights & Responsibilities
- Housing Discrimination
- Predatory Lending
- Eviction
- Leases/Rental Agreements
- Security Deposits
- Heat and Utilities
- Housing Repairs and Maintenance
- Home Ownership
- Fair Housing Laws
- Mortgage Delinquency
- Foreclosure
- Housing Mobility

The Housing Education Resource Center is a HUD-approved counseling agency and complies with the National Industry Standards for Homeownership Education and the National Industry Code of Ethics and Conduct.

The Christian Activities Council is also a HUD approved counseling agency. NSP funds will be used to provide HUD approved counseling services to NSP assisted homebuyers.

Hartford Areas Rally Together (HART) was launched in 1975 as a grassroots community organizing project. Over the past 22 years, HART has evolved into a widely respected community development organization with a broad agenda of programs and initiatives to

revitalize Hartford neighborhoods. HART's Home Ownership Made Easy (HOME) Program seeks to provide education to first time home-buyers so that they can successfully navigate the process of home purchase and become successful, long-term homeowners. Hartford Areas Rally Together is a HUD-approved counseling agency.

Co-Opportunity, Inc. became a HUD-approved housing counseling agency in 1999 and a founding partner in the Hartford Asset Building Collaborative in 2000. Today, with an annual budget of $2.3 million, Co-opportunity employs 20 full-time staff. Co-Opportunity is a HUD-approved counseling agency. 454 clients were counseled in 2008, 329 completed a homebuyer's education course and 135 clients purchased their first home. Additionally, they provided 103 homeowners with foreclosure prevention and loss mitigation counseling. Co-opportunity has identified an additional 30 potential homeowners who will be mortgage ready within 12 months. Annually, Co-opportunity serves 6,000 individuals and families primarily from Hartford and its surrounding suburbs. Client demographics roughly mirror Hartford's population: 44% are Black, 39% are Hispanic and 9% are Caucasian.

Fair Housing

Our approach is consistent with the Analysis of Impediments to Fair Housing Choice in conjunction with the City of Hartford's Consolidated Plan, 2005-2010. The purpose of the City's Housing Division's NSP-Section 3 Plan is to ensure that the provisions set forth in Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u, § 3) are adhered to through the selection of local and minority contractors and Section 3 business's to carry out the rehabilitation construction for NSP assisted properties.

Recipients of NSP Funds will provide training, employment, and contracting opportunities to Section 3 residents and Section 3 business concerns. Each recipient of NSP Funds and their contractors and subcontractors may demonstrate compliance with these goals by employing Section 3 residents as 30% of the aggregate number of new hires for NSP assisted projects. In regards to contracts - each recipient of NSP Funds and their contractors and subcontractors may demonstrate compliance with these goals by committing to award to Section 3 Business at least 10% of the total dollar amount of all section 3 covered contracts for building trades work arising in connection with housing rehabilitation, housing construction and other public construction and at least 3% of the total dollar amount of all other Section 3 covered contracts. All NSP-Section 3 covered contracts will include the "Section 3 Clause". See Analysis of Impediments to Fair Housing Choice Report listed in Attachment 10.

Performance Indicators

The City has established goals and timelines that are consistent with the performance indicators in the State's 2008 Action Plan Substantial Amendment for the Neighborhood Stabilization Program. Section I discusses further the obligation of funds, expenditure of funds, and the occupancy of units. The timeline for proposed activity encourages organizations to quickly and efficiently acquire, rehabilitate and make targeted properties available for re-occupancy. The timeline is discussed in further detail in Attachment 1.

The City will utilize NSP funds to comprehensively achieve its goals. This will be accomplished through the building of sustainable and competitive neighborhoods that are integrated into the overall community through access to transit, affordable housing, worker housing and other services. The City, to the greatest extent possible, will leverage NSP funds so that they have a significant and sustainable neighborhood impact. In order to maximize this impact, the City of Hartford will aggressively focus funding and attention on those neighborhoods where strategic investments will stabilize and redirect market forces, improve property values, reduce disinvestment, and stabilize the tax base.

C. DEFINITIONS AND DESCRIPTIONS

Instructions:
Provide definitions and descriptions for each as provided in the State's 2008 Action Plan Substantial Amendment for the Neighborhood Stabilization Program. Each community may incorporate, by reference, the definitions and descriptions from the State's 2008 Action Plan Substantial Amendment for the Neighborhood Stabilization Program by reference.

Note: *Each community may adopt more stringent definitions and descriptions than provided in the State's 2008 Action Plan Substantial Amendment for the Neighborhood Stabilization Program; however, less stringent requirements will be rejected by DECD.*

(1) Definition of "blighted structure", if more stringent than in State's plan.

Response: In accordance with the **ORDINANCE AMENDING CHAPTER 9, ARTICLE V, SECTION 9-91 OF CODE DE ANTI-BLIGHT PROGRAM, AS AMENDED,** the City will utilize the following definition of a blighted structure:

Blighted premises means any building, structure, [V]vacant [L]lot or grounds, whether vacant or occupied, in which the director of Licenses and Inspections, the fire marshal, the director of Health and Human Services, or the chief of police have identified the existence of at least one (1) violation of building, housing, zoning, fire or health codes that pose a significant risk to health and or safety conditions on the premises itself or in the surrounding neighborhood and in which at least one (1) of the following conditions exists:

(1) It is becoming dilapidated, as evidenced by the existence, to a significant degree, of one or more of the following conditions:
   a. Missing, broken or boarded windows or doors;
   b. Collapsing or deteriorating exterior or interior walls, roofs, stairs, porches, floors or chimneys;
   c. Crumbling foundation walls which contain open cracks or breaks;
   d. Crumbling or rotting interior support pillars or beams;
   e. Overhang extensions, including but not limited to canopies, marquees, signs, awnings, fire escapes, standpipes and exhaust ducts, which contain rust or other decay;
   f. Rat infestation;
   g. Improperly stored or accumulated garbage or trash on the premises;
   h. Abandoned or unlawfully parked vehicles on the premises;
   i. In the case of a fence, broken or rotted boards, excessive rusting to the point of decay or being in an otherwise dilapidated condition; or
   j. Any other condition reflecting a level of maintenance which is not in keeping with community standards or which is an element leading to the progressive deterioration of the neighborhood.

(2) It is attracting illegal activity as evidenced by any of the following:
   a. Multiple felony or misdemeanor arrests on the premises;
   b. Multiple felony or misdemeanor warrants issued or served to a person residing in the premises;

(3) It is a fire hazard;

(4) It is a factor that is [seriously] substantially depreciating property values in the neighborhood;

(5) It is a factor creating a substantial and unreasonable interference with the reasonable and lawful use and enjoyment of other space within the building or premises within the

neighborhood as documented and reported to the director of Licenses and Inspections by neighborhood complaints.

(6) It is a menace to the public health, safety, or welfare in its present condition or use.

(7) It has overgrown grass or weeds at least one foot in height.

(8) It displays evidence of graffiti covering 25% or more of the surface [service] of the building.

(2) Definition of "affordable rents," if more stringent than in State's plan.

Response: The City will utilize DECD's definition as follows:

"Affordable Rents" means rents that are at or below the Fair Market Rent Levels as defined in Appendix B (*Note: Fair Market Rent include utilities, therefore if a tenant is paying their own utilities, the Utility Allowance also included in Appendix B must be used to adjust the maximum rent level downward; or a fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 888.111*); or rents that do not exceed 30% of the adjusted income of a family whose annual income equals 80% of AMI, as determined by HUD, with adjustments for number of bedrooms in the unit; or rents that do not exceed 30% of the family's adjusted income, if the unit receives Federal project-based rental subsidy or 40% of the family's adjusted income if the unit receives State project-based rental subsidy (i.e., tenant contribution plus project-based rental subsidy) and the rent allowable under the Federal or State project-based rental subsidy program.

Note: *Affordable rent limits are recalculated on a periodic basis after HUD determines fair market rents and median incomes.*

The City will utilize the Fair Market Rent Levels and Utility Allowances as defined in Appendix B of DECD's 2008 Action Plan Substantial Amendment for the Neighborhood Stabilization Program. The City of Hartford will provide project owners with information on updated rent limits so that rents may be in accordance with the written agreement between the City of Hartford and the property owner. Annually, owners must provide the City of Hartford with information on rents and occupancy of NSP-assisted rental units to demonstrate compliance with this section.

(3) Definition of "abandoned structure", if more stringent than in State's plan.

Response: The City will utilize DECD's definition as follows:

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

(4) Definition of "foreclosed property", if more stringent than in State's plan.

Response: The City will utilize DECD's definition as follows:

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

(5) Definition of "current market appraised value", if more stringent than in State's plan.

Response: The City will utilize DECD's definition as follows:

Current Market Appraised Value: The current market appraised value means the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the URA at 49 CFR 24.103 and completed within 60 days prior to an offer made for the property by a grantee, subrecipient, developer, or individual homebuyer.

[NOTE: Definition (6) intentionally left out by DECD]

(7) Describe housing rehabilitation standards that will apply to NSP assisted activities.
Note: *A community may attach a copy of its existing CDBG rehabilitation standards, if applicable.*

Response: The City's rehabilitation standards are described in detail in Attachment 7. NSP Rehabilitation and New Construction Standards

(8) Describe how the community will ensure continued affordability for NSP-assisted housing.

Response: The City will ensure continued affordability for NSP-assisted housing by imposing deed restrictions that will mandate owner-occupancy, income limitations, and resale price limitations. Mortgage loans provided to CDCs to acquire and rehabilitate foreclosed property, or to redevelop property will include a deed restriction that the property must be conveyed to an NSP eligible property owner who shall occupy one residential unit in the structure as their primary residence. At time of conveyance homebuyers will be required to execute an *Agreement to the Conditions for the Sale of Land*, which will describe the deed restrictions that will survive any subsequent conveyance during the affordability period. The deed restrictions will require the NSP-assisted homeowner to convey the property to a subsequent buyer whose annual household income is low/moderate/middle-income as defined under NSP as ≤ 120% of the Hartford Area Median Income. (Homebuyers at or below 50% AMI must convey property to a like buyer at or below 50%AMI.) When determining whether a household is income eligible, the City will utilize the "annual income" definition as defined at 24 CFR 5.609. Any subsequent buyer must occupy one residential unit in the structure as their primary residence. The City must approve the subsequent homebuyer's eligibility under NSP, and approve the sales price. The sales price shall not exceed the owner's original purchase price, less any direct down payment assistance, plus any capital improvements and annual appreciation at 2%. See Attachment 2 – Administrative Mechanisms to Ensure Affordability.

NSP-assisted units must meet the affordability requirements for not less than the applicable period specified in the following table, commencing upon project completion. The affordability requirements apply without regard to the term of any loan or mortgage or the transfer of ownership. They will be imposed by deed restrictions, except that the affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure. The City will maintain copies of the recorded instruments in NSP project files.

The City may use purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure or deed in lieu of foreclosure to preserve affordability. The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record, before the foreclosure, or deed in lieu of foreclosure, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the project or property.

(9) Minimum period of affordability in years, if greater than in State's plan:

Response: The City will utilize DECD's affordability periods as follows:

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 or rehabilitation involving refinancing	15
New Construction or acquisition of newly constructed rental housing (24 CFR 92.252.e)	20
The refinancing of existing debt secured by housing that is being rehabilitated with NSP funds (24 CFR 92.206.b)	15

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

(10) Income Certification of NSP-Assisted Rental Units, if greater than in State's plan:

Response: The City will utilize DECD's Income Certification of NSP-Assisted Rental Units as follows:

The income of each tenant must be determined initially in accordance with 24 CFR 92.203(a)(1)(i). In addition, each year during the period of affordability the project owner must re-examine each tenant's annual income in accordance with one of the options in 24 CFR 92.203 selected by the participating jurisdiction. An owner of a multifamily project with an affordability period of 10 years or more who re-examines tenant's annual income through a statement and certification in accordance with 24 CFR 92.203(a)(1)(ii), must examine the income of each tenant, in accordance with 24 CFR 92.203(a)(1)(i), every sixth year of the affordability period. Otherwise, an owner who accepts the tenant's statement and certification in accordance with 24 CFR 92.203(a)(1)(ii) is not required to examine the income of tenants in multifamily or single-family projects unless there is evidence that the tenant's written statement failed to completely and accurately state information about the family's size or income.

The City will determine the initial tenant income certification in accordance with 24 CFR 92.203(a)(1)(i). This process will involve examination of the tenant's source documents evidencing annual "anticipated" income (e.g., wages statement, interest statement, unemployment compensation statement, etc.) for the household. In addition, each year during the affordability period the property owner must re-examine each tenant's annual income in accordance with 24 CFR 92.203(a)(1)(ii). This process will require the property owner to obtain from the tenant family a written statement of the amount of the family's (household's) annual

income and household size, along with a certification that the information is complete and accurate. The certification must state that the family will provide source documentation upon request.

When determining whether a family (household) is income eligible, the City will utilize the "annual income" definition as defined at 24 CFR 5.609.

D. LOW INCOME TARGETING

Instructions:
Identify the amount of NSP funds made available by DECD under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50% of area median income (AMI): $_____.

***Note**: At least 30% of funds must be used for **housing** individuals and families whose incomes do not exceed 50% of AMI. None of the community's administrative expenses can count against the minimum obligation, i.e. 30%.*

Response:

The City will expend at least 30% of NSP funding, or **$822,465**, to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families with household incomes that do not exceed 50% of AMI.

The City expects to produce approximately 13 housing units that will be affordable to this very low-income target group. NSP expenditures are estimated by activity as follows:

1) Acquisition and Rehabilitation – NSP participating developers will receive 0% interest construction mortgage loans to help facilitate the purchase and rehabilitation of approximately 13 single-unit foreclosed properties that will be targeted for sale to households earning less than 50% AMI. The City will provide second mortgage loans to support approximately 15% of the total development budget for these properties. Funding is estimated at $260,000.

2) Financing Mechanisms – NSP homebuyers with anticipated gross incomes at less than 50% AMI will be provided with NSP down payment assistance to fill an affordability gap at the time of purchase. The City will offer deed restricted grants, averaging $43,500 per property, to assist very low-income households purchase single-unit homes in our target areas. Down payment assistance will be provided to approximately 13 homebuyer households earning less than 50% AMI. Funding is estimated at $565,500.

Hartford will utilize our Section 8 Homeownership Housing Choice Voucher Program (HCVP) to help support NSP activities for families with incomes ≤ 50% AMI. The goal of using the Homeownership HCVP program is to help eligible housing voucher holders to become successful homeowners. Through this program the City may assist approximately 10 families become homeowners.

E. ACQUISITIONS AND RELOCATION

Instructions:
Indicate whether community intends to demolish or convert any low- and moderate-income dwelling units (i.e., ≤ 80% of area median income). If so, include:

- *The number of low- and moderate-income dwelling units (i.e., ≤ 80% of AMI) reasonably expected to be demolished or converted as a direct result of NSP-assisted activities;*
- *The number of NSP affordable housing units made available to low- , moderate-, and middle-income households (i.e., ≤ 120% of AMI) reasonably expected to be produced by activity and income level, by each NSP-assisted activity providing such housing; and*
- *The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50% of AMI.*

Note: *CGS § 8-37z reads in part that "…. the Commissioner of Economic and Community Development shall ensure that the involuntary displacement of persons and families residing in any single-family or multifamily dwelling, which displacement occurs in connection with any housing or community development project or economic development project receiving state financial assistance under any program administered by the commissioner under the general statutes, is reduced to the minimum level consistent with achieving the objectives of such program…."*

Communities contemplating activities that will trigger displacement, relocation or conversion must submit as part of their Local Action Plan a complete Relocation Plan that conforms to federal Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) requirements at 42 USC 4201-4655 and 49 CFR Part 24. Federal law governing relocation will apply to projects utilizing NSP funds, except where Connecticut law imposes more stringent requirements.

Note: Acquisition activities trigger URA seller notification and appraisal requirements. If applicable attach copy of Relocation Plan.

Response:

The City will consider demolition, conversion, and/or redevelopment activity under the NSP Program. The removal of selected blighted properties and the redevelopment of the site is an activity intended to arrest neighborhood decline and increase stability in our targeted areas.

Demolition of Blighted Structures

The demolition of blighted structures/properties is to be replaced by housing units for LMMI households through either immediate redevelopment or land banking

The City anticipates the demolition of 2-4 properties in census tracks where residents' incomes are ≤80% AMI.

Of those properties, half (1-2 properties) will be made available to low moderate and middle income households (≤120% AMI) through redevelopment.

The remaining 1-2 properties will be made available to households whose income does not exceed 50 percent AMI through redevelopment.

Redevelopment of Demolished or Vacant Properties

Any vacant land resulting from demolition activity will be utilized to benefit low income neighborhoods and individuals. New construction of housing units may be carried out as part of a demolition of blighted property activity. The City will ensure that reuse meets CDBG requirements and service to LMMI persons, New construction (reconstruction on these properties can be carried out by the City of Hartford and the properties can then be sold to low, moderate or middle income families at affordable prices.

The following breakdown demonstrates the possible combinations of property types and the total number of properties estimated for redevelopment:

2 properties: can accommodate:
2 single family homes; or
1 single family home, 1 two family home; or
2 two family homes

3 properties: can accommodate:
3 single family homes; or
3 two family homes; or
2 single family homes, 1 two family home; or
2 two family homes, 1 single family home

4 properties: can accommodate:
4 single family homes; or
3 single family homes, 1 two family home; or
2 single family homes, 2 two family homes; or
1 single family home, 3 two family homes; or
4 two family homes

It is important to note that the City intends to target vacant and foreclosed 1 and 2 unit homes only. There are no plans to convert or demolish occupied properties or 3 – 4 unit homes.

In the unlikely event that the City engages is demolition or conversion activity that involves an occupied property, **Connecticut General Statutes (CGS) 8-37Z applies: "the Commissioner of Economic and Community Development shall ensure that the involuntary displacement of persons and families residing in any single-family or multi-family dwelling, which displacement occurs in connection with any housing or community development project or economic development project receiving state financial assistance under any program administered by the commissioner under general *statutes, is reduced to the minimum level of consistent with achieving the objectives of such program……"***

The City is aware that the contemplation of such activity may trigger displacement. Please find a completed Relocation Plan submitted for review in Attachment 3. Our plan conforms to the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) requirements at 42 USC 4201-4655 and 49 CFR Part 24.

URA Seller Notification and Appraisal Requirements

When administering NSP, the City will comply with the URA Seller Notification and Appraisal Requirements as defined in HUD's Handbook #1378 - the primary source for HUD real estate acquisition and relocation policy and procedures when implementing HUD-funded programs. The requirements are found on the following webpage:

http://www.hud.gov/offices/cpd/library/relocation/policyandguidance/handbook1378.cfm

Acquisitions for programs or projects undertaken by an Agency or person that receives Federal financial assistance but does not have authority to acquire property by eminent domain (e.g., the City's NSP participating developers), provided that such Agency or person shall:

1. Prior to making an offer for the property, clearly advise the owner that it is unable to acquire the property if negotiations fail to result in an agreement; and

2. Inform the owner in writing of what it believes to be the market value of the property. (*See* appendix A, § 24.101(b)(1)(iv) and (2)(ii).)

Federal law governing relocation will apply to projects utilizing NSP funds, except where Connecticut law imposes more stringent requirements.

The City will seek to minimize displacement of individuals and families. Any property that is occupied is subject to the terms and requirements of the Uniform Relocation Assistance Act. The costs associated with relocation of tenants is an eligible NSP cost, However, in order to maximize the use of funds, the City will consider the magnitude of the relocation effort as part of the property selection process.

Relocation will be carried out by the City of Hartford in accordance with the Connecticut Uniform Relocation Assistance Act (General Statutes Sec.8-266-8-282) unless Federal law applies in which case relocation will be carried out in accordance with Policies Act of 1970 (P.L. 91-646).

F. PUBLIC CONSULTATION AND PARTNERSHIP PROCESS

Instructions:
Provide a narrative describing any consultation undertaken by the community in developing the Local Action Plan, as well as, describing partnerships, if any, anticipated to implement an award within the timeframes detailed in the State's 2008 Action Plan Substantial Amendment for the Neighborhood Stabilization Program.

Response:

The City solicited input from a variety of sources including: non-profit and for-profit developers, housing counseling agencies, banks, community loan funds, churches, state agencies and departments, small and minority contractors, Hartford Neighborhood Revitalization Zones, and supportive housing advocates and activists. Meetings were held at City offices, as well as in the community at large. A list of participating individuals and entities that provided expertise in the development of Hartford's action plan, are included in attachment # 4. In addition to the entire staff of the Department of Development Services, Division of Housing and Property Management, Planning, Economic Development, Grants Management, and License and Inspections provided input and assistance in addition following City Departments provided information and assistance in developing the NSP action Plan; Office of Town Clerk, Tax Collector, Assessors, Office of Corporation Counsel, Health and Human Services and Human Relations. Furthermore, staff contacted and received information and assistance from DECD, CHFA, Hartford HUD area office, Connecticut Banking Commission and the Connecticut Housing Coalition.

The City initiated contact with community based organizations; lending institutions and community development corporations to leverage available resources to maximize the impact of these NSP funds on targeted neighborhoods. Among those contacted were; Hartford Loan Fund, Bank of America, and Asylum Hill Congregational Church. Each of these entities pledged additional resources as follows:

> The city has committed up to $500,000 in local HOME funds via down payment and closing costs to complement the NSP.
>
> The Hartford Loan Fund, in collaboration with the Prudential, has agreed to commit $3.5 million, in funds to assist in the implementation of the NSP.
>
> Local Initiatives Support Corporation (LISC) will provide up to $1.5 million of financing to qualified non-profit developers for predevelopment, acquisition and/or construction financing.
>
> Bank of America has reserved up to $15,000,000 in end-financing for credit worthy, income eligible buyers.
>
> The Asylum Hill Congregational Church, already active in community development in Asylum Hill, has pledged $50,000 to stimulate affordable Housing in its neighborhood.

With homeownership as a key underlying theme of Hartford's initiative and in recognition of the excellent, cost effective, transformational work that Hartford Area Habitat for Humanity (HAHFH) has undertaken in numerous Hartford neighborhoods over the years, Hartford intends to utilize HAHFH to provide redevelopment in areas where they have already begun stabilization efforts. Initially, HAHFH will construct seven homes on Guilford Street for families at or below 50% AMI, and continue their stabilizing work by demolishing an abandoned, environmentally contaminated factory building and constructing up to 14 additional homes in the northeast neighborhood. This will complement the last building phase of Swift Village located on Waverly Street, Charlotte

Street, Garden Street and Risley Street which is a thirty-three home subdivision that is 85% built out with the remaining units under construction.

It is also anticipated that work begun by NINA in the Asylum Hill neighborhood will be supported. Although ineligible for NSP funds, NINA has already begun acquiring, rehabilitating and selling formerly abandoned and foreclosed properties in an effort to stabilize property values and remove blighted buildings from this historic Hartford neighborhood. They have identified properties that would be eligible for NSP funds, and it is our intent to support their efforts with NSP as well as other City funds.

Over the years the City has partnered with a host of non profit community development corporations. The City will build upon its existing relationships with entities such as the Corporation for Independent Living, Hartford Habitat for Humanity, Christian Activities Council, Community Renewal Team, Northside Institutions Neighborhood Alliance, Inc., and Broad Park Development. As partners in these NSP efforts, each of these non-profit organizations will be considered pre-qualified to participate. As such, NSP Developer Agreements will be signed by each participating developer.

Additionally, developers will be allowed to respond to one or more RFQs that will create a pool of NSP for-profit and non-profit developers and contractors which will acquire, rehab and sell units and or otherwise complement our objectives under our NSP Local Action Plan. Numerous community development corporations and private contractors have expressed interest in participating in the NSP program and we are confident that Hartford will be able to meet or exceed the aggressive timetable for NSP implementation.

The City currently has CDBG contractual relationships with The Christian Activities Council, The Housing Education Resource Center, and Hartford Areas Rally Together, and will utilize these contracts to purchase and provide a minimum of 8 hours of pre-homeownership counseling to any family purchasing an NSP home. Further, post-counseling will be a requirement as well. It is expected that Co-Opportunity and the Urban League will also participate. The counseling will be made part of the master agreements with participating developers and contractors

The City's Local Action Plan will be published on the City's web page upon approval by DECD, but no later than February 2, 2009.

Note: *Each community's Local Action Plan must be published and posted on the jurisdiction's website by February 2, 2009.*

G. NSP INFORMATION BY ACTIVITY

Instructions:
Each community must complete the information required in Section G for each activity the community plans to undertake. A separate Section G must be completed for each activity.

Note: *A community will not be able to undertake an activity in the future, if it is not included in their original submission to DECD. A community may adopt narratives provided in the State's 2008 Action Plan Substantial Amendment for the Neighborhood Stabilization Program for subsections (1), (2), (3), (4) and (6).*

Note: *Subsections (9) and (10) are set by DECD and cannot be changed.*
Response:

Instructions:
(1) Activity Name: *As identified in Federal Register Notice.*

Acquisition and Rehabilitation

(2) Activity Type: *Include NSP eligible use & CDBG eligible activity.*

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: *Must be a national objective benefiting low, moderate and middle income persons, as defined in the Federal Register Notice, i.e., ≤ 120% of AMI.*

Direct Benefit to LMMI persons.

(4) Activity Description: *Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of AMI.*

The City has been designated as a community having the greatest need within the state, based on available federal and state data. The City will target 30% of our award under the NSP for activities serving the 50% of median income population. Any rehabilitation of foreclosed homes and residential properties will be carried out to bring such properties up to minimum housing standards in order to sell, rent, or redevelop said properties. All properties will be sold to and occupied by households meeting the LMMI standard.

The City through its NSP participating development partners will acquire abandoned and foreclosed properties, including those which may be occupied for rehabilitation, demolition of blighted buildings, for possible re-sale to eligible low- and moderate-income families or for other activities meeting LMMI benefit. NSP participating developers will leverage private funds, including construction loans from two of our NSP stakeholders – the Hartford Community Loan Fund (HCLF) and the Local Initiatives Support Corporation (LISC) - to acquire and rehabilitate properties under this activity. HCLF and LISC have committed $3.5 million and $1.5 million respectively in support of this NSP activity. A typical acquisition and rehabilitation development budget for a specific property may have 85% financing from HCLF and/or LISC, and 15% from

the City's NSP budget under this activity. As needed, the City will monitor its expenditure strategy – especially as it relates to goals and required expenditure timeframes, and adjust the amount of City NSP funding for specific property acquisitions under this activity.

If feasible, the City will consider bulk purchases of foreclosed properties from banks versus individual property purchases. The City will consult with DECD and/or other appropriate entities, such as the National Community Stabilization Trust, to assess the possibility of bulk purchases from banks.

The City will focus on acquiring and rehabilitating vacant single-unit properties under this activity, although some targeted properties may be two-unit or three-unit structures. Rental units rehabilitated under this activity will not be NSP-assisted housing, as the amount of NSP subsidy for the property will be less than 50% of the total development costs (or less than 33% in the case of a three-unit structure). The affordability period for these homes will range from 5 to 15 years based upon the amount of NSP subsidy (all subsidy supporting the acquisition, rehabilitation and down payment assistance to the homebuyer). Deed restrictions will be imposed on the homebuyer. No rental restrictions will be placed on the rental units, which may increase the number of mixed-income properties in the targeted areas and provide stable rental revenue streams for the LMMI homebuyers.

(5) Location Description: *Description may include specific addresses, census tracts or blocks or neighborhoods.*

Census Tract 5018 in the Clay Arsenal neighborhood bounded by Guilford, Bethel, Pliny and Brook Streets

Census Tract 5012 bounded by Westland, Charlotte, Love and Martin Streets in the Northeast neighborhood

Census Tracts 5033 & 5034 in the Asylum Hill neighborhood

Census Tracts 5039 & 5040 in the Blue Hills neighborhood

Census Tracts 5045 & 5049 in the Behind the Rocks neighborhood

Census Tract 5024 in the South End neighborhood

Census Tract 5048 in the Southwest neighborhood

The City will focus on bank-owned foreclosed properties in the target areas noted above. The City recognizes that prior to the NSP funds becoming available the housing market may be positively impacted within these originally targeted areas reducing the number of foreclosed properties available for purchase. As a result, the City would like to be able to extend the boundaries of our target areas to include other census tracts throughout our residential neighborhoods, so as to include additional bank-owned foreclosed properties where a neighborhood stabilization effort can be achieved and sustained. The following contingency census tracks will be considered for future expansion of the NSP: 5047, 5026, 5023 and 5011.

(6) Performance Measures: *(e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50% of AMI and below, 51-80% and 81-120%).*

The objective of this activity is to provide decent, safe, and affordable housing to LMMI families by purchasing and rehabilitating foreclosed properties. The outcome measurements for this activity will be the creation of affordable units. ***See Section I. Performance Measurements for overall program measurements, indicators, and standards.***

The City will submit quarterly reports that detail completed and undertaken, including the following information by numbers, costs, and racial ethnic data:

- # of properties acquired
- # of units rehabilitated
- # of households displaced
- # of units meeting energy star standards
- # of units meeting Section 504 standards
- # of units meeting lead safe standards
- # of rental and homeowner units occupied
- Household Characteristics of displaced households
- Household Characteristics by unit of new occupants

It is anticipated that many of the funded activities will overlap in the LMMI households served. For example, the buyer of a property acquired and rehabilitated with NSP funds may also receive down payment assistance financing through the Financing Mechanism activity. It is estimated that 54-60 units will be acquired and rehabilitated through NSP.. Funding for this activity will be carried out with NSP and local resources. The 54-60 units acquired through this program will be rehabilitated prior to resale.

(7) Total Budget: *Include public and private components; repeat in Section H.*

NSP funds to be budgeted at $1,080,000. Other funds are estimated at up to $5,000,000. ***See Section H. for overall program budget.***

(8) Responsible Organization: *Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information.*

The City's Department of Development Services, Housing and Property Management Division will be directly responsible for the NSP implementation. Yasha Escalera, Director, will administer the Program on behalf of the City. The department contact information is as follows:

The City of Hartford
Department of Development Services
Housing & Property Management Division
Mr. Yasha Escalera, Director
250 Constitution Plaza, 4th floor
Hartford, CT 06103

With copy to:

The City of Hartford
Department of Development Services
Mr. David Panagore
Director of Development Services
250 Constitution Plaza, 4th floor
Hartford, CT 06103

(9) Projected Start Date: February 13, 2009

(10) Projected End Date: February 13, 2013

(11) Specific Activity Requirements:

Instructions:

For acquisition activities, indicate methodology for discount rate.

For financing activities, indicate range of interest rates.

For housing related activities, include:

- *Identify duration or term of assistance;*
- *Identify tenure of beneficiaries--rental or homeownership; and*
- *Provide a description of how the design of the activity will ensure continued affordability, if different from that specified by the State.*

Acquisition - The City and NSP participating developers will require that acquisitions meet the aggregate discount rate of 15% of appraised value to determine an appropriate purchase price for homes and residential properties that have been abandoned or foreclosed. Each foreclosed upon home shall be purchased at a discount of at least 5% from the current market-appraised value of the home or property. The minimum average purchase discount for the "portfolio" of properties acquired with NSP funds shall be at least 15%. The City will document the address, appraised value, purchase offer amount, and discount amount for each property acquired with NSP funds.

The City's NSP participating developers will execute an NSP Developers Agreement, which will include all necessary terms and conditions to ensure that acquired abandoned or foreclosed properties are eligible for NSP subsidy. NSP participating developers must utilize a procurement process for rehabilitation and new construction activities that ensures competitive bid pricing and maximum use of local and minority contractors.

The City will commit NSP funds for specific properties and provide NSP funded construction mortgage loans to developers in support of this activity. The mortgage loan terms and conditions will include, but are not limited to: 0% interest rates, rehabilitation practices in accordance with the City's NSP standards and NSP mandated timeframes, and principal due and payable to the City at the time of conveyance to a NSP eligible LMMI homebuyer. (Should the total development costs exceed the fair market value at the time of sale to a LMMI homebuyer, this appraisal gap portion of the NSP funding – as a developer's subsidy – will not be repayable to the City.)

The number of properties to be acquired is estimated between 54-60 units. Approximately 13 of the units will be sold to households at or below 50% AMI.

Rehabilitation - All rehabilitated properties will meet affordability requirements consistent with the HOME Investment Partnerships Program, through the use of deed restrictions, restrictive covenants, or other such mechanisms running with the land. See Attachment 2: NSP Administrative Mechanisms to Ensure Affordability. 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. The duration of any affordability period will meet the requirements of Section C. Definitions and Descriptions and will range from 5 to 15 years depending on the amount of funds invested per NSP-assisted unit.

The rehabilitation of acquired properties will restore minimum property standards for rental or resale to income eligible households in accordance with the City's NSP Rehabilitation and Construction Standards as described in Attachment 7. Rehabilitation Standards shall mean the more stringent of state or local codes or federal housing quality standards as promulgated by HUD, and the housing cost effective energy conservation and effectiveness standards in 24 CFR Part 248.147. When practical and economically feasible, the NSP participating developers will utilize ENERGY STAR Qualified products and practices that increase energy efficiency.

The City fully expects that the NSP-assisted foreclosed properties will be sold to LMMI buyers shortly after rehabilitation is complete. Although, if a NSP participating developer has difficulty finding a NSP eligible buyer, the property may become a rental property for the duration of the affordability period. The City's agreement with NSP participating developers will include terms and conditions that cover a 'rental property contingency plan.' Should a rental contingency be invoked, developers must retain ownership of the property or sell the property to an entity approved by the City. The owner of an NSP-assisted rental property must maintain the property in accordance with the NSP Housing Quality Standards (HQS), lease all units to NSP income-eligible tenants at NSP fair market rents, and provide the City with all NSP mandated rental/occupancy documentation during the affordability period. Under these circumstances, the City will be required to monitor NSP-assisted rental properties, including implementation of HQS inspections and enforcement of all rental/occupancy requirements.

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(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 will be available to the City of Hartford as detailed in Section H. – Total Budget. Funds will be available for both general administrative and technical assistance costs.

(5) Location Description: Administrative costs to be used by the City of Hartford.

(6) Performance Measures: N/A

(7) Total Budget: $130,550

(8) Responsible Organization: The City's Department of Development Services, Housing and Property Management Division will be directly responsible for the NSP implementation. Yasha Escalera, Director, will administer the Program on behalf of the City. The department contact information is as follows:

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Department of Development Services
Housing & Property Management Division
Mr. Yasha Escalera, Director
250 Constitution Plaza, 4th floor
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With copy to:

The City of Hartford
Department of Development Services
Mr. David Panagore
Director of Development Services
250 Constitution Plaza, 4th floor
Hartford, CT 06103

(9) Projected Start Date: February 13, 2009

(10) Projected End Date: February 13, 2013

(11) Specific Activity Requirements:

Administrative costs may include, but are not limited to, general management and oversight, providing public information, measuring and reporting outcomes, and assuring fair housing activities. Administrative funds will be drawn down from DECD on a pro-rata basis equal to the percentage of funds obligated by the City. Any property specific activity obligation for which administrative funds have been drawn will be completed within nine (9) months or the administrative funds will be subject to recapture.

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(1) Activity Name: *As identified in Federal Register Notice.*

Demolition of Blighted Structures

(2) Activity Type: *Include NSP eligible use & CDBG eligible activity.*

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 570.201(d)

(3) National Objective: *Must be a national objective benefiting low, moderate and middle income persons, as defined in the Federal Register Notice, i.e., ≤ 120% of AMI.*

Demolition of blighted structures to be replaced by housing units for LMMI households through redevelopment. If demolished properties are not used for redevelopment as housing, then the activity must meet the LMMI area benefit or limited clientele test.

(4) Activity Description: *Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of AMI.*

To acquire blighted buildings and demolish same to provide sites for home ownership, rental housing development, or other CDBG eligible activity benefitting LMMI persons. The City has been designated as a community having the greatest need within the state based on available federal and state data. The City is required to target 25% of their award under the NSP program for activities serving the 50% of median income population.

(5) Location Description: *Description may include specific addresses, census tracts or blocks or neighborhoods.*

Census Tract 5018 in the Clay Arsenal neighborhood bounded by Guilford, Bethel, Pliny and Brook Streets

Census Tract 5012 bounded by Westland, Charlotte, Love and Martin Streets in the Northeast neighborhood

Census Tracts 5033 & 5034 in the Asylum Hill neighborhood

Census Tracts 5039 & 5040 in the Blue Hills neighborhood

Census Tracts 5045 & 5049 in the Behind the Rocks neighborhood

Census Tract 5024 in the South End neighborhood

Census Tract 5048 in the Southwest neighborhood

The City will focus on bank-owned foreclosed properties in the target areas noted above. The City recognizes that prior to the NSP funds becoming available the housing market may be positively impacted within these originally targeted areas reducing the number of foreclosed properties available for purchase. As a result, the City would like to be able to extend the boundaries of our target areas to include other census tracts throughout our residential neighborhoods, so as to include additional bank-owned foreclosed properties where a neighborhood stabilization effort can be achieved and sustained. The following contingency census tracks will be considered for future expansion of the NSP: 5047, 5026, 5023 and 5011.

(6) Performance Measures: *(e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50% of AMI and below, 51-80% and 81-120%).*

The objective of this activity is to provide decent, safe, and affordable housing to LMMI families by addressing the purchase and rehabilitation of foreclosed properties. The outcome measurements for this activity will be the creation of affordable units. ***See Section I. Performance Measurements for overall program measurements, indicators, and standards.***

The City will submit quarterly reports that detail completed and undertaken activities, including the following information by numbers, costs, and racial ethnic data:

- # of properties demolished
- # of units demolished
- # of households displaced
- Household Characteristics of displaced households

It is anticipated that between 2-4 properties will be demolished.

(7) Total Budget: *Include public and private components; repeat in Section H.*

$173,000. ***See Section H for overall program budget.***

(8) Responsible Organization: *Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information.*

The City's Department of Development Services, Housing and Property Management Division will be directly responsible for the NSP implementation. Yasha Escalera, Director, will administer the Program on behalf of the City. The department contact information is as follows:

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With copy to:

The City of Hartford
Department of Development Services
Mr. David Panagore
Director of Development Services
250 Constitution Plaza, 4th floor
Hartford, CT 06103

(9) Projected Start Date: February 13, 2009

(10) Projected End Date: February 13, 2013

(11) Specific Activity Requirements:
Instructions:
For acquisition activities, indicate methodology for discount rate.

For financing activities, indicate range of interest rates.

For housing related activities, include:
- *Identify duration or term of assistance;*
- *Identify tenure of beneficiaries--rental or homeownership; and*
- *Provide a description of how the design of the activity will ensure continued affordability, if different from that specified by the State.*

The City will document all demolitions being carried out under the NSP program. The documentation will include a description of the condition of the property and the specific eligible reuse that has been identified. An eligible reuse under this NSP activity may be the redevelopment of a subject property for nonresidential uses, such as a public park, commercial use, or mixed residential and commercial use.

Any abandoned property selected for demolition under this activity must meet the City's definition of "blighted." See Section C. Definitions and Descriptions (1) Definition of Blighted Structure.

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(1) Activity Name: *As identified in Federal Register Notice.*

Financing Mechanisms

(2) Activity Type: *Include NSP eligible use & CDBG eligible activity.*

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: *Must be a national objective benefiting low, moderate and middle income persons, as defined in the Federal Register Notice, i.e., ≤ 120% of AMI.*

Direct Benefit to LMMI households.

(4) Activity Description: *Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of AMI.*

NSP funds will be provided to homebuyers in the form of down payment assistance grants – with resale deed restrictions to ensure long-term affordability. The down payment assistance will fill an affordability gap allowing LMMI households - with incomes less than or equal to 120% AMI - to purchase homes with a reasonably comfortable level of first lien mortgage debt. The average amount of NSP down payment assistance is estimated between $10,000 and $43,500 for LMMI homebuyer households. In addition to NSP down payment assistance, the City will provide HouseHartford down payment and closing cost assistance to income-eligible homebuyers at ≤ 80% AMI. Our HouseHartford Program, which is funded through the Home Investment Partnerships Program, provides buyers with a 7% down payment subsidy and up to $3,000 in eligible closing costs in the form of forgivable 0% soft second mortgages. Our goal is to provide an NSP subsidy that brings the buyer's monthly mortgage payment of principal, interest, taxes, insurance (PITI) and association fees (if applicable) to a maximum of 30% of their anticipated gross monthly household income. Ideally, the combination of NSP and HouseHartford down payment assistance subsidies will allow the buyer to obtain an 80% LTV purchase mortgage (1st lien). This will eliminate Private Mortgage Insurance (PMI) expense, and provide equity in the home – both of which spur stabilization as they reduce the monthly cost of homeownership to the LMMI household and provide a safety net of equity.

NSP subsidy under this activity is targeted for down payment assistance for income-eligible homebuyers. However, should a 'rental property contingency plan' be invoked, a portion of this activity's budget may be utilized to provide low-interest (1%-3%) subordinate mortgage loans to rental property owners. These mortgages will include deed restrictions to ensure that the property complies with the NSP long-term affordability requirements.

Under this activity funds may be utilized to fill an appraisal gap – in addition to an affordability gap – should a property's appraisal gap exceed the portion of NSP subsidy provided under the Acquisition and Rehabilitation activity.

(5) Location Description: *Description may include specific addresses, census tracts or blocks or neighborhoods.*

Census Tract 5018 in the Clay Arsenal neighborhood bounded by Guilford, Bethel, Pliny and Brook Streets

Census Tract 5012 bounded by Westland, Charlotte, Love and Martin Streets in the Northeast neighborhood

Census Tracts 5033 & 5034 in the Asylum Hill neighborhood

Census Tracts 5039 & 5040 in the Blue Hills neighborhood

Census Tracts 5045 & 5049 in the Behind the Rocks neighborhood

Census Tract 5024 in the South End neighborhood

Census Tract 5048 in the Southwest neighborhood

The City will focus on bank-owned foreclosed properties in the target areas noted above. The City recognizes that prior to the NSP funds becoming available the housing market may be positively impacted within these originally targeted areas reducing the number of foreclosed properties available for purchase. As a result, the City would like to be able to extend the boundaries of our target areas to include other census tracts throughout our residential neighborhoods, so as to include additional bank-owned foreclosed properties where a neighborhood stabilization effort can be achieved and sustained. The following contingency census tracks will be considered for future expansion of the NSP: 5047, 5026, 5023 and 5011.

(6) Performance Measures: *(e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50% of AMI and below, 51-80% and 81-120%).*

The objective of this activity is to provide decent, safe, and affordable housing to LMMI families through addressing the purchase and rehabilitation of foreclosed properties. The outcome measurements for this activity will be the creation of affordable units. ***See Section I. Performance Measurements for overall program measurements, indicators, and standards.***

The City will submit quarterly reports that detail completed and undertaken activities, including the following information by numbers, costs, and racial ethnic data:

- # of properties assisted
- # of units rehabilitated
- # of units meeting energy star standards
- # of units meeting Section 504 standards
- # of units meeting lead safe standards
- # of rental and homeowner units occupied
- Household Characteristics by unit

It is anticipated that many of the funded activities will overlap in the LMMI households served. For example, the buyer of a property that was acquired and rehabilitated with NSP funds may receive down payment assistance financing through this activity. It is estimated that 54 households will receive subordinate financing through this activity. It is estimated that 13 homebuyer units will be sold to households at or below 50% AMI, 13 homebuyer units will be sold to households between 51-80% AMI, and 28 homebuyer units will be sold to households between 81-120% AMI.

(7) Total Budget: *Include public and private components; repeat in Section H.*

$1,138,000. Other funds are estimated at up to $15,000,000. ***See Section H for overall program budget***.

(8) Responsible Organization: *Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information.*

The City's Department of Development Services, Housing and Property Management Division will be directly responsible for the NSP implementation. Yasha Escalera, Director, will administer the Program on behalf of the City. The department contact information is as follows:

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Mr. David Panagore
Director of Development Services
250 Constitution Plaza, 4th floor
Hartford, CT 06103

(9) Projected Start Date: February 13, 2009

(10) Projected End Date: February 13, 2013

(11) Specific Activity Requirements:
Instructions:
For acquisition activities, indicate methodology for discount rate.

For financing activities, indicate range of interest rates.

For housing related activities, include:
- *Identify duration or term of assistance;*
- *Identify tenure of beneficiaries--rental or homeownership; and*
- *Provide a description of how the design of the activity will ensure continued affordability, if different from that specified by the State.*

All homebuyers purchasing an NSP subsidized property will be required to complete an eight (8) hour homebuyer education class provided by a HUD-approved counseling agency. See Attachment 5 for the City's CDBG contracts with counseling agencies providing homebuyer education classes and a course curriculum. In addition, homebuyers will be required to participate in post-purchase counseling with a HUD approved counseling agency to insure against mortgage default.

To be eligible for NSP down payment assistance, homebuyers must use a portion of their own funds for a down payment. The amount of required homebuyer funds will range from a minimum of $500 for households with income less than or equal to 50% AMI and a maximum of $2,000 for a household with income at 120% AMI. The required homebuyer down payment amount will be determined on a sliding scale based upon the 50% to 120% AMI.

Homebuyers that receive down payment assistance under this activity must obtain a first mortgage from a NSP participating lender. First mortgages must comply with the City's *Purchase Mortgage Lending Policy*, which has been modified to comply with the bank regulators' guidance for non-traditional mortgages. Homebuyers must qualify for a monthly mortgage payment (PITI) at a maximum of 30% of their anticipated gross monthly household income. However, if the purchase is part of a CHFA or FHA first mortgage program, then these agency's higher housing ratios - up to 33% - will supersede the 30% maximum noted above.

All LMMI homebuyers assisted through this financing mechanism activity must occupy the NSP subsidized property as their primary residence. All assisted properties must meet affordability requirements 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. The affordability period for these homes will range from 5 to 15 years based upon the total amount of NSP subsidy (all subsidy supporting the acquisition, rehabilitation and down payment assistance to the homebuyer). Deed restrictions will be

imposed on the homebuyer - no rental restrictions will be placed on their rental units in a two or three-unit property. For a detailed description of mechanisms to ensure the long-term affordability of NSP properties, see Attachment 2: NSP Administrative Mechanisms to Ensure Affordability.

The City fully expects that the NSP assisted foreclosed properties will be sold to LMMI buyers shortly after rehabilitation is complete. Although, if a NSP participating developer has difficulty finding a NSP eligible buyer the property may become a rental property for the duration of the affordability period. The City's agreement with NSP participating developers will include terms and conditions that cover a rental property contingency plan. Should a rental contingency be invoked, developers must retain ownership of the property or sell the property to an entity approved by the City. During the NSP affordability period the owner of an NSP-assisted rental property must maintain the property in accordance with the NSP Housing Quality Standards (HQS), lease all units to NSP income-eligible tenants at NSP fair market rents and provide the City with all NSP mandated rental/occupancy documentation. Under these circumstances, the City will be required to monitor NSP-assisted rental properties, including HQS inspections and all rental/occupancy requirements.

Any loans provided to rental property owners under this activity will be in the form of amortized low-interest (1%-3%) subordinate mortgage loans for projects where the operating proforma indicates that the project operating budget can support the proposed debt coverage ratios from 1.15 to 1.25. These mortgages will include deed restrictions to ensure that the property complies with the NSP long-term affordability requirements. See Attachment 2: NSP Administrative Mechanisms to Ensure Affordability for additional details.

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(1) Activity Name: *As identified in Federal Register Notice.*

Redevelopment of Demolished or Vacant Properties

(2) Activity Type: *Include NSP eligible use & CDBG eligible activity.*

The redevelopment of demolished or vacant properties through the new construction of residential dwelling units.

NSP Reference: Federal Register Notice October 6, 2008 Section II – H 3 (a)(E), HERA Section 2301(c)(3)(E)

CDBG Reference: CDBG eligible activity 570.201(n)

(3) National Objective: *Must be a national objective benefiting low, moderate and middle income persons, as defined in the Federal Register Notice, i.e., ≤ 120% of AMI.*

Benefit to LMMI persons.

(4) Activity Description: *Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of AMI.*

New construction of housing units on vacant land or carried out as part of a demolition of blighted property activity. New construction on these properties will be carried out by the City's NSP participating developers and the properties then sold to LMMI families at affordable prices.

Reuse will meet CDBG requirements and service to LMMI persons. Redeveloped housing in Clay Arsenal will be single unit (one-family) owner-occupied homes, which will be the primary residence of the low-income homebuyer (no rental units will be redeveloped in this target area).

Redevelopment funds may also be used within census tracts 5033 and 5034 in the Asylum Hill neighborhood to benefit LMMI households Redeveloped housing in Asylum Hill may be single unit (one-family or two-family) owner-occupied homes, which will be the primary residence of the NSP-assisted homebuyer. Any rental units developed in this targeted area will not be NSP-assisted housing as the amount of NSP funding assistance will be less than 50% of the total development costs. Consequently, the affordability period for these homes will range from 5 to 15 years based upon the amount of NSP assistance (e.g., the 20 year affordability period for construction of rental housing is not applicable).

(5) Location Description: *Description may include specific addresses, census tracts or blocks or neighborhoods.*

Census Tract 5018 in the Clay Arsenal neighborhood bounded by Guilford, Bethel, Pliny and Brook Streets

Census Tract 5012 bounded by Westland, Charlotte, Love and Martin Streets in the Northeast neighborhood

Census Tracts 5033 & 5034 in the Asylum Hill neighborhood

Census Tracts 5039 & 5040 in the Blue Hills neighborhood

Census Tracts 5045 & 5049 in the Behind the Rocks neighborhood

Census Tract 5024 in the South End neighborhood

Census Tract 5048 in the Southwest neighborhood

The City will focus on bank-owned foreclosed properties in the target areas noted above. The City recognizes that prior to the NSP funds becoming available the housing market may be positively impacted within these originally targeted areas reducing the number of foreclosed properties available for purchase. As a result, the City would like to be able to extend the boundaries of our target areas to include other census tracts throughout our residential neighborhoods, so as to include additional bank-owned foreclosed properties where a neighborhood stabilization effort can be achieved and sustained. The following contingency census tracks will be considered for future expansion of the NSP: 5047, 5026, 5023 and 5011.

(6) Performance Measures: *(e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50% of AMI and below, 51-80% and 81-120%).*

The objective of this activity is to provide decent, safe, and affordable housing to LMMI families through addressing the purchase and rehabilitation of foreclosed properties. The outcome measurements for this activity will be the creation of affordable units. ***See Section I. Performance Measurements for overall program measurements, indicators, and standards.***

The City will submit quarterly reports that detail completed and undertaken activities, including the following information by numbers, costs, and racial ethnic data:

- # of properties redeveloped
- # of units redeveloped

- # of units meeting energy star standards
- # of units meeting Section 504 standards
- # of rental and homeowner units occupied
- Household characteristics by unit

It is anticipated that the overall program will achieve the acquisition, rehab, resale, and redevelopment of 60-69 units of affordable housing. Of this figure, it is anticipated that 6-9 units will be newly constructed, 54-60 units will be rehabilitated and 2-4 properties will be demolished. Demolished properties may be redeveloped. Redevelopment activities will be carried out in conjunction with local financial resources.

(7) Total Budget: *Include public and private components; repeat in Section H.*

$220,000. **See Section H for overall program budget.**

(8) Responsible Organization: *Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information.*

The City's Department of Development Services, Housing and Property Management Division will be directly responsible for the NSP implementation. Yasha Escalera, Director, will administer the Program on behalf of the City. The department contact information is as follows:

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Mr. David Panagore
Director of Development Services
250 Constitution Plaza, 4th floor
Hartford, CT 06103

(9) Projected Start Date: February 13, 2009

(10) Projected End Date: February 13, 2013

(11) Specific Activity Requirements:

Instructions:

For acquisition activities, indicate methodology for discount rate.

For financing activities, indicate range of interest rates.

For housing related activities, include:

- *Identify duration or term of assistance;*
- *Identify tenure of beneficiaries--rental or homeownership; and*
- *Provide a description of how the design of the activity will ensure continued affordability, if different from that specified by the State.*

Newly constructed homes built on vacant lots as part of this redevelopment activity will meet ENERGY STAR standards, which lower utility bills, improve comfort and increase property values – all of which benefit income-qualified persons.

NSP-assisted housing must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C 794). Any housing units newly constructed or substantially rehabilitated in a program or activity receiving Federal financial assistance shall be made accessible upon request of the prospective buyer if the nature of the handicap of an expected occupant so requires. In order to meet this requirement, developers must construct Adaptable units to facilitate a conversion to an accessible unit when necessary. **See Attachment A – Rehabilitation and New Construction Standards.**

All assisted properties must meet affordability requirements consistent with the HOME Investment Partnerships Program by requiring the use of deed restrictions, restrictive covenants, or other such mechanism 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. The duration of any affordability will meet the requirements of Section C. Definitions and Descriptions and will range from 5 to 15 years dependent on the amount of funds invested per unit.

An income-eligible individual or family who purchases a property that was subsidized through the Redevelopment Activity will be obligated through deed restriction to convey the property to any subsequent owner that is NSP income eligible (less than or equal to 120% AMI) who will occupy the property as their primary residence. (Original owners whose household income is less than or equal to 50% AMI at the time of purchase must convey the property to a like buyer whose household income is less than or equal to 50% AMI.) The City will approve the income-eligibility of the prospective owner prior to conveyance. No other resale restrictions will apply. A conveyance deed instrument that restricts the resale as noted here will be executed at time of the original sale from the developer to the homebuyer. See Attachment 2 – Administrative Mechanisms to Ensure Affordability for additional details.

H. TOTAL BUDGET: *(INCLUDE PUBLIC AND PRIVATE COMPONENTS)*

Instructions:
Each community shall establish a program budget, identifying all sources and eligible uses.

***Note: NSP funds must be** consistent with Sections B, G. and H.*

The City intends to use 42% of its NSP allocation for Financing Mechanisms associated with the resale of foreclosed homes. The City will leverage up to $390,000 in local HOME funded down payment assistance through our HouseHartford Program and up to $15,000,000 in purchase mortgage loan funds from Bank of America.

The City intends to use 39% of its NSP allocation to 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. The City will leverage up to $5,000,000 in loan funds from two partners – HCLF and LISC – to assist with acquiring and rehabilitating homes.

The City intends to use 8% of its NSP allocation to fund the construction of new housing units through the redevelopment of vacant land.

Funding to demolish blighted structures has been budgeted at 6% of the City's NSP allocation.

The City intends to use 5% of its NSP allocation to fund administrative costs.

The City intends to apply for an additional NSP allocation in any subsequent funding rounds offered by DECD.

Total Budget: Including Public and Private Investment

NSP Eligible Activity		NSP Funds	Local $	Other $	NSP %
Administration	Local	$ 130,550	$ .00	$ .00	4.76%
Acquisition and Rehabilitation		$ 1,080,000	$ .00	$5,000,000	39.39%
Financing Mechanisms		$ 1,138,000	$390,000	$15,000,000	41.51%
Land Bank/Assemblage		$ .00	$ .00	$ .00	N/A
Demolition of Blighted Structures		$ 173,000	$ .00	$ .00	6.31%
Redevelopment - Vacant or Demo		$ 220,000	$ .00	$ .00	8.02%
TOTAL		$ 2,741,550	$390,000	$20,000,000	100.00%

I. PERFORMANCE MEASURES

The State reserves the right to de-obligate funds from a subrecipient based on failure to carry out their contract activities in a timely manner. DECD and each subrecipient will be required to establish specific achievement goals related to the purchase and resale of foreclosed properties.

Instructions:
Communities will be required to establish goals and timeframes for each activity, consistent with the performance indicators in the State's 2008 Action Plan Substantial Amendment for the Neighborhood Stabilization Program, as part of their Local Action Plan. The State has established the following timeframes regarding the commitment of funds, expenditure of funds, and occupancy of units:

Obligation of Funds:

90 days	*25% of local allocation under contract for eligible activities*
180 days	*50% of local allocation under contract for eligible activities*
360 days	*90% of local allocation under contract for eligible activities*
540 days	*100% of local allocation under contract for eligible activities*

Expenditure of Funds:

90 days	*10% of funds expended*
180 days	*25% of funds expended*
360 days	*50% of funds expended*
540 days	*90% of funds expended*
720 days	*100% of funds expended*

Occupancy of Units:

90 days--	
180 days	*10% of units occupied/sold*
360 days	*25% of units occupied/sold*
540 days	*50% of units occupied/sold*
720 days	*90% of units occupied/sold*
900 days	*100% of units occupied/sold*

Note: *Failure to meet these minimum thresholds may result in the recapture of any unobligated funds. In addition, obligated funds that are not expended in a timely manner as identified above are also subject to de-obligation. Sub-awards to third party administrators are not considered an obligation of funds. Funds are only considered obligated when they are committed to a specific property. Any funds de-obligated by the State will be subject to the distribution of funds as stipulated in Section B –Distribution of Funds.*

Note: *All local NSP administrative funds will be drawn down on a pro-rata basis equal to the percentage of funds obligated. Any property specific activity obligation for which administrative funds have been drawn must be completed within timeframes noted above or the administrative funds may be subject to recapture.*

Response:

Performance Measures

It is the intention of the City of Hartford to conduct each of the eligible activities in accordance with the schedules below and in keeping with the performance indicators outlined the States 2008 Action Plan Substantial Amendment for Neighborhood Stabilization Program.

Eligible Activities:

1. Acquisition & Rehabilitation
2. Financing Mechanisms
3. Demolition
4. Redevelopment

Obligation of Funds:

Total Funding minus Administration		**$2,611,000**
90 days	25% of local allocation under contract for eligible activities	$652,750
180 days	50% of local allocation under contract for eligible activities	$1,305,500
360 days	90% of local allocation under contract for eligible activities	$2,349,900
540 days	100% of local allocation under contract for eligible activities	$2,611,000

Expenditure of Funds:

90 days	10% of funds expended	$261,100
180 days	25% of funds expended	$652,750
360 days	50% of funds expended	$1,305,500
540 days	90% of funds expended	$2,349,900
720 days	100% of funds expended	$2,611,000

Occupancy of Units:

Total Units: 63

90 days	--	
180 days	10% of units occupied/sold	6 units
360 days	25% of units occupied/sold	15 units
540 days	50% of units occupied/sold	31 units
720 days	90% of units occupied/sold	56 units
900 days	100% of units occupied/sold	63 units

J. ATTACHMENTS

Instructions:
In addition to the Relocation plan, if any, each community shall include the flowing attachments as part of a Local Action Plan.

(1) Methodology used to determine "net realizable value", consistent with HERA and Federal Register Notice, to determine an appropriate purchase price for homes and residential properties that have been abandoned or foreclosed;
(2) Timeline that the proposed activity will quickly and efficiently acquire, rehabilitate and make targeted properties available for re-occupancy;
(3) Administrative mechanism in place for long-term affordability and to insure compliance;
(4) If land banking is planned, include draft agreements with a non-profit housing development organization, that demonstrates prior land bank experience of at least 2 successfully completed housing developments; and provide description of the organization's asset management plan prior to redevelopment.
(5) Include a copy of a draft agreement with a HUD-approved housing counseling agency to provide pre- and post-homeownership counseling services and a copy of the proposed curriculum which must show that each NSP-assisted homebuyer will receive and complete at least eight (8) hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan;
(6) Administrative mechanisms in place to ensure that the homebuyer obtains a mortgage loan from a lender who agrees to comply with the bank regulators' guidance for non-traditional mortgages

RESPONSE:

See Attachments # 1 – 10.

K. CERTIFICATIONS

Note: *See attached Certifications. Sign, date and submit separate Certification sheet*

RESPONSE:

See Attachment # 8.

L. AUTHORIZING RESOLUTION

Note: *See attached Resolution. Sign, date and submit authorizing resolution.*

RESPONSE:

Due to the aggressive performance schedule set out in the State of Connecticut's Action Plan and the scheduling of public hearings and City Council meetings to obtain an authorizing resolution, the City of Hartford is currently processing the request for the Authorizing Resolution.

M. CHECKLIST

Instructions:
Complete attached Checklist and submit with Local Action Plan. The checklist will expedite DECD's review of Local Action Plans.

LOCAL ACTION PLANS

SUBMISSION CHECKLIST

For the purposes of expediting review, DECD requires that each community submit the following checklist along with its Local Action Plan.

Subrecipient(s): _City of Hartford_____ *(identify lead entity in case of joint agreements)* Subrecipient Web Address: www.hartford.gov *(URL where Local Action Plan will be posted)*	NSP Contact Person: Yasha Escalera Address: 250 Constitution Plaza, 4th Fl Telephone: 860-757-9005 Fax: 860-722-6630 Email: escay001@hartford.gov

The elements in the substantial amendment required for the Neighborhood Stabilization Program are:

A. IDENTIFICATION OF AREAS OF GREATEST NEED

Does the submission include summary needs data identifying the geographic areas of greatest need within the community?
Yes☒ No☐. Verification found on page __2 -6_.

B. PROGRAM NARRATIVE AND USES OF FUNDS

Does the Program Narrative include:

- How local program will meet or exceed the goals and guiding principles in the State's 2008 Action Plan Substantial Amendment for the Neighborhood Stabilization Program?
  Yes☒ No☐. Verification found on pages __8_.

- Describe community needs and provide a rationale for neighborhood selection?
  Yes☒ No☐. Verification found on pages __8__.

- Identify proposed distribution of NSP funds by eligible activity?
  Yes☒ No☐. Verification found on page __14-16__.

- Establish goals and timeframes for each activity, consistent with the performance indicators in the State's 2008 Action Plan Substantial Amendment for the Neighborhood Stabilization Program?
  Yes☒ No☐. Verification found on page __27 - See Attachment 1_.

- Demonstrate how the community will meet the DECD set-aside requirement that at least 30% of any funds awarded must serve households with incomes at or below 50% of AMI?
  Yes☒ No☐. Verification found on page __18_.

- Describe the methodology used to determine "net realizable value", consistent with HERA and Federal Register Notice, if the community does not choose the 15% aggregate discount rate, to determine an appropriate purchase price for homes and residential properties that have been abandoned or foreclosed?
  Yes☒ No☐. Verification found on page ___17_.

- Describe the efforts to minimize displacement and relocation; and seek to maintain occupancy of tenants in good standing?
  Yes☒ No☐. Verification found on page __17_.

- Demonstrate mechanisms to insure long-term affordability and monitoring to insure compliance?
  Yes☒ No☐. Verification found on page _18, 19_.

- Demonstrate administrative mechanisms to ensure that the homebuyer obtains a mortgage loan from a lender who agrees to comply with the bank regulators' guidance for non-traditional mortgages?
  Yes☒ No☐. Verification found on page 18-20 .

- Identify the staff and consultants to be used to administer and implement NSP-activities
  Yes☒ No☐. Verification found on page __22, 23_.

- Identify the staff and consultants to be used to administer and implement NSP-activities and whether they are using existing or new hires?
  Yes☒ No☐. Verification found on page _22__.

- Identify any local partners to be used to implement NSP-activities; and their experience in administering such activities?
  Yes☒ No☐. Verification found on pages 23 - 26_.

- How NSP funds will be used to further fair housing goals identified in the community's Analysis of Impediments (AI) to Fair Housing, or the State's AI?
  Yes☒ No☐. Verification found on pages 27 .

For second tier communities does the Program Narrative address, to the extent practicable:

- Racial Integration: How the choice of neighborhoods and specific locations address the impediments to fair housing choice (as outlined in the state or local Analysis of Impediments) and what affirmative fair housing marketing and tenant/homeowner outreach and selection processes will be put in place to promote integration?
  Yes☐ No☐. Verification found on page _N/A_.

- Leveraging of NSP Funds: How the community will leverage local resources, both public and private, in order to maximize the neighborhood impact?
  Yes☐ No☐. Verification found on page _N/A_.

C. Definitions and Descriptions

For the purposes of the NSP, does the narrative include:

- A definition of "blighted structure" in the context of state or local law,
  Yes☒ No☐. Verification found on pages _28_.

- A definition of "affordable rents,"
  Yes☒ No☐. Verification found on page __29_.

- A definition of "abandoned structure,"
  Yes☒ No☐. Verification found on page __29_.

- A definition of "foreclosed property,"
  Yes☒ No☐. Verification found on page __29.

- A definition of "current market appraised value,"
  Yes☒ No☐. Verification found on page __30_.

- A description of housing rehabilitation standards that will apply to NSP-assisted activities?
  Yes☒ No☐. Verification found on page _30 - See Attachment 7_.

- A description of how the community will ensure continued affordability for NSP-assisted housing,
  Yes☒ No☐. Verification found on pages __30_.

- A description of the community's minimum period of affordability in years that will apply to NSP-assisted activities?
  Yes☒ No☐. Verification found on page ___31_.

D. Low Income Targeting

- Has the community described how it will meet the DECD's requirement that at least 30% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of AMI?
  Yes☒ No☐. Verification found on page _33__.

- Has the community identified how the estimated amount of NSP funds made available by DECD will be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50% of AMI?
  Yes☒ No☐. Verification found on page ___33__.
  Amount budgeted = $_822,465 Minimum.

E. ACQUISITIONS & RELOCATION

Does community plan to demolish or convert any low- and moderate-income dwelling units?
Yes☒ No☐. (If No, continue to next heading)
Verification found on page __34_.

If Yes, does the Local Action Plan include:

- The number of low- and moderate-income dwelling units, i.e., ≤ 80% of AMI, reasonably expected to be demolished or converted as a direct result of NSP-assisted activities?
  Yes☒ No☐. Verification found on page __34_.

- The number of NSP affordable housing units made available to low- , moderate-, and middle-income households, i.e., ≤ 120% of AMI, reasonably expected to be produced by activity and income level, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion)?
  Yes☒ No☐. Verification found on page __34_.

- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50% of AMI?
  Yes☒ No☐. Verification found on page ___34__.

- If applicable, is a copy of Relocation Plan is attached?
  Yes☒ No☐. Verification found on page _See Attachment 3.

F. PUBLIC CONSULTATION & PARTNERSHIP PROCESS

Does the Local Action Plan describe public consultation and partnership process undertaken in the development of the plan; and partnerships anticipated to implement the local plan?
Yes☒ No☐. Verification found on pages ___37, 38_.

G. INFORMATION BY ACTIVITY

Does the submission contain information by activity describing how the community will use the funds, identifying:

- Eligible use of funds under NSP,
  Yes☒ No☐. Verification found on pages _39-53_.

- Correlated eligible activity under CDBG,
  Yes☒ No☐. Verification found on pages __39-53_.

- Areas of greatest need addressed by the activity or activities,
  Yes☒ No☐. Verification found on pages __39-53_.

- Expected benefit to income-qualified persons or households or areas,
  Yes☒ No☐. Verification found on pages __39-53_.

- Does the applicant indicate which activities will count toward the DECD's requirement that at least 30% of NSP funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of AMI?
  Yes☒ No☐. Verification found on pages __39-53_.

- Appropriate performance measures for the activity,
  Yes☒ No☐. Verification found on pages __39-53_.

- Amount of funds budgeted for the activity,
  Yes☒ No☐. Verification found on pages __39-53_.

- Name, location and contact information for the entity that will carry out the activity,
  Yes☒ No☐. Verification found on pages __39-53_.

- Expected start and end dates of the activity?
  Yes☒ No☐. Verification found on pages __39-53_.

- If the activity includes acquisition of real property, the discount required for acquisition of foreclosed upon properties,
  Yes☒ No☐. Verification found on pages __39-53_.

- If the activity provides financing, the range of interest rates (if any),
  Yes☒ No☐. Verification found on pages ___39-53.

- If the activity provides housing, duration or term of assistance,
  Yes☒ No☐. Verification found on pages __39-53.

- Tenure of beneficiaries (e.g., rental or homeownership),
  Yes☒ No☐. Verification found on pages __39-53_.

- Does it ensure continued affordability?
  Yes☒ No☐. Verification found on pages __39-53_.

H. TOTAL BUDGET

Does the Local Action Plan include all sources and uses?

Yes☒ No☐. Verification found on page ___54_.

I. PERFORMANCE MEASURES

If different than the State's plan, does the Local Action Plan include timelines and performance measures?

Yes☒ No☐. Verification found on page _55__.

J. ATTACHMENTS

If applicable, does the Local Action Plan include all necessary attachments?

Yes☒ No☐. Verification found on page _See Attachments Section "J".

K. CERTIFICATIONS

The following certifications are complete and accurate:

1. Affirmatively furthering fair housing	Yes☒	No☐
2. Anti-lobbying	Yes☒	No☐
3. Authority of Subrecipient	Yes☒	No☐
4. Consistency with Plan	Yes☒	No☐
5. Acquisition and relocation	Yes☒	No☐
6. Section 3	Yes☒	No☐
7. Following Plan	Yes☒	No☐
8. Use of funds in 18 months	Yes☒	No☐
9. Use NSP funds ≤ 120% of AMI	Yes☒	No☐
10. No recovery of capital costs through special assessments	Yes☒	No☐
11. Excessive Force	Yes☒	No☐
12. Compliance with anti-discrimination laws	Yes☒	No☐
13. Compliance with lead-based paint procedures	Yes☒	No☐
14. Compliance with applicable laws	Yes☒	No☐

L. AUTHORIZING RESOLUTION

Does the Local Action Plan include an authorizing resolution?

Yes☐ No☒. Verification found on page Time frame explanation P. 66.

M. CHECKLIST

Does the submission include a completed Checklist?

Yes☒ No☐. Verification found on page _See Section "M" Checklist.