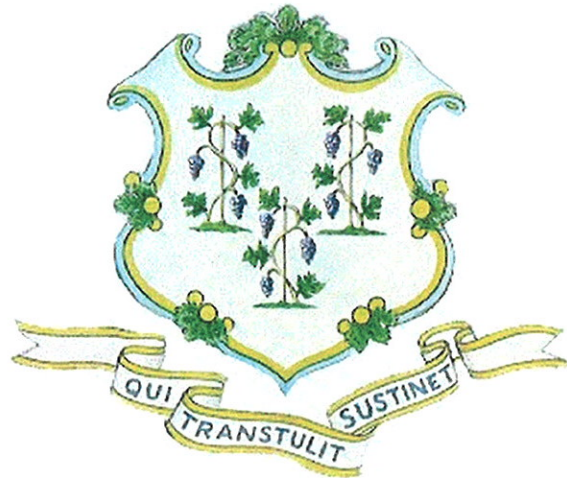




# State of Connecticut

## 2008 Action Plan Substantial Amendment Neighborhood Stabilization Program (NSP)



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U.S. DIVISION  
HARTFORD, CT.

Submitted to the  
U.S. Department of Housing and Urban Development

By  
State of Connecticut  
Department of Economic and Community Development

December 1, 2008



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**State of Connecticut  
2008 Action Plan Substantial Amendment  
Neighborhood Stabilization Program (NSP)**

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## A. AREAS OF GREATEST NEED

### Housing and Economic Recovery Act of 2008 (HERA)

HERA requires that states must “give priority emphasis and consideration” to those metropolitan areas, metropolitan cities, urban areas, rural areas, low- and moderate-income areas, and other areas with the greatest needs. Neighborhood Stabilization Program (NSP) funding is intended to bring about sustainable stabilization of neighborhoods.

Congress required this funding be targeted to those areas of greatest need based on estimates of the number and percentage of foreclosures, sub-prime mortgages and delinquencies and defaults. HUD analyzed data from several different sources:

1. The Mortgage Bankers Association *National Delinquency Survey* and the Census Bureau’s *American Community Survey*;
2. The Federal Reserve’s Home Mortgage Disclosure Act (HMDA) data on high-cost loans at greatest risk of default and foreclosure;
3. Office of Federal Housing Enterprise Oversight (OFHEO) on home price declines;
4. Unemployment data from the Bureau of Labor Statistics; and
5. U.S. Postal Service data on home vacancies.

### Governor’s Sub-Prime Mortgage Task Force

In April of 2007, Governor M. Jodi Rell convened a task force of housing, banking and mortgage lending and consumer experts to examine and make recommendations regarding the issue of sub-prime lending in Connecticut. The Governor charged the Task Force with completing a definitive analysis of the sub-prime lending market in Connecticut, including the number of families currently holding sub-prime mortgages, the number in foreclosure, the opportunities for refinancing, and the assistance or guidance available to or needed by affected homeowners.

The data gathered during the Task Force’s deliberation revealed that in Connecticut there are approximately 71,000 active sub-prime mortgages, with outstanding loan balances totaling more than \$15 billion. Over 8% of these mortgages are seriously delinquent (over 90 days) and about 21,000 adjustable rate sub-prime mortgages will reset to a higher interest rate between October of 2007 and 2009. These mortgages are concentrated in



communities with a higher than average number of low- and moderate-income households, minority households and affordable single-family housing.

A large number of borrowers took adjustable rate mortgages with a low initial interest rate that reset to a much higher interest rate within a two to three year period. These borrowers anticipated refinancing prior to their monthly payments increasing. However, refinancing is now often not available due to the tightening of credit standards. As a result many borrowers are now exposed to significant payment increases and possible default.

Key among the Task Force's recommendations was that Connecticut initiate a refinancing program to assist borrowers who used a sub-prime mortgage for a housing purchase, as well as develop mortgage programs that can serve as a reasonable substitute for the credit once available through the sub-prime mortgage market. The Connecticut Fair Alternative Mortgage Lending Initiative & Education Services (CT FAMLIES) Program was designed to implement that recommendation, see Section B, "New Programs to Address Sub-Prime Crisis in Connecticut".

### Current Connecticut Housing Market

The real estate industry contributes 14% to gross state product.<sup>1</sup> According to research conducted by the Connecticut Association of Realtors, Inc. (CAR), the construction of 1,000 single family homes generates an estimated 2,448 full-time jobs in construction and construction-related industries, \$79.4 million in wages, and \$42.5 million in combined federal, state, and local tax revenues and fees.<sup>2</sup>

The number of single family homes sold in 2007 declined 10.1% statewide from the previous year.<sup>3</sup> According to the Office of Federal Housing Enterprise Oversight (OFHEO), in the last two years, housing prices began nationally to fall for the first time since 1977, and continued to drop in the first quarter of 2008. Key components to creating a rebound in the housing market are to stabilize home prices and to make reasonably priced credit available to consumers.

### Connecticut's Areas of Greatest Need

This NSP substantial amendment incorporates by reference the State of Connecticut's Consolidated Plan for Housing and Community Development, [2005-2009](#), and the Consolidated Plans for [Bridgeport](#), [Waterbury](#), [New Haven](#), [Hartford](#), [New Britain](#), [Meriden](#) and [Stamford](#). Hyperlinks to the State's plan, as well as each of the seven local plans are embedded above. Note: Communities selected from the second tier will be required to provide local Consolidated Plans as part of their submission to The State of Connecticut, acting by its Department of Economic and Community Development (hereinafter referred to as the "State" or "DECD").

The HERA legislation requires each State to allocate funding to areas with the greatest need, including those:

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<sup>1</sup> CERC (2007) *The Connecticut Economic Review*, based on a calculation of output divided by the labor force. [http://www.ct.gov/ecd/lib/ecd/nu\\_eco\\_review/nueconreview06.pdf](http://www.ct.gov/ecd/lib/ecd/nu_eco_review/nueconreview06.pdf)

<sup>2</sup> Connecticut Association of Realtors, Inc. *2008 Statement of Policy*. (October 2007), p. 19.

<sup>3</sup> The Warren Group (2007).

1. Areas with the greatest percentage of home foreclosures;
2. Areas with the highest percentage of homes financed by a sub-prime mortgage related loan; and
3. Areas identified by the State as likely to face a significant rise in the rate of home foreclosures.

The legislation also allows the states to add related factors they deem important.

As noted earlier, each State is required to prioritize funds according to the criteria noted above, however, the only available comprehensive federal or state government data sources used estimates for these factors; hard data down to the municipal level or lower is not available. Nor is there a generally accepted methodology for stating the relative severity of need among all jurisdictions (CDBG entitlement and non-entitlements). HUD developed a foreclosure and abandonment risk score to assist itself in targeting the areas of greatest need within the entitlement jurisdictions across the country. However, HUD used estimated data and regression but would not provide the same data to the states.

DECD was able to secure some of this data, relevant to the entitlement jurisdictions in Connecticut, from the HUD website prior to it being removed for unknown reasons. As this data cannot be reliably replicated, DECD is not relying upon the data that was obtained at that time. However, the subsequent determinations made by DECD are consistent with this original data, which can be found in Chart A-1 in Appendix A.

Nationally, the Local Initiatives Support Corporation (LISC) researchers calculated a foreclosure needs score but only for all CDBG entitlement jurisdictions in each State, using available data which incorporates factors specified in the authorizing legislation (measures of sub-prime lending, foreclosures, and delinquency and vacancy from the U.S. Postal Service), see Chart A-2 in Appendix A. As Chart A-3 indicates, LISC found that more than half, 58.0% of the foreclosed loans in Connecticut were within the 22 CDBG entitlement communities; while only 42% of the foreclosures fell in the remaining 147 non-CDBG entitlements. Since that time, LISC has developed datasets with foreclosure "needs scores" at the zip code level within each state using much of the same data estimates used by HUD. Although the dataset and needs scores are based on "estimates", this data is again supportive, in the macro, of DECD's determination with regard to "greatest need". In reviewing the HUD and LISC data, DECD found that, although the relative order of these communities is not exact, the top communities identified in Charts A-1 and A-2 are the same. This is a pretty clear indication that there is significant need in these communities; relative rank varies based on the specific weights used by the reviewing entity.

However, states are obligated to justify their funding decisions beyond the HUD data, and DECD takes this directive from Congress seriously. DECD, with cooperation and assistance from CHFA, looked at a number of locally available data sources that had complete coverage of the 169 communities in Connecticut to further substantiate HUD's analysis and the most recent work done by LISC. This data included actual numbers of subprime mortgages, actual subprime foreclosures and other relevant data down to the municipal level. DECD reviewed and analyzed the relative rates of occurrence within this data in accordance with the directives of the NSP legislation. Essentially, DECD used the same kind of analysis as that used by HUD to determine the rates of occurrence of the required factors, but was able to substitute actual data of a related nature for the estimates used by HUD.

To be specific, DECD looked at the following: the rate of subprime loans in a community in relation to the total number of sub-prime loans statewide; the rate of sub-prime foreclosures in a community in relation to the total number of sub-prime foreclosures statewide; and the number of lis pendens in a community in relation to the total number of lis pendens filing in Connecticut. In reviewing the statewide data sources DECD found that, although the relative order of these communities is not exact, the top communities identified by both HUD and LISC are also among those with the greatest need according to the local data. However, this analysis does yield a slightly different result overall. As previously indicated, statewide data on all foreclosures is not available for all 169 communities; however, the number of actual sub-prime foreclosures is available. Further, actual statewide data on all mortgages is not available for all 169 communities; however, the number of actual sub-prime mortgages is available. By substituting these actual data sources for the estimates used by both HUD and LISC, the table below shows that, in addition to the top communities identified by the HUD and LISC data, a significantly high rate of both sub-prime mortgages and sub-prime foreclosures exists in Stamford.

Town	Weighted Score Subprime Foreclosures	Weighted Score Lis Pens	Weighted Score Subprime Loans	Weighted Score Vacancies
Bridgeport	0.700	0.100	0.150	2.7500
Hartford	2.800	0.400	0.750	0.6500
Meriden	4.900	0.500	1.200	2.5500
New Britain	5.600	0.600	1.350	0.4500
New Haven	1.400	0.300	0.450	1.8500
Stamford	3.500	0.900	0.600	4.0500
Waterbury	2.100	0.200	0.300	1.0500

<b>Legend</b>	
<b>% of Sub-Prime Foreclosures</b>	<b>70%</b>
<b>Lis Pens</b>	<b>10%</b>
<b>% of Sub-Prime Loans</b>	<b>15%</b>
<b>Postal Vacancies</b>	<b>5%</b>

Referring to Appendix A, Chart A-5, we see that the areas of greatest need can be found in Bridgeport, Waterbury, New Haven, Hartford, New Britain, Stamford and Meriden. DECD's treatment of the variables in Chart A-5 is similar to HUD's and LISC's methods for calculating relative need (LISC's methodology is defined in Appendix A, Chart A-4). As previously stated, both HUD and LISC only provided data and analysis on the 22 entitlement communities, and did not provide the analysis for the remaining 147 communities in Connecticut. However, the data sources used by DECD, in conjunction with our calculations, cover all 169 cities and towns in Connecticut (DECD's methodology is detailed in Appendix A, A-6).

In further support of this analysis, HUD published county level "foreclosure rate estimates", with estimates down to the Census Tract level. This data was not published by HUD until November 17, 2008, after the start of the public comment period for DECD's Draft Action Plan. Although this data is estimated, and does not drill down to the municipal level as the data DECD is relying upon, this data supports the counties with greatest need being Hartford, New Haven and Fairfield counties, respectively, with Middlesex and New London counties having some need, but of a quantifiably lesser degree.

Further analysis of this data indicates that there is clearly a second tier of communities with significant needs but less than the top tier communities. However the differential between and amongst the nine (9) second tier communities is insignificant. Therefore, a competitive process is justified for these communities. These communities and their weighted scores are shown in the table below.

Town	Weighted Score Subprime Foreclosures	Weighted Score Lis Pens	Weighted Score Subprime Loans	Weighted Score Vacancies
Bristol	11.200	1.000	2.100	2.7000
Danbury	7.000	1.400	1.050	4.9000
East Hartford	8.400	0.800	1.650	5.9500
Hamden	9.100	1.300	1.950	4.7000
New London	10.500	2.900	4.200	0.5500
Norwalk	7.700	1.100	0.900	6.1000
Norwich	9.800	1.800	2.400	2.3000
Stratford	6.300	1.200	1.800	7.0000
West Haven	4.200	0.700	1.500	7.2000

Although significant attempts were made to obtain additional local data, it is currently not possible to track actual “need” down to the neighborhood or census tract level. Again, as previously noted, LISC has since extrapolated their estimated data down to the zip code. However, it is DECD’s belief that by targeting those communities with the “greatest need”, and working with them to identify and target specific neighborhoods, which may or may not cross zip codes, we can be successful in having the greatest impact on stabilization overall. Detailed summaries by data category, including weighting, are included in Appendix A, Chart A-7.

In addition, Governor Rell has urged the HUD Secretary to temporarily modify the regular Community Development Block Grant program to allow those cities and towns not receiving NSP funds to undertake similar activities and expand income limits to address the sub-prime crisis within their communities. The State will further attempt to address neighborhood stabilization in small towns through the 2009 Small Cities CDBG funding round. Priority status will be given to communities which seek to address NSP-related activities such as, purchase and rehabilitation of foreclosed or abandoned properties, within existing CDBG rules and regulations.

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

### State Distribution of Funds

As noted in Section A above and in compliance with Section 2301(c)(2) of HERA, DECD has determined the areas of greatest need (see the two tables above), including those with the greatest percentage of home foreclosures (sub-prime), with the highest percentage of homes financed by a sub-prime mortgage-related loan and those areas which have been identified by the State as likely to face a significant rise in the rate of home foreclosures. Communities with low scores are highest in need.

The communities identified as having the highest need, and ranked in order of highest number of sub-prime loans are the following seven (7) cities:

Town	Number of Sub-Prime Loans
Bridgeport	5586
Waterbury	3320
New Haven	3090
Stamford	2771
Hartford	2611
Meriden	1700
New Britain	1697
Sub-total	20775

Source: CHFA/First American Loan Performance, June 2008

According to the federal law, any state may use its NSP grant to carry out program activities directly (e.g. hire staff, procure contractors, etc.) and can retain and re-use the program income. The State has determined that the most appropriate way to use these limited resources is to initially allocate the majority of its NSP funding to seven (7) subrecipients in a non-competitive formula. The demonstrated need, combined with the ability to have a significant impact in these seven (7) communities, justifies the targeted investment in the aforementioned communities at this time.

As previously indicated in Section A., after further analysis a second tier of nine (9) communities with significant needs has been identified. However the differential between and among the nine (9) second tier communities is statistically insignificant. DECD will invite these nine (9) communities to compete for up to \$2.6 million in NSP funds with a maximum award of \$867,850 per community, which includes 5% for administration.

As with the top tier communities, it is the State's belief that a single local coordinating entity which can marshal local public and private resources in each identified community can most effectively achieve the goals and aggressive timeline of the NSP program. In all cases, DECD expects communities will need to reach out to existing public and private partners to successfully develop Local Action Plans and to successfully implement their action plans.

### Resource Plan

#### **Connecticut's NSP Allocation - \$ 25,043,385**

**Less Administration (7.5%) – (\$ 1,878,253)<sup>4</sup>**

**Available for Eligible Activities - \$ 23,165,132<sup>5</sup>**

Although NSP allows up to 10% to be set-aside for administrative costs, the State is limiting administration to 7.5% of the total grant award, thus making more dollars available for program activities.

<sup>4</sup> DECD will retain 2.5% or \$626,085 for general program administration and technical assistance and subrecipients will receive approximately 5.0% or \$1,252,168 for general program administration and technical assistance.

<sup>5</sup> All program income, as well as amounts to be recaptured and reallocated pursuant to the provisions of this NSP Action Plan will be remitted to the State who will distribute such sums in accordance with the provisions of this NSP Action Plan.

Preliminary Allocation

Based on data demonstrating the greatest need within the State, and a demonstrated capacity to both administer and implement an efficient, effective and timely neighborhood stabilization program, the State has elected to initially allocate the majority of its NSP funds to seven (7) subrecipients. Knowledge and familiarity with the administration of federal programs, as well as the staff capacity of an entity, were significant factors in determining how to allocate NSP funds.

Further, as funding for this activity is not anticipated to be available until early spring, it is reasonable to make provision for “future” need in determining an appropriate level of funding. To this end, the State has elected to use the current number of sub-prime loans, by community, as the basis for proposed funding for this initial allocation. As shown in the table on the following page, Bridgeport has a significantly higher number of sub-prime loans than the closest subrecipient, Waterbury; 5,586 to 3,320, respectively. Therefore, a significantly higher initial allocation is proposed for the City of Bridgeport.

There is a strong correlation between demonstrated need and the Community Development Block Grant (CDBG) entitlements and HOME Investment Partnerships (HOME) participating jurisdictions. Six (6) of the seven (7) communities administer both CDBG and HOME programs. Meriden administers only the CDBG program. Since the NSP program uses, modifies or borrows rules from these two federal programs, the State determined that utilizing these communities would enhance the State’s ability to meet the stated goals of the program. Therefore, the distribution to top tier communities is based on both need and capacity. All second tier communities also directly administer the CDBG program.

Town	Number of Sub-Prime Loans	Projected Funding Per Subprime Loan \$1000	Proposed Program Funding	Proposed Admin	Proposed Total Funding
Bridgeport	5586	\$5,586,000	\$5,586,000	\$279,300	\$5,865,300
Waterbury	3320	\$3,320,000	\$3,320,000	\$166,000	\$3,486,000
New Haven	3090	\$3,090,000	\$3,090,000	\$154,500	\$3,244,500
Stamford	2771	\$2,771,000	\$2,771,000	\$138,550	\$2,909,550
Hartford	2611	\$2,611,000	\$2,611,000	\$130,550	\$2,741,550
Meriden	1700	\$1,700,000	\$1,700,000	\$85,000	\$1,785,000
New Britain	1697	\$1,697,000	\$1,697,000	\$84,850	\$1,781,850
	20,775	\$20,775,000	\$20,775,000	\$1,038,750	\$21,813,750

Source: CHFA/First American Loan Performance, June 2008

The methodology illustrated in the preceding table demonstrates that using an average value per loan as a starting point, with adjustments for rounding, appears to provide sufficient distribution as well as a very close correlation to the perceived magnitude of the problem.

Final Allocations

DECD will work closely with each top tier community as the community develops its Local Action Plan. Upon receipt of each of the top tier community’s Local Action Plan, DECD will review each plan for inclusion of and compliance with the following criteria:

- Completeness: Plan addresses all component parts;
- Community Need: Choice of targeted neighborhoods and strategic allocation of resources to neighborhoods most affected by foreclosure and sub-prime lending;
- Capacity and Readiness to Execute: Ability of subrecipient and partners to implement proposed strategies within a limited timeframe i.e. obligate all funds within 18 months and expend initial allocation within 24 months from award;
- Affirmative Fair Housing and Marketing Efforts: Narrative statement on 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;
- Impact of Proposed Local Action Plan: Strength and feasibility of proposed investment strategies for increasing affordable housing and neighborhood stabilization;
- Partnerships, Leverage and Coordination: Strength of partnerships and committed matching support to implement strategies; and
- Compliance with all state and federal rules, including but not limited to environmental reviews, fair housing, etc.

DECD may, in its sole discretion, adjust the stated allocation for any top tier community upward or downward not more than 25%. The determination of the need for an adjustment shall be based on the State's evaluation of each Local Action Plan, subrecipient's capacity, leveraging partnerships and resources, and compliance with the State's NSP Action Plan. DECD reserves the right to identify additional areas of greatest need, and to remove areas as shifts in foreclosure data are documented by HUD and/or DECD over the next four (4) years.

Additionally, as result of HUD's guidance on November 17, 2008 with regard to our initial intention to holdback \$2.1 million for performance incentives; and in response to public comments, DECD will invite nine (9) second tier communities to compete for up to \$2.6 million in NSP funds. DECD anticipates that three (3) communities will be selected for funding through a competitive rating and ranking process.

In addition to the criteria listed above for top tier communities, second tier communities will be evaluated and awards will be based upon the following additional criteria:

- Geographical Distribution – emphasis on geographical areas of the state not served by the top tier communities;
- 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 maximum the neighborhood impact.

If there are fewer than three (3) qualified Local Action Plans submitted from the second tier Communities, DECD may, in its sole discretion, adjust the allocation for any top tier and/ or second tier community.

### Awards

The State will not reimburse for activities initiated prior to a formal grant award to a subrecipient or other eligible entity (execution of a grant agreement).

### Anticipated Breakdown of State Allocation

The following is an estimate of the breakdown of the percentages of funds by eligible activity. Final breakdowns will be determined when each Local Action Plan is finalized. The percentages, with the exception of Administration which is capped at 7.5% of the total grant award, may be adjusted upward or downward not more than 25% of the total grant award to the State, for each activity subject to the approval of DECD.

- Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low-, moderate- and middle-income (LMMI) homebuyers – 22.6%;
- 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 – 48.3%;
- Establish land banks for homes that have been foreclosed upon – 7.2%;
- Demolish blighted structures – 13.1%; and
- Redevelop demolished or vacant properties – 1.3%.

The State is aware that some properties may require the use of more than one eligible activity, and linking of multiple activities is encouraged.

### Program Income

All NSP program income shall be remitted to DECD who shall be solely responsible for its reallocation according to the procedures set forth herein. DECD shall permit subrecipient communities to receive 5% for program administration whether it is from initial allocations, reallocations or program income. DECD retains its right to claim up to 10% for administration from program income and adjust distributions upward to subrecipients as well.

### Performance

The State reserves the right to reallocate program income received from any subrecipient, as well as the uncommitted and/or unexpended (i.e. recaptured awards) portion of the State's allocation of NSP funds to an individual subrecipient, should that subrecipient fail to meet goals, performance deadlines, or other contractual obligations. In such event, DECD



shall take one or more of the following actions: (1) reallocate recaptured funds with or without program income to satisfactorily performing subrecipients; (2) contract directly with one or more eligible grantees (i.e. DECD, housing authority, not-for profit or for-profit entities) in the same targeted neighborhood(s); (3) DECD reserves the right to identify additional areas of greatest need, and to remove areas as shifts in foreclosure data are documented by HUD and/or DECD; (4) contract directly with one or more of the subrecipient identified herein to carry out projects within areas of greatest need; or (5) add additional subrecipients from the second tier communities based on the same criteria and process used in the initial selection of the second tier communities.

The State will use program income and recaptured funds to reward performance. Any incentive award will be on exceptional performance as determined in Section I of this Action Plan. Performance awards will be determined after the first nine (9) months from contract execution between the State and the subrecipient communities.

Under the Neighborhood Stabilization Program, the State has the responsibility to ensure that NSP funds are used strategically to stabilize neighborhoods. NSP funds are to be used to assist communities in addressing the problem of abandoned and foreclosed homes in neighborhoods that have been impacted by foreclosure and sub-prime lending. DECD will follow HUD's stated funding goal to give priority emphasis and consideration to communities with greatest need within the state when allocating funds, provided these communities demonstrate the capacity to carry out efficient, effective, and timely neighborhood stabilization efforts.

The State has selected seven (7) local governments as subrecipients to receive the majority of its NSP allocation. The State recognizes that NSP funds alone may not be sufficient to effect sustainable neighborhood stabilization, therefore each subrecipient will be required to establish target neighborhood(s), and to propose investment strategies (financial [beyond NSP investment] and nonfinancial) to stabilize these target neighborhoods. Each Local Action Plan should demonstrate that adequate provision shall be made for the input of the affected neighborhood residents and their representatives, as applicable. Projects and plans of prospective partners should be referenced and incorporated. The Local Action Plan should contain a description of net increases in affordable housing as well as describe why other non-housing projects (ineligible for NSP funding) should be included, based on their anticipated restorative effect on the neighborhood as well as the municipality. The Local Action Plan should also summarize other neighborhood revitalization investments in target areas that have been made or are in progress in recent years.

### Goals

1. To increase affordable workforce housing opportunities in coordination with local partners in neighborhoods most affected by foreclosure;
2. To maximize revitalization and stabilization impact in target neighborhoods, focusing and coordinating investment of local and state resources;
3. Where appropriate, to purchase foreclosed residential properties for the purpose of providing affordable and supportive housing;
4. To compliment ongoing foreclosure prevention activities of State and local partners;

5. To minimize displacement and seek to maintain occupancy of tenants in good standing; and
6. To maximize the revitalization and stabilization impact on neighborhoods in proximity to transit (rail/bus) centers and other public investment.

The State expects NSP subrecipients to think strategically about the use of NSP funds. Different targeting strategies are appropriate in different communities as well as within communities. Any targeting strategy must not only identify areas, but determine how many are realistic, given the level of resources available.

NSP activities are to serve an economically diverse population, and provide an opportunity to expand workforce housing efforts. NSP subrecipients need to understand the current housing market and future trends in targeting neighborhoods at risk. This may mean targeting areas that have not traditionally been the focus of local CDBG or HOME funds such as at-risk neighborhoods. The State encourages multi-jurisdictional cooperation when an at-risk neighborhood crosses municipal boundaries.

#### Guiding Principles

- Areas designated for NSP investment should be those that have experienced above average foreclosure or sub-prime lending activity but that also have significant assets that will allow them to rebound with modest investment;
- Strategies should consider a balance of approaches that provide for affordable workforce housing strategies, including rental and homeownership opportunities;
- Subrecipients should, to the fullest extent possible, partner with other stakeholders in order to conceive and implement comprehensive neighborhood revitalization strategies;
- Subrecipients should coordinate investment strategies in order to maximize housing and neighborhood outcomes;
- Subrecipients should coordinate approaches to purchasing, renovating and reselling properties, maximizing discounts on the acquisition costs and minimizing redevelopment and disposition costs. DECD and the Connecticut Housing Finance Authority (CHFA) are available to work with NSP recipients to negotiate with lenders or Realtors for REO portfolios for bulk purchases of identified properties;
- Subrecipients should address how they are supporting their local credit and housing counseling partners;
- Any investment strategies should incorporate “green”, “healthy homes” and energy efficient approaches to building construction and land development; and
- Any investment strategies must make provision for the NSP subrecipient’s obligation that not less than 30% of the NSP funds shall be used to serve families whose income does not exceed 50% of AMI.

NSP subrecipients are expected to direct NSP funds to restore a functioning and vibrant housing market. To do so, NSP subrecipients must demonstrate an understanding of neighborhood market conditions in order to make sound decisions concerning whether to:

- Acquire property or allow the market forces to rebound without intervention;
- Rehabilitate or demolish properties; and
- Sell or rent properties or offer lease to purchase programs, etc.

NSP subrecipients are expected to use other private, local, state and federal resources in combination with NSP funds to foster sustainable neighborhood stabilization including, but not limited to:

- Foreclosure prevention programs;
- Housing and credit counseling programs;
- Code enforcement programs;
- Anti-blight initiatives;
- Homeowner rehabilitation programs;
- Small business assistance programs;
- Community lending programs; and
- Homeownership Assistance such as;
  - Downpayment assistance,
  - Settlement costs,
  - Shared equity loans,
  - Lease to own programs, and
  - Workforce housing programs.

### Targeting Limited NSP Funds

Beginning with urban renewal, model cities and CDBG program funds, the historical prototype response was either to allocate resources into those “worst” neighborhoods or to put a little bit into many neighborhoods. Housing policy has most often solely been driven by targeting “areas of greatest need”.

The Neighborhood Stabilization Program focuses both on areas of greatest need but also expects that communities 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. Most neighborhoods will have some amount of foreclosures.

Most likely to succeed are the neighborhoods still showing signs of strength, neighborhoods with problems but with some assets that are marketable. These are the neighborhoods where pockets of foreclosed, abandoned or blighted structures can be addressed before

they spread. These neighborhoods are the places where NSP resources should be deployed. Focus should be on the neighborhoods where loan-to-value ratios still offer securitized collateral, core strengths/assets, but would otherwise continue to decline without public intervention. These are the neighborhoods where strategic investments have the potential to stabilize and redirect market forces, improve property values, reduce disinvestment, and stabilize the tax base.

While there are many other neighborhoods in greater need, the resources needed to bring about stabilization and recovery will almost always exceed the resources available. The focus of NSP funds should be in those neighborhoods that have a chance to succeed.

The subrecipient communities must determine where and how best to distribute limited resources which will result in positive and sustainable impact on one or more neighborhoods. Subrecipients are encouraged to model targeting strategies to effectively utilize the NSP funds as outlined in *Stabilizing Neighborhoods by Addressing Foreclosed and Abandoned Properties*, which is found at: <http://newpa.com/find-and-apply-for-funding/funding-and-program-finder/funding-detail/download.aspx?id=745> and *The Work of Neighborhood Stabilization* found at <http://www.planetizen.com/node/35800>.

#### Newer Connecticut Programs to Address Sub-Prime Crisis

The Connecticut Fair Alternative Mortgage Lending Initiative & Education Services (CT FAMLIES) Program allows low-to-moderate income homeowners to refinance into a fixed rate, 30-year mortgage. CHFA gives homeowners who currently have a non-FHA insured mortgage, whether current or delinquent and regardless of reset status, the ability to refinance into a CT FAMLIES mortgage. Owners are not automatically disqualified because they are delinquent on their mortgage payments, and CHFA may offer them a CT FAMLIES second mortgage to make up the difference between the value of the property and what is owed. CHFA committed \$40,000,000 of Pre-Ullman bonds to support this program. CTFAMLIES was launched in December 2007 and to date has committed or closed approximately \$12,000,000 with another \$21,000,000 of mortgage applications in reservation. These refinancings have resulted in an average savings of \$383 per month for the homeowners.

The Connecticut General Assembly passed legislation in 2008 to provide assistance and guidance in response to the foreclosure and sub-prime crisis. The passage of Public Act 08-176 "An Act Concerning Responsible Lending and Economic Recovery," amended the existing Emergency Mortgage Assistance Program and created the HERO "Homeowner's Equity Recovery Opportunity" loan program.

The Emergency Mortgage Assistance Program (EMAP) provides financial assistance for up to five years to Connecticut homeowners suffering from a temporary financial hardship, who have fallen behind on their mortgage payments, and have received a notice of foreclosure action from their lender. This mortgage loan from CHFA provides monthly financial assistance to eligible mortgagors in an amount required to meet their monthly housing expenses. The initial payment made by the Authority to each mortgagee may be an amount which pays all arrearages and pays reasonable costs and reasonable attorney's fees incurred by the mortgagee in connection with the foreclosure action initiated on the mortgage. The total amount of assistance provided is repaid by the mortgagor to CHFA in repayment terms determined at and established at the time of the closing of the EMAP mortgage loan. Borrowers are required to notify CHFA of any change in their financial

status and to participate in an annual recertification process to determine continued eligibility for monthly EMAP assistance. PA 08-176 amended the existing statute to require that in order to be eligible for the program; borrowers must have received a notice of intention to foreclose from their lenders.

The HERO loan program is also aimed at owner relief through the purchase of mortgages directly from lenders and the modification of those mortgages into affordable plans. All CT FAMILIES and EMAP loans that are denied are reviewed as HERO loan candidates. CHFA is also reviewing loan portfolios to determine if there are loans that may be potential loan candidates.

### Build on Existing Strategies

NSP subrecipients are expected to build on existing neighborhood strategies and utilize local public and private partnerships to enhance their capacity to acquire, rehabilitate, finance, and market available properties.

### Deadline for Local Action Plans

Local Action Plans from the designated top tier subrecipients will be due to DECD by Tuesday, January 20, 2009.

Local Action Plans from the second tier communities must be received by DECD no later than 4:00 PM, Monday, February 2, 2009.

Local Action Plans should be consistent with the requirements of the Action Plan Substantial Amendment to HUD noticed in the Federal Register of October 6, 2008. Additionally, Local Action Plans must contain/satisfy all of the following:

- Program Narrative;
- Describe community needs and provide a rationale for neighborhood selection;
- Establish goals and timeframes for each activity, consistent with the performance indicators in the state's NSP Action Plan;
- Be consistent with the State's NSP Action Plan;
- Clearly demonstrate how the subrecipient 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;
- If the community does not choose the 15% aggregate discount rate, 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;
- Demonstrate by timeline that the proposed activity will quickly and efficiently acquire, rehabilitate and make targeted properties available for re-occupancy;
- Minimize displacement and relocation;

- Demonstrate long-term affordability and mechanisms to insure compliance;
- To the greatest extent possible, undertake activities that directly benefit (meet the CDBG National Objective of) Low/Moderate/Middle Income households. DECD may, however, accept a limited number of requests for the Limited Clientele or Area Benefit activities when shown to be a part of an overall strategy to stabilize and sustain neighborhoods;
- Include draft agreements with a non-profit housing development organization, if land banking is planned, that can demonstrate 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. It is DECD's policy that properties may be "banked" for a period not to exceed two (2) years from the date of acquisition, at which time development must occur or title to the property will automatically revert to the municipality. Note: Acquired property operating costs are not NSP eligible program activity costs. Subrecipients considering this approach must provide a commitment for property operating costs from other sources;
- 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;
- Ensure that the homebuyer obtains a mortgage loan from a lender who agrees to comply with the bank regulators' guidance for non-traditional mortgages (see, Statement on Sub-prime Mortgage Lending issued by the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Department of the Treasury, and National Credit Union Administration, available at <http://www.fdic.gov/regulations/laws/rules/5000-5160.html>); and
- Must design NSP programs to comply with this requirement and must document compliance in the records, for each homebuyer.

Local Action Plans will not be accepted if plan includes:

- Loan loss reserve or Individual Development Account activities; or
- Activities under National Objectives of either "urgent need" or "elimination of slum and blight"; or
- Activities which are ineligible for NSP funding.

## C. DEFINITIONS AND DESCRIPTIONS

### Definitions under NSP

**Subrecipient:** Subrecipient shall have the same meaning as at the first sentence of 24 CFR 570.500(c).

**Substantial Amendment:** Any change to the method of distribution, allocation, recapture or reallocation of resources among eligible activities or the subrecipients of NSP funds, other than in accordance with the procedures set forth in the NSP Action Plan, as approved by HUD, shall be deemed a "Substantial Amendment" to the NSP Action Plan which shall require the State to amend its approved NSP Action Plan.

**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.

**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.

**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.

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

Connecticut General Statutes (CGS) § 7-148(c)(7)(H)(xv) empowers municipalities to make and enforce regulations preventing housing blight, provided such regulations: define housing blight; establish a duty of the owner to maintain property; and specify standards to determine if there is neglect. *If a municipal ordinance is more stringent than the definition above, the local ordinance shall apply.*

**"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.

Subrecipients must provide project owners with information on updated rent limits so that rents may be in accordance with the written agreement between the subrecipient and the owner. Owners must annually provide the subrecipient with information on rents and occupancy of NSP-assisted rental units to demonstrate compliance with this section.

Periods of 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 must be imposed by deed restrictions, covenants running with the land, or other mechanisms approved by DECD, except that the affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure. Subrecipients must maintain copies of the recorded instruments in their project files.

Subrecipients 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.

Minimum Period of Affordability in Years

- Rental - Each subrecipient is encouraged to exceed the minimum periods of affordability as determined below for the longest feasible term.

<b>Rental Housing Activity</b>	<b>Minimum Period of Affordability in Years</b>
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 <u>rental</u> 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 - Each subrecipient is encouraged to exceed the minimum periods of affordability as determined below for the longest feasible term.



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

### Housing Quality Standards

An owner of rental housing assisted with NSP funds must maintain the housing in compliance with all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR 982.401.

### Income Certification of NSP-Assisted Rental Units

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.

### Fixed and Floating NSP Units

In a property containing NSP-assisted and other units, the subrecipient may designate fixed or floating NSP units. This designation must be made at the time of project commitment. Fixed units remain the same throughout the period of affordability. Floating units are changed to maintain conformity with the requirements of this section during the period of affordability so that the total number of housing units meeting the requirements of this section remains the same, and each substituted unit is comparable in terms of size, features, and number of bedrooms to the originally designated NSP-assisted unit.

### Housing Rehabilitation Standards

Housing that is rehabilitated with NSP funds must meet all applicable local codes, rehabilitation standards, ordinance, and zoning ordinances at the time of project completion, except as noted for homeownership housing later in this section. The subrecipient must have written standards for rehabilitation that ensure that NSP-assisted housing is decent, safe and sanitary. In the absence of a local code for rehabilitation, NSP-assisted rehabilitation must meet, as applicable: one of four model codes - State Building Code, (Uniform Building Code (ICBO), National Building Code (BOCA), Standard (Southern) Building Code (SBCCI)); or the Council of American Buildings Officials (CABO) one or two

family code; or the Minimum Property Standards (MPS) in 24 CFR 200.925 or 200.926. A subrecipient may rely on a Minimum Property Standards (MPS) inspection performed by a qualified person.

All other NSP-assisted housing (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR 982.401. 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) and covered multifamily dwellings, as defined at 24 CFR 100. 201, and must also meet the design and construction requirements at 24 CFR 100.205, which implement the Fair Housing Act (42 U.S.C. 3601-3619).

### Homeownership Units

The following requirements apply to housing for NSP-assisted ownership units that are to be rehabilitated after transfer of the ownership interest;

1. Before the transfer of the NSP-assisted ownership unit, the subrecipient must;
  - Inspect the housing for any defects that pose a danger to health, and
  - Notify the prospective purchaser of the work needed to cure the defects and the time by which defects must be cured and applicable property standards met.
2. The housing must be free from all noted health and safety defects before occupancy and not later than six (6) months after the transfer; and
3. The housing must meet the property standards of this section not later than two (2) years after the transfer of the ownership interest.

## **D. LOW INCOME TARGETING**

The estimated amount of funds appropriated or otherwise made available 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 AMI is **\$6,260,846**.

This requirement is consistent with CGS § 8-250 (45) to utilize foreclosed residential properties for the purpose of providing affordable and supportive housing. The requirement for low income targeting, however, need not be targeted to any specific eligible activity. Rather, each subrecipient is required to target approximately 30% (**Note:** HUD requires at least 25% of the total grant award to the state, inclusive of administrative cost, be for those at or below 50% of AMI) of their grant award 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. Local Action Plans must show how the subrecipient intends to meet this obligation. To the extent practicable, subrecipients should give priority consideration to supportive and affordable housing dedicated to mitigating homelessness and serving families at or below 30% of AMI.

If funds are used to assist a property that was previously assisted with HOME funds but on which the affordability restrictions were terminated through foreclosure or transfer in lieu of

foreclosure, the grantee must revive the HOME affordability restriction for the greater of the remaining period of HOME affordability or the continuing affordability requirements adopted by the locality.

## **E. ACQUISITIONS AND RELOCATION**

Each subrecipient, in its Local Action Plan, must indicate whether any of the activities contemplated by such plan involve demolition or conversion of any low- and moderate-income dwelling units (i.e.,  $\leq 80\%$  of AMI). If any such demolition or conversion is contemplated, the following information is also required to be provided for each applicable activity (including a proposed time schedule for commencement and completion):

- The number of low- and moderate-income dwelling units (i.e.,  $\leq 80\%$  of AMI) reasonably expected to be demolished or converted as a direct result of NSP-assisted activities;
- The number of NSP affordable housing units reasonably expected to be made available to low-, moderate-, and middle-income households (i.e.,  $\leq 120\%$  of AMI); and
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50% of AMI.

Additionally, each subrecipient in its Local Action Plan should provide information on how it plans to satisfy the requirements of this section, including compliance with the state and federal requirements set forth in this section.

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....”

Subrecipients contemplating activities that will trigger displacement or conversion must submit as part of their Local Action Plan a completed 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.

There may be reasonable activities a subrecipient may undertake which might trigger displacement. Some examples might be acquisition of foreclosed multifamily structures containing existing tenant occupied units, or acquisition of foreclosed property occupied by commercial businesses. However, every effort should be made to avoid displacement under such circumstances. Additionally, selective demolition may be used only to assist in stabilizing or stemming further deterioration in a neighborhood.

At this time, it is not possible to determine the exact number of NSP-assisted housing units to be made available to LMMI households until each Local Action Plan is completed. It is anticipated that the seven to ten subrecipients will acquire, rehabilitate and redevelop 400 units of housing, with 25%, or 100 units, serving the 50% of median income range. All units will serve residents in the LMMI income ranges. The State will require that subrecipients minimize any demolition or conversion of a low or moderate income dwelling units to the greatest extent possible and require that subrecipients identify all such units in its Local Action Plan.

## F. PUBLIC COMMENT

### Citizen Participation Process

DECD published a legal notice in seven (7) newspapers on November 6, 2008. At least one (1) of the publications was in Spanish. The legal notice informed the public of the 15 day public comment period and the availability of the draft NSP Action Plan for review and comment. The public comment period began on November 7 and ended on November 21, 2008.

A copy of the legal notice and the draft NSP Action Plan was posted to the DECD website at [www.decd.org](http://www.decd.org). A copy of the legal notice was also sent to all 169 Chief Elected Officials as well as statewide housing authority organization (ConnNAHRO), non-profit housing organizations and Regional Planning Organizations throughout the state. A copy of the legal notice is included in Appendix C of this document.

Anyone wishing to offer comments could do so until November 21, 2008, either by writing to the address below or via email at [NSP.Comment@ct.gov](mailto:NSP.Comment@ct.gov).

NSP Comments  
Department of Economic and Community Development  
505 Hudson Street  
Hartford, CT 06106-7106

Comments received regarding the draft NSP Action Plan during the public comment period are summarized and responded to in the Public Commentary Section below. The final NSP Action Plan is posted to the DECD website. After reviewing the comments, DECD made changes before submitting the 2008 Action Plan Substantial Amendment for the Neighborhood Stabilization Program to HUD.

### Summary of Public Comments

The following is a summary of substantive comments received and the comments are organized by sections in the NSP Action Plan. DECD received more than 40 emails and letters, all written comments received are included in Appendix F. The location of material changes in the final NSP Action Plan are noted and changes in *italics* below for the convenience of the reader.

## **A. Areas of Greatest Need**

### **Connecticut's Areas of Greatest Need (CT NSP Draft Action Plan - Page 2)**

Comment: "I strongly believe that DECD's method of distribution did not take into account the language of the statute (P.L. 110-289), the intent of Congress, the heavy weight given to foreclosure rates that HUD used in its calculations to distribute money to the states and the historical nature of the CDBG funding. I am troubled that the DECD proposal allocated the \$25 million not based on foreclosure rates, but by the number of foreclosures. Ignoring the proper criteria would leave some of the hardest hit towns in Connecticut -- many of which are in eastern Connecticut -- without any NSP funds...."

"...I ask that you devise a new formula for distributing the NSP funds throughout Connecticut. I propose that 70 percent of NSP funds be allocated to entitlement communities with priority given to those with the highest foreclosure rates. As I mentioned, HUD heavily weighted the foreclosure rate in allocating funds to the states. In fact, Chart A-1 in your draft proposal shows the HUD rankings of entitlement communities, heavily weighted by foreclosure rates. While HUD did provide a pro-rata estimate of NSP funding to the entitlement communities in Chart A-1, I agree the amounts are too low to have enough of an impact on their neighborhoods. Therefore, I propose that the HUD pro-rata estimate be augmented in some way. In this manner, more cities could receive some NSP funding. Such a formula also complements support for the seven towns in your original draft. I propose that the remaining 30 percent of the funds be allocated directly to the nonentitlement communities with the highest HUD estimated foreclosure abandonment risk score or the highest average of predicted 18 month foreclosure rate, thus keeping with the intent of the underlying HERA statute. These statistics have been compiled by HUD, and would serve as a fair data set to determine which small towns are most in need..."

Comment: I commend DECD for proposing an Action Plan that follows the directives of Congress and targets funding to Connecticut cities that are most impacted by subprime lending and home foreclosures.

Comment: Consideration should be given to other cities, especially the southeastern part of the state that has two cities that rank within the 12 foreclosure needs scores by CDBG jurisdiction Chart A-2.

Comment: A number of towns asked for an allocation of NSP funds for their community.

Comment: The Agency respectfully seeks consideration for an allocation of NSP funds left unallocated in the draft NSP Action Plan.

Response: HERA statute does not stipulate an allocation of funds based on current CDBG formulas as suggested. HERA, section 2301(c)(2), states "... that funds be distributed to areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by subprime mortgage related loans, and identified by grantee as likely to face a significant rise in the rate of home foreclosures. The grantee's narrative must address the three need categories in the NSP statute, but the grantee may also consider other needs categories;..".

DECD reviewed its methodology and the comments received. DECD determined that the greatest need still remains in the seven (7) communities identified in the draft and final NSP

Plan. DECD received guidance from HUD Headquarters (on November 12, 2008) during the comment period that “holdbacks”, like DECD’s proposed performance incentive, could not be considered at this time. Therefore, upon further analysis and using our same methodology, there are nine (9) communities which are tightly grouped and would form a second tier based on need. DECD amended the final NSP Action Plan to allocate up to \$2.6 million to three (3) second tier communities. Again using the same distribution methodology for the top seven (7) communities, (number of sub-prime loans) the maximum awards would differ from community to community. These nine (9) communities (units of local government only) are eligible to compete for the NSP funds.

Town	Weighted Score Subprime Foreclosures	Weighted Score Lis Pens	Weighted Score Subprime Loans	Weighted Score Vacancies
Bristol	11.200	1.000	2.100	2.7000
Danbury	7.000	1.400	1.050	4.9000
East Hartford	8.400	0.800	1.650	5.9500
Hamden	9.100	1.300	1.950	4.7000
New London	10.500	2.900	4.200	0.5500
Norwalk	7.700	1.100	0.900	6.1000
Norwich	9.800	1.800	2.400	2.3000
Stratford	6.300	1.200	1.800	7.0000
West Haven	4.200	0.700	1.500	7.2000

DECD did review additional HUD datasets which became available after the start of the public comment period. Some of this data included county level “foreclosure rate estimates”, with estimates down to the Census Tract level. DECD stands by its decision to use actual data down to the municipal level for its decision-making, however this data continues to support the original recommendations in the plan. The following chart identifies those counties with the greatest number of census tracts with foreclosure rate estimates above 10%.

<b>Ratio of Census Tracts With +10% Foreclosure Rate To Total Number of Tracts By County</b>			
<b>County</b>	<b>Number of Total Tracts</b>	<b>Number of Tracts with +10% Rate</b>	<b>% of Tracts with +10% Rate</b>
Hartford	222	22	9.91%
New Haven	185	14	7.57%
Fairfield	209	14	6.70%
Middlesex	34	1	2.94%
New London	62	1	1.61%
Windham	25	0	0.00%
Litchfield	51	0	0.00%
Tolland	27	0	0.00%

**Changes appear on pages 2, 3, 4, 5, 8 and 9 of the final Action Plan.**

*Although significant attempts have been made to obtain additional local data, it is currently not possible to track actual “need” down to the neighborhood or census tract level. Again, as previously noted, LISC has since extrapolated their estimated data down to the zip codes. However, it is DECD’s belief that by targeting those communities with the “greatest need”, and working with them to identify and target specific neighborhoods, which may or may not cross zip codes, we can be successful in having the greatest impact on stabilization overall. Detailed summaries by data category, including weighting, are included in Appendix A, Chart A-7.*

**B. Distribution and Uses of Funds**

**Fair Housing (CT NSP Draft Action Plan – Pages 6 and 12)**

Comment: While DECD and subrecipients are required to certify their intention to comply with its obligation to affirmatively further fair housing, nowhere in the Plan are the words “fair housing” mentioned. As noted in the Analysis of Impediments to Fair Housing, Connecticut is highly segregated along racial, ethnic, and socioeconomic lines. At the very least, we do not want to see NSP funds be used in a manner that, intentionally or not, has a segregative effect. It is therefore critical that the Plan require each subrecipient to state how it will utilize NSP funds to further fair housing goals including, but not limited to, the creation of affirmative fair housing marketing plans and tenant selection policies which must, of course, comply with federal and state laws. One possible way in which subrecipients might further this goal would be to target the placement of housing intended for the lowest income families in relatively higher “opportunities” areas.

Comment: The Action Plan provides no real guidance on how to comply with the required civil rights and “affirmatively furthering fair housing” certifications, that the federal regulations mandate. The Action Plan must still affirmatively require that each subrecipient describe how it will utilize NSP funds to further fair housing goals of racial and ethnic integration, and avoid perpetuating minority concentrations in the neighborhoods where the funds will be spent.

Response: DECD did not believe that the seven (7) original subrecipient communities needed any guidance on how to comply with complete list of certifications since they receive CDBG and/or HOME funds directly and should already be fully aware of their obligations. DECD fully intends to address the requirement to affirmatively further fair housing which includes compliance with all civil rights laws and makes all of the certifications required by HUD. Accordingly, DECD will ensure that all of subrecipients make the required certifications as a condition of their contract for NSP funds. In addition, subrecipients must certify that they have a current Fair Housing Action Plan and all other fair housing /civil rights documents that make up that plan including an Affirmative Fair Housing Marketing Plan (AFHMP) and tenant selection methodology in accordance with state law. We will require each subrecipient to provide in their Local Action Plan, a narrative on how the grant will be used to overcome the impediments to fair housing choice including racial and ethnic integration in accordance with their own Analysis of Impediments (AI) if they are an entitlement community or the state’s AI for non-entitlement communities.

In the competitive round for second tier communities, among other criteria, DECD will give consideration in the rating and ranking to communities that address racial and ethnic integration. **See clarification on page 8 of the final Action Plan.**

Local Action Plans should comply with the requirements of the Action Plan Substantial Amendment to HUD noticed in the Federal Register of October 6, 2008. Additionally, Local Action Plans must satisfy all of the following:

- *Affirmative Fair Housing and Marketing Efforts: State 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;*

#### **Anticipated Breakdown of State Allocation** (CT NSP Draft Action Plan - Pages 7 and 29)

Comment: As municipalities complete their plans, we encourage DECD to be flexible and adjust dollar amounts in the budget if the mix of funding needs ends up being different from what DECD anticipates.

Comment: Despite the statement that final breakdowns will be determined in each Local Action Plan and that percentages (with the exception of Administration costs) can be adjusted upward or downward by up to 25% with the approval of DECD, we worry that soft targets will become hard rules during an implementation process that has tight deadlines and that even the 25% adjustment doesn't offer the flexibility in use that is necessary given rapid changes in the market. Therefore we recommend that DECD avoid targets such as the preliminary estimate of the breakdown of funds. Specific allocation decisions should be made at the local level, in accordance with federal guidelines regarding percentages allocated between administration and program income, and should be open to amendment as programs are implemented.

Response: DECD has clear direction from HUD Headquarters that an allocation of funds by use categories, i.e. eligible activities, is required for approval. HUD and DECD recognize that changes may need to be made as facts and circumstances change. DECD believes that it provided the maximum flexibility within the Action Plan without having to undertake an amendment to the Action Plan. HUD rules do provide for substantial amendment provided the State abides by the citizen participation requirements (15 day public comment period). DECD intends to work closely with subrecipient communities if changes are needed. **Clarifications appear on page 9 of the final Action Plan.**

*The following is a preliminary estimate of the breakdown of the percentages of funds by eligible activity. Final breakdowns will be determined when each Local Action Plan is finalized. The percentages, with the exception of Administration, which is capped at 7.5% of the total grant award, may be adjusted upward or downward not more than 25% of the total grant award to the State, for each activity subject to the approval of DECD.*

#### **Reimbursement Restriction** (CT NSP Draft Action Plan - Page 7)

Comment: While we recognize the State's interest in the NSP funds being used only for new initiatives targeted at response to the foreclosure crisis, we are concerned that there can be no reimbursements for activities initiated before the formal grant awards. In order to have a program ready to utilize the NSP funds efficiently and quickly once they are available, a variety of activities must be initiated prior to the receipt of a formal grant award.



These activities may include identification of prospective properties in target neighborhoods and due diligence activities pertaining to those properties prior to acquisition. Likewise, in the next two months we plan to RFQ and RFP for potential developers, property managers, property inspectors and others who will be involved in the acquisition and disposition process. We are concerned that any contracts approved or signed prior to the grant award would be precluded from payment with NSP funds because they are initiated prior to the award. We recommend that the prohibition for reimbursement be modified to the HUD Effective Date of September 29, 2008.

Comment: "The State will not reimburse for activities *initiated prior to* a formal grant agreement award to a subrecipient or other eligible entity". Please provide clarification on the definition of "initiated." Due to the obligation deadline in the Federal Act, may the City issue RFPs for services necessary to carry out the Plan prior to receiving the allocation so we are in a ready position when funds become available?

Comment: I am aware that the enabling NSP legislation allows for funding of pre-award activities. I urge you to incorporate this provision into Connecticut's plan, allowing documented pre-award administrative as well as programmatic expenditures, prior to final contract execution, in order to option or purchase properties and initiate environmental reviews. This will allow for effective planning, avoid unnecessary speculation and prevent increased acquisition costs, which will maximize the impact of NSP funds and expedite an aggressive implementation schedule.

Response: The Federal Register Notice (73 FR 58330) allows states and entitlement jurisdictions receiving a direct allocation of NSP funds, in this case DECD, to incur the administrative and planning costs associated with our submission to HUD. 24 CFR 570.489(b)<sup>6</sup> applies to units of general local government not receiving a direct allocation; however, DECD has structured its NSP ActionPlan to provide for administrative costs pursuant to Section H - Total Budget (and as part of the its performance incentive) in order to make available more funds for program activities. The local HUD Area Office has indicated that entitlement communities can use general CDBG administrative funds for planning. Also, the term "initiated" means any cost incurred prior to a formal grant agreement between DECD and a subrecipient. **No changes were made from the draft NSP Action Plan.**

#### **Program Income (CT NSP Draft Action Plan - Page 7)**

Comment: The ability of DECD and participating cities to fund the acquisition and rehabilitation of numerous properties and achieve the State's goal of 400 housing units is completely dependent upon re-using NSP program income through approximately eight six-month cycles over a four year period. A participating city will use NSP funds to acquire bank owned homes, rehabilitate them and sell them. The program income from the proceeds of the home sales must be reinvested in the subsequent round of foreclosed properties.

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<sup>6</sup> (b) *Reimbursement of pre-agreement costs.* The state may permit, in accordance with such procedures as the State may establish, a unit of local government to incur costs for CDBG activities before the establishment of a formal grant relationship between the State and the unit of general local government and to charge these pre-agreement costs to the grant, provided that the activities are eligible and undertaken in accordance with the requirements of this subpart and 24 CFR part 58.

I understand the importance of NSP program income being returned to DECD so that it can utilize such cash to satisfy the next draw request from any of the participating cities before drawing down new NSP funds. However, a participating city needs the assurance that DECD will treat the returned funds as an addition to their allocation so that the next group of foreclosed properties may be acquired and rehabilitated. DECD should consider the return of program income as a restoration of funds to a city's line of credit available for NSP activity. Such permission to reuse program income must not be limited by the statement on page 6 of the AP that "DECD may in its sole discretion adjust the stated allocation for any recipient upward or downward not more than 25%." Cities need to be assured that if they create NSP organizational infrastructure and form partnerships with non-profits to carry out the first round of neighborhood stabilization, that DECD will not reallocate the program income authority to another jurisdiction provided that they are executing NSP activities in a timely manner.

Comment: DECD should permit cities to use 5% of their allocated NSP program income for administration of the program income.

Response: In order to comply with the 73 FR 58330, under Subpart II. N. 3. Cash Management – "Substantially all program income must be disbursed for eligible NSP activities before additional cash withdrawals are made from the U. S. Treasury". Therefore, all program income will come back to DECD. DECD does not intend to reallocate the program income from one subrecipient to another subrecipient community provided that the need remains, contractual obligations are being met and the community is executing NSP activities in a timely manner. DECD intends to permit subrecipient communities to continue to receive 5% for program administration whether it is from reallocations or program income. This can occur because administrative fees will be paid out prorata based on performance. **Clarification appears on page 9 of the final Action Plan.**

*DECD shall permit subrecipient communities to receive 5% for program administration whether it is from initial allocations, reallocations or program income.*

#### **Performance Incentives (CT NSP Draft Action Plan - Page 8)**

Comment: Given the severity of the problems facing municipalities today, it seems counterproductive to hold back any possible assistance for incentives tomorrow. Should the state truly believe incentives are a necessity; these can be accomplished with the use of program income or recaptured funds.

Response: DECD agrees. DECD received guidance from HUD Headquarters (on November 12, 2008) during the comment period that holdbacks could not be considered at this time. Therefore, up to \$2.6 million will be made available for second tier communities. These nine (9) communities (units of local government only) will be invited to compete for these NSP funds. DECD will use only program income and recaptured funds for performance incentives. **Change appears on page 10 of the final Action Plan.**

*The State will use program income and recaptured funds to reward performance. Any incentive award will be on exceptional performance as determined in Section I of this Action Plan. Performance awards will be determined after the first nine (9) months from contract execution between the State and the subrecipient communities.*

## **Program Goals** (CT NSP Draft Action Plan - Page 8)

Comment: The Neighborhood Stabilization Program Action Plan should emphasize the goal of maintaining existing occupancy in foreclosed properties.

Response: 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..." DECD encourages subrecipients, to the extent practicable, not to displace occupants under the NSP. **Clarification appears on page 11 of the final Action Plan.**

5. *To minimize displacement and seek to maintain occupancy of tenants in good standing; and*
6. To maximize the revitalization and stabilization impact on neighborhoods in proximity to transit (rail/bus) centers and other public investment.

## **Guiding Principles** (CT NSP Draft Action Plan - Page 9)

Comment: Communities should be able to determine, based on local plans, the distribution of funds into neighborhoods without restrictions that funds are targeted only to those neighborhoods requiring marginal investment.

Response: As stated in the draft and final NSP Action Plan, DECD expects NSP subrecipients to think strategically about the use of NSP funds. Different targeting strategies are appropriate in different communities as well as within communities. **No changes were made from the draft NSP Action Plan.**

## **C. Definitions and Description**

### **Definition of Affordable Rents** (CT NSP Draft Action Plan – Page 14)

Comment: The Plan calls for subrecipients to target 30% of their grant award to purchase and redevelop vacant or foreclosed upon properties for families with incomes at or below 50% of AMI. It will be difficult for subrecipients to achieve even the stated goal of targeting 30% of the monies to families with incomes less than 50% AMI given the definition of affordable rent in the draft plan. The Plan defines the term "affordable rent" as 1) rents that at or below the HUD FMR levels, or 2) rents that do not exceed 30% of 80% AMI, or 3) rents that are 30% of a family's income if the unit receives a Federal project based rental subsidy or 4) rents that are 40% of family income if the unit receives a state project-based rental subsidy. However, unsubsidized families with incomes of less than 50% of AMI cannot afford HUD FMR rents or rents that are 30% of 80% AMI.

Comment: If a subrecipient or developer were to set rents at the maximums described in the draft, all units would be unaffordable to households at 50% of AMI not holding some form of rental assistance subsidy. The Action Plan should explicitly provide that for that

portion of the funds used for VLI households, rents must be set at a maximum of 30% of 50% of median.

Comment: The use of the term “equals” is too specific and limiting. Rather “less than or equal to 80% should be used.

Response: Many states have only adopted the HOME definition of “affordable rents” at 24 CFR 92.252 (a), (c), and (f) and to ensure continued affordability for NSP assisted housing states also adopt the HOME program standards for ensuring continued affordability as defined at 24 CFR 92.252 (e) and CFR 92.254. DECD tried to provide as much flexibility as possible; however, without sufficient subsidies it will be a challenge to meet the minimum targeting. **No changes were made from the draft NSP Action Plan.**

#### **Periods of Affordability** (CT NSP Draft Action Plan – Page 15)

Comment: Recommend doubling the dollar ranges for affordability.

Comment: With the exception perhaps, of the lowest funding amounts (under \$15,000), we would urge DECD to double the minimum time frames for affordability. Both the lack of, the continual loss of, affordable housing poses enormous problems not merely to the poorest and most vulnerable of Connecticut's residents, but also to working and moderate income families.

Comment: By removing the subsidy recapture mechanisms the onerous restrictions employed by the HOME program regulations can be avoided.

Response: The HERA legislation and Federal Register Notice are clear. HUD will consider any grantee adopting the HOME program standards at 24 CFR 92.252(a), (c), (e), and (f), and 92.254 to be in minimal compliance with this standard and expects any other standards proposed and applied by a grantee to be longer in duration and to have appropriate mechanisms for enforceability. DECD has provided subrecipients with the opportunity to set longer periods of affordability. **No changes were made from the draft NSP Action Plan.**

### **D. Low Income Targeting**

#### **Supportive Housing and 10-Year Plans** (CT NSP Draft Action Plan – Page 17)

Comment: The Neighborhood Stabilization Program is one way to help us achieve our goals as set out in our 10-Year Plan. I commend your efforts to increase the number of units of housing available to those earning less than 50% AMI. I would like to suggest that you offer bonus points or options to those communities that include set-asides for permanent supportive housing or families exiting shelters. Of course evidence rent supports should be part of such a plan whether from the local housing authority or other rental assistance program.

Comment: Each community to which funds are allocated must align the use of these funds to the existing goals of the Ten Year Plan to End Homelessness in their region. That the Ten Year Plan Implementation Entity/Leaders in each community be included in the planning, resource allocation and implementation process of NSP funds on the local level.

Comment: The Plan calls for subrecipients to target 30% of their grant award to purchase and redevelop vacant or foreclosed upon properties for families with incomes at or below 50% of AMI. While we are appreciative of how limited this funding is, relative to the goals of the NSP program, we would ask that the Plan also direct, or at the very least encourage, subrecipients to use a portion of this 30% to target a subgroup of families who are extremely poor, i.e. those families with incomes which are less than 30% of AMI.

Comment: Supportive and affordable housing dedicated to mitigating homelessness should be the priority use of the 25% of funds reserved for households below 50% of Area Median Income. H.B. 5577, Public Act 08-176, calls for a plan to address affordable and supportive housing in high-foreclosure neighborhoods. Foreclosures are likely to increase homelessness, both among homeowners that lose their homes, and among renters whose landlords are foreclosed upon. The hardship of displacement could be even more devastating for individuals and families with disabilities or chronic illnesses.

Comment: The Action Plan should increase the percentage of funds for Very Low Income households (VLI) from the minimum of 25% to 40%, and require that half of these funds be used for Extremely Low Income Households (ELI).

Comment: Rather than requiring the allocation of 25% of the funds, for those earning 50% of the median income, to be evenly distributed under each eligible category as proposed, allow localities to have discretion....

Response: The HERA law requires that 25% of a grantee's grant must be used for activities that will house individuals or families with incomes at or below 50% of AMI; however as written neither the draft or the final Action Plan requires these funds to be evenly distributed across the eligible categories. Additionally, throughout the draft and final Action Plan, DECD urges local public and private groups to work closely with the subrecipient communities, many of which have regional plans to end homelessness, as well as local Consolidated Plans which require strategies to address special needs populations. DECD has tried not to impose more stringent requirements than those already in the law. Rather we encourage subrecipient communities to consider these options in the context of this program and the other constraints already imposed by the program. ***Change appears on page 19 of the final Action Plan.***

*To the extent practicable, subrecipients should give priority consideration to supportive and affordable housing dedicated to mitigating homelessness and serving families at or below 30% of AMI.*

#### **Inconsistencies** (CT NSP Draft Action Plan - Pages 9, 12 and 17)

Comment: The document is inconsistent on whether CT would require subrecipients to reserve 25% of funds to this population, as is required by the Federal Legislation, or increase the requirement to 30%. The language on pages 12 and 17 of the Draft Action Plan seems to indicate that DECD aims to increase the percentage to 30%. However, page 9 of the CT NSP Draft Action Plan states that "Any investment strategies must make provision for the NSP sub-recipient's obligation that not less than 25% of the NSP funds shall be used to serve families whose income does not exceed 50% of area median income ("AMI")".

It is our understanding that the 30% figure is calculated excluding administrative costs while the 25% figure is the percent of all funds including administrative costs that must support individuals and families at less than 50% AMI, but would like confirmation on this.

**Response:** HERA requires 25% of the state's total allocation or \$6,260,846 be targeted to those at or below 50% of AMI for any or all of the eligible activities, except for administrative costs which are not recognized by HUD as meeting target. As a result, DECD needed to increase the obligation to 30% for each subrecipient to meet the overall obligation of \$6,260,846. **Clarifications appear on pages 11, 14 and 19 respectively of the final Action Plan.**

- *Any investment strategies must make provision for the NSP subrecipient's obligation that not less than 30% of the NSP funds shall be used to serve families whose income does not exceed 50% of AMI.*
- *Clearly demonstrate how the subrecipient 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;*

This requirement is consistent with CGS § 8-250 (45) to utilize foreclosed residential properties for the purpose of providing affordable and supportive housing. *The requirement for low income targeting, however, need not be targeted to any specific eligible activity. Rather, each subrecipient is required to target approximately 30% (Note: HUD requires at least 25% of the total grant award to the state, inclusive of administrative cost, be for those at or below 50% of AMI) of their grant award 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.* Local Action Plans must show how the subrecipient intends to meet this obligation.

#### **Deadline for Local Action Plans (CT NSP Draft Action Plan – Page 12)**

**Comment:** The timeframe for submitting Local Action Plans (LAPs) should be extended to January 31, 2009.

**Comment:** As locally “painful” as it may be, DECD’s proposed January 7<sup>th</sup> deadline for LAPs will force participating cities to prioritize the planning of their NSP strategy. This early deadline is necessary for getting a fast start on the NSP activities in Connecticut. DECD, however, needs to be flexible with participating cities that submit their LAPs by January 7<sup>th</sup> but need an extension to submit some supporting documents, such as signed agreements with non-profit partners. DECD should consider asking for unsigned forms of agreement with partners accompanied by letters of interest.

**Response:** The submission of a LAP is only the beginning of the process. Contracts between DECD and each subrecipient will need to be executed. Most importantly, the 18 month deadline begins for obligating NSP funds with the issuance of the HUD Funding Agreement to DECD. HUD’s absolute deadline for completing the action plan amendment review process is February 13, 2009. **Clarifications appear on page 14 of the final Action Plan.**

*Local Action Plans from the designated top tier subrecipients will be due to DECD by Tuesday, January 20, 2009.*

*Local Action Plans from the second tier communities must be received by DECD no later than 4:00 PM, Monday, February 2, 2009.*

Local Action Plans should be consistent with the requirements of the Action Plan Substantial Amendment to HUD noticed in the Federal Register of October 6, 2008. Additionally, Local Action Plans must satisfy all of the following:

- *Program Narrative;*
- *Describe community needs and provide a rationale for neighborhood selection;*
- *Establish goals and timeframes for each activity, consistent with the performance indicators in the state's NSP Action Plan;*
- Include *draft* agreements with a non-profit housing development organization, if land banking is planned, that can demonstrate prior land bank experience of at least 2 successfully completed housing developments; and provide a description of the organization's asset management plan prior to redevelopment. It is DECD's policy that properties may be "banked" for a period not to exceed two (2) years from the date of acquisition, at which time development must occur or title to the property will automatically revert to the municipality. Note: Acquired property operating costs are not NSP eligible program activity costs. Subrecipients considering this approach must provide a commitment for property operating costs from other sources;
- Include a copy of *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;

## **E. Acquisitions & Relocation**

No Comments on this section.

## **F. Public Comment**

No Comments on this section.

## **G. NSP Information By Activity**

**Acquisition and Rehabilitation – Rehabilitation Cost** (CT NSP Draft Action Plan - Page 20)

Comment: Recommend removing references to estimated per property rehabilitation costs.

Response: DECD agrees. ***Changes appear on page 40 of the final Action Plan.***

*It is anticipated that many of the funded activities will overlap in the LMHI households served. For example, the buyer of a property acquired and rehabilitated with NSP funds may also receive downpayment assistance financing through this activity. It is estimated that 325-400 properties will be acquired through the NSP program. Funding for these acquisitions will be carried out with NSP and local resources. Of the 325-400 properties acquired through this program, 280-350 units will be rehabilitated prior to resale.*

**Acquisition and Rehabilitation - Property Acquisition Discount** (CT NSP Draft Action Plan - Page 21)

Comment: Negotiating with investors that own large numbers of foreclosed properties can add efficiency to the process of acquisition. It will help those property owners move faster in releasing properties, and the State can negotiate better purchase prices for the properties.

Comment: We recommend that, rather than establishing an across the board 15% average discount requirement, the state follow the HUD methodology (pg 47 HUD NSP), which requires subrecipients to obtain a minimum 5% discount per property and an aggregate discount over 18 months for all properties of 10% if a methodology incorporating time on the market and carrying costs is incorporated. The 15% average is required only if such a methodology is not incorporated. The 15% overall discount requirement included in DECD's draft plan will make it difficult for us to make use of national efforts like the National Community Stabilization Trust which will be providing local communities the opportunity to purchase properties in bulk thanks to their work with National servicers and trustees. The Trust is establishing a purchase price methodology that will conform to HUD HERA NSP guidelines and will help negotiate purchase prices at discounts of at least 10%. Under the current DECD guidelines these purchases will not comply, even though they do comply with the federal regulations.

Response: DECD is concerned that documentation mandated by HUD may result in otherwise eligible acquisitions to be disallowed. While the National Community Stabilization Trust expects to be operational in early 2009, not all subrecipients may choose to use this vehicle. Arranging to purchase multiple properties in bulk may not have much effect on meeting the individual and aggregate purchase discount requirements. The individual discount requirement still applies to each individual property and an appraisal is required for each.

A recipient of NSP funds which uses NSP funds to acquire foreclosed property under the voluntary acquisition provisions of the Uniform Relocation Act (URA) must provide written notice to the owner (bank, mortgagee, etc.) that it will not acquire the property if negotiations fail to result in agreement and inform the owner in writing of what it believes to be the fair market value of the property. An appraisal must be done on each separate property purchased with NSP funds.

To meet the requirements at 49 CFR 24.101(b)(1)-(5) (commonly known as the URA voluntary acquisition requirements), the owner of record must be notified in writing that federal financial assistance will be used in the transaction and that if agreement cannot be reached through negotiation, that the acquisition will not take place.

Further, under the NSP, an appraisal of foreclosed property must be made to determine the current fair market value 60 days prior to making the final offer and the owner must be advised that, under NSP, the acquisition price must be at a discount from the fair market



value (the offer price should reflect the discount proposed by the buyer). Persons performing appraisals of NSP funded acquisitions of “foreclosed upon” properties must meet the appraisal qualifications of 49 CFR 24.103(d). All persons performing such valuations must be qualified to perform an appraisal, even if they are on staff. The regulations at 49 CFR 24.103(d) (2) only requires contract “fee” appraisers to be state licensed or certified.

There are specific URA voluntary acquisition requirements that must be met depending on whether or not the buyer has the power of eminent domain and will not use it (see 49 CFR 24.101(b)(1)(i)-(iv)) or if the buyer does not have the power of eminent domain (see 49 CFR 24.101(b)(2)). Any acquisition under possible threat of eminent domain cannot be considered a “voluntary acquisition” (even if the seller is willing to negotiate). **Changes appear on pages 14 and 40 of the final Action Plan.**

Local Action Plans should comply with the requirements of the Action Plan Substantial Amendment to HUD noticed in the Federal Register of October 6, 2008. Additionally, Local Action Plans must satisfy all of the following:

- *If the community does not choose the 15% aggregate discount rate, 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;*

(11) Specific Activity Requirements:

*Acquisition - The State of Connecticut will require that all Local Action Plans fulfill the requirement that acquisitions meet the aggregate discount rate of 15% of appraised value or subrecipient communities may choose to use the concept of “net realizable value” to determine an appropriate purchase price for homes and residential properties that have been abandoned or foreclosed. This method takes into account both the current value of the property and the costs of holding the property while it is held by the subrecipient or its designee. “Net realizable value” is the appraised value, less the cost of security, maintenance, capital costs, tax costs, and insurance for the anticipated time the property would be in the portfolio if it were not for purchase by the recipient (grantee, subrecipient, non-profit organization, individual homebuyer, etc.) of NSP funds.*

**Acquisition and Rehabilitation – Targeting Occupied Properties** (CT NSP Draft Action Plan - Page 21)

Comment: Targeting occupied properties would not only avoid the trauma of relocation for individual households, but would be a genuine stabilization effort for residents of properties and neighborhoods that are not yet abandoned.

Response: Under NSP foreclosed-upon residential properties may be lawfully occupied. Subrecipients must be mindful that the provisions of the Uniform Relocation Act do apply. **Clarifications appear on page 39 of the final Action Plan.**

(4) Activity Description: Subrecipient communities to 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 other activities meeting LMMI benefit. The subrecipient communities have been designated as having the greatest need within the state based on available federal and state data. Each

subrecipient will be required to target 25% of their award under the NSP program for activities serving the 50% of median income population. Any rehabilitation of foreclosed upon 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 occupied by households meeting the LMMI standard.

#### **Acquisition and Rehabilitation – Avoid Displacement in Occupied Properties (CT NSP Draft Action Plan - Page 21)**

Comment: We encourage DECD to consider using a portion of these funds, to the extent permissible, to keep people in their homes. It simply does not make good policy sense to evict low-income homeowners and renters, perform minor renovations, and then sell or rent a property to low-income homeowners and renters.

Response: DECD agrees and we encourage subrecipients to work with local agencies to minimize displacement. ***Changes noted earlier were made from the draft NSP Action Plan.***

#### **Administration – Recapture Provisions (CT NSP Draft Action Plan - Page 23)**

Comment: The plan states that "Any property specific activity obligation for which administrative funds have been drawn must be completed within six months or the administrative funds will be subject to recapture." Question: Whether in order to avoid recapture - the subrecipient must complete the administrative activity for which it obligated funds or must complete the entire activity that is supported by the administrative expenditure. For example, would the subrecipient need to complete a budget within six months, or would it have to complete development of a property based on the budget in order to avoid recapture?

Response: The State has established timeframes regarding the commitment and expenditure of funds, and occupancy of units. ***This section has been modified at page 42 of the final Action Plan.***

(11) Specific Activity Requirements: Administrative costs are reasonable costs of state or local governments to meet the requirements of the NSP, including but not limited to general management and oversight, providing public information, technical support services, and assuring fair housing activities. All subrecipient administrative funds must be drawn down on a pro-rata basis equal to the percentage of funds obligated by the sub-grantees. Any property specific activity obligation for which administrative funds have been drawn must be completed within *nine (9)* months or the administrative funds will be subject to recapture.

#### **Land Banking (CT NSP Draft Action Plan – Pages 7 and 24)**

Comment: Upon negotiating acquisition of properties, land banking will allow the property to be held and maintained while developers assemble financing and obtain permits. Land banks can handle property maintenance, legal and insurance issues, and other complexities of holding property. A statewide land bank—particularly where no local land bank is available—could facilitate the real estate transactions at scale. Municipalities may be ill-equipped or hesitant to hold property, requiring the establishment of new entities. Beyond creating fluidity in the current process, the existence of land banks may offer benefits for years to come. With that infrastructure in place, municipalities may be more aggressive in

acquiring problem properties and funneling them to developers, based on violation of blight ordinances, nonpayment of taxes, or other means.

Comment: State's Action Plan is too restrictive and does not provide any sufficient allocation for land banking properties, even if the 25% adjustment is utilized.

Response: As written, subrecipients may propose land banking and some have already identify larger allocations. DECD feels that priority consideration must be given to putting units back on the market. Land banking does not qualify for targeting at 50% of AMI until a unit is occupied and re-use must occur in 10 years; however, DECD expects redevelopment to begin within two (2) years. **Sections B. and H. were changed in the final Action Plan.**

#### **Financing Mechanisms (CT NSP Draft Action Plan - Page 26)**

Comment: Where CHFA and FHA are providing the first mortgage, the guidelines for front end ratios for end buyers should be increased to 33% for principal, interest, taxes and insurance.

Response: DECD agrees. **This section has been modified at page 46 of the final Action Plan.**

(11) Specific Activity Requirements: Any first time homebuyer activities must include a copy of a written agreement with a HUD-approved housing counseling agency to provide pre- and post-housing counseling services and a copy of the proposed curriculum. Any homebuyer activities must *ensure that a buyer's* payment of principal, interest, taxes, insurance (*PITI*) and association fees (if applicable) cannot exceed 30% of the household's anticipated gross annual income *for eligible persons or families. However, if the purchase is part of an approved governmental first mortgage program, DECD may accept that governmental agency's higher ratios upon a written request of the subrecipient. Approved governmental programs include, but are not limited to CHFA, USDA, Federal Home Loan Bank, Fannie Mae, Connecticut CDFI Alliance or FHA.*

#### **H. TOTAL BUDGET**

Comment: Some top tier communities asked for different allocations by eligible activities as show on pages 8 and 9 and in section H. Total Budget in the draft Action Plan.

Response: DECD agreed and made changes to both sections B. and H. **These sections have been modified at pages 9 and 48 of the final Action Plan.**

#### **I. PERFORMANCE MEASURES**

##### **Performance Indicators and De-obligation of Funds (CT NSP Draft Action Plan - Page 30)**

Comment: Any de-obligation of funds by DECD should be limited to uncommitted funds rather than funds already committed to acquisition/rehabilitation that is underway.

Comment: Performance standards should act as measurements and targets rather than absolutes.

Response: DECD would honor any contractual obligations provided there are no issues of non-compliance which would obligate the state to repay HUD. Furthermore, the language in the draft NSP Action Plan is permissive. Congress' deadline to spend NSP funds is absolute. ***This section has been modified at page 49 of the final Action Plan.***

*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. Subrecipients will be required to establish goals and timeframes for each activity, consistent with the performance indicators in the state's NSP Action Plan, as part of their Local Action Plan.*

#### **Performance Indicators** (CT NSP Draft Action Plan - Page 30)

#### **Program Timing** (CT NSP Draft Action Plan – Pages 9 and 30)

Comment: A critical element of this program is the timing of negotiations between DECD and major lenders for discounted purchase of bank-owned foreclosed property by participating cities and their NSP partners. The proposed Action Plan Amendment should detail this DECD activity that is discussed briefly on page 9 and assign a time frame to it. Any time deadlines for cities to commit their NSP funding need to be based upon the anticipated conclusion of the DECD negotiations with lenders. Given that DECD must first negotiate purchase discounts from banks, cities must identify target properties for acquisition, appraisals must be conducted and purchase agreements executed, it is unlikely that cities will be able to meet the first deadline (page 30) for committing funds to 25% of the units within 90 days.

Response: DECD will honor any contractual obligations provided there are no issues of non-compliance which would obligate the state to repay HUD. DECD, CHFA, subrecipients and their partners will work together on to attempt bulk purchasing. ***This section is unchanged in the final Action Plan.***

#### **Performance Measures** (CT NSP Draft Action Plan – Page 30)

Comment: I suggest that the deadlines for Obligation of Funds be measured in “dollars” rather than “units.” Clearly, DECD's AP goal of completing 400 units is based upon an assumption that the actual NSP dollars will be spent 7 times over the 4 year period in cycles of 6 months. A participating city could only obligate funding for 25% of the units in 90 days if the anticipation was that the funds would only be re-invested three times. However, committing 25% of the funding (versus number of units) can be accomplished in the first round of acquisitions.

Comment: In our research, no other state is requiring such fixed usage requirements and timelines in their action plans.

Response: DECD agrees in part. It is important to note that funds will be recaptured by HUD if the federal timelines are not met. DECD intentionally established a pay for performance system because of this. Administrative fees to subrecipients will be disbursed

prorate to funds obligated. ***This section has been modified at pages 49 and 50 of the final Action Plan.***

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

**Appendix D: Activity Delivery Cost** (CT NSP Draft Action Plan - Page 52)

Comment: Appraisals should be an eligible category for program expenditures and should not require pre-approval.

Response: Activity delivery costs are closely monitored not only for compliance with HUD and OMB rules but appraisals must comply with 49 CFR 24.103 of the URA, which requires that the Agency order and obtain the appraisal. As written, pre-approval from DECD is not required. ***This section is unchanged in the final Action Plan.***

## G. NSP INFORMATION BY ACTIVITY (*Complete for Each Activity*)

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

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

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

CDBG reference: 24 CFR Part 570.201 Acquisition

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

CDBG reference: 24 CFR Part 570.202

(3) National Objective: Direct Benefit to LMMI persons.

(4) Activity Description: Subrecipient communities to 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 other activities meeting LMMI benefit. The subrecipient communities have been designated as having the greatest need within the state based on available federal and state data. Each subrecipient will be required to target 30% of their award under the NSP program for activities serving the 50% of median income population. Any rehabilitation of foreclosed upon 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 occupied by households meeting the LMMI standard.

(5) Location Description: Specific addresses, blocks or neighborhoods to be determined when Local Action Plans are submitted.

(6) Performance Measures: 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.**

Subrecipients will be required to submit quarterly reports that detail activities completed, activities to be 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 downpayment assistance financing through this activity. It is estimated that 325-400 properties will be acquired through the NSP program. Funding for these acquisitions will be carried out with NSP and local resources. Of the 325-400 properties acquired through this program, 280-350 units will be rehabilitated prior to resale.

(7) Total Budget: Estimated at \$12,111,132. **See Section H. for overall program budget.**

(8) Responsible Organization: Seven (7) subrecipient communities are Bridgeport, Hartford, Meriden, New Britain, New Haven, Stamford, and Waterbury. Note: Up to three additional communities will be selected in the first quarter of 2009. **See the Administration activity for contact information.**

(9) Projected Start Date: February 13, 2009

(10) Projected End Date: February 13, 2013

(11) Specific Activity Requirements:

Acquisition - The State of Connecticut will require that all Local Action Plans fulfill the requirement that acquisitions meet the aggregate discount rate of 15% of appraised value or subrecipient communities may choose to use the concept of "net realizable value" to determine an appropriate purchase price for homes and residential properties that have been abandoned or foreclosed. This method takes into account both the current value of the property and the costs of holding the property while it is held by the subrecipient or its designee. "Net realizable value" is the appraised value, less the cost of security, maintenance, capital costs, tax costs, and insurance for the anticipated time the property would be in the portfolio if it were not for purchase by the recipient (grantee, subrecipient, non-profit organization, individual homebuyer, etc.) of NSP funds. The number of properties to be acquired is estimated between 325-400 units.

Rehabilitation - All rehabilitated properties will assure affordability 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.

The rehabilitation of acquired properties must bring units up to minimum property standards for rental or resale to income eligible households. Each subrecipient must have its own rehabilitation standards which have been approved by HUD or DECD, as applicable. "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.

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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 both the State and subrecipients 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 State of Connecticut and the seven (7) subrecipient communities identified below and up to three (3) communities to be determined.

(6) Performance Measures: N/A

(7) Total Budget: \$1,878,253

(8) Responsible Organization: State of Connecticut Department of Economic and Community Development and seven (7) subrecipient communities. Note: Up to three (3) additional communities will be selected in the first quarter of 2009. The seven (7) subrecipients are:

Grantee:

Department of Economic and Community Development  
Commissioner  
Joan McDonald  
505 Hudson Street  
Hartford, CT 06106

Subrecipients:

City of Bridgeport  
Office of the Mayor  
The Honorable Bill Finch  
City Hall Annex  
999 Broad Street  
Bridgeport, CT 06604

City of Waterbury  
Office of the Mayor  
The Honorable Michael J. Jarjura  
Chase Municipal Building  
236 Grand St.  
Waterbury, CT 06702

City of New Haven  
Office of the Mayor  
The Honorable John DeStefano, Jr.  
City Hall  
165 Church Street  
New Haven CT 06510



City of Hartford  
Office of the Mayor  
The Honorable Eddie A. Perez  
550 Main Street  
2nd Floor, Room 200  
Hartford, CT 06103

City of Meriden  
Office of the Mayor  
The Honorable Michael S. Rohde  
City Hall  
142 East Main Street  
Meriden, CT 06450

City of New Britain  
Office of the Mayor  
The Honorable Timothy T. Stewart  
City Hall  
27 West Main Street  
New Britain, CT 06051

City of Stamford  
Office of the Mayor  
The Honorable Dannel P. Malloy  
Government Center  
888 Washington Blvd  
Stamford, CT 06901

(9) Projected Start Date: February 13, 2009

(10) Projected End Date: February 13, 2013

(11) Specific Activity Requirements: Administrative costs are reasonable costs of state or local governments to meet the requirements of the NSP, including but not limited to general management and oversight, providing public information, technical support services, and assuring fair housing activities. All subrecipient administrative funds must be drawn down on a pro-rata basis equal to the percentage of funds obligated by the sub-grantees. Any property specific activity obligation for which administrative funds have been drawn must be completed within nine (9) months or the administrative funds will be subject to recapture.

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

(2) Activity Type: Demolition of Blighted Buildings and related clearance activities for the purpose of providing sites for homeownership or rental development, land banking, 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: Demolition of blighted structures to be replaced by housing units for LMMI households through either immediate redevelopment or land banking. 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: To acquire blighted buildings and demolish same for either land bank activities or to provide sites for home ownership, rental housing development, or other CDBG eligible activity benefitting LMMI persons. The subrecipient communities have been designated as having the greatest need within the state based on available federal and state data. Each subrecipient will be required to target 25% of their award under the NSP program for activities serving the 50% of median income population.

(5) Location Description: Specific addresses, blocks or neighborhoods to be determined when Local Action Plans are submitted.

(6) Performance Measures: 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.**

Subrecipients will be required to submit quarterly reports that detail activities completed, activities to be undertaken, 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 80-100 units will be demolished. For demolished properties, 40-50 will enter land bank programs.

(7) Total Budget: \$3,277,500. **See Section H for overall program budget.**

(8) Responsible Organization: Seven (7) subrecipient communities are Bridgeport, Hartford, Meriden, New Britain, New Haven, Stamford, and Waterbury. Note: Up to three (3) additional communities will be selected in the first quarter of 2009. See the Administration activity for contact information.

(9) Projected Start Date: February 13, 2009

(10) Projected End Date: February 13, 2013

(11) Specific Activity Requirements: Documentation by subrecipients that all demolitions being carried out under the NSP program is required due to the condition of the property and that a specific eligible reuse has been identified.

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(1) Activity Name: **Establishment of Land Banks**

(2) Activity Type: The acquisition of property to establish Lank Banks for future development of LMMI housing.

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

CDBG reference: 24 CFR 570.201(a) and (b)

(3) National Objective: Direct benefit to LMMI households upon disposition.

(4) Activity Description: To acquire blighted buildings, demolish and land bank for future homeownership and/or rental housing development. All properties will be occupied by households meeting the LMMI standard. All assisted properties will assure affordability consistent with the HOME Investment Partnerships Program by requiring the use of deed restrictions, restrictive covenants, or other such 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.

(5) Location Description: Specific addresses, blocks or neighborhoods to be determined when Local Action Plans are submitted.

(6) Performance Measures: 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.**

Subrecipients will be required to submit quarterly reports that detail activities completed, activities to be undertaken, including the following information by numbers, costs, and racial ethnic data:

- # of properties land banked

It is anticipated that the 40-50 properties will be banked for future use.

(7) Total Budget: \$1,800,000. **See Section H for overall program budget.**

(8) Responsible Organization: Seven (7) subrecipient communities are Bridgeport, Hartford, Meriden, New Britain, New Haven, Stamford, and Waterbury. Note: Up to three (3) additional communities will be selected in the first quarter of 2009. See the Administration activity for contact information.

(9) Projected Start Date: February 13, 2009

(10) Projected End Date: February 13, 2013

(11) Specific Activity Requirements: Property may be "banked" for a period not to exceed 2 years from the date of acquisition, at which time development must occur or title to the property will automatically revert to the municipality. Acquired property operating costs are not NSP eligible program activity costs so subrecipients considering this approach must provide a commitment for property operating costs from other sources.

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

(2) Activity Type: The establishment of Financing Mechanisms to assist in the purchase and redevelopment of foreclosed housing.

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

CDBG reference: 24 CFR Part 570.201(n) Homeownership Assistance.

(3) National Objective: Direct benefit to LMMI households.

(4) Activity Description: Funds will be made available for eligible activities to include acquisition, rehab and the redevelopment of demolished housing. Activities may be in the form of loans, grants, soft seconds, loan loss reserves, shared-equity loans or other mechanisms to foster homeownership and rental housing opportunities for LMMI households. Interest rates may range from 0% to 5% and will be determined based on standard underwriting practices. It is anticipated that most loans will be at 0% per annum. However, interest rates may not exceed 5% and it is anticipated that rates above 0% will only be used to projects with rental properties where the operating proforma indicates that the project operating budget can support the proposed debt coverage ratios are from 1.15 to 1.25.

(5) Location Description: Specific addresses, blocks or neighborhoods to be determined when Local Action Plans are submitted.

(7) Performance Measures: 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.**

Subrecipients will be required to submit quarterly reports that detail activities completed, activities to be undertaken, 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 acquired and rehabilitated with NSP may also receive downpayment assistance financing through this activity. It is estimated that 350 households will receive secondary financing through this activity based on an estimated of \$10,000 - \$20,000 per unit.

(7) Total Budget: \$5,650,000. **See Section H for overall program budget.**

(8) Responsible Organization: Seven (7) subrecipient communities are Bridgeport, Hartford, Meriden, New Britain, New Haven, Stamford, and Waterbury. Note: Up to three (3) additional communities will be selected in the first quarter of 2009. **See the Administration activity for contact information.**

(9) Projected Start Date: February 13, 2009

(10) Projected End Date: February 13, 2013

(11) Specific Activity Requirements: Any first time homebuyer activities must include a copy of a written agreement with a HUD-approved housing counseling agency to provide pre- and post-housing counseling services and a copy of the proposed curriculum. Any homebuyer activities must ensure that a buyer's payment of principal, interest, taxes, insurance (PITI) and association fees (if applicable) cannot exceed 30% of the household's anticipated gross annual income for eligible persons or families. However, if the purchase is part of an approved governmental first mortgage program, DECD may accept that governmental agency's higher ratios upon a written request of the subrecipient. Approved governmental programs include, but are not limited to CHFA, USDA, Federal Home Loan Bank, Fannie Mae, Connecticut CDFI Alliance or FHA.

All properties assisted through these mechanisms will be occupied by households meeting the LMMI standard. All assisted properties will assure affordability consistent with the HOME Investment Partnerships Program by requiring the use of deed restrictions, restrictive covenants, or other such mechanisms running with the land. Affordability periods will be consistent with the HOME Program Standards at 24 CFR 92.252(a), (c), (e) and (f) and 24 CFR 92.254.

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

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(1) Activity Name: **Redevelopment of Demolished or Vacant Properties**

(2) Activity Type: The redevelopment of demolished or vacant properties through the new construction of residential dwelling units.

NSP Reference: 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: Benefit to LMMI Persons

(4) Activity Description: New construction of housing units may be carried out as part of a demolition of blighted property activity. Reuse must meet CDBG requirements and service to LMMI persons. New construction (reconstruction) on these properties can be carried out by the grantee or sub-recipient and the properties then sold to low, moderate or middle income families at affordable prices.

(5) Location Description: Specific addresses, blocks or neighborhoods to be determined when Local Action Plans are submitted.

(6) Performance Measures: 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.**

Subrecipients will be required to submit quarterly reports that detail activities completed, activities to be undertaken, 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 325-400 units of affordable housing. Of this figure, it is anticipated that between 280-350 units will be rehabilitated and that 40-50 properties will be demolished. For demolished properties, 20-25 will be redeveloped immediately and 20-25 will enter land bank programs. Redevelopment activities will be carried out in conjunction with local financial resources.

(7) Total Budget: \$326,500. **See Section H for overall program budget.**

(8) Responsible Organization: Seven (7) subrecipient communities are Bridgeport, Hartford, Meriden, New Britain, New Haven, Stamford, and Waterbury. Note: Three additional communities will be selected in the first quarter of 2009. **See the Administration activity for contact information.**

(9) Projected Start Date: February 13, 2009

(10) Projected End Date: February 13, 2013

(11) Specific Activity Requirements: All assisted properties will assure affordability consistent with the HOME Investment Partnerships Program by requiring the use of deed restrictions, restrictive covenants, or other such 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, with 20 year affordability periods required for the new construction of rental units.

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

**H. Total Budget: Including Public and Private Investment**

<b>NSP Eligible Activity</b>		<b>NSP Funds</b>	<b>State \$</b>	<b>Local \$</b>	<b>%</b>
Administration	State	\$ 626,085.00	\$0	\$0	2.5%
	Local	\$ 1,252,168.00	\$0	TBD	5.0%
Acquisition and Rehabilitation		\$ 12,111,132.00	\$0	TBD	48.3%
Financing Mechanisms		\$ 5,650,000.00	\$0	TBD	22.6%
Land Bank/Assemblage		\$ 1,800,000.00	\$0	TBD	7.2%
Demolition of Blighted Structures		\$ 3,277,500.00	\$0	TBD	13.1%
Redevelopment - Vacant or Demo		\$ 326,500.00	\$0	TBD	1.3%
		<u>\$ 25,043,385.00</u>	<u>\$0</u>	<u>TBD</u>	<u>100.0%</u>

**Note:** As indicated in Section B., until Local Action Plans are reviewed and approved by DECD, this budget is an estimate and shows only NSP funds at this time. Furthermore, individual subrecipients may undertake some or all of the activities listed above, however, the distribution of funds will vary from community to community as local strategies are finalized.

**I. PERFORMANCE MEASURES**

Performance Measurements

It is anticipated that many of the funded activities will overlap in the LMMI households served. For example, an acquired property may also be demolished and redeveloped to an LMMI family. All three activities will serve the same household. It is estimated that 325-400 households will be served with the initial funding.

- It is estimated that 80-100 units of housing will be acquired and rehabilitated for the income levels of households that are 50% of AMI and below.
- It is estimated that 80-100 units of housing will be acquired and rehabilitated for the income levels of households that are between 51-80% of AMI.
- It is estimated that 165-200 units of housing will be acquired and rehabilitated for the income levels of households that are between 81-120% of AMI.

- Range of interest rates – 0% to 5%. It is anticipated that most loans will be at 0% per annum. However, interest rate may not exceed 5% and it is anticipated that rates above 0% will only be used for projects with rental properties where the operating proforma indicates that the project can support debt repayment.

It is anticipated that the overall program will achieve the acquisition, rehab, resale, and redevelopment of 325-400 units of affordable housing. It is anticipated that between 80-100 units will be demolished. For demolished properties, 40-50 will enter land bank programs. No significant redevelopment activity is anticipated. It will be required that any rental units acquired, rehabilitated, or redeveloped through the NSP program meet the same LMMI income requirements. Sub-grantees under the NSP program will be required to complete the following charts to document program performance achievement and timely completion of activities.

### Reporting

DECD will be required to:

- Submit quarterly performance reports to HUD online and to post those reports online for public viewing as well. Reports will be due 30 days after the end of each quarter, starting 30 days after the first full calendar quarter after grant award and continuing until the end of the 15th month after the initial award; and
- Submit monthly obligation and expenditure reports to HUD until reported total obligations are equal or greater than the total NSP grant. Once that point is reached, they will switch to quarterly reporting until all NSP funds (including program income) have been expended or HUD issues alternative instructions.

### Disaster Recovery Grant Reporting System

- The State will be required to report on the used of NSP funds through this online system.
- The State must post NSP reports on their own websites for public viewing.
- The State will be required to submit a quarterly report and report monthly on NSP obligations and expenditures.
- The State or contracted staff will monitor and ensure compliance of all Federal and State requirements.

### Performance Indicators and De-obligation of Funds

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. Subrecipients will be required to establish goals and timeframes for each activity, consistent with the performance indicators in the state's NSP Action Plan, 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

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.

#### Administrative Funds

All subrecipient administrative funds must 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.

#### Outcome Measures

The State will establish clear measures, in addition to HUD's reporting requirements, to measure changes in market conditions, such as volume of real estate activity, foreclosure preventions, property values, vacancies, etc. Each subrecipient will be expected to measure the extent to which neighborhoods have been restored to sustainable health and stability. For example:

Outcomes – (not achievable in short-term)  
Reduced blight and abandonment in the area  
Improved property values  
Increased community investment (as measured by building permits)  
Increased homeownership rates  
Reduced crime rates  
Reduced poverty levels  
Increased tax base

**Project Funding**

Projected Project Budget, including all sources:	
Total NSP Grant:	

	Current Quarter	Cumulative to Date
NSP Funds Obligated:		
NSP Funds Drawn Down:		
NSP Funds Expended:		
Match Contributed:		
Total Expended:		
NSP Grant Balance:		
Program Income Received:		

The following performance measurements on the following pages are illustrative of possible metrics under NSP. However, DECD is awaiting guidance from HUD regarding the Disaster Recovery Grant Reporting system before finalizing performance measures for subrecipients and monthly or quarterly progress meetings with subrecipients.

**Proposed and Actual Performance Measurements**

Activity:	Proposed			Actual This Quarter			Cumulative to Date		
	Total	Persons Served		Total	Persons Served		Total	Persons Served	
<u>Acquisition</u>		Low	Mod	Low	Mod	Middle	Low	Mod	Middle
# of Properties									
# of Households Benefitting									
# of Housing Units									

Activity:	Persons Served			Persons Served			Persons Served		
	Total	Low	Mod	Total	Low	Mod	Total	Low	Mod
<u>Rehabilitation</u>									
# of Properties									
# of Households Benefitting									
# of Housing Units									

Activity:	Persons Served			Persons Served			Persons Served		
	Total	Low	Mod	Total	Low	Mod	Total	Low	Mod
<u>Demolition</u>									
# of Properties									
# of Households Benefitting									
# of Housing Units									

Activity:	Persons Served			Persons Served			Persons Served		
	Total	Low	Mod	Total	Low	Mod	Total	Low	Mod
<u>Land Bank</u>									
# of Properties									
# of Households Benefitting									
# of Housing Units									

Activity:	Persons Served			Persons Served			Persons Served		
	Total	Low	Mod	Total	Low	Mod	Total	Low	Mod
<u>Redevelopment</u>									
# of Properties									
# of Households Benefitting									
# of Housing Units									

Activity:	Persons Served			Persons Served			Persons Served		
	Total	Low	Mod	Total	Low	Mod	Total	Low	Mod
<u>Financed Units</u>									
# of Properties									
# of Households Benefitting									
# of Housing Units									

**Performance Indicators Reported Per Quarter**

Performance Indicators	Date							
	3/31/09	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10
# of properties under contract to be acquired								
# of properties acquired								
# of properties under rehabilitation								
# of properties with completed rehabilitation activities								
# of properties demolished								
# of properties land banked								
# of properties redeveloped								
# of properties under purchase and sale agreement								
# of properties resold to owner-occupants								
# of buyers provided secondary financing								
# of units meeting the 50% of median income test								

**Appendix A: Data – Areas of Greatest Need and Distribution of Funds**

Chart A-1	HUD Data from Internet
Chart A-2	LISC: Foreclosure Response Table 1
Chart A-3	LISC: Foreclosure Response Table 2
Chart A-4	LISC: Data Dictionary and Methodology
Chart A-5	DECD Data Analysis Summary
Chart A-6	DECD Data Dictionary and Methodology
Chart A-7	DECD Weighted Analysis: Statewide

CHART A-1

Rank	Municipality	Total Loans made 2004 to 2006 (HMDA)	Statewide ration of Loans made 2004 to 2006 and Total mortgages in State	Estimated Mortgages in Municipality	OFHEO Price Decline from Maximum as of June 2008	Percent of Loans Made 2004 to 2006 High Cost to HMDA Data	HUD Pro-rata Estimate of Funding
1	Bridgeport	17,073	1.73	29,509	-2.6%	46.8%	\$743,455
2	Waterbury	11,062	1.73	19,120	-2.8%	44.3%	\$465,477
3	New Haven	9,403	1.73	16,252	-2.8%	41.2%	\$365,370
4	Hartford	7,081	1.73	12,239	0.0%	48.5%	\$326,465
5	Meriden	7,698	1.73	13,305	-2.8%	33.3%	\$233,534
6	New Britain	6,100	1.73	10,543	0.0%	42.4%	\$229,894
7	East Hartford	6,149	1.73	10,628	0.0%	39.9%	\$174,879
8	West Haven	6,998	1.73	12,095	-2.8%	36.0%	\$125,719
9	Norwich	4,635	1.73	8,011	-0.5%	32.1%	\$123,230
10	Stamford	14,859	1.73	25,683	-2.6%	16.6%	\$100,128
11	Danbury	9,989	1.73	17,265	-2.6%	23.1%	\$94,495
12	Stratford	7,527	1.73	13,010	-2.6%	26.6%	\$94,486
13	Bristol	7,700	1.73	13,309	0.0%	25.5%	\$93,886
14	Hamden	7,224	1.73	12,486	-2.8%	26.3%	\$90,773
15	New London	2,484	1.73	4,293	-0.5%	40.5%	\$85,218
16	Norwalk	11,751	1.73	20,311	-2.6%	16.8%	\$79,323
17	Manchester	6,711	1.73	11,599	0.0%	24.6%	\$71,534
18	Milford	7,073	1.73	12,225	-2.8%	15.5%	\$47,304
19	Middletown	5,120	1.73	8,850	0.0%	21.3%	\$45,175
20	West Hartford	6,981	1.73	12,066	0.0%	12.4%	\$33,290
21	Fairfield	7080	1.73	12,237	-2.6%	8.5%	\$27,641
22	Greenwich	6329	1.73	10,939	-2.6%	4.7%	\$14,764
	State	247,128	1.73	427,141	-1.0%	16.5%	\$21,377,346
						<b>State Allocation</b>	<b>\$25,043,385</b>

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## CHART A-2

**Chart A-2: Foreclosure Needs Scores by CDBG Jurisdiction -- October 2008**

*Source: Analysis by the Local Initiative Support Corporation provided by the Foreclosure Response project*

CDBG Name	Intrastate Foreclosure Needs Score	Estimated			Estimated		Estimated		Ratio of	
		Total Number of Loans	Estimated Number of Subprime Loans	Pct. of All Loans: Subprime	Number of Loans Delinquent 30+ Days	Pct. of All Loans: 30+ Days Delinquent	Number of Foreclosed Loans	Pct. of All Loans: In Foreclosure	Local Vacancy Rate to State Rate	Capped Vacancy Ratio
Bridgeport	100.0	20,138	5,830	28.95	2,419	12.01	1,155	5.74	0.67	0.90
Waterbury	82.7	17,991	4,540	25.23	2,068	11.50	779	4.33	1.36	1.10
New Haven	63.8	15,486	3,734	24.11	1,411	9.11	781	5.04	1.12	1.10
Hartford	59.0	11,358	3,407	30.00	1,197	10.54	484	4.27	1.49	1.10
New Britain	37.3	8,756	2,266	25.88	932	10.64	328	3.75	1.64	1.10
Meriden	30.8	12,730	2,308	18.13	1,003	7.88	445	3.50	1.54	1.10
West Haven	29.1	10,409	2,205	21.19	973	9.35	447	4.30	0.28	0.90
East Hartford	27.0	8,892	2,070	23.28	941	10.59	304	3.42	0.30	0.90
Hamden	17.0	13,836	1,926	13.92	980	7.08	317	2.29	0.41	0.90
Norwich	15.9	7,640	1,167	15.28	585	7.66	272	3.56	1.14	1.10
Stratford	14.0	11,273	1,505	13.35	755	6.69	321	2.85	0.26	0.90
New London	13.1	3,768	789	20.93	320	8.48	187	4.97	1.51	1.10
Bristol	12.5	13,498	1,629	12.07	793	5.87	300	2.22		0.90
Danbury	10.4	15,252	1,634	10.72	760	4.98	275	1.80		0.90
Manchester	10.4	10,978	1,355	12.34	713	6.49	185	1.68		0.90
Stamford	8.9	25,875	2,058	7.95	818	3.16	361	1.40		0.90
Middletown	8.1	9,049	1,121	12.39	491	5.43	200	2.21		0.90
Norwalk	6.7	20,178	1,484	7.35	709	3.51	253	1.26		0.90
Milford	6.3	14,597	1,035	7.09	685	4.69	208	1.43		0.90
West Hartford	2.9	16,155	837	5.18	429	2.66	132	0.82	0.97	0.97
Fairfield	2.6	11,254	612	5.43	266	2.37	133	1.18	1.24	1.10
Greenwich	1.4	12,187	624	5.12	221	1.81	73	0.60		0.90
Non-Entitlement Areas		469,465	39,917	8.50	20,813	4.43	6,672	1.42	0.80	0.90
State Total		760,766	84,053	11.05	40,282	5.30	14,613	1.92		

**CHART A-3**

**Table 2: Proportion of Problem Loans by State in and outside of CDBG Jurisdictions**  
*Source: Analysis by the Local Initiative Support Corporation provided by the Foreclosure Response project*

State	Pct. of Sub-prime Loans		Pct. of Delinquent Loans		Pct. of Foreclosed Loans		Pct. of REO Loans	
	CDBG	Other	CDBG	Other	CDBG	Other	CDBG	Other
CT	52.5	47.5	48.3	51.7	54.3	45.7	59.9	40.1



## CHART A-4

### Data and Definitions: Foreclosure Needs Scores by CDBG Jurisdiction -- October 2008

Source: Analysis by the LISC provided by the Foreclosure Response project

Label	Definition/Explanation	Source
<b>Definitions for Chart A-2:</b>		
Intrastate Foreclosure Needs Score	This is the relative foreclosure needs score for each jurisdiction. The neediest jurisdiction in each state receives a score of 100. Thus if a jurisdiction receives a score of 50, it is estimated to be one-half as needy as the worst-off jurisdiction.	LISC Calculation
Estimated Total Number of Loans	This number is an estimate of the number of first-lien residential mortgages, representing both owner- and renter-occupied units.	McDash Analytics, US Census Bureau
Estimated Number of Sub-prime Loans	Sub-prime loans are those that a servicer has coded specifically as sub-prime and if not already coded, loans made to borrowers with FICO scores below 620 who did not receive a government, Fannie Mae or Freddie Mac loan. This number was adjusted to match counts from Mortgage Banker's Association data. Number was adjusted to match counts from Mortgage Banker's Association data.	McDash Analytics, Mortgage Bankers Association
Pct. of All Loans: Sub-prime	$(\text{Estimated Number of Sub-prime Loans} / \text{Estimated Total Number of Loans}) * 100$	McDash Analytics
Estimated Number of Loans Delinquent 30+ Days	This indicator includes all loans that are at least 30 days delinquent and have not yet entered into judicial (a lis pendens filing) or non-judicial foreclosure. This number was adjusted to match Mortgage Bankers Association data if McDash count was lower.	McDash Analytics, Mortgage Bankers Association
Pct. of All Loans: 30+ Days Delinquent	$(\text{Est. Number of Loans Delinquent 30+ Days} / \text{Estimated Total Number of Loans}) * 100$	McDash Analytics
Estimated Number of Foreclosed Loans	This includes loans in foreclosure and bankruptcy foreclosures prior to auction or trustee sale. This number was adjusted to match Mortgage Bankers Association data if McDash count was lower.	McDash Analytics, Mortgage Bankers Association
Pct. of All Loans: In Foreclosure	$(\text{Estimated Number of Foreclosed Loans} / \text{Estimated Total Number of Loans}) * 100$	McDash Analytics

**Data and Definitions: Foreclosure Needs Scores by CDBG Jurisdiction -- October 2008 (continued)**

Source: Analysis by the LISC provided by the Foreclosure Response project

Label	Definition/Explanation	Source
<b>Definitions for Chart A-2:</b>		
Ratio of Local Vacancy Rate to State Rate	This ratio calculated by dividing the local vacancy rate in high sub-prime areas by the state vacancy rate in high sub-prime ZIP codes. This value is missing for jurisdictions that do not have any high sub-prime ZIP codes. Please see the methodology documentation for the definition of high sub-prime ZIP codes.	USPS/HUD
Capped Vacancy Ratio	The local/state vacancy ratio is capped and jurisdictions are assigned a minimum value of 0.9 and a maximum value of 1.1.	USPS/HUD
<b>Definitions for Chart A-3:</b>		
Pct. of Sub-prime loans  Pct. of Delinquent Loans  Pct. of Foreclosed Loans Pct. of REO Loans	See definitions above. However these percentages are not out of all loans but only the problem loan category. For example, Table 2 describes how all sub-prime loans in the state are distributed between CDBG jurisdictions and areas outside of CDBG jurisdiction.	McDash Analytics  McDash Analytics  McDash Analytics  McDash Analytics

**CHART A-5**

Town	Weighted Score Subprime Foreclosures	Weighted Score Lis Pens	Weighted Score Subprime Loans	Weighted Score Vacancies
Bridgeport	0.700	0.100	0.150	2.7500
Hartford	2.800	0.400	0.750	0.6500
Meriden	4.900	0.500	1.200	2.5500
New Britain	5.600	0.600	1.350	0.4500
New Haven	1.400	0.300	0.450	1.8500
Stamford	3.500	0.900	0.600	4.0500
Waterbury	2.100	0.200	0.300	1.0500

<b>Legend</b>	
<b>% of Sub-Prime Foreclosures</b>	<b>70%</b>
<b>Lis Pens</b>	<b>10%</b>
<b>% of Sub-Prime Loans</b>	<b>15%</b>
<b>Postal Vacancies</b>	<b>5%</b>

**Chart A-6**

<b>Number of Sub-Prime Loans in Foreclosure as a Percent of Owner-Occupied Housing Units</b>	(Number of Subprime Foreclosures / Number of Owner-Occupied Units) *100	Connecticut Housing Finance Authority
<b>Number of Lis Penden Filings</b>	This data is the number of loans that have entered into judicial foreclosure filing (a lis pendens filing).	The Warren Group
<b>Number of Lis Penden Filings as a Percent of Owner-Occupied Housing Units</b>	(Number of Lis Penden Filings/ Number of Owner-Occupied Units) *100	Connecticut Housing Finance Authority
<b>Number of Sub-Prime Loans</b>	Subprime loans are those that a servicer has coded specifically as subprime.	First American Loan Performance, June 2008
<b>Number of Sub-Prime Loans as a Percent of Owner-Occupied Housing Units</b>	(Number of Subprime Loans / Number of Owner-Occupied Units) *100	Connecticut Housing Finance Authority
<b>Total # Residential Addresses</b>	This data is the total number of residential addresses by community	USPS Vacancy Rates
<b>Total # Vacancies 90 days plus</b>	This data is the total number of residential vacancies that have been reported for a period in excess of 90 days	USPS Vacancy Rates
<b>% of Vacancies against Total # Residential Address</b>	(Number of Vacant Addresses / Total Number Residential Addresses) *100	Connecticut Housing Finance Authority

**CHART A-7**

Town	Weighted Score Subprime Foreclosures	Weighted Score Lis Pens	Weighted Score Subprime Loans	Weighted Score Vacancies	Summation of Score
Andover	96.600	13.800	23.100	5.5500	139.0500
Ansonia	22.400	3.800	5.100	1.7000	33.0000
Ashford	97.300	10.200	19.500	5.4000	132.4000
Avon	46.900	8.400	13.800	5.0500	74.1500
Barkhamsted	98.000	14.700	22.500	6.2500	141.4500
Beacon Falls	104.300	10.300	17.100	2.0000	133.7000
Berlin	49.700	6.500	12.150	7.3000	75.6500
Bethany	89.600	13.900	20.250	8.3000	132.0500
Bethel	24.500	4.200	6.450	8.1000	43.2500
Bethlehem	105.000	14.000	22.350	0.9500	142.3000
Bloomfield	16.100	2.300	4.050	6.3000	28.7500
Bolton	98.700	15.500	22.200	7.1000	143.5000
Bozrah	90.300	15.100	23.550	8.2000	137.1500
Branford	23.100	3.900	5.400	6.4500	38.8500
Bridgeport	0.700	0.100	0.150	2.7500	3.7000
Bridgewater	105.700	16.800	24.300	1.2000	148.0000
Bristol	11.200	1.000	2.100	2.7000	17.0000
Brookfield	30.800	5.800	7.800	5.3000	49.7000
Brooklyn	68.600	7.500	13.950	1.6000	91.6500
Burlington	64.400	9.100	17.700	7.8000	99.0000
Canaan	106.400	16.000	21.150	0.1000	143.6500
Canterbury	65.100	10.800	16.650	2.1000	94.6500
Canton	99.400	12.500	16.800	2.4500	131.1500
Chaplin	91.000	13.000	22.050	3.4000	129.4500
Cheshire	35.000	4.600	8.400	5.1000	53.1000
Chester	91.700	14.100	21.900	0.9000	128.6000
Clinton	50.400	6.100	12.450	4.2000	73.1500
Colchester	56.700	5.600	10.650	2.4000	75.3500
Colebrook	110.600	16.100	24.450	3.7500	154.9000
Columbia	111.300	14.200	18.900	3.6500	148.0500
Cornwall	107.100	16.200	21.450	0.4000	145.1500
Coventry	82.600	5.900	12.000	3.9500	104.4500
Cromwell	57.400	6.900	10.950	3.5000	78.7500
Danbury	7.000	1.400	1.050	4.9000	14.3500
Darien	69.300	8.500	10.800	7.4500	96.0500
Deep River	112.000	14.800	20.550	3.0500	150.4000

Town	Weighted Score Subprime Foreclosures	Weighted Score Lis Pens	Weighted Score Subprime Loans	Weighted Score Vacancies	Summation of Score
Derby	38.500	6.300	9.450	1.5500	55.8000
Durham	72.100	10.400	18.600	4.6000	105.7000
East Granby	92.400	13.600	21.600	3.0000	130.6000
East Haddam	72.800	9.200	15.450	0.6000	98.0500
East Hampton	53.200	6.800	12.300	1.5000	73.8000
East Hartford	8.400	0.800	1.650	5.9500	16.8000
East Haven	11.900	1.600	2.850	8.0000	24.3500
East Lyme	51.100	9.300	12.750	3.4500	76.6000
East Windsor	65.800	13.100	13.650	4.4500	97.0000
Eastford	114.800	15.700	23.850	0.8000	155.1500
Easton	61.600	12.600	15.750	8.1500	98.1000
Ellington	93.100	10.500	13.200	3.1000	119.9000
Enfield	14.700	1.900	3.450	6.3500	26.4000
Essex	83.300	11.700	17.550	2.6500	115.2000
Fairfield	20.300	3.200	2.700	5.8500	32.0500
Farmington	37.800	7.800	9.750	7.6000	62.9500
Franklin	107.800	16.300	24.150	3.3500	151.6000
Glastonbury	39.200	5.300	7.500	7.3500	59.3500
Goshen	112.700	14.300	22.800	1.2500	151.0500
Granby	70.000	10.600	16.050	5.8000	102.4500
Greenwich	28.000	4.000	3.150	4.8000	39.9500
Griswold	25.900	5.000	6.600	6.5000	44.0000
Groton	44.100	6.600	8.250	4.6500	63.6000
Guilford	35.700	6.400	7.950	3.5500	53.6000
Haddam	75.600	9.500	17.250	6.9500	109.3000
Hamden	9.100	1.300	1.950	4.7000	17.0500
Hampton	100.100	15.200	21.750	2.3500	139.4000
Hartford	2.800	0.400	0.750	0.6500	4.6000
Hartland	93.800	15.800	23.250	6.0000	138.8500
Harwinton	62.300	13.200	18.750	5.7000	99.9500
Hebron	84.000	9.800	16.350	4.0000	114.1500
Kent	84.700	15.300	21.300	0.2000	121.5000
Killingly	18.200	3.300	4.950	0.3000	26.7500
Killingworth	100.800	12.700	18.300	3.2000	135.0000
Lebanon	58.100	8.600	15.000	2.5000	84.2000
Ledyard	51.800	7.700	10.350	7.7000	77.5500
Lisbon	115.500	10.700	24.750	6.5500	157.5000
Litchfield	73.500	10.900	18.150	1.3500	103.9000
Lyme	116.200	15.900	24.900	1.1000	158.1000

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Town	Weighted Score Subprime Foreclosures	Weighted Score Lis Pens	Weighted Score Subprime Loans	Weighted Score Vacancies	Summation of Score
Madison	58.800	8.200	11.400	4.9500	83.3500
Manchester	12.600	1.500	2.250	6.0500	22.4000
Mansfield	70.700	9.600	14.100	6.2000	100.6000
Marlborough	85.400	13.700	20.400	5.0000	124.5000
Meriden	4.900	0.500	1.200	2.5500	9.1500
Middlebury	101.500	15.600	17.850	4.1000	139.0500
Middlefield	113.400	14.900	20.700	6.6500	155.6500
Middletown	16.800	2.200	3.750	4.1500	26.9000
Milford	14.000	2.100	2.550	5.1500	23.8000
Monroe	39.900	5.200	8.700	6.6000	60.4000
Montville	29.400	6.700	7.350	2.2000	45.6500
Morris	86.100	15.400	23.700	0.7000	125.9000
Naugatuck	13.300	2.000	3.000	3.3000	21.6000
New Britain	5.600	0.600	1.350	0.4500	8.0000
New Canaan	59.500	9.900	10.200	5.2000	84.8000
New Fairfield	31.500	7.200	9.150	5.5000	53.3500
New Hartford	76.300	12.200	16.200	7.7500	112.4500
New Haven	1.400	0.300	0.450	1.8500	4.0000
New London	10.500	2.900	4.200	0.5500	18.1500
New Milford	15.400	2.500	3.900	1.1500	22.9500
Newington	23.800	3.400	5.850	5.6000	38.6500
Newtown	26.600	4.700	6.300	6.8500	44.4500
Norfolk	108.500	16.600	24.600	0.0500	149.7500
North Branford	44.800	5.100	11.850	7.5000	69.2500
North Canaan	116.900	12.300	25.050	2.8000	157.0500
North Haven	36.400	4.100	8.550	7.1500	56.2000
North Stonington	102.200	11.800	19.650	3.7000	137.3500
Norwalk	7.700	1.100	0.900	6.1000	15.8000
Norwich	9.800	1.800	2.400	2.3000	16.3000
Old Lyme	102.900	12.400	15.600	2.1500	133.0500
Old Saybrook	86.800	11.300	14.850	8.3500	121.3000
Orange	66.500	11.900	15.150	7.4000	100.9500
Oxford	40.600	7.000	12.900	6.7000	67.2000
Plainfield	18.900	2.800	5.550	4.7500	32.0000
Plainville	43.400	4.300	9.000	3.9000	60.6000
Plymouth	41.300	4.900	8.850	3.1500	58.2000
Pomfret	87.500	13.300	19.050	4.5500	124.4000
Portland	94.500	11.400	16.500	3.8500	126.2500
Preston	77.000	10.000	19.200	4.8500	111.0500

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Town	Weighted Score Subprime Foreclosures	Weighted Score Lis Pens	Weighted Score Subprime Loans	Weighted Score Vacancies	Summation of Score
Prospect	71.400	9.000	16.950	2.9000	100.2500
Putnam	34.300	5.500	10.500	1.4000	51.7000
Redding	74.200	9.400	14.250	8.2500	106.1000
Ridgefield	47.600	7.900	6.750	5.7500	68.0000
Rocky Hill	63.000	8.800	13.350	7.9500	93.1000
Roxbury	109.200	16.400	23.400	0.8500	149.8500
Salem	95.200	12.800	20.850	1.3000	130.1500
Salisbury	114.100	16.500	22.650	0.7500	154.0000
Scotland	103.600	14.400	24.000	1.4500	143.4500
Seymour	32.200	4.800	8.100	4.3500	49.4500
Sharon	95.900	15.000	22.950	0.1500	134.0000
Shelton	19.600	3.500	4.650	5.9000	33.6500
Sherman	77.700	13.400	21.000	0.2500	112.3500
Simsbury	48.300	7.300	12.600	6.8000	75.0000
Somers	88.200	13.500	18.000	6.4000	126.1000
South Windsor	37.100	5.700	7.050	7.2500	57.1000
Southbury	42.000	7.100	9.900	6.7500	65.7500
Southington	30.100	3.000	4.800	6.1500	44.0500
Sprague	78.400	14.500	19.950	4.2500	117.1000
Stafford	60.200	6.200	11.700	4.5000	82.6000
Stamford	3.500	0.900	0.600	4.0500	9.0500
Sterling	55.300	12.000	15.900	1.6500	84.8500
Stonington	45.500	11.000	6.900	3.2500	66.6500
Stratford	6.300	1.200	1.800	7.0000	16.3000
Suffield	79.100	10.100	14.700	2.8500	106.7500
Thomaston	60.900	11.100	14.550	3.6000	90.1500
Thompson	46.200	6.000	11.100	1.7500	65.0500
Tolland	53.900	8.000	13.500	7.8500	83.2500
Torrington	17.500	1.700	3.300	2.2500	24.7500
Trumbull	25.200	3.700	5.250	7.5500	41.7000
Union	117.600	16.900	25.200	8.4000	168.1000
Vernon	28.700	3.100	5.700	1.8000	39.3000
Voluntown	79.800	11.500	19.800	1.0000	112.1000
Wallingford	21.700	2.700	4.500	3.8000	32.7000
Warren	118.300	16.700	25.350	0.5000	160.8500
Washington	88.900	14.600	19.350	0.3500	123.2000
Waterbury	2.100	0.200	0.300	1.0500	3.6500
Waterford	42.700	8.100	9.600	5.4500	65.8500
Watertown	32.900	4.500	7.200	5.2500	49.8500

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Town	Weighted Score Subprime Foreclosures	Weighted Score Lis Pens	Weighted Score Subprime Loans	Weighted Score Vacancies	Summation of Score
West Hartford	33.600	2.400	4.350	8.0500	48.4000
West Haven	4.200	0.700	1.500	7.2000	13.6000
Westbrook	80.500	8.700	18.450	8.4500	116.1000
Weston	63.700	9.700	13.050	5.6500	92.1000
Westport	56.000	8.300	6.150	4.4000	74.8500
Wethersfield	49.000	5.400	7.650	7.9000	69.9500
Willington	109.900	12.900	20.100	2.6000	145.5000
Wilton	81.200	8.900	11.550	7.6500	109.3000
Winchester	54.600	7.400	10.050	1.9500	74.0000
Windham	27.300	3.600	6.000	2.9500	39.8500
Windsor	21.000	2.600	3.600	7.0500	34.2500
Windsor Locks	67.200	7.600	11.250	6.9000	92.9500
Wolcott	52.500	4.400	9.300	4.3000	70.5000
Woodbridge	67.900	11.600	17.400	5.3500	102.2500
Woodbury	81.900	12.100	14.400	2.0500	110.4500
Woodstock	74.900	11.200	15.300	1.9000	103.3000

<b>LEGEND</b>	
<b>HH Income</b>	<b>0%</b>
<b>% of Sub-Prime Foreclosures</b>	<b>70%</b>
<b>Lis Pens</b>	<b>10%</b>
<b>% of Sub-Prime Loans</b>	<b>15%</b>
<b>Postal Vacancies</b>	<b>5%</b>

**Appendix B: FY 2009 Fair Market Rents and Utility Allowances**

**CONNECTICUT:** Schedule B – FY 2009 Final Fair Market Rents for Existing Housing

Source: US Department of Housing and Urban Development,

[http://www.huduser.org/datasets/fmr/fmr2009f/SCHEDULE%20B\\_FINAL\\_091108R.pdf](http://www.huduser.org/datasets/fmr/fmr2009f/SCHEDULE%20B_FINAL_091108R.pdf)

<b>METROPOLITAN FMR AREAS</b>	<b>0 BR</b>	<b>1 BR</b>	<b>2 BR</b>	<b>3 BR</b>	<b>4 BR</b>	<b>Components of FMR AREA within STATE</b>
Bridgeport, CT HMFA.....	788	1019	1214	1451	1762	Fairfield County towns of Bridgeport town, Easton town, Fairfield town, Monroe town, Shelton town, Stratford town, Trumbull town
Colchester-Lebanon, CT HMFA.....	700	821	1078	1289	1330	New London County towns of Colchester town, Lebanon town
Danbury, CT HMFA.....	977	1186	1505	1801	2233	Fairfield County towns of Bethel town, Brookfield town, Danbury town, New Fairfield town, Newtown town, Redding town, Ridgefield town, Sherman town
*Hartford-West Hartford-East Hartford, CT HMFA....	697	835	1021	1226	1522	Hartford County towns of Avon town, Berlin town, Bloomfield town, Bristol town, Burlington town, Canton town, East Granby town, East Hartford town, East Windsor town, Enfield town, Farmington town, Glastonbury town, Granby town, Hartford town, Hartland town, Manchester town, Marlborough town, New Britain town, Newington town, Plainville town, Rocky Hill town, Simsbury town, Southington town, South Windsor town, Suffield town, West Hartford town, Wethersfield town, Windsor town, Windsor Locks town

**METROPOLITAN FMR AREAS**

**0 BR 1 BR 2 BR 3 BR 4 BR**

**Components of FMR AREA within STATE**

						Middlesex County towns of Chester town, Cromwell town, Durham town, East Haddam town, East Hampton town, Haddam town, Middlefield town, Middletown town, Portland town, Tolland County towns of Andover town, Bolton town, Columbia town, Coventry town, Ellington town, Hebron town, Mansfield town, Somers town, Stafford town, Tolland town, Union town, Vernon town, Willington town
Milford-Ansonia-Seymour, CT HMFA.....	858	995	1113	1417	1556	New Haven County towns of Ansonia town, Beacon Falls town, Derby town, Milford town, Oxford town, Seymour town
New Haven-Meriden, CT HMFA.....	774	915	1101	1316	1430	New Haven County towns of Bethany town, Branford town, Cheshire town, East Haven town, Guilford town, Hamden town, Madison town, Meriden town, New Haven town, North Branford town, North Haven town, Orange town, Wallingford town, West Haven town, Woodbridge town
Norwich-New London, CT HMFA.....	700	830	961	1176	1299	New London County towns of Bozrah town, East Lyme town, Franklin town, Griswold town, Groton town, Ledyard town, Lisbon town, Lyme town, Montville town, New London town, North Stonington town, Norwich town, Old Lyme town, Preston town, Salem town, Sprague town, Stonington town, Voluntown town, Waterford town
Southern Middlesex County, CT HMFA.....	824	868	1104	1416	1615	Middlesex County towns of Clinton town, Deep River town, Essex town, Killingworth town, Old Saybrook town, Westbrook town

**METROPOLITAN FMR AREAS**                      **0 BR   1 BR   2 BR   3 BR   4 BR**

Stamford-Norwalk, CT HMFA..... 1119   1362   1703   2219   2681

Waterbury, CT HMFA..... 581   752   894   1070   1114

**NONMETROPOLITAN COUNTIES**                      **0 BR   1 BR   2 BR   3 BR   4 BR**

Litchfield County, CT..... 632   823   972   1248   1404

Windham County, CT..... 584   707   851   1071   1136

**Components of FMR AREA within STATE**

Fairfield County towns of Darien town, Greenwich town, New Canaan town, Norwalk town, Stamford town, Weston town, Westport town, Wilton town

New Haven County towns of Middlebury town, Naugatuck town, Prospect town, Southbury town, Waterbury town, Wolcott town

**Towns within nonmetropolitan counties**

Barkhamsted town, Bethlehem town, Bridgewater town, Canaan town, Colebrook town, Cornwall town, Goshen town, Harwinton town, Kent town, Litchfield town, Morris town, New Hartford town, New Milford town, Norfolk town, North Canaan town, Plymouth town, Roxbury town, Salisbury town, Sharon town, Thomaston town, Torrington town, Warren town, Washington town, Watertown town, Winchester town, Woodbury town

Ashford town, Brooklyn town, Canterbury town, Chaplin town, Eastford town, Hampton town, Killingly town, Plainfield town, Pomfret town, Putnam town, Scotland town, Sterling town, Thompson town, Windham town, Woodstock town

**Note1:** The FMRs for unit sizes larger than 4 BRs are calculated by adding 15% to the 4 BR FMR for each extra bedroom.

**Note2:** 50th percentile FMRs are indicated by an \* before the FMR Area name. 09/11/2008

**2008 - 2009 Utility Allowance  
Schedule**

<b>Bedroom Size</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b><u>Heating - Single Family Detached</u></b>							
Natural Gas	72	97	118	135	164	183	202
Oil	108	126	144	169	208	251	280
Electric	123	154	201	233	264	295	339
Propane	93	124	155	180	217	242	273
<b><u>Heating - Row House &amp; Garden Apts.</u></b>							
Natural Gas	53	78	107	126	145	164	183
Oil	79	104	129	154	180	205	230
Electric	104	127	170	201	233	265	311
Propane	84	96	130	161	186	217	248
<b><u>Heating - High Rise</u></b>							
Natural Gas	44	69	97	116	126	145	164
Oil	72	90	118	144	154	180	205
Electric	82	107	139	185	208	249	279
Propane	56	81	124	149	186	217	248
<b><u>Heating - Manufactured Housing (Mobile Home)</u></b>							
Oil	93	115	136	162	194		
Propane	90	109	146	171	202		
Kerosene	96	115	168	201	235		
<b><u>Cooking:</u></b>							
Natural Gas	11	17	21	25	32	38	46
Electric	19	25	32	41	46	58	69
Propane	20	25	35	45	55	64	74
<b><u>Water Heating:</u></b>							
Natural Gas	25	40	55	80	105	131	156
Oil	25	39	54	79	104	129	154

Electric	67	83	98	127	154	183	215
Propane	37	54	74	103	132	165	194
<b>General Electric</b>	35	52	69	92	115	141	159
<b>Water</b>	14	19	30	41	52	63	74
<b>Sewer</b>	6	9	11	14	18	20	23
<b>Trash Collection</b>	33	33	33	33	33	33	33
<b>Range Allowance</b>	2	2	3	3	4	4	4
<b>Refrigerator Allowance</b>	3	3	3	3	4	4	4

## Appendix C: Legal Notice

**NOTICE OF PUBLIC COMMENT PERIOD  
THE STATE OF CONNECTICUT  
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT  
IS SEEKING PUBLIC COMMENT ON THE DRAFT  
NEIGHBORHOOD STABILIZATION PROGRAM (NSP) ACTION PLAN SUBSTANTIAL  
AMENDMENT UNDER TITLE III OF DIVISION B OF THE HOUSING AND ECONOMIC  
RECOVERY ACT, 2008 (HERA)**

A fifteen-day public examination and comment period will begin Friday, November 7, 2008 and end Friday, November 21, 2008.

All interested parties are encouraged to participate by reviewing and providing comment on the state's Draft Neighborhood Stabilization Program (NSP) Action Plan Substantial Amendment. A copy of the state's Draft Neighborhood Stabilization Program Action Plan Substantial Amendment as well as the state's five-year Consolidated Plan for Housing and Community Development and the annual Action Plans are available at the Department of Economic & Community Development's web site, [www.decd.org](http://www.decd.org).

All comments must be submitted in writing to the address below or via email to [NSP.Comments@ct.gov](mailto:NSP.Comments@ct.gov). Comments must be received by the close of business on Friday, November 21, 2008.

NSP Comments  
Department of Economic and Community Development  
505 Hudson Street  
Hartford, CT 06106-7106

Comments will be summarized and addressed in the Public Commentary Section of the Final NSP Action Plan Substantial Amendment, which will be posted on the Department's website, [www.decd.org](http://www.decd.org).

Department of Economic and Community Development programs are administered in a nondiscriminatory manner, consistent with equal employment opportunities, affirmative action, and fair housing requirements. Questions, concerns, complaints or requests for information in alternative formats must be directed to the ADA (504) Coordinator at 860-566-1755.

Distribution Date: November 6, 2008

**ANUNCIO DE PERÍODO DE COMENTARIOS PÚBLICOS  
EL ESTADO DE CONNECTICUT DEPARTAMENTO DE DESSAROLLO ECONÓMICO Y  
COMUNITARIO SOLICITA COMENTARIOS AL BORRADOR DE LA ENMIENDA  
SUSTANCIAL DEL PLAN DE ACCIÓN DEL PROGRAMA DE ESTABILIZACIÓN  
DEVECINDARIOS(NSP) AUTORIZADO BAJO TÍTULO III DE DIVISIÓN B DE LA LEY DE  
RECUPERACIÓN ECONÓMICA Y DE VIVIENDA DE 2008 (HERA).**

Un período de quince días para examinar y hacer comentarios durará del viernes, el 7 de Noviembre de 2008 hasta el viernes, el 21 de Noviembre de 2008.

Todos partidos interesados deben participar, revisar y hacer comentarios a este borrador de la enmienda sustancial del Plan de Acción de NSP. Una copia del borrador de la enmienda sustancial, también el Plan de Consolidación de Cinco Años para Viviendas y Desarrollo Comunitario y el Plan de Acción Anual están disponibles en la página del Departamento de Economía y Desarrollo Comunitario, [www.decd.org](http://www.decd.org).

Todos los comentarios deben hacerse por escritos y sometidos a la dirección abajo o por mensaje electrónico (e-mail) a [NSP.Comments@ct.gov](mailto:NSP.Comments@ct.gov) antes del fin de negocio el viernes, el 21 de Noviembre, 2008.

NSP Comments  
Department of Economic and Community Development  
505 Hudson Street  
Hartford, CT 06106-7106

Estos comentarios serán resumidos y presentados en la Sección de Comentarios Públicos en la copia final de la enmienda sustancial del Plan de Acción del NSP que se encontrará en [www.decd.org](http://www.decd.org).

El Departamento de Desarrollo Económico y Comunitario administra programas sin discriminación, consistente con igualdad de oportunidades de empleo, acción afirmativa, y los requisitos de equidad de vivienda. Las preguntas, los comentarios, las quejas o las peticiones para información en formatos alternativos deben ser dirigidos al coordinador de ADA (504) a 860-566-1755.

Fecha de distribución: el 6 de Noviembre de 2008



## Appendix D: Activity Delivery Cost

### Activity Delivery Cost

This term is not explicitly defined in the regulation, however, the definition of “administrative cost” in 24 CFR 570.206 excludes: “...staff and overhead costs directly related to carrying out activities eligible under 570.201 through 570.204, since those costs are eligible as part of such activities.” HUD Notice CPD- 92-19 provides some clarification of both “administrative” and “activity delivery” costs.

The applicable sections of the Notice are:

- *Administrative costs* - Are costs that not directly related to a specific activity. Such costs include reasonable costs of program management, coordination, monitoring and evaluation; providing information to citizens and local officials, preparing budgets, preparing performance reports, and resolving audit and monitoring findings.
- *Activity delivery costs* - The definition of program administrative costs at §570.206 specifically excludes activity delivery costs, i.e., "staff and overhead costs directly related to carrying out activities under §§570.201 through 570.204, since these costs are eligible as part of such activities" (emphasis added). For example, in a rehabilitation project, the costs for preparation of work specifications, loan processing, appraisals, architectural or engineering services and property inspections, title search, environmental assessments, labor standards compliance work related to conducting on-site employee interviews, verifying payroll data, reviewing payrolls, attending pre-construction conferences, and obtaining compliance with these requirements, Attorney's fees for preparing or reviewing contract documents or property acquisition activities would be eligible activity delivery costs. However, to be eligible activity delivery costs, the activity being "delivered" must be NSP-eligible. There is no limit on the percentage of NSP funds that may be used for eligible activity delivery costs. DECD will use “reasonable man” rule, i.e. an amount that is consistent with what a reasonable person would incur in the same or similar circumstances and does not include a profit. Note: It is clear from the CPD Notice that if a cost is not “directly related” to an activity it is not an “activity delivery” cost.

Even if a cost is eligible as either administrative or activity delivery, that does not mean the cost is allowable as a direct cost. OMB Circular A-87 provides guidance on whether certain costs are typically direct or indirect. Otherwise, the relative ease of allocating a cost as uniquely attributable to the NSP-funded activity will determine whether it is treated as a direct or indirect cost. For example, supplies, postage, fuel and telephone costs are almost always indirect costs since these costs are usually incurred in conjunction with other, non-NSP funded activities being undertaken by the recipient or subrecipient and there are no controls which can ensure that such costs are only for the NSP-funded activity or it is infeasible to do so because the level of effort for documentation is disproportionate to the cost to be reimbursed.

Indirect costs are recoverable through an approved indirect cost allocations plan. Furthermore 24 CFR 570.207 identifies a number of costs that are generally ineligible. Such costs include the purchase of equipment, including construction equipment; furnishings; and personal property. OMB defines “personal property” as any property except real property. In some cases, personal property required for administration may be eligible, but since the continued use of such property after the project solely for the NSP-funded activity cannot be established, the property’s full cost cannot be charged to the grant. Therefore, a use or depreciation allowance as provided for in OMB Circular A-87 will be the only method for recovering the cost of that personal property during the period it is used for the NSP-funded activity. For example, if a subrecipient lacked available filing cabinets to store NSP records, the grant could reimburse a portion of the purchase cost of filing cabinets. If the filing cabinets are used solely for the NSP project files for two years and have an estimated useful life of 20 years, the NSP grant could be used to pay for 10% of the purchase cost.

## Appendix E: Letter from Governor Rell to Secretary Preston



**M. Jodi Rell**  
GOVERNOR  
STATE OF CONNECTICUT

November 6, 2008

Honorable Steve Preston, Secretary  
U.S. Dept. of Housing and Urban Development  
451 7th Street S.W.,  
Washington, DC 20410

Re: Neighborhood Stabilization Program

Dear Secretary Preston:

I wanted to take a moment and thank you for the recent award of \$25,043,385 to the State of Connecticut under the Neighborhood Stabilization Program (NSP). This money will be invaluable in restoring and revitalizing neighborhoods hardest hit by the foreclosure crisis in our State.

As you know, across the country, the urban centers have been most severely impacted by the subprime market and foreclosure crisis. Connecticut is no different. Our 7 largest urban cities account for more than 25% of the state's foreclosures and pre-foreclosures. Because of this, we will use the full amount of our grant to assist these cities. Unfortunately, this will leave 162 smaller towns and cities with no funding to assist with the foreclosure crisis.

I would respectfully request, therefore, that you allow the NSP's rules and guidelines to be extended to the normal CDBG (Small Cities) block-grant annual funding round for the next two federal fiscal years. This will allow states to spend money in entitlement and non-entitlement areas that have been affected by this mortgage crisis.

In closing, thank you again for the NSP allocation and we look forward to a continued partnership that will not only expand affordable housing opportunities, but will also build a strong tax base, encourage safe streets, and empower neighborhoods and communities to flourish.

Sincerely,

A handwritten signature in cursive script that reads "M. Jodi Rell".

M. Jodi Rell  
Governor  
State of Connecticut

CC: Connecticut Congressional Delegation  
Julie Fagan, HUD, Field Office Director  
Gary Reisine, HUD, CPD Director  
Joan McDonald, DECD Commissioner

EXECUTIVE CHAMBERS • STATE CAPITOL  
210 CAPITOL AVENUE, HARTFORD, CONNECTICUT 06106  
TEL (860) 566-4840 • FAX (860) 524-7396 • WWW.CT.GOV  
GOVERNOR.RELL@CT.GOV

Connecticut Department of Economic and Community Development  
2008 Action Plan Substantial Amendment  
Neighborhood Stabilization Program (NSP)

## **Appendix F: Public Comments**

All written comments received are included in Appendix F. Material changes in the final NSP Action Plan are noted in Section F. for the convenience of the reader.

**From:** Steve Ball [sball@jdamelia.com]  
**Sent:** Friday, November 14, 2008 4:54 PM  
**To:** NSP Comments  
**Subject:** Utility Allowances

The plan is missing the attachment for utility allowances.



OFFICE OF THE MAYOR  
CITY OF BRIDGEPORT, CONNECTICUT

999 BROAD STREET  
BRIDGEPORT, CONNECTICUT 06604  
TELEPHONE (203) 576-7201  
FAX (203) 576-3913

BILL FINCH  
Mayor

November 20, 2008

NSP Comments  
Department of Economic & Community Development  
505 Hudson Street  
Hartford, CT 06106-7106

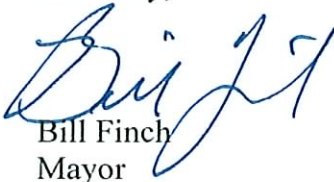
To Whom It May Concern:

On behalf of the City of Bridgeport, I am pleased to offer the attached comments on the State of Connecticut's Draft Neighborhood Stabilization Program (NSP) Action Plan Substantial Amendment.

The City of Bridgeport is extremely supportive of the State's proposed Plan which commits \$6 million of NSP funds to Bridgeport. At the present time, Bridgeport is experiencing the worst housing crisis of any municipality in the State of Connecticut. As detailed within the attached comments, \$6 million of NSP funding will help the City respond to this problem by stabilizing some of our neighborhoods as long as the funding permits the City to deploy the resources in a flexible manner. In addition, the City hopes to leverage significant dollars to augment this funding.

Thank you for providing the opportunity to comment on the proposed Action Plan Substantial Amendment. Please contact Alanna Kabel, Deputy CAO for Central Grants & Community Development, at 203-576-7134 or Donald Eversley, Executive Director of the Office of Planning & Economic Development, at 203-576-7221 if you have any questions or need any additional information.

Sincerely,

  
Bill Finch  
Mayor

Attachment

## Neighborhood Stabilization Program (NSP) Action Plan Substantial Amendment

TO: State of Connecticut, Department of Economic and Community Development

FR: City of Bridgeport

RE: HERA/Neighborhood Stabilization Comment

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The magnitude of the housing crisis in the City of Bridgeport has no parallel in Connecticut, and few in the United States. Circumstances in Bridgeport are among the very worst in the country in terms of magnitude, rate, and concentration. Also, few cities share the confluence of high percentages of housing stocks older than 1939 (31%) with high rates of recently foreclosed properties or properties in foreclosure, or otherwise affected by subprime lending activities with time bomb characteristics (approximately 23% of all properties in the City). Other cities have higher rates, such as Stockton, CA (45%), but few are also impacted by high rates of poverty, concentrations of poverty, and large numbers of hard-to-market and expensive-to-maintain housing structures, such as Bridgeport's three and four family structures.

Just as the magnitude of the challenge in Bridgeport compels sizable assistance and partnership, the nature of the housing crisis in Bridgeport necessitates maximum allowable local flexibility in determining specifically how and where to allocate the assistance on the ground in order to generate genuine impact. All neighborhoods in Bridgeport have been directly affected by subprime lending. Some neighborhoods have been far more impacted than others. It requires local flexibility to determine where the best interventions are going to be generated, in which neighborhoods, on which blocks. Furthermore, among those neighborhoods heavily impacted, the types of structures affected and the strength of the housing markets in those areas vary greatly, a further indication for the need for local flexibility.

At the core of Bridgeport's challenges in this housing crisis are four underlying fundamentals.

1. The first is that Bridgeport has a disproportionate share of poor households, both in relation to our region and Fairfield County, and in relation to the State. This places an undue burden on the City of Bridgeport; in effect, Bridgeport is continually called upon to do more with less for our most vulnerable residents.
2. The second is that within Bridgeport, some neighborhoods in Bridgeport have disproportionate share of poor households; in some cases far more. This concentration of poverty at the neighborhood level is a major contributing factor to weak collateral, factor that correlates with financial literacy problems, predatory lending, subprime activity, loan default rates, and foreclosure. This problem is worsened by the current housing crisis, so it is imperative that our response be aimed in part at remediating this condition.
3. The third is that the housing stocks in Bridgeport are older, the units smaller, and the properties more costly to maintain than newer homes in the county, further weakening demand in many parts of Bridgeport. So our response must also chip away at this through thoughtful demolition and rehabilitation.
4. Fourth, because of the first three, Bridgeport is housing more poor people than other city in Connecticut by far. So our response during this crisis must be both robust and strategic.

If these fundamentals aren't addressed, now, then our response is merely a bandaid. For this reason, our response needs to be focused more on the neighborhood stabilization component of HERA's goal set, than on affordable housing.

Specifically, because the magnitude and nature of the impacts of subprime activity in Bridgeport vary not just from neighborhood to neighborhood, but in most cases from street to street, its crucial that Bridgeport have access to sufficient funding, and the ability for the City to deploy NSP resources flexibly.

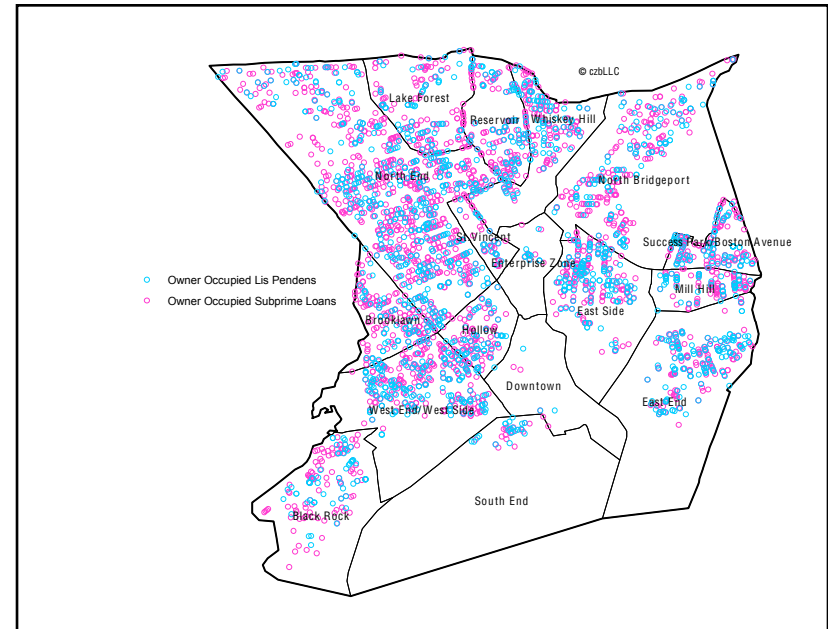
Some neighborhoods in Bridgeport have so much distress that NSP funds can be most helpful in stabilization efforts if they are directed to a combination of redevelopment activity and blighted structure removal. This is the case in the East Side and the East End which have abandonment rates of 7.1% and 4.8% respectively.

In other neighborhoods severely affected by subprime activity, like the North End (12.8% subprime rate (1,161 loans)), abandonment is not the immediate problem, but if there is not an intervention, abandonment and its consequences soon will be. In this case, blighted property is less the challenge than is the work of developing financial mechanisms for acquisition and sale as affordable housing, and landbanking low-priced assets for future use as supplies of affordable housing.

In a third example, a relatively modest 32 percent of the housing in the Brooklawn neighborhood was built before 1939, the neighborhood has a high home ownership rate (57%), and almost no abandonments. But Brooklawn does have 140 subprimes and approximately 100 foreclosed properties, and is a submarket whose health is critical to the market health of the city. In this case, a combination of acquisition and rehabilitation of foreclosed homes, along with some landbanking and some financing for first time homebuyers, is the right strategy.

A micro-targeting strategy is absolutely essential for Bridgeport to stabilize its impacted neighborhoods, and we seek approval for the flexibility to determine what sets of micro strategies work best in Bridgeport. This is especially important because the suggested allocation and distribution formulas established in the current draft protocols, though helpful, would be more responsive and useful to Bridgeport if we (and cities sharing our circumstances) have sufficient latitude to prioritize somewhat differently. In short, the current state draft emphasizes preservation of affordable housing more than it does neighborhood stabilization. In Bridgeport, priority #1 is stabilizing neighborhoods, and then, when and where possible, preserving valuable affordable housing stocks. The current state draft aims most of the HERA resources towards acquisition and rehabilitation. In Bridgeport, this can tend to cement destructive concentrations of poverty, so while some acquisition and rehabilitation is going to be useful in Bridgeport, our analysis is that other approaches in greater proportion - namely blight removal and financial mechanisms - are likely to be more valuable in actually stabilizing our neighborhoods.

The approach we're proposing would allow the City of Bridgeport to flexibly acquire troubled property and pursue an individualized disposition strategy based on conditions at the neighborhood level. \$1.42M in financing mechanism mainly (but not entirely) aimed at North Bridgeport would enable the City to directly affect 150-200 units when married to Section 8 vouchers that the Bridgeport Housing Authority can dedicate. \$1.42M in blight removal capacity would allow us to acquire key parcels on the East Side and East End at low prices and open up important sites for badly needed green space and redevelopment. Our analysis of the conditions in our neighborhoods has led us to conclude that more resources for addressing blight and allowing us to landbank, rather than so much for acquisition and rehabilitation, is appropriate.





**Financial Mechanisms**

In the above neighborhood-by-neighborhood chart, we determined market conditions in the North End, North Bridgeport, Mill Hill, Brooklawn, and St. Vincent to be in the 40th - 80th percentile of potential market strength, based on factors such as tenure, education and income levels, housing stocks (age and type), subprime activity, and current real estate value. We envision the bulk of the work and resources deployed in these neighborhoods to actually be in the North End, where problem loan activity has been the highest. Our aim is to marry NSP funds to other local housing development fund programs to expand home ownership opportunities while stemming defaults and abandonment. These are middle market neighborhoods.

**Acquisition and Rehabilitation**

The focus of acquisition rehabilitation resources will go towards structures that are older, principally 2- and 3-Family homes that can be stabilized by assisting current (at-risk) owners, and enabling new owners to feasibly hold onto or acquire an income-producing property, the rents from which can make possible ownership, keep a property from declining into abandonment, and upgrade the property to market or, where feasible, above-market conditions. These activities would primarily occur near and around downtown, where visible improvements can help stabilize the market that in turn shapes conditions in our downtown. Most of the work would be on the East Side, though some may occur in the Hollow, the West End, West Side, the South End, and the East End.

**Landbanking**

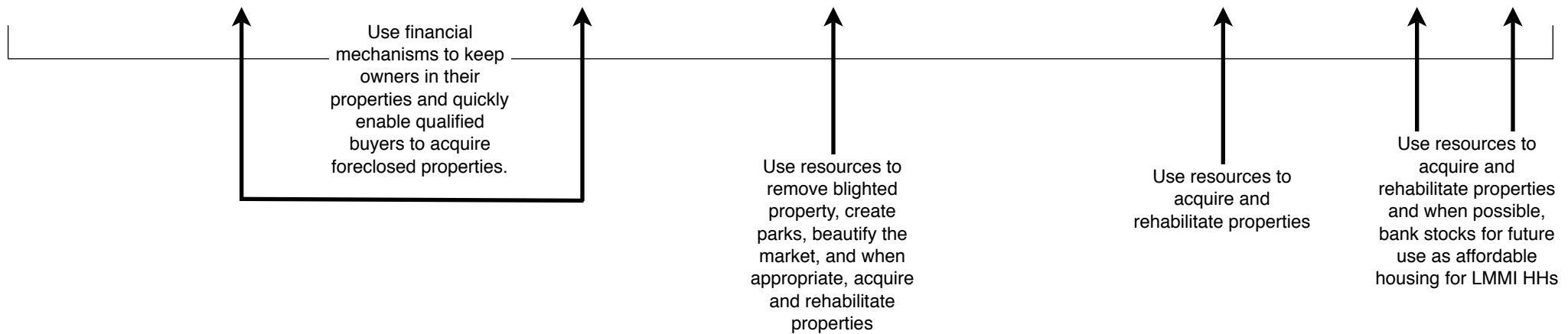
It is critical to acquire as many properties as possible for future disposition, especially where site control is a key component of holding the line against the domino effect of foreclosure, or when the site is likely to have an upside as new affordable housing in the future. The North End represents a key opportunity to bank otherwise costly properties as a hedge against losses of important affordable stocks in otherwise stable neighborhoods where stability could be compromised without site control.

**Blight Removal/Redevelopment**

This includes *both* the work of clearing problem/distressed properties for the development of open space, *and* redevelopment of blighted properties where there is a chance for sale to a strong buyer. We estimate about 25% of our stabilization funds would be appropriate for demolition and green/community space creation, and generating opportunities for future revitalization-oriented redevelopment. This activity would be appropriately located in the East Side and East End.

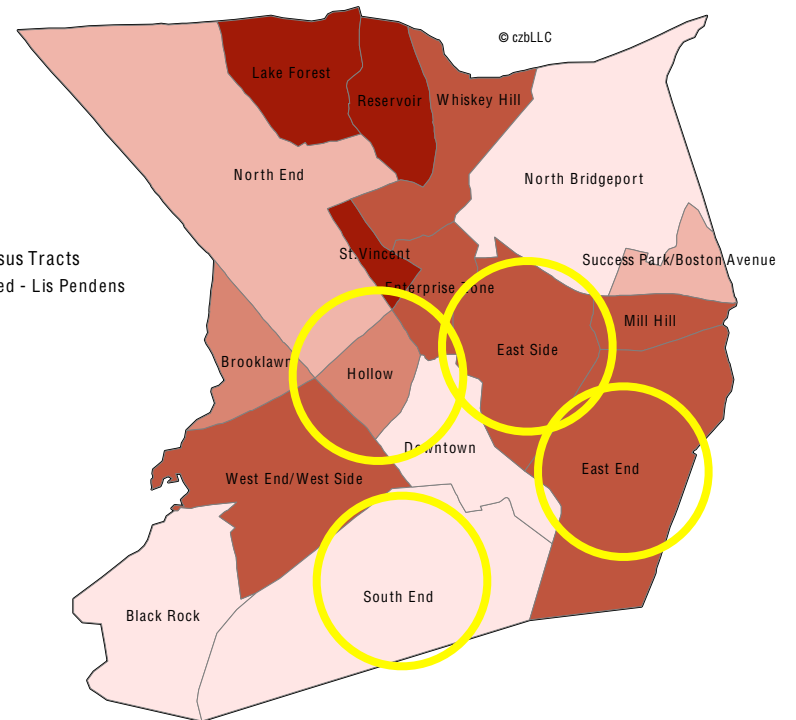
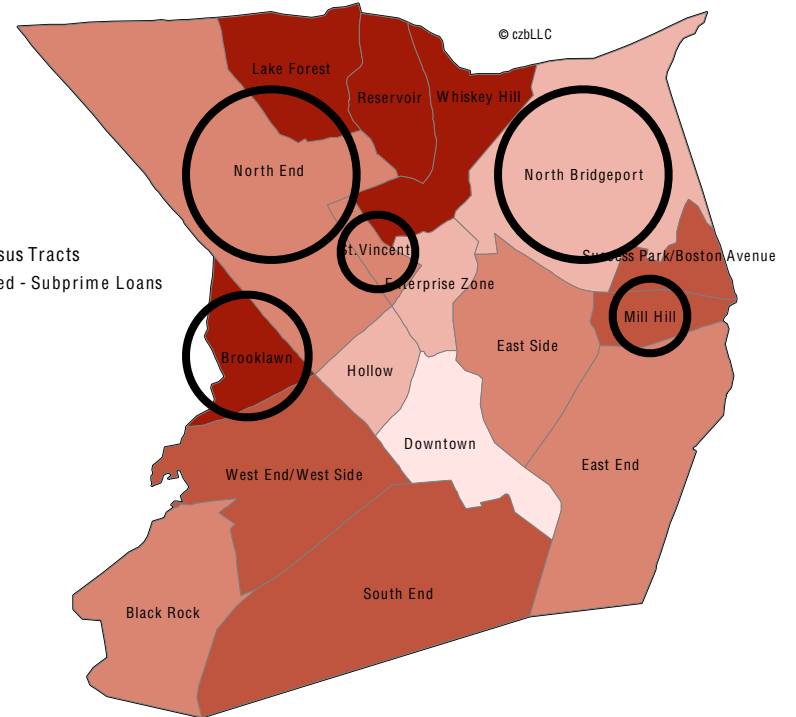
	CT Proposed Allocation	Bridgeport Proposal	Bridgeport Possibility	Potential Neighborhoods	Amount (current plan)	Target AMI Population	Estimated Direct Impact HHs
Financial Mechanism	25%	25%	Down Payment Assistance	North End, North Bridgeport, Brooklawn, St. Vincent, Mill Hill	\$1.42M	50-120	150-200
Acquisition and Rehabilitation	70%	25%	Acquisition, Rehab/Sale	South End, Hollow, EE/ES, WE/WS	\$1.42M	30-80	50
Landbanking	2%	25%	Buy-hold	North End, Brooklawn	\$1.42M	50-120	25
Blight Removal	2%	25%	Green space + Redevelopment	East Side, East End	\$1.42M	40-80	50

Property Type	North End	Lake Forest	Reservoir	Whiskey Hill	North Bridgeport	Success Park/ Boston Avenue	Mill Hill	East End	East Side	Enterprise Zone	Downtown	South End	Black Rock	West End/ West Side	Hollow	Brooklawn	St. Vincent
Residential 1-Family	49%	82%	78%	72%	47%	55%	31%	19%	12%	0%	0%	8%	31%	20%	12%	58%	13%
Residential 2-Family	13%	3%	5%	8%	17%	20%	24%	29%	37%	41%	7%	52%	23%	29%	23%	21%	30%
Residential 3-Family	6%	0%	1%	1%	4%	3%	33%	26%	21%	29%	0%	16%	17%	25%	26%	5%	50%
Residential Condominium	20%	3%	5%	5%	25%	9%	0%	1%	5%	6%	60%	0%	14%	6%	9%	11%	0%
Residential 1-4 Units	4%	3%	7%	5%	1%	4%	4%	7%	10%	6%	0%	8%	8%	7%	14%	1%	5%
Residential Other	6%	7%	5%	8%	3%	7%	5%	7%	9%	0%	7%	16%	2%	7%	13%	5%	0%
Commercial	1%	0%	0%	1%	1%	1%	2%	5%	3%	0%	20%	0%	3%	4%	1%	0%	0%
Industrial	0%	0%	0%	0%	0%	0%	0%	3%	2%	18%	0%	0%	0%	2%	0%	0%	0%
Land	0%	2%	0%	1%	1%	1%	0%	0%	0%	0%	7%	0%	1%	1%	1%	0%	0%
Exempt	0%	0%	0%	0%	0%	0%	2%	3%	1%	0%	0%	0%	1%	1%	1%	0%	3%



Mainly Financial Mechanisms

Neighborhood	Subprime Loans			Lis Pendens		
	All	Owner-Occupied	% Owner-Occupied	All	Owner-Occupied	% Owner-Occupied
1 North End	975	653	67%	590	378	64%
2 Lake Forest	122	99	81%	71	57	80%
3 Reservoir	130	104	80%	69	62	90%
4 Whiskey Hill	155	117	75%	101	76	75%
5 North Bridgeport	340	198	58%	200	115	58%
6 Success Park/Boston Avenue	127	92	72%	120	75	63%
7 Mill Hill	111	80	72%	70	52	74%
8 East End	223	148	66%	189	133	70%
9 East Side	269	165	61%	178	127	71%
10 Enterprise Zone	17	10	59%	14	11	79%
11 Downtown	16	3	19%	6	3	50%
12 South End	29	21	72%	44	23	52%
13 Black Rock	151	100	66%	103	58	56%
14 West End/West Side	332	233	70%	208	158	76%
15 Hollow	149	82	55%	77	51	66%
16 Brooklawn	148	114	77%	77	53	69%
17 St. Vincent	41	25	61%	18	15	83%



Mainly Blight Removal; Some Acquisition/Rehab

### **Additional Summary Comments**

1. In general the challenges we face in Bridgeport stem from our city's *disproportionate share of at-risk households*, and our *large number of older homes*, especially small apartment buildings of three and four units. Combined, we have a large population of people targeted by predatory lenders, and a large number of difficult-to-market properties. To be responsive, it will be necessary for cities like Bridgeport to have maximum possible flexibility deciding locally how best to allocate NSP funds.
2. The cost of acquiring REO property can be time-consuming, cumbersome, and expensive. There is a possibility that a statewide trust may be available to facilitate streamlining this process. Such a mechanism would probably rely on formulas that price the sales below appraised values. If such a mechanism is approved by the State of Connecticut, the City of Bridgeport requests that the State permit localities to adopt the method.
3. We have suggested that the initial categories for deploying NSP dollars be modified. We also urge the State to permit localities to not be bound by those percentages. Often it is the case in this particular crisis that we are moving forward with such imperfect information, that a planned strategic use of funds that seems plausible in January may prove less valuable than an alternative that does not arise until later.



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November 21, 2008

Rick Robbins  
NSP Contact Person  
Department of Economic & Community Development  
505 Hudson Street  
Hartford, CT 06106

RE: Comments on Neighborhood Stabilization Program

Dear Mr. Robbins:

We appreciate the opportunity to comment on the recently proposed Neighborhood Stabilization Program.

It is our expectation that you will receive comments from several municipalities, large and small, as well as housing advocates and housing development corporations. Having reviewed some of these draft comments and discussed the proposed plan with several municipal representatives I am pleased that the community has taken very seriously the task of making this program as effective and productive as possible. As such I implore you to carefully consider all of the suggestions you receive.

Rather than restate the concerns and guidance you will receive from others, I'd like to make some general suggestions that are more policy related or strategic in nature.

The Plan has necessarily been developed based on the statewide mortgage statistics and the general demographic information we have. While these provide useful insights into challenges we face, neighborhood stabilization can only truly be addressed at the local level. Using available statistics to identify concentrations of sub-prime mortgages may not always translate into the domino effect that clusters of foreclosures have on specific neighborhoods and/or blocks within neighborhoods. As such it vitally important that municipalities experiencing pockets of potential neighborhood blight be provided the assistance necessary to stem the decline within their communities regardless of their overall statistical scoring.

There is certainly an opportunity here to create housing opportunities, both rental and homeownership, to low and moderate income families who have long been shut out of the market or who have become recent victims of this housing crisis.

However, the usual financial models for creating affordable housing may not be transferable to this intervention method. Unlike most affordable housing development strategies the challenge will not be overcoming insufficient equity. Properties acquired with NSP funds will be equity rich creating an opportunity to create affordability without deep, long term subsidies and/or grants. Municipalities should be strongly encouraged to make strategic real estate purchases that can be readily transferred to new ownership (including rental properties) to recover NSP funds for reinvestment.

Despite the softening real estate market, \$25 million will only impact a minimal number of properties statewide unless substantial leverage is achieved and concerted capital recapture efforts are employed. By removing the subsidy recapture mechanisms the onerous restrictions employed by the HOME program regulations can be avoided.

To achieve these objectives thoughtful planning will be required at the local level. To that end we support the recommendation that the timeframe for submittal of Local Action Plans be extended to January 31, 2009.

Your consideration of these comments is greatly appreciated and I hope that working together we can begin to address this complex and critical problem.

Sincerely,

Thomas J. Ivers  
President

---

**From:** Melanie Yanus [mhyanus@clintonct.org]  
**Sent:** Monday, November 10, 2008 10:23 AM  
**To:** NSP Comments  
**Subject:** NSP

November 10, 2008

Dear Governor Rell:

The monies should be allocated to all cities and towns.

Clinton Tax Collector  
Melanie Yanus, C.C.M.C.

**From:** QUANETTE RHODES [QRhodes@CCM-CT.ORG]  
**Sent:** Thursday, November 13, 2008 12:02 PM  
**To:** NSP Comments  
**Subject:** CCM Comments on draft NSP plan

To Whom It May Concern:

I am writing with regard to the State's draft plan to distribute funds (\$25 million) authorized by the federal Housing and Economic Recovery Act of 2008 and allocated via the Neighborhood Stabilization Program (NSP). No hometown is immune from a nation-wide crisis of soaring home foreclosure rates. Towns and cities -- large and small -- and their residential and business taxpayers can no longer afford to wait for assistance.

The state plan, as drafted, would distribute federal aid directly to seven municipalities in Connecticut. This proposal is an important first step and should be broadened to include additional direct relief to other communities in need, irrespective of geography or population. Such aid should be based on foreclosure rates per household -- which is the essence of the impact on local budgets. For example, according to the state plan -- the entire eastern region of Connecticut, where foreclosure rates are high, would be forced to compete against each other for \$2.1 million in aid.

*CCM requests that Connecticut's draft NSP plan be amended to incorporate a distribution formula that more broadly addresses the foreclosure crisis and extends direct relief beyond the proposed seven communities. The proposal should be inclusive to better reflect the enormity of this crisis statewide -- and to yield a wider return on investment from the initial \$25 million in federal aid. Additional federal and state funds should be used to supplement the federal aid, and spread the assistance to more communities.*

CCM urges you to amend Connecticut's draft NSP plan to ensure the needs of all towns afflicted by this foreclosure plague are met.

Thank you.

James J. Finley, Jr.  
Executive Director & CEO  
CCM



**THE VOICE OF LOCAL GOVERNMENT**

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**MEMO**  
**November 20, 2008**

**To: Department of Economic and Community Development – NSF**  
**From: Pat Spring, Connecticut Housing Coalition on behalf of the Foreclosure Working Group**

**Summary of Comments on the State of Connecticut’s NSF Action Plan**

**The Connecticut Housing Coalition along with representatives from Municipalities, Community Nonprofits, Community Development Financial Institutions and Non-Profit Developers have met and formulated the following suggestions for revisions to the Draft NSF Action Plan:**

**Eligible Communities**

The State has identified seven cities to apply for NFS funds. Consideration should be given to other cities, especially the south eastern part of the state that has two cities that rank within the twelve Foreclosure Needs Scores by CDBG Jurisdiction Chart A-2. Should funds be made available from the State’s CDBG Small Cities program as an additional source of NSP funding, entitlement communities such as Norwich and New London would not be eligible.

**Guiding Principle – Creating functioning, vibrant neighborhoods**

A Guiding Principle for the NSF: Creating functioning and vibrant neighborhoods. Communities should be able to determine, based on their Local Plans, the distribution of funds into neighborhoods without restrictions that fund are targeted only to those neighborhoods requiring marginal investment. Local communities need to be able to apply flexibility to have the greatest impact for the overall revitalization of their city.

**Formula for expenditure of NSF funds**

There is overall concern that the allocation formula under the eligible categories is premature. They are restrictive and do not take into consideration what local initiatives that cities will be outlining in their plans. The local Action Plans should determine the need is in each of the eligible categories. Once the Local Plans have been submitted allocation guidelines can be set.

**Timeframe for Local Action Plans**

The timeframe for submitting Local Action Plans should be extended to January 31, 2009 to enable adequate time to prepare detailed and realistic plans. It will also provide opportunity for cities to receive technical assistance in developing comprehensive plan i.e. the CT Housing Coalition sponsored December 15, 2008 event with Alan Mallach who has authored How to Spend \$3.92 Billion: Stabilizing Neighborhoods By Addressing Foreclosed and Abandoned Properties and others.

### **Allocation of 25% of the funds**

Rather than requiring the allocation of 25% of the funds, for those earning 50% of the median income, to be evenly distributed under each eligible category as proposed, allow localities to have the discretion to respond to the areas of greatest need as long as the end result of 25% is reached or exceeded.

### **Appraisals**

Appraisals should be an eligible category for program expenditures and should not require pre-approval.

### **Land Bank funds**

The formula based on the State's Action Plan is too restrictive and does not provide any sufficient allocation for Land Banking properties, even if the 25% adjustment is utilized. Additionally none of the funds are earmarked for winterizing/maintaining these properties while being land banked.

### **Incentives**

Incentives should be included that would enable funds to be recycled to the cities or to their sub-grantees who meet their local plan goals within the timeframes.

### **Flexibility**

Mirror the HUD federal legislation by increasing the flexibility of the use of the funds.

### **Rehab Costs**

The proposed, per property, rehab costs are too restricted and unrealistic to cover all areas and conditions of foreclosed/abandoned properties throughout the state. The average rehab cost for an abandoned property ranges from \$40,000-\$80,000 per unit.

### **Affordability Restrictions**

We recommend that the affordability restrictions be in keeping with CDBG requirements and be secured by deed restrictions. The HUD HOME long term affordability restriction should not be used for the NSP program as this legislation was designed as supplemental to CDBG not HOME.

If the State does require the use of HUD HOME long term affordability, we recommend the restrictions be more consistent with present market conditions. Current HUD HOME affordability terms, have not been updated in years, do not reflect the current market. At a minimum, the dollar amounts should be doubled: i.e. \$30,000 rather than \$15,000 in order to have a 5 year period of affordability. This should be consistent for the remaining categories.

### **Guideline**

The 15% of appraised value should be a guideline not a requirement.

### **Homeownership Property –Re-sale and Recapture**

Where a subsidy has been provided, the same options as allowed under HOME should be utilized, choose either:

- Resale restrictions or
- Recapture or
- Existing City Programs with a track record

For homebuyer programs, Mortgage Deed Restrictions should be the method by which re-capture or re-sale of this subsidy is assured. The method should be determined at time of sale depending on municipal goals and objectives to respond to certain market conditions.

- Under the re-capture method, the homeowner may sell the property on the open market to any willing buyer for what the market will bear. In the event the homeowner sells within the affordability period, repayment of all NSP funds invested will be required. If the property is sold after the affordability period, the subsidy does not require repayment.
- Under the re-sale method, the homeowner must sell the property to an eligible homebuyer at an affordable price and occupy the property as the family's principal residence for the duration of the affordability period. The home seller must receive a "fair return" on his or her investment. Fair return and affordable will be determined by the PJ.

### **Rental restrictions**

For rental programs, Mortgage Deed Restrictions should be utilized to ensure affordability for the agreed upon time frame regardless of ownership. The affordability period will be maintained in the event of a transfer of ownership.

### **Housing lower income families/persons**

For the 25% targeted for families/persons at less than 50% of median, the funds should be for supportive/and or rental housing.

### **Budget as proposed**

The Budget proposed in the Action Plan is too premature and restrictive. It is too soon to know the dollar amounts that should be allocated to the various eligible activities. The same is true of outlining the number of units for each level of funds, costs will vary and types of mechanisms are better tied to the Local Plans being developed. It should be clear that developers would be allowed a developer fee.

### **Timeline on Obligation of Funds**

The timeline of the Obligation of Funds is not realistic. Performance standards should act as measurements and targets rather than absolutes.

### **Ratios for end buyers**

Where CHFA or FHA is providing the first mortgage, the guidelines for front end ratios for end buyers should be increased to 33% (PITI). This is consistent with the rules in place for other subsidy programs such as HOME, ADDI and the Housing Trust Fund.



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November 21, 2008

NSP Comments  
Department of Economic and Community Development  
Hartford, CT

VIA E-MAIL: [NSP.Comments@ct.gov](mailto:NSP.Comments@ct.gov)

Dear Sir or Madam:

These are comments submitted as Director of the Housing Task Force of Connecticut Legal Services. Our agency represents the poorest individuals and families whose incomes are at or below 125% of the poverty level, which means that virtually all our clients are in HUD's Extremely Low Income category, below 30% of Area Media Income. Our clients are very much victims of the foreclosure crisis; many are homeowners in urban areas, some having predatory mortgages and, if they have been able to hold on to their homes, they are at risk of foreclosure. More common though, our clients are tenants of small rental buildings whose owners are at risk of or in foreclosure proceedings.

### **The Neighborhood Stabilization Program Action Plan should emphasize the goal of maintaining existing occupancy in foreclosed properties.**

Foreclosing mortgage servicers continue to insist upon evicting all tenants of a foreclosed rental building, even those who have faithfully paid the rent each month. We have seen buildings degrading around tenants still in occupancy. WE represented an elderly man who was the last occupant of a building taken over by the Mortgage Electronic Registration System who was locked out of his apartment, because vandals had been removing copper piping even before he had been able to locate new housing and vacate his apartment of many years. Other tenants can be forced to leave their homes without having budgeted the funds to pay a new security deposit.

It goes without saying that the effect on my client's neighborhood was quite negative. One positive way to preserve at-risk neighborhoods is to intervene and provide Neighborhood Stabilization Program assistance before the occupants are evicted. In many of the communities we serve, affordable rental housing is in notoriously short supply. The insistence of foreclosure plaintiffs of emptying building has exacerbated the problem of locating decent, suitable affordable rental housing, to no discernible business purpose.



In the current real estate environment, it is difficult to see how an empty building without plumbing in a residential neighborhood could be easier to sell than one that is being maintained and providing income to the owner, often through Section 8 Housing Assistance Payments.

HERA establishes funding for work on abandoned and foreclosed (not necessarily vacant) properties. Nevertheless, the draft Action Plan does not emphasize activities targeting foreclosed occupied properties. This is a serious omission. It is imperative that jurisdictions make all efforts to allow tenants and homeowners in foreclosed properties to remain in their homes and avoid displacement rather than going through the work of recapturing foreclosed housing only for new occupants.

Targeting occupied properties would not only avoid the trauma of relocation for individual households, but would be a genuine stabilization effort for residents of properties and neighborhoods that are not yet abandoned. And lender/owners will be much more agreeable to steeper discounts if they know that the occupants intend to remain for a substantial period of time. Thus, we urge DECD to require jurisdictions to focus a substantial part of their efforts on housing where 1) Homeowners could remain as renters or re-purchasers, and 2) Tenants could stay, and rent or purchase the foreclosed property in which they live.

This goal is not in any way inconsistent with NSP program rules, which authorize assistance to properties that are foreclosed, not only abandoned ones. Apparently, there has been some uncertainty about whether a jurisdiction may acquire an occupied property. We submit to DECD as Attachment A, that will be-mailed along with these comments, an e-mail discussion between Connie Pascale of Legal Services of New Jersey and Terence Schrider, Administrator of the Neighborhood Programs Unit, New Jersey Department of Community Affairs. Mr. Schrider reported, in response to a question by Mr. Pascale, on communication with HUD that confirmed that occupied property may be acquired, so long as NSP funds are used when the property meets the definition of a foreclosed property.

Also, to whatever extent allowed by HERA, subrecipient communities should use some of their funds to partner with local legal services programs which have a proven track record of successfully keeping occupants in foreclosed properties safe from eviction and bringing those properties up to code. If NSP subrecipients could rely upon assertive legal efforts to defend against unwarranted evictions, they would gain stronger leverage in their negotiations with lender owning foreclosed property.

**The Action Plan should increase the percentage of funds for Very Low Income households (VLI) from the minimum of 25% to 40%, and require that half of these funds be used for Extremely Low Income Households (ELI).**

It has been repeatedly recognized in a variety of plans and studies that the poorest households have the worst housing needs in most areas of the state. In recognition of the shortage of affordable housing for the lowest income people, DECD should prioritize these groups in its various programs when possible. Accordingly, and in order to meet the state's needs, the NSP Action Plan should target 20% of the funds for ELI, and 20% for VLI.

**The definition of “affordable rent” is not consistent with the requirement that 25% of total funding be used for households at or below 50% of AMI.**

The Action Plan draft defines “affordable rents” as follows:

*“Affordable Rents” means rents that are at or below the Fair Market Rent Levels as defined in Appendix C (Note: Fair Market Rent include utilities, therefore if a tenant is paying their own utilities, the Utility Allowance included in Appendix X 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;...”*

If a subrecipient or developer were to set rents at the maximums described in the draft, all units would be unaffordable to households at 50% of AMI not holding some form of rental assistance subsidy. For example, VLI households could afford a maximum rent set at 30% of 50% of AMI, but not 80% of AMI. Similarly, the HUD FMR is unaffordable to an unsubsidized household whose income is below 50% of AMI. DECD and its subrecipients may not assume that at least 25% of tenants would have rent subsidies. New or rehabilitated units receiving

The Action Plan should explicitly provide that for that portion of the funds used for VLI households, rents must be set at a maximum of 30% of 50% of median. In addition, for the portion of the funds targeted to ELI, rents must be set at a maximum of 30% of 30% of AMI.

**The Action Plan must include more specific fair housing goals.**

It is well established that Connecticut is highly segregated along racial, ethnic, and socioeconomic lines. Yet the Action Plan provides no real guidance on how to comply with contains the required civil rights and “affirmatively furthering fair housing” certifications, that the federal regulations mandate. Although the Action Plan does not provide for NSP assistance to municipalities with less segregation, which might make it easier to provide assistance in neighborhoods that are not racially and economically segregated, we concur with the decision to send these funds to the cities with the greatest documented need.

The Action plan must still affirmatively require that each subrecipient describe how it will utilize NSP funds to further fair housing goals of racial and ethnic integration, and avoid perpetuating minority concentrations in the neighborhoods where the funds will be spent. DECD should consider that Action Plan could require that subrecipients use a meaningful portion of NSP funds for housing in relatively higher income “opportunity areas” within or even outside of the designated areas, and make that housing available to the poorest households that tend to be minority.

**The affordability periods should be longer.**

The federal regulations state:

Grantees shall ensure, to the maximum extent practicable and for the longest feasible term, that the sale, rental, or redevelopment of abandoned and foreclosed-upon homes and residential properties under this section remain affordable to individuals or families whose incomes do not exceed 120 percent of area median income or, for units originally assisted with funds under the requirements of section 2301(f)(3)(A)(ii), remain affordable to individuals and families whose incomes do not exceed 50 percent of area median income.

The Action Plan draft proposes to utilize the minimum affordability restriction periods, running from 5 to 20 years found in the HOME Program. DECD is well aware of the desperate for affordable housing in Connecticut and of the constant erosion of existing affordable units, as public housing is demolished or “transformed” to mixed income use, privately owned assisted housing is converted to market-rate, and unsubsidized units meeting a low-income market need are emptied after foreclosure, demolished or rehabilitated to a higher income use. We suggest that the affordability restrictions for the properties with the exception of those projects utilizing the smallest amount of NSP funding be doubled to protect the state’s working families.

We appreciate the hard and rapid work that DECD staff have done to turn out a draft within the federal time limits. We believe that our comments, also prepared under a tight schedule will, if adopted improve the use of NSP funds in the subrecipient communities and will make the resulting stabilization of the communities more effective and enduring. Thank you for the opportunity to submit these comments. Legal Services advocates are, of course, available to discuss these issues in more detail, if you would find that helpful.

Very truly yours,

Richard L. Tenenbaum



**Connecticut Chapter**  
**National Association of Housing and Redevelopment Officials**  
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November 18, 2008

NSP Comments  
Commissioner Joan McDonald  
State of Connecticut  
Department of Economic & Community Development  
505 Hudson Street  
Hartford, CT 06106

Re: Public Comments, Draft Neighborhood Stabilization Program Action Plan  
Substantial Amendment

Dear Commissioner McDonald,

I am writing to submit comments on behalf of the Connecticut Chapter of the National Association of Housing and Redevelopment Officials (Conn-NAHRO). Conn-NAHRO represents 163 members which includes the majority of the public housing authorities in the State of Connecticut.

I would like to commend the department for drafting this detailed plan within the short time frame allowed by the enabling legislation. However, I am concerned about the targeted approach used in designating just seven (7) communities. This approach is at the detriment of all other communities that are in serious need of such funding. The Housing and Economic Recovery Act of 2008 (HERA) requires that states must "give priority emphasis and consideration" to those metropolitan areas, metropolitan cities, urban areas, rural areas, low-and moderate-income areas, and other areas with the greatest needs. Most will agree that the cities of Bridgeport, Hartford, Meriden, New Britain, New Haven, Stamford, and Waterbury have significant needs. However, there are many other cities and towns that have serious stabilization needs in neighborhoods that could be sustained that are not addressed as part of the plan. Such communities have neighborhoods that have been negatively impacted by the economic downturn and likely fit the criteria intended by Congress.



Therefore, it is recommended that a minimum of 25% of the \$25,043,385 NSP funding the State of Connecticut anticipates to receive should be made available to other cities and towns in addition to the seven named in the draft plan. It is also recommended that priority be given to the communities that are ready to implement local plans. On behalf of our membership I request that the plan be amended to include the above recommendations.

Please feel free to contact me should you have any questions regarding the above comments to the Draft NSP Plan. I may be reached at 860-745-7563 Ext. 102.

Sincerely,

Scott C. Bertrand  
President



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November 21, 2008

NSP Comments  
Department of Economic and Community Development  
505 Hudson Street  
Hartford, CT 06106-7106

To Whom It May Concern:

Please accept these comments from the Corporation for Supportive Housing and the Connecticut Coalition to End Homelessness, in response to the "Draft Neighborhood Stabilization Program (NSP) Action Plan Substantial Amendment" as published by the Connecticut Department of Economic and Community Development.

In an effort to stabilize housing and financial markets, the Housing and Economic Recovery Act (H.R. 3221) was enacted into law. This law, among other provisions, authorizes funds to states and local jurisdictions for the Neighborhood Stabilization Program as part of the public sector response to the unprecedented increase in residential property foreclosures, with two important goals being to *stabilize neighborhoods*, and to *increase affordable housing opportunities*.

The draft plan being proposed by the State of Connecticut includes, as required under the law, provisions that commit a percentage of the total funds to be utilized to target **households at or below 50% of area median income**. Connecticut's plan exceeds this minimum requirement, and sets aside a minimum of 30% of the total funds available for this target group. Recent guidance by HUD to local Continuums of Care have identified these NSP funds as an important local resource to be used in creating new housing opportunities for families and individuals that are homeless, many of whom are residing in local emergency shelters, and some of whom have special needs. The most recent Statewide Point-in-Time Count of persons who are homeless in Connecticut identified a substantial increase in the number of homeless families staying in emergency shelters throughout the state. The Corporation for Supportive Housing and the Connecticut Coalition to End Homelessness strongly support this provision, and encourage the State, in its review of Local Action Plans, to carefully assess the proposal strategies to ensure achievement of this goal.

This important goal coincides with and aligns with longstanding efforts in the State that have successfully secured, and directed substantial resources—over a fifteen year period—to create effective approaches that linked affordable housing with services to provide stable housing for

CSH HELPS COMMUNITIES

CREATE PERMANENT

HOUSING WITH SERVICES

TO PREVENT AND END

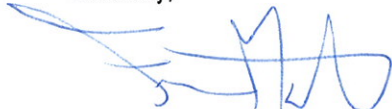
HOMELESSNESS.

thousands of Connecticut families and individuals, many of whom had been without housing (or unstably housed) for extended periods of time. The State of Connecticut's long-term commitment to this proven strategy—implemented through the State Interagency Council on Supportive Housing and Homelessness—has resulted in the creation of 2,000 units of permanent supportive housing, almost 1,000 of these units through new construction or substantial rehabilitation, and in neighborhoods and communities throughout the State. All of the proposed grantee communities identified in this Draft Plan have experienced service agencies that currently serve families and individuals in housing, and these local service providers can be a part of local implementation strategies to be developed as part of this program.

The income targeting provision of this Draft Plan can serve to stimulate the creation of rental housing that is affordable to households at lower income groups, thereby including families and individuals who are currently homeless. Linked with support services, these resources can also be targeted to those families and individuals who are in need of permanent supportive housing in order to remain stably housed. We encourage the use of these resources in this way, and ask DECD to encourage local plan development that allocates some of these resources in this way.

Thank you for the opportunity to comment on this important new resource to create housing that is affordable while also strengthening neighborhoods and communities through local partnerships. Both CSH and CCEH stand ready to assist local nonprofits and local communities in their implementation of this program.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Francesca Martin', with a stylized flourish extending to the left.

Francesca Martin  
Interim Director  
Corporation for Supportive Housing

A handwritten signature in blue ink, appearing to read 'Carol Walter', with a large, circular flourish at the top.

Carol Walter  
Director  
CT Coalition to End Homelessness





NSP Comments  
Department of Economic and Community Development  
505 Hudson Street  
Hartford CT 06106-7106

November 18, 2008

**Re: Draft Neighborhood Stabilization Program (NSP)**

Dear DECD,

We are writing on behalf of our 41 Eastern Connecticut Towns to express our deep concern with the State's plan to allocate funds provided under the **Neighborhood Stabilization Program**. Specifically, as no funds have been allocated to any of our 41 communities, we hereby request that the formulas used under this Draft Program be revisited, and funds be reallocated to assist our towns in Eastern Connecticut.

Recent statistics show that Windham County has **23 foreclosures for every 1,000 households**, compared with 17 in the state as a whole. In addition, Plainfield leads the state with 35 foreclosures per every 1,000 households. In southeastern Connecticut, New London's foreclosure rate ranks third among all of Connecticut's municipalities. These figures clearly show a need here in Eastern Connecticut, and we respectfully request an allocation to our towns.

On behalf of the Northeast, Southeast and Windham Region Council of Governments, we thank you for the opportunity to comment on the program, and we look forward to a revised Neighborhood Stabilization Program that addresses all of the state's housing needs.

Sincerely,

John Filchak  
Executive Director  
NECCOG

Mark N. Paquette  
Executive Director  
WINCOG

James S. Butler  
Executive Director  
SCCOG

Cc: Congressman Joe Courtney  
WINCOG, NECCOG, SCCOG Board of Directors



# WINDHAM REGION COUNCIL OF GOVERNMENTS

Chaplin Columbia Coventry Hampton Lebanon Mansfield Scotland Willington Windham

NSP Comments  
Department of Economic and Community Development  
505 Hudson Street  
Hartford CT 06106-7106

November 18, 2008

**Re: Draft Neighborhood Stabilization Program (NSP)**

Dear DECD,

The Windham Region Council of Governments (WINCOG) wishes to officially express its concerns with the **Draft Neighborhood Stabilization Program (NSP)**. Our concerns are that the funding formula favored the larger metropolitan areas, as indicated by the award of \$22 million to the 7 largest cities in the state, and **no funding was provided to any of our WINCOG towns** (or any other municipalities in Eastern Connecticut). Granted the area has a smaller population, but Windham County has 23 foreclosure-related filings for every 1,000 households, compared to 17 statewide. The draft NSP also noted that unemployment data was a consideration by HUD in the formula. The Willimantic / Danielson Labor Market ranks second in the state with an unemployment rate of 7.1% (state average was 5.9%) for September 2008.

We believe there is a clear need for some of this funding in the WINCOG region, and respectfully request that DECD reconsiders the distribution of the Neighborhood Stabilization Program to include our municipalities.

Thank you for your consideration.

Sincerely,

Mark N. Paquette  
WINCOG  
Executive Director

Cc: WINCOG Board of Directors

COMMITTEES:

ARMED SERVICES

SUBCOMMITTEES:  
READINESS

SEAPOWERS AND EXPEDITIONARY FORCES

EDUCATION AND LABOR

SUBCOMMITTEES:  
HIGHER EDUCATION

HEALTH, EMPLOYMENT, LABOR, AND PENSION



Joe Courtney  
Congress of the United States  
2nd District, Connecticut

November 21, 2008

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The Honorable M. Jodi Rell  
Governor, State of Connecticut  
State Capitol  
Hartford, CT 06106

Dear Governor Rell:

I am writing to suggest changes to the DECD proposed allocation of funds for the Neighborhood Stabilization Program (NSP) submitted on November 6, 2008. As I alluded in my November 6 letter, I strongly believe that DECD's method of distribution did not take into account the language of the statute (P.L. 110-289), the intent of Congress, the heavy weight given to foreclosure rates that HUD used in its calculations to distribute money to the states and the historical nature of the CDBG funding. I am troubled that the DECD proposal allocated the \$25 million not based on foreclosure rates, but by the number of foreclosures. Ignoring the proper criteria would leave some of the hardest hit towns in Connecticut -- many of which are in eastern Connecticut -- without any NSP funds. I voted for the Housing Economic and Recovery Act (HERA) in July 2008 because I wanted small and large towns and cities across Connecticut facing high rates of foreclosure and delinquency to receive assistance to revitalize their communities. My concern is based on the following:

First, (P.L. 110-289) intended for the 'rate of foreclosure' to be given priority consideration and specifically states in SEC. 2301 (c) (2):

(2) PRIORITY.—Any State or unit of general local government that receives amounts pursuant to this section shall in distributing such amounts give priority emphasis and consideration to those metropolitan areas, metropolitan cities, urban areas, rural areas, low- and moderate-income areas, and other areas with the greatest need, including those—

(A) with the greatest percentage of home foreclosures;

(B) with the highest percentage of homes financed by a subprime mortgage related loan; and

(C) identified by the State or unit of general local government as likely to face a significant rise in the rate of home foreclosures

Second, after enactment, HUD was tasked with allocating the nearly \$4 billion in NSP funding to the states and heavily weighted a State's foreclosure 'rate' and the State's subprime 'rate' in calculating how the money would be distributed to redevelop abandoned and foreclosed homes. Connecticut received just over \$25 million and all of that was allocated directly to the state. As you know, all states received at least \$19.6 million and then HUD calculated the amount of money to further distribute to states and cities around the country. Connecticut received an additional \$5.4 million in NSP funding but no individual city received a direct allocation because HUD determined that none reached the \$2 million threshold it set. In fact, HUD calculated a pro-rata estimate of funding to the entitlement towns (Chart A-1 in your Draft proposal).

While the HERA statute does not stipulate an allocation of funds based on current CDBG formulas, it is important to remember the underlying CDBG statute's intent to provide funding to entitlement and smaller communities alike. Specifically, it says:



“Of the amount approved in an appropriation Act under section 5303 of this title that remains after allocations pursuant to paragraphs (1) and (2) of subsection (a) of this section, 30 per centum shall be allocated among the States for use in nonentitlement areas”

In your draft proposal, one town reaps 24 percent of all NSP funding allocated to Connecticut. It is important to note that under normal Connecticut CDBG distribution – direct HUD entitlement funds and Small Cities funding – on average, no town receives that much of an allocation. As an example, the towns receiving the most funds in 2008 through CDBG funding -- Bridgeport, Hartford and New Haven -- each received 8 to 9 percent of the total amount of funding. I am troubled that DECD and the State only focused on 7 towns. While I understand that many large cities have high numbers of foreclosures, the foreclosure crisis is hitting rural areas and small towns as well.

For these reasons, I ask that you devise a new formula for distributing the NSP funds throughout Connecticut. I propose that 70 percent of NSP funds be allocated to entitlement communities with priority given to those with the highest foreclosure rates. As I mentioned, HUD heavily weighted the foreclosure rate in allocating funds to the states. In fact, Chart A-1 in your draft proposal shows the HUD rankings of entitlement communities, heavily weighted by foreclosure rates. While HUD did provide a pro-rata estimate of NSP funding to the entitlement communities in Chart A-1, I agree the amounts are too low to have enough of an impact on their neighborhoods. Therefore, I propose that the HUD pro-rata estimate be augmented in some way. In this manner, more cities could receive some NSP funding. Such a formula also complements support for the seven towns in your original draft.

I propose that the remaining 30 percent of the funds be allocated directly to the nonentitlement communities with the highest HUD estimated foreclosure abandonment risk score or the highest average of predicted 18 month foreclosure rate, thus keeping with the intent of the underlying HERA statute. These statistics have been compiled by HUD, and would serve as a fair data set to determine which small towns are most in need.

Towns must expend many resources to complete a local action plan to the State within 35 days or January 7, 2009, whichever is later. By statute, the State must submit its action plan to HUD by December 1, 2008. HUD will review the state plan within 45 days. Therefore, local action plans are due to the State before HUD may have even approved the state plan. I propose that local action plans be due two weeks after HUD approves the State's plan for completeness and consistency.

Finally I want to note that recent press reports that mention a \$2.1 million set aside for small towns and in some accounts, “for eastern Connecticut”, are not consistent with the State draft plan. After careful reading of the State NSP plan, nowhere is there mention of that proposal. In fact, on page 8 of the Draft Proposal, it specifically states:

“The State has held back \$2,100,000 in NSP funds (\$2,000,000 in grant funds and \$100,000 for general administrative and technical assistance costs) to provide an incentive to the seven (7) subrecipients based on their performance.”

Although the press reports would appear to signal a willingness by DECD to modify the draft plan, by itself, it is an insufficient amount for the number of small towns that are enduring devastating economic hardships due to high delinquency and foreclosure rates. A more equitable solution is warranted.

I was pleased to vote for the comprehensive Housing Economic and Recovery Act in July 2008, but I did so with the understanding that small towns and large cities would all receive economic relief and put themselves on the path to neighborhood revitalization.

Sincerely,



JOE COURTNEY  
Member of Congress

COMMITTEES  
-----  
ARMED SERVICES  
SUBCOMMITTEES  
RESEARCH AND DEVELOPMENT, FRONTIER  
-----  
EDUCATION AND LABOR  
SUBCOMMITTEES  
HEALTH, EMPLOYMENT, LABOR, AND PENSIONS



For Courtney  
Congress of the United States  
2nd District, Connecticut  
November 6, 2008

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The Honorable M. Jodi Rell  
Governor, State of Connecticut  
State Capitol  
Hartford, CT 06106

Dear Governor Rell:

I am writing to express my deep concern with the State's draft plan to allocate the money provided for the Neighborhood Stabilization Program in the Housing and Economic Recovery Act (P.L. 110-289), enacted in July 2008. I cast my vote in support of this important bill so that states and localities could buy foreclosed houses, rehabilitate the properties, and restore home values in order to strengthen neighborhoods hit by the foreclosure crisis. As you know, the states were given latitude in submitting their proposed plans.

I am deeply troubled to learn that the State has proposed that eastern Connecticut towns will not receive any portion of the \$25 million Neighborhood Stabilization Program funding allocated to Connecticut. It is my understanding that the following towns will receive the funding:

Bridgeport -- \$6 million  
Waterbury --- \$3.6 million  
New Haven -- \$3.3 million  
Stamford -- \$2.9 million  
Hartford -- \$2.8 million  
Meriden -- \$1.8 million  
New Britain -- \$1.8 million

That leaves just over \$2.5 million to be allocated to technical assistance, program administration and to communities that "exceed standards for timely performance." It is unclear whether that money is targeted to those seven towns as well.

A June 27, 2008 state report noted that the State of Connecticut has 77,000 active subprime mortgages totaling nearly \$17 billion and that more than 11,000 of those loans were seriously delinquent. By September 2008, the number of mortgages in foreclosure or seriously delinquent was 16,500 statewide. Housing advocates claim that a foreclosure



can reduce surrounding property values by \$5,000 causing a serious detriment to our communities.

Everyday, nine households go into foreclosure in eastern Connecticut. Windham County had 23 foreclosure-related filings for every 1,000 households, compared with 17 in the state as a whole. The Town of Plainfield holds the highest foreclosure rate in the state at 3.5 percent or 35 homes for every 1,000. I have attached a map from a June 28, Hartford Courant article that clearly states, "The number of delinquent mortgages per 1,000 households is dominated by towns in eastern Connecticut."

It appears, however, that the \$25 million was allocated not by the rate of foreclosure and delinquency but by sheer numbers so that some of the hardest hit towns in Connecticut, many of which are located in the eastern part of the State, will not be able to avail themselves of any of the Neighborhood Stabilization Program money.

I urge you to reallocate the money so that eastern Connecticut towns are able to rebound from the foreclosure crisis as well. I understand that a public comment period is open from November 7-21 before the state submits its plan to the U.S. Department of Housing and Urban Development (HUD) on December 1, 2008.

I thank you for your attention to this important matter and I look forward to a timely response.

Sincerely,

A handwritten signature in cursive script that reads "Joe Courtney". The signature is written in dark ink and is positioned above the printed name.

JOE COURTNEY  
Member of Congress

---

**From:** John Elsesser [jelsesser@coventryct.org]  
**Sent:** Friday, November 21, 2008 1:47 PM  
**To:** NSP.Comment@ct.gov  
**Subject:** Neighborhood Stabilization Program

The Coventry Town Council has voted to oppose the draft neighborhood stabilization Program Action Plan proposed by the State Department of Economic and Community Development. They believe that it is unfair to give the lion's share of the money to seven cities who are already entitled to CBDG block grant funds. The rate of foreclosure in many smaller and rural towns exceed that of the cities. Congress specifically wanted assistance to include rural communities. The Council believes the state erred in proposing this distribution method. We believe funds could be coordinated through the Councils of Governments to assure that funds are distributed to communities in need whether they are Urban or Rural.

John A. Elsesser, Town Manager  
[JElsesser@coventryct.org](mailto:JElsesser@coventryct.org)  
860-742-6324

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**From:** Bill Cronin [bcronin88@gmail.com]  
**Sent:** Wednesday, November 12, 2008 11:11 AM  
**To:** NSP Comments  
**Subject:** Draft NSP Action Plan

Regarding the action plan, I strongly support including a requirement that recipient communities coordinate with existing Ten Year Plans to End Homelessness in their regions.

As a member of the board and the original planning team for the Capital Region's ten year plan , Journey Home, I have studied our program and others around the country in detail. These are powerful programs that are already showing remarkable results and have enormous potential for further gains. They certainly should be an integral part of any effort for redevelopment of residential properties that can impact neighborhood stabilization and the reduction of homelessness.

William J. Cronin  
Retired Chair and President, Cronin and Company  
Board of Directors,. Journey Home  
Resident of Hartford

860 918-0207  
[bcronin88@gmail.com](mailto:bcronin88@gmail.com)



## CT FAIR HOUSING CENTER

November 21, 2008

Rick Robbins  
Department of Economic and Community Development  
505 Hudson Street  
Hartford, CT 06106-7106

Re: NSP Comments

Dear Mr. Robbins:

We are writing to provide you with the Connecticut Fair Housing Center's ("Center") comments on the State of Connecticut's Draft Neighborhood Stabilization Program Action Plan Substantial Amendment. We appreciate the Department of Economic and Community Development's ("DECD") work on this plan, especially considering the short deadline for developing a workable strategy for the speedy disbursement of Neighborhood Stabilization Program ("NSP") funds. We hope that our comments will be incorporated into the Plan to the greatest extent possible.

One of the Center's central goals is to ensure that people of color and people with low incomes have housing choice. For too long affordable housing has been segregated in urban communities. While we are absolutely committed to strengthening urban communities, we see the NSP funds and any future monies dedicated to the purchase of foreclosed properties as opportunities to bring a level of equality to the placement of affordable housing. In that spirit, our comments on the plan follow.

- 1. Address the federal requirement to affirmatively furthering fair housing.** Sections S and T of the October 6, 2008 Federal Register Notice pertaining to the NSP program require that DECD make certain certifications regarding its obligations to affirmatively further fair housing. We recommend that DECD explicitly make the requested certifications, which include but are not limited to identifying how the plan to use NSP money overcomes the impediments to fair housing choice identified in the State's Analysis of Impediments to Fair Housing Choice Update of 2006. We also recommend that DECD outline the steps it will require its sub-recipients take to affirmatively further

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fair housing by, for example, identifying how the grant will be used to overcome the impediments to fair housing choice.

In addition to allocating a portion of the funds outside of areas of racial and poverty concentration along the lines outlined below, DECD should also address how the placement of rental housing will overcome impediments to fair housing choice, make clear that sub-recipients will be required to create affirmative fair housing marketing plans (AFHMP) and tenant selection policies, and detail whether the AFHMP and tenant selection policies will conform to state or federal law.

- 2. Acquire foreclosure data.** We recognize that there is a serious lack of reliable data on the location of foreclosures. It is our understanding that the Connecticut Housing Finance Authority has access to Warren Group foreclosure data. If DECD has not already explored this option, we ask that it request that CHFA run reports for the data necessary to demonstrate need under the NSP formulation. If CHFA is contractually prohibited from sharing this data, we encourage DECD to purchase a subscription to statewide foreclosure data from the Warren Group. If this data can in turn be made available to non-profits and others on a subscription basis that would be a great benefit to future foreclosure prevention strategies and post-foreclosure neighborhood revitalization.
- 3. Analyze data at the zip code level.** Foreclosure is a localized problem. A handful of foreclosures on a block can destroy the property values of homes in the immediately surrounding area, which in turn can increase the chances for additional foreclosures. We recommend analyzing foreclosure and loan data in as detailed a manner as possible. Obviously tract- or address-level information would be ideal, but given the limitations on the availability of data, zip code-level information at least allows a more localized assessment of the problem in the areas with multiple zip codes.
- 4. Develop a means of measuring stability.** We greatly appreciate DECD's commitment to ensuring that NSP funds be deployed in areas where the funding will genuinely contribute to stabilizing neighborhoods. We understand that DECD would like the funds focused on areas "where the loan-to-value ratios still offer some kind of collateral, core strengths/assets, but would continue to decline without any public intervention." It would be helpful to sub-recipients and developers to have some additional guidance to help them determine community stability. One possibility would be to opt not to allocate NSP funds to areas with the highest foreclosure rates because it will take significantly more resources to stabilize these neighborhoods. In our analysis below we excluded zip codes with .5% or greater of the houses in foreclosure. Alternatively, the agency could consider using the U.S. Postal Service vacancy data available on the HUD User website as a stability gauge.
- 5. Allocate pro rata share of funds to be used in zip codes within the municipalities already identified by DECD and create a bidding process for four additional zip codes demonstrating need.** The Center has access to zip code-level loan performance data provided by the Boston Federal Reserve Bank as of April 2008. Our analysis of this data demonstrates a great geographic diversity of the areas of need. We analyzed our

data to determine the 35 zip codes with the greatest number of loans resetting and the highest levels of subprime loans. We found that, apart from four zip codes, these two lists were identical. We removed the zip codes that were not on both lists. Then, using census data, we calculated the percentage of foreclosures in each of the remaining 31 zip codes. Removing the zip codes with foreclosure percentages of .5% or above, assuming that those zip codes have too many foreclosures to be stabilized by the funds provided under NSP, we developed the following list of communities in need (see Chart 1).

**Chart 1: Connecticut Fair Housing Center Proposed NSP Communities of Need as of April 2008**

	<b>Indicates Target Zip Codes within DECD-Identified Municipalities</b>
	<b>Indicates Bid Municipalities</b>

Property Zip Code	Town	Number of Subprime Loans	Zip Code Foreclosures as % of Housing Units in Zip Code	Number Resetting in 12-24+ months (as of April 2008)	% of Zip Code Population below Poverty Level	Non-Latino White % of Town Population
06320	New London	439	0.49%	37	13.4%	56.1%
06604	Bridgeport	522	0.49%	48	17.7%	30.9%
06108	East Hartford	517	0.49%	59	12%	56.6%
06450	Meriden	685	0.48%	50	7.9%	69.9%
06118	East Hartford	494	0.46%	43	5%	56.6%
06512	East Haven	636	0.45%	54	4.6%	91.4%
06614	Stratford	437	0.40%	42	2.5%	80.7%
06770	Naugatuck	573	0.39%	50	5%	88.9%
06705	Waterbury	474	0.39%	36	7.6%	58.2%
06095	Windsor	583	0.38%	61	2.2%	62.9%
06051	New Britain	537	0.37%	48	19.3%	58.8%
06114	Hartford	425	0.36%	39	24.5%	17.8%
06810	Danbury	665	0.35%	64	7.5%	68.1%
06511	New Haven	733	0.31%	46	17.5%	35.6%
06053	New Britain	459	0.29%	36	10.3%	58.8%
06360	Norwich	567	0.28%	45	7.2%	80.4%
06106	Hartford	543	0.27%	49	28.1%	17.8%
06010	Bristol	757	0.27%	60	4.8%	89.3%
06082	Enfield	557	0.27%	55	2.8%	88.3%
06790	Torrington	587	0.25%	45	4.5%	9.5%
06902	Stamford	657	0.24%	68	7.2%	61.2%
06457	Middletown	434	0.19%	41	4.3%	77.5%
06040	Manchester	612	0.16%	46	6%	80.1%
06460	Milford	474	0.16%	45	2.4%	91.3%

Using this analysis, each of the municipalities recommended as an NSP fund recipient in DECD’s draft plan is represented – Bridgeport, Hartford, Meriden, New Britain, New Haven, Stamford and Waterbury (hereinafter referred to as “DECD-identified municipalities”), but in addition, several other towns merit NSP assistance.

The Center would like to propose one possible way of designating the NSP money. This formulation will result in creating a greater number of housing opportunities outside of racially segregated areas while at the same time providing increased stability to both urban and non-urban neighborhoods suffering from the foreclosure crisis. This formulation will address the lack of affordable housing in neighborhoods outside urban cores, an impediment to fair housing.

- a. *Provide a pro rata share of the funds to zip codes in DECD-identified municipalities.* By virtue of their past CDBG activities, we assume that the municipalities identified in DECD's draft will already have active affordable housing development conduits. We also understand the importance of initiating these projects quickly. For these reasons, we propose that DECD allocate a pro rata share of NSP funds to the DECD-identified municipalities using a formula that takes into account the percentage of all the foreclosures or subprime loans represented in the DECD-identified municipality zip codes and the relevant zip codes in the eight towns discussed below. ***The funding must be limited to use only within the zip codes identified in Chart 1.***
  - b. *Create a bidding process for the remaining zip codes with rates of poverty below 5%.* For the remainder of the zip codes in Chart 1, we used census data to identify those with poverty levels of less than 5%. We recommend that these zip code areas, located in the towns of East Haven, Stratford, Windsor, Bristol, Enfield, Torrington, Middletown, and Milford ("bid zip codes"), be designated as the locations for NSP funds to be awarded to affordable housing developers through a competitive bidding process. We understand that DECD itself does not have the resources to manage an extensive bidding process. For that reason we suggest the remainder of the money be divided into four awards going to the top bids for development within bid zip codes. The administrative burden on DECD is minimized because the bidding process is limited and enough money will go to the zip code areas to truly stabilize communities.
6. **Put housing designated for people earning 50% of AMI in bid zip codes.** We hope DECD will consider allocating the 25% of the funds that must be designated to very low income (VLI) housing flexibly and allow a lower percentage of VLI housing to be built in DECD-identified municipalities and a higher percentage to be developed in bid zip code areas. If feasible, DECD might consider allocating the entire 25% of VLI housing to the 4 bid zip code grants. Alternatively, 5% of the VLI funds could be designated in DECD-identified zip codes with the remaining 20% going to bid zip code areas.
7. **Focus on rental housing in bid zip code areas.** We encourage DECD to create incentives for rental housing to be developed in bid zip code areas and homeownership opportunities to be fostered in DECD-identified zip codes.
8. **Extend affordability periods.** With the acute need for affordable housing in Connecticut, it is imperative to mandate affordability for as long as possible in government subsidized developments. To this end, we recommend that, with the



exception of NSP expenditures under \$15,000, the affordability periods for all other disbursements of NSP funds be doubled.

**9. Make redeveloped properties available to low-income tenants without vouchers.**

Units with “affordable rents” as defined in the draft plan will not, in fact, be affordable for those at 50% AMI or below paying 30% of their income towards rent – the renting cohort targeted by the NSP and the draft plan. The term is defined in the plan as:

- a. rents that are at or below the HUD FMR levels, or
- b. rents that do not exceed 30% of 80% AMI, or
- c. rents that are 30% of a family’s income if the unit receives a Federal project based rental subsidy or
- d. rents that are 40% of family income if the unit receives a state project-based rental subsidy.

Unless the household or the unit is subsidized, tenants who are 50% of AMI or less cannot afford HUD FMR rents or rents that are 30% of 80%AMI. The plan should explicitly state that sub-recipients must show that, for the portion of funds targeted at persons with incomes less than 50% AMI, the rents are no more than 30% of 50% AMI.

**10. Avoid Displacement.** We recognize that time is of the essence, but we encourage DECD will consider using a portion of these funds, to the extent permissible, to keep people in their homes. It simply does not make good policy sense to evict low-income homeowners and renters, perform minor renovations, and then sell or rent a property to low-income homeowners and renters. One model to consider is a pilot project run by Self Help in North Carolina, which involves lease-to-own arrangements giving homeowners who have lost their homes through foreclosure five years to repurchase their home. During this period, the homeowners remain in their property paying rent to Self Help. We are happy to put you in contact with the Self Help staff members who are running this program.

As noted in the Analysis of Impediments to Fair Housing, Connecticut is highly segregated along racial, ethnic, and socioeconomic lines. By continuing to fund affordable housing in urban cores only, Connecticut is reinforcing the segregated patterns which already exist. Non-segregated communities are experiencing high rates of foreclosures justifying the deployment of NSP funds. The Center urges DECD to use its NSP money in a way which overcomes some of the most intransigent impediments to fair housing choice by creating affordable housing in non-urban areas as well as in the urban cores that have been hardest hit by the foreclosure crisis.

Thank you for the opportunity to comment on the draft action plan. Please do not hesitate to contact us if you would like to discuss our recommendations in more depth.

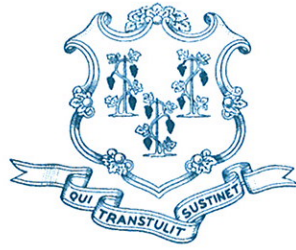
Sincerely,

Erin Kemple  
Executive Director

Erin Boggs, Esq.  
Director of Special Projects

**SENATOR DONALD J. DEFRONZO**

Legislative Office Building  
Room 2300  
Hartford, CT 06106-1591  
Tel. (860) 240-0595  
DeFronzo@senatedems.ct.gov  
www.senatedems.ct.gov/DeFronzo.html



**State of Connecticut**

**SENATE**

*Sixth District*

*Chief Assistant Majority Leader*

*Chair*  
Transportation

*Member*  
Environment  
Finance, Revenue & Bonding

November 20, 2008

Joan McDonald, Commissioner  
Department of Economic and Community Development  
505 Hudson Street  
Hartford, CT 06106

***RE: Neighborhood Stabilization Program***

Dear Commissioner McDonald:

I am writing in support for the recent draft of the State of Connecticut Neighborhood Stabilization Program, and the potential funding of \$1,800,000 to the City of New Britain.

Not unlike other Connecticut cities, New Britain is experiencing a rapid escalation in the rate of foreclosures and evictions. Many of these buildings are becoming abandoned and are beginning to have a detrimental affect on the quality of life within our neighborhoods.

I believe that this new source of funds, together with funds already in place, will allow the City of New Britain an opportunity to achieve more stabilization in our neighborhoods.

If you have any questions, please feel free to call my office.

Sincerely,

A handwritten signature in cursive script that reads "Donald J. DeFronzo".

Donald J. DeFronzo  
State Senator 6<sup>th</sup>

# HOUSING AUTHORITY OF THE TOWN OF ENFIELD

17 Enfield Terrace  
Enfield, Connecticut 06082  
(860) 745-7493  
Fax (860) 741-8439  
TTY/TDD: 800-545-1833 Extension: 849

November 18, 2008

NSP Comments  
Commissioner Joan McDonald  
State of Connecticut  
Department of Economic & Community Development  
505 Hudson Street  
Hartford, CT 06106

Re: Public Comments, Draft Neighborhood Stabilization Program Action Plan  
Substantial Amendment

Dear Commissioner McDonald,

I am writing to submit comments regarding the Draft Neighborhood Stabilization Program Action Plan Substantial Amendment.

I would like to commend the department for drafting this detailed plan within the short time frame allowed by the enabling legislation. However, I am concerned about the targeted approach used in designating just seven (7) communities. This approach is at the detriment of all other communities that are in serious need of such funding. The Housing and Economic Recovery Act of 2008 (HERA) requires that states must "give priority emphasis and consideration" to those metropolitan areas, metropolitan cities, urban areas, rural areas, low-and moderate-income areas, and other areas with the greatest needs. Most will agree that the cities of Bridgeport, Hartford, Meriden, New Britain, New Haven, Stamford, and Waterbury have significant needs. However, there are many other cities and towns that have serious stabilization needs in neighborhoods that could be sustained that are not addressed as part of the plan. Communities such as the Town of Enfield have neighborhoods that have been negatively impacted

Equal Opportunity Employer/Equal Housing Opportunity



by the economic downturn and likely fits the criteria intended by Congress.

Therefore it is recommended that a minimum of 25% of the \$25,043,385 NSP funding the State of Connecticut anticipates to receive should be made available to other cities and towns in addition to the seven named in the draft plan. It is also recommended that priority be given to the communities that are ready to implement local plans.

Please feel free to contact me should you have any questions regarding the above comments to the Draft NSP Plan. I may be reached at 860-745-7563 Ext. 102.

Sincerely,

Scott C. Bertrand  
Executive Director

CC: Mayor Scott Kaupin, Town of Enfield  
Matthew Coppler, Town Manager, Town of Enfield  
EHA Board of Commissioners

**From:** Thomas Lembessis [lembessis@att.net]  
**Sent:** Friday, November 07, 2008 1:34 PM  
**To:** NSP Comments  
**Subject:** Foreclosure Help

“I am committed to helping every family, when possible, to keep their single most important investment – their home,” Governor Rell said. “The mortgage credit crisis has affected far too many families, here in Connecticut ...

Perhaps you can explain how foreclosed homeowners benefit from this? I'm sure they'll be consoled knowing that the house they lost will be renovated!

I guess this is part of republican- admired "trickle down economics?"

What's next? We'll eliminate medical care and buy caskets for all the unfortunate ill people who didn't make it?

Thomas Lembessis  
Granby

**From:** Judy Sklarz [mailto:[jsklarz@unitedwaycfc.org](mailto:jsklarz@unitedwaycfc.org)]  
**Sent:** Wednesday, November 19, 2008 3:45 PM  
**To:** NSP Comments  
**Cc:** Carol Walter; [etaky@aol.com](mailto:etaky@aol.com); Lisa Mazzeo; [DYetman@townofstratford.com](mailto:DYetman@townofstratford.com); [drich@cccymca.org](mailto:drich@cccymca.org); Kabel, Alanna  
**Subject:** Neighborhood Stabilization Program

As a member of the Greater Bridgeport Continuum of Care, I wish to offer my comments on the State's Neighborhood Stabilization Program. United Way of Coastal Fairfield County has been working to increase the availability of Permanent Supportive Housing. Additionally, we have been working with our family shelters and the CT Coalition to End Homelessness to prevent homelessness and find affordable housing for those exiting family shelters. We have been appreciative of recent funding of Next Steps projects and of a Beyond Shelter coordinator. However, even in the best economic conditions we will not be able to produce sufficient units of service enriched housing or affordable rentals for families exiting shelters with minimal service needs without development or rehabilitation assistance.

The Neighborhood Stabilization Program is one way to help us achieve our goals as set out in our 10-Year Plan. I commend your efforts to increase the number of units of housing available to those earning less than 50% AMI. I would like to suggest that you offer bonus points or options to those communities that include set-asides for permanent supportive housing or families exiting shelters. Of course evidence rent supports should be part of such a plan whether from the local housing authority or other rental assistance program.

Thank you for this opportunity to comment on the State's plan.

*Judith Sklarz*  
Community Impact Planner  
United Way of Coastal Fairfield County  
75 Washington Avenue  
Bridgeport, CT 06604  
203-339-6352  
203-334-3297 fax  
[jsklarz@unitedwaycfc.org](mailto:jsklarz@unitedwaycfc.org)

**From:** Dale Kroop [dkroop@Hamden.com]  
**Sent:** Thursday, November 20, 2008 3:27 PM  
**To:** NSP Comments  
**Cc:** Craig Henrici; Scott Jackson; Scott Jackson; Chris Marchand; Mangini, Louis; Kath Schomaker; ADLIFT@msn.com; Peter Villano; Joe Crisco; Martin Looney  
**Subject:** Town of Hamden's Comments on the Neighborhood Stabilization Program (NSP)

To whom it may concern.

I am writing regarding the proposed mortgage program under the Neighborhood Stabilization Program (NSP) which is funded through Housing and Economic Recovery Act of 2008 that is under a public comment period.

As originally proposed the federal government (through DECD) will provide over \$25 million dollars to some of the most distressed Cities in CT presumably because of the large number of sub-prime mortgages relative to the size of their population. Additionally it is clear that the Foreclosure and Lis Pendens data generated from the Warren Group also influenced the process of fund allocation.

Fortunately Connecticut is able to allocate the funds through the DECD. Communities throughout CT and particularly in our region (the South Central COG region) could really benefit from the assistance offered. CT DECD has been appropriately focused on planning on a regional level to help conserve resources and address the very real problems in all types of communities affected by the economic problems facing our families. This includes inner ring suburbs like Hamden.

It is clear that the most distressed communities require the greatest proportion of funds. It is also good planning that DECD is considering a change in the distribution of funds to include a set aside of over \$2 million dollars for Eastern CT, recognizing the terrible impact the foreclosure crisis is having in places other than the central cities.

Hamden is a community with many of the same problems as the Towns funded directly under the Neighborhood Stabilization Program (NSP), which is part of the Housing and Economic Recovery Act of 2008 when applying the proposed benchmarks for the consideration of funding.

In fact Hamden places higher than one town (Stamford) on the score related to the percentage of Intrastate Foreclosure Needs and has a higher number of estimated loans at 30+ days delinquency than two towns in the original group (New Britain and Stamford). Finally if you look at the Warren Group map of Foreclosures and Lis Pendens filings, you can clearly see that Hamden is right in the thick of bad news to come.

One of the reasons that we see the numbers of foreclosures dramatically increasing over the next several years and therefore putting us high on the proportional list of all of these statistics is because of the unique nature of the Newhall Area Remediation Project. This is a highly unusual situation that involves potentially over 350 homes in a neighborhood that is the subject of the Newhall Consent Order (circa 2003), whereby virtually the entire neighborhood is the subject of significant remediation over the next 3-5 years. As part of that Order, many homeowners will sell or leave the community uncovering complicated mortgage circumstances that will surface in remediation and housing rehabilitation process. The State DEP is already involved in planning the remediation process for 2009 and the DECD will provide some earmarked funds for home affected by the remediation process. For additional information go to <http://www.newhallinfo.org/>.

However many of the low and moderate income homeowners in the Newhall area and other target areas in Hamden (ie other areas of Highwood, Hamden Plains and State St) are not being assisted by any program. We see many of the same problems with subprime mortgages in these communities.

It is for these reasons that we request that funds be made available to CDBG entitlement communities like Hamden and



others in the region (i.e. West Haven) who have the same problems as many other cities on the list or who have unique circumstances such as our Newhall area and other targeted low and moderate income neighborhoods.

The Town of Hamden has strong administrative capacity to administer a program for our many neighborhoods which include two Neighborhood Revitalization Zones.

Please feel free to contact me at 203-287-7033 or [twn.hmdn.edc@snet.net](mailto:twn.hmdn.edc@snet.net).

Thank You for providing the opportunity for input,

Best Regards,  
Dale Kroop  
Director of Economic and Community Development  
Town of Hamden

Robert L. Painter, M.D.  
12 Babcock Street  
Hartford, Connecticut 06106

November 7, 2008

NSP Comments  
Department of Economic and Community Development  
505 Hudson Street  
Hartford, CT 06106-7106  
NSP.Comments@ct.gov

To Whom It May Concern:

This is to add to the public comment request for the Draft Neighborhood Stabilization Program (NSP) Action Plan Substantial Amendment that was released yesterday

The regional organization Journey Home has been working to implement a Ten Year Plan to End Chronic Homelessness. Since being formed as a result of Hartford's Mayor Perez's initiative, a multi-year collaborative strategic planning process that engaged corporations, state agencies, municipalities, philanthropic foundations, religious organizations, local community development organizations, for- and non-profit developers, supportive housing and social service providers, and the general public, goals have been formulated to allow us to implement strategies that will strengthen neighborhoods and end chronic homelessness in ten years.

I recommend:

- that DECD should specifically direct communities to align the utilization of their NSP allocation with the goals of their Ten Year Plans to End Homelessness.
- that communities be required to prioritize homeless individuals and families for a portion of the units,
- that the Ten Year Plan Implementation Entity/Leaders in each community be included in the planning, resource allocation and implementation process of the NSP funds on a local level.

In addition, since stabilization of neighborhoods requires increasing the economic and cultural diversity of residents, I further suggest:

- that a portion of the funds be allocated regardless of economic status to encourage the purchase of existing housing stock by people who will own and live in them in distressed neighborhoods, provide low interest loans for the improvement to these homes, and when appropriate to encourage the rental of a portion of these residences in order to decrease the number of absentee landlords.

Initiatives that assist homeless individuals and families with supportive housing have been shown to have a positive impact on neighborhoods and communities as a whole, to increase the value of surrounding real estate and to improve safety. By aligning the utilization of the NSP funds with the goals of the Ten Year Plans existing collaborations and planning processes can be utilized efficiently and effectively.

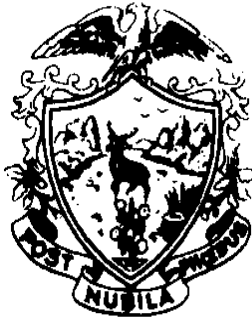
However, since revitalization of neighborhoods does not entirely depend upon providing housing for people of limited means, a formal policy effort must be made to reverse years of desertion of our cities by people of greater means of all races and ethnic backgrounds. Combining the effort to provide supportive housing with a policy that encourages local ownership of rental properties needs to be supported by the Neighborhood Stabilization Program Action Plan.

I am available to further flesh out these proposals.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Painter", written in a cursive style.

Robert L. Painter M. D.  
NRZ representative in the Mayor's Target Area of North Frog Hollow  
(860) 463-1496



OFFICE OF THE MAYOR  
550 MAIN STREET  
HARTFORD, CONNECTICUT

**EDDIE A. PEREZ**  
MAYOR

TELEPHONE: (860) 543-8500  
FAX: (860) 722-6606

November 21, 2008

Joan McDonald  
Commissioner  
State of Connecticut  
Department of Economic  
And Community Development  
505 Hudson Street  
Hartford, CT 06106-7106

**RE: Neighborhood Stabilization Program (NSP)  
15 Day Public Comments**

Dear Commissioner:

On behalf of the City of Hartford, thank you for your prompt action regarding the implementation of the Federal Neighborhood Stabilization Program (NSP) and allowing me the opportunity to comment on the State's application to HUD. First, let me say that I endorse the decision to focus these resources on communities such as Hartford that are hardest hit by the foreclosure crisis. I also support and endorse the State's intention to use the Small Cities Program to assist smaller communities facing similar issues in their neighborhoods.

Increasing the percentage of homeownership in Hartford has been among my highest priorities since becoming Mayor. While we have made significant strides over the past several years, the recent foreclosure crisis, precipitated by sub prime lending, coupled with the national economic downturn, threatens to reverse our progress and perpetuate our low rate of homeownership, currently hovering at about 25%. This is a critical concern not only today, but given Hartford's rank of third, on the list of existing variable rate mortgages, may imply that the worst is yet to come.

To this end, I endorse and applaud expending and recycling these funds as quickly as possible to the State's urban centers in the most need, and urge you to allow the selected communities to retain program income developed through the NSP to be utilized for the same or similar purposes, until such time that the funds are depleted or the crisis has abated, so long as goals and timetables are met. Alternatively, that program income be reapplied, in accordance with Federal regulations, through a continual reexamination of the need of each community, applying the same criteria in subsequent funding rounds. I am very concerned that foreclosures will continue to impact the State's core cities exacerbating problems of inner city blight and disinvestment.

Joan McDonald  
Commissioner  
Page Two  
November 21, 2008

Building on our experience with programs to invest in homeownership, I concur with the focus of NSP funds on two of the allowable activities; creating financing mechanisms for purchase and rehabilitation of foreclosed homes and residential properties; and the purchase and rehabilitation of abandoned or foreclosed properties for sale, rental or redevelopment. I would however, urge you to allow maximum flexibility to determine locally the exact percentage of those activities once our plan is finalized. Although I do not now envision extensive use of demolition or land banks in Hartford, the state plan should allow for flexibility to respond to unforeseen circumstances or opportunities.

Furthermore, I am aware that the enabling NSP legislation allows for funding of pre award activities. I urge you to incorporate this provision into Connecticut's plan, allowing documented pre-award administrative as well as programmatic expenditures, prior to final contract execution, in order to option or purchase properties and initiate environmental reviews. This will allow for effective planning, avoid unnecessary speculation and prevent increased acquisition costs, which will maximize the impact of NSP funds and expedite an aggressive implementation schedule.

Finally, I note that appraisals are a conditional activity under the draft plan, and I respectfully request that they be included as an allowable program activity under our state program.

In conclusion, I wish to thank you for selecting Hartford as a recipient of the NSP funds and we look forward to working together to mitigate the devastating effects of foreclosures on our fragile neighborhoods.

Sincerely yours,

Mayor Eddie A. Perez

cc: John Larson, US House of Representatives  
David Panagore, Director of Development Services  
Yasha Escalera, Director of Housing & Property Management  
Miguel Matos, Administrative Operations Manager



November 7, 2008

NSP Comments  
Department of Economic and Community Development  
505 Hudson Street  
Hartford, CT 06106-7106  
NSP.Comments@ct.gov

To Whom It May Concern:

I am writing in response to the Draft Neighborhood Stabilization Program (NSP) Action Plan Substantial Amendment that was released for public comment on November 6, 2008.

Many of the communities to which funds have been allocated have adopted or are in the process of a Ten year Plan to End Homelessness. Each communities Ten Year Plan is the culmination of a multi-year collaborative strategic planning process that engaged corporations, state agencies, municipalities, philanthropic foundations, religious organizations, local community development organizations, for and non-profit developers, supportive housing and social service providers, and the general public. The goal of each plan is to work with all of these stakeholders to implement strategies that will strengthen neighborhoods and end homelessness in ten years.

In order to ensure that the limited funds provided through NSP are utilized quickly and to their fullest capacity, I recommend that DECD specifically direct communities to align the utilization of their NSP allocation with the goals of their Ten Year Plan to End Homelessness. Specifically, I recommend that local municipalities must coordinate with their Ten Year Plan in order to prioritize homeless individuals and families for a portion of the units. Specifically, the following language should be included in the NSP Action Plan Substantial Amendment:

1. Each community to which funds are allocated must align the use of these funds to the existing goals of the Ten Year Plan to End Homelessness in their region.
2. That the Ten Year Plan Implementation Entity/Leaders in each community be included in the planning, resource allocation and implementation process of the NSP funds on a local level.

Initiatives that assist homeless individuals and families have been shown to have a positive impact on neighborhoods and communities as a whole. According to a study conducted by the New York University's Furman Center for Real Estate and Urban Policy which was released on November 5, 2008, supportive housing has been found to have a positive impact on both property values and neighborhood stability. The study examined the sales prices of apartment building condominiums and individual homes in neighborhoods where there was supportive housing development. In the

five years after the support housing developments were opened, the prices of the building closest to the newly developed supportive housing experienced “strong and steady growth,” and appreciated more than comparable properties that were farther away.<sup>1</sup> The study confirms that supportive housing is not only a valuable tool in helping to end homelessness but also in revitalizing the neighborhoods in which they are built.

By aligning the utilization of the NSP funds with the goals of the Ten Year Plans, DECD will be able to draw upon existing collaborations and planning processes in order to efficiently and effectively assist communities in stabilizing neighborhoods affected by foreclosures and providing more affordable and supportive housing opportunities to its most vulnerable citizens.

Thank you for your attention to this matter and please feel free to contact me if you have any questions or need additional information.

Sincerely,

Sarah Gallagher  
Executive Director  
Journey Home, Inc.  
860-808-0336

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<sup>1</sup> Good Neighbors. The New York Times. November 7, 2008



# State of Connecticut

## SENATE

STATE CAPITOL  
HARTFORD, CONNECTICUT 06106-1591

**SENATOR JOHN A. KISSEL**  
DEPUTY MINORITY LEADER

16 FREW TERRACE  
ENFIELD, CONNECTICUT 06082  
TELEPHONES  
HARTFORD: (860) 240-0531  
HOME: (860) 745-0668  
TOLL FREE: 1-800-842-1421  
FAX: (860) 240-8306  
E-MAIL: John.A.Kissel@cga.ct.gov

November 12, 2008

**RANKING MEMBER**  
JUDICIARY COMMITTEE  
HUMAN SERVICES COMMITTEE  
PROGRAM REVIEW AND INVESTIGATIONS

**MEMBER**  
LEGISLATIVE MANAGEMENT

**VICE CHAIRMAN**  
SENATE MINORITY SCREENING COMMITTEE

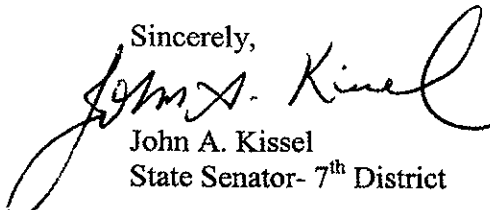
Commissioner Joan McDonald  
505 Hudson Street  
Hartford, CT 06106

Dear Commissioner McDonald,

I am writing to add my voice to the growing number of individuals who are recommending changing the proposed allocation of federal funds that will be used for the Neighborhood Stabilization Program. The people in the seven towns I represent have also been impacted by the current financial crisis and it is unfortunate that the state is granting these funds only to large cities rather than looking at the problem holistically. The good people that I represent as state senator are experiencing the same issues that the residents in these larger cities are experiencing. However, DECD has prioritized only their needs, and left a tremendous amount of communities without much needed assistance.

The communities I represent in the seventh senatorial district are in need of financial assistance and I am hopeful that you and Governor Rell will work together to find a way to use these much needed federal funds to provide assistance to more than just our large cities. I look forward to hearing from you and please do not hesitate to contact me with any questions you may have.

Sincerely,



John A. Kissel  
State Senator- 7<sup>th</sup> District

cc: Governor M. Jodi Rell  
Congressman Joe Courtney  
First Selectman James Hayden



East Granby Board of Selectmen  
Rep. Richard Ferrari  
Representative-Elect Annie Hornish  
Mayor Scott Kaupin  
Enfield Town Council  
Enfield Town Manager, Matt Coppler  
Rep. Karen Jarmoc  
Rep. Kathy Tallarita  
First Selectman John Adams  
Granby Board of Selectman  
First Selectman David Pinney  
Somers Board of Selectmen  
Rep. Penny Bacchiochi  
First Selectman Scott Lingenfelter  
Suffield Board of Selectmen  
Rep. Ruth Fahrbach  
Representative-Elect Matthew Conway  
Mayor Donald Trinks  
Windsor Town Council  
Rep. Peggy Sayers  
Rep. Faith McMahon  
First Selectman Steve Wawruck  
Windsor Locks Board of Selectmen

**From:** Kathy Scully [kathy.scully@gmail.com]  
**Sent:** Saturday, November 08, 2008 6:49 PM  
**To:** NSP.Comment@ct.gov  
**Subject:** Neighborhood Stabilization Program

To Whom it may concern,

I read in the Meriden Record Journal that Meriden was among the towns and cities selected to receive federal funds that could be used to buy, repair and sell foreclosed homes. The article also mentioned that some of this money could also be used to tear down blighted buildings, and I hope that Meriden will put some of this money aside to do just that.

Meriden has a "blight list" that lists homes that have been eyesores, some of them for years. I built a home at 877 Hanover Road in Meriden five years ago, believing that this was a city that was going to be revitalized and restored to its charm of earlier years. So far, I have seen little change. Three of the addresses on that blight list are within just a mile of my home. I live next door to a house that has been vacant for over three years, and broken into more than once. Across the street, the old Stagon's Package Store building has been boarded up and vacant for that same amount of time.

Residents of this area are hard-working citizens, most of whom take pride in their homes and do what they can to keep them presentable, but there are a number of homes that are true eyesores, and as a result, property values are low, and the area is becoming undesirable. I hope that the city will get rid of some of these run-down properties, or force the owners to clean them up, before it is too late. People driving from Wallingford to downtown Meriden along Hanover Road would never be attracted to Meriden as a town to live and work in after taking in the views along the way.

Thank you for your consideration.  
Sincerely,

Kathleen Scully  
877 Hanover Rd., Meriden, CT 06451  
203-235-2195



MICHAEL S. ROHDE  
MAYOR

# City of Meriden, Connecticut

## OFFICE OF THE MAYOR

142 East Main Street, City Hall • Meriden, CT 06450  
TELEPHONE (203) 630-4125 • FAX (203) 639-7008  
E-Mail: mrohde@ci.meriden.ct.us

November 18, 2008

Joan McDonald  
Commissioner  
State of Connecticut  
Department of Economic and Community Development  
505 Hudson Street  
Hartford, CT 06106-7106

RE: NSP Comments

Dear Commissioner McDonald:

Thank you for the opportunity to review and comment on the *State of Connecticut Draft Neighborhood Stabilization Program (NSP) Action Plan Substantial Amendment*.

The City of Meriden has the ability to spend the proposed allocation of NSP funds in the amount of \$1,826,000 in accordance with all state and federal guidelines. The City intends to utilize NSP funds on existing City-run programs for rehab/resale of foreclosed properties, demolition activities, home rehabilitation, and first time homebuyer assistance. The City will leverage existing Community Development Block Grant (CDBG) entitlement funds wherever possible.

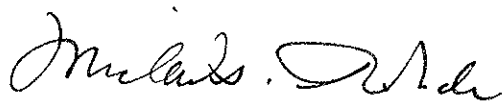
Regarding the use of Program Income, the City of Meriden has the ability to set up one or more revolving accounts for Program Income generated from the use of NSP funds. The City has successfully managed revolving loan programs for home rehabilitation, demolition and first time homebuyer programs using CDBG funds for over 20 years. Therefore, we urge you to consider allowing locally generated Program Income to be retained locally and used to fund the continuation of NSP activities in Meriden in future years.

Regarding the State's breakdown of funds among the eligible activities, we believe that each locality should have the flexibility to establish a budget that best addresses the local conditions, needs and priorities. We urge you to consider this change.

Regarding the proposed deadline for the submittal of the Local Action Plan (LAP), we believe that the deadline for the submittal of the LAP should take into account the time required for HUD to review and accept the State's plan, the time required to conduct a public review of the LAP, and the time required to set up agreements that may be required by the State to implement the NSP activities. Therefore, we urge you to consider extending the deadline for the LAP to at least 90 days from the date that the State's NSP Action Plan has been approved by HUD.

Thank you for the consideration of our comments on the *State's Draft NSP Action Plan Substantial Amendment*. If you need any additional information, please feel free to contact me or City Manager Lawrence J. Kendzior.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Rhode". The signature is fluid and cursive, with the first name "Michael" and the last name "Rhode" clearly distinguishable.

Michael Rhode  
Mayor

CC: Lawrence J. Kendzior, City Manager  
Juliet Burdelski, Grants Administrator

**From:** Denise Merrill [mailto:dmerrill.javanet@rcn.com]

**Sent:** Friday, November 21, 2008 4:41 PM

**To:** 'Joan.Hubbard@ct.gov'; 'Robert.Genuario@ct.gov'; 'Joan.McDonald@ct.gov'; 'M.Jodi'

**Subject:** Draft Neighborhood Revitalization Plan

Governor M. Jodi Rell,  
21, 2008  
State Capitol, Hartford CT

November

Secretary Robert Genuario,  
Office of Policy and Management

Commissioner Joan McDonald  
Department of Economic and Community Development

FROM: State Representative Denise W. Merrill, 54<sup>th</sup> District

Subject: Draft Neighborhood Revitalization Plan

I wish to comment on the draft plan above as part of the public comment period on the plan, which ends today. I understand that of the full amount of \$25 million that is being realized by the State of Connecticut from the federal government for the purpose of helping to mitigate the effects of the high number of foreclosures in the state, only a very small portion (\$2.1 million) will be available for any town in eastern Connecticut.

I gather that the plan takes a demographic approach, and earmarks the bulk of the funding for the major urban cities in other parts of the state. Given the fact that some of the highest foreclosure rates in the state are in eastern Connecticut towns, this does not seem the most equitable or sensible way to distribute these funds. I understand that the town with the highest rate of foreclosure in the entire northeastern region is the Town of Plainfield, which would be eligible only for this small portion of these funds.

I seriously question the approach taken in this plan, and would request that it be modified to take eastern Connecticut's plight into consideration. While the urban centers have many needs, the specific purpose of this plan was to mitigate foreclosure impacts, which are heavily felt in our part of the state.

Thank you for your consideration of my request.

Sincerely,

Denise W. Merrill

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-0705**

November 20, 2008

The Honorable M. Jodi Rell, Governor  
State Capitol  
210 Capitol Ave.  
Hartford, CT 06106

Dear Governor Rell:

I am writing to express my strong support for State of Connecticut's draft allocation plan for the \$25 million in federal funding provided to the state under Housing and Economic Recovery Act's Neighborhood Stabilization Program (NSP).


Money from this program will strengthen neighborhoods impacted by the foreclosure crisis by providing funds to municipalities to buy homes standing empty, rehabilitate foreclosed properties, and restore home values. Connecticut's urban areas have been especially hard hit by the crisis, with the seven cities identified in the plan accounting for nearly one-quarter of foreclosure actions in the state. Three of the four Entitlement Communities in my district – Meriden, Waterbury, and New Britain – would receive funding under the current proposal. While Danbury, too, would benefit from inclusion, the proposed plan avoids a dilution of NSP funding by its focus on the seven hardest-hit areas. As a result, each municipality funded under the plan will have an opportunity to make a real impact on those neighborhoods that have been most destabilized by the current crisis.

A strong and stable housing market is essential to the well-being of our communities and integral to health of our economy. The state's draft allocation plan presents an opportunity to provide assistance to that market where it is needed most. As a result, I strongly urge that the draft plan be submitted to the Department of Housing and Urban Development before the December 1<sup>st</sup> deadline.

If you have any questions please do not hesitate to contact me at (860) 223-8412.

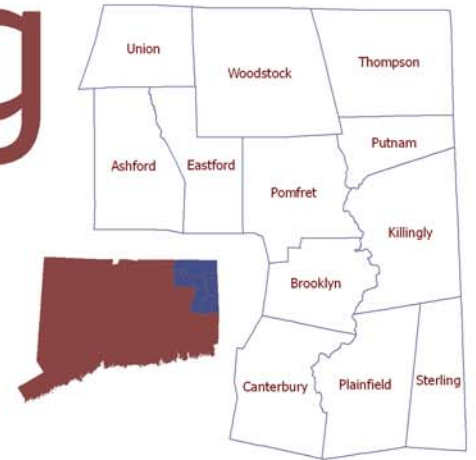
Thank you for your time and consideration.

Every best wish,



Christopher S. Murphy

cc: Commissioner Joan McDonald, Department of Economic and Community Development



November 20, 2008

Testimony Regarding the

Department of  
Economic and Community Development's  
**Draft  
Neighborhood Stabilization Program  
(NSP) Action Plan**

The Draft Neighborhood stabilization Program Action Plan now under review is, in our view seriously flawed and must be revisited. The proposed plan fails to acknowledge or recommend assistance for towns Northeastern Connecticut and for that matter any town in Eastern Connecticut.

The State's plan to primarily allocate funds to seven metropolitan areas; while clearly in line with the Housing and Economic Recovery Act of 2008 - fails to recognize the plight of our state's population in Eastern Connecticut. In fact, the towns of Windham County have a higher rate of foreclosures than does the rest of the state - with the Town of Plainfield having the highest foreclosure rate in Connecticut.

It is our belief that Congress intended to assist rural areas as well as metropolitan areas. The Plan prepared by DECD does not reflect this intent and therefore we ask that it be modified.

Thank you for the opportunity to comment. We stand prepared to assist the Department in any positive way to improve the proposed plan and assist the people of Connecticut.

For further comment or more information, please contact John Filchak, NECCOG Executive Director.



TO: Department of Economic and Community Development

ATTN: Rick Robbins

FROM: Timothy T. Stewart, Mayor

DATE: November 20, 2008

RE: Comments on State of Connecticut Draft Neighborhood Stabilization Program (NSP)

#### Eligible Communities

With the exception of Stamford, the City of New Britain is in support of the proposed municipal allocations. It is our belief that based on the HUD/LISC Data (Chart A-2) which ranked Stamford as sixteenth statewide for need, that the State should reconsider this allocation to simply adjust the HUD/LISC Data for greater consideration of “sub-prime loans” fails to take into consideration the comparative value of those loans in Fairfield County a.k.a. “the Gold Coast” and the balance of the state.

To incorporate the concept of comparative value, the State could consider either increasing the allocation to the remaining 6 cities or the inclusion of cities with reported higher needs scores in the HUD/LISC Data.

#### Timeframe for Local Plans

While the City fully realizes that immediacy is critical to have these funds reach those in need, the timeframe for submitting Local Action Plans does not allow the cities adequate time to develop detailed and realistic plans for submission to DECD given the levels of complexity within the allocations. A suggestion would be to extend the time, at a minimum to January 31, 2009.



### Formula for Expenditure of NSF Funds

Although we realize that the State needs to establish a draft allocation formula for their submission to HUD, the proposed formula appears to be too restrictive to meet the potential needs of the City of New Britain. These economic times will require that any properties acquired be returned to the market as quickly as possible. As such, greater weight should be given to the establishment of financing mechanisms, while at the same time, allowing adequate funding for purchase and rehabilitation.

Additionally, a greater percentage should be allowed for demolition, particularly here in New Britain giving the age and condition of some of the housing stock that is under foreclosure. We would suggest:

- Establish Financing Mechanisms 40%
- Purchase and Rehabilitate 45%
- Demolition 15%

The City of New Britain does not believe it is in our best interest at this time to land bank in any form. As for redevelopment of vacant property, experience tells us that the market in New Britain can absorb and develop any vacant properties.

### Incentives

The Plan indicates that the State intends to hold back \$2,100,000 for incentives. Given the severity of the problems facing the municipalities today, it seems counterproductive to hold back any possible assistance available for incentives tomorrow. Should the State truly believe incentives are a necessity; these can be accomplished with the use of program income of recaptured funds.

### Obligation/Expenditure of Funds

The State should reconsider these timeframes. New Britain does not believe that these timeframes are at all realistic given the level of work needed, as well as availability of contractors/developers.

### Overall Flexibility of Program

Although the City of New Britain understands the necessity of establishing guidelines, we believe the State should reconsider the simple mirroring of HUD Federal Legislation which would act to increase the flexibility of the use of these funds.

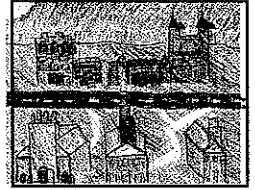
Aside of these few comments and concerns, the City of New Britain is very supportive of this program and anxious to begin the process.

# OFFICE OF THE MAYOR

165 CHURCH STREET • NEW HAVEN • CONNECTICUT 06510



JOHN DESTEFANO, JR.  
Mayor



*The vision of New Haven's children  
is our city's greatest resource\**

November 20, 2008

Commissioner Joan McDonald  
Department of Economic and Community Development  
505 Hudson Street  
Hartford, CT 06106

Re: Neighborhood Stabilization Program

Dear Commissioner McDonald:

I would like to take this opportunity to express the City of New Haven's full support with regard to the means and methods used to distribute the allocation across the seven (7) greatest need cities in Connecticut. I think the State did an exemplary job of focusing these scarce resources in the areas in our state with the most need and where it will do the most good.

My staff will be sending follow up correspondence with respect to the Draft State Action Plan and the City's comments and suggestions with regard to the fundamentals of that Action Plan.

It is all of our hope that these monies will effectuate the stability in our neighborhoods we are striving to achieve.

Very truly yours,

  
John DeStefano, Jr.  
Mayor

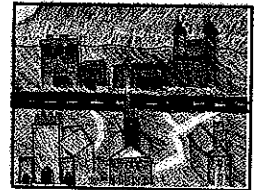


phone 203.946.8200 fax 203.946.7683

*\*This creative impression is the work of Shayna Smith, a student at Waxler-Grant School.*

# OFFICE OF THE MAYOR

165 CHURCH STREET • NEW HAVEN • CONNECTICUT 06510



*The vision of New Haven's children  
is our city's greatest resource\**

JOHN DESTEFANO, JR.

Mayor

November 20, 2008

Commissioner Joan McDonald  
Department of Economic & Community Development  
505 Hudson Street  
Hartford CT 06106

RE: Comments on Draft NSP Action Plan

Dear Commissioner McDonald:

Thank you for the opportunity to provide input on DECD's NSP Action Plan for Connecticut. I am pleased with the proposed expedited process for allocating federal funds to the highest need municipalities. As you know, New Haven is experiencing a tremendous increase in foreclosure filings. This trend has led to the doubling of the number of vacant homes in New Haven in the past two years. The number of foreclosed, vacant, and abandoned properties are rising daily and are adversely impacting our neighborhoods and property values. We have been working hard in New Haven over the past several months, and now have a process in place to quickly implement a Neighborhood Stabilization Program as soon as funds become available.

I do have some concerns regarding the State of Connecticut Draft Action Plan. Most importantly, the fact that the draft plan adds a number of restrictions beyond those required in the Federal Act, which may make it very difficult to implement local programs within the rapid timeframe required.

My specific concerns in order of importance are as follows:

1. **Percentage Allocation of Funds across Usage Categories**

I recommend deletion of the estimates for allocation of funds across usage categories. Despite the statement that final breakdowns will be determined in each Local Action Plan, I worry that soft targets will become hard rules during an implementation process that has tight deadlines and it doesn't offer the flexibility in use that is necessary given rapid changes in the market. I would recommend that DECD avoid targets such as the preliminary estimate of the breakdown of funds (CT NSP Draft Action Plan page 7) and the recommended budget on pg 29.

New Haven



2008

phone 203.946.8200 fax 203.946.7683

*\*This creative impression is the work of Shayna Smith, a student at Wexler-Grant School.*

that DECD avoid targets such as the preliminary estimate of the breakdown of funds (CT NSP Draft Action Plan page 7) and the recommended budget on pg 29.

Specific distribution of allocation across the eligible activities should be made at the local level, in accordance with the needs of the community it is serving.

2. **Restriction on minimum property acquisition discount of 15% aggregate**

The across the board 15% average purchase discount requirement should be removed and the HUD methodology (pg 47 HUD NSP) should be inserted. The methodology allowed the sub-recipients to obtain a minimum 5% discount per property and an aggregate discount over 18 months for all properties of 10% if a methodology incorporating time on the market and carrying costs is incorporated. The 15% average is required only if such a methodology is not incorporated.

It will make it difficult for the sub-recipients to make use of national efforts like the National Community Stabilization Trust. This Trust will be providing local communities the opportunity to purchase properties in bulk and will be establishing a purchase price methodology that will conform to HUD HERA NSP guidelines. In addition, the Trust will help negotiate purchase prices at discounts of at least 10%. Under the current DECD guidelines these purchases will not comply, even though they do comply with the Federal regulations. Also, the plan references that CHFA, DECD and the Banking Commission will help facilitate such bulk purchases with the Banks, but does not clearly define the avenue and the role each of them will take in accomplishing the facilitation.

3. **Timelines imposed on Obligation, Occupancy and Expenditure of NSP dollars**

I recommend removal of specific timelines for such activities which will be difficult to meet as programs will ramp up at different speeds from City to City and purchases will be made at different stages of the implementation period within Cities. I understand the State's desire to encourage and monitor the rapid use of these funds but this level of specificity will make compliance difficult. The Federal intention in this program is for as much flexibility as possible and no other State is requiring such timelines in their action plans

4. **Affordability Restrictions**

It appears the affordability proposed by HUD led states to revert to HUD HOME affordability restrictions (CT Draft Action Plan page 15). While I understand the need to preserve affordability, I believe the HUD HOME limits are too restrictive for a program designed to stabilize neighborhoods. We recommend doubling the dollar ranges for affordability in the following manner:

**NSP Assistance Amount Per Unit Minimum Period of Affordability in Years**

- Under \$30,000 – 5 years
- \$30,000 to \$80,000 - 10 years

- Refinancing of existing debt secured by housing that is being rehabilitated with HOME funds (92.206.b) – 15 years
- Also, imposing affordability restrictions is understandable if it will be serving the LMM as intended by the Federal Act.

5. **Rehabilitation costs**

We recommend removing references to estimated per property rehabilitation costs, currently stated as \$25,000-\$40,000 per property (pg 20).

These estimates will vary widely from city to city and within cities, and inclusion of the estimates opens up the door for DECD to be overly restrictive in evaluating program performance. While I understand that these may be soft estimates in the document, I fear that they may turn into hard targets as noted above.

6. **Program Income**

DECD should allow sub-recipients in accordance with the Federal Recovery Act to retain program income during the five year period, rather than requiring all program income to be remitted to DECD. (p. 7) Should DECD choose to retain this provision, we ask that DECD modify its reallocation criteria (pp. 7-8) so that well-performing projects may retain any project income generated. This is important to each local government so that they can then reinvest the monies into the community as long as it is used for eligible activities under the Act.

I also have several issues upon which I request clarification.

1. **Ability to be reimbursed for activities initiated prior to receipt of NSP funds in March 2009.**

The CT NSP Action Plan states “The State will not reimburse for activities *initiated* prior to a formal grant agreement award to subrecipient or other eligible entity”. Please provide clarification on the definition of “initiated.” Due to the obligation deadline in the Federal Act may, the City issue RFPs for services necessary to carry out the Plan prior to receiving the allocation so we are in a ready position when funds become available?

2. **Recapture provisions**

- a. Clarify the specific activity requirements on page 23 of the CT NSP Action Plan. The plan states that “Any property specific activity obligation for which administrative funds have been drawn must be completed within six months or the administrative funds will be subject to recapture.”

**Question:** Whether in order to avoid recapture – the sub-recipient must complete the administrative activity for which it obligated funds or must complete the entire activity that is supported by the administrative expenditure. For example, would the sub-recipient need to complete a budget

within six months, or would it have to complete development of a property based on the budget in order to avoid recapture?

The concern is oversight which is unduly burdensome for state and sub-recipients. How will the State monitor this?

**3. Percentage of funds for < 50% AMI**

- a. Clarify the percentage of funds that must be used for populations below 50% AMI. The document is inconsistent on whether Connecticut would require sub-recipients to reserve 25% of funds to this population, as is required by the Federal Legislation, or increase the requirement to 30%

The language on pages 12 and 17 of the Draft Action Plan seems to indicate that DECD aims to increase the percentage to 30%. However, page 9 of the CT NSP Draft Action Plan states that "Any investment strategies must make provision for the NSP sub-recipient's obligation that not less than 25% of the NSP funds shall be used to serve families whose income does not exceed 50% of Area median income ("AMI")".

Also, it is my understanding that the 30% figure is calculated excluding administrative costs while the 25% figure is the percent of all funds including administrative costs that must support individuals and families at less than 50% AMI, but would like confirmation on this language.

As referenced, in the State Draft Action Plan per HUD which establishes a new income category "middle income" which is primarily city working families. There is a great need to preserve this category and this additional percentage will reduce the impact for this new category.

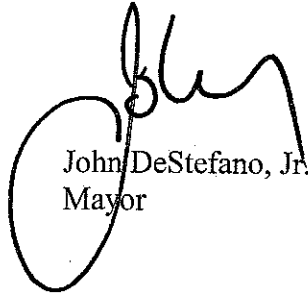
Since June, 2008 when I created ROOF (Real Options Overcome Foreclosure), the partnership between the Greater New Haven Loan Fund, the Yale Law Clinic and the City, ROOF has been aggressively seeking outside funding to help further its mission, does the State of Connecticut intend to set aside monies leveraging the Federal NSP that the seven (7) cities can request for other programs to complement the mission of NSP? There has been discussion among State staff that CHFA might modify the UR HOME program in a manner that would assist all homebuyer's that would purchase a foreclosed property. By expanding UR HOME to include all homebuyers, would help alleviate using NSP funds on those properties that have minor repairs.

I would also like to that this opportunity to compliment Governor Rell on her Plan to Protect Homeowners, Renters Amid Foreclosure Crisis which includes a six (6) month moratorium on all foreclosures and making mediation mandatory on contested foreclosures.

Thank you again for the opportunity to comment. If you have any questions please feel free to contact Kelly Murphy, the City's Economic Development Administrator at 203.946.2366.

Thank you again for the opportunity to comment. If you have any questions please feel free to contact Kelly Murphy, the City's Economic Development Administrator at 203.946.2366.

Very truly yours,

A handwritten signature in black ink, appearing to read "John DeStefano, Jr.", with a large, stylized initial "J" and "D".

John DeStefano, Jr.  
Mayor



**CITY OF NEW LONDON  
CONNECTICUT**

November 11, 2008

NSP Comments  
CT Department of Economic and  
Community Development  
505 Hudson Street  
Hartford, CT 06106-7106

Re: Public Comment: Housing and Economic Recovery Act, NSP Fund Allocation

In response to the State of Connecticut "Draft Neighborhood Stabilization Program Action Plan Substantial Amendment" dated November 6, 2008, the Cities of New London and Norwich hereby respectfully responds in accordance with the requirements of Title III of Division B of the Housing and Economic Recovery Act of 2008, Citizen Participation.

The Cities of New London and Norwich comment to the following points:

**1. THE DATA METHODOLOGY IDENTIFYING MUNICIPALITIES OF GREATEST NEED IS  
FLAWED**

The Draft NSP Plan does not conform to the legislative intent of Congress, which states that HERA requires states to give priority emphasis and consideration to those "areas" with the greatest need. The State's Draft proposes the allocation to six communities identified and ranked by HUD and LISC (Chart A-1 of Draft Action Plan) and then skipped three communities to include a seventh jurisdiction in order to presumably fund a more populous entitlement. The Draft Action Plan allocated NSP funding by looking at sheer number of sub-prime loans as determinative, rather than RATES of foreclosure and sub-prime lending as a PERCENTAGE of total lending activity.

By virtue of having a higher number of total loans and a high population, larger municipalities will have a larger number of loans and a larger number of ARMs. The effects of the foreclosure crisis in smaller cities with 20-30% the population of those larger cities will never be accurately reflected on the basis of numbers alone. The Cities of New London and Norwich strongly urge the State to recognize the grave problems facing smaller cities and give consideration to the percentage of sub-prime loans to all loans, which more accurately reflects the foreclosure effects to a population.



For instance, Stamford and Meriden reportedly have a higher number of loans and a higher number of subprime loans, but New London has a significantly higher percentage of sub-prime to overall loans at 20.93% and Norwich at 15.28% versus Meriden's 18.13% and Stamford's 7.95%. Of all loans in foreclosure, Bridgeport is the highest at 5.92 percent while New London has 5.49 percent and Norwich has 3.55 percent. Meanwhile, the other "top 6" fall lower at:

1.19% in Stamford	3.70% in Meriden
3.49% in New Britain	4.58% in Hartford
4.91% in New Haven	4.24% in Waterbury

In addition, the estimated percentage of all loans in REO in New London is 2.70%, which is higher than all other CDBG jurisdictions including Bridgeport. Norwich has 1.52% of all loans in REO, which is higher than the 0.37% in Stamford, 1.24% in Meriden, and almost equal to that in New Britain at 1.56 percent. The Draft plan reads, "Admittedly hard data down to the municipal level is not available. Nor is there a generally accepted methodology for stating the relative severity of need among all jurisdictions." Relying on faulty comparisons using incomplete and admittedly inaccurate data is an egregious violation of the federal government's clear directive to the state to give priority to the highest needs.

## **2. MUNICIPALITIES WITH NEIGHBORHOOD CRISES SHOULD BE ABLE TO SUBMIT NEIGHBORHOOD-BASED, TARGETED, STRATEGIC PLANS AND APPLICATIONS**

Overall aggregate numbers of foreclosures do not in any way accurately reflect the concentration in any one neighborhood and in no way does it begin to address the individual neighborhood crisis. This legislation is specifically designed for Neighborhood Stabilization and was not intended as blanket subsidy for larger urban cities.

Small cities are often impacted by the housing crisis in a few target neighborhoods, with other neighborhoods left stable. Impacted neighborhoods are invariably those neighborhoods where low and moderate income people, minorities, crime and environmental contamination are also problematic. Due to the multiple factors inhibiting investment, these target neighborhoods are those neighborhoods less likely to attract private investment in troubled properties without intervention. When designing plans and making applications to the NSP Program, cities should be eligible to apply on behalf of targeted areas and such applications should exhibit true isolated crises supported by accurate, local level data and documentation.

## **3. CHART A-8, WHICH THE STATE CITED AS DETERMINATIVE OF ITS FUNDING ALLOCATION METHODOLOGY IS MISSING FROM THE DRAFT ACTION PLAN**

The state notes on page 4 of the Draft that it relies on information regarding greatest need, which is located in the Draft's Appendix A, Chart A-8. The Draft Action Plan does not contain a Chart A-8. Insofar as the other charts do not support the state's conclusions that disqualify from participation communities of greater need than one funded community, one would need to look at Chart A-8 to understand the state's reasoning. The state itself cites Chart A-8 as determinative. The omission of Chart A-8 is an important error.

#### **4. CAPACITY, AS WELL AS NEED, IS FUNDING CRITERIA**

The Cities of Norwich and New London appreciate that “knowledge and familiarity with federal programs, as well as the staff capacity of an entity were significant factors in determining how to allocate NSP funds.” Both municipalities have long positive and successful experiences with federal funding compliance. Both have successful housing rehabilitation programs and proper capacity to administer the programs. Furthermore, it is critical that municipalities partner with housing developers who can leverage additional funds in an effort to expeditiously address the foreclosure crisis that is detrimental to its neighborhoods.

The City of New London has assembled a quality team in this effort to address the foreclosure crisis: Habitat for Humanity of SE CT; HOPE, Inc.; Eastern Connecticut Housing Opportunities, New London Development Corporation; Alderhouse Residential Communities, Inc.; NeighborWorks® New Horizons and the Southeastern Connecticut Housing Alliance. It is because of this and the City’s capacity to administer grants and programs that ensures not only funding compliance but guarantees a successful program resulting in a brighter future for the residents the targeted area.

The City of Norwich has been operating a successful Property Rehabilitation Program for over 20 years. This program facilitates the code correction and hazard remediation of properties. Part of this program addresses lead hazards in properties resulting in lead units at the end of each project. The City’s Office of Community Development also has offered a downpayment assistance program for years whereby providing up to \$20,000 to assist low to moderate income, first-time homebuyers.

#### **5. THE STATE DID NOT MAKE SUFFICIENT ATTEMPTS TO COLLECT INFORMATION FROM NORWICH AND NEW LONDON REGARDING COMMUNITY NEED OR ADMINISTRATIVE CAPACITY**

The Draft states “although significant attempts have been made to obtain additional local data, it is currently not possible to track actual “need” down to the neighborhood or census tract level.” The State did not contact any party within the Cities of New London and Norwich regarding need and additional local level data. Information regarding neighborhood need is indeed available at the local level. Areas of high foreclosure concentration can only be identified by reports of municipal staff. The state’s missing data resulted in the use of faulty methodology which dismissed the reality of how foreclosures in the aggregate affect particular neighborhoods.

#### **6. THE HERA LEGISLATION REQUIRES EACH STATE TO ALLOCATE FUNDING TO: AREAS WITH THE GREATEST PERCENTAGE OF HOME FORECLOSURES; AREAS WITH THE HIGHEST PERCENTAGE OF HOMES FINANCED BY A SUB-PRIME MORTGAGE RELATED LOAN; AND AREAS IDENTIFIED BY THE STATE AS LIKEKLY TO FACE A SIGNIFICANT RISE IN THE RATE OF HOME FORECLSURES.**

Areas have been arbitrarily defined by the State to mean standalone municipality. However, both the Cities of New London and Norwich have areas, meaning a neighborhood as the legislation intended, with an arguably far greater concentration than found elsewhere. One New

London neighborhood will be literally devastated by the foreclosure crisis and recent federal and state investment will be wasted. The targeted area is comprised of two parallel streets where 16 properties are in various stages of development. It has only been within recent months that 15 neighboring properties have become bank owned, putting the past and present investment at serious risk. Within a half mile radius of this nucleus, 26 properties are undergoing rehabilitation by area non-profit developers; however 51 adjacent properties are newly bank owned.

**7. THE IMPACT OF FRAUD ON TARGETED NEIGHBORHOODS SHOULD BE A RELATED FACTOR FOR CONSIDERATION**

As indicated in the Draft plan, the “legislation allows the State to add related factors deemed important” when determining greatest need. The Cities’ foreclosure crisis is further exacerbated by recently committed acts of mortgage fraud, which has resulted in additional foreclosures in both Norwich and New London’s targeted neighborhoods. A Norwich contractor co-conspired with a New London based real estate company arranged for people to obtain funding through mortgage companies from 2004 to 2007, whereby they falsified material information on the borrowers’ mortgage loan applications and signed false employment verification forms. Through the scheme, the broker, the contractor and others collected large commissions and fees intended to finance the purchase of the properties. More than 200 fraudulent mortgages were funded through the scheme and lenders lost more than \$3.6 million.

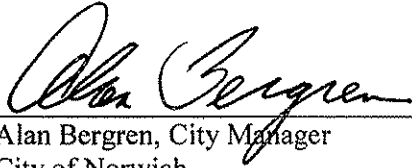
**8. THE CITIES OBJECT TO AN ADDITIONAL \$2,100,000 SET ASIDE AS PERFORMANCE REWARDS FOR THE SAME 7 SUBRECIPIENTS**

The State fails to recognize the need whatsoever in the southeastern region of the state. This funding as well as additional funding should be made available to areas of need in the southeastern Connecticut region. Although the Governor’s press release dated November 6, 2008 indicates her *request* to extend NSP rules and guidelines to the CDBG Small Cities, this is by no means an accurate substitute to actual NSP funding. While an *additional* \$25M is being made available to 7 municipalities that currently receive the largest amount of CDBG and HOME subsidies in the state annually, the State *may* make \$13M of CDBG Small Cities available to the rest of the 162 municipalities. As entitlement jurisdictions, New London and Norwich are not eligible to apply and receive CDBG Small Cities. This is clearly not a satisfactory funding alternative and the Draft Plan methodology does not represent equitable funding allocations.

**9. THE CITIES STRONGLY OBJECT TO THE ESTIMATED COST OF REHABILITATION**

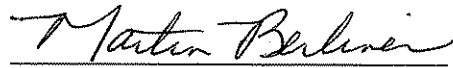
On page 20 of the Draft, the State has based the number of properties to be rehabilitated at 280-350 on rehabilitation costs of \$25,000-\$40,000 per property. It is unclear to the Cities of New London and Norwich as well as their development partners how the State estimates the rehabilitation costs at \$25,000-\$40,000 per property. Experience has unequivocally shown that while a property sits abandoned, for any reason, it quickly deteriorates through vandalism, theft, squatting and weather. This figure would be more accurately estimated at \$50,000-\$80,000 per unit. It is agreed that a few, very few, could be put back on line with minor repairs however this is not the norm.

Respectfully Submitted by:



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Alan Bergren, City Manager  
City of Norwich



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Martin Berliner, City Manager  
City of New London

**From:** Shelley White [mailto:SWhite@nhlegal.org]  
**Sent:** Friday, November 21, 2008 3:28 PM  
**To:** NSP Comments  
**Cc:** Amy Eppler-Epstein  
**Subject:** Comments on the State's Draft Neighborhood Stabilization Program Action Plan Substantial Amendment

To Whom It May Concern:

Below are comments on the State's Draft Neighborhood Stabilization Program Action Plan Substantial Amendment ("Plan") offered on behalf of New Haven Legal Assistance Association. We appreciate the hard work this draft Plan represents and hope that our comments will be helpful and considered by DECD in finalizing the Plan.

#### **1. AFFORDABLE HOUSING AND THE DEFINITION OF AFFORDABLE RENT**

The Plan calls for subrecipients to target 30% of their grant award to purchase and redevelop vacant or foreclosed upon properties for families with incomes at or below 50% of AMI. While we are appreciative of how limited this funding is, relative to the goals of the NSP program, we would ask that the Plan also direct, or at the very least encourage, subrecipients to use a portion of this 30% to target a subgroup of families who are extremely poor, i.e. those families with incomes which are less than 30% of AMI.

Further, it will be difficult for subrecipients to achieve even the stated goal of targeting 30% of the monies to families with incomes less than 50% AMI given the definition of affordable rent in the draft plan. The Plan defines the term "affordable rent" as 1) rents that at or below the HUD FMR levels, **OR** 2) rents that do not exceed 30% of 80% AMI, **OR** 3) rents that are 30% of a family's income if the unit receives a Federal project based rental subsidy **OR** 4) rents that are 40% of family income if the unit receives a state project-based rental subsidy. However, unsubsidized families with incomes of less than 50% of AMI cannot afford HUD FMR rents or rents that are 30% of 80% AMI. The plan should explicitly state that subrecipients must show that, for the portion of funds targeted at persons with incomes less than 50% AMI, the rents must be no more than 30% of 50% AMI, unless the unit has a federal or state project-based subsidy. Similarly, if subrecipients are required to target even lower income families, those rents must not exceed 30% of 30% of AMI, unless the unit has a federal or state project-based subsidy.

#### **2. DISPLACEMENT OF OCCUPANTS**

One of the biggest problems that we see every day is the displacement of tenants by reason of a bank foreclosure. The Housing Courts are literally clogged with bank attorneys telling low income tenants that they must vacate because the foreclosed property must be marketed vacant. In the current economy, this simply means that properties are emptied out and the neighborhood declines. Given that the Plan seeks to focus on "neighborhoods still showing signs of strength, neighborhoods with problems but with assets that are marketable," we would urge DECD to require subrecipients to affirmatively target properties which are

occupied by homeowners who could remain as repurchasers or renters of properties who could stay and purchase or rent. While the Plan states that "every effort should be made to avoid [activities which might] trigger displacement" and discusses relocation requirements, the focus should really be on *preventing* displacement which is best served by targeting neighborhoods and properties that have *not yet* been abandoned and which can be shored up with NSP funds *before* abandonment.

### 3. **AFFORDABILITY PERIOD**

As reflected in the State's Consolidated Plan for 2004-2009, there is a desperate need for affordable housing -- both homeownership and rental -- in Connecticut. With the exception perhaps, of the lowest funding amounts (under \$15,000), we would urge DECD to double the minimum time frames for affordability. Both the lack of, the continual loss of, affordable housing poses enormous problems not merely to the poorest and most vulnerable of Connecticut's residents, but also to working and moderate income families.

### 4. **AFFIRMATIVELY FURTHERING FAIR HOUSING**

While DECD and subrecipients are required to certify their intention to comply with its obligation to affirmatively further fair housing, nowhere in the Plan are the words "fair housing" mentioned. As noted in the Analysis of Impediments to Fair Housing, Connecticut is highly segregated along racial, ethnic, and socioeconomic lines. At the very least, we do not want to see NSP funds be used in a manner that, intentionally or not, has a segregative effect. It is therefore critical that the Plan require each subrecipient to state how it will utilize NSP funds to further fair housing goals including, but not limited to, the creation of affirmative fair housing marketing plans and tenant selection policies which must, of course, comply with federal and state laws. One possible way in which subrecipients might further this goal would be to target the placement of housing intended for the lowest income families in relatively higher "opportunities" areas.

Once again, we appreciate the hard work that the draft Plan clearly represents, on a very compressed timeframe, and we appreciate your attention to our comments.

**Attorney Shelley A. White**  
**Attorney Amy Eppler-Epstein**  
New Haven Legal Assistance Assoc.  
426 State Street  
New Haven, CT 06510  
203.946.4811 fax: 203.498.9271



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**EXECUTIVE DIRECTOR**  
Timothy T. Sheehan

November 21, 2008

Mr. Rick Robbins  
Community Development Administrator  
State of Connecticut  
Department of Economic and Community Development  
505 Hudson Street  
Hartford, CT 06106

Dear Mr. Robbins:

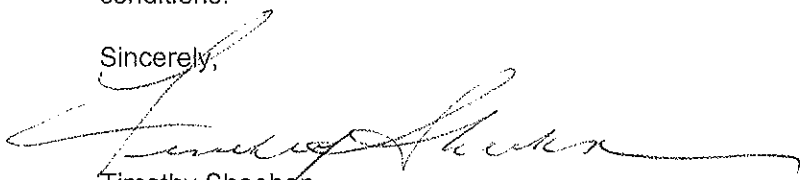
The Norwalk Redevelopment Agency (Agency) wishes to thank the State of Connecticut Department of Economic and Community Development for the opportunity to provide comments regarding the State's Draft Neighborhood Stabilization Program (NSP) Substantial Amendment. The Agency respects the challenges DECD faced when in the NSP.

Upon review of the NSP it is apparent the City of Norwalk was not identified as a recipient of NSP funds. The Agency respectfully seeks consideration for an allocation of those funds left unallocated during this process. The City of Norwalk represents the sixth largest community in the State and, according to statistics provided by the Warren Group, has witnessed almost five-hundred (500) foreclosures or lis pendens claims over the past twenty-four months. A substantial portion of these foreclosures are located within the City's low-and moderate income census tracts.

The City and Agency seek to access any funding source that is available to acquire and rehabilitate foreclosed sites in order to mitigate any neighborhood impediments resulting from vacant and deteriorating residential structures.

Thanks you, in advance for your consideration of this request. The City and Agency look forward to working with DECD to address the challenges presented by today's weakening residential market conditions.

Sincerely,



Timothy Sheehan,  
Executive Director

November 21, 2008

Joan McDonald, Commissioner  
Department of Economic and Community Development



## **Comments on Neighborhood Stabilization Program Action Plan**

Thank you for the opportunity to comment on the Neighborhood Stabilization Program (NSP) Action Plan. The Partnership for Strong Communities has a strong interest in the goals and outcomes of this program. As a statewide advocacy and education organization promoting solutions on affordable housing, homelessness and community development, we know that housing is a key to economic opportunity and the growth of strong neighborhoods. Mixed income communities strengthen our State by assuring the availability of both home ownership and rental housing opportunities and by reducing concentrations of poverty. Given the disproportionate impact of foreclosures and subprime lending in low-income urban neighborhoods, we are concerned that vacancy and blight could reverse the community revitalization progress, creating new problems that will take years to overcome. Fast, aggressive work on this front may avoid serious consequences for families, neighborhoods and the economy.

Importantly the proposed NSP Action Plan:

- Encourages participating municipalities to act holistically in using NSP funds by combining or leveraging NSP monies with other funds and other neighborhood strengthening tools.
- Targets safe, energy-efficient housing as the result of NSP funding.
- Does not add new hurdles for grantees to overcome.
- Offers flexibility to municipalities.

## **Recommended Changes to the Draft Action Plan**

### **Specify the Creation of Supportive and Affordable Housing to Prevent Homelessness**

Supportive and affordable housing dedicated to mitigating homelessness should be the priority use of the 25% of funds reserved for households below 50% of Area Median Income. H.B. 5577, Public Act 08-176, calls for a plan to address affordable and supportive housing in high-foreclosure neighborhoods. Foreclosures are likely to increase homelessness, both among homeowners that lose their homes, and among renters whose landlords are foreclosed upon. The hardship of displacement could be even more devastating for individuals and families with disabilities or chronic illnesses.

### **Maintain Flexibility to Respond to Municipal Needs**

As municipalities complete their plans, we encourage DECD to be flexible and adjust dollar amounts in the budget if the mix of funding needs ends up being different from what DECD anticipates.

### **Allow for Large-Scale Negotiation With Owners of Foreclosed Properties**

Negotiating with investors that own large numbers of foreclosed properties can add efficiency to the process of acquisition. It will help those property owners move faster in releasing properties, and the State can negotiate better purchase prices for the properties.



## Facilitate Land Banking

Upon negotiating acquisition of properties, land banking will allow the property to be held and maintained while developers assemble financing and obtain permits. Land banks can handle property maintenance, legal and insurance issues, and other complexities of holding property. A statewide land bank—particularly where no local land bank is available—could facilitate the real estate transactions at scale. Municipalities may be ill-equipped or hesitant to hold property, requiring the establishment of new entities. Beyond creating fluidity in the current process, the existence of land banks may offer benefits for years to come. With that infrastructure in place, municipalities may be more aggressive in acquiring problem properties and funneling them to developers, based on violation of blight ordinances, nonpayment of taxes, or other means.

## **Continuing Neighborhood Stabilization Work**

The NSP Action Plan offers a process through which communities can establish direction and set priorities for stabilizing their neighborhoods. DECD's policy guidance on creating strong neighborhoods and communities will offer a valuable resource to local leaders. The administrative and technical assistance funds retained by DECD would be well invested in:

### 1. Training and Sharing of Best Practices

Given the wide range of sophistication among municipalities, community developers and other stakeholders in neighborhood stabilization, it will be helpful for everyone involved to learn as quickly as possible about emerging trends and effective practices. To this end, the state could: 1) sponsor training and technical assistance for municipalities, developers, lenders and others; 2) help facilitate cross-pollination of good ideas in participating communities. Local communities may offer creative and effective practices that can benefit one another.

### 2. Facilitating Use of Data

To most effectively use NSP resources and target them for greatest impact, communities can benefit greatly from reliable, timely data. The state should facilitate the collection, analysis and dissemination of up-to-date data on foreclosures, subprime lending and other market dynamics.

The Partnership for Strong Communities stands ready to help and work with the state, participating municipalities and other local players. If we can be helpful in convening people or disseminating information or ideas, we're happy to discuss those opportunities.

Thank you for the opportunity to comment on the Action Plan, and for your work in helping Connecticut's neighborhoods deal with the foreclosure crisis.

Sincerely,



Diane Randall, Director  
Partnership for Strong Communities



# State of Connecticut

## SENATE

STATE CAPITOL  
HARTFORD, CONNECTICUT 06106-1591

SENATOR EDITH G. PRAGUE  
NINETEENTH DISTRICT

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COLUMBIA, CONNECTICUT 06237

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CAPITOL: 1-800-842-1420  
(860) 240-8600

November 7, 2008

The Honorable M. Jodi Rell  
Governor, State of Connecticut  
State Capitol Room 204  
Hartford, CT 06106

ASSISTANT PRESIDENT PRO TEMPORE

CHAIRMAN  
LABOR AND PUBLIC EMPLOYEES COMMITTEE

VICE CHAIR  
SELECT COMMITTEE ON AGING

MEMBER  
APPROPRIATIONS COMMITTEE  
EXECUTIVE AND LEGISLATIVE NOMINATIONS COMMITTEE

Dear Governor Rell,

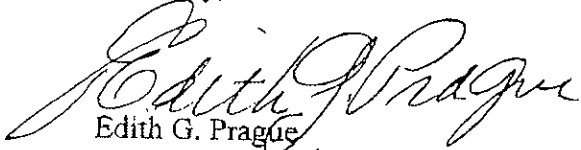
I am dismayed to learn that no portion of the \$25 million Neighborhood Stabilization Program funding has been allocated to any city or town in Eastern Connecticut. As the State Senator who represents the City of Norwich, I am gravely concerned with the huge rate of foreclosures in the Norwich area.

As you may know, this Housing and Urban Development (HUD) program was not envisioned for supportive housing but for handling foreclosed properties. The mortgage foreclosure crisis is not limited to Connecticut's largest cities. It seems completely unfair that none of the federal dollars in this program were allocated to any Eastern Connecticut municipality. According to the Hartford Courant, the "number of delinquent mortgages per 1,000 households is dominated by towns in Eastern Connecticut".

I strongly urge you to revise your draft allocation plan for the Neighborhood Stabilization Program funding to include municipalities, like Norwich, in Eastern Connecticut with the highest foreclosure rates, regardless of population size.

I look forward to working with you to help families throughout Connecticut remain in their homes.

Sincerely,

  
Edith G. Prague  
State Senator, 19<sup>th</sup> District



November 20, 2008

Commissioner Joan MacDonald  
Department of Economic and Community Development  
505 Hudson Street  
Hartford, CT 06106

Dear Commissioner MacDonald:

We applaud DECD's NSP Action Plan for Connecticut and the proposed expedited process for allocating federal funds to the highest need municipalities and we are pleased with the allocation to the City of New Haven. New Haven has been particularly hard hit by the foreclosure crisis. Residential foreclosures increased nearly 200% between 2006 and 2007 and the numbers have continued to rise sharply in 2008. There are currently over 200 bank-owned properties waiting for buyers, most concentrated in a few neighborhoods. We expect this number only to increase because of the estimated 400-500 residential foreclosures over the next 12 months.

In New Haven, we are poised to utilize federal NSP funds efficiently and effectively to achieve the maximum impact even given the short time frame to mobilize and commit funds. The ROOF (Real Options Overcoming Foreclosure) Project is a collaborative program of the City of New Haven, the Yale Law School, the Greater New Haven Community Loan Fund, and Neighborhood Housing Services, among other organizations. The program has taken the lead in addressing the foreclosure crisis and has been focusing on Outreach and Assistance to homeowners in foreclosure since early this year. In addition, ROOF began developing plans for a neighborhood stabilization program in the spring of 2008. The ROOF Project has hired staff dedicated to the program, targeted neighborhoods for investment, identified an entity to acquire and hold properties, and raised additional capital to further leverage NSP funds.

The ROOF Project has been in conversation with other cities allocated funds under the Draft Action Plan. We believe that they similarly have both high need and capacity to successfully

carry out neighborhood stabilization programs. Furthermore, we intend to continue these conversations, thereby sharing strategies and best practices throughout.

Finally, while we strongly support this overall approach of the CT NSP Action Plan, we do have several areas of concern that we will address below. Most of these concerns concern the insertion of additional restrictions by the CT Action Plan, beyond those required in the Federal legislation. We feel strongly that these restrictions will make it very difficult to implement local programs within the rapid timeframe required.

**1. Reimbursement restriction (CT NSP Draft Action Plan - Page 7)**

While we recognize the State's interest in the NSP funds being used only for new initiatives targeted at response to the foreclosure crisis, we are concerned that there can be no reimbursements for activities initiated before the formal grant awards. In order to have a program ready to utilize the NSP funds efficiently and quickly once they are available, a variety of activities must be initiated prior to the receipt of a formal grant award. These activities may include identification of prospective properties in target neighborhoods and due diligence activities pertaining to those properties prior to acquisition. Likewise, in the next two months we plan to RFQ and RFP for potential developers, property managers, property inspectors and others who will be involved in the acquisition and disposition process. We are concerned that any contracts approved or signed prior to the grant award would be precluded from payment with NSP funds because they are initiated prior to the award.

We recommend that the prohibition for reimbursement be modified to the HUD Effective Date of September 29, 2008.

**2. Allocation of Funds across Usage Categories (CT NSP Draft Action Plan - Page 7 and the recommended budget on Page 29)**

We recommend deletion of the estimates for allocation of funds across usage categories. Despite the statement that final breakdowns will be determined in each Local Action Plan and that percentages (with the exception of Administration costs) can be adjusted upward or downward by up to 25% with the approval of DECD, we worry that soft targets will become hard rules during an implementation process that has tight deadlines and that even the 25% adjustment doesn't offer the flexibility in use that is necessary given rapid changes in the market. Therefore we recommend that DECD avoid targets such as the preliminary estimate of the breakdown of funds

Specific allocation decisions should be made at the local level, in accordance with federal guidelines regarding percentages allocated between administration and program income, and should be open to amendment as programs are implemented.

**3. Restriction on minimum property acquisition discount (CT NSP Draft Action Plan - Page 21)**

**We recommend** that, rather than establishing a cross the board 15% average discount requirement, the state follow the HUD methodology (pg 47 HUD NSP), which requires sub-recipients to obtain a minimum 5% discount per property and an aggregate discount over 18 months for all properties of 10% if a methodology incorporating time on the market and carrying costs is incorporated. The 15% average is required only if such a methodology is not incorporated. The 15% overall discount requirement included in DECD's draft plan will make it difficult for us to make use of national efforts like the National Community Stabilization Trust which will be providing local communities the opportunity to purchase properties in bulk thanks to their work with National servicers and trustees. The Trust is establishing a purchase price methodology that will conform to HUD HERA NSP guidelines and will help negotiate purchase prices at discounts of at least 10%. Under the current DECD guidelines these purchases will not comply, even though they do comply with the Federal regulations.

#### **4. Clarification of recapture provisions (CT NSP Draft Action Plan – Page 23)**

We seek to clarify the specific activity requirements that, "Any property specific activity obligation for which administrative funds have been drawn must be completed within six months or the administrative funds will be subject to recapture." Our question is whether – in order to avoid recapture – the sub-recipient must complete the administrative activity for which it obligated funds or must complete the entire activity that is supported by the administrative expenditure. For example, would the sub-recipient need to complete a budget within six months, or would it have to complete development of a property based on the budget in order to avoid recapture?

Finally, we are concerned that this level of oversight is unduly burdensome for state and sub-recipients. We question how the state plans on monitoring this.

#### **5. Percentage of funds for < 50% AMI (CT NSP Draft Action Plan – Pages 9, 12 and 17)**

First, we seek clarification on the percentage of funds that must be used for populations below 50% AMI. The document is inconsistent on whether CT would require sub-recipients to reserve 25% of funds to this population, as is required by the Federal Legislation, or increase the requirement to 30%

The language on pages 12 and 17 of the Draft Action Plan seems to indicate that DECD aims to increase the percentage to 30%. However, page 9 of the CT NSP Draft Action Plan states that "Any investment strategies must make provision for the NSP sub-recipient's obligation that not less than 25% of the NSP funds shall be used to serve families whose income does not exceed 50% of Area median income ("AMI")."

It is our understanding that the 30% figure is calculated excluding administrative costs while the 25% figure is the percent of all funds including administrative costs that must support individuals and families at less than 50% AMI, but would like confirmation on this.

Another point of confusion is whether funds must be targeted to low-income populations by specific activity. Pg 17 states that funding for low-income areas “will not be targeted to any specific eligible activity,” but that a percent of the overall grant must be applied to purchasing and redeveloping housing for individuals and families at less than 50% of AMI. However, on pg 23 of the CT NSP Action plan, the activity description for the removal of blighted structures stipulates that “each subrecipient will be required to target 25% of their award under the NSP program for activities serving the 50% of median income population.” Was it intended that this requirement be included under demolition and demolition alone? If it was intentional, how would a subrecipient show that demolition funds are being used for the benefit of low-income populations?

**6. Rehabilitation costs – (CT NSP Draft Action Plan – Page 20)**

We recommend the removal of references to estimated per property rehabilitation costs, currently stated as \$25,000-\$40,000 per property. We believe that these estimates will vary widely from city to city and within cities, and inclusion of the estimates opens up the door for DECD to be overly restrictive in evaluating program performance. We understand that these may be soft estimates in the document, but we fear that may turn into hard targets as noted earlier.

**7. Affordability Restrictions – (CT NSP Draft Action Plan – Page 15)**

It appears the vague language on affordability proposed by HUD led states to revert to HUD HOME affordability restrictions. While we understand the need to preserve affordability, we believe the HUD HOME limits are too restrictive for a program designed to stabilize neighborhoods. Therefore, we request that CT double the dollar ranges for affordability in the following manner:

**NSP Assistance Amount Per Unit Minimum Period of Affordability in Years**

Under \$30,000 – 5 years

\$30,000 to \$80,000 - 10 years

Over \$80,000 – 15 years

New Construction or acquisition of newly constructed RENTAL housing (92.252.e) – should follow the same guidelines as those for rehabilitation.

Refinancing of existing debt secured by housing that is being rehabilitated with HOME funds (92.206.b) – 15 years

We also seek clarification on the reporting requirements for affordability and consequences if properties are not kept affordable for the minimum period.

**8. Resale restrictions, not recapture**

Regarding the sale of properties where subsidy is used, we prefer the use of resale restrictions rather than recapture.

**9. Timeline for obligating initial tranche of NSP dollars – (CT NSP Draft Action Plan – Page 30 – 31)**

The specific timelines for obligation of funds as well as the specific dates for number of units to be funded are impractical and will be impossible to meet. Programs will ramp up at different speeds from City to City and purchases will be made at different stages of the implementation period within Cities. We understand the State's desire to encourage and monitor the rapid use of these funds but this level of specificity will make compliance virtually impossible. The Federal intention in this program is for as much flexibility as possible and these restrictions will drastically hamper that necessary flexibility. In our research, no other State is requiring such fixed usage requirements and timelines in their action plans

**10. Program income – (CT NSP Draft Action Plan – Page 7-8)**

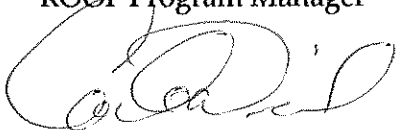
We request that DECD allow sub-recipients to retain program income during the five year period permitted by HUD, rather than requiring all program income to be remitted to DECD. (p. 7) Should DECD choose to retain this provision, we ask that DECD modify its reallocation criteria (pp. 7-8) so that well-performing projects may retain any project income generated.

Programs such as this one, which require rapid mobilization and implementation, must be granted flexibility in the usage of resources in order to be successful. In the City of New Haven, we are confident that with this flexibility we can be successful and that along with other high need municipalities, we are best positioned to make the greatest impact. Again, we strongly support the proposed allocation of funds to the highest need municipalities and only ask for your flexibility in the administration of these funds.

Sincerely,



Eva Heintzelman  
ROOF Program Manager



Carla Weil  
GNHCLF Executive Director

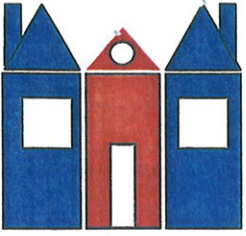


Robin S. Golden  
Selma M. Levine Clinical Lecturer in Law  
Yale Law School

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**SOUTHEASTERN CONNECTICUT HOUSING ALLIANCE**  
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November 13, 2008

NSP Comments  
Department of Economic and Community Development  
505 Hudson Street  
Hartford, CT 06106-7106  
Attention Rick Robbins

Dear Mr. Robbins:

While we applaud the efforts of the U.S. Dept of Housing and Urban Development and of the CT Dept of Economic and Community Development to address the Subprime crisis with speed and effectiveness, we are concerned that eastern Connecticut is entirely excluded from the program.

More than just a "quick fix," the Neighborhood Stabilization Program (NSP) funding to municipalities to acquire and rehab foreclosed properties and to reallocate them with deed restrictions turns this current housing crisis into an opportunity to preserve affordable housing. In principal it is a laudable program and can accomplish much for Connecticut's neighborhoods where the incidence of foreclosure is high.

Unfortunately, such neighborhoods in eastern Connecticut are not going to benefit from it as the Connecticut Draft Plan is currently written. While we appreciate that the seven targeted cities have severe foreclosure problems, New London and Norwich also suffer from a high rate of foreclosures and neighborhoods are being negatively impacted by these properties.

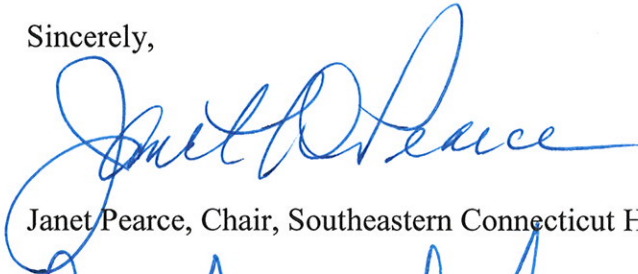
According to the study released on November 9, 2007 by the Governor's Subprime Lending Taskforce, New London had the highest rate of bank owned properties in the state. In November 2007, New London was the 2<sup>nd</sup> highest city in percent of loans in foreclosure. Currently, the CT Plan ranks New London 3<sup>rd</sup> in foreclosure rate (Table A-1). According to Table A-2, New London currently ranks 6<sup>th</sup> in percent of high cost loans. Despite this data, New London is omitted from the seven communities targeted to receive NSP funding.

New London will be submitting an application to use NSP funds strategically in a particularly hard hit neighborhood. Fifty-one properties within a half-mile radius of two focal streets, West Coit and Belden Streets, are now bank-owned. These foreclosed and abandoned properties threaten to undermine the revitalization that has occurred in the same neighborhood with public investment by House New London and Habitat for Humanity. Twenty-six properties have been rehabbed and sold to well-qualified owner occupants. Assessments on these properties have more than doubled as a result of the investment. While foreclosures are high throughout New London, the City has formed a coalition of partners to strategically focus efforts in this two-street neighborhood so as to preserve these successful revitalization efforts.

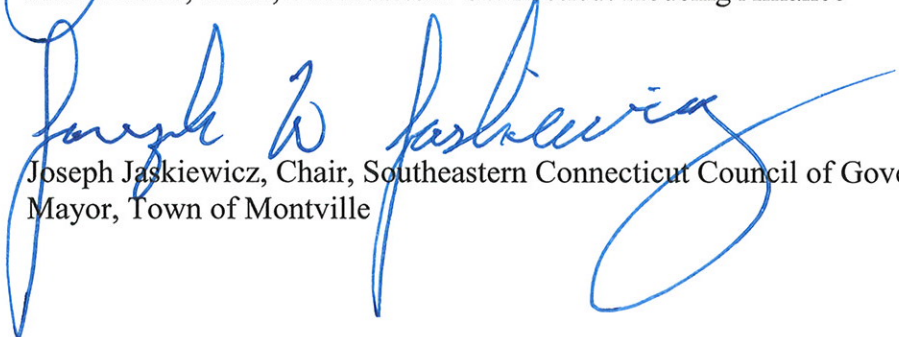
We respectfully request that you carve out a portion of the funding for other areas in the state that can document severe need, a strategic plan to effectively employ the funds and the capacity to do so quickly. These are the ingredients of the New London application.

We appreciate the complexity of your charge by the U.S. Housing and Urban Development. As a stimulus initiative, customary time frames have been shortened. In very little time you have put together a comprehensive plan for deploying these funds. Thank you for your diligence and hard work.

Sincerely,



Janet Pearce, Chair, Southeastern Connecticut Housing Alliance



Joseph Jaskiewicz, Chair, Southeastern Connecticut Council of Governments  
Mayor, Town of Montville

# TOWN OF SPRAGUE

ONE MAIN STREET, P.O. BOX 677  
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CATHERINE OSTEN  
FIRST SELECTMAN

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FAX (860) 822-3013

RECEIVED  
08 OCT 9 AM 11:54  
COMMISSIONER'S OFFICE  
DEPT OF ECON.  
& COMM. DEV.

October 2, 2008

Joan McDonald, Commissioner  
CT Department of Economic Development  
505 Hudson St.  
Hartford, CT 06106-7106

Dear Commissioner McDonald:

Allow me to congratulate you and your Department on DECD's award of \$25 million under HUD's Neighborhood Stabilization program. Like many small and distressed municipalities around the state and across the country, Sprague is especially concerned about the rate of foreclosures in our town, and is eager to participate in any plans, strategies and policies that your Department will be developing regarding the disbursal of these funds. We have been working with our Housing Authority and Town Clerk's office over the past year to develop a comprehensive list of foreclosed properties and an accompanying plan concerning their possible re-use as low-income housing, which as you know is an urgent need in our community as well as elsewhere.

Please keep us informed as you initiate your planning process and finalize your approval timeline. I understand that larger cities may be given preference for this funding and I want to emphasize how crucial it is for small towns in need to not be precluded from this process or this potential opportunity to mitigate our foreclosure crisis in whatever way is feasible, thereby providing affordable housing to citizens in need.

Thank you so much for your consideration and your assistance with projects in Sprague to date. Please contact me if you have any questions at all or would like more information regarding our specific housing plan

Sincerely,



Catherine Osten  
First Selectman

MAYOR  
DANNEL P. MALLOY



**CITY OF STAMFORD**  
**OFFICE OF THE MAYOR**

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November 17, 2008

Ms. Joan McDonald, Commissioner  
Department of Economic and Community Development  
505 Hudson Street  
Hartford, CT 06106

RE: Comments on Action Plan Substantial Amendment  
for the Neighborhood Stabilization Program

Dear Commissioner McDonald:

I congratulate you and your staff in quickly responding to the allocation of Neighborhood Stabilization Program (NSP) funding from the U.S. Department of Housing and Urban Development (HUD) published in the Federal Register on October 6, 2008. I applaud the resourcefulness of the staff of the Department of Economic and Community Development (DECD) to obtain and utilize data on the actual number of subprime mortgages in our Connecticut municipalities rather than rely on estimates as was done by HUD. This assured that your assessment of relative need between municipalities would be fair and accurate.

DECD clearly abided by the directives of Congress to allocate the NSP funds to areas that are most impacted by foreclosure activity, and DECD followed HUD's lead in its approach to analyzing need and refrained from allocating smaller amounts that would not result in a viable NSP program that achieves a sustainable stabilization of neighborhoods.

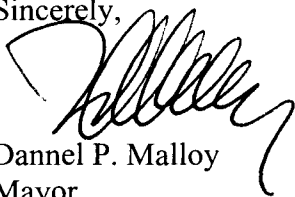
The City of Stamford and its non-profit housing partners are well prepared to utilize the proposed \$2,977,000 allocation of NSP funds to acquire and rehabilitate bank-owned foreclosed residential property and provide affordable housing for low to moderate income households. Our experience in administering the Community Development Block Grant and HOME Investment Partnership Program assures our success in carrying out the Neighborhood Stabilization Program.

Over the past ten years, the City of Stamford has assisted 172 low income households to purchase condominiums and homes in our city. Of these households 58% had Very Low Incomes (50% of the Area Median Income (AMI)) and the remainder had Low Incomes, below 65% AMI. We do not anticipate any problem in meeting the State of Connecticut's goal of dedicating 30% of the NSP funding to Very Low Income households. We will aim to exceed this goal.

Since August, the Stamford Community Development Office has been monitoring foreclosure activity. We have identified the bank-owned properties, and for each property we have mapped the assembled the tax assessor's data cards, conducted exterior inspections and photographed the current conditions. This preliminary work has positioned the City of Stamford to quickly identify target neighborhoods and formulate a NSP strategy and action plan.

We look forward to working with DECD to carry out this emergency program to address the impact of foreclosed properties on Stamford's neighborhoods. Timothy Beeble, Community Development Director, on behalf of the City of Stamford is submitting more detailed comments on the proposed DECD Action Plan.

Sincerely,



Dannel P. Malloy  
Mayor

cc: Timothy Beeble

MAYOR  
DANNEL P. MALLOY



DIRECTOR  
TIMOTHY R. BEEBLE  
tbeeble@ci.stamford.ct.us

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November 21, 2008

Ms. Joan McDonald, Commissioner  
Department of Economic and Community Development  
505 Hudson Street  
Hartford, CT 06106

RE: Comments on Action Plan Substantial Amendment  
for the Neighborhood Stabilization Program

Dear Commissioner McDonald:

Mayor Dannel Malloy on behalf of the City of Stamford has submitted comments in support of the proposed Substantial Amendment to the Action Plan (AP) for the Neighborhood Stabilization Program (NSP). I, too, commend the Department of Economic and Community Development (DECD) for proposing an Action Plan that follows the directives of Congress and targets funding to Connecticut cities that are most impacted by subprime lending and home foreclosures. I offer the comments below on behalf of the City of Stamford as a more detailed reaction to the elements of the proposed AP.

**Program Income:**

The ability of DECD and participating cities to fund the acquisition and rehabilitation of numerous properties and achieve the State's goal of 400 housing units is completely dependent upon re-using NSP program income through approximately eight six-month cycles over a four year period. A participating city will use NSP funds to acquire bank owned homes, rehabilitate them and sell them. The program income from the proceeds of the home sales must be reinvested in the subsequent round of foreclosed properties.



I understand the importance of NSP program income being returned to DECD so that it can utilize such cash to satisfy the next draw request from any of the participating cities before drawing down new NSP funds. However, a participating city needs the assurance that DECD will treat the returned funds as an addition to their allocation so that the next group of foreclosed properties may be acquired and rehabilitated. DECD should consider the return of program income as a restoration of funds to a city's line of credit available for NSP activity. Such permission to reuse program income must not be limited by the statement on page 6 of the AP that "DECD may in its sole discretion adjust the stated allocation for any recipient upward or downward not more than 25%." Cities need to be assured that if they create NSP organizational infrastructure and form partnerships with non-profits to carry out the first round of neighborhood stabilization, that DECD will not reallocate the program income authority to another jurisdiction provided that they are executing NSP activities in a timely manner.

**Program Timing:**

The "time clock" for obligations and expenditures is initiated with the issuance of the HUD Funding Agreement to DECD. It would be helpful if DECD can urge HUD to delay the issuance of the Funding Agreement in order to give DECD more time to review and approve the Local Action Plans (LAP) and then prepare their funding agreements with the participating cities.

I understand that some organizations are asking for more time to submit their LAPs. Doing so will further delay the impact of the NSP funds on our neighborhoods. As locally "painful" as it may be, DECD's proposed January 7<sup>th</sup> deadline for LAPs will force participating cities to prioritize the planning of their NSP strategy. This early deadline is necessary for getting a fast start on the NSP activities in Connecticut. DECD, however, needs to be flexible with participating cities that submit their LAPs by January 7th but need an extension to submit some supporting documents, such as signed agreements with non-profit partners. DECD should consider asking for unsigned forms of agreement with partners accompanied by letters of interest.

A critical element of this program is the timing of negotiations between DECD and major lenders for discounted purchase of bank-owned foreclosed property by participating cities and their NSP partners. The proposed Action Plan Amendment should detail this DECD activity that is discussed briefly on page 9 and assign a time frame to it. Any time deadlines for cities to commit their NSP funding need to be based upon the anticipated conclusion of the DECD negotiations with lenders. Given that DECD must negotiate purchase discounts, cities must identify target properties for acquisition, appraisals must be conducted and purchase agreements executed, it is unlikely that cities will be able to meet the first deadline (page 30) for committing funds to 25% of the units within 90 days.

I suggest that the deadlines for Obligation of Funds be measured in “dollars” rather than “units.” Clearly, DECD’s AP goal of completing 400 units is based upon an assumption that the actual NSP dollars will be spent 7 times over the 4 year period in cycles of 6 months. A participating city could only obligate funding for 25% of the units in 90 days if the anticipation was that the funds would only be re-invested three times. However, committing 25% of the funding (versus number of units) can be accomplished in the first round of acquisitions. In any event, given the foreseeable delay in the first round of acquisitions due to the requisite negotiations with banks by DECD, it is not likely that 25% of the units or of the funds can be committed in 90 days.

**De-obligation of Funds (page 30)**

Any de-obligation of funds by DECD should be limited to uncommitted funds rather than funds already committed to acquisition/rehabilitation that is underway.

**Administrative Funds:**

We appreciate DECD limiting their administration to 2.5% and offering the cities 5%. The remaining 2.5% may be needed for the future administration under this program. The tie of the NSP funding to the long term affordability periods of the HOME program of 5 to 20 years will entail otherwise unfunded annual monitoring responsibilities for both DECD and the cities.

DECD should permit cities to use 5% of their allocated NSP program income for administration of the program income as is done under the CDBG program.

Being an entitlement community under the CDBG and HOME programs, the City of Stamford does not have many opportunities to work directly with DECD as a grantee. I look forward to working closely with DECD staff in developing a Local Action Plan for Neighborhood Stabilization efforts in Stamford to utilize the proposed allocation of \$2,977,000.

Sincerely,



Timothy Beeble  
Community Development Director



**From:** Duncan Yetman [<mailto:DYetman@townofstratford.com>]  
**Sent:** Friday, November 21, 2008 4:39 PM  
**To:** NSP Comments  
**Cc:** James Miron (E-mail); McCauley Suzanne (E-mail); Linda Dominick (E-mail 2); Heather B. Habelka (E-mail); Ashley Haydu (E-mail); Linda Goodman (E-mail); Kasi Pelligra (E-mail)  
**Subject:** Comments on Draft Neighborhood Stabilization Plan

Dear Mr. Robbins:

On behalf of James R. Miron, the Mayor of Stratford, I welcome the opportunity to offer comments on the State's draft Neighborhood Stabilization Program (NSP) Action Plan Substantial Amendment.

The Town of Stratford has begun an examination of the local and the statewide data available on lis pendens filings and foreclosures. We note that among Connecticut CDBG entitlement communities, Stratford sits in the middle of the pack with regard to the impact that the sub-prime foreclosure crisis has had on our community, as per the Foreclosure Needs Score developed by the Local Initiatives Support Corporation. Stratford ranks 11th among 22 entitlements with a relatively low score of 14.0. With regard to the June 2008 update report of the Governor's Sub-Prime Mortgage Task Force, the map in that report of subprime foreclosures shows Stratford as one of approximately 20 towns statewide having 51 or more subprime foreclosures.

Our initial local research confirms that the impact of these foreclosures on neighborhood stability is minimized by how geographically widespread they are across Stratford. There are situations, however, where the application of NSP funding could further stabilize whole neighborhoods where the property owners in these neighborhoods have a vested interest in the success of their neighbors. These neighborhoods are co-operative and condominium communities where we have noticed an increase in lis pendens filings in the two most recent quarters of the current calendar year. Each foreclosure in these communities has a direct effect on their remaining neighbors as ever-increasing common charges have to be borne by a smaller number of active homeowners or co-op members. The 400-unit Stonybrook Gardens Co-operative, located in a Census block group that is 53.5% low- to moderate-income, and spread over a 58-acre parcel, is one neighborhood that could certainly benefit from an infusion of public dollars to address this situation, which would also help to address the handful of co-op units that need significant rehabilitation due to the lack of resources that particular members have for maintaining their units. In many cases, these same units are the ones that become subject to foreclosure. (Under the Connecticut Common Interest Ownership Act, all Stonybrook Garden Co-op units are real property which can be bought and sold by individual members on the open real estate market, subject to the rules of the Co-op and the approval of the Board of Directors.)

The Town of Stratford requests that \$500,000 of the State's NSP allocation be devoted to the acquisition and rehabilitation of select co-op or condominium units in Stratford for the purpose of stabilizing these communities, providing new housing opportunities to low- and moderate-income households, and giving these communities, so tightly knit together by virtue of their corporate structure, a chance to succeed.

Thank you again for the opportunity to comment on this draft.

C. Duncan Yetman, Jr., Grants Coordinator  
Department of Community/Economic Development  
Town of Stratford  
468 Birdseye Street, Room 112  
Stratford, CT 06615  
Telephone: (203) 385-4029  
Facsimile: (203) 381-6929  
E-Mail: [dyetman@townofstratford.com](mailto:dyetman@townofstratford.com)  
Web: [www.townofstratford.com](http://www.townofstratford.com)



South Western Regional Planning Agency  
Stamford Government Center  
888 Washington Boulevard, 3rd Floor  
Stamford, Connecticut 06901  
203 316 5190 Phone  
203 316 4995 Fax  
www.swrpa.org

November 21, 2008

Rick Robbins  
Department of Economic and Community Development  
505 Hudson St.  
Hartford, CT 06106

**RE: State of Connecticut Draft Neighborhood Stabilization Program (NSP) Action Plan  
Substantial Amendment**

Dear Mr. Robbins:

In response to the November 6 legal notice regarding the 15-day public comment period for the State's Draft NSP Action Plan submittal, the South Western Regional Planning Agency has reviewed the draft and prepared the following comments:

- 1) The definition of "Affordable Rents" described in the NSP, which uses exclusively the Area Median Income differs from the CGS §8-30g definition, which uses the lower of the Area or State Median Income. Using the AMI makes more sense for communities above the State level such as ours in lower Fairfield County. This new definition ought to replace that in CGS §8-30g henceforth.
- 2) The definition of "Affordable Rents" described in the NSP states: "Affordable Rents" means rents that are at or below the Fair Market Rent Levels as defined in Appendix C..." "...; 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..." The use of the term "equals" is too specific and limiting. Rather, "less than or equal to 80%" should be used. Section E. Acquisitions and Relocation uses the  $\leq$  symbol to express this correctly.
- 3) The NSP sets requirements for affordability and periods of affordability as well as requirements for collecting and verifying rent and occupancy information, but does not establish any form of penalty for not maintaining compliance with these requirements.
- 4) Section I. Performance Measures states: "...40-50 properties will be demolished. For demolished properties, 20-25 will be redeveloped immediately and 20-25 will enter land bank programs." However, Section H. Total Budget shows \$464,000 reserved for "Demolition of Blighted Structures"; \$232,000 reserved for "Redevelopment of Vacant or Demo"; and

\$464,000 reserved for "Land Bank/Assemblage". It does not seem reasonable that 40-50 properties can be demolished at a cost of \$9,280 - \$11,600/property. Nor does it seem possible to reconstruct 20-25 properties for \$232,000.

Sincerely,



Benjamin Henson, Regional Planner  
South Western Regional Planning Agency

Cc: Joan McDonald, Commissioner, DECD  
Floyd Lapp, Executive Director, SWRPA

**From:** Dave19601@aol.com  
**Sent:** Friday, November 07, 2008 8:48 AM  
**To:** NSP Comments  
**Subject:** foreclosed property

the funds from the federal government was made to help people that are being foreclosed on gov jodi rell wants to give the money to the towns to buy foreclosed homes how does that help the people being foreclosed on it doesn't it helps the towns to make more money if they use it the way jodi rell says i don't own a home so it does nothing for me or hurt me i think the money should go into a bank account and let people apply for the money to stop being foreclosed on with proof of how much they owe the bank on back payments on their houses and it should be done by federal guide lines not gov jodi rells guide lines because while the towns are buying foreclosed empty houses people being foreclosed on will end up in the street how does that help the people or provide taxes for the towns it don't

thank you dave in wallingford

AOL Search: Your one stop for directions, recipes and all other Holiday needs. Search Now.

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**From:** Town of Wallingford [towngovwallingford@sbcglobal.net]  
**Sent:** Thursday, November 13, 2008 9:29 AM  
**To:** nsp.comment@ct.gov  
**Subject:** comment

To Whom it May Concern: The Town of Wallingford, a recipient of SCCDBG funds, in its review of CHART A-7 (pgs. 43-46) noticed that Wallingford is absent from this spreadsheet analysis as are 2 other communities. What does this mean? Please respond to Donald Roe, Grants Administrator, 45 S. Main St. Wallingford, Ct. 06492 before the comment period closes in order to provide the Town with an opportunity to further respond should this be necessary. Thank you



# State of Connecticut

## GENERAL ASSEMBLY

STATE CAPITOL

HARTFORD, CONNECTICUT 06106-1591

November 14, 2008

Commissioner Joan McDonald  
CT Dept. of Economic and Community Development  
505 Hudson Street  
Hartford, CT 06106

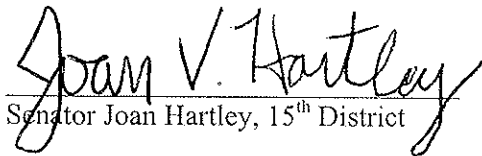
Dear Commissioner McDonald:

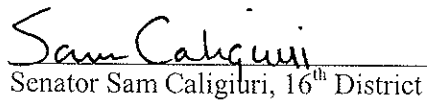
We legislators of the Waterbury delegation wish to express our full support for your Draft Neighborhood Stabilization Program Action Plan which, as proposed, allocates \$3,566,000 in funding appropriations to our city.

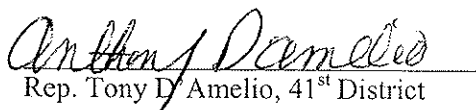
As you know, our urban centers have borne the brunt of the mortgage credit crisis in Connecticut, and Waterbury is situated to be an ideal recipient for these funds. Waterbury has the second highest number of sub-prime mortgage loans in the state, which means our residents may be especially vulnerable to financial peril. The blighted structures in our city act as impediments to economic growth and development, and the rising incidences of home foreclosures necessitate the remediation mechanisms this funding would subsidize.

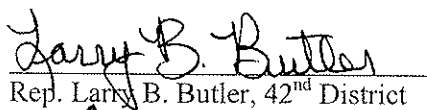
Thank you for your consideration and for your help in procuring these needed federal funds. Feel free to contact us if you should require assistance.

Sincerely,

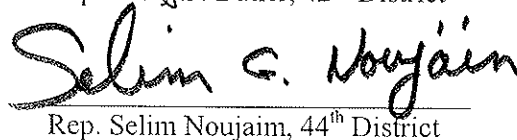
  
Senator Joan Hartley, 15<sup>th</sup> District

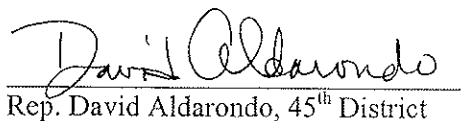
  
Senator Sam Caligiuri, 16<sup>th</sup> District

  
Rep. Tony D'Amelio, 41<sup>st</sup> District

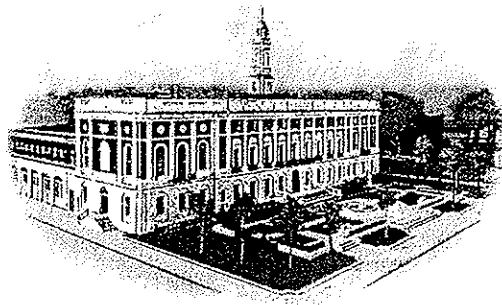
  
Rep. Larry B. Butler, 42<sup>nd</sup> District

  
Rep. Jeffrey Berger, 43<sup>rd</sup> District

  
Rep. Selim Noujaim, 44<sup>th</sup> District

  
Rep. David Aldarondo, 45<sup>th</sup> District

MICHAEL J. JARJURA  
MAYOR



JOSEPH A. GEARY  
DIRECTOR OF OPERATIONS

OFFICE OF THE MAYOR  
**THE CITY OF WATERBURY**  
CONNECTICUT

November 20, 2008

Commissioner Joan McDonald  
Department of Economic & Community Development  
505 Hudson Street  
Hartford CT 06106

RE: Comments on Draft NSP Action Plan  
Substantial Amendment

Dear Commissioner McDonald:

Thank you for the opportunity to comment on the Draft NSP Action Plan Substantial Amendment. The City of Waterbury supports the decision by the State to allocate NSP funds to the communities including Waterbury which are being most severely impacted by the foreclosure and property abandonment crisis. We appreciate the efforts by you and the DECD staff as well as CHFA in the preparation of the Draft Action Plan within the accelerated schedule we are all working under.

We offer the following comments and/or questions with the purpose of assuring the NSP funds most effectively meet the needs of Waterbury and the State.

1. Page 7 of the Draft Plan presents a preliminary estimate of the breakdown of the percentage of funds by eligible activity. Based upon our analysis of needs in Waterbury, we believe that the plan for the use of NSP funds in Waterbury should place a greater emphasis on financing mechanisms rather than the direct purchase and rehabilitation of homes and residential properties by the City. We believe that this approach will provide the potential to leverage other funds for maximum impact. In addition, this use of funds best matches the City's administrative capacity and ability to commit the NSP funds in a timely manner. This

if necessary, rehabilitation program component. Under this approach, we will offer a combination of eligible NSP activities. Such activities may include purchase and/or rehabilitation based upon the specifics of the property and proposed reuse as well as the necessary financing to achieve program goals. We request that the final NSP amendment contain a clarification that this approach is eligible under both the 70% and 25% allocations in the draft NSP amendment. We assume that the final allocation of NSP funds will be based upon plans submitted by the participating communities.

Financing will be available to non-profit and for-profit development organizations as well as individual home purchasers. We have already been in discussion with local banks and the Waterbury Housing Fund (a non-profit agency funded by local banks for the purpose of purchase and/or rehabilitation of residential properties) in order to establish the basis for such partnerships. Conceptually, we envision the program operating in a fashion similar to the HOME program with an RFP process in targeted areas of the City. The program will also establish a framework whereby the requirement that 25% of the funds to be defined in our plan benefit households earning less than 50% of median income will be met. We estimate that approximately \$2,000,000 of Waterbury's NSP funds will be allocated to this purpose. A preliminary goal of 40 units to be purchased and possibly rehabilitated has been established based on an average per unit cost of \$50,000 which assumes a public/private financial partnership.

2. The existence of abandoned/dilapidated properties in our neighborhoods is one of the most de-stabilizing conditions facing Waterbury. These structures are in a condition beyond rehabilitation and are often on very small lots in close proximity to neighboring structures. This results in both an unsafe situation as well as a disincentive to investment in the neighborhood. Depending on the specifics of the property in terms of its relationship to other blighted or vacant parcels and the size of the lot remaining after demolition, these properties will be used for either infill development, off-street parking or combined with adjacent parcels containing sound housing. Based upon available information, there are an estimated 300 abandoned, dilapidated buildings in the City. We estimate that approximately \$1,000,000 of Waterbury's NSP funds will be allocated to this purpose. This will be combined with \$250,000 of CDBG funds already programmed in our FY2008 Action Plan as



well as other program sources which may become available. A preliminary goal of 50 buildings to be demolished at an average cost of \$25,000 per building has been established.

3. We are aware that the NSP regulations establish deadlines for the commitment and expenditure of funds at eighteen months and four years respectively, and the State is responsible for meeting these deadlines. We agree with the State's intention to expend the NSP funds as quickly as feasible, but we suggest some flexibility based on the local program to be described in individual community plans. We are committed to meet these deadlines and to stabilize our neighborhoods to the best of our ability. However, considering the complexity of the task before us, and the continuing uncertainties as to future economic conditions, we believe that the timeframes in the Draft Plan are overly aggressive in the early phases. We request that the ninety (90) days timeframe be reduced to 10% for units under contract and reduced to 5% for funds expended.
4. Is the requirement for funds to serve people earning less than 50% of the median income 25% or 30%? If the NSP regulations require 25%, why should sub-grantees be required to meet the 30% level?
5. Is it possible that program income be made available for re-use in Waterbury for an initial time period of 5 years? This will both provide an incentive to commit funds at an accelerated pace and generate more funds to accomplish NSP goals.
6. Since the NSP regulations permit reimbursement of funds expended prior to approval of the NSP amendment, why can't funds expended by the sub-recipient communities be charged against their administrative budget? We anticipate that resources not previously programmed will have to be expended to prepare our plan. It is understood that we would be at risk of no reimbursement if our plan is not approved.
7. We believe that the affordability period requirements should be modified and simplified. A maximum affordability period of 10 years would be sufficient. The actual NSP amounts and thresholds will be submitted as part of our NSP plan.

In conclusion, the City of Waterbury thanks you for the opportunity to offer our comments. We have already begun the process of preparation of our NSP Plan and look forward to working closely with your department and CHFA on the important task facing us all.

Very truly yours,

A handwritten signature in black ink, appearing to read "M. Jarfura", written in a cursive style.

Michael J. Jarfura

Mayor



DONALD E. WILLIAMS, JR.  
PRESIDENT PRO TEMPORE

STATE OF CONNECTICUT  
SENATE  
HARTFORD, CONNECTICUT 06106-1591  
860-240-8600  
Donald.Williams@po.state.ct.us

November 17, 2008

Commissioner Joan McDonald  
State of Connecticut  
Department of Economic and Community Development  
505 Hudson Street  
Hartford, CT 06106-7106

Dear Commissioner McDonald:

I am writing to strongly request that you amend the Draft Neighborhood Stabilization Program (NSP) Action Plan that your department must submit to the U.S. Department of Housing and Urban Development in the coming weeks. After reviewing the amendment, I would like to propose a more equitable way in which to distribute the approximately \$25 million allocated to the state of Connecticut by HUD, as outlined in the plan.

As you are well aware, a number of Connecticut residents have been hit hard by the foreclosure crisis. According to recent reports, Connecticut is ranked 11th when compared to other states in the highest number of foreclosures. In addition, it is not only our largest cities that are witnessing a great number of properties going into foreclosure; many of our smaller towns, especially in northeastern Connecticut, have much higher rates of foreclosure per capita as compared to the larger cities. For example, according to HUD, the town of Plainfield's foreclosure/abandonment risk is 7 on a scale of 1 to 10, with 10 being the worst.

In order to address this, I propose that the NSP Action Plan outline a model where the \$2.1m that was originally allocated for administration and technical assistance be made available to the towns and cities that have the highest rates of foreclosure per capita. Specifically, I suggest that these funds be divided among New London, Plainfield, Putnam and Killingly, with \$1m going to New London and \$365,000 to Plainfield, Putnam and Killingly. This model would afford our smaller towns that are distressed by high rates of foreclosure filings the opportunity to rehabilitate and redevelop foreclosed properties.

I look forward to discussing this important issue with you in the near future.

Sincerely,

Donald E. Williams, Jr.

RECEIVED  
NOV 20 PM 12:47  
SENATE'S OFFICE  
DEPT OF ECON  
COMM DEV

# TOWN OF WINDHAM



JEAN de SMET  
FIRST SELECTMAN

979 MAIN STREET  
WILLIMANTIC, CT 06226-2200

November 20, 2008

NSP Comments  
Department of Economic and Community Development  
505 Hudson Street  
Hartford, CT 06106-7106

Gentlepeople,

The Town of Windham must protest the lack of consideration of foreclosure rates in determining which cities/towns will receive funding as part of the Neighborhood Stabilization Program Action Plan.

The towns selected appear to be solely "entitlement" cities under the Community Block Development Grant Program. Using this designation may be arbitrary for a program which addresses neighborhoods most affected by foreclosure and sub-prime lending.

Windham County suffers high rates of foreclosure, and the town of Windham is aware of many potential foreclosures which might be prevented through the assistance of the Neighborhood Stabilization Program and this Action Plan. We mailed letters to almost 600 households identified as holding sub-prime or high-rate mortgages and held a CHFA sponsored forum which almost 100 people attended. Our population is only 24,000.

We hope that you will reconsider the eligibility requirements.

Sincerely,

Jean de Smet  
First Selectwoman

## **Appendix G: Application Documents**

G1      Application for Federal Assistance SF-424  
G2      Certification

**Application for Federal Assistance SF-424**

Version 02

\*1. Type of Submission:

- Preapplication
- Application
- Changed/Corrected Application

\*2. Type of Application

- New
- Continuation
- Revision

\* If Revision, select appropriate letter(s)

\*Other (Specify)  
\_\_\_\_\_

3. Date Received:

4. Applicant Identifier:

5a. Federal Entity Identifier:

\*5b. Federal Award Identifier:

**State Use Only:**

6. Date Received by State:

7. State Application Identifier:

**8. APPLICANT INFORMATION:**

\*a. Legal Name: State of Connecticut, Department of Economic and Community Development

\*b. Employer/Taxpayer Identification Number (EIN/TIN):  
06-1267643

\*c. Organizational DUNS:  
807851043

**d. Address:**

\*Street 1: 505 Hudson Street  
Street 2: \_\_\_\_\_  
\*City: Hartford  
County: \_\_\_\_\_  
\*State: Connecticut  
Province: \_\_\_\_\_  
\*Country: USA  
\*Zip / Postal Code 06106-7106

**e. Organizational Unit:**

Department Name:  
Department of Economic and Community Development

Division Name:  
Office of Housing Development and Finance

**f. Name and contact information of person to be contacted on matters involving this application:**

Prefix: \_\_\_\_\_ \*First Name: Rick  
Middle Name: \_\_\_\_\_  
\*Last Name: Robbins  
Suffix: \_\_\_\_\_

Title: Community Development Administrator

Organizational Affiliation:

\*Telephone Number: 860-270-8190

Fax Number: 860-270-8200

\*Email: rick.robbs@ct.gov

**Application for Federal Assistance SF-424**

Version 02

**\*9. Type of Applicant 1: Select Applicant Type:**

A.State Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

\*Other (Specify)

**\*10 Name of Federal Agency:**

U.S.Department of Housing and Urban Development

**11. Catalog of Federal Domestic Assistance Number:**

14-218, 14-225, 14-228

CFDA Title:

Neighborhood Stabilization Program

**\*12 Funding Opportunity Number:**

\_\_\_\_\_

\*Title:

\_\_\_\_\_

**13. Competition Identification Number:**

\_\_\_\_\_

Title:

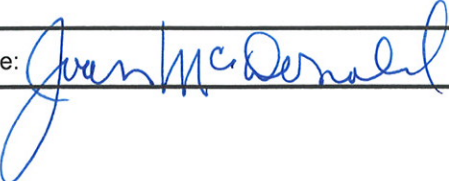
\_\_\_\_\_

**14. Areas Affected by Project (Cities, Counties, States, etc.):**

state wide -Connecticut

**\*15. Descriptive Title of Applicant's Project:**

Neighborhood Stabilization Program

<b>Application for Federal Assistance SF-424</b>		Version 02
<b>16. Congressional Districts Of:</b>		
*a. Applicant: 1 <sup>st</sup> ,2 <sup>nd</sup> ,3 <sup>rd</sup> ,4 <sup>th</sup> ,5 <sup>th</sup>		*b. Program/Project: 1 <sup>st</sup> ,2 <sup>nd</sup> ,3 <sup>rd</sup> ,4 <sup>th</sup> ,5 <sup>th</sup>
<b>17. Proposed Project:</b>		
*a. Start Date: 2/13/2009		*b. End Date: 2/13/2013
<b>18. Estimated Funding (\$):</b>		
*a. Federal	\$25,043,385	
*b. Applicant	_____	
*c. State	_____	
*d. Local	_____	
*e. Other	_____	
*f. Program Income	_____	
*g. TOTAL	\$25,043,385	
<b>*19. Is Application Subject to Review By State Under Executive Order 12372 Process?</b>		
<input type="checkbox"/> a. This application was made available to the State under the Executive Order 12372 Process for review on _____		
<input type="checkbox"/> b. Program is subject to E.O. 12372 but has not been selected by the State for review.		
<input checked="" type="checkbox"/> c. Program is not covered by E. O. 12372		
<b>*20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)</b>		
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
<b>21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U. S. Code, Title 218, Section 1001)</b>		
<input checked="" type="checkbox"/> ** I AGREE		
** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions		
<b>Authorized Representative:</b>		
Prefix: _____	*First Name: <u>Joan</u> _____	
Middle Name: _____		
*Last Name: <u>McDonald</u> _____		
Suffix: _____		
*Title: Commissioner		
*Telephone Number: 860-270-8010		Fax Number: _____
* Email: joan.mcdonald@ct.gov		
*Signature of Authorized Representative: 		*Date Signed: <u>12/1/08</u>



## CERTIFICATIONS

- (1) **Affirmatively furthering fair housing.** The jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- (2) **Anti-lobbying.** The jurisdiction will comply with restrictions on lobbying required by 24 CFR Part 87, together with disclosure forms, if required by that part.
- (3) **Authority of Jurisdiction.** The jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (4) **Consistency with Plan.** The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.
- (5) **Acquisition and relocation.** The jurisdiction will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the Notice for the NSP program published by HUD.
- (6) **Section 3.** The jurisdiction will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- (7) **Citizen Participation.** The jurisdiction is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.
- (8) **Following Plan.** The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.
- (9) **Use of funds in 18 months.** The jurisdiction will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the NSP Notice, all of its grant funds within 18 months of receipt of the grant.
- (10) **Use NSP funds ≤ 120 of AMI.** The jurisdiction will comply with the requirement that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income.
- (11) **Assessments.** The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a

condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

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



Joan McDonald  
Commissioner  
State of Connecticut  
Department of Economic and Community Development



Date