

THE NSP SUBSTANTIAL AMENDMENT

REVISED 8/2010

Jurisdiction(s): The City of New York Lead Agency: NYC Department of Housing Preservation and Development Jurisdiction Web Address: www.nyc.gov/hpd and www.nyc.gov/planning	NSP Contact Person: Arden Sokolow Address: 100 Gold Street, Room 9-S7 New York, NY 10038 Telephone: 212.863.6196 Fax: 212.863.6407 Email: sokolowa@hpd.nyc.gov
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This Substantial Amendment to the Annual Action Plan for the Neighborhood Stabilization Program is hereby revised as follows (changes are denoted in blue text):

B. DISTRIBUTION AND USES OF FUNDS

2) **Owner-Abandoned Multifamily Property Strategy** - 25% of NSP funds (~\$6m) will be used in existing HPD programs such as 7A and the Alternative Enforcement Program (AEP), as well as for the acquisition of vacant properties and/or land and the construction of low-income housing on such property. All low income set-aside funds will be targeted to assist families earning up to 50% AMI. 7A is a management and financing program for privately owned buildings that have been abandoned by their owners. AEP is an enforcement and emergency repair program used to address unacceptable housing maintenance conditions in distressed multiple dwellings. NSP funds may be used for the acquisition, construction, and/or rehabilitation of vacant, abandoned, and foreclosed land and/or properties.

G. NSP INFORMATION BY ACTIVITY

City Response:

(1) Activity Name: **Owner-Abandoned Multifamily Property Strategy**

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

NSP Eligible Use	CDBG Eligible Activity
(B) 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	24 CFR 570.201(a) Acquisition, (b) Disposition; 570.202 eligible rehabilitation and preservation activities
(E) Redevelop demolished or vacant properties rent, or redevelop such homes and properties	24 CFR 570.201, 570.202

(4) Activity Description:

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

City Response: HPD intends to target 25% of NSP funds received toward acquisition and rehabilitation of foreclosed multi-family rental buildings in poor condition housing tenants earning up to 50% AMI, [as well as the acquisition of vacant land and/or buildings for the construction of multifamily rental projects to benefit renters at 50% AMI](#). Neighborhood stabilization efforts targeting renters earning up to 50% AMI will overlap with areas identified as having the greatest need.

Many renters are suffering in NYC due to the foreclosure crisis and few programs are available to assist them. Two of the primary mechanisms available in NYC to help renters living in deeply distressed multifamily housing are the Department of Housing Preservation and Development's 7A and Alternative Enforcement Programs. These programs have been significantly impacted by the current financial crisis; these building owners had proven to be neglectful during strong real estate markets, and as financial conditions worsened, many may just walk away from the buildings, leaving them in bank ownership.

Through the 7A Program, HPD protects tenants in privately owned buildings that have been functionally abandoned by their owners, living in conditions that are dangerous to the tenants' life, health and safety. In this program, administrators are appointed by the Court (pursuant to New York State Law) to operate privately owned buildings that have been abandoned by their owners. 7A administrators are both not-for-profit and for profit organizations that have been in operation for a minimum of three years and have a solid property management background (including currently managing at least 200 dwelling units).

The administrators act under Court Order to collect rents and use the money to provide essential services to the tenants and make necessary repairs. Experienced housing organizations, rather than individuals, are selected to provide 7A management services. HPD has a growing pool of foreclosed 7A buildings, in which the original owner no longer has any status. These buildings remain in the 7A workload because additional funds are needed by the administrators to acquire and rehabilitate buildings in gross need of repair.

The AEP program similarly aids tenants in multiple dwellings in poor condition. In this program HPD identifies 200 buildings annually which have been identified by criteria set forth by law and include the number of class "B" hazardous and class "C" immediately hazardous violations issued by HPD as well as the amount of emergency repair charges incurred by HPD. Buildings in the AEP program which are also advancing in the foreclosure process, will be guided through an acquisition process similar to that of 7A. Only foreclosed buildings will be assisted with NSP funds.

[Because of the change to the low income set-aside in that NSP activities on vacant land and/or properties can now meet the set-aside requirements, HPD is formally making the changes necessary to allow such projects under Eligible Use E.](#)

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

City Response: It is anticipated that up to 15 buildings housing 90 apartments will be acquired and rehabilitated or constructed through the assistance of NSP funding. All 90 units will be occupied by families earning up to 50% AMI.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

City Response: NSP assistance for this activity will be limited to the top 20 neighborhoods as identified in Section A. Areas of Greatest Need (see page 4).

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