

The City of New York 2008 Consolidated Plan Substantial Amendment  
Addendum - Neighborhood Stabilization Program (NSP)  
January 13, 2009

This is the City of New York's *2008 Consolidated Plan: Addendum – Neighborhood Stabilization Program* which serves as the City of New York's official 2008 application to the U.S. Department of Housing and Urban Development (HUD) Office of Community Planning and Development for the Community Development Block Grant (CDBG) formula entitlement program subgrant: Neighborhood Stabilization Program (NSP).

The Neighborhood Stabilization Program (NSP) was created by Congress under the Housing and Economic Recovery Act of 2008 (HERA) to provide grants to States and localities for the redevelopment of foreclosed and abandoned homes and residential properties. The grants are intended to prevent further declines in neighborhoods most severely impacted by foreclosures.

The City of New York is expected to receive \$24,257,740 in NSP funds which must be used to undertake several or all of the following eligible activities:

- establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers;
- 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;
- establish land banks for homes that have been foreclosed upon;
- demolish blighted structures; and
- redevelop demolished or vacant properties.

The NYC Department of Housing Preservation and Development (HPD) will administer the Program for the City.

According to HERA the NSP is to be considered a subgrant of the United States Department of Housing and Urban Development's (HUD's) Community Development Block Grant (CDBG) entitlement program, and therefore bound to HUD's Consolidated Plan regulations. Under existing Consolidated Plan citizen participation regulations, substantial amendments to an approved Plan are required to undergo a 30-day comment period. However, in order to expedite the localities receiving the funds, Congress has waived this regulation and required the Program to undergo only a 15-day public review period instead.

The public comment period on this substantial amendment began Tuesday, November 11, 2008 and ended Tuesday, November 25, 2008. Comments received at the end of the comment period (close of business) were summarized and the City's responses incorporated into the 2008 Consolidated Plan amendment addendum for submission to HUD.

According to NSP guidelines, localities were required to submit their amendments to HUD no later than December 1, 2008 in order to be eligible to receive their respective allocation. The City of New York submitted its NSP amendment and additional federally-required materials on December 1, 2008. The amendment was subsequently approved by HUD on January 13, 2009.

Written comments and any questions regarding the amended *2008 Consolidated Plan: Addendum - Neighborhood Stabilization Program (NSP)* may be directed to:

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**THE CITY OF NEW YORK 2008 CONSOLIDATED PLAN SUBSTANTIAL AMENDMENT**  
**ADDENDUM - NEIGHBORHOOD STABILIZATION PROGRAM (NSP)**

This proposed amendment is provided in HUD's grant submission template in a question and answer format. Answers provided by the City of New York are characterized as "City Response" throughout this document.

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| Jurisdiction(s): <u>The City of New York</u><br>Lead Agency: NYC Department of Housing<br>Preservation and Development<br>Jurisdiction Web Address: <a href="http://www.nyc.gov/hpd">www.nyc.gov/hpd</a><br>and <a href="http://www.nyc.gov/planning">www.nyc.gov/planning</a> | NSP Contact Person: Rachel Fee<br>Address: 100 Gold Street, Room 5-B6<br>New York, NY 10038<br>Telephone: 212.863.6692<br>Fax: 212.863.7450<br>Email: <a href="mailto:feer@hpd.nyc.gov">feer@hpd.nyc.gov</a> |
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***A. AREAS OF GREATEST NEED***

**HUD Requirement:** Provide summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction.

**City Response:** New York City's areas of greatest need, requiring emergency assistance to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight, have been identified through the following sub borough level statistics (sub borough areas are made up of clusters of census tracts):

- the greatest percentage of home foreclosures
- the highest percentage of homes financed by a subprime mortgage related loan (high cost loans)
- the highest percentage of *lis pendens*<sup>1</sup> (leading indicator of areas facing significant rise in the rate of home foreclosures)

The following chart shows neighborhood rankings based on these three factors. Twenty neighborhoods are highlighted to represent ~80% of foreclosures in New York City.

<sup>1</sup>After a mortgage has been unpaid for 3 consecutive months, the lender (Plaintiff) files a *lis pendens* and the mortgagor (Defendant) is served with a summons and complaint.

| AREAS OF GREATEST NEED- Neighborhood Ranking of Highest Percentage of Foreclosures |           |                           |                           |         |                             |                           |         |                          |                           |         |
|--|-----------|---------------------------|---------------------------|---------|-----------------------------|---------------------------|---------|--------------------------|---------------------------|---------|
| NEIGHBORHOODS  |           | FORECLOSURES <sup>1</sup> |                           |         | SUBPRIME LOANS <sup>2</sup> |                           |         | LIS PENDENS <sup>3</sup> |                           |         |
| Sub Borough Area   | Borough   | Volume                    | Percent of Total Citywide | Ranking | Volume                      | Percent of Total Citywide | Ranking | Volume                   | Percent of Total Citywide | Ranking |
| Jamaica  | Queens    | 1152                      | 17.31%                    | 1       | 5382                        | 12.48%                    | 1       | 3278                     | 12.56%                    | 1       |
| Bellerose/Rosedale   | Queens    | 578                       | 8.68%                     | 2       | 3618                        | 8.39%                     | 2       | 1892                     | 7.25%                     | 2       |
| North Shore  | Staten Is | 496                       | 7.45%                     | 3       | 2241                        | 5.19%                     | 4       | 1390                     | 5.33%                     | 4       |
| Howard Beach/S. Ozone Park   | Queens    | 340                       | 5.11%                     | 4       | 1956                        | 4.53%                     | 7       | 1087                     | 4.16%                     | 7       |
| Kew Gardens/Woodhaven  | Queens    | 330                       | 4.96%                     | 5       | 1671                        | 3.87%                     | 8       | 1009                     | 3.87%                     | 8       |
| Rockaways  | Queens    | 283                       | 4.25%                     | 6       | 1016                        | 2.36%                     | 14      | 777                      | 2.98%                     | 12      |
| South Shore  | Staten Is | 223                       | 3.35%                     | 7       | 1067                        | 2.47%                     | 13      | 809                      | 3.10%                     | 11      |
| Bedford Stuyvesant   | Brooklyn  | 196                       | 2.94%                     | 8       | 1427                        | 3.31%                     | 10      | 1337                     | 5.12%                     | 5       |
| Jackson Heights  | Queens    | 193                       | 2.90%                     | 9       | 1013                        | 2.35%                     | 15      | 672                      | 2.57%                     | 15      |
| Williamsbridge/Baychester  | Bronx     | 188                       | 2.82%                     | 10      | 1970                        | 4.57%                     | 6       | 980                      | 3.75%                     | 9       |
| East New York/Starrett City  | Brooklyn  | 182                       | 2.73%                     | 11      | 2106                        | 4.88%                     | 5       | 1557                     | 5.96%                     | 3       |
| Flatlands/Canarsie   | Brooklyn  | 152                       | 2.28%                     | 12      | 2609                        | 6.05%                     | 3       | 1336                     | 5.12%                     | 6       |
| Mid-Island   | Staten Is | 150                       | 2.25%                     | 13      | 977                         | 2.26%                     | 16      | 606                      | 2.32%                     | 17      |
| East Flatbush  | Brooklyn  | 131                       | 1.97%                     | 14      | 1579                        | 3.66%                     | 9       | 930                      | 3.56%                     | 10      |
| Hillcrest/Fresh Meadows  | Queens    | 130                       | 1.95%                     | 15      | 509                         | 1.18%                     | 25      | 310                      | 1.19%                     | 23      |
| Flushing/Whitestone  | Queens    | 123                       | 1.85%                     | 16      | 636                         | 1.47%                     | 21      | 384                      | 1.47%                     | 19      |
| Soundview/Parkchester  | Bronx     | 117                       | 1.76%                     | 17      | 1263                        | 2.93%                     | 12      | 674                      | 2.58%                     | 14      |
| Middle Village/Ridgewood   | Queens    | 115                       | 1.73%                     | 18      | 717                         | 1.66%                     | 20      | 372                      | 1.43%                     | 20      |
| Bushwick   | Brooklyn  | 102                       | 1.53%                     | 19      | 966                         | 2.24%                     | 17      | 732                      | 2.80%                     | 13      |
| Morrisania/East Tremont  | Bronx     | 94                        | 1.41%                     | 20      | 516                         | 1.20%                     | 24      | 318                      | 1.22%                     | 21      |
| Elmhurst/Corona  | Queens    | 91                        | 1.37%                     | 21      | 533                         | 1.24%                     | 23      | 298                      | 1.14%                     | 25      |
| Brownsville/Ocean Hill   | Brooklyn  | 89                        | 1.34%                     | 22      | 1306                        | 3.03%                     | 11      | 608                      | 2.33%                     | 16      |
| Bayside/Little Neck  | Queens    | 84                        | 1.26%                     | 23      | 286                         | 0.66%                     | 32      | 217                      | 0.83%                     | 30      |
| Pelham Parkway   | Bronx     | 75                        | 1.13%                     | 24      | 804                         | 1.86%                     | 18      | 318                      | 1.22%                     | 22      |
| Throgs Neck/Co-op City   | Bronx     | 74                        | 1.11%                     | 25      | 633                         | 1.47%                     | 22      | 288                      | 1.10%                     | 27      |
| North Crown Heights/Prospect Heights   | Brooklyn  | 74                        | 1.11%                     | 26      | 779                         | 1.81%                     | 19      | 428                      | 1.64%                     | 18      |
| Forest Hills/Rego Park   | Queens    | 54                        | 0.81%                     | 27      | 185                         | 0.43%                     | 41      | 80                       | 0.31%                     | 45      |
| Brooklyn Heights/Fort Greene   | Brooklyn  | 49                        | 0.74%                     | 28      | 294                         | 0.68%                     | 30      | 167                      | 0.64%                     | 33      |
| Sunnyside/Woodside   | Queens    | 49                        | 0.74%                     | 29      | 282                         | 0.65%                     | 33      | 135                      | 0.52%                     | 38      |
| Upper West Side  | Manhattan | 48                        | 0.72%                     | 30      | 119                         | 0.28%                     | 48      | 54                       | 0.21%                     | 49      |
| Highbridge/S. Concourse  | Bronx     | 47                        | 0.71%                     | 31      | 197                         | 0.46%                     | 38      | 117                      | 0.45%                     | 40      |
| Sheepshead Bay/Gravesend   | Brooklyn  | 47                        | 0.71%                     | 32      | 353                         | 0.82%                     | 27      | 293                      | 1.12%                     | 26      |
| South Crown Heights  | Brooklyn  | 44                        | 0.66%                     | 33      | 391                         | 0.91%                     | 26      | 298                      | 1.14%                     | 24      |
| Chelsea/Clinton/Midtown  | Manhattan | 40                        | 0.60%                     | 34      | 178                         | 0.41%                     | 42      | 77                       | 0.29%                     | 46      |
| Upper East Side  | Manhattan | 40                        | 0.60%                     | 35      | 91                          | 0.21%                     | 51      | 43                       | 0.16%                     | 52      |
| Astoria  | Queens    | 39                        | 0.59%                     | 36      | 288                         | 0.67%                     | 31      | 190                      | 0.73%                     | 31      |
| Kingsbridge Heights/Mosholu  | Bronx     | 38                        | 0.57%                     | 37      | 189                         | 0.44%                     | 40      | 107                      | 0.41%                     | 43      |
| Stuyvesant Town/Turtle Bay   | Manhattan | 37                        | 0.56%                     | 38      | 91                          | 0.21%                     | 50      | 48                       | 0.18%                     | 50      |
| Central Harlem   | Manhattan | 35                        | 0.53%                     | 39      | 116                         | 0.27%                     | 49      | 136                      | 0.52%                     | 37      |
| Flatbush   | Brooklyn  | 34                        | 0.51%                     | 40      | 265                         | 0.61%                     | 36      | 221                      | 0.85%                     | 29      |
| Mott Haven/Hunts Point   | Bronx     | 32                        | 0.48%                     | 41      | 331                         | 0.77%                     | 28      | 169                      | 0.65%                     | 32      |
| Borough Park   | Brooklyn  | 28                        | 0.42%                     | 42      | 192                         | 0.45%                     | 39      | 231                      | 0.88%                     | 28      |
| Riverdale/Kingsbridge  | Bronx     | 25                        | 0.38%                     | 43      | 167                         | 0.39%                     | 43      | 67                       | 0.26%                     | 47      |
| Coney Island   | Brooklyn  | 25                        | 0.38%                     | 44      | 278                         | 0.64%                     | 34      | 136                      | 0.52%                     | 36      |
| Greenwich Village/Financial District   | Manhattan | 24                        | 0.36%                     | 45      | 125                         | 0.29%                     | 47      | 56                       | 0.21%                     | 48      |
| University Heights/Fordham   | Bronx     | 23                        | 0.35%                     | 46      | 270                         | 0.63%                     | 35      | 107                      | 0.41%                     | 42      |
| Bay Ridge  | Brooklyn  | 22                        | 0.33%                     | 47      | 147                         | 0.34%                     | 45      | 89                       | 0.34%                     | 44      |
| Sunset Park  | Brooklyn  | 21                        | 0.32%                     | 48      | 306                         | 0.71%                     | 29      | 165                      | 0.63%                     | 34      |
| Washington Heights/Inwood  | Manhattan | 19                        | 0.29%                     | 49      | 44                          | 0.10%                     | 53      | 29                       | 0.11%                     | 54      |
| Park Slope/Carroll Gardens   | Brooklyn  | 18                        | 0.27%                     | 50      | 158                         | 0.37%                     | 44      | 111                      | 0.43%                     | 41      |
| Bensonhurst  | Brooklyn  | 13                        | 0.20%                     | 51      | 243                         | 0.56%                     | 37      | 146                      | 0.56%                     | 35      |
| Lower East Side/Chinatown  | Manhattan | 13                        | 0.20%                     | 52      | 35                          | 0.08%                     | 55      | 11                       | 0.04%                     | 55      |
| Morningside Heights/Hamilton Heights   | Manhattan | 11                        | 0.17%                     | 53      | 56                          | 0.13%                     | 52      | 47                       | 0.18%                     | 51      |
| Williamsburg/Greenpoint  | Brooklyn  | 10                        | 0.15%                     | 54      | 130                         | 0.30%                     | 46      | 128                      | 0.49%                     | 39      |
| East Harlem  | Manhattan | 6                         | 0.09%                     | 55      | 39                          | 0.09%                     | 54      | 38                       | 0.15%                     | 53      |

<sup>1</sup>If a foreclosure auction is listed for the same borough/block/lot (BBL), with the same defendant name, and within the same 365-day timeframe, the listing is counted once, on the first occurrence of the auction. Period: January 2007 to September 2008. Source: Property Shark™

<sup>2</sup>This calculation includes conventional refinance and purchase loans for 1-4 family homes. Loans are reported as "High Cost", indicating they are subprime, if the rate spread is greater than three percent for first lien loans or greater than five percent for second lien loans. Period: January through December 2006. Source: Home Mortgage Disclosure Act (HMDA)

<sup>3</sup>If a *lis pendens* is filed on the same borough/block/lot (BBL), with the same defendant name, and within the same 365-day timeframe, the *lis pendens* is counted once, on the first occurrence of the filing. Period: January 2007 to September 2008. Source: PropertyTrac™

## *B. DISTRIBUTION AND USES OF FUNDS*

HUD Requirement: Provide a narrative describing how the distribution and uses of the grantee's NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures.

City Response: New York City's Department of Housing Preservation and Development (HPD) intends to distribute NSP funds to the areas of greatest need focusing on sub borough areas with

- the greatest percentage of home foreclosure auctions
- the highest percentage of homes financed by a subprime mortgage related loan (high cost loans)
- the highest percentage of lis pendens (leading indicator of areas facing significant rise in the rate of home foreclosures)

Programmatically, this will be achieved through two distinct uses as follows:

- 1) **Real Estate Owned (REO) Strategy-** 75% of NSP funds (~\$18m) will partially fund a credit facility established to facilitate acquisition and rehabilitation of REO homes by nonprofit organizations with HPD oversight. Homes will be resold as affordable housing to families earning up to 120% of Area Median Income (AMI).

REO properties will be concentrated in the top 13 neighborhoods that have demonstrated the highest number of foreclosure auction listings resulting from mortgage and tax liens for residential properties as provided in Section A. It is in these prioritized neighborhoods that this strategy will focus.

- 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) targeting 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. HPD will utilize NSP to fund private building administrators to acquire and rehabilitate abandoned and foreclosed properties, assisting renters affected by the subprime and foreclosure crisis.

Neighborhood stabilization efforts targeting renters earning up to 50% AMI will overlap with areas identified as having the greatest need. All 11 properties identified for NSP funding in the 7A pipeline are located in neighborhoods listed in the greatest need ranking chart. Five (45%) are located within the 20 highlighted neighborhoods representing areas of concentrated foreclosures.

### *C. DEFINITIONS AND DESCRIPTIONS*

HUD Requirement: (1) Definition of “blighted structure” in context of state or local law.

City Response: “Blighted structure” or “blight” is not actually defined in the context of state or local law. However, “substandard or insanitary area” is defined in General Municipal Law Section 502.4 (GML Article 15, the Urban Renewal Law) as equivalent to a blighted area as follows:

The term "substandard or insanitary area" shall mean and be interchangeable with a slum, blighted, deteriorated or deteriorating area, or an area which has a blighting influence on the surrounding area...

HUD Requirement: (2) Definition of “affordable rents.” *Note:* Grantees may use the definition they have adopted for their CDBG program but should review their existing definition to ensure compliance with NSP program –specific requirements such as continued affordability.

City Response: For rental units, “affordable rents” are defined for NSP funded projects as rents (not including utilities) that do not exceed 30% of the prescribed income maximum, which will range from 30% of AMI to 120% of AMI.

For homeownership units, “homeownership affordability” is defined for NSP funded projects as mortgage principal, mortgage interest, taxes, insurance and utilities that do not exceed 40% of the prescribed income maximum, which will range from 81% of AMI to 120% of AMI.

HUD Requirement: (3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

City Response: HPD will hold an enforcement note and mortgage or a coordinated grant agreement on each rental property receiving NSP funding outlining long term affordability requirements and restrictions. HPD will hold an evaporating lien on each NSP funded rental and homeownership property, decreasing at 1/15 annually until the 15 year long term affordability period expires. HPD will enforce any other long term affordability requirements established by HUD relating to multifamily homeownership properties containing rental units.

HUD Requirement: (4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

City Response: Draft housing rehabilitation standards are provided in the appendix. Standards are currently being adapted for this program to comply with applicable laws, codes, and other requirements relating to housing safety, quality, and habitability, in order to sell, rent, or redevelop such homes and properties. Revisions to the attached will ensure construction standards emphasize repairing versus replacing where possible.

### *D. LOW INCOME TARGETING*

HUD Requirement: Identify 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 percent of area median income.

City Response: HPD intends to dedicate \$6,064,435, or 25% of NYC’s NSP allocation, to fund the purchase and redevelopment of abandoned or foreclosed upon residential properties for rental households whose incomes do not exceed 50% of AMI.

## *E. ACQUISITIONS & RELOCATION*

HUD Requirement: Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e.,  $\leq 80\%$  of area median income).

If so, include:

- The number of low- and moderate-income dwelling units—i.e.,  $\leq 80\%$  of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.
- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e.,  $\leq 120\%$  of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion).
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.

City Response: Although HPD does not intend to use NSP funds to demolish or convert any low- and moderate-income dwelling units, it may be possible that a small number of properties (1-3) in the REO Strategy will cost more to rehabilitate than to demolish and build as new construction housing. Therefore, eligible uses D and E have been included in this plan. Only vacant extremely distressed properties would be considered for demolition as a last resort. Properties developed through this action (an estimated maximum of 1-3 properties) would be sold as affordable homeownership units to household earning up to 120% of AMI.

## *F. PUBLIC COMMENT*

HUD Requirement: Provide a summary of public comments received to the proposed NSP Substantial Amendment.

City Response:

### Outreach

In accordance with federal regulations 24 CFR 91.105(c)(2), regarding Consolidated Plan citizen participation requirements, the City of New York conducted outreach to solicit comments on the amendment. The public was notified of the comment period in several ways. A letter announcing the public comment period was sent to approximately 2,200 New York City residents, organizations and public officials. Second, the notice was posted on the Department of City Planning's Consolidated Plan-related Internet webpage (the Department of City Planning is the City of New York's lead agency for its Consolidated Plan-related submissions). Third, a notice of the public comment period was published in three newspapers with city-wide circulation, an English-language, a Spanish-language and a Chinese-language. Lastly, a brief notice regarding the comment period was posted as a public service message on the New York City-operated local cable television access channel.

### Availability of the document

In accordance with federal regulations 24 CFR 91.105(g), regarding Consolidated Plan citizen participation requirements, the City of New York made copies of the amendment available to the public, free of charge, at the New York City Department of City Planning's Bookstore, 22 Reade Street, Lobby, New York, New York, 10007. In addition, an Adobe PDF version of the amendment was made available for free downloading from the Internet via both the Department of Housing Preservation and Development's and the Department of City Planning's websites at: [www.nyc.gov/hpd](http://www.nyc.gov/hpd) and [www.nyc.gov/planning](http://www.nyc.gov/planning), respectively.

## The summary of public comments and City responses

*COMMENTS PROVIDED BY: Association for Neighborhood and Housing Development, Inc.*

Overall ANHD provided positive comments supporting the City's proposed distribution and use of NSP funds. Support was also received for geographic targeting of areas of greatest need and utilization of NSP funds in the 7A program. However, the following comments address concerns relating to specific items in the addendum:

### *Under Section B. Distribution and Use of NSP Funds*

The City should charge the credit facility with accessing first mortgages for homeowners who will buy the REO.

City Response: Participating lenders in the credit facility will help to provide purchase mortgages and provide financing where possible for homeowners who will buy REO. It is not part of the structure of the credit facility to direct customers to banks through the facility. In addition HPD and Restored Homes will participate in a working group to facilitate the creation, communication and commitment of appropriate loan products and closing cost assistance to support first mortgages for homeowners.

In addition to 7A and AEP, ANHD recommends using the NSP dollars for the remaining TIL buildings.

City Response: 100% of tenants in the TIL building pipeline do not meet the income limit requirement of 50% of AMI for 25% of NSP funds.

### *Section C. Definitions and Descriptions*

ANHD believes "affordable rents" for NSP funded homeownership projects should be redefined to say, "principal, interest, taxes, insurance and utilities that do not exceed 40%."

City Response: HPD has amended this definition.

ANHD contends that language should be included in the enforcement note / mortgage or a coordinated grant agreement that requires the owners to maintain affordability in perpetuity.

City Response: HPD intends to require 30 year affordability periods for rental properties in the 7A and AEP programs.

For homeownership projects, ANHD believes that a shared equity model should be adopted so future re-sales are restricted to a pre-determined amount.

City Response: A shared equity model would require significantly more subsidy (i.e., home purchasers will pay less for limited equity interest and banks are unlikely to increase discounts on REO to facilitate limited equity sales pricing) and therefore the number of homeowners assisted through this program would be less.

ANHD thinks it would be both good public policy and cost effective for HPD to promote energy efficiency and the use of recycled / sustainable materials in NSP funded projects wherever possible. In terms of energy conservation, minimum standards should include replacing appliances with less than 5 years remaining of useful life with energy star rated appliances, plumbing fixtures should include water savings features, and replacing inefficient boilers.

City Response: To ensure that energy efficiency is an integral component of the REO program, HPD will explore the possibility of enrolling REO-financed projects in NYSEERDA's Home Performance with Energy Star program. Through the NYSEERDA Home Performance program, small homes of 1-4 families are eligible to receive a variety

financial incentives to put towards hiring an energy consultant and installing energy efficient items such as CFL light bulbs and Energy Star boilers. To ensure the properties are rehabbed with sustainable and healthy building materials, HPD will work with Enterprise Green Communities to create green building criteria for small homes that could be utilized in the REO program. HPD currently provides competitive points in the Low Income Housing Tax Credit's Qualified Allocation Plan, New Construction Request for Proposals and Housing Trust Fund to applicants that commit to participating in a NYSERDA program and complying with the Enterprise Green Communities Criteria. In addition to helping Restored Homes navigate participation in NYSERDA and Green Communities, HPD is committed to educating all affordable housing developers, owners, managers and tenants about resources and techniques to build, maintain and operate green homes.

In the rehabilitation standards, "New HVAC systems are not approved for this program" and should likely say "New AC systems are not approved...."

City Response: HPD has amended this standard.

*Section D. Low Income Targeting.*

ANHD believes HPD, where feasible, should permit home sales to households under 80% AMI.

City Response:

Similar to other City homeownership programs and in compliance with HUD program requirements, HPD intends to target household income levels up to 120% AMI.

G. *NSP INFORMATION BY ACTIVITY*

HUD Requirement: *COMPLETE QUESTIONS 1-11 FOR EACH ACTIVITY*

City Response:

(1) Activity Name: Real Estate Owned (REO) Strategy

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

| NSP Eligible Use  | CDBG Eligible Activity  |
|---|---|
| (A) 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- and moderate-income homebuyers. | As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206. Also, the eligible activities listed below to the extent financing mechanisms are used to carry them out. |
| (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 for homes and other residential properties.  |
| (D) Demolish blighted structures  | 24 CFR 570.201(d) Clearance for blighted structures only.   |
| (E) Redevelop demolished or vacant properties   | 24 CFR 570.201(a) Acquisition, (b) Disposition  |

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income).

City Response: This activity will meet the criteria set forth under National Objective (3) Housing activities.

(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 will use 75% (\$18,193,305) of NSP funds to partially finance a credit facility to facilitate the transition of REO properties to qualified owner-occupants.

## Background

Restored Homes Housing Development Fund Corporation (RH), a local nonprofit organization, will execute the REO program in partnership with HPD. With credit facility financing, RH will acquire and rehabilitate a series of foreclosed homes before selling them to homeowners. RH was set up to perform a similar function for HUD foreclosures in the Asset Control Area Program (ACA) and Dollar Home Program and has been successfully acquiring and rehabilitating homes through these programs with oversight from HPD. The REO Strategy is based on this tested model.

## Credit Facility

RH will acquire REO properties soon after a failed foreclosure auction at a price reflecting reduced transaction costs and/or bulk purchase using a pool of committed funds through a credit facility. The credit facility is a pool of funds that RH will borrow to acquire and rehabilitate REO properties. The credit facility will enable Restored Homes to borrow about \$31M of private capital over a fixed period of time with terms and conditions established upfront. The benefits of using a credit facility are to:

- Leverage federal grant funds and city subsidy to raise additional private funds
- Establish pool of available funds with defined terms for Restored Homes to quickly acquire bulk purchases of REO at discount prices
- Create a flow program that enables Restored Homes to continue acquisition of homes (up to a certain number) before income is generated from initial home sales

The REO strategy has a total budget, including reserves, of \$54,934,119 which will be funded by public and private resources (\$521,100 represents administrative costs). NSP funds will be used for acquisition and rehabilitation (\$13,876,137) and loan loss reserves (\$3,796,068). Total acquisition and rehabilitation sources, \$44,616,951 consist of:

- Federal subsidies (\$13,876,137)
- Loans from private lenders (\$30,740,814)

In addition about \$9,796,068 will be required to act as loan loss reserves. Loan loss reserve sources consist of:

- Federal subsidies (\$3,796,068)
- New York City Battery Park City Acquisition (BPCA) Funds (\$6,000,000)

Because this is a “flow program” with individual properties to be acquired and sold over time, the REO reserve funds will act as credit enhancement and ensure that the credit facility remains “in balance”, with the combined value of anticipated release prices of properties and reserve funds to be in excess of current and anticipated costs to rehabilitate and sell the properties held in the portfolio. The balance ratios and reserve requirements will be established in connection with the terms credit facility. With oversight from HPD and private lenders the facility will operate on a flow basis, with release prices, costs, and in-balance provision continuously calculated and monitored, to ensure the solvency of the portfolio and credit facility.

As private lenders are repaid through sales proceeds, loan loss reserves needed to maintain the facility could decrease. Public resources include funds from New York City BPCA Fund in addition to federal Neighborhood Stabilization Program funding. JP Morgan Chase will take the lead on establishing the credit facility and providing an initial investment. Other potential lenders include HSBC, Bank of America, Capital One, Signature Bank, Deutsche Bank Enterprise and LISC. Private lenders will be repaid through sales proceeds from the affordable housing rehabilitated in this program.

It is projected that each property (average of 1.8 DUs) assisted through the credit facility will cost on average \$163,249 more than it will be sold for. The NSP subsidy will cover this difference. Once the homes are ready for occupancy, they will be sold to families earning up to 120% AMI for owner-occupied homeownership.

### Acquisition

RH will work with the National Community Stabilization Trust to acquire REO properties from banks and servicers. The National Community Stabilization Trust is a new national nonprofit organization created to connect servicers and investors holding foreclosed properties with local organizations and coalitions working to stem the decline of communities with high concentrations of vacant and abandoned foreclosed properties. With the help of this new organization, HPD and RH will create standardized transaction formats and portfolio valuation and pricing models, operating on the principle that, in exchange for transactional efficiencies and certainty of sale, servicers will transfer properties at their best-offered prices.

To start the local acquisition process:

- The servicer provides a list of properties that have just reached REO to a central NYC contact created by the National Community Stabilization Trust. The "Trust" will disseminate property information to non-profit partners.
- If the property is vacant, RH is able to view the property, establish an estimated market value through an appraisal less holding costs, brokerage transaction costs, rehab required etc. and prepare a bid, before the property is placed on the market.
- RH and the servicer negotiate the discount on the property (the intention is to eventually standardize this process.)
- If a mutually agreed value is reached, RH provides a 10% deposit upon signing of the purchase of sale agreement and closes on the sale 45 days later.

The servicer will benefit from cost savings derived from the prompt sale upon the property becoming an REO asset (accounting for the cost savings of no broker listing, no repairs, and no maintenance costs). The community and City at large will benefit because these properties will be much less vulnerable to vandalism or squatters, and will be re-occupied as soon as possible, maintaining neighborhood-wide property values. Therefore, each property will be sold at a loss and no program income will be generated through the REO Strategy.

HPD's REO Strategy, targeting areas of greatest need based on the highest percent of foreclosures, high cost loans and *lis pendens* filings, supports the acquisition and (where necessary) rehabilitation of 1-4 family homes that have been recently foreclosed. Once the homes are ready for occupancy, they will be sold to families earning up to 120% AMI for owner-occupied homeownership. It is estimated that acquisition and rehabilitation costs in most cases will be greater than the maximum affordable price for a homeowner earning up to 120% AMI. Therefore, this program absolutely increases the supply of safe and affordable housing in New York City.

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

City Response: Properties will most likely be concentrated in the top ten neighborhoods of greatest need in Queens, Staten Island, Brooklyn and the Bronx shown in section A. Specific addresses are not known at this time.

(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: Approximately 85 homes (~150 dwelling units) will be acquired, rehabilitated and then sold as affordable housing to families earning between 81-120 percent of AMI. Up to 3 of these homes may be demolished and redeveloped as homeownership opportunities for families earning between 81-120 percent of AMI.

(7) Total Budget: (Include public and private components)

City Response:

| REO Strategy Total Budget                  |                 |
|--|-----------------|
| <b>Sources</b>                             |                 |
| NSP Funds                                  | \$18,193,305    |
| NY City Funds                              | \$6,000,000     |
| Private Funds                              | \$30,740,814    |
| TOTAL*                                     | \$54,934,119    |
| <b>NSP Uses</b>                            |                 |
| Admin Fees                                 | \$521,100       |
| Activities Under Eligible Uses A, B, D & E | \$17,672,205    |
| TOTAL                                      | \$18,193,305.00 |

\*Includes \$9.8M in loan loan reserves.

HPD intends to maximize its NSP allocation to subsidize acquisition and rehabilitation of 85 foreclosed and abandoned properties. Therefore, minimal administrative costs have been requested relating to projected increases in workload through July 2013 in HPD's legal department and preservation finance unit, which will require additional staffing as outlined above (total cost: \$521,100). Private and NYC funds are projected and will be finalized over the next month.

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

City Response: Oversight will be conducted by NYC Department of Housing Preservation and Development and implementation will be carried out by Restored Homes Housing Development Fund Corporation. Restored Homes is an experienced local nonprofit organization that was set up to perform a similar function for HUD foreclosures.

Contact Info: Restored Homes Housing Development Fund Corporation  
Salvatore D'Avola, Executive Director  
150 Broadway, Suite 2101  
New York, NY 10038  
(t)212-584-8981x17, (f) 212-584-8980  
[sdavola@NeighborhoodRestore.com](mailto:sdavola@NeighborhoodRestore.com)

(9) Projected Start Date:

City Response: It is HPD's intention to start this program as soon as funding is received in January 2009.

(10) Projected End Date:

City Response: July 30, 2013

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate

City Response: A minimum of a 5% discount from appraisal will be received on all properties and a 15% aggregate discount as per program requirements. However, it is HPD's intention to achieve deeper discounts through bulk purchases (30-40%).

For financing activities, include:

- range of interest rates

City Response: The interest rate assumption made for homebuyers in the REO Strategy is a rate of 7.25% for a 30 year fixed loan provided by a private financial institution. It is not HPD's intention to use NSP funding for direct homebuyer assistance.

For housing related activities, include:

- duration or term of assistance;
- tenure of beneficiaries--rental or homeownership;
- a description of how the design of the activity will ensure continued affordability

City Response: Long term affordability requirements used for homeownership under the Home Investment Partnership Program (HOME) will be applied to HPD's NSP funded programs. It is projected that all housing related activities will receive funding amounts requiring 15 year affordability periods.

HPD's REO Strategy will create homeownership opportunities. In multifamily homes (1-4 family homes), some rental opportunities will be created as well.

HPD will hold an evaporating lien on each NSP funded rental and homeownership property, decreasing at 1/15 annually until the 15 year long term affordability period expires. HPD will enforce any other long term affordability requirements established by HUD relating to multifamily homeownership properties containing rental units.

G. *NSP INFORMATION BY ACTIVITY*

HUD Requirement: *COMPLETE QUESTIONS 1-11 FOR EACH 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 for homes and other residential properties. |

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income).

City Response: This activity will meet the criteria set forth under National Objective (3) Housing activities.

(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 towards acquisition and rehabilitation of foreclosed multi-family rental buildings in poor condition housing tenants earning up to 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.

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

7A buildings identified in need of NSP funding are primarily in Manhattan and Brooklyn. Buildings have not been selected in the AEP portfolio yet. It is expected that income and other eligibility criteria data will be collected in the next weeks to inform specific project selection.

7A NSP Pipeline

| Location              | Neighborhood     | Number of Buildings | Number of DUs |
|-----------------------|------------------|---------------------|---------------|
| 126 West 123rd Street | Harlem           | 1                   | 10            |
| 696 Miller            | East New York    | 1                   | 6             |
| 483 Rogers            | Crown Heights    | 1                   | 6             |
| 142 Central Avenue    | Bushwick         | 1                   | 6             |
| 163 Suydam            | Bushwick         | 1                   | 6             |
| 211 Hull Street       | Bushwick         | 1                   | 6             |
| 6 Convent Avenue      | Hamilton Heights | 1                   | 8             |
| 420 West 150th Street | Hamilton Heights | 1                   | 12            |
| 197 Edgecombe         | Hamilton Heights | 1                   | 12            |
| 239 West 120th Street | Harlem           | 1                   | 10            |
| 1259 Decatur Street   | Bushwick         | 1                   | 6             |
|                       |                  | 11                  | 88            |

(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 11 buildings housing 88 apartments will be acquired and rehabilitated through the assistance of NSP funding. All 88 units will be occupied by families earning up to 50% AMI.

(7) Total Budget: (Include public and private components)

City Response:

| Owner-Abandoned Multifamily Property Strategy Budget |             |
|--|-------------|
| Sources  |             |
| NSP Funds  | \$6,064,435 |
| NY City Funds*                                       | TBD         |
| Private Funds  | \$0         |
| TOTAL  | \$6,064,435 |
| NSP Uses   |             |
| Admin Fees*  | \$0         |
| Activities Under Eligible Uses B                     | \$6,064,435 |
| TOTAL  | \$6,064,435 |

\*NYC will use existing resources to administer this program through 7A and AEP.

It is expected that about \$2.5M will be used for acquisition costs and the remaining \$3.5M will be used for rehabilitation costs. Estimates are subject to change and based on purchase negotiations and exact scopes of work to be determined.

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

City Response:

Contact Info: NYC Department of Housing Preservation and Development  
Rachel Fee, Senior Project Manager, Strategic Planning Group  
100 Gold Street, Room 5B-6  
New York, NY 10038  
(t) 212.863.6692, (f) 212.863.7450  
[feer@hpd.nyc.gov](mailto:feer@hpd.nyc.gov)

(9) Projected Start Date:

City Response: It is HPD's intention to start this program as soon as funding is received in January 2009.

(10) Projected End Date:

City Response: July 30, 2013

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate

City Response: A minimum of a 5% discount from appraisal will be received on all properties and a 15% aggregate discount as per program requirements.

For financing activities, include:

- range of interest rates

City Response: N/A

For housing related activities, include:

- duration or term of assistance;
- tenure of beneficiaries--rental or homeownership;
- a description of how the design of the activity will ensure continued affordability

City Response: Long term affordability requirements used for homeownership under the Home Investment Partnership Program (HOME) will be applied to HPD's NSP funded programs. It is projected that all housing related activities will receive funding amounts requiring 15 year affordability periods.

HPD's Owner-Abandoned Multifamily Property Strategy will create rental opportunities for very low income families.

HPD will hold an enforcement note and mortgage or a coordinated grant agreement on each rental property receiving NSP funding outlining long term affordability requirements and restrictions. All tenants upon initial lease-up must earn no more than 50% AMI.

## APPENDICES

1. Draft Rehabilitation Standards
2. Certifications – Alternate NSP Certifications
3. Maps – Areas of Greatest Need
4. Participating Agencies
5. NSP Substantial Amendment Checklist

## APPENDIX 1: DRAFT REHABILITATION STANDARDS

- Real Estate Owned (REO) Strategy
- Owner-Abandoned Multifamily Property Strategy

**RESTORED HOMES HDFC  
Real Estate-Owned (REO) PROGRAM**

**REHABILITATION STANDARDS**

**Intent**

The intent of the REO program is to return foreclosed 1 – 4 family properties to full use for low- and moderate-income families by rehabilitating them as needed, and ensuring that they are marketable. The goal is to ensure that major building systems are fully and safely functioning and have a predictable useful life. However, the program is not primarily a gut rehabilitation program whereby most, if not all of the interiors and building systems, are demolished and rebuilt as new. The spirit of the program is characterized in the following way, “Required repairs are limited to those repairs necessary to preserve the continued marketability of the property and to protect the health and safety of the occupants”. The program expectation is that most properties will not require gut rehabs with layout changes and/or changes to the existing Certificate of Occupancy (CO). As a result, it is expected that Restored Homes HDFC (“RH”) will be able to accomplish the renovation with minimal filings by the contractor or through use of a Directive 14.

The condition of REO properties is likely to be varied, ranging from homes that will be in good condition and require minimal home improvement-type repairs to homes that will require extensive renovations in to be safely occupied. The rehabilitation standards described below provide a general approach to the renovation of REO properties. It is expected that RH and its partners will hire design professionals and other consultants as required to develop scopes of work, develop construction documents when needed and select building materials.

Mission and Housing Values

This Program’s mission is “to eliminate neighborhood blight through renovation while providing families with safe, secure and affordable homes.”

The values that flow from this mission for this program are as follows:

- New installations in conformance with New York City building codes and laws and HUD standards
- Building systems must be safe to operate, be protected from destructive elements, have reasonable future utility, durability and economy, and have adequate capacity and quality; and have a one-year warranty for new systems, fixtures and appliances (to be provided by manufacturer)
- Housing free of lead-based paint hazards and other environmental hazards (asbestos, mold, etc.)
- Appropriate exterior renovations

**I - Site Improvements**

| <b>Outbuildings</b>  |  |
|--|--|
| <b>Repair Standard</b>   |  |
| Minor repairs are permitted to remove hazards, improve safety and return buildings to full use. Unsafe and blighted outbuildings shall be removed if it is not financially feasible to complete the repairs required to make them structurally sound, leak free, with lead hazards stabilized. Detached garages should have operable and lockable doors. |  |
| <b>Replacement Standard</b>  |  |
| Replacement of outbuilding is not permitted.   |  |

| <b>Paving And Walks</b>  |
|--|
| <b>Repair Standard</b>   |
| Each property must be provided with a safe and adequate pedestrian or vehicular access from a public street. Tripping hazards must be eliminated or highly deteriorated essential paving must be replaced to match surrounding paving. |
| <b>Replacement Standard</b>  |
| Non-reparable essential walks shall be replaced with concrete as per local codes.  |

| <b>Trees</b>  |
|---|
| <b>Repair Standard</b>  |
| Remove or trim trees on the property that are too close to the structure. Removal of such hazardous trees must follow local laws. |
| <b>Replacement Standard</b>   |
| No replacement trees are permitted.   |

| <b>Lawn/Landscaping</b>  |
|--|
| <b>Repair Standard</b>   |
| Yards and lawns should receive rigorous raking when needed to remove glass, debris and weeds. Re-seed lawns when necessary. The site must be graded so as to provide positive, rapid drainage away from the perimeter walls of the building and to prevent ponding of water on the site. |
| <b>Replacement Standard</b>  |
| Wholesale replacement of lawn grasses is not allowed.  |

## II - Exterior Surfaces

| <b>Exterior Cladding</b>   |
|--|
| <b>Repair Standard</b>   |
| All siding and trim should be intact and weatherproof. Replace missing trim pieces. Existing vinyl and aluminum siding that is in good condition can be repaired, washed and, if needed, caulked and painted to match existing. Paint aluminum cladding as necessary. All exterior <u>wood</u> components must have a minimum of one continuous coat of paint, and no exterior painted surface will have any deteriorated paint. New exterior finishes shall blend with existing and wood will be spot primed and top coated in a lead safe manner. Asbestos tiles shall be addressed in accordance with local laws. |
| Brick, stone and mortar must be stable and weather tight. Repairs such as repointing and the minor replacement of masonry components are permitted and must conform to historic standards if applicable.   |
| <b>Replacement Standard</b>  |
| Wholesale replacement of exterior cladding is not permitted. .   |

| <b>Exterior Porches</b>   |
|---|
| <b>Repair Standard</b>  |
| Deteriorated wood and concrete porches shall be repaired when they are structurally sound and it is financially feasible. Unsafe or deteriorated wood porch components shall be repaired with readily available materials. Porch repairs will restore the integrity of the structure with smooth and even decking surfaces and integrated components. Deteriorated wood structural components shall be replaced with preservative treated wood. Any repairs done must meet local code requirements. |
| <b>Replacement Standard</b>   |
| If a front stoop or porch is not structurally sound it must be replaced. When necessary decks shall be replaced with preservative treated decking. Replacement railings shall meet code. Replaced wood structural components shall be preservative treated.   |

| <b>Exterior Railings</b>  |
|---|
| <b>Repair Standard</b>  |
| Existing handrails shall be structurally sound. Guard rails are required on any accessible area over 36" above ground level (i.e, porches or decks). Railings may be repaired, rather than replaced, if it is possible to maintain the existing style.                    |
| <b>Replacement Standard</b>   |
| Handrails will be present on one side of all interior and exterior steps or stairways with more than two risers and around porches or platforms over 30" above ground level, and shall meet local codes. Wood and metal railings are permissible as replacement railings. |

| <b>Exterior Steps and Decks</b>  |
|--|
| <b>Repair Standard</b>   |
| Masonry and stone steps and porches will be repaired as needed to provide water tight surfaces, intact brick work and no spalling. If present conditions cannot be corrected to good repair standard, replacement can be considered. Steps and stairways leading to entrances and exterior decks must be structurally sound, reasonably level, with smooth surfaces. Repairs shall match existing materials. |
| <b>Replacement Standard</b>  |
| If exterior steps are not structurally sound, they must be replaced. In non-historic structures or on decks that are not visible from public thoroughfares wood decking may be replaced with preservative treated material and new steps shall be constructed from nominal preservative treated wood.  |

| <b>Exterior House Numbers and Mailboxes</b>  |
|--|
| <b>Repair &amp; Replacement Standard</b>   |
| All houses shall have house numbers clearly displayed near the front door, and a mailbox as required by the US Postal Service. |

### III - Foundations & Structure

| <b>Partywalls/Firewalls</b>  |
|--|
| <b>Repair Standard</b>   |
| Party walls shall be maintained without cracks and plaster deterioration. Wood framed party walls shall be covered with 5/8" type X gypsum, glued and/or screwed to structure. |
| <b>Replacement Standard</b>  |
| When frame walls and floors adjoining other dwellings are gutted, new wall structure and finish installations will conform to local fire and code requirements.                |

| <b>Foundations</b>  |
|---|
| <b>Repair Standard</b>  |
| All foundations must be adequate to withstand all normal loads imposed. Stone and brick foundations are acceptable if they are in good condition. Foundations must be free of cracks, deterioration, water infiltration, mold, bowing and settling. If these inspections identify major problems, contractors are advised to obtain an opinion from a licensed structural engineer. Foundations should be repaired to be sound, reasonably level, and free from movement. Every effort must be made to eliminate/minimize water infiltration. |
| <b>Replacement Standard</b>   |
| It is possible that Restored Homes will take ownership of a building in which foundation replacement is required. Foundation replacements (full or partial) may be done only with prior approval from Restored Homes, under the supervision of qualified professionals and must meet local code requirements and standard construction technology.  |

| <b>Structural Walls/Floors</b>  |
|---|
| <b>Repair Standard</b>  |
| Defective construction, poor workmanship, evidence of continuing settlement, excessive dampness, leakage, decay, termites, or other conditions impairing the safety, sanitation or structural soundness of the building must be corrected prior to the sale of the property to the homeowner.   |
| Structural framing and masonry shall be free from visible cracks, deterioration, rot, and serious termite damage. Structural walls must be adequately sized to carry future loads. Prior to rehab, all properties must be fully inspected to identify any damaged, burned, sagging, rotting or deteriorated structural members. Deteriorated structural members must be replaced according to sound design principals and local codes. Exterior masonry walls must be inspected and repointed as necessary to stabilize bricks and to eliminate water infiltration. |
| When a bathroom or kitchen tile floor is cracked or not level, a visual inspection of the floor framing is recommended to confirm the structural integrity of wood members that are supporting the bathroom and kitchen floor.  |
| <b>Replacement Standard</b>   |
| New structural walls shall be constructed and insulated according to building codes and standard practices.   |

| <b>Floor Plans – Room Layout</b>  |
|---|
| <b>Repair Standard</b>  |
| In general, the intent of the REO Program is to maintain the existing occupancy of properties (if legal) and maintain the existing layouts. Layout changes are permissible only in extreme cases in which there are illegal partitions or unusable spaces. If there is an existing Certificate of Occupancy, illegal partitions may be removed to improve the floor plan and traffic patterns. If there is not a C of O it is strongly suggested that the floor plan not be modified. |
| <b>Replacement Standard</b>   |
| Changes to the floor plan are permitted only in extreme cases and with prior approval from Restored Homes staff. If layout changes are ultimately permitted, the design must meet Housing Quality Standards.  |

#### **IV - Windows and Doors**

| <b>Interior Doors/Hardware</b>  |
|---|
| <b>Repair Standard</b>  |
| All baths and bedrooms shall have operating doors and privacy lock sets in accordance with applicable laws and codes.(i.e, rooms with fire escape access cannot have privacy locks) |
| <b>Replacement Standard</b>   |
| Hollow core, pressed wood product consistent with the style of existing doors including a lock set. Any replacement to common hallway doors must meet local fire codes.             |

| <b>Exterior Doors</b>  |
|--|
| <b>Repair Standard</b>   |
| Exterior doors shall be solid, weather stripped, and operate smoothly. They shall include a dead bolt, and an entrance lock set.         |
| <b>Replacement Standard</b>  |
| Solid wood and steel panel doors may be installed at front and rear entrances. Dead bolt locks will be installed on all exterior doors.. |

| <b>Windows</b>   |
|--|
| <b>Repair Standard</b>   |
| All windows must be operable and remain in position when opened and lock when closed. Where feasible, windows may be repaired so that they are air and water tight, operate smoothly and properly sealed. Balances may be replaced to make windows operable. |
| <b>Replacement Standard</b>  |
| Windows that test positive for lead paint, are constructed of wood with a single pane of glass, or are not repairable may be replaced. New windows must be operable vinyl or aluminum with low E double glazing and insect screens.                          |

| <b>Basement Windows</b>   |
|---|
| <b>Repair Standard</b>  |
| The Basement windows must be repaired so they are air and water tight. In the absence of operable windows, mechanical ventilation must be provided. |
| <b>Replacement Standard</b>   |
| Windows that test positive for lead may be replaced.  |

**V - Roofing**

| <b>Flat and Low Slope Roofing</b>   |
|---|
| <b>Repair Standard</b>  |
| The roof must prevent entrance of moisture and provide reasonable future utility, durability and economy of maintenance. All roofs shall be inspected on the surface and from within the roof cavity for leaks, flashing and structural issues. An existing roof that is not being replaced should be free of ponding water, and lay flat upon the decking. Flashing and accessories shall be repaired if their minimum life is questionable. If there is evidence of isolated leaks, those leaks must be repaired and eliminated. If there are multiple leaks a single-ply cap sheet be installed to cover the entire roof. Contractors must guarantee that a cap sheet will be guaranteed free from leaks for a minimum of one calendar year from the date of purchase by the homeowner.    |
| <b>Replacement Standard</b>   |
| When re-roofing is needed for a defective roof, already consisting of three layers of membrane, all old membranes must be removed prior to re-roofing. In accordance with applicable laws and codes, the roof should be tested for asbestos and abated accordingly. The standard suggested on a flat or low sloped roof is for a cold trowel applied modified bituminous roof membrane. If a new roof is required, the contractor must cut bubbled areas and inspect for deteriorated or rotted underlayment. Where there is evidence of roof damage, the built up roof material must be removed down to the underlayment, which shall be replaced with new materials prior to re-roofing. Contractors must provide a 10-year manufacturer and installer warranty for a newly installed roof. |

| <b>Pitched Roofs</b>  |
|---|
| <b>Repair Standard</b>  |
| Missing and leaking shingles and flashing shall be repaired on otherwise functional roofs. Slate, metal and tile roofs shall be repaired when at all possible. Antennae shall be removed. |
| <b>Replacement Standard</b>   |
| No more than 2 layers of roofing are permitted. If replacement is required use fiberglass, asphalt, 3 tab, class A shingles with a prorated 25-year warranty.                             |

| <b>Gutters and Downspouts</b>  |
|--|
| <b>Repair Standard</b>   |
| Gutters and downspouts must be in good repair, leak free, and must collect storm water from all lower roof edges and slope properly to downspouts. Downspouts must be intact and carry water to grade without unintended discharge. Downspouts must divert water away from the foundation walls. |
| <b>Replacement Standard</b>  |
| Seamless gutters and downspouts will be installed and properly sloped to collect storm water from all lower roof edges. Downspouts must divert water away from the foundation walls.   |

## **VI - Insulation and Ventilation**

| <b>Roof Ventilation</b>   |
|---|
| <b>Repair Standard</b>  |
| Roofs shall be properly vented in accordance with applicable laws and codes. Flat roofs and sloped roofs have different ventilation methods and requirements. |
| <b>Replacement Standard</b>   |
| The venting requirement is the same as with the Repair Standard above.  |

| <b>Bath Ventilation</b>   |
|---|
| <b>Repair Standard</b>  |
| All baths must have either an operable window or existing functional mechanical ventilation to meet local code. |
| <b>Replacement Standard</b>   |
| All baths must have either an operable window or mechanical ventilation to meet local codes....                 |

| <b>Kitchen Ventilation</b>   |
|--|
| <b>Repair Standard</b>   |
| All kitchens must have either an operable window or existing functional mechanical ventilation to meet local code. |
| <b>Replacement Standard</b>  |
| All kitchens must have either an operable window or mechanical ventilation to meet local code.                     |

| <b>Infiltration</b>  |
|--|
| <b>Repair Standard</b>   |
| All exterior and interior cracks and separations in the exterior walls of the cellar and living floors of the building shall be caulked tight to prevent air infiltration. Caulking to include foundation walls and joist shelves and pockets, all doors, and windows, baseboards, and floor and wall pipe penetrations. |
| <b>Replacement Standard</b>  |
|  |

| <b>Insulation</b>   |
|---|
| <b>Repair Standard</b>  |
| Attic insulation shall be brought to a minimum of R 30 with soffit baffles installed if necessary to maintain ventilation at the eaves  |
| <b>Replacement Standard</b>   |
| Attic insulation shall be a minimum of R30 with soffit baffles installed if necessary to maintain ventilation at the eaves. All exterior walls opened in the course of renovations shall be insulated with un-faced fiberglass batts to R13 for 2x4 framing.. |

| <b>Closets</b>  |
|---|
| <b>Repair Standard</b>  |
| Existing closets will be maintained in good repair and have a shelf and clothes rod.  |
| <b>Replacement Standard</b>   |
| New closets may be created if there is a significant lack of storage space and the budget permits. New closets will have a depth of two feet and include a shelf and clothes rod. |

***VII - Interior Standards***

| <b>Interior Walls and Ceilings</b>  |
|---|
| <b>Repair Standard</b>  |
| Walls shall be intact and generally smooth, without chipping paint, mold, or deteriorated plaster. Holes, |

cracks and deteriorated and un-keyed plaster shall be repaired to match the surrounding surfaces. All visual surfaces shall be stabilized to minimize lead paint hazards using premium vinyl acrylic paint.

**Replacement Standard**

When necessary plaster will be replaced by gypsum board. Fire rated assemblies shall be specified on a project by project basis as required by local codes.

**Flooring**

**Repair Standard**

Damaged wood floor will be covered with carpet, replaced with VCT tile or repaired, sanded and finished with a final coat of polyurethane. Repaired wooden floors will be stained to provide an even floor color.

Kitchen floors shall be covered with water resistant VCT tile flooring. Damaged wood floor/underlayment below will be repaired.

Bathroom floors comprised of ceramic tiles will be repaired and re-grouted as necessary.

Basement floors shall be continuous concrete, with major cracks and damaged areas repaired.

**Replacement Standard**

Kitchens shall receive new VCT tile over plywood underlayment. Bathrooms shall receive new ceramic tile after removal of existing. New basement slabs shall be at least 3" thick and a 6 mil vapor barrier. Other rooms may be replacement carpet or VCT tiles.

**Hazmat Testing and Clearance**

**Repair Standard**

All properties shall undergo visual "Risk Evaluations" and be treated with the most affordable interior, exterior and site clean-up to clearance standards. Properties shall pass HUD lead dust clearance standards prior to occupancy.

**Replacement Standard**

When stabilization of surfaces containing Lead-Based Paint (LBP) is impractical the most affordable solution for abatement of the component will be chosen. Walls containing LBP may be covered with drywall or gutted and replaced with drywall. Trim and other wood or metal components containing LBP may be removed and replaced with similar materials.

**Kitchen Cabinets, Countertops and Appliances**

**Repair Standard**

Kitchens will have adequate countertop with base and wall cabinets to match. Existing cabinets with hardwood doors and face frames may be repaired if in good condition. All cabinets and countertops will be sound and cleanable. Kitchens shall have a minimum of the following: single bowl sink in good repair, cooking range, refrigerator, drawer base, a standard base cabinet, waterproof, an easily cleanable countertop for all base cabinets, and wall cabinets above base cabinets whenever practical. All kitchens should have a minimum of two separate 20 amp counter outlets, an outlet at the stove and an outlet for the refrigerator. Existing appliances in good working order shall be retained.

**Replacement Standard**

New kitchen cabinets will have solid slab hardwood doors and solid wood face frames. Countertops shall be plastic laminate applied to ¾ in plywood with back and side splashes. Replacement appliances shall include 7 inch deep sink, single lever faucet, 30 inch stove, mechanical vent above stove, 16 cubic foot refrigerator and dishwasher in owner's unit if space allows. .

## VIII - Electric

| <b>Ground Fault Interrupter Circuits</b>   |
|--|
| <b>Repair Standard</b>   |
| All devices should be tested for grounding and amps. Non functioning GFCIs shall be replaced. Kitchen counter, bath, and laundry receptacles within 6' of a sink shall be replaced with a GFCI protected receptacle or protected by a GFCI device. |
| <b>Replacement Standard</b>  |
| Kitchen counter, bath, and laundry receptacles within 6' of a sink shall be replaced with a GFCI protected receptacle or protected by a GFCI device.   |

| <b>Kitchen Electric Distribution</b>   |
|--|
| <b>Repair Standard</b>   |
| Existing electrical receptacles, fixtures and switches shall be safe and in good repair. There shall be a minimum of two duplex electrical receptacles per kitchen and a switched light.                       |
| <b>Replacement Standard</b>  |
| Permanently installed or proposed stoves, refrigerators, dishwashers, washer and dryers shall have separate circuits sized to N.E.C. Two separate 20 amp counter circuits are required with each kitchen area. |

| <b>Passage Lighting</b>  |
|--|
| <b>Repair Standard</b>   |
| All lights and switches in hallways, stairs and other passages shall be operable and safe.   |
| <b>Replacement Standard</b>  |
| All halls, stairs and rooms necessary to cross to other rooms and stairways must be well lighted. Basements must have florescent utility fixtures. |

| <b>Alarms</b>  |
|--|
| <b>Repair Standard</b>   |
| Existing smoke, and CO systems that meet code shall be repaired to operating condition per local code. |
| <b>Replacement Standard</b>  |
| Smoke detectors and CO detectors are required on each dwelling floor per local code.                   |

| <b>Interior Electric Distribution</b>   |
|---|
| <b>Repair Standard</b>  |
| Houses should be delivered with adequate wiring. Ensure that there is an adequate number of duplex outlets and one light fixture or receptacle switch at each room entrance. Where the source wiring circuit is accessible (i.e. first floor above basements, in gutted rooms, etc.), receptacles will be grounded. All switch, receptacle, and junction boxes shall have appropriate cover plates. Wiring shall be free from hazard and all circuits shall be properly protected at the panel. Basements shall have adequate lighting. |
| <b>Replacement Standard</b>   |
| If it is determined that the home needs an electrical upgrade or complete overhaul, the rewiring shall meet appropriate local and/or National Electric Code.  |

| <b>Service and Panel</b>  |
|---|
| <b>Repair Standard</b>  |
| Electric service must be independent for each living unit except that common services may be provided for living units under a single ownership. Distribution panels shall have a main disconnect, at least 10 circuit breaker protected circuits, a 100 amp minimum capacity and be adequate to safely supply existing and proposed devices. |
| <b>Replacement Standard</b>   |
| 100 amp service with a main disconnect panel containing at least 24 circuit breaker positions per living unit.  |

## IX - Plumbing System

| <b>Drain, Waste, Vent Lines</b>  |
|--|
| <b>Repair Standard</b>   |
| Waste and vent lines must function without losing the trap seal.           |
| <b>Replacement Standard</b>  |
| Waste and vent lines shall be replaced according to local mechanical code. |

| <b>Water Supply</b>  |
|--|
| <b>Repair Standard</b>   |
| All lead and galvanized water piping shall be replaced with copper per code. All hot and cold water lines in basements shall be insulated with foam pipe insulation. The main shut off valve must be operable and completely stop the flow of water to the house. All fixtures must be leak free and deliver sufficient cold water and where applicable hot water. |
| <b>Replacement Standard</b>  |
| The Main shut off valve must be operable and completely stop the flow of water to the house, and should be replaced if it does not. Lead and galvanized pipe that is part of the water service or the distribution system shall be replaced with copper. All fixtures shall have shut off valves. One, freeze protected exterior hose bib is required.             |

| <b>Plumbing Fixtures</b>  |
|---|
| <b>Repair Standard</b>  |
| All fixtures and faucets shall have working, drip-free components.  |
| <b>Replacement Standard</b>   |
| Single lever, metal faucets and shower diverters with manufacturer drip-free warranty. Single bowl 7 inch deep stainless steel kitchen sinks, white vitreous china low flow toilets (1.6 Gal), vitreous china vanity sinks with wood or plastic laminate vanity cabinets, and composite-backed steel tubs . |

| <b>Plumbing Minimum Equipment</b>   |
|---|
| <b>Repair Standard</b>  |
| Existing equipment be in good working order, without leaks or damages.  |
| <b>Replacement Standard</b>   |
| Every dwelling unit shall have a minimum of one single-bowl sink with hot and cold running water in the kitchen and at least one bathroom containing a vanity with a sink, and a shower/tub unit, both with hot and cold running water, and a toilet. Redesigned kitchens will include a dishwasher if possible. All new installations will be to code. |

| <b>Water Heaters</b>  |
|---|
| <b>Repair Standard</b>  |
| If water heaters appear to be under 5 years old, test operation and repair as necessary. Each housing unit type shall have a functioning domestic hot water coil or a working water heater less than 5 years old with a minimum capacity of 40 Gal for a 2-bedroom house and 50 gallons for a 3-bedroom house. Non functional water heaters less than 3 years old may be repaired if it is clear that a repair will make it operable. |
| <b>Replacement Standard</b>   |
| If hot water heaters appear to be older than 5 years, they should be replaced. All new water units shall be 40 or 50 gallons depending upon house size, with a manufacturer 10-year warranty, installed according to the mechanical code. If a house has more than one unit (and a total of four or more bedrooms) then a 75 gallon heater may be installed.  |

## **X - HVAC**

| <b>Air Conditioning</b>  |
|--|
| <b>Repair Standard</b>   |
| Non functioning, non repairable air conditioners shall be removed and drained of all CFCs. Existing central air conditioning shall be inspected, serviced and refurbished to operate safely. Clean existing ducts, replace valves and vents. |
| <b>Replacement Standard</b>  |
| New air conditioning systems are not approved for this program.  |

| <b>Chimney Repair</b>   |
|---|
| <b>Repair Standard</b>  |
| Unused chimneys shall be capped with 2 inch masonry with a 2 inch drip edge and made water tight. Working chimneys will be pointed as needed to make chimney water tight. Unsound chimneys shall be repaired or removed. When chimneys must be used for combustion ventilation, they shall be relined. Clean operable chimneys. |
| <b>Replacement Standard</b>   |
| Replacement furnace flues when required shall be as recommended by the furnace manufacturer.  |

| <b>Distribution System</b>   |
|--|
| <b>Repair Standard</b>   |
| Existing systems (hot water distribution, steam and hot air) shall be repaired and well supported to provide adequate heat in the home as per the housing maintenance code. Clean operable ducts and replace damaged or malfunctioning valves, vents and or radiators. |
| <b>Replacement Standard</b>  |
| Any replacement to the distribution system shall be circulating hot water system with baseboard heating through a gas-fired boiler.  |

| <b>Heating Plant</b>  |
|---|
| <b>Repair Standard</b>  |
| Workable existing heating systems shall be inspected and serviced to operate in a safe manner. All thermostats shall be tested to see if operating properly.  |
| <b>Replacement Standard</b>   |
| Gas fired plants shall be rated at 85% AFUE or better. Heat pumps shall be rated at 13 SEER or better. All thermostats should have a digital display, allowing the user to read and set a specific temperature and allow programming for daily use. |

## Owner-Abandoned Multifamily Property Strategy: Draft Rehabilitation Standards

The 7A Program is a stabilization program and AEP is an enforcement and emergency repair program, therefore rehabilitation standards are building specific based on the individual buildings conditions.

In general, the work is divided into two scopes exterior and interior:

Exterior work may include roof replacement, façade repair and window repair or replacement. Exterior work focuses on building insulation, protecting buildings from water penetration.

Interior work may include lead abatement, replacement of boiler in buildings that have archaic heating systems and upgrades to plumbing and electrical systems. Renovations planned in individual apartments are also in response to existing conditions, therefore the repairs consists of curing housing code violations, in the most egregious cases the conditions call for complete bathroom and kitchen upgrades.

## APPENDIX 2: CERTIFICATIONS

The following Alternative NSP (Neighborhood Stabilization Program) Certifications are New York City's written pledge to uphold and comply with specific governmental regulations, requirements and statutes concerning the use and disbursement of federal Neighborhood Stabilization Program funds. The Alternative Certifications are exclusively for NSP grant-funded activities in that they waive and/or replace certain regulations specific to the City's annual Community Development Block Grant (CDBG) program in order to conform to the enabling legislation as described in the Housing and Economic Recovery Act (HERA) of 2008. For the City's Community Development Block Grant-funded activities the Specific CDBG Certifications remain in effect. Please refer to the amended *2008 Consolidated Plan*, Volume 2, Part II., Other Actions, Section K., Certifications.

## Alternative NSP Certifications

**Affirmatively furthering fair housing** -- The jurisdiction certifies that it 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.

**Anti-lobbying** - - The jurisdiction must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.

**Authority of jurisdiction** -- The jurisdiction certifies that the Consolidated Plan is authorized under state and local law (as applicable) and that 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.

**Consistency with Consolidated Plan** -- The jurisdiction certifies that the housing activities to be undertaken with NSP funds are consistent with its Consolidated Plan.

**Acquisition and relocation** -- The jurisdiction certifies that it 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.

**Section 3** -- The jurisdiction certifies that it 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.

**Citizen participation** -- The jurisdiction certifies that it is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105, as modified by NSP requirements.

**Following a Plan** -- The jurisdiction certifies it is following a current Consolidated Plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.

**Use of funds** -- The jurisdiction certifies that it will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using all of its grant funds within 18 months of receipt of the grant.

**Use NSP funds  $\leq$  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.

**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.

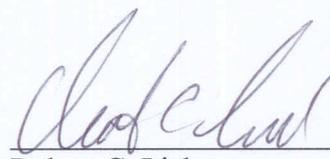
**Excessive force** --The jurisdiction certifies that it has adopted and is enforcing:

- a. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and
- b. 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 nonviolent civil rights demonstrations within its jurisdiction.

**Compliance with anti-discrimination laws** -- The jurisdiction certifies that 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.

**Compliance with lead-based paint procedures** -- The jurisdiction certifies that its activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

**Compliance with laws** -- The jurisdiction certifies that it will comply with applicable laws.

  
\_\_\_\_\_  
Robert C. Lieber  
Deputy Mayor, City of New York

10/31/08  
Date

## APPENDIX 3: MAPS

### AREAS of GREATEST NEED

The following maps show those New York City Sub-borough Areas (SBAs), by borough, which have been identified as areas requiring emergency assistance to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight. The following is a listing of Sub-borough Area number and associated the neighborhood name(s), by borough.

#### Bronx

- |                                |  |
|--------------------------------|--|
| 1) Mott Haven/Hunts Point      | 6) Riverdale/Kingsbridge (includes Marble Hill in Manhattan) |
| 2) Morrisania/East Tremont     | 7) Soundview/Parkchester                                     |
| 3) Highbridge/South Concourse  | 8) Throgs Neck/Co-op City                                    |
| 4) University Heights/Fordham  | 9) Pelham Parkway  |
| 5) Kingsbridge Heights/Mosholu | 10) Williamsbridge/Baychester                                |

#### Brooklyn

- |   |                              |
|---|------------------------------|
| 1) Williamsburg/Greenpoint              | 10) Bay Ridge                |
| 2) Brooklyn Heights/Fort Greene         | 11) Bensonhurst              |
| 3) Bedford Stuyvesant                   | 12) Borough Park             |
| 4) Bushwick                             | 13) Coney Island             |
| 5) East New York/Starrett City          | 14) Flatbush                 |
| 6) Park Slope/Carroll Gardens           | 15) Sheepshead Bay/Gravesend |
| 7) Sunset Park                          | 16) Brownsville/Ocean Hill   |
| 8) North Crown Heights/Prospect Heights | 17) East Flatbush            |
| 9) South Crown Heights                  | 18) Flatlands/Canarsie       |

#### Manhattan

- |   |                               |
|---|-------------------------------|
| 1) Greenwich Village/Financial District | 6) Upper East Side            |
| 2) Lower East Side/Chinatown            | 7) Morningside/Hamilton Hgts. |
| 3) Chelsea/Clinton/Midtown              | 8) Central Harlem             |
| 4) Stuyvesant Town/Turtle Bay           | 9) East Harlem                |
| 5) Upper West Side                      | 10) Washington Heights/Inwood |

#### Queens

- |                             |                                   |
|-----------------------------|-----------------------------------|
| 1) Astoria                  | 8) Hillcrest/Fresh Meadows        |
| 2) Sunnyside/Woodside       | 9) Kew Gardens/Woodhaven          |
| 3) Jackson Heights          | 10) Howard Beach/South Ozone Park |
| 4) Elmhurst/Corona          | 11) Bayside/Little Neck           |
| 5) Middle Village/Ridgewood | 12) Jamaica                       |
| 6) Forest Hills/Rego Park   | 13) Bellrose/Rosedale             |
| 7) Flushing/Whitestone      | 14) Rockaway                      |

#### Staten Island

- 1) North Shore    2) Mid-Island    3) South Shore

# Areas of Greatest Need\*

## by Sub-Borough Areas

### Bronx, 2008

 Sub-borough Area of Greatest Need

*\* Areas requiring emergency assistance to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight. Areas represent 80% of foreclosures in New York City when ranked in descending order.*



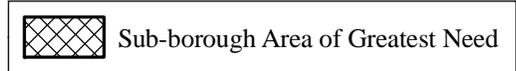
Source: Foreclosure and Lis Pendens (Pre-foreclosure default notice) data - Property Shark, 01/07/2007 to 09/30/2008. Repeat/duplicate listings within each file are counted once per data source, on the first occurrence of the action is listed for the same borough/block/lot (BBL), with the same defendant name, and within the same 365-day timeframe.  
 High-Cost Loans data - HMDA 01/01 through 12/31/2006  
 Sub-borough Areas - NYC Dept. of Housing Preservation and Development.

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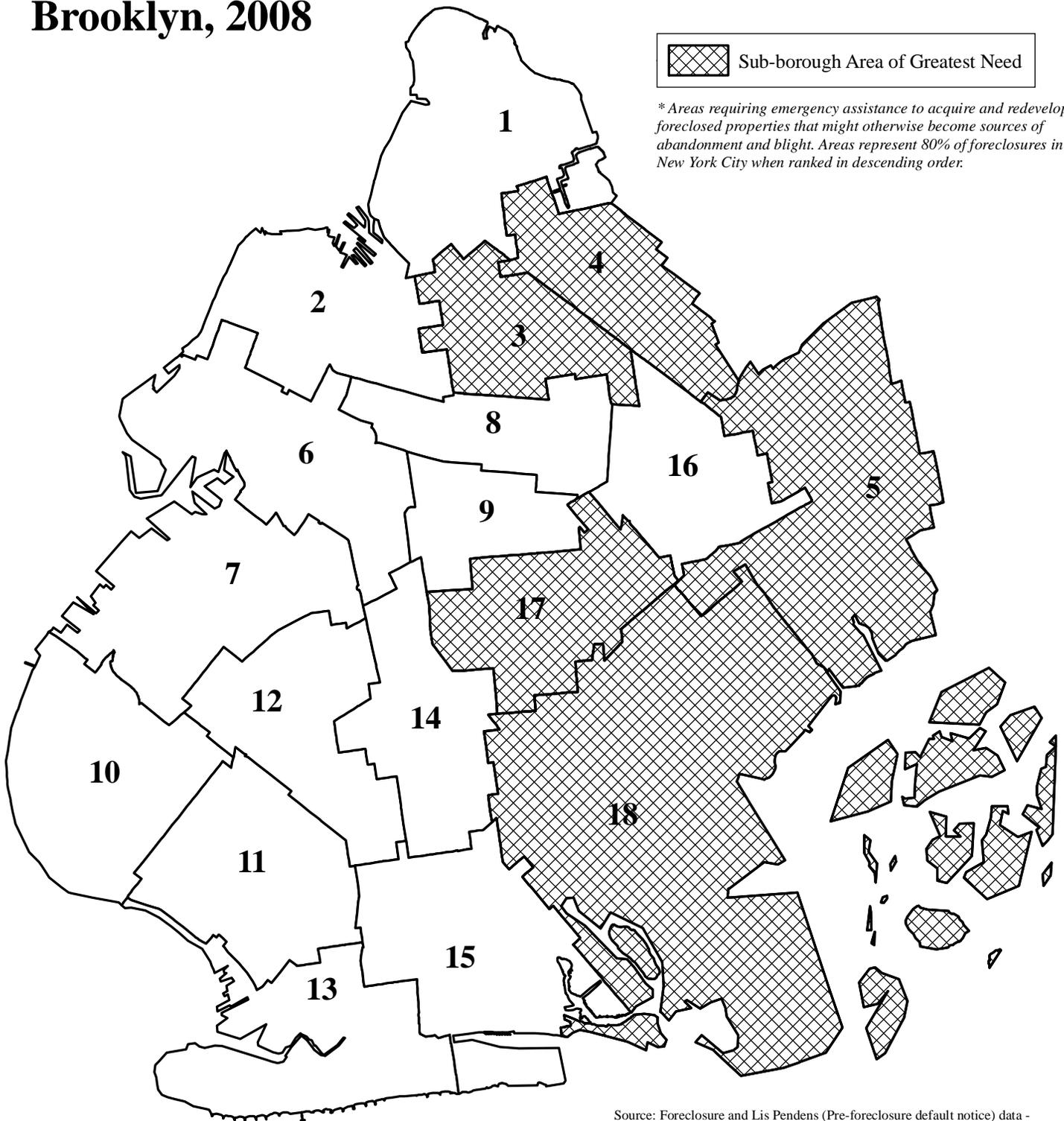
# Areas of Greatest Need\*

## by Sub-Borough Areas

### Brooklyn, 2008



*\*Areas requiring emergency assistance to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight. Areas represent 80% of foreclosures in New York City when ranked in descending order.*



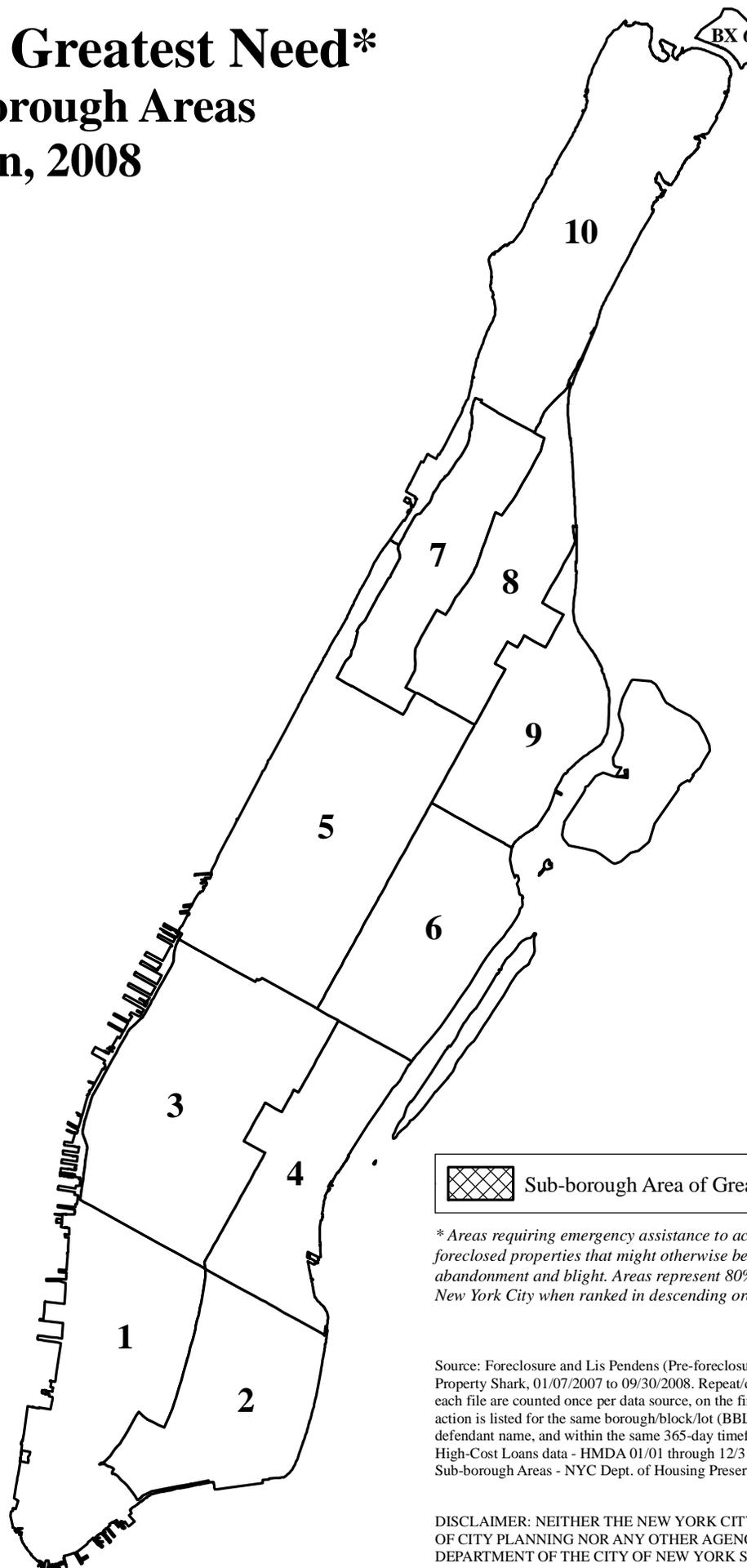
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# Areas of Greatest Need\*

## by Sub-Borough Areas

### Manhattan, 2008



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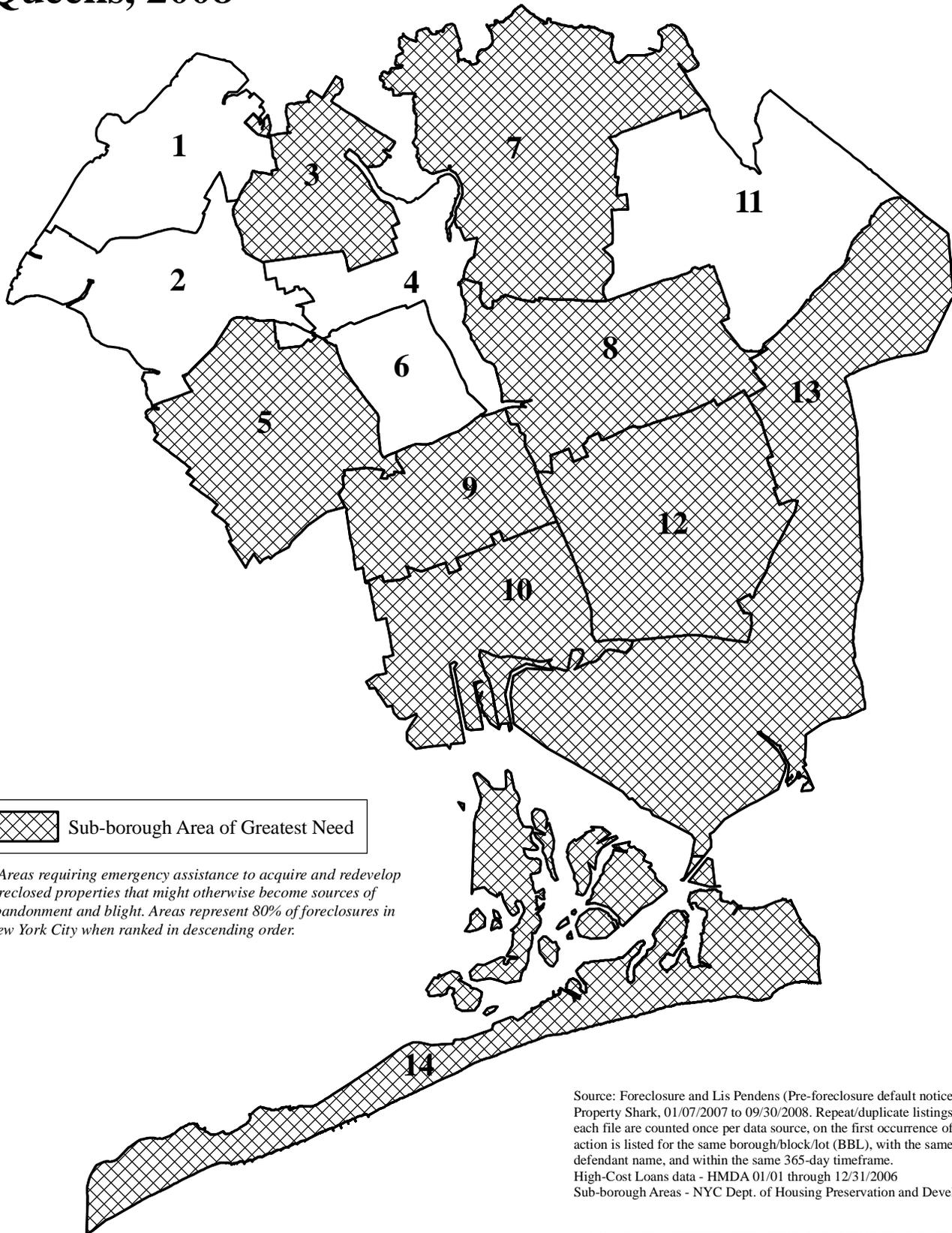
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# Areas of Greatest Need\*

## by Sub-Borough Areas

### Queens, 2008



\* Areas requiring emergency assistance to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight. Areas represent 80% of foreclosures in New York City when ranked in descending order.

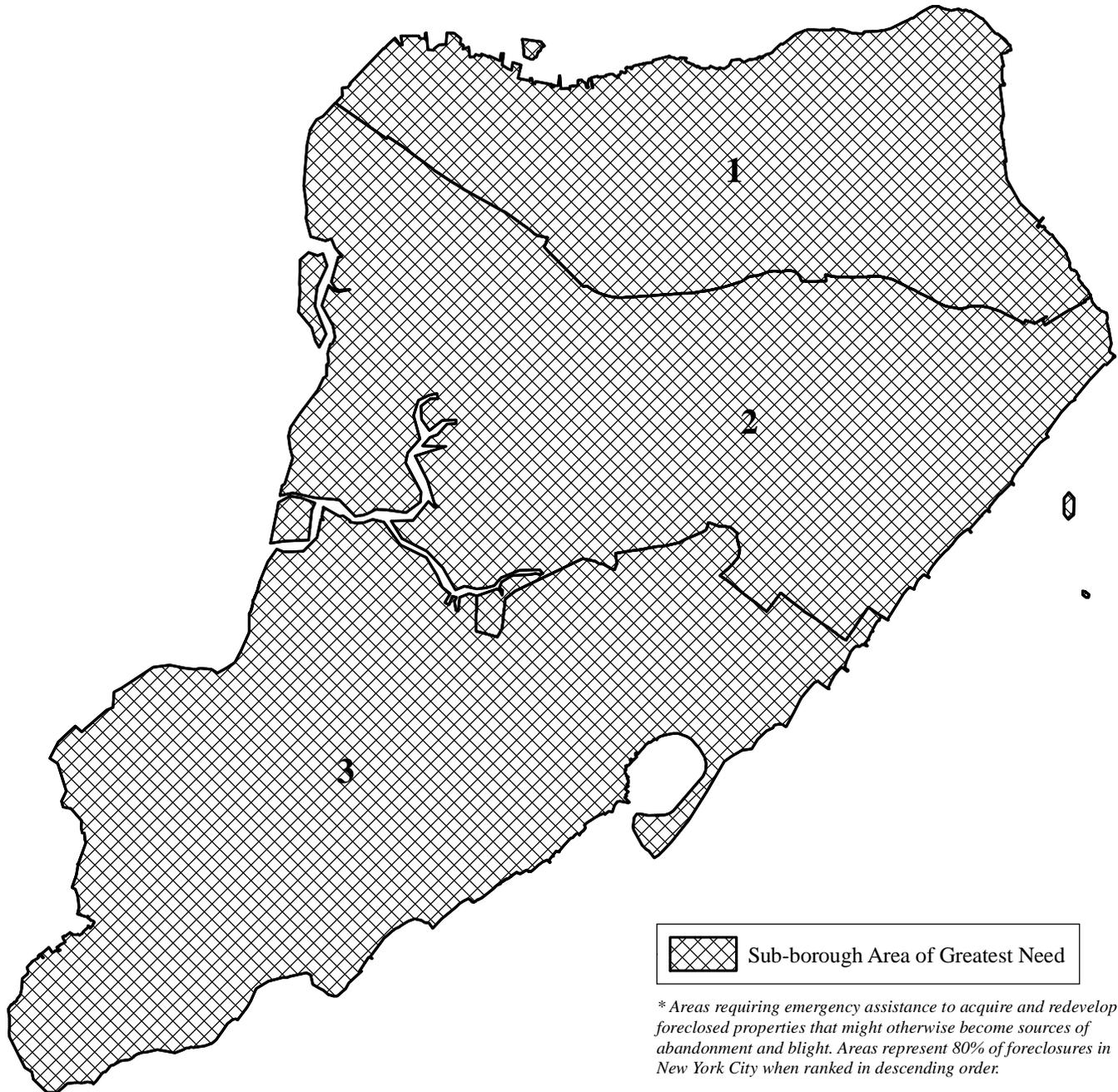
Source: Foreclosure and Lis Pendens (Pre-foreclosure default notice) data - Property Shark, 01/07/2007 to 09/30/2008. Repeat/duplicate listings within each file are counted once per data source, on the first occurrence of the action is listed for the same borough/block/lot (BBL), with the same defendant name, and within the same 365-day timeframe.  
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# Areas of Greatest Need\*

## by Sub-Borough Areas

### Staten Island, 2008



*\* Areas requiring emergency assistance to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight. Areas represent 80% of foreclosures in New York City when ranked in descending order.*

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## APPENDIX 4: PARTICIPATING AGENCIES

### The City of New York

Michael R. Bloomberg, Mayor

Robert C. Lieber, Deputy Mayor for Economic Development

### Neighborhood Stabilization Program Administering Agency

DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT

Shaun Donovan, Commissioner

Peter Grace, Associate Commissioner of Strategic Planning, Technology and Research

Lisa Danzig, Assistant Commissioner of Strategic Planning

NSP Program contact:

Rachel Fee, Senior Project Manager- Strategic Planning Group

NYC Department of Housing Preservation and Development

100 Gold Street, Room 5B-6, New York, NY 10038

Phone: 212-863-6692

Email: [feer@hpd.nyc.gov](mailto:feer@hpd.nyc.gov)

### Consolidated Plan Submission Lead Agency

DEPARTMENT OF CITY PLANNING

Amanda M. Burden, FAICP, Director

Richard Barth, Executive Director

Sandy Hornick, Deputy Executive Director, Strategic Planning

Eric Kober, Director, Housing, Economic and Infrastructure Planning

Barry Dinerstein, Deputy Director, Housing, Economic and Infrastructure Planning

Consolidated Plan contact:

Charles V. Sorrentino

New York City Consolidated Plan Coordinator

NYC Department of City Planning

22 Reade Street, 4N

Phone: 212-720-3337

Email: [csorren@planning.nyc.gov](mailto:csorren@planning.nyc.gov)

# NSP Substantial Amendment Checklist

For the purposes of expediting review, HUD asks that applicants submit the following checklist along with the NSP Substantial Amendment and SF-424.

## Contents of an NSP Action Plan Substantial Amendment

|   |  |
|---|--|
| Jurisdiction(s): The City of New York<br>Lead Agency: NYC Department of Housing Preservation and Development<br>Jurisdiction Web Address: <a href="http://www.nyc.gov/hpd">www.nyc.gov/hpd</a> and <a href="http://www.nyc.gov/planning">www.nyc.gov/planning</a> | NSP Contact Person: Rachel Fee<br>Address: 100 Gold Street, Room 5-B6<br>New York, NY 10038<br>Telephone: 212.863.6692<br>Fax: 212.863.7450<br>Email: <a href="mailto:feer@hpd.nyc.gov">feer@hpd.nyc.gov</a> |
|---|--|

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

### **A. AREAS OF GREATEST NEED**

Does the submission include summary needs data identifying the geographic areas of greatest need in the grantee’s jurisdiction?

Yes  No . Verification found on page \_\_\_\_.

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

Does the submission contain a narrative describing how the distribution and uses of the grantee’s NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures?

Yes  No . Verification found on page \_\_\_\_.

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

### **C. DEFINITIONS AND DESCRIPTIONS**

For the purposes of the NSP, do the narratives include:

- a definition of “blighted structure” in the context of state or local law,  
Yes  No . Verification found on page \_\_\_\_.
- a definition of “affordable rents,”  
Yes  No . Verification found on page \_\_\_\_.
- a description of how the grantee will ensure continued affordability for NSP assisted housing,  
Yes  No . Verification found on page \_\_\_\_.

- a description of housing rehabilitation standards that will apply to NSP assisted activities?

Yes  No . Verification found on page \_\_\_\_\_.

**D. LOW INCOME TARGETING**

- Has the grantee described how it will meet the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of area median income?

Yes  No . Verification found on page \_\_\_\_\_.

- Has the grantee identified how the estimated amount of funds appropriated or otherwise made available will be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50% of area median income?

Yes  No . Verification found on page \_\_\_\_\_.  
Amount budgeted = \$\_\_\_\_\_.

**E. ACQUISITIONS & RELOCATION**

Does grantee plan to demolish or convert any low- and moderate-income dwelling units?

Yes  No . (If no, continue to next heading)  
Verification found on page \_\_\_\_\_.

If so, does the substantial amendment include:

- The number of low- and moderate-income dwelling units—i.e., ≤ 80% of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities?

Yes  No . Verification found on page \_\_\_\_\_.

- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., ≤ 120% of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion)?

Yes  No . Verification found on page \_\_\_\_\_.

- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income?

Yes  No . Verification found on page \_\_\_\_\_.

**F. PUBLIC COMMENT PERIOD**

Was the proposed action plan amendment published via the grantee jurisdiction’s usual methods and on the Internet for no less than 15 calendar days of public comment?

Yes  No . Verification found on page \_\_\_\_\_.

Is there a summary of citizen comments included in the final amendment?

Yes  No  Verification found on page \_\_\_\_\_.

**G. INFORMATION BY ACTIVITY**

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

- eligible use of funds under NSP,  
Yes  No . Verification found on page \_\_\_\_.
- correlated eligible activity under CDBG,  
Yes  No . Verification found on page \_\_\_\_.
- the areas of greatest need addressed by the activity or activities,  
Yes  No . Verification found on page \_\_\_\_.
- expected benefit to income-qualified persons or households or areas,  
Yes  No . Verification found on page \_\_\_\_.
- does the applicant indicate which activities will count toward the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of area median income?  
Yes  No . Verification found on page \_\_\_\_.
- appropriate performance measures for the activity,  
Yes  No . Verification found on page \_\_\_\_.
- amount of funds budgeted for the activity,  
Yes  No . Verification found on page \_\_\_\_.
- the name, location and contact information for the entity that will carry out the activity,  
Yes  No . Verification found on page \_\_\_\_.
- expected start and end dates of the activity?  
Yes  No . Verification found on page \_\_\_\_.
- If the activity includes acquisition of real property, the discount required for acquisition of foreclosed upon properties,  
Yes  No . Verification found on page \_\_\_\_.
- If the activity provides financing, the range of interest rates (if any),  
Yes  No . Verification found on page \_\_\_\_.
- If the activity provides housing, duration or term of assistance,  
Yes  No . Verification found on page \_\_\_\_.
- tenure of beneficiaries (e.g., rental or homeownership),  
Yes  No . Verification found on page \_\_\_\_.

- does it ensure continued affordability?  
 Yes  No . Verification found on page \_\_\_\_.

**H. CERTIFICATIONS**

The following certifications are complete and accurate:

- |  |   |                             |
|--|---|-----------------------------|
| (1) Affirmatively furthering fair housing                  | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (2) Anti-lobbying  | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (3) Authority of Jurisdiction                              | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (4) Consistency with Plan                                  | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (5) Acquisition and relocation                             | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (6) Section 3  | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (7) Citizen Participation                                  | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (8) Following Plan   | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (9) Use of funds in 18 months                              | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (10) Use NSP funds ≤ 120 of AMI                            | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (11) No recovery of capital costs thru special assessments | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (12) Excessive Force                                       | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (13) Compliance with anti-discrimination laws              | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (14) Compliance with lead-based paint procedures           | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (15) Compliance with laws                                  | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |