

NSP GRANT SUBMISSION TEMPLATE

& CHECKLIST

(UPDATED 10.21.08)

NSP grant allocations can be requested by submitting a paper NSP Substantial Amendment or a form under the Disaster Recovery Grant Reporting (DRGR) system. This template sets forth the suggested format for grantees under the NSP Program. A complete submission contains the information requested below, including:

- (1) The NSP Substantial Amendment (attached below)
- (2) Signed and Dated Certifications (attached below)
- (3) Signed and Dated SF-424.

Grantees should also attach a completed NSP Substantial Amendment Checklist to ensure completeness and efficiency of review (attached below).

THE NSP SUBSTANTIAL AMENDMENT

FOURTH SUBSTANTIAL AMENDMENT NOVEMBER 2011

Jurisdiction(s): City of Paterson <i>(identify lead entity in case of joint agreements)</i>	NSP Contact Person: Lanisha Makle Address: 125 Ellison St., Paterson, NJ 07505 Telephone: 973.321.1212 Fax: 973.321.1202 Email: lmakle@patersonnj.gov
Jurisdiction Web Address: www.patersonnj.gov	

OVERVIEW

Under the Housing and Economic Recovery Act (HERA) of 2008, the U. S. Department of Housing & Urban Development (HUD) has allocated \$2,266,641 in Neighborhood Stabilization Program (NSP1) grant funds to the City of Paterson. These funds must be administered in accordance with statutory provisions of HERA and HUD guidelines adopted pursuant to HERA.

The NSP1 funds must be targeted to areas of greatest need identified in Paterson. The funds are intended to return foreclosed, abandoned or blighted property to the market in order to stabilize neighborhoods. All of the City's NSP1 funds must be used to benefit individuals and households with incomes that do not exceed 120% of the Area Median Income (AMI). At least 25% of NSP1 funds must be used to create housing for low-income residents, defined as those with incomes below 50% of AMI. This Low-Income Set-Aside must use vacant, foreclosed or abandoned properties only to provide permanent housing for low-income residents. Twenty-five percent of the City of Paterson's NSP1 grant is \$566,660.25.

The purpose of this Fourth Substantial Amendment is to build on the City's experience to date with abandoned, foreclosed, and vacant properties and to best ensure that Paterson will be in a position to expend its entire allocation of funds, before the deadline, focusing on the 25% Low-Income Set Aside.

HUD requires a substantial amendment when there is a change in geographic targeting, budgeting, or beneficiaries of NSP1 funding. There is no change in the definition of the NSP1 targeted area, which is Census Tracts 1805 and 1807. The proposed changes relate primarily to budgeting in that the City used less funding for demolition than expected. The remaining funds will be used for acquisition and rehabilitation of vacant houses. In addition, the City has determined that new construction on a site, which the City acquired, is economically infeasible and plans to convert this site to a public park to benefit the community. Finally, for ease of reporting, the City is planning on

collapsing their acquisition and rehabilitation activities, Which are currently under Eligible Use B and Eligible Use E, under one eligible use, Eligible Use B.

With regard to beneficiaries of NSP1 funding, all funds will still be used to assist households with incomes ranging from 0 to 120% of AMI; not less than 25% of NSP1 funds will be targeted to households with incomes below 50% of AMI. Beneficiaries may be renters or owners, depending on market conditions and whether housing structures are more suitable for use as rental housing as opposed to homeownership.

A. AREAS OF GREATEST NEED

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

Note: An NSP substantial amendment must include the needs of the entire jurisdiction(s) covered by the program; states must include the needs of communities receiving their own NSP allocation. To include the needs of an entitlement community, the State may either incorporate an entitlement jurisdiction's consolidated plan and NSP needs by reference and hyperlink on the Internet, or state the needs for that jurisdiction in the State's own plan. The lead entity for a joint program may likewise incorporate the consolidated plan and needs of other participating entitlement jurisdictions' consolidated plans by reference and hyperlink or state the needs for each jurisdiction in the lead entity's own plan.

HUD has developed a foreclosure and abandonment risk score to assist grantees in targeting the areas of greatest need within their jurisdictions. Grantees may wish to consult [this data](#), in developing this section of the Substantial Amendment.

Paterson Response:

The City of Paterson has been facing significant challenges from abandoned and foreclosed properties. NSP1 provides one tool for the City to address this problem. In addition to NSP1, the City has been exploring options for foreclosure prevention and the sale of vacant homes that were developed as part of the redevelopment strategy of the City. The sale of these homes has been adversely affected by the downturn in the economy.

Table 1 provides summary data about foreclosure and risk factors in the City of Paterson.

**TABLE 1 – FORECLOSURE AND RISK FACTORS
CITY OF PATERSON, NJ**

Census Tract	Block Group	Middle-class mod eligible	Low- abandonment ent risk score	Estimate foreclosure Percent		Persons Total	OFHEO CBSA home price decline since peak	BLB place or county unemployment rate 06-08	HMDA hi- cost loan rate	Predicted 18 month foreclosure rate	USFS residential vacancy rate
				Percent AMI	Persons AMI						
180100	1	YES	7	75.4%	848	1,125	-1.7%	10.3%	38.0%	8.6%	0.5%
180100	2	YES	7	87.8%	1,433	1,532	-1.7%	10.3%	38.0%	8.6%	0.5%
180100	3	YES	7	83.7%	834	954	-1.7%	10.3%	38.0%	8.6%	0.5%
180100	4	NO	7	49.3%	572	1,150	-1.7%	10.3%	38.0%	8.6%	0.5%
180100	5	YES	7	61.4%	704	1,146	-1.7%	10.3%	38.0%	8.6%	0.5%
180100	6	YES	7	67.7%	545	805	-1.7%	10.3%	38.0%	8.6%	0.5%
180200	1	YES	9	84.0%	2,103	2,504	-1.7%	10.3%	42.8%	9.4%	2.3%
180200	2	YES	9	73.5%	702	950	-1.7%	10.3%	42.8%	9.4%	2.3%
180200	3	YES	9	93.9%	1,041	1,109	-1.7%	10.3%	42.8%	9.4%	2.3%
180200	4	YES	9	92.8%	1,713	1,846	-1.7%	10.3%	42.8%	9.4%	2.3%
180200	5	YES	9	90.8%	1,092	1,191	-1.7%	10.3%	42.8%	9.4%	2.3%
180200	6	YES	9	81.8%	1,458	1,795	-1.7%	10.3%	42.8%	9.4%	2.3%
180200	7	YES	9	90.2%	854	947	-1.7%	10.3%	42.8%	9.4%	2.3%
180300	1	YES	9	76.8%	1,175	1,527	-1.7%	10.3%	48.3%	10.3%	2.9%
180300	2	YES	9	92.2%	2,512	2,725	-1.7%	10.3%	48.3%	10.3%	2.9%
180300	3	YES	9	91.5%	1,016	1,110	-1.7%	10.3%	48.3%	10.3%	2.9%
180300	4	YES	9	93.2%	1,436	1,540	-1.7%	10.3%	48.3%	10.3%	2.9%
180400	1	YES	8	99.2%	2,034	2,051	-1.7%	10.3%	59.5%	12.2%	0.7%
180400	2	YES	8	100.6%	154	153	-1.7%	10.3%	59.5%	12.2%	0.7%
180500	1	YES	10	87.0%	489	551	-1.7%	10.3%	67.2%	13.5%	4.0%
180500	2	YES	10	83.8%	557	555	-1.7%	10.3%	67.2%	13.5%	4.0%
180600	1	YES	9	88.1%	738	838	-1.7%	10.3%	49.8%	10.6%	1.9%
180600	2	YES	9	83.1%	1,099	1,309	-1.7%	10.3%	49.8%	10.6%	1.9%
180600	3	YES	9	90.6%	578	538	-1.7%	10.3%	49.8%	10.6%	1.9%
180600	4	YES	9	88.6%	582	770	-1.7%	10.3%	49.8%	10.6%	1.9%
180600	5	YES	9	86.6%	737	851	-1.7%	10.3%	49.8%	10.6%	1.9%
180700	1	YES	10	95.3%	1,203	1,211	-1.7%	10.3%	59.7%	12.2%	7.4%
180700	2	YES	10	94.5%	893	941	-1.7%	10.3%	59.7%	12.2%	7.4%
180700	3	YES	10	87.9%	1,145	1,333	-1.7%	10.3%	59.7%	12.2%	7.4%
180800	2	NO	10	0.0%	0	0	-1.7%	5.5%	50.8%	9.3%	6.7%
180900	1	YES	10	96.6%	808	940	-1.7%	10.3%	50.8%	10.7%	6.7%
180900	2	YES	10	92.7%	514	552	-1.7%	10.3%	50.8%	10.7%	6.7%
180900	3	YES	10	88.4%	1,011	1,144	-1.7%	10.3%	50.8%	10.7%	6.7%
180900	1	NO	10	0.0%	0	0	-1.7%	5.5%	53.3%	9.7%	4.4%
180900	1	YES	10	86.9%	945	1,087	-1.7%	10.3%	53.3%	11.1%	4.4%
180900	2	YES	10	93.9%	1,079	1,148	-1.7%	10.3%	53.3%	11.1%	4.4%
180900	3	YES	10	91.3%	1,413	1,547	-1.7%	10.3%	53.3%	11.1%	4.4%
181000	1	NO	7	0.0%	0	0	-1.7%	5.5%	48.8%	8.9%	0.7%
181000	2	NO	7	0.0%	0	0	-1.7%	5.5%	48.8%	8.9%	0.7%
181000	3	NO	7	0.0%	0	0	-1.7%	5.5%	48.8%	8.9%	0.7%
181000	1	YES	8	92.7%	817	872	-1.7%	10.3%	48.8%	10.4%	0.7%
181000	2	YES	8	91.9%	1,311	1,427	-1.7%	10.3%	48.8%	10.4%	0.7%
181000	3	YES	8	91.6%	864	1,152	-1.7%	10.3%	48.8%	10.4%	0.7%
181000	4	YES	8	92.3%	1,381	1,496	-1.7%	10.3%	48.8%	10.4%	0.7%
181100	1	NO	9	0.0%	0	0	-1.7%	5.5%	49.4%	9.0%	1.4%
181100	1	YES	9	92.7%	1,291	1,393	-1.7%	10.3%	49.4%	10.5%	1.4%
181100	2	YES	9	78.3%	491	514	-1.7%	10.3%	49.4%	10.5%	1.4%
181100	3	YES	9	81.6%	1,196	1,496	-1.7%	10.3%	49.4%	10.5%	1.4%
181100	4	YES	9	78.1%	747	886	-1.7%	10.3%	49.4%	10.5%	1.4%
181100	5	YES	9	80.8%	1,276	1,575	-1.7%	10.3%	49.4%	10.5%	1.4%
181100	6	YES	9	90.5%	693	756	-1.7%	10.3%	49.4%	10.5%	1.4%
181200	1	YES	8	85.5%	1,455	1,711	-1.7%	10.3%	53.8%	11.2%	0.5%
181200	2	YES	8	92.0%	1,399	1,520	-1.7%	10.3%	53.8%	11.2%	0.5%
181200	3	YES	8	92.5%	989	1,068	-1.7%	10.3%	53.8%	11.2%	0.5%
181200	1	YES	9	90.7%	1,552	1,723	-1.7%	10.3%	57.2%	11.8%	1.7%
181200	2	YES	9	92.0%	1,388	1,509	-1.7%	10.3%	57.2%	11.8%	1.7%

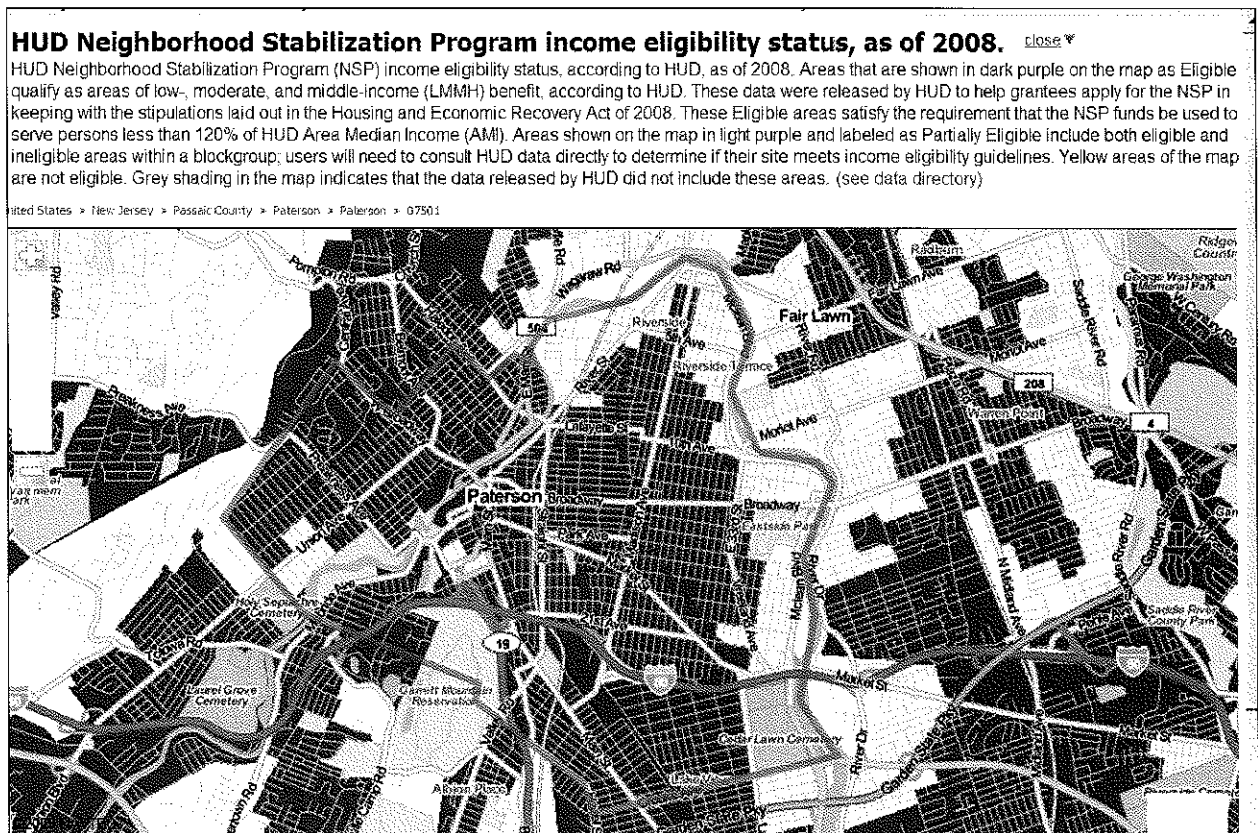
Source: U.S. Department of Housing and Urban Development www.hud.gov/nsp

As shown in Table 1:

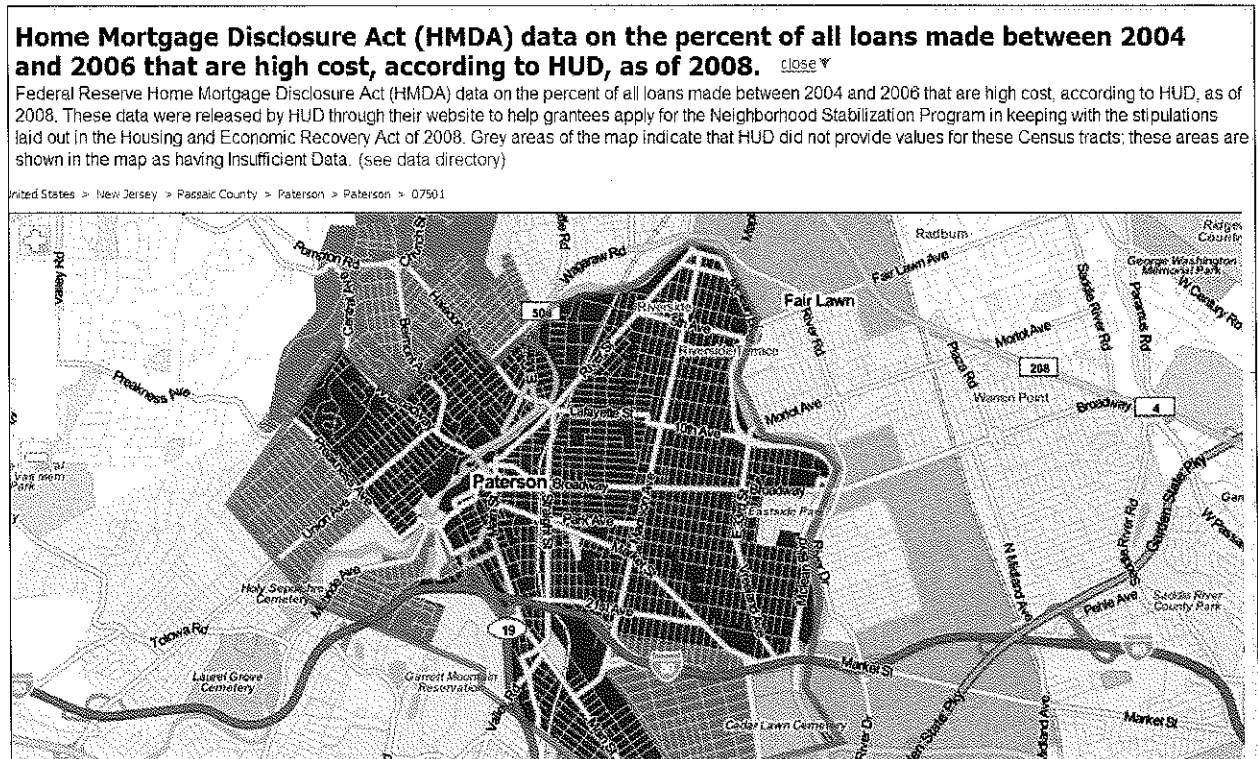
- The Home Mortgage Disclosure Act (HMDA) data indicate that in most areas of the City, nearly half of the loans are considered high cost.
- In Paterson, HMDA data indicate that property values have fallen an average of 1.7%. Specific neighborhood level data is not available.
- Unemployment statistics for the City of Paterson show that the City had a much higher rate of unemployment than the County or State. The City's rate of unemployment was over 10% in most census tract areas. Passaic County's rate was 6.6% for March 2008 and the state rate was 4.8% in March, 2008.

Using HUD's criteria for determining need, the following figures from The Reinvestment Fund web site, PolicyMap.com, provide maps of conditions in Paterson:

- Figure 1 provides a map showing that large number of census tracts in the City of Paterson qualified as areas of low, moderate, and middle income benefit.



- **Figure 2 provides HMDA data on the percent of all loans made between 2004 and 2006 that are high cost loans, according to HUD, as of 2008.**

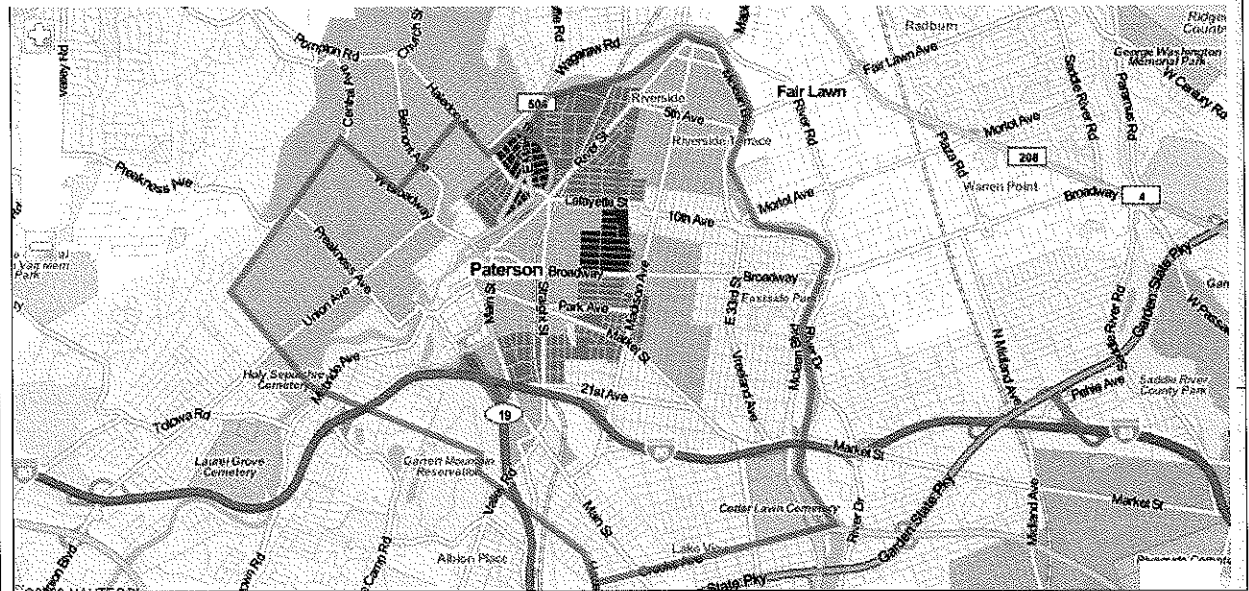


- **Figure 3 on the following page provides information about vacancy rates for residential properties. While most areas of the City have a very low rate of vacancy – under or near 2%, there are some areas that had over 5.6 percent vacancy (darkest purple) during the fourth quarter of 2009.**

The percent of all residential units that are vacant, October through December 2009. [close](#)

The percent of residential units that are vacant as of USPS Quarter 4 ending December 2009. This is a count of addresses that USPS delivery staff on urban routes have identified as being vacant (not collecting their mail) for 90 days or longer divided by the total number of residential units. The percentage has been suppressed in cases where the total number of residential units is less than 5 addresses. (see data directory)

United States > New Jersey > Passaic County > Paterson > Paterson > 07501

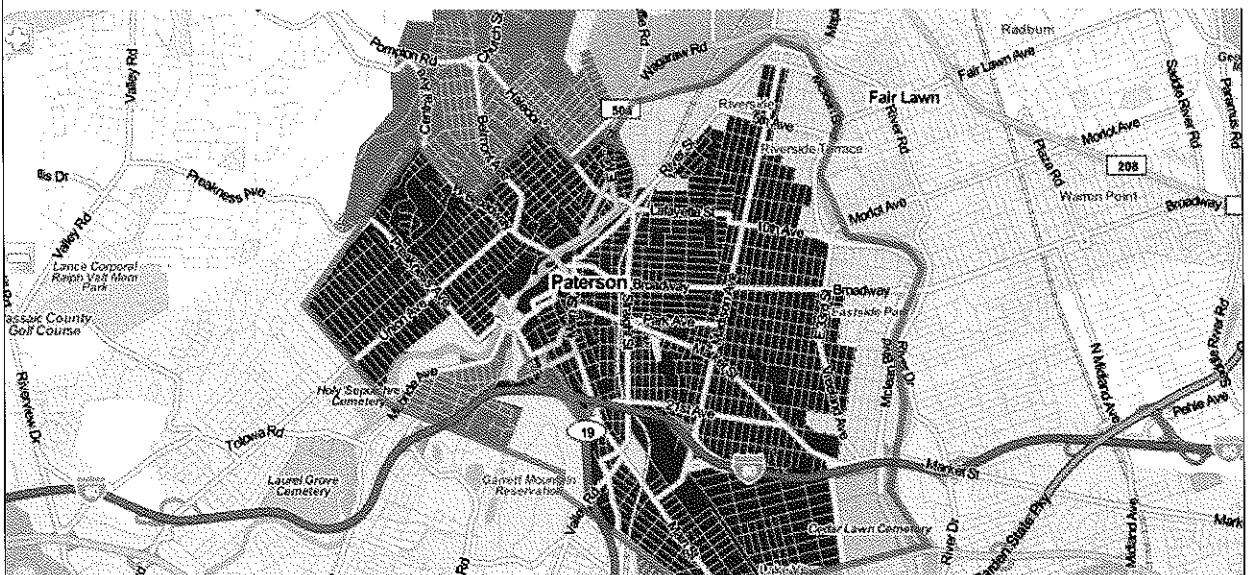


- HUD created a composite scoring system to identify the risk that additional properties would be in foreclosure in the coming year. Figure 4 indicates that the predicated foreclosure rate in many census tracts in Paterson was between 7.85 percent or higher.

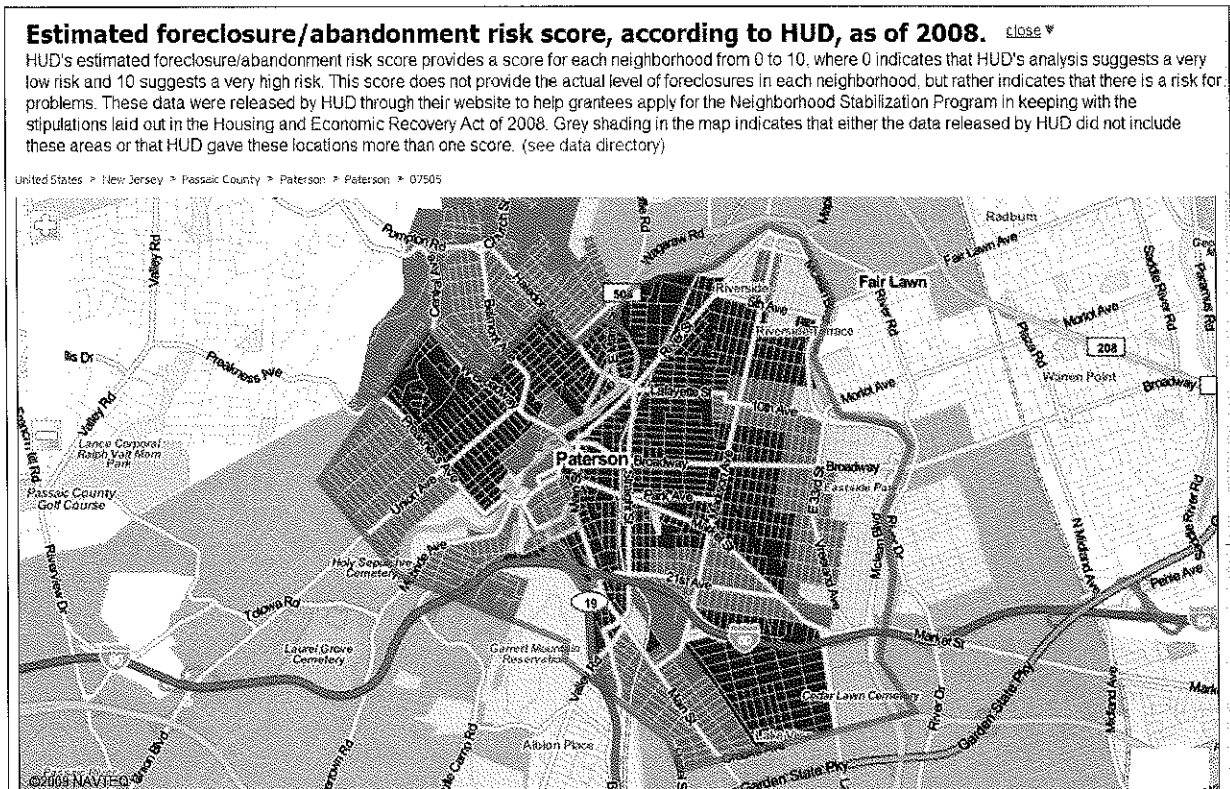
Predicted 18-month underlying problem foreclosure rate, according to HUD, as of 2008. [close](#)

HUD's predicted 18-month underlying problem foreclosure rate, as of 2008. This rate does not provide the actual level of foreclosures in an area, but rather predicts what the foreclosure risk might be going forward. A rate closer to 100 indicates that HUD's analysis suggests a very high predicted risk, and a rate closer to 0 suggests a very low predicted risk. These data were released by HUD through their website to help grantees apply for the Neighborhood Stabilization Program in keeping with the stipulations laid out in the Housing and Economic Recovery Act of 2008. Grey shading in the map indicates that either the data released by HUD did not include these areas or that HUD gave these locations more than one rate. (see data directory)

United States > New Jersey > Passaic County > Paterson > Paterson > 07505



- Taking all these factors into account allowed HUD to generate a score of 1 to 10 that measured the likelihood of additional foreclosure and abandonment. Figure 5 shows that most of Paterson has a risk score of 7 or higher. The darkest color indicates a foreclosure risk score of 9 or more.



After taking these factors into consideration and the location of actual foreclosures, it was evident that parts of the 1st Ward area of the City, specifically Census Tracts 1805 and 1807, provide opportunities for acquisition of property to be used for redevelopment purposes. In addition, this target area also has properties that are blighted and should be demolished including properties that constitute imminent hazards to those residing in the area. Properties that are acquired may be demolished and redeveloped, or they may be rehabilitated and offered for-sale or for-rent to households with incomes below 120% of AMI.

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

Paterson Response:

The target area is the same as established in the First Substantial Amendment. It was selected using the definition provided by HUD for determining the area with the greatest need. The Census Tracts, 1805 and 1807, had the highest rates of foreclosed homes, the highest rate of homes with subprime loans and the greatest risk of foreclosures during the 18-month NSP1 time frame.

Data provided by a commercial foreclosure listing service were used to identify properties in the City that have been or were about to be foreclosed. The location of the properties was determined. Although there were substantial numbers of foreclosures throughout the City, areas with a high number in a smaller cluster were identified. Policymap.com was used to identify the location of areas within the City where the 2004-2006 HMDA data demonstrated that subprime lending was occurring. The information corresponded to the data presented in Table 1 for high cost loans and as shown in the map in Figure 2.

Finally, the HUD data as shown in Table 1 were used to identify areas with the highest risk of foreclosure. The areas with a risk score of 10 were identified (Figure 5).

TABLE 2 – RISK FACTORS IN TARGET AREA

Greatest percentage of home foreclosures	Foreclosure.com used to identify properties
Highest percentage of homes financed by a subprime mortgage related loan	Table 1 - data
Identified by the grantee as likely to face a significant rise in the rate of home foreclosures	Table 1 - data

Further, Census Tracts 1805 and 1807 were selected because stabilizing this area would support investment for the downtown and 1st Ward areas totaling over \$82 million.

Under this Fourth Substantial Amendment the City will use NSP1 funds for a program consisting of the following elements:

- Demolition of blighted structures that have been determined to be an imminent hazard.
- Demolition-Redevelopment - Acquisition/demolition of blighted structures and redevelopment of the vacant lot into a public park.
- Acquisition-Rehab-Homeowner Resale - Acquisition/rehabilitation of residential properties and subsequent resale to income-eligible homeowners who have received the counseling required by NSP1.

- Acquisition-Rehab-Rental Reuse - Acquisition/rehabilitation of single or multi-family properties that will be rented to households with incomes ranging from 0-120% of AMI.
- Administration - Provides staff or consultant support for the program.

The City must expend the funds on specific projects within four years.

C. DEFINITIONS AND DESCRIPTIONS

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

Paterson Response:

The definition of a blighted structure relevant to this program is a structure that is detrimental to public health and safety. This definition is consistent with the one used by the City for its demolition program and will be utilized in this program. “A blight stricken building is a building that is in disrepair, run down condition and does not meet the minimum standards of the Housing Property Maintenance Code.

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.

Paterson Response:

The City will use the HUD Fair Market Rents (FMR) for Passaic County as periodically revised by the U.S. Department of Housing and Urban Development in determining the affordable rents. Fair Market Rents are established by HUD each year for the Section 8 Program. In general, the FMR for an area is the amount that would be needed to pay the gross rent (shelter rent plus utilities) for privately owned, decent, and safe rental housing of a modest (non-luxury) nature with suitable amenities.

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

Paterson Response:

Requirements similar to the HOME Program’s resale provision will be used to assure continued affordability. A resale restriction is attached to the home through a qualification in the deed that requires that any subsequent sale be to a qualified low income family that will use the property as its principal residence for the period of affordability. The restriction will have a term of 20 years for new construction and 15 years for rehabilitation. The City will ensure that the seller receives a fair return on investment, which is defined as the sum of the down payment, capital improvements, and loan principal payments. Thus, the period of ownership is a strong factor in determining the amount of net earnings to be retained by the homeowner. Basically, the City will tie the return to a formula that includes such factors as the original

purchase price, the value of improvements, a cost of living factor, and mortgage terms, as well as any rehab that may be necessary to meet code at the time of sale.

When a home faces foreclosure, the City will have “first Right of Refusal” identified in the closing documents but will work with the mortgage company and the owner to identify a buyer who can purchase the home for the balance of the mortgage rather than let the property go on the open market at Sheriff’s sale. To the extent practicable, the formula for determining net earnings to be retained by the homeowner will be utilized.

For rental housing, the City will also use the requirements for affordability under the HOME Program, which are found at 24 CFR, Part 92.252, except that the targeting will be either for low-income households as specified, or for LMMI households when rental housing units are intended to serve these higher income households. The rental housing units rehabilitated utilizing NSP1 assistance will be maintained as affordable housing for a minimum of 15 years. As stated previously, the affordable rents the City will use for the NSP1-assisted units will be the HUD Fair Market Rents for Passaic County. The City will impose a deed restriction on any NSP1-assisted property to ensure the property is maintained as affordable rental housing for the 15-year period. The City will make annual inspections of the NSP1-assisted housing units to ensure the units are maintained as affordable and the households meet the income eligibility requirements.

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

Paterson Response:

The City has adopted the NJ Rehabilitation Subcode found at NJAC 5:23-6 as the rehabilitation standard for the housing rehabilitation programs.

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: \$566,660.25*

***Note:** At least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50 percent of area median income.*

Paterson Response:

At least \$566,660.25 of the City’s NSP1 funding, or at least 25% of NSP1 funds, will be used to purchase and rehabilitate or redevelop vacant, abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of AMI.

The City is undertaking a variety of NSP1 eligible housing activities to meet this goal. Assistance in doing so is being provided in part by the Paterson Housing Authority (PHA) pursuant to a Developer's Agreement. Activities by the City and/or PHA include:

- Acquisition and rehabilitation of vacant, foreclosed or abandoned residential properties that will be used by PHA for rental housing.
- Acquisition and rehabilitation and/or redevelopment of vacant, foreclosed or abandoned residential properties that may subsequently be sold by PHA to very low-income home buyers

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.*

Paterson Response:

The City has demolished one residential structure that was determined to be imminently hazardous. One additional home, that was a foreclosed property acquired by the City, was also demolished and the property will be redeveloped as a public park.

The demolished property that has been determined to be imminently hazardous is privately owned and is expected to remain in private ownership with a lien placed on it in the amount of the demolition.

The City has entered into a Developer's Agreement with PHA that provides for the acquisition of approximately five vacant properties located in the NSP1 target area. PHA will rehabilitate the properties and will offer them for-sale or for-rent to LMMI individuals and families, as appropriate based on market conditions and the type of structure (single-family vs. 2+ family) and location. In the event that any housing units are occupied, Uniform Relocation Act provisions will be applicable.

Approximately three to five residential units are expected to be made available for households whose income does not exceed 50% of AMI.

F. PUBLIC COMMENT

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

Note: *proposed NSP Substantial Amendment must be published via the usual methods and posted on the jurisdiction's website for no less than 15 calendar days for public comment.*

Paterson Response:

To be completed after 15 calendar day period for public comment.

NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

NEIGHBORHOOD STABILIZATION BUDGET BY ACTIVITY

Eligible Use	Activity Name	Use	Units	Amount
B	Purchase and Rehabilitate Abandoned, Foreclosed or Vacant Homes	Purchase and rehabilitate homes and residential properties that have been abandoned, foreclosed or vacant in order to sell or rent.	Approximately 9	\$1,942,680
D	Demolish Blighted Structures	Demolish blighted and imminently hazardous structures.	2	42,150
E	Redevelop Demolished or Vacant Properties	Acquire and redevelop vacant properties as a public park.	1	55,167
Administration of program.				226,644
TOTAL				\$2,266,641

(1) **Activity Name:** B. Acquire and Rehabilitate Homes

(2) **Activity Type:**

NSP ELIGIBLE USE	CDBG ELIGIBLE ACTIVITY
Purchase and rehabilitate homes and residential properties that have been vacant, abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.	24 CFR 507.206 as part of an activity delivery cost for an eligible activity. 24 CFR 570.201(a) Acquisition (b) disposition (i) relocation, and (n) Direct homeownership assistance 24 CFR 570.202 eligible rehabilitation and preservation activities for homes and other residential properties. Rehabilitation may include counseling for those seeking to take part in the activity.

(3) **National Objective:**

Meets national objective benefiting low, moderate and middle income persons, as defined in the NSP1 Notice (i.e., $\leq 120\%$ of area median income), including the purchase and rehabilitation of housing units targeted to households with incomes below 50% of AMI.

(4) Activity Description:

The activity will allow the City to purchase and redevelop homes that have been vacant, abandoned or foreclosed upon and to offer them for-sale or for-rent to households with incomes below 120% AMI. All of the homes will be located in the delineated NSP1 target area.

(5) Location Description:

Properties will be located in NSP1 Census Tracts 1805 and 1807.

(6) Performance Measures:

Five vacant, abandoned or foreclosed properties containing approximately eight to ten housing units will be acquired for subsequent rehabilitation and redevelopment for households with incomes ranging from 0-120% of AMI. It is anticipated that approximately three to five units in two to three structures will be targeted for-sale or for-rent to households with incomes below 50% of AMI.

(7) Total Budget: \$1,942,680

(8) Responsible Organization:

Abandoned or foreclosed properties will be acquired either by the City of Paterson Community Development Department or a 3rd party organization. Properties that are acquired by the City will be transferred to the 3rd party for redevelopment and sale or lease to households with incomes below 120% of AMI. The Paterson Housing Authority has been identified as a capable and suitable 3rd party organization for purposes of the City's NSP1 grant. PHA may choose to offer additional subsidies such as Section 8 to ensure that homes are affordable.

Contact Information:

Lanisha Makle, Director,
Community Development Department
City of Paterson
973.321.1212
lmakle@patersonnj.gov

Irma Gorham, Executive Director
Paterson Housing Authority
973.345.5650
edigorham@aol.com

(9) Projected Start Date: December 2008

(10) Projected End Date: September 2013

(11) Specific Activity Requirements:

- Homes will be offered for-sale or for-rent to NSP1-qualified households depending on the type of structure and location.
- Rental units must meet the continued affordability requirements specified in Section C above.
- All properties must be purchased at a minimum discount rate of 1% below current market appraisal.
- Eight hours of housing counseling will be required of all homebuyers.
- All purchases must be voluntary transactions.
- Permanent displacement of individuals will be avoided insofar as possible.
- For properties located in a 100-year flood plain, flood insurance must be maintained on the property.
- Any sale of property shall be in an amount equal to or less than the cost to acquire and redevelop or rehabilitate such property.

(1) Activity Name: D. Demolish Blighted Structures

NSP ELIGIBLE USE	CDBG ELIGIBLE ACTIVITY
Demolish Blighted Structures	24 CFR 570.201(d) Clearance for blighted structures only 24 CFR 507.206 as part of an activity delivery cost for an eligible activity.

(3) National Objective:

Demolition of one property will have an area benefit for LMMI persons as defined in the NSP Notice because the activity will occur in an area where income is predominantly less than 120% of AMI.

(4) Activity Description:

The City developed a list of properties in Census Tracts 1805 and 1807 that includes structures that are imminent hazards. These properties were inspected to make a final determination about their condition and one property was demolished. The property will remain in private ownership and will have a lien in the amount expended for the demolition.

In addition, the City has acquired a foreclosed and abandoned property that is in blighted condition. The City demolished the structure and will redevelop the site as a public park.

(5) Location Description:

Demolitions will be of properties located in City of Paterson NSP1 Census Tracts 1805 and 1807.

(6) Performance Measures:

One property determined to be imminent hazards has been demolished. One additional foreclosed property that is blighted and owned by the City was also demolished and will be redeveloped as a public park.

(7) Total Budget: \$42,150

(8) Responsible Organization:

The City or Paterson Community Development Department will be the lead entity to undertake the demolition activity.

Contact Information: Lanisha Makle, Director
Community Development Department
City of Paterson
973.321.1212
lmakle@patersonnj.gov

(9) Projected Start Date: February 2010

(10) Projected End Date: August 2010

(11) Specific Activity Requirements:

- Inspections will be used to ensure that properties demolished constitute imminent hazards, if deemed to be the "end-use" of these units.
- Sites that are redeveloped after demolition has been completed will be used to create a public park.
- Liens in the amount of the demolition cost will be placed on all properties remaining in private ownership. If any liens are repaid, the funds will be used for purposes of NSP1 program income.

(1) Activity Name: E. Acquire and Redevelop Demolished or Vacant Properties

NSP ELIGIBLE USE	CDBG ELIGIBLE ACTIVITY
Acquire and Redevelop Demolished or Vacant Properties	24 CFR 570.201(a) Acquisition, (b) Disposition, (c) Public Facilities and Improvements,

(3) National Objective:

Acquisition and redevelopment of one property into a public park will have an area benefit for LMMI persons as defined in the NSP Notice because the activity will occur in an area where income is predominantly less than 120% of AMI.

(4) Activity Description:

The City of Paterson has acquired a foreclosed vacant property. The structure on the property was demolished. The City will redevelop the vacant property into a public park benefiting the area residents.

(5) Location Description:

Properties will be located in NSP1 Census Tracts 1805 and 1807.

(6) Performance Measures:

One foreclosed property was acquired and will be redeveloped as a public park with an area benefit to households with incomes ranging from 0-120% of AMI.

(7) Total Budget: \$55,167

(8) Responsible Organization:

The City of Paterson Community Development Department will be the lead entity to undertake the acquisition and redevelopment activity.

Contact Information: Lanisha Makle, Director
Community Development Department
City of Paterson
973.321.1212
lmakle@patersonnj.gov

(9) Projected Start Date: June 2010

(10) Projected End Date: September 2013

(11) Specific Activity Requirements:

- One vacant and foreclosed house has been acquired and demolished

- **The vacant site will be redeveloped as a public park that will have an area benefit for households below 120% of AMI.**

CERTIFICATIONS

- (1) **Affirmatively further fair housing.** The jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- (2) **Anti-lobbying.** The jurisdiction will comply with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (3) **Authority of Jurisdiction.** The jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (4) **Consistency with Plan.** The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.
- (5) **Acquisition and relocation.** The jurisdiction will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the Notice for the NSP program published by HUD.
- (6) **Section 3.** The jurisdiction will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- (7) **Citizen Participation.** The jurisdiction is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.
- (8) **Following Plan.** The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.
- (9) **Use of funds in 18 months.** The jurisdiction will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the NSP Notice, all of its grant funds within 18 months of receipt of the grant.
- (10) **Use NSP funds \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.
- (11) **Assessments.** The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-

income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) **Excessive Force.** The jurisdiction certifies that it has adopted and is enforcing: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) a policy of enforcing applicable State and local laws against physically barring entrance to or exit from, a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws.** The NSP grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

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

(15) **Compliance with laws.** The jurisdiction will comply with applicable laws.

Signature/Authorized Official

Date

Title