

CITY OF BOSTON

NSP SUBSTANTIAL AMENDMENT

Jurisdiction(s): City of Boston, Department of Neighborhood Development <i>(identify lead entity in case of joint agreements)</i>	NSP Contact Person: Robert Gehret, Deputy Director, Policy Development & Research Division Address: 26 Court Street, 8th floor, Boston, MA 02108 Telephone: 617-635-0242 Fax: 617-635-0383 Email: bgehret.dnd@cityofboston.gov
Jurisdiction Web Address: http://www.cityofboston.gov/dnd/pdr/Action_Plan.asp <i>(URL where NSP Substantial Amendment materials are posted)</i>	

Substantial Amendment #2 to the City of Boston's CDBG Neighborhood Stabilization Program (NSP-1)

The City of Boston's original Neighborhood Stabilization Program (NSP-1) application was submitted to the U.S. Department of Housing and Urban Development (HUD) on December 1, 2008, and approved on January 26, 2009. We amended the plan in April of 2009, in response to additional resources received by the City and reallocating resources to program components receiving the greatest response to our Request for Proposals.

At this time, the City of Boston is again amending the NSP-1 Plan due to changes in market conditions and difficulties experienced by homebuyers trying to purchase properties under NSP rules. A summary of the changes is below and a copy of the amended budget is on the following page.

As required by HUD, the City posted a draft of the NSP-1 Amendment #2 on its website for a 15-day public comment period beginning Wednesday, April 14, 2010, and ending Thursday, April 29, 2010. In addition, on April 12, 2010, we published a Legal Notice in the Boston Globe newspaper of the opportunity to comment on the amendment and mailed a letter to the Consolidated Plan mailing list of approximately 500 interested parties. The City did not receive any comments.

Summary of NSP-1 Substantial Amendment #2

The City of Boston is making the following changes to the budgets for its NSP-1 program. Due to changes in market conditions and difficulties experienced by homebuyers trying to purchase properties under NSP rules, we are shifting \$230,000 in NSP funds out of direct financial assistance to homebuyers (REO Buyer Incentive) and homebuyer training and outreach (REO Buyer Development/TA) and moving the money into REO Purchase/Rehab, an area in which we are seeing increased demand. These

funding shifts will ensure that the City is able to meet the funding obligation and expenditure deadlines for the NSP program.

Programs	City NSP-1				State NSP-1			
	Current Budget	Amendment	New Budget	% change	Current Budget	Amendment	New Budget	% change
REO Reclamation Fund: Turnkey Ownership	\$1,000,000	\$0	\$1,000,000	0.0%	\$1,000,000	\$0	\$1,000,000	0.0%
REO Reclamation Fund: Rental	\$500,000	\$0	\$500,000	0.0%	\$500,000	\$0	\$500,000	0.0%
REO Reclamation Fund: Permanent Supportive Housing	\$1,057,548	\$0	\$1,057,548	0.0%	\$1,057,548	\$0	\$1,057,548	0.0%
Land Bank Acquisition Program	\$125,000	\$0	\$125,000	0.0%	\$125,000	\$0	\$125,000	0.0%
REO Buyer Incentive	\$250,000	(\$150,000)	\$100,000	-60.0%	\$250,000	(\$150,000)	\$100,000	-60.0%
REO Buyer Development/TA	\$146,500	(\$80,000)	\$66,500	-54.6%	\$146,500	(\$80,000)	\$66,500	-54.6%
REO Purchase/Rehab	\$750,000	\$230,000	\$980,000	30.7%	\$750,000	\$230,000	\$980,000	30.7%
NSP Program Cost Subtotal	\$3,829,048	\$0	\$3,829,048	0.0%	\$3,829,048	\$0	\$3,829,048	0.0%
Grantee Administration & Planning	\$401,143	\$0	\$401,143	0.0%	\$191,452	\$0	\$191,452	0.0%
Total - NSP Funded Programs	\$4,230,191	\$0	\$4,230,191	0.0%	\$4,020,500	\$0	\$4,020,500	0.0%

In addition to the substantial budget amendment, the following non-substantial amendment will be made:

The proposed rent and income limits have been updated to reflect HUD's recently issued FY2010 median rent and income limits. The table below shows the income limits that will be used for the program as of May 12, 2010, as determined by HUD and updated annually. The NSP 50% of AMI category is the same as the "Very Low Income" category for the Section 8 and HOME programs. For the NSP program, HUD has followed the same methodology and calculated income limits for 120% of median.

The updated FY2010 NSP income limits are:

Income Category	1 person	2 persons	3 persons	4 persons	5 persons	6 persons	7 persons	8 persons
30% of AMI limits	\$19,300	\$22,050	\$24,800	\$27,550	\$29,800	\$32,000	\$34,200	\$36,400
Very low income (50% of AMI limits)	\$32,150	\$36,750	\$41,350	\$45,900	\$49,600	\$53,250	\$56,950	\$60,600
60% of AMI limits	\$38,580	\$44,100	\$49,620	\$55,080	\$59,520	\$63,900	\$68,340	\$72,720
Low income (80% limits)	\$45,100	\$51,550	\$58,000	\$64,400	\$69,600	\$74,750	\$79,900	\$85,050
NSP middle income (120% limits)	\$77,100	\$88,150	\$99,150	\$110,150	\$118,950	\$127,800	\$136,600	\$145,400

The general rule of thumb is that in order to be considered affordable, rents, less an allowance for tenant-paid utilities, should not exceed 30% of the household's monthly income. For the sake of consistency, we have adopted HUD's "Low-HOME Rent Limits" as the maximum rent for NSP-assisted units that are to be affordable to households with incomes at or below 50% of median without a project-based rent subsidy. If the unit has a project-based rental Section 8 rent subsidy, the unit rent may be set at the Section 8 Fair Market Rent.

For households earning up to 120% of the area median income, we adopted HUD's methodology for the Low Income Housing Tax Credit program to determine maximum rent limits for NSP. We expect that actual rents will be lower than these maximum rents because market rents in the areas eligible for NSP are lower than the rent affordable to households at 120% of AMI paying 30% of monthly income for rent.

The updated FY2010 NSP rent limits are:

Rent Limit Category	SRO	O-BR	1-BR	2-BR	3-BR	4-BR
50% of MFI (Low HOME Rent)	\$602	\$803	\$861	\$1,033	\$1,193	\$1,331
High HOME Rent	\$769	\$1,025	\$1,099	\$1,321	\$1,517	\$1,673
Section 8 FMR	\$817	\$1,090	\$1,156	\$1,357	\$1,623	\$1,783
120% of AMI (NSP Maximum)	\$1,445	\$1,927	\$2,066	\$2,479	\$2,863	\$3,194