

CITY OF BOSTON

CDBG Neighborhood Stabilization Program

Substantial Amendment #1
(Issued for Public Comment on 4/15/2009)



City of Boston
Thomas M. Menino, Mayor

Department of Neighborhood Development
Evelyn Friedman, Chief and Director

DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT
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**CITY OF BOSTON
CDBG Neighborhood Stabilization Program
Substantial Amendment**

TABLE OF CONTENTS

Section

- A Areas of Greatest Need**
 - **Map of NSP Target Area**
- B Distribution and Uses of Funds**
 - **Budget Summary**
- C Definitions and Descriptions**
- D Low Income Targeting**
- E Acquisitions & Relocation**
- F Public Comment**
- G NSP Information by Activity (6 programs)**
- H SF-424 and Certifications (not included)**
- I Needs Data by Census Tract**
- J NSP Rehabilitation Standards**
- K Summary of Comments (to be provided after comment period ends on 4/30/2009)**
- L NSP Substantial Amendment Checklist (not included)**
- M Request for Alternative Requirement – Homebuyer Counseling**
- N Request for Alternative Requirement – Presumed Affordability (withdrawn)**

CITY OF BOSTON

NSP SUBSTANTIAL AMENDMENT

<p>Jurisdiction(s): City of Boston, Department of Neighborhood Development <i>(identify lead entity in case of joint agreements)</i></p> <p>Jurisdiction Web Address: http://www.cityofboston.gov/dnd/Consolidated_Plan.asp <i>(URL where NSP Substantial Amendment materials are posted)</i></p>	<p>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</p>
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Substantial Amendment #1 to the City of Boston's CDBG Neighborhood Stabilization Program

The City of Boston's original Neighborhood Stabilization Program application was submitted to HUD on December 1, 2008 and approved on January 26, 2009. At this time we are proposing to make the following substantial amendments to the approved application. These amendments are reflective of additional information and resources received by the City since the initial application was submitted. One of these factors is HUD's decision that homebuyer assistance is not a financing mechanism and is therefore subject to the discount requirements under the acquisition regulations. This will put homebuyers at a market disadvantage and we are therefore expecting a lower than planned participation rate in NSP-funded purchase-rehab projects, and some additional non-NSP funds have been allocated to this program for purchasers that cannot qualify for NSP-funded assistance. Additionally, a very large response from contractors, developers and non-profits to the City's December, 2008 Request For Qualifications for participation in the REO Reclamation Fund indicates a strong interest in this program component. Because of this response, the City expects higher than anticipated participation in this program component. To ensure that the City expends both its NSP funds and the NSP funds received from the State in a timely manner, the City is moving more NSP resources to program components where the demand appears to be the highest. The City is also planning to allocate CDBG-ARRA funds to this activity. These funds were not available at the time of the City's initial NSP application.

Summary of Proposed Substantial Amendment

- 1) The City of Boston is proposing to move \$500,000 in City NSP funds (approximately 11.8% of the total) from the REO Purchase Rehab Program (see Tab G, pages 24-25) to the REO Reclamation Fund Turnkey Ownership Component (see Tab G, pages 14-15).
- 2) The City of Boston is also proposing to move \$500,000 in State NSP funds (approximately 12.4% of the total) from the REO Purchase Rehab Program (see Tab G, pages 24-25) to the REO Reclamation Fund Turnkey Ownership Component (see Tab G, pages 14-15).
- 3) Due to the increase of total City and State NSP funds for REO Reclamation Fund Turnkey Ownership Component from \$1 million to \$2 million, the City expects to be able to leverage an additional \$1 million in matching gap financing from MHC for a total of \$2 million.
- 4) The City also plans to commit \$926,858 in ARRA CDBG-Recovery (Stimulus bill) funds to the REO Reclamation Fund Turnkey Ownership Component, bringing the total funding for the program from \$2,000,000 to \$4,962,858, an increase of \$2,962,858 or 148% compared with the original budget.

- 5) The City also plans to commit \$500,000 in City Leading the Way funds to the REO Purchase/Rehab Component, bringing the total funding for the program from \$2,500,000 to \$2,000,000, a decrease of \$500,000 or 25% compared with the original budget.

These changes are shown in the Proposed Amended Budget following page 7 of the NSP Application. In addition to these substantial budget amendments, the following non-substantial amendments will be made:

- The proposed rent and income limits have been updated to reflect HUD's recently issued FY2009 median rent and income limits (see page 8).
- We have amended the affordability mechanism to employ a recapture rather than a resale restriction for the homebuyer components (see page 9).
- We have incorporated the new ARRA NSP tenant protections (see page 12).
- We have amended the performance measures and total budget for the REO Reclamation Fund: Turnkey Ownership component (see pages 14-15)
- We have amended the performance measures and total budget for the REO Purchase/Rehab component (see pages 24-25)

Section A

A. AREAS OF GREATEST NEED

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.

Response: In February of 2008, nearly nine months before the Neighborhood Stabilization Program was implemented, Mayor Thomas M. Menino announced the formation of a cross-departmental Foreclosure Intervention Team (FIT) targeting the Hendry Street area of Dorchester, a compact neighborhood with the highest concentration of foreclosed, REO (lender-owned) and abandoned properties in Boston. Through its Foreclosure Reclamation Initiative, the City, acting through the Boston Redevelopment Authority, had already acquired four properties with twelve units in the Hendry Street FIT area and put those properties out to bid for rehabilitation and resale as four owner-occupied triple-decker homes.

Following the City intervention at Hendry Street, the City proactively researched and analyzed foreclosures and home sales data citywide. The research focused on several broad areas where sales prices were falling and that also had large concentrations of foreclosed and abandoned properties. The City then conducted a visual survey of the foreclosed and abandoned properties in these areas to identify smaller target areas that, like Hendry Street, needed immediate and focused attention. The combination of quantitative and qualitative research enabled the City to rule out several areas that appeared on paper to have large numbers of foreclosed properties but that visual inspection showed were largely intact. These properties were often single foreclosed condominium units in larger multifamily properties that were otherwise in good shape. As a result of this research, the City identified two additional FIT target areas, the Dacia and the Langdon FIT areas in Roxbury. Like the Hendry FIT area, these additional FIT areas have a high percentage of foreclosed and/or abandoned buildings, are located in neighborhoods with steep declines in sales prices, and have a significant number of properties with visible physical distress and significant public safety issues. These three existing FIT areas form the core of the City's target area for the City's NSP program. They are identified in blue on the NSP Target Area map at the back of Section A of this Substantial Amendment. Following issuance of the HUD NSP guidance, the City identified several additional areas of greatest need for its NSP funding.

Note on methodology: In order to assist grantees in identifying areas of greatest need as specifically required by the statute and the notice for the NSP program, HUD provided grantees with block group level data, including data on the estimated number and percentage of foreclosure starts in the previous 18 months, a foreclosure and abandonment risk score based on estimated foreclosures and postal vacancy data, estimates of the decline in home values over the past 18 months, and data on the percent of high cost loans. Unfortunately, most of the data were estimated at the block group level from data originally gathered at the census tract, county or

higher levels of geography. This means that using these data to identify target areas at the block group level is questionable as the differences from one block group to another may simply be due to the estimating method rather than actual trends. As a result, HUD has cautioned and advised grantees to look at other local data, if available, when considering their areas of greatest need.

Revised Targeted Area: The target area for the draft substantial amendment was derived by including all block groups citywide with a HUD Foreclosure Risk Score of 8, 9, or 10. This included the 12 FIT area block groups and 137 additional block groups in Dorchester, Roxbury, Mattapan, Hyde Park and East Boston. We revisited this for the final substantial amendment after HUD issued the description of the methodology and we realized that the block group data were estimates rather than actual data and we were able to do our own correlations of HUD's estimated data with actual local data on foreclosures and related variables, including data obtained from visual surveys.

Looking again at the FIT areas using HUD data at the census tract rather than block group level, we found that each of the five census tracts in which the three FIT areas are located scored a 9 or 10 (the highest ranking) on HUD's Estimated Foreclosure Risk Score, had a HUD Predicted Foreclosure Rate of 8% or higher (compared to 6.1% citywide), and at least 35% of the loans in the area were high-cost loans (compared with 19.1% citywide). Using the City's own data, we found that the small (one census tract) Hendry Fit area alone had 35 REO properties and 7 abandoned properties. The small (one census tract) Langdon FIT area had 6 REOs and 11 abandoned properties and the three census tract Dacia area had 56 REOs and 18 abandoned properties. In addition, all five of the FIT census tracts had a low/mod population of at least 60% and all but one had a low/mod population of at least 70%. Together, the five FIT area census tracts contained 97 REO properties or 10% of the citywide total.

In addition to the three FIT areas, the City has identified a broader high need area based on a combination of the data HUD provided to grantees for their NSP applications and additional data the City has compiled on foreclosures and other trends. We began by looking at neighborhoods with troubled markets, those showing the greatest decline in median sales prices from the peak in 2005 or 2006. Citywide, the decline averaged -7%. However, five neighborhoods experienced declines of 20% or more: East Boston (-39%), Mattapan (-34%), Roxbury (-30%), Dorchester (-25%), and Hyde Park (-20%). We used this 20% decline as a threshold to make the first cut for determining areas of greatest need for the NSP program. Within these neighborhoods, we then used HUD's foreclosure risk score to make a second cut by selecting only those 39 census tracts within these five neighborhoods that had a HUD Foreclosure Risk Score of 8, 9 or 10. After looking at the areas on a map and adding data on the number of REO and abandoned properties, we identified four additional census tracts within these five neighborhoods with HUD Foreclosure Risk Scores below 8, but having a significant number of REOs and/or abandoned properties, a high % of high cost loans (all over 25%) and foreclosure petition rate over 2%. This resulted in the selection of 43 of the City's 156 census tracts for inclusion in the City's high need target area for the City's NSP program. These 43 census tracts (just over 25% of the total) contain 726 or just under 75% of the citywide total of 980 REO properties.

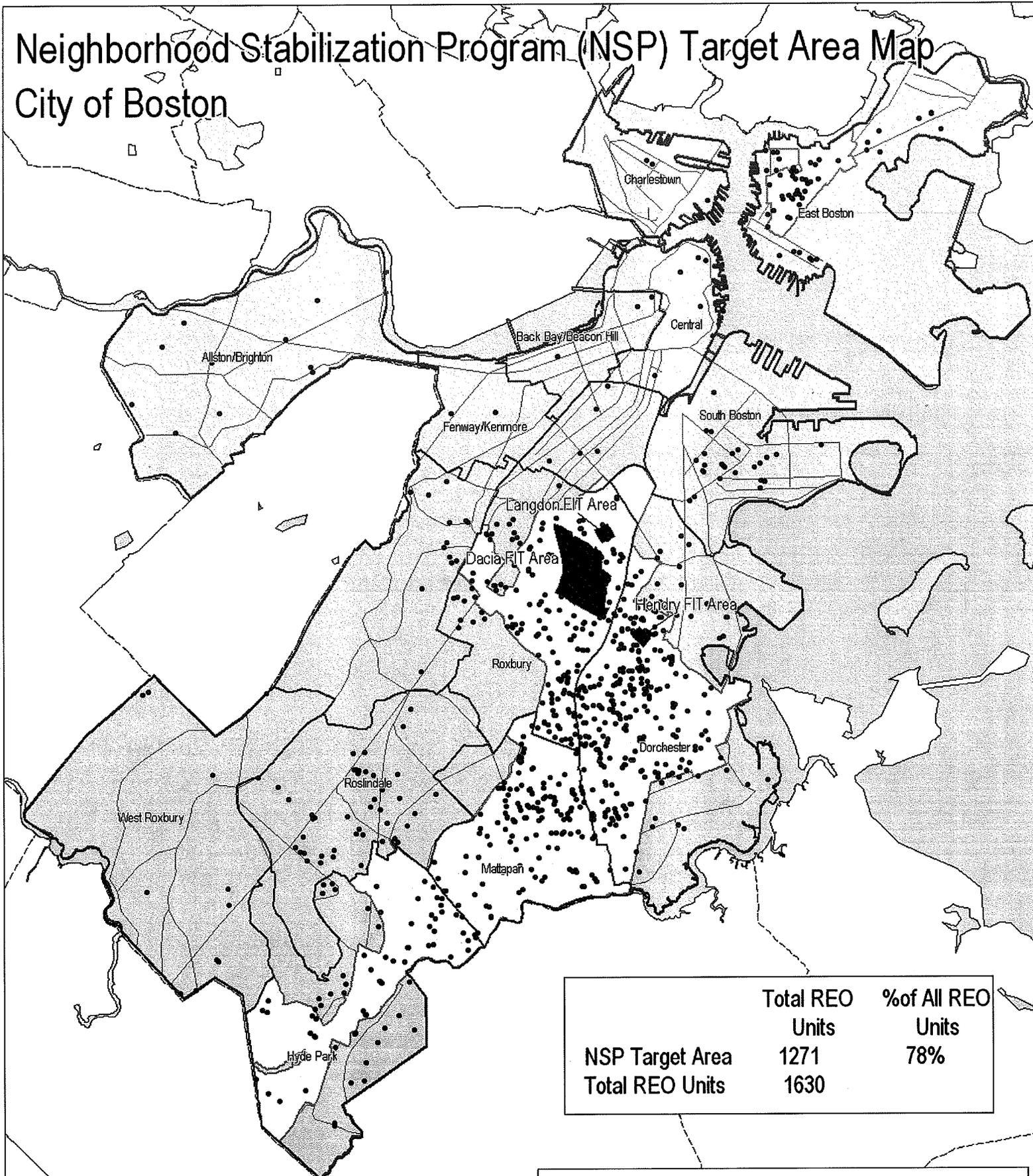
Based on this reanalysis of the HUD data and the City's own data, we have revised the NSP high need target area map. It differs from the map in the draft substantial Amendment in two significant ways. First, as outlined above, four additional census tracts have been added to the target area. Second we have eliminated the three separate tiers. The original tiers were based primarily on HUD's Foreclosure Risk Scores. Although there were substantial differences between block groups (and census tracts) that scored 8 or above and those that scored 7 or lower, there were no predictable differences between those that scored an 8, 9 or 10.

In general, the City plans to target NSP assistance to foreclosed and abandoned properties within the identified NSP target area, with a preference given to properties in the FIT areas. We will consider assisting properties outside the target area that are part of a bulk or portfolio purchase. We will consider assisting individual properties outside the target area on a case-by case basis,

giving consideration to the condition of the property, the impact that acquiring and/or rehabilitating that property will have on the immediate neighborhood and whether or not sufficient properties are available within the target area for the City to commit all of its NSP funds with the required 18 month time period.

The data on which this analysis was based are provided in Section I of this Substantial Amendment.

Neighborhood Stabilization Program (NSP) Target Area Map City of Boston



	Total REO Units	% of All REO Units
NSP Target Area	1271	78%
Total REO Units	1630	

- Existing REO Properties (as of 9/15/08)
- Foreclosure Intervention Team (FIT) areas
- NSP Target Area



**DEPARTMENT OF
NEIGHBORHOOD DEVELOPMENT**

Evelyn Friedman, Director and Housing Chief

Section B

B. DISTRIBUTION AND USES OF FUNDS

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.

Response: As described in Section A, the City plans to target NSP assistance to foreclosed and abandoned properties primarily within the identified NSP high need target area, with a preference given to properties in the FIT areas. We will consider assisting properties outside the target area that are part of a bulk or portfolio purchase. We will consider assisting individual properties outside the target area on a case-by case basis, giving consideration to the condition of the property, the impact that acquiring and/or rehabilitating that property will have on the immediate neighborhood and whether or not sufficient properties are available within the target area for the City to commit all of its NSP funds with the required 18 month time period.

As explained in Section A, the target area for the City's NSP program is comprised of 43 census tracts located in neighborhoods with the largest declines in market values, that have a high score (8, 9, or 10) on HUD's Foreclosure Risk Score, have a high number of REO properties, and have a high % high cost loans. These 43 census tracts comprise only one quarter of the City's total census tracts, but contain nearly three quarters of the City's REO properties. The data supporting the determination of the City's target area are provided in Section I of this Substantial Amendment.

The City plans to use its NSP allocation, plus additional NSP funds to be requested from the state, to carry out seven program activities to assist the acquisition and/or rehabilitation of lender-owned foreclosed and abandoned properties with in the NSP target area:

REO Reclamation Fund: Turnkey Ownership Component

Funds to assist for-profit and non-profit developers with the cost of rehabilitating vacant REO properties into owner-occupied properties. Restoring or redeveloping foreclosed properties as homeownership is the City's top priority. NSP funds will not be made available for acquisition unless the property is acquired in accordance with the NSP program's requirements regarding purchase price discounts of 5% - 15%.

REO Reclamation Fund: Permanent Supportive Housing Component

Funds to assist for-profit and non-profit developers with the cost of rehabilitating vacant REO properties into permanent supportive housing for the homeless or for persons with disabilities. NSP funds will not be made available for acquisition unless the property is acquired in accordance with the NSP program's requirements regarding purchase price discounts of 5% - 15%.

REO Reclamation Fund: Rental Housing Component

Funds to assist for-profit and non-profit developers with the cost of rehabilitating vacant REO properties into rental housing for low and moderate income renters. NSP funds will not be made available for acquisition unless the property is acquired in accordance with the NSP program's requirements regarding purchase price discounts of 5% - 15%.

Land Bank Acquisition Program

This program will provide funds to cover the City's transactional costs (e.g. legal fees, appraisals) to acquire REO properties and to cover the City's interim costs of securing and maintaining REO properties before disposition of the property to a homeowner or developer.

REO Buyer Incentive Program

Funds to assist individual homebuyers with the cost of acquiring vacant REO properties to be owner-occupied by the buyer. NSP funds will not be made available for acquisition unless the property is acquired in accordance with the NSP program's requirements regarding purchase price discounts of 5% - 15%.

REO Purchase Rehab Component

Funds to assist individual homebuyers with the cost of acquiring and rehabilitation vacant REO properties to be owner-occupied by the buyer. NSP funds will not be made available for acquisition unless the property is acquired in accordance with the NSP program's requirements regarding purchase price discounts of 5% - 15%.

REO Buyer Development/Technical Assistance

Funds to provide required counseling to buyers of REO properties through City staff or qualified non-profits or other vendors under contract with the City. Counseling may include one-on-one counseling or group courses. Funds will also be used to market the program and create a pool of qualified buyers interested in purchasing REOs.

In addition, the City plans to use about 9.5% of the funds for its planning and administrative costs to support the program. The proposed budget for the City's NSP funds and for the NSP funds the City Plans to request from the state is provided at the end of this section. The City may need to amend the proposed budget and program activities depending on HUD's ruling on various policy issues and requested waivers. The City reserves the right to reallocate funds among the proposed programs as needed to ensure that all funds are committed in a timely manner within 18 months as required by the NSP Notice.

Additional detail on each of the proposed programs is provided for each of these proposed activities in Section G of this Substantial Amendment.

Proposed Budget Amendment 1 for DND CDBG NSP Allocation and Requested DHCD NSP Funds

Programs *	CITY NSP	% of city NSP	STATE NSP	% of State NSP	LTW Funds	NHT	MHIC Gap	ARRA CDBG-R	BHA Section 8 Vouchers	TOTAL Budget
REO Reclamation Fund: Turnkey Ownership	\$1,000,000 \$500,000	23.6% 11.8%	\$1,000,000 \$500,000	24.9% 12.4%			\$2,000,000 \$1,000,000	\$962,858 \$0		\$4,962,858 \$2,000,000
REO Reclamation Fund: Rental	\$500,000	11.8%	\$500,000	12.4%			\$1,000,000			\$2,000,000
REO Reclamation Fund: Permanent Supportive Housing	\$1,057,548	25.0%	\$1,057,548	26.3%		\$1,000,000	\$1,000,000		up to 100	\$4,115,096
Land Bank Acquisition Program	\$125,000	3.0%	\$125,000	3.1%	\$250,000					\$500,000
REO Buyer Incentive	\$250,000	5.9%	\$250,000	6.2%	\$1,000,000					\$1,500,000
REO Buyer Development/TA	\$146,500	3.5%	\$146,500	3.6%	\$50,000					\$343,000
REO Purchase/Rehab	\$750,000 \$1,250,000	17.7% 29.5%	\$750,000 \$1,250,000	18.7% 31.1%	\$500,000 \$0					\$2,000,000 \$2,500,000
NSP Program Cost Subtotal	\$3,829,048	90.5%	\$3,829,048	95.2%	\$1,800,000	\$1,000,000	\$4,000,000	\$962,858	\$0	\$15,420,954
Grantee Administration & Planning	\$401,143	9.5%	\$191,452	4.8%	\$0	\$0	\$0	\$0	\$0	\$592,596
Subtotal - NSP Funded Programs	\$4,230,191	100.0%	\$4,020,500	100.0%	\$1,800,000	\$1,000,000	\$4,000,000	\$962,858	\$0	\$16,013,549

* See Tab G, "NSP Information By Activity", for descriptions of each program.

Section C

C. DEFINITIONS AND DESCRIPTIONS

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

Response: Massachusetts General Laws (MGL) 121A and 121B provide guidance regarding the definitions of blighted structures. Consistent with those statutes, the City of Boston, following the Department of Housing and Community Development, defines blighted structures for the purposes of NSP as a building that by reasonable determination displays physical deterioration rendering the building unfit for human habitation, obsolete or in need of major maintenance or repair or lacks ventilation, light or sanitation facilities contributing to a condition that is detrimental to safety health or morals.

(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.

Response: In order to define affordable rents, we first have to specify at what income levels the rents are designed to be affordable. The table below shows the income limits that will be used for the program. 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 FY2009 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	\$18,950	\$21,650	\$24,350	\$27,050	\$29,200	\$31,400	\$33,550	\$35,700
Very low income (50% of AMI limits)	\$31,550	\$36,100	\$40,600	\$45,100	\$48,700	\$52,300	\$55,900	\$59,950
60% of AMI limits	\$37,860	\$43,320	\$48,720	\$54,120	\$58,440	\$62,760	\$67,080	\$71,460
Low income (80% limits)	\$46,300	\$52,950	\$59,550	\$66,150	\$71,450	\$76,750	\$82,050	\$87,350
NSP middle income (120% limits)	\$75,750	\$86,600	\$97,400	\$108,250	\$116,900	\$125,550	\$134,200	\$142,900

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 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. The updated FY2009 NSP rent limits are:

Rent Limit Category	SRO	O-BR	1-BR	2-BR	3-BR	4-BR
50% of MFI (Low HOME Rent)	\$591	\$788	\$845	\$1,015	\$1,172	\$1,307
High HOME Rent	\$755	\$1,006	\$1,079	\$1,298	\$1,491	\$1,644
Section 8 FMR	\$810	\$1,080	\$1,146	\$1,345	\$1,609	\$1,767

The City of Boston is anticipating that all rental units directly assisted with City NSP funds under the REO Reclamation Fund: Permanent Supportive Housing Component will be supportive housing units targeted to be affordable to households with incomes at or below 30% of AMI and that project-based Section 8 vouchers will be made available to ensure the affordability and financial viability of the project. The City of Boston further anticipates that all other rental units assisted with City and State NSP funds will be targeted to be affordable to households with incomes at or below 80% of AMI. The state is requiring that rents for such units receiving state

NSP funds be set at the “High HOME Rent Levels” which are designed by HUD to be affordable to households with incomes at or below 65% of AMI.

However, the primary focus of the City’s NSP program is to facilitate the rehabilitation and redevelopment of foreclosed and abandoned single-family residential properties (1-4 units) as owner-occupied homeownership properties. For owner-occupied properties with one, two or three additional rental units, it is anticipated that NSP assistance will only be provided for the homeowner’s unit. For example, for a three-decker, NSP assistance would normally be limited to one-third of the total development costs (TDC). For a two-family, NSP assistance would normally be limited to one half of the TDC. In that case, there would be no income limits, rent limits or other affordability restrictions imposed on the rental units in such two and three-family owner-occupied properties. However, if NSP assistance exceeds the pro-rata share of the TDC corresponding to the owner’s unit, then one or more of the rental units will also be required to have income limits and rent limits to restrict the additional assisted units to be affordable to a household with an income at or below 120% of AMI. Rents would be the lower of the market rent or 30% of the monthly income of a household at 120% of AMI. This is not expected to impose any additional financial burden on the projects because market rents in the target areas are well below the rents affordable to a household with an income of 120% of AMI. The main burden will be the additional administrative burden of periodically documenting incomes and rents.

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

Response: For rental units assisted with NSP funds, the City will ensure long term affordability to households with incomes at or below 50% of AMI or 80% of AMI through the use of a deed restriction (covenant) and a note and mortgage on the property following the same policies and procedures used in the City’s HOME-funded Rental Housing Development Program, generally for 30 plus 20 years. Projects with Low-Income Housing Tax Credits are generally affordable in perpetuity.

The primary focus of the City’s NSP program is to facilitate the rehabilitation and redevelopment of foreclosed and abandoned single-family (1-4 unit) residential properties into owner-occupied properties. Based on our analysis of market conditions in the high need areas, we believe that it will be difficult to incent developers and buyers to purchase and occupy REO properties in these target areas unless reasonable flexibility is provided. Due to the onerous repayment language in the original NSP-1 program guidance, the City had originally planned to use a resale restriction combined with the HOME program’s “presumed affordability” provision to ensure some level of continuing affordability while still providing an incentive to homebuyers to purchase foreclosed properties in the targeted high-foreclosure areas. With the repeal of that provision by the American Reinvestment and Recovery Act (aka the Stimulus Bill), we are opting to employ a recapture provision instead. For direct assistance to homebuyers, the City will require that buyer have a household income below 120% of AMI and that the household must occupy the property as their primary residence for a ten year period (based on the amount of assistance to be provided). As a result of our experience with the frequent failures of triple-decker condominium associations, owners will be prohibited from converting NSP assisted properties to condominiums. In order to prevent flipping and windfall profits, the City will require the owner to repay 100% of the NSP subsidy if the owner fails to owner-occupy the property or sells the property during the first 5 years. During years 6-10, twenty percent of the subsidy will be forgiven for each additional year the property remains owner-occupied by the original buyer. A similar recapture restriction homeownership development projects, but we expect the affordability period to be for 15 years based on the higher level of assistance provided. These requirements will be enforced through a covenant and be secured by a note and mortgage on the property.

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

Response: NSP-funded housing rehabilitation must bring substandard housing units into compliance with Article II of the Massachusetts Sanitary Code, which sets minimum standards of habitability standards for residential buildings. Projects involving gut rehabilitation of 1-3 story structures will be required to meet Energy Star building performance standard. Energy Star compliance will be optional for projects involving a lower level of rehabilitation. Projects involving the gut rehabilitation of 4+ story structures will be required to follow the City's Green Building guidelines where feasible. A more detailed description of the City's rehabilitation standards for the NSP program is provided in Section J of this Substantial Amendment.

Section D

D. LOW INCOME TARGETING

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: **\$1,057,548**.

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.

Response: The City of Boston's NSP allocation is \$4, 230,191. Of that amount, a minimum of twenty five percent of the total or \$1,057,548 will be used for permanent housing for individuals and families whose incomes do not exceed 50% of the area median income.

Section E

E. ACQUISITIONS & RELOCATION

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.

Response: At the present time, the City of Boston does not intend to demolish or convert any low- and moderate-income dwelling units (i.e., $\leq 80\%$ of area median income) as a direct result of NSP-assisted activities. The City would consider demolition on a case-by-case basis and only where demolition is the best available strategy for addressing a key problem property in a neighborhood. Otherwise, we would target NSP assistance to another property that does not require demolition.

Note: The American Recovery and Reinvestment Act amended the NSP program to provide tenants of foreclosed properties acquired or rehabilitated with NSP funds with additional eviction notices and other protections in addition to those provided by the Uniform Relocation Act. The City will be incorporating these guidelines into all NSP-funded contracts and sub-recipient agreements.

Section F

F. PUBLIC COMMENT

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.

Response: The City's Draft NSP Substantial Amendment was originally issued for a 15-day public comment period beginning at 9 a.m. on Monday, November 10th on the City of Boston's website at: http://www.cityofboston.gov/dnd/Consolidated_Plan.asp

Notices were mailed to 504 organizations and individuals on a mailing list maintained by the Department of Neighborhood Development for its Consolidated Plan/Action Plan citizen participation process.

Comments were accepted until the close of business at 5:00 p.m. on Monday, November 24th, 2008. Comments could be submitted by e-mail (at actionplan.dnd@cityofboston.gov), by FAX (to 617-635-0383) or by U. S. Mail (to NSP Action Plan, Policy Development & Research Division, Dept. of Neighborhood Development, 26 Court Street, 8th floor, Boston, MA 02108).

This substantial amendment to the original NSP Substantial Amendment was issued for a second 15 day public comment period on April 15th on the City of Boston's website. Comments will be accepted until the close of business on Thursday, April 30, 2009. Comments may be submitted by e-mail (at actionplan.dnd@cityofboston.gov), by FAX (to 617-635-0383) or by U. S. Mail (to NSP Action Plan, Policy Development & Research Division, Dept. of Neighborhood Development, 26 Court Street, 8th floor, Boston, MA 02108).

Section G

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(1) Activity Name: **REO Reclamation Fund: Turnkey Ownership Component**

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

NSP Eligible Use: Purchase and rehabilitate homes and residential properties that have been foreclosed upon in order to sell, rent or redevelop such homes and properties

CDBG Eligible Activity: rehabilitation, acquisition (only if property is acquired in accordance with NSP purchase price discount requirements)

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

Low/Mod/Middle Income Housing

(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.

This program provides financial assistance to for-profit and non-profit developers of REO or abandoned properties in the NSP target area, with a priority given to properties located in FIT areas. Assistance may include funding for rehabilitation, a developer subsidy to write down the post-rehab purchase price to affordable levels and/or purchase assistance to the homebuyer. NSP funds will not be utilized for acquisition costs unless the property was purchased in accordance with the NSP purchase price discount requirements. NSP assistance will generally be limited to a pro-rata share of the Total Development Cost (TDC) corresponding to the homeowner's unit (1/3 of TDC in a triple-decker, 1/2 of the TDC in a two family). The program is for homeownership development only, targeted to households with incomes under 120% of AMI. NSP assistance to the developer will be structured as a deferred loan at 0% interest that will be forgiven in whole or in part at the time of sale of the property to a qualified homebuyer. We do not anticipate that any funds used for this activity will meet the low-income housing requirement for those below 50% of area median income.

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

NSP target area with a priority to FIT Areas (see map in Section A).

(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).

Estimate 39 properties/102 units to be acquired & rehabilitated, contingent upon receiving an additional \$1.5 million in state NSP and other funds. Anticipate that all units will be for households with incomes between 60% -120% of AMI.

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

\$4,962,858 total (\$1 million from City NSP funds, \$1 million from State NSP grant to Boston and will request \$2 million in additional state funds from MHIC, and we plan to commit \$962,858 in ARRA CDBG-Recovery funds to this component)

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

City of Boston Department of Neighborhood Development Department (DND), 26 Court Street, Boston, MA, 02108. DND is the City of Boston's community development agency and administers the City's CDBG, HOME, McKinney Homeless Assistance Program and other HUD housing and community development grants.

Evelyn Friedman, Chief of Housing and Director, DND

(9) Projected Start Date: 1/01/09

(10) Projected End Date: 6/30/2010

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate (10 – 15% if NSP funds are used for acquisition)

For financing activities, include:

- range of interest rates (0%)

For housing related activities, include:

- duration or term of assistance; (5, 10 or 15 years, as required by the HOME regulations, depending on the amount of subsidy provided per NSP-assisted unit.)
- tenure of beneficiaries--rental or homeownership; (homeownership)
- a description of how the design of the activity will ensure continued affordability (describe) Long-term affordability will be enforced through a covenant, mortgage and note requiring owner-occupancy by a household with an income under 120% of AMI for 10 years. We do not plan to restrict the sales price. We believe that market conditions in the NSP target area will limit sales and resale prices to a level that will remain affordable to households with incomes under 120% of AMI for the foreseeable future. To prevent flipping, we will recapture 100% of the subsidy if sold or rented during the first 5 years. The amount to be recaptured will be reduced by a percentage for each additional year the property remains owner-occupied by the original buyer and forgiven at the end of the required affordability period.

(1) Activity Name: **REO Reclamation Fund: Permanent Supportive Housing Component**

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

NSP Eligible Use: Purchase and rehabilitate homes and residential properties that have been foreclosed upon in order to sell, rent or redevelop such homes and properties

CDBG Eligible Activity: rehabilitation, acquisition (only if property is acquired in accordance with NSP purchase price discount requirements)

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

Low/Mod/Middle Income Housing

(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.

This program provides gap financing (average of \$40,000/unit or \$120,000 per property) to for-profit and non-profit developers for the acquisition of REO or abandoned properties in the NSP target area. NSP funds will not be utilized for acquisition costs unless the property was purchased in accordance with the NSP purchase price discount requirements. The program is for the development of permanent rental housing targeted to homeless households with incomes under 30% of AMI, or up to 50% of AMI if homeless status is verified through a homeless services provider. The City anticipates having project-based Section 8 vouchers available to make this income targeting feasible and financially viable. Developers may be required to partner with a homeless services provider to provide case management and self-sufficiency services. Long-term affordability (30 years plus an optional renewal for an additional 20 years) will be achieved through a covenant, note and mortgage on the property. NSP assistance to the developer will be structured as a deferred loan at 0% interest, during construction, to pay for eligible development costs. We anticipate that all funds used for this activity will meet the low-income housing requirement for those below 50% of area median income.

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

NSP target area (see map in Section A).

(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).

Estimate 33 properties/100 units to be acquired & rehabilitated, contingent upon receiving an additional \$2.057 million in state NSP or other funds. Anticipate that all units will be for households with incomes under 50% of AMI with most having incomes under 30% of AMI...

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

\$4,115,096 total (\$1,057,548 from City NSP funds, (\$1,057,548 in State NSP funds, \$1 million in other City funds, \$1 million in MHIC or additional state NSP state funds).

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

City of Boston Department of Neighborhood Development Department (DND), 26 Court Street, Boston, MA, 02108. DND is the City of Boston's community development agency and administers the City's CDBG, HOME, McKinney Homeless Assistance Program and other HUD housing and community development grants.

Evelyn Friedman, Chief of Housing and Director, DND

(9) Projected Start Date: 1/01/09

(10) Projected End Date: 6/30/2010

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate (10 – 15% if NSP funds are used for acquisition)

For financing activities, include:

- range of interest rates (0%)

For housing related activities, include:

- duration or term of assistance; (minimum of 30 years, plus optional 20 years renewal)
- tenure of beneficiaries--rental or homeownership; (rental)
- a description of how the design of the activity will ensure continued affordability (describe) Long-term affordability (minimum of 30 years with optional 20 year renewal) will be enforced through a covenant, mortgage and note.

(1) Activity Name: **REO Reclamation Fund: Rental Housing Development**

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

NSP Eligible Use: Purchase and rehabilitate homes and residential properties that have been foreclosed upon in order to sell, rent or redevelop such homes and properties

CDBG Eligible Activity: rehabilitation, acquisition (only if property is acquired in accordance with NSP purchase price discount requirements)

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

Low/Mod/Middle Income Housing

(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.

This program provides gap financing (average of \$83,000/unit or \$249,000 per property) to for-profit and non-profit developers for the acquisition of REO or abandoned three family properties in the NSP target area. The City does not plan to use its own NSP allocation for this activity but will commit \$1 million in other City funds and will be requesting \$1 million in NSP funds from DHCD. NSP funds will not be utilized for acquisition costs unless the property was purchased in accordance with the NSP purchase price discount requirements. The program is for the development of rental housing targeted to low and moderate-income households with incomes under 80% of AMI. As required by DHCD, NSP-assisted units will be required to remain affordable to households under 80% of AMI for at least 15 years and will be achieved through a covenant, note and mortgage on the property. NSP assistance to the developer will be structured as a deferred loan at 0% interest, during construction, to pay for eligible development costs. We anticipate that at least \$250,000 of the State NSP funds used for this activity will meet the low-income housing requirement for those below 50% of area median income.

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

NSP target area (see map in Section A).

(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).

Estimate 8 properties/24 units to be acquired & rehabilitated, contingent upon receiving an additional \$1.5 million in state NSP or other funds. Anticipate that all units will be for households with incomes under 80% of AMI with at least having 2 properties/6 units having incomes under 50% of AMI...

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

\$2,000,000 total (\$500,000 from City NSP funds, \$500,000 from State NSP funds and \$1 million in MHIC or additional State NSP funds.)

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

City of Boston Department of Neighborhood Development Department (DND), 26 Court Street, Boston, MA, 02108. DND is the City of Boston's community development agency and administers the City's CDBG, HOME, McKinney Homeless Assistance Program and other HUD housing and community development grants.

Evelyn Friedman, Chief of Housing and Director, DND

(9) Projected Start Date: 1/01/09

(10) Projected End Date: 6/30/2010

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate (10 – 15% if NSP funds are used for acquisition)

For financing activities, include:

- range of interest rates (0%)

For housing related activities, include:

- duration or term of assistance; (minimum of 15 years)
- tenure of beneficiaries--rental or homeownership; (rental)
- a description of how the design of the activity will ensure continued affordability (describe) Long-term affordability (minimum of 15 years) will be enforced through a covenant, mortgage and note.

(1) Activity Name: **Land Bank Acquisition Program**

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

NSP Eligible Use: Establish Land Banks for homes that have been foreclosed upon.

CDBG Eligible Activity: interim operation & management of foreclosed property, disposition.

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

Low/Mod/Middle Income Housing

(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.

This program provides funding for the operation and maintenance of foreclosed property during period between the acquisition and disposition of the property. The Department of Neighborhood Development's Real Estate Management and Sales (REMS) Division will serve as the Land Bank entity for the NSP program. REMS is currently responsible for the management and disposition of City-owned tax foreclosed land and buildings and surplus City facilities. This function will be expanded to include interim management and disposition of lender-foreclosed (REO) properties acquired by the City. Acquisition will be paid for through other funds. The City does not plan to hold "land banked" properties for an extended period. Every effort will be made to dispose of the properties as quickly as possible, generally expected to be within 6 months to a year. In no case will the properties be land banked for more than 10 years.

Additional information on REMS is available on the City's website at:

http://www.cityofboston.gov/dnd/1_Real_Estate.asp

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

NSP Target Area (see map in Section A)

(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). Estimate 50-100 properties.

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

\$500,000 total (\$125,000 from City NSP funds, \$125,000 in state NSP funds and \$250,000 in other City resources.)

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

City of Boston Department of Neighborhood Development Department (DND), 26 Court Street, Boston, MA, 02108. DND is the City of Boston's community development agency and administers the City's CDBG, HOME, McKinney Homeless Assistance Program and other HUD housing and community development grants.

Evelyn Friedman, Chief of Housing and Director, DND

Real Estate Management & Sales Division, City of Boston Department of Neighborhood Development Department (DND), 26 Court Street, Boston, MA, 02108.

Sandra Duran, Deputy Director, REMS/DND

(9) Projected Start Date: 1/1/09

(10) Projected End Date: 6/30/2010

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate (N/A)

For financing activities, include:

- range of interest rates (N/A)

For housing related activities, include: (N/A)

- duration or term of assistance; (N/A)
- tenure of beneficiaries--rental or homeownership; (N/A)
- a description of how the design of the activity will ensure continued affordability (describe) (N/A)

(1) Activity Name: **REO Buyer Incentive Program**

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

NSP Eligible Use: Purchase and rehabilitate homes and residential properties that have been foreclosed upon in order to sell, rent or redevelop such homes and properties.

CDBG Eligible Activity: acquisition

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

Low/Mod/Middle Income Limited Clientele

(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.

This program provides funding for downpayment and closing cost assistance to provide an incentive to homebuyer households to purchase and owner-occupy REO or abandoned properties in the target areas, with a priority for properties in the FIT areas. NSP funds will not be utilized for acquisition costs unless the property was purchased in accordance with the NSP purchase price discount requirements. The City will provide up to \$15,000 for the purchase of properties in the NSP target area and may make available up to an additional \$10,000 for the acquisition of priority properties within FIT areas. The program is for homeownership acquisition only, targeted to households with incomes under 120% of AMI. We do not anticipate that any funds used for this activity will meet the low-income housing requirement for those below 50% of area median income. Note: This program may not be offered if NSP grantees are required to recapture 100% of the proceeds from the sale of the property, allowing the homeowner no appreciation on their investment.

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

NSP Target Area (see map in Section A)

(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).

Estimate 69 - 100 properties for households with incomes between 60% -120% of AMI, contingent on receipt of State NSP funds.

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

\$1,500,000 total (\$250,000 from City NSP funds, \$250,000 in State NSP funds and \$1 million in other City funds.)

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

City of Boston Department of Neighborhood Development Department (DND), 26 Court Street, Boston, MA, 02108. DND is the City of Boston's community development agency and administers the City's CDBG, HOME, McKinney Homeless Assistance Program and other HUD housing and community development grants.

Evelyn Friedman, Chief of Housing and Director, DND

(9) Projected Start Date: 1/1/09

(10) Projected End Date: 6/30/10

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate (minimum of 5%)

For financing activities, include:

- range of interest rates(0%)

For housing related activities, include:

- duration or term of assistance; 10 years
- tenure of beneficiaries--rental or homeownership; (Homeownership)
- a description of how the design of the activity will ensure continued affordability (describe) Long-term affordability will be enforced through a covenant, mortgage and note requiring owner-occupancy by a household with an income under 120% of AMI for 10 years. We do not plan to restrict the sales price. We believe that market conditions in the NSP target area will limit sales and resale prices to a level that will remain affordable to households with incomes under 120% of AMI for the foreseeable future. To prevent flipping, we will recapture 100% of the subsidy if sold or rented during the first 5 years. The amount to be recaptured will be reduced by a percentage for each additional year the property remains owner-occupied by the original buyer and forgiven at the end of the required affordability period.

(1) Activity Name: **REO Purchase/Rehab Program**

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

NSP Eligible Use: Purchase and rehabilitate homes and residential properties that have been foreclosed upon in order to sell, rent or redevelop such homes and properties.

CDBG Eligible Activity: acquisition, rehabilitation

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

Low/Mod/Middle Income Housing

(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.

This program provides funding for owner-occupants who have purchased REO or abandoned properties in the target areas to pay for the cost of rehabilitating those properties. NSP funds will not be utilized for acquisition costs unless the property was purchased in accordance with the NSP purchase price discount requirements. The City will provide up to \$50,000 per property to support the purchase and moderate rehabilitation of properties in the NSP target area with a priority given to properties in the FIT areas. The program is for owner-occupancy only, targeted to households with incomes under 120% of AMI. We do not anticipate that any funds used for this activity will meet the low-income housing requirement for those below 50% of area median income.

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

NSP Target Area (see map in Section A)

(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).

Estimate 40 properties with 80 units for households with incomes between 60% -120% of AMI, contingent on receipt of State NSP funds..

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

\$2,000,000 total (\$750,000 from City NSP funds, \$750,000 in state NSP funds and \$500,000 in City Leading the Way funds).

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

City of Boston Department of Neighborhood Development Department (DND), 26 Court Street, Boston, MA, 02108. DND is the City of Boston's community development agency and administers the City's CDBG, HOME, McKinney Homeless Assistance Program and other HUD housing and community development grants.

Evelyn Friedman, Chief of Housing and Director, DND

(9) Projected Start Date: 1/1/09

(10) Projected End Date: 6/30/10

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate (minimum of 5%)

For financing activities, include:

- range of interest rates(0%)

For housing related activities, include:

- duration or term of assistance; (5, 10 or 15 years, as required by the HOME regulations, depending on the amount of subsidy provided per NSP-assisted unit.)
- tenure of beneficiaries--rental or homeownership; (Homeownership)
- a description of how the design of the activity will ensure continued affordability (describe) Long-term affordability will be enforced through a covenant, mortgage and note requiring owner-occupancy by a household with an income under 120% of AMI for 10 years. We do not plan to restrict the sales price. We believe that market conditions in the NSP target area will limit sales and resale prices to a level that will remain affordable to households with incomes under 120% of AMI for the foreseeable future. To prevent flipping, we will recapture 100% of the subsidy if sold or rented during the first 5 years. The amount to be recaptured will be reduced by a percentage for each additional year the property remains owner-occupied by the original buyer and forgiven at the end of the required affordability period.

(1) Activity Name: **REO Buyer Development/Technical Assistance**

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

NSP Eligible Use: Purchase and rehabilitate homes and residential properties that have been foreclosed upon in order to sell, rent or redevelop such homes and properties.

CDBG Eligible Activity: public service, rehab services, acquisition program delivery costs.

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

Low/Mod/Middle Income Limited Clientele

(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.

This program provides funding for the required 8 hours of pre-purchase counseling for prospective homebuyers interested in purchasing foreclosed, REO and abandoned properties through the NSP program. The NSP program guidelines require that the counseling services be provided by HUD-certified non-profits. As discussed with HUD staff, we are requesting that HUD allow the City to provide these services directly through its own staff, through qualified vendors certified by the Citizens Housing and Planning Association (a HUD-Certified Housing Counseling intermediary), or through for-profit vendors under contract to the City of Boston's Department of Neighborhood Development. A Request for an Alternative Requirement is provided in Tab M of this document. Counseling and training may include group classes and/or one-on-one counseling. It is necessary to have a pool of pre-qualified, pre-trained homebuyers in order to meet the 18-month timeline for committing the NSP funds.

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

NSP Target Area (see map in Section A)

(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).

Estimate that we will counsel and train 500 homebuyers, contingent on receipt of state NSP funds.

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

\$343,000 total (\$146,500 from City NSP funds, \$46,500 in State NSP funds and \$50,000 in other City funds.)

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

City of Boston Department of Neighborhood Development Department (DND), 26 Court Street, Boston, MA, 02108. DND is the City of Boston's community development agency and administers the City's CDBG, HOME, McKinney Homeless Assistance Program and other HUD housing and community development grants.

Evelyn Friedman, Chief of Housing and Director, DND

(9) Projected Start Date: 1/1/09

(10) Projected End Date: 6/30/10

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate (N/A)

For financing activities, include:

- range of interest rates (N/A)

For housing related activities, include:

- duration or term of assistance; (N/A)
- tenure of beneficiaries--rental or homeownership; (renters and homeowners)
- a description of how the design of the activity will ensure continued affordability (describe) (N/A)

(1) Activity Name: **NSP Program Administration and Planning**

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

NSP Eligible Use: Planning & Administration

CDBG Eligible Activity: planning & administration

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

Not Applicable

(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.

Normal CDBG program administration costs, including preparation of applications, quarterly reporting, researching and surveys of foreclosed, REO and abandoned properties, program marketing, financial management, loan management, compliance monitoring, etc.

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

(N/A)

(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).

(N/A)

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

\$562,596 total (\$401,143 from City NSP funds, \$191,452 from state NSP funds)

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

City of Boston Department of Neighborhood Development Department (DND), 26 Court Street, Boston, MA, 02108. DND is the City of Boston's community development agency and administers the City's CDBG, HOME, McKinney Homeless Assistance Program and other HUD housing and community development grants.

Evelyn Friedman, Chief of Housing and Director, DND

(9) Projected Start Date: 9/29/08

(10) Projected End Date: 6/30/08

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate (N/A)

For financing activities, include:

- range of interest rates (N/A)

For housing related activities, include:

- duration or term of assistance; (N/A)
- tenure of beneficiaries--rental or homeownership; (N/A)
- a description of how the design of the activity will ensure continued affordability (describe) (N/A)

Section I

HUD NSP Data by Census Tract

Tract	FIT area	HUD Risk Score	HUD est. # foreclosures	% of est. foreclosures	est. foreclosure rate	est. High Cost Loan Rate
090600	Dacia	10	22	0.5%	8.1%	35.7%
090400	Dacia	10	47	1.0%	9.5%	43.7%
081800	Dacia	10	43	1.0%	8.6%	39.4%
091500	Hendry	9	79	1.8%	9.4%	42.9%
080100	Langdon	10	16	0.4%	8.2%	36.6%
100400		10	77	1.7%	8.1%	36.4%
100300		10	71	1.6%	9.4%	43.5%
100200		10	47	1.0%	8.3%	37.9%
092400		10	67	1.5%	10.6%	48.6%
092300		10	56	1.2%	9.4%	42.4%
092000		10	69	1.5%	9.0%	40.6%
091900		10	68	1.5%	10.0%	45.7%
091800		10	54	1.2%	9.0%	41.1%
091700		10	62	1.4%	9.8%	45.1%
090300		10	28	0.6%	10.0%	46.3%
090200		10	22	0.5%	10.7%	48.8%
090100		10	67	1.5%	10.8%	49.9%
082000		10	35	0.8%	8.4%	37.1%
101102		9	52	1.2%	8.8%	39.7%
101101		9	50	1.1%	9.2%	42.1%
100500		9	91	2.0%	8.0%	36.2%
100100		9	53	1.2%	9.0%	41.0%
091600		9	38	0.8%	6.8%	29.6%
091300		9	22	0.5%	8.3%	37.7%
082100		9	22	0.5%	8.4%	38.2%
081900		9	25	0.6%	7.3%	32.7%
081700		9	44	1.0%	8.0%	35.6%
081300		9	21	0.5%	7.0%	31.2%
080300		9	14	0.3%	6.9%	31.5%
140400		8	166	3.7%	7.9%	35.7%
140300		8	114	2.5%	7.5%	33.4%
101002		8	70	1.6%	8.6%	39.1%
101001		8	107	2.4%	8.5%	38.7%
092200		8	39	0.9%	6.8%	30.3%
092100		8	89	2.0%	7.1%	31.6%
091400		8	36	0.8%	7.7%	34.2%
050900		8	61	1.4%	8.9%	40.6%
050600		8	20	0.4%	7.7%	33.5%
050200		8	46	1.0%	7.8%	34.9%
100900		7	70	1.6%	6.6%	28.7%
050700		7	42	0.9%	7.3%	32.3%
100601		6	74	1.6%	6.1%	26.5%
140102		6	68	1.5%	6.1%	26.2%
140201		7	27	0.6%	7.3%	32.3%
140104		7	54	1.2%	7.0%	30.5%
091200		7	38	0.8%	6.5%	28.5%
091100		7	45	1.0%	4.9%	20.6%
090700		7	35	0.8%	4.6%	19.4%
081500		7	15	0.3%	5.0%	20.7%
081400		7	28	0.6%	5.2%	21.4%
081200		7	12	0.3%	4.9%	21.4%

HUD NSP Data by Census Tract

080600		7	5	0.1%	6.2%	25.5%
080500		7	10	0.2%	6.6%	28.4%
050100		7	38	0.8%	6.2%	27.0%
140202		6	78	1.7%	5.7%	24.5%
120300		6	43	1.0%	4.4%	17.7%
110401		6	43	1.0%	5.6%	23.6%
110300		6	33	0.7%	5.4%	23.2%
110200		6	27	0.6%	7.2%	31.2%
110100		6	45	1.0%	4.0%	15.9%
100800		6	49	1.1%	4.4%	18.0%
100602		6	27	0.6%	5.7%	24.5%
080900		6	6	0.1%	4.8%	19.2%
051200		6	29	0.6%	4.0%	15.6%
051000		6	27	0.6%	5.9%	25.4%
050400		6	18	0.4%	6.2%	26.4%
050300		6	10	0.2%	7.2%	31.0%
140103		5	50	1.1%	5.8%	25.0%
130402		5	38	0.8%	3.6%	13.8%
130401		5	40	0.9%	3.8%	14.5%
120500		5	14	0.3%	3.7%	13.8%
110502		5	51	1.1%	5.5%	23.0%
110402		5	54	1.2%	4.9%	20.5%
091000		5	19	0.4%	3.5%	13.7%
081000		5	10	0.2%	4.2%	17.3%
060800		5	56	1.2%	3.9%	15.1%
051100		5	35	0.8%	4.8%	19.7%
050500		5	5	0.1%	3.5%	13.5%
000802		5	24	0.5%	4.4%	17.8%
000201		5	17	0.4%	4.0%	15.6%
000100		5	16	0.4%	4.0%	15.4%
130200		4	21	0.5%	2.6%	9.0%
120700		4	9	0.2%	2.1%	6.4%
120600		4	12	0.3%	2.6%	8.5%
120200		4	17	0.4%	2.4%	7.6%
100700		4	34	0.8%	4.0%	16.0%
081100		4	11	0.2%	2.8%	10.0%
070400		4	1	0.0%	16.7%	50.0%
061200		4	33	0.7%	2.9%	10.2%
061000		4	13	0.3%	3.2%	12.1%
060500		4	29	0.6%	2.5%	8.4%
060400		4	40	0.9%	3.2%	11.8%
060300		4	25	0.6%	3.1%	10.9%
060200		4	13	0.3%	3.0%	11.0%
060100		4	19	0.4%	2.8%	9.9%
000601		4	16	0.4%	4.2%	16.5%
000302		4	13	0.3%	2.8%	10.4%
000301		4	14	0.3%	3.3%	12.1%
000202		4	12	0.3%	3.4%	13.6%
130300		3	22	0.5%	2.4%	7.5%
120400		3	29	0.6%	2.4%	7.6%
120102		3	17	0.4%	2.1%	6.4%
110602		3	29	0.6%	3.0%	10.5%
110601		3	10	0.2%	2.0%	6.5%
110501		3	15	0.3%	2.5%	8.5%
080400		3	2	0.0%	2.2%	7.1%

HUD NSP Data by Census Tract

071100		3	15	0.3%	2.1%	6.6%
070500		3	27	0.6%	1.9%	5.2%
070300		3	25	0.6%	1.8%	4.7%
070200		3	5	0.1%	2.1%	6.0%
070100		3	28	0.6%	2.0%	5.7%
061100		3	1	0.0%	4.5%	14.3%
060600		3	15	0.3%	1.8%	5.0%
040800		3	17	0.4%	2.0%	5.8%
040600		3	18	0.4%	2.5%	7.8%
040200		3	4	0.1%	2.0%	5.6%
030500		3	11	0.2%	2.2%	6.6%
030400		3	9	0.2%	2.3%	7.3%
030300		3	14	0.3%	1.8%	5.0%
030200		3	3	0.1%	1.8%	5.7%
030100		3	6	0.1%	2.3%	7.9%
020200		3	13	0.3%	2.1%	5.8%
010402		3	2	0.0%	2.8%	6.7%
010300		3	2	0.0%	2.9%	7.0%
010201		3	9	0.2%	1.8%	5.0%
000602		3	6	0.1%	2.3%	6.7%
000501		3	25	0.6%	2.2%	7.1%
000402		3	11	0.2%	2.5%	8.0%
000401		3	18	0.4%	3.0%	11.2%
130100		2	24	0.5%	2.3%	7.3%
120101		2	10	0.2%	1.7%	3.9%
010800		2	21	0.5%	1.5%	3.2%
010700		2	15	0.3%	1.6%	3.7%
010101		2	8	0.2%	1.7%	3.6%
000701		2	11	0.2%	2.2%	7.0%
090900		1	0	0.0%	0.0%	0.0%
080800		1	0	0.0%	0.0%	0.0%
071200		1	8	0.2%	1.3%	2.6%
070900		1	12	0.3%	1.7%	4.4%
070800		1	14	0.3%	1.6%	3.9%
070700		1	8	0.2%	1.6%	3.4%
070600		1	9	0.2%	1.3%	2.4%
040400		1	7	0.2%	1.3%	2.7%
040300		1	23	0.5%	1.7%	4.5%
040100		1	9	0.2%	1.3%	2.4%
020300		1	12	0.3%	1.3%	2.6%
020100		1	14	0.3%	1.7%	4.2%
010600		1	5	0.1%	1.3%	3.0%
010500		1	4	0.1%	1.5%	2.9%
010401		1	6	0.1%	1.9%	4.4%
010202		1	2	0.0%	1.1%	2.6%
010102		1	0	0.0%	0.0%	0.0%
000801		1	0	0.0%	0.0%	0.0%
000702		1	8	0.2%	1.6%	3.5%
000502		1	6	0.1%	1.7%	3.6%
060700		0	0	0.0%	1.8%	1.8%

Boston NSP Data by Census Tract

tract	FIT area	HUD Risk Score	Total Foreclosure Petitions	Total Foreclosure Deeds	Total REO Properties	Total Abandoned Properties	Low/Mod %
090600	Dacia	10	25	10	10	0	63.7%
090400	Dacia	10	60	37	24	7	77.4%
081800	Dacia	10	49	17	22	11	71.5%
091500	Hendry	9	76	46	35	7	69.9%
080100	Langdon	10	21	11	6	11	76.6%
100400		10	73	35	29	3	56.2%
100300		10	59	32	23	1	65.5%
100200		10	51	19	21	2	65.3%
092400		10	79	36	30	5	79.3%
092300		10	53	27	24	4	65.6%
092000		10	86	45	36	3	67.3%
091900		10	47	30	29	2	69.7%
091800		10	42	26	21	2	72.0%
091700		10	59	34	25	2	74.2%
090300		10	37	11	10	4	84.0%
090200		10	27	11	10	3	70.7%
090100		10	77	28	28	2	67.7%
082000		10	31	12	8	4	68.6%
101102		9	56	21	16	4	71.4%
101101		9	39	18	12	3	63.1%
100500		9	93	37	24	6	70.3%
100100		9	54	26	22	2	79.7%
091600		9	43	20	12	2	66.6%
091300		9	17	6	4	1	73.2%
082100		9	27	10	13	2	84.4%
081900		9	24	9	8	5	61.4%
081700		9	37	14	13	7	74.8%
081300		9	28	8	7	5	78.0%
080300		9	31	12	6	6	80.4%
140400		8	116	42	25	6	53.0%
140300		8	68	26	14	6	56.1%
101002		8	41	21	17	2	62.4%
101001		8	88	27	17	4	56.6%
092200		8	36	20	13	1	51.5%
092100		8	94	33	20	2	64.5%
091400		8	27	13	11	0	70.9%
050900		8	36	11	5	3	66.2%
050600		8	11	6	5	1	65.4%
050200		8	47	21	7	4	78.1%
100900		7	71	12	10	8	47.0%
050700		7	34	11	12	7	72.1%
100601		6	75	40	27	3	56.8%
140102		6	54	22	15	0	44.7%
140201		7	17	9	5	0	45.3%
140104		7	33	11	8	0	67.6%
091200		7	21	9	6	4	59.8%
091100		7	30	16	4	1	58.6%
090700		7	20	5	5	2	68.5%
081500		7	31	11	13	6	66.6%
081400		7	32	8	3	10	57.1%
081200		7	14	3	2	2	82.8%

Boston NSP Data by Census Tract

080600		7	4	1	0	4	77.6%
080500		7	14	5	2	4	87.0%
050100		7	38	10	9	0	68.3%
140202		6	54	15	9	1	42.9%
120300		6	42	14	14	1	66.0%
110401		6	28	17	11	1	53.1%
110300		6	23	5	4	0	42.6%
110200		6	20	6	7	0	64.4%
110100		6	31	10	6	1	52.6%
100800		6	33	17	6	1	44.3%
100602		6	18	10	3	8	50.5%
080900		6	6	1	1	2	64.4%
051200		6	28	9	5	1	62.2%
051000		6	18	6	5	2	59.5%
050400		6	20	8	3	2	76.4%
050300		6	6	3	1	0	90.3%
140103		5	44	14	7	1	44.4%
130402		5	26	3	1	1	28.8%
130401		5	28	9	6	0	63.3%
120500		5	10	6	3	0	65.8%
110502		5	30	12	8	2	40.7%
110402		5	43	16	11	0	45.8%
091000		5	19	8	7	0	52.5%
081000		5	6	0	1	1	73.6%
060800		5	44	23	10	2	48.5%
051100		5	37	9	3	1	59.9%
050500		5	8	2	0	1	65.7%
000802		5	11	3	1	0	67.8%
000201		5	4	4	2	0	35.5%
000100		5	5	1	1	1	51.5%
130200		4	11	2	1	0	23.2%
120700		4	5	1	0	0	54.5%
120600		4	16	3	1	0	34.0%
120200		4	9	1	1	1	52.4%
100700		4	32	5	3	1	46.6%
081100		4	9	4	5	2	61.2%
070400		4		0	0	0	92.0%
061200		4	26	5	4	11	52.8%
061000		4	7	1	1	0	82.1%
060500		4	19	3	4	4	40.9%
060400		4	30	13	7	0	44.8%
060300		4	8	4	1	1	36.3%
060200		4	6	0	0	0	23.6%
060100		4	8	0	1	6	42.3%
000601		4	6	0	0	0	48.6%
000302		4	7	1	1	1	28.4%
000301		4	8	0	0	0	36.8%
000202		4	5	3	1	4	35.4%
130300		3	15	3	0	1	23.5%
120400		3	18	4	0	1	38.1%
120102		3	6	0	0	1	19.5%
110602		3	16	2	3	0	31.8%
110601		3	3	1	0	0	26.3%
110501		3	12	2	0	1	37.8%
080400		3	2	0	0	4	72.4%

Boston NSP Data by Census Tract

071100		3	7	3	2	2	55.6%
070500		3	10	3	0	3	51.0%
070300		3	6	2	1	4	32.9%
070200		3	2	0	1	0	82.0%
070100		3	10	0	0	4	70.3%
061100		3	7	5	1	0	95.5%
060600		3	5	1	1	6	33.2%
040800		3	7	0	1	3	66.4%
040600		3	16	1	0	3	26.7%
040200		3	3	0	0	0	61.5%
030500		3	6	2	1	0	28.8%
030400		3	4	1	1	3	39.0%
030300		3	7	3	1	1	29.2%
030200		3	2	1	1	0	46.6%
030100		3	3	4	0	1	36.2%
020200		3	6	0	0	0	31.4%
010402		3	0	0	0	0	75.4%
010300		3	1	1	1	1	86.0%
010201		3	8	4	1	0	65.0%
000602		3	8	0	0	0	77.8%
000501		3	9	2	0	0	54.4%
000402		3	7	0	1	0	41.4%
000401		3	15	4	1	1	55.6%
130100		2	24	7	2	0	34.9%
120101		2	13	2	0	0	44.7%
010800		2	9	2	0	0	24.8%
010700		2	6	1	1	0	22.5%
010101		2	3	0	0	1	50.8%
000701		2	8	1	0	1	53.6%
090900		1	0	0	0	0	62.0%
080800		1	0	0	0	1	69.6%
071200		1	1	1	0	2	72.7%
070900		1	4	1	1	3	51.7%
070800		1	5	0	0	1	45.7%
070700		1	1	0	0	0	45.7%
070600		1	6	2	1	0	19.9%
040400		1	7	1	1	0	40.5%
040300		1	14	6	2	2	34.3%
040100		1	2	0	0	0	21.7%
020300		1	4	0	1	1	32.6%
020100		1	3	1	1	1	18.7%
010600		1	0	0	0	0	30.6%
010500		1	0	1	0	0	51.8%
010401		1	1	0	0	0	67.0%
010202		1	0	0	0	0	72.6%
010102		1	0	0	0	0	74.1%
000801		1	0	0	0	0	67.9%
000702		1	13	4	2	0	69.4%
000502		1	3	0	0	0	50.1%
060700		0	0	0	0	0	93.8%

Section J



Department of Neighborhood Development
Neighborhood Housing Development Division

Design, Construction and Open Space Unit

NEIGHBORHOOD STABILIZATION PROGRAM (NSP)
RESIDENTIAL DESIGN STANDARDS

NEIGHBORHOOD HOUSING DEVELOPMENT DIVISION
Design Construction and Open Space Unit

INTRODUCTION

The scope of these design guidelines have been developed to address the moderate renovation projects proposed within the Foreclosure Intervention Team (or FIT) areas that seek Neighborhood Stabilization Program (NSP) funding. DND anticipates that these project areas consist of primarily one to three family dwellings in need of minimal renovation which can be completed in a timely manner.

DND has developed these design standards to ensure that all projects seeking NSP funding conform to current applicable regulations, and promote cost effective, environmentally responsible, quality design. For each project reviewed by DND the goal is to achieve the highest quality product within the cost constraints of the program.

The goal of NSP Residential Design Standards is to encourage the preservation of residential dwellings which:

- *Serve an identified need for housing & community development*
- *Stabilize the condition of existing dwellings*
- *Use interior and exterior space to enhance the quality of life of the residents and neighbors*
- *Results in cost effective construction*
- *Results in low maintenance costs and energy efficiency for renters and homeowners.*
- *Minimizes environmental impact on City infrastructure and promotes public health.*
- *Minimizes environmental impact at the regional, national, and global level by reducing green house gas emissions and water use*

MODERATE REHABILITATION

The NSP Residential Standards are moderate rehabilitation guidelines developed for one to three family residential dwellings in need of minor repair or replacement of building elements or systems. These guidelines are targeted toward residential dwellings, which due to neglect, long-term vacancy or age of the buildings have fallen into general disrepair. Developers are to provide needed upgrades and refurbishing of the existing dwellings in order to return them to service and make these units competitively marketable for homeownership or rental. Developers are to prioritize rehabilitation that **does not** require relocation or removal of interior walls. NSP projects are **not** to involve extensive structural work nor work which impacts the structural framing or assembly of the existing building. ***Extensive or gut renovation projects are not the priority of the Neighborhood Stabilization Program. If extensive renovation is required of a property, all portions of the project will be subject to the provisions of the new construction and renovation design standards. Such projects should seek assistance through DND's Request for Proposals funding rounds.***

Stabilization

Many foreclosed or abandoned properties will have signs of distress and neglect. An important focus will be to prioritize rehabilitation measures that stabilize the underlying physical integrity of the building, address life safety, egress and fire protection code compliance, and consider the long term maintenance & operational costs through the integration of energy efficiency, green building and sustainability measures outlined within these guidelines.

NEIGHBORHOOD HOUSING DEVELOPMENT DIVISION
Design Construction and Open Space Unit

The following outline is meant to illustrate DND's priorities for NSP funded projects. These include:

A. Structural Integrity

- a. Improvement of the Building Enclosure and Exterior Elevations – Exterior elevations are to have details of quality and dimension equal to or better than existing buildings in buildings in the neighborhood. Every effort is to be made to preserve or replicate the architectural detailing. Damaged exterior details can be rebuilt or replaced. The Design of new exterior details are to carefully consider function, material quality, durability and future maintenance.
 - i. Window & Door Replacement
 - ii. Repair & Replacement of exterior siding and trim
 - iii. Air sealing, rain/ground water runoff, and drainage control
- b. An initial assessment roof to determine the useful life of the roof and the need for minor repair or partial replacement.
- c. Minor repair of building structure and/or foundation due to fire or water damage, vandalism, long term neglect or age of the structure. Measures are to undertaken to prevent future degradation of the building structure, as required.
- d. Seismic and other structural upgrades required by code

B. Life Safety, Egress, and Fire Protection code compliance

- a. Massachusetts Building and other code review.
- b. Accessibility

C. Hazardous Materials & De-Leading

- a. Remove and properly dispose of Hazardous Materials
- b. De-leading as necessary in accordance with federal standards (Title X)

Sustainable Design & Green Building Practices

Sustainable design and green building strategies are to be incorporated into the rehabilitation of NSP projects. Projects must utilize LEED for Homes, Energy Star and Healthy Homes construction & material guidelines. At minimum, renovations and improvements proposed must meet applicable parts of these sustainability measures.

LEED for Homes & Energy Star

Every effort is to be made to implement sustainability methods, which reduce the annual cost of heating, electricity and water consumption within the renovated residence. LEED for Homes and ENERGY STAR for Homes are to be used to determine deficiencies in the energy performance, indoor air quality, thermal performance and water consumption of the existing residence.

Energy efficiency upgrades to the thermal moisture protection and insulation (r-values) are to be implemented using the Energy Star for Qualified Homes Thermal by-pass checklist as a guide. DND will expect full Energy Star certification whenever the interior wall finishes along the exterior wall or roof assembly are completely exposed during the renovation. Buildings are to meet the National Five Star efficiency performance standard of 85 or lower on the HERS index. All procedures used for this Five Star rating are to comply with the National Home Energy Rating System (HERS) guidelines.

NEIGHBORHOOD HOUSING DEVELOPMENT DIVISION
Design Construction and Open Space Unit

The use of cellulose or high r-value insulation systems is strongly encouraged. Energy Star lighting, appliances, mechanical equipment, etc. are to be used where appropriate.

D. Energy Efficiency, Ventilation, and Mechanical systems

- a. Thermal moisture protection
- b. Insulation R-values
- c. Ventilation – Indoor Air Quality
- d. Mechanical Systems Performance – Heating and Cooling, Electrical, Plumbing, Security, etc.
- e. Low Flow fixtures and other water conservation measures
- f. Energy efficient Lighting and Appliances

Healthy Homes

DND is committed to reducing the impact of respiratory ailments such as asthma on families residing in units funded by the City of Boston. Methods and materials are to be used that will minimize building conditions known to trigger asthma and respiratory problems for the occupants. Measures are to be taken to keep the interior environment of the dwellings dry, clean, well ventilated, safe, free of contaminants, pest free and well maintained.

E. Interior Quality

- a. Use of Durable and sustainable interior finishes
- b. Use of Low or No VOC materials

Preservation of Openspace

Landscaping is to compliment the building and maximize the use of open space. All new planting is to be allergy reducing. Landscaping is to be compatible with the neighborhood, provide an important visual amenity to the residents and provide adequate dedicated space for children to play. Existing mature and healthy trees will be preserved wherever possible. Existing rows of trees along a street are to be maintained. In addition the landscape elements are to be designed to reduce the heat island effect, assist in storm water management of the site and reduce the overall irrigation water demand and water budget. Portions of the lot located on a steep slope are to control erosion and reduce the long-term effects of runoff through the use of terracing and retaining walls.

Section K

SUMMARY OF COMMENTS ON DRAFT NSP SUBSTANTIAL AMENDMENT

We would like to thank the following individuals and organizations for their thoughtful comments and questions on our Draft NSP Substantial Amendment:

Kathy Brown, Coordinator, Boston Tenant Coalition

Spencer DeShields, Executive Director, Mattapan Community Development Corporation

Lyndia Downie, President and Executive Director, Pine Street Inn

Michael Feloney, Executive Director, Southwest Boston Community Development Corporation

Joseph Kriesberg, President and CEO, Massachusetts Association of Community Development Corporations

David Price, Executive Director, Nuestra Comunidad Development Corporation

Steven Roussel, CRA Mortgage Loan Officer, CCO Mortgage Corporation (RBS Citizensbank)

Annie St. John, Assistant Regional Director of Training and Education, H.O.M.E./Homeowner Options for MA Elders

Bob Van Meter, Executive Director, Boston Local Initiatives Support Corporation

The following is a summary of the comments received on the Draft NSP substantial amendment and, if the comment or suggestion was not adopted, an explanation.

Comment or Suggestion	City Response
<p>Encourages the City to direct new housing production resources to those at or below 30% AMI as an underlying principle and significant focus of the CDBG Neighborhood Stabilization Program.</p>	<p>As its name implies, the primary focus of the NSP program is the stabilization of neighborhoods impacted by foreclosures, not affordable housing. Congress deliberately provided grantees with additional flexibility by increasing the income limits for the NSP program from the CDBG program's usual 80% of AMI limit to 120% of AMI. However, the City is committing to use 25% of its NSP allocation for the development of supportive housing, including housing for households with incomes under 30% of AMI. We also plan to request additional NSP funds from the Commonwealth of Mass. For the development of additional affordable rental housing.</p>
<p>Housing First programs are a viable and proven resource for successfully housing our most vulnerable citizens. Housing First places chronically homeless individuals in housing immediately, paired with intensive case management to coordinate access to mainstream services that are designed to sustain tenancies. Funding is needed create additional Housing First units so that the model may be expanded to bring more Housing First options to community based settings.</p>	<p>Again, the primary focus of the NSP program is the stabilization of neighborhoods impacted by foreclosures, not affordable housing. The City is planning to use 25% of its NSP allocation for the development of supportive housing, which could include creation of additional Housing First units.</p>
<p>It is my hope that people from 25% to 120% of the HUD median income would be able to buy these (redeveloped former foreclosed) properties. It is important to make housing affordable for low to moderate-income households. They support many job functions within Boston. It would be a better quality of life for the city's workers to have access to affordable housing and to be close to where they work.</p>	<p>Unfortunately, we do not expect most households with incomes at the lower end of the income range proposed by the commenter to be able to obtain bank financing or to be able to sustain homeownership. For the homeownership component, we expect prospective buyers will need to have incomes at or above 60% of AMI in order to qualify for a mortgage. We expect to serve lower income households through NSP-assisted rental housing.</p>

Comment or Suggestion	City Response
<p>The plan calls for all NSP-assisted rental development to be for homeless or extremely low income households. Four comments received said that it is important to have some ability to use NSP funds for rental development for households with incomes between 50% and 80% of AMI. More funds should be allocated to rental development overall. One comment specifically suggested that the City reallocate \$2 million of the 4 million set-aside for the Supportive Housing component for moderate income rental units/projects.</p>	<p>The City is planning to request an additional \$1 million in NSP funds from DHCD for rental housing development and plans to commit an additional \$1 million in city resources for non-homeless/supportive housing populations. The revised application will include a program description for this component even though it will not be funded from the City's NSP allocation.</p>
<p>While supporting the focus on homeownership, three comments suggested that it may be necessary for the City to be more flexible in the current market and allow developers to the redevelop foreclosed properties as either rental or homeownership. The City should provide a consistent level of subsidy to make either option feasible, as dictated by market conditions.</p>	<p>The City's priority is homeownership, but we would consider short term or long-term alternatives where current market conditions make homeownership infeasible. It is not possible to set a single per-unit or per project subsidy level for all projects.</p>
<p>Two comments supported the City's efforts to ensure that homebuyer subsidies can be forgiven over 10 years and that buyers with incomes up to 120% of AMI be allowed to receive NSP assistance.</p>	<p>This is contingent upon HUD approval.</p>
<p>Supports efforts to allow more flexibility in the plan so funds can be deployed for the kinds of solutions that are already working.</p>	<p>Unable to respond to this comment without additional details.</p>
<p>Supports allocation of funds for Land Bank Activities but feels the amount allocated for interim property management may not be adequate.</p>	<p>The amount allocated is based on DND's experience, discussions with private firms and the expectation that properties will not be held for long periods of time.</p>
<p>The City should add to the NSP target area the portion of Hyde Park that includes the section of River Street southwest of Cleary Square that has a number of foreclosed 2 & 3 family properties.</p>	<p>After reviewing the data, we have accepted this suggestion. We have also added three additional census tracts based on a reanalysis of City and HUD data.</p>

Comment or Suggestion	City Response
<p>The City should add flexibility to acquire properties in Roslindale, a neighborhood that is currently outside the proposed NSP target area.</p>	<p>Roslindale does not currently have a sufficient number of foreclosed properties to qualify as an area of greatest need for the limited amount of NSP funds the City will receive. Nonetheless, we will consider priority properties on a case by case basis.</p>
<p>In order to ensure financial viability, it is necessary to allow developers to charge tenants the full Section 8 Fair Market Rent and not just 30% of the tenant's household income.</p>	<p>There seems to be some confusion regarding the City's intent. We will revise this program description to clarify that it is our expectation that NSP-assisted supportive housing projects will either be provided with project-based rental subsidies or with a deeper level of development subsidy to make the projects financially viable at the low-HOME rents levels without project-based rental assistance.</p>
<p>The City's proposal to limit NSP assistance to just the homeowner's unit in multifamily (2-4 unit properties will limit homeowner's participation. Many will the cost of renovating rental units as well (three comments).</p>	<p>The NSP program requires that a project provide affordable units in proportion to the amount of NSP assistance that is provided. It is the City's intent to pro-rate the amount of NSP assistance based on the number of affordable units in a property. Normally, NSP assistance would be limited to one-third of the total development cost of acquiring and rehabilitating a triple-decker or half of the cost of rehabilitating a two family so that only the homeowner's unit would require income limits and long term affordability restrictions. If higher levels of assistance are provided, additional affordable units will also be required.</p>
<p>Two comments recommended that the City should allow demolition where renovation is not cost effective or where the demolished property can be incorporated into a project that builds new housing units to replace the ones demolished.</p>	<p>Given the limited resources available and the requirement to commit the funds within 18 months, the City does not anticipate using NSP funds for properties requiring demolition.</p>
<p>The City is requiring that supportive housing projects assisted with NSP funds provide supportive services. The City should provide the funding for the services.</p>	<p>NSP funds cannot be used for supportive services. It is the City's expectation that supportive housing projects seeking NSP funds will either be undertaken by a supportive services provider or by a non-profit developer in partnership with a supportive services provider.</p>

Comment or Suggestion	City Response
The City should explicitly articulate a role for Community Development Corporations (CDCs) in the implementation of the purchase rehab program. CDCs can provide Technical assistance and oversee the rehab process.	The City plans to rely on its existing in house capacity to provide technical assistance and rehab oversight for the purchase rehab component.
The Plan is silent about how this City's NSP assistance will be coordinated with the Mass Housing Investment Corporation's (MHIC) acquisition loan fund.	The City has been having ongoing discussions with MHIC. We expect the programs to be coordinated to the extent possible, but specific details have not been finalized at this time.
One commenter suggested that the City partner with the Home Funders Collaborative to stretch City assistance for the development of rental housing with NSP funds.	The City has engaged in discussions with the Collaborative and we are happy to work with non-profit grantees whose projects are funded by the Collaborative.
The City should create broader, more flexible programs to facilitate switching money from one component to another as needed (for example, between homebuyer acquisition and homebuyer purchase/rehab) .	Programs and budgets must be set up to be consistent with HUD's DGMS system. This requires budget allocation by NSP activity and specific CDBG eligible activity category.
CDC are already acquiring properties. How will the City work with CDCs on those properties. Will the City provide NSP funds to properties acquired prior to the start of the NSP program?	NSP funds cannot be used for any costs incurred prior to 9/29/08. NSP funds can be used for rehab costs of properties acquired with other funds before the start of the program. Acquisition costs must be consistent with NSP program discount requirements in order to be eligible for reimbursement with NSP funds. Properties acquired without consultation with the City are the developer's risk. The City cannot guarantee that assist projects for which the developer paid too high an acquisition price or that require an unreasonable amount of rehabilitation.
Owners of NSP-assisted projects should be allowed to rent units to Section 8 holders at Section 8 FMR without requiring that the project rent exclusively to Section 8 holders.	This a misunderstanding of the City's intent. Units target to households at 50% of median must either be underwritten to be affordable at the low-HOME rents without a subsidy or at the Section 8 FMR if a project-based rental subsidy is provided. Units do not have to be rented exclusively to voucher holders.

Comment or Suggestion	City Response
The use of the term project is confusing	A project can consist of one or more buildings. Restrictions are based on the number of units in the project.
The City should limit the term of affordability for rental projects assisted with NSP funds to 15 years with no renewal instead of instead of 30 plus 20 years renewal.	The City feels that 30+20 is a reasonable term given the proposed level of assistance and the commitment of project-based rental subsidies.
Commenter supports City proposal to restrict homeowner appreciation on NSP-assisted properties on a declining basis over 10 years to discourage speculation.	This is contingent upon HUD approval. A longer term may be required and the City may be required to recapture all of the appreciation.
The City should provide \$500 per closing for TA to be provided by qualified non-profits to buyers of REOs and an additional funding for rehab construction management equal to 10% of the loan amount for non-profits to provide TA for REO purchase rehab.	At this time, the City plans to provide these services directly through its own staff.
Energy Star can be met for projects requiring gut rehab, but for the most part this level of work exceeds the planned scope of rehab for most NSP projects.	Energy Star will only be required for Gut rehab. For all other projects, use of Energy Star compliant materials and equipment will only be required for those components that are replaced.
Funds should be targeted to lower-income populations residing in Boston's targeted neighborhoods and lower income groups should receive a priority. The City should target more than just the minimum of 25% of the funds to households with incomes below 50% of AMI.	The NSP program was not designed as an affordable housing program. It was intended to stabilize neighborhoods by providing communities with resources to address the growing number of foreclosed and abandoned properties resulting from the mortgage meltdown. Towards that end, Congress explicitly provided the NSP program with higher income limits than the regular NSP program.
More funds should be targeted to renters	The City's top priority is to return foreclosed properties to responsible owner-occupancy. However, the City is also seeking an additional \$1 million in NSP funds from DHCD and will commit an additional \$1 million in City funds for rental housing.

Comment or Suggestion	City Response
<p>Affordable rent is defined in a way that is inconsistent with the requirement that 25% of funds be used for households at or below 50% of AMI.</p>	<p>The City anticipates that all of the supportive housing units assisted with NSP funds will have project-based section 8 assistance. If they do not, they will be required to set rents at the low-HOME rents levels which are designed to be affordable to households with incomes at 50% of AMI. It is not possible to underwrite projects without rent subsidies by setting rents at 30% of household income regardless of the household's actual income.</p>
<p>Ensure compliance with required affordability periods. At minimum, the City should meet the HOME requirements applicable to the use of NSP funds.</p>	<p>The HOME requirements are a "safe harbor" for the NSP program and are not required by the NSP statute. The City is seeking a waiver of the NSP guidance to allow shorter and more flexible long term affordability requirements for NSP-assisted homeownership units. We feel this is necessary to encourage buyers to purchase REO properties in the targeted areas.</p>
<p>Provide priorities for NSP assistance to developers committed to permanent sustainable affordability, using land trusts and other models.</p>	<p>In soft market areas, such as the areas targeted for the NSP program, overly restrictive affordability requirements will serve as a disincentive to developers' willingness to invest in these properties. Several non-profit developers have commented that our proposed 30 + 20 year affordability requirements for rental projects are not feasible.</p>
<p>The City should adopt longer minimum affordability periods. City should require 20 year affordability for assistance of \$15,000 to \$40,000 per unit and 40 years for anything over \$40,000 per unit.</p>	<p>The proposed affordability periods are more restrictive than the HOME limits. The City believes these would limit interest in the program and result in our failure to commit and expend the funds within the required timelines.</p>

Comment or Suggestion	City Response
<p>The plan should prioritize maintaining occupied units in foreclosed properties in order to maximize stabilization and cost-effectiveness.</p>	<p>The City has prioritized the acquisition and rehabilitation of vacant units because these properties are most likely to pose a blighting influence on the local community and are most in need of rehabilitation. We are willing to work with tenants and non-profits interested in purchasing specific occupied foreclosed properties, but the City does not plan to make a priority of acquiring such properties. Due to relocation requirements and the higher costs of operating occupied properties, it is generally not more cost effective to acquire and rehabilitate such properties.</p>

Section M

Section M

Request For An Alternative Requirement – Homebuyer Counseling

Status: Presumed Approved (HUD approved Boston's NSP Substantial Amendment on January 26, 2009 without specifically addressing the Requests For An Alternative Requirement)

The City of Boston is hereby requesting an alternative requirement to the NSP requirement that "the grantee must require each NSP-assisted homebuyer to receive and complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan". Specifically, we are requesting that we be allowed to provide the required homebuyer counseling through staff of the Department of Neighborhood Development or through education counselors or agencies certified by the Citizens Housing and Planning Association (CHAPA). CHAPA is a HUD-certified Housing Counseling Intermediary and has certification standards that are substantially equivalent to HUD's standards. DND's HOME Center is one of CHAPA's certified housing counseling agencies.

Established in 1967, Citizens' Housing and Planning Association (CHAPA) is the non-profit umbrella organization for affordable housing and community development activities throughout Massachusetts. CHAPA's mission is to encourage the production and preservation of housing that is affordable to low-income families and individuals. CHAPA pursues its goals through advocacy with local, state and federal officials; research on affordable-housing issues; education and training for organizations and individuals; and coalition- and consensus building among broad interests in the field.

The Massachusetts Homeownership Collaborative is a program managed by CHAPA that provides technical assistance, training and certification to approximately 60 agencies across Massachusetts that teach first-time homebuyer education. These agencies all meet or exceed the standards for becoming HUD-certified and have been awarded the Massachusetts Homeownership Collaborative's "collaborative seal of approval", a designation that indicates they meet the Collaborative's standards for comprehensive homebuyer education.

The City of Boston contracts out with many of the agencies that have the aforementioned seal of approval. Given their many years of experience providing Home Buyer 101 courses, which entail a minimum of 8 hours of training and will include information on buying REO properties, the City of Boston is requesting an alternative requirement that allows that City to contract with education counselors and agencies that have the CHAPA seal of approval in lieu of HUD certification.

If granted, the alternative requirement will enable the City of Boston begin providing the required services immediately through amendments to existing contracts, rather than having to wait until a new request for proposals can be issued and new services procured.

For more information on the Homeownership Collaborative, here is a link to the CHAPA website:

http://www.chapa.org/?q=homeownership_collaborative

Here is a link to a list of the CHAPA-certified housing counseling agencies:

http://www.chapa.org/?q=homebuyer_counseling

Here is a link to information on DND's homebuyer education courses, including the "How to buy a foreclosed property" course.

http://www.cityofboston.gov/dnd/bhc/Buying_A_Home.asp

Contact person for this request:

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