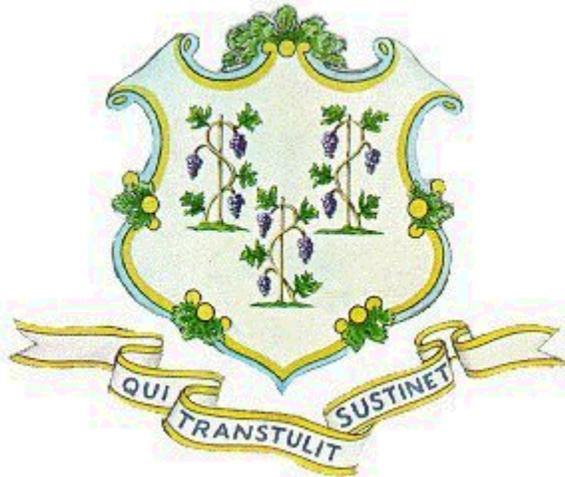


DRAFT FOR 15 DAY PUBLIC COMMENT



State of Connecticut

**Draft Neighborhood Stabilization Program (NSP)
Action Plan Substantial Amendment**



Submitted to the

U.S. Department of Housing and Urban Development

By

State of Connecticut

Department of Economic and Community Development

XXXX xx, 2008

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OVERVIEW OF NEIGHBORHOOD STABILIZATION PROGRAM

The following summary is not exhaustive and provided as a convenience to the reader. For specific program requirements, the source documents (public law, federal register notice, state action plan amendment, etc.) should be consulted.

In July 2008, Congress passed Public Law 110-289, the Housing and Economic Recovery Act of 2008 (HERA), which created the Neighborhood Stabilization Program (NSP) under Title III of Division B and provides \$3.92 billion to states, counties and cities in order to acquire, rehabilitate, demolish and redevelop foreclosed and abandoned residential properties. On September 26, 2008, the Department of Housing and Urban Development (HUD) released the individual NSP allocation for states and local governments. On September 29, 2008, HUD released a Notice outlining the NSP procedures, which notice was effective upon publication. HUD published the final notice of the allocation formula and program regulations in the Federal Register Vol. 73, No. 194 on Monday, October 6, 2008.

As required by HERA, HUD devised a formula to allocate funds based on the number of foreclosures, sub-prime and delinquent loans in each jurisdiction. HUD then calculated each state's allocation, subject to the statutory requirement that each state receive a minimum allocation of 0.5% of the total (\$19.6 million). After reserving a minimum of \$19.6 million for each state, HUD calculated the amount of the remaining funds that CDBG entitlement and non-entitlement areas would receive under the formula. To ensure targeting to areas of greatest need, HUD limited direct allocations to those localities owed at least \$2 million under the formula and allocated the balance to the states. If a locality would have received less than \$2 million dollars, that amount was rolled into the allocation for that state.

The State of Connecticut, as a whole, can receive up to \$25,043,385 in NSP funding. In order to receive its allocation of funds, the State must complete and submit an Action Plan substantial amendment (herein after referred to as the NSP Action Plan) to HUD before December 1, 2008. HUD will review the submission for completeness and consistency with the requirement of the NSP within 45 days. For specific information on the action plan submission and requirements, see the HUD website at <http://www.hud.gov>.

The State's NSP Action Plan is required to be posted on DECD's web site for citizen comment for no less than 15 days prior to its submission to HUD. It is anticipated that the funds will be made available to the State in early 2009, since HUD must complete their review within 45 days of submission. The State must obligate the funds within eighteen (18) months of receipt. Note: Obligated means orders placed, contracts awarded for NSP-eligible activities, or services received. The State may retain all program income received before July 30, 2013 as long as it is used for NSP-eligible activities. Program income received after that date returns to the Treasury unless HUD approves local re-use.

Eligible Activities

Eligible uses are described in Title III of HERA. Each of the five (5) activities funded under NSP must meet a CDBG national objective as stated in Title I of the Housing and Community Development Act of 1974. All activities and projects must meet the national objective of benefit to low- and moderate-income persons; however, for the purposes of these funds only, HUD has created a new income category of “middle income” which is for households between 80% and 120% of the Area Median Income (AMI). The eligible activities are:

- Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low-, moderate- and middle-income (LMMI) homebuyers;
- Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent or redevelop such homes and properties;
- Establish land banks for homes that have been foreclosed upon;
- Demolish blighted structures; and
- Redevelop demolished or vacant properties.

A. AREAS OF GREATEST NEED

Housing and Economic Recovery Act of 2008 (HERA)

HERA requires that states must “give priority emphasis and consideration” to those metropolitan areas, metropolitan cities, urban areas, rural areas, low- and moderate-income areas, and other areas with the greatest needs. Neighborhood Stabilization Program (NSP) funding is intended to bring about sustainable stabilization of neighborhoods.

Congress intended this funding be targeted to those areas of greatest need based on estimates of the number and percentage of foreclosures, sub-prime mortgages and delinquencies and defaults. HUD analyzed data from several different sources:

1. The Mortgage Bankers Association *National Delinquency Survey* and the Census Bureau’s *American Community Survey*;
2. The Federal Reserve’s Home Mortgage Disclosure Act (HMDA) data on high-cost loans at greatest risk of default and foreclosure;
3. Office of Federal Housing Enterprise Oversight (OFHEO) on home price declines;
4. Unemployment data from the Bureau of Labor Statistics; and
5. U.S. Postal Service data on home vacancies.

Governor’s Sub-Prime Mortgage Task Force

In April of 2007, Governor M. Jodi Rell convened a task force of housing, banking and mortgage lending and consumer experts to examine and make recommendations regarding the issue of sub-prime lending in Connecticut. The Governor charged the Task Force with completing a definitive analysis of the sub-prime lending market in Connecticut, including the number of families currently holding sub-prime mortgages, the number in foreclosure, the opportunities for refinancing, and the assistance or guidance available to or needed by affected homeowners.

The data gathered during the Task Force’s deliberation revealed that in Connecticut there are approximately 71,000 active sub-prime mortgages, with outstanding loan balances totaling more than \$15 billion. Over 8% of these mortgages are seriously delinquent and about 21,000 adjustable rate sub-prime mortgages will reset to a higher interest rate between October of 2007 and 2009. These mortgages are concentrated in communities with a higher than average number of low and moderate income households, minority households and affordable single-family housing.

A large number of borrowers took adjustable rate mortgages with a low initial interest rate that reset to a much higher interest rate within a two to three year period. These borrowers anticipated refinancing prior to their monthly payments increasing. However, refinancing is now often not available due to the tightening of credit standards. As a result many borrowers are now exposed to significant payment increases and possible default.

Key among the Task Force's recommendations was that Connecticut initiate a refinancing program to assist borrowers who used a sub-prime mortgage for a housing purchase, as well as developing mortgage programs that can serve as a reasonable substitute for the credit once available through the sub-prime mortgage market. The Connecticut Fair Alternative Mortgage Lending Initiative & Education Services (CT FAMLIES) Program was designed to implement that recommendation, see Section B, "New Programs to Address Sub-Prime Crisis in Connecticut".

Current Connecticut Housing Market

The real estate industry contributes 14% to gross state product.¹ According to research conducted by the Connecticut Association of Realtors, Inc. (CAR), the construction of 1,000 single family homes generates an estimated 2,448 full-time jobs in construction and construction-related industries, \$79.4 million in wages, and \$42.5 million in combined federal, state, and local tax revenues and fees.²

The number of single family homes sold in 2007 declined 10.1% statewide from the previous year.³ According to the Office of Federal Housing Enterprise Oversight (OFHEO), in the last two years, housing prices began to fall for the first time since 1977, and continued to drop in the first quarter of 2008. Key components to creating a rebound in the housing market are to stabilize home prices and make reasonably priced credit to be made available to consumers.

Connecticut's Areas of Greatest Need

This NSP substantial amendment incorporates by reference the State of Connecticut's Consolidated Plan for Housing and Community Development, [2005-2009](#), and the Consolidated Plans for [Bridgeport](#), [Waterbury](#), [New Haven](#), [Hartford](#), [New Britain](#), [Meriden](#) and [Stamford](#).

Hyperlinks to the State's plan, as well as each of the seven local plans are embedded above.

The HERA legislation requires each State to allocate funding to:

1. Areas with the greatest percentage of home foreclosures;
2. Areas with the highest percentage of homes financed by a sub-prime mortgage related loan; and
3. Areas identified by the State as likely to face a significant rise in the rate of home foreclosures.

The legislation also allows the States to add related factors they deem important.

As noted earlier, each State is required to target funds according to the criteria noted above, however, the only available comprehensive federal or state government data sources used estimates for these factors; hard data down to the municipal level is not available. Nor is there a generally accepted methodology for stating the relative severity of need among all

¹ CERC (2007) *The Connecticut Economic Review*, based on a calculation of output divided by the labor force. http://www.ct.gov/ecd/lib/ecd/nu_eco_review/nueconreview06.pdf

² Connecticut Association of Realtors, Inc. *2008 Statement of Policy*. (October 2007), p. 19.

³ The Warren Group (2007).

jurisdictions (CDBG entitlement and non-entitlements). HUD developed a foreclosure and abandonment risk score to assist itself in targeting the areas of greatest need within the entitlement jurisdictions across the country.

DECD was able to secure some of this data, relevant to the entitlement jurisdictions in Connecticut, from the HUD website prior to it being removed for undisclosed inconsistencies. As this data cannot be reliably replicated, DECD is not relying upon the data that was obtained at that time. However, the subsequent determinations made by DECD are consistent with this original data, which can be found in Chart A-1 in Appendix A.

Nationally, the Local Initiatives Support Corporation (LISC) researchers calculated a foreclosure needs score but only for all CDBG entitlement jurisdictions in each State, using nationally available data which incorporates factors specified in the authorizing legislation (measures of sub-prime lending, foreclosures, and delinquency and vacancy from the U.S. Postal Service), see Chart A-2 in Appendix A. As Chart A-3 indicates, LISC found that more than half, 58.0% of the foreclosed loans in Connecticut were within the 22 CDBG entitlement communities; while only 42% of the foreclosures fell in the remaining 147 non-CDBG entitlements.

DECD, with cooperation and assistance from CHFA, looked at a number of locally available data sources that had complete coverage of the 169 communities in Connecticut, in order to substantiate HUD's analysis and the most recent work done by LISC. This data included actual numbers of subprime mortgages, actual subprime foreclosures and other relevant data. Although the relative order of these communities is not exact, the top six (6) communities identified in Charts A-1 and A-2 is the same. However, an analysis of the statewide data sources obtained yields a slightly different result. As previously indicated, statewide data on all foreclosures is not available for all 169 communities; however, the number of actual sub-prime foreclosures is available. Further, actual statewide data on all mortgages is not available for all 169 communities; however, the number of actual sub-prime mortgages is available. By substituting these actual data sources for the estimates used by both HUD and LISC, the table below shows that, in addition to the six (6) communities identified by the HUD and LISC data, a significantly high number of both sub-prime mortgages and sub-prime foreclosures exist in Stamford.

| Town | Weighted Score Subprime Foreclosures | Weighted Score Lis Pens | Weighted Score Subprime Loans | Weighted Score Vacancies |
|-------------|--|----------------------------------|----------------------------------|-----------------------------|
| Bridgeport | 0.700 | 0.100 | 0.150 | 2.7500 |
| Hartford | 2.800 | 0.400 | 0.750 | 0.6500 |
| Meriden | 4.900 | 0.500 | 1.200 | 2.5500 |
| New Britain | 5.600 | 0.600 | 1.350 | 0.4500 |
| New Haven | 1.400 | 0.300 | 0.450 | 1.8500 |
| Stamford | 3.500 | 0.900 | 0.600 | 4.0500 |
| Waterbury | 2.100 | 0.200 | 0.300 | 1.0500 |

| Legend | |
|------------------------------------|------------|
| % of Sub-Prime Foreclosures | 70% |
| Lis Pens | 10% |
| % of Sub-Prime Loans | 15% |
| Postal Vacancies | 5% |

Referring to Appendix A Chart A-5, we see that the “greatest” areas of need can be found in Bridgeport, Waterbury, New Haven, Hartford, New Britain, Stamford and Meriden. DECD’s treatment of the variables in Chart A-5 is similar to HUD’s and LISC’s methods for calculating relative need (LISC’s methodology is defined in Appendix A, Chart A-4). As previously stated, both HUD and LISC only provided data and analysis on the 22 entitlement communities, and did not provide the analysis for the remaining 147 communities in Connecticut. However, the data sources used by DECD, in conjunction with our calculations, cover all 169 cities and towns in Connecticut (DECD’s methodology is detailed in Appendix A, A-6).

Although significant attempts have been made to obtain additional local data, it is currently not possible to track actual “need” down to the neighborhood or census tract level. However, it is DECD’s belief that by targeting those communities with the “greatest need”, and working with them to identify and target specific neighborhoods, we can be successful in having the greatest impact on stabilization overall. Detailed summaries by data category, including weighting, are included in Appendix A, Chart A-7. Data used is available upon request.

B. DISTRIBUTION AND USES OF FUNDS

State Distribution of Funds

As noted in Section A above and in compliance with Section 2301(c)(2) of HERA, The State of Connecticut, acting by its Department of Economic and Community Development (hereinafter referred to as the “State” or “DECD”) has determined the areas of greatest need, see Chart A-8 in Appendix A, including those with the greatest percentage of home foreclosures (sub-prime), with the highest percentage of homes financed by a sub-prime mortgage-related loan and those areas which have been identified by the State as likely to face a significant rise in the rate of home foreclosures. Communities with low “Total Needs” scores are highest in need in the ranking shown below, and as detailed in Chart A-8.

The geographic areas identified as having the highest need, and ranked in order of highest number of sub-prime loans are the following seven (7) communities:

| Town | Number of Sub-Prime Loans |
|-------------|----------------------------------|
| Bridgeport | 5586 |
| Waterbury | 3320 |
| New Haven | 3090 |
| Stamford | 2771 |
| Hartford | 2611 |
| Meriden | 1700 |
| New Britain | 1697 |
| Sub-total | 20775 |

According to the federal law, any state may use its NSP grant to carry out program activities directly (e.g. hire staff, procure contractors, etc.) and can retain and re-use the program income. The State has determined that the most appropriate way to use these limited

resources is to initially allocate the majority of its NSP funding to seven (7) subrecipients. The demonstrated need, combined with the ability to have a significant impact in these seven communities, justifies the targeted investment in the aforementioned communities at this time. Furthermore, a single coordinating entity which can marshal local public and private resources in each identified community can most effectively achieve the goals and aggressive timeline of the NSP program.

Resource Plan

Connecticut's NSP Allocation - \$ 25,043,385

Less Administration (7.5%) – (\$ 1,841,950)*

Available for Eligible Activities - \$ 23,201,435**

** DECD will retain 2.5% or \$626,085 for general program administration and technical assistance and subrecipients will receive approximately 5.0% or \$1,215,865 for general program administration and technical assistance.*

*** All program income, as well as amounts to be recaptured and reallocated pursuant to the provisions of this NSP Action Plan will be remitted to the State who will distribute such sums in accordance with the provisions of this NSP Action Plan.*

Although NSP allows up to 10% to be set-aside for administrative costs, the State is limiting administration to 7.5% of the total grant award, thus making more dollars available for program activities.

Preliminary Allocation

Based on data demonstrating the greatest need within the State; and a demonstrated capacity to both administer and implement an efficient, effective and timely neighborhood stabilization program, the State has elected to initially allocate the majority of its NSP funds to seven (7) subrecipients. Knowledge and familiarity with the administration of federal programs, as well as the staff capacity of an entity were significant factors in determining how to allocate NSP funds.

Further, as funding for this activity is not anticipated to be available until early spring, it is reasonable to make provision for "future" need in determining an appropriate level of funding. To this end, the State has elected to use the current number of sub-prime loans, by community, as the basis for proposed funding for this initial allocation. As shown in the table on the following page, Bridgeport has a significantly higher number of sub-prime loans than the closest subrecipient, Waterbury; 5,586 to 3,320, respectively. Therefore, a significantly higher initial allocation is proposed for the City of Bridgeport.

There was a strong correlation between demonstrated need and the Community Development Block Grant (CDBG) entitlements and HOME Investment Partnerships (HOME) participating jurisdictions. Six (6) of the seven (7) communities administer both CDBG and HOME programs. Meriden only administers the CDBG program. Since the NSP program uses, modifies or borrows rules from these two federal programs, the State determined that utilizing these communities would enhance the State's ability to meet the stated goals of the program. Therefore, this distribution is based on both need and capacity.

| Town | Number of Sub-Prime Loans | Projected Funding Per Subprime Loan \$1074 | Proposed Program Funding | Proposed Admin | Proposed Total Funding |
|-------------|---------------------------|--|--------------------------|----------------|------------------------|
| Bridgeport | 5586 | \$5,999,364 | \$5,700,000 | \$300,000 | \$6,000,000 |
| Waterbury | 3320 | \$3,565,680 | \$3,387,700 | \$178,300 | \$3,566,000 |
| New Haven | 3090 | \$3,318,660 | \$3,154,000 | \$166,000 | \$3,320,000 |
| Stamford | 2771 | \$2,976,054 | \$2,828,150 | \$148,850 | \$2,977,000 |
| Hartford | 2611 | \$2,804,214 | \$2,664,750 | \$140,250 | \$2,805,000 |
| Meriden | 1700 | \$1,825,800 | \$1,734,700 | \$91,300 | \$1,826,000 |
| New Britain | 1697 | \$1,822,578 | \$1,732,135 | \$91,165 | \$1,823,300 |
| | 20775 | \$22,312,350 | \$21,201,435 | \$1,115,865 | \$22,317,300 |

Source: *First American Loan Performance, June 2008*

The methodology illustrated in the preceding table demonstrates that using an average value per loan as a starting point, with adjustments for rounding, appears to provide sufficient distribution as well as a very close correlation to the perceived magnitude of the problem.

Final Allocations

DECD will work closely with each subrecipient as it develops a Local Action Plan. Upon receipt of a subrecipient's Local Action Plan, DECD will review each for inclusion of and compliance with the following criteria:

- **Completeness:** Plan addresses all component parts;
- **Community Need:** Choice of targeted neighborhoods and strategic allocation of resources to neighborhoods most affected by foreclosure and sub-prime lending;
- **Capacity and Readiness to Execute:** Ability of subrecipient and partners to implement proposed strategies within a limited timeframe i.e. obligate all funds within 10 months and expend initial allocation within 24 months from award;
- **Impact of Proposed Local Action Plan:** Strength and feasibility of proposed investment strategies for increasing affordable housing and neighborhood stabilization;
- **Partnerships, Leverage and Coordination:** Strength of partnerships and committed matching support to implement strategies; and
- **Compliance with all state and federal rules,** including but not limited to environmental reviews, fair housing, etc.

DECD may, in its sole discretion, adjust the stated allocation for any subrecipient upward or downward not more than 25%, the determination of the need for an adjustment shall be based on the State's evaluation of each Local Action Plan, subrecipient's capacity, leveraging partnerships and resources and compliance with the State's NSP Action Plan.

Awards

The State will not reimburse for activities initiated prior to a formal grant award to a subrecipient or other eligible entity (execution of a grant agreement).

Anticipated Breakdown of State Allocation

The following is a preliminary estimate of the breakdown of the percentages of funds by eligible activity which shall be applicable to each subrecipient. Final breakdowns will be determined when each Local Action Plan is finalized. The percentages, with the exception of Administration, which is capped at 7.5% of the total grant award, may be adjusted upward or downward not more than 25% of the total grant award to the State, subject to the approval of DECD.

- Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low-, moderate- and middle-income (LMMI) homebuyers – 25%;
- Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent or redevelop such homes and properties – 70%;
- Establish land banks for homes that have been foreclosed upon – 2%;
- Demolish blighted structures – 2%; and
- Redevelop demolished or vacant properties – 1%.

The State is aware that some properties may require the use of more than one eligible activity, and linking of multiple activities is encouraged.

Program Income

All NSP program income shall be remitted to DECD who shall be solely responsible for its reallocation according to the procedures set forth herein.

Performance

The State reserves the right to reallocate program income received from any subrecipient, as well as the uncommitted and/or unexpended (i.e. recaptured awards) portion of the State's allocation of NSP funds to an individual subrecipient, should that subrecipient(s) fail to meet goals, performance deadlines, or other contractual obligations. In such event, DECD shall take one or more of the following actions: (1) reallocate recaptured funds with or without program income to satisfactorily performing subrecipients; (2) contract directly with one or more eligible grantees (i.e. DECD, housing authority, not-for profit or for-profit entities) in the same targeted neighborhood(s); (3) contract directly with one or more of the other subrecipients identified herein to carry out projects within areas of greatest need; or (4) add additional subrecipients based on the same criteria and process used in the initial selection of the seven (7) subrecipients.

The State has held back \$2,100,000 in NSP funds (\$2,000,000 in grant funds and \$100,000 for general administrative and technical assistance costs) to provide an incentive to the seven (7) subrecipients based on their performance. The incentive award will be on exceptional performance as determined in Section I of this Action Plan. Performance awards will be determined within the first nine (9) months from contract execution between the State and the subrecipients.

Under the Neighborhood Stabilization Program, the State has the responsibility to ensure that NSP funds are used strategically to stabilize neighborhoods. NSP funds are to be used to assist communities in addressing abandoned and foreclosed homes in neighborhoods that have been impacted by foreclosure and sub-prime lending. DECD will follow HUD's stated funding goal to give priority emphasis and consideration to communities with greatest need within the state when allocating funds, provided these communities demonstrate the capacity to carry out efficient, effective, and timely neighborhood stabilization efforts.

The State has selected seven local governments as subrecipients to receive the majority of its NSP allocation. The State recognizes that NSP funds alone may not be sufficient to effect sustainable neighborhood stabilization, therefore each subrecipient will be required to establish target neighborhood(s), and to propose investment strategies (financial (beyond NSP investment) and nonfinancial) to stabilize these target neighborhoods. Each Local Action Plan should demonstrate that adequate provision shall be made for the input of the affected neighborhood residents and their representatives, as applicable. Projects and plans of prospective partners should be referenced and incorporated. The Local Action Plan should contain a description of net increases in affordable housing as well as describe why other non-housing projects (ineligible for NSP funding) should be included, based on their anticipated restorative effect on the neighborhood as well as the municipality. The Local Action Plan should also summarize other neighborhood revitalization investments that have been made or are in progress in target areas in recent years.

Goals

1. To increase affordable workforce housing opportunities in coordination with local partners in neighborhoods most affected by foreclosure;
2. To maximize revitalization and stabilization impact in target neighborhoods, focusing and coordinating investment of local and state resources;
3. Where appropriate, to purchase foreclosed residential properties for the purpose of providing affordable and supportive housing;
4. To compliment ongoing foreclosure prevention activities of State and local partners; and
5. To maximize the revitalization and stabilization impact on neighborhoods in proximity to transit (rail/bus) centers and other public investment.

The State expects NSP subrecipients to think strategically about the use of NSP funds. Different targeting strategies are appropriate in different communities as well as within communities. Any targeting strategy must not only identify areas, but determine how many are realistic, given the level of resources available.

NSP activities are to serve an economically diverse population, and provide an opportunity to expand workforce housing efforts. NSP subrecipients need to understand current housing market and future trends in targeting neighborhoods at risk. This may mean targeting areas that have not traditionally been the focus of local CDBG or HOME funds such as at-risk neighborhoods. The State encourages multi-jurisdictional cooperation when an at-risk neighborhood crosses municipal boundaries.

Guiding Principles

- Areas designated for NSP investment should be those that have experienced above average foreclosure or sub-prime lending activity but that also have significant assets that will allow them to rebound with modest investment;
- Strategies should consider a balance of approaches that provide for affordable workforce housing strategies, including rental and homeownership opportunities;
- Subrecipients should, to the fullest extent possible, partner with other stakeholders in order to conceive and implement comprehensive neighborhood revitalization strategies;
- Subrecipients should coordinate investment strategies in order to maximize housing and neighborhood outcomes;
- Subrecipients should coordinate approaches to purchasing, renovating and reselling properties, maximizing discounts on the acquisition costs and minimizing redevelopment and disposition costs. DECD and the Connecticut Housing Finance Authority (CHFA) will work with NSP recipients to negotiate with lenders or Realtors for REO portfolios for bulk purchases of identified properties;
- Subrecipients should address how they are supporting their local credit and housing counseling partners;
- Any investment strategies should incorporate “green” and energy efficient approaches to building construction and land development; and
- Any investment strategies must make provision for the NSP subrecipient’s obligation that not less than 25% of the NSP funds shall be used to serve families whose income does not exceed 50% of Area median income (“AMI”).

NSP subrecipients are expected to direct NSP funds to restore a functioning and vibrant housing market. To do so, NSP subrecipients must demonstrate an understanding of neighborhood market conditions in order to make sound decisions concerning whether to:

- Acquire property or allow the market forces to rebound without intervention;
- Rehabilitate or demolish properties; and
- Sell or rent properties or offer lease to purchase programs, etc.

NSP subrecipients are expected to use other private, local, state and federal resources in combination with NSP funds to foster sustainable neighborhood stabilization including, but not limited to:

- Foreclosure prevention programs;
- Housing and credit counseling programs;
- Code enforcement programs;
- Blight initiatives;
- Homeowner rehabilitation programs;
- Small business assistance programs;
- Community lending programs;
- Homeownership Assistance such as;
 - Downpayment assistance,
 - Settlement costs,
 - Shared equity loans,
 - Lease to own programs, and
 - Workforce housing programs.

Targeting Limited NSP Funds

Beginning with urban renewal, model cities and CDBG programs funds, the prototype response was either to put deep resources into those “worst” neighborhoods or to put a little bit in many neighborhoods. Housing policy has most often been driven by targeting “areas of greatest need”.

The Neighborhood Stabilization Program focuses both on areas of great need but also expects that communities will target these resources to stabilize neighborhoods. The local challenge of neighborhood stabilization is not to decide which neighborhoods have the greatest need, but which neighborhoods or blocks have the greatest chance for success. All neighborhoods will have some level of foreclosures.

Most likely to succeed are the neighborhoods still showing signs of strength, neighborhoods with problems but with some assets that are marketable. These are the neighborhoods where pockets of foreclosed, abandoned or blighted structures can be overcome before it spreads further. These neighborhoods are the places where NSP resources should be deployed. Focus should be on the neighborhoods where loan-to-value ratios still offer some kind of collateral, core strengths/assets, but would continue to decline without a public intervention. These are the neighborhoods where strategic investments can stabilize and redirect market forces, improve property values, reduce disinvestment, and stabilize the tax base.

While there are many other neighborhoods in greater need, the resources needed to impact stabilization and recovery will almost always exceed the resources available. The focus should be on those neighborhoods that have a chance to succeed.

The seven (7) subrecipient communities have the challenge of where and how best to distribute limited resources which will result in positive and sustainable impact on one or more neighborhoods. Subrecipients are encouraged model targeting strategies to effectively utilize the NSP funds as outlined in *Stabilizing Neighborhoods by Addressing Foreclosed and Abandoned Properties*, which is found at: <http://newpa.com/find-and-apply-for-funding/funding-and-program-finder/funding-detail/download.aspx?id=745> and *The Work of Neighborhood Stabilization* found at <http://www.planetizen.com/node/35800>.

Newer Programs to Address Sub-Prime Crisis in Connecticut

The Connecticut Fair Alternative Mortgage Lending Initiative & Education Services (CT FAMLIES) Program allows low-to-moderate income homeowners to refinance into a fixed rate, 30-year mortgage. CHFA gives homeowners who currently have a non-FHA insured mortgage, whether current or delinquent and regardless of reset status, the ability to refinance into a CT FAMLIES mortgage. Owners are not automatically disqualified because they are delinquent on their mortgage payments, and CHFA may offer them a CT FAMLIES second mortgage to make up the difference between the value of the property and what is owed. CHFA committed \$40,000,000 of Pre-Ullman bonds to support this program. CTFAMLIES was launched in December 2007 and to date has committed or closed approximately \$12,000,000 with another \$21,000,000 of mortgage applications in reservation. These refinancings have resulted in an average savings of \$383 per month for the homeowners.

The Connecticut General Assembly passed legislation in 2008 to provide assistance and guidance in response to the foreclosure and sub-prime crisis. The passage of Public Act 08-176 "An Act Concerning Responsible Lending and Economic Recovery," amended the existing Emergency Mortgage Assistance Program and created the HERO "Homeowner's Equity Recovery Opportunity" loan program.

The Emergency Mortgage Assistance Program (EMAP) provides financial assistance for up to five years to Connecticut homeowners suffering from a temporary financial hardship, who have fallen behind on their mortgage payments, and have received a notice of foreclosure action from their lender. This mortgage loan from CHFA provides monthly financial assistance to eligible mortgagors in an amount required to meet their monthly housing expenses. The initial payment made by the Authority to each mortgagee may be an amount which pays all arrearages and pays reasonable costs and reasonable attorney's fees incurred by the mortgagee in connection with the foreclosure action initiated on the mortgage. The total amount of assistance provided is repaid by the mortgagor to CHFA in repayment terms determined at and established at the time of the closing of the EMAP mortgage loan. Borrowers are required to notify CHFA of any change in their financial status and to participate in an annual recertification process to determine continued eligibility for monthly EMAP assistance. PA 08-176 amended the existing statute to require that in order to be eligible for the program; borrowers must have received a notice of intention to foreclose from their lenders.

The HERO loan program is also aimed at owner relief through the purchase of mortgages directly from lenders and the modification of those mortgages into affordable plans. All CT

FAMLIES and EMAP loans that are denied are reviewed as HERO loan candidates. CHFA is also reviewing loan portfolios to determine if there are loans that may be potential loan candidates.

Build on Existing Strategies

NSP subrecipients are expected to build on existing neighborhood strategies and utilize local public and private partnerships to enhance their capacity to acquire, rehabilitate, finance, and market available properties.

Definition of Substantial Amendment

Any change to the method of distribution, allocation, recapture or reallocation of resources among eligible activities or the subrecipients of NSP funds, other than in accordance with the procedures set forth in the NSP Action Plan, as approved by HUD, shall be deemed a "Substantial Amendment" to the NSP Action Plan which shall require the State to amend its approved NSP Action Plan.

Deadline for Local Action Plans

Local Action Plans from the designated subrecipients will be due to DECD 35 calendar days from the date of the State's submission of the State's NSP Action Plan to HUD or Wednesday January 7, 2009, whichever is later.

Local Action Plans should comply with the requirements of the Action Plan Substantial Amendment to HUD noticed in the Federal Register of October 6, 2008. Additionally, Local Action Plans must satisfy all of the following:

- Be consistent with the State's NSP Action Plan;
- Clearly demonstrate how the subrecipient will meet the statutory set-aside requirement that at least 30% of any funds awarded must serve households with incomes at or below 50% of AMI;
- Demonstrate by timeline that the proposed activity will quickly and efficiently acquire, rehabilitate and make targeted properties available for re-occupancy;
- Minimize displacement and relocation;
- Demonstrate long-term affordability and mechanisms to insure compliance;
- To the greatest extent possible, undertake activities that directly benefit (meet the CDBG National Objective of) Low/Moderate/Middle Income households. DECD may, however, accept a limited number of requests for the Limited Clientele or Area Benefit activities when shown to be a part of an overall strategy to stabilize and sustain neighborhoods;
- Include agreements with a non-profit housing development organization, if land banking is planned, that can demonstrate prior land bank experience of at least 2 successfully completed housing developments; and provide description of the

organization's asset management plan prior to redevelopment. It is DECD's policy that properties may be "banked" for a period not to exceed two (2) years from the date of acquisition, at which time development must occur or title to the property will automatically revert to the municipality. Note: Acquired property operating costs are not NSP eligible program activity costs so subrecipients considering this approach must provide a commitment for property operating costs from other sources;

- Include a copy of a written agreement with a HUD-approved housing counseling agency to provide pre- and post-homeownership counseling services and a copy of the proposed curriculum which must show that each NSP-assisted homebuyer will receive and complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan;
- Ensure that the homebuyer obtains a mortgage loan from a lender who agrees to comply with the bank regulators' guidance for non-traditional mortgages (see, Statement on Sub-prime Mortgage Lending issued by the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Department of the Treasury, and National Credit Union Administration, available at <http://www.fdic.gov/regulations/laws/rules/5000-5160.html>); and
- Must design NSP programs to comply with this requirement and must document compliance in the records, for each homebuyer.

Local Action Plans will not be accepted if plan includes:

- Loan loss reserve or Individual Development Account activities; or
- Activities under National Objectives of either "urgent need" or "elimination of slum and blight" ; or
- Activities that are ineligible for NSP funding.

C. DEFINITIONS AND DESCRIPTIONS

Definition of Subrecipient under NSP

Subrecipient: Subrecipient shall have the same meaning as at the first sentence of 24 CFR 570.500(c).

Definition of Abandoned Property under NSP

Abandoned: A home is abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, no mortgage or tax payments have been made by the property owner for at least 90 days, AND the property has been vacant for at least 90 days.

Definition of Foreclosed Property under NSP

Foreclosed: A property “has been foreclosed upon” at the point that, under state or local law, the mortgage or tax foreclosure is complete. HUD generally will not consider a foreclosure to be complete until after the title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transfer in lieu of foreclosure, in accordance with state or local law.

Definition of Appraised Value under NSP

Current Market Appraised Value: The current market appraised value means the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the URA at 49 CFR 24.103 and completed within 60 days prior to an offer made for the property by a grantee, subrecipient, developer, or individual homebuyer.

Definition of “Blighted Structure” in Context of State or Local Law

Connecticut General Statutes (CGS) § 7-148 (C) (7) (H) (xv) empowers municipalities to make and enforce regulations preventing housing blight, provided such regulations: define housing blight; establish a duty of the owner to maintain property; and specify standards to determine if there is neglect. If a municipal ordinance is more stringent than the definition below, the local ordinance shall apply.

Blighted Structure: A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety and public welfare.

Definition of “Affordable Rents”

“Affordable Rents” means rents that are at or below the Fair Market Rent Levels as defined in Appendix C (*Note: Fair Market Rent include utilities, therefore if a tenant is paying their own utilities, the Utility Allowance included in Appendix X must be used to adjust the maximum rent level downward; or a fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 888.111*); or rents that do not exceed 30% of the adjusted income of a family whose annual income equals 80% of AMI, as determined by HUD, with adjustments for number of bedrooms in the unit; or rents that do not exceed 30% of the family’s adjusted income, if the unit receives Federal project-based rental subsidy or 40% of the family’s adjusted income if the unit receives State project-based rental subsidy (i.e., tenant contribution plus project-based rental subsidy) and the rent allowable under the Federal or State project-based rental subsidy program.

Note: *Affordable rent limits are recalculated on a periodic basis after HUD determines fair market rents and median incomes.*

Subrecipients must provide project owners with information on updated rent limits so that rents may be in accordance with the written agreement between the subrecipient and the owner. Owners must annually provide the subrecipient with information on rents and occupancy of NSP-assisted rental units to demonstrate compliance with this section.

Periods of Affordability

NSP-assisted units must meet the affordability requirements for not less than the applicable period specified in the following table, beginning after project completion. The affordability requirements apply without regard to the term of any loan or mortgage or the transfer of ownership. They must be imposed by deed restrictions, covenants running with the land, or other mechanisms approved by DECD, except that the affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure. Subrecipients must maintain copies of the recorded instruments in their project files.

Subrecipients may use purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure or deed in lieu of foreclosure to preserve affordability. The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record, before the foreclosure, or deed in lieu of foreclosure, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the project or property.

Minimum Period of Affordability in Years

- Rental - Each subrecipient is encouraged to exceed the minimum periods of affordability as determined below for the longest feasible term.

| Rental Housing Activity | Minimum Period of Affordability in Years |
|--|---|
| Rehabilitation or acquisition of existing housing per unit amount of HOME funds: Under \$15,000 | 5 |
| \$15,000 to \$40,000 | 10 |
| Over \$40,000 or rehabilitation involving refinancing | 15 |
| New Construction or acquisition of newly constructed RENTAL housing (92.252.e) | 20 |
| The refinancing of existing debt secured by housing that is being rehabilitated with HOME funds (92.206.b) | 15 |

- Homeownership - Each subrecipient is encouraged to exceed the minimum periods of affordability as determined below for the longest feasible term.

| NSP Assistance Amount Per Unit | Minimum Period of Affordability in Years |
|---------------------------------------|---|
| Under \$15,000 | 5 |
| \$15,000 to \$40,000 | 10 |
| Over \$40,000 | 15 |

Housing Quality Standards

An owner of rental housing assisted with NSP funds must maintain the housing in compliance with all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR 982.401.

Income Certification of NSP-Assisted Rental Units

The income of each tenant must be determined initially in accordance with § 92.203(a)(1)(i). In addition, each year during the period of affordability the project owner must re-examine each tenant's annual income in accordance with one of the options in § 92.203 selected by the participating jurisdiction. An owner of a multifamily project with an affordability period of 10 years or more who re-examines tenant's annual income through a statement and certification in accordance with § 92.203(a)(1)(ii), must examine the income of each tenant, in accordance with § 92.203(a)(1)(i), every sixth year of the affordability period. Otherwise, an owner who accepts the tenant's statement and certification in accordance with § 92.203(a)(1)(ii) is not required to examine the income of tenants in multifamily or single-family projects unless there is evidence that the tenant's written statement failed to completely and accurately state information about the family's size or income.

Fixed and Floating NSP Units

In a property containing NSP-assisted and other units, the subrecipient may designate fixed or floating NSP units. This designation must be made at the time of project commitment. Fixed units remain the same throughout the period of affordability. Floating units are changed to maintain conformity with the requirements of this section during the period of affordability so that the total number of housing units meeting the requirements of this section remains the same, and each substituted unit is comparable in terms of size, features, and number of bedrooms to the originally designated NSP-assisted unit.

Housing Rehabilitation Standards

Housing that is rehabilitated with NSP funds must meet all applicable local codes, rehabilitation standards, ordinance, and zoning ordinances at the time of project completion, except as noted for homeownership housing later in this section. The subrecipient must have written standards for rehabilitation that ensure that NSP-assisted housing is decent, safe and sanitary. In the absence of a local code for rehabilitation, NSP-assisted rehabilitation must meet, as applicable: one of four model codes - State Building Code, (Uniform Building Code (ICBO), National Building Code (BOCA), Standard (Southern) Building Code (SBCCI)); or the Council of American Buildings Officials (CABO) one or two family code; or the Minimum Property Standards (MPS) in 24 CFR 200.925 or 200.926. A subrecipient may rely on a Minimum Property Standards (MPS) inspection performed by a qualified person.

All other NSP-assisted housing (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR 982.401. NSP-assisted housing must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C 794) and covered multifamily dwellings, as defined at 24 CFR 100.201, and must also meet the design and

construction requirements at 24 CFR 100.205, which implement the Fair Housing Act (42 U.S.C. 3601-3619).

Homeownership Units

The following requirements apply to housing for NSP-assisted ownership units that are to be rehabilitated after transfer of the ownership interest.

1. Before the transfer of the NSP ownership interest, the subrecipient must:
 - Inspect the housing for any defects that pose a danger to health; and
 - Notify the prospective purchaser of the work needed to cure the defects and the time by which defects must be cured and applicable property standards met;
2. The housing must be free from all noted health and safety defects before occupancy and not later than 6 months after the transfer; and
3. The housing must meet the property standards of this section not later than two (2) years after the transfer of the ownership interest.

D. LOW INCOME TARGETING

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% of AMI is **\$6,260,846**.

This requirement is consistent with Public Act 08-176, Section 4 to utilize foreclosed residential properties for the purpose of providing affordable and supportive housing. The requirement for low income targeting, however, will not be targeted to any specific eligible activity. Rather, each subrecipient is required to target approximately 30% (**Note:** HUD requires at least 25% of the total grant award to the state, inclusive of administrative cost, be for those at or below 50% of AMI) of their grant award to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of AMI. Local Action Plans must show how the subrecipient intends to meet this obligation.

If funds are used to assist a property that was previously assisted with HOME funds but on which the affordability restrictions were terminated through foreclosure or transfer in lieu of foreclosure, the grantee must revive the HOME affordability restriction for the greater of the remaining period of HOME affordability or the continuing affordability requirements adopted by the locality.

E. ACQUISITIONS AND RELOCATION

Each subrecipient, in its Local Action Plan, must indicate whether any of the activities contemplated by such plan involve demolition or conversion of any low- and moderate-income dwelling units (i.e., \leq 80% of AMI). If any such demolition or conversion is contemplated, the following information is also required to be provided for each applicable activity (including a proposed time schedule for commencement and completion):

*Connecticut Department of Economic and Community Development
Draft Neighborhood Stabilization Program (NSP) Action Plan
Substantial Amendment*

- The number of low- and moderate-income dwelling units (i.e., ≤ 80% of AMI) reasonably expected to be demolished or converted as a direct result of NSP-assisted activities;
- The number of NSP affordable housing units reasonably expected to be made available to low-, moderate-, and middle-income households (i.e., ≤ 120% of AMI); and
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of AMI.

Additionally, each subrecipient in its Local Action Plan should provide information on how it plans to satisfy the requirements of this section, including compliance with the state and federal requirements set forth in this section.

Connecticut General Statutes (CGS) § 8-37z reads in part that “... the Commissioner of Economic and Community Development shall ensure that the involuntary displacement of persons and families residing in any single-family or multifamily dwelling, which displacement occurs in connection with any housing or community development project or economic development project receiving state financial assistance under any program administered by the commissioner under the general statutes, is reduced to the minimum level consistent with achieving the objectives of such program....”

Subrecipients contemplating activities that will trigger displacement or conversion must submit as part of their Local Action Plan a completed Relocation Plan that conforms to federal Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) requirements at 42 USC 4201-4655 and 49 CFR Part 24. Federal law governing relocation will apply to projects utilizing NSP funds, except where Connecticut law imposes more stringent requirements.

There may be reasonable activities a subrecipient may undertake which might trigger displacement. Some examples might be acquisition of foreclosed multifamily structures containing existing tenant occupied units, or acquisition of foreclosed property occupied by commercial businesses. However, every effort should be made to avoid displacement under such circumstances. Additionally, selective demolition may be used only to assist in stabilizing or stemming further deterioration in a neighborhood.

At this time, it is not possible to determine the exact number of NSP-assisted housing units to be made available to LMMI households until each Local Action Plan is completed. It is anticipated that the seven (7) subrecipients will acquire, rehabilitate and redevelop 400 units of housing, with 25%, or 100 units, serving the 50% of median income range. All units will serve residents in the LMMI income ranges. The State will require that subrecipients minimize any demolition or conversion of a low or moderate income dwelling units to the greatest extent possible and require that subrecipients identify all such units in the local action plan.

F. PUBLIC COMMENT

Citizen Participation Process

DECD will publish a legal notice in seven (7) newspapers on November 6, 2008. At least one (1) of the publications will be in Spanish. The legal notice informs the public of the 15 day public comment period and the availability of the draft NSP Action Plan for review and comment. The public comment period begins on November 7 and ends on November 21, 2008.

A copy of the legal notice and the draft NSP Action Plan will be posted to the DECD website at www.decd.org. Copies of the legal notice will also be sent to all 169 Chief Elected Officials as well as local housing authorities, non-profit housing organizations and Regional Planning Organizations throughout the state. A copy of the legal notice is included in Appendix C of this document.

All comments received regarding the draft NSP Action Plan during the public comment period will be summarized and responded to in the Public Commentary Section of the final NSP Action Plan. The final NSP Action Plan will be posted to the DECD website.

Anyone wishing to offer comments may do so until November 21, 2008, either by writing to the address below or via email at NSP.Comments@ct.gov.

NSP Comments
Department of Economic and Community Development
505 Hudson Street
Hartford, CT 06106-7106

After reviewing the comments, DECD may make changes before submitting the final plan to HUD.

Summary of Public Comments

This summary will be included after Public Comment period.

G. NSP INFORMATION BY ACTIVITY (*Complete for Each Activity*)

(1) Activity Name: **Acquisition and Rehabilitation**

(2) Activity Type: The purchase and rehabilitation of homes and residential properties that have been abandoned or foreclosed upon in order to sell, rent, or redevelop such homes and properties.

Acquisition: NSP reference: NSP Federal Register dated Monday October 6, 2008 Section II Part H 3(a)(B) and HERA Section 2301(c)(3)(B)
CDBG reference: 24 CFR Part 570.201 Acquisition

Rehabilitation: NSP reference: NSP Federal Register dated Monday October 6, 2008 Section II Part H 3(a)(B) and HERA Section 2301(c)(3)(B)
CDBG reference: 24 CFR Part 570.202

(3) National Objective: Direct Benefit to LMML persons.

(4) Activity Description: Subrecipient communities to acquire abandoned and foreclosed properties for rehabilitation, demolition of blighted buildings, for possible re-sale to eligible low and moderate income families or other activities meeting LMMI benefit. The subrecipient communities have been designated as having the greatest need within the state based on available federal and state data. Each subrecipient will be required to target 25% of their award under the NSP program for activities serving the 50% of median income population. Any rehabilitation of foreclosed upon homes and residential properties will be carried out to bring such properties up to minimum housing standards in order to sell, rent, or redevelop said properties. All properties will be occupied by households meeting the LMMI standard.

(5) Location Description: Specific addresses, blocks or neighborhoods to be determined when Local Action Plans are submitted.

(6) Performance Measures:

The objective of this activity is to provide decent, safe, and affordable housing to LMMI families through addressing the purchase and rehabilitation of foreclosed properties. The outcome measurements for this activity will be the creation of affordable units. See Section I. Performance Measurements for overall program measurements, indicators, and standards.

Subrecipients will be required to submit quarterly reports that detail activities completed, activities to be undertaken, including the following information by numbers, costs, and racial ethnic data:

- # of properties acquired
- # of units rehabilitated
- # of households displaced
- # of units meeting energy star standards
- # of units meeting Section 504 standards
- # of units meeting lead safe standards
- # of rental and homeowner units occupied
- Household Characteristics of displaced households
- Household Characteristics by unit of new occupants

It is anticipated that many of the funded activities will overlap in the LMMI households served. For example, the buyer of a property acquired and rehabilitated with NSP may also receive downpayment assistance financing through this activity. It is estimated that 325-400 properties will be acquired through the NSP program. Funding for these acquisitions will be carried out with NSP and local resources. Of the 325-400 properties acquired through this program, between 280-350 will be rehabilitated prior to resale. This is based on an estimated rehab cost of \$25,000-\$40,000 per property.

(7) Total Budget: Estimated at \$16,241,435. See Section H for overall program budget.

(8) Responsible Organization: Seven (7) subrecipient communities are Bridgeport, Hartford, Meriden, New Britain, New Haven, Stamford, and

Waterbury. **See the Administration activity for contact information.**

(9) Projected Start Date: February 1, 2009

(10) Projected End Date: January 31, 2013

(11) Specific Activity Requirements:

Acquisition - The State of Connecticut will require that all Local Action Plans fulfill the requirement that acquisitions meet the aggregate discount rate of 15% of appraised value. The number of properties to be acquired is estimated between 325-400 units.

Rehabilitation - All rehabilitated properties will assure affordability consistent with the HOME Investment Partnerships Program by requiring the use of deed restrictions, restrictive covenants, or other such mechanism running with the land. Affordability periods will be consistent with the HOME Program Standards at 24 CFR 92.252(a), (c), (e) and (f) and 24 CFR 92.254. The duration of any affordability will meet the requirements of Section C. Definitions and Descriptions and will range from 5 to 15 years dependent on the amount of funds invested per unit.

The rehabilitation of acquired properties must bring units up to minimum property standards for rental or resale to income eligible households. Each subrecipient must have its own rehabilitation standards which have been approved by HUD or DECD, as applicable. "Rehabilitation Standards" shall mean the more stringent of state or local codes or federal housing quality standards, as promulgated by HUD and the housing cost effective energy conservation and effectiveness standards in 24 CFR Part 248.147.

(1) Activity Name: **Administration**

(2) Activity Type: Administration
NSP reference: NSP Federal Register dated Monday October 6, 2008 Section II Part H 4
CDBG reference: 24 CFR Part 570.206

(3) National Objective: N/A

(4) Activity Description: Administrative funds related to carrying out the NSP program will be available to both the State and subrecipients as detailed in Section H. – Total Budget. Funds will be available for both general administrative and technical assistance costs.

(5) Location Description: Administrative costs to be used by the State of Connecticut and the 7 subrecipient communities identified above.

(6) Performance Measures: N/A

(7) Total Budget: \$1,841,950

- (8) Responsible Organization: State of Connecticut Department of Economic and Community Development and seven (7) Subrecipient communities. They are:

Grantee:

Department of Economic and Community Development
Joan McDonald
Commissioner
505 Hudson Street
Hartford, CT 06106

Subrecipients:

City of Bridgeport
Office of the Mayor
The Honorable Bill Finch
City Hall Annex
999 Broad Street
Bridgeport, CT 06604

City of Waterbury
Office of the Mayor
The Honorable Michael J. Jarjura
Chase Municipal Building
236 Grand St.
Waterbury, CT 06702

City of New Haven
Office of the Mayor
The Honorable John DeStefano, Jr.
City Hall
165 Church Street
New Haven CT 06510

City of Hartford
Office of the Mayor
The Honorable Eddie A. Perez
550 Main Street
2nd Floor, Room 200
Hartford, CT 06103

City of Meriden
Office of the Mayor
The Honorable Michael S. Rohde
City Hall
142 East Main Street
Meriden, CT 06450

City of New Britain
Office of the Mayor

The Honorable Timothy T. Stewart
City Hall
27 West Main Street
New Britain, CT 06051

City of Stamford
Office of the Mayor
The Honorable Dannel P. Malloy
Government Center
888 Washington Blvd
Stamford, CT 06901

(9) Projected Start Date: February 1, 2009

(10) Projected End Date: January 31, 2013

(11) Specific Activity Requirements:

Administrative costs are reasonable costs of state or local governments to meet the requirements of the NSP, including but not limited to general management and oversight, providing public information, technical support services, and assuring fair housing activities. All subrecipient administrative funds must be drawn down on a pro-rata basis equal to the percentage of funds obligated by the sub-grantees. Any property specific activity obligation for which administrative funds have been drawn must be completed within six months or the administrative funds will be subject to recapture.

(1) Activity Name: **Demolition of Blighted Structures**

(2) Activity Type: Demolition of Blighted Buildings and related clearance activities for the purpose of providing sites for homeownership or rental development, land banking, or other eligible activity.

NSP reference: NSP Federal Register dated Monday October 6, 2008 Section II Part H 3(a) (D) and HERA Section 2301(c)(3)(D)

CDBG reference: 24 CFR 570.201(d)

(3) National Objective: Demolition of Blighted structures to be replaced by housing units for LMMI households through either immediate redevelopment or land banking. If demolished properties are not used for redevelopment as housing, then the activity must meet the LMMI area benefit or limited clientele test.

(4) Activity Description: To acquire blighted buildings and demolish same for either land bank activities or to provide sites for home ownership, rental housing development, or other CDBG eligible activity benefitting LMMI persons. The subrecipient communities have been designated as having the greatest need within the state based on available federal and state data. Each subrecipient will be required to target 25% of their award under the NSP program for activities serving the 50% of median income population.

(5) Location Description: Specific addresses, blocks or neighborhoods to be determined when Local Action Plans are submitted.

(6) Performance Measures: The objective of this activity is to provide decent, safe, and affordable housing to LMMI families through addressing the purchase and rehabilitation of foreclosed properties. The outcome measurements for this activity will be the creation of affordable units. See Section I. Performance Measurements for overall program measurements, indicators, and standards.

Subrecipients will be required to submit quarterly reports that detail activities completed, activities to be undertaken, including the following information by numbers, costs, and racial ethnic data:

- # of properties demolished
- # of units demolished
- # of households displaced
- Household Characteristics of displaced households

It is anticipated that the overall program will achieve the acquisition, rehab, resale, and redevelopment of 325-400 units of affordable housing. Of this figure, it is anticipated that between 280-350 units will be rehabilitated and that 40-50 properties will be demolished. For demolished properties, 20-25 will be redeveloped immediately and 20-25 will enter land bank programs.

(7) Total Budget: \$464,000. See Section H for overall program budget.

(8) Responsible Organization: Seven (7) subrecipient communities are Bridgeport, Hartford, Meriden, New Britain, New Haven, Stamford, and Waterbury. See the Administration activity for contact information.

(9) Projected Start Date: February 1, 2009

(10) Projected End Date: January 31, 2013

(11) Specific Activity Requirements: Documentation by subrecipients that all demolitions being carried out under the NSP program is required due to the condition of the property and that a specific eligible reuse has been identified.

(1) Activity Name: **Establishment of Land Banks**

(2) Activity Type: The acquisition of property to establish Land Banks for future development of LMMI housing.
NSP reference: NSP Federal Register dated Monday October 6, 2008 Section II Part H 3(a)(C) and HERA Section 2301(c)(3)(C)
CDBG reference: 24 CFR 570.201(a) and (b)

(3) National Objective: Direct benefit to LMMI households upon disposition.

(4) Activity Description: To acquire blighted buildings, demolish and land bank for future homeownership and/or rental housing development. All properties will be occupied by

households meeting the LMMI standard. All assisted properties will assure affordability consistent with the HOME Investment Partnerships Program by requiring the use of deed restrictions, restrictive covenants, or other such mechanism running with the land. Affordability periods will be consistent with the HOME Program Standards at 24 CFR 92.252(a), (c), (e) and (f) and 24 CFR 92.254.

(5) Location Description: Specific addresses, blocks or neighborhoods to be determined when Local Action Plans are submitted.

(6) Performance Measures:

The objective of this activity is to provide decent, safe, and affordable housing to LMMI families through addressing the purchase and rehabilitation of foreclosed properties. The outcome measurements for this activity will be the creation of affordable units. See Section I. Performance Measurements for overall program measurements, indicators, and standards.

Subrecipients will be required to submit quarterly reports that detail activities completed, activities to be undertaken, including the following information by numbers, costs, and racial ethnic data:

- # of properties land banked

It is anticipated that the overall program will achieve the acquisition, rehab, resale, and redevelopment of 325-400 units of affordable housing. Of this figure, it is anticipated that between 280-350 units will be rehabilitated and that 40-50 properties will be demolished. For demolished properties, 20-25 will be redeveloped immediately and 20-25 will enter land bank programs.

(7) Total Budget: \$464,000. See Section H for overall program budget.

(8) Responsible Organization: Seven (7) subrecipient communities are Bridgeport, Hartford, Meriden, New Britain, New Haven, Stamford, and Waterbury. See the Administration activity for contact information.

(9) Projected Start Date: February 1, 2009

(10) Projected End Date: January 31, 2013

(11) Specific Activity Requirements:

Property may be “banked” for a period not to exceed 2 years from the date of acquisition, at which time development must occur or title to the property will automatically revert to the municipality. Acquired property operating costs are not NSP eligible program activity costs so subrecipients considering this approach must provide a commitment for property operating costs from other sources.

(1) Activity Name: **Financing Mechanisms**

(2) Activity Type: The establishment of Financing Mechanisms to assist in the purchase and redevelopment of foreclosed housing.

NSP reference: NSP Federal Register dated Monday October 6, 2008 Section II Part H 3(a)(A) and HERA Section 2301(c)(3)(A)

CDBG reference: 24 CFR Part 570.201(n) Homeownership Assistance.

(3) National Objective: Direct benefit to LMMI households.

(4) Activity Description: Funds will be made available for eligible activities to include acquisition, rehab and the redevelopment of demolished housing. Activities may be in the form of loans, grants, soft seconds, loan loss reserves, shared-equity loans or other mechanisms to foster homeownership and rental housing opportunities for LMMI households. Interest rates may range from 0% to 5% and will be determined based on standard underwriting practices. It is anticipated that most loans will be at 0% per annum. However, interest rates may not exceed 5% and it is anticipated that rates above 0% will only be used to projects with rental properties where the operating proforma indicates that the project operating budget can support the proposed debt coverage ratios are from 1.15 to 1.25.

(5) Location Description: Specific addresses, blocks or neighborhoods to be determined when Local Action Plans are submitted.

(7) Performance Measures:

The objective of this activity is to provide decent, safe, and affordable housing to LMMI families through addressing the purchase and rehabilitation of foreclosed properties. The outcome measurements for this activity will be the creation of affordable units. See Section I. Performance Measurements for overall program measurements, indicators, and standards.

Subrecipients will be required to submit quarterly reports that detail activities completed, activities to be undertaken, including the following information by numbers, costs, and racial ethnic data:

- # of properties assisted
- # of units rehabilitated
- # of units meeting energy star standards
- # of units meeting Section 504 standards
- # of units meeting lead safe standards
- # of rental and homeowner units occupied
- Household Characteristics by unit

It is anticipated that many of the funded activities will overlap in the LMMI households served. For example, the buyer of a property acquired and rehabilitated with NSP may also receive downpayment assistance financing through this activity. It is estimated that 350 households will receive secondary financing through this activity based on an estimated of \$10,000 - \$20,000 per unit.

(7) Total Budget: \$5,800,000. See Section H for overall program budget.

(8) Responsible Organization: Seven (7) subrecipient communities are Bridgeport, Hartford, Meriden, New Britain, New Haven, Stamford, and Waterbury. See the Administration activity for contact information.

(9) Projected Start Date: February 1, 2009

(10) Projected End Date: January 31, 2013

(11) Specific Activity Requirements:

Any first time homebuyer activities must include a copy of a written agreement with a HUD-approved housing counseling agency to provide pre- and post-housing counseling services and a copy of the proposed curriculum. Any homebuyer activities must adhere to DECD's HOME policy that a buyer's payment of principal, interest, taxes, insurance and association fees (if applicable) cannot exceed 30% of the household's anticipated gross annual income.

All properties assisted through these mechanisms will be occupied by households meeting the LMMI standard. All assisted properties will assure affordability consistent with the HOME Investment Partnerships Program by requiring the use of deed restrictions, restrictive covenants, or other such mechanisms running with the land. Affordability periods will be consistent with the HOME Program Standards at 24 CFR 92.252(a), (c), (e) and (f) and 24 CFR 92.254.

Interest rates may range from 0% to 5% and will be determined based on standard underwriting practices. It is anticipated that most loans will be at 0% per annum. However, interest rates may not exceed 5% and it is anticipated that rates above 0% will only be used to projects with rental properties where the operating proforma indicates that the project operating budget can support the proposed debt coverage ratios are from 1.15 to 1.25.

(1) Activity Name: **Redevelopment of Demolished or Vacant Properties**

(2) Activity Type: The redevelopment of demolished or vacant properties through the new construction of residential dwelling units.

NSP Reference: Federal Register Notice October 6, 2008 section II – H3(a)(E), HERA Section 2301(c)(3)(E)

CDBG Reference: CDBG eligible activity 570.201(n)

(3) National Objective: Benefit to LMMI Persons

(4) Activity Description: New construction of housing units may be carried out as part of a demolition of blighted property activity. Reuse must meet CDBG requirements and service to LMMI persons. New construction (reconstruction) on these properties can be carried out by the grantee or sub-recipient and the properties then sold to low, moderate or middle income families at affordable prices.

(5) Location Description: Specific addresses, blocks or neighborhoods to be determined when Local Action Plans are submitted.

(6) Performance Measures:

The objective of this activity is to provide decent, safe, and affordable housing to LMMI families through addressing the purchase and rehabilitation of foreclosed properties. The outcome measurements for this activity will be the creation of affordable units. See Section I. Performance Measurements for overall program measurements, indicators, and standards.

Subrecipients will be required to submit quarterly reports that detail activities completed, activities to be undertaken, including the following information by numbers, costs, and racial ethnic data:

- # of properties redeveloped
- # of units redeveloped
- # of units meeting energy star standards
- # of units meeting Section 504 standards
- # of rental and homeowner units occupied
- Household Characteristics by unit

It is anticipated that the overall program will achieve the acquisition, rehab, resale, and redevelopment of 325-400 units of affordable housing. Of this figure, it is anticipated that between 280-350 units will be rehabilitated and that 40-50 properties will be demolished. For demolished properties, 20-25 will be redeveloped immediately and 20-25 will enter land bank programs. Redevelopment activities will be carried out in conjunction with local financial resources.

(7) Total Budget: \$232,000. See Section H for overall program budget.

(8) Responsible Organization: Seven (7) subrecipient communities are Bridgeport, Hartford, Meriden, New Britain, New Haven, Stamford, and Waterbury. See the Administration activity for contact information.

(9) Projected Start Date: February 1, 2009

(10) Projected End Date: January 31, 2013

(11) Specific Activity Requirements: All assisted properties will assure affordability consistent with the HOME Investment Partnerships Program by requiring the use of deed restrictions, restrictive covenants, or other such mechanism running with the land. Affordability periods will be consistent with the HOME Program Standards at 24 CFR 92.252(a), (c), (e) and (f) and 24 CFR 92.254. The duration of any affordability will meet the requirements of section C. Definitions and Descriptions and will range from 5 to 15 years dependent on the amount of funds invested per unit, with 20 year affordability periods required for the new construction of rental units.

H. TOTAL BUDGET: (INCLUDE PUBLIC AND PRIVATE COMPONENTS)

| NSP Eligible Activity | | NSP Funds | State \$'s | Local \$'s |
|-----------------------------------|--------|-------------------------|-------------------|-------------------|
| Administration | State | \$ 626,085.00 | \$0 | \$0 |
| | Local | \$ 1,115,865.00 | \$0 | TBD |
| Acquisition and Rehabilitation | Acq. | \$ 9,441,435.00 | \$0 | \$0 |
| | Rehab. | \$ 5,300,000.00 | \$0 | \$0 |
| Financing Mechanisms | | \$ 5,300,000.00 | \$0 | \$0 |
| Land Bank/Assemblage | | \$ 464,000.00 | \$0 | \$0 |
| Demolition of Blighted Structures | | \$ 464,000.00 | \$0 | \$0 |
| Redevelopment of Vacant or Demo | | \$ 232,000.00 | \$0 | \$0 |
| Performance Incentive | | | | |
| Local Administration | | \$ 100,000.00 | \$0 | TBD |
| Eligible Program Activities | | \$ 2,000,000.00 | | |
| | | \$ 25,043,385.00 | \$0 | \$0 |

I. PERFORMANCE MEASURES

Performance Measurements

It is anticipated that many of the funded activities will overlap in the LMMI households served. For example, an acquired property may also be demolished and redeveloped to an LMMI family. All three activities will serve the same household. It is estimated that 325-400 households will be served with the initial funding.

- It is estimated that 80-100 units of housing will be acquired, rehabilitated or demolished for the income levels of households that are 50% of AMI and below.
- It is estimated that 80-100 units of housing will be acquired, rehabilitated or demolished for the income levels of households that are between 51-80% of AMI.
- It is estimated that 165-200 units of housing will be acquired, rehabilitated or demolished for the income levels of households that are between 81-120% of AMI.
- Range of interest rates – 0% to 5%. It is anticipated that most loans will be at 0% per annum. However, interest rate may not exceed 5% and it is anticipated that rates above 0% will only be used for projects with rental properties where the operating proforma indicates that the project can support debt repayment.

It is anticipated that the overall program will achieve the acquisition, rehab, resale, and redevelopment of 325-400 units of affordable housing. Of this figure, it is anticipated that

between 280-350 units will be rehabilitated and that 40-50 properties will be demolished. For demolished properties, 20-25 will be redeveloped immediately and 20-25 will enter land bank programs. It will be required that any rental units acquired, rehabilitated, or redeveloped through the NSP program meet the same LMMI income requirements. Sub-grantees under the NSP program will be required to complete the following charts to document program performance achievement and timely completion of activities.

Reporting

DECD will be required to:

- Submit quarterly performance reports to HUD online and to post those reports online for public viewing as well. Reports will be due 30 days after the end of each quarter, starting 30 days after the first full calendar quarter after grant award and continuing until the end of the 15th month after the initial award; and
- Submit monthly obligation and expenditure reports to HUD until reported total obligations are equal or greater than the total NSP grant. Once that point is reached, they will switch to quarterly reporting until all NSP funds (including program income) have been expended or HUD issues alternative instructions.

Disaster Recovery Grant Reporting System

- The State will be required to report on the used of NSP funds through this online system.
- The State must post NSP reports on their own websites for public viewing.
- The State will be required to submit a quarterly report and report monthly on NSP obligations and expenditures.
- The State or contracted staff will monitor and ensure compliance of all Federal and State requirements.

Performance Indicators and De-obligation of Funds

The State reserves the right to de-obligate funds from a sub-grantee based on failure to carry out their contract activities in a timely manner. Sub-grantees will be required to establish specific achievement goals related to the purchase and resale of foreclosed properties. Sub-grantees will be required to establish goals and timeframes for each activity that is part of their project plan.

The State has established the following timeframes regarding the commitment of funds, expenditure of funds, and occupancy of units:

Obligation of Funds

| | |
|----------|---------------------------------------|
| 90 days | 25% of proposed units under contract |
| 180 days | 50% of proposed units under contract |
| 360 days | 90% of proposed units under contract |
| 540 days | 100% of proposed units under contract |

Expenditure of Funds

| | |
|----------|-----------------------|
| 90 days | 10% of funds expended |
| 180 days | 25% of funds expended |

360 days 50% of funds expended
540 days 90% of funds expended
720 days 100% of funds expended

Occupancy of Units

90 days --
180 days 10% of units occupied/sold
360 days 25% of units occupied/sold
540 days 50% of units occupied/sold
720 days 90% of units occupied/sold
900 days 100% of units occupied/sold

Failure to meet these minimum thresholds may result in the recapture of any unobligated funds. In addition, obligated funds that are not expended in a timely manner as identified above are also subject to de-obligation. Sub-awards to third party administrators are not considered an obligation of funds. Funds are only considered obligated when they are committed to a specific property. Any funds de-obligated by the State will be subject to the distribution of funds as stipulated in Section B –Distribution of Funds.

Administrative Funds

All subrecipient administrative funds must be drawn down on a pro-rata basis equal to the percentage of funds obligated by the sub-grantees. Any property specific activity obligation for which administrative funds have been drawn must be completed within six months or the administrative funds will be subject to recapture.

Outcome Measures

The State will establish clear measures, in addition to HUD's reporting requirements, to measure changes in market conditions, such as volume of real estate activity, foreclosure preventions, property values, vacancies, etc. Each subrecipient will be expected to measure the extent to which neighborhoods have been restored to sustainable health and stability. For example:

Outcomes – (not achievable in short-term)
Reduced blight and abandonment in the area
Improved property values
Increased community investment (as measured by building permits)
Increased homeownership rates
Reduced crime rates
Reduced poverty levels
Increased tax base

Project Funding

| | |
|---|--|
| Projected Project Budget, including all sources: | |
| Total NSP Grant: | |

| | Current Quarter | Cumulative to Date |
|-----------------------------|-----------------|--------------------|
| NSP Funds Obligated: | | |
| NSP Funds Drawn Down: | | |
| NSP Funds Expended: | | |
| Match Contributed: | | |
| Total Expended: | | |
| Total Expended: | | |
| NSP Grant Balance: | | |
| Program Income Received: | | |

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Proposed and Actual Performance Measurements

| Activity: | Proposed | | | Actual This Quarter | | | Cumulative to Date | | |
|-----------------------------|----------|----------------|-----|---------------------|----------------|--------|--------------------|----------------|--------|
| | Total | Persons Served | | Total | Persons Served | | Total | Persons Served | |
| <u>Acquisition</u> | | Low | Mod | Low | Mod | Middle | Low | Mod | Middle |
| # of Properties | | | | | | | | | |
| # of Households Benefitting | | | | | | | | | |
| # of Housing Units | | | | | | | | | |

| Activity: | Persons Served | | | Persons Served | | | Persons Served | | |
|-----------------------------|----------------|-----|-----|----------------|-----|-----|----------------|-----|-----|
| | Total | Low | Mod | Total | Low | Mod | Total | Low | Mod |
| <u>Rehabilitation</u> | | | | | | | | | |
| # of Properties | | | | | | | | | |
| # of Households Benefitting | | | | | | | | | |
| # of Housing Units | | | | | | | | | |

| Activity: | Persons Served | | | Persons Served | | | Persons Served | | |
|-----------------------------|----------------|-----|-----|----------------|-----|-----|----------------|-----|-----|
| | Total | Low | Mod | Total | Low | Mod | Total | Low | Mod |
| <u>Demolition</u> | | | | | | | | | |
| # of Properties | | | | | | | | | |
| # of Households Benefitting | | | | | | | | | |
| # of Housing Units | | | | | | | | | |

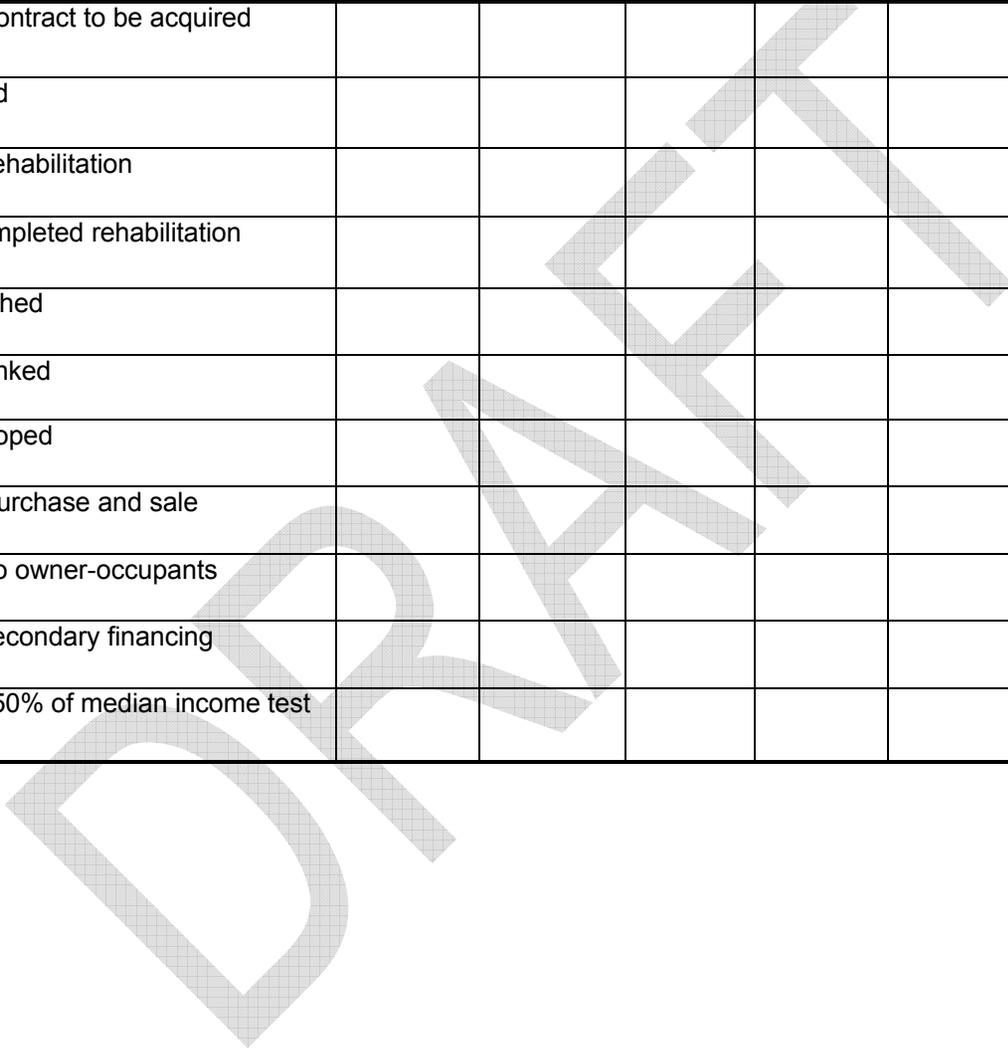
| Activity: | Persons Served | | | Persons Served | | | Persons Served | | |
|-----------------------------|----------------|-----|-----|----------------|-----|-----|----------------|-----|-----|
| | Total | Low | Mod | Total | Low | Mod | Total | Low | Mod |
| <u>Land Bank</u> | | | | | | | | | |
| # of Properties | | | | | | | | | |
| # of Households Benefitting | | | | | | | | | |
| # of Housing Units | | | | | | | | | |

| Activity: | Persons Served | | | Persons Served | | | Persons Served | | |
|-----------------------------|----------------|-----|-----|----------------|-----|-----|----------------|-----|-----|
| | Total | Low | Mod | Total | Low | Mod | Total | Low | Mod |
| <u>Redevelopment</u> | | | | | | | | | |
| # of Properties | | | | | | | | | |
| # of Households Benefitting | | | | | | | | | |
| # of Housing Units | | | | | | | | | |

| Activity: | Persons Served | | | Persons Served | | | Persons Served | | |
|-----------------------------|----------------|-----|-----|----------------|-----|-----|----------------|-----|-----|
| | Total | Low | Mod | Total | Low | Mod | Total | Low | Mod |
| <u>Financed Units</u> | | | | | | | | | |
| # of Properties | | | | | | | | | |
| # of Households Benefitting | | | | | | | | | |
| # of Housing Units | | | | | | | | | |

Performance Indicators Reported Per Quarter

| Performance Indicators | Date | | | | | | | |
|--|---------|---------|---------|----------|---------|---------|---------|----------|
| | 3/31/09 | 6/30/09 | 9/30/09 | 12/31/09 | 3/31/10 | 6/30/10 | 9/30/10 | 12/31/10 |
| # of properties under contract to be acquired | | | | | | | | |
| # of properties acquired | | | | | | | | |
| # of properties under rehabilitation | | | | | | | | |
| # of properties with completed rehabilitation activities | | | | | | | | |
| # of properties demolished | | | | | | | | |
| # of properties land banked | | | | | | | | |
| # of properties redeveloped | | | | | | | | |
| # of properties under purchase and sale agreement | | | | | | | | |
| # of properties resold to owner-occupants | | | | | | | | |
| # of buyers provided secondary financing | | | | | | | | |
| # of units meeting the 50% of median income test | | | | | | | | |



Appendix A: Data – Areas of Greatest Need and Distribution of Funds

Chart A-1
Chart A-2
Chart A-3
Chart A-4
Chart A-5
Chart A-6
Chart A-7

HUD Data from Internet
LISC: Foreclosure Response Table 1
LISC: Foreclosure Response Table 2
LISC: Data Dictionary and Methodology
DECD Data Analysis Summary
DECD Data Dictionary and Methodology
DECD Weighted Analysis: Statewide

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CHART A-1

| Rank | Municipality | Total Loans made 2004 to 2006 (HMDA) | Statewide ration of Loans made 2004 to 2006 and Total mortgages in State | Estimated Mortgages in Municipality | OFHEO Price Decline from Maximum as of June 2008 | Percent of Loans Made 2004 to 2006 High Cost to HMDA Data | HUD Pro-rata Estimate of Funding |
|------|---------------|--------------------------------------|--|-------------------------------------|--|---|----------------------------------|
| 1 | Bridgeport | 17,073 | 1.73 | 29,509 | -2.6% | 46.8% | \$743,455 |
| 2 | Waterbury | 11,062 | 1.73 | 19,120 | -2.8% | 44.3% | \$465,477 |
| 3 | New Haven | 9,403 | 1.73 | 16,252 | -2.8% | 41.2% | \$365,370 |
| 4 | Hartford | 7,081 | 1.73 | 12,239 | 0.0% | 48.5% | \$326,465 |
| 5 | Meriden | 7,698 | 1.73 | 13,305 | -2.8% | 33.3% | \$233,534 |
| 6 | New Britain | 6,100 | 1.73 | 10,543 | 0.0% | 42.4% | \$229,894 |
| 7 | East Hartford | 6,149 | 1.73 | 10,628 | 0.0% | 39.9% | \$174,879 |
| 8 | West Haven | 6,998 | 1.73 | 12,095 | -2.8% | 36.0% | \$125,719 |
| 9 | Norwich | 4,635 | 1.73 | 8,011 | -0.5% | 32.1% | \$123,230 |
| 10 | Stamford | 14,859 | 1.73 | 25,683 | -2.6% | 16.6% | \$100,128 |
| 11 | Danbury | 9,989 | 1.73 | 17,265 | -2.6% | 23.1% | \$94,495 |
| 12 | Stratford | 7,527 | 1.73 | 13,010 | -2.6% | 26.6% | \$94,486 |
| 13 | Bristol | 7,700 | 1.73 | 13,309 | 0.0% | 25.5% | \$93,886 |
| 14 | Hamden | 7,224 | 1.73 | 12,486 | -2.8% | 26.3% | \$90,773 |
| 15 | New London | 2,484 | 1.73 | 4,293 | -0.5% | 40.5% | \$85,218 |
| 16 | Norwalk | 11,751 | 1.73 | 20,311 | -2.6% | 16.8% | \$79,323 |
| 17 | Manchester | 6,711 | 1.73 | 11,599 | 0.0% | 24.6% | \$71,534 |
| 18 | Milford | 7,073 | 1.73 | 12,225 | -2.8% | 15.5% | \$47,304 |
| 19 | Middletown | 5,120 | 1.73 | 8,850 | 0.0% | 21.3% | \$45,175 |
| 20 | West Hartford | 6,981 | 1.73 | 12,066 | 0.0% | 12.4% | \$33,290 |
| 21 | Fairfield | 7080 | 1.73 | 12,237 | -2.6% | 8.5% | \$27,641 |
| 22 | Greenwich | 6329 | 1.73 | 10,939 | -2.6% | 4.7% | \$14,764 |
| | State | 247,128 | 1.73 | 427,141 | -1.0% | 16.5% | \$21,377,346 |
| | | | | | | State Allocation | \$25,043,385 |

Chart A-2: Foreclosure Needs Scores by CDBG Jurisdiction -- October 2008

Source: Analysis by the Local Initiative Support Corporation provided by the Foreclosure Response project

| CDBG Name | Intrastate Foreclosure Needs Score | Estimated Total Number of Loans | Estimated Number of Subprime Loans | Pct. of All Loans: Subprime | Estimated | | Estimated Number of Foreclosed Loans | Pct. of All Loans: In Foreclosure | Ratio of Local Vacancy Rate to State Rate | Capped Vacancy Ratio |
|-----------------------|--|--|---|-----------------------------------|--|---|---|--|---|----------------------------|
| | | | | | Number of Loans Delinquent 30+ Days | Pct. of All Loans: 30+ Days Delinquent | | | | |
| Bridgeport | 100.0 | 20,138 | 5,830 | 28.95 | 2,419 | 12.01 | 1,155 | 5.74 | 0.67 | 0.90 |
| Waterbury | 82.7 | 17,991 | 4,540 | 25.23 | 2,068 | 11.50 | 779 | 4.33 | 1.36 | 1.10 |
| New Haven | 63.8 | 15,486 | 3,734 | 24.11 | 1,411 | 9.11 | 781 | 5.04 | 1.12 | 1.10 |
| Hartford | 59.0 | 11,358 | 3,407 | 30.00 | 1,197 | 10.54 | 484 | 4.27 | 1.49 | 1.10 |
| New Britain | 37.3 | 8,756 | 2,266 | 25.88 | 932 | 10.64 | 328 | 3.75 | 1.64 | 1.10 |
| Meriden | 30.8 | 12,730 | 2,308 | 18.13 | 1,003 | 7.88 | 445 | 3.50 | 1.54 | 1.10 |
| West Haven | 29.1 | 10,409 | 2,205 | 21.19 | 973 | 9.35 | 447 | 4.30 | 0.28 | 0.90 |
| East Hartford | 27.0 | 8,892 | 2,070 | 23.28 | 941 | 10.59 | 304 | 3.42 | 0.30 | 0.90 |
| Hamden | 17.0 | 13,836 | 1,926 | 13.92 | 980 | 7.08 | 317 | 2.29 | 0.41 | 0.90 |
| Norwich | 15.9 | 7,640 | 1,167 | 15.28 | 585 | 7.66 | 272 | 3.56 | 1.14 | 1.10 |
| Stratford | 14.0 | 11,273 | 1,505 | 13.35 | 755 | 6.69 | 321 | 2.85 | 0.26 | 0.90 |
| New London | 13.1 | 3,768 | 789 | 20.93 | 320 | 8.48 | 187 | 4.97 | 1.51 | 1.10 |
| Bristol | 12.5 | 13,498 | 1,629 | 12.07 | 793 | 5.87 | 300 | 2.22 | | 0.90 |
| Danbury | 10.4 | 15,252 | 1,634 | 10.72 | 760 | 4.98 | 275 | 1.80 | | 0.90 |
| Manchester | 10.4 | 10,978 | 1,355 | 12.34 | 713 | 6.49 | 185 | 1.68 | | 0.90 |
| Stamford | 8.9 | 25,875 | 2,058 | 7.95 | 818 | 3.16 | 361 | 1.40 | | 0.90 |
| Middletown | 8.1 | 9,049 | 1,121 | 12.39 | 491 | 5.43 | 200 | 2.21 | | 0.90 |
| Norwalk | 6.7 | 20,178 | 1,484 | 7.35 | 709 | 3.51 | 253 | 1.26 | | 0.90 |
| Milford | 6.3 | 14,597 | 1,035 | 7.09 | 685 | 4.69 | 208 | 1.43 | | 0.90 |
| West Hartford | 2.9 | 16,155 | 837 | 5.18 | 429 | 2.66 | 132 | 0.82 | 0.97 | 0.97 |
| Fairfield | 2.6 | 11,254 | 612 | 5.43 | 266 | 2.37 | 133 | 1.18 | 1.24 | 1.10 |
| Greenwich | 1.4 | 12,187 | 624 | 5.12 | 221 | 1.81 | 73 | 0.60 | | 0.90 |
| Non-Entitlement Areas | | 469,465 | 39,917 | 8.50 | 20,813 | 4.43 | 6,672 | 1.42 | 0.80 | 0.90 |
| State Total | | 760,766 | 84,053 | 11.05 | 40,282 | 5.30 | 14,613 | 1.92 | | |

CHART A-3

Table 2: Proportion of Problem Loans by State in and outside of CDBG Jurisdictions

Source: Analysis by the Local Initiative Support Corporation provided by the Foreclosure Response project

| State | Pct. of Sub-prime Loans | | Pct. of Delinquent Loans | | Pct. of Foreclosed Loans | | Pct. of REO Loans | |
|-------|-------------------------|-------|--------------------------|-------|--------------------------|-------|-------------------|-------|
| | CDBG | Other | CDBG | Other | CDBG | Other | CDBG | Other |
| CT | 52.5 | 47.5 | 48.3 | 51.7 | 54.3 | 45.7 | 59.9 | 40.1 |

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CHART A-4

Data and Definitions: Foreclosure Needs Scores by CDBG Jurisdiction -- October 2008

Source: Analysis by the LISC provided by the Foreclosure Response project

| Label | Definition/Explanation | Source |
|---|---|--|
| Definitions for Chart A-2: | | |
| Intrastate Foreclosure Needs Score | This is the relative foreclosure needs score for each jurisdiction. The neediest jurisdiction in each state receives a score of 100. Thus if a jurisdiction receives a score of 50, it is estimated to be one-half as needy as the worst-off jurisdiction. | LISC Calculation |
| Estimated Total Number of Loans | This number is an estimate of the number of first-lien residential mortgages, representing both owner- and renter-occupied units. | McDash Analytics, US Census Bureau |
| Estimated Number of Sub-prime Loans | Sub-prime loans are those that a servicer has coded specifically as sub-prime and if not already coded, loans made to borrowers with FICO scores below 620 who did not receive a government, Fannie Mae or Freddie Mac loan. This number was adjusted to match counts from Mortgage Banker's Association data. Number was adjusted to match counts from Mortgage Banker's Association data. | McDash Analytics, Mortgage Bankers Association |
| Pct. of All Loans: Sub-prime | $(\text{Estimated Number of Sub-prime Loans} / \text{Estimated Total Number of Loans}) * 100$ | McDash Analytics |
| Estimated Number of Loans Delinquent 30+ Days | This indicator includes all loans that are at least 30 days delinquent and have not yet entered into judicial (a lis pendens filing) or non-judicial foreclosure. This number was adjusted to match Mortgage Bankers Association data if McDash count was lower. | McDash Analytics, Mortgage Bankers Association |
| Pct. of All Loans: 30+ Days Delinquent | $(\text{Est. Number of Loans Delinquent 30+ Days} / \text{Estimated Total Number of Loans}) * 100$ | McDash Analytics |
| Estimated Number of Foreclosed Loans | This includes loans in foreclosure and bankruptcy foreclosures prior to auction or trustee sale. This number was adjusted to match Mortgage Bankers Association data if McDash count was lower. | McDash Analytics, Mortgage Bankers Association |
| Pct. of All Loans: In Foreclosure | $(\text{Estimated Number of Foreclosed Loans} / \text{Estimated Total Number of Loans}) * 100$ | McDash Analytics |

Data and Definitions: Foreclosure Needs Scores by CDBG Jurisdiction -- October 2008 (continued)

Source: Analysis by the LISC provided by the Foreclosure Response project

| Label | Definition/Explanation | Source |
|--|---|--|
| Definitions for Chart A-2: | | |
| Ratio of Local Vacancy Rate to State Rate | This ratio calculated by dividing the local vacancy rate in high sub-prime areas by the state vacancy rate in high sub-prime ZIP codes. This value is missing for jurisdictions that do not have any high sub-prime ZIP codes. Please see the methodology documentation for the definition of high sub-prime ZIP codes. | USPS/HUD |
| Capped Vacancy Ratio | The local/state vacancy ratio is capped and jurisdictions are assigned a minimum value of 0.9 and a maximum value of 1.1. | USPS/HUD |
| Definitions for Chart A-3: | | |
| Pct. of Sub-prime loans Pct. of Delinquent Loans Pct. of Foreclosed Loans Pct. of REO Loans | See definitions above. However these percentages are not out of all loans but only the problem loan category. For example, Table 2 describes how all sub-prime loans in the state are distributed between CDBG jurisdictions and areas outside of CDBG jurisdiction. | McDash Analytics McDash Analytics McDash Analytics McDash Analytics |

CHART A-5

| Town | Weighted Score Subprime Foreclosures | Weighted Score Lis Pens | Weighted Score Subprime Loans | Weighted Score Vacancies |
|-------------|--|----------------------------------|----------------------------------|-----------------------------|
| Bridgeport | 0.700 | 0.100 | 0.150 | 2.7500 |
| Hartford | 2.800 | 0.400 | 0.750 | 0.6500 |
| Meriden | 4.900 | 0.500 | 1.200 | 2.5500 |
| New Britain | 5.600 | 0.600 | 1.350 | 0.4500 |
| New Haven | 1.400 | 0.300 | 0.450 | 1.8500 |
| Stamford | 3.500 | 0.900 | 0.600 | 4.0500 |
| Waterbury | 2.100 | 0.200 | 0.300 | 1.0500 |

| Legend | |
|------------------------------------|------------|
| % of Sub-Prime Foreclosures | 70% |
| Lis Pens | 10% |
| % of Sub-Prime Loans | 15% |
| Postal Vacancies | 5% |

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Chart A-6

| | | |
|--|--|--|
| Number of Sub-Prime Loans in Foreclosure as a Percent of Owner-Occupied Housing Units | (Number of Subprime Foreclosures / Number of Owner-Occupied Units) *100 | Connecticut Housing Finance Authority |
| Number of Lis Penden Filings | This data is the number of loans that have entered into judicial foreclosure filing (a lis pendens filing). | The Warren Group |
| Number of Lis Penden Filings as a Percent of Owner-Occupied Housing Units | (Number of Lis Penden Filings/ Number of Owner-Occupied Units) *100 | Connecticut Housing Finance Authority |
| Number of Sub-Prime Loans | Subprime loans are those that a servicer has coded specifically as subprime. | First American Loan Performance, June 2008 |
| Number of Sub-Prime Loans as a Percent of Owner-Occupied Housing Units | (Number of Subprime Loans / Number of Owner-Occupied Units) *100 | Connecticut Housing Finance Authority |
| Total # Residential Addresses | This data is the total number of residential addresses by community | USPS Vacancy Rates |
| Total # Vacancies 90 days plus | This data is the total number of residential vacancies that have been reported for a period in excess of 90 days | USPS Vacancy Rates |
| % of Vacancies against Total # Residential Address | (Number of Vacant Addresses / Total Number Residential Addresses) *100 | Connecticut Housing Finance Authority |

CHART A-7

| Town | Weighted Score Subprime Foreclosures | Weighted Score Lis Pens | Weighted Score Subprime Loans | Weighted Score Vacancies |
|--------------|--|----------------------------|--|--------------------------------|
| Andover | 96.600 | 13.800 | 23.100 | 5.5500 |
| Ansonia | 22.400 | 3.800 | 5.100 | 1.7000 |
| Ashford | 97.300 | 10.200 | 19.500 | 5.4000 |
| Avon | 46.900 | 8.400 | 13.800 | 5.0500 |
| Barkhamsted | 98.000 | 14.700 | 22.500 | 6.2500 |
| Beacon Falls | 104.300 | 10.300 | 17.100 | 2.0000 |
| Berlin | 49.700 | 6.500 | 12.150 | 7.3000 |
| Bethany | 89.600 | 13.900 | 20.250 | 8.3000 |
| Bethel | 24.500 | 4.200 | 6.450 | 8.1000 |
| Bethlehem | 105.000 | 14.000 | 22.350 | 0.9500 |
| Bloomfield | 16.100 | 2.300 | 4.050 | 6.3000 |
| Bolton | 98.700 | 15.500 | 22.200 | 7.1000 |
| Bozrah | 90.300 | 15.100 | 23.550 | 8.2000 |
| Branford | 23.100 | 3.900 | 5.400 | 6.4500 |
| Bridgeport | 0.700 | 0.100 | 0.150 | 2.7500 |
| Bridgewater | 105.700 | 16.800 | 24.300 | 1.2000 |
| Bristol | 11.200 | 1.000 | 2.100 | 2.7000 |
| Brookfield | 30.800 | 5.800 | 7.800 | 5.3000 |
| Brooklyn | 68.600 | 7.500 | 13.950 | 1.6000 |
| Burlington | 64.400 | 9.100 | 17.700 | 7.8000 |
| Canaan | 106.400 | 16.000 | 21.150 | 0.1000 |
| Canterbury | 65.100 | 10.800 | 16.650 | 2.1000 |
| Canton | 99.400 | 12.500 | 16.800 | 2.4500 |
| Chaplin | 91.000 | 13.000 | 22.050 | 3.4000 |
| Cheshire | 35.000 | 4.600 | 8.400 | 5.1000 |
| Chester | 91.700 | 14.100 | 21.900 | 0.9000 |
| Clinton | 50.400 | 6.100 | 12.450 | 4.2000 |
| Colchester | 56.700 | 5.600 | 10.650 | 2.4000 |
| Colebrook | 110.600 | 16.100 | 24.450 | 3.7500 |
| Columbia | 111.300 | 14.200 | 18.900 | 3.6500 |
| Cornwall | 107.100 | 16.200 | 21.450 | 0.4000 |
| Coventry | 82.600 | 5.900 | 12.000 | 3.9500 |
| Cromwell | 57.400 | 6.900 | 10.950 | 3.5000 |
| Danbury | 7.000 | 1.400 | 1.050 | 4.9000 |
| Darien | 69.300 | 8.500 | 10.800 | 7.4500 |
| Deep River | 112.000 | 14.800 | 20.550 | 3.0500 |
| Derby | 38.500 | 6.300 | 9.450 | 1.5500 |
| Durham | 72.100 | 10.400 | 18.600 | 4.6000 |
| East Granby | 92.400 | 13.600 | 21.600 | 3.0000 |
| East Haddam | 72.800 | 9.200 | 15.450 | 0.6000 |

| Town | Weighted Score Subprime Foreclosures | Weighted Score Lis Pens | Weighted Score Subprime Loans | Weighted Score Vacancies |
|---------------|--|----------------------------|--|--------------------------------|
| East Hampton | 53.200 | 6.800 | 12.300 | 1.5000 |
| East Hartford | 8.400 | 0.800 | 1.650 | 5.9500 |
| East Haven | 11.900 | 1.600 | 2.850 | 8.0000 |
| East Lyme | 51.100 | 9.300 | 12.750 | 3.4500 |
| East Windsor | 65.800 | 13.100 | 13.650 | 4.4500 |
| Eastford | 114.800 | 15.700 | 23.850 | 0.8000 |
| Easton | 61.600 | 12.600 | 15.750 | 8.1500 |
| Enfield | 14.700 | 1.900 | 3.450 | 6.3500 |
| Essex | 83.300 | 11.700 | 17.550 | 2.6500 |
| Fairfield | 20.300 | 3.200 | 2.700 | 5.8500 |
| Farmington | 37.800 | 7.800 | 9.750 | 7.6000 |
| Franklin | 107.800 | 16.300 | 24.150 | 3.3500 |
| Glastonbury | 39.200 | 5.300 | 7.500 | 7.3500 |
| Goshen | 112.700 | 14.300 | 22.800 | 1.2500 |
| Granby | 70.000 | 10.600 | 16.050 | 5.8000 |
| Greenwich | 28.000 | 4.000 | 3.150 | 4.8000 |
| Griswold | 25.900 | 5.000 | 6.600 | 6.5000 |
| Groton | 44.100 | 6.600 | 8.250 | 4.6500 |
| Guilford | 35.700 | 6.400 | 7.950 | 3.5500 |
| Haddam | 75.600 | 9.500 | 17.250 | 6.9500 |
| Hamden | 9.100 | 1.300 | 1.950 | 4.7000 |
| Hampton | 100.100 | 15.200 | 21.750 | 2.3500 |
| Hartford | 2.800 | 0.400 | 0.750 | 0.6500 |
| Hartland | 93.800 | 15.800 | 23.250 | 6.0000 |
| Harwinton | 62.300 | 13.200 | 18.750 | 5.7000 |
| Hebron | 84.000 | 9.800 | 16.350 | 4.0000 |
| Kent | 84.700 | 15.300 | 21.300 | 0.2000 |
| Killingly | 18.200 | 3.300 | 4.950 | 0.3000 |
| Killingworth | 100.800 | 12.700 | 18.300 | 3.2000 |
| Lebanon | 58.100 | 8.600 | 15.000 | 2.5000 |
| Ledyard | 51.800 | 7.700 | 10.350 | 7.7000 |
| Lisbon | 115.500 | 10.700 | 24.750 | 6.5500 |
| Litchfield | 73.500 | 10.900 | 18.150 | 1.3500 |
| Lyme | 116.200 | 15.900 | 24.900 | 1.1000 |
| Madison | 58.800 | 8.200 | 11.400 | 4.9500 |
| Manchester | 12.600 | 1.500 | 2.250 | 6.0500 |
| Mansfield | 70.700 | 9.600 | 14.100 | 6.2000 |
| Marlborough | 85.400 | 13.700 | 20.400 | 5.0000 |
| Meriden | 4.900 | 0.500 | 1.200 | 2.5500 |
| Middlebury | 101.500 | 15.600 | 17.850 | 4.1000 |
| Middlefield | 113.400 | 14.900 | 20.700 | 6.6500 |
| Middletown | 16.800 | 2.200 | 3.750 | 4.1500 |
| Milford | 14.000 | 2.100 | 2.550 | 5.1500 |
| Monroe | 39.900 | 5.200 | 8.700 | 6.6000 |

| Town | Weighted Score Subprime Foreclosures | Weighted Score Lis Pens | Weighted Score Subprime Loans | Weighted Score Vacancies |
|------------------|--|----------------------------|--|--------------------------------|
| Montville | 29.400 | 6.700 | 7.350 | 2.2000 |
| Morris | 86.100 | 15.400 | 23.700 | 0.7000 |
| Naugatuck | 13.300 | 2.000 | 3.000 | 3.3000 |
| New Britain | 5.600 | 0.600 | 1.350 | 0.4500 |
| New Canaan | 59.500 | 9.900 | 10.200 | 5.2000 |
| New Fairfield | 31.500 | 7.200 | 9.150 | 5.5000 |
| New Hartford | 76.300 | 12.200 | 16.200 | 7.7500 |
| New Haven | 1.400 | 0.300 | 0.450 | 1.8500 |
| New London | 10.500 | 2.900 | 4.200 | 0.5500 |
| New Milford | 15.400 | 2.500 | 3.900 | 1.1500 |
| Newington | 23.800 | 3.400 | 5.850 | 5.6000 |
| Newtown | 26.600 | 4.700 | 6.300 | 6.8500 |
| North Branford | 44.800 | 5.100 | 11.850 | 7.5000 |
| North Canaan | 116.900 | 12.300 | 25.050 | 2.8000 |
| North Haven | 36.400 | 4.100 | 8.550 | 7.1500 |
| North Stonington | 102.200 | 11.800 | 19.650 | 3.7000 |
| Norwalk | 7.700 | 1.100 | 0.900 | 6.1000 |
| Norwich | 9.800 | 1.800 | 2.400 | 2.3000 |
| Old Lyme | 102.900 | 12.400 | 15.600 | 2.1500 |
| Old Saybrook | 86.800 | 11.300 | 14.850 | 8.3500 |
| Orange | 66.500 | 11.900 | 15.150 | 7.4000 |
| Oxford | 40.600 | 7.000 | 12.900 | 6.7000 |
| Plainfield | 18.900 | 2.800 | 5.550 | 4.7500 |
| Plainville | 43.400 | 4.300 | 9.000 | 3.9000 |
| Plymouth | 41.300 | 4.900 | 8.850 | 3.1500 |
| Pomfret | 87.500 | 13.300 | 19.050 | 4.5500 |
| Portland | 94.500 | 11.400 | 16.500 | 3.8500 |
| Preston | 77.000 | 10.000 | 19.200 | 4.8500 |
| Prospect | 71.400 | 9.000 | 16.950 | 2.9000 |
| Putnam | 34.300 | 5.500 | 10.500 | 1.4000 |
| Redding | 74.200 | 9.400 | 14.250 | 8.2500 |
| Ridgefield | 47.600 | 7.900 | 6.750 | 5.7500 |
| Rocky Hill | 63.000 | 8.800 | 13.350 | 7.9500 |
| Roxbury | 109.200 | 16.400 | 23.400 | 0.8500 |
| Salem | 95.200 | 12.800 | 20.850 | 1.3000 |
| Salisbury | 114.100 | 16.500 | 22.650 | 0.7500 |
| Scotland | 103.600 | 14.400 | 24.000 | 1.4500 |
| Seymour | 32.200 | 4.800 | 8.100 | 4.3500 |
| Sharon | 95.900 | 15.000 | 22.950 | 0.1500 |
| Shelton | 19.600 | 3.500 | 4.650 | 5.9000 |
| Sherman | 77.700 | 13.400 | 21.000 | 0.2500 |
| Simsbury | 48.300 | 7.300 | 12.600 | 6.8000 |
| Somers | 88.200 | 13.500 | 18.000 | 6.4000 |
| South Windsor | 37.100 | 5.700 | 7.050 | 7.2500 |

| Town | Weighted Score Subprime Foreclosures | Weighted Score Lis Pens | Weighted Score Subprime Loans | Weighted Score Vacancies |
|---------------|--|----------------------------|--|--------------------------------|
| Southbury | 42.000 | 7.100 | 9.900 | 6.7500 |
| Southington | 30.100 | 3.000 | 4.800 | 6.1500 |
| Sprague | 78.400 | 14.500 | 19.950 | 4.2500 |
| Stafford | 60.200 | 6.200 | 11.700 | 4.5000 |
| Stamford | 3.500 | 0.900 | 0.600 | 4.0500 |
| Sterling | 55.300 | 12.000 | 15.900 | 1.6500 |
| Stonington | 45.500 | 11.000 | 6.900 | 3.2500 |
| Stratford | 6.300 | 1.200 | 1.800 | 7.0000 |
| Suffield | 79.100 | 10.100 | 14.700 | 2.8500 |
| Thomaston | 60.900 | 11.100 | 14.550 | 3.6000 |
| Thompson | 46.200 | 6.000 | 11.100 | 1.7500 |
| Tolland | 53.900 | 8.000 | 13.500 | 7.8500 |
| Torrington | 17.500 | 1.700 | 3.300 | 2.2500 |
| Trumbull | 25.200 | 3.700 | 5.250 | 7.5500 |
| Union | 117.600 | 16.900 | 25.200 | 8.4000 |
| Vernon | 28.700 | 3.100 | 5.700 | 1.8000 |
| Voluntown | 79.800 | 11.500 | 19.800 | 1.0000 |
| Warren | 118.300 | 16.700 | 25.350 | 0.5000 |
| Washington | 88.900 | 14.600 | 19.350 | 0.3500 |
| Waterbury | 2.100 | 0.200 | 0.300 | 1.0500 |
| Waterford | 42.700 | 8.100 | 9.600 | 5.4500 |
| Watertown | 32.900 | 4.500 | 7.200 | 5.2500 |
| West Hartford | 33.600 | 2.400 | 4.350 | 8.0500 |
| West Haven | 4.200 | 0.700 | 1.500 | 7.2000 |
| Westbrook | 80.500 | 8.700 | 18.450 | 8.4500 |
| Weston | 63.700 | 9.700 | 13.050 | 5.6500 |
| Westport | 56.000 | 8.300 | 6.150 | 4.4000 |
| Wethersfield | 49.000 | 5.400 | 7.650 | 7.9000 |
| Willington | 109.900 | 12.900 | 20.100 | 2.6000 |
| Wilton | 81.200 | 8.900 | 11.550 | 7.6500 |
| Winchester | 54.600 | 7.400 | 10.050 | 1.9500 |
| Windham | 27.300 | 3.600 | 6.000 | 2.9500 |
| Windsor | 21.000 | 2.600 | 3.600 | 7.0500 |
| Windsor Locks | 67.200 | 7.600 | 11.250 | 6.9000 |
| Wolcott | 52.500 | 4.400 | 9.300 | 4.3000 |
| Woodbridge | 67.900 | 11.600 | 17.400 | 5.3500 |
| Woodbury | 81.900 | 12.100 | 14.400 | 2.0500 |
| Woodstock | 74.900 | 11.200 | 15.300 | 1.9000 |

| Legend | |
|------------------------------------|------------|
| % of Sub-Prime Foreclosures | 70% |
| Lis Pens | 10% |
| % of Sub-Prime Loans | 15% |
| Postal Vacancies | 5% |

Appendix B: FY 2009 Fair Market Rents

CONNECTICUT: Schedule B – FY 2009 Final Fair Market Rents for Existing Housing

Source: US Department of Housing and Urban Development,
http://www.huduser.org/datasets/fmr/fmr2009f/SCHEDULE%20B_FINAL_091108R.pdf

| METROPOLITAN FMR AREAS | 0 BR | 1 BR | 2 BR | 3 BR | 4 BR | Components of FMR AREA within STATE |
|--|-------------|-------------|-------------|-------------|-------------|---|
| Bridgeport, CT HMFA..... | 788 | 1019 | 1214 | 1451 | 1762 | Fairfield County towns of Bridgeport town, Easton town, Fairfield town, Monroe town, Shelton town, Stratford town, Trumbull town |
| Colchester-Lebanon, CT HMFA..... | 700 | 821 | 1078 | 1289 | 1330 | New London County towns of Colchester town, Lebanon town |
| Danbury, CT HMFA..... | 977 | 1186 | 1505 | 1801 | 2233 | Fairfield County towns of Bethel town, Brookfield town, Danbury town, New Fairfield town, Newtown town, Redding town, Ridgefield town, Sherman town |
| *Hartford-West Hartford-East Hartford, CT HMFA.... | 697 | 835 | 1021 | 1226 | 1522 | Hartford County towns of Avon town, Berlin town, Bloomfield town, Bristol town, Burlington town, Canton town, East Granby town, East Hartford town, East Windsor town, Enfield town, Farmington town, Glastonbury town, Granby town, Hartford town, Hartland town, Manchester town, Marlborough town, New Britain town, Newington town, Plainville town, Rocky Hill town, Simsbury town, Southington town, South Windsor town, Suffield town, West Hartford town, Wethersfield town, Windsor town, Windsor Locks town |

METROPOLITAN FMR AREAS

0 BR 1 BR 2 BR 3 BR 4 BR

Components of FMR AREA within STATE

| | | | | | | |
|---|-----|-----|------|------|------|--|
| | | | | | | Middlesex County towns of Chester town, Cromwell town, Durham town, East Haddam town, East Hampton town, Haddam town, Middlefield town, Middletown town, Portland town, Tolland County towns of Andover town, Bolton town, Columbia town, Coventry town, Ellington town, Hebron town, Mansfield town, Somers town, Stafford town, Tolland town, Union town, Vernon town, Willington town |
| Milford-Ansonia-Seymour, CT HMFA..... | 858 | 995 | 1113 | 1417 | 1556 | New Haven County towns of Ansonia town, Beacon Falls town, Derby town, Milford town, Oxford town, Seymour town |
| New Haven-Meriden, CT HMFA..... | 774 | 915 | 1101 | 1316 | 1430 | New Haven County towns of Bethany town, Branford town, Cheshire town, East Haven town, Guilford town, Hamden town, Madison town, Meriden town, New Haven town, North Branford town, North Haven town, Orange town, Wallingford town, West Haven town, Woodbridge town |
| Norwich-New London, CT HMFA..... | 700 | 830 | 961 | 1176 | 1299 | New London County towns of Bozrah town, East Lyme town, Franklin town, Griswold town, Groton town, Ledyard town, Lisbon town, Lyme town, Montville town, New London town, North Stonington town, Norwich town, Old Lyme town, Preston town, Salem town, Sprague town, Stonington town, Voluntown town, Waterford town |
| Southern Middlesex County, CT HMFA..... | 824 | 868 | 1104 | 1416 | 1615 | Middlesex County towns of Clinton town, Deep River town, Essex town, Killingworth town, Old Saybrook town, Westbrook town |

METROPOLITAN FMR AREAS**0 BR 1 BR 2 BR 3 BR 4 BR****Components of FMR AREA within STATE**

Stamford-Norwalk, CT HMFA..... 1119 1362 1703 2219 2681

Fairfield County towns of Darien town, Greenwich town, New Canaan town, Norwalk town, Stamford town, Weston town, Westport town, Wilton town

Waterbury, CT HMFA..... 581 752 894 1070 1114

New Haven County towns of Middlebury town, Naugatuck town, Prospect town, Southbury town, Waterbury town, Wolcott town

NONMETROPOLITAN COUNTIES**0 BR 1 BR 2 BR 3 BR 4 BR****Towns within nonmetropolitan counties**

Litchfield County, CT..... 632 823 972 1248 1404

Barkhamsted town, Bethlehem town, Bridgewater town, Canaan town, Colebrook town, Cornwall town, Goshen town, Harwinton town, Kent town, Litchfield town, Morris town, New Hartford town, New Milford town, Norfolk town, North Canaan town, Plymouth town, Roxbury town, Salisbury town, Sharon town, Thomaston town, Torrington town, Warren town, Washington town, Watertown town, Winchester town, Woodbury town

Windham County, CT..... 584 707 851 1071 1136

Ashford town, Brooklyn town, Canterbury town, Chaplin town, Eastford town, Hampton town, Killingly town, Plainfield town, Pomfret town, Putnam town, Scotland town, Sterling town, Thompson town, Windham town, Woodstock town

Note1: The FMRs for unit sizes larger than 4 BRs are calculated by adding 15% to the 4 BR FMR for each extra bedroom.**Note2:** 50th percentile FMRs are indicated by an * before the FMR Area name. 09/11/2008

Appendix C: Legal Notice

**NOTICE OF PUBLIC COMMENT PERIOD
THE STATE OF CONNECTICUT
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
IS SEEKING PUBLIC COMMENT ON THE DRAFT
NEIGHBORHOOD STABILIZATION PROGRAM (NSP) ACTION PLAN SUBSTANTIAL
AMENDMENT UNDER TITLE III OF DIVISION B OF THE HOUSING AND ECONOMIC
RECOVERY ACT, 2008 (HERA)**

A fifteen-day public examination and comment period will begin Friday, November 7, 2008 and end Friday, November 21, 2008.

All interested parties are encouraged to participate by reviewing and providing comment on the state's Draft Neighborhood Stabilization Program (NSP) Action Plan Substantial Amendment. A copy of the state's Draft Neighborhood Stabilization Program Action Plan Substantial Amendment as well as the state's five-year Consolidated Plan for Housing and Community Development and the annual Action Plans are available at the Department of Economic & Community Development's web site, www.decd.org.

All comments must be submitted in writing to the address below or via email to NSP.Comments@ct.gov. Comments must be received by the close of business on Friday, November 21, 2008.

NSP Comments
Department of Economic and Community Development
505 Hudson Street
Hartford, CT 06106-7106

Comments will be summarized and addressed in the Public Commentary Section of the Final NSP Action Plan Substantial Amendment, which will be posted on the Department's website, www.decd.org.

Department of Economic and Community Development programs are administered in a nondiscriminatory manner, consistent with equal employment opportunities, affirmative action, and fair housing requirements. Questions, concerns, complaints or requests for information in alternative formats must be directed to the ADA (504) Coordinator at 860-566-1755.

Distribution Date: November 6, 2008

**ANUNCIO DE PERÍODO DE COMENTARIOS PÚBLICOS
EI ESTADO DE CONNECTICUT DEPARTEMENTO DE DESSAROLLO ECONÓMICO Y
COMUNITARIO SOLICITA COMENTARIOS AL BORRADOR DE LA ENMIENDA
SUSTANCIAL DEL PLAN DE ACCIÓN DEL PROGRAMA DE ESTABILIZACIÓN
DEVECINDARIOS(NSP) AUTORIZADO BAJO TÍTULO III DE DIVISIÓN B DE LA LEY DE
RECUPERACIÓN ECONÓMICA Y DE VIVIENDA DE 2008 (HERA).**

Un período de quince días para examinar y hacer comentarios durará del viernes, el 7 de Noviembre de 2008 hasta el viernes, el 21 de Noviembre de 2008.

Todos partidos interesados deben participar, revisar y hacer comentarios a este borrador de la enmienda sustancial del Plan de Acción de NSP. Una copia del borrador de la enmienda sustancial, también el Plan de Consolidación de Cinco Años para Viviendas y Desarrollo Comunitario y el Plan de Acción Anual están disponibles en la página del Departamento de Economía y Desarrollo Comunitario, www.decd.org.

Todos los comentarios deben hacerse por escritos y sometidos a la dirección abajo o por mensaje electrónico (e-mail) a NSP.Comments@ct.gov antes del fin de negocio el viernes, el 21 de Noviembre, 2008.

NSP Comments
Department of Economic and Community Development
505 Hudson Street
Hartford, CT 06106-7106

Estos comentarios serán resumidos y presentados en la Sección de Comentarios Públicos en la copia final de la enmienda sustancial del Plan de Acción del NSP que se encontrará en www.decd.org.

El Departamento de Desarrollo Económico y Comunitario administra programas sin discriminación, consistente con igualdad de oportunidades de empleo, acción afirmativa, y los requisitos de equidad de vivienda. Las preguntas, los comentarios, las quejas o las peticiones para información en formatos alternativos deben ser dirigidos al coordinador de ADA (504) a 860-566-1755.

Fecha de distribución: el 6 de Noviembre de 2008

Appendix D: Activity Delivery Cost

Activity Delivery Cost

This term is not explicitly defined in the regulation, however, the definition of “administrative cost” in 24 CFR 570.206 excludes: “...staff and overhead costs directly related to carrying out activities eligible under 570.201 through 570.204, since those costs are eligible as part of such activities.” HUD Notice CPD- 92-19 provides some clarification of both “administrative” and “activity delivery” costs.

The applicable sections of the Notice are:

- *Administrative costs* - Are costs that not directly related to a specific activity. Such costs include reasonable costs of program management, coordination, monitoring and evaluation; providing information to citizens and local officials, preparing budgets, preparing performance reports, and resolving audit and monitoring findings.
- *Activity delivery costs* - The definition of program administrative costs at §570.206 specifically excludes activity delivery costs, i.e., "staff and overhead costs directly related to carrying out activities under §§570.201 through 570.204, since these costs are eligible as part of such activities" (emphasis added). For example, in a rehabilitation project, the costs for preparation of work specifications, loan processing, appraisals, architectural or engineering services and property inspections, title search, environmental assessments, labor standards compliance work related to conducting on-site employee interviews, verifying payroll data, reviewing payrolls, attending pre-construction conferences, and obtaining compliance with these requirements, Attorney's fees for preparing or reviewing contract documents or property acquisition activities would be eligible activity delivery costs. However, to be eligible activity delivery costs, the activity being "delivered" must be NSP-eligible. There is no limit on the percentage of NSP funds that may be used for eligible activity delivery costs. DECD will use “reasonable man” rule, i.e. an amount that is consistent with what a reasonable person would incur in the same or similar circumstances and does not include a profit. Note: It is clear from the CPD Notice that if a cost is not “directly related” to an activity it is not an “activity delivery” cost.

Even if a cost is eligible as either administrative or activity delivery, that does not mean the cost is allowable as a direct cost. OMB Circular A-87 provides guidance on whether certain costs are typically direct or indirect. Otherwise, the relative ease of allocating a cost as uniquely attributable to the NSP-funded activity will determine whether it is treated as a direct or indirect cost. For example, supplies, postage, fuel and telephone costs are almost always indirect costs since these costs are usually incurred in conjunction with other, non-NSP funded activities being undertaken by the recipient or subrecipient and there are no controls which can ensure that such costs are only for the NSP-funded activity or it is infeasible to do so because the level of effort for documentation is disproportionate to the cost to be reimbursed.

Indirect costs are recoverable through an approved indirect cost allocations plan. Furthermore 24 CFR 570.207 identifies a number of costs that are generally ineligible. Such costs include the purchase of equipment, including construction equipment; furnishings; and personal property. OMB defines “personal property” as any property except real property. In some cases, personal property required for administration may be eligible, but since the continued use of such property after the project solely for the NSP-funded activity cannot be established, the property’s full cost cannot be charged to the grant. Therefore, a use or depreciation allowance as provided for in OMB Circular A-87 will be the only method for recovering the cost of that personal property during the period it is used for the NSP-funded activity. For example, if a subrecipient lacked available filing cabinets to store NSP records, the grant could reimburse a portion of the purchase cost of filing cabinets. If the filing cabinets are used solely for the NSP project files for two years and have an estimated useful life of 20 years, the NSP grant could be used to pay for 10% of the purchase cost.

DRAFT