

THE CONNECTICUT CONSORTIUM
NEIGHBORHOOD STABILIZATION PROGRAM 2

DRAFT GRANT APPLICATION JULY 2009

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CONNECTICUT NSPII

APPLICATION OVERVIEW

The *Connecticut Consortium* is made up of the major implementation entities engaged in housing, community and neighborhood development. Consortium participants have reached across their traditional sectors of activity to create a coordinated, statewide program for stabilizing neighborhoods impacted by foreclosure. Members were self-selected and individually and collectively have the capacity to create large scale impact either in a single community or across a broad geographic area. Representatives include State and Municipal government, CDFIs/Investors and Non-profits.

All of the members of the *Connecticut Consortium* operate under missions that directly impact community and housing development. This consortium has designed a program for communities in the state that have been most impacted by foreclosure. The goal of Connecticut's program is to stabilize and transform Connecticut neighborhoods through the application of targeted, comprehensive strategies that promote physical revitalization, economic growth and opportunity, and enhanced quality of life.

The geographic focus of this program will be those census tracts with a high degree of foreclosure, vacancy rates and with an overall need for stabilization as identified through data provided by HUD. Foreclosure Scores of 17 or greater in the seventeen targeted NSPI communities will be targeted for assistance under NSPII. In addition, one census tract with a Foreclosure Score of 16, Tract 0218.02 located in Stamford, will also be targeted. Priority will be given to those areas: 1.) currently undertaking stabilization activities through NSPI funding; 2.) that can demonstrate where the capacity to implement the program will meet the need and 3.) achieve the program's goals. The *Connecticut Consortium* is requesting \$45 million dollars of NSPII to implement this program

ACTIVITIES

The Connecticut Department of Economic and Community Development (DECD) will act as lead applicant for the *Connecticut Consortium* and, along with its partners, will carry out this program to provide investment and services aimed at achieving this goal. DECD currently administers the NSPI funds and is the Participating Jurisdiction administering the state's HOME and Small Cities (CDBG) programs.

Federal NSPII Funds will be used to support the following activities as a part of this program:

- Acquisition & Rehabilitation
- Redevelopment
- Financing Mechanisms

Other funds will be leveraged for these and additional complementary activities including:

- Code Enforcement & Demolition
- Infrastructure & Open Space development
- Housing Counseling & Services

- Community Safety & Services
- Comprehensive Community Partnerships

While a major portion of the implementation of this program is necessarily a local endeavor, there are aspects of the program that can benefit from regional and/or statewide economies of scale. The program designed by the *Connecticut Consortium* will address the needs for neighborhood stabilization at the local, regional and state level. Locally, the four partner municipalities and their partner investors will work with developers to carry out the stabilization activities at the local, block level. These are the municipalities that have been most affected by the foreclosure crisis and are also currently undertaking stabilization efforts through the NSPI funding program administered by DECD.

A financing toolkit is proposed as a key program element to serve all communities statewide including those that have also been impacted by foreclosure but not at the level or scale of the state's largest cities. These "balance of state" communities (Danbury; Hamden; Killingly, Meriden, New Britain; New London; Norwalk; Norwich; Stratford; Waterbury; West Haven; Windham and Windsor) will have the program's resources delivered to them through regional and statewide intermediaries. Also, a regional or statewide mechanism will be identified to maximize Connecticut's success in use of the National Community Stabilization Trust.

The *Connecticut Consortium* program will make available NSPII funding to distribute in the form of grants and loans to:

- Purchase and rehabilitate foreclosed properties in the targeted geographies in accordance with our rehabilitation guidelines;
- Purchase and redevelop vacant foreclosed properties in the targeted geographies as part of a neighborhood stabilization strategy;
- Provide a loan loss reserve for participating NSPII lenders up to 30% of the acquisition and rehabilitation financing;
- Provide downpayment assistance to qualified buyers of rehabilitated foreclosed properties in the targeted geographies;
- Provide acquisition support by utilizing the National Community Stabilization Trust (NCST) and other mechanisms to facilitate expedient and affordable purchases.

PROGRAM DEVELOPMENT AND OVERSIGHT

From the beginning, the planning for this program has been a collaborative process including the State of Connecticut, municipalities, CDFIs, non-profit developers, and the Connecticut Housing Coalition. The cooperative nature of these discussions has made it possible to leverage high degrees of capacity and resources that will be available to NSP.

The collaborative nature of Connecticut's NSP planning work has been an asset to the process and to the community development industry. This asset will be continued in the implementation phase by creating an NSPII Steering Committee for the program. The Committee will represent the participants in the program and will have oversight on issues of policy and program development.

The implementation of the program will be carried out in accordance with the terms of the consortium and funding agreements, and managed by the lead applicant, the Connecticut

Department of Economic and Community Development. DECD will manage the program's operation through the consortium's municipal and non-profit partners for specific activities within geography. A Steering Committee will be established to provide guidance to the Consortium on issues of policy related to neighborhood stabilization. It will also act as a communication body to provide feedback to the Consortium on the progress of the program from the community level.

DESIRED OUTCOMES:

The completion of the program undertaken by the *Connecticut Consortium* is anticipated to result in the:

- Acquisition and rehabilitation of 450 properties resulting in a minimum of 450 units of housing
- The availability of a minimum of 135 units to households at or below 50% of AMI
- Redevelopment of properties in conjunction with a specified neighborhood stabilization strategy

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FACTOR 1: NEED/EXTENT OF THE PROBLEM**1. Geographical Target Areas**

The census data provided by HUD provided two comparisons; Foreclosure and Vacancy Scores, it is this application's intention to use Foreclosure Score as the applicable index in determining the basis for the 43 geographic census tracts for inclusion in this activity. Further, using the methodology and data analysis in the Substantial Amendment for NSPI, many of the census tracts which have Foreclosure Scores of 17 or greater in the seventeen targeted NSPI communities will be targeted for assistance under NSPI. In addition, one census tract with a Foreclosure Score of 16, Tract 0218.02 located in Stamford, will also be targeted. This census tract is one which has been hit particularly hard as a result of the sub-prime mortgage crisis in Connecticut, and is the highest ranked census tract in the City of Stamford. In order to serve the areas of greater need and provide the most effective direct impact for stabilization, all of the original cities of NSP 1 are included along with census tracts in 7 additional towns and cities to cover the state in a systematic approach. An average Foreclosure Score of at least 18 in the cumulative census tracts assisted will be maintained throughout the program. The level of assistance to be made available in each tract will be dependent in part upon the actual number of reported foreclosures which have been identified in those tracts using the HUD Mapping Tool. The list of these census tracts is attached as **Exhibit XX**. They are located in the communities of Bridgeport, Danbury, Hamden, Hartford Killingly, Meriden, New Britain, New Haven, New London, Norwalk, Norwich, Stamford, Stratford, Waterbury, West Haven, Windham and Windsor. Additional local data is also included in this Exhibit; it reflects actual foreclosures for the period January 1, 2008 to March 31, 2009, which further supports the need for stabilization in these areas.

The areas of greatest need are areas that have been hard hit by the sub-prime mortgage market, and economic downturns in the manufacturing, administrative and hospitality job industries.

SUB-PRIME MORTGAGE IMPACT

The current tracking of foreclosures indicates a continuing trend of sub-prime mortgage distress, Lis Pendens legal filings, 90 day mortgage delinquencies and an increase in the filing of "Deed in Lieu of Foreclosure". This is supported by various independent data sources, including data from the Warren Group and the Federal Reserve Bank of Boston. Despite the creation of new federal and state legislation to help home owners, the expectant result has not occurred and foreclosures continue to rise. It is the State's belief that sub-prime mortgage lending is the leading cause of the foreclosure crisis in Connecticut, and this position is substantiated through a recent study of available data.

The two primary data sources used in the sub-prime analysis were:

- The Mortgage Bankers Association National Delinquency Survey.
- Data purchased from First American Loan Performance.

Utilizing these two data sources, as well as other secondary reports, a Task Force, established by Governor M. Jodi Rell, compiled an analysis of sub-prime lending in Connecticut. Some of the conclusions that can be drawn from that study include:

1. There are about 71,000 active sub-prime mortgage loans in the state according to the data sources utilized. The Mortgage Bankers Association National Delinquency Survey indicates 66,860 sub-prime loans in Connecticut and is based on data from the 2nd Quarter 2007. The database acquired from First American Loan Performance documents just over 71,000 active sub-prime loans in Connecticut as of May 2007.
2. Approximately 8.4% of active sub-prime loans in Connecticut were seriously delinquent as of June 2007, according to the Mortgage Bankers Association National Delinquency Survey. Many of these sub-prime loans have since been foreclosed on, as detailed in the State of Connecticut’s Substantial Amendment submitted under the requirements for obtaining the original funding under the Neighborhood Stabilization Program.
3. Though sub-prime loans are about 13% of all loans they are about 61% of all seriously delinquent loans in Connecticut.
4. The National Center for Responsible Lending (NCRL) has provided an analysis of 2006 sub-prime originations in metro areas nationwide which indicates that overall about 20% of these originations will end in foreclosure and that this rate will vary considerably across the nation. The study’s estimates for Connecticut metro areas range from 10% to 16%.
5. During 2008, a record numbers of sub-prime resets occurred in Connecticut. Just over 21,000 adjustable-rate sub-prime loans in Connecticut reached their initial resets.

There is a substantial concentration of sub-prime mortgages originated for purchase and refinancing in the state's major urban centers and “ring” communities. It is these communities that are being targeted for the NSPII funds under this application. When we compare those towns identified with high numbers of sub-prime loans in the Table on the following page, and the list of towns that have high Foreclosure Scores, the correlation is obvious. This further supports our efforts to target both these geographic areas, as well as substantiates our intention to prioritize both acquisition/rehabilitation and financing mechanisms as activities with the NSPII funds.

The following table ranks communities by the number of sub-prime mortgages.

Town	Number of Loans	Amount of Loans (x \$1M)	Town	Number of Loans	Amount of Loans (x \$1M)
Bridgeport	5,213	\$973,907	Darien	986	\$479,058
New Haven	3,998	\$633,688	Milford	972	\$227,776
Waterbury	3,333	\$393,149	New Milford	969	\$202,038
Stamford	2,599	\$963,234	Naugatuck	953	\$146,146
Hartford	2,573	\$361,374	Norwich	953	\$139,220
West Haven	1,946	\$324,611	Torrington	950	\$124,145
Norwalk	1,923	\$636,425	Enfield	905	\$124,890
Danbury	1,854	\$423,527	Windsor	843	\$134,336
Meriden	1,757	\$240,158	Middletown	813	\$121,289
New Britain	1,717	\$219,963	Greenwich	776	\$643,588
Easton	1,614	\$360,909	Bloomfield	727	\$107,252
East Hartford	1,504	\$202,526	West Hartford	681	\$132,830
Bristol	1,377	\$194,069	Wallingford	668	\$122,773
Manchester	1,126	\$163,883	New London	631	\$103,696
Hamden	1,064	\$187,164	Shelton	610	\$151,515

Source: Loan Performance, amount of loans X \$1,000,000

UNEMPLOYMENT IMPACT

Connecticut continues to experience a rise in the rate of unemployment following the bleak report of the Nation’s unemployment rate (currently at 9.4%). Coupled with the continued months of job loss with the continued rate of foreclosure, Connecticut’s foreclosure market is now reflecting the trends that most others states experienced many months ago. Table 2: *Areas of Unemployment Rates*, illustrates the increase in the unemployment rates in the labor market regions within Connecticut, and demonstrates that unemployment is, in part, a significant driver in the increase in foreclosures.

Table 2

AREA UNEMPLOYMENT RATES			
	April 2008	April 2009	March 2009
CONNECTICUT	4.60%	7.80%	7.80%
Bridgeport-Stamford	4.20%	7.40%	7.20%
Danbury	3.50%	6.90%	6.80%
Enfield	4.70%	7.40%	7.50%
Hartford	4.70%	7.70%	7.80%
New Haven	4.80%	7.70%	7.60%
Norwich-New London	4.60%	7.80%	7.80%
Torrington	4.30%	7.90%	8.20%
Waterbury	6.50%	10.70%	10.50%
Willimantic-Danielson	5.60%	8.90%	9.40%

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Employment data has a direct effect on population and the subsequent need for housing. For the period covering 2006 to 2015, Connecticut’s employment growth is projected to be 0.78%. The table below indicates that various employment scenarios generate a range of production needs for the state to account for the affects of a changing economic environment. Lower than expected employment projections will reduce the need for housing production.

Table 3: Production Need Based on Different Employment Scenarios				
Employment Growth Assumptions	Total Annual Production Need			
Annual Growth Rate	Annual Employment Growth	Owner	Renter	Total
1.08%	18,859	9,048	3,992	12,637
0.78%	13,457	6,220	2,744	8,604
0.48%	8,182	3,542	1,576	4,798
0.18%	3,032	886	410	1,016

Source: CT Housing Supply and Demand Model

Neighborhood stabilization, as a concept, can be achieved or impacted in many different ways; these include the stabilization of population, jobs, housing costs, housing stock, retail/commercial stock, transportation facilities, community services, community facilities and

economic growth. The role of housing, or rather the role of housing construction and maintenance, as an economic driver is fairly well understood and recognized. Construction activity is economic activity – goods and materials are produced, sold and purchased and jobs are created – and the largest portion of most people’s personal consumption is related to housing.

The National Association of Home Builders (NAHB) estimates that for every 100 single family homes built in a “typical U.S. metropolitan area” \$16 million in local income and \$1.8 million in taxes and other revenue for local governments are generated and 284 local jobs are created. These are “one-year impacts that include both the direct and indirect impact of the construction activity itself and the impact of local residents who earn money from the construction activity spending part of it within the local area”. These same 100 units will also generate \$3.2 million in local income, \$648,000 in taxes and other revenue for local governments, and 63 local jobs annually.

NAHB also estimates that “the one-year local impacts” of building 100 multifamily units in the “typical U.S. metropolitan area include, \$7 million in local income, \$710,000 in taxes and other revenue for local governments, and 133 local jobs” (one year impacts). These same 100 units will also generate “\$3.2 million in local income, \$461,000 in taxes and other revenue for local governments, and 52 local jobs.”

Home building and housing services account for approximately 15.24% of Connecticut’s gross domestic product – about \$31 billion annually. At fifteen percent of the state’s economy, it is clear that housing is an important economic driver, however, equally important is the role housing plays as a facilitator of economic growth and stability. In today’s global economy, businesses are highly mobile and fixed investments aren’t as fixed as they were 15 years ago, so instead of investing in housing for their workers, companies locate where workforce housing is readily available. Mobility is not just true for businesses. Today’s workforce is equally mobile. Advances in communications technology (the internet, email, cell phones, etc.) and the availability, diversity and relatively low cost of transportation have made it possible for long-distance relationships to be maintained in a highly personal and near “real-time” way.

REO IMPACT

Stabilizing these neighborhoods will serve a multi-tiered purpose; to prevent further decline in the physical conditions of those neighborhoods; to promote economic growth and stability of the neighborhood; to reduce the transitory nature of the local workforce; and to promote the availability and use of public transportation in those neighborhoods.

A recent analysis of the Real Estate Owned (REO) properties in the tri-state market (Connecticut/Massachusetts/Rhode Island) was conducted by the Federal Home Loan Bank of Boston, and it shows a number of severely impacted pockets throughout the State of Connecticut. These pockets correlate directly with the targeted areas for NSPII funds. Analysis of this data shows that there is a significant stock of single and multi-family REO properties that has not been reabsorbed by the market.

This is particularly true in the urban centers, such as, Bridgeport, Hartford, New Britain and New London. It is anticipated that these single family and multi family REO units will show a

dramatic reversal when stabilization funds are used to subsidize their acquisition and rehabilitation. Other smaller sized and more rural communities included in our census tracts for stabilization have fewer REO properties; however the local communities have been unable to absorb them in the market place due to unemployment and inflated values, thereby creating further distress on the overall housing. To further compound the REO issue, REO properties that require extensive rehabilitation need to have subsidies to bring the values in line with the current market. Many of these properties, such as ones in city of Stamford, have been on the market for 9 months or more. This is a common problem in all 17 targeted communities. The activities proposed for the use of NSPII funds will significantly eliminate further de-stabilization of these neighborhoods.

HOUSING COST IMPACT

The American Community Survey (ACS) data shows that in 2007, occupied housing units in Connecticut totaled 1,320,714; one half of them were owner-occupied with mortgages. Nineteen percent of the units carried no mortgages and the remaining units were renter-occupied. Of the homeowners with mortgages, 25.1% carried monthly mortgages between \$1,500 and \$1,999, while 48.6% of owners had mortgages of \$2,000 or more per month.

Ninety-three percent (93.6%) of homeowners without a mortgage have housing related costs of \$400 or more each month. The median monthly housing cost was \$1,971 for mortgaged owners, \$716 for non-mortgaged owners, and \$931 for renters according to the 2007 ACS. Further, 47.5% of renters in Connecticut spent 30% or more of their household income on housing.

HOUSING SUPPLY AND DEMAND FORECAST

DECD makes housing supply and demand projections from baseline indicators. The supply and demand framework has a historical basis from which housing production can be estimated. This analysis uses 2015 and 2025 as short- and long-term reporting years as these years coincide with available data sources.

FORECASTED DEMAND VS. ACTUAL SUPPLY OF NEW HOUSING IN CONNECTICUT

Table 4: *Estimated Demand Projections for Housing*, compares estimated demand projections for housing based on projected employment growth to actual production that occurred for 2006. Actual production data was compiled from Census residential permit data. A side-by-side comparison for each county reveals discrepancies useful for identifying housing need. In Fairfield and New Haven counties actual 2006 production was below forecasted production need. Assuming that housing production will not meet the demand in these counties, it can also be assumed that the market will not meet the demand for housing. In the other counties production surpassed demand resulting in a housing surplus for that year.

Table 4: Estimated Demand Projections for Housing		
	Forecasted Growth in Annual Residential Housing Needs 2006-2010	Total Residential Permits
County	Employment Based Estimate	2006
Fairfield	2,608	1,939
Hartford	1,961	2,305
Litchfield	22	541
Middlesex	241	634

New Haven	2,339	1,654
New London	866	1,006
Tolland	170	699
Windham	157	458
State Total	8,364	9,236

Source: 2006 Census data, CT Housing Model

AFFORDABILITY NEED

Affordable housing is a serious concern in the state of Connecticut. Despite the fact that Connecticut residents enjoy high median incomes relative to the rest of the country, the sharp increase in housing prices from 2000 to 2007 produced a significant affordability gap in the housing market. This gap has begun to close in recent years, but the effects of the housing bubble continue to be felt by Connecticut citizens. Since affordability is such a major issue in Connecticut, this program proposes to directly address affordability needs in the context of neighborhood stabilization activities.

Table 5: *Homebuyer Affordability Index – United States vs. Connecticut*, shows a comparison of housing affordability between the United States and Connecticut. There are six variables used to calculate the composite affordability index: median priced home, mortgage rate, monthly principal and interest payment, payment as a percentage of income, median family income, and qualifying income. The composite affordability index measures whether or not a typical family could qualify for a mortgage loan on a typical home. A typical home is defined as the national median priced, existing single-family home as calculated by the National Association of Realtors (NAR). The typical family is defined as one earning the median family income as reported by the U.S. Bureau of the Census. The prevailing mortgage interest rate is the effective rate on loans closed on existing homes from the Federal Housing Finance Board. These components are used to determine if the median income family can qualify for a mortgage on a typical home. To interpret the index we give the following examples. An index value of 100 means that a family earning the median income has exactly enough income to qualify for a mortgage on a median-priced home. An index above 100 signifies that a family earning the median income has more than enough income to qualify for a mortgage loan on a median-priced home, assuming a 20% down payment. For example, a composite housing affordability index (HAI) of 120 means a family earning the median family income has 120% of the income necessary to qualify for a conventional loan covering 80% of a median-priced existing single-family home. An increase in the HAI, then, shows that this family is more able to afford the median priced home. The calculation assumes a down payment of 20% of the home price and it assumes a qualifying ratio of 25%. That means the monthly principal and interest payment cannot exceed 25% of the median family monthly income.

	Median Priced Home	Mortgage Rates	Monthly P&I Payment	Payment as a % of Income	Median Family Income	Qualifying Income	Composite Affordability Index
United States							
2006	\$ 221,900	6.58	\$ 1,131	23.6	\$ 57,612	\$ 54,288	106.1
2007	\$ 217,900	6.52	\$ 1,104	22.4	\$ 59,224	\$ 52,992	111.8

Connecticut							
2006	\$ 315,300	6.49	\$ 1,593	25.2	\$ 75,834	\$ 76,464	99.2
2007	\$ 265,900	6.52	\$ 1,347	20.9	\$ 77,428	\$ 64,656	119.8

Source: Connecticut Association of REALTORS

Table 6: *Household Income in the Past 12 Months*, shows the distribution of household incomes of Connecticut homeowners (in 2007 inflation-adjusted dollars)

Table 6: Household Income in the Past 12 Months			
	Total Occupied	Owner Occupied	Renter Occupied
Less than \$5,000	2.02%	0.78%	4.92%
\$5,000 to \$9,999	3.03%	1.00%	7.76%
\$10,000 to \$14,999	4.05%	1.94%	8.99%
\$15,000 to \$19,999	4.24%	2.53%	8.25%
\$20,000 to \$24,999	4.19%	2.89%	7.25%
\$25,000 to \$34,999	7.97%	5.71%	13.27%
\$35,000 to \$49,999	12.35%	10.84%	15.88%
\$50,000 to \$74,999	18.04%	18.58%	16.77%
\$75,000 to \$99,999	13.85%	16.17%	8.44%
\$100,000 to \$149,999	16.32%	20.94%	5.54%
\$150,000 or more	13.93%	18.62%	2.95%
Median Household Income	\$65,967	\$83,037	\$34,634

Source: 2007 ACS

The National Low Income Housing Coalition (NLIHC) publishes an annual report, *Out of Reach*, which provides a comparison of wages and rents in various jurisdictions within each state. Using the affordability standard that households should not pay more than 30% of their income on housing expenditures, the NLIHC calculates the wage a household must earn in order to afford various sized rental units based on each area's Fair Market Rent (FMR). The hourly wage necessary to afford a two-bedroom unit is called the housing wage. In the 2008 study, the housing wage for Connecticut was \$21.11. In the 2009 study, Connecticut's housing wage increased to \$21.60.

1. Demographic Forecast (Estimated)

Employment and population growth at both the state and county level increases the demand for housing. Employment projections are subject to great fluctuation as a result of changing economic conditions, thus we analyze production results for a range of different scenarios. Population projections are typically more consistent, but are still subject to economic conditions.

a. Statewide

Table 7: *Statewide Population Projections* shows Connecticut State Data Center population projections, which were used to generate a forecast of housing demand. The population projections are made on five-year intervals with respect to household population, group quarters population, and total population. The "group quarters" population refers to people living in an institution, college dormitory, or shelter.

Table 7: Statewide Population Projections			
	2010	2015	2025
Household Population	3,393,184	3,436,658	3,538,655
Group Quarters Population	127,472	127,472	127,472
Total State Population	3,520,656	3,564,130	3,666,127

Source: Connecticut State Data Center

Regional Economic Modeling Indicator Policy Insight model projections of county-level employment were incorporated into the model. Employment data has a direct effect on population and the subsequent need for housing. For the period covering 2006 to 2015, Connecticut's employment growth is projected to be 0.78%. In Table 8: *Production Need Based on Different Employment Scenarios*, various employment scenarios generate a range of production needs for the state to account for the affects of a changing economic environment. Lower than expected employment projections will reduce the need for housing production.

Table 8: Production Need Based on Different Employment Scenarios				
Employment Growth Assumptions		Total Annual Production Need		
Annual Growth Rate	Annual Employment Growth	Owner	Renter	Total
1.08%	18,859	9,048	3,992	12,637
0.78%	13,457	6,220	2,744	8,604
0.48%	8,182	3,542	1,576	4,798
0.18%	3,032	886	410	1,016

Source: CT Housing Supply and Demand Model

Table 9: *Statewide Population Estimates Based on Three Projection Methods* shows the statewide estimates of population for the year 2015 from each of the three methodologies. From the population projections, the model estimates total households that are further categorized as renters or owners. At the state level, employment projections are larger than population projections, a trend that is consistent with historical data. The difference in population is the result of the distinct methodological approaches from which to estimate demand for housing.

Table 9: Statewide Population Estimates Based on Three Projection Methods			
	2015—State Employment Projection	2015—County Employment Projection	2015 Population Projection
Statewide Total			
Total Population	3,577,326	3,581,780	3,564,130
Households	1,383,940	1,383,345	1,376,182
Owners	958,402	958,030	954,288
Renters	425,538	425,314	421,894

Source: CT Housing Supply and Demand Model

Cost Burden Trends and Current Picture

1. Income Distribution

Table 10: *2000 Income Distribution by AMI and Homeownership* shows the statewide distribution of households by income group and ownership for Connecticut in 2000. There are a larger number of renters in the low income groups relative to homeowners.

Income Group	Homeowners	Renters	Total
Under 30% AMI	77,635	136,839	214,474
Under 50% AMI	164,109	221,636	385,745
Under 60% AMI	211,388	258,261	469,649
Under 80% AMI	311,976	315,387	627,363
Under 100% AMI	415,111	352,904	768,015
Under 120% AMI	510,005	382,143	892,148
All Homeowners	869,742	431,928	1,301,670

Source: Census 2000

Cross-tabulations of household income and household size provide greater segmentation of cost burden. Cross-tabulation provides detailed insight into demographic characteristics needed to construct an estimate of future housing supply and housing demand.

Table 11: *2000 Household Income Distribution by Household Size* shows the statewide distribution of households by income range and household size. The income groupings are related to area median income (AMI) and are adjusted for family size. Family sizes are classified as the following:

- 1 person household = studio
- 2 person household = 1 bedroom
- 3 persons = 2 bedroom
- 4 person household = 3 bedroom
- 5 person household = 4 bedroom
- 6+ persons = 5 or more bedroom units.

The first three income ranges are the traditional HUD definitions.¹ The others were added to provide a broader spectrum of housing need, calculated according to the methodology provided in the Overview of HUD Public Housing Section 8 Income Limits.

These income groups span the spectrum of household income. With these income levels cross-tabulated with household size, the baseline housing need could be further identified. A low income level coupled with a high number of people in the household indicates a high level of existing need. In the following table, a low income level coupled with a high number of people in the household indicates the severest level of cost burden and starts to introduce the issue of housing overcrowding.

2000 Area Median Family Income	Household Size by Number of Persons					
	1	2	3	4	5	6
Less than 30% AMI	9,445	51,247	56,622	46,208	13,941	3,189
30-50% AMI	5,318	30,237	55,094	55,253	15,320	3,282
50-80% AMI	3,798	30,540	70,028	73,920	21,572	5,279

¹ See http://www.huduser.org/datasets/il/il07/FY07_StateIncomeLimits.doc.

80-100% AMI	2,452	20,106	53,530	76,424	30,034	6,118
100-125% AMI	636	6,965	20,646	36,112	14,013	2,838
125-150% AMI	1,038	12,468	43,446	85,660	38,042	6,387
150-200% AMI	239	4,276	15,450	37,019	18,234	3,892
Greater than 200% AMI	814	8,149	31,022	80,402	61,947	18,359
Totals:	23,740	163,988	345,838	490,998	213,103	49,344

Source: Census 2000 interpolation by DECD

In general, renters tend to have lower income than home-owners. The 2007 median household income in Connecticut was about \$66,000. However, people in owner-occupied housing had median household income of \$83,000 while people in renter-occupied housing had median household income of about \$35,000.

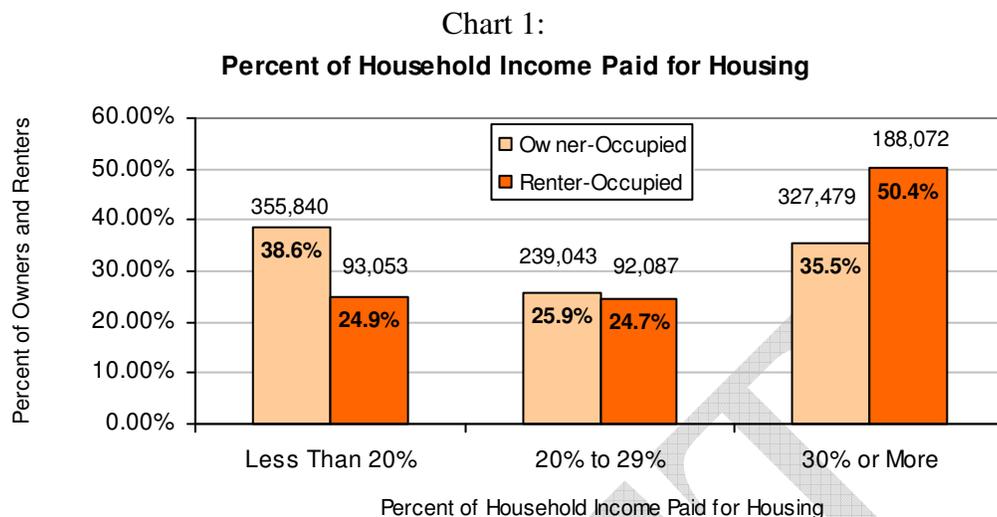
2. Cost Burdened Households

Households are considered cost burdened when 30% or more of their income is spent on housing costs. With nearly half a million households in Connecticut paying more than 30% of their incomes for housing, it is extremely important to preserve the affordable housing that is currently in Connecticut and add to the affordable housing stock in the state. This is especially true in certain target areas and towns such as New Haven and Fairfield Counties, where the cost of living is generally higher than in other areas of the state.

County	Homeowner Costs as a % of Median HH Income				Renter Costs as a % of Median Income			
	< 20%	20% – 29%	30% +	Unknown	< 20%	20% – 29%	30% +	Unknown
Fairfield	36.60%	23.70%	39.30%	0.40%	21.60%	24.90%	49.80%	3.70%
Hartford	40.70%	26.60%	32.20%	0.40%	26.20%	25.00%	44.30%	4.50%
Litchfield	39.10%	26.80%	33.80%	0.40%	29.70%	20.50%	41.00%	8.90%
Middlesex	38.10%	28.20%	33.70%	0.00%	24.70%	25.20%	46.80%	3.20%
New Haven	35.80%	28.00%	35.80%	0.50%	19.90%	22.60%	51.70%	5.70%
New London	41.70%	25.60%	32.70%	0.00%	21.40%	27.80%	47.40%	3.40%
Tolland	43.20%	28.10%	28.40%	0.40%	26.30%	24.30%	42.60%	6.80%
Windham	41.30%	28.30%	30.10%	0.40%	28.50%	21.60%	40.70%	9.20%
Total	38.50%	26.30%	34.80%	0.40%	23.30%	24.20%	47.60%	4.90%

Source: CHFA

Renters are generally more likely to pay a greater portion of their incomes for housing than owners are. In 2007, half of the renter-occupied households paid more than 30% of their household income for housing while 36% of owners paid more than 30% of their household income for housing.



Source: U.S. Census, American Community Survey 2007

By county there is a similar disparity between owners and renters with renters more likely to be paying more than 30% of their household income for housing.

What is most striking is that those households with the lowest incomes are the households that are most likely to be paying more than 30% of their incomes for housing. Almost all (93%) of homeowners who earn less than \$20,000 pay more than 30% of their household incomes for housing. For renters in this same income category, 85% are paying more than 30% of their household income for housing. For those making the highest incomes, \$75,000 or more, only 4% of renters and 18% of owners are paying more than 30% of their household incomes for housing.

a. Renters

Table 13: *Cost Burdened Rental Households*, historically tracks the renter population with economic characteristics of excessive cost burden. The total number of renters with excessive cost burden decreased from 1990 to 2000. However, the number of renters with excessive cost burden increased for households earning less than 30 percent of the area median income.

Housing Cost Burden at 30%+ for Monthly Costs	1990	2000	Change 1990-2000
Renters - Total Pay 30%+ for Gross Rent	161,317	155,324	-5,993
Under 30% AMI	80,693	93,043	12,350
Under 50% AMI	123,471	133,902	10,431
Under 60% AMI	138,541	145,347	6,806
Under 80% AMI	155,473	151,878	-3,595
Under 100% AMI	159,202	153,772	-5,430
Over 100% AMI	2,095	1,504	-591

Source: Census 1990 and 2000, difference calculated by CT Housing Model

Table 14: *Gross Rent Greater than 30% of Income*, shows the number and percentage of renters that have gross rent exceeding the HUD guideline of 30% for each county in Connecticut in 2007. For a renter household to be considered affordable, housing expenses should not exceed 30% of the household's total income. Fairfield County had the greatest gap and need for affordable housing, as 50.8% of renters were burdened with excessive housing costs. Several other counties follow closely behind, with Windham County having the lowest percentage of burdened renters at 34.7%.

Table 14: Gross Rent Greater than 30% of Income			
	Total Number of Renters	Gross Rent Greater than 30% of Income	Percentage with Rent Greater than 30% Income
Connecticut	395,875	188,072	47.5%
Fairfield County	91,465	46,429	50.8%
Hartford County	112,394	52,059	46.3%
Litchfield County	15,755	6,664	42.3%
Middlesex County	15,980	5,656	35.4%
New Haven County	105,789	53,451	50.5%
New London County	30,194	13,793	45.7%
Tolland County	12,388	5,891	47.6%
Windham County	11,910	4,129	34.7%

Source: 2007 ACS

b. Homeowners

Table 15: *Cost Burden Data for Connecticut Homeowners*, shows cost burden data for Connecticut homeowners, for whom there was at each income level an increase except for those homeowner households earning more than 100% of the AMI.

Table 15: Cost Burden Data for Connecticut Homeowners			
Housing Cost Burden at 30%+ for Monthly Costs	1990	2000	Change 1990-2000
Single Family Homeowners - Cost Burden @ 30%+	159,296	171,452	12,156
Under 30% AMI	33,676	39,480	5,804
Under 50% AMI	55,420	71,107	15,687
Under 60% AMI	65,932	86,184	20,252
Under 80% AMI	88,991	117,772	28,781
Under 100% AMI	116,598	138,916	22,318
Over 100% AMI	41,405	32,836	-8,569

Source: Census 1990 and 2000, difference calculated by CT Housing Model

For each county, the 1990-2000 distribution of households categorized by income and size is included in the housing baseline, which shows the current housing situation. Using cumulative distribution data, future housing production is segmented to meet the demand for specific housing characteristics such as size and affordability. County level data provides a more detailed account of the need for housing in specific locations. This information is useful to identify and help target areas of need for policy makers.

Table 16: Homeowner Costs Greater than 30% of Income			
	Total Number of Homeowners	Ownership Costs Greater than 30% of Income	Percentage with Costs Greater than 30% Income
Connecticut	924,839	327,479	35.4%
Fairfield County	232,383	91,456	39.4%
Hartford County	224,768	73,533	32.7%
Litchfield County	57,977	20,340	35.1%
Middlesex County	48,790	15,712	32.2%
New Haven County	215,414	80,106	37.2%
New London County	72,801	23,482	32.3%
Tolland County	40,989	12,301	30.0%
Windham County	31,717	10,549	33.3%

Source: 2007 ACS

Table 16: *Homeowner Costs Greater than 30% of Income*, shows the number and percentage of Connecticut homeowners that have housing costs exceeding 30% of their household income. Again, housing is considered affordable for homeowners when housing costs do not exceed 30% of the household income. The qualifying income for a median-priced home in Connecticut in 2008 was \$69,000.² All eight counties have a current need for homeowner housing units that are affordable for these overextended households. Fairfield County exhibits the greatest need, with 39.4% of homeowners being burdened by housing costs. Tolland County has the least need compared to the other counties, with 30% of homeowners being burdened.

Table 17: *Household Income in the Past 12 Months* shows the distribution of household incomes of Connecticut homeowners (in 2007 inflation-adjusted dollars)

Table 17: Household Income in the Past 12 Months			
	Total Occupied	Owner Occupied	Renter Occupied
Less than \$5,000	2.02%	0.78%	4.92%
\$5,000 to \$9,999	3.03%	1.00%	7.76%
\$10,000 to \$14,999	4.05%	1.94%	8.99%
\$15,000 to \$19,999	4.24%	2.53%	8.25%
\$20,000 to \$24,999	4.19%	2.89%	7.25%
\$25,000 to \$34,999	7.97%	5.71%	13.27%
\$35,000 to \$49,999	12.35%	10.84%	15.88%
\$50,000 to \$74,999	18.04%	18.58%	16.77%
\$75,000 to \$99,999	13.85%	16.17%	8.44%
\$100,000 to \$149,999	16.32%	20.94%	5.54%
\$150,000 or more	13.93%	18.62%	2.95%
Median Household Income	\$65,967	\$83,037	\$34,634

Source: 2007 ACS

² Klepper-Smith, Don. *Updated Perspectives on the Need for Affordable Housing within Connecticut*. January 2008

The National Low Income Housing Coalition (NLIHC) publishes an annual report, *Out of Reach*, which provides a comparison of wages and rents in various jurisdictions within each state. Using the affordability standard that households should not pay more than 30% of their income on housing expenditures, the NLIHC calculates the wage a household must earn in order to afford various sized rental units based on each area's Fair Market Rent (FMR). The hourly wage necessary to afford a two-bedroom unit is called the housing wage. In the 2008 study, the housing wage for Connecticut was \$21.11. In the 2009 study, Connecticut's housing wage increased to \$21.60

FACTOR 2: DEMONSTRATED CAPACITY

The *Connecticut Consortium* is made up of public agencies, municipalities and non-profit organizations whose missions included the community and housing development. This consortium has designed a program for communities in the state that have been most impacted by foreclosure. The goal of Connecticut's program is to stabilize and transform Connecticut neighborhoods through the application of targeted, comprehensive strategies that promote physical revitalization, economic growth and opportunity, and enhanced quality of life.

Collectively, the *Connecticut Consortium* members have effected the development or rehabilitation of more than 1400 units housing with an additional 700 projected for completion within the 24 month pipeline. Total costs for these activities exceed \$125 million and represent public and private investment throughout the state. The consortium partners in the aggregate provide expertise in municipal and state planning, real estate development and financing, housing counseling and residential mortgage financing, and overall community development programming.

a. Past Experience

The *Connecticut Consortium* is made up of the following:

- The Connecticut Department of Economic and Community Development (*Lead Applicant*)
- The City of Bridgeport
- The City of Hartford
- The City of New Haven
- The City of Stamford
- The Corporation for Independent Living
- The Greater New Haven Community Loan Fund
- Neighborhood Housing Services of Connecticut, Inc.

STATE PARTNER

Department of Economic and Community Development (DECD)

The Connecticut General Assembly has designated DECD as the Lead Agency responsible for housing, community and economic development. DECD's funding programs include grants and technical assistance for municipal development planning, business lending, loans and grants to develop and preserve affordable housing. DECD administers several programs that support the development and preservation of affordable housing through programs established in statute and funded through legislative appropriation. DECD is also the Participating Jurisdiction administering the state's HOME and Small Cities (CDBG) programs whose combined annual

allocation is approximately \$25 million. The staff of the divisions associated with housing and community development will support the efforts of the NSPII grant funded activity. The following tables summarize the level of investment through state and federal funding for state fiscal year 2007 – 2008. These tables show a combined investment of state and federal dollars of approximately \$37 million, creating or rehabilitating nearly 900 units and leveraging higher than a 5:1 ratio.

Table 18: State Funded Housing Development FY 2007-08					
State Funds	Total Number of Projects	Total Units	Total Development Cost	Total DECD Investment	Leverage Ratio
FY 2007-08 Total	21	728	\$181,950,676	\$ 28,901,554	5.3
Rental	7	415	\$ 89,133,278	\$ 17,558,993	4.08
Home Ownership	6	293	\$ 15,372,973	\$ 5,191,608	1.96
Combination Rental & Ownership	3	20	\$ 4,508,290	\$ 807,045	4.59
Pre-development & Non-development*	5	N/A	\$ 72,936,135	\$ 5,343,908	12.65
DECD's Per Unit Cost - Rental	\$ 42,311				
DECD's Per Unit Cost - Home Ownership	\$ 17,719				

*Non-development projects include program funding such as technical assistance, rental assistance, etc.

Source: CT Department of Economic and Community Development Annual Report 2007-2008

Table 19: Federally Funded Housing Development FY 2007-08					
Federal Funds	Total Number of Projects	Total Units	Total Development Cost	Total DECD Investment	Leverage Ratio
FY 2007-08 Total*	8	154	\$ 56,741,730	\$ 8,048,592	6.05
Rental	7	136	\$ 53,525,992	\$ 6,427,854	7.33
Home Ownership	0	0	\$ -	\$ -	N/A
Combination Rental & Ownership	1	18	\$ 3,215,738	\$ 1,620,738	0.98
DECD's Per Unit Cost - Rental	\$ 47,264				
DECD's Per Unit Cost - Home Ownership	N/A				

*DECD Program Funding Projects (non-development projects), such as technical assistance programs, rental assistance programs, etc. are not included in the calculations above

Source: CT Department of Economic and Community Development Annual Report 2007 - 2008

As the Lead Agency responsible for housing, community and economic development, DECD is also responsible for the statewide planning, design and implementation of affordable housing policy through documents such as the **State Long Range Housing Plan, The 5-Year Consolidated Plan for Housing and Community Development**, and collaborating on the state's **Plan of Conservation and Development**.

DECD markets its programs and requires its applicants to develop and implement Affirmative Fair Housing Marketing Plans for all of its assisted properties for outreach and marketing strategies to ensure fair housing choice to the greatest extent possible.

MUNICIPAL PARTNERS

Four of the municipalities most severely affected by foreclosure and its concomitant effects are members of the *Connecticut Consortium*. All of these municipalities are entitlement communities under the CDBG and HOME programs and responsible for developing community development plans and managing both the funding and the processes to create stabilized neighborhoods in their communities. All of the municipal partners are recipients of NSPI funds undertaking the program as described through the **State of Connecticut 2008 Action Plan Substantial Amendment Neighborhood Stabilization Program** and have completed their local action plans. Each municipality's organizational chart is included as part of this application.

The City of Bridgeport

The City of Bridgeport has developed over 506 units of housing in the last 18 months through its own initiatives and through collaborative development initiatives with non-profits, private developers, and the Bridgeport Housing Authority. These units are a mixture of rehabilitation of existing housing stock and new construction. The City of Bridgeport has also been acquiring and disposing of properties as a regular course of business due to neighborhood revitalization efforts, tax foreclosures, economic development, and housing initiatives.

The City of Bridgeport will expand upon its current NSPI program to provide NSPII services to the area. The Bridgeport Redevelopment Agency (BRA), an arm of the City's Office of Planning and Economic Development (OPED), will be the lead agency and has a 40 plus year history of experience with projects of this magnitude. The City's Department of Central Grants and Community Development, which oversees all of the City's federal formula grants such as CDBG, HOME, ESG and HOPWA as well as federal, state and philanthropic competitive grants for Bridgeport will support the BRA in this effort. Both Alanna Kabel, Deputy Chief Administrative Officer for Central Grants and Community Development and Diane Toolan, Senior Housing and Community Development Manager, each have over thirty years of experience in the area of affordable housing and community development.

The City of Hartford

The City of Hartford has developed and provided financing mechanisms to 389 units of affordable housing in the last 24 months, by providing assistance to homeowners to renovate and preserve 152 housing units; down payment and closing cost assistance to eligible homebuyers for the purchase of 133 units and developing 104 units of affordable housing.

The City of Hartford has a long history of implementing investment strategies to support the creation of homeownership and maintenance of existing housing stock throughout the City. The following illustrates two of the City's most successful programs: The Homeownership Appraisal Gap Program and the Housing Preservation Loan Fund Program. Combined, these two highly effective programs represent over \$3,300,000 in recent direct neighborhood-stabilizing investment.

In order to maximize this impact, the City of Hartford has aggressively focused funding and attention on those neighborhoods where strategic investments will stabilize and redirect market forces, improve property values, reduce disinvestment, and stabilize the tax base. The City will partner with developers, lending institutions and community based organizations to strategically leverage resources through the Connecticut Consortium's program in designated neighborhoods. In addition to the Section 8 Home Ownership Program, the City will use NSPII funds in conjunction with another successful City housing program, House Hartford, which provides down payment and closing cost assistance to eligible homebuyers. The City will utilize NSP 2 funds to comprehensively achieve its goals through the following activities: acquisition, rehabilitation, and redevelopment.

The City of New Haven

The City of New Haven currently administers HOME Investment Partnerships, Community Development Block Grant (CDBG), Lead Hazard Control Grant (LEAD), Emergency Shelter Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) entitlement funds to produce a vibrant, healthy mix of housing opportunities and choices, cities like New Haven must have a variety of resources to respond to housing needs. In meeting this mission The City of New Haven has developed over 245 units of affordable housing in the last 24 months through its own development initiatives and through the partnerships with the local Community Development Corporations and the Housing Authority of the City of New Haven. These units are a mixture of rehabilitation of existing housing stock and new construction of vacant land. The City of New Haven has also been acquiring and disposing of properties for the last fifteen (15) years; however, in the last 24 months it has acquired 30 and disposed of 98 city-owned properties. As part of the affordable housing program the City of New Haven has issued 62 soft second loans to person of low/moderate income. The City of New Haven also issues an Elderly/Disabled Emergency Rehabilitation program to assist in emergency repairs or handicap ramps which has rehabilitated 50 units over the last 24 months. The City of New Haven with the collaboration of local partners such as Hill Development Corporation of New Haven, Inc., NeighborWorks New Horizon, Neighborhood Housing Services of New Haven, Inc., Edgewood Elm Housing, Inc., Greater Dwight Development Corporation, and Corporation for Urban Homeownership continue to work collectively to meet the priorities and objectives of the City of New Haven housing and community development strategy contained in the Five-Year Consolidated Plan 2005-2009. In June 2007, the City of New Haven established ROOF (Real Option Overcome Foreclosure) which is a collaboration of the City of New Haven, Yale Law School, Neighborhood Housing Services of New Haven, Inc. and Greater New Haven Community Loan Fund to assist residents in foreclosure and/or at risk of going into foreclosure with outreach, mediation, negotiations and restructuring which has provided assistance to 267 households residing in New Haven and a total of 776 statewide. The City of New Haven remains active in preserving the neighborhoods in its community with outreach and quality affordable housing.

The City of Stamford

Stamford Community Development (SCD) administers all federal, state and local housing and community development programs on behalf of the City of Stamford to assure that investment occurs in a manner consistent with its Consolidated Plan and Action Plan. SCD has administered the Community Development Block Grant (CDBG) program for 35 years. Since inception of the

program, HOME funds have come through SCD as well. In addition, SCD is the administering agency for the NSPI grant, the City Capital Budget for housing, the City's Inclusionary Zoning Housing Trust Fund and the Linkage Trust Fund. Investments in affordable housing from the inclusionary and linkage funds have meant that of 1,253 units subject to the local ordinances, 138 are affordable to households earning between 25% to 60% of Area Median Income (AMI). Stamford through its CDBG and HOME programs assisted renovation and /or new construction of 132 units in year 32 (7/06-6/07), and 164 units in year 33 (7/07-6/08). Work ranged from loans only to specifications, bid, and construction monitoring. SCD has built strong relationships with non-profit partners in Stamford. Stakeholder partners in Stamford's NSPI include the non-profit affordable housing developers: Mutual Housing Association of Southwest Connecticut, New Neighborhoods Inc., and Habitat for Humanity. SCD consults with neighborhood organizations, including those that serve the two target tracts: the Stamford West Side NRZ, Inc, which serves tract 215, and the East Side Partnership which represents the NSPII target census tract, 218.02.

NON-PROFIT PARTNERS

Connecticut benefits from a wide range of non-profit organizations whose missions include the provision of affordable housing and the creation of whole and healthy communities. Three of these organizations have agreed to participate in the *Connecticut Consortium* and will be available statewide in the implementation of this program. They have the experience of providing financing at the local level in the development and rehabilitation of housing, assisting developers in implementing revitalization plans at the neighborhood level as well as developing properties themselves. Their organizational charts are included as part of this application.

The Corporation for Independent Living (CIL)

Founded in 1979 CIL was established by a coalition of service providers to create small residences in residential neighborhoods for people with disabilities. CIL is a nonprofit housing development corporation whose products include community housing for people with developmental disabilities, accessible homes for people with physical disabilities, affordable multifamily housing as well as homes for first time home buyers of low income.

CIL offers development services to other nonprofit organizations through CT and MA. CIL is experienced in all facets of housing development from the planning stages, site inspection and evaluation, and application for capital financing. CIL provides full technical assistance as the development consultant throughout all the stages of project development. CIL's housing developers will assist with the selection of project professionals as well as construction contractors.

CIL has also acted as the general contractor for hundreds of units of single family and multi-family housing throughout Connecticut.

CIL has demonstrated capacity to secure funding for the many projects it has developed, working with local, national and international financial institutions to accomplish housing development objectives including tax exempt bond financing through the Connecticut Development Authority, the CT Housing Finance Authority and the Massachusetts Health and Educational Facilities Authority; lines of credit and conventional mortgages from local banks; federal financing programs like HUD 202/811; and low income housing tax credit program

financing. In 29 years CIL has developed nearly 1800 homes of all types and served over 6,000 people. Over the past 2 years, CIL has developed and/or sold over 100 units.

The Greater New Haven Community Loan Fund

The Greater New Haven Community Loan Fund (GNHCLF) is a 21 year old Community Development Financial Institution which promotes neighborhood stabilization by providing short and medium term financing for affordable housing development as well as administering forgivable loan programs for purchase and renovation of homes by low/moderate income individuals and families. Over the past 24 months GNHCLF has financed the development or rehabilitation of 148 units of housing, has underwritten 42 forgivable downpayment and second mortgage loans, as well as 62 lead abatement and rehabilitation loans. The Fund also provides foreclosure mitigation services.

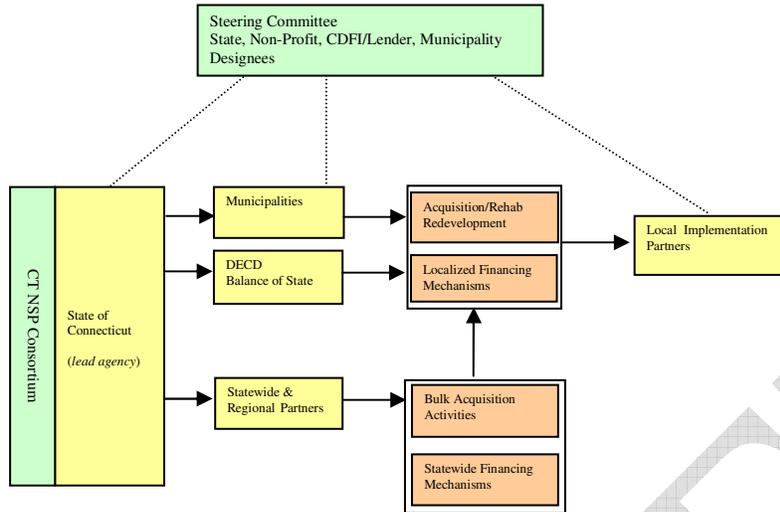
The GNHCLF is an established partner with the National Community Stabilization Trust and has purchase agreements with NCST participating banks and servicers. Greater New Haven Community Loan Fund will also act as an acquisition intermediary to acquire foreclosed upon property through the National Community Stabilization Trust on behalf of participating consortium members.

Neighborhood Housing Services of Connecticut, Inc.

Neighborhood Housing Services of Connecticut, Inc. was incorporated in 1984 as a 501 (c) (3) non-profit corporation with a mission of raising funds to support the NeighborWorks[®] Organizations (NWOs) in Connecticut and undertaking various affordable housing development activities in Connecticut. Specifically, it was designed to work in areas that would not necessarily be served by any of the existing NWOs. Each of the six NWOs in Connecticut has established an impressive, successful track record in undertaking affordable housing initiatives that include the following:

- Neighborhood Housing Services of New Britain has developed 85 homeownership opportunities and 91 affordable rental units for its clients over the past 30 years.
- NeighborWorks New Horizons has developed 5 homeownership units and 300 affordable rental units over the past 15 years.
- Neighborhood Housing Services of New Haven has developed 217 homeownership units and 175 affordable rental units over the past 29 years.
- NHS of Waterbury has developed 63 homeownership opportunities and 2 community centers over the past 10 years.
- Mutual Housing Association of Southwestern Connecticut has developed 72 homeownership units and 225 rental units over the past 10 years.

b. Management Structure



The Connecticut NSP Consortium is comprised of the State of Connecticut DECD, four municipal members—Bridgeport, Hartford, New Haven, Stamford, three non-profit members—Corporation for Independent Living, Greater New Haven Community Loan Fund, and Neighborhood Housing Services of CT, and a Steering Committee. DECD is the lead applicant and will enter into funding agreements with each of the municipal members to receive direct NSP funding to implement the acquisition/rehabilitation, financing mechanisms and redevelopment activities in their targeted neighborhoods. DECD will also enter into separate funding agreements with the non-profit consortium members to implement the NSPII strategies of acquisition/rehabilitation and financing mechanisms in targeted communities identified as “Balance of State”. These communities are: Danbury; Hamden; Killingly, Meriden, New Britain; New London; Norwalk; Norwich; Stratford; Waterbury; West Haven; Windham and Windsor.

DECD will disburse funds to consortium members as eligible costs are incurred. Each consortium member receiving either a direct NSP allocation from DECD or funding for individual properties will be responsible for ensuring compliance with all American Recovery and Rehabilitation Act and DECD requirements, including but not limited to Environmental Review (24 CFR Part 58), Davis Bacon and Related Acts as required under ARRA, Uniform Relocation Act requirements (49 CFR 24), and Section 3 requirements (12 U.S.C. 1701u).

DECD will monitor each recipient to assess compliance and program performance. Each municipal consortium member is responsible for monitoring recipients of its NSP funding. Non-profit consortium members will be monitored directly by DECD in accordance with DECD’s established monitoring schedules and procedures.

STEERING COMMITTEE

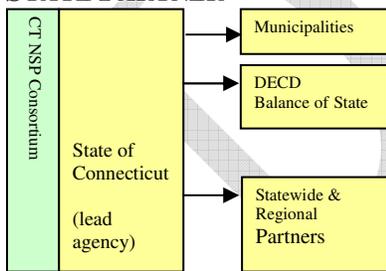
Steering Committee
State, Non-Profit, CDFI/Lender, Municipality Designees,

The NSPII program submitted by the *Connecticut Consortium* will be guided in its implementation through a Steering Committee. The Steering Committee will provide guidance to the Consortium on issues of policy related to neighborhood stabilization. It will also act as a communication body to provide feedback to the Consortium on the progress of the program from the community level. The Steering Committee will be comprised of *Connecticut Consortium* members as well as representatives from local and regional non-profits, private lenders and neighborhood organizations. The Steering Committee will assist in identifying additional resources and programs that can connect with NSPII in order to increase the impact of the program. It will also review, analyze and recommend re-distribution of program income.

Upon the *Connecticut Consortium's* award of NSPII funding, the Connecticut Housing Coalition will continue to play the role of convener and facilitator of the Steering Committee, including these functions:

- convene the Steering Committee on a regular basis to ascertain the progress in meeting the goals of the NSPII program and discuss potential state or regional strategies to improve neighborhood stabilization efforts;
- convene regional meetings of local communities included in the NSP programs to share challenges and successes and provide public input on the program;
- convene quarterly meetings of all Consortium members to exchange information and address common issues; these sessions may identify common themes regarding barriers or best practices that can inform technical assistance needs of the Consortium;
- share timely information about the NSP program with the Coalition's wider network of non-profit developers, for-profit developers, financial institutions, service providers, property managers, municipalities and state agencies.

STATE PARTNER



DECD is identified as the lead applicant for the *Connecticut Consortium*. In this capacity it will act as the primary point of contact regarding all NSPII program activities and will coordinate program activities with the rest of the consortium partners. DECD program and project management staff will staff the initiative managed by its Office of Housing Development Finance. As lead applicant, DECD will be responsible for ensuring that the program is carried out in compliance with all NSPII requirements. Two Community Development Specialists will be directly responsible for the day-to-day management of the program, with at least twenty years of housing and community development experience in municipal, state and federal funding

programs. NSPII funds will flow from DECD to consortium partners in accordance with the terms of the funding agreements, to which the NSP application will be attached as an exhibit.

DECD is the responsible entity (RE) for environmental reviews to be conducted pursuant to 24 CFR Part 58. DECD will utilize the Tiering process to obtain release of funds as described in Part 58.15 for activities contemplated by each municipality and non-profit consortium member. Each member must submit a statutory checklist for these activities; DECD will conduct an initial environmental review and aggregate the activities for the initial Request for Release of Funds procedure to HUD. Subsequent to HUD approval of DECD's RROF, each municipal consortium member will be required to perform its own environmental review for each specific property being considered for funding and retain the Environmental Review Record in the property files. The non-profit consortium members and "Balance of State" municipalities operating throughout the state must create property specific statutory checklists for each property being considered for NSP funding and submit to DECD for approval prior to incurring any choice limiting actions. Additionally, each municipal consortium member will be required to manage its respective compliance with Davis Bacon, Relocation, Fair Housing and Section 3 requirements. DECD will assume responsibility to ensure compliance by non-profit consortium members and "Balance of State" municipalities reporting directly to DECD for these components.

The *Connecticut Consortium's* municipal partners (Bridgeport, Hartford, New Haven, and Stamford) will each receive NSPII funds from DECD to administer the program in their respective census tracts. The two non-profits will receive funding directly from DECD for the purpose of acquisition, rehabilitation and re-sale of specific foreclosed upon properties in the remaining communities not served by the four municipal members.

The Consortium members will make NSPII funds available to for-profit or non-profit organizations to acquire abandoned and foreclosed properties and redevelop vacant properties for re-sale to eligible low and moderate and middle income families. DECD will make NSP funding available to Consortium members who will solicit participating developers and leverage private funds, including construction loans from NSP stakeholders such as the Hartford Community Loan Fund (HCLF) and other Community Development Finance institutions (CDFIs). Greater New Haven Community Loan Fund will also act as an acquisition intermediary to acquire foreclosed upon property through the National Community Stabilization Trust on behalf of participating consortium members.

Qualified non-profit and for-profit developers will acquire the properties, provide for the renovation and resale to qualified LMMI homebuyers.

For any rental housing developed, NSP recipients must utilize the Fair Market Rent Levels and Utility Allowances as defined for NSPII and provide project owners with information on updated rent limits so that rents levels meet Federal requirements. It is anticipated that the majority of NSP assisted properties will be sold to LMMI buyers shortly after construction or rehabilitation is complete.

An organizational chart of DECD's Office of Housing Development and Finance is attached.

MUNICIPAL PARTNERS

The *City of Bridgeport* will meet the program’s goals by addressing revitalization and affordability using all of the identified strategies that respond to the needs of the target neighborhoods. Homeownership and affordable rental and supportive housing are all crucial parts of the stabilization strategy. The program will be implemented in Bridgeport in accordance with the approved Acquisition, Rehabilitation, and Financing Mechanisms activities. The City will work with its NSPI partners and expand its collaborative efforts to include additional community non-profit partners and will extend its stabilization strategies to new target neighborhoods where the use of NSPII funds can stem neighborhood decline caused by foreclosure.

The Bridgeport Redevelopment Agency (BRA) will handle all program management and coordination, in addition to program reporting. The City will subcontract with Housing Development Fund (NSPI partner) and Community Capital Fund to handle property management and to provide debt financing for acquisition and rehabilitation activities, leveraged with NSPII guarantee funds, and will administer the local NSPII financing mechanism. A management team consisting of the City, BRA, Housing Development Fund and Community Capital Fund leadership will guide policy decisions on all acquisitions and dispositions. Qualified non-profit and for-profit developers will acquire the properties from the Funds and do the necessary renovations for ultimate sale to homeowners or use as affordable rental or supportive housing. The City will continue to reach out through additional resources to fund tenant, landlord and homebuyer counseling programs in order to make people aware of Fair Housing laws and their responsibilities as landlords and tenants. And provide property owners to access to Lead Hazard Control Grant funds through its Bridgeport Lead Safe Families program for lead mitigation if eligible. The City of Bridgeport will be responsible for reporting compliance activities for NSPII funds received by the City.

The *City of Hartford*, through its NSPII participating developers/ partners will execute the program by acquiring abandoned and foreclosed properties and redeveloping vacant properties for resale to eligible low, and moderate and middle income families. NSP participating developers will leverage private funds, including construction loans from two NSP stakeholders – the Hartford Community Loan Fund (HCLF) and other CDFIs. Funds will be leveraged so that they have a significant and sustainable neighborhood impact. A major impediment to housing choice for Hartford residents is the lack of income. The median income in Hartford according to 2000 census figures was \$24,820 and the per capita income was \$13,428.

Qualified non-profit and for-profit developers will acquire the properties; provide for the renovation and resale to qualified homebuyers. For any rental housing developed, the City will utilize the Fair Market Rent Levels and Utility Allowances as defined for NSPII and provide project owners with information on updated rent limits so that rents may be in accordance with

Federal requirements. The City fully expects that NSPII assisted properties will be sold to LMMI buyers shortly after construction or rehabilitation is complete.

Further, through its Fair Housing Officer, the City will assure that families and developers are well informed and notified of the provisions of the fair housing requirements. The City will concentrate on the purchase of foreclosed 1-4 unit properties and redevelop vacant properties. All homebuyers purchasing an NSP 2 subsidized property will be required to complete an eight (8) hour homebuyer education class provided by a HUD-approved counseling agency.

NSPII will be administered by the Department of Development Services, Division of Housing and Property Management. Yasha Escalera, the Division's Director will be designated as the Project Manager. Additional City Of Hartford project staff includes: Lionel Rigler - Environmental Review, Thomas Rotchford - Rehabilitation Specialist, Elda Sinani - Fair Housing Marketing, Edison Silva - Permitting, Owen Humphries - Homeownership Coordinator/Underwriter. In addition, staff from the Departments of Finance and Purchasing Health and Human Services, Corporation Council and public works will participate as needed.

The *City of New Haven* program will address both the Revitalization and Affordability Consortium goals, utilizing all of the identified strategies, depending on the needs of the target neighborhoods. Homeownership and affordable rental and supportive housing are all crucial parts of the stabilization strategy. New Haven's NSPII Activities will include Acquisition and Rehabilitation and Financing Mechanisms. The City will work with the same partners as in NSPI and will continue to focus on existing target neighborhoods where necessary and will extend its stabilization strategies to new target neighborhoods where the use of NSPII funds can stem neighborhood decline caused by foreclosure.

The City of New Haven will be responsible for reporting and compliance activities for NSPII funds received by the City. It will also be responsible for both Property Management and Program Management activities. The Economic Development Corp. of New Haven will be the acquisition and holding entity for all NSPII properties; staffing for all of the acquisition and disposition of the properties for EDC will be performed by the Greater New Haven Community Loan Fund. The Loan Fund will also provide debt financing for acquisition and rehabilitation activities, leveraged with NSPII guarantee funds, and will administer the local NSPII financing mechanism. An Ad Hoc committee of the EDC, with representation of the three partner agencies, the New Haven Board of Aldermen and three at-large members with real estate experience, will guide policy decisions on acquisition and disposition. Qualified non-profit and for-profit developers will acquire the properties from EDC and do the necessary renovations for ultimate sale to homeowners or use as affordable rental or supportive housing. The City will continue to reach out through additional resources to fund tenant, landlord and homebuyer counseling programs in order to make people aware of Fair Housing laws and their responsibilities as landlords and tenants

The *City of Stamford* will utilize the program activities of Acquisition and Rehab, and Financing Mechanisms to stabilize the targeted neighborhoods, in conjunction with blight and code enforcement, outreach to neighborhood residents through the West Side NRZ Inc. and the East Side Partnership Inc. and capital improvements for public infrastructure and facilities.

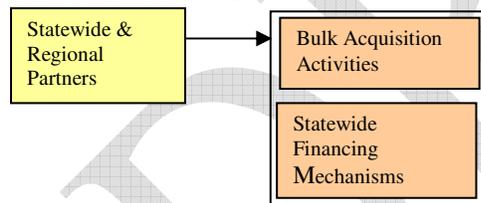
Stamford Community Development offers continuity of leadership, and extensive experience in the community development field

- Housing Development Manager – Sarah Pour brings 31 years of supervisory experience in government programs and administration, including HUD funded housing finance and rehabilitation projects. This person will be compensated from other funds, but provide 50% of her time to NSP related work, including integrating the NSP funded activities with other funded activities (HOME, CDBG, City Capital funded projects, 1012-1013 required work).
- Housing Construction Specialist – Ralph Mastromonaco has 33 years of diversified experience in residential construction, with specific experience in project management, bidding procedures, specification writing and cost estimating.
- Grants Coordinator – Erik Larson will continue his work monitoring foreclosure impact on neighborhoods, and assist in processing necessary contracts/payments for services provided for the NSP project by its partners and appraiser(s). He will provide detailed review of buyer financing packages to assure compliance with sound lending practices outlined above, and income eligibility.

The above ‘day to day’ staff will report to the Project Director – the Community Development Director, Timothy R. Beeble - who serves as overall project director for the NSP grant. The SCD Director has more than 33 years experience in managing HUD housing rehabilitation programs.

In addition to SCD staff, the program will draw upon certified City Housing Health and Code Inspectors as it implements NSPII. SCD also maintains a lawyer, consultant, and an appraiser conversant in NSP requirements.

NON PROFIT PARTNERS



The **Corporation for Independent Living**, will participate as a **Connecticut Consortium** member as a non-profit developer in the communities of Danbury, Killingly, Meriden, Norwich, Waterbury, Windham and Windsor. The properties targeted in each community will further the goals the two Consortium goals established, Revitalization and Affordability. CIL will either purchase properties through the National Community Stabilization Trust or through realtors. CIL will either develop the properties or contract with the seven designated communities or local non-profits to acquire and rehabilitate homes for income eligible buyers and/or create new affordable rental units for families whose income range from 120% to <50% of AMI . CIL will utilize the NSP funds to purchase the properties and obtain financing through the Consortium financing partners. David McKinley, Vice President Development’s capacity will be in the program administration, program overview and person to execute contracts between the Balance of State communities and/or service delivery agencies. Elaine Schmidt, Senior Housing Developer will be the main contact with communities, realtors and financial partners. She will

be responsible for the program implementation, coordination and compliance. She brings 17 years of experience in the administration of an entitlement community's HUD Community Development Block Grant Program. Hector Pena, Controller will be responsible for establishing the financial accounts, payment approval, fund requisitions and financial accountability. His staff will process the accounts payables. William Lennon, Vice President Construction is the General Contractor for CIL and will execute contracts and provide construction overview. Ken Martin, Project Manager will be responsible for the project management, specification preparation, bid process, and job oversight.

The ***Greater New Haven Community Loan Fund*** will serve as an intermediary to the National Community Stabilization Trust for any consortium member ("Participant") who has not already established their own relationship with the NCST. Property acquisition through the Trust provides priority access to acquisition in targeted areas immediately after they have gone to the bank/servicer owner through foreclosure. Participants will identify their areas of interest which the GNCHLF will convey to the Trust. When properties become available in those areas, the information will be given to the Participant by the GNHCLF. Participant is responsible for property due diligence activities. If Participant chooses to acquire a property GNHCLF will convey the offer to the Trust. As required by the Trust, the GNHCLF will be the one point of closing for all transactions; the GNHCLF will then immediately convey properties to the appropriate Participant. Participants will make funds available for the property acquisition but the GNHCLF will make bridge financing available where necessary. The Executive Director of the GNHCLF, Carla Weil, will oversee GNHCLF staff as well as the relationship with the Trust and the Participants. Communication between the Trust and Participants on a day to day basis, as well as all as reporting and compliance, will be managed by Eva Heintzelman, ROOF Program Director and Naveed Sobhan, Neighborhood Stabilization Director.

Neighborhood Housing Services of Connecticut, Inc. (NHSC) will undertake the program by focusing on the acquisition and rehabilitation of foreclosed properties for both homeownership and affordable rental housing in order to effect neighborhood stabilization throughout Connecticut. Financing mechanisms that further assist low-income families wishing to purchase homes through this program will also be utilized.

NeighborWorks[®] organizations (which comprise NHS of Connecticut) that do homeownership developments are committed to rehabilitation work that will not place new homebuyers in a position where their houses require work that they cannot afford. Organizations specializing in high-quality, affordable rental housing cannot subject themselves to major repairs and related expenses that were not factored into their original development proformas. In addition to development subsidies, there is a growing need for new downpayment assistance programs for low-income homebuyers who lack the downpayment required to purchase a home. A portion of the program's funding will be targeted to financing programs that would assist low-income homebuyers.

In the three-year period following approval of NSPII funding, NHSC will acquire, rehabilitate and either sell or rent no fewer than 150 units of housing to low-income families. Statewide, all funds will benefit families at or below 120% of AMI, with at least 30 percent of the housing units acquired and rehabilitated under this program benefiting families at or below 50% of AMI.

Targeting will focus on the geographic areas listed below, and will concentrate on the census tracts throughout Connecticut where foreclosures have had the most deleterious impact. NSPII funding will provide the unique opportunity to address two primary objectives simultaneously: revitalizing neighborhoods that have been plagued by foreclosed properties, and creating affordable homeownership and rental opportunities for low-income families. Without the intervention by NHSC in the designated target communities, decay and disinvestment would accelerate as an increasing number of residents lose confidence in the long-term stability of their neighborhoods. Such adverse, long-term consequences could threaten the viability of once vibrant neighborhoods throughout the State of Connecticut.

NSHC's member organizations currently have the resources to serve the following communities in Connecticut, in addition to Bridgeport, Hartford, New Haven and Waterbury: Danbury; Hamden; New Britain; New London; Norwalk; Norwich; Stratford; Waterbury; West Haven; Windsor.

Additional municipalities and individual census tracts can be added, based on a demonstrable need for services.

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REFERENCES

CT Partner	Reference	Organization	Address	Phone	Email
Department of Economic and Community Development	Timothy Coppage	Connecticut Housing Finance Authority	999 West St. Rocky Hill, CT 06067	(860)571-4269	timothy.coppage@chfa.org
	Calvin Vinal	Connecticut Housing Investment Fund	121 Tremont St. Hartford, CT 06105	(860)586-2028	cvinal@chif.org
City of Bridgeport	Philip Kuchma	Kuchma Corporation	277 Fairfield Avenue Bridgeport, CT 06604	(203) 366-3761	philip@kuchmacorporation.com
	Kevin F. Gremse	National Development Council	277 Fairfield Ave, 4 th Floor Bridgeport CT 06604	(203) 367 7740	kgremse@nationaldevelopmentcouncil.org
City of Hartford	Julio Concepcion	Metro Hartford Alliance	31 Pratt Street, 5 th Floor Hartford, CT 06103	(860) 525-4451 ext. 282	jconcepcion@metrohartford.com
	Alan Green	Hartford Housing Authority	180 Overlook Terrace Hartford, CT 06106	(860) 723-8420	agreen@hartfordhousing.org
City of New Haven	Jimmy Miller	Housing Authority of the City of New Haven	Orange Street, New Haven, CT 06510	(203) 498-8800 x 1032	jmiller@newhavenhousing.org
	David Alvarado	Hill Development Corporation of New Haven	649 Howard Avenue, New Haven, CT 06519	(203) 776-3759	dma49er@aol.com
City of Stamford	Peter Blomstrom	Retired HUD CPD Representative	390 Cedar Lane, Cheshire, CT 06410	(203) 250-7073	nblomstrom@aol.com
	Ross Burkhardt	New Neighborhoods, Inc.	40 Stillwater Avenue, Stamford, CT	(203) 359-2215 x15	rossb@nnistamford.org
Corporation for Independent Living	Armand D'Amico	Eagle Advisors a division of CCHIS, Inc	98 Whitney Dr. Meriden, CT	(203) 237-6000	adamico@cchis.com
	Lesbia Hernandez	William Raveis Real Estate,	125 LaSalle Rd., West Hartford, CT	(860) 521-4311	hernandezle@raveisre.com
Greater New Haven Community Loan Fund	Robin Golden	Yale Law School	121 Wall Street, New Haven, CT 06511	(203) 432-4640	robin.golden@yale.edu
	Andrea Pereira	Local Initiatives Support Corporation	227 Lawrence St. Hartford, CT	(860) 525-4821	apereira@lisc.org
Neighborhood Housing Services of Connecticut	Mary Jane Kononchik	Connecticut Housing Finance Authority	999 West Street, Rocky Hill, CT 06067	(860) 571-4302	maryjane.kononchik@chfa.org
	Floyd Ozeck	Floyd Ozeck & Co., P.C.	3190 Whitney Avenue, Hamden, CT 06518	(203) 248-3076	fozeckcpa@snet.net

FACTOR 3: SOUNDNESS OF APPROACH

The *Connecticut Consortium* has adopted two overarching goals as guiding principles for the design and implementation of its NSPII initiative. The first goal must be revitalization, utilizing NSP funds to stabilize distressed neighborhoods and transform them into vital communities. The second goal is to ensure long term affordability by creating opportunities for low and moderate income residents to reside in decent, safe and affordable quality housing in these neighborhoods.

Various strategies will help achieve these goals. For revitalization, the restoration of foreclosed properties will return abandoned, neglected assets to the market and will help re-invigorate the local tax base and the housing market in general. Rehabilitation activities will focus on blighted and abandoned properties and thus increase the available housing stock in target neighborhoods. Both homeownership and rental housing units will be created, offering housing choices to residents in the targeted neighborhoods. Rehabilitation of targeted neighborhoods is an already proven strategy which concurrently increases investment in public facilities, like parks and community centers, to complement the residential investments. There are also the demonstrable increases in public safety and availability of public services where such revitalization efforts are undertaken, which also create and encourage opportunities for small and minority businesses to participate in the benefits of the enhanced community partnerships which are thus developed and which sustain the revitalization.

Affordability of housing is a critical issue in communities throughout the State of Connecticut. The *Connecticut Consortium* has determined that the NSPII program implementation must insure opportunity for low and moderate income residents in the targeted neighborhoods. The NSPII program will support homeownership opportunities for low and moderate income residents by creating and financing affordable homeownership in neighborhoods which have suffered a decline in owner occupancy. Requirements for housing counseling and financial literacy services will increase the chances for sustainability of homeownership. The NSPII program design recognizes the value of affordable rental housing opportunities as much as the need for homeownership; the program design also targets the creation of quality, affordable rental housing in targeted areas and the provision of service-enriched housing as part of an overall revitalization strategy. Affordability is also considered a critical factor in the energy efficiency measures required of development designs for long-term utility and maintenance costs of rehabilitated structures.

As part of ongoing marketing requirements, the program participants will be responsible for conducting outreach to a variety of populations in need to connect them with housing opportunities. The concept of the Consortium as a statewide, but local, response to the issues of affordable housing has brought together groups from across the state which thus fosters partnerships to enhance economic opportunity for a statewide revitalization effort aimed at concurrent enhancements to education, jobs and child care.

a. Proposed Activities

1. The State of Connecticut NSPII Consortium proposes to utilize NSPII funding in the amount of \$45 million for ARRA eligible uses A, Financing Mechanisms, B, Acquisition and

Rehabilitation and E, Redevelopment. Funds will be used to establish financing mechanisms to purchase and redevelop foreclosed residential property and to purchase and rehabilitate abandoned or foreclosed residential property to sell or rent them to income eligible households. Four specific municipal consortium members are being targeted to receive funding from DECD directly in this initiative due to either their communities' low homeownership rates or evidence of decreasing ownership as a result of the blighting influence of foreclosed properties as well as their individual administrative capacity to manage the compliance components of the NSP and CDBG Program requirements. The State of Connecticut (DECD) will manage the balance of statewide activities utilizing two non-profit consortium members with statewide capacity. This strategic targeting of communities and neighborhoods presents an opportunity to increase homeownership and to contribute to the neighborhoods' overall transformation from blight to desirability. The rehabilitation of these neighborhoods stabilizes real estate values and stimulates private reinvestment on the blocks where foreclosed upon houses are located. If these properties were to remain neglected, more houses in the area would most likely become blighted, and the neighborhood would continue to decline.

NSP funding will provide needed investment to continue what is in most of these communities an ongoing effort to stem the decline in target neighborhoods. Funds will fill the affordability or appraisal gap between acquisition/rehabilitation costs and the sale of the houses either as a subsidy to the project developer or a direct subsidy to the buyer or both. This is a traditional neighborhood stabilization model which presumes a significant amount of oversight and management by the consortium member, as well as the private sector, for activities that include downpayment and closing cost assistance, homebuyer counseling, pre-and post-purchase education including general home maintenance skills and landlord training. Connecticut's consortium communities have a cadre of sophisticated non-profit housing organizations who provide these services as part of their neighborhood stabilization initiatives. NSP funding will supplement existing state bond funding and local private sector financing in many cases to expand upon current activities, and in other cases to allow for implementation of new neighborhood initiatives.

The quality of rehabilitation projects in targeted neighborhoods often spurs reinvestment on the part of other property owners, and creates a momentum that improves and revitalizes the neighborhood and attracts households of diverse incomes to achieve economic integration. Homeownership in the targeted neighborhoods is under-represented and the acquisition/rehabilitation/re-sale model helps create economically and ethnically diverse neighborhoods. It is anticipated that the State will utilize an aggressive schedule to obligate and expend NSPII funds in order to achieve the maximum impact in the targeted neighborhoods.

2. Uses of Funds

(a) The **Connecticut Consortium** proposes to utilize NSPII funds in the amount of \$45 million for Eligible Use A, Financing Mechanisms, Eligible Use B, Purchase and Rehabilitation and Eligible Use E, Redevelopment. In addition, the Consortium will utilize the appropriate level of funds for administrative expenses. DECD will provide funds to the four municipal consortium members for their exclusive use in their specific targeted neighborhood strategies, while DECD will provide NSP funding through the statewide non-profit consortium members to utilize for those activities selected from the balance of the state's targeted communities.

In addition, GNHCLF, a non-profit consortium member, will utilize its acquisition capacities to provide acquisition financing utilizing NSP funding for activities related to bulk portfolio acquisitions or the Neighborhood Stabilization Trust.

The **Connecticut Consortium** proposes to use \$6.75 million of NSPII funding to create a loan loss reserve mechanism to act as a credit enhancement to leverage private sector financing for NSPII activities. The Connecticut Housing Finance Authority (CHFA) will be the administrator of this financing mechanism.

CHFA will create a loan loss reserve fund. Both CDFIs and banks will be eligible to utilize the fund. CHFA will pre-qualify and enroll lenders into this program. Eligible lenders will be able to request a 30% loan loss reserve be placed in the account for each acquisition and/or rehabilitation loan that is to be closed. The availability of this mechanism could leverage as much as \$20 million dollars of private investment. CHFA will draw down the NSPII funds and hold them in the account. In the event of a default, the lender will be entitled to collect those funds to mitigate their loss on the loan.

Any NSPII funds that are not used in the account will be re-programmed to serve the purposes of the NSPII program.

Proposed use of funds is as follows:

Total Budget: Including Public and Private Investment				
NSP Eligible Activity	NSP Funds	State \$	Local \$	%
Administration	\$ 4,275,000	\$0	\$0	9.5%
Financing Mechanisms	\$14,737,500	\$2,000,000	\$3,950,000	32.75%
24 CFR 570.206				
Acquisition and Rehabilitation	\$14,737,500	\$	\$3,950,000	32.75%
24 CFR 570.201 and 202				
Redevelop demolished or vacant properties as housing	\$ 4,500,000	\$	\$	10%
24 CFR 570.201 and 202				
Loan Loss Reserve	\$6,750,000	\$	\$	15%
24 CFR 570.206				
24 CFR 570.201 and 202				
Totals	\$ 45,000,000	\$2,000,000	\$7,900,000	100%

b) The primary goal of the acquisition and rehabilitation activities within the NSPII initiative is to foster neighborhood stabilization through an improved real estate market. Enhanced exterior of homes will increase curb appeal of targeted neighborhoods. Rehabilitated, quality properties will be purchased by NSP counseled, responsible homeowners who can manage their new homes. Thus, each improved home will increase the neighborhood’s marketability, increasing its appeal to a wide variety of mixed-income buyers.

Consortium members and their development partners must inspect potential properties to determine the level of improvements necessary to meet state and local codes, as well as conduct other required inspections prior to the NSP participating developers making an offer to purchase a property. HQS inspections will establish requirements to correct health and safety issues including environmental hazards such as lead-based paint, asbestos, and mold. It is anticipated that these inspections may ultimately result in home improvements such as vinyl siding installation (when historically appropriate), window replacement, new roofs, furnaces and landscaping improvements as needed and whenever financially feasible. Energy Star qualified products and practices will be utilized whenever applicable.

Although some structures or condominium units may require only modest improvements that can be completed by a prospective owner as per NSP specifications, the majority of rehabilitation will be either moderate or major-gut rehabilitation. Homes in poor condition, deemed to be salvageable, will be categorized as major-gut rehab. Major-gut rehabs will be rehabilitated with the same stringent standards as new construction. It is anticipated that most homes will fall into the category of moderate rehabilitation. Participating developers will rehabilitate properties in accordance with the NSP requirements, state and local codes and then sell the properties to NSP eligible LMMI buyers.

Redevelopment activity funds may also be used to construct new homes in specific census tracts on previously developed vacant land. Newly constructed homes built on vacant lots as part of this redevelopment activity will be designed as adaptable units and will meet Energy Star standards, which lower utility bills, improve comfort and increase property values – all of which benefit income-qualified persons. With homeownership as a key underlying theme of many of Connecticut’s urban cities, redevelopment as an NSP activity will continue in key targeted areas where this activity has already begun as a stabilization effort.

NSPII Funds will fill the affordability or appraisal gap between acquisition/rehabilitation or redevelopment costs and the sale of the houses either as a subsidy to the project developer or a direct subsidy to the buyer or both. NSP funds will be provided to homebuyers in the form of down payment assistance grants – with resale deed restrictions to ensure long-term affordability. The down payment assistance will fill an affordability gap allowing LMMI households - with incomes less than or equal to 120% AMI - to purchase homes with a reasonably comfortable level of first lien mortgage debt.

Any 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 ensure that a buyer’s payment of principal, interest, taxes, insurance (PITI) and association fees (if applicable) cannot exceed 30% of the household’s anticipated gross annual income for eligible persons or families. However, if the purchase is part of an approved governmental first mortgage program, that governmental agency’s higher ratios may be considered. Approved governmental programs include, but are not limited to CHFA, USDA, Federal Home Loan Bank, Fannie Mae, Connecticut CDFI Alliance or FHA.

All properties assisted with NSPII funding 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. Loan terms as well as 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.

Funds may be made available as grants or loans, and may be used as appraisal gap, gap or a combination thereof. 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 for 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.

(c) Status of commitment of other funds

Additional funds being provided as leverage to the NSPII application are listed below. All funds are committed and copies of commitment letters are attached as required by the NOFA.

Organization	Leverage Amount	Type
Greater New Haven Community Loan Fund	\$1.5 million	Cash
City of Stamford	\$3.509 million	Cash
Community Capital Fund	\$.9 million	Cash
Corporation for Supportive Housing	\$.5 million	Cash
CT Housing Finance Authority (DPA & Counseling)	\$2 million	Cash
Housing Development Fund	\$3 million	Cash
Hartford Community Loan Fund	\$1 million	Cash
TOTAL	\$11.959 million	

(d) Demolition and preservation

Applications submitted that contemplate the use of demolition as a revitalization strategy will be considered only if a fund source other than NSPII is contemplated for the demolition component of the project. Additionally, such applications must address why, based on market conditions, the proposed mix of demolition of housing units versus preservation was selected, and must identify the information required in NSPII NOFA, published by HUD, at Appendix 1, Section K.1 as part of the submission.

b. Project Completion Schedule

The following timeframes will apply regarding the commitment of funds, expenditure of funds, and occupancy of units for the consortium’s performance:

Obligation of Funds	
1 year	25% of allocation under contract for eligible activities
18 months	50% of allocation under contract for eligible activities
2 years	90% of allocation under contract for eligible activities
30 months	100% of allocation under contract for eligible activities
Expenditure of Funds	
1 year	10% of funds expended
18 months	25% of funds expended
2 years	50% of funds expended

30 months	90% of funds expended
3 years	100% of funds expended
Occupancy of Units	
18 months	10% of units occupied/sold
21 Months	25% of units occupied/sold
27 months	50% of units occupied/sold
3 years	90% of units occupied/sold
40 months	100% of units occupied/sold

In addition, the *Connecticut Consortium* will measure its success by tracking results associated with number of properties acquired and/or rehabilitated including rental and owner-occupied; the number of households receiving housing counseling and/or downpayment assistance; changes in the rate of occupancy and/or ownership in the targeted geographies and; the amount of non-federal acquisition/rehab financing leveraged.

These measures will assist in demonstrating how the program has improved the physical character of the targeted geographies through the reduction of blight and abandonment as well as its positive impact on the economic stability of the neighborhoods.

c. Income Targeting for 120 percent and 50 percent of median

All NSPII funds must benefit persons whose incomes do not exceed 120% of area median income and 25% of each grant must be used for purchase and redevelopment of abandoned or foreclosed upon homes or residential properties that will be used to house families or individuals with incomes at or below 50% of area median income. The estimated amount of funds appropriated or otherwise made available under NSPII 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 **\$13,500,000**.

c. Income Targeting for 120 percent and 50 percent of median

In accordance with the NOFA, all NSP II funds must benefit persons whose incomes do not exceed 120% of area median income, and 25% of the total grant must be used for purchase and redevelopment of abandoned or foreclosed upon homes or residential properties that will be used to house families or individuals with incomes at or below 50% of area median income. The estimated amount of funds appropriated or otherwise made available under NSP II 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 **\$13,500,000**.

It is the Connecticut Consortium’s intention to identify and target 2-4 unit foreclosures for low income homeownership opportunities within the designated census tracts. These multiple unit dwellings, with the rental income generated by the additional unit, will provide a fertile starting ground for assisting low income families realize an opportunity for homeownership. In addition, these same scattered site 2-4 unit foreclosures will be reviewed for utility within a supportive housing atmosphere. These activities are consistent with Connecticut General Statutes Section 8-250 (45) to utilize foreclosed residential properties for the purpose of providing affordable and supportive housing. To the extent practicable but at a value of not less than \$13,500,000, the Connecticut Consortium will prioritize requests for supportive housing and low income

homeownership opportunities dedicated to mitigating homelessness and serving families at or below 50% of AMI.

This requirement is consistent with Connecticut General Statutes Section 8-250 (45) to utilize foreclosed residential properties for the purpose of providing affordable and supportive housing. The requirement for low income targeting, however, need not be targeted to any specific eligible activity. To the extent practicable, DECD will prioritize applications for supportive and affordable housing dedicated to mitigating homelessness and serving families at or below 50% of AMI.

If NSPII 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.

d. Continued Affordability

NSP-assisted units must meet the affordability requirements for not less than the applicable period specified in the following table, commencing upon 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. Consortium member or their development partners must maintain copies of the recorded instruments in their project files.

Consortium members or their development partners 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 Consortium member or development partner 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 NSPII 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 <u>rental</u> housing (24 CFR 92.252.e)	20
The refinancing of existing debt secured by housing that is being rehabilitated with NSP funds (24 CFR 92.206.b)	15

- Homeownership - Each Consortium member or development partner is encouraged to exceed the minimum periods of affordability as determined below for the longest feasible term.

Homeownership 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

e. Consultation, outreach, communications

CONSULTATION

In 2008 members of the Connecticut Housing Coalition saw that abandoned, foreclosed properties were blighting the neighborhoods in which they worked, threatening to reverse years of progress in community development. The Coalition invited to the table municipalities, nonprofit developers, intermediaries, Department of Economic and Community Development (DECD), Connecticut Housing Finance Authority (CHFA) and others to assess the problem, deliberate strategies and prepare for the anticipated federal resources. A Foreclosed Properties Working Group began with 8-10 participants and quickly grew to 30 and more, representing all concerned stakeholders.

As the first Neighborhood Stabilization Program rolled out, DECD was responsible for designing the Connecticut program and disbursing funds. The Working Group submitted comments to the first application and decided to continue to work together on the foreclosure issue. An unprecedented level of cooperation slowly evolved among the Working Group participants.

With the enactment of NSPII, the Working Group held facilitated conversations, reaching agreement to apply as a consortium comprised of representatives of these sectors: state, municipalities, nonprofit developers and financial intermediaries. A Steering Committee was formed representing each of these sectors and the Coalition is facilitating the participants through the application process.

OUTREACH

Utilizing the members of the Steering Committee, DECD will ensure that outreach as to the availability of NSPII funding is achieved. Successful applicants must demonstrate administrative capacity to qualify eligible families. In addition, each subrecipient must develop and maintain an Affirmative Fair Housing Marketing Plan to provide local outreach to qualified households. DECD will ensure that all of subrecipients make the required certifications as a

condition of their contract for NSP funds. In addition, subrecipients must certify that they have a current Fair Housing Action Plan and all other fair housing /civil rights documents that make up that plan including an Affirmative Fair Housing Marketing Plan (AFHMP) and tenant selection methodology in accordance with state law. The Consortium will require each subrecipient to provide a narrative on how the grant will be used to overcome the impediments to fair housing choice including racial and ethnic integration in accordance with their own Analysis of Impediments (AI) if they are an entitlement community or the state's AI for non-entitlement communities. As a part of this submission, each entity must also include a discrimination complaint procedure.

ONGOING COMMUNICATION, PROGRESS, COMPLAINT PROCESSING

The Connecticut Housing Coalition, in its role as the state association for the community development industry, has a long history of providing training and technical assistance, offering educational forums, communicating best practices and facilitating development practitioners to address common concerns.

In the implementation of NSPII, the Coalition will continue to provide convening and facilitation services for the Steering Committee and Consortium members – the role it served throughout the development of the NSPII application.

f. Performance and Monitoring

DECD will monitor Consortium members and development partners' compliance with program requirements in accordance with 24 CFR 92.508 and 24 CFR 570.492 for the HOME and Small Cities CDBG Programs respectively. This practice will continue for the NSPII funds.

DECD utilizes HUD's Risk Assessment methodology to develop an annual monitoring schedule for its federally funded programs.

The State reserves the right to de-obligate funds from a Consortium member based on failure to carry out their contract activities in a timely manner. DECD and each Consortium member will be required to establish specific achievement goals related to the purchase and resale of foreclosed properties. Consortium members and any development partners will be required to establish goals and timeframes for each activity, consistent with the performance indicators HUD NOFA.

All recipients are required to submit monthly and quarterly compliance reports required by HUD and DRGR and which are used to track program progress and timely expenditure of funds. Additionally, each activity is monitored for programmatic compliance on site at least once during the contract budget period.

All administrative funds must be drawn down on a pro-rata basis equal to the percentage of funds obligated. Any property specific activity obligation for which administrative funds have been drawn must be completed within timeframes noted above or the administrative funds may be subject to recapture.

To meet the requirements of this NOFA, DECD’s fiscal compliance examiners will staff the internal audit function in order to examine member or partner program operations and management and to provide feedback to NSPII program managers in areas such as identification of risky management practices, problematic internal controls, or potential non-compliance areas. Each consortium member subject to state or federal single audit requirements will be required to submit these as scheduled for review by DECD’s fiscal compliance examiners as well.

FACTOR 4: LEVERAGING

The *Connecticut Consortium* is pleased to have available a number of institutions willing to provide commitments of cash as well as in-kind services to support this NSPII application. These leveraged resources represent a portion of the network of resources available throughout the state that finance and support the development of affordable housing. These commitments include the availability of financing from the predevelopment through rehabilitation and construction phases; income and population targeting, and downpayment assistance and counseling. The total commitment value represents a leverage ratio of 1:26. Letters of Commitment are located in **Appendix ___**, however, the following table summarizes the commitments leveraged.

Organization	Leverage Amount	Type
Greater New Haven Community Loan Fund	\$1.5 million	Cash
City of Stamford	\$3.059 million	Cash
Community Capital Fund	\$.9 million	Cash
Corporation for Supportive Housing	\$.5 million	Cash
CT Housing Finance Authority (DPA & Counseling)	\$2 million	Cash
Housing Development Fund	\$3 million	Cash
Hartford Community Loan Fund	\$1 million	Cash
TOTAL	\$11.959 million	

FACTOR 5: ENERGY IMPROVEMENT AND SUSTAINABLE DEVELOPMENT FACTORS

Connecticut’s development decisions statewide recognize and continue to emphasize the impacts, both fiscally and environmentally, that green building, energy efficiency and sustainable development strategies produce. Indeed, the State’s overarching policy guidelines are found in its Conservation and Development Policies Plan, a document which governs the State’s development, resource management and public investment policies. It is the intention of the *Connecticut Consortium* to improve environmental quality by developing buildings and open space utilizing sustainable and energy efficient building and landscaping techniques.

a. Transit Accessibility

One of the State’s guiding principles is to concentrate development around transportation nodes and along major transportation corridors to support the viability of transportation options. The Connecticut NSP Consortium members include 4 of the state’s largest and distressed urban communities. As such, a majority of the activities to be performed with NSPII funding will by default occur in neighborhoods that are currently transit accessible.

Members and development partners will be required to prioritize transit accessibility for each property proposed to be selected for NSPII financing by coordinating the property locations with the Connecticut Transit District or Amtrak arterial maps. Properties to be acquired or redeveloped must be reviewed in conjunction with their neighborhood conditions with an emphasis on proximity to downtown locations, business centers, and transportation accessibility.

b. Green Building Standards

Energy-saving features typically make new construction or substantial (“gut”) rehabilitation properties 20–30% more efficient than standard homes. These features will enable developers to create affordable, sustainable and environmentally friendly housing units. As Connecticut has a large volume of historic properties, these efforts will also allow preservation and sustainable ownership opportunities for the existing housing stock. All construction projects utilizing NSPII funds will be required to comply with the following green rehabilitation and new construction standards:

1) New Construction and Gut Rehabilitation

Each property being developed with NSPII funds must receive an energy audit prior to commencing work. Energy audit conclusions will guide the development of green building standards for each property.

NSPII recipients must exceed the Energy Star for New Construction standard in for all residential new construction and gut rehabilitation for properties **three stories or less**. Residential properties developed by NSPII recipients must be at least 15% more energy efficient than homes built to the 2004 International Residential Code (IRC).

Additional requirements will include replacement window, boilers and hot water heaters to be Energy Star rated, replacement appliances must be Energy Star certified (refrigerators, dishwashers, stoves, washer/dryer); replacement light fixtures and CFL light bulbs must be Energy Star certified, compact fluorescent light bulbs (CFL) must be installed in all existing light fixtures; replacement light fixtures should be Energy Star certified such as fluorescent fixtures, LED lighting or EPA approved equivalent. Replacement toilets, shower heads and sink faucets must be high efficiency water conserving. High Efficiency toilets must be certified to meet WaterSense criteria as established by the U.S. Environmental Protection Agency. Bathroom sink faucets must be certified to meet WaterSense criteria as established by the U.S. Environmental Protection Agency. Shower heads must be low-flow or Energy Star.

2) Moderate Rehabilitation or Energy Retrofits

Each property being developed with NSPII funds must receive an energy audit prior to commencing work. Energy audit conclusions will guide and develop the green building standards for each property.

Additional Requirements for these activities are that all replacement appliances must be Energy Star certified, such as refrigerators, dishwashers, stoves, washer/dryer. All replacement windows must be Energy Star rated. All replacement light fixtures and CFL light bulbs must be Energy Star certified, specifications must require installation of compact fluorescent light bulbs (CFL)

in all existing light fixtures and replacement light fixtures should be Energy Star certified: fluorescent fixtures, LED lighting or EPA approved equivalent. Replacement toilets, shower heads and sink faucets must be high efficiency water conserving. High efficiency toilets must be certified to meet WaterSense criteria as established by the U.S. Environmental Protection Agency. Bathroom sink faucets must be certified to meet WaterSense criteria as established by the U.S. Environmental Protection Agency. Shower heads must be low-flow or Energy Star.

c. Re-use of cleared sites—The Connecticut Consortium does not anticipate any demolition will be performed utilizing NSPII funds.

d. Deconstruction--Although NSPII funds will not directly fund demolition activities, any demolition performed on properties utilizing NSPII funds must be undertaken utilizing developer's best efforts to reuse or ensure the reuse of recyclable materials.

e. Other sustainable development practices.

1. Sustainable and Energy Efficient Landscaping--In order to reduce energy costs for properties, improve air quality and create attractive neighborhoods; trees should be planted on the north and south sides of building lots. Suggested trees include Red or Sugar Maple and Shadblow trees.
2. Energy efficient materials and practices—use of the following will be encouraged as part of the preparation of work specifications for each NSPII assisted property:
 - a) Durable Materials
 - 1) Property Exteriors: When possible, developers should utilize materials sustainable, durable materials such as brick, composite wood, or minimally pressure treated wood and vinyl in order to reduce replacement costs and refuse.
 - 2) Minimize Paving: Asphalt driveways absorb heat and emit heat during summer months. Driveways and parking lots should be kept at minimum possible size.
 - b) Resource Efficient Materials
 - 1) Flooring: Wherever possible, hardwood, composite or commercial grade linoleum should be used in lieu of vinyl and carpeting. These sustainable flooring materials reduce waste, minimize replacement costs and are more environmentally friendly to produce.
 - 2) Heating: Setback temperature controls with four programmable temperature Settings per Day must be installed whenever possible.
 - c) Healthy Homes
 - 1) Green Label Certified Floor Covering: Wherever possible, hardwood, composite or commercial grade linoleum should be used in lieu of vinyl and carpeting. These sustainable flooring materials reduce waste, minimize replacement costs and are more environmentally friendly to produce.
 - 2) If carpet is used, must install Carpet and Rug Institute's Green Label certified carpet and pad.
 - 3) Tub and Shower Enclosures: Must use one piece fiberglass or similar enclosure or, if using any form of grouted material, use backing material such as cement board, fiber cement board, fiber-glass reinforced board or cement plaster.

- 4) **Green Maintenance Guide:** Developers must provide new renters and homeowners with a Green Operations and Maintenance Toolkit and Buyers Guide, approved by HUD and produced by LISC.
- d) **Resident Orientation:** Upon sale or rental of property, developer, owner, or agency representative must provide a walk-through of the property to orient the homeowner or new tenants with available amenities and green improvements.
- e) **Energy Saving Initiatives:** Maximize the utilization of energy savings offered by Connecticut's utility companies. Connecticut's major electric companies have joined together to offer energy saving incentives for developers throughout the state. These companies are United Illuminating Company (UI) and Northeast Utilities (NU). This program is available to CT developers performing gut rehabilitation, or building new residential properties three stories or less, and includes single and multi-family projects; both for sale and rent. Subsidies are available in rebate form, upon final verification of the property's HERS rating and energy savings components added.

FACTOR 6: NEIGHBORHOOD TRANSFORMATION AND ECONOMIC OPPORTUNITY

(1) **Consistency with an Established Plan.**

DECD hereby certifies that its NSPII Application is consistent with the goals and strategies of the Connecticut State Long-Range Housing Plan and the Connecticut Consolidated Plan for Housing and Community Development. The latter plan, required by the US Department of Housing and Urban Development, governs the state's administration of four federal block grant programs – HOME Investment Partnership Program, Small Cities CDBG Program, Emergency Shelter Grant Program, Housing for Persons with AIDS Program – while the State Long-Range Housing Plan governs the administration of state funded housing programs.

The State Long-Range Housing Plan is located at www.ct.gov/ecd/lib/ecd/2005-2009_slrhp.pdf.

The availability of quality affordable housing is an important issue in Connecticut. The state recognizes that a realistic and comprehensive housing strategy is vital to the future economic prosperity of Connecticut and that serious housing challenges continue to be present that must be addressed.

Census statistics on specific income levels identify where the population pockets are that may require the most assistance. Just thirteen Connecticut communities currently house half of the low-income population in the entire state. In the vast majority of these communities, this population accounts for over one third of all of the households in the jurisdiction. Many of these jurisdictions are among the largest cities in Connecticut.

Connecticut also has a large inventory of older housing. Overall, almost six of ten homes (58%) are 45 years old or older. Two of ten homes (22%) are at least 74 years old. Another 22% is relatively new having been built between 1980 and 2000. Because of high costs, there is a lack of affordable housing. Connecticut residents spend a lot of their incomes on housing whether they rent or own.

Throughout Connecticut, persons and households in the lowest income brackets have the fewest housing choices. These citizens are severely limited as to where they can reside because of the cost of housing in many communities. Housing costs in neighboring communities can vary considerably. Within a few miles, sales prices and rent levels can more than double in many areas limiting the options of lower income families in regard to housing choice and opportunity. Lower income families are economically restricted to areas where affordable housing is available.

The State's Long-Range Housing Plan identifies as its overall goals two goals equally: encouraging homeownership and expanding the supply of quality affordable housing.

(2) NSPII activities in relation to state's plan goals.

The strategies outlined in DECD's NSPII application provide an opportunity for the state, in conjunction with housing providers and the private sector, to have a significant ability to effectively achieve several of the State's Long Range Housing Plan goals.

Chief among these are the following:

- Improve the ability of low- and moderate-income residents to access homeownership opportunities.
- Preserve and increase the supply of quality affordable housing available to all low- and moderate-income households.
- Promote housing mobility and choice across income levels utilizing current infrastructure and the preservation of existing residential neighborhoods and housing stock.
- Promote support for mixed-income developments in areas that currently under-serve low and moderate-income households.
- Provide incentives for individuals to live within walking distance to public transportation facilities through strategies such as location efficient mortgages that allow the mortgage applicant to apply more income toward the monthly mortgage payment as a result of lower monthly personal transportation costs.
- Encourage fuller use of already developed places with existing infrastructure, particularly deteriorated areas where site abandonment or neglect are responsible for lack of investment, job loss and neighborhood flight.
- Promote and encourage the revitalization and reuse of town center main streets in rural community centers, regional centers and older suburban towns.
- Focus funding decisions on utilizing existing infrastructure to build on a community's assets.
- Focus on improvement of existing infrastructure to support redevelopment and infill, and discourage intensive development in rural areas not already supported by local infrastructure, or where development is not consistent with state, regional and local land use policy.

Those strategies with a focus on homeownership activities create additional, economic opportunities for the ultimate beneficiaries. Homeownership builds wealth, stabilizes communities, and encourages people to become more involved in the life of their communities. Households living in communities with higher rates of homeownership experience less crime, have higher educational test scores, have fewer teenage pregnancies, and have a generally higher over-all level of well being.

Those strategies with a focus on rental activities aim to alleviate the problems of lack of affordability and quality of life for tenants. These activities seek to expand availability of quality affordable housing. Many of Connecticut's most vulnerable citizens need quality affordable housing. This includes the poor, the homeless, the elderly and frail elderly, persons with disabilities and persons seeking to return to their communities from nursing facilities. Low-income renters may pay excessive rent that puts them in danger of homelessness. Some persons may require health and/or social services to allow them to age in place or to mainstream into the community at large. Others simply need the most basic level of shelter to get off the streets before making the transition back into society.

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APPENDIX 1: DEFINITIONS AND DESCRIPTIONS

DEFINITIONS UNDER NSPII PROGRAM

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

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.

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.

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.

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.

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 above, the local ordinance shall apply.*

“Affordable Rents” means rents that are at or below the Fair Market Rent Levels as defined in Appendix B (*Note: Fair Market Rent include utilities, therefore if a tenant is paying their own utilities, the Utility Allowance also included in Appendix B 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, commencing upon 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 NSP 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 (24 CFR 92.252.e)	20
The refinancing of existing debt secured by housing that is being rehabilitated with NSP funds (24 CFR 92.206.b)	15

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

Homeownership NSP Assistance Amount Per Unit	Minimum Period of Affordability in Years
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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 24 CFR 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 24 CFR 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 24 CFR 92.203(a)(1)(ii), must examine the income of each tenant, in accordance with 24 CFR 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 24 CFR 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).

NSP assisted housing must be energy efficient and incorporate cost effective green improvements. All gut rehabilitation (i.e. general replacement of the interior of a building that may or may not include changes to structural elements such as flooring systems, columns or load bearing interior or exterior walls) of residential buildings up to three stories must be designed to meet the standard for Energy Star Qualified New Homes. All gut rehabilitation of mid -or high-rise multifamily housing must be designed to meet American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Standard 90.1-2004, Appendix G plus 20 percent (which is the Energy Star standard for multifamily buildings piloted by the Environmental Protection Agency and the Department of Energy).

Other rehabilitation must meet these standards to the extent applicable to the rehabilitation work undertaken, e.g., replace older obsolete products and appliances (such as windows, doors, lighting, hot water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers and dishwashers) with Energy Star-labeled products. Water efficient toilets, showers, and faucets, such as those with the WaterSense label, must be installed. Where relevant, the housing should be improved to mitigate the impact of disasters (e.g., earthquake, hurricane, flooding, fires).

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-assisted ownership unit, 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 six (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.

Purchase Discount: Each foreclosed upon home or residential property shall be purchased at a discount of at least one percent from the current market-appraised value of the home or property.

DECD 30% Rule for homeownership activities

1. DECD-assisted ownership units shall be considered “**affordable**” when the principal, interest, taxes, homeowner insurance, required association fees and mortgage insurance premiums on the property are no less than 25% but do not exceed 30% of the gross annual income for HOME eligible persons or families. However, if the purchase is part of an approved governmental program, DECD may accept that agency’s higher ratios upon the written request of the developer. Approved government programs include, but are not limited to, those sponsored by CHFA, FHA, or the Federal Home Loan Bank.

2. The borrower total debt to income ratio, including long-term non-housing debt, also known as “back-end” ratios, shall not exceed 40%, except that waivers may be granted by the CD Administrator in the cases of “approved government mortgages” as referenced in #1.

Limit on Debt to Buyer: As part of the financing of NSP units, NSP funds may be needed as development subsidy or as direct buyer subsidy. The amount of debt to be transferred to the Buyer may not exceed the Fair Market Value of the NSP assisted property.

Program Income: Any program income generated by NSPII activities is to be governed by regular CDBG program income rules and will belong to the ***Connecticut Consortium***.

APPENDIX 3A—NSP2 NON-PROFIT ORGANIZATION QUALIFICATION

The ***Connecticut Consortium*** is made up of public agencies, municipalities and non-profit organizations whose missions include community and housing development. Three of these members are qualified non-profit organizations who have been working in the field of affordable housing individually for over 20 years. Copies of each organization’s tax-exempt IRC status letter are attached.

The Corporation for Independent Living (CIL)

Founded in 1979, CIL was initially established by a coalition of service providers to create small residences in residential neighborhoods for people with disabilities. CIL is a 501 (c) (3) non-profit housing development corporation whose products now include community housing for people with developmental disabilities, accessible homes for people with physical disabilities, affordable multifamily housing as well as homes for first time low and moderate income homebuyers. CIL is also chartered by the State of Connecticut as a statewide Community Housing Development Corporation under Sec. 8-217 (3), CGS. In 29 years, CIL has developed nearly 1,800 homes of all types and served over 6,000 people.

The Greater New Haven Community Loan Fund

The Greater New Haven Community Loan Fund (GNHCLF) is a 21 year old Community Development Financial Institution and 501 (c) (3) non-profit corporation which promotes neighborhood stabilization by providing loan programs for affordable housing development as well as for purchase and renovation of homes by low and moderate income individuals and families. Over the past 24 months GNHCLF has financed the development or rehabilitation of 148 units of housing, has underwritten 42 forgivable downpayment and second mortgage loans,

and 62 lead abatement and rehabilitation loans. The Fund also provides foreclosure mitigation services. Greater New Haven Community Loan Fund is also chartered by the State of Connecticut as a statewide Community Housing Development Corporation under Section 8-217 (3), CGS.

Neighborhood Housing Services of Connecticut, Inc.

Neighborhood Housing Services of Connecticut, Inc. was incorporated in 1984 as a 501 (c) (3) non-profit corporation with a mission of raising funds to support the NeighborWorks® Organizations (NWOs) in Connecticut and undertaking various affordable housing development activities in Connecticut. Specifically, it was designed to work in areas that would not necessarily be served by any of the existing NWOs. Each of the six NWOs in Connecticut has established an impressive, successful track record in undertaking affordable housing initiatives,

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EXHIBIT 1
TARGET GEOGRAPHY

Geo ID (Census Tract)	City	County	Foreclosure Score	Vacancy Score	Higher Rated Score	Foreclosures
						Total 2008 and 1st Q 2009
09001070200	Bridgeport	Fairfield County	17	12	17	12
09001070300	Bridgeport	Fairfield County	14	17	17	N/R
09001070600	Bridgeport	Fairfield County	18	14	18	N/R
09001070900	Bridgeport	Fairfield County	20	14	20	14
09001071000	Bridgeport	Fairfield County	18	16	18	16
09001071100	Bridgeport	Fairfield County	19	15	19	19
09001071200	Bridgeport	Fairfield County	19	15	19	8
09001071300	Bridgeport	Fairfield County	20	14	20	12
09001071400	Bridgeport	Fairfield County	19	17	19	7
09001071600	Bridgeport	Fairfield County	20	18	20	3
09001071700	Bridgeport	Fairfield County	19	18	19	4
09001071800	Bridgeport	Fairfield County	17	14	17	10
09001071900	Bridgeport	Fairfield County	18	14	18	15
09001072000	Bridgeport	Fairfield County	17	12	17	13
09001072100	Bridgeport	Fairfield County	19	19	19	22
09001072200	Bridgeport	Fairfield County	17	17	17	12
09001072300	Bridgeport	Fairfield County	18	11	18	21
09001072400	Bridgeport	Fairfield County	18	1	18	N/R
09001072500	Bridgeport	Fairfield County	19	1	19	1
09001072600	Bridgeport	Fairfield County	19	8	19	24
09001072700	Bridgeport	Fairfield County	18	5	18	14
09001072800	Bridgeport	Fairfield County	19	11	19	28
09001072900	Bridgeport	Fairfield County	20	10	20	27
09001073000	Bridgeport	Fairfield County	17	13	17	6
09001073100	Bridgeport	Fairfield County	19	9	19	15
09001073200	Bridgeport	Fairfield County	16	7	16	N/R
09001073300	Bridgeport	Fairfield County	18	11	18	N/R
09001073400	Bridgeport	Fairfield County	18	10	18	11
09001073500	Bridgeport	Fairfield County	19	18	19	16
09001073600	Bridgeport	Fairfield County	19	10	19	N/R
09001073700	Bridgeport	Fairfield County	19	13	19	32
09001073800	Bridgeport	Fairfield County	19	15	19	7
09001073900	Bridgeport	Fairfield County	19	17	19	11
09001074000	Bridgeport	Fairfield County	19	12	19	6
09001074300	Bridgeport	Fairfield County	19	18	19	17
09001074400	Bridgeport	Fairfield County	20	17	20	23
09001210200	Danbury	Fairfield County	16	14	16	N/R
09001210400	Danbury	Fairfield County	18	13	18	11
09001210700	Danbury	Fairfield County	18	14	18	17
09001211200	Danbury	Fairfield County	17	13	17	6
09009165500	Hamden	New Haven County	18	15	18	20
09009165600	Hamden	New Haven County	17	14	17	15
09009165700	Hamden	New Haven County	17	13	17	16
09009165900	Hamden	New Haven County	17	9	17	9
09003500100	Hartford	Hartford County	18	17	18	N/R
09003500200	Hartford	Hartford County	18	14	18	10
09003500400	Hartford	Hartford County	15	17	17	N/R
09003501000	Hartford	Hartford County	19	19	19	3
09003501200	Hartford	Hartford County	18	20	20	2

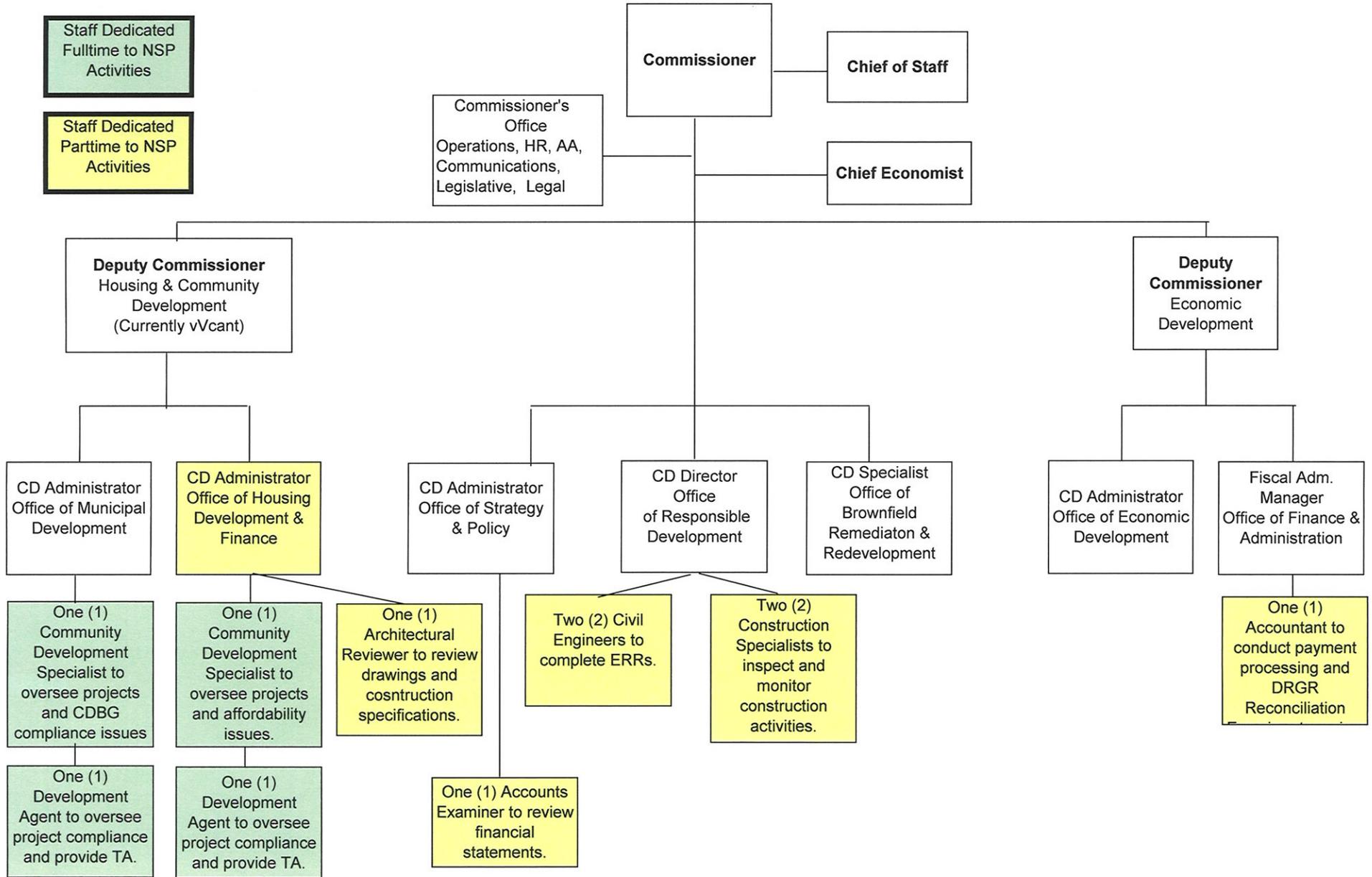
EXHIBIT 1
TARGET GEOGRAPHY

Geo ID (Census Tract)	City	County	Foreclosure Score	Vacancy Score	Higher Rated Score	Foreclosures
						Total 2008 and 1st Q 2009
09003501300	Hartford	Hartford County	17	19	19	6
09003501400	Hartford	Hartford County	17	19	19	N/R
09003501500	Hartford	Hartford County	18	19	19	18
09003501700	Hartford	Hartford County	19	20	20	19
09003501800	Hartford	Hartford County	19	20	20	19
09003502400	Hartford	Hartford County	17	15	17	N/R
09003502700	Hartford	Hartford County	16	17	17	N/R
09003502800	Hartford	Hartford County	16	20	20	N/R
09003502900	Hartford	Hartford County	14	18	18	N/R
09003503000	Hartford	Hartford County	18	19	19	8
09003503300	Hartford	Hartford County	14	18	18	N/R
09003503400	Hartford	Hartford County	18	18	18	4
09003503500	Hartford	Hartford County	18	20	20	N/R
09003503700	Hartford	Hartford County	18	18	18	5
09003503900	Hartford	Hartford County	18	13	18	20
09003504000	Hartford	Hartford County	17	12	17	6
09003504600	Hartford	Hartford County	17	1	17	N/R
09015904100	Killingly	Windham County	18	18	18	18
09015904400	Killingly	Windham County	14	18	18	N/R
09015904500	Killingly	Windham County	17	19	19	34
09009170100	Meriden	New Haven County	18	13	18	11
09009170200	Meriden	New Haven County	18	16	18	11
09009170300	Meriden	New Haven County	17	20	20	12
09009170800	Meriden	New Haven County	17	16	17	19
09009170900	Meriden	New Haven County	17	19	19	18
09009171000	Meriden	New Haven County	17	18	18	17
09009171200	Meriden	New Haven County	17	10	17	12
09009171500	Meriden	New Haven County	17	17	17	21
09003415300	New Britain	Hartford County	16	19	19	1
09003415500	New Britain	Hartford County	15	17	17	N/R
09003415600	New Britain	Hartford County	16	17	17	N/R
09003415700	New Britain	Hartford County	15	17	17	N/R
09003415900	New Britain	Hartford County	17	17	17	2
09003416100	New Britain	Hartford County	17	18	18	17
09003416500	New Britain	Hartford County	14	20	20	N/R
09003416700	New Britain	Hartford County	16	18	18	N/R
09009140500	New Haven	New Haven County	18	17	18	30
09009140600	New Haven	New Haven County	18	20	20	35
09009140700	New Haven	New Haven County	17	15	17	9
09009140800	New Haven	New Haven County	17	19	19	14
09009141200	New Haven	New Haven County	17	17	17	21
09009141500	New Haven	New Haven County	19	19	19	52
09009141600	New Haven	New Haven County	17	19	19	N/R
09009142100	New Haven	New Haven County	16	18	18	N/R
09009142300	New Haven	New Haven County	18	18	18	29
09009142400	New Haven	New Haven County	19	19	19	45
09009142602	New Haven	New Haven County	17	14	17	17
09009142700	New Haven	New Haven County	17	12	17	19
09011690300	New London	New London County	17	16	17	60

EXHIBIT 1
TARGET GEOGRAPHY

Geo ID (Census Tract)	City	County	Foreclosure Score	Vacancy Score	Higher Rated Score	Foreclosures Total 2008 and 1st Q 2009
09011690400	New London	New London County	18	19	19	25
09011690500	New London	New London County	19	18	19	24
09011690700	New London	New London County	16	18	18	N/R
09001043800	Norwalk	Fairfield County	16	13	16	N/R
09011696400	Norwich	New London County	17	18	18	N/R
09001021500	Stamford	Fairfield County	15	18	18	22
09001021802	Stamford	Fairfield County	16	11	16	N/R
09001080200	Stratford	Fairfield County	16	11	16	N/R
09001080400	Stratford	Fairfield County	19	11	19	22
09009350200	Waterbury	New Haven County	18	20	20	30
09009350300	Waterbury	New Haven County	18	20	20	23
09009350400	Waterbury	New Haven County	19	20	20	36
09009350500	Waterbury	New Haven County	17	18	18	12
09009350800	Waterbury	New Haven County	16	20	20	N/R
09009351000	Waterbury	New Haven County	17	15	17	23
09009351100	Waterbury	New Haven County	16	18	18	N/R
09009351200	Waterbury	New Haven County	17	19	19	16
09009351300	Waterbury	New Haven County	17	17	17	N/R
09009351400	Waterbury	New Haven County	17	18	18	N/R
09009351500	Waterbury	New Haven County	17	14	17	23
09009351700	Waterbury	New Haven County	18	20	20	29
09009352000	Waterbury	New Haven County	17	7	17	14
09009352702	Waterbury	New Haven County	17	15	17	21
09009154100	West Haven	New Haven County	19	11	19	38
09009154400	West Haven	New Haven County	17	12	17	18
09009154700	West Haven	New Haven County	17	5	17	11
09009155000	West Haven	New Haven County	17	13	17	21
09015800500	Windham	Windham County	17	12	17	14
09015800600	Windham	Windham County	18	14	18	10
09003473100	Windsor	Hartford County	18	7	18	14
09003473700	Windsor	Hartford County	18	7	18	12
Average Score					18.1783	

DEPARTMENT OF ECONOMIC & COMMUNITY DEVELOPMENT



**City of Bridgeport
Organizational Chart
NSP II**

City of Bridgeport
Alanna Kabel -Deputy CAO

Administration and
Compliance



Bridgeport Redevelopment
Agency (BRA) – Don Eversly,
Director of Office of Planning &
Economic Development

Program Management,
Coordination, Reporting



Community Capital
Fund- Ann Robinson,
Exec Director

Housing Development Fund-
Joan Cardy, President and
CEO

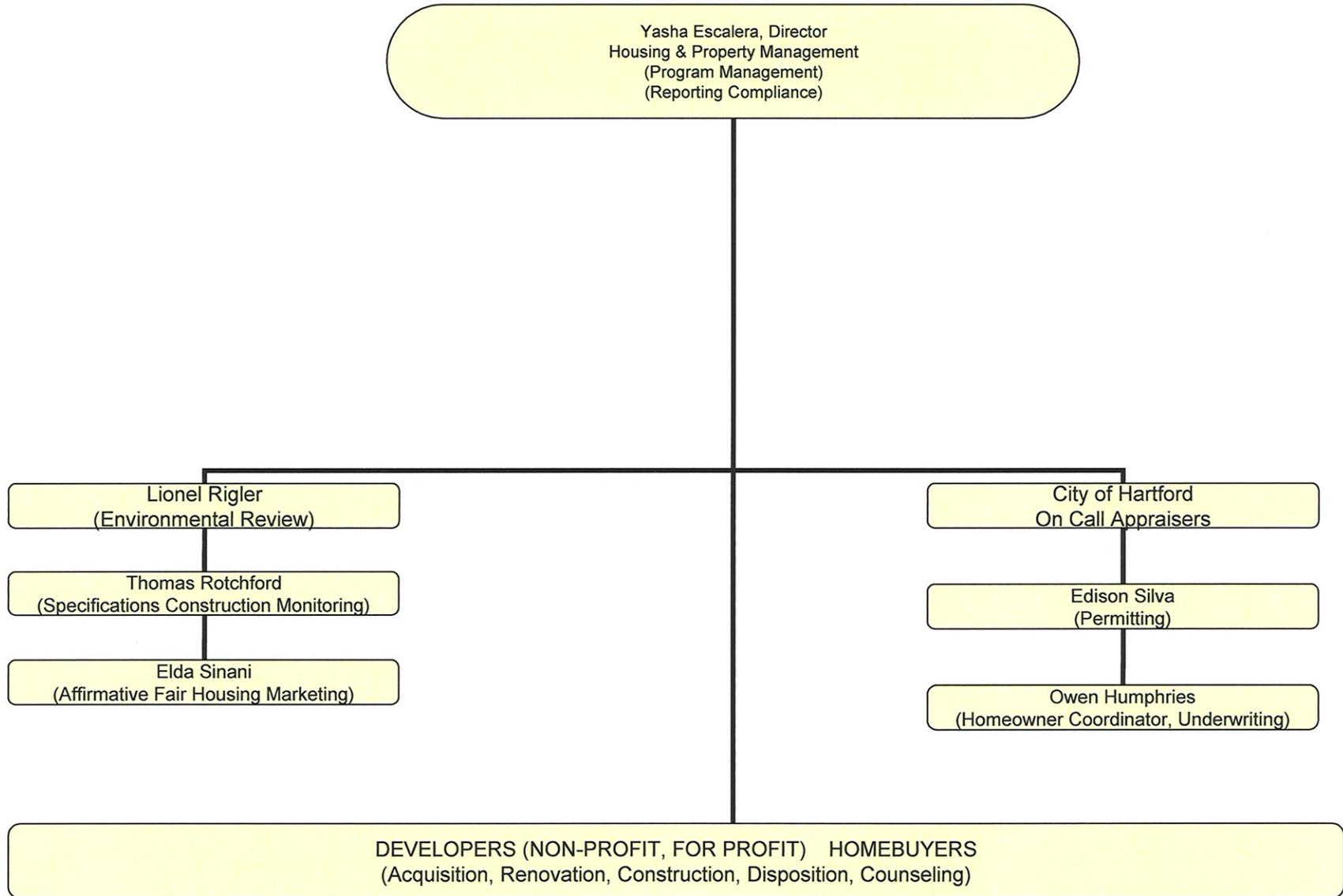
Weekly Management
Team Meetings Between
City, BRA, and Funds



Fairfield 08,
Bridgeport
Neighborhood Trust
and other Non-Profit,
For-Profit, and/or
Homebuyers

Acquisition on behalf of BRA Title Holder
Disposition on behalf of BRA Insurance and
Financing Mechanism Taxes

City of Hartford
Neighborhood Stabilization Program (NSP I, NSP II)
ORGANIZATIONAL CHART



**City of New Haven
Organizational Chart
NSP I and NSP II**

**City of New Haven
Cathy Schroeter-Deputy
Director**

Property Management,
Program Management,
Reporting, Compliance and



**Economic Development
Corporation of New Haven –
Michelle Whelley, Executive
Director**

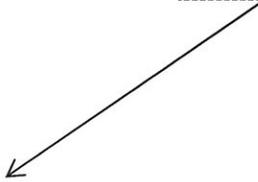
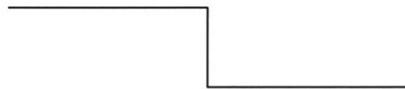
Title Holder,
Insurance and
Taxes



**Greater New Haven
Loan Fund
Carla Weil, Executive
Director**

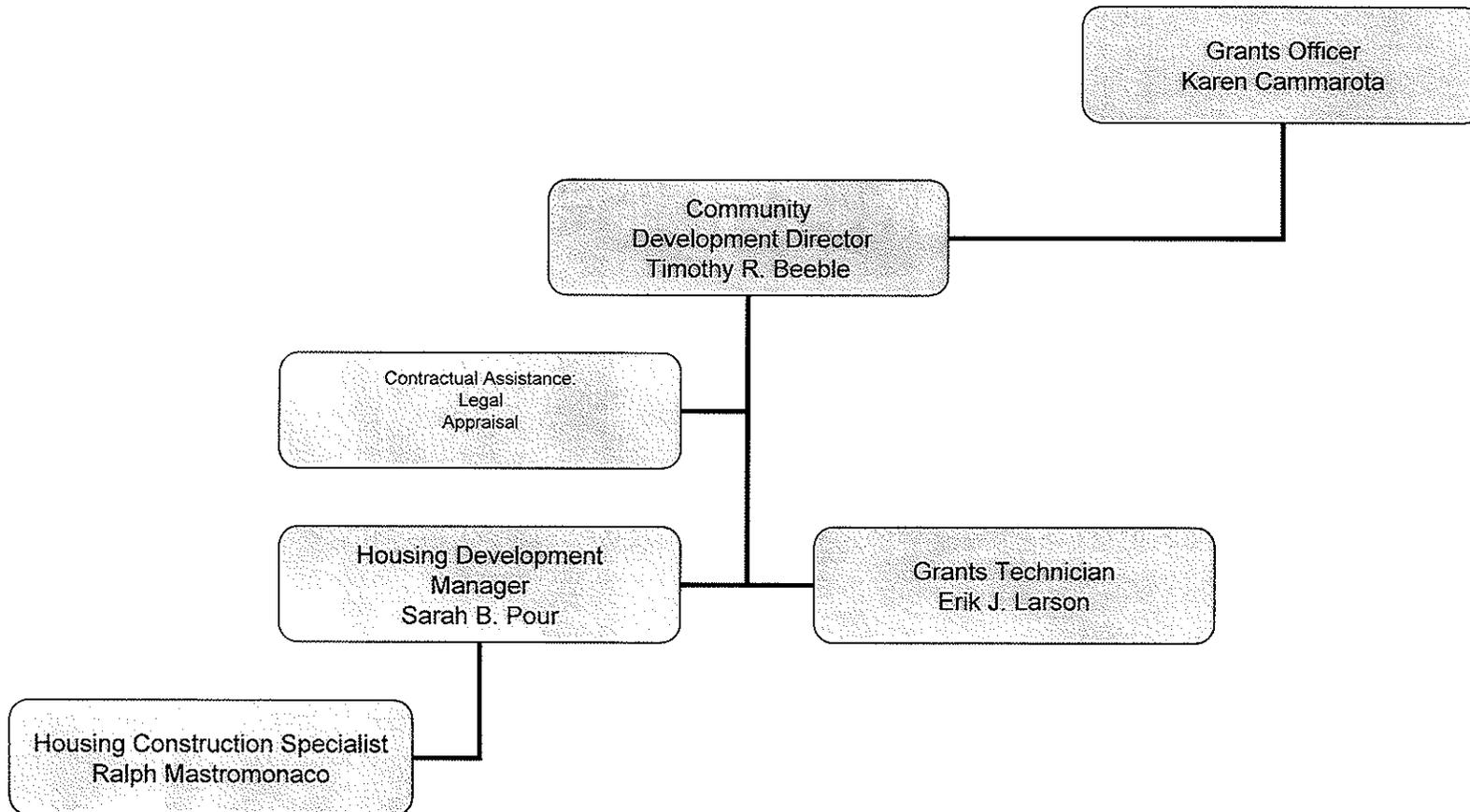
Acquisition on behalf of EDC
Disposition on behalf of EDC
Financing Mech.

Acquisitions/disposition
Committee

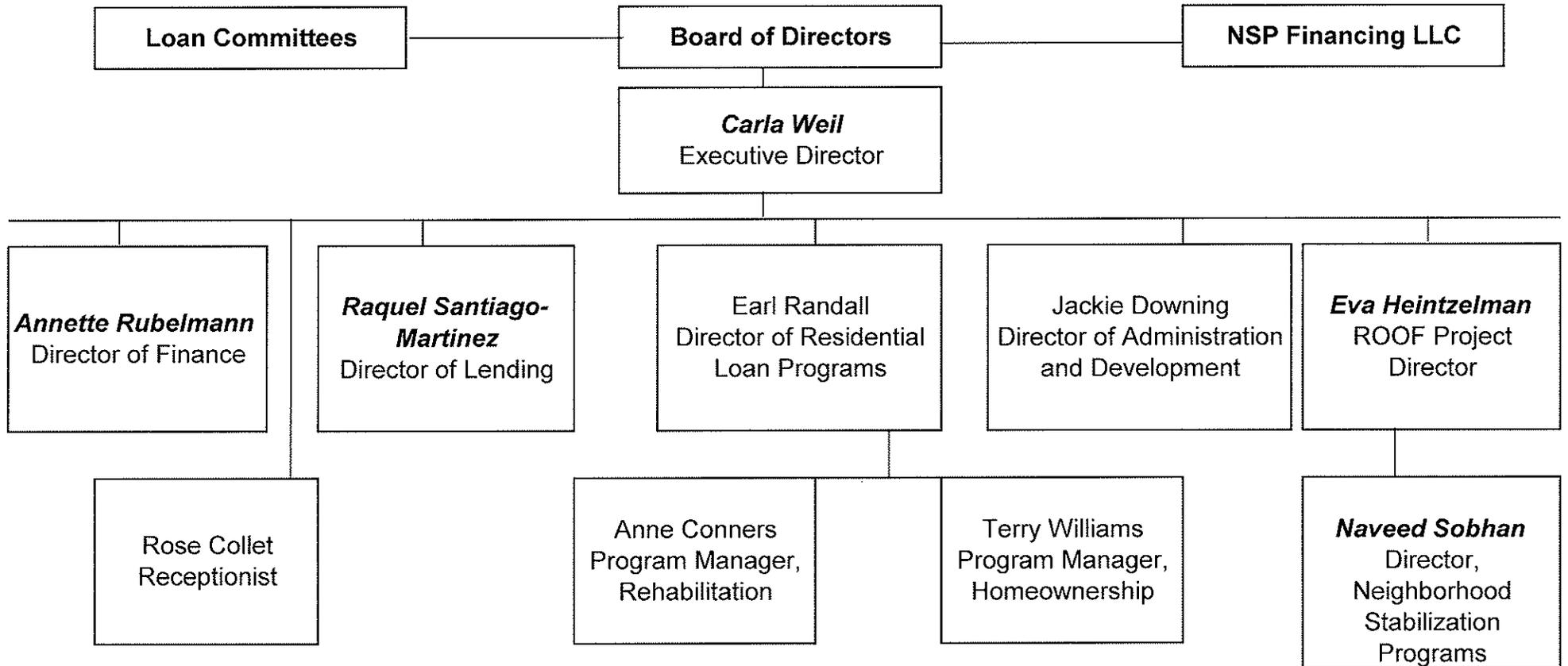


Non-Profit, For-
Profit, and/or
Homebuyer

NSP II Stamford Management



GREATER NEW HAVEN COMMUNITY LOAN FUND
ORGANIZATION CHART
2009

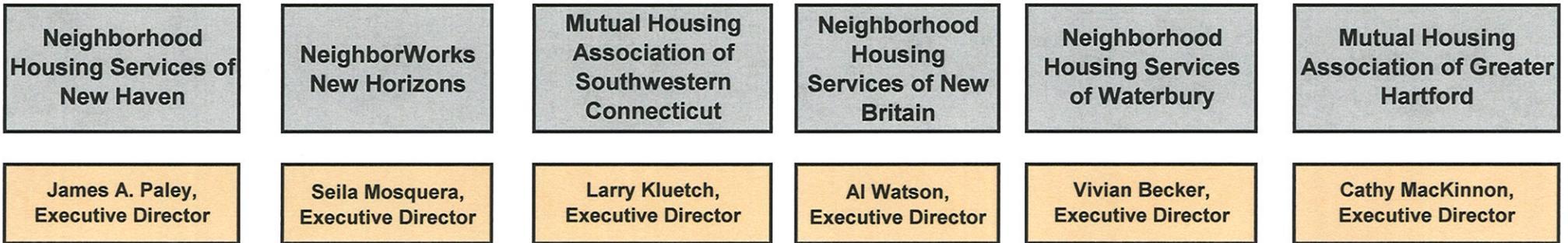


Neighborhood Housing Services of Connecticut, Inc.

Jun-09

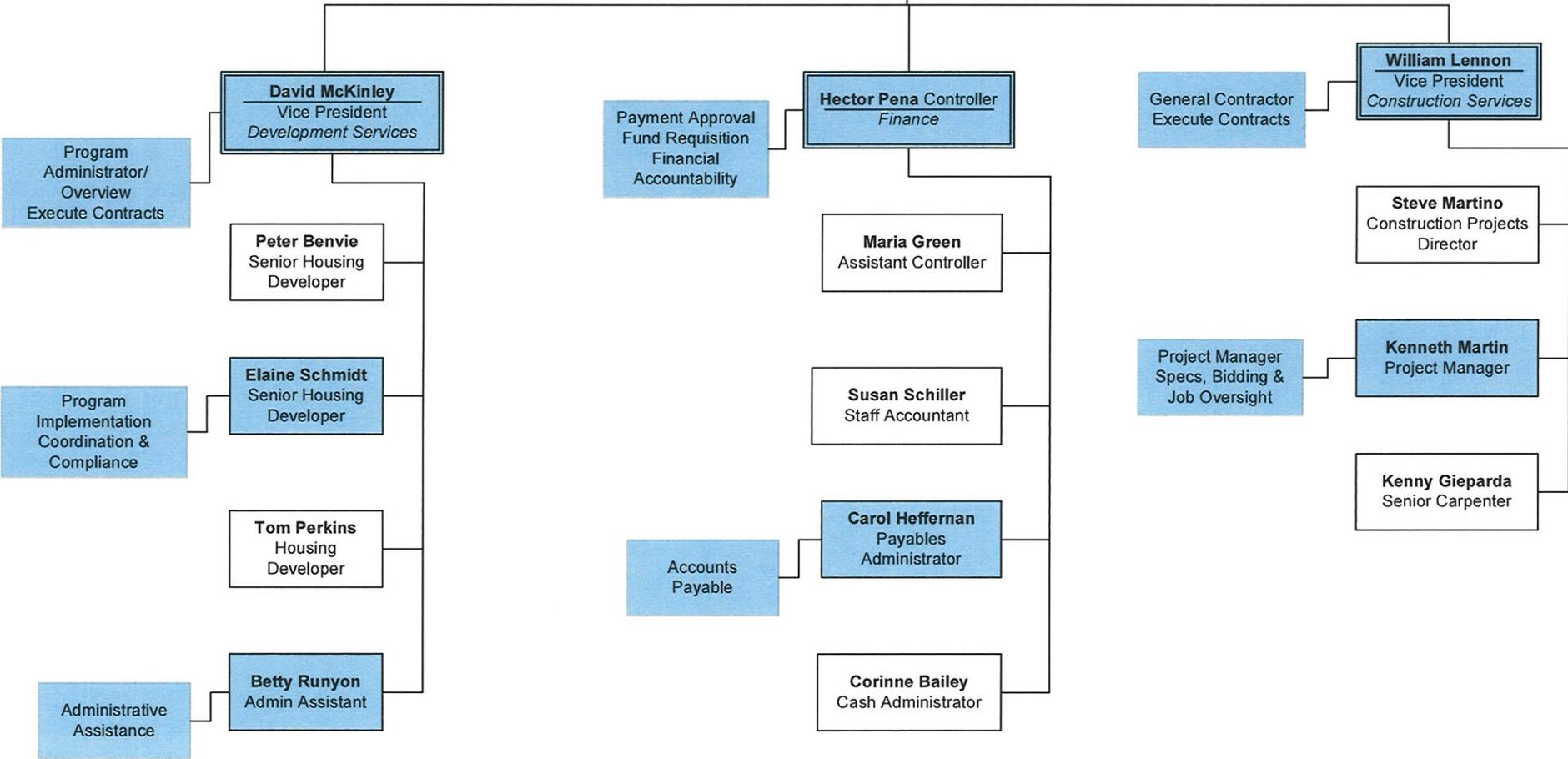
Organizational Chart

Board of Directors: James A. Paley, President



NSP2
Balance of State

Martin Legault
President/CEO
CORPORATION FOR INDEPENDENT LIVING



Grantee Name	Connecticut Consortium
Name of Entity or Department Administering Funds	Connecticut Department of Economic & Community Development
DUNS	807851043 EIN/TIN #06-1267643
CCR	TBD
Contact Person	Mike Santoro
Title	Community Development Specialist
Address	505 Hudson Street
City, State, Zip Code	Hartford, CT 06106
Telephone	860-270-8171
Fax	860-270-8200
Email Address	michael.santoro@ct.gov
Authorized Official	Joan McDonald
Title	Commissioner
Address	505 Hudson Street
City, State, Zip Code	Hartford, CT 06106
Telephone	860-270-8021
Fax	860-270-8008
Email Address	joan.mcdonald@ct.gov
Web Address where application is Posted	www.decd.org
Amount Grantee is Eligible to Receive	
Amount Grantee is Requesting	\$ 45, 000,000

Citizen Participation/Public Comment Process

DECD is the lead agency for the Consolidated Plan and Citizen Participation Plan process. DECD will administer NSP2 funds. Comments received through the citizen participation process will be used in the development of Substantial Amendments to the Consolidated Plan 2008 Action Plan for Housing and Community Development as well as the NSP2 Application.

Oral or written comments were invited either via e-mail or by submitting directly to DECD. Outlined below is the process followed to ensure citizen participation within the reduced time allocation:

4/2/09: Legal Notice for "initial input" public hearings published in 7 state newspapers including 1 of minority representation with Spanish version, also posted to DECD's website, www.decd.org. Refer to exhibits for a copy of the legal notice.

4/16/09 – 04/17/09: 2 public hearings held to solicit public input in response to funding opportunities contained in Title XII of the American Recovery and Reinvestment Act of 2009 (ARRA) as they apply to any and/or all of the federal programs included in the state's 2005-09 Consolidated Plan - The Community Development Block Grant (CDBG) program, the HOME program, the Emergency Shelter Grant (ESG) program and the Housing Opportunities for Persons with AIDS (HOPWA) program. Refer to exhibits for a copy of the transcripts from the public hearings.

6/18/09: Draft NSP2 Application and Legal Notice posted on the DECD website and forwarded to all 169 municipal chief elected officials, regional planning agencies and the state library. Legal Notice for public comment period on draft NSP2 Application published in the same manner as noted above (4/2/09). Refer to exhibits for a copy of the legal notice.

6/22/09 – 7/2/09: 10 day public comment period on draft NSP2 Application held. Refer to exhibits for copies of written comments received.

The following is a summary of public comments received and DECD responses to them:

4/16-17/2009 Initial Input Public Hearings regarding funding opportunities contained in Title XII of the American Recovery and Reinvestment Act of 2009 (ARRA) as they apply to any and/or all of the federal programs included in the state's 2005-09 Consolidated Plan:

Dawn Parker, The Connection, Inc.

Comment - HPRP:

- She would like to see a central location for information with regard to funding opportunities under HPRP, a more coordinated approach as

to what is available within the state , what are key dates, deadlines etc.

- She would like to see that everyone (nonprofit services providers) get equal opportunity for the funding.
- She would recommend that in the implementation of the program we stick to the program guidelines and keep it simple.

Response:

This comment was responded to by DSS and is contained in the HPRP substantial amendment.

Diane Randall, Partnerships for Strong Communities

Comment - HPRP:

She made a strong recommendation to use 100% of the funds for the programs intended purpose and not to supplant existing uses under the program.

Response:

This comment was responded to by DSS and is contained in the HPRP substantial amendment.

Comment - Weatherization Program:

Use funding to preserve single family housing as well as housing developments for low and moderate income persons, serve both.

Response:

This comment was not accepted because the funding for the Weatherization Program is not an eligible funding source under the Consolidated Plan. However the comment was forwarded to the appropriate staff at the Department of Social Services that is responsible for the Weatherization Program for consideration.

Comment - ARRA funds and the Consolidated Plan:

- Nonprofit developers and service providers are looking for clarity and transparency on how this new money (stimulus/ARRA) will mesh with existing programs that are available, what are the possibilities?
- Need to re think the planning for the ConPlan with regard to the new money, tighten up on what gets done- what can be done and what can not, pull together and frame it , give non profits and municipalities a clearer understanding of what the states priorities are and how the department will follow thru with the programs it administers

DECD response:

The state is in the initial planning phase of drafting the 2010-2014 Consolidated Plan. The availability of new federal funding and opportunity for additional eligible activities will be considered in the development of the new Consolidated Plan. How the new funding can be meshed with the existing programs will be explored as well as re-examining how all the funding sources can be best used to address the present environment with regard to affordable housing and homelessness in our state.

During the planning and citizen participation stage of the drafting of the 2010-2014 ConPlan, outreach will be made to state agencies, municipalities, housing authorities, community foundations, non profit organizations, social service providers, developers and citizens for input regarding needs, coordination of the funding resources, identification of goals and objectives, and evaluation of what the state priorities are and how they can be met.

6/22/09 – 7/2/09: 10 day public comment period:

As contained in the Legal Notice published on 6/18/2009, the draft NSP2 Application will be posted to DECD's web site during the public comment period. The draft NSP2 Application will also be made available to all 169 chief elected officials, regional planning agencies and the state library. All comments received will be summarized and responded to in the final NSP2 Application which will be posted on DECD's web site.

The following is a summary of the public comments received and DECD's response to them. To be completed after closing of public comment period.

**NOTICE OF PUBLIC COMMENT PERIOD
THE STATE OF CONNECTICUT
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
IS SEEKING PUBLIC COMMENT ON HOUSING AND COMMUNITY
DEVELOPMENT NEEDS AS THEY APPLY TO THE SUBSTANTIAL
AMENDMENT(S) TO THE CONSOLIDATED PLAN 2008 ACTION PLAN FOR
HOUSING AND COMMUNITY DEVELOPMENT UNDER TITLE XII of THE
AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (ARRA)**

Public hearings on housing and community development needs in Connecticut's communities will be held to solicit input in response to funding opportunities contained in Title XII of the American Recovery and Reinvestment Act of 2009 (ARRA) as they apply to the federal programs included in the state's 2005-09 Consolidated Plan (ConPlan) and a revision to the state's Citizen Participation Plan pursuant to 24 CFR Part 91 Sec. 91.115. Comments received will be used in the development of the state's draft Substantial Amendment(s) to the Consolidated Plan 2008 Action Plan for Housing and Community Development. The hearings will be held at the following times and locations:

Rocky Hill
2:00 p.m.
April 16, 2009
CERC
Meeting Room
805 Brook Street, Bldg. 4
Rocky Hill, Connecticut

Hamden
2:00 p.m.
April 17, 2009
Hamden Gov. Center
Town Attorney Conference Room
2750 Dixwell Avenue
Hamden, Connecticut

All state residents are urged to attend the public hearings and provide oral or written comments. A copy of the ARRA can be found at <http://www.hud.gov/recovery/>. Copies of the 2008 Action Plan and the state's 5 year Consolidated Plan are available at the Department of Economic & Community Development's web site, www.decd.org and also at the State Library.

Written comments may be sent to W. Michael Regan, Community Development Assistant Administrator, Office of Strategy and Policy, Department of Economic & Community Development, 505 Hudson Street, Hartford, CT 06106-7106 or email to ARRA.comments@ct.gov. All comments received will be addressed in the Citizen Participation and Public Commentary Section of the Substantial Amendment(s) to the Consolidated Plan 2008 Action Plan for Housing and Community Development.

Department of Economic & 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. Locations for the public hearings are accessible to people with disabilities.

Distribution Date: April 2, 2009

**NOTICE OF PUBLIC COMMENT PERIOD
THE STATE OF CONNECTICUT
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
IS SEEKING PUBLIC COMMENT ON THE CONNECTICUT CONSORTIUM'S
DRAFT APPLICATION FOR NEIGHBORHOOD STABILIZATION PROGRAM
(NSP2) FUNDING UNDER THE AMERICAN REINVESTMENT AND RECOVERY
ACT (ARRA) OF 2009.**

The public comment period will begin June 22, 2009 and end July 2, 2009 at the close of business. The Connecticut Consortium's draft NSP2 Application is for the utilization of approximately \$45,000,000 of funding under Title XII of the American Reinvestment and Recovery Act of 2009 (ARRA) for additional activities under Division B, Title III of the Housing and Economic Recovery Act (HERA) of 2008. Additional information regarding ARRA can be found at <http://www.hud.gov/recovery/>. The NSP2 funding is to assist in the redevelopment of abandoned and foreclosed homes. The Consortium's NSP2 funding is targeted for the following activities; establish financing methods for purchase and redevelopment of foreclosed upon homes and residential properties, purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, redevelop demolished or vacant properties as housing. The Consortium's NSP2 funds will be administered by the Department of Economic and Community Development (DECD) as the lead applicant. In addition to DECD, the Consortium members are the City of Bridgeport, the City of Hartford, the City of New Haven, the City of Stamford, the Corporation for Independent Living, Neighborhood Housing Services of CT, Inc., and Greater New Haven Community Loan Fund.

All state residents are encouraged to provide written comment on the Consortium's draft NSP2 Application. A copy of the Consortium's draft NSP2 Application as well as the state's five-year Consolidated Plan for Housing and Community Development, annual Action Plans, and substantial amendments are available at the Department of Economic and Community Development's website, www.DECD.org.

Written comments may be sent to W. Michael Regan, Community Development Assistant Administrator, Office of Strategy and Policy, Department of Economic & Community Development, 505 Hudson Street, Hartford, CT 06106-7106 or emailed to NSP.Comments@ct.gov. All comments received will be summarized and responded to in the final NSP2 Application which will be posted on DECD's website, www.DECD.org.

Department of Economic & 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.

Publication Date: June 18, 2009

STATE OF CONNECTICUT
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

* * * * *

IN RE: APRIL 16, 2009
HOUSING & COMMUNITY 2:05 P.M.
DEVELOPMENT NEEDS

* * * * *

BEFORE: DEBRA LANDRY, CHAIRPERSON

HEARING RE: HOUSING & COMMUNITY DEVELOPMENT NEEDS
APRIL 16, 2009

1 . . .Verbatim proceedings of a hearing
2 before the Department of Economic and Community
3 Development in the matter of Housing & Community
4 Development Needs, held on April 16, 2009 at 2:05 p.m. at
5 805 Brook Street, Rocky Hill, Connecticut, at which time
6 the parties were represented as hereinbefore set forth. .
7 . .

8
9
10

11 CHAIRPERSON DEBRA LANDRY: Today is April
12 16, 2009, and it's 2:00 p.m., 2:05 p.m., and I am Debra
13 Landry from the Department of Economic and Community
14 Development.

15 I'm here to receive public comment and
16 response to funding opportunities contained in Title XII
17 of the American Recovery and Reinvestment Act of 2009,
18 also known as ARRA, as they apply to the Federal programs
19 included in the State's 2005/2009 Consolidated Plan and a
20 revision to the State's Citizen Participation Plan,
21 pursuant to 24 CFR Part 91 Section 91.115.

22 Please be advised that, as contained in
23 the legal notice, all comments received at this public
24 hearing will be addressed in the citizen participation

HEARING RE: HOUSING & COMMUNITY DEVELOPMENT NEEDS
APRIL 16, 2009

1 and public commentary section of the Substantial
2 Amendments to the Consolidated Plan 2008 Action Plan for
3 Housing and Community Development.

4 Just to be a little bit more specific, the
5 programs included are Emergency Shelter Grant Program,
6 the Housing Opportunities for Persons with AIDS Program,
7 the Home Investment Partnership Program and the Community
8 Development Block Grant for Small Cities Program.

9 To date, approximately 10,018,309 has been
10 identified to be available under the ESG grant, also
11 known as the Housing Prevention and Rapid Re-housing
12 Program.

13 My role here today is to make sure that
14 your comments become part of the public record and that
15 they are addressed in the Substantial Amendments that
16 will be submitted to HUD.

17 I would ask that you start by identifying
18 yourself and who you represent before presenting your
19 comments. There are some people here to provide public
20 comment, so we will start.

21 If you would like to introduce yourself,
22 and who you represent, and provide any comment. I just
23 want you to know I'm not here necessarily to answer
24 questions on the public record, but the comments will go

HEARING RE: HOUSING & COMMUNITY DEVELOPMENT NEEDS
APRIL 16, 2009

1 into record and will be responded to in the Substantial
2 Amendments.

3 MS. DAWN PARKER: Great. Okay, thanks.

4 CHAIRPERSON LANDRY: Yup.

5 MS. PARKER: I'm Dawn Parker, and I'm here
6 on my own, but I work for a non-profit, so I'm taking my
7 opinions from what I see in my non-profit world in
8 Connecticut, and, in particular, this is about the
9 Homeless Prevention and Rapid Re-housing part of the
10 money.

11 CHAIRPERSON LANDRY: Um-hum.

12 MS. PARKER: And I would like to see that
13 there's a more central location for information. There's
14 a lot of -- I know this is for the State, balance of the
15 State money, but there's also RFPs in the different
16 cities, and we're a statewide organization, and we're
17 having a difficult time keeping track of information,
18 deadlines, hearings, discussions, things like that, and
19 we have statewide organizations that might serve as the
20 vehicle for information.

21 They've served a vehicle of information
22 and knowledge and, you know, HUD's interpretation and
23 guidelines and sort of summaries and ideas, but dates are
24 not like being conveyed in one central location, which is

HEARING RE: HOUSING & COMMUNITY DEVELOPMENT NEEDS
APRIL 16, 2009

1 making it difficult for us.

2 And then the other thing I would like to
3 try to make sure is that everybody is able to
4 participate, and that the guidelines put down from HUD I
5 look at them as pretty simplified, and I hope that they
6 stay simplified in order to have as many people be able
7 to access the funds for their organizations and to help
8 out different people across the state.

9 Those are my comments. Keep it simple,
10 and try to let the dates be known for people, so that
11 they don't miss opportunities.

12 CHAIRPERSON LANDRY: All set?

13 MS. PARKER: Yes.

14 CHAIRPERSON LANDRY: Thank you very much
15 for providing public comment. Is there anyone else here
16 that would like to provide public comment at this time?

17 MS. DIANE RANDALL: Do you want me to go
18 ahead?

19 CHAIRPERSON LANDRY: Sure.

20 MS. RANDALL: I'm Diane Randall. I'm the
21 Director of the Partnership for Strong Communities, and I
22 want to thank you for having public comment on the ARRA
23 money and how it will impact the Consolidated Plan.

24 I would say a couple of things. One is

HEARING RE: HOUSING & COMMUNITY DEVELOPMENT NEEDS
APRIL 16, 2009

1 that I think, in particular, with the money, the
2 emergency shelter grant money that's going to be used for
3 Rapid Re-housing and Homelessness Prevention it's a
4 wonderful opportunity for us to I think make some very
5 positive inroads in addressing homelessness and helping,
6 assisting families and individuals get out of shelters.

7 I would very strongly recommend that the
8 Department and that the State use 100 percent of the new
9 Federal stimulus money for that purpose and not supplant.

10 I know that early on there was some
11 conversation, because this money wasn't required to not
12 do that, that there was some question about whether it
13 would supplant some of the existing uses already. While
14 I think given the potential growth in the numbers of
15 families in need and facing homelessness, that it's
16 really critical that we use 100 percent of the new money
17 for that purpose.

18 I think the other, the specific pot I want
19 to address is the weatherization money and the obvious
20 opportunities that are created with the significant
21 increase in new funding for weatherization.

22 That money has been used in a very small
23 way for a very important purpose, which is to help, I
24 think primarily help households, who own their homes, who

HEARING RE: HOUSING & COMMUNITY DEVELOPMENT NEEDS
APRIL 16, 2009

1 are at a certain income level be able to maintain those
2 homes and provide the necessarily repairs that provide
3 better energy efficiency, which I think is absolutely
4 part of what needs to be done, particularly within our
5 center cities, where we have a lower-income population,
6 who may own their homes and may not be able to maintain
7 them. I think it's very critical that at least a portion
8 of the money be used for that.

9 I would like to also encourage the State,
10 though, to consider whether some of this money can be
11 used, and I don't know all the guidelines, but can be
12 used to address the preservation needs of other forms of
13 housing, in addition to single-family homeownership.

14 Significantly, we have a number of
15 affordable housing developments that are serving a lower-
16 income population that need modifications that will help
17 make those developments much more energy efficient, much
18 more safe for the residents who live there, and whether
19 this money might be able to be invested in some of those
20 properties in a way that sustains the properties,
21 themselves, provides better quality of life for the
22 tenants and, in fact, does it in a green way that is I
23 think serving the broader purposes of the ARRA
24 legislation to basically create more sustainable

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1 communities, as well, so I think it's very important that
2 that use of the weatherization money be weighed carefully
3 to serve both homeowners and renters.

4 In regard to how this impacts the
5 Consolidated Plan, I think that one of the critical needs
6 that we hear as an advocacy and policy organization is
7 what was reflected in the earlier comment, which is a
8 need for clarity, what I would call broadly clarity and
9 transparency.

10 We've been participating in forums
11 throughout the State this week that the community
12 foundations have done, and the non-profit organizations
13 that are delivering services on behalf of the State, in
14 particular addressing homelessness and housing, are just
15 looking for information at the very basic and need
16 clarity about what is happening, what the time frames
17 are, what the opportunities are.

18 And I think the other part of it is to
19 understand how this new money will mesh with existing
20 resources that are currently available. For example, the
21 new Neighborhood Stabilization Program. How does this
22 money mesh with that? But, also, longstanding programs
23 that DECD or DSS or others operate to understand how
24 these programs can fit and what the possibilities are I

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1 think are really important.

2 I think the other element that is striking
3 about this new resource and how it fits with the
4 Consolidated Plan is that I think it will require, as to
5 really rethink the planning for how we're going to
6 address the issues of housing and homelessness in our
7 state.

8 Clearly, I think both the non-profit
9 community that are delivering these services and the
10 State will increasingly be looking to how the Federal
11 response can assist us, and, so, I think, and I
12 understand that the amendments to this plan are probably
13 very specific to this set of money, but as we look
14 forward to the next phase of planning, I think it's going
15 to be really critical to reassess and perhaps tighten up
16 how we prioritize, what gets done in the State, what can
17 be done, and to be honest and clear about what can't be
18 done.

19 You know, there's a lot of ingenuity in
20 our State and a lot of opportunity, and, so, I think the
21 Department's ability to pull that together and to frame
22 it in a way that gives those organizations, whether
23 municipalities, or housing authorities, or anyone else
24 who wanted to address housing needs for people who are

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1 very low income, as well as in some cases service needs,
2 and they want to do it from both the perspective that
3 addresses tenants, as well as neighborhoods, that they
4 have a clear understanding of what the State's priorities
5 are and, also, how the DECD is working in conjunction
6 with other State agencies and with HUD on these
7 priorities.

8 I think, again, just the greatest amount
9 of clarity and transparency will serve our entire State
10 the best. That's my comment.

11 CHAIRPERSON LANDRY: All set? Okay. As
12 there are no other members of the public currently
13 present, we would like to recess until such time as
14 additional persons may appear. Thank you.

15 (Off the record)

16 CHAIRPERSON LANDRY: Since no other member
17 of the public has appeared to provide comment, we will
18 close this hearing at 3:05 p.m.

19 (Whereupon, the hearing adjourned at 3:05
20 p.m.)

STATE OF CONNECTICUT
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

* * * * *

IN RE: APRIL 17, 2009
HOUSING & COMMUNITY 2:00 P.M.
DEVELOPMENT NEEDS

* * * * *

BEFORE: RICK ROBBINS, CHAIRPERSON

HEARING RE: HOUSING & COMMUNITY DEVELOPMENT NEEDS
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1 . . .Verbatim proceedings of a hearing
2 before the Department of Economic and Community
3 Development in the matter of Housing & Community
4 Development Needs, held on April 17, 2009 at 2:00 p.m. at
5 2750 Dixwell Avenue, Hamden, Connecticut, at which time
6 the parties were represented as hereinbefore set forth. .
7 . .

8
9
10

11 CHAIRPERSON RICK ROBBINS: Today is April
12 17, 2009, and it's 2:00. I'm Rick Robbins of the
13 Connecticut Department of Economic and Community
14 Development, and I'm here to receive public comment and
15 response to funding opportunities contained in Title XII
16 of the American Recovery and Reinvestment Act of 2009 as
17 they apply to the Federal programs included in the
18 State's 2005 to 2009 Consolidated Plan and a revision to
19 the State's Citizen Participation Plan, pursuant to 24
20 CFR Part 91 Section 91.115.

21 Please be advised, as contained in the
22 legal notice, all comments received at this public
23 hearing will be addressed in the citizen participation
24 and public commentary section of the Substantial

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1 Amendment to the Consolidated Plan 2008 Action Plan for
2 Housing and Community Development.

3 My role here today is to make sure that
4 your comments become part of the public record and that
5 they are addressed in the Substantial Amendment.

6 I would ask that you start by identifying
7 yourself and who you represent before presenting your
8 comments. As no member of the public is currently
9 present to provide comment, we will recess until such
10 time as someone appears to do so.

11 (Off the record)

12 CHAIRPERSON ROBBINS: Okay. Since no
13 member of the public has appeared to provide comment, we
14 will close this hearing at 3:25 on the 17th of April.
15 Thank you.

16 (Whereupon, the hearing adjourned at 3:25
17 p.m.)