

# Action Plan

**Grantee:** Newark, NJ

**Grant:** B-11-MN-34-0102

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**LOCCS Authorized Amount:** \$ 2,018,637.00  
**Grant Award Amount:** \$ 2,018,637.00  
**Status:** Reviewed and Approved

**Estimated PI/RL Funds:**

**Total Budget:** \$ 2,018,637.00

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## Funding Sources

**No Funding Sources Found**

## Narratives

### Summary of Distribution and Uses of NSP Funds:

Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010 (Pub. L. 111&ndash203, approved July 21, 2010) (Dodd-Frank Act) through the United States Department of Housing and Urban Development&rsquos (HUD) Neighborhood Stabilization Program (NSP3.) NSP3 provides funds to municipalities to acquire and redevelop foreclosed or abandoned properties that might otherwise become sources of blight and to rehabilitate, resell, or redevelop these homes in order to stabilize neighborhoods and stem the decline of house values of neighboring homes. The City of Newark intends to use these funds in a manner that complies with regulations established by the U.S. Department of Housing and Urban Development as published in the Federal Register on October 19, 2010 and will meet the requirements that 50% of the funds be expended within 2 years and 100% within 3 years from HUD execution of the NSP3 Grant Agreement.1. Areas of Greatest Need

The City of Newark continues to face challenges associated with ongoing fall-out from the subprime mortgage collapse in 2007, intensified in the last year by increased unemployment. Certain neighborhoods have been identified by the City as NSP target neighborhoods since the City&rsquos first NSP allocation in 2008. These neighborhoods were selected based on high levels of foreclosure and abandonment, as well as the presence of active community-based organizations that can assist the City with program implementation.

NSP3 funds have been allocated to the City in an amount of \$2,018,637.00. These funds will continue the City&rsquos NSP program by targeting areas of greatest need based on current foreclosure and abandonment rates, vacancy rates, and synergy with other targeted neighborhood development projects. The neighborhoods with the highest needs to be targeted for the NSP3 allocation are described further in the chart below and include: Clinton Hill; Fairmount; Lower Broadway; Lower Roseville; Ironbound; Vailsburg; Lincoln Park; and West Side Park.

Newark&rsquos NSP work grew out of a response to the mortgage foreclosure crisis that began in 2007, when City staff began coordinating the Newark/Essex Foreclosure Taskforce, a coalition of over 35 organizations (community development corporations, nonprofit housing counseling and legal service providers, state and federal regulators and funders and county and local community development officials and advocacy organizations) working to form a collective response to the impact of high levels of foreclosure on residents and neighborhoods in Essex County. The Foreclosure Taskforce&rsquos efforts to canvas neighborhoods across the City to provide information to residents about preventing displacement have led to significant insights on the extent and impact of foreclosure across the City. Experience gained through the Taskforce continues to inform and support the NSP program, including targeting of NSP3 funds.

### How Fund Use Addresses Market Conditions:

The City of Newark as a whole continues to struggle with foreclosure and unemployment. Recent data on foreclosures in Newark from RealtyTrac, a private foreclosure data tracking services ([www.realtytrac.com](http://www.realtytrac.com)), reveal 1,082 bank-owned properties and over 3,350 properties in some stage of the foreclosure process. In addition, Real Quest/List Source data ([www.realquest.com](http://www.realquest.com)) indicates that 2,320 properties with adjustable rate mortgages are scheduled to re-set between January 1, 2011 and December 31, 2011. Of these, 1,859 have a Loan To Value ratio of 80% or higher, and therefore, given the continued weakness in housing and employment markets, are most likely to be vulnerable to



enter foreclosure once rates re-set. Furthermore, the majority of new foreclosures for residents working with housing counselors are reported to be precipitated by loss of employment or income. Unemployment rates in Newark were 14.3% as of August 2009, according to the US Department of Labor. Families without income are highly unlikely to be able to negotiate a loan modification and remain in their homes. Foreclosures associated with unemployment affect properties that may have had prime loans, swelling the number of foreclosures caused by subprime lending. Finally, sheriff sale data from Essex County's Sheriff's Office shows a substantial number of properties that could be claimed as bank-owned, but the lenders have not yet chosen to complete the foreclosure process- in some cases due to the fallout from the legal challenges around the processing of foreclosures ( i.e. "robo-signing") and in others due to uncertainty about REO disposition . This so-called "shadow inventory" is likely to come onto the market in the next two years, adding to the pool of properties available for sale. All of these trends demonstrate the ongoing need for NSP funds and the importance of strategic targeting of these funds to leverage the maximum possible benefit from limited public resources.

**Ensuring Continued Affordability:**

The City shall ensure that, to the maximum extent practicable and for the longest feasible term, the sale, rental, or redevelopment of abandoned and foreclosed homes and residential properties assisted through NSP shall remain affordable to individuals or families whose incomes do not exceed the income levels established under the program rules. The City shall adopt requirements that exceed the safe harbor HOME program standards for affordable housing qualifications, located at 24 CFR 92.252(a), (c), (e) and (f) and 92.254. Specifically, the City will record or have recorded a deed restriction, running with the land, on all units acquired, rehabilitated (or newly developed following demolition) for units assisted with NSP restricting occupancy and allowable rents for the following periods:

NSP Funds	Periods of Affordability
\$0 - \$40,000	10 Years
>\$40,000	20 Years
New construction or Acquisition of new housing	20 Years

**Definition of Blighted Structure:**

Shall mean properties that meet the definition of "Abandoned" under the N.J.S.A. 55:19-78 et. seq. (The Abandoned Property and Rehabilitation Act), or that are "unfit for human habitation or occupancy, or use, due to dilapidation, defects increasing the hazards of fire, accidents or other calamities, lack of ventilation, light or sanitation facilities, or due to other conditions rendering such building or buildings, or part thereof, unsafe or unsanitary, or dangerous or detrimental to the health or safety or otherwise inimical to the welfare of the residents" (N.J.S.A. 40:48-2.3.)

**Definition of Affordable Rents:**

Shall mean a rent that does not exceed the lesser of Fair Market Rents as established under 24 CFR 888.111 or a rent that does not exceed 30 percent of the adjusted gross income of a family whose income equals 65 percent of Area Median Income.

**Housing Rehabilitation/New Construction Standards:**

The City of Newark in collaboration with the Housing Community Development Network (HCDN) has created the homeownership and rental rehabilitation standards. These standards were adopted by the City of Newark to promote healthy and safe homes, affordable operating costs, marketable homes, accessibility for person with disabilities, performance and durability, lead-safe housing and sustainable construction. These standards are supplemental to all other laws and regulations governing construction practices in the City of Newark and do not supersede other mandatory building requirements. The City of Newark Rehabilitation Standards are based on the Enterprise Green Communities, Energy Star and Energy Star Indoor Air Quality Standards.

**Vicinity Hiring:**

The City will issue a Request for Proposals to solicit qualified redevelopers with current demonstrated capacity to acquire, rehabilitate and lease/sell foreclosed or abandoned homes. Proposers that show site control or evidence of expected site control including advanced negotiations with a seller - will be considered more favorably. Properties should be one to three family homes that will be re-sold to income-eligible households, though larger multifamily projects may be considered. Further consideration will also be given to proposers that have a demonstrated track record of successfully utilizing federal (HUD) funds and compliance with requirements of Section 3. In the City's RFP process, strong preference will be provided to responses that include specific commitments and partnerships in their applications to engage local residents on the construction job sites, and/or that are from or that represent partnerships with local WMBE contractors. Redevelopers will be required to meet the Newark/Essex Rehabilitation Standards, which incorporate Enterprise Green Community Standards. All respondents will be required to adhere to the City of Newark's Affirmative Action Ordinance and local hiring and contracting requirements.

**Procedures for Preferences for Affordable Rental Dev.:**

Shall mean a rent that does not exceed the lesser of Fair Market Rents as established under 24 CFR 888.111 or a rent that does not exceed 30 percent of the adjusted gross income of a family whose income equals 65 percent of Area Median Income.

**Grantee Contact Information:**

Contact:

>Simone Flores  
920 Broad St, RM 421  
Newark, NJ 07102

## Project Summary

Project #	Project Title	Grantee Activity #	Activity Title
9999	Restricted Balance	<i>No activities in this project</i>	
NSP3 ADMIN	ADMIN	NSP3- Admin	NSP3 Admin
NSP3 Demolition	NSP3 Demolition	NSP3 Demolition	NSP3 -4 units
		NSP3- 2 units	NSP3 - Set aside
NSP3- Acq & Rehab	NSP3 Acq & Rehab	NSP3 - 20 units	NSP3- Rehab
		NSP3-8 units	NSP3- Acq & Rehab
NSP3- HOA-400K	NSP3 HOA	NSP3- 300K	NSP3 ADDI
		NSP3-206K	NSP3- ADDI



# Activities

**Project # / Title:** NSP3 ADMIN / ADMIN

**Grantee Activity Number:** NSP3- Admin  
**Activity Title:** NSP3 Admin

**Activity Type:**

Administration

**Project Number:**

NSP3 ADMIN

**Projected Start Date:**

03/09/2011

**Project Draw Block by HUD:**

Not Blocked

**Activity Draw Block by HUD:**

Not Blocked

**Block Drawdown By Grantee:**

Not Blocked

**National Objective:**

Not Applicable - (for Planning/Administration or Unprogrammed Funds only)

**Environmental Assessment:**

EXEMPT

**Benefit Report Type:**

NA

**Activity Status:**

Under Way

**Project Title:**

ADMIN

**Projected End Date:**

03/07/2014

**Project Draw Block Date by HUD:**

**Activity Draw Block Date by HUD:**

**Total Budget:** \$ 201,864.00

**Other Funds Total:** \$ 0.00

**Total Funds Amount:** \$ 201,864.00

**Activity is being carried out by Grantee:**

Yes

**Activity is being carried out through:**

Grantee Employees

**Organization carrying out Activity:**

City of Newark

**Proposed budgets for organizations carrying out Activity:**

Responsible Organization	Organization Type	Proposed
City of Newark	Unknown	\$ 201,864.00

**Location Description:**

City of Newark  
920 Broad St, RM 421  
Newark, NJ 07102



**Activity Description:**

The City of Newark will utilize 10% of its' NSP3 allocation for the administration of the program.

**Project # / Title: NSP3 Demolition / NSP3 Demolition**

**Grantee Activity Number:** NSP3 Demolition  
**Activity Title:** NSP3 -4 units

**Activity Type:**

Clearance and Demolition

**Activity Status:**

Cancelled

**Project Number:**

NSP3 Demolition

**Project Title:**

NSP3 Demolition

**Projected Start Date:**

03/09/2011

**Projected End Date:**

03/07/2014

**Project Draw Block by HUD:**

Not Blocked

**Project Draw Block Date by HUD:**

**Activity Draw Block by HUD:**

Not Blocked

**Activity Draw Block Date by HUD:**

**Block Drawdown By Grantee:**

Not Blocked

**Total Budget:** \$ 0.00

**National Objective:**

LMMI: Low, Moderate and Middle Income National Objective for NSP Only

**Other Funds Total:** \$ 0.00

**Total Funds Amount:** \$ 0.00

**Environmental Assessment:**

UNDERWAY

**Benefit Report Type:**

Area Benefit (Survey)

**Proposed Beneficiaries**

# of Persons

**Total**

4

**Low**

**Mod**

4

**Low/Mod%**

100.00

**Proposed Accomplishments**

# of Singlefamily Units

**Total**

4

# of Housing Units

4

# of Businesses

# of Public Facilities

# of buildings (non-residential)

# of Properties

4



**Activity is being carried out by Grantee:**

**Activity is being carried out through:**

No

**Organization carrying out Activity:**

City of Newark

**Proposed budgets for organizations carrying out Activity:**

**Responsible Organization**

City of Newark

**Organization Type**

Unknown

**Proposed**

\$ 0.00

**Location Description:**

The City of Newark has decided to use othe source of funds for this activity.

**Activity Description:**

To be determined.In the process of developing an RFP

**Grantee Activity Number:** NSP3- 2 units  
**Activity Title:** NSP3 - Set aside

**Activity Type:**  
 Clearance and Demolition

**Activity Status:**  
 Cancelled

**Project Number:**  
 NSP3 Demolition

**Project Title:**  
 NSP3 Demolition

**Projected Start Date:**  
 03/09/2011

**Projected End Date:**  
 03/07/2014

**Project Draw Block by HUD:**  
 Not Blocked

**Project Draw Block Date by HUD:**

**Activity Draw Block by HUD:**  
 Not Blocked

**Activity Draw Block Date by HUD:**

**Block Drawdown By Grantee:**  
 Not Blocked

**Total Budget:** \$ 0.00

**National Objective:**  
 LH25: Funds targeted for housing for households whose incomes are at or under 50% Area Median Income.

**Other Funds Total:** \$ 0.00

**Total Funds Amount:** \$ 0.00

**Environmental Assessment:**  
 UNDERWAY

**Benefit Report Type:**  
 Area Benefit (Survey)

Proposed Beneficiaries	Total	Low	Mod	Low/Mod%
# of Persons	2	2		100.00

Proposed Accomplishments	Total
# of Singlefamily Units	2
# of Housing Units	2
# of Businesses	
# of Public Facilities	
# of buildings (non-residential)	
# of Properties	4

**Activity is being carried out by Grantee:** No  
**Activity is being carried out through:**

**Organization carrying out Activity:**  
 City of Newark

**Proposed budgets for organizations carrying out Activity:**

Responsible Organization	Organization Type	Proposed
City of Newark	Unknown	\$ 0.00



**Location Description:**

The City of Newark has decided to use other source of funds for this activity.

**Activity Description:**

TO be determined. In the process of developing RFP

**Project # / Title: NSP3- Acq & Rehab / NSP3 Acq & Rehab**

**Grantee Activity Number: NSP3 - 20 units**  
**Activity Title: NSP3- Rehab**

**Activity Type:**

Rehabilitation/reconstruction of residential structures

**Activity Status:**

Under Way

**Project Number:**

NSP3- Acq & Rehab

**Project Title:**

NSP3 Acq & Rehab

**Projected Start Date:**

03/09/2011

**Projected End Date:**

03/07/2014

**Project Draw Block by HUD:**

Not Blocked

**Project Draw Block Date by HUD:**

**Activity Draw Block by HUD:**

Not Blocked

**Activity Draw Block Date by HUD:**

**Block Drawdown By Grantee:**

Not Blocked

**Total Budget:** \$ 882,500.00

**National Objective:**

LMMI: Low, Moderate and Middle Income National Objective for NSP Only

**Other Funds Total:** \$ 0.00

**Total Funds Amount:** \$ 882,500.00

**Environmental Assessment:**

UNDERWAY

**Benefit Report Type:**

Direct (Households)

**Proposed Beneficiaries**

	Total	Low	Mod	Low/Mod%
# Owner Households	20		20	100.00
# of Households	20		20	100.00

**Proposed Accomplishments**

	Total
# of Singlefamily Units	20
# of Housing Units	20



**Activity is being carried out by Grantee:**

No

**Activity is being carried out through:**

**Organization carrying out Activity:**

City of Newark

**Proposed budgets for organizations carrying out Activity:**

**Responsible Organization**

City of Newark

**Organization Type**

Unknown

**Proposed**

\$ 781,741.31

**Location Description:**

To be determined. In the process of developing RFP

**Activity Description:**

To be determined. In the process of developing RFP

**Grantee Activity Number:** NSP3-8 units  
**Activity Title:** NSP3- Acq & Rehab

**Activity Type:**  
 Rehabilitation/reconstruction of residential structures

**Activity Status:**  
 Under Way

**Project Number:**  
 NSP3- Acq & Rehab

**Project Title:**  
 NSP3 Acq & Rehab

**Projected Start Date:**  
 03/09/2011

**Projected End Date:**  
 03/07/2014

**Project Draw Block by HUD:**  
 Not Blocked

**Project Draw Block Date by HUD:**

**Activity Draw Block by HUD:**  
 Not Blocked

**Activity Draw Block Date by HUD:**

**Block Drawdown By Grantee:**  
 Not Blocked

**Total Budget:** \$ 327,500.00

**National Objective:**  
 LH25: Funds targeted for housing for households whose incomes are at or under 50% Area Median Income.

**Other Funds Total:** \$ 0.00

**Total Funds Amount:** \$ 327,500.00

**Environmental Assessment:**  
 UNDERWAY

**Benefit Report Type:**  
 Direct (Households)

Proposed Beneficiaries	Total	Low	Mod	Low/Mod%
# Owner Households	8	8		100.00
# of Households	8	8		100.00

Proposed Accomplishments	Total
# of Singlefamily Units	8
# of Housing Units	8

**Activity is being carried out by Grantee:** No  
**Activity is being carried out through:**

**Organization carrying out Activity:**  
 City of Newark

**Proposed budgets for organizations carrying out Activity:**

Responsible Organization	Organization Type	Proposed
City of Newark	Unknown	\$ 245,031.99

**Location Description:**  
 To be Determined. In the process of developing RFP

**Activity Description:**

To be Determined. In the process of developing RFP

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**Project # / Title: NSP3- HOA-400K / NSP3 HOA**

**Grantee Activity Number: NSP3- 300K**  
**Activity Title: NSP3 ADDI**

**Activity Type:**

Homeownership Assistance to low- and moderate-income

**Project Number:**

NSP3- HOA-400K

**Projected Start Date:**

10/23/2013

**Project Draw Block by HUD:**

Not Blocked

**Activity Draw Block by HUD:**

Not Blocked

**Block Drawdown By Grantee:**

Not Blocked

**National Objective:**

LMMI: Low, Moderate and Middle Income National Objective for NSP Only

**Environmental Assessment:**

EXEMPT

**Benefit Report Type:**

NA

**Activity Status:**

Under Way

**Project Title:**

NSP3 HOA

**Projected End Date:**

03/18/2014

**Project Draw Block Date by HUD:**

**Activity Draw Block Date by HUD:**

**Total Budget:** \$ 400,000.00

**Other Funds Total:** \$ 0.00

**Total Funds Amount:** \$ 400,000.00

**Proposed Accomplishments**

# of Singlefamily Units

**Total**

9

# of Housing Units

9

**Activity is being carried out by Grantee:**

No

**Activity is being carried out through:**

**Organization carrying out Activity:**

City of Newark

**Proposed budgets for organizations carrying out Activity:**

**Responsible Organization**

**Organization Type**

**Proposed**



**Location Description:**

To be determined. In the process of developing a RFP

**Activity Description:**

To be determined. In the process of developing a RFP

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**Grantee Activity Number:** NSP3-206K  
**Activity Title:** NSP3- ADDI

**Activity Type:**

Homeownership Assistance to low- and moderate-income

**Project Number:**

NSP3- HOA-400K

**Projected Start Date:**

10/23/2013

**Project Draw Block by HUD:**

Not Blocked

**Activity Draw Block by HUD:**

Not Blocked

**Block Drawdown By Grantee:**

Not Blocked

**National Objective:**

LH25: Funds targeted for housing for households whose incomes are at or under 50% Area Median Income.

**Environmental Assessment:**

EXEMPT

**Benefit Report Type:**

NA

**Activity Status:**

Under Way

**Project Title:**

NSP3 HOA

**Projected End Date:**

03/18/2014

**Project Draw Block Date by HUD:**

**Activity Draw Block Date by HUD:**

**Total Budget:** \$ 206,773.00

**Other Funds Total:** \$ 0.00

**Total Funds Amount:** \$ 206,773.00

**Proposed Accomplishments**

# of Singlefamily Units

# of Housing Units

**Total**

3

3

**Activity is being carried out by Grantee:**

No

**Organization carrying out Activity:**

City of Newark

**Activity is being carried out through:**

**Proposed budgets for organizations carrying out Activity:**

**Responsible Organization**

City of Newark

**Organization Type**

Unknown

**Proposed**

\$ 125,000.00

**Location Description:**

To be determined. In the process of developing RFP

**Activity Description:**

To be determined. In the process of developing RFP



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## Action Plan Comments:

## Action Plan History

Version	Date
B-11-MN-34-0102 AP#1	03/26/2014
B-11-MN-34-0102 AP#2	10/30/2013
B-11-MN-34-0102 AP#3	10/24/2013
B-11-MN-34-0102 AP#4	11/02/2011

