

Action Plan

Grantee: Paterson, NJ

Grant: B-11-MN-34-0103

LOCCS Authorized Amount:	\$ 1,196,877.00
Grant Award Amount:	\$ 1,196,877.00
Status:	Reviewed and Approved
Estimated PI/RL Funds:	\$ 0.00
Total Budget:	\$ 1,196,877.00

Funding Sources

Funding Source	Funding Type
Neighborhood Stabilization Program 3	Other Federal Funds

Narratives

Summary of Distribution and Uses of NSP Funds:

The City of Paterson utilized the foreclosure data information on the HUDuser website to determine the areas of greatest need. Based on the foreclosure need and foreclosure related needs scores for the City of Paterson, the Department of Community Development was able to determine that the entire City met the score threshold required for services through NSP3 formula allocations. There was no identified area within the City of Paterson that had a score of less than a 17, which is the minimum requirement.

How Fund Use Addresses Market Conditions:

The City of Paterson has decided to focus its NSP 3 Program on the neighborhoods located in the City's 4th Ward, which comprise Census Tracts #1814 and Census Tract #1815. These two areas have estimated foreclosure need scores of 20. Inherent in the foreclosure needs score of 20 are the areas of the City of Paterson that have the greatest percentage of home foreclosures, have the highest percentage of homes financed by a sub-prime mortgage related loan and have been identified by the City as likely to face a significant rise in the rate of home foreclosures. Based on the information from the HUD user database, there are 2,469 total housing units in the neighborhood. The percentage of individuals residing in the neighborhood with less than 120% AMI is 95.67%. While, there are 80.8% of individuals residing in the neighborhood at less than 80% AMI. In addition, based on the foreclosure estimates provided by HUD, there were 76 foreclosure starters in the past year; 57.85% of the housing units had a high mortgage costs between 2004 and 2007; 530 housing units received a mortgage between 2004 and 2007 and 26.78% of the housing units were either 90 days delinquent or in foreclosure. Also, there were 2,422 USPS residential addresses in the neighborhood. As of March 2010, there were 114 residential addresses vacant for 90 or more. As of March 2010, there were 304 residential addresses that have a "no stat" status, which is an indication of an area of with a serious blight problem.

The City of Paterson has an approved Redevelopment Plan for the 4th Ward, which is currently being operationalized. There are significant resources from non-profits being utilized in the area, especially in regards to neighborhood revitalization, day care facilities and social service programs. Additionally, the Department of Community Development has allocated home rehabilitation dollars through its Paterson PRIDE Program to homeowners in these identified neighborhoods. In addition, the Department of Community Development, through its First Time Homebuyers Program, has seen a significant number of homes being bought in these identified neighborhoods. Currently, the Paterson Housing Authority has purchased the Apollo Dye Site, which they are planning to renovate and establish senior citizen housing. This investment of housing through the Housing Authority is located in the identified neighborhood that the City of Paterson plans to focus its NSP 3 efforts. Despite the number of positive investments materializing in these identified neighborhoods, these neighborhoods continue to be areas of high rates of violent crime, drug incidences and vacant and abandoned properties, which breed negative behaviors of residents within the targeted



neighborhood. Therefore, it will be the approach of the City of Paterson through the Department of Community Development to establish a targeted approach to these identified neighborhood through the use of its CDBG and HOME Program allocations. Additionally, the Office of Neighborhood Assistance will focus its efforts on coordinating neighborhood block associations in these targeted neighborhoods. These block associations will undergo leadership training and become certified by the City of Paterson, so that the associations will be equipped to mitigate potential problems within the City and assist the Paterson Police Department in determining "hot spots" within these identified neighborhoods. The neighborhood "hot spots" will enable the Paterson Police Department to monitor the "hot spot" locations for illegal behavior and assist the community members in reclaiming their neighborhoods one block at a time. The Division of Community Improvements will continue to assign inspectors to these neighborhoods to enforce the codes and ordinances of the City of Paterson. In addition, the Division of Community Improvements will establish a database where it can log and track the nuisance properties within these identified neighborhoods and legally sanction the property owners for their lack of diligence in maintaining their properties.

Ensuring Continued Affordability:

To comply with the Rental Housing Preference, the City of Paterson is only developing rental housing under the NSP 3 program design. Based on the City's previously funded housing development activity on the NSP 3 target area, the City has assessed the Local Housing Market Conditions in the NSP3 target area and has determined the market is not strong enough to support the development of incremental homeownership housing units at this time.

For rental housing, the City will also use the requirements for affordability under the HOME Program, which are found at 24 CFR, part 92.252, except that the targeting will be either low-income households as specified, or LMMI households when the rental housing units are intended to serve these higher income households. The rental housing units rehabilitated utilizing NSP3 assistance will be maintained as affordable housing for a minimum of fifteen (15) years. As stated previously, in defining affordable rents, the City has elected to use the HUD Fair Market Rent (FMRs) for Passaic County. However, as the City will follow the provisions at 24CFR 92.252 (a), (c), (e) and (f) of the HOME regulations in implementing its NSP3 housing activities, the maximum rent permitted will be the lesser of the HUD FMRs or a rent that does not exceed 30% of the adjusted income of a family whose annual income equals 65% of the median income for the area, as determined by HUD with adjustments for number of bedrooms in the unit. The request for proposals (rfp) the City uses to identify developers to build NSP3-assisted units and the developer agreement the City enters into with the selected developer will have provisions stipulating the maximum rents permissible and the minimum affordability period. In addition, the City will impose a deed restriction on any NSP3-assisted property to ensure the property is maintained as affordable rental housing for the fifteen (15) year period. The City will make annual inspections of the NSP3-assisted housing units to ensure the units are maintained as affordable and the households meet the income eligibility requirements.

Definition of Blighted Structure:

A structure that is detrimental to the public health and safety of residents of the City of Paterson. This definition is consistent with the one used by the City for its demolition program. "A blight stricken building is a building that is in disrepair, run down condition and does not meet the minimum standards of the Housing Property Maintenance Code."

Definition of Affordable Rents:

The City of Paterson will use the HUD Fair Market Rents for Passaic County, as periodically revised by the United States Department of Housing and Urban Development. In general, the Fair Market Rent for an area is the amount that would be needed to pay the gross rent (shelter plus utilities) for privately-owned, decent and safe rental housing of a modest (non-luxury) nature with suitable amenities.

Housing Rehabilitation/New Construction Standards:

The City has adopted the New Jersey Rehabilitation Subcode 5:23.6 as the rehabilitation standard for the housing rehabilitation programs. In addition, the City of Paterson through its rfp process will select developers that incorporate energy-efficient design in their housing rehabilitation projects, including use of Energy Star requirements.

To address HUD's vicinity hiring requirement, that grantees hire local contractors the City of Paterson will mandate through its rfp process will give preference to local developers and mandate that the developer hire local sub-contractors and local residents to work on NSP 3 funded activities.

Vicinity Hiring:

The RFP used by the city to select a developer to develop the NSP3 housing units, the City will give preference to those developers from the local vicinity and to developers which hire contractors and construction workers from the local vicinity.

Procedures for Preferences for Affordable Rental Dev.:

To comply with the Rental Housing Preference, the City of Paterson is only developing rental housing under the NSP 3 program design. Based on the City's previously funded housing development activity on the NSP 3 target area, the City has assessed the Local Housing Market Conditions in the NSP3 target area and has determined the market is not strong enough to support the development of incremental homeownership housing units at this time.

For rental housing, the City will also use the requirements for affordability under the HOME Program, which are found at 24 CFR, part 92.252, except that the targeting will be either low-income households as specified, or LMMI households when the rental housing units are intended to serve these higher income households. The rental housing units rehabilitated utilizing NSP3 assistance will be maintained as affordable housing for a minimum of fifteen (15) years. As stated previously, in defining affordable rents, the City has elected to use the HUD Fair Market Rent (FMRs) for Passaic County. However, as the City will follow



the provisions at 24CFR 92.252 (a), (c), (e) and (f) of the HOME regulations in implementing its NSP3 housing activities, the maximum rent permitted will be the lesser of the HUD FMRs or a rent that does not exceed 30% of the adjusted income of a family whose annual income equals 65% of the median income for the area, as determined by HUD with adjustments for number of bedrooms in the unit. The request for proposals (rfp) the City uses to identify developers to build NSP3-assisted units and the developer agreement the City enters into with the selected developer will have provisions stipulating the maximum rents permissible and the minimum affordability period. In addition, the City will impose a deed restriction on any NSP3-assisted property to ensure the property is maintained as affordable rental housing for the fifteen (15) year period. The City will make annual inspections of the NSP3-assisted housing units to ensure the units are maintained as affordable and the households meet the income eligibility requirements.

Grantee Contact Information:

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 973-321-1221 (phone)
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Project Summary

Project #	Project Title	Grantee Activity #	Activity Title
500	Acquisition and Rehabilitation	501	Purchase and Rehabilitation LH25
		502	Acquisition and Rehabilitation for LMMH
600	Demolition	600	Demolition of Blighted Structures
700	Administration	700	Administration
9999	Restricted Balance	<i>No activities in this project</i>	



Activities

Project # / Title: 500 / Acquisition and Rehabilitation

Grantee Activity Number: 501
Activity Title: Purchase and Rehabilitation LH25

Activity Type:
 Rehabilitation/reconstruction of residential structures

Activity Status:
 Under Way

Project Number:
 500

Project Title:
 Acquisition and Rehabilitation

Projected Start Date:
 06/01/2011

Projected End Date:
 06/01/2013

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

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

Total Budget: \$ 495,000.00
Other Funds: \$ 0.00
Total Funds: \$ 495,000.00

Environmental Assessment:

Benefit Report Type:
 Direct (Households)

Proposed Beneficiaries	Total	Low	Mod	Low/Mod%
# Renter Households	2	2		100.00
# of Households	2	2		100.00

Proposed Accomplishments	Total
# of Singlefamily Units	2
# of Housing Units	2
# ELI Households (0-30% AMI)	
# of Properties	1



Activity is being carried out by Grantee:

No

Activity is being carried out through:

Organization carrying out Activity:

City of Paterson

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed Budget
City of Paterson	Local Government	\$ 299,220.00

Funding Source Name	Matching Funds	Funding Amount
Neighborhood Stabilization Program 3	No	\$ 0.00

Location Description:

Census 1814 and 1815

Activity Description:

Acquisition and rehabilitation of foreclosed or abandoned homes to be offered for rent to Low-Income Households with incomes below 50 percent of the Area Median Income (AMI). The City will select non profit developers active in the area to do the acquisition and rehabilitation of foreclosed or abandoned housing, and rent the units to households below 50% AMI. Several non profit organizations and the Paterson Housing Authority are active in the area, with new construction and rehabilitation of units. The City of Paterson will issue an RFP for organizations interested in purchasing and rehabilitation units in this target neighborhood. The City expects that one unit of housing can be purchased and rehabilitated with these funds and made available to a low income household. As stated in the definitions and descriptions section of this document, the City will maintain the housing units as affordable for a fifteen (15) year period with rents based on the lesser of the HUD Fair Market Rents for Passaic County or a rent that does not exceed 30% of the annual income of a family whose annual income equals 65% of the median income for the area as determined by HUD with adjustments for number of bedrooms in the unit. A deed restriction placed on the NSP3-assisted property will ensure continued affordability for the 15 year period. Also as stated in the definitions and description section of this document, the City will only be developing rental housing to comply with the rental housing preference. Finally, as stated in the definitions and descriptions section of this document, in the RFP used by the city to select a developer to develop the NSP3 housing units, the City will give preference to those developers from the local vicinity and to developers which hire contractors and construction workers from the local vicinity.



Grantee Activity Number: 502
Activity Title: Acquisition and Rehabilitation for LMMH

Activity Type:
 Rehabilitation/reconstruction of residential structures

Project Number:
 500

Projected Start Date:
 06/01/2011

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:

Activity Status:
 Under Way

Project Title:
 Acquisition and Rehabilitation

Projected End Date:
 06/01/2013

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 495,000.00

Other Funds: \$ 0.00

Total Funds: \$ 495,000.00

Benefit Report Type:
 Direct (Households)

Proposed Beneficiaries	Total	Low	Mod	Low/Mod%
# Renter Households	6		6	100.00
# of Households	6		6	100.00
Proposed Accomplishments	Total			
# of Singlefamily Units	6			
# of Housing Units	6			
# of Properties	4			

Activity is being carried out by Grantee:
 No

Activity is being carried out through:

Organization carrying out Activity:
 City of Paterson

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed Budget
City of Paterson	Local Government	\$ 727,970.00
Funding Source Name	Matching Funds	Funding Amount
Neighborhood Stabilization Program 3	No	\$ 0.00



Location Description:

Census Tract #1814 and #1815

Activity Description:

Acquisition and Rehabilitation of residential structures to be rented to families with incomes below 120 percent of AMI. Affordable housing developers will be selected to undertake this activity through an RFP Process, which will be conducted by the City of Paterson. We expect to acquire and rehabilitate 4 units in the target area. As stated in the definitions and descriptions section of this document, the City will maintain the housing units as affordable for a period of fifteen (15) years with rents based on the lesser of the HUD Fair Market Rents for Passaic County or a rent that does not exceed 30% of the annual income of a family whose annual income equals 65% of the median income for the area as determined by HUD with adjustments for number of bedrooms in the unit. A deed restriction will be placed on NSP3-assisted properties to ensure continued affordability for the 15-year period. Also as stated in the definitions and description section of this document, in the RFP used by the City to select a developer to develop NSP3-assisted housing units, the City will give preference to those developers from the local vicinity and to developers which hire contractors and construction workers from the local vicinity

Project # / Title: 600 / Demolition

Grantee Activity Number: 600
Activity Title: Demolition of Blighted Structures

Activity Type:

Clearance and Demolition

Project Number:

600

Projected Start Date:

06/01/2011

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:

Benefit Report Type:

Area Benefit (Census)

Activity Status:

Planned

Project Title:

Demolition

Projected End Date:

06/01/2013

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 87,190.00

Other Funds: \$ 0.00

Total Funds: \$ 87,190.00



Proposed Beneficiaries	Total	Low	Mod	Low/Mod%
# of Persons	6138	4320	875	84.64

Proposed Accomplishments	Total
# of Singlefamily Units	1
# of Housing Units	1
Activity funds eligible for DREF (Ike Only)	1
# of Non-business Organizations benefitting	
# of Businesses	
# of public facilities	
# of buildings (non-residential)	
# of Properties	1

LMI%:	84.64
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Activity is being carried out by Grantee:

No

Activity is being carried out through:

Organization carrying out Activity:

City of Paterson

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed Budget
City of Paterson	Local Government	\$ 50,000.00

Funding Source Name	Matching Funds	Funding Amount
Neighborhood Stabilization Program 3	No	\$ 0.00

Location Description:

Census Tracts 1814 and 1815

Activity Description:

Demolition of 1 imminently Hazardous or blighted structure. The activity is demolition of a blighted vacant structure and will not create any new housing development, so the rental housing preference is not applicable. As stated in the definitions and descriptions section of this document, in the RFP used by the City to select a contractor to demolish the housing unit, the City will give preference to those demolition contractors from the local vicinity and to contractors which hire workers from the local vicinity

Project # / Title: 700 / Administration

Grantee Activity Number: 700
Activity Title: Administration



Activity Type:

Administration

Project Number:

700

Projected Start Date:

06/01/2011

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:**Benefit Report Type:**

NA

Activity Status:

Under Way

Project Title:

Administration

Projected End Date:

06/01/2013

Project Draw Block Date by HUD:**Activity Draw Block Date by HUD:****Total Budget:** \$ 119,687.00**Other Funds:** \$ 0.00**Total Funds:** \$ 119,687.00**Activity is being carried out by Grantee:**

Yes

Activity is being carried out through:

Grantee Employees

Organization carrying out Activity:

City of Paterson

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

City of Paterson

Organization Type

Local Government

Proposed Budget

\$ 119,687.00

Funding Source Name

Neighborhood Stabilization Program 3

Matching Funds

No

Funding Amount

\$ 0.00

Location Description:

Census Tract #1814 and #1815

Activity Description:

These funds will be used by the city to cover staff costs, expenses and consulting services to promote the



Acquisition and Rehabilitation/ Redevelopment of residential structures to be rented to families with incomes below 120 percent of AMI, and demolition of blighted structures in the target neighborhood

Action Plan Comments:

Reviewer - 1) Please be reminded that for all subawards that will be made, each must be entered as a distinct DRGR activity.
2) In the event that any activity subsequently involves multi-family properties (5 or more units), each must be entered as a separate activity in DRGR.

Action Plan History

Version	Date
B-11-MN-34-0103 AP#1	01/31/2017
B-11-MN-34-0103 AP#2	01/29/2014
B-11-MN-34-0103 AP#3	07/20/2011

