

**Grantee: Newark, NJ**

**Grant: B-08-MN-34-0102**

**October 1, 2009 thru December 31, 2009 Performance Report**

**Grant Number:**

B-08-MN-34-0102

**Obligation Date:****Grantee Name:**

Newark, NJ

**Award Date:****Grant Amount:**

\$3,406,849.00

**Contract End Date:****Grant Status:**

Active

**Review by HUD:**

Reviewed and Approved

**QPR Contact:**

No QPR Contact Found

**Disasters:****Declaration Number**

NSP

**Plan Description:****Recovery Needs:**

This Substantial Amendment to the City of Newark's Annual Action Plan documents how the City shall utilize funds provided under the Housing and Economic Recovery Act of 2008 (HERA) (Pub.L. 110-289, 122 Stat. 2654, enacted July 30, 2008) through the United States Department of Housing and Urban Development's (HUD) Neighborhood Stabilization Program (NSP.) The NSP provides funds to municipalities to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities. In addition, the funds can be used to purchase foreclosed or abandoned homes 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 6, 2008 and will meet the requirements that all funds be used within 18 months from HUD execution of the NSP Grant Agreement.

**A. Areas of Greatest Need**

The City of Newark created and has co-sponsored the Newark/Essex Foreclosure Task Force since November 2007. The Task Force is comprised of representatives of over 35 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. In addition, the Task Force has worked with local research and academic departments to document the extent, trends and location of subprime lending, mortgage default and foreclosure activity throughout the City of Newark. Exhaustive review of records filed at the Essex County Office of Records, the State Administrative Office of the Courts and statistics researched off the [huduser.org/datasets/nsp\\_target.html](http://huduser.org/datasets/nsp_target.html) website, has produced a comprehensive picture of the extent of foreclosure problems in the City. In addition, field surveys conducted by the Rutgers Bloustein Schools 2008 graduate seminar, additional data purchased through subscription services such as RealtyTrac and Core Logic, and the City's own records on tax-foreclosed and abandoned properties, show the following Newark neighborhoods with the greatest percentages of home foreclosures as defined in the following;

Table 1

Neighborhood	Census Tracts
Clinton Hill	40; 41; 42; 43; 50; 52; 53; 54; 58
Lower Broadway	10; 86; 87; 88; 89; 90; 91; 92
Fairmount	40; 41; 42; 43; 50; 52; 53; 54; 58
Lower Roseville	7; 8; 9

North Broadway 93; 96; 97  
South Ironbound 68; 69  
Vailsburg 19; 20; 21; 22.01; 22.02; 23; 24; 25  
Weequahic 44; 45; 46; 47; 48.01; 49; 51  
West Side Park 26; 27; 28; 29; 30; 34; 35; 37; 38.

#### B. Distribution and Uses of Funds

The City will target the use of funds to the neighborhoods identified in Table 1. These neighborhoods represent an estimated 80% of all foreclosures filings in the City recorded between 2006 and September of 2008.

The areas that the City will be targeting are those areas with the greatest need based on the criteria identified by Section 2301(c)(2) of HERA. The areas with the greatest rate of high cost loans from 2004 and 2006 are the areas that the City projects will also likely experience the highest significant rise in the rate of home foreclosures. In addition, the homes in these areas are adversely impacted by vacant and boarded homes or homes that have been taken through tax foreclosure by the City. Mortgage foreclosed, tax foreclosed and boarded up homes all undermine the economic and social stability of neighborhoods.

Within the targeted neighborhoods, the City intends to fund the acquisition and redevelopment of individual properties that may have the greatest overall impact on neighborhood stabilization. To the extent possible, the City will seek properties that are in areas with neighborhood revitalization plans, including plans that have been adopted or that are in process of being adopted under the State of New Jersey's Neighborhood Revitalization Tax Credit and Wachovia Foundation planning grant program. The preferred properties will be those located in high profile, in highly trafficked areas, are near schools, day care or other frequented services, or that are recognized by community leaders as a substantial source of crime, vandalism or other activities that diminish neighborhood quality of life.

#### C. Definition and Descriptions:

The City will adhere to the following definitions for purposes of administering and managing NSP program funds and activities:

**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.)

**Affordable Rent:** 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.

**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 the 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
< \$15,000	5 Years
\$15,000 - \$40,000	10 Years
>\$40,000	15 Years
New construction or Acquisition of new housing	20 Years

**Housing Rehabilitation Standards:** All units rehabilitated with NSP funds shall meet the Uniform Construction Rehabilitation Sub-code (N.J.A.C. 5:23-6.) For newly constructed homes (and, where feasible for rehabilitated homes), the City of Newark Mandatory Minimum Design and Construction Standards for Home Construction (as may be amended) shall be required. In addition, where feasible, Energy Star certification and Energy Star Quality certification will be required of all units rehabilitated with NSP funds.

#### D. Low Income Targeting

The City will use 100 percent of NSP funds for individuals and families whose income does not exceed 120 percent of Area Median Income (including in census tracts where more than 51 percent of the people in the area had incomes in 2000 less than 120 percent of Area Median Income.) A minimum of 25% of funds, or \$851,712.25, will be used to purchase and redevelop abandoned or foreclosed homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of median income.

#### E. Acquisition and Relocation

The City does not intend to use NSP funds to acquire occupied properties for demolition or conversion.

#### F. Public Comment

The City of Newark made the Proposed Neighborhood Stabilization Program (NSP) available to the public for comments. The NSP was advertised in the Star Ledger, El Nuevo Coqui, the City's website and in the Office of the City Clerk during the week of November 10, 2008 for fifteen (15) calendar days and was officially closed to the public on November 30th 2008.

There were no public comments or recommendations to the proposed plan during this period.

#### G. NSP Information by Activity:

All NSP activities funded by the City will be pursuant to the Low Moderate Middle Income (LMMI) National Objective. Projected start dates for all activities will be upon HUD execution of the NSP Grant Agreement, with Completion Dates of no later than forty-eight months following receipt of funds. Funds will be initially allocated in the amounts to the Activities identified below. Amounts may be reallocated based on specific eligible priority projects that are proposed or identified in order to ensure timely use of funds.

1.

##### Activity Name:

Loans and Grants to Nonprofits for Acquisition or Rehabilitation of Foreclosed or Abandoned Properties.

##### Activity Type:

HERA: Financing Mechanisms for Purchase or Redevelopment of foreclosed or abandoned homes or residential structures; CDBG: Activity Delivery (24 CFR 570.206), Acquisition (24 CFR 570.201a), Disposition (24 CFR 570.201b) and Eligible rehabilitation (24 CFR 570.202)

##### Activity Timeline:

Activities to commence upon execution of NSP Grant Agreement. Activities to complete prior to 48 months following receipt of funds.

##### Responsible Org.:

Local non-profit CDCs

##### Location Description:

Neighborhoods identified in table 1

##### Activity Description:

The City will issue a Request for Proposals to local nonprofit community development corporations with current demonstrated capacity to acquire, rehabilitate and lease/sell foreclosed or abandoned homes. Funds will be made available through subordinate construction and permanent mortgages, interest rate write-downs, and soft second shared equity mortgages for homebuyers. Loans will carry interest rates of between 0 and 3% and terms of between 12 and 360 months. Funds will be made available for predevelopment, acquisition, construction and permanent phases, with preference provided to projects with demonstrated project readiness and high leveraging of private funding at permanent financing phase. Foreclosed and abandoned properties will be acquired at a minimum discount of 5% of appraised value with an average discount for all properties of 15% or higher, with proposals achieving higher levels of discounts provided receiving greater consideration. The City will seek project proposals that maximize repayments and will administer all program income under NSP rules. Properties will generally be limited to one to four family homes, and made available for-sale to income eligible homebuyers and, in order to ensure that a minimum of 25% of funds are used to assist very low income households, rental units will be restricted at affordable rents to households with incomes below 50% of AMI.

Total Budget: \$1,000,000

Performance Measures: Units acquired (<50% AMI, <120% AMI), units rehabilitated (<50% AMI, <120% AMI), Percent of funds to nonprofit development corporation.

Number of Homes to be Assisted: 10

\*Number of Units to be Assisted: 25

\*Number of Units to be Occupied by Households below 50% AMI: 15

\*Number of units to be assisted exceed number of Homes, as NSP funds shall be used in a combination of one, two, three- multi-family homes.

2.

Activity Name: Lead Safe Homes

Activity Type:

HERA: Purchase and Rehabilitation of Abandoned or Foreclosed Homes; CDBG: Activity Delivery (24 CFR 570.206), Acquisition (24 CFR 570.201a), Disposition (24 CFR 570.201b) and Eligible rehabilitation (24 CFR 570.202)

Activity Timeline: Activities to commence upon execution of NSP Grant Agreement. Activities to complete prior to 48 months following receipt of funds.

Responsible Org.:

Local nonprofit CDCs, City of Newark

Location Description:

Neighborhoods identified in Table 1

Activity Description:

NSP funds will be used to acquire foreclosed or abandoned homes for redevelopment as transitional rental lead safe homes to be occupied by households that are temporarily displaced from permanent a residence due to Elevated Blood Levels. Lead Safe Homes will be furnished and generally provide temporary shelter for periods of one to six months as households private apartments are abated or made lead safe. Lead Safe apartments provide privacy to each household and are NOT group homes. Households will generally have incomes below 50% AMI, though, as temporary housing, units will not be counted toward the Very Low Income target requirements. Properties will be acquired at a minimum of 15% below appraised value. Properties will be owned and managed be the City of Newark, though may be acquired on behalf of the City by nonprofit partners.

Total Budget:\$500,000

Performance Measures: Units Acquired (<50% AMI.)

Number of Homes to be Assisted: 8

\*Number of Units to be Assisted: 16

\*Number of Units to be Occupied by Households below 50% AMI: 12

\*Number of units to be assisted exceed number of Homes, as NSP funds shall be used in a combination of one, two, three- multi-family homes.

3.

Activity Name: Demolition Revolving Fund

Activity Type:

HERA: Demolition of Blighted Structures; CDBG: Clearance (24 CFR 570.201 (d))

Activity Timeline: Activities to commence upon execution of NSP Grant Agreement.

Activities to be completed prior to 48 months following receipt of funds.

Responsible Organization:

City of Newark, Local nonprofit community development corporations

Location Description:

Neighborhoods identified in Table 1

Activity Description:

The City will use NSP funds to pay for program delivery expenses and additional costs incurred for demolition of blighted properties scheduled for demolition by the City. Costs may include title search, costs related to legal service of demolition notices, appraisals and other direct costs. NSP funds will be used to expedite demolition and recovered as demolition liens are paid or sold, with repayments funding additional demolition as program income. The City expects to use these funds to pay third party contractors for the cost of demolition or may contract with a nonprofit community development corporation to complete demolition activities. The City does not expect that homes demolished will be redeveloped using NSP funds.

Total Budget:\$550,000

Performance Measures: Units demolished

\*Number of Homes to be Demolished: 10

\*Number of Units to be Demolished: 14

\* Number of units to be assisted exceed number of Homes, as NSP funds shall be used in a combination of one, two, three- multi-family homes.

4.

Activity Name: Targeted Neighborhood Redevelopment

Activity Type:

HERA: Redevelopment of Demolished or Vacant Properties: CDBG: Acquisition (24 CFR 570.201a), Disposition (24 CFR 570.201b), Public Facilities and Improvements (24 CFR 570.201c), Direct homeownership assistance (24 CFR 570.201n)

Activity Timeline: Activities to commence upon execution of NSP Grant Agreement. Activities to complete prior to 48 months following receipt of funds.

Responsible Org.:

Local non-profit CDCs, redevelopers, City of Newark

Location Description:

Neighborhoods identified in Table I

Activity Description:

The City will use NSP to support one or more targeted neighborhoods with an existing comprehensive revitalization plan through the redevelopment of demolished or vacant properties. Such a plan area shall include additional private redevelopment activities, public investment and neighborhood participation. Properties may be redeveloped with new construction for-sale one to four family housing targeted at households with incomes below 120% AMI and rental units for households with income below 50% AMI, to ensure that a minimum of 25% of funds serve very low income households. Funds will be made available to redevelopers in the form of subordinate construction and permanent mortgages and soft second shared equity mortgages for homebuyers. Loans will carry interest rates of between 0 and 3% and terms of between 12 and 360 months. Funds will be made available for predevelopment, acquisition, construction and permanent phases. Funds may be used to redevelop properties for nonresidential purposes, such as parks, playgrounds, community gardens or parking. Such funds will be in areas in service areas in which at least 51% of residents have incomes at or below 120% of AMI (i.e., LMMA.)

Total Budget: \$1,016,165

Performance Measures: Units newly constructed (<50% AMI, <120\$ AMI), units rehabilitated (<50% AMI, <120\$ AMI.)

Number of Homes to be Assisted: 10

\*Number of Units to be Assisted: 25

\*Number of Units to be Occupied by Households below 50% AMI: 15

\* Number of units to be assisted exceed number of Homes, as NSP funds shall be used in a combination of one, two, three- multi-family homes.

5.

Activity Name: General Administration and Planning Costs

Activity Type:

Eligible program administration costs (24 CFR 570.205 and 570.206)

Responsible Org.:

City of Newark

Location Description: Citywide

Activity Description: N/A

Total Budget: \$340,684 (plus 10% of Program Income)

Performance Measures: N/A

**Overall**

**This Report Period**

**To Date**

<b>Overall</b>	<b>This Report Period</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	\$3,406,849.00
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$3,406,849.00
<b>Program Funds Drawdown</b>	(\$340,684.00)	\$0.00
<b>Obligated CDBG DR Funds</b>	\$0.00	\$340,684.00
<b>Expended CDBG DR Funds</b>	\$0.00	\$0.00
<b>Match Contributed</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00

Program Income Drawdown \$0.00 \$0.00

## Progress Toward Required Numeric Targets

Requirement	Required	To Date
Minimum Overall Benefit Percentage	99.99%	33.129%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$511,027.35	\$0.00
Limit on Admin/Planning	\$340,684.90	\$0.00
Limit on State Admin	\$0.00	\$0.00

## Progress Toward Activity Type Targets

## Progress Toward National Objective Targets

### Overall Progress Narrative:

Dear Director Naymola:

RE: Neighborhood Stabilization Program &ndash 4th Quarter Report

The City of Newark, Department of Economic and Housing Development is pleased to report that our NSP sub recipients have made significant progress towards our obligation deadline. Three of our developers have successfully secured 95% of their project properties as evidenced by their purchase agreements and rehabilitation contracts with their general contractors. Tier I environmental analysis was conducted pursuant to 24 CFR 58 for all target areas. Tier II review for all identified properties have been initiated for two properties with additional Request for Release of Funds coming soon.

We have initiated reimbursement to Housing and Neighborhood Development, Inc for acquisition costs eligible activity under CFR 570.201 for its two properties; 62 Ninth Avenue and 221 N. 6th Street, in the amount \$50,000. This represents 25% of this project allocation pursuant to City policy for NSP utilization with a mandatory five unit deliverable upon project completion. These sites are located within the targeted NSP census tracts 17 & 7.

On January 14, 2010, the National Development Council visited the Department of Economic and Housing Development, Division of Housing and Real Estate. Director, Daniel Marsh III and his team met with me and my staff and delved into this Division's operations on its day to day functions relating to the NSP program. As part of their assessment, NDC scheduled half hour timeslots with our sub-recipients. Each sub-recipient was interviewed and was asked to describe their proposed NSP project after which a needs assessment will be generated.

NDC inspected our files for accuracy and requested printouts of reports submitted into DRGR and monthly reports submitted by our sub recipients.

At the end of the business day, NDC expressed its satisfaction with the City's procedures regarding the NSP administration. A more thorough report is expected to be forwarded to you by the end of this month in which their findings will be outlined

Please feel free to contact me at (973) 733-7918 if you have any questions.

## Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
25% L-M, 25% Set aside for Low to Mod	\$0.00	\$766,541.00	\$0.00
9999, Restricted Balance	\$0.00	\$0.00	\$0.00
NSP I -1-07.01.09, UVSO	\$0.00	\$90,000.00	\$0.00
NSP I -2-07.01.09, ECD, Inc	\$0.00	\$570,000.00	\$0.00
NSP I -4-07.01.09, Don Pedro Development Corporation	\$0.00	\$660,000.00	\$0.00
NSP I-3-07.01.09, Greater Newark Housing Partnership	\$0.00	\$679,624.00	\$0.00
NSP I-5-07.01.09, HANDS, Inc	\$0.00	\$300,000.00	\$0.00
NSP I-6-Admin, Administration	(\$340,684.00)	\$340,684.00	\$0.00

## Activities



<b>Grantee Activity Number:</b>	<b>Admin 1</b>
<b>Activity Title:</b>	<b>10 % Admin</b>

**Activity Category:**

Administration

**Project Number:**

NSP I-6-Admin

**Projected Start Date:**

07/01/2009

**National Objective:**

N/A

**Activity Status:**

Under Way

**Project Title:**

Administration

**Projected End Date:**

06/01/2011

**Responsible Organization:**

City of Newark

**Overall**

**Oct 1 thru Dec 31, 2009**

**To Date**

<b>Total Projected Budget from All Sources</b>	N/A	\$340,684.00
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$340,684.00
<b>Program Funds Drawdown</b>	(\$340,684.00)	\$0.00
<b>Obligated CDBG DR Funds</b>	\$0.00	\$340,684.00
<b>Expended CDBG DR Funds</b>	\$0.00	\$0.00
<b>Match Contributed</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Program Income Drawdown</b>	\$0.00	\$0.00

**Activity Description:**

10% Administration

**Location Description:**

City of Newark

**Activity Progress Narrative:**

**Performance Measures**

No Performance Measures found.

**Activity Locations**

No Activity Locations found.

**Other Funding Sources Budgeted - Detail**

No Other Match Funding Sources Found

**Other Funding Sources**

No Other Funding Sources Found

Total Other Funding Sources

**Amount**

