

Grantee: Pennsylvania

Grant: B-11-DN-42-0001

January 1, 2019 thru March 31, 2019 Performance Report

Grant Number: B-11-DN-42-0001	Obligation Date:	Award Date:
Grantee Name: Pennsylvania	Contract End Date:	Review by HUD: Reviewed and Approved
Grant Award Amount: \$5,000,000.00	Grant Status: Active	QPR Contact: No QPR Contact Found
LOCCS Authorized Amount: \$5,000,000.00	Estimated PI/RL Funds: \$0.00	
Total Budget: \$5,000,000.00		

Disasters:

Declaration Number

NSP

Narratives

Summary of Distribution and Uses of NSP Funds:

The purpose of the NSP 3 funds is to stabilize neighborhoods whose viability has been, and continues to be, damaged by the economic effects of properties that have been foreclosed upon and abandoned.

The areas where the funds are being distributed are indicative of the demographics for the Commonwealth. In 2008, the number of Act 91 Notices served on all owner occupied units represented .8% of the total number of housing units. In 2010, the number rose to 1.2% of all occupied housing units receiving an Act 91 Notice. In Pennsylvania, the Act 91 Notice is the official notice that the mortgage on a home is in default, and the lender intends to foreclose.

Each grantee is encouraged to carry out the NSP 3 activities in the context of a comprehensive plan to make its neighborhoods not only more stable, but also sustainable, competitive, and integrated into the overall community fabric including access to transit, affordable housing, employers and services. Such application proposals will be given priority in the selection process. Applicants are encouraged to review the Commonwealth's Keystone Principles for Investment and the housing priorities for Targeting, Leverage and Impact contained in the Commonwealth's Consolidated Plan

Any applicant for NSP 3 funds must have within its geographic jurisdiction a Census block group with a HUD risk score of eleven (11) or higher. All applicants must show that their jurisdictions meet the "Qualified Need Area" assessment, which constitutes the threshold of eligibility for NSP 3 funds.

NSP 3 funding is available to any unit of local government in the Commonwealth meeting the definition of a Qualified Need Area that also currently received an annual allocation of CDBG funding either through the State's act 179 distribution formula or that qualifies as a direct federal entitlement jurisdiction under the CDBG program. In addition, nonprofits, housing authorities or redevelopment authorizes in Qualified Need Areas may also apply for these funds.

Eligible entities must submit evidence that they have in place at the time of application the following plans and certifications:

- Fair Housing Plan
- Section 3 Plan
- Minority Business Enterprise/Women Business Enterprise (MBE/WBE) Plan
- Certification of Consistency with either:
 - Local Consolidated Plan (for Federal CDBG entitlement areas)
 - Local 3-Year Community Development Plan (for all other areas)
- Identify a Responsible Entity for conducting the Environmental Review

1. Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers.
2. Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.

Summary of Distribution and Uses of NSP Funds:

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3. Establish land banks for homes that have been foreclosed upon.
 4. Demolish blighted structures.
 5. Redevelop demolished or vacant properties.

How Fund Use Addresses Market Conditions:

The areas where the funds are being distributed are indicative of the demographics for the Commonwealth. In 2008, the number of Act 91 Notices served on all owner occupied units represented .8% of the total number of housing units. In 2010, the number rose to 1.2% of all occupied housing units receiving an Act 91 Notice. In Pennsylvania, the Act 91 Notice is the official notice that the mortgage on a home is in default, and the lender intends to foreclose. In addition, the non-prime fixed/ARM loans that were delinquent (90 days+ or in foreclosure) have risen from 9.7% / 17.3% at the beginning of 2008. In December of 2010, this figure has risen to 26.7% / 36% of all loans. These statistics show that the Commonwealth continues to see significant needs and housing problems due to foreclosures and sub-prime lending. The NSP 3 funds will be used to promote neighborhood stabilizations where foreclosures, sub-prime lending and housing vacancies are negatively impacting the housing market

Ensuring Continued Affordability:

HUD requires that states ensure, to the maximum extent practicable and for the longest feasible term, the continued affordability of housing units assisted with NSP 3 funds, including homes sold, rented, rehabilitated/improved or redeveloped. These housing units must remain affordable to individuals or families whose incomes do not exceed 120 percent of area median income (AMI). PHFA will require that all grantees adhere to the HOME Program affordability requirements and standards. Any rental units assisted or developed with NSP 3 funds fulfilling the requirements to create housing for households with incomes no greater than 50 percent AMI must remain available to households within that income limit for the duration of HOME Program affordability period. Current HUD regulations state that all rental income above that needed for operations, maintenance and reserves is considered program income and must be returned to HUD. This provision does not provide for a sliding scale or shared return of those funds. Therefore, applicants are encouraged to consider the long term feasibility of rental housing using these funds. Rent, occupancy, and affordability requirements for homebuyer and rental units will be enforced with covenants, mortgages, or deed restrictions on the property.

Definition of Blighted Structure:

1. The definition of “blighted structure” is outlined in two state laws, the Eminent Domain Law and Urban Redevelopment Law. Given that NSP 3 funds essentially cannot be used for Eminent Domain, Pennsylvania’s Urban Redevelopment Law defines “blighted property” and can be found at 35 P.S. §1712.1 (c). Per that definition, blighted property shall include:
 - a. Any premises which because of physical condition or use is regarded as a public nuisance at common law or has been declared a public nuisance in accordance with local house, building, plumbing, fire and related codes.
 - b. Any premises which because of physical condition, use or occupancy is considered an attractive nuisance to children, including but not limited to abandoned wells, shafts, basements, excavations, and unsafe fences or structures.
 - c. Any dwelling which because it is dilapidated, unsanitary, unsafe, vermin-infested or lacking in the facilities and equipment required by the housing code of the municipality has been designated by the department responsible for enforcement of the code as unfit for human habitation.
 - d. Any structure which is a fire hazard, or otherwise dangerous to the safety of person or property.
 - e. Any structure which is a fire hazard, or otherwise dangerous to the safety of person or property.
 - f. Any vacant or unimproved lot or parcel of ground in a predominantly built-up neighborhood, which by reason of neglect or lack of maintenance has become a place for accumulation of trash and debris, or a haven for rodents or other vermin.
 - g. Any unoccupied property which has been tax delinquent for a period of two years prior to the effective date of the act (P.L. 991, 1945), and those in the future having a two year tax delinquency.
 - h. Any property which is vacant but not tax delinquent, which has not been rehabilitated within one year of receipt of notice to rehabilitate from the appropriate code enforcement agency.

Definition of Affordable Rents:

1. NSP 3 assisted units will carry rent and occupancy restrictions Requirements. The rents will be set in order that individuals pay no more than 30 percent of their gross income for rent, including utilities or applicable fair market rents for the area less any utility costs paid by the tenants, whichever is lower.

Housing Rehabilitation/New Construction Standards:

1. The Uniform Construction Code (UCC) was adopted on April 9, 2004 for the state of Pennsylvania and is applicable to the construction, alteration, repair, movement, equipment, removal, demolition, maintenance, occupancy or change of occupancy of every building or structure which occurs on or after April 9, 2004. DCED’s Housing Rehabilitation Guide explains the applicability of the UCC, as well as local code requirements. Where no codes are in place, the housing rehabilitation standards in the guidebook will be the minimum acceptable housing rehabilitation standards. The guidebook can be found at DCED’s website:

Vicinity Hiring:

All applicants awarded NSP 3 funds will be required to adopt a Section 3 Plan and include all applicable language for the Section 3 preference to hire local residents or to contract with local businesses where applicable

Procedures for Preferences for Affordable Rental Dev.:

The NSP 3 Program applicants will be awarded points for projects that serve individuals and households whose income is at or below 50% Area Median Income (AMI). As with the first allocation of NSP, most of the units that will be occupied by individuals or families at or below 50% AMI will be in rental units.

Grantee Contact Information:

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Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$5,000,000.00
Total Budget	\$0.00	\$5,000,000.00
Total Obligated	\$0.00	\$5,000,000.00
Total Funds Drawdown	\$0.00	\$4,999,999.56
Program Funds Drawdown	\$0.00	\$4,999,999.56
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$0.00	\$4,999,999.56
Most Impacted and Distressed Expended	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00

Progress Toward Required Numeric Targets

Requirement	Target	Actual
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$750,000.00	\$0.00
Limit on Admin/Planning	\$500,000.00	\$159,513.27
Limit on Admin	\$0.00	\$159,513.27
Most Impacted and Distressed Threshold (Projected)	\$0.00	\$0.00
Progress towards LH25 Requirement	\$1,250,000.00	\$1,577,151.89

Overall Progress Narrative:

DCED has submitted the closeout package for NSP3 and received a signed Closeout Agreement from HUD on 2/28/2019. The final quarterly performance report experienced reporting issues which require HUD TA providers to assist.

Project Summary

Project #, Project Title	This Report	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
Administration, Administration	\$0.00	\$159,513.27	\$159,513.27
B) Purchase and Rehabilitation, B) Purchase and	\$0.00	\$2,596,794.73	\$2,596,794.29
C) Land Banks, C) Land Banks	\$0.00	\$118,692.00	\$118,692.00
E) Redevelopment, E) Redevelopment	\$0.00	\$2,125,000.00	\$2,125,000.00

