

July 1, 2009

City of Utica

Neighborhood Stabilization Program 2 (NSP2)

American Recovery and Reimbursement Act of 2009

NSP2: Proposed Uses of Funds and Target Geography

The Municipal Housing Authority of the City of Utica, New York (MHA) intends to apply for grant funds through the Neighborhood Stabilization Program 2 (NSP2) under the American Recovery and Reimbursement Act of 2009.

This summary statement includes information regarding the proposed target geography, the proposed budget, and the proposed uses of the funds. This document has also been posted on the MHA's website at www.uticamha.org. Copies of this document are available by calling 315-735-3362, ext. 34. This summary statement will be updated on a periodic basis during the application process to account for public input into our planning process.

Persons with questions about this document may call John Furman at 315-735-3362, ext. 34 for additional information.

Any individual, group or agency wishing to comment on the proposed activities may submit such comments in writing to be received by 6:00 P.M. local time by July 14, 2009. Comments may be e-mailed to: John Furman (jfurman@uticamha.org), or mailed to: John Furman, NSP2 Public Comments, Municipal Housing Authority of the City of Utica, New York; 509 Second Street; Utica, NY 13501; or faxed to (315) 735-3366. All public comments will receive a response and will be summarized and included in the NSP2 application which will be posted on the MHA website (www.uticamha.org) no later than July 24, 2009. For further information, please contact John Furman at (315) 735-3362, ext. 34. This program is a Fair Housing/ Equal Opportunity Project.

The MHA will submit the application for NSP2 funding to the United States Department of Housing and Urban Development (HUD) on July 17, 2009.

I. Background on NSP2

NSP2 is an allocation of funds provided under the American Reinvestment and Recovery Act of 2009 (Public Law 111-005) (Recovery Act) for additional activities under Division B, Title III of the Housing and Economic Recovery Act of 2008 (Public Law 110-289) (HERA), as amended, for the purpose of assisting in the redevelopment of abandoned and foreclosed homes.

Recipients will use funds awarded under this program to stabilize neighborhoods whose viability has been and continues to be damaged by the economic effects of properties that have been foreclosed upon or abandoned.

Applicants will compete for up to \$1.93 billion of NSP2 funds to carry out neighborhood stabilization programs. HUD will select NSP2 programs that integrate the following principles: retain Community Development Block Grant distinctive requirements; target and reconnect neighborhoods with the economy, housing market and social network of the community; rapidly arrest decline; assure compliance with NSP “deep targeting” requirement that no less than 25% of the funds be used to benefit individuals and families at or below 50% of the area median income; ensure longest feasible continued affordability; support projects that optimize economic activity and number of jobs created or retained or that will provide other long-term economic benefits; coordinate planning and resources; leverage resources and remove destabilizing influences; set aggressive, but achievable goals; and ensure accountability.

II. Proposed Target Geography

Figure 1 defines the census tracts which will be defined as “target geography” in the City of Utica NSP2 program. The target geography is the specific geography where the NSP2 program activities will be carried out. The target geography selected both (1) maximizes the average HUD “need score” to assure a competitive application, and (2) holistically builds upon and leverages the success of recent and current neighborhood stabilization efforts undertaken by the City and the MHA. A more detailed explanation of these two points follows:

(1) HUD has provided two foreclosure related “need scores” at the census tract level, one that is based on the estimated number and percentage of foreclosures and another that combines estimated foreclosure rate with vacancy rate. The census tracts in the proposed target geography, as illustrated in Figure 1, have an average needs score of 18.

(2) The proposed NSP2 target geography complements significant recent and current neighborhood stabilization efforts undertaken by the City and the MHA: (a) the HOPE VI Program, and (2) current HOME and Community Development Block Grant Fund Programs. These overlaps are significant because it will allow the City of Utica to continue to carry out and build upon these ongoing activities.

Figure One

Census Tract
0214.02
0209.00
0211.02
0211.01
0203.00
0215.00

III. Proposed NSP2 Activities and Budget

Within the target geography, the MHA proposes to use NSP2 funds to rapidly arrest the decline, then stabilize these neighborhoods and position them for a sustainable role in a revitalized community. Measurable short term program outcomes will include, but not be limited to: arresting decline in home values based on average sales price in targeted neighborhoods; and reducing or eliminating vacant and abandoned residential property in targeted neighborhoods. The long term outcomes may include, but are not limited to: increased sales of residential property in targeted neighborhoods; and increased median market values of real estate in targeted neighborhoods.

The MHA will undertake the following activities during the first three years of NSP2:

- (1) Acquisition;
- (2) Rehabilitation;
- (3) Demolition of blighted structures;
- (4) Land-bank vacant lots for future re-use;
- (5) Provide financial incentives to buyers

It is anticipated that program income will be generated via sales of rehabilitated homes and developable lots. Therefore, a portion of NSP2 funds will be available for reuse in future years. The above quantities of activity are for the first three years of the proposed program. The full application will outline projected total activity quantities (re-use of program income) including future years.

The budget will be posted during the week of July 6, 2009.

IV. Other NSP2 Considerations

(1) Affordability targeting - All NSP2 funds must provide benefit to persons whose income does not exceed 120% of area median income. Also, 25% of each grant must be used for the purchase and redevelopment of abandoned or foreclosed upon homes or residential properties that will be used to house individuals or families whose incomes do not exceed 50% of area median income.

(2) Timeline – NSP2 funds must be expended at a rate of 50% within the first two years of the program and 100% within three years. The applications are due to

HUD by July 17, 2009. HUD will make funding selections by December 1, 2009.
Funding could be under contract by around January 1, 2010.