

**THE NEIGHBORHOOD STABILIZATION PROGRAM (NSP)**  
**PROPOSED SUBSTANTIAL AMENDMENT**

<b>Jurisdiction(s):</b> City of Pomona  <b>Jurisdiction Web Address:</b> <a href="http://www.ci.pomona.ca.us/foreclosureinformation/NSP">http://www.ci.pomona.ca.us/foreclosureinformation/NSP</a> <i>(URL where NSP Substantial Amendment materials are posted)</i>	<b>NSP Contact Person:</b> Beverly Johnson, Housing Grants Administrator  <b>Address:</b> 505 S. Garey Ave., Pomona, CA 91769  <b>Telephone:</b> (909) 620-2433 <b>Fax:</b> (909) 620-4567 <b>Email:</b> Beverly_Johnson@ci.pomona.ca.us
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**A. AREAS OF GREATEST NEED**

Provide summary needs data identifying the geographic areas of greatest need in the grantee’s jurisdiction.

City Response:

**Neighborhood Stabilization Program (NSP) Targeting**

The City of Pomona will give priority emphasis to low, moderate and middle-income (0-120% AMI\*) areas that meet the following criteria, and will consider such areas as those with the **greatest need**:

1. Areas with the greatest percentage of home foreclosures;
2. Areas with the highest percentage of homes financed by subprime mortgage related loans; and
3. Areas with a high probability of foreclosure risk in the future, including high abandonment risk scores.

**Geographic Target Areas**

Staff has taken a comprehensive citywide look at priority neighborhood needs relative to foreclosures. The following areas located within the City of Pomona and that meet priority needs criteria will be targeted for the NSP:

Census Tract	Block Group(s)
4017.01	2
4017.03	1,2
4017.04	1,2
4021.01	1,2,3
4021.02	1,2,3
4022.00	1,2
4023.01	1,2
4023.02	1,2,3,4,5,6

\* AMI: Area Median Income

4024.01	1,2,3,4
4024.02	1,2,3
4024.03	1
4025.01	1,2
4025.02	1,2
4026.00	1,2,3,6
4027.02	1,2,3,4,5
4027.03	1,2
4027.04	1,2,4,5
4028.01	1,2,3
4028.02	1,2,3
4029.01	1,2,3
4029.02	1,2
4030.00	1,2,3
4088.00	1,2,3,4,5,6,7

These areas represent those with the highest risk abandonment scores, ranging from 5-9. (See Map of High Priority Areas Based on Risk Factors)

## B. DISTRIBUTION AND USES OF FUNDS

Provide a narrative describing how the distribution and uses of the grantee's NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures. **Note:** The grantee's narrative must address these three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.

### City Response:

The City will distribute funds in targeted Census Tracts/Block Groups, as identified in **Section A** – Geographic Target Areas, which address the three needs criteria. Funds will be distributed for the following eligible uses:

1. Financing Mechanisms
2. Purchase and rehabilitation of residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties
3. Demolition of blighted structures
4. Redevelop demolished or vacant properties
5. Land Banks
6. Administration and Planning

Funds in an amount not to exceed 10% of the total grant amount, plus 10% of program income will be used for Program Planning/Administration.

## C. DEFINITIONS AND DESCRIPTIONS

(1) Definition of “blighted structure” in context of state or local law.

### City Response:

The City of Pomona shall adopt the Housing and Economic Recovery Act (HERA) definition of blighted structure, which in the context of State Law conforms to California Community Redevelopment Law at Part I, Chapter I, Article 3, Sections 33030 and 33031. In this instance, blighted structure is defined as a structure that exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare. Blight/Deterioration shall be considered an “area-wide” concept. Where conditions of blight/deterioration predominate an area, individual properties that may be in good condition shall be included in this concept if they are part of the area.

(2) Definition of “affordable rents.” **Note:** Grantees may use the definition they have adopted for their CDBG program but should review their existing definition to ensure compliance with NSP program –specific requirements such as continued affordability.

### City Response:

The City of Pomona shall define “affordable rents” as those that conform to HOME Program standards for Affordable Housing at 92.252 (rental housing) and 92.254 (homeownership).

For **Rental Housing**, the following costs shall be included in the Affordable Housing Cost calculation:

1. Rent
2. Reasonable utility allowance
3. Fees and service charges paid by the tenant (i.e. sewer)

### Rental Housing Affordable Housing Cost Calculation

Low Income:  $\frac{30\% \times 50\% \text{ of AMI}}{12}$

For **Homeownership**, the following costs shall be included in the Affordable Housing Cost calculation:

1. Principal and interest payment
2. Property taxes

3. Insurance
4. Homeowner's association dues
5. Property Maintenance
6. Utility Allowance

Ownership Affordable Housing Cost Calculation

Moderate Income:  $\frac{30\% \times 80\% \text{ of AMI}}{12}$

Middle Income:  $\frac{30\% \times 120\% \text{ of AMI}}{12}$

**Affordable Housing Cost** – Affordable Housing Cost includes all housing costs described above under Rental Housing and Homeownership Costs

Maximum Affordable Housing Cost (Based on actual bedroom size of the unit or 30% of family's monthly gross income)	Low Income 0-50% AMI (Monthly)	Moderate Income 51-80% AMI (Monthly)	Middle Income 81-120% AMI (Monthly)
Studio	\$524	\$838	\$1,257
1- bedroom	\$598	\$956	\$1,434
2- bedroom	\$673	\$1,076	\$1,614
3- bedroom	\$748	\$1,196	\$1,794
4- bedroom	\$808	\$1,292	\$1,938

(3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

City Response:

The City of Pomona will adopt HOME Program standards for affordability at 24 CFR 92.252 (e) and 92.254 (a) (to ensure continued affordability for NSP assisted housing. Affordability periods shall be based on the amount of the CDBG investment and/or in case of rental units, the type of activity:

**Homebuyer Affordability Period**

CDBG Investment	Affordability Period
Less than \$15,000	5 years
\$15,000-\$40,000	10 years
More than \$40,000	15 years

\* AMI: Area Median Income

**Rental Affordability Period**

Activity	CDBG Investment	Affordability Period
Acquisition or Rehabilitation of Existing Housing	Less than \$15,000	5 years
	\$15,000-\$40,000	10 years
	More than \$40,000	15 years
New Construction or Acquisition of New Housing	Any \$ amount	20 years

Affordability periods will be imposed by deed restrictions and/or covenants running with the land, except that the affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure.

The City will require any participant receiving homebuyer assistance to complete at least eight (8) hours of homebuyer counseling services from Neighborhood Partnership Housing Services, Inc. – a NeighborWorks Affiliate. Additionally, the City will ensure that the homebuyer obtains a mortgage loan from a lender who agrees to comply with the bank regulators’ guidance for non-traditional mortgages.

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

Response:

The City of Pomona will adopt HOME Program property standards at 24 CFR 92.251 that require local written rehabilitation standards. Such written standards include methods and materials to be used during housing rehabilitation and conform to local building codes and the State of California Building Code.

The City will incorporate modern, green building and energy-efficiency improvements in all NSP activities.

**D. LOW INCOME TARGETING**

Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income: **\$ 882,706**

**Note:** At least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50 percent of area median income.

\* AMI: Area Median Income

Response:

The City of Pomona will appropriate \$882,706 under the NSP for families whose incomes do not exceed 50 percent of the area median income. Such funds will be target to rental units.

**E. ACQUISITIONS & RELOCATION**

Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e.,  $\leq$  80% of area median income).

If so, include:

- The number of low- and moderate-income dwelling units—i.e.,  $\leq$  80% of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.
- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e.,  $\leq$  120% of area median income—reasonably expected to be produced by activity and income level as provided for in Disaster Recovery Grant Reporting System (DRGR), by each NSP activity providing such housing (including a proposed time schedule for commencement and completion).
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.

City Response:

The City of Pomona will appropriate \$3,177,742 under the NSP for construction related activities, including demolition of units.

It is anticipated that two (2) units will be demolished and the properties will be redeveloped and/or rehabilitated.

It is anticipated that the two (2) units demolished will be redeveloped and made available for use by person less than 80%AMI.

Timeline	Eligible Activity	Proposed Number of Units	Targeted Income Level		
			0-50% (Low)	51-80% (Moderate)	81-120% (Middle)
1/2009-7/2013	Financing Mechanisms (soft seconds/equity-share loans)	2	0	2	0
1/2009-7/2013	Purchase/Rehabilitate Foreclosed Properties for sale/rental	8	2	2	4
1/2009-7/2013	Demolish Blighted Structures	2	N/A	N/A	N/A
1/2009-7/2013	Redevelop Demolished or vacant properties	2	0	2	0
1/2009-1/2019	Land Banks	2	0	2	0
1/2009-7/2013	Administration & Planning	N/A	N/A	N/A	N/A

**F. PUBLIC COMMENT**

Provide a summary of public comments received to the proposed NSP Substantial Amendment.

Response:

**To be inserted after public hearing and 15-day comment period.**

**G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)**

**Activity #1**

- (1) Activity Name: Financing
- (2) Activity Type: Financing Mechanisms – 24 CFR 570.206
- (3) National Objective: N/A
- (4) Projected Start Date: 1/2009
- (5) Projected End Date: 7/2013
- (6) Responsible Organization:

City of Pomona  
505 S. Garey Avenue  
Pomona, CA 91767  
Benita DeFrank, Housing Manager

- (7) Location Description:

Census Tracts/Block Groups (CT/BG's): See Section A – Geographic Target Areas

- (8) Activity Description:

This activity will address all three areas of greatest need, which include:

- 1. Areas with the greatest percentage of home foreclosures;
- 2. Areas with the highest percentage of homes financed by sub prime mortgage related loans; and
- 3. Areas with a high probability of foreclosure risk in the future, including high abandonment risk scores.

The expected benefit to income qualified persons will be affordable housing.

The tenure of beneficiaries shall be homeownership units at 51-80% AMI.

It is expected that households in the 51-80%AMI range will need subsidy assistance for homeownership. The City will provide financing mechanism in the form of soft second equity-sharing loans/grants to assist with subsidy buy down. The interest rate for soft second equity-sharing loans shall range from 0-3%.

The City anticipates that the term of assistance to complete assistance to homebuyers shall be from 1/2009-7/2013.

The City will record Deed Restrictions and/or CCR's to ensure continued affordability.



## **Activity #2**

- (1) Activity Name: Purchase and Rehabilitation
- (2) Activity Type: Purchase and Rehabilitation – 24 CFR 570.201(a) (b) (n) and 24 CFR 570.202
- (3) National Objective: LMMH (Low, Moderate, Middle-Income Housing)
- (4) Projected Start Date: 1/2009
- (5) Projected End Date: 7/2013
- (6) Responsible Organization:

City of Pomona  
505 S. Garey Avenue  
Pomona, CA 91767  
Benita DeFrank, Housing Manager

- (7) Location Description:

Census Tracts/Block Groups (CT/BG's): See Section A – Geographic Target Areas

- (8) Activity Description:

This activity will address all three areas of greatest need, which include:

1. Areas with the greatest percentage of home foreclosures;
2. Areas with the highest percentage of homes financed by sub prime mortgage related loans; and
3. Areas with a high probability of foreclosure risk in the future, including high abandonment risk scores.

The expected benefit to income qualified persons will be affordable housing.

At least 25% of the grant amount will be used to meet the low income housing requirement (0-50% AMI).

The tenure of beneficiaries shall include both rental and homeownership units. The 25% allocated for low income households will be targeted to rental units, with remaining funds for homeownership for households at 51-120% of AMI.

The City anticipates that the term of assistance to complete acquisition and rehabilitation of units for the NSP grant shall be from 1/2009-7/2013

The City will record Deed Restrictions and/or CCR's to ensure continued affordability.

The discount rate for acquisition of properties shall be an average 15% discount rate for the total portfolio, with a minimum 5% discount rate on individual units.

**Activity #3**

- (1) Activity Name: Demolition of Blighted Structures
- (2) Activity Type: Demolition – 24 CFR 570.201(d)
- (3) National Objective: LMMA (Low, Moderate, Middle-Income Area)
- (4) Projected Start Date: 1/2009
- (5) Projected End Date: 7/2013
- (6) Responsible Organization:

City of Pomona  
505 S. Garey Avenue  
Pomona, CA 91767  
Benita DeFrank, Housing Manager

- (7) Location Description:

Census Tracts/Block Groups (CT/BG's): See Section A – Geographic Target Areas

- (8) Activity Description:

This activity will address all three areas of greatest need, which include:

- 1. Areas with the greatest percentage of home foreclosures;
- 2. Areas with the highest percentage of homes financed by sub prime mortgage related loans; and
- 3. Areas with a high probability of foreclosure risk in the future, including high abandonment risk scores.

The expected benefit to income qualified persons will be decent and affordable housing. The expected benefit to the community will be removal of blighted structures that create a health and safety hazard.

The City intends to demolish dilapidated properties and redevelop site for use by households at 0-80% AMI. The tenure of beneficiaries shall be homeownership units.

The City anticipates that the term of assistance to complete demolition of blighted structures shall be from 1/2009-7/2013.

The City will record Deed Restrictions and/or CCR's to ensure affordability of these units.

#### **Activity #4**

- (1) Activity Name: Redevelop demolished or vacant properties
- (2) Activity Type: Redevelopment – 24 CFR 570.201(a)(b)(c)(e)(i)(n)
- (3) National Objective: LMMA (Low, Moderate, Middle-Income Area)
- (4) Projected Start Date: 1/2009
- (5) Projected End Date: 7/2013
- (6) Responsible Organization:

City of Pomona  
505 S. Garey Avenue  
Pomona, CA 91767  
Benita DeFrank, Housing Manager

- (7) Location Description:

Census Tracts/Block Groups (CT/BG's): See Section A – Geographic Target Areas

- (8) Activity Description:

This activity will address all three areas of greatest need, which include:

1. Areas with the greatest percentage of home foreclosures;
2. Areas with the highest percentage of homes financed by sub prime mortgage related loans; and
3. Areas with a high probability of foreclosure risk in the future, including high abandonment risk scores.

The expected benefit to income qualified persons will be decent and affordable housing.

The City intends to redevelop site(s) of demolished properties for use by households at 0-80% AMI. The tenure of beneficiaries shall be homeownership units.

The City anticipates that the term of assistance to complete redevelopment activities shall be from 1/2009-7/2013.

The City will record Deed Restrictions and/or CCR's to ensure continued affordability.

## **Activity #5**

- (1) Activity Name: Land Banks
- (2) Activity Type: Land Banks – 24 CFR 570.201(a)(b)
- (3) National Objective: LMMH
- (4) Projected Start Date: 1/2009
- (5) Projected End Date: 7/2013

- (6) Responsible Organization:  
City of Pomona  
505 S. Garey Avenue  
Pomona, CA 91767  
Benita DeFrank, Housing Manager

- (7) Location Description:

Census Tracts/Block Groups (CT/BG's): See Section A – Geographic Target Areas

- (8) Activity Description:

This activity will address all three areas of greatest need, which include:

1. Areas with the greatest percentage of home foreclosures;
2. Areas with the highest percentage of homes financed by sub prime mortgage related loans; and
3. Areas with a high probability of foreclosure risk in the future, including high abandonment risk scores.

It is expected the City will land bank two (2) vacant properties that will be held until rehabilitated and sold.

The benefit to income qualified persons will be the development of housing to accommodate households at 51-80% AMI.

The tenure of beneficiaries shall be homeownership units.

The City anticipates that the term of assistance shall be from 1/2009-7/2019.

The City will record Deed Restrictions and/or CCR's to ensure continued affordability.

**Activity #6**

- (1) Activity Name: Administration
- (2) Activity Type: Administration and Planning – 24 CFR 570.200(h)
- (3) National Objective: N/A
- (4) Projected Start Date: 1/2009
- (5) Projected End Date: 7/2013
- (6) Responsible Organization:

City of Pomona  
 505 S. Garey Avenue  
 Pomona, CA 91767  
 Benita DeFrank, Housing Manager

- (7) Location Description:

Census Tracts/Block Groups (CT/BG’s): See Section A – Geographic Target Areas

- (8) Activity Description:

This activity will cover necessary planning and administration costs necessary to administer all aspects of the NSP Program.

**H. TOTAL BUDGET (Include public and private components)**

Eligible Use(s)	Eligible Activities	Proposed Funding
1. Purchase & rehabilitate foreclosed homes/properties in order to sell, rent, or redevelop such homes/properties 2. Demolish Blighted Structures 3. Redevelop demolished or vacant properties 4. Financing Mechanisms 5. Land Banks	<ul style="list-style-type: none"> <li>• Acquisition</li> <li>• Disposition</li> <li>• Direct Homeownership Assistance</li> <li>• Clearance for Blighted Structures</li> <li>• New Construction of Housing</li> <li>• Public Facilities and Improvements</li> <li>• Activity Delivery Costs; Soft Seconds; Shared-Equity Loans</li> </ul>	\$ 3,177,742
6. Planning/Administration	<ul style="list-style-type: none"> <li>• Program Administration</li> </ul>	\$ 353,083
<b>TOTAL Allocations</b>		<b>\$ 3,530,825</b>

\* AMI: Area Median Income

**I. PERFORMANCE MEASURES** (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent):

Performance measurement standards shall coincide with standards identified in the City’s Consolidated Plan to ensure decent housing. Performance indicators, in relation to each eligible activity, shall include the following:

<b>Eligible Activity</b>	<b>Performance Indicator(s)</b>
Purchase/Rehabilitate homes/properties	<ul style="list-style-type: none"> <li>• Assist eight (8) low, moderate and middle-income households</li> <li>• Acquire and rehabilitate eight (8) housing units</li> </ul>
Demolish Blighted Structures	<ul style="list-style-type: none"> <li>• Demolish two (2) housing units</li> </ul>
Redevelop Demolished or vacant properties	<ul style="list-style-type: none"> <li>• Redevelop two (2) demolished properties</li> </ul>
Land Banks	<ul style="list-style-type: none"> <li>• Land bank two (2) housing units</li> </ul>
Financing Mechanisms	<ul style="list-style-type: none"> <li>• Provide financing via soft second equity sharing loan/grant to two (2) households</li> </ul>