

**Government of the District of Columbia
Department of Housing and Community Development**



**SUBSTANTIAL AMENDMENT
TO
NEIGHBORHOOD STABILIZATION PROGRAM 2
(NSP2)**



Exhibit 1 – Rating Factors (Expanding Target Area)

Factor	Sub Factor	Amendment: Expand or modify target area
1. Need / Extent of Problem	A. Target Geography	<p>DHCD will concentrate the distribution and use of NSP2 funds in the census tracts within Wards 5, 7, and 8 that have been identified as the areas of greatest need within the District. By expanding the target area to all of Wards 7, 8 and part of Ward 5, DHCD will be able to invest NSP2 funds in programs and projects that revitalize high priority neighborhoods within the Wards and reconnect those neighborhoods with the economy, housing market, and social networks of the community and metropolitan area as a whole. The amendment provides DHCD a more comprehensive and flexible means to address the most severely-impacted communities with NSP2 funds.</p> <p>DHCD believes that this amendment is essential for maximum positive impact in the targeted communities with the NSP2 funds. The ability to expand or modify the target area is a critical component to the City's ability to implement and administer a successful NSP2 program. These areas are critical because other revitalization efforts are underway in the surrounding communities. The approval of this amendment will accelerate the revitalization efforts.</p> <p>A copy of the proposed expanded NSP2 target area is included as Exhibit 4.</p>
	B. Market Conditions and Demand Factors	The market conditions will remain the same as described in the original application, however, the approval of this amendment will increase the demand factors.
2. Demonstrated Capacity and Relevant Organizational Staff	A. Past Experience of the Applicant	No Change created by Amendment.
	B. Management Structure	No Change created by Amendment.
3. Soundness of Approach	A. Proposed Activities	No Change created by Amendment.
	B. Project Completion Schedule	The approval of this amendment will accelerate the use of NSP2 funds. The ability to expand or modify the target area is a critical component to the City's ability to implement and administer a successful NSP2 program.
	C. Income Targeting	No Change created by Amendment.
	D. Continued Affordability	No Change created by Amendment.

Exhibit 1 – Rating Factors (Expanding Target Area)

Factor	Sub Factor	Amendment: Expand or modify target area
	E. Consultation, Outreach, and Communications	No Change created by Amendment.
	F. Performance and Monitoring	No Change created by Amendment.
4. Leveraging	A. Leveraged Funds	<p>The approval of this amendment will increase leveraged funds because DHCD will be able to leverage substantial resources under our recently approved NSP3 substantial amendment.</p> <p>DHCD along with many businesses and non-profit organizations has invested much time and resources into these wards and neighborhoods. Thus, DHCD wishes to build upon the ongoing efforts to revitalize and develop these areas.</p>
	B. Rubic	No Change created by Amendment.
5. Energy Efficiency Improvements and Sustainable Development Factors	A. Transit accessibility	No Change created by Amendment.
	B. Green Building standards	No Change created by Amendment.
	C. Re-use of cleared sites	No Change created by Amendment.
	D. Deconstruction	No Change created by Amendment.
6. Neighborhood Transformation and Economic Opportunity		<p>The approval of this amendment will allow DHCD to make a notable impact in the community. DHCD plans to focus on high priority neighborhoods within the target areas to allow NSP2 funds to be directed to areas with the highest percentage of existing foreclosures, areas with the highest percentage of homes financed by subprime mortgage related loans, and the areas identified by DHCD as likely to face a significant rise in the rate of home foreclosures.</p> <p>By creating sustainable homeownership opportunities in these neighborhoods close to the city’s downtown area, we will help bring new patrons to existing businesses struggling in these communities. The addition of new patrons will also spur new growth and business opportunities in the entire target area.</p> <p>Through DHCD’s collaborative efforts with the businesses and non-profits in the target area, DHCD plans to arrest the decline of home values and eliminate vacant and abandoned residential property in the</p>

Exhibit 1 – Rating Factors (Expanding Target Area)

Factor	Sub Factor	Amendment: Expand or modify target area
		targeted and surrounding communities. The expected outcome will be an increase in sales and median market values of real estate property in the targeted areas. DHCD’s primary objective is to use the NSP2 funds to develop viable urban communities providing decent, affordable housing options, and spurring economic opportunity for persons of low- and moderate-income.

Exhibit 2 – Rating Factors (Add the use of Demolition as an Activity)

Factor	Sub Factor	Amendment: Add demolition as an Activity under Eligible Use D.
1. Need / Extent of Problem	A. Target Geography	No change created by Amendment.
	B. Market Conditions and Demand Factors	No change created by Amendment.
2. Demonstrated Capacity and Relevant Organizational Staff	A. Past Experience of the Applicant	No change created by Amendment.
	B. Management Structure	No change created by Amendment.
3. Soundness of Approach	A. Proposed Activities	Eligible Use D – Demolition – add demolition as an Activity. Our original application didn't include demolition as an activity. However, DHCD believes that this amendment to add demolition as an activity is crucial in order to assist in the reduction of blight in target areas, as well as assist in stabilizing high priority neighborhoods, as well as re-purposing vacant property.
	B. Project Completion Schedule	The approval of this amendment will accelerate the use of NSP2 funds.
	C. Income Targeting	No change created by Amendment.
	D. Continued Affordability	No change created by Amendment.
	E. Consultation, Outreach, and Communications	No change created by Amendment.
	F. Performance and Monitoring	No change created by Amendment.
4. Leveraging	A. Leveraged Funds	No change created by Amendment.
	B. Rubic	No change created by Amendment.
5. Energy Efficiency Improvements and Sustainable Development Factors	A. Transit accessibility	No change created by Amendment.
	B. Green Building standards	No change created by Amendment.
	C. Re-use of cleared sites	No change created by Amendment.
	D. Deconstruction	No change created by Amendment.

Exhibit 2 – Rating Factors (Add the use of Demolition as an Activity)

Factor	Sub Factor	Amendment: Add demolition as an Activity under Eligible Use D.
6. Neighborhood Transformation and Economic Opportunity		The approval of this amendment will allow DHCD to make a notable impact in the community. DHCD plans to focus on high priority neighborhoods within the target areas to allow NSP2 funds to be directed to areas with the highest percentage of existing vacant and abandon blighted properties.

Exhibit 3 – Rating Factors (Add Administrative as an Activity)

Factor	Sub Factor	Amendment: Add Administrative as an Activity.
1. Need / Extent of Problem	A. Target Geography	No change created by Amendment.
	B. Market Conditions and Demand Factors	No change created by Amendment.
2. Demonstrated Capacity and Relevant Organizational Staff	A. Past Experience of the Applicant	No change created by Amendment.
	B. Management Structure	The approval of this amendment will allow DHCD to hire someone to oversee the management of the NSP2 program and activities. The ability to 10 percent of our NSP2 grant for administrative cost is a critical component to the City's ability to implement and administer a successful NSP2 program.
3. Soundness of Approach	A. Proposed Activities	Our original application didn't include administration as an activity. However, DHCD believes that this amendment to add administration as an activity will allow the DHCD NSP2 program to operate more effectively and move forward more quickly to meet our goals.
	B. Project Completion Schedule	No change created by Amendment
	C. Income Targeting	No change created by Amendment.
	D. Continued Affordability	No change created by Amendment.
	E. Consultation, Outreach, and Communications	No change created by Amendment.
	F. Performance and Monitoring	The approval of this amendment will improve performance and monitoring of NSP2 activities because we will be able to perform eligible administrative activities which were not in our original application.
4. Leveraging	A. Leveraged Funds	No change created by Amendment.
	B. Rubric	No change created by Amendment.
5. Energy Efficiency Improvements and Sustainable Development Factors	A. Transit accessibility	No change created by Amendment.
	B. Green Building standards	No change created by Amendment.
	C. Re-use of cleared sites	No change created by Amendment.
	D. Deconstruction	No change created by Amendment.
6. Neighborhood Transformation and Economic Opportunity		No change created by Amendment.

Exhibit 4 – Map of Target Areas

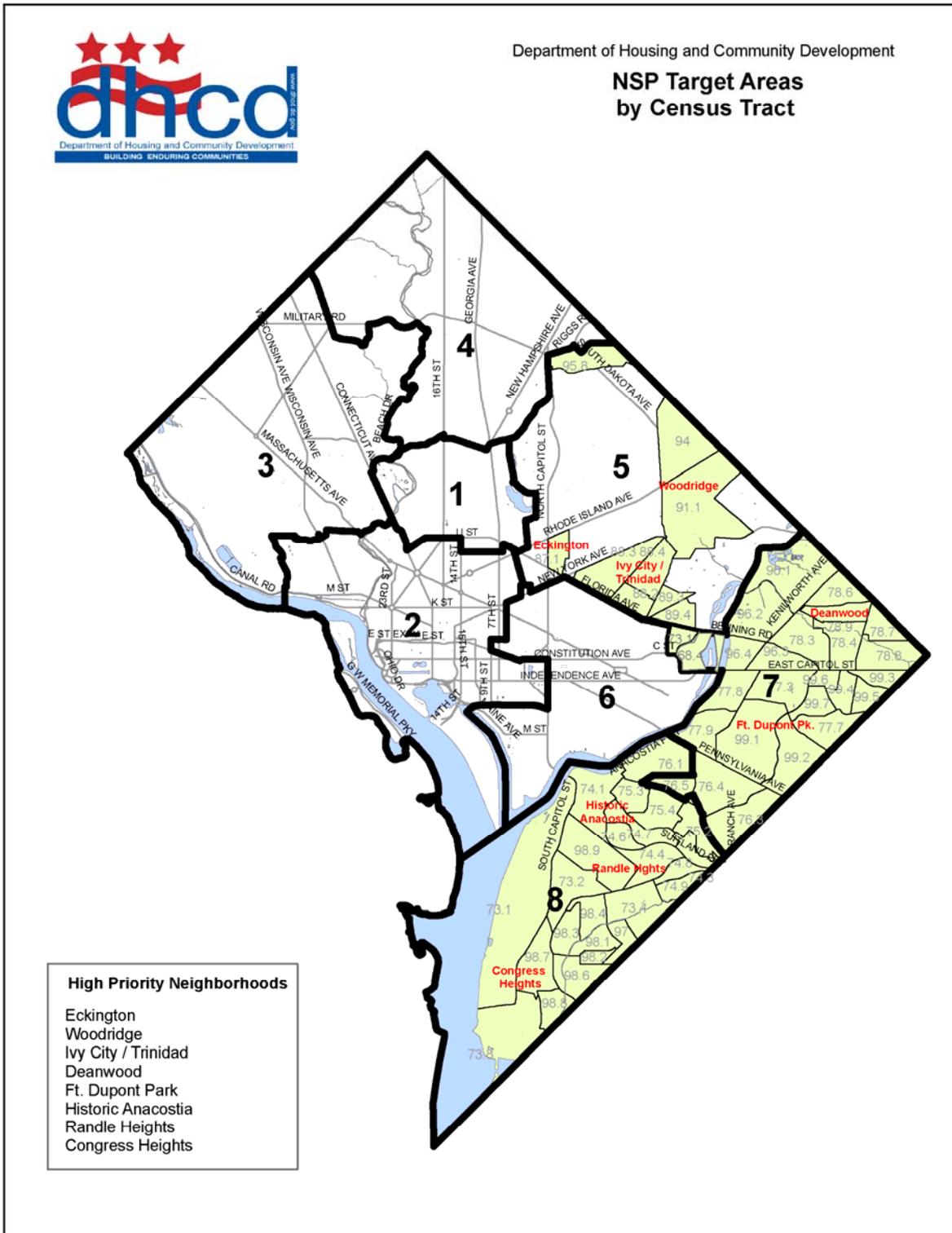


Exhibit 4 –Map of Target Areas

Based on vacancy data from the Department of Consumer and Regulatory Affairs and analysis by the Urban Institute of foreclosure data from the Recorder of Deeds and the Office of Tax and Revenue, the Department identified three ward clusters that are in need of Neighborhood Stabilization Funds. The target areas qualify under HUD’s NSP2 guidelines, which require that collectively, the census tracts receiving assistance have a vacancy or foreclosure index score of 18 or greater to qualify³. The selected census tracts have an average vacancy score of 18 and an average foreclosure score of 12.79. Table 1 illustrates the scores for each tract and the average of all tracts according to the NSP guidelines.

Table 1: Foreclosure and Vacancy Scores – *Original Proposal Target Area*

Cluster	Census Tract	HUD Foreclosure Score	HUD Vacancy Score	Max Score
Ward 8	75.03	13	16	16
Ward 8	75.04	14	17	17
Ward 8	76.01	16	18	18
Ward 7	78.03	15	19	19
Ward 7	78.06	11	17	17
Ward 7	78.07	12	19	19
Ward 7	78.08	13	18	18
Ward 7	78.09	15	17	17
Ward 7	99.04	11	20	20
Ward 7	99.05	11	18	18
Ward 7	99.06	10	18	18
Ward 5	79.01	13	18	18
Ward 5	79.03	12	18	18
Ward 5	85.00	13	17	17
Ward 5	88.02	17	18	18
Ward 5	88.03	11	18	18
Ward 5	88.04	11	19	19
Ward 5	89.03	12	19	19
Ward 5	89.04	13	18	18
Average Max Score				18

Table 2: Foreclosure and Vacancy Scores – *Amended Target Area*

Cluster	Census Tract	HUD Foreclosure	HUD Vacancy Score	Max Score
Ward 8	11001007502	10	14	14
Ward 8	11001007408	11	12	12
Ward 8	11001007403	9	9	9
Ward 8	11001007409	12	14	14
Ward 8	11001007304	10	16	16
Ward 8	11001009700	13	11	13
Ward 8	11001009802	9	9	9
Ward 8	11001009806	10	14	14
Ward 8	11001009808	12	15	15
Ward 8	11001007308	1	1	1
Ward 8	11001009807	13	14	14
Ward 8	11001009803	13	17	17

Exhibit 4 –Map of Target Areas

Cluster	Census Tract	HUD Foreclosure	HUD Vacancy Score	Max Score
Ward 8	11001009804	12	12	12
Ward 8	11001007302	12	18	18
Ward 8	11001009809	1	1	1
Ward 8	11001007404	5	5	5
Ward 8	11001007406	5	5	5
Ward 8	11001007407	11	14	14
Ward 8	11001007504	14	17	17
Ward 8	11001007401	13	17	17
Ward 8	11001007601	16	18	18
Ward 8	11001007503	13	16	16
Ward 7	11001007707	14	16	16
Ward 7	11001009905	11	18	18
Ward 7	11001009904	11	20	20
Ward 7	11001009903	9	9	9
Ward 7	11001007808	13	18	18
Ward 7	11001007807	12	19	19
Ward 7	11001009902	13	15	15
Ward 7	11001007603	15	16	16
Ward 7	11001007604	10	14	14
Ward 7	11001007605	10	14	14
Ward 7	11001009901	9	9	9
Ward 7	11001007709	10	16	16
Ward 7	11001007708	14	15	15
Ward 7	11001007703	11	16	16
Ward 7	11001009906	10	18	18
Ward 7	11001009907	12	14	14
Ward 7	11001007804	12	17	17
Ward 7	11001007809	15	17	17
Ward 7	11001007806	11	17	17
Ward 7	11001009601	10	14	14
Ward 7	11001009602	11	13	13
Ward 7	11001007803	15	19	19
Ward 7	11001009604	11	12	12
Ward 7	11001009603	12	15	15
Ward 7	11001007903	12	18	18
Ward 7	11001006804	5	5	5
Ward 5	11001009101	17	17	17
Ward 5	11001008804	11	19	19
Ward 5	11001008802	17	18	18
Ward 5	11001008903	12	19	19
Ward 5	11001008904	13	18	18
Ward 5	11001008803	11	18	18
Ward 5	11001008701	11	17	17
Ward 5	11001008702	9	9	9
Ward 5	11001009400	16	13	16
Ward 5	11001009508	10	15	15

Exhibit 4 –Map of Target Areas

Cluster	Census Tract	HUD Foreclosure	HUD Vacancy Score	Max Score
Average Max Score				14.69

Exhibit 5 (Reallocation of Funds)

NSP2 Grantee Entity Name:

DC Department of Housing and Community Development (DHCD)

DUNS Number:

1367031

Grant Number:

B-09-LN-DC-0015

Revised Budget and Activity List

CDBG Eligible Activity	Responsible Entity	Budget Amount Based in NSP2 Application	# of Units to be Assisted in NSP2 Application	Revised Budget Amount Based on Substantial Amendment	Revised # of Units to be Assisted Based on Substantial Amendment	Year to Date Expenditures	FY12 Projected Budget
Administrative Costs	DHCD / OPM	\$0	0	\$955,056	0	\$0	\$955,056
Acquisition of Abandoned & Foreclosed	DHCD / PADD	\$2,350,000	25	\$2,031,648	25	(\$353,852)	\$1,677,796
Multi-Family Rehab Loans	DHCD / DFD	\$3,650,000	41	\$3,331,648	41	(\$550,000)	\$2,781,648
Home Purchase Assistance Loans	DHCD / RCS	\$3,550,562	46	\$3,232,210	46	(\$353,852)	\$2,878,358
						\$0	\$0
Total		\$9,550,562	112	\$9,550,562	112	(\$1,257,704)	\$8,292,858