

**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>By expanding the target area in Wards 8, DHCD will be able to invest NSP2 funds in programs and projects that revitalize high priority neighborhoods within the Ward 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. This area is critical because other revitalization efforts are underway in the surrounding communities. The approval of this amendment will accelerate the revitalization efforts.</p> <p>DHCD believes that the proposed expansion of the target areas is essential for the success of our overall NSP2 program as well as maximum positive impact in the targeted communities, for two primary reasons:</p> <ol style="list-style-type: none"> 1. <u>Strong competition for suitable properties:</u> Our experience to date has indicated that properties that are financially feasible to rehab or redevelop and in desirable locations are very difficult to acquire in the currently-approved target areas. DHCD has considerable experience acquiring properties with local funds and offering them to developers, with and without the use of federal funds. Despite the large number of vacant and foreclosed properties in our original target area, these have been difficult for DHCD to acquire at reasonable prices, primarily because of competition from investors and homebuyers has remained very strong in our market. We did not have this “real world” market intelligence available to us when we submitted the NSP2 application. Now that we have this information, it is apparent that we will not be able to achieve our original acquisition and expenditure goals unless we expand our target areas.

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		<p>2. <u>A continued commitment to targeting that achieves impact:</u> While enlarging the target areas may seem to spread the impact over a larger geographic area, in reality our NSP1 and NSP2 acquisitions to date have been concentrated in high priority neighborhoods within the census tracts in which acquisitions and redevelopment are desirable and financially feasible. We expect that the remainder of the NSP2 acquisitions will follow the same pattern.</p> <p>A copy of the proposed expanded NSP2 target area is included as Exhibit 2.</p>
	B. Market Conditions and Demand Factors	Exhibit 2's table of rating factors for the additional census tract proposed for inclusion indicates that average foreclosure and vacancy scores are 18, the same as the already-approved census tracts. Both supply of and demand for available properties will be increased by adding the additional census tract, making more properties available for purchase and increasing the market areas for sales or rental of redeveloped properties.
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.
	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	A. Transit accessibility	No Change created by Amendment.

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Efficiency Improvements and Sustainable Development Factors	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 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.</p>

Exhibit 2 –Map of Target Areas

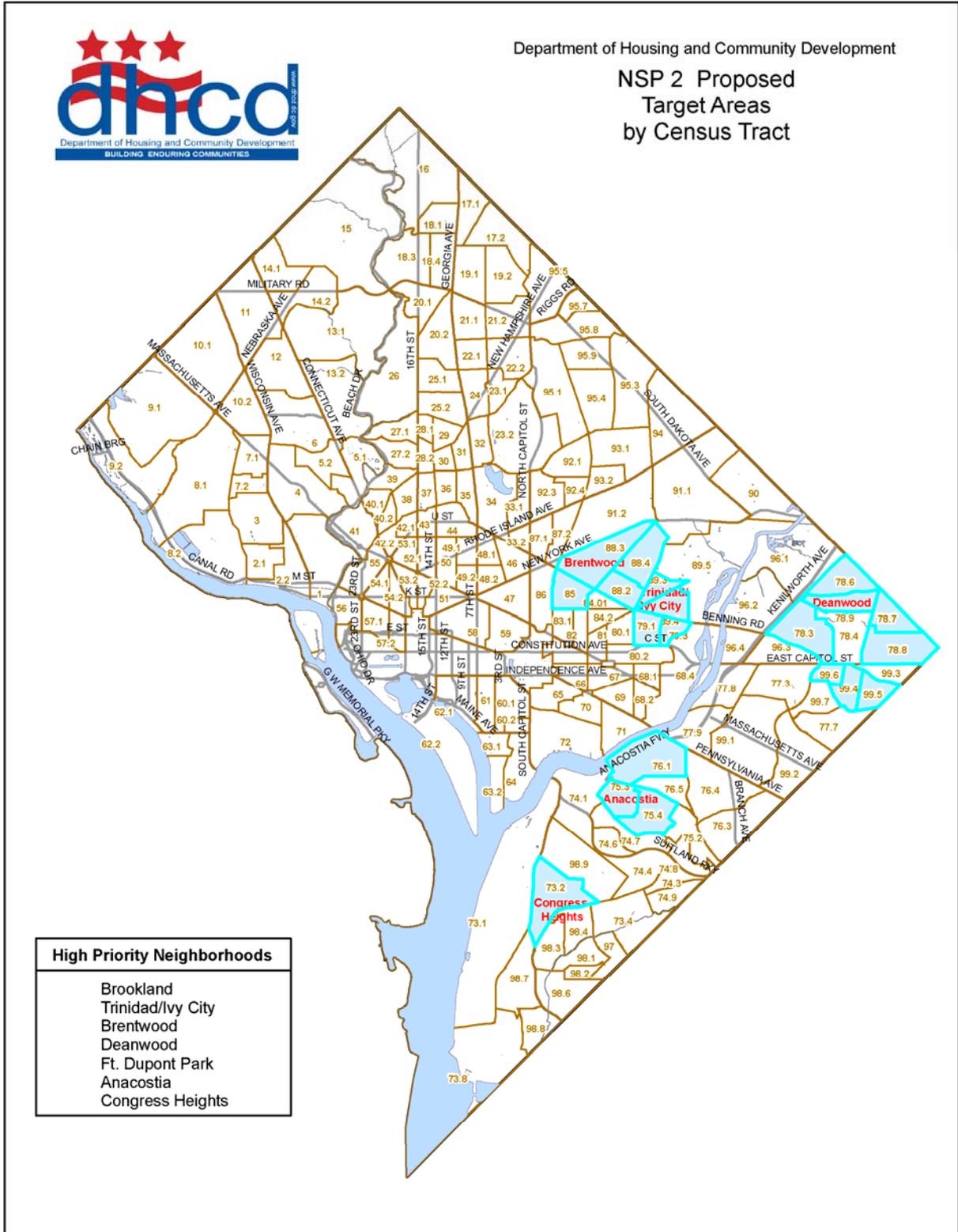


Exhibit 2 –Map of Target Areas

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 amended target area has the same NSP “needs” score as the the census tracts proposed in our original application. The original set of census tracts had an average Max score of 18 and the amended census tract has an average Max score of 18. Table 1 and 2 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	11001007302	12	18	18
Average Max Score				18

Exhibit 3 – NSP2 Public Notice

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

PUBLIC NOTICE

SUBSTANTIAL AMENDMENT TO NEIGHBORHOOD STABILIZATION PROGRAM 2 (NSP2)

The D.C. Department of Housing and Community Development (DHCD or the Department) has developed a Substantial Amendment to the Neighborhood Stabilization Program 2 (NSP2) application submitted by the Department. The Substantial Amendment addresses how the District will manage the second round of Neighborhood Stabilization Program (“NSP2”) funding from the U.S. Department of Housing and Urban Development (“HUD”). The amount of the NSP2 funding is **\$9,550,562**. In preparation for the submission of the Substantial Amendment to the FY2011 Action Plan to HUD, DHCD is soliciting public comment on the District’s proposed use to NSP2 funds to meet the District’s foreclosure, abandon and vacancy needs.

This public notice serves as a request for public comment on the substantial amendment. There is one proposed change to the original application. It involves adding one census tract to the target geography proposed in our original application. DHCD believe this amendment will allow our NSP2 program to operate more effectively and move forward more quickly to meet our goals. In addition, DHCD feel that the requested change is consistent with our application and do not alter the rating factors used in making the original award. Please see the attached Exhibits which outline the rating factors for this requested amendment.

The substantial amendment for the NSP2 funds will be available on the Department website as of September 09, 2011, at www.dhcd.dc.gov and for public review at DHCD, located at 1800 Martin Luther King Jr. Avenue, Monday-Friday, 8:15 a.m.-4:45 p.m. The public review period ends on Friday, September 23, 2011. Written comments may be mailed to the above address. If you have questions or prefer to provide comments by telephone, please call 202- 442-7200 during the public review period.