

NSP SUBSTANTIAL AMENDMENT (DRAFT)

Jurisdiction(s): Town of Islip (located in Suffolk County, New York)	NSP Contact Person: Paul Fink, Executive Director Town of Islip Community Development Agency
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INTRODUCTION

The Town of Islip has an estimated population of nearly 317,000 (per the Census Bureau's 2003 American Community Survey), contains sixteen hamlets and four incorporated villages in an area of 106 square miles. It is qualified as an "entitlement community" under the Housing and Community Development Act of 1974, and receives four annual HUD grants: Community Development Block Grant, HOME Investment Partnership Program, Emergency Shelter Grant, and Housing Opportunities for Persons with AIDS.

Eighteen of the Town's 72 census tracts were designated as low and moderate income according to the 2000 census. Approximately 28 percent of the population is classified as minority, mostly Hispanic and African American. The fastest growing housing segment is the elderly population, and over one third (35.7%) of the population is low to moderate income.

Overall, Islip is a mature community with very little remaining developable land, and located in a high cost suburban area. There are limited affordable housing opportunities for low income families.

Data from 2003 indicates that the median monthly housing costs for renters were \$1,204, and that 44% of renters in Islip spent 30% or more of household income on housing. Forty-six percent (46%) of the families defined as having low to moderate income paid more than 50% of their income for housing.

The Town of Islip identified eight priorities having to do with housing and community needs in its 2005 to 2009 Consolidated Plan. More than half of the Town's CDBG budget is allocated to housing needs and 100% of the funds from its other three grants are also allocated to housing needs.

The Town's programs expand housing opportunities for very low, low and moderate income first-time homebuyers through the CDBG and HOME funded Rent-With-Option-to-Buy and Direct Sale programs, as well as assistance to

CHDOs. The Emergency Shelter Grant provides rental housing to homeless families as do certain projects within the CDBG and HOME Programs. HOPWA, through sub-recipient housing agencies, provides rental housing for those afflicted with AIDS.

Approximately \$550,000, or, one quarter of the CDBG budget is allocated to housing rehabilitation for low and moderate income homeowners.

An amendment to the 2008 Annual Plan is required at this time, because new funds have been made available by Congress to areas hit hard by sub-prime loans and foreclosures through the Housing and Economic Recovery act of 2008. This new initiative, named the Neighborhood Stabilization Program by HUD, can provide up to \$3,720,392 in the Town of Islip to address these needs.

A. AREAS OF GREATEST NEED

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

Note: An NSP substantial amendment must include the needs of the entire jurisdiction(s) covered by the program; states must include the needs of communities receiving their own NSP allocation. To include the needs of an entitlement community, the State may either incorporate an entitlement jurisdiction's consolidated plan and NSP needs by reference and hyperlink on the Internet, or state the needs for that jurisdiction in the State's own plan. The lead entity for a joint program may likewise incorporate the consolidated plan and needs of other participating entitlement jurisdictions' consolidated plans by reference and hyperlink or state the needs for each jurisdiction in the lead entity's own plan.

HUD has developed a foreclosure and abandonment risk score to assist grantees in targeting the areas of greatest need within their jurisdictions. Grantees may wish to consult [this data](#), in developing this section of the Substantial Amendment.

Response:

An analysis of the data provided by HUD indicates that 29.2% of the home loans originated in the Town of Islip between 2004 and 2006 were high cost loans (generally referred to as "sub-prime"). These loans typically have a higher rate of interest than conventional loans, and generally have variable interest rates. Most often, people apply for these higher cost and higher risk loans when they could not otherwise qualify for a conventional loan. This may be due to low documented income, poor credit, insufficient savings, or other factors. The high cost of housing on Long Island forces many families of modest means to "over extend" themselves in order to have any chance of purchasing a home.

Sometimes, however, families who could qualify for conventional loans are misled into applying for sub-prime loans, because of the higher profit margins for the underwriter. Areas with a high proportion of sub-prime loans are expected to experience more foreclosures than other areas.

HUD has also provided data on estimated foreclosure rates and has calculated an estimated foreclosure risk score for each of the Census Block Groups in the Town. Their estimated foreclosure rate for the Town of Islip is 4.6%.

An independent and highly accurate source of data on foreclosures is Long Island Profiles Publishing Co., Inc. Long Island Profiles maintains data bases of all home sales on Long Island, all lis pendens (default notices) filed, mortgage judgments, and foreclosure sales. They have prepared a special report for the Town of Islip, Town of Babylon and County of Suffolk which lists the number of foreclosures in each hamlet for 2006, 2007 and 2008. They also documented the number of lis pendens filed by hamlet.

The foreclosures data indicates to us which hamlets have the highest number of foreclosures, and the historical data shows us what the trends are from 2006 to the present for these same areas. The lis pendens data shows us the areas that currently have the largest number of mortgage suits underway, and therefore will be a good predictor of areas likely to face a significant rise in the rate of foreclosures.

Before summarizing the new data from Long Island Profiles, we should first take a closer look at some of the HUD supplied data:

Foreclosure Rate

- 1) HUD lists 72 Census Tracts in the Town of Islip.
- 2) The average HUD estimated foreclosure rate for the entire Town is 4.6%.
- 3) There are 23 Census Tracts with foreclosure rates in excess of 1½ times the town average ($4.6 \times 1.5 = 6.9\%$).
- 4) Of the 16 hamlets and 4 villages that comprise the Town of Islip, all of these 23 Census Tracts are in just three hamlets: Bay Shore, Brentwood and Central Islip.

High Cost Mortgages

- 1) The average HUD estimated high cost mortgage rate for the entire Town is 29.2%.
- 2) There are 20 Census Tracts with high cost mortgage percentages in excess of 1½ times the town average ($29.2 \times 1.5 = 43.8\%$).
- 3) All of these 20 Census Tracts are in just three hamlets: Bay Shore, Brentwood and Central Islip.

- 4) All 20 of the high cost mortgage Census Tracts are the same as estimated high foreclosure rate Census Tracts.

Foreclosure Risk

- 1) HUD has ranked each of the 249 Census Block Groups in the Town on a scale of 1 to 10 based upon their calculation of the estimated foreclosure risk, with 10 being the highest anticipated risk.
- 2) There are 40 Block Groups with estimated foreclosure risks of 8 or higher, and all but two of the Block Groups are considered “low, moderate and middle income” eligible.
- 3) All of these very high risk Block Groups are in the hamlets of Bay Shore, Brentwood and Central Islip
- 4) Six Block Groups scored a 10 in HUD’s analysis, two in Brentwood, and 4 in Central Islip.

The new data from Long Island Profiles adds to the direction in which the HUD data points us. Of all of the hamlets in the Town of Islip, the three hamlets with the greatest number of actual foreclosures and the three with the greatest likelihood of future foreclosures (based upon lis pendens filed) are Bay Shore, Brentwood and Central Islip.

Foreclosure Count

- 1) The total number of foreclosures townwide for all of 2006 was 231, 61% of which were in Bay Shore, Brentwood and Central Islip.
- 2) There were 265 foreclosures townwide in 2007, 56% of which were in the target communities.
- 3) There have been 470 foreclosures townwide in the first ten months of 2008, 66% of which are in the target communities.
- 4) No other hamlet has even one third as many foreclosures as Bay Shore, Brentwood or Central Islip.

Number of Foreclosures in Town of Islip
(Target areas are indicated in bold typeface)

Hamlet	2006	2007	2008 (YTD)
Bay Shore	53	48	111
Bayport	1	3	2
Bohemia	2	2	11
Brentwood	55	42	106
Brightwaters (Village)	2	0	3
Central Islip	34	58	94
East Islip	6	12	13
Fire Island	2	6	1
Great River	0	0	2
Hauppauge	3	5	13
Holbrook	18	22	24
Islandia (Village)	3	8	8
Islip	9	8	16
Islip Terrace	5	10	8
Oakdale	3	5	6
Ronkonkoma	16	22	25
Sayville	7	3	5
West Islip	9	10	19
West Sayville	3	1	3
Totals	231	265	470
Target Area Totals	142	148	311
Target Area Percent	61%	56%	66%

Data provided by Long Island Profiles Publishing Co.,
Inc.

Lis Pendens Filed

- 1) There were 1,324 lis pendens filed townwide in 2006, 63% of which were in Bay Shore, Brentwood and Central Islip.
- 2) There were 2,051 lis pendens filed townwide in 2007, 68% of which were in the target communities.
- 3) There were 2,366 lis pendens filed townwide in the first ten months of 2008, 70% of which were in the target communities.

Number of Lis Pendens Filed in the Town of Islip (Target areas are indicated in bold typeface)

Hamlet	2006	2007	2008 (YTD)
Bay Shore	288	482	524
Bayport	9	0	24
Bohemia	15	34	33
Brentwood	294	529	674
Brightwaters (Village)	4	13	7
Central Islip	247	383	455
East Islip	39	61	63
Fire Island	14	25	7
Great River	5	4	7
Hauppauge	16	37	43
Holbrook	73	88	92
Islandia (Village)	30	47	55
Islip	41	48	58
Islip Terrace	36	48	55
Oakdale	19	20	23
Ronkonkoma	84	90	117
Sayville	28	27	38
West Islip	74	102	79
West Sayville	8	13	12
Townwide Totals	1324	2051	2366
Target Area Totals	829	1394	1653
Target Area Percent of Total	63%	68%	70%

Data provided by Long Island Profiles Publishing Co.,
Inc.

In short, the number of actual foreclosures and the threat of future foreclosures throughout the Town have more than doubled over the past three years, and the likelihood of future foreclosures in the target communities is increasing in relation to the remainder of the Town.

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.

Response:

The Town of Islip is proposing to use all of the funds allocated to it under the Neighborhood Stabilization Program for the acquisition and renovation of homes in the hamlets of Bay Shore, Brentwood and Central Islip. These are the same communities described in Section A with the highest percentage of home foreclosures, the highest percentage of homes financed by subprime mortgages, and with the likelihood of facing the most new foreclosures.

While the NSP funding level is insufficient to make a major dent in the foreclosure problems in the target communities, we will attempt to carefully select the homes we purchase within the communities in such a way as to make the greatest impact. For example, we will attempt to purchase the foreclosed houses in the worst condition, and therefore with the least likelihood of being purchased by the private sector. In addition, we will attempt to identify pockets within the target communities with numerous foreclosures in close proximity to one another. Purchase of properties in these pockets will help to minimize the likelihood of gangs or other criminals from squatting in the houses and further destabilizing the communities.

C. DEFINITIONS AND DESCRIPTIONS

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

Response:

The State of New York has a definition of “Unsafe Structures and Equipment” under Section 107 of the Fire Code of New York State:

“An unsafe structure is one that is found to be dangerous to the life, health, property or safety of the public or to the occupants of the structure by not providing minimum safeguards to protect or warn occupants in the event of fire; or because such structure contains unsafe equipment or is so damaged, decayed, dilapidated, or structurally unsafe; or is of such faulty construction or unstable foundation that partial or complete collapse is possible.”

“Unsafe equipment includes any boiler, heating equipment, elevator, moving stairway, electrical wiring or device, flammable liquid containers or other equipment on the premises or within the structure that is in such disrepair or condition that the equipment is a hazard to life, health, property or safety of the public or occupants of the premises or structure.”

The Town of Islip proposes to use the New York State definition of “Unsafe Structures and Equipment” as our definition of a “blighted structure.” It should be noted, however, that many structures have deferred maintenance and defects of a substantial nature, but that would not yet be considered “unsafe.” While such less blighted structures would probably not be candidates for demolition, we will be looking for foreclosed homes requiring this level of rehabilitation for inclusion in our program.

(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.

Response:

The Town of Islip proposes to use various levels of HOME Program Rents as our definition of “Affordable Rents.”

For projects designed for renters with incomes below 50% of the Nassau-Suffolk MSA Median Family Income, we will use the “Low HOME Rent Limit;” for projects designed for renters with incomes between 50% and 80% of median income, we will use the “High HOME Rent Limit;” and for families between 80% and 120% of median income, we will use the “Fair Market Rent.” In addition, if a unit has

project based rental assistance associated with it, we will allow the “Fair Market Rent” to be used, regardless of the income of the tenant. This is because the Section Eight program rules will insure that the tenant does not have to pay more than 30% of his or her income toward housing costs.

While no absolute guarantee can be made regarding the ultimate long term affordability of rental units without the provision of a continual subsidy, such as a public housing or Section Eight program, use of the HOME Program Rents will assure that the units remain reasonably affordable to a wide selection of potential tenants within the target income ranges.

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

Response:

“Continued Affordability” in the context of rental units will be achieved through the establishment and monitoring of affordable rents, as described in Section C (2) above.

The requirement for “Continued Affordability” in the context of homeownership units under the Neighborhood Stabilization Program appears to refer more to the initial purchaser of an assisted home, rather than in the subsequent purchasers of the home, but the Town of Islip proposes to address both the initial and subsequent purchasers as follows:

Continued affordability will be maintained for the initial purchasers due to our requirement that only fixed interest rate mortgages will be used, and due to the provision of soft second subsidy mortgages, as necessary, to ensure that the purchasers will not have to pay more than 34% of their incomes toward principal, interest, taxes and insurance. All purchasers will also be required to complete eight hours of homebuyer counseling, dealing with the financial, credit, and legal aspects of acquiring and maintaining a home. In addition, banks who provide financing for the program must agree to comply with the “bank regulators’ guidance for non-traditional mortgages,” as stipulated in the HUD Notice.

Affordability cannot ever be 100% guaranteed in an ownership situation, because there are always circumstances beyond the control of the purchaser and the municipality. These include the possibility of rapidly increasing utility costs, and increases in school or other property taxes. They also include the possibility of changes in incomes or expenses of the purchasers, due to job changes or losses, adding new household members, or college and medical expenses. Our program design will control the fixed costs, while variable costs will have to be borne by the purchasers, as with all homeowners whether government assisted or not.

Insofar as continued affordability to subsequent purchasers of the homes is concerned, there will not be an absolute requirement for affordability to a target income group. Rather, we will make all soft subsidy mortgages permanent, and only payable upon sale or other transfer of the property. In the event that Congress (through HUD) will allow the transfer of the subsidy to a subsequent purchaser within the target income range, the unit should be able to stay affordable. If, on the other hand, it is determined that all subsidies must be returned to the Treasury at the time of re-sale, then, the homes will be re-sold regardless of the income of the subsequent purchasers. It should be noted, however, that due to the modest income nature of the target communities for this program within the Town of Islip, and the higher income levels allowed for participation in the NSP, it is likely that subsequent sales will be to families earning less than 120% of MFI regardless of subsidy repayment or transferability.

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

Response:

All houses rehabilitated under the Neighborhood Stabilization Program will: (1) meet Housing Quality Standards; (2) meet the New York State Uniform Fire Prevention and Building Code; and (3) conform to the Town of Islip Community Development Agency Master Specifications which have been developed for all of our HUD funded rehabilitation programs. In addition, efforts will be made to replace all appliances and fixtures with Energy Star labeled units, and, if any units undergo gut rehabilitation, they will be renovated to new housing Energy Star standards. Houses will also be tested for lead based paint and abated, as necessary, in accordance with current CDBG regulations.

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: **\$930,098.**

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.

Response:

Please note that under Section G, below, there are two projects which are being designed to benefit individuals and families whose incomes do not exceed 50% of MFI; (1) Acquisition and Renovation of Foreclosed Homes with Habitat for Humanity of Suffolk for sale to low income families under the Section Eight Homeownership Program; and (2) Acquisition and Renovation of Foreclosed

Homes with local not-for-profit partners as permanent rental housing for low income families.

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 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.

Response:

The Town of Islip does not intend to implement a project with NSP funds at this time which would entail the demolition or conversion of low- and moderate-income dwelling units. If, however, one of the foreclosed homes we acquire under any of the activities described in Section G, below, requires the demolition, rather than rehabilitation, of the structure, we will make the newly constructed home available for the same income group as was targeted in the activity to begin with.

F. PUBLIC COMMENT

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

Note: proposed NSP Substantial Amendment must be published via the usual methods and posted on the jurisdiction's website for no less than 15 calendar days for public comment.

Response:

A public notice was placed in the Suffolk edition of Newsday on November 10, 2008, informing the general public regarding the basics of the Neighborhood Stabilization Program, and informing them that the draft plan was available for review or download on the Community Development Agency's website (www.islipcda.org) and available in hard copy at the CDA office. The public notice also established a fifteen day comment period through November 25, 2008. No comments have been received to date.

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

FIRST ACTIVITY

(1) Activity Name:

Affordable Housing for First Time Homebuyers

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

NSP Eligible Use: Section 2301(c)(3)(B) – Purchase and rehabilitate foreclosed homes for sale or rental. Possibly also Section 2301(c)(3)(A) – Funding mechanisms.

CDBG Eligible Activity: 24 CFR 570.201(a) acquisition, and (b) disposition, as well as 24 CFR 570.202 rehabilitation.

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income).

All of the proposed units will be occupied upon completion by families earning less than 120% of the Nassau-Suffolk MSA Median Income.

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

This project will entail the acquisition and rehabilitation of foreclosed houses within the three target communities for rental or sale to families earning between 50% and 120% of median income. The CDA staff will carefully inspect each home to determine the scope of required renovations, and private contractors will bid to perform the renovation work. Purchasers will be selected through a lottery. The intention of this activity is to sell all of the houses to first time homebuyers. If, however, the market falters to the point that potential purchasers are unable to obtain financing from participating banks, or if there are an insufficient quantity of interested purchasers, it may be necessary to rent the homes to income qualified families until the market improves and the backlog of houses for sale in the communities is greatly reduced.

This activity is not designed to meet the low income housing requirement for those below 50% of area median income.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

The foreclosed houses to be acquired and rehabilitated under this program will all be located in the hamlets of Bay Shore, Brentwood and Central Islip, in accordance with the findings of the needs analysis (Section A.) and the distribution and uses narrative (Section B.) at the beginning of this document.

(6) 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).

It is estimated that a total of 8 to 10 houses will be acquired and renovated under this activity, and further that half will be sold to families with incomes between 50 and 80 percent of area median income with the other half being sold to families with incomes between 80 and 120 percent of area median.

To the extent that houses can be purchased, renovated and re-sold to eligible families quickly, it may be possible to recycle a significant portion of the funds allocated to this activity and thereby finance the purchase and rehabilitation of an additional 4 to 7 houses before the expiration of authorization to use NSP funds occurs.

(7) Total Budget: (Include public and private components)

\$2,418,255 in NSP funds.

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

This activity will be administered by the Town of Islip Community Development Agency, having offices at 15 Shore Lane, Bay Shore, NY, 11706.

The contact person is Paul Fink, Executive Director, (631)665-1185,

pfink@islipcda.org

(9) Projected Start Date:

January 1, 2009

(10) Projected End Date:

December 31, 2012

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate

Houses purchased will be at an average discount rate of no less than 15% below the current appraised value.

For financing activities, include:

- range of interest rates

To the extent that any financing activities are undertaken under this activity, the interest rates may range from zero (soft second mortgages) to 6% (installment payment first mortgages).

For housing related activities, include:

- duration or term of assistance

Assistance in the form of soft second mortgages will be permanent. Repayment of the subsidy mortgages will only be made upon sale or other transfer to a non-qualified purchaser.

- tenure of beneficiaries--rental or homeownership;

The intent is for all 8-10 beneficiaries under this program to be homeowners, but as noted in the activity description (above), it may be necessary to rent out the houses for a period of time after completion of rehabilitation in order to wait for economic and market conditions to improve.

- a description of how the design of the activity will ensure continued affordability

Continued affordability will be maintained for the initial purchasers due to our requirement that only fixed interest rate mortgages will be used, and due to the provision of soft second subsidy mortgages, as necessary, to ensure that the purchasers will not have to pay more than 34% of their incomes toward principal, interest, taxes and insurance. All purchasers will also be required to complete eight hours of homebuyer counseling, dealing with the financial, credit, and legal aspects of acquiring and maintaining a home. In addition, banks who provide financing for the program must agree to comply with the "bank regulators' guidance for non-traditional mortgages," as stipulated in the HUD Notice.

Please also refer to Section C (3) in this document.

SECOND ACTIVITY

(1) Activity Name:

Affordable Housing for Low Income First Time Homebuyers

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

NSP Eligible Use: Section 2301(c)(3)(B) – Purchase and rehabilitate foreclosed homes for sale or rental. Possibly also Section 2301(c)(3)(A) – Funding mechanisms.

CDBG Eligible Activity: 24 CFR 570.201(a) acquisition, and (b) disposition, as well as 24 CFR 570.202 rehabilitation.

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., $\leq 120\%$ of area median income).

All of the proposed units will be occupied upon completion by families earning less than 50% of the Nassau-Suffolk MSA Median Income.

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

This project will entail the acquisition and rehabilitation of foreclosed houses within the three target communities for rental or sale to families earning less than 50% of median income. Habitat for Humanity of Suffolk will be given approximately two foreclosed houses to renovate and re-sell to first time homebuyers through the Section Eight Homeownership Program operated by the Town of Islip Housing Authority. Habitat staff will carefully inspect each home to determine the scope of required renovations, and volunteers as well as private contractors will perform the renovation work. Purchasers will be selected from amongst Islip Housing Authority's Family Self Sufficiency Program participants, in cooperation with Habitat for Humanity's Family Selection Committee.

This activity is designed to meet the low income housing requirement for those below 50% of area median income.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

The foreclosed houses to be acquired and rehabilitated under this program will all be located in the hamlets of Bay Shore, Brentwood and Central Islip, in accordance with the findings of the needs analysis (Section A.) and the distribution and uses narrative (Section B.) at the beginning of this document.

(6) 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).

It is estimated that a total of 2 houses will be acquired and renovated under this activity, and that both will be sold to families with incomes below 50 percent of area median income. Due to the need for substantial subsidies for purchasers at this income level, it is unlikely that any funds will be able to be recycled upon sale of the houses in order to acquire additional foreclosed houses.

(7) Total Budget: (Include public and private components)

\$400,000 in NSP funds, plus donated labor and materials by Habitat for Humanity.

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

This activity will be administered by the Town of Islip Community Development Agency, having offices at 15 Shore Lane, Bay Shore, NY, 11706. The contact person is Paul Fink, Executive Director, (631) 665-1185, pfink@islipcda.org

Partners:

Habitat for Humanity of Suffolk, Inc., 643 Middle Country Road, Middle Island, NY, 11953. Daniel Walker, Executive Director, (631) 924-4966

Town of Islip Housing Authority, 963 Montauk Highway, Oakdale, NY, 11769. Richard Wankel, Executive Director, (631) 589-7100

(9) Projected Start Date:

January 1, 2009

(10) Projected End Date:

December 31, 2012

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate

Houses purchased will be at an average discount rate of no less than 15% below the current appraised value.

For financing activities, include:

- range of interest rates

To the extent that any financing activities are undertaken under this activity, the interest rates may range from zero (soft second mortgages) to 6% (installment payment first mortgages).

For housing related activities, include:

- duration or term of assistance

Assistance in the form of soft second mortgages will be permanent. Repayment of the subsidy mortgages will only be made upon sale or other transfer to a non-qualified purchaser.

- tenure of beneficiaries--rental or homeownership;

Both anticipated beneficiaries under this program will be homeowners,

- a description of how the design of the activity will ensure continued affordability

Continued affordability will be maintained for the initial purchasers due to our requirement that only fixed interest rate mortgages will be used, and due to the provision of soft second subsidy mortgages, as necessary, to ensure that the purchasers will not have to pay more than 34% of their incomes toward principal, interest, taxes and insurance. All purchasers will also be required to complete eight hours of homebuyer counseling, dealing with the financial, credit, and legal aspects of acquiring and maintaining a home. In addition, banks who provide financing for the program must agree to comply with the "bank regulators' guidance for non-traditional mortgages," as stipulated in the HUD Notice.

Please also refer to Section C (3) in this document.

THIRD ACTIVITY

(1) Activity Name:

Affordable Rental Housing for Low Income Families

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

NSP Eligible Use: Section 2301(c)(3)(B) – Purchase and rehabilitate foreclosed homes for sale or rental. Possibly also Section 2301(c)(3)(A) – Funding mechanisms.

CDBG Eligible Activity: 24 CFR 570.201(a) acquisition, and (b) disposition, as well as 24 CFR 570.202 rehabilitation.

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income).

All of the proposed units will be occupied upon completion by families earning less than 50% of the Nassau-Suffolk MSA Median Income.

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

This project will entail the acquisition and rehabilitation of foreclosed houses within the three target communities for rental to families earning less than 50% of median income. One or more non-profit partners will be selected by the CDA to take possession of foreclosed homes, carefully inspect them to determine the scope of required renovations, and private contractors will bid to perform the renovation work. Tenants will be selected by the non-profit in a fair and equitable manner to be reviewed and approved by the CDA. The intention of this activity is to develop new permanently affordable rental housing units to be owned and managed by qualified non-profit agencies.

This activity is designed to meet the low income housing requirement for those below 50% of area median income.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

The foreclosed houses to be acquired and rehabilitated under this program will all be located in the hamlets of Bay Shore, Brentwood and Central Islip, in

accordance with the findings of the needs analysis (Section A.) and the distribution and uses narrative (Section B.) at the beginning of this document.

(6) 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).

It is estimated that a total of 2 houses will be acquired and renovated under this activity, and that they will be rented to families with incomes below 50 percent of area median income.

(7) Total Budget: (Include public and private components)

\$530,098 in NSP funds.

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

This activity will be administered by the Town of Islip Community Development Agency, having offices at 15 Shore Lane, Bay Shore, NY, 11706. The contact person is Paul Fink, Executive Director, (631)665-1185, pfink@islipcda.org

The non-profit partner or partners will be selected prior to the projected January 2009 projected start date.

(9) Projected Start Date:

January 1, 2009

(10) Projected End Date:

December 31, 2012

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate

Houses purchased will be at an average discount rate of no less than 15% below the current appraised value.

For financing activities, include:

- range of interest rates

To the extent that any financing is undertaken under this activity, the interest rate is likely to be zero percent, in order to allow the non-profits to charge the lowest possible rent to the tenants.

For housing related activities, include:

- duration or term of assistance

Assistance in the form of soft second mortgages will be permanent. Repayment of the subsidy mortgages will only be made upon sale of the property by the non-profit partner, or discontinuance of a qualified use. If assistance is provided in the form of an installment payment mortgage, the term will be 30 years.

- tenure of beneficiaries--rental or homeownership;

The intent is for both beneficiaries under this program to be renters.

- a description of how the design of the activity will ensure continued affordability

Continued Affordability of these rental units will be achieved through the establishment and monitoring of affordable rents, as described in Section C. (2) above. Since this project is designed for renters with incomes below 50% of the Nassau-Suffolk MSA Median Family Income, we will use the "Low HOME Rent Limit." Only in the event that other subsidies such as Project Based Section Eight are available, will we allow the rents to be increased to the "Fair Market Rent."

FOURTH ACTIVITY

(1) Activity Name:

Administration and Planning

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

NSP Eligible Use: General Administration and Planning

CDBG Eligible Activity: 24 CFR 570.205 and 206

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., $\leq 120\%$ of area median income).

Not Applicable

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

General administration and planning relating to the implementation of the three other activities, plus reporting and monitoring.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

Not Applicable

(6) 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).

Not Applicable

(7) Total Budget: (Include public and private components)

\$372,039

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

This activity will be administered by the Town of Islip Community Development Agency, having offices at 15 Shore Lane, Bay Shore, NY, 11706. The contact person is Paul Fink, Executive Director, (631)665-1185, pfink@islipcda.org

(9) Projected Start Date:

January 1, 2009

(10) Projected End Date:

December 31,2012

(11) Specific Activity Requirements:

Not Applicable

CERTIFICATIONS

(1) **Affirmatively furthering fair housing.** The jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.

(2) **Anti-lobbying.** The jurisdiction will comply with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.

(3) **Authority of Jurisdiction.** The jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.

(4) **Consistency with Plan.** The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.

(5) **Acquisition and relocation.** The jurisdiction will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the Notice for the NSP program published by HUD.

(6) **Section 3.** The jurisdiction will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

(7) **Citizen Participation.** The jurisdiction is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.

(8) **Following Plan.** The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.

(9) **Use of funds in 18 months.** The jurisdiction will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the NSP Notice, all of its grant funds within 18 months of receipt of the grant.

(10) **Use NSP funds \leq 120 of AMI.** The jurisdiction will comply with the requirement that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income.

(11) **Assessments.** The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by

assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) **Excessive Force.** The jurisdiction certifies that it has adopted and is enforcing: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) a policy of enforcing applicable State and local laws against physically barring entrance to or exit from, a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws.** The NSP grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(14) **Compliance with lead-based paint procedures.** The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) **Compliance with laws.** The jurisdiction will comply with applicable laws.

DRAFT - DRAFT - DRAFT
Signature/Authorized Official

12/1/2008
Date

Supervisor
Title