

**Grantee: State of Pennsylvania**

**Grant: B-11-DN-42-0001**

**July 1, 2012 thru September 30, 2012 Performance Report**

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**Grant Number:**

B-11-DN-42-0001

**Obligation Date:****Award Date:****Grantee Name:**

State of Pennsylvania

**Contract End Date:**

03/16/2014

**Review by HUD:**

Reviewed and Approved

**Grant Amount:**

\$5,000,000.00

**Grant Status:**

Active

**QPR Contact:**

No QPR Contact Found

**Estimated P/RL Funds:**

\$0.00

**Total Budget:**

\$5,000,000.00

## Disasters:

### Declaration Number

No Disasters Found

## Narratives

### Summary of Distribution and Uses of NSP Funds:

The purpose of the NSP 3 funds is to stabilize neighborhoods whose viability has been, and continues to be, damaged by the economic effects of properties that have been foreclosed upon and abandoned.

The areas where the funds are being distributed are indicative of the demographics for the Commonwealth. In 2008, the number of Act 91 Notices served on all owner occupied units represented .8% of the total number of housing units. In 2010, the number rose to 1.2% of all occupied housing units receiving an Act 91 Notice. In Pennsylvania, the Act 91 Notice is the official notice that the mortgage on a home is in default, and the lender intends to foreclose.

Each grantee is encouraged to carry out the NSP 3 activities in the context of a comprehensive plan to make its neighborhoods not only more stable, but also sustainable, competitive, and integrated into the overall community fabric including access to transit, affordable housing, employers and services. Such application proposals will be given priority in the selection process. Applicants are encouraged to review the Commonwealth's Keystone Principles for Investment and the housing priorities for Targeting, Leverage and Impact contained in the Commonwealth's Consolidated Plan

Any applicant for NSP 3 funds must have within its geographic jurisdiction a Census block group with a HUD risk score of eleven (11) or higher. All applicants must show that their jurisdictions meet the "Qualified Need Area" assessment, which constitutes the threshold of eligibility for NSP 3 funds.

NSP 3 funding is available to any unit of local government in the Commonwealth meeting the definition of a Qualified Need Area that also currently received an annual allocation of CDBG funding either through the State's act 179 distribution formula or that qualifies as a direct federal entitlement jurisdiction under the CDBG program. In addition, nonprofits, housing authorities or redevelopment authorities in Qualified Need Areas may also apply for these funds.

Eligible entities must submit evidence that they have in place at the time of application the following plans and certifications:

- Fair Housing Plan
- Section 3 Plan
- Minority Business Enterprise/Women Business Enterprise (MBE/WBE) Plan
- Certification of Consistency with either:
  - Local Consolidated Plan (for Federal CDBG entitlement areas)
  - Local 3-Year Community Development Plan (for all other areas)
- Identify a Responsible Entity for conducting the Environmental Review

1. Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers.
2. Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties

### Summary of Distribution and Uses of NSP Funds:

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3. Establish land banks for homes that have been foreclosed upon.
4. Demolish blighted structures.
5. Redevelop demolished or vacant properties.



## How Fund Use Addresses Market Conditions:

The areas where the funds are being distributed are indicative of the demographics for the Commonwealth. In 2008, the number of Act 91 Notices served on all owner occupied units represented .8% of the total number of housing units. In 2010, the number rose to 1.2% of all occupied housing units receiving an Act 91 Notice. In Pennsylvania, the Act 91 Notice is the official notice that the mortgage on a home is in default, and the lender intends to foreclose.

In addition, the non-prime fixed/ARM loans that were delinquent (90 days+ or in foreclosure) have risen from 9/7% / 17.3% at the beginning of 2008. In December of 2010, this figure has risen to 26.7% / 36% of all loans. These statistics show that the Commonwealth continues to see significant needs and housing problems due to foreclosures and sub-prime lending. The NSP 3 funds will be used to promote neighborhood stabilizations where foreclosures, sub-prime lending and housing vacancies are negatively impacting the housing market

## Ensuring Continued Affordability:

HUD requires that states ensure, to the maximum extent practicable and for the longest feasible term, the continued affordability of housing units assisted with NSP 3 funds, including homes sold, rented, rehabilitated/improved or redeveloped. These housing units must remain affordable to individuals or families whose incomes do not exceed 120 percent of area median income (AMI).

PHFA will require that all grantees adhere to the HOME Program affordability requirements and standards. Any rental units assisted or developed with NSP 3 funds fulfilling the requirements to create housing for households with incomes no greater than 50 percent AMI must remain available to households within that income limit for the duration of HOME Program affordability period.

Current HUD regulations state that all rental income above that needed for operations, maintenance and reserves is considered program income and must be returned to HUD. This provision does not provide for a sliding scale or shared return of those funds. Therefore, applicants are encouraged to consider the long term feasibility of rental housing using these funds.

Rent, occupancy, and affordability requirements for homebuyer and rental units will be enforced with covenants, mortgages, or deed restrictions on the property.

## Definition of Blighted Structure:

1. The definition of "blighted structure" is outlined in two state laws, the Eminent Domain Law and Urban Redevelopment Law. Given that NSP 3 funds essentially cannot be used for Eminent Domain, Pennsylvania's Urban Redevelopment Law defines "blighted property" and can be found at 35 P.S. §1712.1 (c). Per that definition, blighted property shall include:

- a. Any premises which because of physical condition or use is regarded as a public nuisance at common law or has been declared a public nuisance in accordance with local house, building, plumbing, fire and related codes.
- b. Any premises which because of physical condition, use or occupancy is considered an attractive nuisance to children, including but not limited to abandoned wells, shafts, basements, excavations, and unsafe fences or structures.
- c. Any dwelling which because it is dilapidated, unsanitary, unsafe, vermin-infested or lacking in the facilities and equipment required by the housing code of the municipality has been designated by the department responsible for enforcement of the code as unfit for human habitation.
- d. Any structure which is a fire hazard, or otherwise dangerous to the safety of person or property.
- e. Any structure which is a fire hazard, or otherwise dangerous to the safety of person or property.
- f. Any vacant or unimproved lot or parcel of ground in a predominantly built-up neighborhood, which by reason of neglect or lack of maintenance has become a place for accumulation of trash and debris, or a haven for rodents or other vermin.
- g. Any unoccupied property which has been tax delinquent for a period of two years prior to the effective date of the act (P.L. 991, 1945), and those in the future having a two year tax delinquency.
- h. Any property which is vacant but not tax delinquent, which has not been rehabilitated within one year of receipt of notice to rehabilitate from the appropriate code enforcement agency.

## Definition of Affordable Rents:

1. NSP 3 assisted units will carry rent and occupancy restrictions Requirements. The rents will be set in order that individuals pay no more than 30 percent of their gross income for rent, including utilities or applicable fair market rents for the area less any utility costs paid by the tenants, whichever is lower.

## Housing Rehabilitation/New Construction Standards:

1. The Uniform Construction Code (UCC) was adopted on April 9, 2004 for the state of Pennsylvania and is applicable to the construction, alteration, repair, movement, equipment, removal, demolition, maintenance, occupancy or change of occupancy of every building or structure which occurs on or after April 9, 2004.

DCED's Housing Rehabilitation Guide explains the applicability of the UCC, as well as local code requirements. Where no codes are in place, the housing rehabilitation standards in the guidebook will be the minimum acceptable housing rehabilitation standards. The guidebook can be found at DCED's website:

## Vicinity Hiring:

All applicants awarded NSP 3 funds will be required to adopt a Section 3 Plan and include all applicable language for the Section 3 preference to hire local residents or to contract with local businesses where applicable

## Procedures for Preferences for Affordable Rental Dev.:

The NSP 3 Program applicants will be awarded points for projects that serve individuals and households whose income is at or below 50% Area Median Income (AMI). As with the first allocation of NSP, most of the units that will be occupied by individuals or families at or below 50% AMI will be in rental units.



**Grantee Contact Information:**

Donna Enrico, Chief  
Center for Community Financing  
400 North Street  
Harrisburg, PA 17120  
(717) 720-7343  
denrico@state.pa.us

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$5,000,000.00
Total Budget	\$0.00	\$5,000,000.00
Total Obligated	\$0.00	\$4,721,308.00
Total Funds Drawdown	\$630,122.38	\$1,277,353.63
Program Funds Drawdown	\$630,122.38	\$1,277,353.63
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$630,122.38	\$1,263,535.34
Match Contributed	\$0.00	\$0.00

**Progress Toward Required Numeric Targets**

Requirement	Required	To Date
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$750,000.00	\$0.00
Limit on Admin/Planning	\$500,000.00	\$19,038.16
Limit on State Admin	\$0.00	\$19,038.16

**Progress Toward Activity Type Targets**

Activity Type	Target	Actual
Administration	\$500,000.00	\$363,369.00

**Progress Toward National Objective Targets**

National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	\$1,250,000.00	\$1,536,756.90

**Overall Progress Narrative:**

Bensalem had requested a new activity line item be added to their project, their original project budget was set up as Construction of New Housing - LH25% for \$1,350,000 - the project needed to be split between LH25% and LMMI. A new activity line item was created for: Construction of New Housing - LMMI \$652,500 and the LH25% line item was reduced to \$697,500 with a total project budget of \$1,350,000.

Narrative can be found under activities that had expenditures during the quarter.



# Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
BEN-001 Bensalem Township, BEN-001 Construction of New Commonwealth of PA State Administration, Commonwealth of PA	\$630,122.38	\$2,002,500.00	\$844,933.03
HAZ-001 Residential Rehab LH25%, HAZ-001 Residential Rehab	\$0.00	\$200,000.00	\$0.00
HAZ-001 Residential Rehab LMMI, HAZ-001 Residential Rehab	\$0.00	\$125,000.00	\$13,818.29
HAZ-002 Administration, HAZ-002 Administration	\$0.00	\$343,750.00	\$600.00
MONR-0001 Monroe County, MONR-001 Monroe County	\$0.00	\$31,250.00	\$13,707.00
MONR-001 Monroe County, MONR-001 Monroe County	\$0.00	\$299,223.10	\$299,223.10
MONR-002 Monroe County, MONR-002 Monroe County Direct	\$0.00	\$99,741.05	\$91,712.15
MONR-003 Monroe County Administration, MONR-003 -	\$0.00	\$98,544.85	\$8,028.90
PIT-001 Sheraden, PIT-001 Residential Rehab Sheraden LMMI%	\$0.00	\$33,094.00	\$5,331.16
PIT-001 Sheraden, PIT-001 Residential Rehab Sheraden LH25%	\$0.00	\$238,100.00	\$0.00
PIT-002 Stanton Heights, PIT-002 Residential Rehab Stanton	\$0.00	\$95,240.00	\$0.00
PIT-002 Stanton Heights, PIT-002 Residential Rehab Stanton	\$0.00	\$190,480.00	\$0.00
PIT-003 Larimer, PIT-003 Land Banking Larimer LMMI	\$0.00	\$142,860.00	\$0.00
PIT-003 Larimer, PIT-003 Land Banking Larimer LH25%	\$0.00	\$278,692.00	\$0.00
PIT-004 Administration, PIT-004 Administration	\$0.00	\$0.00	\$0.00
SCR1-001 UNCDC, SCR1-001 UNCDC New Construction LMMI	\$0.00	\$63,025.00	\$0.00
SCR1-001 UNCDC, SCR1-001 UNCDC New Construction LH25%	\$0.00	\$581,250.00	\$0.00
YRK-001 City of York, YRK-001 City of York Residential Rehab	\$0.00	\$193,750.00	\$0.00
YRK-001 City of York, YRK-001 City of York Residential Rehab	\$0.00	\$450,000.00	\$0.00
YRK-002 Administration, YRK-002 Administration	\$0.00	\$150,000.00	\$0.00
		\$36,000.00	\$0.00



## Activities

<b>Grantee Activity Number:</b>	<b>BEN-001 Construction of New Housing LH25% Bensalem</b>
<b>Activity Title:</b>	<b>BEN-001 Construction of New Housing LH25% Bensalem</b>

**Activity Category:**

Construction of new housing

**Project Number:**

BEN-001 Bensalem Township

**Projected Start Date:**

03/17/2011

**Benefit Type:**

Direct ( HouseHold )

**National Objective:**

NSP Only - LH - 25% Set-Aside

**Activity Status:**

Under Way

**Project Title:**

BEN-001 Construction of New Housing LH25% Bensalem

**Projected End Date:**

03/16/2014

**Completed Activity Actual End Date:**

**Responsible Organization:**

Bensalem Township

Overall	Jul 1 thru Sep 30, 2012	To Date
<b>Total Projected Budget from All Sources</b>	N/A	\$697,500.00
<b>Total Budget</b>	(\$652,500.00)	\$697,500.00
<b>Total Obligated</b>	(\$652,500.00)	\$697,500.00
<b>Total Funds Drawdown</b>	\$325,563.25	\$436,548.76
<b>Program Funds Drawdown</b>	\$325,563.25	\$436,548.76
<b>Program Income Drawdown</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Total Funds Expended</b>	\$325,563.25	\$540,373.90
Bensalem Township	\$325,563.25	\$540,373.90
<b>Match Contributed</b>	\$0.00	\$0.00

**Activity Description:**

Bensalem Township will use NSP 3 funding to purchase an 11.43 acre site in Block group 3, census tract 1002.01. Upon that site will be constructed a 60 unit, 3 story multifamily residential structure for seniors aged 62 and older, 31 of the units will be for households LH25%.

**Location Description:**

Bensalem Township will construct a 60 unit, 3 story multifamily residential structure for seniors in census tract 1002 and 1001, block group 3, 31 of the units will be for LH25%.

**Activity Progress Narrative:**

Bensalem incurred construction expenses this Quarter.



## Accomplishments Performance Measures

No Accomplishments Performance Measures found.

## Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

## Activity Locations

No Activity Locations found.

## Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

### Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

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**Grantee Activity Number:** BEN-001 Construction of New Housing LMMI  
**Activity Title:** BEN-001 Construction of New Housing LMMI

**Activity Category:**

Construction of new housing

**Project Number:**

BEN-001 Bensalem Township

**Projected Start Date:**

03/17/2011

**Benefit Type:**

Direct ( HouseHold )

**National Objective:**

NSP Only - LMMI

**Activity Status:**

Under Way

**Project Title:**

BEN-001 Construction of New Housing LH25% Bensalem

**Projected End Date:**

03/16/2014

**Completed Activity Actual End Date:**

**Responsible Organization:**

Bensalem Township

**Overall**

	<b>Jul 1 thru Sep 30, 2012</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	\$652,500.00
<b>Total Budget</b>	\$652,500.00	\$652,500.00
<b>Total Obligated</b>	\$652,500.00	\$652,500.00
<b>Total Funds Drawdown</b>	\$304,559.13	\$408,384.27
<b>Program Funds Drawdown</b>	\$304,559.13	\$408,384.27
<b>Program Income Drawdown</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Total Funds Expended</b>	\$304,559.13	\$304,559.13
Bensalem Township	\$304,559.13	\$304,559.13
<b>Match Contributed</b>	\$0.00	\$0.00

**Activity Description:**

Construction of a 3 story residential building in Bensalem PA, total of 60 units - 29 units will meet the LMMI threshold for the elderly 62 and over.

**Location Description:**

Construction of New Housing in Bensalem Township - Census Tract 1001-1002, block group 3

**Activity Progress Narrative:**

Bensalem incurred construction cost this quarter for the development of an elderly rental housing project.

**Accomplishments Performance Measures**

No Accomplishments Performance Measures found.

**Beneficiaries Performance Measures**

No Beneficiaries Performance Measures found.



## Activity Locations

No Activity Locations found.

## Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

### Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

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