

DRAFT

CITY OF LONG BEACH

**NEIGHBORHOOD STABILIZATION 2
(NSP2)
ACTION PLAN AMENDMENT**



**ALLOCATING FEDERAL RESOURCES OF:
Neighborhood Stabilization Program 2 (NSP2)**

Para solicitar este documento en Español, por favor llame al: 562-570-7403

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Overview

The Neighborhood Stabilization Program 2 (NSP2) was one of the initiatives of the American Recovery and Reinvestment Act of 2009 (ARRA). On February 11, 2010, after a competitive application process, the City of Long Beach and Habitat for Humanity of Greater Los Angeles (Habitat) were jointly awarded \$22,249,980 to address the foreclosure problem facing the local community. The original application and subsequent Action Plan outline a program that would create affordability and increase homeownership, mitigate negative effects of foreclosure, and revitalize and reconnect targeted neighborhoods with economic stability. Because the City is committed to meeting these goals, it has become necessary to amend the target area submitted with the original grant application. In accordance with guidance issued by the United States Department of Housing and Urban Development (HUD) on October 28, 2010, the City has prepared this amendment to NSP2 in consideration of the factors outlined in the remainder of this document.

Impact

On October 19, 2010, HUD issued a Notice of Funding Availability for a third round of NSP funding. While the program regulations were quite similar to the two previous NSP programs, NSP3 grantees were asked to select very refined target areas in which program funds could be used to achieve a realistic impact. In compiling data for NSP3, the City realized that refining the NSP2 target area would also be appropriate in order to apply the lessons learned as the NSP program has evolved. Rather than dilute the achievements of the program by having assisted households spread over a 44-tract target area (Exhibit 1A), a greater impact can be achieved by limiting activities to a 25-tract target area (Exhibit 1B). It is important to note that the revision of the target area is the only change being requested in this amendment, and that this change will not result in a significant change to the six rating factors addressed in the original Action Plan.

Rating Factors

Factor 1 – Market Analysis of Conditions & Target Geography

The revised target geography does not add any new census tracts to the NSP2 eligible area. It does, however, remove 18 census tracts, which are no longer suited for program activities. These reasons why specific tracts should be deleted are discussed in more detail below. The tracts remaining eligible are still among the most distressed census tracts within the City of Long Beach. The revised NSP2 need score, which describes foreclosure activity, lending trends, default risks, and neighborhood socio-economic conditions, will remain at an average of 18 (on a scale of 1-20). The charts provided in Exhibit 2 list the eligible tracts and provides a calculation of the average need score for both the original and revised target areas.

Factor 2 – Demonstrated Organizational Capacity of the Applicant and Relevant Organizational Staff

This revision does not impact the City's or Habitat's capacity to implement the NSP2 program.

Factor 3 – Soundness of Approach

Other than restricting the location of eligible sites, this amendment will not have bearing on the City or Habitat's proposed activities for NSP2. The program activities will continue to support the following NSP-eligible uses:

| Activity | NSP Eligible Use | CDBG Citation |
|-----------------------|---|---|
| A | 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. | CDBG – 24 CFR 570.201(n) direct homeowner assistance (for Silent Second Loan and downpayment assistance) And 24 CFR 570.202(b) rehabilitation grant. |
| B | Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or develop such homes and properties. | CDBG – 24 CFR 570.201 Acquisition Disposition CDBG – 24 CFR 570.202 (b) Rehabilitation |
| Administration | 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. | CDBG – 24 CFR 570.206 |

Through Second Mortgage Assistance, Closing Cost grants, and rehabilitation loans, the City and Habitat will remain committed to assisting at least 111 households, and will still meet the 25% set-aside deep targeting requirement for assisting very-low-income households earning less than 50% Area Median Income (AMI).

Factor 4 – Leveraging Other Funds or Removal of Substantial Negative Effects

The City will continue to honor its commitment to provide \$1,500,000 of Redevelopment Set-Aside funds to be leveraged on NSP2 activities. There is also no change anticipated for Habitat’s leverage commitment of \$225,000 in materials for rehabilitation including paint, appliances, lumber and energy efficient products.

Factor 5 – Energy Efficiency Improvement and Sustainable Development Factors

The City will continue to incorporate its “Green-Lite” energy efficiency measures to incorporate energy efficient and sustainable materials where appropriate.

Factor 6 – Neighborhood Transformation and Economic Opportunity

The City of Long Beach will continue to employ NSP2 strategies that are consistent with the following comprehensive plans:

- a. The City of Long Beach General Housing Element (GHE) Plan
http://www.lbds.info/planning/advance_planning/housing_element_update.asp
- b. Southern California Association of Governments (SCAG) Regional Comprehensive Plan (RCP)
<http://www.scag.ca.gov/rcp/index.htm>
- c. The City of Long Beach 2005-2012 Seven-Year Consolidated Plan
http://www.longbeach.gov/cd/neighborhood_services/reports/default.asp

Removal of Extraneous Census Tracts

The sole focus of this amendment is to refine the target area to better target activities to ensure a greater impact within the NSP2 area. The specific census tracts identified for removal, and the reasons for said removal are listed below.

Industrial Area Lacks Suitable Housing Opportunities

Census Tracts: 544000, 572301, 572400, 572500, 572302, 572600, 572700

These census tracts are located on the west side of Long Beach in an area that is very industrial. There are few foreclosures available and fewer that are attractive to prospective homebuyers. Because NSP2 is a homeowner-driven model, it is difficult to achieve a cumulative impact in this area.

Multi-Family Housing Predominant/Lack of Single-Family Housing

Census Tracts: 570603, 572002, 573201, 575401, 575402, 575803, 575901, 576100, 576401, 575202, 575101

Located primarily in the central part of Long Beach, these census tracts feature a large number of housing units, which is why they were initially selected for inclusion in the application. However, as the NSP2 program has progressed, it has become clear that these units are incorporated in multi-family dwellings. Prospective buyers have indicated a preference to purchase homes in areas that include more single-family residences, so the program would be best served by eliminating these census tracts.

Cost Prohibitive

Census Tract: 577603

This census tract is located on the East side of Long Beach and was included in the original grant application because it met the need score thresholds. While the foreclosure need score is high, this area is not able to serve prospective NSP2 buyers, because the burden of a market-rate mortgage, even after assistance, is cost prohibitive to households falling within NSP2 income eligibility requirements.

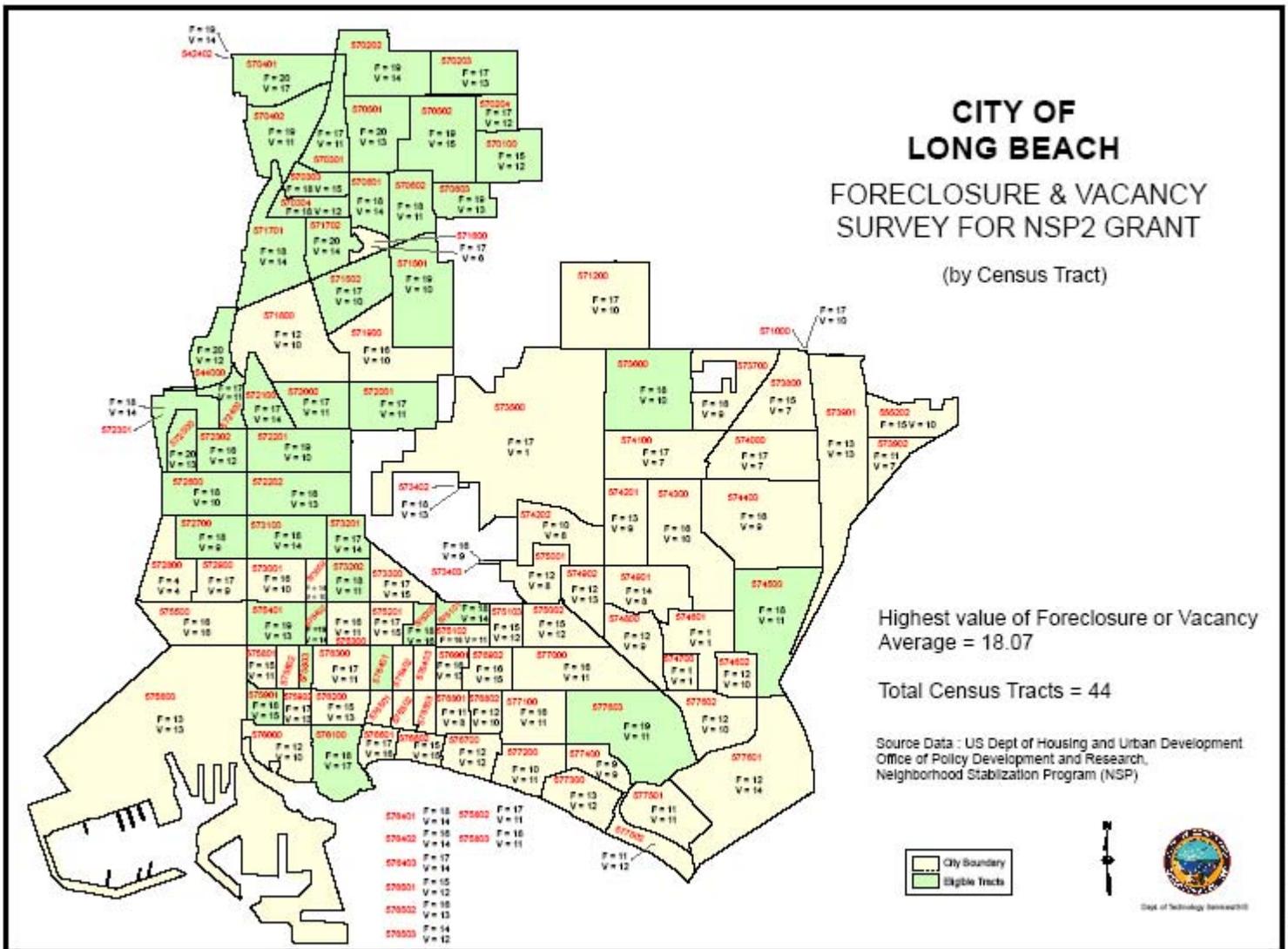
Citizen Participation

A public comment period for reviewing this draft amendment to the NSP2 Action Plan will be open from March 1 to March 16, 2011. At the end of this review period, a public hearing will be conducted by the Community Development Advisory Commission (CDAC) at their regularly scheduled meeting on March 16, 2011, 10:00 a.m. in the City Hall Council Chambers, 333 W. Ocean Boulevard, Long Beach, CA 90802.

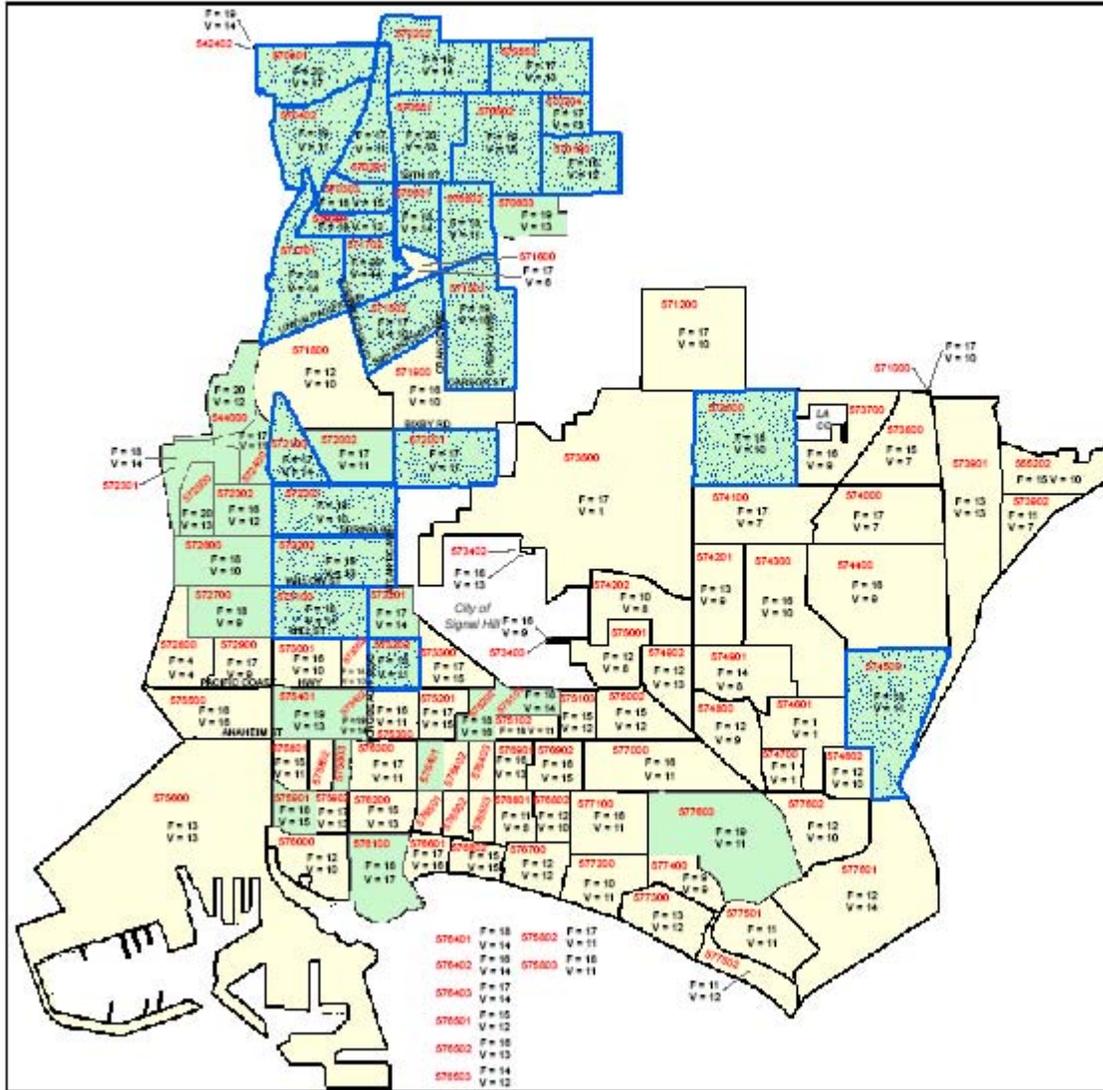
A copy of this draft amendment will be available to the public at the Neighborhood Resource Center, 425 Atlantic Avenue, Long Beach, CA 90802 and Main Public Library, 101 Pacific Avenue, Long Beach, CA 90802. A copy of the draft amendment can be obtained by contacting Alem S. Hagos, HUD Grants Officer, at (562) 570-7403 or can be downloaded from the Neighborhood Services website: www.longbeach.gov/cd/neighborhood_services/default.asp. Public comments should be directed to alem.hagos@longbeach.gov.

Any public comments received will be incorporated to this section of the draft Action Plan Amendment.

Original Target Geography Census Tract Map



Revised Target Geography Census Tract Map



Original Target Geography Census Tract List

| Census Tract | Foreclosure Score | Vacancy Score | Max Score |
|-------------------|-------------------|---------------|-----------|
| 544000 | 20 | 12 | 20 |
| 572100 | 17 | 14 | 17 |
| 572001 | 17 | 11 | 17 |
| 572301 | 18 | 14 | 18 |
| 572400 | 17 | 11 | 17 |
| 572002 | 17 | 11 | 17 |
| 572500 | 20 | 13 | 20 |
| 572201 | 19 | 10 | 19 |
| 572302 | 16 | 12 | 16 |
| 572600 | 18 | 10 | 18 |
| 575401 | 19 | 13 | 19 |
| 575402 | 19 | 14 | 19 |
| 575202 | 18 | 16 | 18 |
| 575803 | 18 | 11 | 18 |
| 576401 | 18 | 14 | 18 |
| 575901 | 18 | 15 | 18 |
| 577603 | 19 | 11 | 19 |
| 576100 | 18 | 17 | 18 |
| 572202 | 16 | 13 | 16 |
| 573201 | 17 | 14 | 17 |
| 572700 | 18 | 9 | 18 |
| 573100 | 18 | 14 | 18 |
| 573202 | 18 | 11 | 18 |
| 574500 | 18 | 11 | 18 |
| 575101 | 18 | 14 | 18 |
| 570202 | 19 | 14 | 19 |
| 570203 | 17 | 13 | 17 |
| 570401 | 20 | 17 | 20 |
| 570301 | 17 | 11 | 17 |
| 570402 | 19 | 11 | 19 |
| 570204 | 17 | 12 | 17 |
| 570502 | 19 | 15 | 19 |
| 570501 | 20 | 13 | 20 |
| 570100 | 15 | 12 | 15 |
| 571701 | 18 | 14 | 18 |
| 570303 | 18 | 15 | 18 |
| 570602 | 18 | 11 | 18 |
| 570601 | 18 | 14 | 18 |
| 570603 | 19 | 13 | 19 |
| 570304 | 18 | 12 | 18 |
| 571702 | 20 | 14 | 20 |
| 571501 | 19 | 10 | 19 |
| 571502 | 17 | 10 | 17 |
| 573600 | 18 | 10 | 18 |
| Average Max Score | 18.07 | 12.64 | 18.07 |

Revised Target Geography Census Tract List

| Census Tract | Foreclosure Score | Vacancy Score | Max Score |
|-------------------|-------------------|---------------|-----------|
| 572100 | 17 | 14 | 17 |
| 572001 | 17 | 11 | 17 |
| 572201 | 19 | 10 | 19 |
| 572202 | 16 | 13 | 16 |
| 573100 | 18 | 14 | 18 |
| 573202 | 18 | 11 | 18 |
| 574500 | 18 | 11 | 18 |
| 570202 | 19 | 14 | 19 |
| 570203 | 17 | 13 | 17 |
| 570401 | 20 | 17 | 20 |
| 570301 | 17 | 11 | 17 |
| 570402 | 19 | 11 | 19 |
| 570204 | 17 | 12 | 17 |
| 570502 | 19 | 15 | 19 |
| 570501 | 20 | 13 | 20 |
| 570100 | 15 | 12 | 15 |
| 571701 | 18 | 14 | 18 |
| 570303 | 18 | 15 | 18 |
| 570602 | 18 | 11 | 18 |
| 570601 | 18 | 14 | 18 |
| 570304 | 18 | 12 | 18 |
| 571702 | 20 | 14 | 20 |
| 571501 | 19 | 10 | 19 |
| 571502 | 17 | 10 | 17 |
| 573600 | 18 | 10 | 18 |
| | | | |
| Average Max Score | 18.00 | 12.48 | 18.00 |