



City of Bridgeport, Connecticut  
**DEPARTMENT OF CENTRAL GRANTS AND  
COMMUNITY DEVELOPMENT**

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ANDREW J. NUNN  
CAO

BILL FINCH

Mayor

January 20, 2009

ALANNA C. KABEL  
Deputy CAO of Central Grants  
and Community Development

Mr. Rick Robbins  
State of Connecticut  
Department of Economic & Community Development  
505 Hudson Street  
Hartford, Connecticut 06106

**Re: City of Bridgeport Local Action Plan -  
Neighborhood Stabilization Program**

Dear Mr. Robbins:

On behalf of the City of Bridgeport, enclosed please find the Bridgeport's proposed Local Action Plan for \$5,865,300 of federal Neighborhood Stabilization Program (NSP) funding.

As detailed within the attached Plan, the City's proposed strategy includes a significant amount of leveraged funds from our highly experienced and competent partners in order to utilize the NSP funds in the most effective manner possible to stabilize our neighborhoods.

Please contact Don Eversley, OPED Director, at 203.576.7221 or myself at 203.576.7134 if you have any questions or need any additional information.

Sincerely,

Alanna Cavanagh Kabel  
Deputy Chief Administrative Officer  
Central Grants & Community Development

cc: Mayor Bill Finch  
Adam Wood, Chief of Staff  
Andrew Nunn, CAO  
Don Eversley, Director, OPED  
Joan Carty, HDF  
Elizabeth Torres, BNT  
David Rich, Fairfield 08  
Nicholas Calace, BHA

## LOCAL ACTION PLAN TEMPLATE

Subrecipient(s): City of Bridgeport, CT <i>(identify lead entity in case of joint agreements)</i>	NSP Contact Person: Alanna C Kabel Address: City Hall Annex 999 Broad St Telephone: 203-576-7134 Fax: 203.332.5657 Email: <a href="mailto:Alanna.Kabel@bridgeportct.gov">Alanna.Kabel@bridgeportct.gov</a>
Subrecipient Web Address: <a href="http://www.ci.bridgeport.ct.us">www.ci.bridgeport.ct.us</a> <i>(URL where Local Action Plan will be posted)</i>	

### A. Identification of Area(s) of Greatest Need

**Response:** The magnitude of the housing crisis in the City of Bridgeport has no parallel in Connecticut. Circumstances in Bridgeport are among the very worst in the country in terms of magnitude, rate, and concentration.

Bridgeport has a confluence of high percentages of housing stocks older than 1939 (31%) with high rates of recently foreclosed properties or properties in foreclosure, or otherwise affected by sub prime lending activities (approximately 23% of all properties in the City). Bridgeport's problems are further compounded by high rates of poverty, concentrations of poverty, and large numbers of hard-to-market and expensive-to-maintain housing structures, such as older three and four family structures.

**(Please see the attached Exhibit A: Bridgeport Market Data for a breakdown and analysis of foreclosures, *lis pen dens* and sub prime loans)**

The federal Housing and Economic Recovery Act of 2008 (HERA) will provide resources to the Connecticut Department of Economic and Community Development (DECD) to fund a "neighborhood stabilization program" aimed at the foreclosure problem in cities across the state. Bridgeport is slated to receive approximately \$6 million of this fund. However, it is estimated that our foreclosure crisis presents a \$50 million challenge. The **Bridgeport Neighborhood Stabilization Program (BNSP)** has been designed to make strategic use of the allotted funds and leverage additional dollars and resources by partnering with the most experienced high-capacity community development partners in the local area.

The cornerstone of the BNSP is purchase, renovation and re-sale of foreclosed properties to income-eligible, bankable buyers. The BNSP will provide low-cost financing for the homebuyers and additional funding for renovation. Renovations will place emphasis on "curb appeal" and quality interior upgrades, as well as Lead Free, Healthy Home, and energy conservation initiatives. The middle-income buyers (80 to 120 % of Area Median Income) targeted by the bulk of program funding will be cultivated by a Live Bridgeport marketing effort aimed at first time homebuyers, buyers (with otherwise good credit) who lost their homes to sub-primes, "urban pioneers", and adjacent property owners.

The City of Bridgeport will administer the BNSP through the **Bridgeport Redevelopment Agency (BRA)**, an arm of the City's Office of Planning and Economic Development. BRA will be responsible for overall program coordination and shall be directly responsible for employing

BNSP funds for acquisitions, vacant property redevelopment, land banking and demolition. Partnering with the City are:

**Housing Development Fund, Inc. (HDF)** a non-profit housing finance organization focused on Fairfield County. HDF will use BNSP funds to provide home buyer counseling, home purchase/rehabilitation financing. HHDF will leverage the BNSP dollars with its loan pool, and network of bank partners, to impact the greatest number of households and homes. HDF and BRA will jointly use BNSP funds to pursue bulk-purchase of foreclosed homes from lenders, loan servicers, REO brokers, the National Community Stabilization Trust and Fannie Mae.

**Bridgeport Neighborhood Trust (BNT)** is a non-profit affordable housing organization. BNT developer will collaborate with HDF on customer development, intake and home buyer counseling.

Bridgeport is also pursuing agreements with the **Bridgeport Housing Authority (BHA)** and **Fairfield 08** (an alliance of four leading permanent supportive housing providers) to assist with purchase and rehabilitation of larger multiple family buildings that can be supported by Section 8 housing vouchers.

## **B. Program Narrative and Use of Funds**

**Response:** In Bridgeport, our number one priority is stabilizing neighborhoods, and then, when and where possible, preserving valuable affordable housing stocks. The BNSP aims most of the HERA resources towards bulk property purchase and financing mechanisms that can spur sustainable home ownership. Secondary goals include rehabilitation, demolition of severely dilapidated properties, land banking and redevelopment. Among the several neighborhoods that display the most critical need, resources will be deployed with specific tailoring to local conditions.

For example:

- A relatively modest 32 percent of the housing in the Brooklawn neighborhood was built before 1939; the neighborhood has a high home ownership rate (57%), and almost no abandonment. However, in a recent sample Brooklawn had 140 sub primes and approximately 100 foreclosed properties, yet it is a historically stable middle-class submarket whose viability is critical to the health of the city. In this case, BNSP will introduce a combination of acquisition and rehabilitation of foreclosed homes, along with financing to stimulate home ownership development.
- Some neighborhoods in Bridgeport have so much distress that NSP funds can be most helpful in stabilization efforts if they are directed to a combination of redevelopment activity and blighted structure removal which will benefit the area's low, moderate and middle income households. This is the case in the East Side and the East End which have abandonment rates of 7.1% and 4.8% respectively.
- In other neighborhoods severely affected by sub-prime activity, like the North End (12.8% sub prime rate; 1,161 loans), vacant properties are not the immediate problem, but if there is not an

intervention, abandonment and its consequences soon will be. In this case, blighted property is less the challenge than is the work of developing financial mechanisms for acquisition and sale as affordable housing, and land banking low-priced assets for future use as supplies of affordable housing.

The City of Bridgeport proposes to target those blocks in the "areas of greatest need" where there is the best opportunity for post-intervention success. Specifically, determining criteria shall include: number/percentage of foreclosures; age/quality of the housing stock; demographics; and, other factors which may determine the areas to be most significantly "at risk" of experiencing a devastating impact from the current housing crisis yet have a fair chance to recover or stabilize through the application of BNSP programs.

**Breakdown of the use and distribution of NSP funds within the community.**

- Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second and shared-equity loans for low-, moderate- and middle-income (LMMI) homebuyers – 25 %;
- 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 – 50%;
- Establish land banks for homes that have been foreclosed upon – 5%;
- Demolish blighted structures – 5%; and
- Redevelop demolished or vacant properties –10%.
- Administration/Coordination – 5%

See chart below

Activity Thrust (Specific Activities Are Detailed Later in this Proposal)			Acquisition and Redevelopment of Small Apartments (5+ Units)	Acquisition and Redevelopment of SF and Small Multifamily Structures (2-4s)	Land and Redevelopment
Population Focus (AMI)			0-50 AMI	0-50 AMI 50-120 AMI	
Primary Geography			Citywide	North End, Brooklawn, St. Vincent, Mill Hill	Citywide
Prime Agent			Housing Development Fund	Housing Development Fund	Bridgeport Redevelopment Agency
Additional Partners			Fairfield 08	Bridgeport Neighborhood Trust	

Administration	5%	\$279,300	39,300	90,000	150,000
Financial Mechanisms	25%	\$1,500,000		1,500,000	
Acquisition and Rehabilitation	50%	\$2,886,000	386,000	2,000,000	500,000
Landbanking	5%	\$300,000			300,000
Demolition	5%	\$300,000			300,000
Vacant Property Redevelopment	10%	\$600,00			600,000
Totals	100%	\$5,865,300			
Leverage			Section 8s (if available) \$5.9M HDF	HDF Smart Move Loan Pool (\$26.2M)	City Resources as Necessary

**Community's capacity to administer a local NSP Program**

The City of Bridgeport and its Neighborhood Stabilization Program partners have demonstrated capacity to administer an effective local NSP Program. The Bridgeport Redevelopment Agency (BRA), an arm of the City's Office of Planning & Economic Development (OPED), will be the lead agency for Bridgeport's program. The Redevelopment Agency, as articulated in Exhibit B, has a 40+ year history of experience with projects of this magnitude. Donald Eversley, Director of OPED, will administer this Program on behalf of the City of Bridgeport. Mr. Eversley has over twenty years of highly successful experience in the areas of law, public policy and community development. Existing staff of the OPED/BRA who will work on this program include but will not be limited to two Senior Economic Development Associates and members of the Office of Neighborhood Revitalization. In addition, OPED/BRA is currently in the process of hiring a Director of Neighborhood Redevelopment.

Furthermore, the City's Department of Central Grants & Community Development, which oversees all of the City's federal formula grants such as Community Development Block Grant, HOME, Emergency Shelter Grant and Housing Opportunities for Persons with AIDS as well as all federal, state and philanthropic competitive grants for Bridgeport will support the BRA in this effort. Both Alanna Kabel, Deputy Chief Administrative Officer for Central Grants and Community Development who heads up the Department and is one of two Deputy CAO's for the City, and Diane Toolan, Senior Housing & Community Development Manager, each have over thirty years of experience in the areas of affordable housing and community development.

Please see Section D and Exhibit B for information regarding Bridgeport's local partners who will help the City to implement NSP-activities.

**How NSP Funds will be used to further fair housing goals identified in Bridgeport's Analysis of Impediments to Fair Housing**

The *Barriers to Affordable Housing* section of the City of Bridgeport's *Consolidated Plan for Housing & Community Development 2008-2013* clearly identifies the harm done to homeowners and neighborhoods from subprime loans. Approved almost one year ago, the *Con Plan* specifically states:

Over the last two years, Bridgeport has increasingly recognized the harm done to homeowners (both families who refinance their homes and new buyers) and neighborhoods by the sharp increase of the issuance of subprime loans. Perhaps most damaging among subprime loan products are Adjustable Rate Mortgages (ARMs), exploding ARMs, no document loans and other products that do not require lenders to take into account the loan's long-term affordability for the borrower. These type of loan products disproportionately impact minority and low and moderate-income families and neighborhoods. All indicators point to widespread anxieties about the foreclosure trend which has been caused by the large number of badly underwritten subprime loans that sometimes included misleading the borrowers. The city's subprime delinquency rate almost doubled to 10.4% in 2007 up from 5.5% in 2005. African American borrowers received the highest percent of subprime loans at 44.1% compared to 14.5% for Whites. Likewise, residents of minority neighborhoods were more likely to receive subprime loans than residents of white neighborhoods. Subprime ARMs can have a huge impact on certain Bridgeport neighborhoods as well as the lives of the families who were provided unaffordable loans. The City is working in concert with government agencies and funders to develop initiatives to help distressed borrowers with high-risk mortgages keep their homes at a time of rising foreclosures.

In addition, the *Con Plan* refers to vacant and abandoned properties and recommends strategies to address them which are consistent with NSP-activities proposed by Bridgeport:

Several thousand vacant and abandoned properties, many of which are tax delinquent, is another challenge the city must address in its housing strategy. This issue, however, does afford the city an opportunity to help control the direction of development and be a strong catalyst for long lasting change. There are a number of planning processes underway to address Bridgeport's changing market, and to direct development in ways that make sense given its economy and the growing populations in surrounding cities. One example of such planning is the creation of six Neighborhood Revitalization Zone plans, which have been made part of the new Master Plan. Vacant and abandoned properties are an important asset the City has in achieving the vision set by neighborhoods and in turn have adopted the following principles:

1. Reclamation of abandoned properties is a long-term investment in the wealth and well-being of the city, which may require short-term losses.
2. Preserving historic properties most often builds more equity for owners and neighbors over the long term than demolishing them.
3. Taking ownership of properties allows the City to control disposition, and ultimately use those properties to implement a strong Plan of Conservation and Development as well as neighborhood revitalization plans.
4. Implementation of a strong GIS system can support good planning and foster better coordination across departments and agencies to achieve the stated vision.

Please see Section D for a description of how Bridgeport will meet the DECD set-aside

requirement that at least 30% of any funds awarded must serve households with incomes at or below 50% of AMI.

**C. Definitions and Descriptions**

- (1) Definition of “blighted structure”, if more stringent than in State’s plan.**
- (2) Definition of “affordable rents” ”, if more stringent than in State’s plan.**
- (3) Definition of “abandoned structure”, if more stringent than in State’s plan.**
- (4) Definition of “foreclosed property”, if more stringent than in State’s plan.**
- (5) Definition of “current market appraised value”, if more stringent than in State’s plan.**

**Response (1-5):** Bridgeport proposes to incorporate, by reference, the definitions and descriptions from the State’s 2008 Action Plan Substantial Amendment for the Neighborhood Stabilization Program.

[no # 6]

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

**Response:** As per the NSP guidelines and consistent with Bridgeport’s HOME Program Policies already in use, the City’s HOME Program housing rehabilitation standards will apply to all NSP activities. These standards include housing rehabilitation that results in a housing code inspection which meets and/or exceeds HUD’s Housing Quality Standards (HQS) A pre and post- rehabilitation inspection will be conducted for each property financed by Bridgeport’s Housing Code Department to ensure compliance that meets and/or exceeds HUD’s HQS standards (or a certificate of occupancy will be obtained for new units from the City’s Building Department consistent with at least one of the four codes identified in the State’s 2008 Action Plan Substantial Amendment NSP). HDF will develop a system in conjunction with the City whereby the City can make the appropriate arrangements to conduct the inspection. As part of its homeownership counseling process, HDF requires a private home inspection, which the client’s counselor reviews with them in detail. HDF will review the City of Bridgeport inspections with the client as well. HDF also reviews a standard residential appraisal for each property which is reviewed by the loan department staff.

**(8) Describe how the community will ensure continued affordability for NSP-assisted housing.**

**Response:** As per the NSP guidelines, a deed restriction will be put in place for each transaction financed with NSP funds. In the event of a resale before the deed restriction expires, it will be the City of Bridgeport’s responsibility to income-qualify potential purchasers. The affordability period for a given level of funding will defer to the State’s guidelines, which are:

Homeownership-  
< \$15,000: 5 years  
\$15,000 - \$40,000: 10 years  
>\$40,000: 15 years

Rental Housing Activity-  
<\$15,000: 5 years  
\$15,000-\$40,000: 10 years

>\$40,000 or rehabilitation involving refinancing: 15 years  
 New Construction or acquisition of newly constructed rental housing: 20 years  
 Refinancing of existing debt secured by housing that is being rehabilitated with NSP funds: 15 years

**(9) Minimum period of affordability in years, if greater than in State’s plan:**

**Response:**

<b>Rental Housing Activity</b>	<b>Minimum Period of Affordability in Years</b>
Rehabilitation or acquisition of existing housing per unit amount of NSP funds: Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000 or rehabilitation involving refinancing	15
New Construction or acquisition of newly constructed <u>rental</u> housing (24 CFR 92.252.e)	—
The refinancing of existing debt secured by housing that is being rehabilitated with NSP funds (24 CFR 92.206.b)	—

<b>Homeownership NSP Assistance Amount Per Unit</b>	<b>Minimum Period of Affordability in Years</b>
Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000	15

**(10) Income Certification of NSP-Assisted Rental Units, if greater than in State’s plan:**

**Response:** NSP-assisted rental units will be income certified in accordance with the State's plan. It will be HDF's responsibility to income-qualify potential renters.

**D. Low Income Targeting**

**Response:** Bridgeport proposes to allocate \$1,800,000 (30%) of NSP funding to meet its obligation to provide housing for individuals or families whose incomes do not exceed 50% of area median income (AMI). Development of rehabilitated rental units within multiple family homes will be the primary means of serving this population. Where possible, project-based Section 8 housing vouchers may be used to support affordability and homeowner cash flow.

In light of some uncertainty in Bridgeport about the future availability of Section 8 rental vouchers, Bridgeport is moving forward on two parallel tracks.

Plan A is to redevelop small multifamily properties where a combination of moderate income buyers and low income renters are our customers (utilizing Section 8).

If no Section 8 vouchers are available, Plan B will be used to provide deeper NSP subsidy to enable low income (50% AMI) households in the City to become buyers. Bridgeport is prepared to operate along either of these two lines. In either situation, Bridgeport's NSP Program will partner with Fairfield 08 to provide permanent supportive housing opportunities while at the same time meeting the NSP low income targeting criteria.

Fairfield 08 actively encourages developers to set aside permanent supportive housing units within their mixed-income developments. Fairfield 08 and its member agencies offer critical support in garnering funding and coordinating supportive services, building community support, and assisting the developer in obtaining other project funding to make the deal work. Fairfield 08 has had significant recent success in negotiating Permanent Supportive Housing set-asides within large mixed-use mixed-income developments in Coastal Fairfield County. Over 200 new PSH units were created in lower Fairfield County through his model in the last two years.

Fairfield 08's mission is to eliminate chronic homelessness in Fairfield County through the development and asset management of affordable housing with supportive housing services. Fairfield 08 achieves this mission through collaborative efforts with partner agencies, for-profit and non-profit developers, and housing authorities. Permanent Supportive Housing is a proven strategy to end long-term homelessness. Simply put, it is the cost-effective combinations of affordable housing with supportive services that help people live more stable, productive lives. After entering Permanent Supportive Housing, tenants reduce their use of inpatient and crisis-oriented services, increase their incomes, and are likely to be employed or participate in education or job training programs, and report that they are functioning more independently than in the past. The annual cost of supporting a household in permanent supportive housing is estimated at less than \$10,000 per year, a 50% to 67% reduction from the cost of maintaining households in shelters.<sup>1</sup> The "Reaching Home" campaign is targeting the creation of 10,000 new supportive housing units in Connecticut during the next decade. In Southwestern Connecticut, the plan calls for 2,451 units to be created. Through their current five member organizations there is already an existing wait list for over 400 units of PSH, with over 200 additional individuals and families in need of permanent supportive housing every year. The challenge will be to put these units in the ground.

Fairfield 08 is focused on dramatically increasing the production of supportive housing units by creating alternative means of funding PSH. They accomplish this by facilitating new partnerships among social service providers, for-profit and nonprofit developers and Housing Authorities throughout the state. Fairfield 08 works to harness the power of the marketplace to reward companies and agencies that create supportive housing for homeless families and individuals within mixed income developments.

## **E. Acquisitions and Relocation**

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<sup>1</sup> Per estimates by the Corporation for Supportive Housing

**Response:** Bridgeport does not anticipate any activities that will displace low-to-moderate income persons or otherwise trigger the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) requirements at 42 USC 4201-4655 and 49 CFR Part 24.

#### **F. Public Consultation and Partnership Process**

**Response:** The City of Bridgeport's HERA/Neighborhood Stabilization Comment DECD was widely distributed to individuals and organizations active in the southwest Connecticut housing and community development simultaneously with its submission to the State (copy attached). Bridgeport also provided testimony to the State's Banks Committee which was broadcast on government access cable television and written about in *The Connecticut Post*. Subsequently, the City had meetings and correspondence with a wide range of respondents including but not limited to Community Capital, Alpha Community Services, Bridgeport Neighborhood Trust, Bridgeport Housing Authority, Fairfield 08 and Habitat for Humanity that provided valuable input and suggestions, many of which are reflected in this Bridgeport Local Action Plan. Given the State's very rapid implementation requirements and concentrated program focus, a decision was made to partner with a short-list of the most experienced high-capacity community development entities available. Bridgeport will publish and post its' Local Action Plan on the city's website on or before February 2, 2009 as required by DECD. In addition, NSP Partners will meet with the citywide Neighborhood Revitalization Zone consortium to discuss the Plan. Finally, it is expected Bridgeport's City Council will consider the Local Action Plan and authorizing resolution for approval at their next meeting.

#### **G. NSP Information by Activity**

**Response:** See EXHIBIT C: NSP INFORMATION BY ACTIVITY

- (1) Activity Name:
- (2) Activity Type:
- (3) National Objective:
- (4) Activity Description:
- (5) Location Description:
- (6) Performance Measures:
- (7) Total Budget:
- (8) Responsible Organization:
- (9) Projected Start Date: February 13, 2009
- (10) Projected End Date: February 13, 2013

(11) Specific Activity Requirements:

**H. TOTAL BUDGET: (Include public and private components)**

**Total Budget: Including Public and Private Investment**

NSP Eligible Activity	NSP Funds	Local \$	Other \$	%
Administration	\$ 279,300.00 Local	\$ .00	\$38,000.00	
Acquisition and Rehabilitation	\$ 2,886,000.00	\$ .00	\$5,900,000.00	
Financing Mechanisms	\$ 1,500,000.00	\$ .00	\$13,100,000.00- \$26,200,000.00	
Land Bank/Assemblage	\$ 300,000.00	\$ .00	\$ .00	
Demolition of Blighted Structures	\$ 300,000.00	\$ .00	\$ .00	
Redevelopment - Vacant or Demo	\$ 600,000.00	\$ .00	\$ .00	
<b>TOTAL</b>	<b>\$ 5,865,300.00</b>	See narrative below	<b>\$32,100,000.00</b>	<b>100.00%</b>

**Detail of Local and/or Other Funds**

Administration: The Fairfield County Community Foundation has awarded \$38,000 from the Community Response Fund to HDF to partially fund an NSP staff person who will be located in downtown Bridgeport.

Acquisition and Rehabilitation and Financing Mechanisms: Resources to come from HDF.

The City intends to actively pursue use of its federal formula allocations of CDBG and HOME to augment NSP activities in Bridgeport to the greatest extent possible.

**I. Performance Measures**

**Response:** See EXHIBIT B: J. ATTACHMENTS AS PART OF LOCAL ACTION PLAN, responses to #1 and #2.

**J. Attachments**

**Response:** See EXHIBIT B: J. ATTACHMENTS AS PART OF LOCAL ACTION PLAN

**K. Certifications**

**L. Authorizing Resolution**

A Neighborhood Stabilization Program request was submitted to Bridgeport's City Clerk for referral to the City Council on December 29, 2008. It is anticipated the Council's ECDE Committee will hold a special meeting to consider this item and the full City Council will act on it at their next regularly scheduled meeting.

**M. Checklist**

# BRIDGEPORT NEIGHBORHOOD STABILIZATION PROGRAM

## CERTIFICATIONS

1. **Affirmatively Furthering Fair Housing:** The subrecipient will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the subrecipient, 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 subrecipient will comply with restrictions on lobbying required by 24 CFR Part 87, together with disclosure forms, if required by that part.
3. **Authority of Subrecipient:** The subrecipient 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 the State of Connecticut 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 State's substantial amendment.
5. **Acquisition and Relocation:** The subrecipient 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 subrecipient 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. **Following Plan:** The subrecipient is following the current State Consolidated Plan that has been approved by HUD.
8. **Use of Funds in 18 Months:** The subrecipient will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the Federal Register Notice of October 6, 2008, all of its NSP funds within 18 months from the date HUD signs contract with the State of Connecticut.
9. **Use NSP Funds  $\leq$  120% of AMI:** The subrecipient 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% of AMI.

10. **Assessments:** The subrecipient 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 subrecipient certifies that it lacks NSP or CDBG funds to cover the assessment.
11. **Excessive Force:** The subrecipient certifies that it has adopted and is enforcing: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its subrecipient 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 subrecipient.
12. **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.
13. **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.
14. **Compliance with Laws:** The subrecipient will comply with applicable laws.

  
\_\_\_\_\_  
Signature/Authorized Official

1/16/09  
Date

Bill Finch

\_\_\_\_\_  
Mayor, City of Bridgeport

LOCAL ACTION PLANS

SUBMISSION CHECKLIST

Subrecipient(s): City of Bridgeport (identify lead entity in case of joint agreements) www.ci.bridgeport.ct.us Subrecipient Web Address: (URL where Local Action Plan will be posted)	NSP Contact Person: Alanna C Kabel Address: City Hall Annex 999 Broad Telephone: 203.576.7134 Fax: 203.332.5657 Email: <a href="mailto:Alanna.Kabel@bridgeportct.gov">Alanna.Kabel@bridgeportct.gov</a>
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The elements in the substantial amendment required for the Neighborhood Stabilization Program are:

**A. IDENTIFICATION OF AREAS OF GREATEST NEED**

Does the submission include summary needs data identifying the geographic areas of greatest need within the community?

Yes  No . Verification found on pages 1 and 2 and Exhibit A.

**B. PROGRAM NARRATIVE AND USES OF FUNDS**

Does the Program Narrative include:

- How local program will meet or exceed the goals and guiding principles in the State's 2008 Action Plan Substantial Amendment for the Neighborhood Stabilization Program?  
Yes  No . Verification found on pages 2 and 3.
- Describe community needs and provide a rationale for neighborhood selection?  
Yes  No . Verification found on pages 1-3.
- Identify proposed distribution of NSP funds by eligible activity?  
Yes  No . Verification found on page 3-4.
- Establish goals and timeframes for each activity, consistent with the performance indicators in the State's 2008 Action Plan Substantial Amendment for the Neighborhood Stabilization Program?  
Yes  No . Verification found on Exhibit C.
- Demonstrate how the community will meet the DECD set-aside requirement that at least 30% of any funds awarded must serve households with incomes at or below 50% of AMI?  
Yes  No . Verification found on pages 7 and 8.
- Describe the methodology used to determine "net realizable value", consistent with HERA and Federal Register Notice, if the community does not choose the 15%

aggregate discount rate, to determine an appropriate purchase price for homes and residential properties that have been abandoned or foreclosed?

Yes  No . Verification found on page 21.

- Describe the efforts to minimize displacement and relocation; and seek to maintain occupancy of tenants in good standing?

Yes  No . Verification found on pages 8 and 9.

- Demonstrate mechanisms to insure long-term affordability and monitoring to insure compliance?

Yes  No . Verification found on pages 6 & 7.

- Demonstrate administrative mechanisms to ensure that the homebuyer obtains a mortgage loan from a lender who agrees to comply with the bank regulators' guidance for non-traditional mortgages?

Yes  No . Verification found on page 23.

- Identify the staff and consultants to be used to administer and implement NSP-activities

Yes  No . Verification found on page 4.

- Identify the staff and consultants to be used to administer and implement NSP-activities and whether they are using existing or new hires?

Yes  No . Verification found on page 4.

- Identify any local partners to be used to implement NSP-activities; and their experience in administering such activities?

Yes  No . Verification found on pages 7,8, 26 and 28.

- How NSP funds will be used to further fair housing goals identified in the community's Analysis of Impediments (AI) to Fair Housing, or the State's AI?

Yes  No . Verification found on pages 4 and 5.

For second tier communities does the Program Narrative address, to the extent practicable:

N/A

- Racial Integration: How the choice of neighborhoods and specific locations address the impediments to fair housing choice (as outlined in the state or local Analysis of Impediments) and what affirmative fair housing marketing and tenant/homeowner outreach and selection processes will be put in place to promote integration?

Yes  No . Verification found on page \_\_\_\_.

- Leveraging of NSP Funds: How the community will leverage local resources, both public and private, in order to maximize the neighborhood impact?

Yes  No . Verification found on page \_\_\_\_.

### **C. DEFINITIONS AND DESCRIPTIONS**

For the purposes of the NSP, does the narrative include:

- A definition of "blighted structure" in the context of state or local law,  
Yes  No . Verification found on page 6.

- o A definition of "affordable rents,"  
Yesx No . Verification found on page 6.
- o A definition of "abandoned structure,"  
Yesx No . Verification found on page 6.
- o A definition of "foreclosed property,"  
Yesx No . Verification found on page 6.
- o A definition of "current market appraised value,"  
Yesx No . Verification found on page 6.
- o A description of housing rehabilitation standards that will apply to NSP-assisted activities?  
Yesx No . Verification found on page 6.
- o A description of how the community will ensure continued affordability for NSP-assisted housing,  
Yesx No . Verification found on pages 6 and 7.
- o A description of the community's minimum period of affordability in years that will apply to NSP-assisted activities?  
Yesx No . Verification found on pages 6 and 7.

**D. LOW INCOME TARGETING**

- o Has the community described how it will meet the DECD's requirement that at least 30% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of AMI?  
Yesx No . Verification found on pages 7 and 8.
- o Has the community identified how the estimated amount of NSP funds made available by DECD will 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% of AMI?  
Yesx No . Verification found on pages 7 and 8.  
Amount budgeted = \$1,800,000.

**E. ACQUISITIONS & RELOCATION**

Does community plan to demolish or convert any low- and moderate-income dwelling units?  
Yes  Nox. (If No, continue to next heading)  
Verification found on page \_\_\_\_\_.

If Yes, does the Local Action Plan include:

- The number of low- and moderate-income dwelling units, i.e., ≤ 80% of AMI, reasonably expected to be demolished or converted as a direct result of NSP-assisted activities?  
Yes  No . Verification found on page \_\_\_\_.
- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households, i.e., ≤ 120% of AMI, reasonably expected to be produced by activity and income level, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion)?  
Yes  No . Verification found on page \_\_\_\_.
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50% of AMI?  
Yes  No . Verification found on page \_\_\_\_.
- If applicable, is a copy of Relocation Plan is attached?  
Yes  No . Verification found on page \_\_\_\_.

#### ***F. PUBLIC CONSULTATION & PARTNERSHIP PROCESS***

Does the Local Action Plan describe public consultation and partnership process undertaken in the development of the plan; and partnerships anticipated to implement the local plan?

Yesx No . Verification found on page 8.

#### ***G. INFORMATION BY ACTIVITY***

Does the submission contain information by activity describing how the community will use the funds, identifying:

- Eligible use of funds under NSP,  
Yesx No . Verification found on Exhibit C.
- Correlated eligible activity under CDBG,  
Yesx No . Verification found on Exhibit C.
- Areas of greatest need addressed by the activity or activities,  
YesX No . Verification found on Exhibit C.
- Expected benefit to income-qualified persons or households or areas,  
Yesx No . Verification found on Exhibit C.
- Does the applicant indicate which activities will count toward the DECD's requirement that at least 30% of NSP funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of AMI?  
Yesx No . Verification found on Exhibit C.
- Appropriate performance measures for the activity,  
Yesx No . Verification found on Exhibit C.

- Amount of funds budgeted for the activity,  
Yesx No . Verification found on Exhibit C.
- Name, location and contact information for the entity that will carry out the activity,  
Yesx No . Verification found on Exhibit C.
- Expected start and end dates of the activity?  
Yesx No . Verification found on Exhibit C.
- If the activity includes acquisition of real property, the discount required for acquisition of foreclosed upon properties,  
Yesx No . Verification found on page 21.
- If the activity provides financing, the range of interest rates (if any),  
Yesx No . Verification found on pages 21-27.
- If the activity provides housing, duration or term of assistance,  
Yesx No . Verification found on pages 6 and 7.
- Tenure of beneficiaries (e.g., rental or homeownership),  
Yesx No . Verification found on Exhibit C.
- Does it ensure continued affordability?  
Yesx No . Verification found on pages 6 and 7.

**H. TOTAL BUDGET**

Does the Local Action Plan include all sources and uses?  
Yesx No . Verification found on page 10.

**I. PERFORMANCE MEASURES**

If different than the State's plan, does the Local Action Plan include timelines and performance measures?  
Yes  No . Verification found on page \_\_\_\_.

**J. ATTACHMENTS**

If applicable, does the Local Action Plan include all necessary attachments?  
Yesx No . Verification found on pages 19-30.

**K. CERTIFICATIONS**

The following certifications are complete and accurate:

- |  |      |                             |
|--|------|-----------------------------|
| 1. Affirmatively furthering fair housing | Yesx | No <input type="checkbox"/> |
| 2. Anti-lobbying                         | Yesx | No <input type="checkbox"/> |
| 3. Authority of Subrecipient             | Yesx | No <input type="checkbox"/> |
| 4. Consistency with Plan                 | Yesx | No <input type="checkbox"/> |

- |  |      |                             |
|--|------|-----------------------------|
| 5. Acquisition and relocation                                | Yesx | No <input type="checkbox"/> |
| 6. Section 3   | Yesx | No <input type="checkbox"/> |
| 7. Following Plan  | Yesx | No <input type="checkbox"/> |
| 8. Use of funds in 18 months                                 | Yesx | No <input type="checkbox"/> |
| 9. Use NSP funds ≤ 120% of AMI                               | Yesx | No <input type="checkbox"/> |
| 10. No recovery of capital costs through special assessments | Yesx | No <input type="checkbox"/> |
| 11. Excessive Force  | Yesx | No <input type="checkbox"/> |
| 12. Compliance with anti-discrimination laws                 | Yesx | No <input type="checkbox"/> |
| 13. Compliance with lead-based paint procedures              | Yesx | No <input type="checkbox"/> |
| 14. Compliance with applicable laws                          | Yesx | No <input type="checkbox"/> |

**L. AUTHORIZING RESOLUTION**

Does the Local Action Plan include an authorizing resolution?  
 Yes  Nox – will forward as soon as it is available.

**III. CHECKLIST**

Does the submission include a completed Checklist?  
 Yesx No . Verification found on pages 13-18.

**EXHIBIT A: BRIDGEPORT HOUSING MARKET DATA**

- 1. Map – Foreclosure Deeds**
- 2. Map – Foreclosure Rates**
- 3. Map – Lis Pendens**
- 4. Map – Lis Pendens Rate**
- 5. Map – Subprime Loans**
- 6. Map – Subprime Loan Rate**
- 7. Chart – Subprime Loan Details**
- 8. Chart – Problem Severity by Neighborhood**

**PLEASE SEE ATTACHED FILE**

**BRIDGEPORT NEIGHBORHOOD STABILIZATION PROGRAM**

**EXHIBIT B:**

**J. ATTACHMENTS AS PART OF LOCAL ACTION PLAN**

- The model below captures the methodology for calculating the Net Realizable Value ("NRV") and thus an appropriate purchase price for abandoned and/or foreclosed properties. This model below is a "snapshot" with the assumptions listed (holding time of 9 months, annual taxes of \$7,000, annual insurance of \$3,000, annual security of \$4,000 and annual maintenance of \$15,000). These can all be changed in the model based on the characteristics of each individual property. HDF is also open to reviewing the model that the National Community Stabilization Trust utilizes.

		HDF ANALYSIS									
Average List Price (MLS)	\$ 243,815										
Purchase Price	\$ 209,722	Purchase Price "Net Realizable Value"									
(Assumes Base 15% Discount)	\$ 207,243										
Number of Units	3										
Current Interest Rate	6.75%										
<b>ASSUMPTIONS</b>											
Assumed Holding Time (Months)	9										
Annual Taxes	\$ 7,000										
Annual Insurance Premium	\$ 3,000										
Annual Security	\$ 4,000										
Annual Maintenance	\$ 15,000										
		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	\$ 243,815
Real Estate Tax Expense	\$ (583)	\$ (583)	\$ (583)	\$ (583)	\$ (583)	\$ (583)	\$ (583)	\$ (583)	\$ (583)	\$ (583)	\$ (6,250)
Insurance Expense	\$ (250)	\$ (250)	\$ (250)	\$ (250)	\$ (250)	\$ (250)	\$ (250)	\$ (250)	\$ (250)	\$ (250)	\$ (2,250)
Security Expense	\$ (333)	\$ (333)	\$ (333)	\$ (333)	\$ (333)	\$ (333)	\$ (333)	\$ (333)	\$ (333)	\$ (333)	\$ (3,000)
Repairs and Maintenance	\$ (1,250)	\$ (1,250)	\$ (1,250)	\$ (1,250)	\$ (1,250)	\$ (1,250)	\$ (1,250)	\$ (1,250)	\$ (1,250)	\$ (1,250)	\$ (11,250)
Capital Costs @ 6.75%	\$ (1,371)	\$ (1,371)	\$ (1,371)	\$ (1,371)	\$ (1,371)	\$ (1,371)	\$ (1,371)	\$ (1,371)	\$ (1,371)	\$ (1,371)	\$ (12,343)
Monthly Holding Cost	\$ (3,788)	\$ (3,788)	\$ (3,788)	\$ (3,788)	\$ (3,788)	\$ (3,788)	\$ (3,788)	\$ (3,788)	\$ (3,788)	\$ (3,788)	\$ (34,093)
											\$ 209,722

Also, the model below demonstrates how HDF will be able to leverage NSP Funds to reach a maximum number of properties within the designated area. The \$1.5 million in the financial mechanisms portion of the NSP funds will provide a subsidy to bridge the appraisal and affordability gaps associated with the purchase of foreclosed properties in Bridgeport, through an interest free loan secured by a subordinate mortgage on the property. NSP loans will be due and payable at sale of property, transfer of title, or pay-off of the first mortgage. These funds will enable HDF to assist between 75 and 150 households to obtain affordable homeownership via single-family properties and condominium units in Bridgeport.

The NSP funds under this program will be used for both downpayment and closing cost assistance as well as minor interior and exterior upgrades. For the downpayment and closing cost assistance, the funds will be released at closing and will not exceed at combined loan-to-value ratio of 105%. Funds for interior and exterior upgrades will be disbursed after closings after a review of estimates and a site inspection. Total funds used per property will be between \$10,000 and \$20,000.

**HDF model for selected targeted neighborhoods: Single-family properties**

Average List Price (Source: MLS)	\$206,500
Purchase price (assume straight 15% discount)	\$175,525
Borrower contribution	\$1,755
Closing costs	\$8,000
Interior/exterior upgrades	\$13,755
<b>1st mortgage</b>	<b>\$140,420</b>
<b>SmartMove</b>	<b>\$35,105</b>
<b>NSP third mortgage program</b>	<b>\$10,000 to \$20,000*</b>
Monthly P & I (1st)	\$831
Monthly P & I (SmartMove)	\$195
Taxes and insurance	\$450
Housing expense	\$1,475
Monthly underwriting income	\$5,000
<b>Housing expense ratio</b>	<b>30%</b>
<b>Total program funds</b>	
Financial mechanisms	\$1,500,000
Number of households assisted	75 to 150
Household income assumption	\$60,000

- \$1.5MM in NSP funding will be used for financial mechanisms.
- This will provide for a 0% non-amortizing third mortgage modeled after HDF's Homebuyer Assistance loan program.

\* The financial mechanisms portion of the NSP funding is projected to leverage a total of between \$13.1MM and \$26.2MM:

    Approximately \$2.6MM to \$5.2MM in SmartMove second mortgages  
    Approximately \$10.5MM to \$21MM in traditional 30-year, fixed-rate mortgages.

The \$2 million acquisition/rehab portion of the NSP grant will be deployed in a streamlined lending product for buyers/owner-occupants of small multi-family properties (2-4 units) in Bridgeport, post-foreclosure. Because four-unit, owner-occupied properties are less common than two's- and three's- in Bridgeport, they are not listed in the analysis below; however, they would be within the scope of the program.

The model below provides an example of how the financing using the acquisition/rehabilitation portion of the NSP funds in conjunction with HDF's existing SmartMove program, with a 3% fixed interest rate, can be a powerful combination for buyers that wish to purchase small-multifamily properties out of foreclosure and operate them as owner-occupants. The NSP funds for this program will primarily be used for rehabilitation (approximately \$25,000 per unit), with up to an additional \$10,000 available for downpayment and closing cost assistance; this will be structured as an interest free loan secured by a subordinate mortgage on the property. NSP loans will be due and payable at sale of property, transfer of title, or pay-off of the first mortgage HDF estimates that more than 70 units will be acquired and rehabilitated with these funds.

**HDF model for selected targeted neighborhoods: Two- to four-family properties**

	2-family		3-family	
Average List Price (Source: MLS)	\$236,467		\$243,815	
Purchase price (assume straight 15% discount)	\$200,997	Uses	\$207,243	Uses
		\$259,497		\$291,243
Interior Renovations (@\$15,000/unit)	\$30,000		\$45,000	
Exterior Renovations (@\$10,000/unit)	\$20,000		\$30,000	
Total Project Cost	\$259,497		\$282,243	
NSP Contribution (@\$25,000/unit)	\$50,000		\$75,000	
		Sources		Sources
		\$259,497		\$291,243
Borrower contribution	\$2,010		\$2,072	
Closing costs	\$8,500		\$9,000	
1st mortgage	\$160,798		\$165,794	
SmartMove	\$40,199		\$41,449	
NSP 3rd Mortgage (rehab + closing cost assistance)	\$56,490		\$81,928	
Monthly P & I (1st)	\$951		\$981	
Monthly P & I (Smart Move)	\$223		\$230	
Taxes and insurance	\$550		\$650	
Housing expense	\$1,724		\$1,861	
Monthly underwriting income	\$5,417		\$5,417	
Underwriting rental income*	\$675		\$1,260	
Total income	\$6,092		\$6,677	
Housing expense ratio	28%		28%	
<b>Total program funds</b>				
Acquisition/rehab			\$2,000,000	
Number of properties assisted --Assume equal mix of 2- and 3-family properties -->			29	
Total number of units assisted --Assume equal mix of 2- and 3-family properties -->			72	
Household income assumption			\$65,000	

\* Assumes market rents of \$900. As per FNMA guidelines, this translates to \$675 in net rental income for the first unit and \$585 in net rental income for the second unit. Rents of \$900 would be affordable (less than 30% of gross household income) to families at 50% of AMI or below, assuming a family size of 3 or greater.

- \$2MM in NSP funding will be used for acquisition/rehabilitation purposes.
- The NSP funding will allow HDF to reach approximately 29 properties, which will be comprised of roughly 29 owner-occupied units and 43 rental units.
- The NSP financing is projected to leverage approximately \$5.9MM.

2. The proposed NSP activity is to efficiently acquire, rehabilitate and make targeted properties available for re-occupancy within 18 months of funding.

Acquisition / Rehab	90 days: 25% of funding obligated 180 days: 50% of funding obligated 1 year: 90% of funding obligated
Financial Mechanisms	90 days: 25% of funding obligated 180 days: 50% of funding obligated 1 year: 90% of funding obligated

3. To assure long-term affordability, a deed restriction will be put in place for each transaction financed with NSP funds in accordance with the State’s Minimum Periods of Affordability. HDF has a protocol tracking such deed restrictions as part of its property and mortgage administration infrastructure. Income certification at the time of lease and lease turnover will be required for assisted units. Yearly certifications from property owners and income surveys of tenants will also be required. The City of Bridgeport may conduct the certifications internally or may choose to contract with HDF in future years.
  
4. The Bridgeport Plan contemplates a very modest level of land banking activity; perhaps 3 to 5 properties for the budgeted \$300,000. Land banking under the Bridgeport NSP will be conducted directly by the City’s entity: the Bridgeport Redevelopment Agency (BRA). For over forty years, the BRA, an arm of the City’s Office of Planning and Economic Development, has served as the City’s urban renewal agency. It has played a central role in the City’s assembly and development of real property for critical initiatives. Its activities have included land assembly for the Ballpark and Arena at Harboryard, school buildings, business expansions, brownfield redevelopment, and neighborhood housing in-fill, among its many successful projects.
  
5. The \$1.5 million in the financial mechanisms portion of the NSP funds will provide down payment and closing cost assistance as well as funds for minor interior and exterior upgrades, through an interest free loan secured by a subordinate mortgage on the property. NSP loans will be due and payable at sale of property, transfer of title, or pay-off of the first mortgage. These funds will enable HDF to assist nearly 150 households to obtain affordable homeownership in Bridgeport. Both models assume a thirty year term fixed first mortgage interest rate of 5.865%.

HDF's First Time Homebuyers Program offers pre- and post-purchase education and counseling to the region's low- and moderate-income households on their path to homeownership. HDF is a HUD certified counseling agency and down payment assistance lender with five full-time homeownership counselors. With native Spanish, Portuguese, and Creole speakers on staff, HDF is extremely well equipped to serve the increasingly diverse population of Bridgeport (who may or may not be first time homeowners). **A copy of HDF's HUD certification is attached at the end of this document.**

The strength of our pre- and post-purchase counseling services is evident in our phenomenal success rate: of the 850 households which have received counseling from HDF before and after purchasing a home, our foreclosure rate is a mere less than one-half of one percent.

With access to NSP funding and HDF's other loan programs and products, our counselors do more than just teach our clients what they need to know to become successful homeowners; they can link our clients to the best sources of stable, affordable financing available in order to make their dream of homeownership a reality. Each recipient of NSP funding will be required to complete the following steps along the path to homeownership.

- **Homebuyer Education Classes**

Each NSP funding recipient will be required to attend 8-hour Homebuyer Education classes which are Connecticut Housing Finance Authority (CHFA) approved. These classes are offered by HDF and by Bridgeport Neighborhood Trust.

HDF offers the NeighborWorks® Home Resource curriculum for its Homebuyer Education classes. Topics include the pros and cons of renting versus owning, steps in the homeownership process, shopping for a house, budgeting and saving, credit, mortgages, closing and closing documents, and post-purchase ideas such as home maintenance, finances, and community involvement.

For the purposed of the NSP, the homeownership class is open to everyone and it does not matter if you are a first-time home buyer.

There is no cost for the class. As a matter of convenience to our clients, HDF's Homebuyer Education classes will be held in our Bridgeport, Stamford and Danbury offices on an as-needed basis over the course of the funding cycle.

In order to educate as many prospective homeowners as possible, HDF has a contractual relationship with Bridgeport Neighborhood Trust (BNT) to provide pre-purchase counseling services and CHFA approved 8-hour classes to prospective homebuyers in the NSP program. **A copy of the memorandum of understanding is attached.** A description of BNT is included below. BNT will then refer clients back to HDF for financing.

In addition to taking a Homebuyer Education class, all prospective homeowners will need to complete the following steps:

- **Orientation**

The HDF process begins with an initial 30-minute orientation session where applicants provide the information necessary to assess their mortgage readiness and to get the process started. There are a total of 5 orientation classes per week, both in English and Spanish, which will be offered in our Bridgeport office, with the added flexibility for clients to attend sessions in our Stamford and Danbury office locations.

In addition to HDF's First Time Homebuyer pre-application (attached), required documents include copies of the households last 2 years tax returns, last 2 years W-2 forms, 2 most recent pay stubs, credit release form and \$20 check or money order for the 3-in-1 merged credit report.

Orientation dates and times, contact information, the pre-application, credit release form and a list of the required documents can be found on HDF's website, [www.hdf-ct.org](http://www.hdf-ct.org). For those clients who contact HDF about orientation and do not have access to the internet, these documents are sent via mail to prospective clients.

A file checklist is attached to each file to insure completeness, provide summary client information, track significant dates and identify the counselor assigned to the client.

- **Homebuyer Mortgage Readiness Assessment**

After orientation, HDF's homeownership counselors assess clients for mortgage readiness. A review of their client's employment history, credit history, and debt ratios is performed to assess a client as Ready, Near Ready (3-6 Months), Near Ready (7-18 Months) or Not Ready (19+ Months) to obtain a mortgage.

Homebuyer income criteria vary depending upon the specific loan product or program, but most require that buyers earn no more than a certain percentage of the median income for the area.

- **Client Action Plan**

HDF's homeownership counselors prepare a Homebuyer Action Plan for all clients which detail the steps necessary towards achieving homeownership. For those clients that are near ready or not ready to obtain a first mortgage, necessary action steps may include credit repair, reducing debt, obtaining credit letters of reference, stabilizing employment, etc. Action plans are mailed to the client within 2-weeks of the orientation date, and follow up calls are made by the counselor to the client every ninety days.

- **One-on-One Counseling**

For those clients that are mortgage ready, the next step in the home buying process is a one-on-one counseling session with one of HDF's homeownership counselors. HDF is a HUD-certified lender and counseling agency and provides the homebuyer education and one-on-one counseling required to qualify for homebuyer assistance programs.

In the counseling session, HDF counselors address issues regarding preparing for homeownership, including money management and credit, mortgage products, the loan process, preparing for the closing, and the responsibilities of being a homeowner.

When a property has been selected and an offer accepted, HDF counselors explain the closing process to the buyers and provide crucial guidance along the way.

- **Post Purchase Counseling**

After the purchase, HDF remains available to new homeowners as they face the ongoing challenges of maintenance, condominium boards and other responsibilities of homeownership. HDF requires that all purchasers attend at least one post-purchase counseling session within a year after purchasing their home.

A typical post-purchase event includes a panel of experts that offer advice on topics including avoiding predatory lending/refinance schemes, finding alternatives to refinancing, planning for repairs and home improvements, and understanding the rights

of home and condominium owners. Speakers typically include an accountant, a conventional banker, a home inspector and an attorney.

At the post purchase event, HDF asks clients to complete a post-purchase survey. This survey asks questions about changes in socio-economic status, community involvement, and educational status since becoming homeowners. The survey also asks questions about commuting patterns and general feelings about being homeowners. With the client's permission, HDF uses this information for designing new programs, marketing, reporting and analytical purposes.

### **About Bridgeport Neighborhood Trust**

BNT became a HUD approved homeownership counseling in 2000. Since then they have provided Pre Purchase Homeownership Counseling services, including workshops, to 537 residents. Of the 537 families 213 families achieved the American Dream of owning their first homes. BNT provides Pre Purchase Homeownership Counseling in a variety of ways. BNT sponsors an 8 Hour Pre Purchase Homeownership Class every month. Prior to participation in the class the client must meet one on one with the homeownership counselor to determine if the client is ready to purchase a home in the next 12 months; BNT provides one on one 3 Hour Pre Purchase Homeownership Counseling in English and Spanish to accommodate clients schedules and needs; and BNT facilitates 3 Hour Pre Purchase Homeownership Seminars to provide education to families who have an interest in homeownership. In BNT's Pre Purchase Homeownership Counseling Program BNT covers all aspects of home buyer including the advantages and disadvantages of purchasing a home, determining affordability, the mortgage and the closing process.

BNT recognizes that in order to increase homeownership and long term success, they continue to provide families with education even after they've purchased their first homes. Therefore, they have developed a series of post closing workshops on financial literacy, predatory lending & foreclosure prevention, and landlord/tenant regulations. Below is specific information regarding the different workshops:

### **Financial Literacy Workshops**

The financial literacy workshop covers debt management, budgeting and managing personal finances, outlining the approach a household should take if the household income is suddenly reduced, review credit reports and score, as well as techniques on how to save money.

### **Landlord and Tenant Relations**

This workshop covers responsibilities of the landlord, responsibilities of the tenant, finding and keeping good tenants, leases (Oral and Written), discrimination, fair housing, fair market rents, security deposits/moving out/damages, rent increases, evictions (Summary Process).

### **Predatory Lending & Foreclosure Prevention Workshop**

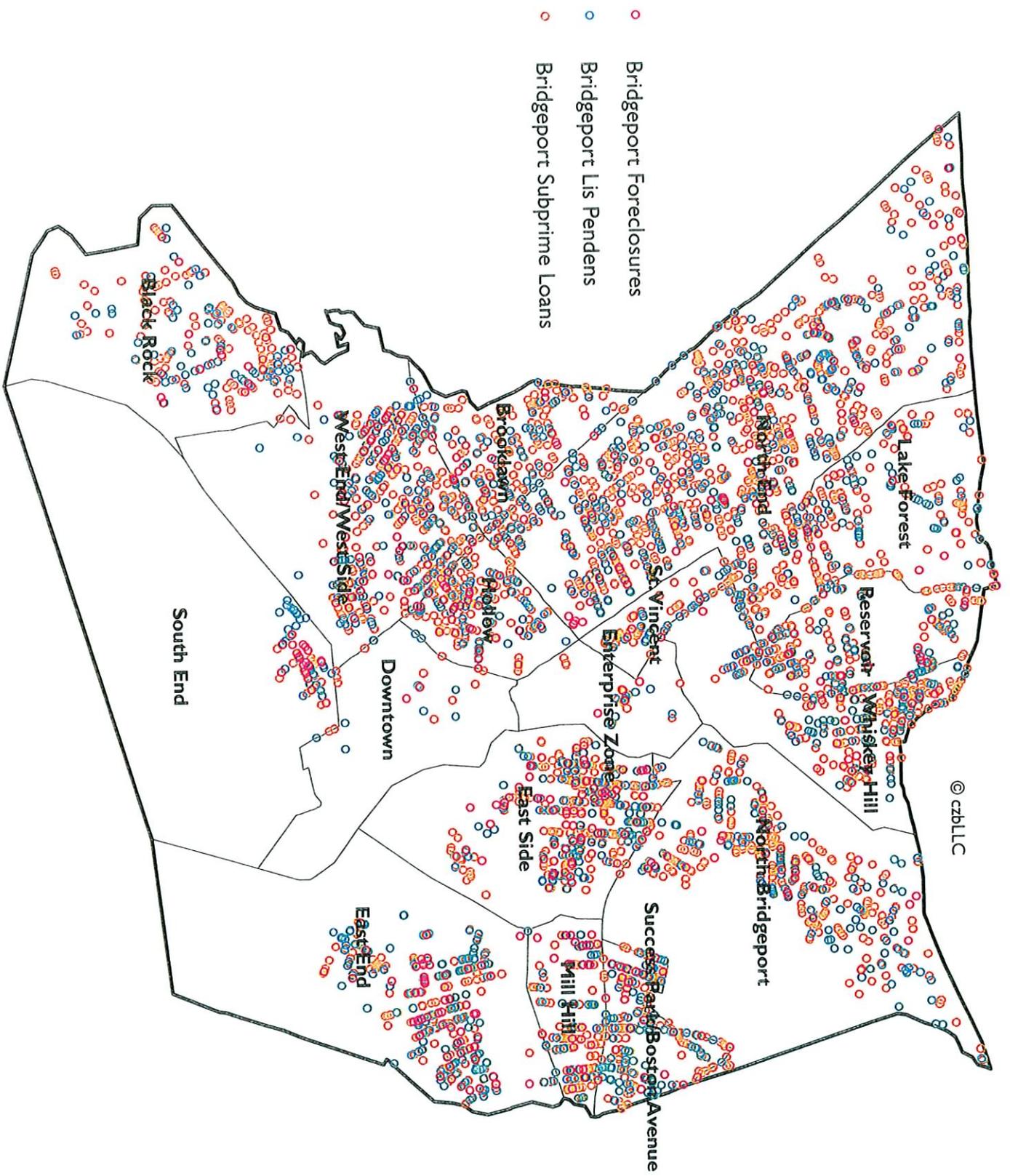
This workshop provides information on the mortgage crisis nationally and locally. BNT discusses the different products available through HUD and CHFA. BNT provides participants with possible alternatives including repayment plan, forbearance agreement, loan modification, advance claim, refinance, pre foreclosure short sale, bankruptcy, and deed in lieu of foreclosure. BNT discusses how to protect yourself legally if you are in foreclosure and review credit laws.

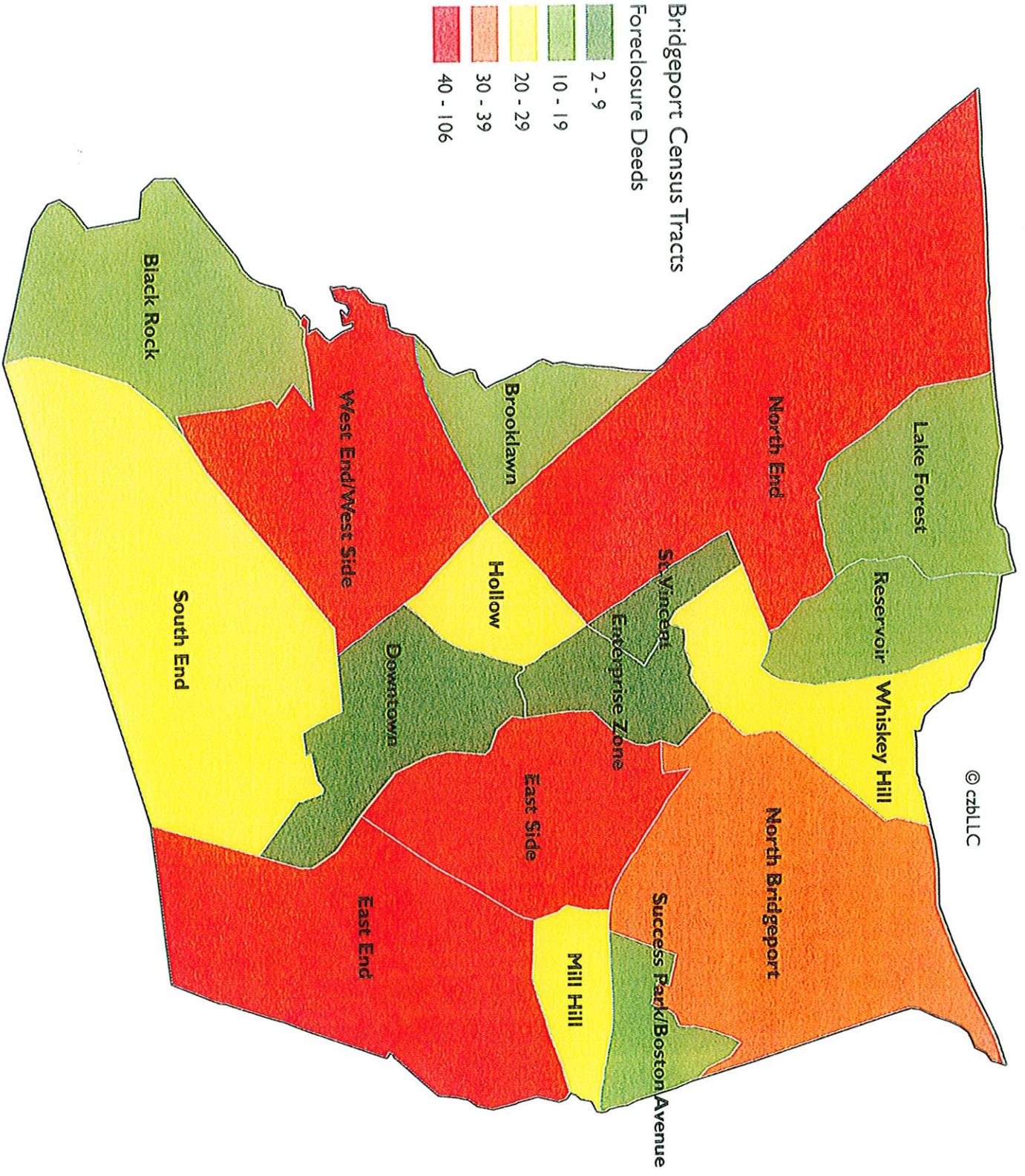
6. As part of its homebuyer assistance application process, HDF requires that the first mortgage application (the "1003") as well as the first mortgage lender's commitment letter and Good Faith Estimate be provided. As always, HDF will require that borrowers obtain a standard, 30-year amortization, fixed-rate mortgage.

# **BRIDGEPORT NEIGHBORHOOD STABILIZATION PROGRAM**

## **EXHIBIT A: BRIDGEPORT HOUSING MARKET DATA**

1. Map – Foreclosure Deeds
2. Map – Foreclosure Rates
3. Map – Lis Pendens
4. Map – Lis Pendens Rate
5. Map – Subprime Loans
6. Map – Subprime Loan Rate
7. Chart – Subprime Loan Details
8. Chart – Problem Severity by Neighborhood



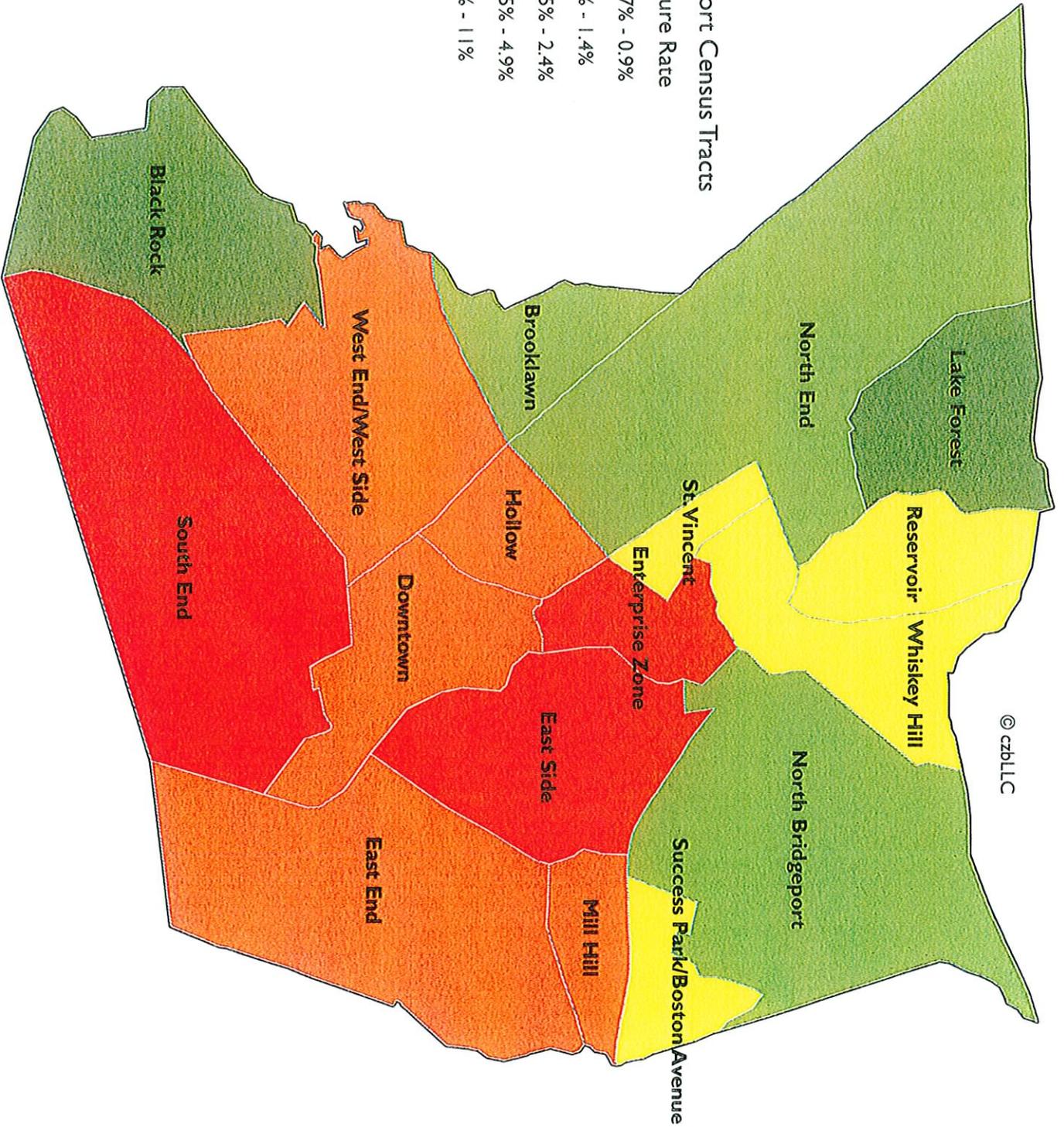


Bridgeport Census Tracts  
Foreclosure Deeds

- 2 - 9
- 10 - 19
- 20 - 29
- 30 - 39
- 40 - 106

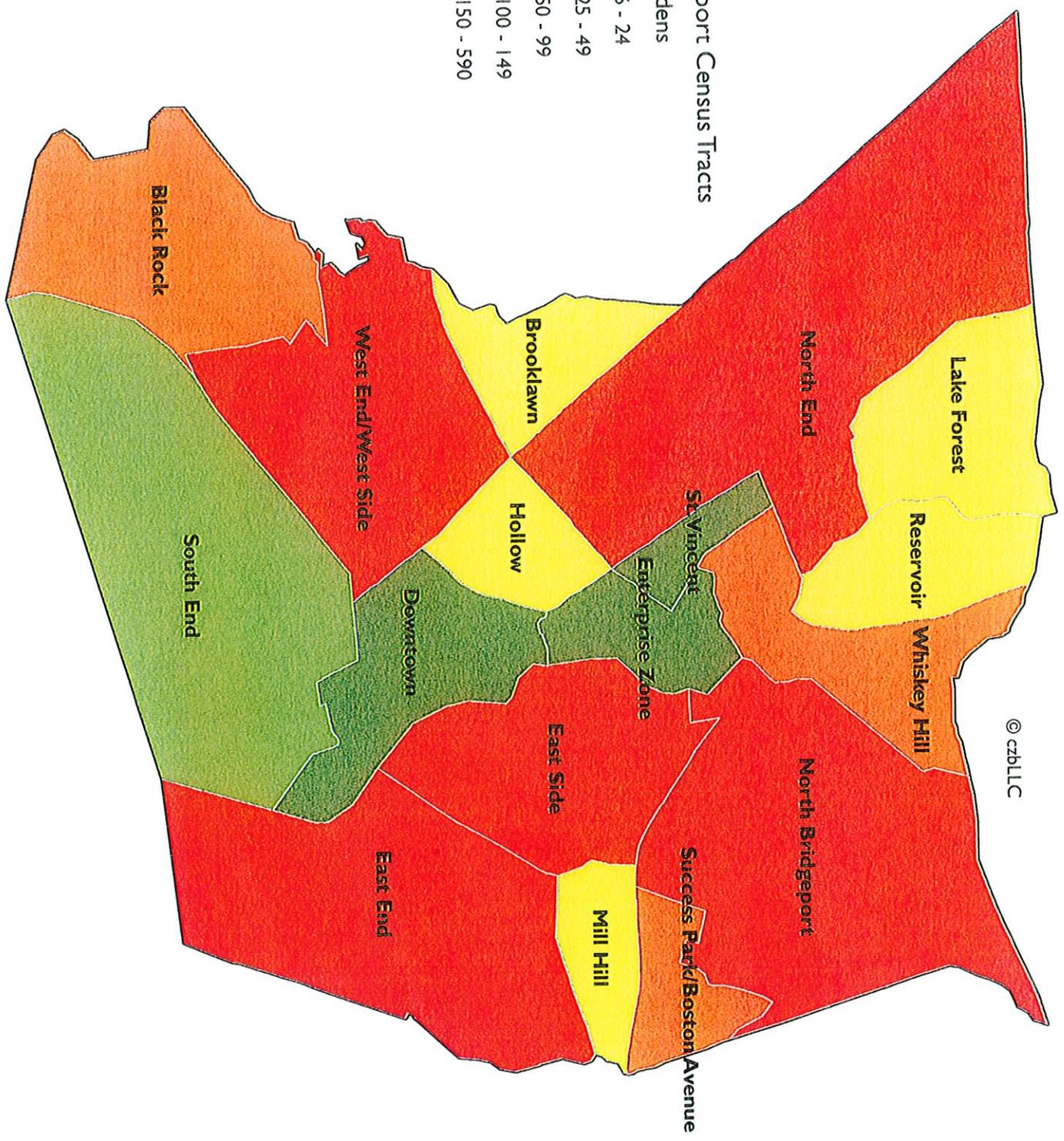
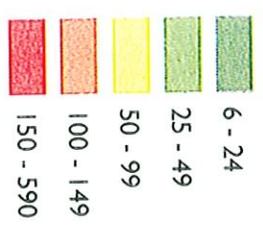
**Bridgeport Census Tracts**  
**Foreclosure Rate**

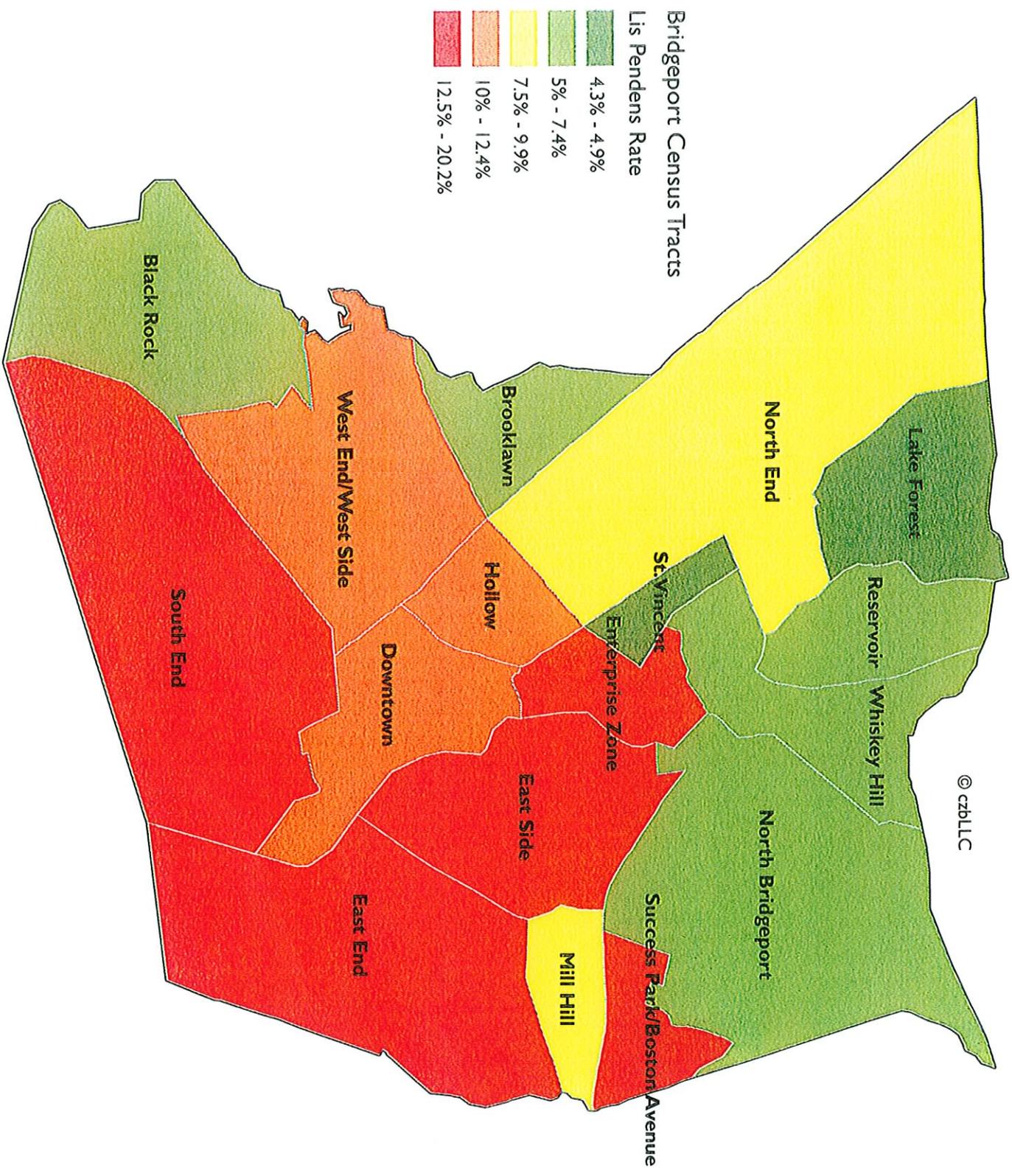
- 0.7% - 0.9%
- 1% - 1.4%
- 1.5% - 2.4%
- 2.5% - 4.9%
- 5% - 11%

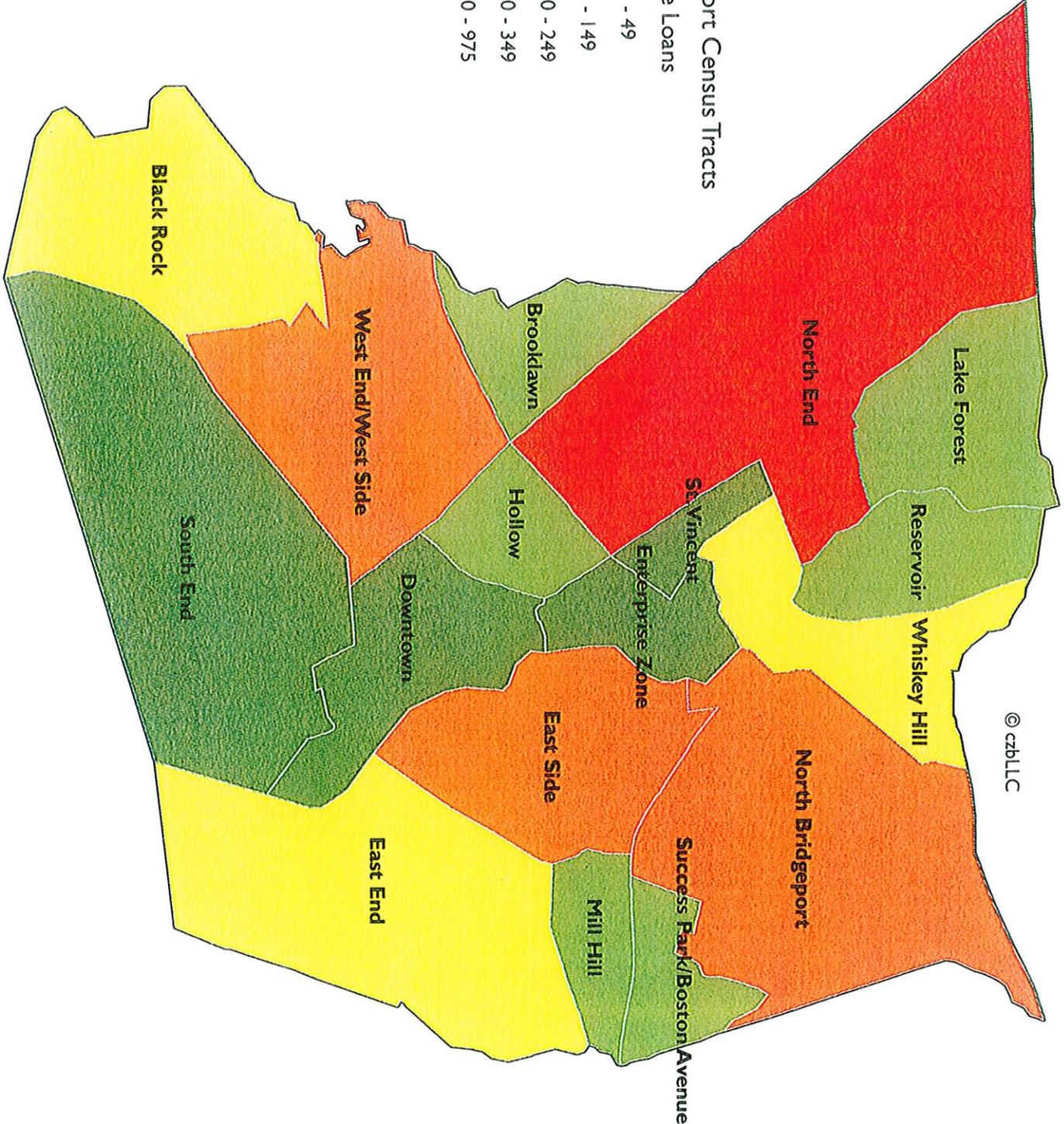
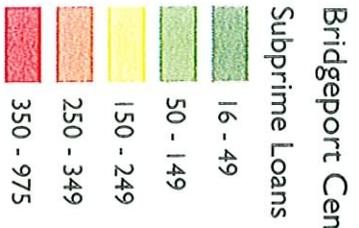


### Bridgeport Census Tracts

#### Lis Pendens

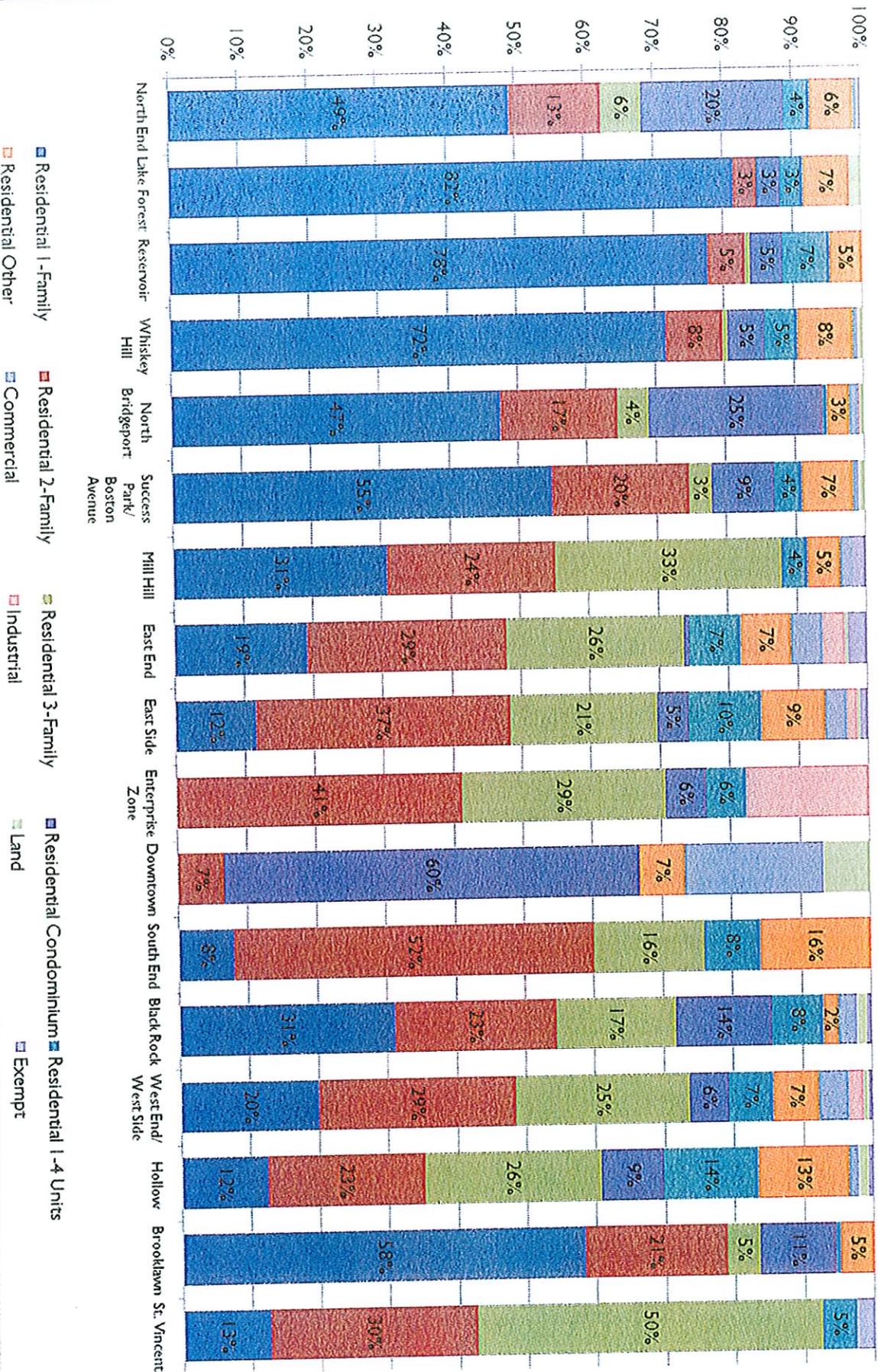






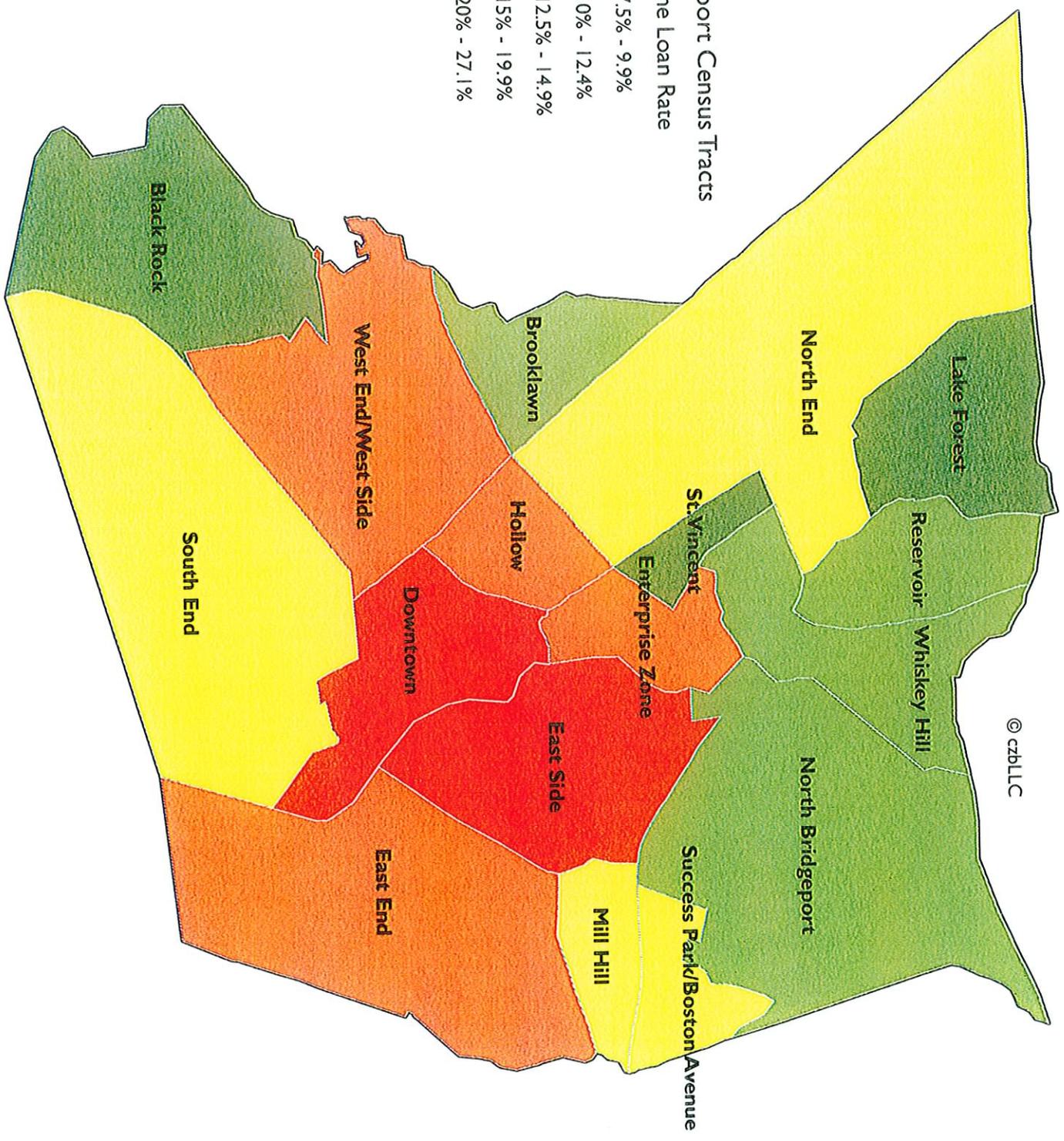
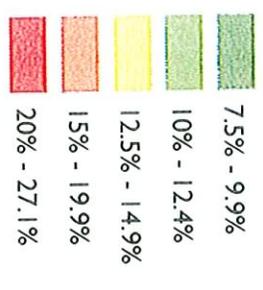
## Subprime Loan Details – Bridgeport, CT (czbLLC)

### Breakdown of Properties Receiving Subprime Loans by Neighborhood



### Bridgeport Census Tracts

#### Subprime Loan Rate



Initial Pass at Problem Severity in Bridgeport by Neighborhood (geocoded LIS Pendants, Foreclosures, and Subprimers)  
 This Tables DOES NOT RECOMMEND WHICH AREAS TO FOCUS ATTENTION ON

Relatively Healthy/Absorbable Rate and/or Volume of Problems  
 Challenging Rate and/or Volume of Problems  
 Problematic Rate and/or Volume of Problems  
 Seriously Problematic Rate and/or Volume of Problems  
 Catastrophic Rate and/or Volume of Problems



Nov 15, 2008

Neighborhood	North End	Lake Forest	Reservoir	Whiskey Hill	North Bridgeport	Succasa Park/ Mill Hill	East End	East Side	Enterprise Zon	Downtown	South End	Black Rock	West End/ Van	Hollow	Brooklawn	St. Vincent
LIS Pendants	590	71	69	101	200	120	70	189	178	14	6	44	103	208	77	77
Foreclosures	106	12	19	26	35	18	27	62	78	7	2	24	18	67	27	15
Subprime	975	122	130	155	340	127	111	222	269	17	16	29	151	332	149	148
Total Properties	7613	1621	1308	1476	2928	878	804	1300	1278	97	59	216	2020	1812	772	1329
LIS Pendants Rate	7.70%	4.40%	5.30%	6.80%	6.80%	13.70%	8.70%	14.50%	13.90%	14.40%	10.20%	20.20%	5.10%	11.50%	1.6%	5.80%
Foreclosures Rate	1.40%	0.70%	1.50%	1.80%	1.20%	2.10%	3.40%	4.80%	6.10%	7.20%	3.40%	11%	0.90%	3.70%	3.50%	4.30%
Subprime Rate	12.80%	7.50%	9.90%	10.50%	11.60%	14.50%	13.80%	17.20%	13.80%	17.50%	27.10%	13.30%	7.50%	12.30%	19.30%	11.10%
Immediate Problems Rate	1671	205	218	282	575	285	208	474	625	38	24	97	272	307	253	240
Secondary Rate	21.95%	12.65%	16.67%	19.11%	19.64%	30.15%	25.87%	38.45%	41.05%	39.15%	40.69%	44.50%	13.47%	23.44%	32.77%	18.08%
Secondary	2098	249	264	381	705	414	291	753	768	63	24	204	383	325	312	278

BLENDING RATING

Neighborhood	North End	Lake Forest	Reservoir	Whiskey Hill	North Bridgeport	Succasa Park/ Mill Hill	East End	East Side	Enterprise Zon	Downtown	South End	Black Rock	West End/ Van	Hollow	Brooklawn	St. Vincent
LIS Pendants	596	71	69	101	200	120	70	189	178	14	6	44	103	208	77	77
Foreclosures	106	12	19	26	35	18	27	62	78	7	2	24	18	67	27	15
Subprime	975	122	130	155	340	127	111	222	269	17	16	29	151	332	149	148
Total Properties	7579	1621	1308	1476	2928	878	804	1300	1278	97	59	216	2020	1815	772	1329
LIS Pendants Rate	7.70%	4.40%	5.30%	6.80%	6.80%	13.70%	8.70%	14.50%	13.90%	14.40%	10.20%	20.20%	5.10%	11.50%	1.6%	5.80%
Foreclosures Rate	1.40%	0.70%	1.50%	1.80%	1.20%	2.10%	3.40%	4.80%	6.10%	7.20%	3.40%	11%	0.90%	3.70%	3.50%	4.30%
Subprime Rate	13.80%	7.50%	9.90%	10.50%	11.60%	14.50%	13.80%	17.20%	13.80%	17.50%	27.10%	13.30%	7.50%	12.30%	19.30%	11.10%
Immediate Problems Rate	1671	205	218	282	575	285	208	474	625	38	24	97	272	307	253	240
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Secondary	2098	249	264	381	705	414	291	753	768	63	24	204	383	325	312	278

Prepared for the City of Bridgeport by c2bllc

Property Type	North End	Lake Forest	Reservoir	Whiskey Hill	North Bridgeport	Success Park/Boston Avenue	Mill Hill	East End	East Side	Enterprise Zone	Downtown	South End	Black Rock	West End/West Side	Hollow	Brooklawn	St. Vincent
Residential 1-Family	49%	82%	78%	72%	47%	55%	31%	19%	12%	0%	0%	8%	31%	20%	12%	58%	13%
Residential 2-Family	13%	3%	5%	8%	17%	20%	24%	29%	37%	41%	7%	52%	23%	29%	23%	21%	30%
Residential 3-Family	6%	0%	1%	1%	4%	3%	33%	26%	21%	29%	0%	16%	17%	25%	26%	5%	50%
Residential Condominium	20%	3%	5%	5%	25%	9%	0%	1%	5%	6%	60%	0%	14%	6%	9%	11%	0%
Residential 1-4 Units	4%	3%	7%	5%	1%	4%	4%	7%	10%	6%	0%	8%	8%	7%	14%	1%	5%
Residential Other	6%	7%	5%	8%	3%	7%	5%	7%	9%	0%	7%	16%	2%	7%	13%	5%	0%
Commercial	1%	0%	0%	1%	1%	1%	2%	5%	3%	0%	20%	0%	3%	4%	1%	0%	0%
Industrial	0%	0%	0%	0%	0%	0%	0%	3%	2%	18%	0%	0%	0%	2%	0%	0%	0%
Land	0%	2%	0%	1%	1%	1%	0%	0%	0%	0%	7%	0%	1%	1%	1%	0%	0%
Exempt	0%	0%	0%	0%	0%	0%	2%	3%	1%	0%	0%	0%	1%	1%	1%	0%	3%

**BRIDGEPORT NEIGHBORHOOD STABILIZATION PROGRAM**

**EXHIBIT B**

**HOUSING DEVELOPMENT FUND & BRIDGEPORT NEIGHBORHOOD TRUST  
DOCUMENTS**



## APPROVAL AS A HOUSING COUNSELING AGENCY

The U.S. Department of Housing & Urban Development approves the following named entity as a Housing Counseling Agency. The entity has (1) met the Department's initial approval criteria and (2) submitted an acceptable housing counseling plan to serve the entity's target community.

**Housing Development Fund, Inc.  
100 Prospect Street, Suite SP-101  
Stamford, Connecticut 06901**

The Department approved this housing counseling agency to provide the following types of housing counseling in accordance with their counseling plan:

**Homebuyer Education Programs, Pre-Purchase,  
Post-Purchase Counseling and Mortgage Delinquency &  
Default Resolution Counseling**

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Approval Date: May 13, 2008

Expiration Date: May 13, 2010

Signature of HUD Official: Brenda J. Bellisario

Name of HUD Official: Brenda J. Bellisario

Title of HUD Official: Director

Program Support Division

Philadelphia Homeownership Center



## APPROVAL AS A HOUSING COUNSELING AGENCY

The U.S. Department of Housing & Urban Development approves the following named entity as a Housing Counseling Agency. The entity has (1) met the Department's initial approval criteria and (2) submitted an acceptable housing counseling plan to serve the entity's target community:

### **Bridgeport Neighborhood Trust**

**177 State Street, Fifth Floor  
Bridgeport, CT 06604**

The Department approved this housing counseling agency to provide the following types of housing counseling in accordance with their counseling plan:

### **Pre-Purchase & Rental Counseling**

---

Biennial Review Date: March 07, 2008

Expiration Date: March 07, 2010

Signature of HUD Official: Brenda J. Bellisario  
Name of HUD Official: Brenda J. Bellisario  
Director, Program Support Division  
Philadelphia Homeownership Center

# SMARTMOVE-BRIDGEPORT NEIGHBORHOOD TRUST HOMEOWNERSHIP PROGRAM MEMORANDUM OF UNDERSTANDING

## I. PROGRAM OBJECTIVE

The SmartMove-Bridgeport Neighborhood Trust Homeownership Program (the Program) will make available low-cost second mortgage financing to eligible clients of the Bridgeport Neighborhood Trust Homeownership Program, which is operated by the Bridgeport Neighborhood Trust (BNT). In order to execute this Program, the Housing Development Fund (HDF) will engage BNT to provide homeownership counseling to income-eligible families interested in applying for financing to HDF's SmartMove Homeownership Fund Program (SmartMove). Clients will have the option of accessing counseling directly through HDF or through BNT. For the individuals/families that choose to receive counseling from BNT, BNT will provide HDF with mortgage ready applicants that comply with the SmartMove underwriting criteria. HDF will pay BNT a referral fee for each SmartMove loan closed that originated from BNT counseling.

## II. ELIGIBLE HOMEBUYERS

Households interested in applying to the SmartMove Homeownership Fund must meet the following requirements:

1. Each property must be used primarily for year-round residential use.
2. Properties financed under this program must be the principal residence of the borrower, who may not lease the premises.
3. The household's annual gross income may not exceed 100% of the Metropolitan District Area Median Income, as defined by the Federal Financial Institutions Examinations Council. This number is not adjusted for household size. For the Bridgeport-Stamford-Norwalk Metropolitan District, the income maximum is \$93,400 (as of January, 2008).
5. All buyers will need to complete the BNT homeownership counseling program requirements, which include one-on-one homeownership counseling. BNT will provide HDF with verification of completion for all participants that complete the requirements of said program. All buyers must also conform to the SmartMove Underwriting Guidelines (attached as Appendix A). An application fee of \$20 will be charged to the applicant.

## III. HOMEBUYER REFERRAL PROCESS

1. BNT will use information gathered during homebuyer education courses and one-on-one counseling sessions to determine which applicants are both income-eligible for the Program and mortgage ready as per the SmartMove Underwriting Guidelines.
2. BNT will refer mortgage ready and income eligible applicants to HDF by submitting an Underwriting Submission Form (attached as Appendix B), along with the required supporting documents detailed in said form. HDF will provide training to BNT staff in screening SmartMove applicants and preparing SmartMove referral submissions.
3. BNT will assist the SmartMove applicants in securing a first mortgage from a SmartMove Participating Bank, as well as BNT's own downpayment assistance loans where applicable. Any downpayment assistance loan provided by BNT must be subordinate to the SmartMove loan.
4. BNT will designate a point person on its staff who will be charged with keeping HDF informed on an ongoing basis as to the status of the loan- referral pipeline.

**V. FEE STRUCTURE**

As a fee for services rendered, as described above, HDF will pay BNT a total of \$300 per referral payable upon the closing of each SmartMove loan that originated from a BNT referral.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed as to the day and year written below.

Housing Development Fund, Inc.

By: John Carty  
 Title: President  
 Date: Mar. 5, 2008

Bridgeport Neighborhood Trust

By: Elabeth Torres  
 Title: Assistant Director / Director of Housing Development  
 Date: 2-15-08

## HDF First-Time Homebuyer Underwriting Criteria Summary

**Credit history/score:** 3 active tradelines with 12 months of activity each, or 12 months of payment history for non-traditional credit. An adequate VOR must be provided as well. No bankruptcies within the past 4 years, and no currently delinquent items. Valid explanations must be provided for any delinquencies from the last two years.

### **Ratios:**

- LTV/CLTVs less than or equal to 80%/100%/105% (1<sup>st</sup> mortgage/SmartMove/AAH).
- Housing expense (front-end ratio) of less than or equal to 33% of gross monthly income.  
Total debt-to-income ratio (back-end ratio) of less than or equal to 41%.

**Employment:** At least 2 years of stable employment history. Overtime/bonus income only used when a 24-month history can be demonstrated, or 12 months if strong likelihood of continuance can be demonstrated (i.e. police officer). Part-time employment income only used after the applicant has held the position for 24 months, or 12 months if strong likelihood of continuance can be demonstrated.

**Borrower contribution:** At least 1% of the purchase price into the transaction.

**Reserves:** At least one month PITI in liquid reserves at the time of closing.

**HOUSING DEVELOPMENT FUND**  
**HOME BUYER ASSISTANCE UNDERWRITING SUBMISSION**

\_\_\_\_\_  
Counselor

\_\_\_\_\_  
Submission Date

\_\_\_\_\_  
Client Name

\_\_\_\_\_  
One-on-One Counseling Date

**HDF Products Applicant(s) Applying For (Circle all that apply):**

SmartMove                  AAH/Workforce

**BNT Products Applicant(s) Applying For:**

\_\_\_\_\_  
**Income/Employment: PLEASE CHECK ALL THAT APPLY**

- Previous two years tax returns enclosed
- Previous two years W2s enclosed
- One month of Recent pay stubs showing YTD and deductions for all jobs enclosed

Applicant Estimated Annual Income:	F/T job: _____	P/T job: _____
Pay stub dates:	F/T job: _____	P/T job: _____
Years on Job :	F/T job: _____	P/T job: _____

Co-Applicant Estimated Annual Income:	F/T job: _____	P/T job: _____
Pay stub dates:	F/T job: _____	P/T job: _____
Years on Job :	F/T job: _____	P/T job: _____

Applicants have been continuously employed for the past two years, or if not has given satisfactory explanation **in writing**. Attach explanation (Please also provide part-time work history. Part-time can only be included if there is at least a two-year history.)

Notes: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Credit History: PLEASE CHECK ALL THAT APPLY**

APPENDIX B

- Signed and Completed Credit Release form Enclosed.
- \$20 check or Money Order made out to Housing Development Fund for Application Fee Enclosed.
- Applicant and Co-Applicant Credit reports show at least 3 current active and open trades, reporting at least 12 months, with no delinquencies.
- All collections, P&Ls and charge offs have been paid and proof is enclosed. **Explanations from applicant(s) enclosed for all derogatory remarks that occurred within the past 24 months.** Each derogatory account should be referenced individually in explanations.
- Applicant/Co-applicant (circle one or both) submitted non-traditional credit reference letters, which are enclosed. These letters are recent, reflect the date the account was established (at least 12 months ago) and state that the applicant is in good standing or pays bills on time.
- VERIFICATION OF RENT Applicant/Co-applicant (circle one or both) submitted copies of cashed rent checks for at least 12 months previous (preferred) OR a completed Verification of Rent form. Enclosed. (Note: If 1<sup>st</sup> mortgage lender is SBD or Citibank this is not required as a part of the underwriting submission)

Notes: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Purchase Information: PLEASE CHECK ALL THAT APPLY**

- Completed HDF application enclosed. (Please make sure all information is completed. Incomplete applications will slow the processing of the loan.)
- Copy of Homebuyer Ed/Landlord Training Certificate enclosed (if applicable).
- Property listing enclosed.
- 1003 and GFE enclosed.
- Sales binder enclosed.
- Fully executed sales contract enclosed/Partially executed sales contract enclosed (Circle One). Customer will send it before the Loan Committee meeting. **Closing Date:** \_\_\_\_\_
- Property appraisal enclosed/Property appraisal pending (Circle One).

**Reminders:**

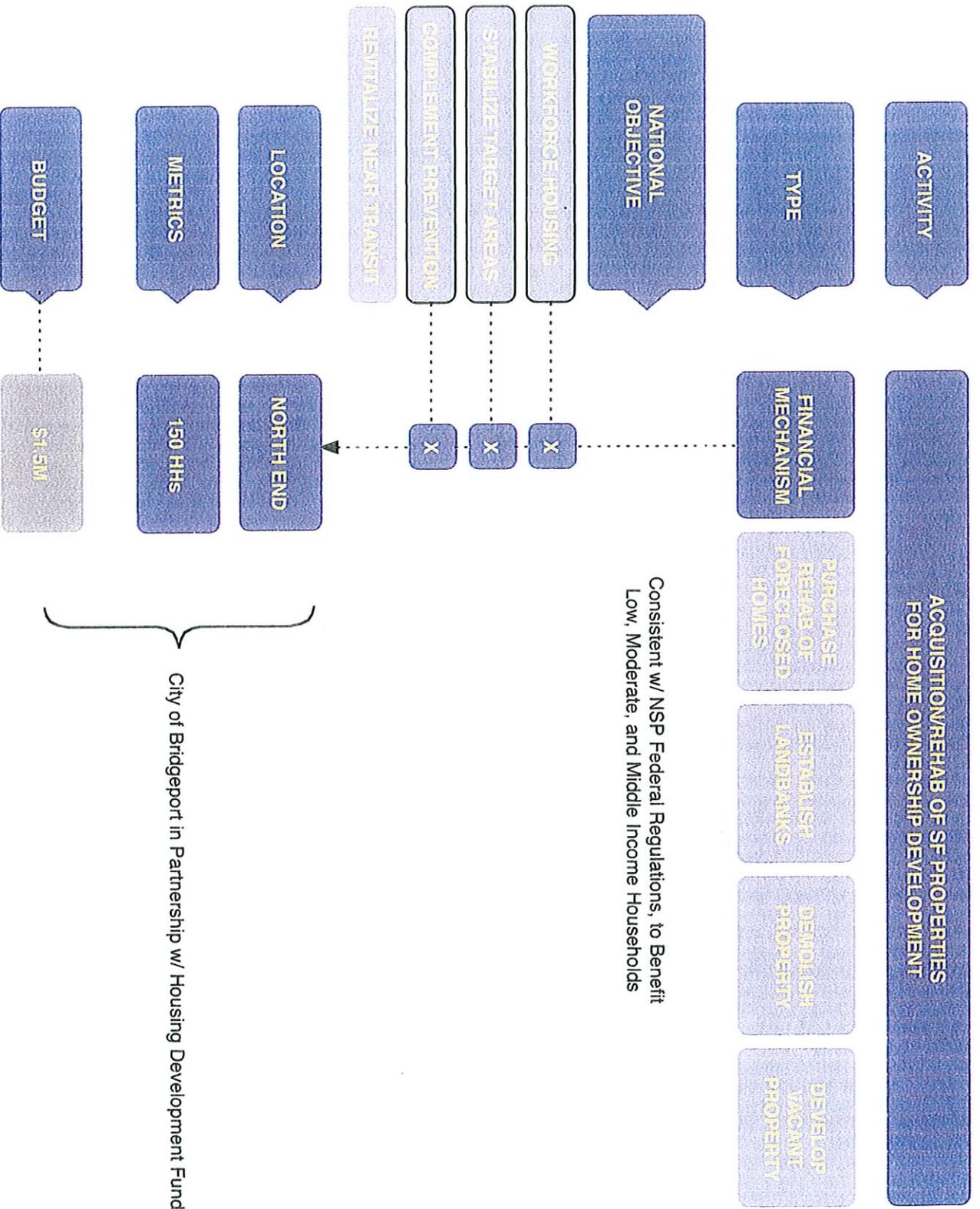


**BRIDGEPORT NEIGHBORHOOD STABILIZATION PROGRAM**

**EXHIBIT C:**

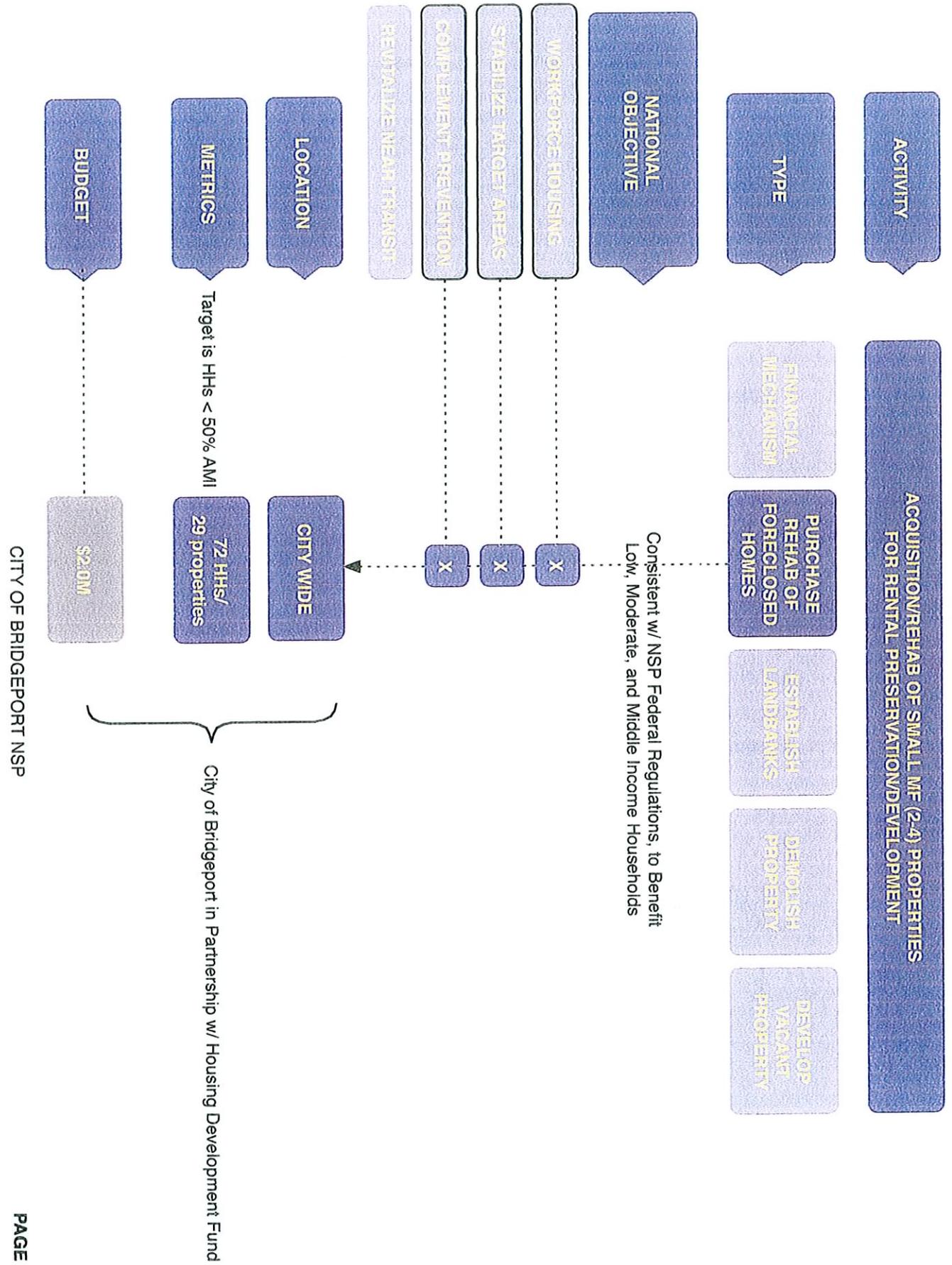
**G. NSP INFORMATION BY ACTIVITY**

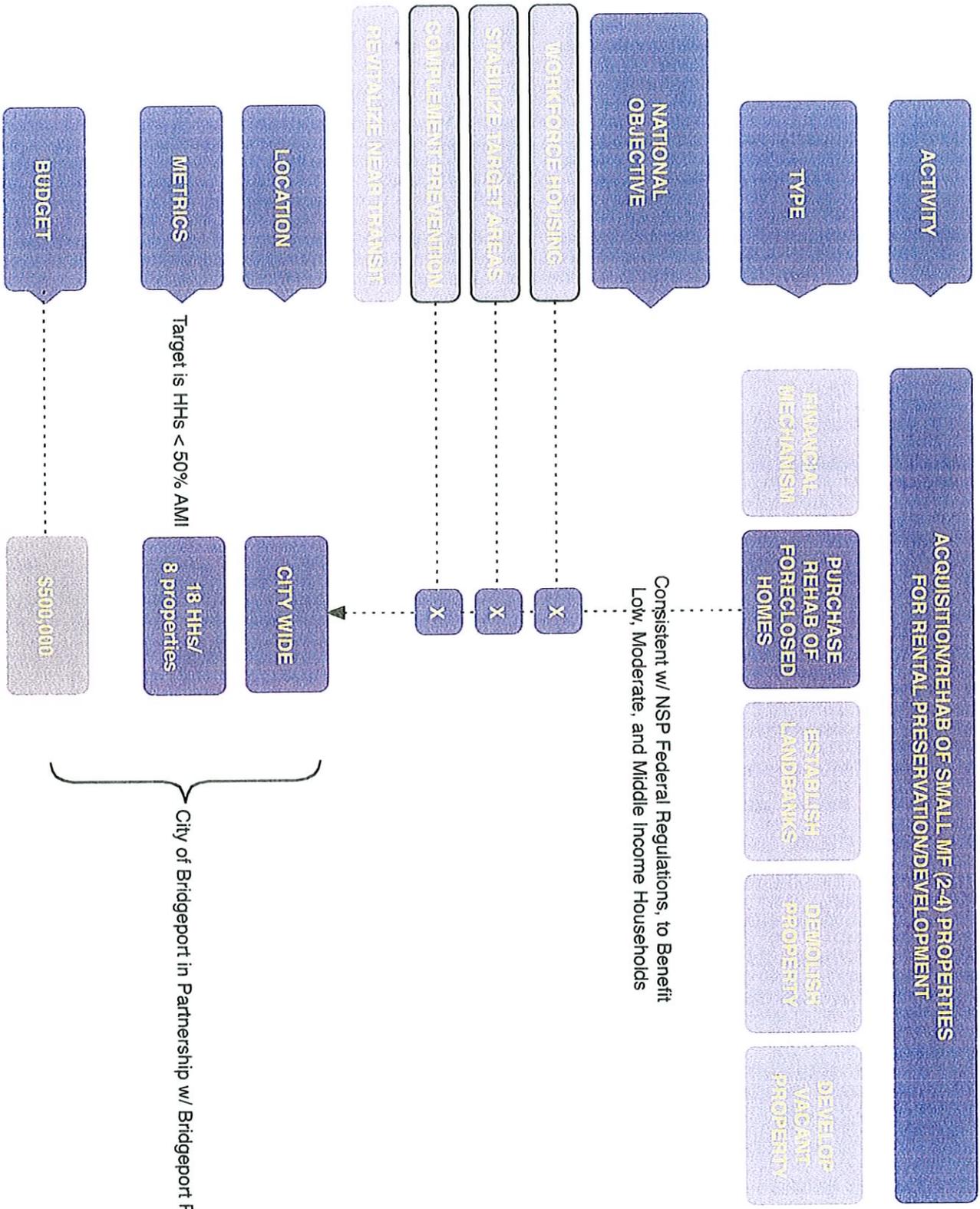
**5 CHARTS**



City of Bridgeport in Partnership w/ Housing Development Fund

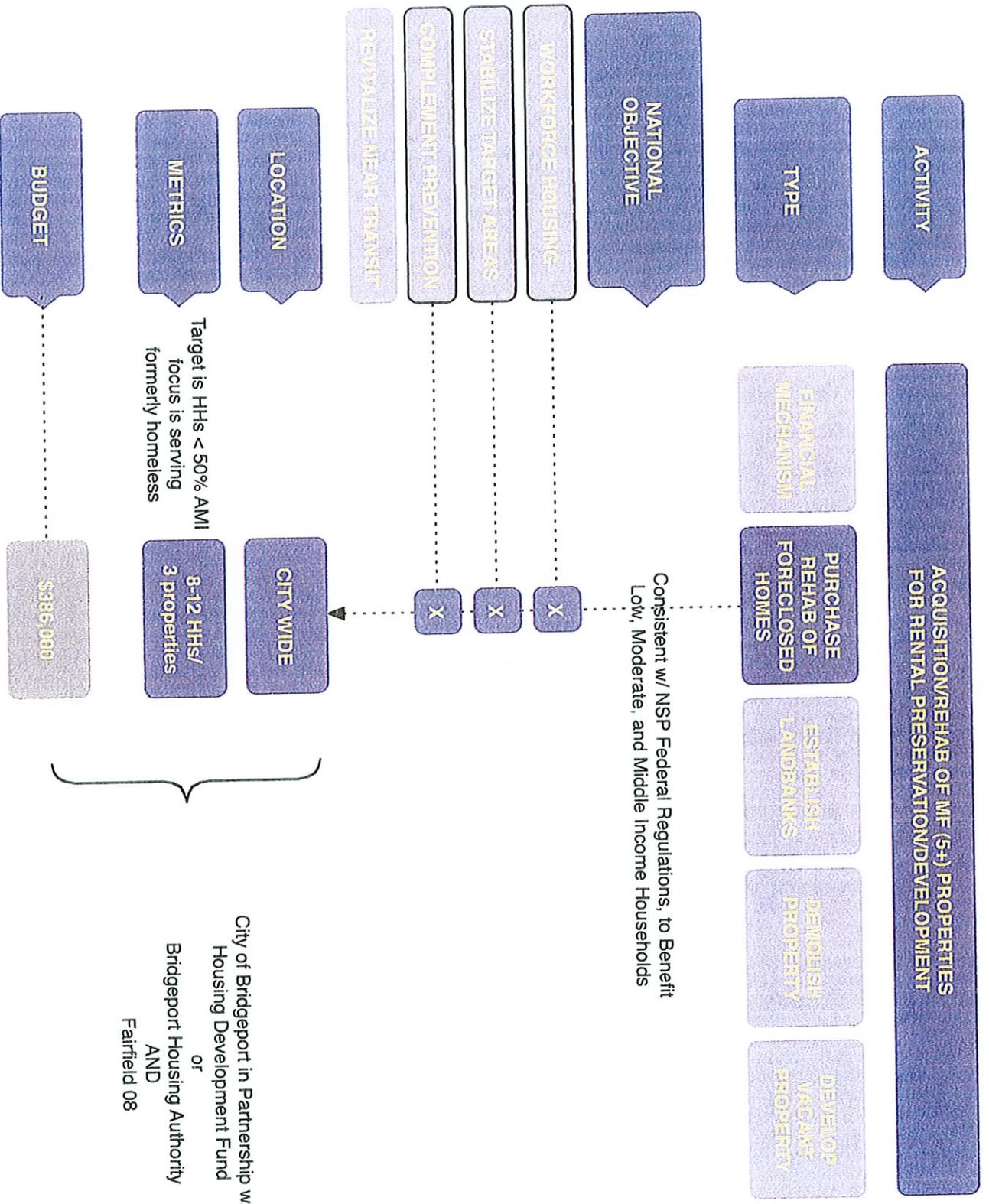
CITY OF BRIDGEPORT NSP





CITY OF BRIDGEPORT NSP

City of Bridgeport in Partnership w/ Bridgeport Redevelopment Agency



City of Bridgeport in Partnership w/  
Housing Development Fund  
or  
Bridgeport Housing Authority  
AND  
Fairfield 08

