

City of Danbury
Draft Neighborhood Stabilization Program (NSP)
Local Action Plan Substantial Amendment

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CITY OF DANBURY LOCAL ACTION PLAN TEMPLATE

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EXECUTIVE SUMMARY

This document amends the City of Danbury 2008 Annual Action Plan for July 1, 2008 through June 30, 2009. This amendment is made in accordance with the U. S. Department of Housing and Urban Development's (HUD) guidelines for the Neighborhood Stabilization Program (NSP), as authorized under Title III of the Housing and Economic Recovery Act (HERA) of 2008. The State of Connecticut has identified the City Of Danbury as a Tier 2 City and eligible for an allocation of \$867,350 in NSP funds to the City of Danbury. This amendment to the 2008 Annual Action Plan describes how the City proposes to use these funds to address the requirements of HERA for meeting identified needs within the community.

In response to the NSP allocation, the City established a planning committee to examine foreclosure and subprime loan data for the City of Danbury in order to identify the areas of greatest need for NSP funding. The committee took into account the three required criteria stipulated by HUD for identifying areas of greatest need and identified four (4) census tracts that have been or will be most severely impacted by foreclosures, subprime lending and future foreclosures. These census tracts are: 2101, 2102, 2106, and 2107.

The NSP Program is a potential source of permanent rental housing for an eligible veteran, with the potential to provide badly-needed accessible housing for a disabled veteran. Significant progress has already been made in implementing Housing For Heroes, including substantial investments in the proposed NSP Action Plan area. This includes major commitments by the City and the US Department of Veterans Affairs to provide transitional beds for veterans at the City shelter at 41 New Street (tract 2101) as well as a \$600k collaborative project to produce a mix of supportive transitional housing and permanent housing for veterans at 18 New Street (tract 2107). This project involves the combined financial contributions of the US Department of Veterans Affairs, the City of Danbury, the Housing Authority of the City of Danbury and the Non-Profit Development Corporation of Danbury. HACD is a valued member of the Veterans Workgroup whose contributions have also involved the creation of a project-based voucher program and adoption of a priority preference for veterans in applications for HACD housing

assistance. The Housing Authority of the City of Danbury has proposed using a significant amount of replacement housing funds for this NSP initiative. The City of Danbury and HACD's combined resources in the amount of \$1.3 million dollars in acquisition and rental opportunities

Based on its analysis, the City proposes making the majority of NSP funds available for the purchase of (8) foreclosed or abandoned properties in its Center City and North main street revitalization area. Through a partnership with proposed subrecipient, the Housing Authority of the City of Danbury (HACD), the City will leverage an additional \$532,000 of HACD replacement housing funds to make a significant impact upon revitalization areas. This partnership will result in \$1,399,350 available for a NSP program in the City of Danbury. The City expects that this funding will result in the acquisition and rental of approximately (8) eight units of abandoned or foreclosed properties for use as affordable housing for rental opportunities to low-, middle-, and moderate-income (LMMI) households. It is further anticipated that 30 percent of NSP funds will be used to benefit households earning less than 50 percent of area median income, including provision of workforce housing as well as homeless veterans and seniors. All program income received as a result of NSP activities will be revolved into additional NSP-eligible activities for LMMI households within the 4 target census tracts.

A. Identification of Area(s) of Greatest Need

Response:

The City of Danbury has conducted an analysis to determine areas in the City that meet the Neighborhood Stabilization Program (NSP) requirements to give priority emphasis to areas of greatest need. The City collected data from a variety of resources to identify neighborhoods meeting the following criteria: (1) areas with the greatest percentage of foreclosures, (2) areas with the highest percentage of homes financed by subprime mortgage-related loans, and (3) areas identified as likely to face a significant rise in the rate of home foreclosures.

The greatest need analysis was conducted using various data from resources including the City of Danbury's Tax Assessor's office for foreclosure information, the City Of Danbury Consolidated Plan, the U. S. Department of Housing and Urban Development (HUD), Home Mortgage Disclosure Act (HMDA), and the First American Loan Performance to interpret subprime mortgage and related loans and predict future foreclosures. The City of Danbury also used data from HVCEO 2008 Housing Marketing Assessment and the City of Danbury Ten Year Plan to end Homelessness.

As part of the analysis, a geographic information system (GIS) was utilized to define areas by Census Tracts and help visualize foreclosure trends taking place in the city. As a result of analyzing these data and trends, the City was able to define the Census Tracts areas of greatest need. A breakdown of the data collected and presented for each of the criteria as defined in the NSP program requirements is provided in the following sections.

1. Greatest Percentage of Foreclosures Filings

As reported by City of Danbury Tax Assessors Office, the City of Danbury has experienced a surge in foreclosure activity in 2008. A summary of data for the prior five years is listed below:

TABLE 1

FORECLOSURES INITIATED—CITY OF DANBURY	
2008	646
2007	373
2006	346
2005	248
2004	188

Source: Danbury Land Records

The yearly statistics show a steady, but modest, increase from 2004-2007 followed by a significant jump from 2007 to 2008 (a 73% increase). While this does not give conclusive figures about the number of foreclosures that ultimately occurred in Danbury as the result of these actions, it is a strong indication that there is a significant increase in foreclosure activity in Danbury and a consequent need for NSP funding.

*City of Danbury Local Action Plan Submission Template
Neighborhood Stabilization Program (NSP)*

TABLE 2

TABLE 2 Pre Foreclosure and Foreclosure Data by Census Tract January 1, 2008 thru September 2008

CENSUS TRACTS	2008 LIS PEN FILINGS	PERCENT
2101	25	6.3%
2102	27	6.3%
2103	32	8.6%
2104	51	12.8%
2105	27	6.3%
2106	60	17.5%
2107	44	11.8%
2108	36	9.0%
2109	19	4.2%
2110	20	5.0%
2111	0	0
2112	29	7.2%
2113	15	3.7%
2114	12	2.8%

City land record data for the first nine months of 2008 showed that highest number of foreclosure actions being initiated in census tract 2106. One reason for this seemed to be the high number of foreclosure actions initiated involving condominiums in this area. For this reason, census tract 2106 has been elevated by the City into a category of greatest need although it received only a moderate risk ranking of 6 under the HUD methodology. Tract 2107 also ranked high in number of foreclosures initiated (3rd highest) according to City records, solidifying its position among the areas of greatest need. While Tract 2101 and 2102 showed moderate numbers of foreclosures initiated according to City records for the period studied, the City retained these tracts as among the greatest areas of need due to the overwhelming evidence of risk suggested by the HUD supplied data.

Map 1 on the next page depicts estimated foreclosure by census tract based on data supplied by HUD. Map 2 highlights the top 4 Census Tracts for the highest amount of foreclosures activity that are also listed in Table I, on page 3. Most of these areas are located in the Center City area and North Main suggesting that older city neighborhoods have been impacted severely by the foreclosure crisis.



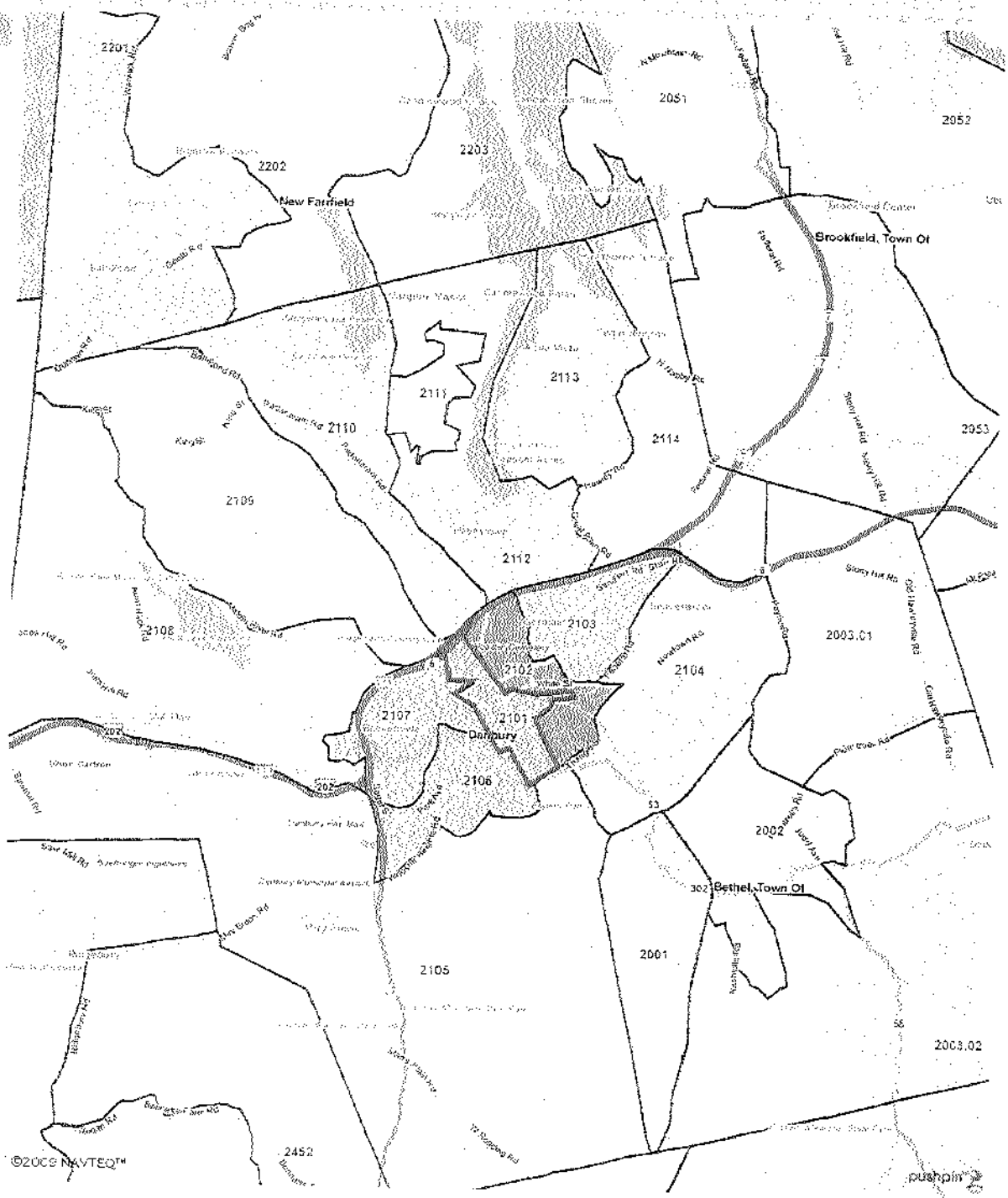
Map 1 Predicted 18-month underlying problem foreclosure rate, according to HUD, as of 2008.

Predicted 18-month underlying problem foreclosure rate, according to HUD, as of 2008.

Legend

Year
2008

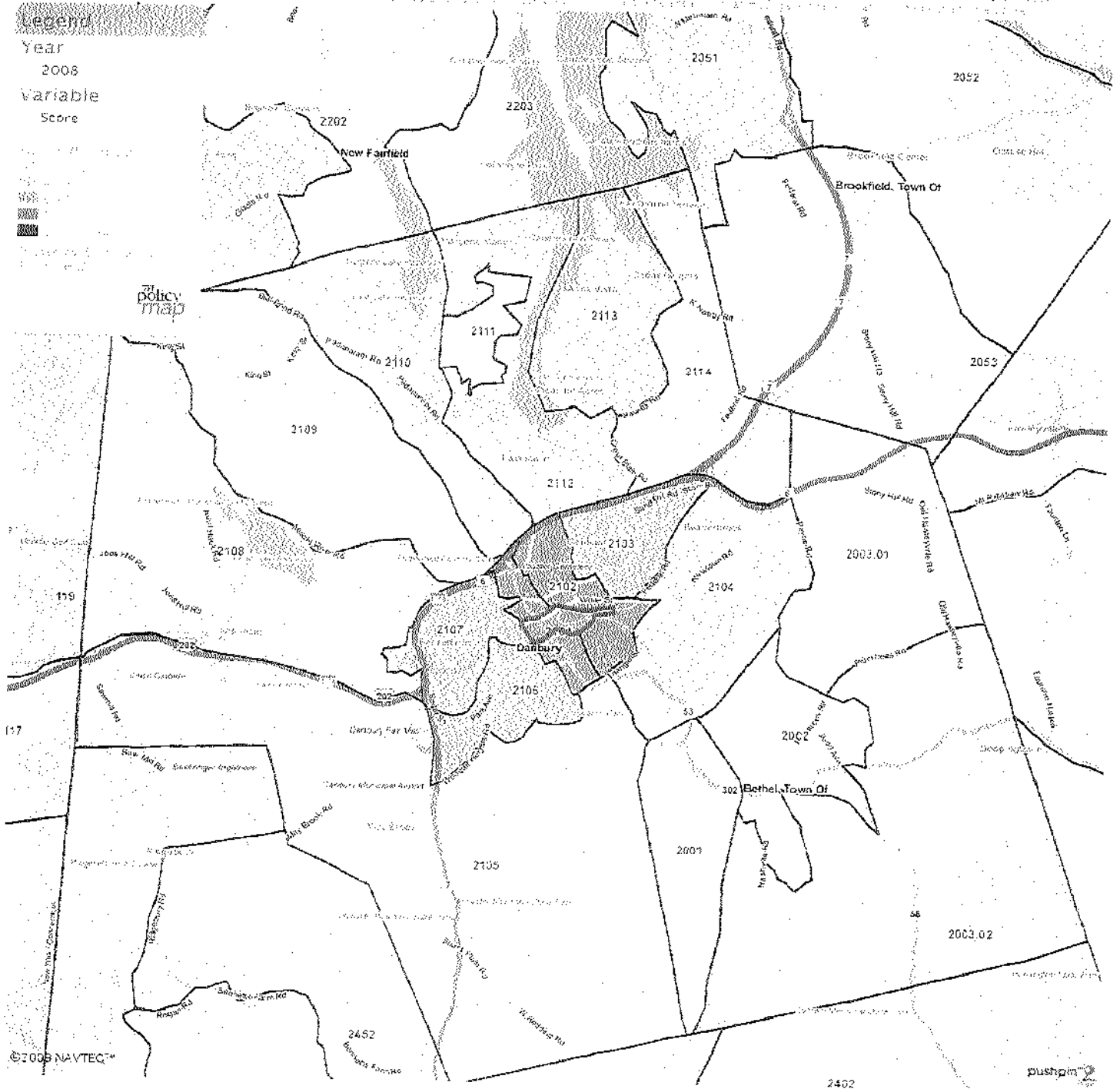
Variable
Rt





Map 1 A Estimated foreclosure/abandonment risk score, according to HUD, as of 2008.

Estimated foreclosure abandonment risk score, according to HUD, as of 2008.



LIS PENS BY CENSUS TRACTS



MAP 2

LIS PENS BY CENSUS TRACTS	
202	302
402	502
602	702
802	902
1002	1102
1202	1302
1402	1502
1602	1702
1802	1902
2002	2102
2202	2302
2402	2502
2602	2702
2802	2902
3002	3102
3202	3302
3402	3502
3602	3702
3802	3902
4002	4102
4202	4302
4402	4502
4602	4702
4802	4902
5002	5102
5202	5302
5402	5502
5602	5702
5802	5902
6002	6102
6202	6302
6402	6502
6602	6702
6802	6902
7002	7102
7202	7302
7402	7502
7602	7702
7802	7902
8002	8102
8202	8302
8402	8502
8602	8702
8802	8902
9002	9102
9202	9302
9402	9502
9602	9702
9802	9902
10002	10102
10202	10302
10402	10502
10602	10702
10802	10902
11002	11102
11202	11302
11402	11502
11602	11702
11802	11902
12002	12102
12202	12302
12402	12502
12602	12702
12802	12902
13002	13102
13202	13302
13402	13502
13602	13702
13802	13902
14002	14102
14202	14302
14402	14502
14602	14702
14802	14902
15002	15102
15202	15302
15402	15502
15602	15702
15802	15902
16002	16102
16202	16302
16402	16502
16602	16702
16802	16902
17002	17102
17202	17302
17402	17502
17602	17702
17802	17902
18002	18102
18202	18302
18402	18502
18602	18702
18802	18902
19002	19102
19202	19302
19402	19502
19602	19702
19802	19902
20002	20102
20202	20302
20402	20502
20602	20702
20802	20902
21002	21102
21202	21302
21402	21502
21602	21702
21802	21902
22002	22102
22202	22302
22402	22502
22602	22702
22802	22902
23002	23102
23202	23302
23402	23502
23602	23702
23802	23902
24002	24102
24202	24302
24402	24502
24602	24702
24802	24902
25002	25102
25202	25302
25402	25502
25602	25702
25802	25902
26002	26102
26202	26302
26402	26502
26602	26702
26802	26902
27002	27102
27202	27302
27402	27502
27602	27702
27802	27902
28002	28102
28202	28302
28402	28502
28602	28702
28802	28902
29002	29102
29202	29302
29402	29502
29602	29702
29802	29902
30002	30102
30202	30302
30402	30502
30602	30702
30802	30902
31002	31102
31202	31302
31402	31502
31602	31702
31802	31902
32002	32102
32202	32302
32402	32502
32602	32702
32802	32902
33002	33102
33202	33302
33402	33502
33602	33702
33802	33902
34002	34102
34202	34302
34402	34502
34602	34702
34802	34902
35002	35102
35202	35302
35402	35502
35602	35702
35802	35902
36002	36102
36202	36302
36402	36502
36602	36702
36802	36902
37002	37102
37202	37302
37402	37502
37602	37702
37802	37902
38002	38102
38202	38302
38402	38502
38602	38702
38802	38902
39002	39102
39202	39302
39402	39502
39602	39702
39802	39902
40002	40102
40202	40302
40402	40502
40602	40702
40802	40902
41002	41102
41202	41302
41402	41502
41602	41702
41802	41902
42002	42102
42202	42302
42402	42502
42602	42702
42802	42902
43002	43102
43202	43302
43402	43502
43602	43702
43802	43902
44002	44102
44202	44302
44402	44502
44602	44702
44802	44902
45002	45102
45202	45302
45402	45502
45602	45702
45802	45902
46002	46102
46202	46302
46402	46502
46602	46702
46802	46902
47002	47102
47202	47302
47402	47502
47602	47702
47802	47902
48002	48102
48202	48302
48402	48502
48602	48702
48802	48902
49002	49102
49202	49302
49402	49502
49602	49702
49802	49902
50002	50102
50202	50302
50402	50502
50602	50702
50802	50902
51002	51102
51202	51302
51402	51502
51602	51702
51802	51902
52002	52102
52202	52302
52402	52502
52602	52702
52802	52902
53002	53102
53202	53302
53402	53502
53602	53702
53802	53902
54002	54102
54202	54302
54402	54502
54602	54702
54802	54902
55002	55102
55202	55302
55402	55502
55602	55702
55802	55902
56002	56102
56202	56302
56402	56502
56602	56702
56802	56902
57002	57102
57202	57302
57402	57502
57602	57702
57802	57902
58002	58102
58202	58302
58402	58502
58602	58702
58802	58902
59002	59102
59202	59302
59402	59502
59602	59702
59802	59902
60002	60102
60202	60302
60402	60502
60602	60702
60802	60902
61002	61102
61202	61302
61402	61502
61602	61702
61802	61902
62002	62102
62202	62302
62402	62502
62602	62702
62802	62902
63002	63102
63202	63302
63402	63502
63602	63702
63802	63902
64002	64102
64202	64302
64402	64502
64602	64702
64802	64902
65002	65102
65202	65302
65402	65502
65602	65702
65802	65902
66002	66102
66202	66302
66402	66502
66602	66702
66802	66902
67002	67102
67202	67302
67402	67502
67602	67702
67802	67902
68002	68102
68202	68302
68402	68502
68602	68702
68802	68902
69002	69102
69202	69302
69402	69502
69602	69702
69802	69902
70002	70102
70202	70302
70402	70502
70602	70702
70802	70902
71002	71102
71202	71302
71402	71502
71602	71702
71802	71902
72002	72102
72202	72302
72402	72502
72602	72702
72802	72902
73002	73102
73202	73302
73402	73502
73602	73702
73802	73902
74002	74102
74202	74302
74402	74502
74602	74702
74802	74902
75002	75102
75202	75302
75402	75502
75602	75702
75802	75902
76002	76102
76202	76302
76402	76502
76602	76702
76802	76902
77002	77102
77202	77302
77402	77502
77602	77702
77802	77902
78002	78102
78202	78302
78402	78502
78602	78702
78802	78902
79002	79102
79202	79302
79402	79502
79602	79702
79802	79902
80002	80102
80202	80302
80402	80502
80602	80702
80802	80902
81002	81102
81202	81302
81402	81502
81602	81702
81802	81902
82002	82102
82202	82302
82402	82502
82602	82702
82802	82902
83002	83102
83202	83302
83402	83502
83602	83702
83802	83902
84002	84102

A review of the data for Danbury (see Table 1) reveals that two Central City census tracts had the highest Foreclosure and Abandonment Risk Scores. Census tracts 2101 and 2102 both were assigned risk scores of 8 out of a possible 10. Census tract 2109 had the lowest risk score of 1, followed by Census Tract 2108 with a risk score of 2. Census tract 2107 also was assigned a higher than normal risk score of 7. Other tracts with risk scores of concern were 2106 and 2103 with scores of 6. All other tracts were assigned risk scores of 5 or below.

HUD's estimated foreclosure rates also point to tracts 2101 and 2102 as being our areas of greatest need with foreclosure rates of 5.4% and 6.9% respectively. Census tract 2107 again ranked third worst of Danbury's tracts with a foreclosure rate of 5.2%. Danbury's lowest foreclosure rates were found in tracts 2108 (1.6%), 2109 (1.8%) and 2114 (1.9%). Other tracts with levels high enough to be of concern were 2106 (4.4%) and 2103 (4.5%).

USPS vacancy rate data shows that tract 2101 has the highest vacancy rate of 3.0%, followed by tracts 2103 (2.8%) and 2102 (2.2%). Tract 2107 ranks fourth with a rate of 2.1%. All other tracts had vacancy rates less than 2%, with tracts 2105, 2109, 2110 and 2114 all with rates less than 1%. This indicator again points to Central City areas being those in greatest need. Census tract 2102 again ranked highest for another key indicator of risk: the rate of high cost loans. The rate for this tract was 45.4%, signaling a potentially high risk of foreclosure and high need for program assistance. Ranking second highest was tract 2101 with a rate of 35.8%. Census tract 2107 ranked third with a rate of 34.3%. Among the tracts with low high cost loan rates were 2108 (10.8%), 2109 (11.8%) and 2114 (13.0%). This indicator also points to the Central City area consisting of tract 2101, 2102 and 2107 as Danbury's area of greatest need in terms of NSP program funding.

HUD data was available at the Block Group level for two other key indicators of need: the number and the percentage of persons at or below 120% of the median income. While a large portion of the City would qualify as Middle-Low-Moderate Eligible areas based on the 120% standard according to HUD data, there is significant correlation of high percentages of persons meeting the 120% standard in those census tracts that are also deemed to have the highest foreclosure risk scores. Census Tract 2101 (with a foreclosure risk score of 8) consists of three census block groups with percentages ranging from 84.2% to 94.6% within the 120% AMI standard. Census tract 2102 (the other tract with a risk score of 8) has one block group with a slightly lower AMI % of 70.2, but the other two block groups in the tract have percentages of 89.2 and 90.4 respectively. Tract 2107 (with a rating score of 7) also has block groups with high AMI percentages, ranging from 75.5% to 95.4%. This reflects the data on low-moderate income concentrations found in the City of Danbury's Consolidated Plan, which is hereby incorporated by reference. The data also reflects a correlation between the percentage of middle-low-moderate income persons within block groups and the rate of the foreclosure and risk score in the census tract. For example, two of the block groups

in the census tract with the lowest risk score (2109) have 120% AMI percentages below fifty percent. Three of the five block groups in tract 2108 (risk score of 2) have 120% AMI percentages below fifty percent.

Taking all HUD provided data into account; the greatest area of need identified consists of the central Danbury area comprised of the contiguous census tracts 2101 and 2102. On balance, census tract 2102 would rate slightly higher in need due to the higher percent of foreclosure starts (6.9% vs. 5.4%). Ranking only slightly below in terms of need would be the area composed of census tract 2107 which borders tract 2101. This tract had a rating score of 7 and a foreclosure rate of 5.2%, both only slightly below that of the highest two tracts. Taken as a whole, these tracts compose much of what was formerly the old "City of Danbury" prior to its merger with the "Town of Danbury" in the 1960's.

Areas of the City deemed to be of moderate need would be census tracts 2106 and 2103, which both rated risk scores of 6 and had nearly equal foreclosure rates (4.4% and 4.5%). Both have high concentrations of low-moderate income persons and are characterized by pockets of substandard housing.

Areas of the City deemed to be of lower need would be census tracts 2104, 2105, 2108, 2109, 2110, 2112, 2113 and 2114 (2111 largely consists of the Federal prison). All of these areas had risk scores of 5 or below and foreclosure rates of 3.6% or below. Many block groups within these tracts had lower percentages of low-moderate income persons which seemed to correspond with them having more neighborhoods of a suburban rather than Central City character.

A review of foreclosure activity reflected on the Danbury land records appears to support the validity of the HUD data and risk projections used to identify areas of higher need. A review of data for the prior year period supports the conclusion of high foreclosure activity in the Central City area. While the sample is not large enough to be conclusive, it does support the HUD data as well as anecdotal information on pre-foreclosure and default trends provided to the Danbury Housing Partnership by real estate and lending professionals active in the Danbury housing market. The Partnership was told that a wave of additional foreclosures will be working through the system in the coming year as reflected by pre-foreclosure activity and requests for market appraisals by banks on properties in arrears. City code enforcement officials also report an increase in dealing with code problems at properties that have been foreclosed or apparently abandoned. The City's Unified Neighborhood Inspection Team reports that there were more than 25 such actions during the past year involving properties located in the area comprised of census tracts 2101, 2102 and 2107. Data from the City's Consolidated Plan also supports the rankings of census tracts indicated by the HUD risk projections. Census tracts 2101, 2102 and 2107 are the three tracts with the highest concentrations of low-moderate income persons in Danbury.

City Ranking of Areas of Greatest Need
Ranked by Census Tract

Highest Need

1. Census Tract 2102
2. Census Tract 2101
3. Census Tract 2107
4. Census Tract 2106

Moderate Need

1. Census Tract 2104
2. Census Tract 2103

Lowest Need

1. Census Tract 2112
2. Census Tract 2113
3. Census Tract 2110
4. Census Tract 2105
5. Census Tract 2114
6. Census Tract 2108
7. Census Tract 2109

B. DISTRIBUTION AND USES OF FUNDS

The following section provides descriptions of 1) the four proposed target areas, and the 2) the proposed budget for use of NSP funds.

1) Target Areas. As was outlined in Section A, the City of Danbury has identified 4 census tracts (2101, 2102, 2106 and 2107) that based upon available data provided by HUD and other sources, have been most impacted by home foreclosures, and have a propensity to significantly increase in the number of foreclosures. While there are other census tracts that the City has categorized as having moderate needs, these four census tracts appear to have the greatest need when data relating to HUD's three criteria, defined in Section 2301 (c)(2) of HERA, are objectively considered.

The four (4) census tracts are located in Danbury's Urban Core District that includes the central business district and surrounding older neighborhoods of the City. The Core contains a diverse mix of different racial and ethnic groups, housing types, and densities. Retail stores and offices, and business and professional services of great variety are found within the downtown and along adjacent streets.

Two neighborhood centers are located at E. Liberty Street and Town Hill Avenue and at Division and W. Wooster Streets. Major public and institutional uses are also found within the Core, including the downtown campus of Western Connecticut State University, the Superior Court House, City Hall, the Danbury Public Library, and the Danbury Train Station.

The downtown serves as the financial, governmental, and transportation center of the Region. Much of the central business district falls within the Main Street Historic District, and includes many distinctive buildings listed on the National Register of Historic Places. Principle roads serving the area include Main Street, South Street, West Street-Lake Avenue, and White Street.

Nearly one-half of all housing units in the Center City were built prior to 1940, of which over ninety percent are occupied. According to the 1990 Census, two-thirds of all householders rent their dwellings, accounting for nearly half of the City's entire rental market. Although most dwelling units within the Center City are in good condition, there are several pockets that exhibit one or more characteristics of urban blight.

In addition to multi-family dwellings, many single-family homes can also be found, typically on small lots. In some instances, especially attractive single-family neighborhoods fall within multifamily zoning districts.

In 1990, Center City had a population of 16,815, fully one-quarter of Danbury's entire population. Forty-one percent of Danbury's total Asian population, 40% of its

black population, and more than half of its Hispanic population reside within Center City. While the white population remains as the major racial group, it has declined as a proportion of the total population as blacks and Asians have increased. Nearly 16% of the Core's residents described themselves as of Hispanic origin. Of non-Hispanics, the Census reports that 68% were white, 10% were African- American, and 6% were Asian or Pacific Islander, notably Indian, Cambodian, and Chinese.

The Center City median family income in 1990 was \$40,197, significantly less than the City wide income of \$51,144. In the two Census tracts 2101 and 2102 that makes up the bulk of the Core, 12.7% of all families were living below the poverty level, two-thirds with single female heads of households.

The NSP Program is a potential source of permanent rental housing for an eligible veteran, with the potential to provide badly-needed accessible housing for a disabled veteran in Danbury's Center City. Significant progress has already been made in implementing Housing For Heroes, including substantial investments in the proposed NSP Action Plan area. This includes major commitments by the City and the US Department of Veterans Affairs to provide transitional beds for veterans at the City shelter at 41 New Street (tract 2101) as well as a \$600k collaborative project to produce a mix of supportive transitional housing and permanent housing for veterans at 18 New Street (tract 2107).

This project involves the combined financial contributions of the US Department of Veterans Affairs, the City of Danbury, the Housing Authority of the City of Danbury and the Non-Profit Development Corporation of Danbury. HACD is a valued member of the Veterans Workgroup whose contributions have also involved the creation of a project-based voucher program and adoption of a priority preference for veterans in applications for HACD housing assistance. The City expects to partner with the Housing Authority of the City of Danbury. The City will leverage the \$867,350 NSP funds with HACD in replacement housing funds in the amount of \$500,000 representing a total amount of \$1.3 million in NSP funds. This unique partnership furthers the City of Danbury and HACD's mutual strategic goal of increasing the number of deed restricted affordable units in the City and providing workforce, veterans and senior housing as follows:

The four (4) census tracts provide a wide geographic area for use of NSP funds. The City expects to partner with the Housing Authority of the City of Danbury. The City will leverage the \$867,350 NSP funds with HACD in replacement housing funds in the amount of \$500,000. The combined resources of \$1,367,350 million will facilitate the addition of (10) deed restricted, affordable , rental units.

