

# THE NSP SUBSTANTIAL AMENDMENT

<p>Jurisdiction(s): <b>Town of Babylon</b> <i>(located in Suffolk County New York)</i></p> <ul style="list-style-type: none"><li>• Jurisdiction Web Address: <b>www.townofbabylon.com</b></li></ul>	<p>NSP Contact Person: <b>Theresa Sabatino, Director Town of Babylon Community Development</b> Address: <b>47 West Main Street Babylon, New York 11702</b> Telephone: <b>(631) 587-3752</b> <b>Fax: (631) 587-3703</b> Email: <b>tsabatino@townofbabylon.com</b></p>
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## **A. AREAS OF GREATEST NEED**

The Department of Housing and Urban Development (HUD) has a new initiative called the Neighbor Stabilization Program (NSP) that has funds available to address areas hit hard by sub-prime loans and foreclosures. To identify the areas with the greatest needs the town reviewed data provide by HUD on foreclosures and foreclosure risk used to determine the formula allocation of NSP funds. We also received and reviewed data on foreclosures from the Long Island Profile Publishing Co., Inc. The data provided consisted of all home sales in The Town of Babylon, Lis Pendens (default notices) filed, mortgage judgments, and foreclosure sales. This report lists the number of foreclosures in each hamlet and the number of Lis Pendens filed in each hamlet for the period of 2006 through 2008.

The foreclosure data indicates which hamlets have the highest number of foreclosures and the historical data shows the trend in foreclosures from 2006 to the present for the same area. The Lis Pendens data shows the areas that currently have the largest number of mortgage suits underway, therefore will be a good predictor of the areas likely to face a significant rise in the rate of foreclosures.

Analysis of HUD data:

**Foreclosure Risk** – The Town of Babylon has 46 Census Tracts with 163 Block Groups. The estimated foreclosure risk for the Block Groups based on a scale of 1 to 10, with 10 being the highest risk; there are 25 Block Groups with an estimated foreclosure risk of 8 or higher. The 25 Block Groups are located in the Wyandanch and Amityville areas. There are four census Block Groups with a foreclosure risk of 10, three in Wyandanch and one in Amityville.

**Foreclosure Rate** – Out of the 46 Census Tracts in the Town of Babylon, HUD estimated foreclosure rate is 4.9% town wide. There are eleven Census Tracts located in the hamlets of Wyandanch and Amityville with higher foreclosure rates. **High Cost Mortgages** – The HUD data also indicates that the estimated High Cost Average Mortgage Rate for the Town of Babylon is 28.3%. Amityville and Wyandanch areas contain the census tracks with 47.6% to 56.2% High Cost Mortgage Rates.

An analysis of the data received from the L.I. Profiles showed that the Township of Babylon had 3,389 Lis Pendens filed from 2006 to 2008. The hamlets of Wyandanch and Amityville had 1004, providing evidence they are high risk. Foreclosure total for the Town was 665, from 2006 – 2008, Amityville and Wyandanch had 248 foreclosures.

Based on the analysis, Wyandanch and Amityville are our target areas.

### ***B. DISTRIBUTION AND USES OF FUNDS***

The Town of Babylon is proposing to use its allocation from the Neighborhood Stabilization Program for the purpose of acquisition of vacant and foreclosed properties in the areas with the greatest percentage of home foreclosures, the highest percentage of homes financed by subprime mortgage related loans and the areas that are likely to face a significant rise in the rate of home foreclosures as identified in Section A. The Wyandanch area will ensure that our funds are being used in accordance with the requirements of Section 2301(c) (3)(c). The properties will be put into a land bank with the focus on the redevelopment of the Wyandanch Area. We will be addressing the foreclosures through the Acquisition, Section 2301(d) (1) and rehabilitation of foreclosed homes in the Amityville area.

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

(1) Definition of “blighted structure” in context of state or local law. The Town of Babylon proposes to use the New York State Definition of Unsafe Structures as our definition of blighted Structures. The States definition of “Unsafe Structures and Equipment” under Section 107 of the Fire Code of NY State:

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

(2) Definition of “affordable rents.” **Note:** Grantees may use the definition they have adopted for their CDBG program but should review their existing definition

to ensure compliance with NSP program –specific requirements such as continued affordability.

For the purpose of the NSP Program the Home Program Rents will be used; Households with income below 50% of median income, the maximum rent will be the “Low Home Rents,” Households with income above 50% of median, but not more than 80% of median the “High Home Rents” will apply, and for households with income above 80% of median income, but not more than 120% of median, the “Fair Market Rents” will apply. When the unit has project based subsidies, the “Fair Market Rents” will be used, and the tenant will pay no more than 30% of income for rent as per Section Eight regulations.

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

Homeownership – all applicants will be required to obtain fixed rate mortgages, the program will not allow interest only mortgages or 80/20 mortgages. Applicants will be required to complete an eight hour homebuyer counseling program, which will educate the home buyer on financial, credit and legal issues as it pertains to purchasing a home. Applicants will be required to obtain a mortgage from a lender who agrees to comply with the “Bank Regulators” guidelines for non-traditional mortgages. All Homes assisted NSP funds will have the following Affordability Restrictions, covenants and restrictions will be filed with the note and mortgage that requires a 30 year affordability period, requires that upon re-sale the purchasers meets the income guidelines of the program, is the principal residences; the home is sold at an affordable price.

Rental Units assisted with NSP funds will have the same affordability period as homeownership based on the affordability definition described in Section C paragraph 2.

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

The Town of Babylon will meet the Housing Quality Standards; the New York State Uniform Fire prevention and Building Codes and will conform to the Town of Babylon’s green building code which ensures that any rehabilitation or new construction will be energy efficient.

***D. LOW INCOME TARGETING***

Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes of area median income: **\$542,727.**

**Note:** At least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50 percent of area median income.

This project is designed to address families at 50% of the median, with the acquisition and rehabilitation of foreclosed homes.

#### **E. ACQUISITIONS & RELOCATION**

Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e.,  $\leq$  80% of area median income).

If so, include:

- The number of low- and moderate-income dwelling units—i.e.,  $\leq$  80% of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.
- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e.,  $\leq$  120% of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion).
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.

The Town of Babylon does not intend to implement a project at this time using NSP funds.

#### **F. PUBLIC COMMENT**

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

A public notice was placed in the Suffolk edition of Newsday on November 11, 2008, informing the general public regarding the Neighborhood Stabilization Program, and informing them that the draft plan was available for review on the Town of Babylon's Website ([www.townofbabylon.com](http://www.townofbabylon.com)) and available in hard copy at the Community Development office. The public notice established a fifteen day comment period through November 26, 2008. No comments have been received to date.

**G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)**  
**FIRST PROJECT:**

(1) Activity Name: Town of Babylon Land Bank Acquisition

(2) Activity Type:

The Town will purchase and rehabilitate abandoned and foreclosed upon homes and residential properties and establish land banks for homes that have been foreclosed upon, with the ultimate goal of demolishing blighted structures and redeveloping demolished or vacant properties according to a Vision Plan.

(3) National Objective:

Low- and moderate-income “LMMA” Objective – the activity will serve an area in which at least 51 percent of the residents have incomes at or below 120 percent of area median income. According to the US Census 2000 Fact Sheet, the median household income for the Wyandanch CDP was \$40,664, well under 80 percent (\$48,051) of the Town of Babylon’s median household income of \$60,064.

(4) Activity Description:

Wyandanch is currently the focus of a comprehensive Town initiative, “Wyandanch Rising,” developed as the result of a community visioning process and aimed at revitalization of the area through the creation of mixed-use, transit-oriented development. Goals of this redevelopment project include the creation of affordable housing in a traditional, walkable downtown setting centered around the Long Island Rail Road station.

The Town of Babylon will use NSP funds to acquire abandoned and foreclosed upon homes and residential properties located within the revitalization focus area, an area which was determined to be “blighted” according to the New York State Definition of Blight in The Wyandanch Rising Vision Plan, prepared in 2003. Any parcels containing blighted structures will be demolished using NSP funds.

The Wyandanch Vision Plan calls for the development of mixed-use, transit-oriented development in the area surrounding the Long Island Rail Road train station and near Straight Path in Wyandanch. In order that development on the acquired properties be in line with the overall revitalization of the Wyandanch downtown area, the Town of Babylon will hold the properties acquired with NSP funds in a land bank for future development of mixed-use housing affordable to families and individuals earning less than 120% of the Area Median Income. Reuse of properties will occur within 10 years of the entry of the property into the land bank.

The Town of Babylon has in place a green building code which ensures that any rehabilitation or new construction will be energy efficient.

(5) Location Description:

Parcels to be acquired will be located in the study area of the Wyandanch Rising Vision Plan (i.e. the Wyandanch Hamlet), and generally within one-half mile of the Long Island Rail Road Wyandanch train station. To the extent that it is possible, the Town will acquire contiguous parcels to maximize the potential impact for development.

(6) Performance Measures

The Town of Babylon will convert two to three units for households whose income does not exceed 50 percent of area median income. The Town will demolish approximately five units of housing located in the LMMA area of Wyandanch. The Town will create ten to thirteen units available to households whose income is 51-80% of area median income, and will create seven to nine units for households whose income is 81-120% of area median income.

(7) Total Budget:

\$1,011,091.00

(8) Responsible Organization: The Town of Babylon Community Development

(9) Projected Start Date: January 1, 2009

(10) Projected End Date: December 31, 2012

(11) Specific Activity Requirements:

All foreclosed-upon home or property will be purchased at a discount of 15 percent from the current market-appraised value of the home or property. All future homebuyers will be required to attend an 8 hour housing counseling course given by a HUD approved housing counseling agency.

**G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)  
SECOND PROJECT:**

(1) Activity Name: Demolition of Blighted Land Bank Acquisition

(2) Activity Type:

The Town will purchase and rehabilitate abandoned and foreclosed upon homes and residential properties and establish land banks for homes that have been foreclosed upon, with the ultimate goal of demolishing blighted structures and redeveloping demolished or vacant properties according to a Vision Plan.

(3) National Objective:

Low- and moderate-income "LMMA" Objective – the activity will serve an area in which at least 51 percent of the residents have incomes at or below 120 percent of area median income. According to the US Census 2000 Fact Sheet, the median household income for the Wyandanch CDP was \$40,664, well under 80 percent (\$48,051) of the Town of Babylon's median household income of \$60,064.

(4) Activity Description:

The Town of Babylon will use NSP funds to acquire abandoned and foreclosed upon homes and residential properties located within the Wyandanch area. Any homes which are determined to be in a "blighted" condition, according to the Town of Babylon's Definition of Blight will be demolished using NSP funds.

(5) Location Description:

Parcels to be acquired will be located in the Hamlet of Wyandanch.

(6) Performance Measures

The Town of Babylon will convert two to three units for households whose income does not exceed 50 percent of area median income. The Town will demolish approximately five units of housing located in the LMMA area of Wyandanch. The Town will create ten to thirteen units available to households whose income is 51-80% of area median income, and will create seven to nine units for households whose income is 81-120% of area median income.

(7) Total Budget: \$400,000.00

(8) Responsible Organization: The Town of Babylon Community Development

(9) Projected Start Date: January 1, 2009

(10) Projected End Date: December 31, 2012

**G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)  
THIRD PROJECT:**

(1) Activity Name: Affordable Housing (<50% median)

(2) Activity Type: NSP Eligible Use: Section 2301(c)(3)(B) – Purchase and rehabilitate foreclosed homes for sale or rent. CDBG Eligible Activity: 24 CFR 570.201(a) acquisition, and (b) disposition

(3) National Objective: All of the proposed units will be sold to families/individual earning no more than 50% of the median income.

(4) Activity Description: The purchase and rehabilitation of foreclosed homes with in the target areas for rental or sale to families earning no more than 50% of the median.

(5) Location Description: In the hamlets of Amityville and Wyandanch.

(6) Performance Measures: Two foreclosed houses will be acquired and renovated; they will be sold to families whose income is no more than 50% of area median.

(7) Total Budget: \$542,727

(8) Responsible Organization: This activity will be administered by:

Town of Babylon Community Development  
47 W. Main Street  
Babylon, NY 11702

Theresa Sabatino – Director  
(631) 587-3752

(9) Projected Start Date: January 1, 2009

(10) Projected End Date: December 31, 2012

(11) Specific Activity Requirements:

All foreclosed-upon homes or properties will be purchased at a discount of 15 percent from the current market-appraised value of the home or property.

Loan rates will range from 0 to 3%.

Both homeownership and rental properties will follow the procedures list in C 3.

**G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)  
FOURTH PROJECT:**

- (1) Activity Name: Administration and Planning
- (2) Activity Type: General Administration and Planning  
CDBG Eligible Activity: 24 CFR 570.205 and 206
- (3) National Objective: Not Applicable
- (4) Activity Description: General Administration and Planning
- (5) Location Description: Not Applicable
- (6) Performance Measures: Not Applicable
- (7) Total Budget: \$217,091
- (8) Responsible Organization: This activity will be administered by:  
  
Town of Babylon Community Development  
47 W. Main Street  
Babylon NY 11702  
  
Theresa Sabatino – Director  
(631) 587-3752
- (9) Projected Start Date: January 1, 2009
- (10) Projected End Date: December 31, 2012
- (11) Specific Activity Requirements: Not Applicable

## **CERTIFICATIONS**

- (1) **Affirmatively furthering fair housing.** The jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- (2) **Anti-lobbying.** The jurisdiction will comply with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (3) **Authority of Jurisdiction.** The jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (4) **Consistency with Plan.** The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.
- (5) **Acquisition and relocation.** The jurisdiction will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the Notice for the NSP program published by HUD.
- (6) **Section 3.** The jurisdiction will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- (7) **Citizen Participation.** The jurisdiction is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.
- (8) **Following Plan.** The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.
- (9) **Use of funds in 18 months.** The jurisdiction will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the NSP Notice, all of its grant funds within 18 months of receipt of the grant.
- (10) **Use NSP funds  $\leq$  120 of AMI.** The jurisdiction will comply with the requirement that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income.

(11) **Assessments.** The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

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

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

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

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

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title