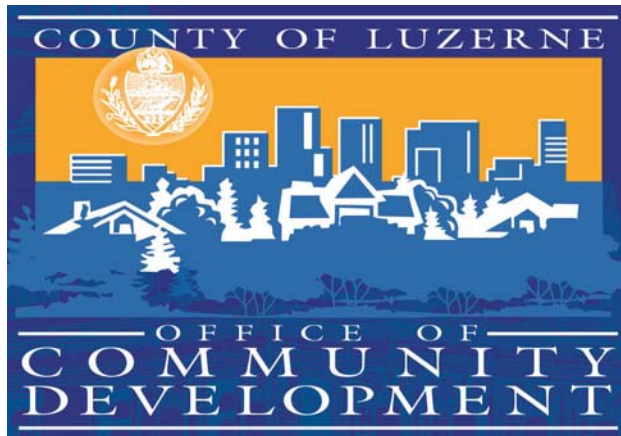


**DRAFT**  
**Amended Consolidated Plan**  
**(2005-2010)**  
**&**  
**Amended Action Plan**  
**(2008-2009)**



**NSP-2**  
**July 2009**

*County Commissioners:*

Maryanne C. Petrilla, Chairman  
Gregory A. Skrepenak  
Stephen A. Urban

## **Amended Consolidated Plan 2005-2010 Community Development Strategy and Housing Strategy**

### **Purpose of the Substantial Amendment**

The Luzerne County Office of Community Development is planning a new initiative to address foreclosed and abandoned properties that threaten to destabilize neighborhoods and small communities throughout Luzerne County. Targeting geographic areas that have been hit hardest by residential foreclosures and vacancies during the current recession and crisis in our nation's housing market, Luzerne County and its partners will combine resources and investments to create a "tipping point" to restore stability, arrest decline in home values, and offer new opportunities for affordable housing in neighborhoods and small communities.

The Neighborhood Stabilization Program (NSP) was established by the U.S. Department of Housing and Urban Development (HUD) to purchase and redevelop foreclosed and abandoned homes to stabilize communities. The Neighborhood Stabilization Program 1 (NSP1) provided \$2.4 million in Housing and Economic Recovery Act of 2008 funds to Luzerne County for projects in Wilkes-Barre, Pittston and Nanticoke.

A second phase of the Neighborhood Stabilization Program is funded with \$1.9 billion under the American Recovery and Reinvestment Act, 2009.

By July 8, 2009, Luzerne County plans to submit to the Pennsylvania Department of Community and Economic Development (DCED) this Amendment to be included with the Commonwealth's competitive application to the United States Department of Housing and Urban Renewal (HUD) for Neighborhood Stabilization Program 2 (NSP2) funds. In this competitive funding cycle, all NSP2 funds must benefit persons at or below 120% of area median income (AMI), at least 35% will benefit households with incomes at or below 50% AMI.

The goals of Pennsylvania's consortium application to HUD for NSP2 funds are to:

1. Significantly reduce the number of foreclosed properties that have a blighting influence on communities and neighborhoods in the Commonwealth.
2. Stabilize the property values in neighborhoods that are experiencing a significant number of foreclosed properties.
3. Demonstrate the total costs per unit for the activities undertaken with NSP2 funds is an appropriate cost level and appropriate use of public funds.

4. Assist low-income households to secure homeownership and affordable rental housing.

5. Leverage significant other resources that will assist in addressing the number of foreclosed properties.

Rating factors for inclusion in this consortium application include grantee capacity to execute projects, leveraging potential, and concentration of investment to achieve neighborhood stabilization. Grantees must expend at least 50 percent of each grant within 2 years and 100 percent within 3 years of grant award.

### **Luzerne County's Approach to Neighborhood Stabilization**

Luzerne County Office of Community Development will serve as lead community applicant for a local consortium approach that includes the City of Wilkes-Barre, the City of Hazelton, and the Housing Development Corporation of Northeast Pennsylvania.

The total NSP2 request from Luzerne County will be approximately \$5.6 million and will impact approximately 52 units of housing. Stabilization efforts will be directed to nine census tracts in Luzerne County that have been identified by HUD as areas of highest need, based on rates of foreclosures, vacancies, subprime mortgage loans and increased unemployment during the past year.

#### **Within City of Wilkes-Barre:**

Census tracts 2012 and 2011 in North End; census tracts 2004 and 2004 in South Wilkes-Barre; census tract 2007 covering parts of the Iron Triangle and the Rolling Mill Hill sections.

#### **Within the City of Hazleton:**

Census tract 2175 in downtown Hazleton, north of Broad Street.

#### **In three smaller communities:**

Census tract 2150 that includes Warrior Run and Sugar Notch; census tract 2156 in Glen Lyon and Wanamie; and census tract 2160 in Shickshinny.

Housing market conditions in each of these census tracts determine the approach and proposed activities most likely to stabilize each geographic area.

a) **Urban neighborhood strategy:** The housing market in these areas combines moderate rates of foreclosures and vacancies with an increase in demand for affordable housing from low- and moderate-income families who face uncertain employment prospects during the next three years. *Acquisition and rehabilitation of foreclosed houses, combined with financial assistance for first time homebuyers, is the primary strategy to stabilize these neighborhoods. A*

limited number of blighted residential properties will be demolished. Approximately two thirds of houses acquired and rehabilitated will be offered to middle and moderate income homebuyers with incomes at or below 120% of the average median income. Approximately one third will be offered as “rent-to-own” or “lease-to-purchase” opportunities for households whose income is at or below 50% of the average median income.

**b) Small communities strategy:** The housing market in these areas has been under stress for an extended period, and many residential properties are vacant and in deteriorated condition. No increase in housing demand is expected over the next three years of the NSP2 funding period. *To stabilize these small communities, NSP2 activities will focus on demolition and clearance of blighted properties.* Additionally, a small number of houses will be acquired and rehabilitated for first-time homebuyers, or for renters who are pursuing a “lease-to-purchase” option.

For both strategies, residential structures that are severely blighted and vacant will be demolished and replaced with affordable housing infill through non-NSP2 funds or reserved in a “land bank” for future development, or retained as green space, mini-parks or community gardens.

## **Eligible Activities**

### **General Policies**

The primary objectives of the Luzerne County NSP2 Program are to arrest the decline in home values and housing market activity, while increasing opportunities for affordable housing for low, moderate and middle-income households. For NSP 2, all funds will benefit households with incomes at or below 120% of the average median income. Additionally, 35% of NSP2 funds granted through PA DCED will benefit households with incomes at or below 50% of the average median income.

### **Eligible Activities Under NSP 2**

A description of activities that are eligible for assistance under the NSP 2 program is contained within the Code of Federal Regulations, Title 24, Part 570 Community Development Block Grant [www.hud.gov/offices/cpd/lawsregs/index.cfm](http://www.hud.gov/offices/cpd/lawsregs/index.cfm). The following is a summary of eligible activities:

- A. Acquisition or disposal of real property
- B. Acquisition, construction, rehabilitation or installation of public facilities and improvements, *except buildings for the general conduct of government.*
- C. Clearance Activities
- D. Neighborhood Revitalization Strategies approach for Stabilization

### **National Objectives - §570.208**

The proposed project/program must comply with applicable regulations and give maximum priority to activities that met one or more of the following national objectives.

- Benefit low- and moderate-income persons;
- Aid in the prevention or elimination of slums or blight; or
- Meet community development needs having a particular urgency.

### **Neighborhood Stabilization Stimulus Program (Competitive)**

Neighborhood Stabilization Program (NSP), round 2. Competitive grants awarded for activities eligible under division B, title III of the Housing and Economic Recovery Act of 2008 (Public Law 110-289, NSP round 1), to address home foreclosure and abandonment. Rating factors include grantee capacity to execute projects, leveraging potential, and concentration of investment to achieve neighborhood stabilization. Grantees must expend at least 50 percent of each grant within 2 years and 100 percent within 3 years of grant award.

Stabilization strategies have been identified for urban neighborhoods of the City of Wilkes-Barre and the City of Hazleton. Separate, small community strategies are planned for Warrior Run/Sugar Notch; Glen Lyon/Wanamie; Shickshinny. All will support and strengthen the objectives of County and Community Comprehensive Plans.

To acquire abandoned and foreclosed properties, the NSP2 effort will work with lenders, servicers, investors and governmental entities. Increased housing development, both rehabilitation and new construction, that is tied to nearby commercial revitalization will create jobs, leverage private sector investment, facilitate increases in public service and public safety, and improve communities as places of investment and asset-building

Rehabilitation of multifamily and single family residential properties will contribute significantly to the revitalization of primarily residential strategic areas and promote the market demand required to sustain the area's economic revitalization.

NSP2 plans support and strengthen the objectives of County and Community Comprehensive Plans in the following ways:

1. Increasing homeownership and rental opportunities targeting foreclosed properties ;
2. Rehabilitation of other substandard owner occupied and rental property;

3. Increasing housing development across the entire housing and income spectrum including removal of barriers, as well as, lead paint hazards housing, in Energy Star efficient new construction and rehabilitated housing.
4. Redevelopment and revitalization of the commercial corridors;
5. Building capacity for citizens involved in the development processes through the creation and funding of neighborhood stakeholder groups, potentially CBDOs/CHDOs. Promote the social and economic empowerment of area through Section 3 supported skills training, as well as job creation, in addition to infrastructure development, including increased public safety measures, such as police and fire prevention/protection, to bolster investment in the communities. Specific recommendations from stakeholders include the need for parking, street realignment, improved lighting, façade treatment, historic preservation, beautification, recreation and senior centers, and establishment of various small businesses.

The Luzerne County Office of Community Development will hold a public meeting to solicit comments on this proposed Neighborhood Stabilization Program on July 8th. Public notice was published in addition, information regarding Luzerne County's proposed Neighborhood Stabilization Program NSP 2 has been available since July 1st at the County's Website: [www.luzernecounty.org](http://www.luzernecounty.org).