The Community Builders, Inc

Second Substantial Amendment Request

Grant: B-09-NN-MA-0003

Submitted: February 8, 2011

This is a request for a substantial amendment to TCB’s NSP2 Grant. The request is to approve 18 additional census tracts, and to withdraw approval of 2 approved census tracts: 51153900901 in Virginia and 42029305600 in Pennsylvania. I have attached a sheet detailing the request.

With the addition of these proposed census tracts, TCB has selected projects which encompass seven of the eight states with allocations plus Connecticut. Each target area chosen will have the greatest impact to rapidly arrest neighborhood decline due to vacancies, foreclosures and other mitigating factors such as high unemployment. TCB has chosen areas of greatest need in order to target and reconnect neighborhoods within TCB’s defined service areas. This substantial amendment addresses Factor 1, Factor 3, Factor 4, Factor 5 and Factor 6 of the NOFA. Factor 4 is the rubric as an attachment. TCB earned all points under Factor 2 and nothing has changed so we are not resubmitting on that factor.

All projects fall under activities B, D and E. TCB is doing the deep targeting required to turn around a neighborhood while ridding the area of destabilizing factors such as large properties in foreclosure with deferred maintenance, large vacant buildings or tracts of vacant land which hold back development efforts and have an overall dampening effect on the neighborhood. Each project is significant enough in size to produce the needed impact. These proposed projects are typically part of a much larger neighborhood strategy or metropolitan wide plan which is being implemented in coordination with the local and state officials and often includes participation by local CDCs and other grantees. Input from and approval by concerned citizens has been solicited. Due to TCB’s commitment to truly affordable housing and to requirements of other funding elements, 15 to 30 years of affordable rents in the form of deed restrictions is anticipated in each of these projects. The plan is to also create administrative, construction, development and property management job opportunities for local residents during and after construction. The TCB strategy has three components.

1. Acquire or assemble vacant property to develop affordable housing in locally determined development initiatives.

2. Redevelop projects with vulnerable populations who are low and moderate income

3. Acquire occupied projects facing foreclosure which house low or moderate-income tenants.
TCB’s proposed projects will use the NSP2 funds for pre-development, acquisition and construction. TCB has a quick start strategy in which the NSP2 funding is utilized during a bridge period as the end financing is being assembled. As the end financing closes, the NSP2 funds will come back as program income to be lent to additional projects. The funding will be lent to the partnerships at a 3% interest rate, interest deferred until repayment, subject to the deal’s ability to absorb interest payments. TCB hopes to have three cycles of projects utilizing this model which will leverage over $100 Million dollars in the form of low income housing tax credits, tax exempt bonds, Federal Home Loan Bank AHP program funds, soft seconds and/or private debt or equity. The following is a list of committed funds: West Village- $500,000 allocation in state housing credits and the $500,000 in commercial dollars to purchase the allocation, Predevelopment funding of $110,000 for East Liberty from the Pittsburg Redevelopment Authority. In addition, four projects in Pennsylvania have been invited to submit to the second round application phase for low income tax credits which typically means an upcoming allocation awards. These projects are: East Liberty, Mt. Vernon, The Lofts and Nicetown Courts.

Each NSP2 project includes significant energy conservation standards. The minimum standard is energy star appliances, high efficiency furnaces, insulation, low flow toilets and showerheads and replacement windows. Most projects strive for some level of LEED certification and may include green roofs and thermal heating or other more significant alternative energy improvements.

TCB expects to achieve the following three outcomes.

1. Expend 50% of the funding for acquisition and rehabilitation of abandoned or foreclosed properties by quarter ending December 30, 2011 and 100% of the funding by December 2012.

2. Expend 50% of funds for the Demolition of blighted structures by the quarter ending December 30, 2011 and 100% of the funding by December 2012.

3. Expend 50% of funding for redevelopment of demolished or vacant land into low to moderate income housing by the quarter ending December 20, 2011 and 100% of funds expended by February 2012.

All units utilizing NSP2 funds will house tenants with incomes at or below 120% of AMI. At least 25% of NSP2 funds will provide units which will house tenants whose incomes are at or below 50% of AMI.

TCB has established a staff position for monitoring. The staff will oversee monitoring of Davis Bacon compliance, section 3 compliance, Buy American compliance as well as MBE/WBE state and local requirements, environmental approvals, national objective compliance, URA and TPFA compliance, contract procurement compliance, the 25% ≤ 50% AMI and 100% ≤ 120%
AMI, etc. The position will work in conjunction with our construction management division on the Davis Bacon, section 3, MBE/WBE and Buy American compliance to confirm appropriate meetings happened with contractors, documentation is completed, requirements are included in all contracts and follow up on payroll submissions, site interviews and adherence to requirements. They will be responsible for creating the Section 3 plan and implementing it. Staff will work with our project managers on URA and TPFA and procurement compliance. Staff will work with our environmental staff to ensure environmental approvals have been received. See the attached position description.

The internal audit function will be handled by an outside consultant with a CPA firm. Reviews will be done on at least a quarterly basis. See the attached consultant position description.

TCB has established the tcbinc.org website which is constantly updated with information. TCB has also set up an email address for the ease of citizens at nsp2programs@tcbinc.org and a phone line at 857-221-8710. Citizen inquiries will be responded to in writing within 15 days. Since grant signing, there have been 15 inquiries concerning eligibility under TCB’s NSP2 program. They have all been referred to NSP1 or 2 grantees in the appropriate States who might be more able to assist them in their projects. I requested that each call back if they did not receive the appropriate assistance. I have not heard from any of them.

This request for substantial amendment was posted to TCB’s website on January 25, 2011. There have been no comments received.

For questions or other comments please contact:

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