

NOTICE

NOTICE OF APPLICATION AND PUBLIC COMMENT PERIOD FOR THE NEIGHBORHOOD STABILIZATION PROGRAM 2 (NSP2)

Residents of the cities of Carson, Compton, Downey, Hawthorne, Inglewood, Long Beach, Los Angeles, Norwalk, Paramount and San Fernando Valley are advised about an application for funding for the new Neighborhood Stabilization Program 2 (NSP2), created by the American Recovery and Reinvestment Act (ARRA) of 2009 (H.R.1), signed by President Obama on February 17, 2009. The ARRA allocated nearly \$2 billion nationwide for this new program.

The most significant foreclosure problems in the areas targeted by the NSP2 application are older, lower and middle income neighborhoods where significant foreclosures have taken place due to new buyers accessing unaffordable adjustable rate mortgage products, and existing homeowners borrowing at high and sometimes exorbitant interest rates for refinancing and other purposes.

Recognizing the threat that foreclosure rates pose to our neighborhoods, Los Angeles Neighborhood Housing Services (LA NHS) began an aggressive focus on homeownership preservation in 2003. As a result, LA NHS was compelled to establish an immediate and sustainable solution to apply appropriate strategies for dealing with foreclosure and homeownership preservation ... the *Los Angeles County* NeighborWorks® Center for Foreclosure Solutions (LA CFS). As the establisher of the Center for Foreclosure Solutions coalition, LA NHS works to empower low-to-moderate income homeowners to avoid or address delinquencies or defaults by providing them with the information, counseling and referrals necessary to avoid foreclosure and move forward with dignity.

LA NHS proposes to expand its existing community stabilization efforts along with the coalition formed through the LA CFS using NSP2 funds to significantly change and measurably improve housing market dynamics as required by the NSP2 regulations. The consortia's current activities include property acquisition and leveraged financing programs offered by local municipalities, financial institutions, local servicers, the County of Los Angeles, State of California and national intermediaries such as NeighborWorks America and Neighborhood Housing Services of America. LA NHS will initiate work with the National Community Stabilization Trust in areas that are not already targeted by the local municipalities also working in the cities cited in the proposal. LA NHS and its partners will utilize private loan capital from local financial institutions and private foundations to finance the acquisition and rehabilitation of vacant and foreclosed homes, coupled with leveraging the subsidy programs offered by the municipalities in order to achieve significant affordable homeownership for potential buyers.

The coalition's strategies include revitalizing some of the neighborhoods most severely impacted by foreclosure to help transform whole blocks back into vibrant streets and create neighborhoods of choice for hopeful new buyers. The properties will be rehabilitated according to the Green Communities Standard and will utilize upgrades in partnership with environmentally sensitive materials whenever possible. A key strategy

will be to purchase properties that are not being targeted by other purchasers given their rehabilitation needs, while also purchasing properties that are contiguous to accessible transportation, community facilities and other public services to facilitate an expedited and choice resale opportunity. In partnership with local mission-driven realty boards, utility companies, retail stores like Home Depot, Sears and others, LA NHS and its partners will also provide significant incentives to potential purchasers to enhance sales opportunities. The Coalition has designed two major programs to facilitate community stabilization:

- The Downpayment Assistance Program (DAP) – Households with incomes at or below 120% area median income (AMI) are provided homebuyer education and counseling of at least eight (8) hours through non-profit coalition members serving the targeted neighborhoods. The coalition members then refer the families to LA NHS, or another coalition partner who has acquired and rehabilitated foreclosed properties for the selection of a potential property, or to other cooperating investors who will resale foreclosed properties at a discount. Participating families not only receive the benefit of education and counseling, but access to discounted properties up to 15% (with a minimum of 1%), depending upon the selected inventory, along with a variety of property purchase incentives, e.g. major appliances discounts, discounted utilities access, and Internet and computer services. LA NHS projects assisting up to 450 homebuyers with grant, soft second and third loan maximums:
 - \$75,000 loan for low and moderate-income households at or below 80% AMI, and
 - \$50,000 loan for middle-income households at or below 120% AMI
 - \$25,000 grant for rehabilitation of habitability violations to 150 of the homebuyers.
- The Building Leadership by Organizing Communities (BLOC) Program is a community revitalization program that provides acquisition/rehab and resale opportunities offered by LA NHS and consortia partners. Partners will acquire foreclosed properties in bulk and on an individual basis from lenders, servicers and through the National Community Stabilization Trust. LA NHS and its partners currently rehabilitate single family homes and offer them for sale to homebuyers. With support from NSP2, the consortia will be able to expand its activities and work with local affordable housing developers to serve more families. A specific focus will also be made to target households that are at 50% AMI to provide affordable homeownership when possible, lease to purchase opportunities and rental housing as may be appropriate. Households at or below 50% AMI will be encouraged to apply for this program working in partnership with LA CFS partners. The program will be a major effort to transform blighted communities into neighborhoods of choice with exuberant new homeowners and renters who are strong, housing educated community members.

With strong support from local municipalities, local lenders, neighborhood leaders and the foundation community, LA NHS and its CFS partners are inspired to expand their local efforts to make a significant contribution that is measurable in the efforts to stabilize targeted neighborhoods that have been impacted by foreclosures. LA NHS and its consortia are requesting an allocation of \$60 million in NSP2 funds to provide down payment assistance, to acquire, rehabilitate and re-sell approximately 700 affordable housing units.

The NSP2 eligible areas will be defined target areas that will make a significant and measurable neighborhood revitalization impact within the following 46 zip codes:

City	Zip Codes
Carson	90745, 90746
Compton	90220-22
Downey	90240-42
Hawthorne	90250
Inglewood	90301-05
Long Beach	90802, 90804-07, 90810, 90813
Los Angeles	90002-03, 90011, 90016, 90019, 90043-44, 90047, 90059, 90061-62
Lynwood	90262
Norwalk	90650
Paramount	90723
San Fernando Valley	91303-04, 91306, 91331, 91335, 91340, 91342-43, 91402, 91405-06

Written comments or questions on the proposed application will be accepted during the comment period from Tuesday, July 6, 2009 through July 16, 2009. Comments can be sent by mail to the attention of Ester Cadavid, LA Neighborhood Housing Services, 3926 Wilshire Blvd., Ste. 200, Los Angeles, CA 90010, or by fax to 213-487-3885 or via email to ecadavid@lanhs.org.