

# MHIC Consortium Amendment to NSP2 Program

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## Proposed Amendment to MHIC Consortium NSP2 Program:

### 1. Need/Extent of the Problem

#### a. Target Geography

The amendment proposes changes to the target geography to reflect the actual census tracts in which the grantee carried out NSP2 activities. The amended, final, set of census tracts were determined through locally-driven plans and the local capacity to carry out neighborhood stabilization activities. Four of the 14 communities, which represented 15 census tracts in the original application, ultimately decided not to participate in the MHIC NSP2 program at all; no funding applications were received from local officials, private or non-profit developers from the four communities, which include Lowell, Lynn, Holyoke and Fall River. In the 10 communities where MHIC NSP2 activities were carried out, local officials, along with participating non-profit and private developers, chose to concentrate their activities within 38 of the 124 census tracts included in the original application, as amended in July 2011, in order to achieve greater impact within smaller target geographies. This reflected a broad consensus among NSP practitioners and policy-makers in Massachusetts, as well as nationally, that concentrating limited resource in smaller geographic areas would be a more effective intervention than thinly spreading the resources over a wider geography.

(1), (2), (3). Local Housing Market, Credit and Employment and Population sub-factors.

The sub-factors such as local housing market, credit and employment conditions remain largely the same in terms of their contribution to the decline of the amended target geography as compared to the original target geography and will not change the substance of the MHIC Consortium original application, as amended in July 2011. Each of the 10 communities targeted, inclusive of the amended target geography, compared to the Commonwealth as a whole, are the hardest hit by foreclosures, suffer from a disproportionate amount of “high cost loans”, followed by significant declines in home sale values. With the exception of Boston, the targeted communities face higher unemployment rates than the State average.

The 38 census tracts where MHIC deployed its NSP2 funding were, on average, more distressed than the 101 tracts where it did not deploy funds. Consequently, the averaged HUD need score for the amended target geography will increase with the proposed modifications to 18.87 from the 18.75 average HUD need score in the original application, as amended in July 2011, as evidenced in Exhibit 1.

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## b. Market Conditions and Demand

- (1) Projected absorption of foreclosed properties.
- (2) Underlying causes of abandonment and foreclosure in target geography.
- (3) Income characteristics of households in target geography and housing cost burden at 50%, 80% and 120% of AMI.
- (4) Relevant social, governmental, educational and economic factors contributing to local market conditions.
- (5) NSP2 activity categories that are most likely to stabilize target geography.

The market conditions and demand in the proposed final target areas and those described in the original application are nearly identical, as the final proposed target areas are simply a subset of the original census tracts.

## 2. Demonstrated Capacity and Relevant Organizational Staff

- a. Past Experience of the Staff
- b. Management Structure

The modification of the target geography has no impact on the specific rating factors with respect to the Capacity and Relevant Organizational Staff of the MHIC Consortium as detailed in the original application, as amended in July 2011.

## 3. Soundness of Approach

- c. Proposed Activities
- d. Project Completion Schedule
- e. Income Targeting
- f. Continued Affordability
- g. Consultation and Outreach
- h. Performance and Monitoring

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The modification of the target geography has no impact on the specific rating factors associated with the Soundness of Approach of the NSP2 program as detailed in the original MHIC Consortium Application, as amended in July 2011. The MHIC Consortium's originally proposed activities, project completion schedule, income targeting, continued affordability and monitoring systems and strategy are unaffected by the proposed minor modifications to the target geography. With respect to Consultation and Outreach the proposed modifications to the target geography are a direct outcome of the MHIC's vigilance in communicating with and supporting localities as detailed in the MHIC Consortium's original application.

### 4. Leveraging

- a. Leveraged Funds
- b. Rubric

The modification of the target geography has no impact on the specific rating factors associated with Leveraging of funds as detailed in the MHIC Consortium original application, as amended in July 2011.

### 5. Energy Efficiency Improvements and Sustainable Development Factors

- a. Transit accessibility
- b. Green Building Standards
- c. Re-use of cleared sites
- d. Deconstruction

The modification of the target geography has no impact on the specific rating factors associated with Energy Efficiency Improvements and Sustainable Development as detailed in the MHIC Consortium's original application, as amended in July 2011. All ten of the target communities are served by regional transit authorities and 28, or 74%, of the 38 targeted tracts are served by both rail and bus service. MHIC remains committed to the sustainable development principles and strategies of the Commonwealth and as articulated in the original application.

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### 6. Neighborhood Transformation and Economic Opportunity

The modification of the target geography has not impact on the specific rating factors associated with Neighborhood Transformation and Economic Opportunity as detailed in the MHIC Consortium's original application, as amended in July 2011.

**Exhibit 1: MHIC Consortium NSP2 Proposed Amendment**

<b>MHIC Consortium Amended Final Target Geography</b>					
<b>Municipality</b>	<b>Census Tract</b>	<b>GEOID</b>	<b>HUD Foreclosure Score</b>	<b>HUD Vacancy Score</b>	<b>Maximum Score</b>
Boston	090400	25025090400	19	19	19
Boston	091300	25025091300	18	17	18
Boston	091500	25025091500	19	17	19
Boston	091700	25025091700	18	18	18
Boston	091800	25025091800	17	18	18
Boston	092300	25025092300	19	18	19
Boston	092400	25025092400	20	17	20
Brockton	510200	25023510200	19	17	19
Brockton	510800	25023510800	20	19	20
Brockton	511301	25023511301	19	15	19
Brockton	511600	25023511600	19	16	19
Chelsea	160100	25025160100	16	12	16
Chelsea	160200	25025160200	14	12	14
Chelsea	160500	25025160500	19	13	19
Fitchburg	710700	25027710700	17	20	20
Fitchburg	710800	25027710800	18	20	20
Lawrence	250200	25009250200	18	15	18
Lawrence	250600	25009250600	19	16	19
Lawrence	250800	25009250800	19	12	19
Lawrence	250900	25009250900	20	11	20
Lawrence	251400	25009251400	19	11	19
Lawrence	251500	25009251500	19	12	19
New Bedford	650700	25005650700	18	20	20
New Bedford	651900	25005651900	19	16	19
New Bedford	651400	25005651400	18	17	18
New Bedford	652000	25005652000	17	17	17
Revere	170700	25025170700	17	14	17
Springfield	801300	25013801300	20	18	20
Springfield	801401	25013801401	20	18	20
Springfield	801800	25013801800	20	20	20
Springfield	801900	25013801900	20	18	20
Springfield	802200	25013802200	20	19	20
Taunton	613800	25005613800	18	19	19
Worcester	731300	25027731300	20	19	20
Worcester	731400	25027731400	19	17	19
Worcester	731500	25027731500	19	18	19
Worcester	731900	25027731900	20	19	20
Worcester	732700	25027732700	18	16	18
<b>Target Area, proposed final</b>			<b>18.63</b>	<b>16.58</b>	<b>18.87</b>
Target Area, amended program July 2011			18.47	15.66	18.75
Target Area, original application July 2009			18.40	15.74	18.74