

CITY OF BOSTON

Fifth Program Year Draft Action Plan Program Year 2007 (July 1, 2007 – June 30, 2008)



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Fifth Program Year Action Plan

Narrative Responses

GENERAL

Executive Summary

Program Year 5 Action Plan Executive Summary:

Resources: The City of Boston expects to receive a total of \$31.1 million in new Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), American Dream Downpayment Initiative (ADDI), Housing Opportunities for Persons With AIDS (HOPWA) and Emergency Shelter Grant (ESG) formula grant funding from HUD to carry out its planned activities as outlined in payment Initiative the Program Year 2007/Fifth Program Year Action Plan.

	FY07 Grant	Program Income (est.)	Prior Year Funds (est.)	Total
CDBG	\$20,466,674	\$3,500,000	\$4,199,260	\$28,145,934
HOME	\$7,927,937	\$300,000	\$1,534,583	\$9,762,520
ADDI	\$115,123	\$0	\$321,781	\$436,904
HOPWA	\$1,690,000	\$0	\$0	\$1,690,000
ESG	\$902,224	\$0	\$0	\$902,224
TOTAL	\$31,081,958	\$3,800,000	\$6,055,624	\$40,937,582

These new funding allocations will be supplemented with approximately \$3.8 million in program income received from loan repayments and \$6 million in prior year funds for a total of nearly \$40.9 million in HUD/CPD resources. These HUD/CPD resources will be combined with and leverage additional local, state and Federal funds to generate a total of approximately \$130 million to support the wide range of housing, economic development, human service and other activities outlined in detail in the City of Boston's FY07/Fifth Program Year Action Plan covering the period from July 1, 2007 through June 30, 2008.

Planned Activities for Year 5/Program Year 2007:

New Initiatives

Foreclosure Intervention and Prevention: The number of mortgage foreclosures has risen sharply over the past two years, from an all-time low of just 25 foreclosures in 2004, to 60 in 2005, 261 in 2006, and 97 in just the first quarter of 2007. In response, the City's Department of Neighborhood Development is significantly expanding its foreclosure intervention and intervention activities. DND has budgeted over \$950,000 to provide foreclosure counseling and assistance to over 1500 households through DND's staff and through a network of non-profit foreclosure counseling agencies, including the Ecumenical Social Action Committee (ESAC), Homeowner Options for Massachusetts Elderly (HOME), Mattapan Family Services, Nuestra Comunidad, and Urban Edge. The City's outreach and counseling efforts are targeted to homeowners who have either already received a foreclosure petition or who have a risky mortgage with one of the lenders with a track record of making high cost loans or a large number of foreclosures. The City has also initiated a Foreclosure Intervention Emergency Loan Fund to provide financial assistance to homeowners who need help in paying off arrearages or refinancing a troubled mortgage. The Foreclosure Intervention and Prevention Initiative is part of the City's Homebuyer Technical Assistance Program described elsewhere in this Action Plan.

Small Business Growth Fund: The City is planning to request \$15 million in new Section 108 Loan Guarantee funds to leverage an additional \$30 million in private funds to establish a \$45 million small business growth fund. The fund will be targeted to assisting the expansion of existing Boston-based businesses with annual revenues between \$1 million and \$25 million. The goals are to create new jobs, expand economic opportunities for Boston residents and expand the City's tax base. The Small Business Growth Fund is a new component of the City's Commercial Real Estate Development Program described elsewhere in this Action Plan.

Hotel Development Loan Fund: The City is planning to amend its previously approved \$11.5 million Section 108 Loan Guarantee application for the Regent Battery Wharf Hotel under the City's existing HUD-approved, Section 108-funded \$40 million Hotel Development Loan Fund. The amendment will provide an additional \$3.5 million for this project. The Hotel Development Loan Fund is an existing component of the City's Commercial Real Estate Development Program described elsewhere in this Action Plan.

Leading the Way II Completion: Although June 30, 2007 marks the end of the City's four-year, 10,000 unit Leading the Way II housing production initiative, the City's Action Plan will continue to show significant amounts of City and HUD funds budgeted for this initiative for several more years. These additional funds are earmarked to support the ongoing construction and completion of all of the housing units receiving permits under the Leading the Way Initiative. Leading the Way II is a component of several programs described elsewhere in this Action Plan, including Homeownership Development, Rental Housing Production, Rental Housing Preservation and the Existing Homeowner Rehabilitation Program (Boston BuildHome and Senior Vacant Units components).

Objectives and Outcomes

Each of the 28 programs described in this Action Plan is designed to meet one of three major objectives (Decent Housing, Suitable Living Environment, or Economic Opportunity) and to contribute accomplishments under one or more of three categories of outcomes (increase availability/accessibility, increase affordability, increase sustainability).

Program	Funding (in 1000s)	% of \$	Objective Category	Outcome Categories		
				Availability/ Accessibility	Affordability	Sustainability
Homeowner Rehabilitation	\$7,309	5.6%	Decent Housing			X
Homeownership Development	\$4,550	3.5%	Decent Housing	X	X	
Homebuyer Financial Asst.	\$1,846	1.4%	Decent Housing	X	X	
Homebuyer Tech. Asst.	\$2,053	1.6%	Decent Housing	X		X
Rental Hsng. Preservation	\$4,116	3.1%	Decent Housing	X	X	
Rental Hsng. Production	\$9,152	7.0%	Decent Housing	X	X	
Lead Paint Abatement	\$3,055	2.3%	Decent Housing	X	X	
CHDO Operating	\$417	0.3%	Decent Housing	X	X	
Hsng. Counseling	\$794	0.6%	Decent Housing	X		
Tenants-at-Risk	\$353	0.3%	Decent Housing	X	X	
Homeless and Supp Hsng.	\$18,911	14.5%	Decent Housing	X	X	
Supp. Hsng for Pers. With AIDS	\$1,691	1.3%	Decent Housing	X	X	
Fair Housing	\$587	0.4%	Decent Housing	X	X	
Main Streets	\$1,934	1.5%	Economic Opportunity	X		
RESTORE	\$1,094	0.8%	Economic Opportunity	X		
Comm. Real Est. Develop.	\$43,464	33.3%	Economic Opportunity	X		
Business. Tech. Asst.	\$531	0.4%	Economic Opportunity	X		
Business. Asst. Team	\$482	0.4%	Economic Opportunity	X		
Partners with Non-Profits	\$911	0.7%	Suitable Live Env.	X		
Grassroots	\$516	0.4%	Suitable Live Env.	X		
Human Services	\$3,975	3.0%	Suitable Live Env.	X		
Property Dispo	\$1,914	1.5%	Suitable Live Env.	X	X	
Brownfields Abatement	\$3,466	2.7%	Suitable Live Env.		X	X
Property Management	\$1,344	1.0%	Suitable Live Env.	X	X	
Demolition	\$205	0.2%	Suitable Live Env.			X
Project Pride	\$80	0.1%	Suitable Live Env.			X
Administration & Planning	\$5,910	4.5%	N/A	N/A	N/A	N/A

As the table above shows, \$54.8 million or 42% of the City's FY07 budget is allocated for housing activities. Another \$47.5 million (36.3%) is allocated for

economic development activities. The remaining funds are allocated for other community development activities, including human services, real estate management and sales, public facilities, and administration and planning. Additional details on each of these programs, including program descriptions, proposed funding by funding source, and the proposed accomplishments is provided in separate program summaries included in this Action Plan.

Evaluation of Past Performance: For the past four years, the primary focus of the City's Consolidated Plan and of the four previous Action Plans under this Consolidated Plan has been on the implementation of Mayor Menino's *Leading the Way II*, a four year strategy to create 10,000 new units of housing in the City, including 2100 below market affordable units, 75% of which were to be affordable to households with incomes below 80% of the Boston Area Median Family Income (AMI). We are pleased to report that the City is currently on target to meet or exceed those and most of the other goals of Leading the Way II:

- **Total Production:** 10,484 units (105% of the goal) have been permitted (as of 3/31/07). Of these, 5,781 are complete, 3757 are in construction and 946 are permitted but have not yet started construction.
- **Affordable Housing:** 2111 units have been permitted, of which 1185 are complete, 801 are in construction and 125 are permitted but have not yet started construction.
- **Income targeting:** Of the 2111 affordable units, 77.5% are affordable to households with incomes under 80% of AMI, 49% are affordable to households with incomes under 60% of AMI, and 14.5% are affordable to households with incomes under 30% of AMI. The remaining 22.5% are affordable to households with incomes between 80 and 120% of AMI.

More complete details on the status of Leading the Way will be made available in the *Leading the Way II Preliminary Completion Report* which will be issued on April 27th in conjunction with the City-sponsored Housing Boston 2012 conference.

General Questions

1. Describe the geographic areas of the jurisdiction (including areas of low income families and/or racial/minority concentration) in which assistance will be directed during the next year. Where appropriate, the jurisdiction should estimate the percentage of funds the jurisdiction plans to dedicate to target areas.
2. Describe the basis for allocating investments geographically within the jurisdiction (or within the EMSA for HOPWA) (91.215(a)(1)) during the next year and the rationale for assigning the priorities.
3. Describe actions that will take place during the next year to address obstacles to meeting underserved needs.
4. Identify the federal, state, and local resources expected to be made available to address the needs identified in the plan. Federal resources should include Section 8 funds made available to the jurisdiction, Low-Income Housing Tax Credits, and competitive McKinney-Vento Homeless Assistance Act funds expected to be available to address priority needs and specific objectives identified in the strategic plan.