

**Substantial Amendment to City of Harrisburg  
2008 Consolidated Action Plan for the  
Community Development Block Grant – Recovery (CDBG-R) Program  
AVAILABLE FOR PUBLIC COMMENT**

The City of Harrisburg seeks to amend its approved 2008 Consolidated Action Plan in accordance with the Plan's citizen participation process. The substantial amendment allows for the application and use of American Recovery and Reinvestment Act of 2009 funds allocated under the Community Development Block Grant – Recovery Program (CDBG-R). The US Department of Housing and Urban Development (HUD) has allocated \$599,343.00 to the City of Harrisburg for use under the CDBG-R.

CDBG-R funds will be used for the following eligible activities as detailed in the CDBG-R Notice:

**Homeownership Opportunities Program: \$584,843**

Acquisition, rehabilitation, management and disposition of not less than four (4) vacant, blighted single-family properties citywide for sale to low- and moderate-income households.

**Administration: \$14,500**

Administrative costs of the CDBG-R program, including management, reporting, citizen participation, environmental reviews, computerization, loan servicing, labor standards enforcement, affirmative action, minority contracting recruitment, advertising, professional services, and technical assistance.

**PUBLIC COMMENTS**

The 2008 Consolidated Action Plan Substantial Amendment is available to citizen for review and comment. Copies are available by contacting the Department of Building and Housing Development. Citizens should submit written comments to Kathy A. Possinger, Deputy Director for Housing within 7 days, beginning May 27, 2009, at the address below. Copies of the Five-Year Consolidated Plan are also available.

For more information, contact: City of Harrisburg, Dept. of Building and Housing Development (DBHD) Dr. Martin Luther King, Jr. City Government Center, 10 North 2<sup>nd</sup> Street, Harrisburg, PA 17101 Telephone: 717-255-6480 (TTY: 717-255-3131).

# THE CDBG-R SUBSTANTIAL AMENDMENT

Jurisdiction(s): <i>City of Harrisburg, Pennsylvania</i>	CDBG-R Contact Person: <i>Kathy Possinger</i>
Jurisdiction Web Address: <i>www.harrisburgpa.gov</i>	Address: <i>10 North 2<sup>nd</sup> Street, Suite 206</i>
<ul style="list-style-type: none"><li><i>(URL where CDBG-R Substantial Amendment materials are posted)</i></li></ul>	<i>Harrisburg, PA 17101</i>
	Telephone: <i>(717) 255-3054</i>
	Fax: <i>(717) 255-6421</i>
	Email: <i>kpossinger@cityofhbg.com</i>

## ENSURING RESPONSIBLE SPENDING OF RECOVERY ACT FUNDS

Funding available under the Recovery Act has clear purposes – to stimulate the economy through measures that modernize the Nation’s infrastructure, improve energy efficiency, and expand educational opportunities and access to health care. HUD strongly urges grantees to use CDBG-R funds for hard development costs associated with infrastructure activities that provide basic services to residents or activities that promote energy efficiency and conservation through rehabilitation or retrofitting of existing buildings. While the full range of CDBG activities is available to grantees, the Department strongly suggests that grantees incorporate consideration of the public perception of the intent of the Recovery Act in identifying and selecting projects for CDBG-R funding.

### ***A. SPREADSHEET FOR REPORTING PROPOSED CDBG-R ACTIVITIES***

Grantees must provide information concerning CDBG-R assisted activities in an electronic spreadsheet provided by HUD. The information that must be reported in the spreadsheet includes activity name, activity description, CDBG-R dollar amount budgeted, eligibility category, national objective citation, additional Recovery Act funds for the activity received from other programs, and total activity budget. An electronic copy of the spreadsheet and the format is available on HUD’s recovery website at <http://www.hud.gov/recovery>.

**B. CDBG-R INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)**

(1) Activity Name:

*Homeownership Opportunities Program*

(2) Activity Narrative:

In addition to the Spreadsheet for Reporting Proposed CDBG-R Activities, grantees must provide a narrative for each activity describing how the use of the grantee's CDBG-R funds will meet the requirements of Title XII of Division A and Section 1602 of ARRA. The grantee's narrative must also state how CDBG-R funds will be used in a manner that maximizes job creation and economic benefit in relation to the CDBG-R funds obligated, and will address the Recovery Act, by:

- Preserving and creating jobs and promoting economic recovery;
- Assisting those most impacted by the recession;
- Providing investment needed to increase economic efficiency;
- Investing in transportation, environmental protection, or other infrastructure that will provide long-term economic benefits;
- Minimizing or avoiding reductions in essential services; or
- Fostering energy independence.

*The City of Harrisburg has documented through utility records over 1500 vacant and/or abandoned residential units citywide, representing nearly 7% of the total residential housing stock. The concentration of City resources - including current CDBG resources - over the past ten years has been used to target these properties having the greatest impact on surrounding residents and communities through Code Enforcement and acquisition and rehabilitation activities. The new foreclosure and abandonment crisis has impacted the extent of the vacancy and abandonment rate, therefore plaguing middle market and low-moderate income neighborhoods in a new and much more challenging way. Once viable neighborhoods have been plagued by high instances of crime and vandalism. Neighborhoods, which, five years ago, would have seen development and investment interest on the upswing, are now stagnated. Lending institutions, which have never historically been in the business of property ownership and management, have allowed properties to deteriorate with no local presence or responsiveness.*

*Through the CDBG-Recovery allocation of \$559,343, the City of Harrisburg will acquire not less than four (4) vacant, abandoned, and blighted single family housing units in targeted city neighborhoods through the Homeownership Opportunities Program (HOP). Using existing procedures for rehabilitation of these units, properties will be evaluated by City rehabilitation staff and rehabilitated to meet the 2006 International Building Code standards. Rehabbed units will also utilize ENERGY Star rated appliances, furnaces, windows and doors to provide new homebuyers greater long-term energy efficiency and affordability in their homes. 100% of rehabilitated units will be listed for sale to households meeting income thresholds of less than 80% of the Area Median Income (AMI). The City requires that units rehabilitated with CDBG-R funds be occupied by the owner household for a minimum of five (5) years and that the property remain a single-family residence in perpetuity. Long term occupancy is secured by a Land Use Restriction Agreement filed with the deed.*

*Any Program Income earned as a result of this activity (projection = \$260,000) will be treated as program income to the regular CDBG program, as directed by the CDBG-R notice. (Through the City's regular CDBG program, program income generated is used to rehabilitate additional vacant structures for resale and demolition of vacant, structurally unsound buildings.)*

*In addition to providing homeownership opportunities to households earning less than 80% of the AMI, those hardest hit by the tightening of the credit markets in the last year, the City will also be preserving jobs in the home rehabilitation/home improvement field, one which has seen changes in the wake of the current market. Contractors are experiencing increase in competition on work and significant under-bidding to ensure bids are secured. For many local companies, employees have been laid-off or asked not to report to work for days or weeks at a time due to low number of rehabilitation jobs. Many contractors have also experienced increase difficulty in obtaining bonding for work and tightening of their own credit through suppliers. CDBG-R resources in Harrisburg will seek to benefit these hard-hit groups.*

*The City will target units in targeted priority neighborhoods, including the Uptown Harrisburg and the Allison Hill neighborhoods which has been the primary focus of past CDBG resources and the neighborhoods with greatest abandonment, foreclosure rates, and low-income concentration. Four units have tentatively been identified and are located in Census Tracts 207, 208 and 213.*

*Properties for rehabilitation are conscientiously identified based on the location of units having the greatest impact on the neighboring occupied properties and fabric of the neighborhood. The Uptown (CTs 205, 206, 207 and 208) and Allison Hill (CTs 212, 213, 214, 215, 216, and 217) neighborhoods of the City are each strategically targeted through existing CDBG and HOME entitlement resources and neighborhood planning activities. Vacant single-family unit acquisition and rehabilitation activities have been carried out in these neighborhoods consistent with the City's Five Year Consolidated Plan and Neighborhood Action Strategies focusing on increasing the City's population and the rate of homeownership. The City and its partners have been successful in rehabilitating 75 single-family units creating affordable housing opportunities for low-income homebuyers.*

*The City through the CDBG program partners with Harrisburg Fair Housing Council and other counseling entities to offer educational workshops for homebuyers. Pursuant to City requirements, buyers are required to obtain certification of their participation in an eight hour counseling session prior to the purchase of a home. Additionally, the City will work with the Fair Housing Council to devise a post-purchase counseling program to meet the needs of the new homeowner - budgeting and credit, minor repairs and regular home maintenance responsibilities, and the importance of being a good neighbor.*

*In addition to the number of units acquired and rehabilitated, the City will gauge its performance in rehabilitation activities by the number of homeowners created and the stability of the neighborhood - i.e.: increased property values, impact on crime rate, and resident longevity. Working under the auspices of existing neighborhood planning activities, homebuyers will be encouraged to participate in existing homeowner/resident associations and become involved with community beautification and improvement programs also sponsored by the City. CDBG-R acquisition and rehabilitation in concert with other activities identified in this application and ongoing CDBG funded rehabilitation will allow the City to provide far reaching and sustainable results benefiting households in need.*

*The City will utilize only 2.6% of the total allocation for administrative expenses related to the project including: management, reporting, citizen participation, environmental review, labor standards enforcement, affirmative action, minority contracting recruitment, and advertising.*

- (3) Jobs Created: (Report the number of full- and part-time jobs estimated to be created and retained by the activity (including permanent, construction, and temporary jobs)).

*A minimum of four (4) jobs will be retained per unit rehabbed by housing rehabilitation/improvement contractors through the Homeownership Opportunities Program sponsored through the CDBG-R Program. These jobs represent the re-hiring of employees laid off by contractors in this unusually slow period. Local contractors engaged in housing rehabilitation work state that the HOP program allows them to retain their employees and continue to fuel their businesses.*

- (4) Additional Activity Information: (A description of how the activity will promote energy conservation, smart growth, green building technologies, or reduced pollution emissions, if applicable.)

*In the rehabilitation of units through the Homeownership Opportunities Program, the City of Harrisburg realizes energy conservation and promotes smart growth through the preservation of the City's existing residential building stock. Single-family units that have long been vacant and would otherwise become candidates for demolition are preserved through the HOP Program. This significantly reduces the amount of building materials in landfills and promotes historic preservation. By increasing the availability of quality homeownership opportunities for low-income households in areas with access to public transportation, jobs and infrastructure, the City promotes smart growth principles and the reuse of materials and preservation of neighborhoods.*

*Additionally, the City of Harrisburg utilizes ENERGY Star rated appliances and equipment in the rehabilitation of properties through the HOP. This technique preserves the long-term efficiency and affordability of units sold to low income households.*

- (5) Responsible Organization: (Contact information for the organization that will implement the CDBG-R activity, including its name, location, and administrator contact information)

*City of Harrisburg, Pennsylvania  
Department of Building and Housing Development  
Bureau of Housing  
10 North 2<sup>nd</sup> Street, Suite 206  
Harrisburg, PA 17101  
Kathy Possinger, Deputy Director for Housing  
kpossinger@cityofhbg.com  
(717) 255-3054*

### ***C. PUBLIC COMMENT***

Provide a summary of public comments received to the proposed CDBG-R Substantial Amendment.

**Note:** A Proposed CDBG-R Substantial Amendment must be published via the usual methods and posted on the jurisdiction's website for no less than 7 calendar days for public comment.

Response:

*The City of Harrisburg has requested comments from interested parties beginning May 27, 2009, as advertised in the Patriot News (publication attached). Additionally, the draft substantial amendment was posted for comment on the City of Harrisburg website: [www.harrisburgpa.gov](http://www.harrisburgpa.gov).*

*Summary of comments received...*

CDBG-R  
Activity Data Spreadsheet

Jurisdiction/Grantee Name: Harrisburg, Pennsylvania		CDBG-R Fomula Grant Amount: \$ 559,343.00				Date: June 5, 2009	
<b>Activity Name</b>	<b>Activity Description</b>	<b>Eligibility (Regulatory or HCDA Citation)</b>	<b>National Objective Citation</b>	<b>CDBG-R Project Budget (\$)</b>	<b>Additional Recovery Funds (\$)</b>	<b>Other Leveraged Funding (\$)</b>	<b>Total Activity Budget</b>
Homeownership Opportunities Program	Acquisition, rehabilitation of not less than four (4) vacant, blighted, single-family homes citywide for sale to low- and moderate-income households	24 CFR 570.202 (a)(1)	LMH	584,843	0	44,000	628,843
Administration	Management, reporting, citizen participation, environmental review, labor standards enforcement, affirmative action, minority contracting recruitment, advertising, professional services	24 CFR 570.206		\$14,500	\$0	\$0	14,500
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CDBG-R  
Activity Data Spreadsheet

Jurisdiction/Grantee Name: Harrisburg, Pennsylvania			CDBG-R Fomula Grant Amount: \$ 559,343.00			Date: June 5, 2009	
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