

Narrative Statements

FACTOR 1: NEED/EXTENT OF THE PROBLEM

a. Target Geography

The target geography encompasses Census Tracts 10 and 12 of Jefferson County, Arkansas. These tracts are located within the city of Pine Bluff. The city is the seventh largest city in Arkansas and largest city in the southeastern region of the Arkansas Delta. Although there were seven eligible census tracts within the jurisdiction, the city decided to minimize the scope of this grant in order to maximize the impact—concentrating efforts on the two census tracts flanking the heart of downtown.

These tracts were selected because their vitality is a key component in the overall outcome of strengthening Pine Bluff's and the southeastern region of Arkansas's economy. The target geography contains numerous cultural, historic, natural, recreational, scenic, and architectural attributes and assets that are impossible and/or costly to duplicate. For example, Census Tract 10 is home to the Pine Bluff Convention Center, a key anchor in Jefferson County's nearly \$106 million tourism industry.

This area is marked by a high number of vacant housing units, 160 units in Census Tract 10 and 406 units within Census Tract 12 (US. Census 2000). These conditions affect not only the target geography's neighborhoods, but also impact the vitality of downtown Pine Bluff. These neighborhoods can be classified as "transitional," for Pine Bluff's urban core is primed for revitalization. Preliminary development work has been done in the sector's federally recognized historic district (Census Tract 12). Also, the City of Pine Bluff has been constructing affordable homes in accordance with redevelopment plans for the newly-designated Turtle Creek Neighborhood Revitalization Strategy Area (Census Tract 10). This has resulted in increased property values within the immediate area and the emergence of private investment. Other efforts and millions of dollars have been invested in these areas, combining both neighborhood-level and housing-unit level stabilization strategies to assure a positive future for Pine Bluff's urban core. Based on the progress achieved with limited resources, we are confident that our overall neighborhood stabilization program, assisted with resources through the Neighborhood Stabilization Program 2 (NSP2), will position the neighborhoods for long-term recovery.

Housing Market Needs: Market recovery for the target geography will be possible only with an improvement of the supply of quality, affordable housing. An improvement in the supply of rehabilitated and new housing will improve overall demand for homes in the target geography. An analysis of the supply of pre-1980 housing indicates that the target geography is not competitive with other neighborhoods in Pine Bluff. The year 1980 was selected as a break-point for analysis due to the National Association of Home Builders (NAHB) analysis of consumer preferences for housing. According to NAHB, houses built since 1980 contain many of the amenities associated with a higher standard of living and accommodate modern-day lifestyles. Some of these amenities include the size of the unit and the number of bathrooms.

The current housing stock within the target geography is unable to meet the demands of modern homeowners, clearly an impediment in the recovery of the neighborhoods. Unfortunately, 91.1% of the housing stock in Census Tract 10 was built prior to 1980 and minimal investments have been made to modernize structures. Many of these houses lack off-street parking structures and inadequate storage space. The age of the structures also make them energy inefficient and costly to maintain. Therefore, these housing units and the neighborhood as a whole are not competitive with other neighborhoods in suburban areas of the city, contributing to mass-scale vacancies.

DP-4. Profile of Selected Housing Characteristics: 2000 U.S. Census					
	Census Tract 10	Census Tract 12	Pine Bluff	Arkansas	US
Structure Built: Before 1980	91.1%	87.0%	77.1%	59.9%	67.2%
Structure Built: 1939 or earlier	28.0%	21.2%	7.4%	7.0%	15.0%

In fact, an analysis of US Census Data pertaining to vacant housing units by “year structure built” provides modest insight into the vacancy problem citywide. This analysis revealed that 79.5% of all vacant units were in houses built before 1980, 100% of vacancies within Census Tract 10 were in houses built before 1980. This may reveal the impact of consumer housing preferences on vacancy within the target geography.

The demand for affordable housing is evident for low-income families, according to Comprehensive Housing Affordability (CHAS) Data Book 2000. This is further evidenced by the 1274 individuals/families awaiting assistance from the Pine Bluff Housing Authority. These individuals must wait not only for subsidy vouchers, but also for available housing units that meet the minimum standards of quality. As of the date of this application, 55 vouchers remain unfilled due to the inability to find suitable housing. The city proposes to make units constructed with NSP2 funds available to individuals/families seeking assistance from the Pine Bluff Housing Authority.

Employment Needs: Unemployment remains low compared to the national average but is somewhat high compared to other MSAs in Arkansas. Pine Bluff has not experienced significant job contractions or employer closings. Growth continues in the defense industry, while several construction projects are projected to employ a significant number of workers. Overall, the local economy appears to be stable into the foreseeable future.

b. Market Conditions and Demand Factors

(1) Absorption Rates

The demand analysis illustrates demand for the target geography based on capture rates of eligible income households. During 2006-2008, there were a total of 8 affordable homes sold in the area. This absorption of 8 homes over two years points to an annual absorption of 2.5 – 4.0 homes for the defined market area, yielding a maximum home sales absorption of 12 units over the next 36 months. According to the market analyst

conducting this study, this is the best indication of the hypothetical absorption of affordable housing via sales in the target geography.

However, it is important to note that the units sold within the target geography were new homes constructed with limited funding provided by the HOME Investment Partnership program. Therefore, the absorption rate may have been higher had more units been constructed within the period. Consequently, it is unlikely the vacant units within the target geography will be absorbed without investments to improve the supply of housing.

Furthermore, since the units were built with HOME Funds, the pool of potential buyers was limited to household not exceeding 80% of area median income (AMI). The city is certain this absorption rate would have been higher had the pool of eligible buyers been expanded to households not exceeding 120% of AMI. In fact, the city had to turn away qualified buyers for homes in the Turtle Creek Subdivision, due to income disqualification. The city maintains a waiting list of individuals/families seeking to take advantage of the programs available for housing assistance in the proposed project area.

Projected Absorption (36 Months)	
Projected units sold	12
Projected units rented (80%)	44
Total: Units absorbed	56
Vacant units	566

The demographic data developed within this analysis points to a declining population, somewhat high unemployment rates versus other MSAs in Arkansas. It is possible that the planned affordable homes could achieve a greater capture rate than illustrated in this analysis. Without development of the proposed affordable housing units, the remainder of unmet demand will most likely leave the target geography stagnant in terms of stabilization and revitalization and perpetuate the trend of substandard housing conditions. The lack of available units will force many would-be residents to select other housing alternatives.

Absorption rates can be positively affected with an improvement of the overall housing stock within the target geography. The city strongly asserts that newly constructed or rehabilitated units will be absorbed, given the need for suitable housing for the 55 unfilled subsidized vouchers available through the Pine Bluff Housing Authority. It is likely that more renters would apply for affordable housing if available within the target geography.

(2) Critical Factors

Over-building, over-valuation of housing, or loss of employment are not critical factors causing abandonment and foreclosure in the target geography. The regional economy is somewhat diverse, with healthcare/social assistance, government, retail trade and manufacturing accounting for a large percentage of the employment base. Unemployment remains low compared to the national average but is somewhat high compared to other MSAs in Arkansas. Pine Bluff has not experienced significant job contractions or

Despite this bleak depiction of its history, this is not the future of the target geography. The planned revitalization and removal of the existing abandoned homes will create a positive impact upon the neighborhood by improving the housing stock and providing good quality affordable housing in an area suffering from below-average incomes and blight. The target geography is located in good proximity to local services, employment, and schools.

(5) Stabilization Strategy

This city is currently deploying a mixture of activities toward neighborhood stabilization citywide. These activities include targeted code enforcement, demolition, preservation of units via rehabilitation/reconstruction, and redevelopment of vacant lots—primarily as new construction. These activities, combined with homeownership assistance activities, have generated early, positive indicators of success.

There is an estimated, cumulative absorption of 56 units over the project period. There are also 566 units of vacant housing. Based on this information, the city will continue to use all of the neighborhood stabilization activities listed above. However, they will be applied more strategically within the target geography, with an emphasis on demolition. Moreover, the city will apply selective purchase and rehabilitation activities, namely substantial rehabilitation, to NSP2-eligible units within the target geography. Once specific eligible units are identified and prioritized, the immediate area as well as ingress/egress routes to the subject property will be evaluated. This comprehensive evaluation will identify any destabilizing influences and subject them to the full set of neighborhood stabilization activities needed to achieve program outcomes. This may include targeted code enforcement actions, rehabilitation of nearby ineligible units with non-NSP2 funds, or redevelopment of vacant lots.

FACTOR 2: DEMONSTRATED CAPACITY

This city is currently deploying a mixture of activities toward neighborhood stabilization citywide. These activities include increased code enforcement, demolition, preservation of units via rehabilitation/reconstruction, and redevelopment of vacant lots—primarily as new construction. The city is also promoting homeownership by educating potential buyers on the home buying process, financial literacy, and home maintenance. In addition to educating potential buyers, the city offers assistance with down payment and closing costs to first-time purchasers in order to help stabilize the neighborhood. The city has originated soft-second mortgages to enable low-income purchasers the opportunity to purchase new homes in the city’s Turtle Creek Subdivision (Census Tract 10). All of this capacity exists, yet resources must be distributed citywide, limiting the enormous impact these activities could effect, if concentrated in a specified area. A summary of this experience is listed in Table 2-1.

Tasks Undertaken	Results	Specific Skills/Resources
Code Enforcement Actions	1788	The city has a team of housing inspectors and code enforcement personnel assigned to various sections of the city. These inspectors identify blighted structures, conduct board up-cleanup activities, and place tax liens. A total of 2,107 tax liens were approved and placed by city leadership on non-compliant properties within the past 24 months.
Acquisition & Disposition	37	The city assembled a skilled marketing team sell newly constructed or rehabilitated units.
Rehabilitation of housing	85	The city maintains a group of housing specialists who are capable of evaluating the condition of housing units and determining an appropriate plan of action. Rehabilitation activities utilize both CDBG and HOME Investment Partnership.
Redevelopment of Vacant Lots	7	HOME Investment Partnership Funds
Homeownership Assistance	91	The city partners with a HUD-approved housing counseling agency to provide these services to prospective home buyers. The city then provides funding to assist these individuals/families with down payment assistance.
Demolition	75	The city allocates \$150,000 annually to address demolition of housing units that are classified as public nuisances. In addition to this, CDBG resources are allocated and used in conjunction with reconstruction activities.

In addition to the neighborhood stabilization activities listed in Table 2-1, the city has a wealth of technical expertise in urban and regional planning, landscape architecture, project management, contract management, and program administration.

In many instances, limited capacity has been a function of limited financial resources, not

These efforts have made measurable progress toward arresting decline of the specified neighborhood. However, more significant and measurable progress will be realized only in the influx of additional financial resources from both public and private sources. Based on the progress achieved with limited resources, we are confident that our neighborhood stabilization program will position the neighborhoods for long-term recovery.

b. Management Structure

The overall neighborhood stabilization program will involve several departments within local government. However, the NSP2 grant program will be managed by the Economic & Community Development Department, which administers the city's entitlement funds. The director of this department reports directly to the mayor of Pine Bluff.

Organizational Chart
Economic and Community Development

Key Staff	Specific Responsibilities
Key Staff	Acquisition
Larry Matthews	Identify eligible properties
Public Works Coordinator	Monitor foreclosures for additional eligible properties
Housing Programs Coordinator	Maintain list of foreclosure-initiated properties
	Create/maintain an inventory of eligible properties
Shawn Mitchell	Track foreclosure-initiated properties to determine eligibility
Housing Marketing Specialist	Maintain a map of the list of eligible properties to identify synergistic opportunities
	Prioritize properties or clusters of properties based on potential neighborhood stabilization impact
	Secure internal approvals for purchasing properties
	Initiate acquisition procedures
Key Staff	Disposition
Shawn Mitchell	Create a standard marketing plan for reaching target groups
	Track per-unit marketing expenditures
Henry Dabner	Ensure properties are adequately maintained and ready for viewing
Housing Specialist	Coordinate homebuyer education workshops and marketing presentations for target groups
	Take interior/exterior photographs of units and ensure posting to web page, broadcast on local government access channel
	Maintain list of available properties, ensure updates to web page
	Create and maintain a list of interested buyers
Key Staff	Direct Homeownership Assistance
Janice Lusk	Qualifying homebuyers
Homebuyer Assistance Coordinator	Following up with interested buyers and making appointments for determining qualifications (maintained by marketing team)
	Making arrangements for interested/qualified homebuyers to attend housing counseling (required 8 hours)
	Attending closings and preparing congratulatory letter
	Initiating "key" ceremony (citizen participation coordinator), upon approval of the homeowner
	Preparing mortgage documents
Key Staff	Rehabilitation or Preservation
Larry Matthews	Review/evaluate reconstruction potential of prioritized properties and cluster of properties
Henry Dabner	Do work write ups

FACTOR 3: SOUNDNESS OF APPROACH

a. Proposed Activities

(1) Overall Neighborhood Stabilization Program

The City of Pine Bluff's neighborhood stabilization efforts are directed toward neighborhoods in close proximity to the heart of downtown. These neighborhoods are already integrated into the "overall metropolitan fabric." The downtown area is a regional employment center with over 400 businesses (including several of the Jefferson County's major employers). Therefore, residents in these neighborhoods have access not only to employment opportunities, but also to services, transit, and cultural and recreational amenities that already exist within the area. Other information on the suitability of the target geography for neighborhood stabilization is available in Table 3-1.

The overall neighborhood stabilization program aims to make downtown neighborhoods just as competitive with newer developments on the outer fringes of the city. A combination of strategies is underway both at the neighborhood level and housing-unit level to secure this outcome. Neighborhood-level activities are directed toward enhancing those amenities that have a statistically-significant impact on house price and eliminating those "disamenities" that have a negative impact on house price or an overall destabilizing influence on the target geography. A summary of these amenities and disamenities is available in Table 3-2. Housing-unit activities are directed toward improving the supply of quality housing within downtown neighborhoods that accommodate consumer preferences and modern-day lifestyles, while preserving the neighborhoods' unique character (where applicable). This program will result in stabilization once the target geography exhibits the critical mass necessary for the housing market to function freely. The city will use the following indicators and data sources to measure this critical mass:

Local Stabilization Indicator	Source of Data
Decrease in number of vacant units within the target geography	USPS data
Increase in private investment within the target geography	Local permit data
Decrease in the percent of subsidized home sales relative to total sales within the target geography	Local market sales data

The City of Pine Bluff proposes to undertake (1) purchase and rehabilitation of qualified units and (2) demolition of blighted structures with NSP2 funds. Units requiring substantial or gut rehabilitation will incorporate any necessary amenities that will make the unit more marketable, if feasible. Other housing-level activities, (i.e., new construction) and neighborhood-level activities will continue to be funded with grants and local resources from public and private sources.

Table 3-2: Neighborhood Factors Affecting Home Prices	
Neighborhood Amenities	Neighborhood Disamenities
Property on the waterfront	Bad roads
Adequate public transportation	Inadequate shopping
Not on waterfront, but close	Industrial buildings
Gated community	Bothersome trash
Recreational facilities	Abandoned buildings
Park or open spaces	
Source: NAHB hedonic regression model for owner-occupied, single family detached homes, based on data from the American Housing Survey, U.S. Census Bureau and the Department of Housing and Urban Development.	

Neighborhood stabilization efforts proposed under this grant expand on existing efforts that have been underway since 2001. Two major housing initiatives within the target geography include the Turtle Creek Subdivision and Fifth Avenue Historic District.

Turtle Creek Subdivision: Turtle Creek is a 21-unit, new-home development in Census Tract 10, whose homes exhibit many of the desirable, modern-day amenities, including two-car garages. This development was created with a combination of CDBG and HOME Investment Partnership funds. In preparation for this development, the City of Pine Bluff used CDBG funds to upgrade the infrastructure including reconstructing the streets and adding curb and guttering. New homes were built using HOME Investment Partnership funds available to the city. This new development was strategically located near many of the amenities found in Table 3-1. This combination of neighborhood and housing-unit level strategies has resulted in a “model-block” that symbolizes the redevelopment potential of the target geography. Over \$1 million has been invested over the life of the development. All units have been sold.

Fifth Avenue Historic District: The City’s Historic District Commission has renewed interest in revitalizing the federally-recognized district within Census Tract 12. Activities include allocating CDBG funds for rehabilitation of the historic homes. This funding can be used to leverage funding from the National Park Service via the Arkansas Historic Preservation Program. These efforts are part of strategic efforts to revitalize downtown Pine Bluff, whose success depends on the character and vitality of nearby neighborhoods.

This combination of neighborhood-level and housing-unit-level activities will stabilize the housing market within the target geography by eliminating destabilizing influences and matching the housing supply to consumer preferences, making downtown neighborhoods more competitive with newer developments.

Table 3-1: Suitability of Target Geography for Neighborhood Investment & Stabilization	
<i>All amenities listed in this table are within 1.5 miles of the target geography.</i>	
Analysis of Neighborhood Amenities	Neighborhood Attributes of Target Geography
Property on the waterfront	N/A
Adequate public transportation	Transit: Central Transfer Hub
Not on waterfront, but close	<u>Lake Langhofer</u> <u>Lake Saracen</u> (formerly Lake Pine Bluff)
Gated community	N/A
Recreational facilities	<p><u>Regional Park</u>: 748 acres of outdoor amenities, such as a boat ramp on Lake Langhofer, a suitable lake for fishing or water sports; an 18-hole golf course; hiking trail; ball fields/batting cages; picnic areas; a playground; and pavilions and a recreational hall for large gatherings.</p> <p><u>Delta Rivers Nature Center</u>: a place to see and learn about fish and wildlife in the Arkansas Delta.</p> <p><u>Saracen Landing</u>: Special event pavilions and home to the city's farmer's market.</p> <p><u>Convention Center</u>: Primary location for concerts and other special events.</p> <p><u>Cultural Facilities</u>: Arts & Science Center for Southeast Arkansas, Art Gallery at the Reynolds Center, Jefferson County Historical Museum, Arkansas Railroad Museum, Arkansas Entertainer's Hall of Fame, Jefferson County Library</p> <p><u>Lake Saracen Trail</u>: Multi-use trail (Phase I completed)</p>
Park or open spaces	<p><u>Regional Park</u></p> <p><u>Harding Creek</u>: A natural area, vegetated with native grasses.</p> <p><u>Ben Scallion Park</u>: Landscaped,</p> <p><u>Main Street Park</u>: Urban park, featuring the "Main Street Mural," a depiction of Main.</p> <p><u>Simmons Plaza</u>: Fountains, landscaping</p>

(2) Uses of NSP2 Funds and Firm Commitments

a) Use of NSP2 Funds:

Table 3-3: Use of NSP2 Funds			
Responsible Entity	NSP-Eligible in	CDBG Eligible Activity	Budgeted Amount
		Street Murals	\$1,200,000
Manchester		Renovation of Main Street	\$1,000,000
		Fountains, landscaping	\$200,000
		Table 3-3: Use of NSP2 Funds	Responsible Entity
		P-Eligible CDBG	Budgeted Amount
		Activity	Budgeted Amount

Acquisition \$400,000 Disposition \$37,500
 Homeownership Assistance \$800,000 Rehabilitation or Preservation \$1,000,000
 Category D Clearance for Blighted Structures \$629,688
 Administration \$629,687 Total \$6,296,875

b) Narrative of Proposed: The city plans to operate within two categories of NSP-eligible uses. The first category involves purchasing and rehabilitating homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties. This category encompasses the four eligible activities listed in Table 3-3. The city will acquire and rehabilitate eligible properties, eliminate any blighted structures within the target geography

These properties will be marketed for sale for a specified period of time. If the property does not sell, it will be offered for rent to eligible beneficiaries. Disposition funds will be used to maintain and market these

properties to prospectively rent to low and moderate income renters and homeowners	For those who are unable to purchase a home through the NSP2 program, the city will utilize other sources of funds to purchase, demolish, or redevelop housing units that are essential to stabilization.	CDBG Eligible Activity Available
<i>c) Other Funds:</i> For those who are unable to purchase a home through the NSP2 program, the city will utilize other sources of funds to purchase, demolish, or redevelop housing units that are essential to stabilization.	CDBG Eligible Activity Available	Funding Source: \$57,000
CDBG-R Disposition	\$	1

d) Demolition and preservation: There are two primary factors that influence the city's decision to choose a higher demolition/preservation ratio—market conditions and the condition of the housing stock. A market study for area indicates demand for the sale of approximately 12 housing units over the next 36 months within the target geography. However, demand for quality rental housing exceeds supply, as indicated by the number of Section 8 vouchers left unfilled due to the inability to meet minimum housing standards. Rehabilitated units will be made available for rent, once efforts to sell units are unsuccessful. The second factor influencing this decision is the condition of housing stock relative to: (1) age of the structures, (2) impact of deferred maintenance, and (3) inadequacy of housing to meet consumer preferences and demands of modern-day lifestyles.

Aside from the blighted structures within the target geography that have already been condemned by the city, demolition and preservation funds will be used strategically in association with the neighborhood stabilization program. Those blighted structures in proximity and along ingress/egress routes to redeveloped units will receive top priority, in order to eliminate their adverse effect on home prices. The city will seek to preserve units that are essential for preserving the character of the surrounding neighborhood with non-NSP2 funds, if the unit is ineligible.

The city is not proposing to demolish or convert any low- and moderate-income dwelling units as part of its neighborhood stabilization program.

b. Project Completion Schedule

While the official start of the project will begin after release of funds, certain critical management actions will commence upon notification of award. One of these actions will include planning and preparing for the redistribution of existing duties and responsibilities of key staff. A second management action will involve scheduling NSP2 compliance and other necessary training sessions, necessary for swift and proper implementation of the grant. The city will also initiate the procedural review, upon issuance of HUD's guidance on meeting the statutorily required reporting and other statutory and OMB requirements.

Table 3-4 displays a projected timing of the start and end dates of each NSP-assisted activity over the 36-month project period. In all cases, the tasks associated with each activity will commence prior to actual disbursements. This includes tasks such as preparation of bid packages and updating inventories.

Expenditures within the first six months are projected to be in the following NSP-assisted activities: demolition, acquisition, and rehabilitation. The first planned expenditures will involve demolishing units within the target geography that are already condemned by city leadership. Funds for this activity will be disbursed in month three. Acquisition tasks will begin immediately upon notification of award, with a target date for expenditures commencing on month four. The bid preparation process will begin as soon as acquisition

targets are identified. Construction bids for rehabilitation will be advertised once properties have transferred ownership to the city.

Table 3-4: Projected Timing of Tasks & Expenditures

	Start Month	End Month
Acquisition		
<i>Expenditures</i>	4	24
<i>Tasks</i>	0	24
Disposition		
<i>Expenditures</i>	9	36
<i>Tasks</i>	1	36
Direct Homeownership Assistance		
<i>Expenditures</i>	9	36
<i>Tasks</i>	1	36
Rehabilitation or Preservation		
<i>Expenditures</i>	6	33
<i>Tasks</i>	2	36
Clearance for Blighted Structures		
<i>Expenditures</i>	3	33
<i>Tasks</i>	1	36

Acquisition activities are scheduled to continue until month 24. A majority of these acquisitions are projected to take place within the first 12 months.

Rehabilitation activities are scheduled through month 33. The number of rehabilitated units completed in the first year is contingent on the number of acquisitions. However, it is reasonable to project the completion of 12 units of rehabilitation given that the city will utilize multiple contractors to complete the job. The city plans to complete 80% of the units within the first two years, enabling these expenditures to contribute toward the deadline imposed by the Recovery Act of having 50% of funds expended within 24 months. The following budget timeline depicts the city’s plan for complying with this requirement as well as its annual projected results.

CDBG Eligible Activity	Budgeted Amount	Months 1 - 12		Months 13 - 24		Months 25 - 36	
		Budget	Annual Goals	Budget	Annual Goals	Budget	Annual Goals
Acquisition	400,000	300,000	30	100,000	10	0	
Disposition	37,500	14,500	12	14,500	20	8,500	8
Direct Homeownership Assistance	800,000	240,000	12	400,000	20	160,000	8
Rehabilitation or Preservation	3,800,000	1,140,000	12	1,900,000	20	760,000	8
Clearance for Blighted Structures	629,688	251,875	67	251,875	67	125,938	34
Administration	629,687	209,896		209,896		209,895	
Total	\$6,296,875	2,156,271	133	2,876,271	137	1,264,333	58

Metrics: A general measure of progress toward annual goals will be applied universally to NSP-assisted activities. This will be calculated as:

First Quarter	25%
Second Quarter	50%
Third Quarter	90%
Fourth Quarter	100%

In addition to this general metric, specific key performance indicators and key risk indicators will be determined for each activity. These metrics will provide insight into the city’s progress towards its overall project goals and identify potential future adverse impacts. For example, a key risk indicator for acquisition and its adverse impact on rehabilitation may be:

Sample Key Risk Indicator for Acquisition—Rehabilitation

List of Eligible Properties for Acquisition < 1
Annual Goal for Rehabilitation

c. Income Targeting

The city does not anticipate difficulty identifying prospective, eligible beneficiaries, given that 48.8% of all households in the city of Pine Bluff earn less than \$35,000. Despite this large pool of potential beneficiaries, the city plans to target three specific groups for creating a pool of prospective, qualified renters and homeowners. These groups are: existing area residents, downtown employees, and individuals on the waiting-list for public and subsidized housing. Specific affirmative marketing tactics are discussed in paragraph “e) consultation, outreach, communications.”

Table 3-5: Estimate of Eligible Households			
<i>The following table displays an estimated number of eligible households at 50, 80, 120% AMI</i>			
Percent of AMI	Maximum Income (1 person Household)	Number of Households	Percentage (All Households)
>50%	\$16,625	4,438	22.6%
50 < 80%	\$26,600	2,649	13.5%
80 < 120%	\$39,900	2,491	12.7%
<120%		9,578	48.8%

Table 3-6: Household Income 2008		
Pine Bluff, Arkansas		
Income Cohort	Number	Percentage
<\$10,000	3,066	15.5%
\$10,000-\$14,999	1,372	7.0%
\$15,000-\$19,999	1,191	6.1%
\$20,000-\$24,999	1,458	7.4%
\$25,000-\$29,999	1,433	7.3%
\$30,000-\$34,999	1,058	5.4%
\$35,000-\$39,999	858	4.4%
\$40,000-\$44,999	874	4.4%
\$45,000-\$49,999	936	4.8%
\$50,000-\$59,999	1,678	8.5%
\$60,000-\$74,999	1,912	9.7%

d. Continued Affordability:

The minimum applicable affordability periods for NSP2-assisted single-family homes shall be as follows:

Total Loan Amount	Number of Years
\$1,000 - \$15,000	5
\$15,000 - \$40,000	10
Over \$40,000	15

Homeownership assistance is provided as a forgivable loan at 0% interest, contingent upon eligible homebuyer continuing to own, occupy as principal residence, and maintain the NSP2-assisted home for the full applicable affordability period. If the buyer chooses to sell the home, move, or fails to maintain the NSP2-assisted home, the buyer shall repay the city the pro rata amount of the NSP2 direct assistance that enabled the buyer to purchase the home for the unexpired term of affordability. In the event the property is sold or otherwise transferred to any purchaser during the affordability period, the city will recapture that amount of NSP2 funds unforgiven during the affordability period from the net proceeds from the sale of the property.

In all cases where NSP2 assistance is provided, a note will be executed and mortgage will be recorded in favor of the city. The city will use its customized lien documents.

e. Consultation, Outreach, Communications:

(1) Consultation

The City of Pine Bluff’s (CPB) Economic & Community Development Department, who is preparing this application, continually consults with other key entities within local government involved in the City’s overall neighborhood stabilization program. These entities include:

- 1 Southeast Arkansas Regional Planning
- 2 CPB Inspection & Zoning Department
- 3 Pine Bluff Parks & Recreation
- 4 Clean & Beautiful Commission
- 5 CPB Street Department

In addition, the city has reviewed the state’s policies and procedures manual for its NSP1 funding. As a means of coordinating a local response to this program, the city plans to host a NSP1 information session with local developers. The city will then provide letters of support for those developers who are committed to supporting the city’s efforts to revitalize and stabilize downtown neighborhoods within the target geography. In addition, the city will consider the activities of local developers receiving NSP1 funding as part of the “set of neighborhood stabilization activities” available to achieve program outcomes and will work in concert with such developers to achieve them.

(2) Outreach & Affirmative Marketing

Although all housing units will be marketed widely via local media, special marketing tactics will be deployed to reach the three target groups for this program: (1) existing area residents, (2) downtown employees, and (3) wait-listed individuals/families for public and subsidized housing. The following tactics will be deployed for these groups:

Target Group	
Area residents	Neighborhood signage, fliers and/or announcements provided at community meetings and area faith-based services, direct mail, homebuyer education workshops (participating faith-based institutions)
Downtown employees	Neighborhood signage, fliers and/or announcements provided for internal bulletin boards, on-site homebuyer education workshops (participating employers),
Wait-listed individuals for public housing	Signage at the local housing authority offices, signage at social service providers, direct mail

In all cases, the city will ensure the public, owners, and potential tenants are informed about fair housing laws and the policies of the local program.

(3) Communications

The city is committed to complying with the standards for transparency as required for all Recovery Act programs. The city will use its website, public access channel, and local offices to make information available to the public and accept complaints. The city will designate a portion of its website for NSP2 activities and will post the NSP2 reports when they are submitted to HUD. The designated web pages will communicate program design, progress, opportunities and results. In addition to this, any opportunities will be advertised on the local government access channel. Any complaints must be submitted in writing via mail, email, or hand-delivery (comment box) to ensure an accurate date-time record. All complaints will be processed within 15 working days of this record and an accurate tracking-and-response log will be maintained within the CPB Economic & Community Development office. Local citizens and other interested parties will be informed about program policies via the NSP2 web page and a hardcopy of these policies will be available for pick-up in the CPB Economic & Community Development office.

f. Performance and Monitoring

(1) Monitoring Plan

The city's plan for monitoring all program activities will consist of work plans, budget analysis, procedural modifications (where necessary), and compliance training.

Project/Annual Work Plans: An overall project work plan and annual work plans will be developed with specific milestones and key performance indicators. This will ensure that the project stays on schedule to complete all project activities.

Budget Analysis: Planned expenditures will be budgeted in association with the project milestones and key performance indicators identified in work plans. Budget variances will be analyzed at specific checkpoints and used to analyze any potential areas of concern. This will also ensure the project complies with the requirement that 50% of NSP2 funds are expended within two years.

Procedural Modifications: The city will review/analyze existing operating procedures and modify them to comply with special requirements and deadlines associated with the NSP2 program. Procedural components and related documentation will be modified to communicate information critical to effective monitoring, timely reporting, and efficient internal auditing.

Compliance Training: Staff members working in administration and implementation NSP2 activities will receive sufficient training on any modified procedures, local policies, and NSP2 program requirements. This training will be reinforced periodically during regular NSP2 staff meetings.

(2) Internal Audit Requirement

The internal audit requirement will be met by an interdepartmental audit team. The city will expand its existing internal audit function by establishing an NSP2 audit team. This team will consist of a representative from the Economic & Community Development, City Finance Department, City Attorney's Office. This team will be responsible for regularly reviewing key performance indicators and key risk indicators in conjunction

with the project manager and reporting potential areas of concern to the mayor. The team will also examine potentially risky areas of program operations and management, including risky management practices and ineffective internal controls. The team will also ensure program activities are conducted in full compliance with all applicable laws and regulations.

All of these components will help ensure effective program operations and management and provide regular and valuable feedback to program managers.

FACTOR 4: LEVERAGING, INTEGRATION, REMOVAL OF NEGATIVE EFFECTS

a. Leverage

The city is making use of other funds in its overall neighborhood revitalization strategy. These funds will be used to supplement NSP2 funding when necessary to accomplish specific activities or to achieve program outcomes. The funds will be made *available* for use, but will not be *committed* for the activities specified in the application. Furthermore, a majority of these funds are federal resources and are ineligible to be considered as leverage in this calculation.

b. Removal of Negative Effects

The HUD-provided rubric measures the impact of NSP2-assisted activities on the target geography. This shall be calculated as follows:

(1.5 times (Sum total of vacant properties proposed to be addressed through acquisition and rehab) + (Sum total of vacant properties to be addressed via demolition)) divided by (Sum total of all vacant residential properties in target area)

The rubric for this target geography is calculated below:

$$\frac{1.5(40 \text{ rehabilitated units}) + 168 \text{ demolished units}}{566 \text{ vacant units}} = \frac{228}{566} = .410$$

Data for the total number of vacancies were obtained from 2000 Census Data. This source indicates there were 160 vacant housing units in Census Tract 10 and 406 vacant housing units within Census Tract 12. The city would have preferred to use more recent counts for vacancies available from the United States Postal Service. However, the city encountered technical difficulties while accessing this data.

Code enforcement personnel conducted a comprehensive count of blighted houses within Census Tract 10. This project resulted in a list of 112 blighted housing units. As of the date of this application, a similar study has not been conducted for Census Tract 12. Nevertheless, given the higher proportion of vacant housing in Census Tract 12, the city anticipates an even higher number of blighted structures in this area.

FACTOR 5: ENERGY EFFICIENCY

a. Transit Accessibility

The City of Pine Bluff's neighborhood stabilization efforts are directed toward neighborhoods in close proximity to the heart of downtown. These neighborhoods are already served by public transit. In addition to bus stops throughout the area, the central transfer hub is within the target geography, permitting riders to catch the bus to any transit-served area every 30 minutes. Furthermore, the downtown area is a regional employment center with over 400 businesses. Therefore, target geography residents are within walking distance to employment opportunities, services (including healthcare and social services), cultural and recreational amenities within the area.

b. Green Building Standards

The City of Pine Bluff has adopted the International Residential Code of the International Code Council as a universal standard for housing within the city. In addition to this and NSP2-required standards, the city will ensure that rehabilitated properties adhere to the cost effective energy conservation and effectiveness standards (24 CFR Part 251), and the Arkansas Energy Code. All single-family properties requiring gut rehabilitation will meet Energy Star standards.

c. Re-use of cleared sites

The city will seek to reuse demolition sites to the extent feasible. Since the city will utilize demolition strategically, the city will consider reuse possibilities prior to demolishing the structure. If the site is not suitable for housing at this time, the city will consider other options such as a community garden or pocket park, based on the input and commitment of nearby residents. Another reuse option may be to provide the lot to adjoining property owners for side yards or construction of off-street parking facilities, such as garage. Again, the city will consider these and other possibilities prior to demolition of the structure.

d. Deconstruction

The city uses contractors to demolish structures. The city will add "utilization of deconstruction practices" as a rating factor in selecting contractors for NSP2-related demolitions.

e. Sustainable Development Practices

The city's effort toward stabilizing downtown neighborhoods and targeting existing downtown employees as potential homeowners and renters is considered both sustainable and environmentally friendly. The city will also incorporate any combination of the following energy efficient and environmentally-friendly green elements and practices into the project:

- 1 Sustainable landscaping
- 2 Energy efficient landscaping
- 3 Durable materials
- 4 Resource efficient materials
- 5 Local source materials
- 6 Sealing joints
- 7 Tub and shower enclosures: moisture prevention

FACTOR 6: NEIGHBORHOOD TRANSFORMATION AND ECONOMIC OPPORTUNITY

(1) Plan Consistency

The overall neighborhood stabilization program and the proposed NSP2 activities are part of and consistent with several plans in effect at the local and regional levels. These plans include:

Plan	Authoring Agency
City of Pine Bluff's Consolidated Plan (2005-2009)	City of Pine Bluff (870) 543-1820
Reinventing Downtown Pine Bluff (2003)	Pine Bluff Downtown Development, Inc. (870) 536-8742
Pine Bluff 2020 (2008)	City of Pine Bluff (870) 543-1820
Turtle Creek Neighborhood Revitalization Strategy Area (2008)	City of Pine Bluff (870) 543-1820
Arkansas's Five-Year Delta Development Plan for the Delta Regional Authority (2009)	Delta Regional Authority's website http://www.dra.gov/pdfs/AR_2009%20DRA%20Plan.pdf
Rethinking the Delta: Regional Development Plan (2008)	Delta Regional Authority's website http://www.dra.gov!/UserFiles/pdf/Approved_Final_Plan_5302008_Letter.pdf

(2) Related Activities & Increased Plan Effectiveness

Stabilization of downtown neighborhoods is a key component in the overall outcome of strengthening Pine Bluff's and the southeastern region of Arkansas's position as a participant in the 21st Century economy. Trends in economic development, as asserted by the Delta Regional Authority (DRA), point to a location's ability to attract and retain a talented workforce as the source of competitive advantage in this global economy. According to the DRA's Regional Development Plan, this is accomplished by enhancing the "quality of place" of Delta communities. This is a "requisite for economic growth, as companies seek to locate in communities with a strong sense of place." The plan further states "one common factor [for quality of place] is the wide availability of choices in housing, entertainment, culture, recreation, retail, and employment."

As the seventh largest city in Arkansas and largest city in the southeastern region of the Arkansas Delta, the city serves as the trade, entertainment, recreation and healthcare center for Southeast Arkansas. The city is also the "historical growth center" for this region. According to the Arkansas Delta Development Plan:

"... a majority of the Delta's historical growth centers that have contributed so significantly to building critical mass are in various stages of decay. Many of these once influential cities are suffering from population, workforce, housing and business decline. To build critical mass, it is important that those cities that were once influential growth centers be engaged to reverse economic, social and political decline."

Pine Bluff stands poised to recapture and secure its place in the world economy, providing economic opportunity for current and future residents of Pine Bluff and the Arkansas Delta.