

## Executive Summary

This is the third year submission under Norfolk's three-year Consolidated Plan to HUD for entitlement funding under the Community Development Block Grant Program (CDBG), the HOME Investment Partnership Program (HOME), and the Emergency Shelter Grant Program (ESG). This submission consists of an annual action plan, required certifications, and a summary of citizen comments and the disposition of those comments. Appendices are included as well. Each of the major sections of the submission is briefly described below.

### ANNUAL ACTION PLAN

This section of the Consolidated Plan identifies the resources expected during the coming year from the three entitlement programs (CDBG, ESG, and HOME) applicable to the City of Norfolk. The combined resources, including funds in the revolving loan fund, total \$11,253,160. Local Capital Improvement Program funds have been made available to support neighborhood revitalization activities and social service programming. Required match sources for HOME and ESG are also identified.

The specific list of activities and projects are also identified in this section. Details on activities and locations follow this summary. Other actions contemplated during the fiscal year in support of the Consolidated Plan are described, as are program specific requirements for CDBG and HOME.

#### I. Annual Action Plan

##### RESOURCES

The 2003 Annual Action Plan implements activities in support of identified priority areas in the three year Consolidated Plan 2001-2003.

Federal Resources (Identified in Attached SF 424)

Federal resources anticipated to be available to the 2003 plan are as follows:

Community Development Block Grant Program	\$ 8,352,160
Entitlement	\$ 6,709,000
Program Income	\$ 1,300,000
Fund Balance	\$ 343,160
Revolving Loan Fund	\$ 358,000
Emergency Shelter Grant Program	\$ 232,000
HOME Investment Partnership Program	\$ 2,311,000
Total New Resources	<b>\$11,253,160</b>

## **Other Federal Funds**

The implementation of the \$35 million Hope VI grant has begun. Public housing operating and capital funds of \$14,503,078 and \$6,800,000 respectively, will be available, as well as the annual contribution for Section 8 tenant based assistance of \$11,899,907 and Public Housing Drug Elimination funds of \$1,002,667. Other federal funds, such as a HUD Shelter Link Grant of \$157,154 for housing assistance and other Supportive Services Grants, are actively being sought as well.

## **Other Nonfederal Funds**

Many of the activities proposed are part of multi-year, multi-million dollar projects. Federal, State, and local funds would work in tandem to enable quicker realization of community development goals. Local funds, totaling \$8,850,000 to support Consolidated Plan objectives will be available during this plan year. These funds would be used for property acquisition to create sites that would subsequently be used for the construction of compatible infill affordable housing; the installation of needed public improvements in support of neighborhood revitalization; or commercial/industrial development that would support job creation for low and moderate income persons. When capital funds are used, CDBG funds would be used for the relocation of affected occupants if other federal money has been used in the area. Areas where capital dollars are proposed to be utilized are East Ocean View, West Ocean View, Cottage Line, Bayview, Berkley III, Berkley IV, Lamberts Point, Central Brambleton, South Brambleton, Park Place, and the Marshall Manor site.

The capital funds used in the neighborhoods have been pledged as match for the HOME program since the inception of the match requirement. For FY 2003, \$288,875 of the proposed neighborhood capital funds have been projected as match for the year. In addition, each of the CHDO's receiving funds will contribute match. The City incurs a match liability at a rate of 12.5%. Match funding of \$232,000, will be provided by the emergency shelter providers to meet their match requirements of the Emergency Shelter Grant.

## **FY 2003 ACTIVITIES DESCRIPTION**

One function of the Annual Action Plan is to allocate the new federal resources that have been made available to the City. This information is provided through four tables. Table I is a summary listing of all recommended projects by funding source, providing an overview of the proposed program. Table II identifies the activities proposed to help the City meet the goals and objectives of the Consolidated Plan. Because neighborhood revitalization is key focus of activities for the City, Table III provides describes many of the proposed activities in their neighborhood context. Table IV describes the financial assistance programs offered by the City of Norfolk. Finally, the activities to be funded with these resources are described in the Department of Housing and Urban Development prescribed format at the end of this chapter.

In an effort to meet fair housing responsibilities, the City of Norfolk will obtain consultant services as participant with the Hampton Roads Community Housing Resources Board to perform an Assessment of Impediments to Fair Housing study for the entire Hampton Roads region. Staff will continue to review City activities to ensure they are consistent with program requirements.

## **FY 2003 GEOGRAPHIC DISTRIBUTION**

The activities are primarily occurring in older areas of the city that are in need of revitalization. These areas are characterized by an older housing stock in need of renovation or replacement, or underutilized or vacant commercial and industrial uses. In most of the census tracts affected, 51% or more of the households have low and moderate incomes. The neighborhoods where most activities are planned are Berkley III, Berkley IV, Lamberts Point, Park Place, West Ocean View, Cottage Line, Central Brambleton, South Brambleton, Ballentine, Huntersville II, Bayview, Campostella Heights, Willoughby, East Ocean View, Oakmont, and Mid Town projects. Support is also provided for the Fairmont Park/Lafayette Blvd area and Broad Creek Renaissance, which includes the Hope VI project.

## **HOMELESS AND OTHER SPECIAL NEEDS ACTIVITIES**

As an entitlement community for the receipt of Stewart B. McKinney Emergency Shelter Grant Program funding, Norfolk provides support to community nonprofit organizations providing services to the homeless. This year funding is recommended for two shelters serving families, one shelter serving battered women and their children, and a day shelter. Support is also recommended for a homeless prevention program to prevent families and individuals from becoming homeless and another program that helps the homeless move from shelter to housing in the community. Emergency Shelter Grant funding is supported by \$153,036 in local funds that directly assist shelters in providing emergency shelter and services to homeless families.

## **OTHER ACTIONS**

Below are listed actions in other areas covered in the three- year Consolidated Plan.

### **Public Policies**

The City of Norfolk as a participating member with the Hampton Roads Community Housing Resource Board has received four responses to a formal Request for Proposals for an Analysis of Impediments to Fair Housing Study for the City of Norfolk and the entire Hampton Roads Region. It is anticipated that the study will be completed before the end of the 2003 fiscal year. The City will continue to review and monitor its public policies to identify any situations that may be perceived as impediments to Fair Housing in the City of Norfolk.

### **Institutional Structure**

The City of Norfolk's comprehensive internal review of the HOME program will continue, and the program will be modified to make sure its objectives are met. The administrative review of development activities at Norfolk Redevelopment and Housing Authority will continue as well, and any needed changes identified during either review will be implemented in accordance with the Norfolk Citizen Participation Plan. The City intends to keep building on the strengths of its service delivery network. Similar to the continuing review of public policies, the City will continue to refine its institutional structure to improve the coordination and cooperation between city government, the private sector, the non-profit community, and the citizens of Norfolk to provide sound, attractive affordable housing choices to Norfolk residents.

### **Public Housing Improvements**

Norfolk participates in the Capital Grant Program for Public Housing Authorities through the Norfolk Redevelopment and Housing Authority. Attached is the current HUD approved Annual Statement and Five-Year Action Plan of the Comprehensive Plan to PHA, which details the steps to be taken during federal fiscal year 2002 to improve the management and operation of public housing, and to improve the living environment of public housing residents. One activity to be highlighted is the modernization of Grandy Village, a 395 project. In this \$21.5 million dollar project, 361 units will be expanded and modernized, and 18 new units will be built. There will be a net loss to the project of 34 units to accommodate the enlargement of the renovated units. Construction is expected began during the summer of 2002.

### **Public Housing Resident Initiatives**

Norfolk participates in the Comprehensive Grant Program for Public Housing Authorities through the Norfolk Redevelopment and Housing Authority. Attached is the current HUD approved Annual Statement and Five-Year Action Plan of the Comprehensive Plan for PHA, which details the steps to be taken during federal fiscal year 2002 to encourage public housing residents' involvement in management and to encourage them to become home owners.

### **Lead-Based Paint Hazard Reduction**

City and Norfolk Redevelopment and Housing Authority staff jointly have undertaken a comprehensive review of their lead hazard reduction practices relative to private and public housing to insure that these practices comply with federal requirements. A lead hazard reduction plan has been prepared that describes activities to be undertaken. Lead hazards in housing will be addressed as a part of rehabilitation efforts under the CDBG and HOME programs according to the established protocols. It is estimated that lead safe efforts can cost between \$5,000 to \$12,000 per unit, depending upon the level of intervention required.

### **Other Activities**

The implementation of the Empowerment 2010 initiative continues.

### **Service Delivery and Management**

The primary deliverers of these programs are the City of Norfolk, the Norfolk Redevelopment and Housing Authority, and the Norfolk Community Services Board. As identified above in individual program descriptions, additional service providers also may play a role. Policies and activities will be coordinated through the vehicles identified under the Institutional Structure discussion in the three Consolidated Plan.

### **NRHA Comprehensive Grant Summary**

Summary pages from NRHA's Comprehensive Grant are located in the Appendices.

## **PROGRAM SPECIFIC REQUIREMENTS**

### **CDBG**

The proposed activities to be undertaken with Community Development Block Grant funds are described at the end of this chapter. All resources expected to be available to the CDBG program have been accounted for.

### **HOME**

#### **Resale Guidelines**

Homebuyers receiving any amount of HOME funds to assist in the purchase of properties will be subjected to certain programmatic resale restrictions and recapture provisions if the property is sold during the affordability period. The period of affordability for a HOME assisted first-time buyer project is 5 years where the per unit amount of HOME funds provided is less than \$15,000 per unit, 10 years where the per unit amount of HOME funds is \$15,000 to \$40,000. If the original homebuyer retains ownership of the property for the full period of affordability, no resale restrictions will apply. These resale restrictions will regulate the subsidy repayments and the amount of fair return to homeowners.

In an effort to provide the greatest flexibility to homeowners at resale, homebuyers may choose (as permitted by the Housing and Community Act of 1992), to sell during the affordability period either directly to another low-income family or a higher income family. When sold to a non-low income family, recaptured HOME funds will be used by the Authority to assist in creating another affordable home ownership opportunity in the City for a first-time homebuyer.

#### **Restrictions:**

Deeds will contain language setting forth the conditions and requirements of resale as specified in this plan.

If property is sold during the affordability period, the Norfolk Housing and Redevelopment Authority and/or eligible CHDO shall have the right of first refusal to purchase the property from the homeowner. If the Authority and/or eligible CHDO purchases the property, it will resale the unit to an eligible family in a reasonable period of time following the purchase.

Where the Authority and/or eligible CHDO receives funds in repayment of its HOME mortgage subsidy note, funds will be deposited in the HOME Investment Partnership Account and applied to the Home Buyer Assistance Programs for use by future low-income home buyers.

During the affordability period, a first-time homebuyer or subsequent owner cannot refinance the property without the prior approval of the Authority and/or eligible CHDO.

In the event of foreclosure by a lender, the affordability period (requirements) shall be suspended. However, if at any time following foreclosure, but still during the affordability period, the owner of record prior to the foreclosure or any newly formed entity that includes the former owner or those with whom the former owner has, or had, family or business ties, obtains an ownership interest in the project or property, the affordability period shall be revived according to its original terms.

**Recapture Provisions:**

The amount of repayment of the HOME assistance at the sale of the property will be determined by the amount of net proceeds derived by the sale of the property at fair market value. Net proceeds are the sales price minus mortgage loan balance and closing costs (paid by the home buyer).

If the net proceeds are sufficient to repay both the HOME assistance and homeowners investment, the full HOME assistance will be recaptured.

If the net proceeds are sufficient to repay the HOME assistance, but not sufficient to repay the full home owner investment, then the full amount of the HOME assistance will be recaptured and the net proceeds in excess of the HOME assistance will be retained by the home owner.

If the net proceeds are less than the outstanding principal amount of the HOME assistance, then only the net proceeds will be subject to recapture.

A new affordability period will commence with each sale and reuse of net proceeds.

Assumption of any outstanding amount of HOME assistance at resale to a qualified low-income borrower, who uses the property as a principal residence, will be permitted subject to approval by the Authority and/or eligible CHDO. In this event, the affordability period, applicable to the new owner, will be for the remaining term of the original affordability period.

**Table I. FY 2003 Annual Plan**

**Proposed Use of Community Development Block Grant Funds:**

1.	Neighborhood Revitalization and Enhancement	105,000
2.	Norfolk State University Rise Project	250,000
3.	STOP (Weatherization Program)	100,000
4.	Urban League	30,000
5.	Food Bank of SEVA	15,808
6.	Southside Senior Citizens Advisory Board	40,000
7.	Planning Council	40,000
8.	St. Columba	19,000
9.	Family Services of Tidewater	19,600
10.	Young Life	45,000
11.	International Black Women's Congress	50,000
12.	Norfolk State University	76,000
13.	Oakmont CDC	100,000
14.	STOP (Homeless)	50,000
15.	Tidewater Aids Crisis Task Force	27,582
16.	Urban Discoveries	27,543
17.	YMCA	57,900
18.	Dispute Settlement Center	9,000
19.	Park Place School	60,000
20.	HomeNet	125,000
21.	Acquisition	2,510,633
22.	Relocation Assistance	208,350
23.	Site Clearance	263,505
24.	Disposition/Lease/Retention	350,000
25.	Rehabilitation Assistance Program	150,000
26.	Emergency Repair Grant	300,000
27.	Colonial Avenue Park	275,000
28.	Public Improvements	285,291
29.	Disposition Support Services	292,188
30.	Demolition/Site Clearance	63,625
31.	NRHA Relocation Services	244,790
32.	NRHA Rehabilitation Services	481,980
33.	NRHA Real Estate Services	135,984
34.	Construction Support Services	162,880
35.	NRHA Administration	958,501
36.	City Administration	<u>422,000</u>
	<b>Total</b>	<b>\$8,352,160</b>

Activities listed at items 20-35 above directly contribute to the implementation of approved conservation and redevelopment plans for Ballentine, Bayview, Berkley III, Berkley IV, Central Brambleton, Cottage Line, Huntersville II, Lamberts Point, Mid Town projects, Park Place, South Brambleton, and West Ocean View.

**Proposed Use of HOME Funds**

1.	Community Housing Development Organizations	426,650
2.	Conservation Rehabilitation Assistance	1,085,665
3.	Conservation Down Payment Assistance	567,585
4.	City Administration	25,000
5.	NRHA Administration	<u>206,100</u>
	<b>Total</b>	<b>\$2,311,000</b>

**Proposed Use of Emergency Shelter Grant Funds**

1.	Ecumenical Family Shelter, Inc	67,500
2.	FOR Kids, Inc.	49,650
3.	St. Columba Ecumenical Ministries	24,250
4.	Planning Council	33,000
5.	YWCA Shelter Program	46,000
6.	City Administration	<u>11,600</u>
	<b>Total</b>	<b>\$232,000</b>