

Memorandum



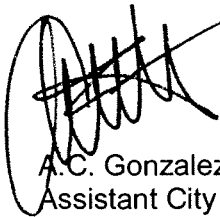
DATE June 4, 2010

TO Housing Committee Members: Steve Salazar, Chair, Carolyn R. Davis, Vice-Chair, Tennell Atkins, Dwaine Caraway, Angela Hunt, Ann Margolin, Pauline Medrano

SUBJECT Neighborhood Stabilization Program (NSP) Update

On Monday, June 7, 2010, you will be briefed on Neighborhood Stabilization Program (NSP) Update. A copy of the briefing is attached.

Please let me know if you have any questions.



A.C. Gonzalez
Assistant City Manager

c: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Tom P. Perkins, Jr., City Attorney
Craig Kinton, City Auditor
C. Victor Lander, Administrative Judge, Municipal Court
Ryan S. Evans, First Assistant City Manager
Forest Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Jerry Killingsworth, Housing/Community Services Director
Helena Stevens-Thompson, Assistant to the City Manager

Neighborhood Stabilization Program (NSP) Update

A Briefing to the **Housing Committee**

Housing Department
June 7, 2010





PURPOSE

- Brief the Housing Committee on the Neighborhood Stabilization Program (NSP)
- Review the June 23, 2010 substantial amendment to the NSP Program



Background

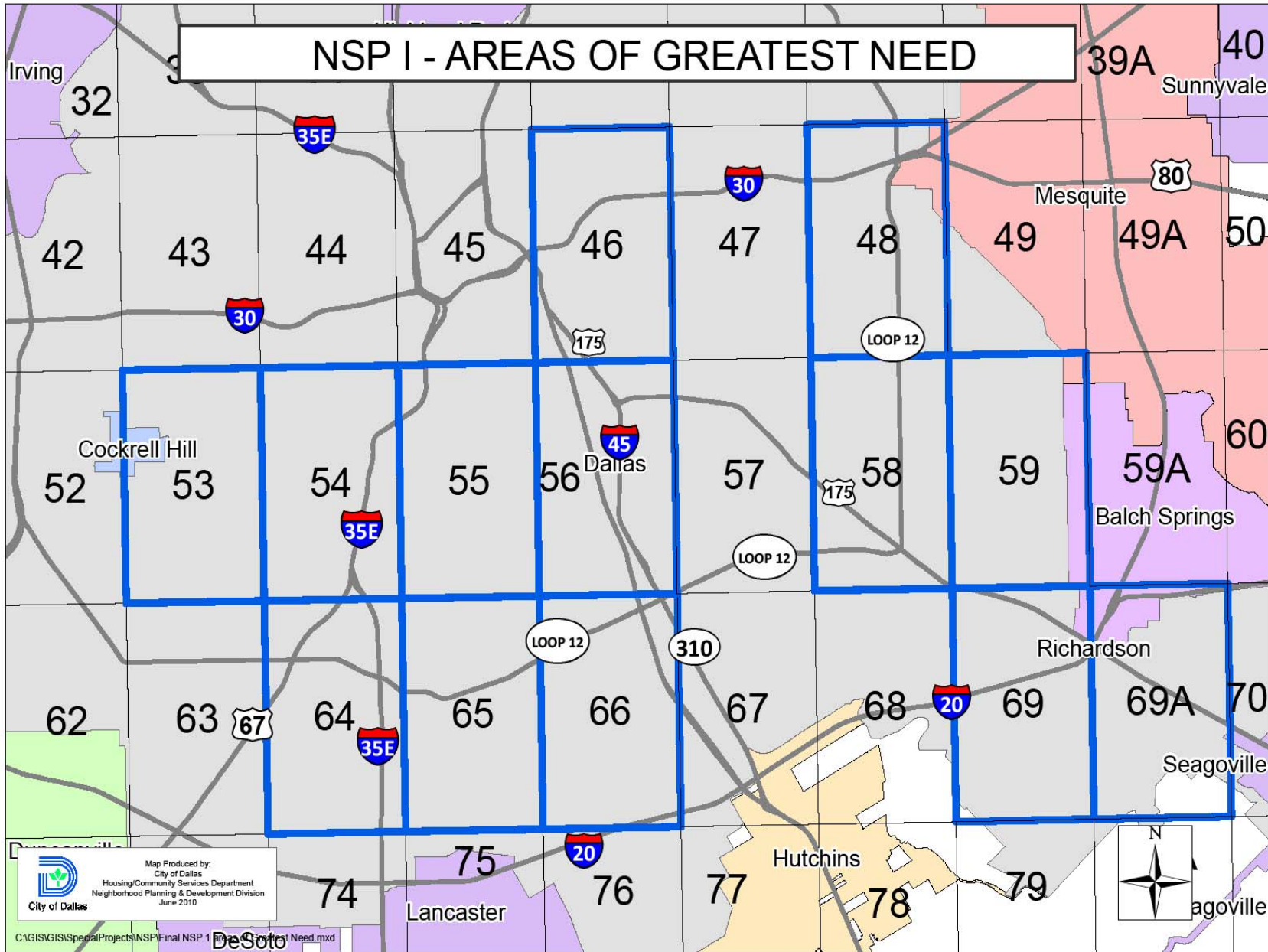
- In July 2008, the "Housing and Economic Recovery Act of 2008" (HERA) was enacted into law and appropriated \$3.92 billion to assist States and localities
- The City of Dallas was awarded \$7.9 million in the Fall of 2008.
- Housing Committee was briefed on November 17, 2008
- Council approved the final FY2008-09 Consolidated Plan Reprogramming Budget #1 which included the use of the NSP funds on November 19, 2008
- Council approved the acceptance of the NSP funds on February 25, 2009
- Contracts between the City of Dallas and the Department of Housing & Urban Development were signed in March 2009



NSP Purpose

- The NSP funding has the primary purpose of assisting in the redevelopment of abandoned and foreclosed homes
- There are only five allowable uses:
 - Financing to purchase & redevelop foreclosed properties
 - Purchase & rehabilitate foreclosed properties
 - Land banking of foreclosed properties
 - Demolish foreclosed/blighted properties
 - Redevelop demolished or vacant properties

NSP I - AREAS OF GREATEST NEED



Map Produced by:
 City of Dallas
 Housing/Community Services Department
 Neighborhood Planning & Development Division
 June 2010

C:\GIS\SpecialProjects\NSP\Final NSP 1 Areas of Greatest Need.mxd



NSP Activities

Three eligible uses were selected by City of Dallas:

Activity #1

- Acquisition, Demolition, Maintenance & Redevelopment of Foreclosed or Abandoned Properties
 - This program would be operated through the Dallas Housing Acquisition and Development Corporation to land bank properties
 - \$2,500,000 will be allocated for this program with 50 new units to be produced

Activity #2

- Acquisition, Rehabilitation, & Sell/Rent Foreclosed Properties on Bulk Sales basis
 - This program will be implemented through various developers
 - \$4,639,300 will be allocated to this program with 50 new units to be produced

Activity #3

- Program Administration
 - \$793,255 will be allocated to administer the programs



Update for Activity #1

- Activity #1 is operated through the Dallas Housing Acquisition and Development Corporation to land bank foreclosed improved and unimproved properties

- To date:
 - 112 properties have been acquired at Bonnie View & I-20
 - \$1,142,152 Spent

- Challenges:
 - Market conditions have shifted for foreclosed properties
 - Lenders have been slow to release foreclosed properties
 - Developers are trying to find properties in the best condition possible

Update for Activity #2

- Request for Applications for Activity #2 in April 2009
 - Seven applications received
 - Four awards approved by the Housing Committee and full City Council

- To date:
 - Two developers have begun acquisitions and rehabilitation on 5 homes with 4 sales to homebuyers
 - Two developers have been unsuccessful in finding marketable properties
 - \$290,158 Spent

- Challenges
 - Market conditions have shifted for foreclosed properties
 - Lenders have been slow to release foreclosed properties
 - Developers are trying to find properties in the best condition possible

Update for Activity #3

- Administration
 - 1 Full time Coordinator
 - 1 Full time Inspector
 - \$110,548 spent



Need for Amendments

- The City of Dallas has until September 2010 to completely commit all funds for NSP
- Activity #1 needs additional funding for the redevelopment of acquired properties
- Activity #2 will not yield full commitments by September deadline
- Activity #3 Administration –No changes needed
- New Activity #4 will include new construction funding (i.e.interim construction) with flexibility to serve those families at the lowest income levels



Proposed Changes to Activity #1

- Land bank will solicit non-profit & for-profit developers to apply to build out the properties that have been acquired
- Institute a tiered grant system based on homebuyer income
 - 50% or below AMFI – up to 50% of total costs will be a grant
 - 51% to 80% AMFI – up to 25% of total costs will be a grant
 - 81% to 120% AMFI – up to 10% of total costs will be a grant
- Properties will be deed restricted for 15 years to preserve affordability
- Homebuyers will be eligible for up to a maximum of \$5,000 for downpayment & closing cost assistance
- Allocate \$1.3M to Activity #1 from Activity #2



Proposed Changes to Activity #2 & #3

- Activity #2

- Funding will be reduced from \$4,639,300 to \$839,300

- Activity #3

- No changes are proposed



Proposed Activity #4

- New activity which will allow for the Acquisition, Redevelopment & Sale of Foreclosed/Abandoned Properties in partnership with nonprofit developers (CHDOs)
- Require that all families served are 50% or below Area Median Family Income (AMFI)
- Properties will be deed restricted for 15 years to preserve affordability
- 50% of total acquisition/redevelopment costs will be granted.
- Homebuyers will be eligible for up to a maximum of \$5,000 for down payment & closing cost assistance
- Allocate \$2.5M to this Activity#4 from Activity #2



Overview of Recommendations

Activity #1

- Acquisition, Demolition, Maintenance, Redevelopment & Sale of Foreclosed/Abandoned Properties through the Dallas Housing Acquisition and Development Corporation
 - \$3,800,000 allocated to this program with 112 new units to be produced

Activity #2

- Acquisition, Rehabilitation, & Sell/Rent Foreclosed Properties on Bulk Sales basis
 - \$839,300 allocated to this program with 20 new units to be produced

Activity #3

- Program Administration
 - \$793,255 allocated to administer the program

Activity #4

- Acquisition, Redevelopment & Sale of Foreclosed/Abandoned Properties
 - \$2,500,000 allocated to this program with 24 new units to be produced



Next Steps

- On May 26, 2010, the City Council authorized the preliminary adoption of the NSP substantial amendment
- Housing/Community Services Department has issued a Request for Application to the nonprofit CHDOs in anticipation of the amendment approval
- On June 23, 2010, the City Council will hold a public hearing to receive comments on the amendment & consider final adoption of the amendment
- August 2010, the City Council will consider land conveyances to nonprofit & for profit developers
- Applications will be processed and contracts will be executed prior to September 2010