Memorandum

DATE July 31, 2009

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

SUBJECT Neighborhood Stabilization Program 1 & 2

On Monday, August 3, 2009, you will be briefed on Neighborhood Stabilization Program 1 & 2. 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, Judiciary
Ryan S. Evans, First Assistant City Manager
Forest Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Dave Cook, Chief Financial Officer
Jerry Killingsworth, Housing Director
Jeanne Chipperfield, Director, Budget and Management Services
Helena Stevens-Thompson, Assistant to the City Manager

"Dallas, The City That Works: Diverse, Vibrant and Progressive."
Neighborhood Stabilization Program 1 & 2

A Briefing to the Housing Committee

Housing Department
August 3, 2009
PURPOSE

To brief the Housing Committee on the Status of the Neighborhood Stabilization Programs
Background for Neighborhood Stabilization Programs 1 & 2

- 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 in redevelopment efforts
  - The City was awarded $7.9 million in the Fall of 2008

- In 2009, up to $1.93 billion in additional neighborhood stabilization funds were appropriated
  - The City has requested $10 million from the second appropriation
Neighborhood Stabilization Program 1

Three eligible uses were selected:

Activity #1
- Acquisition, Demolition, Maintenance & Redevelopment of Foreclosed or Abandoned Properties
  - This program would be operated through the Dallas Housing Acquisition and Development Corporation
  - $2,500,000 will be allocated for this program with 50 new units produced

Activity #2
- Acquisition, Rehabilitation, & Sell/Rent Foreclosed Properties on Bulk Sales basis
  - This program will be administered by the Housing Department
  - $4,639,300 will be allocated to this program with 50 new units produced

Activity #3
- Program Administration
  - $793,255 will be allocated to administer the programs

- 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 NSP1 funds on November 19, 2008
- Council approved the acceptance of the NSP1 funds on February 25, 2009
NSP1 Request for Applications

- Request for Applications for Activity #1 sent April 2009
  - Minimum of 10 homes to be rehabilitated
  - Located in 10 Mapsco areas of greatest need
  - Developer to provide 50% of acquisition cost
  - City to provide 50% of acquisition cost
  - City to provide up to $20,000 in rehabilitation funds

- Seven applications received

- Four applications recommended for awards subject to Housing Committee and City Council approval
  - Housing Committee to be briefed on August 17th
City of Dallas Proposal for NSP2

- Proposed funding request of $10 million and 200 new homes on Land Bank lots
  - $9 million for new construction of 200 homes on Land Bank tax-foreclosed lots
    - Land Bank lots targeted due to:
      - Use of foreclosure property requirement of NSP2 program
      - Additional vehicle to build on Land Bank lots
    - Land Bank lots targeted for this program are located within 15 target census tracts within the NIP areas
    - $45,000 allocated per home from NSP2 funds
  - Require developers to provide interim construction financing for part of their total budget
  - $1 million for general administration
  - CHDOs may submit proposals for additional leverage from the City’s annual HOME allocation for CHDOs
NSP2 Rules

- NSP2 grantees must expend 50% of its funds within 2 years and all of its funds within 3 years after execution of the grant agreement with HUD.
- Projects must benefit individuals or families at 120% of Area Median Family Income (AMFI) or less.
- Not less than 25% of funds available to each grantee must benefit individuals or families at 50% of AMFI or less.
Timeline

- **NSP1**
  - Recommendations to be briefed to Housing Committee on August 17th
  - Recommendations to be presented to City Council on September 9th

- **NSP2**
  - 7/15 – Final application sent to HUD
  - 7/17 – Final application received by HUD
  - 1st qtr 2010 – Funding awarded
  - 2nd qtr 2010 – Request for applications sent to developers
  - 2nd qtr 2010 – Housing Committee briefed on recommendations
  - 2nd qtr 2010 – City Council votes on recommendations