

Memorandum



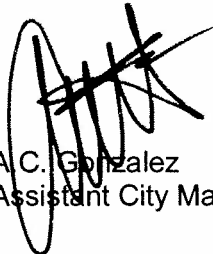
DATE December 3, 2010

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, December 6, 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/Community Services Department
December 6, 2010





PURPOSE

- Brief the Housing Committee on the Neighborhood Stabilization Program I (NSP)
- Provide a recommendation for NSP III funding



Background

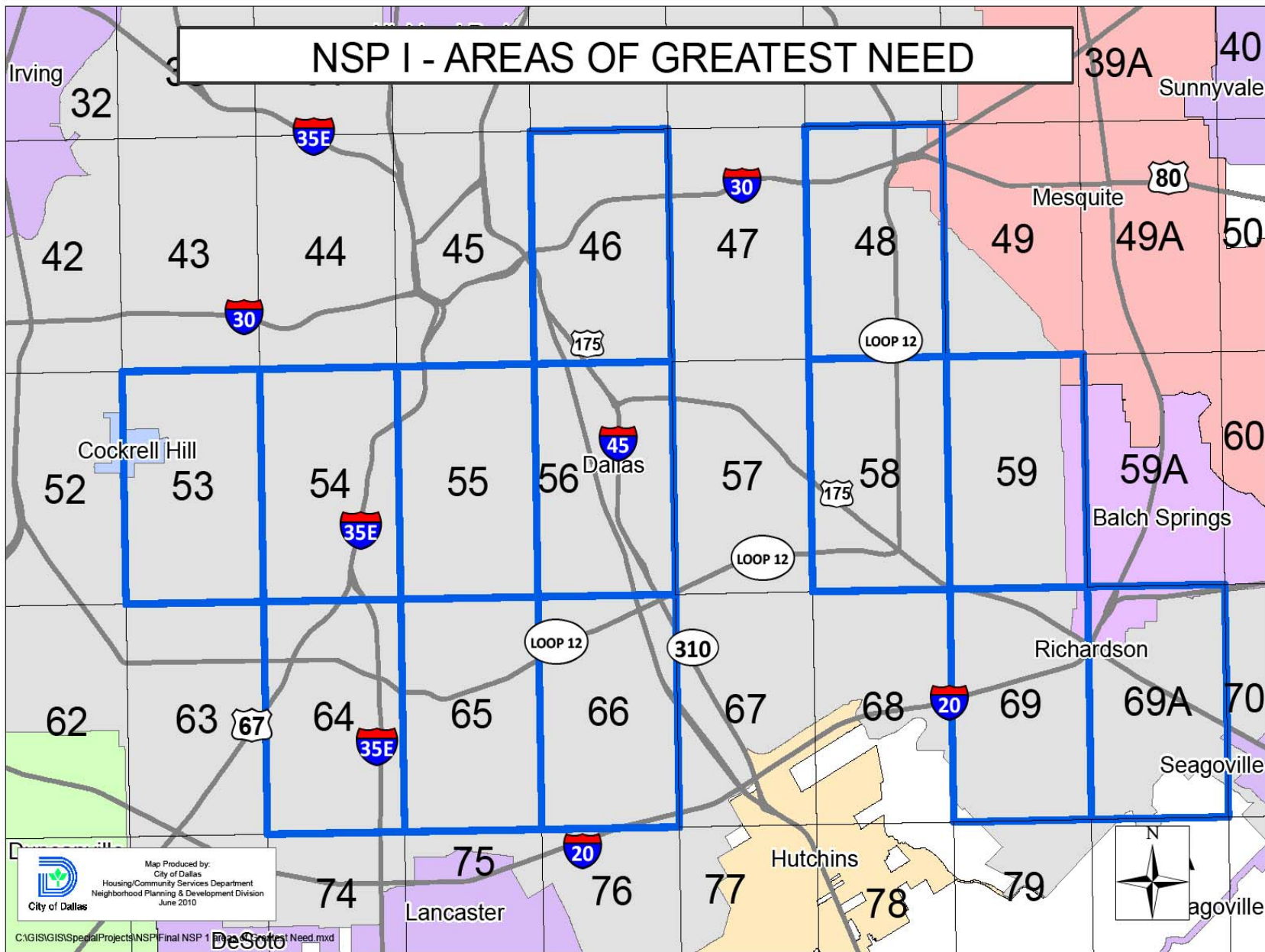
- In July 2008, the "Housing and Economic Recovery Act of 2008" (HERA) was enacted into law and appropriated \$3.92 billion to assist States and localities
- The City of Dallas was awarded \$7.9 million in the Fall of 2008.
- Council approved the acceptance of the NSP funds on February 25, 2009
- Contracts 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





City of Dallas- NSP I Program

Activity #1

- Acquisition, Demolition, Maintenance, Redevelopment & Sale of Foreclosed/Abandoned Properties through the Dallas Housing Acquisition and Development Corporation (Land Bank)
 - \$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

Update of Activities

Activity #1

- Purchased and sold 112 foreclosed lots in Cedar Creek Neighborhood
- Contracted with Altura Homes for the development of those properties
- \$1,142,152 Spent

Activity #2

- Three contractors: SCB Investments, Inc, Altura Homes, Bilingual Real Estate
- 18 Properties acquired and rehabilitated
- 9 Properties sold to homebuyers
- \$1,163,952 Spent

Activity #3

- \$229,197 Spent

Activity #4

- Three contractors: CityWide, ICDC, EDCO
- 17 Properties acquired
- Construction to start in December 2010
- \$241,405 Spent



NSP III

- On October 19, 2010, the City of Dallas was notified of an additional award of \$2,356,962 for the third round of NSP funding
- NSP III grantees must expend 50% of these funds within 2 years and 100% of the funds within 3 years
- The City of Dallas must submit application for this award by March 1, 2011
- The City of Dallas will have to use HUD criteria for the selection of one to two areas of concentration



HUD Criteria for NSP III

- The statute covering NSP III calls for the Areas of Greatest Need (AGN) to include high numbers of:
 - Foreclosures
 - Vacant properties
 - Delinquent loans
 - Subprime loans
 - Unemployment
 - Decreases in home values
- HUD also requires the City of Dallas to consider leveraging of past and current investments in neighborhoods for a greater impact



Recommendation

- The selection of two Areas of Greatest Need:
 - Bexar/Rochester
 - Aggregate Score of 17.84 of 20 points
 - Lancaster Corridor
 - Aggregate Score of 17.28 of 20 points

- Rationale
 - Current Neighborhood Investment Program (NIP) areas with past and current financial commitments
 - Scores for these two areas are high and within HUD required ranges
 - These areas have a high number of Land Bank (foreclosed) properties that could be developed with these funds



Recommendations (continued)

- **Activity #1**

- Acquisition, Redevelopment, & Sale or Lease/Purchase of Foreclosed/Abandoned Properties
- \$2,121,266

- **Activity #2**

- Program Administration
- \$235,696



Next Steps

- November 2010, the City of Dallas would submit the selected areas to HUD for preliminary approval
- January 2011, City of Dallas would present the preliminary budget with the selected areas to City Council and begin Public Comment Period
- January/February 2011, City Council would provide final approval of the NSP III Substantial Amendment and Application
- February/March 2011, HUD provides approval and contracts with the City of Dallas
- April 2011, requests for applications will be issued for non-profit and for-profit entities