

CITY OF EL PASO, TEXAS
AGENDA ITEM DEPARTMENT HEAD'S SUMMARY FORM

DEPARTMENT: Community and Human Development

AGENDA DATE: August 18, 2009

CONTACT PERSON/PHONE: Andrea Tirres/541-4845

DISTRICT(S) AFFECTED: All Districts

SUBJECT:

APPROVE a resolution / ordinance / lease to do what? OR AUTHORIZE the City Manager to do what? Be descriptive of what we want Council to approve. Include \$ amount if applicable.

The El Paso City Council is requested to approve a Resolution approving the Neighborhood Stabilization Program (NSP) Manual; authorizing the City Manager or her designee to acquire qualified properties under the Program, including authorization to negotiate the purchase price and execute purchase and sale agreements and other documents related to the acquisitions, upon review and approval of the City Attorney's Office; and authorizing City Manager or her designee to approve or deny of homebuyer loans for homebuyer financing under the Program in accordance with the NSP Manual.

BACKGROUND / DISCUSSION:

Discussion of the what, why, where, when, and how to enable Council to have reasonably complete description of the contemplated action. This should include attachment of bid tabulation, or ordinance or resolution if appropriate. What are the benefits to the City of this action? What are the citizen concerns?

Please refer to the NSP Manual.

PRIOR COUNCIL ACTION:

Has the Council previously considered this item or a closely related one?

On November 18, 2008, City Council approved a Resolution amending the 2005-2010 Consolidated Plan to add a Neighborhood Program (NSP) component, amending the City's 2008-2009 Annual Action Plan to add NSP-funded activities, and approval of the International Building Code (IBC) definition for "blighted structure" to be used for the purposed of NSP activities, whenever applicable, in order to comply with HUD's directive for such a definition; authorized the City Manager to sign a Grant Agreement with HUD for the NSP formula grant covered by the City's Annual Action Plan; and authorized the City Manager to take any action necessary to accomplish the intent of the resolution upon approval by the City Attorney's Office and Director of Community and Human Development Department.

On April 21, 2009, City Council approved submission of a grant application for the Neighborhood Stabilization Program to the Texas Department of Housing and Community Affairs (TDHCA); and authorized the City Manager to sign the grant application including all understandings, certifications, and assurances contained therein, and apply for, accept, reject, alter, or terminate the grant amount for the purpose of neighborhood restoration efforts; the City Manager was authorized to sign any related paperwork, including authorization of budget transfers and submission of any necessary revisions to the operational plan; the City Manager was authorized to execute on behalf of the City of El Paso, any grant amendments or corrections to the initial Grant Agreement which increase, decrease or de-obligate program funds provided that no City funds are required and any documents to request and accept an extension of the award ending date for the grant.

AMOUNT AND SOURCE OF FUNDING:

How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?

Activities in the areas identified above will be funded during 2008-2009 with Community Development Block Grant (CDBG) funds specifically designated for NSP activities. HUD has awarded the City of El Paso \$3,032,465 in NSP 1 funding.

TDHCA has announced that the City of El Paso has been awarded \$1,731,066 in Texas NSP 1 funding. TDHCA is expected to send the contract for this award to the City for execution within the next couple of weeks.

BOARD / COMMISSION ACTION:

Enter appropriate comments or N/A

N/A

*****REQUIRED AUTHORIZATION*****

LEGAL: (if required) _____ **FINANCE:** (if required) _____

DEPARTMENT HEAD: _____

(Example: if RCA is initiated by Purchasing, client department should sign also)
Information copy to appropriate Deputy City Manager

APPROVED FOR AGENDA:

CITY MANAGER: _____

DATE: _____

RESOLUTION

WHEREAS, the City, through its Community and Human Development Department, has established a Neighborhood Stabilization Program (NSP) to be supported through funding received from the Texas Department of Housing and Community Affairs (TDHCA) and federal funds received under the Economic Recovery Act of 2008 (HERA) for the purpose of mitigating the negative impact of the nation's economic decline and housing market collapse by stabilizing and revitalizing the distressed communities/areas through the purchase and rehabilitation of abandoned or foreclosed homes, redevelopment of demolished or vacant properties, demolition of blighted structures, and financing mechanisms to homebuyers and developers; and

WHEREAS, on April 6, 2009, the City Manager executed the Grant Agreement for NSP funds with the Department of Housing and Urban Development (HUD) in the amount of \$3,032,465.00 as authorized and appropriated under the Housing and Economic Recovery Act of 2008; and

WHEREAS, on July 16, 2009, the Board of the Texas Department of Housing and Community Affairs approved the City of El Paso's application for the Texas Neighborhood Stabilization Program in the amount of \$1,731,066.00; and

WHEREAS, the Director of Community and Human Development recommends that the NSP Manual for the Program be approved by City Council and that certain authorizations be established to ensure effective administration of the Program and to meet the required expedited use of the funds which have been appropriated for the City.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

1. That the City Council approves the NSP Manual, as recommended by the Director of Community and Human Development.
2. That the City Manager or the Director of Community and Human Development, when acting as her designee, be authorized to acquire qualified properties under the Neighborhood Stabilization Program provided that: the properties meet the acquisition criteria established in the NSP Manual (e.g., are within the maximum purchase price, satisfy the minimum purchase discount requirement, and are located in targeted Census Tracts); and there are unencumbered NSP funds available to adequately fund the acquisition, rehabilitation, and administrative costs related to the particular acquisition. This authorization includes authorization to negotiate the purchase price (offer or counteroffer) and execute on behalf of the City the purchase and sale agreements/contracts of sale and any other documents related to the acquisition, upon review and approval of the City Attorney's Office.
3. That the City Manager or the Director of the Community and Human Development, when acting as her designee, be authorized to approve or deny homebuyer loan applications and

loans for homebuyer financing under the Program, in accordance with the lending criteria and requirements in the NSP Manual.

APPROVED this _____ day of _____, 2009.

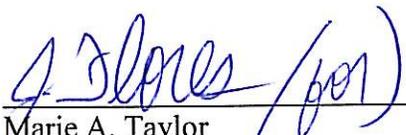
CITY OF EL PASO

John F. Cook
Mayor

ATTEST:

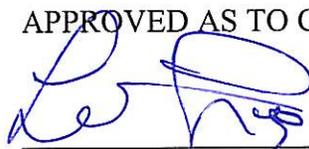
Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:



Marie A. Taylor
Assistant City Attorney

APPROVED AS TO CONTENT:



William L. Lilly, Director
Community and Human Development



City of El Paso

Neighborhood Stabilization Program (NSP) Manual

August 10, 2009

Prepared by:
Andrea Tirres
Community and Human Development

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Attachments

- Attachment A – TDHCA Target Areas for Acquisition and Rehab
- Attachment B – TDHCA Target Areas fro Demolition
- Attachment C – NSP Preliminary Property Interest Form
- Attachment E – Complaint Process regarding ‘Unsafe Structures’

City of El Paso

Neighborhood Stabilization Program Manual

Introduction

The Neighborhood Stabilization Program (NSP) is funded by a provision under the Economic Recovery Act of 2008 (HERA). It was created to mitigate the negative impact of the nation's economic decline and housing market collapse. It is intended to stabilize and revitalize the hardest hit communities/areas. The City of El Paso received \$3,032,465.00 in NSP round 1 (NSP 1) funding from the U.S. Department of Housing and Urban Development (HUD). In addition, the City received \$1,731,066 in NSP round 1 funding from the Texas Department of Housing and Community Affairs (TDHCA).

The City of El Paso will participate in the following eligible uses in expending HUD NSP 1 funds:

- Use A – Financing mechanisms
- Use B – Purchase and rehabilitation of abandoned or foreclosed homes
- Use D – Demolition of blighted structures
- Use E – Redevelopment of demolished or vacant properties

The City of El Paso will participate in the following eligible uses in expending TDHCA NSP 1 funds:

- Use B – Purchase and rehabilitation of abandoned or foreclosed homes
- Use D – Demolition of blighted structures

This manual outlines the administrative policies and procedures with respect to the Neighborhood Stabilization Program for the City of El Paso (the “*City*”).

This manual focuses on the procedures the City has in place to:

- 1) Purchase and rehabilitate homes and residential properties that are abandoned or foreclosed
- 2) Redevelop demolished or vacant properties
- 3) Establish financing mechanisms for purchase and redevelopment of foreclosed homes and residential properties
- 4) Demolish blighted structures

The City will utilize NSP funds and pursue activities in areas of the City with the greatest need based on the following HUD criteria:

- 1) Having the greatest percentage of home foreclosures;
- 2) Having the highest percentage of homes financed by high cost (subprime mortgage related) loans;
- 3) Identified by the City of El Paso as likely to face a significant rise in the rate of home foreclosures

Activities will be concentrated in areas that will benefit low, moderate, and middle-income households (LMMH) where, in 2000, more than 51% of the people had incomes with less than 120% of Area Median Income as defined by HUD. Activities using NSP funds will be concentrated in the following identified high-need areas and Census Tracts in El Paso:

Chamizal Neighborhood Revitalization Strategy Area (NRSA)
Census Tracts 26.00, 28.00, and 29.00

Lower Dyer Area Neighborhood Revitalization Strategy Area (NRSA)

Census Tract 8.00

Segundo Barrio Neighborhood Revitalization

Census Tracts 17.00, 18.00, 19.00, 20.00, and 21.00

East El Paso

Census Tracts 103.13 and 103.15

Ysleta Neighborhood

Census Tracts 39.01, 39.02, and 40.02

If using TDHCA NSP 1 funds, the number of eligible Census Tracts is expanded from the list above. See Attachment A for a list of targeted areas for acquisition and rehabilitation when utilizing TDHCA NSP 1 funds. See Attachment B for a list of targeted areas for demolition when utilizing TDHCA NSP 1 funds.

Definitions

1. Abandoned – a home is abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, no mortgage or tax payments have been made by the property owner for at least 90 days, AND the property has been vacant for at least 90 days.
2. Activity delivery costs – costs associated directly with an NSP eligible activity (e.g. acquisition, rehab, demolition, financing mechanisms) beyond the actual cost of that eligible activity. These costs may include work write-ups, inspections, structural integrity inspections, lead based paint inspections, legal fees associated with rehabilitation deferred payment loans (DPLs), and recording fees associated with rehabilitation DPL's. Costs to secure NSP purchased properties against vandalism during an interim period and costs for temporarily maintaining a property (security, grass cutting, insurance, etc.) are eligible expenses that are activity delivery costs. Activity delivery costs are distinct from administration activities.
3. AMI – Area Median Income
4. Blighted structure – a structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare. HUD has taken the position that any type of structure that is blighted may be demolished with NSP funds. This means that commercial, industrial or other types of structures may be demolished in addition to homes and residential structures.
5. CDBG – Community Development Block Grant, a federally funded program in which many of the federal rules and regulations apply to the Neighborhood Stabilization Program.
6. Current market appraised value – the current market appraised value means the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the URA at 49 CFR 24.103 and completed within 60 days prior to an offer made for the property by a grantee, subrecipient, developer, or individual homebuyer; provided, however, if the anticipated value of the proposed acquisition is estimated at \$25,000 or less, the current market appraised value of the property may be established by a valuation of the property that is based on a review of available data and is made by a person the grantee determines is qualified to make the valuation.
7. Current Value – in the context of a tax foreclosed property, today's value of the property.
8. Department – the Community and Human Development Department of the City of El Paso.
9. Deferred Agreement – refers to a deferred payment loan structure where one lump sum is due at the maturity of the loan note per agreement on the note and conditions of the program.
10. Director – the Director of Community and Human Development Department of the City of El Paso.
11. Foreclosed – a property “has been foreclosed upon” at the point that, under state or local law, the mortgage or tax foreclosure is complete. HUD generally will not consider a foreclosure to be complete until after the title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transfer in lieu of foreclosure, in accordance with state or local law.

12. HUD – Department of Housing and Urban Development
13. Housing Ratio – also known as the front end ratio, defined as total monthly income divided by cost of housing expenses (Principal, Interest, Taxes, and Insurance) **plus** utility expenses.
14. Homes – any type of permanent residential dwelling unit, such as single family structures, townhouses, condominium units, multifamily rental apartments (covering the entire property), and manufactured homes where treated under state law as real estate (not personal property).
15. International Building Code (IBC) – the code which the City of El Paso has adopted in the construction of structures.
16. Judgment Amount – in the context of a tax foreclosed property, the amount that is owed on taxes.
17. Judgment Value – Central Appraisal District (CAD) value of property at the time of judgment.
18. Low Moderate and Middle-income Households (LMMH) – A household whose income is at or below 120 percent of Area Median Income.
19. REO Property – property a lender acquires as a result of foreclosure, also known as “Real Estate Owned” Property.
20. Subrecipient – Subrecipient shall have the same meaning as at the first sentence of 24 CFR 570.500(c). This includes any nonprofit organization (including a unit of general local government) that a state awards funds to. The term also includes any land bank receiving NSP funds from the grantee or other subrecipient.
21. Vacant Properties – includes both vacant land and properties with vacant structures on the land.

1.0 Property Selection Process — Mortgage Foreclosed Properties

Numerous entities have established procedures to assist NSP grantees with the identification and acquisition of REO properties. Such entities may include, among others, the National Community Stabilization Trust (the “Trust”), Bank of America/Countrywide, Wells Fargo, Fannie Mae, Freddie Mac and FHA. NSP staff will follow the established procedures of each respective entity in indicating interest in a property for sale and in some cases, submitting offers for these properties.

First, NSP staff will complete the “Preliminary Property Interest Form.” See Attachment A. At the minimum, eligible properties must:

- Be located in one of the targeted Census Tracts
- Meet the HUD definition of “homes” or “residential properties”
- Be mortgage foreclosed, tax foreclosed, abandoned, or blighted

For mortgage foreclosed properties, the purchase price cannot exceed 95% of area median purchase price for El Paso County as published by HUD. For properties that are listed above the 95% of median purchase price, these homes may still be included in the pool of possible NSP properties based on the seller’s flexibility in discounting homes from the list price, number of days on the market, and possibility of additional discount if included in a bulk purchase.

Tier 1 and Tier 2 Desirability Ratings

Properties that meet the above criteria will then be evaluated on the following additional criteria and assigned a tier 1 or tier 2 desirability rating:

- Are there any back taxes owed/is there a deferral of taxes?
- Was the property built before 1978?
- Does the property appear to be within 1,000 feet of a highway or 4 lane road, within 5 miles of an airport, or within 3,000 feet of a railroad?
- Is the property appear within a 100 year flood plain?
- Does the property appear to be located within or in close proximity to a historic district or does it appear to be a historic property?

If the responses to any of the above questions is “no” the property will be flagged and will be set aside as a first tier property for acquisition.

If the responses to any of the above questions is “yes” the property will be flagged and will be set aside as a second tier property for acquisition.

If there are any back taxes owed/deferral of taxes on the property, NSP staff will communicate with the seller of the property to resolve the issue if the property is determined to have a tier 1 desirability rating.

If the property was built before 1978 and NSP staff and the Director determine that the property remain in the pool of potential properties for the NSP, lead testing will be performed on the property during the time the City is performing its due diligence on the property and before a contract is

signed for the property. Lead testing will be performed by firm(s) retained by with the City.

If the property appears to be within 1,000 feet of a highway or 4 lane road, within 5 miles of an airport, or within 3,000 feet of a railroad, NSP staff and the Director will determine if the property will remain in the pool of potential NSP properties.

If the property is within a 100 year flood plain NSP staff and Director will then determine if the property will remain in the pool of potential NSP properties.

If the property appears to be located within or in close proximity to a historic district or appears to be a historic property, NSP staff and the Director will then determine if the property will remain in the pool of potential NSP properties.

1.1 Property Selection Process — Tax Foreclosed Properties

NSP staff will complete the “Preliminary Property Interest Form” based on information provided by the City Consolidated Tax Department and/or legal office which lists tax foreclosed properties. At the minimum, eligible properties must:

- Be located in one of the targeted Census Tracts
- Meet the HUD definition of “homes” or “residential properties”
- For properties that are tax foreclosed, the date of sale must have occurred at least 2 years prior to the date on which Preliminary Property Interest Form is completed

Tier 1 and Tier 2 Desirability Ratings

Properties that meet the above criteria will then be evaluated on the following additional criteria and assigned a tier 1 or tier 2 desirability rating:

- Was the property built before 1978?
- Does the property appear to be within 1,000 feet of a highway or 4 lane road, within 5 miles of an airport, or within 3,000 feet of a railroad?
- Does the property appear to be within a 100 year flood plain?

If the responses to any of the above questions is “no” the property will be flagged and will be set aside as a first tier property for acquisition.

If the responses to any of the above questions is “yes” the property will be flagged and will be set aside as a second tier property for acquisition.

If there are any back taxes owed/deferral of taxes on the property, NSP staff will communicate with the seller of the property to resolve the issue if the property is determined to have a tier 1 desirability rating.

If the property was built before 1978 and NSP staff and the Director determine that the property remain in the pool of potential properties for the NSP, lead testing will be performed on the property during the time the City is performing its due diligence on the property and before a contract is signed for the property. Lead testing will be performed by firm(s) retained by the City.

If the property appears to be within 1,000 feet of a highway or 4 lane road, within 5 miles of an

airport, or within 3,000 feet of a railroad, NSP staff and the Director will determine if the property will remain in the pool of potential NSP properties.

If the property is within a 100 year flood plain, NSP staff and the Director will then determine if the property will remain in the pool of potential NSP properties.

If the property appears to be located within or in close proximity to a historic district or appears to be a historic property, NSP staff and the Director will then determine if the property will remain in the pool of potential NSP properties.

1.2 Property Selection Process — Abandoned Properties

First, NSP staff will complete the “Preliminary Property Interest Form.” At the minimum, eligible properties must:

- Be located in one of the targeted Census Tracts
- Meet the HUD definition of “homes” or “residential properties”
- Meet HUD’s definition of “abandoned structure”

A site visit may be necessary to complete the Preliminary Property Interest Form. These site visits may be conducted by NSP staff and/or the Department’s Housing Construction staff and will help determine whether the property is a candidate for purchase and rehab/reconstruction or whether the property meets the definition of “unsafe structure” and is thus, a candidate for demolition proceedings. Factors which may determine this decision is anticipated cost of rehab, NSP funding availability, and desirability rating if the property is a candidate for purchase and rehab.

Tier 1 and Tier 2 Desirability Ratings

If the property is being considered for purchase and rehab/reconstruction, additional criteria below will determine a tier 1 or tier 2 desirability rating:

- Are there any back taxes owed/is there a deferral of taxes?
- Was the property built before 1978?
- Does the property appear to be within 1,000 feet of a highway or 4 lane road, within 5 miles of an airport, or within 3,000 feet of a railroad?
- Is the property within a 100 year flood plain?
- Does the property appear to be located within or in close proximity to a historic district or does it appear to be a historic property?

If the responses to any of the above questions is “no” the property will be flagged and will be set aside as a first tier property for acquisition.

If the responses to any of the above questions is “yes” the property will be flagged and will be set aside as a second tier property for acquisition.

If there are any back taxes owed/deferral of taxes on the property, NSP staff will communicate with the seller of the property to resolve the issue if the property is determined to have a tier 1 desirability

rating.

If the property was built before 1978 and NSP staff and the Director determine that the property remain in the pool of potential properties for the NSP, lead testing will be performed on the property during the time the City is performing its due diligence on the property and before a contract is signed for the property. Lead testing will be performed by firm(s) retained by the City.

If the property appears to be within 1,000 feet of a highway or 4 lane road, within 5 miles of an airport, or within 3,000 feet of a railroad, NSP staff and the Director will determine if the property will remain in the pool of potential NSP properties.

If the property is within a 100 year flood plain, NSP staff and the Director will then determine if the property will remain in the pool of potential NSP properties.

If the property appears to be located within or in close proximity to a historic district or appears to be a historic property within a 100 year flood plain, NSP staff and the Director will then determine if the property will remain in the pool of potential NSP properties.

1.3 Property Selection Process — Blighted Properties

First, NSP staff will complete the “Preliminary Property Interest Form.” At the minimum, eligible properties must:

- Be located in one of the targeted Census Tracts
- Meet the HUD definition of “blighted structure”
- Meet the International Building Code definition of “blighted structure” as described below in 18.50.050 Section 202

A site visit may be necessary to complete the Preliminary Property Interest Form.

18.50.050 Section 202 General Definitions—Amended

Urban Nuisance. Premises or structure that is dilapidated, substandard, or unfit for human habitation and a hazard to the public health, safety and welfare.

18.50.108 UNSAFE STRUCTURES

18.50.108.1 General.

When a structure or equipment is found by the official to be unsafe, or when a structure is found unfit for human occupancy, or is found unlawful, such structure or equipment shall be condemned pursuant to the provisions of Chapter 2.38 of the code. (Ord. 16327 § 1 (part), 2006)

18.50.108.1.1 Unsafe structures.

An unsafe structure is one that is found to be dangerous to the life, health, property or safety of the public or the occupants of the structure by not providing minimum safeguards to protect or warn occupants in the event of fire, or because such structure contains unsafe equipment or is so damaged, decayed, dilapidated, structurally unsafe or of such faulty construction or unstable foundation, that partial or complete collapse is possible. (Ord. 16327 § 1 (part), 2006)

18.50.108.1.3 Structure unfit for human occupancy.

A structure is unfit for human occupancy whenever the official finds that such structure is unsafe, unlawful or, because of the degree to which the structure is in disrepair or lacks maintenance, is unsanitary, vermin or rat infested, contains filth or contamination, or lacks ventilation, illumination, sanitary or heating facilities or other essential equipment required by this code, or because the location of the structure constitutes a hazard to the occupants of the structure or to the public. (Ord. 16327 § 1 (part), 2006)

18.50.108.1.4 Unlawful structure.

An unlawful structure is one found in whole or in part to be occupied by more persons than permitted under this code, or the structure was erected, altered or occupied contrary to the city code. (Ord. 16327 § 1 (part), 2006)

Tier 1 and Tier 2 Desirability Ratings

Properties that meet the above criteria will then be evaluated on the following additional criteria and assigned a tier 1 or tier 2 desirability rating:

- Are there any back taxes owed/is there a deferral of taxes?
- Was the property built before 1978?
- Does the property appear to be within 1,000 feet of a highway or 4 lane road, within 5 miles of an airport, or within 3,000 feet of a railroad?
- Is the property within a 100 year flood plain?
- Does the property appear to be located within or in close proximity to a historic district or does it appear to be a historic property?

If the responses to any of the above questions is “no” the property will be flagged and will be set aside as a first tier property for acquisition.

If the responses to any of the above questions is “yes” the property will be flagged and will be set aside as a second tier property for acquisition.

If there are any back taxes owed/deferral of taxes on the property, NSP staff will communicate with the seller of the property to resolve the issue if the property is determined to have a tier 1 desirability rating.

If the property was built before 1978 and NSP staff and the Director determine that the property remain in the pool of potential properties for the NSP, lead testing will be performed on the property during the time the City is performing its due diligence on the property and before a contract is signed for the property. Lead testing will be performed by firm(s) retained by the City.

If the property appears to be within 1,000 feet of a highway or 4 lane road, within 5 miles of an airport, or within 3,000 feet of a railroad, NSP staff and the Director will determine if the property will remain in the pool of potential NSP properties.

If the property is within a 100 year flood plain, NSP staff and the Director will then determine if the property will remain in the pool of potential NSP properties.

If the property appears to be located within or in close proximity to a historic district or appears to be a historic property, NSP staff and the Director will then determine if the property will remain in the pool of potential NSP properties.

2.0 Acquisition of Properties

Properties that have been foreclosed and are vacant and properties that are abandoned may be acquired in the following target Census tracts (see Attachments A and B for full list of TDHCA target areas):

Chamizal Neighborhood Revitalization Strategy Area (NRSA)
(Census Tracts 26.00, 28.00, 29.00)

Lower Dyer Neighborhood Revitalization Strategy Area (NRSA)
(Census Tract 8.00)

Segundo Barrio Neighborhood Revitalization
(Census Tracts 17.00, 18.00, 19.00, 20.00, 21.00)

East El Paso
(Census Tracts 103.13, 103.15)

Ysleta Neighborhood
(Census Tracts 39.01, 39.02, 40.02)

Eligible costs under this activity include, but are not limited to, purchase of real property, professional services, closing costs, appraisals, title searches and insurance, and site surveys.

Properties will be acquired through negotiated purchases as authorized by the City Manager or her designee.

Once the City acquires a property, NSP staff will notify and mail the Deed of Trust to the Central Appraisal District (CAD) so that the property is flagged as exempt from taxes and taxes are not accrued during the City's ownership of the property. Once the City sells the property to an NSP borrower, the City will again notify CAD so that tax accrual resumes.

In addition to NSP staff identifying properties, realtors are encouraged to submit properties that meet the requirements of the program for acquisition by the City.

2.1 Acquisition of Mortgage Foreclosed Properties

If authorized, properties that have been assigned a tier 1 desirability rating may be purchased in accordance with any procedures established by each respective seller.

If authorized, properties that have been assigned a tier 2 desirability rating may be purchased if the opportunities for purchasing tier 1 rated properties have been depleted.

Each foreclosed-upon home or residential property shall be purchased at the minimum discount required by HUD or TDHCA guidelines, as applicable.

2.2 Acquisition of Tax Foreclosed Properties

If authorized, properties that have been assigned a tier 1 desirability rating may be purchased. If authorized, properties that have been assigned a tier 2 desirability rating may be purchased if the opportunities for purchasing tier 1 rated properties have been depleted.

Each foreclosed-upon home or residential property shall be purchased at the minimum discount required by HUD or TDHCA guidelines, as applicable.

2.3 Initial Inspection

For each property that has been identified through the selection process as a tier 1 candidate for the NSP, an initial property inspection and environmental review will be initiated. The initial property inspection will be performed by a NSP Housing Inspector. The NSP Housing Inspector will be selected through an informal bid process.

2.4 Environmental Review

All properties where NSP funds are applied will be subject to an environmental review in accordance with 24 CFR part 58 prior to a request of release of funds from HUD. Environmental reviews will be conducted and completed by the Community and Human Development Senior Grants Planner in conjunction with the City's Historic Preservation Officer prior to the purchase of the property.

HUD environmental review requirements apply as long as the CDBG requirements apply to the transfers of title and or the use of the property as a result of the transfer.

Examples of scenarios when environmental review requirements apply include:

1. When an NSP—acquired or NSP—assisted property is sold to a homebuyer, or to some other purchaser such as to operate a multifamily building on for a redevelopment purpose, and no more NSP funds will be used; or
2. When all NSP funds that have been committed to the property have been expended on the property (no more than four years after receipt of funds); or
3. When a land-banked property is dedicated to a permanent use (in no more than ten years).

2.5 Appraisal

Appraisals will be ordered for foreclosed properties that have gone through the selection process and deemed desirable for the NSP Program. Appraisals that conform to the requirements of the URA at 49 CFR 24.103 will be required for the purposes of determining the statutory purchase discount. The appraisal must be completed within 60 days prior to the final offer made for the property. No offers or counter-offers may be submitted before completion and review of the appraisal for the property.

If the anticipated value of the proposed acquisition is estimated at \$25,000 or less, the current market appraised value of the property may be established by a valuation of the property that is based on a review of available data and is made by a person the grantee determines is qualified to make the valuation.

2.6 Offer to Purchase

Upon City Council authorization, the City Manager or the Director, acting as her designee, may submit an offer to the seller, seller's agent, or third-party intermediary and execute a purchase agreement/contract of sale and other related documents as approved by the City Attorney's Office, provided the offer or counter-offer satisfies all NSP Program requirements and unencumbered NSP

funds are available for the cash-only purchase and the anticipated rehabilitation, activity delivery costs, and administrative costs related to the NSP property acquisition.

2.7 Board and Secure

Properties that are acquired will be evaluated on a case-by-case basis by NSP staff for board and secure measures. Evaluation criteria may include physical condition of building, condition of surrounding neighborhood, and duration of anticipated rehabilitation work, if applicable. If the property is determined to warrant board and secure measures, an informal bid process will take place for this work.

2.8 Flood Plain

Homebuyers who purchase improved properties within the 100-year flood plain and developers utilizing NSP funds for properties within the 100-year flood plain will be required to purchase and maintain flood insurance for the term of the affordability period. In general, the City will seek to purchase properties outside the 100-year flood plain

2.9 Closing - City purchasing REO properties/Title Report

A title search and a title insurance policy shall be issued at closing to ensure a clear title will be transferred to the City. NSP staff will forward all title reports for acquisitions to the City Attorney's Office for review and counsel. A survey will be performed on all properties to purchase to determine the encroachments and flood elevation. (This is an eligible cost to be paid with NSP funds as described in Section 2.0 "Acquisition of Properties")

3.0 Rehabilitation

Properties that are rehabilitated under this activity will be for the purpose of supplying affordable housing to benefit eligible households for homeownership. Rehabilitation minimum property standards must comply with the International Building Codes as adopted by the City of El Paso, local building code, HUD Section 8 Housing Quality Standards, the requirements of the State of Texas Historical Commission, the Historic Landmark Commission and accessibility requirements established by local, state and federal laws and regulations. For single-family residential properties, rehabilitation work will be completed after the City acquires the property and before a qualified homebuyer purchases the home.

3.1 Work Write Up

The City will contract with a NSP Housing Inspector(s) to inspect the property. The NSP Housing Inspector will prepare a detailed work write-up specifying the improvements needed to bring the unit up to building code requirements. The work write-up will consist of a detailed description of all repairs needed for the unit and a confidential estimate of the associated costs. This work write-up may require further detailed inspection and may include consultation with the City Development Services Department. Specifications will include energy conservation or energy production measures proposed for the structure, and lead based paint inspection and any necessary abatement. Items that are identified in the inspection report and that are in violation of building standards as adopted by the City of El Paso will be included in the bid proposal for NSP acquired properties. Rehabilitation work will be bid out to eligible contractors through the City's formal or informal bid process depending on the anticipated construction costs of the rehabilitation work.

3.2 Contractor Screening

All contractors who wish to participate in the rehabilitation, reconstruction, and/or construction of NSP homes must be licensed, may not be debarred by HUD, and must meet minimum insurance requirements. See Attachment C for list of contractor's insurance requirements.

The City may disqualify any Contractor with a known record of discriminatory employment practices or complaints filed with Davis Bacon Program Requirements. Contractors will be expected to comply with applicable equal opportunity and civil rights laws and regulations. The City will encourage participation by minority contractors and women owned businesses. The City will comply with all applicable federal requirements.

3.3 Bid Process

All rehabilitation work will be done in accordance with state and federal rules for procurement regulations and in accordance with City policies.

3.4 Contracts

A pre-construction meeting will be held with the contractor prior to the start of work. Attendance at the pre-construction meeting is mandatory for each contractor's initial bid. Rehabilitation contracts on homes owned by the City will be executed between the Contractor and the City. The Contractor will be expected to apply for any necessary building permits from Development Services. Fees for any applicable permits should be figured into the bid amount.

The rehabilitation work to be performed will be outlined in written specifications. The City will provide oversight of rehabilitation projects that include funding provided by this program or other housing programs administered by the City.

3.5 Inspections

During construction the City staff or its designee and the Development Services Department, where applicable, will periodically inspect the work to ensure compliance with all contracted work specifications, rehabilitation standards, and the local building codes.

The NSP Housing Inspector will be responsible for conducting a second inspection to determine that the deficiencies/violations identified in the bid proposal were corrected.

3.6 Project Closeout

Upon completion of the work, a final inspection will be performed by the NSP Housing Inspector and the Development Services Department, if necessary, to ensure that all work complies with the contract and building code. The Contractor shall submit a final invoice, release of liens and warranty documents, including a statement from the contractor that all work authorized under the contract and any subsequent change orders have been completed and inspected as per code.

Following receipt of required documents and approval of work, the Department Administrator will authorize final payment. Prior to listing the property for resale it must meet all applicable building codes. Deficiencies must be corrected prior to final payment to the contractor.

3.7 Work Guarantees

Contractors are required to guarantee all workmanship for a period of at least one year following contract close-out. In addition, the contractor will provide separate warranties for other trades, such as roofing and A/C, and provide applicable appliance and material manufacturer warranties.

3.8 Lead Based Paint

Federal Regulations 24CFR Part 35, Subpart K, require a mandatory visual assessment to be performed by a certified inspector on all properties built prior to 1978, for properties purchased with

the assistance of Federal Funds. Paint stabilization of identified deteriorated paint will be required. If pain stabilization is performed, the City will need a clearance report from a certified inspector.

The mandatory visual assessment shall be performed by State Licensed Lead Inspectors. A list of certified inspectors will be available. The visual assessment is to be paid solely by the applicant/buyer.

A visual assessment for deteriorated paint consists of a visual search for cracking, scaling, peeling, or chipping paint. A visual assessment does not provide any information about whether or not there is lead based paint. Federal guidelines recommend that the visual assessment include a search for visible dust and debris, including paint chips.

4.0 New Construction/Reconstruction

The City may redevelop tax foreclosed vacant land or abandoned/ blighted/foreclosed property that it acquires into a single family homes or multifamily units in the following target Census Tracts:

Chamizal Neighborhood Revitalization Strategy Area (NRSA)
(*Census Tracts 26.00, 28.00, 29.00*)

Lower Dyer Neighborhood Revitalization Strategy Area (NRSA)
(*Census Tract 8.00*)

Segundo Barrio Neighborhood Revitalization
(*Census Tracts 17.00, 18.00, 19.00, 20.00, 21.00*)

Please see Attachments A and B for an expanded list of targeted Census Tracts under the TDHCA NSP.

New construction minimum property standards must comply with:

- A. Local Codes
- B. Zoning Ordinances
- C. Model Energy Code or equivalent
- D. The site must meet the requirements of 24 CFR 983.6(b)
- E. Accessibility requirements, where applicable
- F. Housing Quality Standards (HQS)

5.0 Conveyance to Subsequent Purchasers

Pursuant to Article III, Section 3.9 (C), El Paso City Charter, the City Council may authorize the conveyance of any City real property by ordinance only. Under Section 272.001(g), Texas Local Government Code, Texas municipalities are authorized to acquire or assemble land, except by condemnation, and sell, exchange, or otherwise convey the land for less than its fair market value to an entity (individuals or developers) for the development of low-income or moderate-income housing, provided there are terms and conditions to the transaction so as to effectuate and maintain this public purpose. NSP staff will ensure compliance with state law requirements for City conveyance of NSP acquired properties to qualified NSP homebuyers or multi-family rental property developers. For each conveyance, NSP staff will follow all City procedures for City Council to consider and approve authorizing the City Manager to enter into the contract of sale containing use conditions with subsequent purchaser and to execute the conveyance deed without warranty and containing deed restrictions/covenants, as approved by the City Attorney's Office.

6.0 Financing for Homebuyers

The City will sell NSP acquired properties to a qualified NSP homebuyer for a price that is equal to the total acquisition and rehabilitation costs. Financing is available to support households at or below 120% of Area Median Income (AMI) in purchasing an NSP property. Any household/applicant that has qualified to purchase an NSP property may also qualify for housing finance mechanisms in the form of down payment assistance and/or a second mortgage.

Applicants interested in purchasing an NSP home and obtaining homebuyer assistance from the City must become qualified with a Loan Specialist within the Housing Division. Applicants must obtain first mortgage financing from a lender registered with the City's Affordable Housing Finance Coordinator and on the NSP Registered Lender's List. Amount of housing assistance (down payment and closing cost and/or principal reduction loan) to an eligible applicant shall be based on need. The housing ratio, also known as the front end ratio, is defined as total monthly income divided by cost of housing expenses (Principal, Interest, Taxes, and Insurance) **plus** utility expenses, may not exceed 35%.

Financing for homebuyers is available for properties located in the following target Census Tracts:

Chamizal Neighborhood Revitalization Strategy Area (NRSA)
(*Census Tracts 26.00, 28.00, 29.00*)

Lower Dyer Neighborhood Revitalization Strategy Area (NRSA)
(*Census Tract 8.00*)

Segundo Barrio Revitalization Area
(*Census Tracts 17.00, 18.00, 19.00, 20.00, 21.00*)

6.1 Applicant Selection Criteria for Homebuyers

Eligible applicants will be selected on a first come, first qualified, first served basis subject to funding availability. Applicants must:

1. Be income eligible and qualify as LMMI (at or below 120% AMI). Income limits are adjusted by family size as published annually by HUD for the City. Income eligibility shall be determined upon completion of application process. Income eligibility is determined by using the total household gross income.
2. Purchase a property within the city limits of El Paso.
3. These homes may include single family detached homes, condos, 1 unit in a 2-4 unit property, townhomes, or manufactured housing on its own lot and affixed to a permanent foundation.
4. Purchase a property that does not exceed 95% of median purchase price as published by HUD (currently that max purchase price is \$125,305 for a 1-unit property). If a property is to be rehabilitated, the after rehabilitation appraised value may not be more than 95% of the area median purchase price for El Paso County as established by HUD. Applicants are strongly encouraged to evaluate their budget and City award amount in considering a purchase price range that is reasonable for them.
5. Occupy the property as their principal residence.
6. Provide proof of residency within the city limits of El Paso.
7. Not have title on any other property.
8. Qualify for a first lien mortgage from an approved lender participating in the NSP.
9. Contribute a minimum of 1% of the sales price from own resources. For households below 60% of Area Median Income, the required minimum contribution is \$500 from own resources.

10. Complete 8-hours of homebuyer education given by a HUD approved counseling agency working with the City on the NSP prior to purchasing an NSP property. NSP funds will be used to pay counseling agency for homebuyer education given to applicants who close on an NSP—acquired home.

6.2 Application for Homebuyers

Once interested homebuyers complete an 8 hour homebuyer education training course offered by an approved housing counseling agency, the applicant will be given a certificate of completion for homebuyer education and an application for NSP homebuyer assistance.

6.3 Income Verification

Verification of income for all household members must be used to determine client eligibility. Documents submitted by the applicant for all household members include but are not limited: pay stubs, social security/disability income information, retirement income, pensions, child support/alimony income information, business income and tax returns. The City's Housing Division will follow the HUD guidelines for determining household size and income eligibility for the household and will issue an income certification when the client is determined eligible. The City will issue an award letter to the client if the client is eligible. The award letter will service as our commitment of funds for each client.

All assets will be verified for all household members in accordance with HUD guidelines. All assets held by each member of an applicant's household must be verified. Assets include but are not limited to: checking accounts, savings accounts, certificates, stocks, bonds, and real estate. All income derived from assets will be included in the applicant's gross income amount.

6.4 Down Payment and Closing Cost Assistance (DPCC), Principal Reduction Loan (PRL), and Revitalization Area (RA) Loan

DPCC assistance may be applied towards eligible closing costs and down payment requirements as stipulated by the first mortgage lender. PRL assistance may reflect eligible rehab work completed on the property. PRL assistance may also be awarded to make the purchase of the NSP home affordable for the homebuyer. RA assistance may reflect eligible rehabilitation work completed on the property. RA assistance may also be awarded to make the purchase of the NSP home affordable for the homebuyer. All loan awards will be secured with a second mortgage recorded in the public records and a promissory note. Such repaid funds will be program income and will be used by the City to assist another client under the terms of the NSP program.

For individuals at 120% AMI and below, the main components of the DPCC, PRL, and NRSA are as follows:

DPCC

- DPCC maximum assistance of \$7,000. However, per HUD guidelines, 50% of the first lender's required down payment must be paid by the applicant's own resources.
- DPCC assistance is forgiven after 10 years of consecutive owner occupancy starting in year 6 with 20% forgiveness and 20% thereafter with each consecutive year of owner occupancy
- The interest rate for DPCC assistance is 0%.
- Assistance is available to an applicant purchasing a NSP acquired home.

PRL

- PRL maximum assistance of \$40,000.

- DPCC and PRL maximum assistance combined may not exceed \$40,000.
- PRL assistance may be in the form of an amortized loan and/or deferred payment loan. Determination of the type of PRL assistance is based on applicant's front end housing ratio. NSP assistance that is within the 35% housing ratio is amortized over 30 years and repayable with interest of 0% interest computed annually. NSP assistance that is above the 35% housing ratio is deferred and due upon sale or property, lease or property, or transfer of title.
- The DPCC and PRL loan will remain due and payable by the participant during the affordability period.
- Assistance is available to an applicant purchasing a NSP acquired home.

RA

- RA assistance is \$10,000.
- RA assistance may be combined with DPCC and/or PRL.
- RA assistance is forgiven after 10 consecutive years of owner occupancy.
- Assistance is available to an applicant purchasing a NSP acquired home in a revitalization area approved by City Council.

DPCC, PRL, and RA

- The total amount of the loan(s) including accrued interest becomes due and payable upon sale upon triggering events explained in Section 5.8.
- There is no prepayment penalty.

Upon City Council authorization, the City Manager or the Director, acting as her designee, may approve all NSP home purchase assistance and subsidy awards in accordance with application criteria and requirements identified in this Manual. If the application is denied, the applicant shall have the right to appeal to the City Council.

6.5 Affordability Term

For single family homeownership, the period of affordability will be consistent with affordability as defined in the HUD program standards at 24 CFR 92.254:

Homeownership assistance NSP amount per-unit	Minimum period of affordability in years
Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000	15

6.6 Award Amount

The amount of home purchase assistance and subsidy awarded will be based on the buyer's ability to purchase the property at a monthly payment that is affordable to the homebuyer. In most cases, the following award amounts apply:

For households whose incomes are at 50% AMI or less, the maximum award is \$40,000.

For households whose incomes are at 80% AMI or less, the maximum award is \$30,000.

For households whose incomes are 120% AMI or less, the maximum award is \$20,000.

There may be special circumstances where the amount of the maximum award exceeds the amounts listed above.

6.7 Recapture

Repayment of the full loan award will be immediately due to the City if any of the following events occur prior to expiration of the note:

- Sale of unit
- Transfer of title
- Unit is rented
- Unit is refinanced without prior authorization of the City (cash out refinances are not allowed)
- Owner fails to maintain required insurance

6.8 First Lien Requirements

The first mortgage lender will determine the amount of the first lien subsidy that the applicant qualifies for but may not exceed the housing cost ratio as determined by the Department's Loan Specialist. In no instance will the front end ratios exceed 35%.

Lenders interested in participating in the NSP must be registered with the City's Affordable Housing Finance Coordinator. Registration entails signing a letter of understanding confirming understanding of NSP Policies and acceptance of the following first lien purchase loan requirements imposed for households receiving homebuyer assistance:

- No adjustable rate mortgage loans (ARMS) or interest rate buy-down loans are allowed
- No mortgages with a loan to value equal to or greater than 100% are allowed
- No subprime mortgage loans are allowed
- Lenders must require the escrow of taxes and insurance
- An origination fee and any other fees associated with the mortgage loan may not exceed 2% of the loan amount; and

6.9 Contract for Sale to Homebuyer

Approved and qualified homebuyers will be assisted first come, first ready. Qualified buyers who have been approved by the first mortgage lender, have completed their 8 hour homebuyer education class as evidenced by a certificate and have been qualified by City staff as evidenced by an award letter will be provided with a list of eligible properties available for purchase. The applicant will have 90 days to select a property and sign the contract of sale/purchase agreement. If a homebuyer has not selected a home within 90 days of the issuance of their award letter, their award letter will expire and they must request an extension in writing. The City at that time will have the ability to grant the extension or cancel the award contingent on the circumstances expressed in the extension request. The extension will be granted for delays that are outside of the applicants control such as illness, death in the family, etc.

6.10 Proper Notification and Disclosures

Upon selection of a housing unit, a qualified homebuyer must be given the necessary disclosures for the NSP. The homebuyer must read and sign all NSP disclosure forms. Any and all property disclosures must be reviewed and signed by the homebuyer.

6.11 City's NSP Outreach and Marketing

All outreach efforts will be done in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach and access to the City's NSP. No person shall, on the grounds of age, color, disability, familial status, national origin, race, religion, be excluded, denied benefits or subjected to discrimination under the City's NSP. The City of El Paso will ensure that all persons, including those qualified individuals with disabilities have access to the City's NSP.

1. The Fair Housing Lender logo will be placed on all outreach materials. Brochures or other outreach materials, in English and any other language that is the primary language of a significant portion of the area residents, will be widely distributed in the City's NSP Program-eligible areas and will be provided to any local social service agencies. The City NSP may sponsor homebuyer classes to help educate homebuyers about the home buying process and future responsibilities. Persons who have participated in local homebuyer seminars will be notified about the City's NSP.
2. NSP staff will work closely with local real estate agents and primary lenders to explain the City's NSP requirements for eligible housing units and homebuyers, and to review the City's NSP processes.
3. Section 504 of the Rehabilitation Act of 1973 prohibits the exclusion of an otherwise qualified individual, solely by reason of disability, from participation under any City's NSP receiving Federal funds. The City's NSP will take appropriate steps to ensure effective communication with disabled housing applicants, residents, and members of the public.

7.0 Financing for Developers

Developers (nonprofit or for-profit) may apply to receive an amortized loan/deferred payment loan combination to acquire and/or redevelop/reconstruct property into multi-family apartment units. Financing awards for developers will be issued through a Request for Proposal (RFP) and will be presented to City Council for funding approval. Property that will be redeveloped/reconstructed must be tax foreclosed vacant land or an abandoned/blighted/foreclosed site in any of the following target areas:

Chamizal Neighborhood Revitalization Strategy Area (NRSA)
(*Census Tracts 26.00, 28.00, 29.00*)

Lower Dyer Neighborhood Revitalization Strategy Area (NRSA)
(*Census Tract 8.00*)

Segundo Barrio Revitalization Area
(*Census Tracts 17.00, 18.00, 19.00, 20.00, 21.00*)

See Attachment B for an expanded list of TDHCA NSP target areas.

The main components for developer financing are as follows:

- The ratio of amortized loan to deferred payment loan will be dependent on the financial feasibility of the project.
- The range of interest rates will be 0%-3%.
- The term for loans to developers will be 30 years.

Property that is redeveloped/reconstructed for homeownership must be set aside for households at 50% AMI and below. Units that are redeveloped/reconstructed as multi-family apartment units must also be set aside for households at 50% AMI and below. HUD has determined that tenant incomes must be certified as meeting the applicable income limits at initial occupancy and at any time a new tenant occupies a unit. Existing tenants are not required to recertify their incomes annually but, to ensure consistency, new tenants must meet the prevailing income limits when taking occupancy of an NSP assisted unit throughout the period of affordability. See Attachment B, "NSP Income Limits" for income limits by area median income.

7.1 Affordability Term

For multifamily rental, the tenure of beneficiaries will be consistent with the duration of affordability as defined in the HUD program standards at 24 CFR 92.252, i.e. 20 years for new construction. Developments are subject to a minimum affordability period where rents are maintained at affordable rates. The minimum affordability period is as follows:

Rehab/Acquisition:

<\$15,000 per unit = 5 years

\$15,000 to \$40,000 per unit = 10 years

>\$40,000 per unit = 15 years

New Construction:

Any amount = 20 years

The affordability term will be enforced by covenants placed on the property.

7.2 Eligible Costs

Rehabilitation costs that may be paid with NSP funds shall include soft costs such as appraisal fees, lead base and asbestos inspection fees, Energy Star inspection, building permits, legal marketing/advertising, utilities, real estate taxes, lawn maintenance, builders risk insurance, construction loan interest, liability insurance, construction and acquisition loan interest.

Hard costs shall include land and building costs, City building permits, City inspection fees, rehabilitation including, site preparation, construction labor and materials, bonds, appliances, landscaping and infrastructure improvements, lead remediation, asbestos remediation, Energy Star appliances, final clean, construction contingency, construction supervision documented hourly, security, realtor fees, title insurance and recording.

7.3 Application for Developers

Eligible applicants will be selected through a Request for Proposal (RFP) process. The rehabilitation requirements identified in Sections 30-3.8 of this Manual shall apply to NSP property developers.

8.0 Demolition

NSP funds may be used to pay demolition costs provided the subject properties meet the HUD definition of “blighted structure” as well as the definition of “unsafe structure” as defined by City ordinance. Properties that have been foreclosed and are vacant and properties that are abandoned may be considered for demolition cost funding if located in one of the following target Census Tracts:

Chamizal Neighborhood Revitalization Strategy Area (NRSA)
(*Census Tracts 26.00, 28.00, 29.00*)

Lower Dyer Neighborhood Revitalization Strategy Area (NRSA)
(*Census Tract 8.00*)

Segundo Barrio Neighborhood Revitalization
(*Census Tracts 17.00, 19.00, 20.00, 21.00*)

See Attachment B for expanded list of target areas if using TDHCA NSP funds.

NSP staff will utilize a variety of resources to identify possible properties that may qualify as an “unsafe structure” including, but not limited to Neighborhood Services staff, Development Services, and Building Standards Division. The Building Standards Division handles complaints on unsafe structures. The Building and Standards Commission determines by order whether a structure is subject to demolition. See Attachment D, “Complaint Process regarding ‘Unsafe Structures’” for a description of the standard procedures.

9.0 Insurance for NSP Properties

Properties purchased by the City with NSP funds are required to have insurance from day one of acquisition until conveyance. NSP staff will coordinate with the City’s Risk Manager to ensure that the City’s investment is protected. The following will take place:

- NSP staff will inquire before the property is purchased whether the owner is transferring insurance or cancelling the insurance policy (if there is any) at the time of closing.
- Once the NSP staff knows the property will be purchased, the Risk Manager is notified.
- The Risk Manager will send the “Property Coverage Request Form” via email for completion.
- Among other items, NSP staff will fill in the purchase price and appraised value on this form and return to the Risk Manager. In addition, it will be noted whether a property is/will be boarded up, whether there is anyone living in the structure, and if applicable, the expected time frame before rehab construction begins.

If a house has an active homeowners policy, NSP staff may consider reverting it to a fire policy once it is acquired by the City to reduce insurance costs. Once the property is sold to an eligible homebuyer or developer, the new owner will be required to purchase and maintain, for the life of the loan, property insurance including fire, casualty, and flood insurance if property is located in a flood zone. The City must be then listed as lien holder/mortgagee on the policies.

10.0 Energy Efficiency

The Rehabilitation Standards located in section (I) of the NSP Federal Register Notice include energy-efficient improvements. Appliances that can be provided in the CDBG program may also be provided in the NSP Program. These include refrigerators, and stoves, and do not include washers, dryers, and window air conditioners.

11.0 Reports

Financial Services staff will provide month-end General Ledger and quarterly Financial Status reports. Reports will be distributed on a monthly basis to Financial Services, Accounting Manager, NSP staff, and the Director. The report names are as follows:

- General Ledger Report
- Detailed Transactions Report

12.0 Conflict of Interest Requirements

The City’s NSP contains Federal funds, thus, in accordance with Title 24, Section 570.611 of the Code of Federal Regulations, no member of the governing body and no official, employee or agent of the City of El Paso, nor any other person who exercises policy or decision-making responsibilities (including members of the loan committee and officers, employees, and agents of the loan committee, the administrative agent, contractors and similar agencies) in connection with the planning and implementation of the City’s NSP shall directly or indirectly be eligible for this City’s NSP. Exceptions to this policy can be made only after public discourse and formal approval by the City

Council of El Paso and HUD approval of a waiver exception.

13.0 Non-Discrimination Requirements

The City's NSP will be implemented in ways consistent with the City's commitment to non-discrimination. No person shall be excluded from participation in, denied the benefit of, or be subject to discrimination under any City's NSP or activity funded in whole or in part with Federal funds on the basis of his or her religion or race, familial status (children), disability, or national origin.

Attachment A
TDHCA Target Areas for Acquisition and Rehab

Census Tract	Block Group	Census Tract	Block Group	Census Tract	Block Group
000101	2	002600	1	010208	2
000107	1	002600	2	010208	2
000107	2	002600	3	010208	2
000107	3	002600	4	010208	3
000107	4	002600	5	010208	3
000107	5	002800	1	010208	2
000107	6	002800	2	010208	1
000206	1	002800	3	010208	2
000206	2	002800	4	010209	1
000206	3	002800	5	010209	1
000301	1	002800	6	010209	1
000301	2	002900	1	010307	4
000301	3	002900	2	010307	5
000301	4	002900	3	010307	6
000301	5	003200	1	010311	3
000404	1	003200	2	010311	4
000404	2	003200	3	010313	1
000800	1	003200	4	010313	2
000800	2	003200	5	010313	3
000800	3	003200	6	010313	4
000800	4	003701	1	010314	1
000800	5	003701	2	010315	1
001302	3	003701	3	010315	1
001400	1	003701	4	010315	1
001400	1	003702	1	010320	4
001400	2	003702	4	010320	1
001700	1	003702	5	010320	2
001700	2	003702	6	010320	4
001700	4	003902	1	010320	1
001700	5	003902	2	010320	2
001800	1	004002	1	010321	1
001800	2	004002	2	010403	1
001900	1	004002	3	010403	2
001900	2	004002	4	010403	3
001900	3	004002	1	010403	4
001900	4	004002	3	010403	5
001900	5	004002	4	010403	1
002000	1	004104	1	010403	1
002000	2	004104	2	010403	2
002000	3	004104	3	010403	3
002000	4	004104	4	010208	2
002000	5	004104	5	010208	2
002100	1	004314	1	010208	2
002100	2	004315	4	010208	3
002100	3	004316	1	010208	3

Attachment B
TDHCA Target Areas for Demolition

Census Tract	Block Group								
000101	2	000403	2	001700	4	002800	6	002800	6
000107	1	000404	1	001700	5	002900	1	002900	1
000107	2	000404	2	001800	1	002900	2	002900	2
000107	3	000500	9	001800	2	002900	3	002900	3
000107	4	000600	1	001900	1	003000	1	003000	1
000107	5	000600	2	001900	2	003000	2	003000	2
000107	6	000600	3	001900	3	003000	3	003000	3
000108	1	000600	4	001900	4	003000	4	003000	4
000108	2	000700	9	001900	5	003100	1	003100	1
000109	1	000800	1	002000	1	003100	2	003100	2
000109	2	000800	2	002000	2	003100	3	003100	3
000110	1	000800	3	002000	3	003100	4	003100	4
000110	2	000800	4	002000	4	003200	1	003200	1
000110	3	000800	5	002000	5	003200	2	003200	2
000111	1	000900	1	002100	1	003200	3	003200	3
000112	1	000900	2	002100	2	003200	4	003200	4
000112	2	000900	3	002100	3	003200	5	003200	5
000112	3	000900	4	002201	1	003200	6	003200	6
000112	4	000900	5	002201	2	003300	1	003300	1
000203	1	000900	6	002202	1	003300	2	003300	2
000203	2	001001	1	002202	2	003300	3	003300	3
000203	3	001001	2	002202	3	003300	4	003300	4
000204	1	001001	3	002202	4	003300	5	003300	5
000204	2	001002	1	002202	5	003300	6	003300	6
000204	3	001002	2	002202	6	003300	7	003300	7
000204	4	001002	3	002300	1	003401	1	003401	1
000204	5	001104	2	002300	2	003401	2	003401	2
000205	1	001105	2	002300	3	003403	1	003403	1
000205	2	001105	3	002300	4	003403	3	003403	3
000205	3	001105	4	002300	5	003403	4	003403	4
000206	1	001105	5	002300	6	003403	5	003403	5
000206	2	001111	1	002400	1	003501	1	003501	1
000206	3	001112	2	002400	2	003501	2	003501	2
000301	1	001112	3	002400	3	003501	3	003501	3
000301	2	001113	2	002400	4	003502	1	003502	1
000301	3	001201	1	002500	4	003502	2	003502	2
000301	4	001201	2	002500	5	003502	3	003502	3
000301	5	001203	1	002500	6	003601	1	003601	1
000302	1	001302	3	002500	7	003601	2	003601	2
000302	2	001400	1	002500	8	003601	3	003601	3
000302	3	001400	1	002600	1	003602	1	003602	1
000302	4	001400	2	002600	2	003602	2	003602	2
000302	5	001501	4	002600	3	003701	1	003701	1
000302	6	001600	1	002600	4	003701	2	003701	2
000401	1	001600	2	002600	5	003701	3	003701	3
000403	1	001600	3	002800	1	003701	4	003701	4
003801	1	004201	1	010311	3	004107	1	010307	5
003801	2	004201	2	010311	4				

003801	3	004201	3	010312	3
003803	1	004201	4	010312	4
003803	2	004201	5	010313	1
003803	3	004201	6	010313	2
003804	1	004202	1	010313	3
003804	2	004202	2	010313	4
003804	3	004202	3	010314	1
003901	1	004202	4	010315	1
003901	2	004202	5	010315	1
003901	3	004303	3	010315	1
003902	1	004305	1	010316	1
003902	2	004305	3	010316	2
003903	1	004307	2	010316	3
003903	2	004310	1	010317	1
003903	3	004310	3	010317	2
003903	4	004310	4	010320	4
003903	5	004311	1	010320	1
004002	1	004311	4	010320	2
004002	2	004312	2	010320	4
004002	3	004312	4	010320	1
004002	4	004313	2	010320	2
004002	1	004313	3	010321	1
004002	3	004314	1	010401	1
004002	4	004315	4	010401	1
004003	1	004316	1	010401	2
004003	2	004316	2	010401	3
004003	3	004316	3	010403	1
004004	2	010102	1	010403	2
004004	3	010204	3	010403	3
004004	4	010207	1	010403	4
004103	1	010207	1	010403	5
004103	2	010208	1	010403	1
004103	3	010208	4	010403	1
004103	4	010208	2	010403	2
004104	1	010208	2	010403	3
004104	2	010208	2	010311	3
004104	3	010208	3	010311	4
004104	4	010208	3	010312	3
004104	5	010208	2	010312	4
004105	1	010208	1	010313	1
004105	2	010208	2	010313	2
004105	3	010209	1	010313	3
004106	1	010209	1	010313	4
004106	2	010209	1	010314	1
004106	3	010303	1	010315	1
004106	4	010307	4	010315	1

Attachment C

**Neighborhood Stabilization Program (NSP)
Preliminary Property Interest Form**

Mortgage foreclosed
 Tax foreclosed
 Abandoned
 Blighted

Date: _____
Street Address: _____ Year Built: _____

Seller: _____ Occupancy: _____

If Mortgage Foreclosed:

List Price: _____ Days on market: _____

If Tax Foreclosed:

Struck Off Amount: _____ Judgement Value: _____ Current Value: _____
Date of Sale: _____ (Redemption period is 2 years for homestead)

Back Taxes Owed? _____ verified by _____ in the Tax Office on _____

Property Type: SFR Duplex Condo Townhome Other _____

Bedrooms: _____ Bathrooms: _____ Sq. Footage: _____

Neighborhood/Census Tract/Zip Code:

Far East: 103.13 103.15 Other Targeted Census Tract: _____
 79936 79938

Ysleta: 39.01 39.02 40.02
 79907 79907 79927

Chamizal: 26.00 28.00 29.00
 79901 & 79905

Lower Dyer: 8.00
 79930

Segundo Barrio: 17.00 18.00 19.00 20.00 21.00
 79901 79901 79901 79901 79901

Does the property appear to be within 1,000 feet of a highway or 4 lane road, within 5 miles of an airport, or within 3,000 feet of a railroad? _____

Does the property appear to be within a 100 year flood plain? _____

Does the property appear to be located within or in close proximity to a historic district or does it appear to be a historic property? _____

Notes:

**Attachment D
NSP Income Limits**

NSP

4/1/2009

FY 2009 Income Limits for 50% of HUD Area Median Income

<u>Areaname</u>	<u>County/Town Name</u>	<u>1 person household</u>	<u>2 person household</u>	<u>3 person household</u>	<u>4 person household</u>	<u>5 person household</u>	<u>6 person household</u>	<u>7 person household</u>	<u>8 person household</u>
El Paso, TX MSA	El Paso County	15,950	18,250	20,500	22,800	24,600	26,450	28,250	30,100

FY 2009 Income Limits for 120% of HUD Area Median Income

<u>1 person household</u>	<u>2 person household</u>	<u>3 person household</u>	<u>4 person household</u>	<u>5 person household</u>	<u>6 person household</u>	<u>7 person household</u>	<u>8 person household</u>
38,300	43,800	49,250	54,700	59,100	63,500	67,850	72,250

The 2009 Income Limits for the NSP are at

http://www.huduser.org/datasets/nsp/FY2009Section8Limits_50_120_reformat.xls

Attachment E
Complaint Process regarding “Unsafe Structures”
Building Standards Division

1. Complaint is received by the Building Standards Division of Development Services.
2. A physical investigation of the site is conducted by a City building inspector.
3. A letter is sent to the owner of the residential or commercial property stating the specific items that violate the El Paso Municipal Code. Owner(s) are notified that the case is being submitted to the City Building and Standards Commission for unsafe structure proceedings. The letter states that the Commission will decide if the structure is unsafe and if it should be vacated and secured, or demolished as per Chapter 2.38 of the El Paso Municipal Code.
4. During the 30 day response time given to owners, Building Standards staff request a title search from the City Attorney’s Office. In addition, inquiries regarding any past call(s) or investigation reports regarding the subject structure are made to the utilities, fire department, and health department.
5. As soon as title report is received, Building Standards staff prepare a package to be presented at the Building and Standards Commission meeting. If an emergency situation is present, action may be taken by Building Standards Division before the Commission meets.
6. All title holders of the subject property are notified at least 10 calendar days before their structure is to be presented at the Commission meeting.
7. If the owners responds to the Letter within the 30 day time frame, the information is presented to the Building and Standards Commission.
8. The day of the Building and Standards Commission meeting, Building Standards staff provide their recommendations to the Board. Property owners may also appear before the Building and Standards Commission the day of the meeting.
9. The Building and Standards Commission may decide to pursue the following with regard to structures brought before them:
 - 1) Order structure to be secured and maintained until rehabilitated
 - 2) Order structure to be vacated if someone is living in the structure
 - 3) Order demolition
 - 4) Order structure to be cleaned and maintained
 - 5) Table item until the next board meeting (however, the Board may still order structure to be secure and maintained)
10. Property owners have 20 days to appeal a decision by the Building and Standards Commission in writing. The cost to the property owners to schedule another hearing is \$540.00.