

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

**DEPARTMENT:** Community and Human Development

**AGENDA DATE:** November 18, 2008

**CONTACT PERSON/PHONE:** William Lilly/541-4643

**DISTRICT(S) AFFECTED:** Districts 2, 3, 5, 6, 7 and 8

**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.**

Discussion and action on a Resolution amending the 2005-2010 Consolidated Plan to add a Neighborhood Stabilization Program (NSP) component, attached hereto as Attachment A and Attachments 1-8, 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", as specified on Attachment 1, to be used for the purposes of NSP activities, whenever applicable, in order to comply with HUD's directive for such a definition; authorizing the City Manager to sign and submit a NSP application (and related certifications) to HUD as part of the amended 2008-2009 Annual Action Plan; authorizing the City Manager to sign a Grant Agreement with HUD for the NSP formula grant; and authorizing the City Manager to take any actions necessary to accomplish the intent of this resolution upon approval by the City Attorney's Office and Director of Community and Human Development Department.

**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?**

One of City Council's strategic goals is to develop and implement comprehensive neighborhood revitalization programs. As a result, the City of El Paso and the Department of Community and Human Development (DCHD) are committed to undertaking revitalization efforts to promote long-term physical stabilization of distressed neighborhoods. In a letter dated September 26, 2008, the City of El Paso was notified by the Department of Housing and Urban Development (HUD) that it would be allocated Neighborhood Stabilization Program (NSP) funding, beginning in FY 2008-2009. The new NSP was created to stabilize neighborhoods with high foreclosure rates and neighborhoods that are likely to have such rates. In order to promote neighborhood stabilization, the City would utilize NSP funds to purchase, at a discount, tax-foreclosed, mortgage-foreclosed, and abandoned properties in targeted areas within the City of El Paso for demolition and/or rehabilitation and redevelopment, then sell or rent the units to income-qualified individuals or families. Targeted areas are areas in which more than 51% of the people had incomes with less than 120% of Area Median Income, as defined by HUD, in the year 2000. The areas to be targeted first were identified using the following HUD criteria: 1) areas having the greatest percentage of home foreclosures; 2) areas having the highest percentage of homes financed by high cost (subprime mortgage related) loans; and 3) areas identified by the City of El Paso as likely to face a significant rise in the rate of home foreclosures. For the purposes of this Amendment, the first neighborhoods that would be targeted for NSP activities are the Chamizal Neighborhood Revitalization Strategy Area (NRSA), census tracts 26.00, 28.00, and 29.00 (**Districts 3 and 8**); the Lower Dyer NRSA, census tract 8.00 (**District 2**); the Segundo Barrio Neighborhood Revitalization, census tracts 17.00, 18.00, 19.00, 20.00, and 21.00 (**District 8**); East El Paso, census tracts 103.13 and 103.15 (**District 5**); and, the Ysleta Neighborhood, census tracts 39.01, 39.02, and 40.02 (**Districts 6 and 7**).

A Notice was placed in the El Paso Times in English and Spanish on October 31, 2008 to allow a HUD-approved 15-day period for public comment ending November 17, 2008; HUD waived the usual 30-day required public comment period due to the expedited nature of this amendment. The City also complied with HUD's additional requirement of posting its substantial amendment materials on the official City of El Paso website as they were developed, published, and submitted to HUD. Any citizen comments received after the submittal of this Agenda Item Department Head's Summary Form will be forwarded to City Council for consideration.

**PRIOR COUNCIL ACTION:**

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

On June 26, 2007, City Council approved a regulatory Amendment to the 2005-2010 Consolidated Plan. On August 26, 2008, City Council approved an Amendment to its 2005-2010 Consolidated Plan adding a Neighborhood Revitalization Strategy Area component, allowing DCHD to request official designation of the areas as NRSAs by HUD, after receiving public comment. Final HUD approval of that amendment is imminent. Many other such amendments have been approved by City Council in prior years.

**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 notified the City of El Paso that it will receive \$3,032,465 in NSP funding beginning in 2008-2009. The City is submitting a formal application to HUD for this NSP funding.

**BOARD / COMMISSION ACTION:**

**Enter appropriate comments or N/A**

Although a recommendation would ordinarily be sought from the Community Development Steering Committee, due to the expedited nature of this amendment, as explained by HUD, the "congressionally identified need," is the basis upon which the amendment is being put forth, not on conventional methods used for determining such community needs (e.g. public hearings). Hence, board recommendation is not applicable for this particular amendment as it otherwise would be.

**\*\*\*\*\*REQUIRED AUTHORIZATION\*\*\*\*\***

**LEGAL:** (if required) \_\_\_\_\_ **FINANCE:** (if required) \_\_\_\_\_

**DEPARTMENT HEAD:** Anthony C. Shear for W. Lilly

(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**, on July 19, 2005, the City Council for the City of El Paso adopted a five-year (2005-2010) Consolidated Plan that serves as a comprehensive housing affordability strategy, community development plan, and submission for funding under the Community Development Block Grant (CDBG) Program, which was submitted to the U.S. Department of Housing and Urban Development (HUD); and

**WHEREAS**, on June 26, 2007, the City Council for the City of El Paso first amended the 2005-2010 Consolidated Plan to comply with new HUD regulations that became effective March 13, 2006, and amended the 2005-2010 Consolidated Plan again on August 26, 2008 to add a Neighborhood Revitalization Strategy Area component for which HUD approval is forthcoming; and

**WHEREAS**, the City Council, based on the recommendation of the Director of the Community and Human Development Department and Department staff, now desires to amend the 2005-2010 Consolidated Plan by adding a Neighborhood Stabilization Program (NSP) component to the CDBG Program and to amend the Annual Action Plan (2008-2009) by adding NSP-funded activities and approving the International Building Code (IBC) definition for "blighted structure" to be used for the purposes of NSP activities, whenever applicable, as specified in Attachment 1 in order to comply with HUD's directive for such a definition; and

**WHEREAS**, on October 31, 2008, the City of El Paso published in the El Paso Times public notice and allowed a 15-day public comment period regarding the proposed amendment to the 2005-2010 Consolidated Plan in conjunction with HUD's alternative requirements under Title III of Division B of the Housing and Economic Recovery Act of 2008 shortening the public comment period from 30 days to 15 days due to the expedited nature of the amendment, and the City complied with HUD's additional requirement of posting its substantial amendment materials on the official City of El Paso website as they were developed, published, and submitted to HUD, and City Council has duly considered public comment, if any; and

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

1. That the 2005-2010 Consolidated Plan is hereby amended as follows:

Adding a Neighborhood Stabilization Program (NSP) component, attached hereto as Attachment A and Attachments 1-8, amending its Annual Action Plan (2008-2009) to allow the City of El Paso to use CDBG funds specifically designated for NSP activities, as specified in Attachment 1, to stabilize specific El Paso neighborhoods identified as having the greatest need based on HUD's criteria, and approving the IBC definition for "blighted structure" as specified on pages 4 and 5 of Attachment 1 for the purposes of NSP activities, whenever applicable, to comply with HUD's directive for such a definition. For the purposes of this Amendment, the first neighborhoods that would be targeted for NSP activities are the Chamizal Neighborhood Revitalization Strategy Area (NRSA), census tracts 26.00, 28.00, and 29.00 (**Districts 3 and 8**); the Lower Dyer NRSA, census tract 8.00 (**District 2**); the Segundo Barrio Neighborhood Revitalization,

census tracts 17.00, 18.00, 19.00, 20.00, and 21.00 (**District 8**); East El Paso, census tracts 103.13 and 103.15 (**District 5**); and, the Ysleta Neighborhood, census tracts 39.01, 39.02, and 40.02 (**Districts 6 and 7**).

2. That the City Manager be authorized to sign and submit to the U.S. Department of Housing and Urban Development (HUD) a Neighborhood Stabilization Program (NSP) application as part of the amended Annual Action Plan (2008-2009), and related NSP certifications contained therein.
3. That the City Manager be authorized to sign a Grant Agreement with HUD for the NSP formula grant covered by the City's Annual Action Plan.
4. That the City Manager be authorized to take any actions necessary to accomplish the intent of this resolution upon approval by the City Attorney's Office and Director of Community and Human Development Department.

**ADOPTED** this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

CITY OF EL PASO

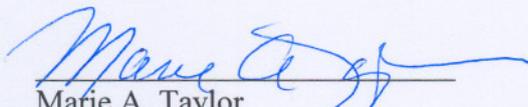
\_\_\_\_\_  
John F. Cook  
Mayor

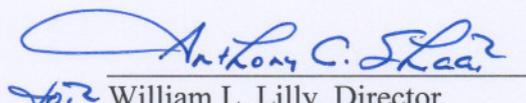
ATTEST:

\_\_\_\_\_  
Richarda Duffy Momsen  
City Clerk

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

  
\_\_\_\_\_  
Marie A. Taylor  
Assistant City Attorney

  
\_\_\_\_\_  
yolr William L. Lilly, Director  
Community and Human Development

# **NSP GRANT SUBMISSION TEMPLATE** **& CHECKLIST**

NSP grant allocations can be requested by submitting a paper NSP Substantial Amendment or a form under the Disaster Recovery Grant Reporting (DRGR) system. This template sets forth the suggested format for grantees under the NSP Program. A complete submission contains the information requested below, including:

- (1) The NSP Substantial Amendment (attached below)
- (2) Signed and Dated Certifications (attached below)
- (3) Signed and Dated [SF-424](#).

Grantees should also attach a completed NSP Substantial Amendment Checklist to ensure completeness and efficiency of review (attached below).

# THE NSP SUBSTANTIAL AMENDMENT

Jurisdiction(s): <b>City of El Paso</b> <i>(identify lead entity in case of joint agreements)</i>	NSP Contact Person: <b>Andrea Tirres</b>
Jurisdiction Web Address: • <a href="http://www.elpasotexas.gov">www.elpasotexas.gov</a>	Address: <b>2 Civic Center Plaza, 8<sup>th</sup> floor</b>
	Telephone: <b>(915) 541-4845</b>
	Fax: <b>(915) 541-4370</b>
	Email: <b>tirresal@elpasotexas.gov</b>

## **A. AREAS OF GREATEST NEED**

Provide summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction.

### Response:

The City of El Paso analyzed five data sources to identify the geographic area of greatest need. Those sources are:

- **Estimated Risk of Foreclosure and Abandonment data (HUD)**
- **Home Mortgage Disclosure Act (HMDA) data on the percent of all loans made between 2004 and 2006 that are high cost as of 2008 (Federal Reserve Bank)**
- **Predicted 18 Month Underlying Foreclosure Rate as of 2008 (HUD)**
- **Foreclosure Notices issued in El Paso between 8/13/2008 and 9/16/2008 (RealtyTrac)**
- **Tax Foreclosed (Struck Off Properties) in El Paso (El Paso County Tax Assessor)**

Home Mortgage Disclosure Act (HMDA) data reflects that 40.97% or more of the loans issued between 2004 and 2006 in Census Tracts 103.13, 103.15, 39.01, 39.02, 40.02, 20.00, 21.00, 28.00, 29.00, and 26.00 were high cost loans. Additionally, the predicted 18-month underlying problem foreclosure rate for Census Tracts 103.13, 103.15, 39.01, 17.00, and 21.00 is between 5.66 and 7.84. The predicted 18-month underlying problem foreclosure rate for Census Tracts 20.00, 28.00, 29.00, 40.02, 39.02, and 26.00 is even greater at a rate of 7.85 or more. This data is evidence that this activity is necessary to address areas that have been identified with the greatest percentage of home foreclosures and areas with a high percentage of homes financed by a subprime mortgage related loan. Additionally data produced by RealtyTrac shows a proportionately high concentration of mortgage foreclosure notices were issued in Census Tracts 103.13, 103.15 compared to the City overall.

Census Tracts 103.13 and 103.15 are new developments that occurred within the last five years corresponding to the increase in the issuance of subprime/predatory loans.

According to HUD Estimated Risk of Foreclosure and Abandonment risk score, Census Tracts 17.00, 20.00, 21.00, 26.00, 28.00, 29.00 have a risk score of 10, the highest score possible. Census Tracts 8.00 and 19.00 have a risk score of 8. The aforementioned census tracts are also located in the Neighborhood Revitalization Areas.

The data provided above represents the areas identified as having the greatest needs in the City of El Paso, including the areas with the greatest percentage of home foreclosures, the areas with the highest percentage of homes financed by a subprime mortgage related loan, and the areas identified by the City of El Paso as likely to face a significant rise in the rate of home foreclosures.

*B. DISTRIBUTION AND USES OF FUNDS*

Response:

The City of El Paso will distribute NSP funds as follows:

Acquisition of Mortgage Foreclosed Properties	\$ 732,300
Acquisition of Tax Foreclosed Properties	\$ 83,265
Rehabilitation of Mortgage Foreclosed Properties	\$ 160,000
Direct Homeownership Assistance	\$ 636,900
Redevelop Demolished or Vacant Properties	\$1,015,000
Demolish Blighted Structures	\$ 105,000

The City of El Paso will acquire and rehabilitate mortgage foreclosed properties in Census Tracts 103.13, 103.15, 39.01, 39.02, and 40.02. The acquired and rehabilitated properties will be sold at a discount to families at or below 120% of the area median income. The City will provide homeownership assistance to the homebuyers to insure affordability. These activities will assist in reducing the number of foreclosed homes in the areas of the City with the greatest percentage of home foreclosures, with the areas of the highest percentage of homes financed by a subprime mortgage related loan, and in areas identified by the City as likely to face a significant rise in the rate of home foreclosures.

The City will identify and acquire abandoned and vacant tax foreclosed properties in Census Tracts 8.00, 17.00, 18.00, 19.00, 20.00, 21.00, 26.00, 28.00, and 29.00. Properties acquired will be utilized to rehabilitate or redevelop single family and multifamily units. Single family units will be sold at a discount to families at 50%

and below the area median income. The City will provide homeownership assistance to the homebuyers to ensure affordability. The developed multifamily units will be rented to families whose incomes are at or below 50% area median income. These Census Tracts have been identified as areas of High Risk of Foreclosure and Abandonment and have the highest percentage of homes financed by a subprime mortgage related loan.

The City will also identify and demolish blighted structures located in Census Tracts 8.00, 17.00, 18.00, 19.00, 20.00, 21.00, 26.00, 28.00 and 29.00. The parcels upon which the structures are demolished may be utilized for redevelopment purposes. According to HUD Foreclosure and Abandonment Risk Score, the targeted areas have a risk score of 10, the highest score possible. Census Tracts 8.00 and 19.00 have a risk score of 8 according to the HUD Foreclosure and Abandonment Risk Score. The aforementioned census tracts are also located in the areas of the highest percentage of homes financed by a subprime mortgage related loan.

### *C. DEFINITIONS AND DESCRIPTIONS*

(1) Definition of “blighted structure” in context of state or local law.

#### Response:

The City of El Paso utilizes the International Building Code definition of “blighted structure” as follows:

#### *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)

(2) Definition of “affordable rents.” *Note:* Grantees may use the definition they have adopted for their CDBG program but should review their existing definition to ensure compliance with NSP program –specific requirements such as continued affordability.

Response:

The City of El Paso utilizes the definition of affordable rents as published by the Department of Housing and Urban Development on an annual basis and as defined in 24 CFR 92.252 Qualification as Affordable Housing: Rental Housing noted below:

- A. Rent limitation. HUD provides the following maximum HOME rent limits.  
The maximum HOME rents are the lesser of:
  - 1. The fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR888.111; or
  - 2. A rent that does not exceed 30 percent of the adjusted income of a family whose annual income equals 65 percent of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit. The HOME rent limits provided by HUD will include average occupancy per unit and adjusted income assumptions.
- B. The Rent limits for eligible households whose incomes do not exceed 120% of median income for the City of El Paso will not exceed 30 percent of the households annual income, with deductions for utilities.

(3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

Response:

**The City of El Paso has detailed Affirmative Marketing and Monitoring Policies that are utilized for rental projects. The City will ensure continued affordability for rental projects that are assisted with NSP funding thru the following process:**

- 1. Owners of rental projects resulting in one or more rental units that are assisted with NSP funding are initially made aware of the Affirmative Marketing procedures at the time their applications are approved.**
- 2. When the project is approximately 50% complete, a meeting is scheduled with the owners and property managers to review in detail the Affirmative Marketing and monitoring requirements that are in compliance with 24 CFR 92 Subparts F and H.**
- 3. The owners are given copies of their Financial Term Contract and Covenants Running with the Land that were signed prior to the start of the rental project. This serves as a reminder, as well as a reference for the requirements that must be adhered to that include:**
  - A. 24 CFR 92.216 concerning the number of rental units that will be initially occupied by families that are  $\leq 50\%$  of area median income and the requirement for annual reexaminations;**
  - B. The maximum initial rent that may be charged;**
  - C. Compliance with the Federal Fair Housing Law;**
  - D. The affordability period, which is in compliance with CFR 92.254;**
  - E. CFR 92.252 regarding Affordable Housing as it relates to rent limitations, rent schedules, increases in tenant income and adjustments of qualifying rent.**
- 4. In order to assure compliance with the Project Requirements of the NSP program (as defined in Subpart F of 24 CFR Part 92) the owner must submit a copy of the Lease that will be used, a copy of the tenant application and a written description of the tenant qualification process that will be utilized to verify the tenant incomes, prior to their use.**
- 5. The owners are required to place an ad in the city-wide newspaper (and others of their choice) that announces the availability of the rental units and that they were completed with Federal funds. Sample newspaper ads in English and Spanish are given to the owners for their use. They are also required to notify (at a minimum) the local Housing Authority, Project Bravo, VOLAR (an agency that assists persons with disabilities) and the City's Relocation Office. A form was developed for use in**

notifying these agencies. The owners are also required to display the Equal Housing logo and Fair Housing posters (in English and Spanish) wherever the tenant applications are provided and accepted.

6. Owners are required to maintain copies of all advertising, as vacancies occur throughout the year and to submit on an annual basis, in January of each year, to the Housing Programs Division, along with the Available Vacancies and Annual Rental Reports. If the information is incomplete or unacceptable, the owners will be contacted immediately and advised as to how they must rectify the situation and ensure that it does not occur again.
7. The initial Maximum Rents and Incomes of the tenants are reviewed again at the meeting with the owners. All of the NSP assisted units must be occupied by families whose income does not exceed 50% of area median income. The affordability period is also reviewed, as stated in the Financial Terms Contract.
8. The following documentation is reviewed and provided to the owners during the Affirmative Marketing Meeting:

**“What is Fair Housing and Affirmative Marketing?”**

**A listing of applicable Equal Opportunity Laws and Executive Orders**

**Affirmative Marketing Procedures**

**Affirmative Marketing Policy**

**Notification Letter for Available Vacancies (Sample letter to send to the Housing Authority, Project BRAVO, VOLAR, City Relocation office whenever there are vacancies during the year)**

**Sample Newspaper Ad (for the local city-wide newspaper, at a minimum)**

**Fair Housing Posters (English & Spanish) and Equal Opportunity House Stickers**

**Project Completion Form (90-day Demographics)**

**Annual Rental Report and Available Vacancies Report**

**Rent and Utility Information**

**Section 504 Requirements (five or more units)**

**Sample one-year lease waiver form**

**Tenant and Participant Protections – HOME Regulations 92.253**

**Tenant Participation Plan – HOME Regulation 92.303 (for CHDO)**

9. Prior to concluding the Affirmative Marketing Meeting the owners are required to sign an Affirmative Marketing Agreement that confirms they understand their responsibility to:
  - A. Submit the Annual Rental Report each January;

- B. Forward the notification letter and listing of Available Vacancies to the local agencies, following completion of the project and then as vacancies occur;
  - C. Advertise all vacancies in the local newspaper and keep copies in their file;
  - D. All possible efforts will be made to reach individuals of all identified minority sectors within the community to inform them of available housing units.
10. Within no more than 90 days from initial occupancy, the owners are required to submit the Demographics of the tenants who are initially occupying the units. Housing Programs has developed a form for the owner to use in submitting this information, which includes the data requested by HUD.
  11. The first monitoring of the owners files is scheduled for six months after initial occupancy and then annually thereafter, to assure compliance for the duration of the affordability period. The Housing Programs Division will utilize the HUD Monitoring Checklist, the HUD Guide for Determining Income and the project compliance forms as a guide in fine-tuning our existing Monitoring Checklist. The owners receive written results of the monitoring review. In addition, the Housing Quality Standards review is conducted during the same time period.

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

Response:

1. 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
2. Rehabilitation minimum property standards must comply with the International Building Codes as adopted by the City of El Paso, 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.

***D. LOW INCOME TARGETING***

Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or

residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income: \$ **1,175,000.00**

*Note:* At least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50 percent of area median income.

Response:

**It is estimated that a minimum of \$1,175,000 or 39% of the total NSP allocation will be used for housing individuals and families whose income do not exceed 50 percent of area median income.**

#### ***E. ACQUISITIONS & RELOCATION***

Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e.,  $\leq 80\%$  of area median income).

Response:

**The City of El Paso does not intend to demolish or convert any low- and moderate-income dwelling units.**

#### ***F. PUBLIC COMMENT***

Provide a summary of public comments received to the proposed NSP Substantial Amendment.

*Note:* proposed NSP Substantial Amendment must be published via the usual methods and posted on the jurisdiction's website for no less than 15 calendar days for public comment.

Response:

No public comment was received. (*Note: This section will be updated if public comment is received during the public comment period.*)

**G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)**

(1) Activity Name: Acquisition/Rehabilitation/Disposition

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

**NSP eligible use – Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.**

**CDBG eligible activity -**

- 24 CFR 570.201(a) Acquisition, (b) Disposition
- 570.202 eligible rehabilitation and preservation activities for homes and other residential properties (HUD notes that rehabilitation may include counseling for those seeking to take part in the activity).

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income).

- **Benefit to Low, Moderate or Middle Income (LMMH) households whose income is at or below 120 percent of area median income;**

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

a) Area of greatest need that the activity addresses;

**Home Mortgage Disclosure Act (HMDA) data reflects that 40.97% or more of the loans issued between 2004 and 2006 in Census Tracts 103.13, 103.15, 39.01, 39.02, 40.02, were high cost loans. Additionally, the predicted 18-month underlying problem foreclosure rate for Census Tracts 103.13, 103.15, 39.01, is between 5.66 and 7.84. The predicted 18-month underlying problem foreclosure rate for Census Tracts 40.02, 39.02, is even greater at a rate of 7.85 or more. This data is evidence that this activity is necessary to address areas that have been identified with the greatest percentage of home foreclosures and with a high percentage of homes financed by a subprime mortgage related loan.**

**The proposed activity also addresses Census Tracts 8.00, 17.00, 19.00, 20.00, 21.00, 26.00, 28.00, 29.00. According to HUD Foreclosure and Abandonment Risk Score, 17.00, 20.00, 21.00, 26.00, 28.00, 29.00 Census Tracts have a risk score of 10, the highest score possible. Census Tracts 8.00 and 19.00 have a risk score of 8 according to the HUD Foreclosure and Abandonment Risk Score. The**

**aforementioned census tracts are also located in the Neighborhood Revitalization Areas.**

b) Expected benefit to income-qualified persons;

**This activity is proposed to acquire, rehabilitate, and sell single family homes for homeownership for families at 120% AMI and below. Additionally, land or buildings will be acquired to construct or rehabilitate affordable multifamily rental units that will be developed/redeveloped for families with incomes at 50% AMI and below.**

c) Will this activity be used to meet the low income housing requirement for those below 50% of area median income;

**Yes.**

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

**Target Areas of the City include:**

**Chamizal Neighborhood Revitalization Strategy Area (NRSA)  
(Census Tracts 26.00, 28.00, 29.00) El Paso Empowerment Zone**

**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) El Paso Empowerment Zone**

**East El Paso  
(Census Tract 103.13, 103.15)**

**Ysleta Neighborhood  
(Census Tracts 39.01, 39.02, 40.02)**

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

<u>Income Groups</u>	<u>Number of Units Financed</u>
50% and below AMI	4 (homeownership)
50% and below AMI	8 (rental)
60% - 80% AMI	10 (homeownership)
81% - 120% AMI	5 (homeownership)

(7) Total Budget: (Include public and private components)

**\$ 83,265 - acquisition of abandon/vacant/tax foreclosed properties**  
**732,300 - acquisition of mortgage foreclosed properties**  
**160,000 - rehabilitation of purchased mortgage foreclosed properties**  
**\$975,565**

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

**The City of El Paso's Department of Community and Human Development will be the responsible organization.**

**City of El Paso, Texas**  
**Department of Community and Human Development**  
**2 Civic Center Plaza, 8<sup>th</sup> Floor**  
**El Paso, Texas 79901**  
**(915) 541-4643**  
**(915) 541-4370 fax**

**Bill Lilly, Director of Community and Human Development**  
**2 Civic Center Plaza, 8<sup>th</sup> Floor**  
**El Paso, Texas 79901**  
**(915) 541-4241**  
**(915) 541-4370 fax**  
[lillywl@elpasotexas.gov](mailto:lillywl@elpasotexas.gov)

(9) Projected Start Date: **February 1, 2009**

(10) Projected End Date: **July 30, 2013**

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate

**Range from 5% - 15%**

For financing activities, include:

- range of interest rates

**N/A**

For housing related activities, include:

- duration or term of assistance;
- tenure of beneficiaries--rental or homeownership;
- a description of how the design of the activity will ensure continued affordability

a) Duration or term of assistance;

**The assistance will be in the form of a discount on the purchase price. The discount amount will be calculated into the total assistance for determination of the affordability period consistent with HUD program standards at 24 CFR 92.254 and 24 CFR 92.252.**

b) Tenure of beneficiaries—rental or homeownership;

**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.**

**For single family homeownership, the tenure of beneficiaries will be consistent with affordability as defined in the HUD program standards at 24 CFR 92.254.**

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

c) Description of how the design of the activity will ensure continued affordability

- **Duration of affordability will comply with HOME program standards at 24 CFR 92.254 and 24 CFR 92.252.**

**G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)**

(1) **Activity Name:** Homebuyer Down Payment and Closing Cost Assistance, Homebuyer Principal Reduction Loan

(2) **Activity Type:** (include NSP eligible use & CDBG eligible activity)  
NSP eligible use –

**Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers.**

CDBG eligible activity –

- **570.201 n Homeownership Assistance — Down Payment and Closing Cost (DPCC) & Principal Reduction Loan (PRL).**

(3) **National Objective:** (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income).

- **Benefit to Low, Moderate or Middle Income (LMMH) households whose income is at or below 120 percent of area median income;**

(4) **Activity Description:**

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

a) Area of greatest need that the activity addresses;

**Home Mortgage Disclosure Act (HMDA) data reflects that 40.97% or more of the loans issued between 2004 and 2006 in census tracts 103.13, 103.15, 39.01, 39.02, 40.02, 20.00, 21.00, 28.00, 29.00, and 26.00 were high cost loans. Additionally, the predicted eighteen month underlying problem foreclosure rate for census tracts 103.13, 103.15, 39.01, 17.00, and 21.00 is between 5.66 and 7.84. The Predicted eighteen month underlying problem foreclosure rate for census tracts 20.00, 28.00, 29.00, 40.02, 39.02, and 26.00 is even greater at a rate of 7.85 or more. This data is evidence that this activity is necessary to address areas that have been identified with the greatest percentage of home foreclosures and with a high percentage of homes financed by a subprime mortgage related loan.**

b) Expected benefit to income-qualified persons;

With the tightening of credit markets and underwriting standards in the mortgage industry, obtaining a loan and market rate interest rate is a challenge that low to moderate and middle income homebuyers (LMMH) face. Sufficient funds for down payment and closing costs has become increasingly difficult for El Pasoans as median home prices outpace median wages. Between 2004 and the third quarter of 2007, median home prices jumped by 43 percent. In first quarter 2004, over 70 percent of El Pasoans could afford a median-priced home but by third quarter of 2007, this dropped to nearly 20 percent.<sup>1</sup> The DPCC and the PRL will assist income qualified persons to obtain affordable financing and provide the opportunity for homeownership.

c) Will this activity be used to meet the low income housing requirement for those below 50% of area median income;

Yes.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

**Target Areas of the City include:**

**Chamizal Neighborhood Revitalization Strategy Area (NRSA)  
(Census Tracts 26.00, 28.00, 29.00) El Paso Empowerment Zone**

**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) El Paso Empowerment Zone**

**East El Paso  
(Census Tracts 103.13, 103.15)**

**Ysleta Neighborhood  
(Census Tracts 39.01, 39.02, 40.02)**

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

<u>Income Groups</u>	<u>Number of Units Financed</u>
<b>50% and below AMI</b>	<b>4</b>
<b>60% - 80% AMI</b>	<b>10</b>
<b>81% - 120% AMI</b>	<b>5</b>

<sup>1</sup> “El Paso Economy Sluggish in 2007: U.S. Slowdown Outweighs Fort Bliss Expansion,” by Jesus Canas, Robert W. Gilmer and Charles James, Federal Reserve Bank of Dallas *Crossroads*, January 2008.

(7) Total Budget: (Include public and private components)

**\$1,200,000 - mortgage financing**  
**19,000 – homebuyer participation**  
**635,000 - NSP (direct financial assistance)**  
**1,900 - NSP (homebuyer counseling)**

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**\$1,856,900**

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

**City of El Paso**  
**Department of Community and Human Development**  
**2 Civic Center Plaza, 8<sup>th</sup> Floor**  
**El Paso, Texas 79901**  
**(915) 541-4643**  
**(915) 541-4370 fax**

**Bill Lilly, Director of Community and Human Development**  
**2 Civic Center Plaza, 8<sup>th</sup> Floor**  
**El Paso, Texas 79901**  
**(915) 541-4241**  
**(915) 541-4370 fax**  
[lillywl@elpasotexas.gov](mailto:lillywl@elpasotexas.gov)

(9) Projected Start Date: **February 1, 2009**

(10) Projected End Date: **July 30, 2013**

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate

N/A

For financing activities, include:

- range of interest rates

**See duration or term of assistance below.**

For housing related activities, include:

- duration or term of assistance;
- tenure of beneficiaries--rental or homeownership;
- a description of how the design of the activity will ensure continued affordability

a) Duration or term of assistance;

For individuals at 120% AMI and below, assistance will be available in the form of a principal reduction loan/soft second and/or down payment and closing cost assistance. The main components of the DPCC and PRL are as follows:

- **Down Payment and Closing Cost (DPCC) max assistance of \$7,000.** DPCC assistance is forgiven after 10 years starting in year 6 with 20% forgiveness and each year thereafter with owner occupancy. Homebuyers who do not fulfill the owner occupancy requirement during the term of the loan will repay the unforgiven balance at the rate of 3% annually.
- **Principal Reduction Loan (PRL) max assistance of \$35,000.** PRL assistance is amortized over 30 years and repayable with interest up to 3% interest computed annually based on income and housing affordability ratio

b) Tenure of beneficiaries—rental or homeownership;

For single family homeownership, the tenure of beneficiaries 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

c) Description of how the design of the activity will ensure continued affordability

Duration of affordability will comply with HOME program standards at 24 CFR 92.254.

**G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)**

(1) Activity Name: **The redevelopment of demolished or vacant properties**

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

**NSP eligible use – Redevelop demolished or vacant properties.**

**Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties.**

**CDBG eligible activity –**

- **24 CFR 570.202 Eligible Rehab and Preservation Activities**  
**Rehabilitation of existing structures not meeting definition/criteria for demolition of blighted structures.**
- **24 CFR 570.204 Special Activities by Community Based Development Organizations (CBDOs)**  
**New Construction of Affordable Housing on existing vacant lots or vacant lots resulting from the demolition of eligible blighted structures.**

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income).

- **Benefit to Low, Moderate or Middle Income (LMMH) households whose income is at or below 120 percent of area median income;**

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

a) Area of greatest need that the activity addresses;

**The proposed activity is targeted to Census Tracts 17.00, 20.00, 21.00, 26.00, 28.00, 29.00. According to HUD Foreclosure and Abandonment Risk Score, the targeted neighborhoods have a risk score of 10, the highest score possible. Census Tracts 8.00 and 19.00 have a risk score of 8 according to the HUD Foreclosure and Abandonment Risk Score. The aforementioned census tracts are also located in the Neighborhood Revitalization Areas.**

b) Expected benefit to income-qualified persons;

**This activity is proposed to develop/redevelop single family homes in the Neighborhood Revitalization Areas for homeownership for families at 50% AMI and below. Additionally, affordable multifamily rental units will be developed/redeveloped to be occupied by families with incomes at 50% AMI and below. As a side note, this activity will also benefit the revitalization of low moderate income neighborhoods.**

c) Will this activity be used to meet the low income housing requirement for those below 50% of area median income;

**Yes.**

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

**Target Areas of the City include:**

**Chamizal Neighborhood Revitalization Strategy Area (NRSA)  
(Census Tracts 26.00, 28.00, 29.00) El Paso Empowerment Zone**

**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) El Paso Empowerment Zone**

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

<u>Income Groups</u>	<u>Number of Units Financed</u>
<b>50% and below AMI</b>	<b>4 (homeownership)</b>
<b>50% and below AMI</b>	<b>8 (rental)</b>
<b>60% - 80% AMI</b>	<b>0</b>
<b>81% - 120% AMI</b>	<b>0</b>

(7) Total Budget: (Include public and private components)

**\$ 680,000 - construction (8 multifamily units)**

**\$ 335,000 - construction (4 single family units for homeownership)**

**\$1,015,000**

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

**The City of El Paso's Department of Community and Human Development will be the responsible organization.**

City of El Paso, Texas  
Department of Community and Human Development  
2 Civic Center Plaza, 8<sup>th</sup> Floor  
El Paso, Texas 79901  
(915) 541-4643  
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El Paso, Texas 79901  
(915) 541-4241  
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[lillywl@elpasotexas.gov](mailto:lillywl@elpasotexas.gov)

(9) Projected Start Date: **February 1, 2009**

(10) Projected End Date: **July 30, 2013**

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate

N/A

For financing activities, include:

- range of interest rates

**Multifamily Rental Units-**

**Developers will be eligible to receive an amortized loan/deferred payment loan combination to redevelop properties. 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%.**

For housing related activities, include:

- duration or term of assistance;
- tenure of beneficiaries--rental or homeownership;
- a description of how the design of the activity will ensure continued affordability

a) Duration or term of assistance;

**The term for loans to developers will be 30 years.**

b) Tenure of beneficiaries—rental or homeownership;

**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.**

**For single family homeownership, the tenure of beneficiaries will be consistent with affordability as defined in the HUD program standards at 24 CFR 92.254.**

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

c) Description of how the design of the activity will ensure continued affordability

- **Duration of affordability will comply with HOME program standards at 24 CFR 92.252 and 24 CFR 92.254.**

**G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)**

(1) Activity Name: **Demolish Blighted Structures**

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

**NSP eligible use – Demolish Blighted Structures**

**CDBG eligible activity –**

**• 24 CFR 570.201 d**

Demolition of blighted structures that exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare.

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(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income).

- **Serves an area in which at least 51 percent of the residents have incomes at or below 120 percent of area median income (LMMA).**

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

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**a) Area of greatest need that the activity addresses:**

**The proposed activity is targeted to Census Tracts 17.00, 20.00, 21.00, 26.00, 28.00, 29.00. According to HUD Foreclosure and Abandonment Risk Score, the targeted neighborhoods have a risk score of 10, the highest score possible. Census Tracts 8.00 and 19.00 have a risk score of 8 according to the HUD Foreclosure and Abandonment Risk Score. The aforementioned census tracts are also located in the Neighborhood Revitalization Areas.**

**b) Expected benefit to income-qualified persons:**

**N/A**

**c) Will this activity be used to meet the low income housing requirement for those below 50% of area median income:**

**N/A**

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

**Target Areas of the City include:**

**Chamizal Neighborhood Revitalization Strategy Area (NRSA)  
(Census Tracts 26.00, 28.00, 29.00) El Paso Empowerment Zone**

**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) El Paso Empowerment Zone**

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

**Approximately ten blighted structures will be demolished, all within census tracts in which at least 51 percent of the residents have incomes less than 50 percent of the area median income.**

(7) Total Budget: (Include public and private components)

**\$105,000 - demolition cost (10 structures)**

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

**City of El Paso  
Department of Community and Human Development  
2 Civic Center Plaza, 8<sup>th</sup> Floor  
El Paso, Texas 79901  
(915) 541-4643  
(915) 541-4370 fax**

**Bill Lilly, Director of Community and Human Development  
2 Civic Center Plaza, 8<sup>th</sup> Floor  
El Paso, Texas 79901  
(915) 541-4241  
(915) 541-4370 fax  
[lillywl@elpasotexas.gov](mailto:lillywl@elpasotexas.gov)**

(9) Projected Start Date: **February 1, 2009**

(10) Projected End Date: **July 30, 2013**

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate

N/A

For financing activities, include:

- range of interest rates

N/A

For housing related activities, include:

- duration or term of assistance;
- tenure of beneficiaries--rental or homeownership;
- a description of how the design of the activity will ensure continued affordability

N/A

**G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)**

(1) Activity Name: **Program Administration**

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

**NSP eligible use – Payment of reasonable administrative cost and carrying charges related to the planning and execution of community development activities assisted in whole or in part with funds provided through the NSP Program.**

**CDBG eligible activity –  
24 CFR 570.206 Program Administration Cost**

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income).

- **Benefit to Low, Moderate or Middle Income (LMMH) households and areas whose income is at or below 120 percent of area median income;**

(4) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

a) Area of greatest need that the activity addresses;

**Home Mortgage Disclosure Act (HMDA) data reflects that 40.97% or more of the loans issued between 2004 and 2006 in Census Tracts 103.13, 103.15, 39.01, 39.02, 40.02, were high cost loans. Additionally, the predicted 18-month underlying problem foreclosure rate for Census Tracts 103.13, 103.15, 39.01, is between 5.66 and 7.84. The Predicted 18-month underlying problem foreclosure rate for Census Tracts 40.02, 39.02, is even greater at a rate of 7.85 or more. This data is evidence that this activity is necessary to address areas that have been identified with the**

**greatest percentage of home foreclosures and with a high percentage of homes financed by a subprime mortgage related loan.**

The proposed activity also addresses Census Tracts 8.00, 17.00, 19.00, 20.00, 21.00, 26.00, 28.00, 29.00. According to HUD Foreclosure and Abandonment Risk Score, 17.00, 20.00, 21.00, 26.00, 28.00, 29.00 Census Tracts have a risk score of 10, the highest score possible. Census Tracts 8.00 and 19.00 have a risk score of 8 according to the HUD Foreclosure and Abandonment Risk Score. The aforementioned Census Tracts are also located in the Neighborhood Revitalization Areas.

b) Expected benefit to income-qualified persons;

**This activity will allow reasonable administrative costs to provide for the effective implementation of eligible NSP activities. This activity will provide benefit to Low, Moderate or Middle Income (LMMH) households whose income is at or below 120 percent of area median income through affordable homeownership and affordable rental opportunities. Additionally, this activity will assist in the stabilization/revitalization of LMMH areas.**

c) Will this activity be used to meet the low income housing requirement for those below 50% of area median income;

**Yes.**

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

**Target Areas\* of the City include:**

**Chamizal Neighborhood Revitalization Strategy Area (NRSA)  
(Census Tracts 26.00, 28.00, 29.00) El Paso Empowerment Zone**

**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) El Paso Empowerment Zone**

**East El Paso  
(Census Tract 103.13, 103.15)**

**Ysleta Neighborhood  
(Census Tracts 39.01, 39.02, 40.02)**

**\*see attached maps for detail**

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

N/A

(7) Total Budget: (Include public and private components)

**\$300,000 - Program Administration**

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

**The City of El Paso's Department of Community and Human Development will be the responsible organization.**

**City of El Paso, Texas  
Department of Community and Human Development  
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(915) 541-4241  
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[lillywl@elpasotexas.gov](mailto:lillywl@elpasotexas.gov)**

(9) Projected Start Date: **February 1, 2009**

(10) Projected End Date: **July 30, 2013**

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate

N/A

For financing activities, include:

- range of interest rates

N/A

For housing related activities, include:

- duration or term of assistance;
- tenure of beneficiaries--rental or homeownership;
- a description of how the design of the activity will ensure continued affordability

a) Duration or term of assistance; **N/A**

b) Tenure of beneficiaries—rental or homeownership; **N/A**

c) Description of how the design of the activity will ensure continued affordability; **N/A**

## CERTIFICATIONS

- (1) **Affirmatively furthering fair housing.** The jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- (2) **Anti-lobbying.** The jurisdiction will comply with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (3) **Authority of Jurisdiction.** The jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (4) **Consistency with Plan.** The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.
- (5) **Acquisition and relocation.** The jurisdiction will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the Notice for the NSP program published by HUD.
- (6) **Section 3.** The jurisdiction will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- (7) **Citizen Participation.** The jurisdiction is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.
- (8) **Following Plan.** The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.
- (9) **Use of funds in 18 months.** The jurisdiction will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the NSP Notice, all of its grant funds within 18 months of receipt of the grant.
- (10) **Use NSP funds  $\leq$  120 of AMI.** The jurisdiction will comply with the requirement that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income.

(11) **Assessments.** The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) **Excessive Force.** The jurisdiction certifies that it has adopted and is enforcing: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) a policy of enforcing applicable State and local laws against physically barring entrance to or exit from, a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws.** The NSP grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(14) **Compliance with lead-based paint procedures.** The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) **Compliance with laws.** The jurisdiction will comply with applicable laws.

\_\_\_\_\_  
Signature/Authorized Official

**November 18, 2008**

Date

**City Manager**

Title

# NSP Substantial Amendment Checklist

For the purposes of expediting review, HUD asks that applicants submit the following checklist along with the NSP Substantial Amendment and SF-424.

## Contents of an NSP Action Plan Substantial Amendment

Jurisdiction(s): <b>City of El Paso</b> Lead Agency <b>City of El Paso</b> Jurisdiction Web Address: <a href="http://www.elpasotexas.gov">www.elpasotexas.gov</a>	NSP Contact Person: <b>Andrea Tirres</b> Address: <b>2 Civic Center Plaza, 8<sup>th</sup> floor</b> <b>El Paso, TX 79901</b> Telephone: <b>(915) 541-4845</b> Fax: <b>(915) 541-4370</b> Email: <a href="mailto:tirresal@elpasotexas.gov">tirresal@elpasotexas.gov</a>
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The elements in the substantial amendment required for the Neighborhood Stabilization Program are:

### A. AREAS OF GREATEST NEED

Does the submission include summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction?

Yes  No  Verification found on pages **2-3**.

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### B. DISTRIBUTION AND USES OF FUNDS

Does the submission contain a narrative describing how the distribution and uses of the grantee's NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures?

Yes  No  Verification found on pages **3-4**.

**Note:** The grantee's narrative must address the three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.

### C. DEFINITIONS AND DESCRIPTIONS

For the purposes of the NSP, do the narratives include:

- a definition of "blighted structure" in the context of state or local law,  
Yes  No  Verification found on pages **4-5**.
- a definition of "affordable rents,"  
Yes  No  Verification found on page **5**.
- a description of how the grantee will ensure continued affordability for NSP assisted housing,  
Yes  No  Verification found on pages **6-8**.

- a description of housing rehabilitation standards that will apply to NSP assisted activities?

Yes  No . Verification found on page **8**.

**D. LOW INCOME TARGETING**

- Has the grantee described how it will meet the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of area median income?

Yes  No . Verification found on pages **3-4 and 8-9**.

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- Has the grantee identified how the estimated amount of funds appropriated or otherwise made available will be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50% of area median income?

Yes  No . Verification found on pages **3-4 and 8-9**.  
Amount budgeted = **\$1,175,000**.

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**E. ACQUISITIONS & RELOCATION**

Does grantee plan to demolish or convert any low- and moderate-income dwelling units?

Yes  No . (If no, continue to next heading)

Verification found on page **9**.

If so, does the substantial amendment include:

- The number of low- and moderate-income dwelling units—i.e., ≤ 80% of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities?

Yes  No . Verification found on page **N/A**.

- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., ≤ 120% of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion)?

Yes  No . Verification found on page **N/A**.

- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income?

Yes  No . Verification found on page **N/A**.

**F. PUBLIC COMMENT PERIOD**

Was the proposed action plan amendment published via the grantee jurisdiction’s usual methods and on the Internet for no less than 15 calendar days of public comment?

Yes  No . Verification found on page **9**.

Is there a summary of citizen comments included in the final amendment?

Yes  No  Verification found on page 9.

**G. INFORMATION BY ACTIVITY**

Does the submission contain information by activity describing how the grantee will use the funds, identifying:

- eligible use of funds under NSP,  
Yes  No  Verification found on pages 10, 14, 18, 22 and 24.
- correlated eligible activity under CDBG,  
Yes  No  Verification found on pages 10, 14, 18, 22 and 24.
- the areas of greatest need addressed by the activity or activities,  
Yes  No  Verification found on pages 10, 11, 14, 15 and 18.
- expected benefit to income-qualified persons or households or areas,  
Yes  No  Verification found on pages 11, 15, 19, 22 and 25.
- does the applicant indicate which activities will count toward the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of area median income?  
Yes  No  Verification found on pages 3-4.
- appropriate performance measures for the activity,  
Yes  No  Verification found on pages 11, 15, 19 and 23.
- amount of funds budgeted for the activity,  
Yes  No  Verification found on pages 3, 12, 16, 19, 23 and 26.
- the name, location and contact information for the entity that will carry out the activity,  
Yes  No  Verification found on page 2.
- expected start and end dates of the activity?  
Yes  No  Verification found on pages 12, 16, 20, 23 and 26.
- If the activity includes acquisition of real property, the discount required for acquisition of foreclosed upon properties,  
Yes  No  Verification found on page 12.
- If the activity provides financing, the range of interest rates (if any),  
Yes  No  Verification found on pages 17 and 20.

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- If the activity provides housing, duration or term of assistance,  
Yes  No . Verification found on pages **13, 17 and 20.**
- tenure of beneficiaries (e.g., rental or homeownership),  
Yes  No . Verification found on pages **13, 17 and 21.**
- does it ensure continued affordability?  
Yes  No . Verification found on pages **13, 17 and 21.**

***H. CERTIFICATIONS***

The following certifications are complete and accurate:

- |  |   |                             |
|--|---|-----------------------------|
| (1) Affirmatively furthering fair housing                  | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (2) Anti-lobbying  | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (3) Authority of Jurisdiction                              | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (4) Consistency with Plan                                  | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (5) Acquisition and relocation                             | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (6) Section 3  | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (7) Citizen Participation                                  | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (8) Following Plan   | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (9) Use of funds in 18 months                              | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (10) Use NSP funds ≤ 120 of AMI                            | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (11) No recovery of capital costs thru special assessments | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (12) Excessive Force                                       | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (13) Compliance with anti-discrimination laws              | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (14) Compliance with lead-based paint procedures           | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (15) Compliance with laws                                  | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

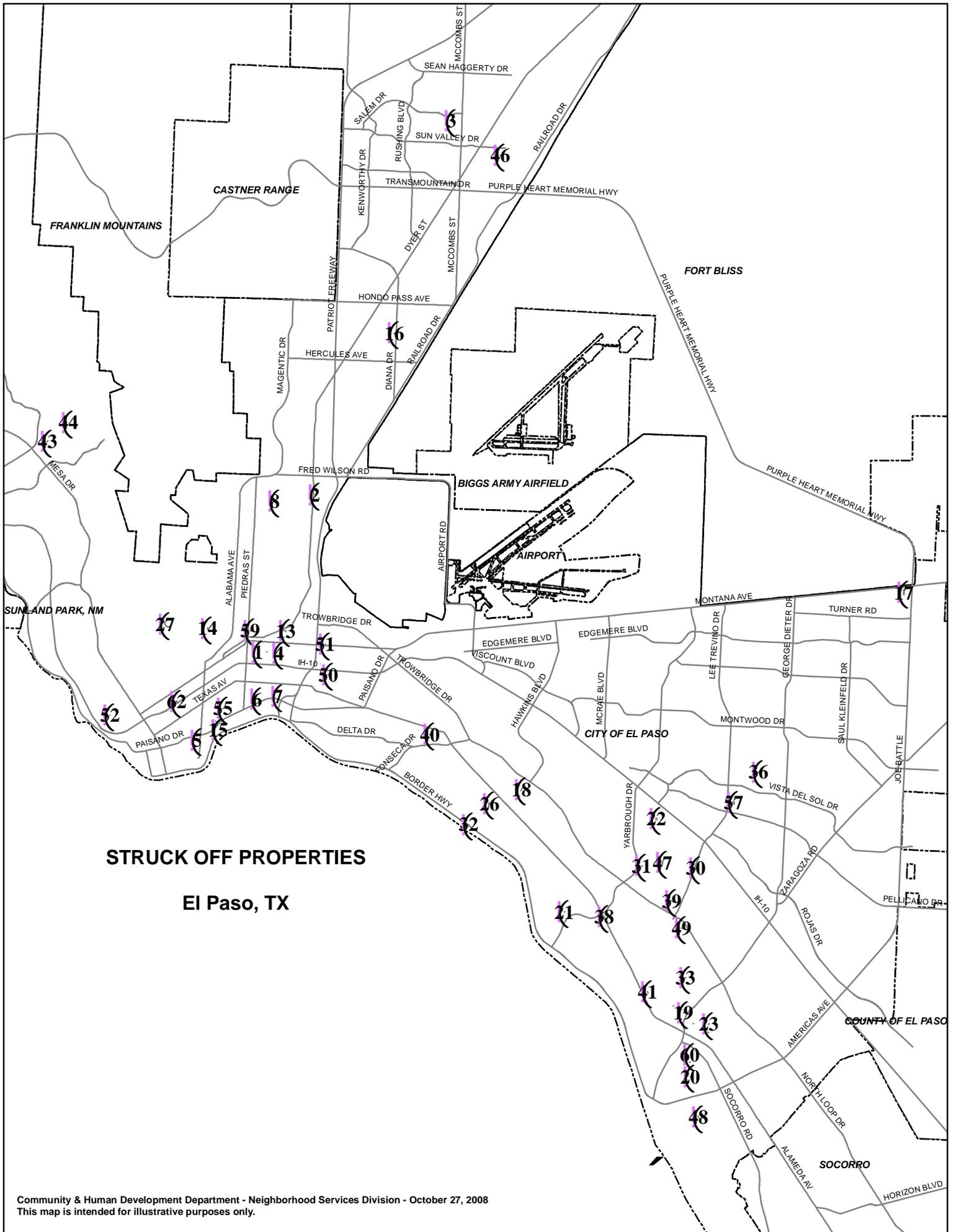
**APPLICATION FOR  
FEDERAL ASSISTANCE**

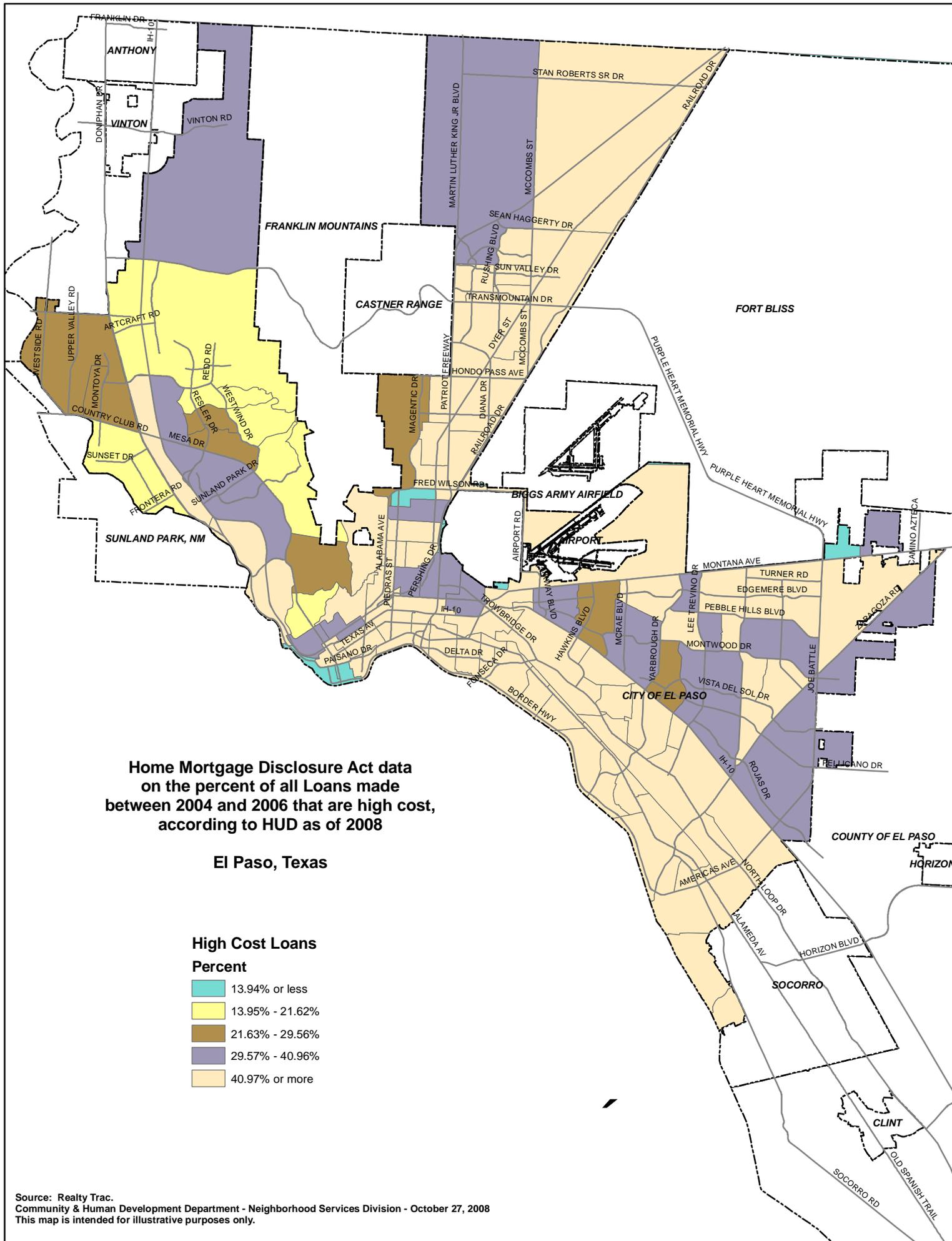
OMB Approved No. 3076-0006

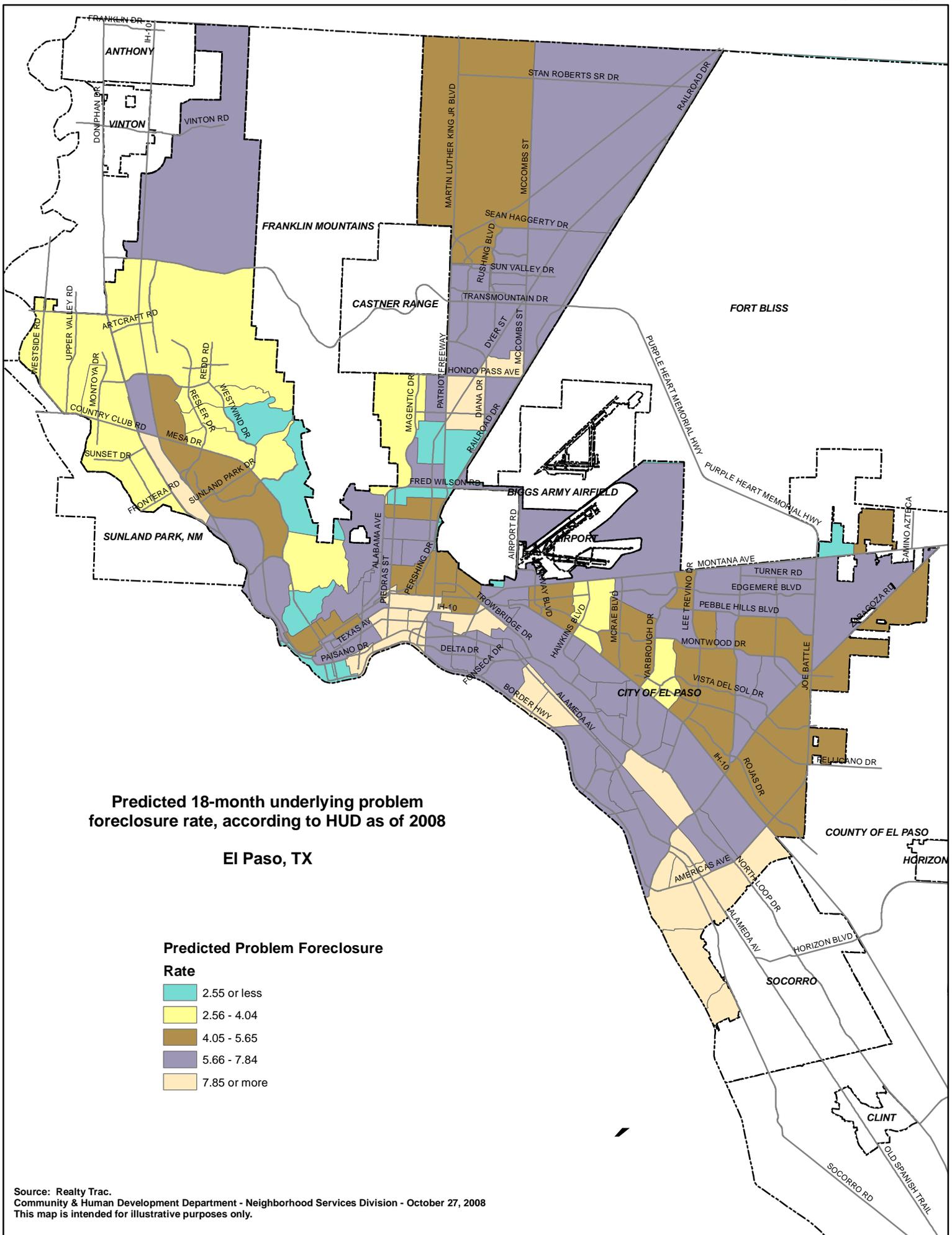
Version 7/03

<b>1. TYPE OF SUBMISSION:</b> Application		<b>2. DATE SUBMITTED</b> November 24, 2008	<b>Applicant Identifier</b> TX481680 EL PASO	
<input type="checkbox"/> Construction	<input type="checkbox"/> Pre-application	<b>3. DATE RECEIVED BY STATE</b>	State Application Identifier	
<input checked="" type="checkbox"/> Non-Construction	<input type="checkbox"/> Construction	<b>4. DATE RECEIVED BY FEDERAL AGENCY</b>	Federal Identifier	
<input type="checkbox"/> Non-Construction	<input type="checkbox"/> Pre-application			
<b>5. APPLICANT INFORMATION</b>				
<b>Legal Name:</b> City of El Paso		<b>Organizational Unit:</b> Department: Community and Human Development		
<b>Organizational DUNS:</b> 058873019		Division: Housing Programs		
<b>Address:</b> Street: 2 Civic Center Plaza, 8th floor		<b>Name and telephone number of person to be contacted on matters involving this application (give area code)</b>		
City: El Paso		Prefix: Ms.	First Name: Andrea	
County: El Paso		Middle Name		
State: TX		Last Name Tirres		
Zip Code 79901	Suffix:			
Country: U.S.A		Email: tirresal@elpasotexas.gov		
<b>6. EMPLOYER IDENTIFICATION NUMBER (EIN):</b> 74-6000749		Phone Number (give area code) (915) 541-4845	Fax Number (give area code) (915) 541-4370	
<b>8. TYPE OF APPLICATION:</b> <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision If Revision, enter appropriate letter(s) in box(es) (See back of form for description of letters.) Other (specify) <input type="checkbox"/> <input type="checkbox"/>		<b>7. TYPE OF APPLICANT:</b> (See back of form for Application Types) C. Municipal Other (specify)		
<b>10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER:</b> TITLE (Name of Program): Neighborhood Stabilization Program		<b>9. NAME OF FEDERAL AGENCY:</b> Housing and Urban Development		
<b>12. AREAS AFFECTED BY PROJECT (Cities, Counties, States, etc.):</b> City of El Paso		<b>11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT:</b> Neighborhood Stabilization Program funds provide for acquisition, rehabilitation, redevelopment, finance mechanisms, and demolition in areas with the greatest percentage of home foreclosures, the highest percentage of homes financed by a subprime mortgage loan, and identified as likely to face a significant rise in the rate of home foreclosures.		
<b>13. PROPOSED PROJECT</b> Start Date: February 1, 2009		<b>14. CONGRESSIONAL DISTRICTS OF:</b> a. Applicant 16th District		
Ending Date: July 30, 2013		b. Project 16th District		
<b>15. ESTIMATED FUNDING:</b>		<b>16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?</b>		
a. Federal	\$ 3,032,465 <sup>00</sup>	a. Yes. <input type="checkbox"/> THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON		
b. Applicant	\$ . <sup>00</sup>	DATE:		
c. State	\$ . <sup>00</sup>	b. No. <input checked="" type="checkbox"/> PROGRAM IS NOT COVERED BY E. O. 12372		
d. Local	\$ . <sup>00</sup>	<input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW		
e. Other	\$ . <sup>00</sup>	<b>17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?</b>		
f. Program Income	\$ 500,000 <sup>00</sup>	<input type="checkbox"/> Yes If "Yes" attach an explanation. <input checked="" type="checkbox"/> No		
g. TOTAL	\$ 3,532,465 <sup>00</sup>			
<b>18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.</b>				
<b>a. Authorized Representative</b>				
Prefix Ms.	First Name Joyce	Middle Name		
Last Name Wilson		Suffix		
b. Title City Manager		c. Telephone Number (give area code) (915) 541-4109		
d. Signature of Authorized Representative		e. Date Signed November 18, 2008		









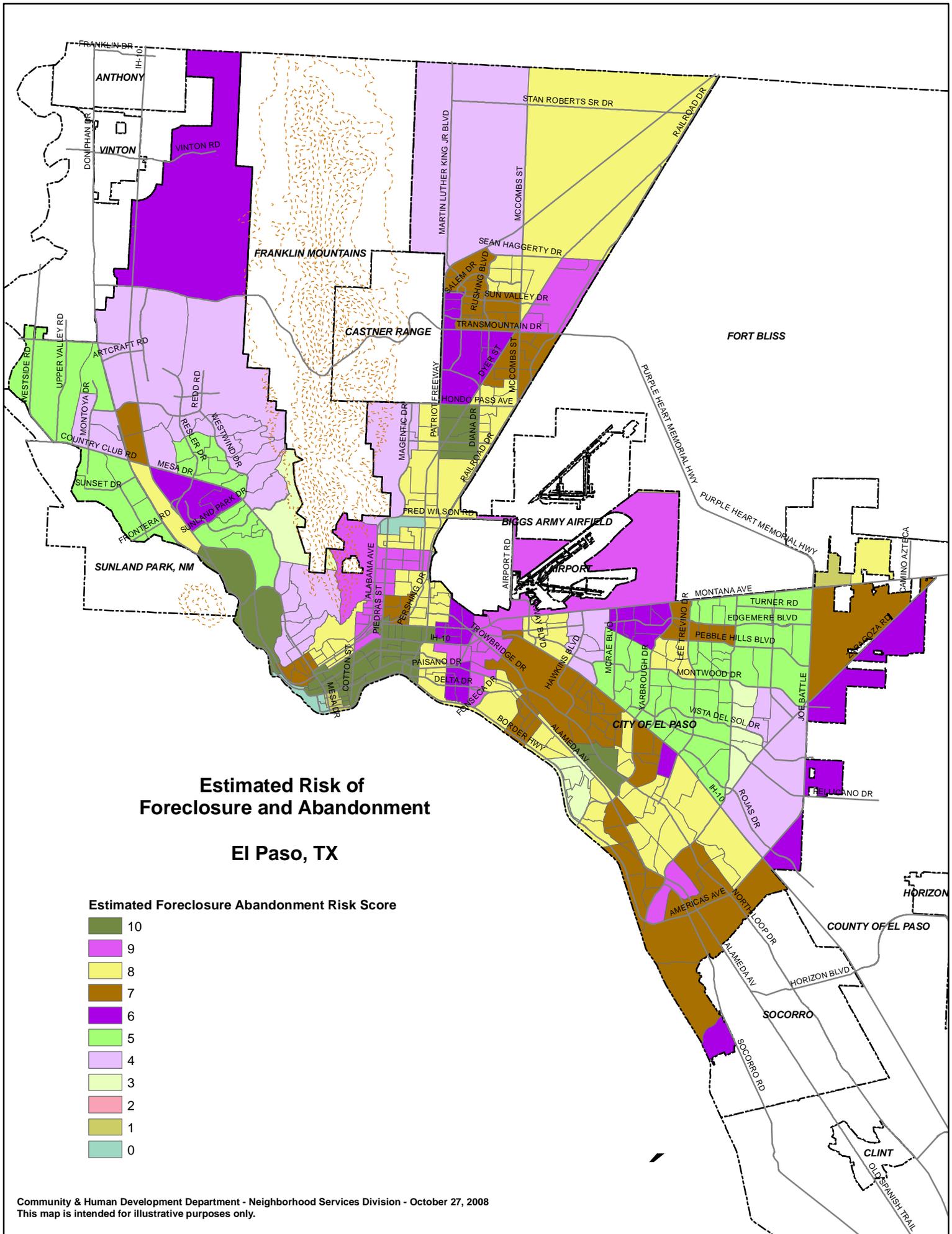
**Predicted 18-month underlying problem foreclosure rate, according to HUD as of 2008**

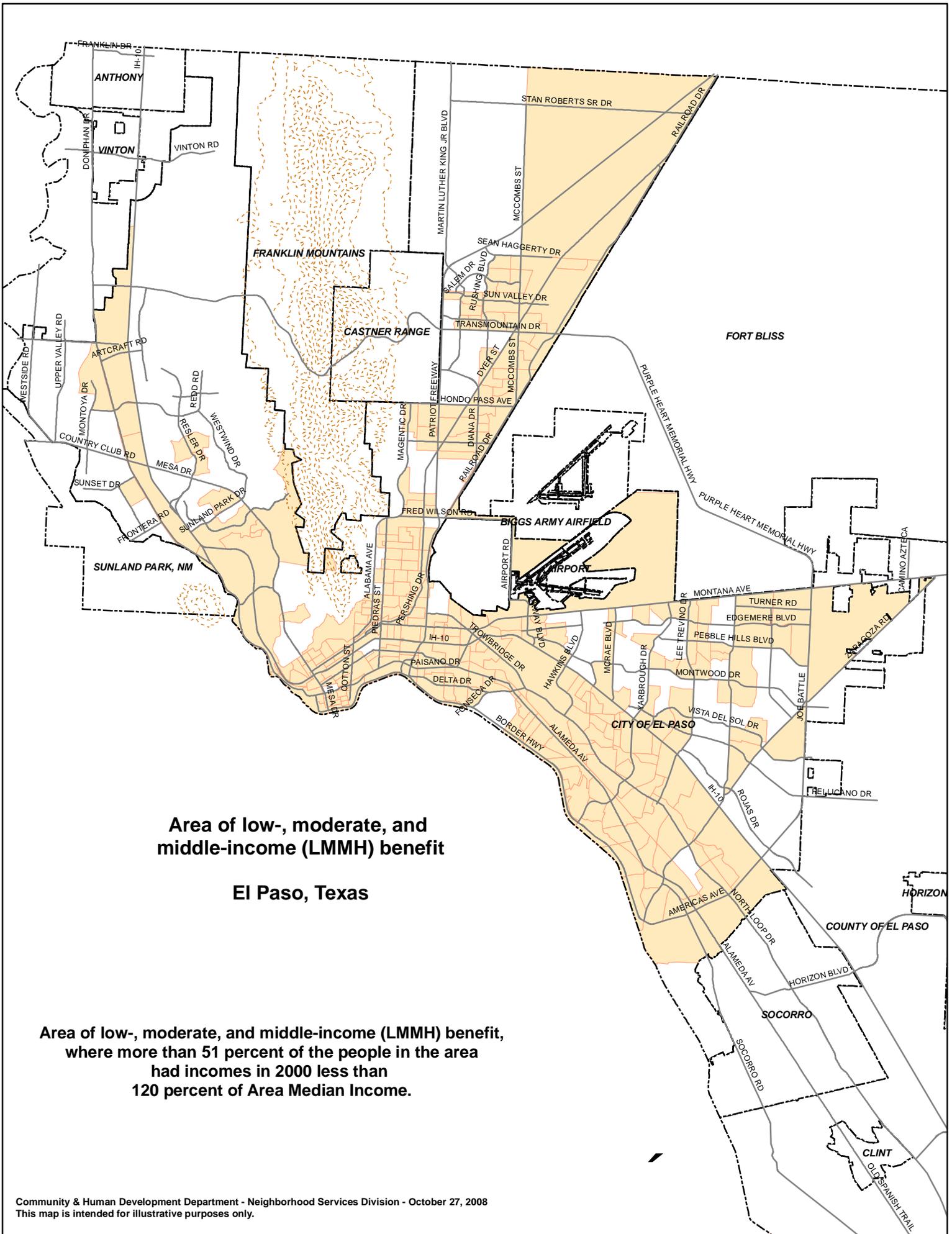
**El Paso, TX**

**Predicted Problem Foreclosure Rate**

Color	Rate Range
Lightest shade	2.55 or less
Light yellow	2.56 - 4.04
Light brown	4.05 - 5.65
Medium brown	5.66 - 7.84
Darkest brown	7.85 or more

Source: Realty Trac.  
 Community & Human Development Department - Neighborhood Services Division - October 27, 2008  
 This map is intended for illustrative purposes only.

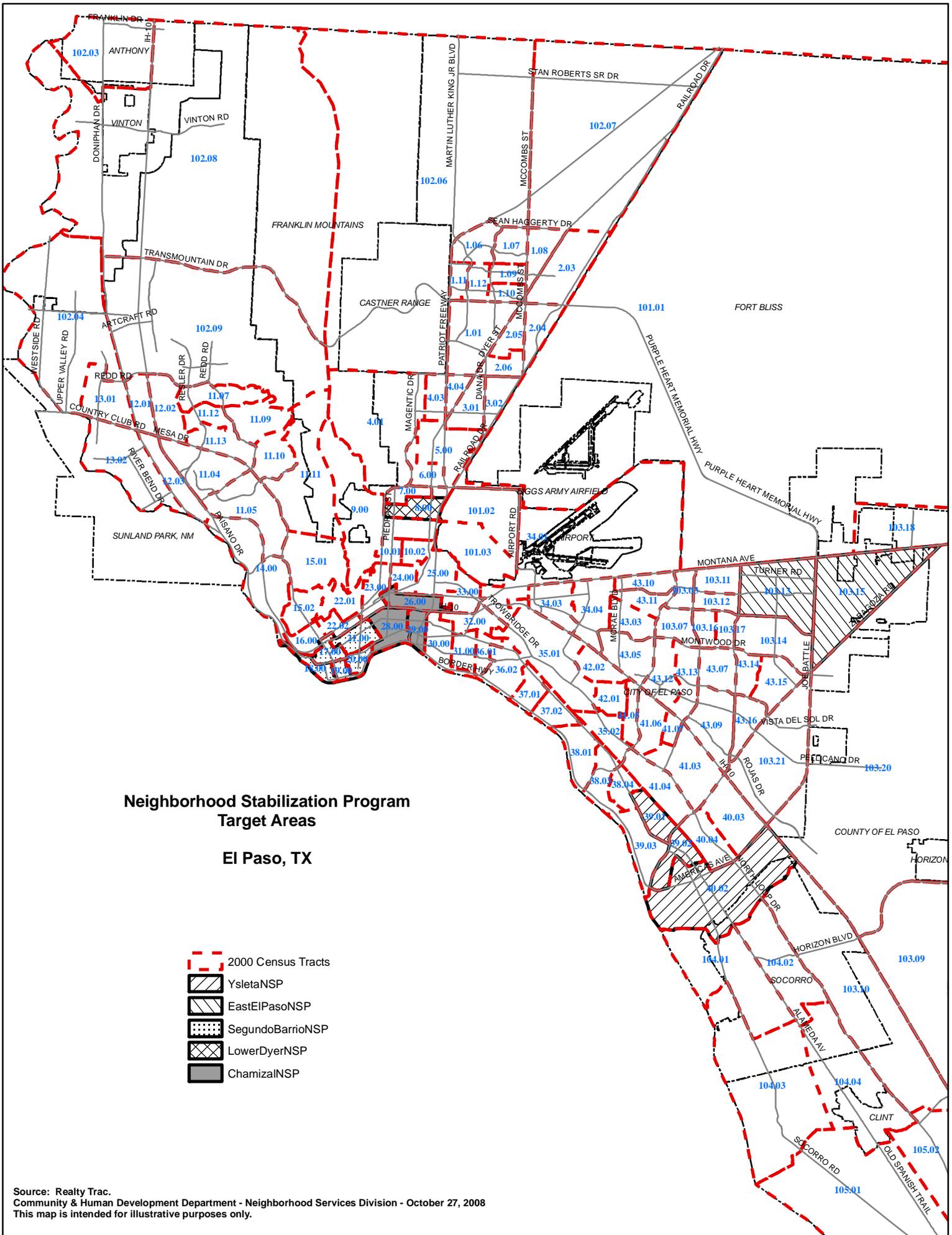




**Area of low-, moderate, and middle-income (LMMH) benefit**

**El Paso, Texas**

**Area of low-, moderate, and middle-income (LMMH) benefit, where more than 51 percent of the people in the area had incomes in 2000 less than 120 percent of Area Median Income.**



**Neighborhood Stabilization Program  
Target Areas  
El Paso, TX**

-  2000 Census Tracts
-  YsletaNSP
-  EastElPasoNSP
-  SegundoBarrioNSP
-  LowerDyerNSP
-  ChamizalNSP

Source: Realty Trac.  
Community & Human Development Department - Neighborhood Services Division - October 27, 2008  
This map is intended for illustrative purposes only.

CITY CLERK DEPT.

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**CITY OF EL PASO, TEXAS  
2005-2010 CONSOLIDATED PLAN AMENDMENT  
and  
2008-2009 ANNUAL ACTION PLAN AMENDMENT**

**Neighborhood Stabilization Program (NSP)**



**PREPARED BY THE  
DEPARTMENT OF COMMUNITY AND HUMAN DEVELOPMENT  
NOVEMBER 18, 2008**

**EXECUTIVE SUMMARY  
CITY OF EL PASO, TEXAS  
2005-2010 CONSOLIDATED PLAN**

The "Executive Summary" section of the June 26, 2007 Consolidated Plan Amendment on page 4 is expanded to add this Executive Summary.

The Consolidated Plan is the document submitted to the U.S. Department of Housing and Urban Development (HUD) that serves as a comprehensive housing affordability strategy, community development plan, and submission for funding under the Community Development Block Grant (CDBG) Program. On July 19, 2005, the City Council of the City of El Paso adopted its five-year (2005-2010) Consolidated Plan. On June 26, 2007, the City Council first amended the 2005-2010 Consolidated Plan to comply with the new HUD regulations that became effective March 13, 2006. HUD approval of the August 26, 2008 amendment to add a Neighborhood Stabilization Program (NRSA) component to the 2005-2010 Consolidated Plan is imminent.

The City of El Paso ("the City") is currently amending its adopted Consolidated Plan for the period of September 1, 2008 to August 31, 2010 in order to add a Neighborhood Stabilization Program (NSP) component authorized under Title III of Division B of the Housing and Economic Recovery Act (HERA) of 2008. This 2005-2010 Consolidated Plan Amendment to add an NSP component also hereby incorporates an Amendment to the City's 2008-2009 Annual Action Plan to add specific NSP activities. The following HUD approved NSP activities to be funded include, but are not limited to:

- 1) Establishing financing mechanisms for purchase and redevelopment of foreclosed homes and residential properties;**
- 2) Purchasing and rehabilitating homes and residential properties that are abandoned or foreclosed;**
- 3) Demolishing blighted structures; and**
- 4) Redeveloping demolished or vacant properties.**

For the purposes of this Amendment, 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;**  
*See Attachment 2, a map depicting areas in El Paso that received Foreclosure Notices Filed between 8/13/2008 and 9/16/2008 in El Paso, and Attachment 3, a map depicting Struck Off (tax-reverted) Properties in El Paso for 2008.*
- 2) Having the highest percentage of homes financed by high cost (subprime mortgage related) loans;**  
*See Attachment 4, a map depicting Home Mortgage Disclosure Act Data on the Percent of all Loans made between 2004 and 2006 that are high cost, according to HUD.*
- 3) Identified by the City of El Paso as likely to face a significant rise in the rate of home foreclosures**  
*See Attachment 5, a HUD map depicting a Predicted 18-month Underlying Problem Foreclosure Rate as of 2008 for El Paso, and Attachment 6, a HUD map depicting the Estimated Risk of Foreclosure and Abandonment for El Paso as of 2008.*

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. Attachment 7 depicts these LMMH areas in El Paso. Activities using NSP funds will be concentrated in the following identified high-need areas and census tracts in El Paso:

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- 1) **Chamizal Neighborhood Revitalization Strategy Area (NRSA)**  
*Census tracts 26.00, 28.00, and 29.00*
- 2) **Lower Dyer Area Neighborhood Revitalization Strategy Area (NRSA)**  
*Census tract 8.00*
- 3) **Segundo Barrio Neighborhood Revitalization**  
*Census tracts 17.00, 18.00, 19.00, 20.00, and 21.00*
- 4) **East El Paso**  
*Census tracts 103.13 and 103.15*
- 5) **Ysleta Neighborhood**  
*Census tracts 39.01, 39.02, and 40.02*

Attachment 8 is a map depicting the above-named target areas and census tracts.

All of these areas meet the criteria for selection and are not prioritized in any particular order. HUD's approval, designating the Chamizal and Lower Dyer neighborhoods as NRSAs, is imminent. In addition to the Chamizal neighborhood being designated as an NRSA, census tracts 28.00 and 29.00 are also entirely located in a HUD approved Empowerment Zone, as is part of census tract 26.00. Furthermore, the census tracts listed for the Segundo Barrio Neighborhood Revitalization are all located in the Empowerment Zone.

Attachment 1, The NSP Substantial Amendment, contains specific information regarding the areas of greatest need, distribution and uses of funds, definitions and descriptions, low income targeting, acquisitions and relocations, and public comment, if applicable. Specific NSP information by activity, including the activity name, activity type, national objective, projected start date, projected end date, responsible organization, location description, activity description, budget and performance measures are also provided in the attachment.

The process of adopting this amendment is in compliance with HUD regulations governing amendments to the Consolidated Plan revised as of April 1, 2003, as follows, with the exception of (b) regarding the Citizen Participation Plan because HUD has waived some of the provisions regarding public comment, as explained on page 7, due to the expedient nature of this amendment:

Title 24 CFR PART 91 – CONSOLIDATED SUBMISSIONS FOR COMMUNITY PLANNING AND DEVELOPMENT PROGRAMS, Subpart F – Other General Requirements, Section 91.505, Amendments to the Consolidated Plan.

CITY CLERK DEPT.

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- (a) Amendments to the plan. The jurisdiction shall amend its approved plan whenever it makes one of the following decisions:
- (1) To make a change in its allocation priorities or a change in the method of distribution of funds;
  - (2) To carry out an activity, using funds from any program covered by the consolidated plan (including program income), not previously described in the action plan; or
  - (3) To change the purpose, scope, location, or beneficiaries of an activity.
- (b) Criteria for substantial amendment. The jurisdiction shall identify in its citizen participation plan the criteria it will use for determining what constitutes a substantial amendment. It is these substantial amendments that are subject to a citizen participation process, in accordance with the jurisdiction's citizen participation plan.
- (c) Submission to HUD. (1) Upon completion, the jurisdiction must make the amendment public and must notify HUD that an amendment has been made. The jurisdiction may submit a copy of each amendment to HUD as it occurs, or at the end of the program year. Letters transmitting copies of amendments must be signed by the official representative of the jurisdiction authorized to take such action.

Since the inception of the Community Development Block Grant (CDBG) program over thirty years ago, the City of El Paso has received over 300 million dollars in federal grants that have funded countless worthwhile programs and projects to improve the community development-eligible neighborhoods and quality-of-life for low- to moderate-income residents. In most cases, CDBG funds have been administered independently of efforts by other community agencies to improve El Paso. The NSP Grant is a special CDBG allocation to address the problem of abandoned and foreclosed homes through redevelopment; HERA establishes the need, targets the geographic areas, and limits the eligible uses of NSP funds. Through this Amendment, NSP activities can truly be a catalyst and partner in the El Paso community by nurturing and focusing comprehensive sustainable neighborhood stabilization in a manner that also furthers some of the primary statutory goals of HUD: to provide decent housing, provide a suitable living environment, and facilitate expanding economic opportunity. Moreover, official HUD approval of NSP funding allows more flexibility in the use of funds to achieve these goals.

The five-year Consolidated Plan is designed to document and address identified housing and non-housing community needs and solutions for programs and services for low- and moderate-income and special populations in designated community

development areas of the City of El Paso. The NSP Strategic Plans adhere to the guiding principles of the Consolidated Plan.

### **Summary of Changes to the 2005-2010 Consolidated Plan**

This Consolidated Plan Amendment resulted from HUD's notification letter dated September 26, 2008 stating that the City of El Paso has been allocated funding through HUD's Neighborhood Stabilization Program (NSP). The availability of such funding will compliment the City of El Paso's efforts to engage and proactively respond to the needs of the community at the neighborhood level.

The City will utilize NSP funds to develop a Neighborhood Stabilization Program. The City will purchase tax-foreclosed, mortgage-foreclosed, and abandoned properties, primarily single units, but also rental units, in the targeted areas within the City of El Paso. Such purchases will be made at a discount of at least five percent from the current market-appraised value of the home or property. The structures will be rehabilitated or demolished and redeveloped according to International Building Code (IBC) standards. When necessary to stabilize a neighborhood, substandard (blighted) properties will also be demolished without reconstruction. NSP distribution of funds will include the following activities:

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- 1) **Acquisition of Mortgage Foreclosed Properties**  
**Acquisition of Tax Foreclosed Properties**  
**Rehabilitation of Mortgage Foreclosed Properties**
- 2) **Direct Homeownership Assistance**
- 3) **Redevelop Demolished or Vacant Properties**
- 4) **Demolish Blighted Structures**

The anticipated distribution of funding in the above categories is provided in Attachment 1.

These activities will reduce the number of blighted, vacant, substandard, and abandoned properties while increasing affordable housing and stabilizing the neighborhoods having the greatest need. They will also provide affordable homeownership and rental opportunities to income-qualified individuals and families at a discount, by allowing them to purchase or rent the properties and structures within their means. As stated, qualified individuals and families must be at or below 120% of Area Median Income (AMI) as defined by HUD.

Full implementation of the NSP is expected to take approximately 18 months. The City has elected not to participate in land banking activities using NSP funds.

All NSP activities will adhere to HUD definitions and descriptions that pertain to NSP activities as specified in Attachment 1.

Because the City of El Paso is required to adhere to the definition of “blighted structure” in the context of local law for NSP purposes, the City Council adopted the IBC definition of “unsafe structure” for the purposes of NSP activities on November 18, 2008, whenever applicable, in conjunction with approval of this Amendment. The IBC definition for “blighted structure” is specified in Attachment 1, pages 4 and 5. This action was necessary because the City of El Paso does not have a specific definition for “blighted structure”. The City uses a definition of “substandard structure” to identify and recommend demolition of blighted structures. After a structure is identified as requiring demolition using the substandard definition, the City Council designates the structure as blighted by approving a formal resolution to that effect. The City will comply with all local requirements with regard to NSP demolition activities.

Attachment 1 specifies the manner in which the City will ensure continued affordability for each activity. All HUD definitions related to affordability will be used for NSP activities.

#### Incorporation of Changes

This Amendment incorporates the following changes into the City of El Paso’s adopted 2005-2010 Consolidated Plan and amends the 2008-2009 Annual Action Plan in accordance with HUD requirements:

#### **Neighborhood Stabilization Program Planning Process Summary**

The Neighborhood Stabilization Program is hereby added to the 2005-2010 Consolidated Plan for the City of El Paso, Texas, dated July 19, 2005 as Appendix 8. Eligibility Citations: Title III of Division B of the Housing and Economic Recovery Act, 2008 (HERA) (Pub.L.110-289, approved July 30, 2008). Except when superseded by HERA, statutory and regulatory provisions governing the CDBG entitlement communities including those at 24CFR part 570 subparts A, C, D, J, K, and O shall apply to the use of NSP funds. This five-year Consolidated Plan is specifically revised as follows:

#### **Introduction**

The third paragraph of the Introduction section on page 1 is expanded to add, “HUD is waiving the consolidated plan regulations on the certification of consistency with the consolidated plan for the Neighborhood Stabilization Program (NSP). NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted areas set forth in this substantial amendment.” This paragraph provides

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for expedited program implementation and implementation of statutory requirements unique to this appropriation.

### **Other Narrative**

The Other Narrative section on page 32 is expanded to add the subheading "Neighborhood Stabilization Program (NSP)" and the following narrative: "For the purposes of this Amendment, the City will utilize NSP funds and pursue activities in areas of the City with the greatest need based on the highest percentage of home foreclosures, on the highest percentage of homes financed by high cost (subprime mortgage related) loans, and identified by the City of El Paso as likely to face a significant rise in the rate of home foreclosures as required under Section 2301(c)(2) of HERA. In addition to amendment of the Consolidated Plan to add the NSP component, the 2008-2009 Annual Action Plan is also hereby amended to add NSP activities as specified in Attachment 1. This Attachment also contains the required, signed, NSP Certifications. The City is submitting an application to the Department of Housing and Urban Development (HUD) to receive \$3,032,465 in NSP funding beginning in FY 2008-2009."

### **General Information - Geographic Areas**

The General Information section, on pages 2 and 3, is expanded to include the following paragraphs:

"The City identified the areas in El Paso having the greatest need of assistance based on tax-foreclosed, mortgage-foreclosed, and HUD Federal Housing Administration-foreclosed properties, as well as on the highest percentage of homes financed by a high-rate (subprime mortgage related) loan, putting them at high risk of foreclosure, as the Chamizal Neighborhood Revitalization Strategy Area (NRSA) in census tracts 26.00, 28.00, and 29.00 (with census tracts 28.00 and 29.00 being entirely located in a HUD approved Empowerment Zone, and with census tract 26.00 being partially located in the Empowerment Zone); Lower Dyer Area Neighborhood Revitalization Strategy Area (NRSA) in census tract 8.00; Segundo Barrio Neighborhood Revitalization in census tracts 17.00, 18.00, 19.00, 20.00, and 21.00 (with all of the census tracts being located in the Empowerment Zone); East El Paso in census tracts 103.13 and 103.15; and Ysleta Neighborhood in census tracts 39.01, 39.02, and 40.02. Attachment 8 identifies these areas in a map of El Paso. Based on research and demographics, these areas also have a high number of abandoned properties and blighted structures. The high number of foreclosed, abandoned, vacant and blighted properties and structures make these neighborhoods very unstable. Homeownership has proven to be a stabilizing factor in neighborhoods. Concerted efforts, under the NSP, to demolish blighted structures, develop demolished or vacant properties, and purchase and rehabilitate foreclosed or abandoned properties, will improve housing conditions in the targeted areas, thus promoting long-term stabilization and sustainability of the neighborhoods.

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Through partnerships between the City of El Paso and other taxing entities such as local school districts and the County of El Paso, tax-foreclosed properties will be purchased using NSP funds. In addition, the City will purchase mortgage-foreclosed properties. All NSP activities will be carried out in areas with the greatest percentage of home foreclosures, with the greatest percentage of homes financed by high cost (subprime mortgage related) loans, and identified by the City of El Paso as likely to face a significant rise in the rate of home foreclosures as required under Section 2301(c)(2) of HERA, at a discount of at least five percent from the current market-appraised value of the home or property. Whenever applicable, collaborating agencies and organizations will be identified as responsible parties for implementing specific elements necessary to carry out NSP activities. As specified in Attachment 1, each NSP activity will have a completion timeframe, adhere to budgetary constraints, and endeavor to meet performance measurements and outcomes. The performance measures listed in Attachment 1 for each activity are estimates based on available data concerning foreclosures. Submitted proposed accomplishments often vary greatly from needs because the level of available funding allocated to carry out activities is often insufficient to meet the identified needs.”

Advertised 15-Day Public Comment Period and Public Hearing to Receive Public Comment Regarding the Draft 2005-2010 Consolidated Plan Amendment, to add an NSP component and to amend the 2008-2009 Annual Action Plan to add NSP activities

A Draft of the current 2005-2010 Consolidated Plan Amendment to add an NSP component, as well as to amend the 2008-2009 Annual Action Plan to add NSP activities, was made available to the general public in the Department of Community and Human Development on the 8<sup>th</sup> Floor of City Hall in El Paso, Texas, and at the main public library and at all public library branches, as well as at the El Paso Community College and the University of Texas at El Paso libraries for a 15-day period beginning on October 31, 2008. The notice of the availability of the draft was advertised in English and Spanish in the El Paso Times newspaper on October 31, 2008. No written comments were received. The requirement that the City of El Paso adhere to its citizen participation plan for substantial amendments was waived by HUD to shorten the usual public comment period to 15 calendar days due to time constraints. The waiver also required that the City post its substantial amendment materials on the official City of El Paso website as the materials were developed, published, and submitted to HUD. These amended requirements have been followed for this Consolidated Plan Amendment to add an NSP component, and to add NSP activities under the 2008-2009 Annual Action Plan.

Priority Needs Analysis

The “Priority Needs Analysis and Strategies (91.215(a))” section on pages 10 and 11 of the 2005-2010 Consolidated Plan has been followed, including alternative requirements allowed by HUD (explained above), due to the expedited nature of the amendment.

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The Community Development Needs table on pages 131 to 133 of the 2005-2010 Plan is expanded to add the following:

“Based on the congressionally identified needs of abandoned and foreclosed homes in the targeted areas as set forth in this substantial amendment, the following Community Development Needs are hereby changed from “Low Priority” to “High Priority”:

01 Acquisition of Real Property 570.201(a) on page 131

02 Disposition 570.201(b) on page 131

04 Clearance and Demolition 570.201(d) on page 131

19E CDBG Operation and Repair of Foreclosed Property on page 133.”

#### Goals and National Objective

The Consolidated Plan is designed to document and address identified housing and non-housing community needs and solutions for programs and services for low- and moderate-income and special populations in designated community development areas of the City of El Paso. The NSP strategic plans, as explained in this Amendment and identified in detail in Attachment 1, adhere to the guiding principles of the Consolidated Plan and of the strategic goals and priorities contained in the “Statement of Strategic Goals” section of the June 26, 2007 Consolidated Plan Regulatory Amendment on pages 7-10. Additionally, the NSP activities specified in Attachment 1 meet HUD’s low-, moderate-, and middle-income (LMMI) national objective.