



THE NSP SUBSTANTIAL AMENDMENT

Jurisdiction(s): <u>City of Arlington</u> <i>(identify lead entity in case of joint agreements)</i>	NSP Contact Person: David Zappasodi
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A. AREAS OF GREATEST NEED

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

Note: An NSP substantial amendment must include the needs of the entire jurisdiction(s) covered by the program; states must include the needs of communities receiving their own NSP allocation. To include the needs of an entitlement community, the State may either incorporate an entitlement jurisdiction's consolidated plan and NSP needs by reference and hyperlink on the Internet, or state the needs for that jurisdiction in the State's own plan. The lead entity for a joint program may likewise incorporate the consolidated plan and needs of other participating entitlement jurisdictions' consolidated plans by reference and hyperlink or state the needs for each jurisdiction in the lead entity's own plan.

HUD has developed a foreclosure and abandonment risk score to assist grantees in targeting the areas of greatest need within their jurisdictions. Grantees may wish to consult this data [LINK – to HUD USER data], in developing this section of the Substantial Amendment.

Response: Attachment A identifies the revised areas of greatest need within the city of Arlington. The original target area was defined by evaluating:

- 1) Actual foreclosures for the prior six month period;
- 2) Vacant foreclosures based on utility shut off records;
- 3) Census block groups with high foreclosure abandonment risk based on decline in home values, high cost loans issued from 2004-2006, unemployment rate, and vacant residential addresses as of June 2008; and

- 4) Census block groups with 51 percent or more of the residents earning less than 120 percent of Area Median Income.

The program target area has been expanded because many households are experiencing difficulty locating a foreclosed home that meets their family and budgetary criteria within the original target area. In addition to the criteria identified above, the expanded target area was defined by evaluating:

- 1) Actual foreclosure data for the 12 month period ending December 31, 2009;
- 2) Data from HUD's foreclosure and abandonment risk website
- 3) High risk loan data available from the Home Mortgage Disclosure Act via Foreclosure-Response.org

Resources above provided statistical data demonstrating the greatest percentage of home foreclosures, areas with high percentages of homes financed by high risk loans, and areas likely to face a rise in rate of home foreclosures.

The revised target area for the proposed activities includes the following census tracts in Arlington: 1113.03, 1114.01, 1114.02, 1115.14, 1115.16, 1115.18, 1115.19, 1115.21, 1115.22, 1115.24, 1115.25, 1115.32, 1115.34, 1115.40, 1115.41, 1115.42, 1115.43, 1115.44, 1115.46, 1217.04, 1219.02, 1220, 1221, 1228, and 1229. See map in Appendix A.

B. DISTRIBUTION AND USES OF FUNDS

Provide 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 sub prime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures. *Note:* The grantee's narrative must address these three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.

Response: The City of Arlington will distribute NSP funds to the areas of greatest need as illustrated by the revised map in Attachment A and the revised budget found in Attachment C. Data used to develop the revised map consists of components identified within the three categories in the NSP guidelines:

- a) Areas within Arlington that have the greatest percentage of home foreclosures,
- b) the highest percentage of homes financed by a sub-prime mortgage related loan, and
- c) areas within Arlington that are likely to face an increase in home foreclosures.

The revised target area is an expanded area, defined using previously established parameters cited above, and **HUD's NSP Mapping Tool** which defines the areas of greatest need based upon a foreclosure risk score and a vacancy risk score, and data from the Home Mortgage Disclosure Act regarding high risk loans. It is recognized that the

Mapping Tool's estimated rate of foreclosure does not reflect "real" numbers of foreclosures but rather reflects neighborhood characteristics that are indicators of a high level of risk for foreclosure. However, an analysis of actual foreclosures occurring in 2009, shows that 70% of foreclosures in the City of Arlington have actually occurred in the proposed target area.

The vacancy risk score is calculated for census tracts which have a "foreclosure risk" score of 10 or higher and where the number of US Postal Service residential addresses represents at least 75 percent of the total housing units in a census tract as of 2000. If this criterion is not met, the census tract vacancy rate score is based on the foreclosure risk score. If scored for vacancy, a score is obtained based upon a ranking received by multiplying the estimated foreclosure problem rate by the vacancy rate, with the vacancy rate being equal to the percentage of addresses 90 days or more vacant as a percent of all addresses in the census tract.

Activities performed under NSP will be targeted to meet the identified areas of greatest need as presented in Attachment A. Targeted census tracts include 1113.03, 1114.01, 1114.02, 1115.14, 1115.16, 1115.18, 1115.19, 1115.21, 1115.22, 1115.24, 1115.25, 1115.32, 1115.34, 1115.40, 1115.41, 1115.42, 1115.43, 1115.44, 1115.46, 1217.04, 1219.02, 1220, 1221, 1228, and 1229.

C. DEFINITIONS AND DESCRIPTIONS

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

Response: The City of Arlington will define "blighted structure" as a property that is deteriorated, deteriorating or otherwise determined to be a substandard structure that constitutes a threat to human health, safety, and/or public welfare.

(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: In the event that activities involving rental units are carried out as part of this grant, the City of Arlington will adopt the HOME affordable rent standards located at 24 CFR 92.252(a) (c) and (f).

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

Response: For the purposes of homeownership, the City of Arlington will adopt the HOME affordability requirements located at 24 CFR 92.254 which will be imposed through deed restrictions and will ensure affordability by imposing recapture requirements as defined in the City of Arlington's Consolidated Plan.

<i>Homeownership Assistance</i>	<i>Minimum period of Affordability in Years</i>
Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000	15

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

Response: For the purposes of housing rehabilitation activities performed in the NSP grant, the City of Arlington will adopt the housing rehabilitation standards utilized in its CDBG and HOME funded Housing Rehabilitation Program. The housing rehabilitation standards require dwelling units to meet applicable local code.

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: \$863,492.

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: The City of Arlington will designate a minimum of \$511,064 (25%) of NSP funds to benefit individuals or families at or below 50% of Area Median Income (AMI). Activities will include the purchase and redevelopment of abandoned or foreclosed homes or residential properties for sale or rent to households whose income does not exceed 50% of AMI; acquisition, rehabilitation, and resale of homes to households whose income does not exceed 50% of AMI; and homebuyer assistance for households whose incomes do not exceed 50% of AMI. The revised budget estimates that \$863,492 will benefit individuals or households whose incomes does not exceed 50% of AMI.

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).

If so, include:

- The number of low- and moderate-income dwelling units—i.e., \leq 80% of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.
- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., \leq 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).

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

Response: The City of Arlington will acquire 10 foreclosed properties for acquisition/rehabilitation or acquisition/demolition/reconstruction. Five properties will be made available to households earning at or below 120% of the AMI and five will be made available to households earning at or below 50% of the AMI. The City seeks to acquire vacant foreclosed homes in compliance with HUD regulations for NSP. The City will designate the Arlington Housing Authority to use a portion of its allocation of NSP funds to acquire, rehabilitate and sell or acquire, demolish and redevelop single family housing on the site and sell the properties to qualified homebuyers. The Arlington Housing Authority is uniquely qualified to purchase deeply discounted foreclosed homes under the HUD Real Estate Owned (REO) program. HUD REO properties are occupied by persons displaced from Hurricane Katrina. Occupants of the HUD REO properties may be entitled to relocation assistance under the Uniform Relocation Act and Real Property Acquisition Policies Act and under section 104(d) of the Housing and Community Development Act of 1974. The Arlington Housing Authority, as the purchaser, would be responsible to comply with the applicable provisions of these Acts and provide relocation assistance as may be required. Relocation assistance may include moving costs, utility connection and disconnect fees, and rental assistance. It is anticipated that a substantial portion of relocation assistance may be satisfied through issuance of a special allocation of Housing Choice Vouchers for Hurricane Katrina evacuees to eligible households occupying the HUD REO 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: See Attachment B for a summary of public comments.

G-1. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(1) Activity Name: **Acquisition/Rehabilitation**

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)
NSP Eligible Use: Acquisition and rehabilitation of residential properties that have been abandoned or foreclosed on in order to sell, rent, or redevelop such homes and properties

CDBG Eligible Activity: Acquisition, disposition, direct homeowner assistance

- (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). Low-, Moderate-, and Middle-Income Housing (LMMH)
- (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.
 The areas of greatest need for acquisition and rehabilitation of foreclosed properties include the highest risk census block groups in East Central Arlington and Southeast Arlington. The target area is now expanded to include other NSP eligible areas of the City to allow for greater flexibility for homebuyers and to broaden the impact of NSP activities to areas of need. The expected benefit to income-qualified persons is homebuyer assistance to acquire an affordable housing unit. A portion of the funds for this activity will be used to assist households below 50% of AMI. Of 8 planned units developed under this activity, four units will be provided for households below 50% AMI. The City intends to continue its acquisition / rehabilitation activity utilizing any program income that may be realized through the sale of rehabilitated properties.
- (5) Location Description: This activity will be made available to individuals and families who will reside within the areas of greatest need as illustrated in Appendix A. Targeted census tracts include 1113.03, 1114.01, 1114.02, 1115.14, 1115.16, 1115.18, 1115.19, 1115.21, 1115.22, 1115.24, 1115.25, 1115.32, 1115.34, 1115.40, 1115.41, 1115.42, 1115.43, 1115.44, 1115.46, 1217.04, 1219.02, 1220, 1221, 1228, and 1229.
- (5) 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).

<i>Household Income</i>	<i>Housing Units Acquired, Rehabilitated, and Sold</i>
< 50% AMI	4
51-80% AMI	0
81-120 AMI	4
Total	8

- (7) Total Budget: (Include public and private components)
 \$760,932 (from NSP Grant)

\$100,820 (from Program Income generated through the sale of NSP rehabilitated or redeveloped properties)

- (8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information) The City of Arlington will enter into an agreement with the Housing Authority of the City of Arlington designating the Housing Authority as its responsible NSP developer to implement, administer and operate this activity.

Housing Authority of the City of Arlington
Contact: David Zappasodi, Executive Director
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Arlington, TX 76011
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Email: David.Zappasodi@arlingtontx.gov

- (9) Projected Start Date: 3/1/09

- (10) Projected End Date: 7/30/13

- (11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate

For financing activities, include:

- range of interest rates

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

Discount Rate: The discount rate will be a minimum of 1% per home.

Range of Interest Rates: See Homeownership Assistance Activity.

Term of Assistance: See Homeownership Assistance Activity.

Tenure of Beneficiaries: Acquisition and rehabilitation will be used to assist income-eligible households with homeownership. Rental units may be considered in the event that duplexes or small apartment complexes are identified in the target area that need to be acquired, rehabilitated, and managed by a non-profit organization, such as Tarrant County Housing Partnership.

Continued Affordability: The City will adopt the minimum HOME standards for affordability.

G-2. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(1) Activity Name: Acquisition / Demolition / Redevelopment of New Single Family Housing Units and/or Public Facility

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

NSP eligible use: Redevelop demolished or vacant properties

CDBG eligible activity: Acquisition, demolition, public facilities and improvements and/or new construction of single family housing

(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). Low-, Moderate-, and Middle-Income Area Benefit (LMMA) and/or LMMH

(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.

The areas of greatest need for demolition activities will be the highest risk census block groups in East Central Arlington. The expected benefit to income-qualified persons is homebuyer assistance for an affordable housing unit or development of a public facility such as a pocket park in a low income neighborhood.

(5) Location Description: This activity will be made available to individuals and families who will reside within the areas of greatest need as illustrated in Appendix A. Targeted census tracts include 1113.03, 1114.01, 1114.02, 1115.14, 1115.16, 1115.18, 1115.19, 1115.21, 1115.22, 1115.24, 1115.25, 1115.32, 1115.34, 1115.40, 1115.41, 1115.42, 1115.43, 1115.44, 1115.46, 1217.04, 1219.02, 1220, 1221, 1228, and 1229.

(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).

<i>Household Income</i>	<i>Housing Units Demolished Followed by Public Facility</i>	<i>Housing Units Demolished, Followed by New Construction of Housing</i>
< 50% AMI	0	1
51-80% AMI	0	0
81-120 AMI	0	1
Total	0	2

(7) Total Budget: (Include public and private components)
\$115,753 (from NSP Grant)

\$244,700 (from program income)

- (8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information). The City of Arlington will enter into an agreement with the Housing Authority of the City of Arlington designating the Housing Authority as its responsible NSP developer to implement, administer and operate this activity.

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(9) Projected Start Date: 3/01/09

(10) Projected End Date: 7/30/13

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate

For financing activities, include:

- range of interest rates

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

Discount Rate: The discount rate will be a minimum of 1% per home.

Range of Interest Rates: See Homeownership Activity.

Duration of Assistance: See Homeownership Activity.

Tenure of Beneficiaries: In the case of demolition followed by construction of new housing, the tenure of beneficiaries will be homeownership.

Continued Affordability: The City will adopt the minimum HOME standards for affordability.

G-3. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(1) Activity Name: Homebuyer Assistance

(2) Activity Type: **NSP eligible use:** The City of Arlington will establish financing mechanisms for purchase and redevelopment of foreclosed on 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: Direct homeownership assistance including counseling services.

(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). Low-, Moderate-, and Middle-Income Housing (LMMH)

(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.

Homebuyer assistance will be provided to qualified, income-eligible households for the homes acquired and rehabilitated in the areas of greatest need. The City will connect the NSP funds to programs for very low income households such as the Family Self-Sufficiency Program, Safe Haven Domestic Violence Shelter, and transitional housing programs for homeless persons. The expected benefit to income-qualified persons is homebuyer assistance for an affordable housing unit. Persons who have defaulted on a mortgage are not eligible for this program.

(5) Location Description: This activity will be made available to individuals and families who will reside within the areas of greatest need as illustrated in Appendix A. Targeted census tracts include 1113.03, 1114.01, 1114.02, 1115.14, 1115.16, 1115.18, 1115.19, 1115.21, 1115.22, 1115.24, 1115.25, 1115.32, 1115.34, 1115.40, 1115.41, 1115.42, 1115.43, 1115.44, 1115.46, 1217.04, 1219.02, 1220, 1221, 1228, and 1229.

(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).

<i>Household Income</i>	<i>Homebuyer Assistance</i>
< 50% AMI	8
51-80% AMI	0
81-120 AMI	26
Total	34

(7) Total Budget:

\$963,145 (from NSP Grant)

\$358,000 (from Program Income generated through the sale of NSP rehabilitated or redeveloped properties)

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

information) The City of Arlington will contract with a non-profit entity to implement the down payment and closing cost assistance program.

City of Arlington
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Email: David.Zappasodi@arlingtontx.gov

(9) Projected Start Date: 3/1/2009

(10) Projected End Date: 7/30/13

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate

For financing activities, include:

- range of interest rates

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

Discount Rate: N/A

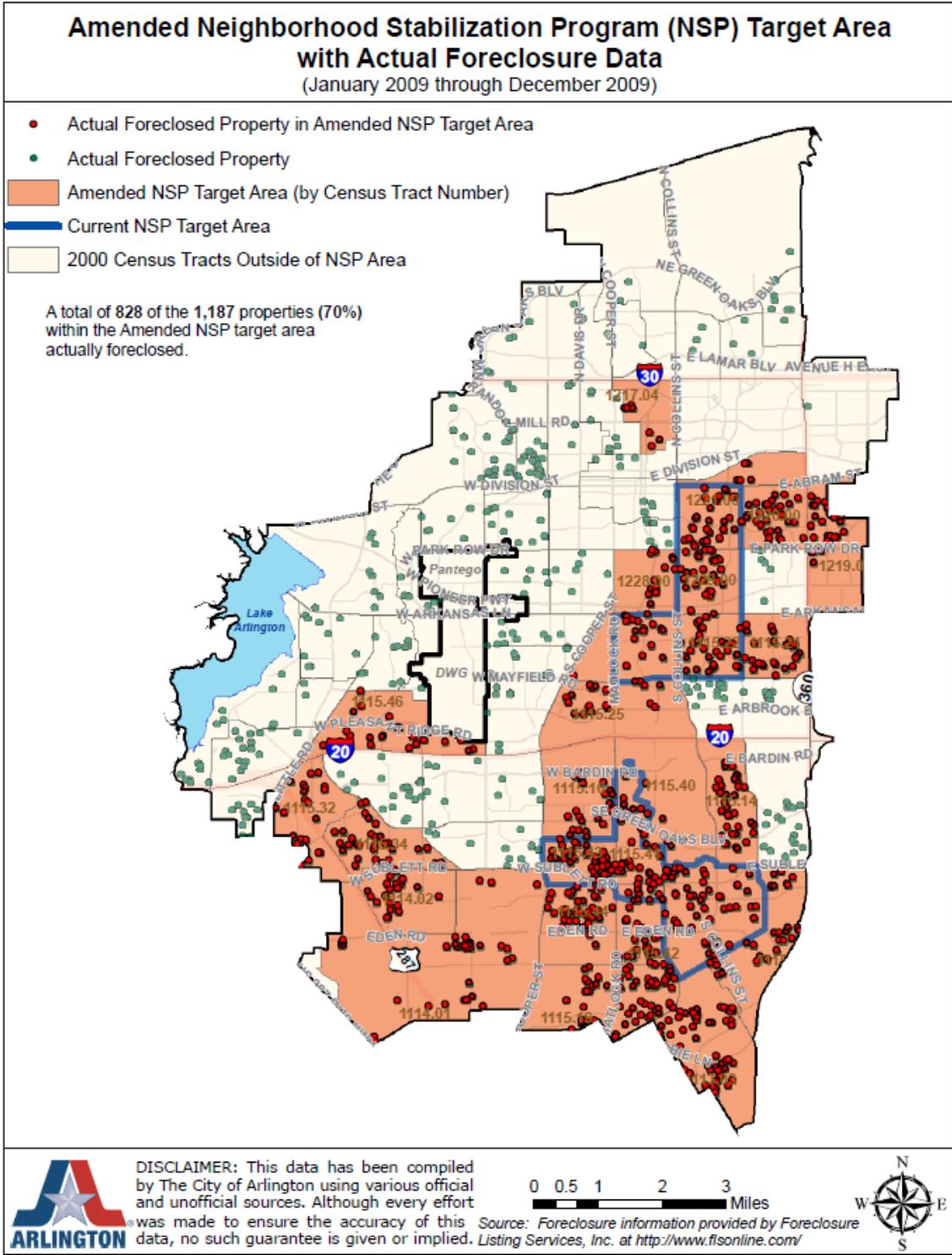
Range of Interest Rates: Interest rates will be no more than two points over the Fannie Mae 30 year market rate.

Term of Assistance: Homebuyer assistance will be provided in the form of a zero interest forgivable loan for the applicable affordability period.

Tenure of Beneficiaries: Homeownership.

Continued Affordability: The City will adopt the minimum HOME standards for affordability.

ATTACHMENT A



Attachment B
Neighborhood Stabilization Program Summary of Comments

The following is a summary of comments received during the comment period and at the public hearing held March 10, 2010.

The expansion of the target area received support by citizens and local realtors who expressed that homebuyers have had difficulty finding a home that meets their needs within the existing target areas. Comments received expressed that the expanded target area is anticipated to provide greater opportunity and selection to qualified homebuyers.

A total of six unduplicated comments were received from Arlington residents supporting the proposed amendment to the NSP Plan. Three written comments were received during the public comment period and three comments were received during the public hearing.

NSP BUDGET

NEIGHBORHOOD STABILIZATION PROGRAM BUDGET

		Budget
Sources	HUD - NSP Funding	\$ 2,044,254
Uses	Acquisition / Rehabilitation	\$ 760,932
	Homebuyer Assistance	\$ 963,145
	Acquisition / Demolition	\$ 115,753
	Administration	\$ 204,424
Total:		\$ 2,044,254

NSP Budget Amended 3/23/2010