

# THE NSP SUBSTANTIAL AMENDMENT

Jurisdiction(s): <b>City of Mesquite</b>	NSP Contact Person: <b>Mike Gilchrist</b>
Jurisdiction Web Address: <b>www.cityofmesquite.com/nsp</b>	Address: <b>P. O. Box 850137</b>
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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.

### **Response:**

**The City of Mesquite will focus on some of the areas of greatest need which have a foreclosure risk score of 7, 8, 9 or 10 (see Attachment A). This includes the four CDBG eligible target neighborhoods (see Attachment B) Casa View Heights, Mesquite Park, Truman Heights and Sherwood Forest as well as a newer area of the city, Creek Crossing.**

**Specifically, the City will focus NSP efforts on the following census tracts/block groups:**

**Casa View Heights: 179.011, 179.002, 179.003, 179.004, 179.005 (Risk Score: 9)**

**Truman Heights: 177.021, 177.022, 177.023 (Risk Score: 8)**

**Mesquite Park: 174.001, 174.002, 174.003, 174.004 (Risk Score: 9)**

**Sherwood Forest: 176.031, 176.032, 176.033 (Risk Score: 10)**

**Creek Crossing: 173.061, 173.062 (Risk Score: 9)**

**173.041, 173.042, 173.043, 173.051, 173.052 (Risk Score: 7)**

## ***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 subprime 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 will distribute funds to areas where properties meeting NSP requirements can be found. Activities will include purchasing, rehabilitating, demolishing/rebuilding vacant/foreclosed homes which will be made available to qualifying low- to middle-income residents. The City will focus on four targeted neighborhoods and surrounding areas with foreclosure risk scores of 7, 8, 9 or 10 (Casa View Heights, Truman Heights, Mesquite Park, and Sherwood Forest) and an area of the southern part of Mesquite that includes a number of subdivisions collectively known as Creek Crossing. Creek Crossing has newer housing and these homes are more likely to have been recently purchased with sub-prime mortgages and is likely to face a significant rise in the rate of home foreclosures. Creek Crossing is a NSP candidate due to need of property value stabilization. Since long-term home vacancies attract crime and create slum/blight the City is hoping to avert this by providing NSP assistance.**

## ***C. DEFINITIONS AND DESCRIPTIONS***

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

### **Response:**

**The City of Mesquite has adopted the definition of "blighted structure" as written in the October 8, 2008 Federal Register: "A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and 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:**

**The City of Mesquite has adopted the HOME program standard of "affordable rents" at 24 CFR 92.252(a), (c), (e) and (f).**

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

**Response:**

**The City of Mesquite will ensure continued affordability for NSP assisted housing by adopting the minimum period of affordability of the HOME program standards at 92.252(a), (c), (e) and (f) and 92.254. The minimum period of affordability based on investment of NSP funds is as follows:**

**Under \$15,000 the affordability period is 5 years  
\$15,000 to \$40,000 the affordability period is 10 years  
Over \$40,000 the affordability period is 15 years**

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

**Response:**

**All NSP assisted housing rehabilitation activities will comply with Housing Quality Standards and City of Mesquite building codes.**

***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: **\$520,984.00**.

*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:**

**The City of Mesquite will use \$520,984.00 (25% of the City's \$2,083,933.48 grant) of its NSP grant to purchase and rehabilitate or redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do 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:**

**Over a period of eighteen months the City of Mesquite will purchase at least 3 vacant lots or vacant foreclosed homes in extremely poor condition. If any of the properties are objectively determined to meet the definition of blight (as set forth earlier in this amendment), the structures on those properties will be demolished and new structures will be constructed in their place and sold to buyers whose total household income does not exceed 50% of the AMI for Dallas County. These houses may be constructed and sold in a manner similar to the Habitat for Humanity project. If the properties purchased do not meet the objective criteria for demolition under the City's adopted definition of blight, the properties will be rehabilitated and designated for subsequent resale to buyers whose total household income does not exceed 50% of the AMI for Dallas County. Program income derived from the sale of these properties will be reinvested in acquiring additional foreclosed properties. These properties may be located in any or all of the targeted neighborhoods.**

**The City will also purchase and rehabilitate at least 8 homes in areas where foreclosures are highest and lower housing values will impact the surrounding area. These rehabilitated homes will then be sold to buyers whose total combined household income does not exceed 120% AMI. Program income generated from home sales will be reinvested into the Purchase/Remodel/Sell Program in the same defined areas. Homes must be purchased at a discount of at least 1% below market value as determined by a URA-compliant appraisal of the property. The City will maintain the property until sold. The sale price of the property will not exceed the purchase price plus the cost of rehabilitation of the property .**

**To the extent practical, the City of Mesquite will avoid the involuntary displacement of the residents of any residential household. However, if an involuntary displacement should occur, the City will provide housing referral assistance and will, if required, make relocation assistance payments in accordance with local, state and federal law.**

***F. PUBLIC COMMENT***

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

**Response:**

**The City of Mesquite posted a preliminary NSP budget in the Mesquite News on October 24, 2008. A Public Hearing was held on November 3, 2008. No comments were received at the hearing or otherwise.**

**The City posted a draft of the NSP Substantial Amendment on the City's website November 14, 2008. No comments, either oral or written, were received.**

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

(1) Activity Name: **NSP Grant Administration**

(2) Activity Type: (include NSP eligible use & CDBG eligible activity) **Not Applicable**

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e.,  $\leq 120\%$  of area median income). **Not Applicable**

(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. **Not Applicable**

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.) **Not Applicable**

(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). **Not Applicable**

(7) Total Budget: **\$200,949.48**

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

**City of Mesquite**  
**Mike Gilchrist, NSP Coordinator**  
**1616 N. Galloway**  
**Mesquite, TX 75149**  
**972-329-8347**  
**mgilchri@ci.mesquite.tx.us**

(9) Projected Start Date: **March 20, 2009**

(10) Projected End Date: **September 30, 2012**

(11) Specific Activity Requirements: **General administration and planning activities pursuant to 24 CFR Part 570.205-206.**

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

(1) Activity Name: **Purchase/Remodel/Sell Program**

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

**NSP Eligible Use: (B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell or redevelop such homes and properties.**

**CDBG Eligible Activity: 24 CFR 570.201(a) Acquisition, (b) Disposition and 24 CFR 570.202 Rehabilitation**

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e.,  $\leq 120\%$  of area median income). **LMMH--This activity will benefit low-income individuals or families whose incomes are at or below 120% AMI.**

(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 City will purchase and rehabilitate at least 8 homes in targeted areas in Mesquite where foreclosures are highest and lower housing values will impact the surrounding areas. These homes will then be sold to buyers whose total combined household incomes do not exceed 120% AMI. Program income generated from home sales will be reinvested into the Purchase/Remodel/Sell Program in the same defined areas. Homes will be purchased at a discount of at least 1% below market value as determined by a URA-compliant appraisal of the property. The City will maintain the property until sold. The sale price of the property will not exceed the purchase price plus the cost of rehabilitation of the property.**

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

Efforts related to the Purchase/Remodel/Sell Program will focus on any or all target areas defined earlier in this document, including the Census tracts listed below:

**Casa View Heights: 179.011, 179.002, 179.003, 179.004, 179.005 (Risk Score: 9)**

**Truman Heights: 177.021, 177.022, 177.023 (Risk Score: 8)**

**Mesquite Park: 174.001, 174.002, 174.003, 174.004 (Risk Score: 9)**

**Sherwood Forest: 176.031, 176.032, 176.033 (Risk Score: 10)**

**Creek Crossing: 173.061, 173.062 (Risk Score: 9)**

(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).

**The City will purchase and remodel 8-10 homes which will be sold to buyers whose total combined household incomes do not exceed 120% of AMI.**

(7) Total Budget: **\$1,362,000**

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

**City of Mesquite  
Mike Gilchrist, NSP Coordinator  
1616 N. Galloway  
Mesquite, TX 75149  
972-329-8347  
mgilchri@ci.mesquite.tx.us**

(9) Projected Start Date: **March 20, 2009**

(10) Projected End Date: **September 30, 2012**

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate: **Properties will be purchased at a discount of at least 1% below market value as determined via a URA-compliant appraisal of the property.**

For financing activities, include:

- range of interest rates: **Financing not available**

For housing related activities, include:

- duration or term of assistance: **15-30 years**
- tenure of beneficiaries--rental or homeownership: **Homeownership for 5 years**
- a description of how the design of the activity will ensure continued affordability

**Homes will be purchased at a discount of at least 1% below market value based on the lender's future costs to maintain the vacant structure and anticipated rehabilitation costs. The City will maintain the property until sold. Purchasers will be responsible for obtaining their own financing. To ensure continued affordability a lien will be placed on the property for a period of five (5) to fifteen (15) years, dependent upon the amount of the subsidy provided to buyers. Program income generated from home sales will be reinvested into the Purchase/Remodel/Sell Program in the same defined area. The homes will be sold to buyers whose total household income does not exceed in the 120% of the AMI for Dallas County.**

**The City will use the minimum period of affordability of the HOME program standards at 92.252(a), (c), (e) and (f) and 92.254 to ensure continued affordability. The minimum period of affordability based on investment of NSP funds is as follows:**

- Under \$15,000 the affordability period is 5 years**
- \$15,000 to \$40,000 the affordability period is 10 years**
- Over \$40,000 the affordability period is 15 years**

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

(1) Activity Name: **50% AMI Program**

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

**NSP Eligible Use: (B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell or redevelop such homes and properties, (D) Demolish blighted structures, and (E) Redevelop demolished or vacant properties.**

**CDBG Eligible Activity: 24 CFR 570.201(a) Acquisition and (b) Disposition and 24 CFR 570.202 Rehabilitation**

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e.,  $\leq 120\%$  of area median income). **LMMH--This activity will benefit low-income individuals or families whose incomes are at or below 50% AMI.**

(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 City of Mesquite will, at its own discretion, follow one or both of the following two approaches to administering the 50% AMI program:**

- 1) The City will seek support and partnership from a non-profit entity in its compliance with Section 2301(f)(3)(A)(ii) of HERA. The program will ensure that the residential properties purchased, rehabilitated or redeveloped under this activity will be sold to individuals or families whose incomes do not exceed 50% AMI. The City will reinvest all mortgages and shared appreciation revenue received from its partner families to provide funding to build more homes for families on the same mortgage terms.**
- 2) The City will purchase and rehabilitate homes in targeted areas in Mesquite where foreclosures are highest and lower housing values will impact the surrounding areas. These homes will then be sold to buyers whose total**

- 3) **combined household incomes do not exceed 50% AMI. Program income generated from home sales will be reinvested into the Purchase/Remodel/Sell Program in the same defined areas. Homes will be purchased at a discount of at least 1% below market value as determined by a URA-compliant appraisal of the property . The City will maintain the property until sold. The sale price of the property will not exceed the purchase price plus the cost of rehabilitation of the property.**

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

**Mesquite Park (174.001, 174.002, 174.003, 174.004)**  
**Sherwood Forest (176.031, 176.032, 176.033)**  
**Casa View Heights (179.011, 179.002, 179.003, 179.004, 179.005)**  
**Truman Heights (177.021, 177.022, 177.023)**  
**Creek Crossing: (173.061, 173.062, 173.041, 173.042, 173.043, 173.051, 173.052)**

(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):

**The City will purchase at least 3 homes/vacant properties which will either (1)bedemolished and redeveloped into new housing and provided to buyers whose total household incomes do not exceed 50% of the AMI for Dallas County, or (2) rehabilitated and resold to buyers whose total household incomes do not exceed 50% of the AMI for Dallas County. This will be accomplished through a program that provides financial counseling, buyer assistance and ensures long-term ownership.**

(7) Total Budget: **\$520,984.00**

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

**City of Mesquite  
Mike Gilchrist, NSP Coordinator  
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mgilchri@ci.mesquite.tx.us**

**\*The City will identify a partner agency for this program at a later date.**

(9) Projected Start Date: **March 20, 2009**

(10) Projected End Date: **September 30, 2012**

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate: **Discount of at least 1% below market value as determined via a URA-compliant appraisal.**

For financing activities, include:

- range of interest rates: **0% Interest**

For housing related activities, include:

- duration or term of assistance: **At discretion of partner agency**
- tenure of beneficiaries—rental or homeownership: **Homeownership**
- a description of how the design of the activity will ensure continued affordability:  
**At discretion of partner agency**

**The City and its partner agency will distribute NSP funds to (1) acquire, demolish, and rebuild abandoned or foreclosed residential properties (not including blighted property unless the property has been abandoned or foreclosed), or (2) acquire, rehabilitate, and resell abandoned or foreclosed residential properties.**

**Upon completion of construction or rehabilitation, these homes will be sold to eligible buyers whose total household income does not exceed 50% of the AMI for Dallas County. Homes sold by the City will be sold to buyers who qualify independently for financing through the financial institution of their choice. Homes sold by the City's partner agency will be sold pursuant to a 0%-purchase money mortgage with no interest at affordable terms.**

**All mortgage payments received by the City's partner agency from these NSP-assisted homes will be retained by the partner agency as program income, and will be used to build more homes in Mesquite on the same mortgage terms during a 5-year period. After the 5-year period, these funds will be released to the partner agency as unrestricted funds.**

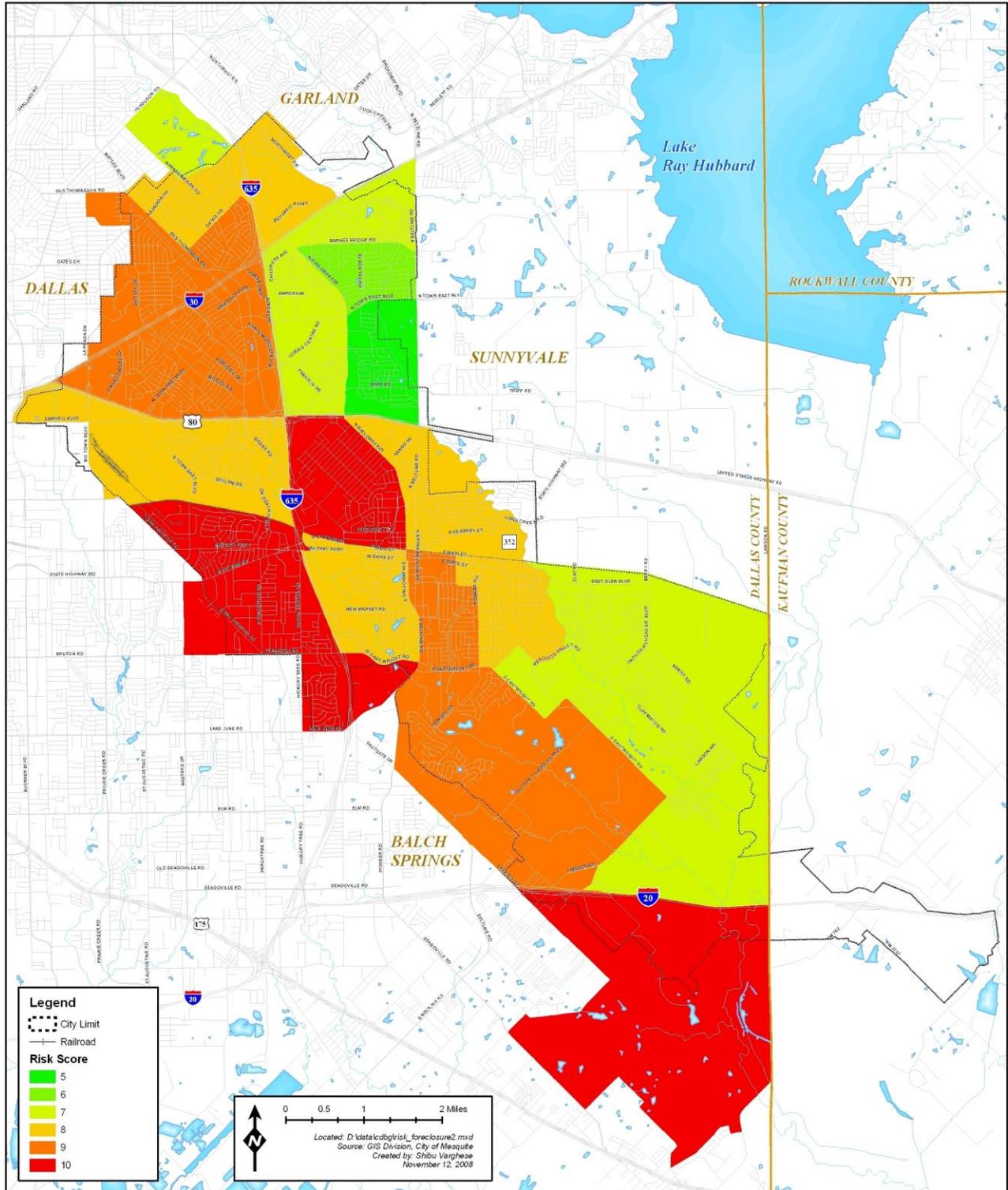
**The City will use the minimum period of affordability of the HOME program standards at 92.252(a), (c), (e) and (f) and 92.254 to ensure continued affordability. The minimum period of affordability based on investment of NSP funds is as follows:**

- Under \$15,000 the affordability period is 5 years**
- \$15,000 to \$40,000 the affordability period is 10 years**
- Over \$40,000 the affordability period is 15 years**

# Attachment A



## MESQUITE FORECLOSURE RISK SCORE By Census Tract/Block Group



# Attachment B

## Addressing Mesquite Target Neighborhoods

