

Hidalgo County – Urban County Program Neighborhood Stabilization Program (NSP3) DRAFT Substantial Amendment

1. Grantee Information

NSP3 Program Administrator Contact Information	
Name (Last, First)	de la Garza, Steven
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Phone Number	956-787-8127
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2. Areas of Greatest Need

Map Submission

The map generated at the HUD NSP3 Mapping Tool for Preparing Action Plan website is included as an attachment.

Data Sources Used to Determine Areas of Greatest Need

In order to determine the areas of greatest need within our County, we utilized the NSP3 Mapping Tool to obtain information on specific areas with regards to highest concentrations of foreclosures, delinquent loans and subprime loans. In addition, we utilized PolicyMap.com for supplemental information such as need eligibility, income eligibility and other need data pertinent to our program. Information was also obtained from local housing development non-profits that are currently working with NSP, NSP-R and NSP2 allocations. These agencies provided target census tracts that may qualify as potential target neighborhoods for our NSP3.

Determination of Areas of Greatest Need and Applicable Tiers

Numerous areas of greatest need were reviewed however the UCP has opted to work at two specific locations within Hidalgo County. Both of these areas and the undertaking for each are described in detail under Section 7. The decision to concentrate all NSP3 funds in only two locations was made as a direct response to the nature of the program. The UCP has determined that our program design will allow for a greater impact in the stabilization of these subdivisions and neighborhoods within close proximity.

3. Definitions and Descriptions

Definitions

Term	Definition
Blighted Structure	Structures that are dilapidated, substandard, unfit for human habitation or are a hazard to the health, safety and welfare of the residents of Hidalgo County.
Affordable Rents	The Hidalgo County UCP shall continue to use Section 8 Affordable Rents adjusted to comply with 120% of area median income as part of the NSP program.

Descriptions

Term	Definition
Long-Term Affordability	The UCP has adopted a Recapture Policy that serves to address the

	<p>continued affordability of housing units acquired with HOME funds. The same policy will be utilized for units developed under the NSP3 activities. The homeowner must occupy the assisted unit as their principal residence for a period of five (5) or ten (10) consecutive years. The UCP will recoup all or a portion of the assistance provided to the homeowner if the home does not continue to be the principal residence, if the property is sold, if the property is foreclosed upon, or if the client otherwise fails to adhere to program requirements within the affordability time frame. The Recapture of NSP3 funds will be on a pro-rata basis according to the following formula if the “Direct subsidy to unit” assistance is less than \$15,000:</p> <ul style="list-style-type: none"> ➤ 1st Year – Repayment of the full amount of assistance provided ➤ 2nd Year – Repayment of 80% of the assistance provided ➤ 3rd Year – Repayment of 60% of the assistance provided ➤ 4th Year – Repayment of 40% of the assistance provided ➤ 5th Year – Repayment of 20% of the assistance provided <p>In those projects where the “Direct subsidy to unit” is \$15,000 up to \$40,000, the UCP will enforce a 10-year affordability with a prorating schedule spread over ten years.</p> <ul style="list-style-type: none"> ➤ 1st Year – Repayment of the full amount of assistance provided ➤ 2nd Year – Repayment of 90% of the assistance provided ➤ 3rd Year – Repayment of 80% of the assistance provided ➤ 4th Year – Repayment of 70% of the assistance provided ➤ 5th Year – Repayment of 60% of the assistance provided ➤ 6th Year – Repayment of 50% of the assistance provided ➤ 7th Year – Repayment of 40% of the assistance provided ➤ 8th Year – Repayment of 30% of the assistance provided ➤ 9th Year – Repayment of 20% of the assistance provided ➤ 10th Year – Repayment of 10% of the assistance provided <p>If net proceeds from the sale or foreclosure are not sufficient to repay the UCP, in accordance with the appropriate schedule above, the UCP will accept the amount of the net sales proceeds as the amount to be recaptured and thereby satisfy all programmatic requirements – as allowed by 24 CFR 92.254(a)(5)(ii)(A).</p> <p>Please note however that if NSP3 funds in the form of development subsidy, with no direct subsidy to the homebuyer, the resale provision must be enforced. This provision requires that the CHDO Direct Subsidies include down payment and closing cost assistance, interest subsidies, any assistance that reduces the purchase price from fair market value to an affordable price or other home assistance provided directly to the homebuyer.</p>
<p>Housing Rehabilitation Standards</p>	<p>Any rehabilitation of housing units will conform to Title 24 982.401 Housing Quality Standards (HQS) and any new construction of housing units will comply with the universal design features in new construction, established by §2306.514, Texas Government Code, energy standards as verified by a REScheck certification, and the International Residential Codes, as required by Subchapter G, Chapter 214, Local Government Code. Additionally, any rehabilitation or new construction activities will compliance with Section 31 of the Federal Fire Prevention Act of 1974 and will be designed to meet the standard of Energy Star Qualified New Homes.</p>

	The UCP Rehabilitation Spec book may be reviewed in detail within this weblink.
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4. Low-Income Targeting

Low-Income Set-Aside Amount

Total low-income set-aside percentage (must be no less than 25 percent): 25.00%
Total funds set aside for low-income individuals = \$429,231.00

Meeting Low-Income Target

The UCP plans to target families under 50% AMI in order to achieve the ultimate goal of homeownership. Even though this demographic currently faces many obstacles in the obtaining financing for the acquisition of a home, our agency in conjunction with local housing developers has been extremely successful in assisting low-income families in reaching this goal. In the past, the UCP has partnered with a local agency that specifically targets very low income households. In order to ensure affordability and sustainability, principle residency verifications are done on a yearly basis. Our most recent principle residency report indicated that out of the one hundred and ninety four (194) families assisted within the past ten (10) years, only two (2) did not meet their affordability requirements. This demonstrates that UCP program requirements including those of our partners are effective instruments used in paving a path to homeownership for very-low income families. Currently, our partner has a waitlist of approximately one thousand (1,000) families of which only five percent (5%) are over 50% of the AMI. The UCP will utilize this waitlist as a tool to meet the 25% set-aside requirement.

5. Acquisition and Relocation

Demolition or Conversion of LMI Units

Does the grantee intend to demolish or convert any low- and moderate-income dwelling units (i.e., ≤ 80% of area median income)?	No
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If yes, fill in the table below.

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

6. Public Comment

Citizen Participation Plan

A Public Notice, in both English and Spanish, was published in “The Monitor”, a local newspaper that is

disseminated within Hidalgo County, on Friday, February 4, 2011. The notices were also posted for public viewing at all City Hall's within the UCP jurisdiction including County Precinct Offices. The comment period began on Friday February 4, 2011 and ended on Monday, February 21, 2011. The notice, in both English and Spanish, was submitted to our IT department for posting on the Hidalgo County Official Website on Friday, February 4, 2011. A link was made available via the website for public comments as well as the usual format which consists of written comments submitted to our office. The NSP3 application was also made available for public viewing on the website and at the UCP office. Due to the detailed information regarding the NSP3 plan, the application is only available in English. The UCP however ensured that any Spanish speaking person requesting additional clarification on the NSP3 plan had immediate access to a UCP employee for Spanish translation. In addition, a Public Hearing was held on Tuesday, February 22, 2011, during a regular meeting of the Hidalgo County Commissioners' Court.

Summary of Public Comments Received.

Comments received between February 4, 2011 and February 21, 2011 in addition to the Public Hearing to be held at Hidalgo County Commissioners' Court on February 22, 2011, will be attached

7. NSP Information by Activity

Activity Number 1	
Activity Name	Acquisition of vacant lots for the purpose of redevelopment
Uses	Select all that apply: <input type="checkbox"/> Eligible Use A: Financing Mechanisms <input checked="" type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation <input type="checkbox"/> Eligible Use C: Land Banking <input type="checkbox"/> Eligible Use D: Demolition <input checked="" type="checkbox"/> Eligible Use E: Redevelopment
CDBG Activity or Activities	24 CFR Part 570.201(a); 24 CFR Part 570.201(i); 24 CFR Part 570.204
National Objective	Low-Income Housing to Meet 25% Set-Aside (LH25)
Activity Description	<p>A review of our current market conditions indicates a need for additional homeownership opportunities for families at or below 50% AMI. As per Policymap.com and Citi-Data.com the average fair market rent for Hidalgo County is \$752. The average rental subsidy through section 8 voucher programs averages only \$229. A family renting a 3 bedroom unit would have an out of pocket expense of approximately \$523 for monthly rent. The 50% AMI for a family of four (4) is \$23,250 which means that the average renter utilizes 27% of his/her total income for housing expenses only, not including utilities or other necessities.</p> <p>In recent years, the UCP has partnered with a local housing developer that assists families at or below 50% AMI in obtaining homeownership and plans to use this model for the units produced under this NSP3 funding. The developer offers loans that are originated at 0% interest, with terms of 25-30 years, depending on the families need for lower payments. The average monthly mortgage payment for families who have successfully purchased a home through this program is \$304.39. This payment includes principle, taxes and insurance as follows: \$138.68/principal, \$33.08/home insurance, and \$132.63/property taxes. A family of four (4) with a yearly income of \$23,250, would only utilize 16% of their total yearly income for housing expenses. This clearly shows the savings a very low income family would achieve if able to</p>

	<p>purchase a home instead of renting.</p> <p>As previously stated (Section 4), one of our main goals is affordability which historically, we have successfully achieved by a partnership with an agency that offers flexible mortgage loans that are tailored to the needs of their clients. This agency not only completes annual principal residency verifications but has an open, on-going relationship with each of the families that are assisted. In addition to these methods and to further promote affordability, our plan is to incorporate our NSP3 funds into project that will transform a subdivision consisting of thirty-two (32) vacant lots into a “model subdivision”. This feat will be achieved by leveraging numerous funding sources with the intent of incorporating green building construction such as solar panels and rain water harvesting in order to positively impact the monthly utility bills of the residents. As well as a plan to incorporate healthy living by including walking paths, sidewalks and a community garden.</p> <p>The UCP intends to utilize NSP3 as a tool to stabilize target neighborhoods as well as impact the economic development of surrounding areas by enforcing Section 3 program requirements. This will include close oversight of any employment or contracting opportunities generated due to NSP3.</p> <p>Although rental projects may be better suited for very-low income families living in other metropolitan areas, the mix of high rents and low subsidies, along with our proven success in homeownership sustainability, indicates that this is not the case in our jurisdiction. Our region’s current market condition for families under 50% AMI, demonstrates a need for a program that will assist in the acquisition of vacant lots for the purpose of redevelopment by constructing new single family units.</p>	
Location Description	The activity will take place within the City of Edcouch in the Lynchburgh Estates Subdivision, Phase I. The HUD NSP3 Mapping Tool indicates that his area has a Neighborhood NSP3 Score of 19 and is an eligible area for dissemination of funds.	
Budget	Source of Funding	Dollar Amount
	NSP3	\$429,232
	HOME CHDO Funds FY 09 & FY 10 (via developer/partner directly funded by UCP HOME Program)	\$569,446
	RHED Funds FY 09 (via developer/partner)	\$300,000
	SHOP Funds FY 08 & FY 09 (via developer/partner)	\$193,554
Revolving Private Funds (via developer/partner)	\$785,000	
Total Budget for Activity	\$2,277,323	
Performance Measures	NSP3 funds in the amount of \$429,232 will be utilized for the acquisition and redevelopment of seven (7) vacant lots. The additional funds will be utilized for the redevelopment of the remaining twenty five (25) lots.	
Projected Start Date	April 1, 2011	
Projected End Date	March 31, 2014	
Responsible Organization	Name	Hidalgo County – Urban County Program
	Location	1916 Tesoro Blvd Pharr TX 78577
	Administrator Contact Info	Steven de la Garza, 956-787-8127 steven.delagarza@ucp.co.hidalgo.tx.us

Activity Number 2		
Activity Name	Redevelopment of Vacant Lots	
Use	Select all that apply:	
	<input type="checkbox"/>	Eligible Use A: Financing Mechanisms
	<input type="checkbox"/>	Eligible Use B: Acquisition and Rehabilitation
	<input type="checkbox"/>	Eligible Use C: Land Banking
	<input type="checkbox"/>	Eligible Use D: Demolition
<input checked="" type="checkbox"/>	Eligible Use E: Redevelopment	
CDBG Activity or Activities	24 CFR Part 570.201(i); 24 CFR Part 570.204	
National Objective	Low Moderate Middle Income Housing (LMMH)	
Activity Description	<p>The UCP, in conjunction with a local housing developer, plans to undertake the redevelopment of lots located at the Tierra Encantada Subdivision, Alamo Texas. The UCP funded the purchase of seventy-two (72) foreclosed vacant lots utilizing NSP1 and plans to continue the redevelopment of this subdivision by investing NSP3 funds for a total of fifteen (15) single family homes. The remaining lots will also be redeveloped by leveraging other federal and private funds. Loan terms for these units will include a 30 year note at 6.5% interest rate with an average monthly payment of \$665. Our local 120% AMI for a family of four (4) is \$55,800 therefore the yearly housing expense would only be 14% of their total yearly income. All units will be Energy Star qualified which will allow for additional savings for the homeowners. The mortgage terms, construction design and required yearly principle residency verifications meets our affordability and sustainability criteria.</p> <p>The UCP intends to utilize NSP3 as a tool to stabilize target neighborhoods as well as impact the economic development of surrounding areas by enforcing Section 3 program requirements. This will include close oversight of any employment or contracting opportunities generated due to NSP3.</p>	
Location Description	The activity will take place within the City of Alamo in the Tierra Encantada Subdivision. The HUD NSP3 Mapping Tool indicates that his area has a Neighborhood NSP3 Score of 18 and is an eligible area for dissemination of funds.	
Budget	Source of Funding	Dollar Amount
	NSP3	\$1,116,000
	NSP1 (via developer/partner directly funded by UCP HOME Program)	\$1,350,000
	US Treasury CDFI	\$1,000,000
	RGV Multibank	\$1,000,000
	NCLR Development Fund	\$1,000,000
Total Budget for Activity	\$5,466,000	
Performance Measures	NSP3 funds in the amount of \$1,116,000 will be utilized for the redevelopment of fifteen (15) vacant lots. The additional funds will be utilized for the redevelopment of the remaining fifty-seven (57) lots.	
Projected Start Date	April 1, 2011	
Projected End Date	March 31, 2014	
Responsible Organization	Name	Hidalgo County – Urban County Program

	Location	1916 Tesoro Blvd Pharr TX 78577
	Administrator Contact Info	Steven de la Garza, 956-787-8127 steven.delagarza@ucp.co.hidalgo.tx.us