

F. NSP PROGRAM BY ACTIVITY

Activity Name	Foreclosed Housing Acquisition, Repair, and Resale
NSP Eligible Use	B, D, and E
Project Budget	\$2,391,549
Location	Target Zones 1, 2, and 3
Objective	LMMH – Providing or improving permanent residential structures that will be occupied by a household whose income is at or below 120% of area median income.
National Objective	Area Benefit
Consolidated Plan Objective	Expanding the stock of safe, sanitary, affordable housing
Citation	24 CFR §570.483(b)(3) Activities undertaken to provide or improve permanent residential structures that will be occupied by low/mod income households
Affordability Period	5,10, or 15 years depending on subsidy analysis
Performance Measures	25 properties acquired; 25 housing units produced; all at or below 120% of AMI, with 25% at or below 50% of AMI
Start Date	Upon HUD approval
End Date	18 months from approval for acquisition; 36 months for repair and resale

Activity Description:

HCD will acquire foreclosed properties at a maximum of 85% of appraised value with an overall NSP portfolio average no greater than 85% of appraised value. Properties will be secured / demolished as needed for safety and blight removal. HCDD will through an RFQ / RFP process, either repair and resell these properties to qualified low-income buyers, or convey these properties to qualified non-profit developers to perform all needed repairs to bring properties into Housing Rehabilitation Standards compliance.

These properties will be sold to income-qualified households earning less than 120% of AMI, with 25% set aside for income-qualified households earning less than 50% of AMI. Households earning less than 50% of AMI will be affirmatively sought for participation in this program. Any profit from sale must be retained by a non-profit developer to engage in further low-moderate income housing programs, or returned to HCDD, in accordance with established resale or recapture provisions.

Homebuyers will be required to take an 8-hour training course to qualify for purchasing one of these homes.

Use of sub-prime loans will be disallowed. In lieu of such loans, additional subsidies will be considered to assure buyers are committed to mortgages they can sustain. This program will be available to all households earning less than 120% of AMI within the City of Houston.

It is anticipated that properties will be acquired and repaired at an average cost of \$85,000 per property. A total of 25 beneficiary households are anticipated. Of these, 25% of the program will serve families below 50% of AMI.

G. NSP PROGRAM BY ACTIVITY (continued)

Activity Name	Demolition
NSP Eligible Use	D
Project Budget	\$1,194,000
Location	Target Zones 1, 2, and 3
Objective	24 CFR §570.208 (a)(1) – LMMA – Benefitting all the residents of a primarily residential area in which at least 51% of the residents have incomes at or below 120% of area median income.
National Objective	Area Benefit
Consolidated Plan Objective	Stabilize neighborhoods
Citation	24 CFR §570.201 (d) Clearance, for blighted structures only
Affordability Period	Liens placed on properties to recover costs of demolition and, if applicable, hazardous material abatement
Performance Measures	30 property units demolished
Start Date	Upon HUD approval
End Date	8 months from approval for demolition

Activity Description:

The City seeks to move funds from 501(c)(3) agencies that are not building and selling the originally contracted number of homes and from unspent administration funds to the Demolition activity. This chart shows the expected movement of funds:

<u>Activity</u>	<u>Original Budget</u>	<u>Decrease / Increase</u>	<u>Revised Budget</u>
Foreclosed Housing Acquisition, Repair, and Resale	\$3,385,549	(\$994,000)	\$2,391,549
Acquisition, Blight Removal, Redevelopment	\$8,802,425		\$8,802,425
Program Administration	\$1,354,219	(\$200,000)	\$1,154,219
Demolition (new activity)	---	\$1,194,000	\$1,194,000
Total	\$13,542,193	---	\$13,542,193

Due to market conditions, the single family housing market has become saturated and affordable homes have not sold at the pace anticipated. Therefore, HCDD seeks to reallocate these funds to demolition activities – fostering clean, safe neighborhoods for Houston’s families. Demolition is an approved activity. Demolition of blighted and abandoned properties will help stabilize neighborhoods and encourage community development. Any additional unused NSP1 funds will also be expended on demolition activities. The procedure for demolition will be as follows:

1. HCDD make a request from Department of Neighborhoods (DON) for addresses that have are ready to go to the Damage Assessment Panel and are in a designated area. This area was selected through researching NSP#3 target zones and was a part of the waiver information.
2. The addresses are reviewed and inspected by HCDD.
3. A list is compiled and submitted to DON so they can be presented to the Damage Assessment Panel.

4. Upon approval by the Damage Assessment Panel, the addresses are sent to General Services to have the structures demolished. This includes contracting with a contractor to complete the demolition of the structure.
5. Once the demolition and cleanup of the property has been completed and inspected by HCDD, the invoice is processed.
6. The City's Legal Department prepares the necessary documents to place a lien on the property for the entire cost of the demolition. The lien will have HCDD as the recipient of all funds if the lien is cured. The lien remains on the property in perpetuity until paid.

G. NSP PROGRAM BY ACTIVITY (continued)

Activity Name	Program Administration
NSP Eligible Use	N/A
Project Budget	\$1,154,219
Location	N/A
Objective	Housing
National Objective	LMMH
Consolidated Plan Objective	Expanding the stock of safe, sanitary, affordable housing
Citation	24 CFR §570
Affordability Period	N/A
Performance Measures	Staff costs of administering NSP grant funds
Start Date	Upon HUD approval
End Date	Four years following HUD executed grant

Activity Description:

Up to ten percent of the award amount is allowed for administration. This activity will allow for the planning, performance, and monitoring undertaken under NSP1.