

**Grantee: Mesquite, TX**

**Grant: B-08-MN-48-0007**

**October 1, 2009 thru December 31, 2009 Performance Report**

**Grant Number:**

B-08-MN-48-0007

**Obligation Date:****Grantee Name:**

Mesquite, TX

**Award Date:****Grant Amount:**

\$2,083,933.00

**Contract End Date:****Grant Status:**

Active

**Review by HUD:**

Reviewed and Approved

**QPR Contact:**

No QPR Contact Found

## Disasters:

**Declaration Number**

NSP

## Plan Description:

The Neighborhood Stabilization Program (NSP) funds are authorized by the Housing and Economic Recover Act of 2008 (HERA) for emergency assistance for redevelopment of abandoned and foreclosed homes and residential properties. B. DISTRIBUTION AND USES OF FUNDS Provide a narrative describing how the distribution and uses of the grantees 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 grantees 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 8, 9 or 10 (Casa View Heights, Truman Heights, Mesquite Park, and Sherwood Forest) and an area of 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. 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 redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50% of AMI.

## Recovery Needs:

The City of Mesquite will distribute funds to areas of Mesquite 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 8, 9 or 10 (Casa View Heights, Truman Heights, Mesquite Park, and Sherwood Forest) and an area of 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)

#### A. AREAS OF GREATEST NEED

Provide summary needs data identifying the geographic areas of greatest need in the grantees 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 jurisdictions consolidated plan and NSP needs by reference and hyperlink on the Internet, or state the needs for that jurisdiction in the States 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 entitys own plan.

Response:

The City of Mesquite will focus on some of the areas of greatest need which have a foreclosure risk score of 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)

#### B. DISTRIBUTION AND USES OF FUNDS

Provide a narrative describing how the distribution and uses of the grantees 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 grantees 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- t middle-income residents. The City will focus on four targeted neighborhoods and surrounding areas with foreclosure risk scores of 8, 9 or 10 (Casa View Heights, Truman Heights, Mesquite Park, and Sherwood Forest) and an area of 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 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., < 80% of area median income).

If so, 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.

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.

Response:

Over a period of eighteen months the City of Mesquite will purchase 3-4 vacant lots or vacant foreclosed homes in extremely poor condition. Properties will be demolished and 3-4 new structures will be constructed for families in the 50% AMI range. Income from the program will be reinvested in acquiring additional foreclosed properties. Homes can be constructed and sold in a manner similar to the Habitat for Humanity project. These properties will be located in one or two of the target neighborhoods.

The City will also purchase and remodel 8-10 homes in an area where foreclosures are highest and lower housing values will impact the surrounding area. Creek Crossing will most likely be the target area. These remodeled homes will then be sold to families meeting 120% AMI or below income range. Income generated from home sales will be reinvested into the Purchase/Remodel/Sell Program in the same defined area. Homes must be purchased at least 10% below market value based on the lenders future costs to maintain the vacant structure. The City will maintain the property until sold. The sale of the property must be below the market value.

To the extent practical, the City of Mesquite will avoid the involuntary displacement 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 Citys website November 14, 2008. No comments, either oral or written, were received.

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$2,083,933.00
Total CDBG Program Funds Budgeted	N/A	\$2,083,933.00
Program Funds Drawdown	\$13,614.72	\$13,614.72
Obligated CDBG DR Funds	\$13,614.72	\$13,614.72
Expended CDBG DR Funds	\$13,614.72	\$13,614.72
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

## Progress Toward Required Numeric Targets

Requirement	Required	To Date
Minimum Overall Benefit Percentage	99.99%	0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$312,589.95	\$0.00
Limit on Admin/Planning	\$208,393.30	\$13,614.72
Limit on State Admin	\$0.00	\$0.00

## Progress Toward Activity Type Targets

## Progress Toward National Objective Targets

### Overall Progress Narrative:

From October 1, 2009 to December 31, 2009, significant progress was made with regard to procurement and planning activities that will enable our program to move forward swiftly toward the acquisition of NSP properties. During this quarter, the City's NSP staff successfully negotiated a contract with the realtor selected via RFP during the preceding quarter. A significant amount of time was needed in order to negotiate some compromises with regard to the City's insurance requirements and to collect all of the documentation required by the City before authorization could be given to finalize and execute the contract. During this quarter, the Realtor began locating eligible properties for the City to evaluate as potential candidates for purchase. The City's NSP staff also initiated the process of researching these properties, though no properties were purchased during this quarter. Also during this quarter, the City issued a request for qualifications (RFQ) for NSP real estate appraisal services. NSP staff evaluated and selected an appraiser to provide appraisal services related to the City's NSP. The process of negotiating the terms of a contract with the appraiser was also initiated during this quarter, though the contract was not executed until after the quarter ended.

Other significant progress was made in the area of planning and administrative activities. As has been mentioned in earlier reports, the City's NSP staff is relatively new to the administration of Grants funded through HUD. Since the rules and regulations governing the NSP are essentially an amalgamation of rules pulled from CDBG, HOME, and other programs, this has required our staff to become familiar with a significant amount of information from a variety of sources. Program staff members have spent significant time researching requirements associated with NSP in order understand how to implement the program in a way that is compliant not only with applicable federal rules and regulations, but also with Texas laws and City of Mesquite policies and procedures. This has, at times, stalled the progress of the program. However, the City's NSP staff feels that it has created a program with clearly defined processes that will enable it to begin acquiring properties during the next quarter.

## Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
9999, Restricted Balance	\$0.00	\$0.00	\$0.00
BCKT, Bucket Project	\$13,614.72	\$2,083,933.00	\$13,614.72

## Activities

<b>Grantee Activity Number:</b>	<b>1</b>
<b>Activity Title:</b>	<b>NSP Grant Administration</b>

**Activity Category:**

Administration

**Activity Status:**

Planned

**Project Number:**

BCKT

**Project Title:**

Bucket Project

**Projected Start Date:**

04/01/2009

**Projected End Date:**

09/01/2010

**National Objective:**

N/A

**Responsible Organization:**

City of Mesquite

**Overall****Oct 1 thru Dec 31, 2009****To Date**

<b>Total Projected Budget from All Sources</b>	N/A	\$200,949.48
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$200,949.48
<b>Program Funds Drawdown</b>	\$13,614.72	\$13,614.72
<b>Obligated CDBG DR Funds</b>	\$13,614.72	\$13,614.72
<b>Expended CDBG DR Funds</b>	\$13,614.72	\$13,614.72
City of Mesquite	\$13,614.72	\$13,614.72
<b>Match Contributed</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Program Income Drawdown</b>	\$0.00	\$0.00

**Activity Description:**

To administer the NSP grant for the City of Mesquite

**Location Description:**

1616 N. Galloway, Mesquite, TX 75149

**Activity Progress Narrative:**

The funds expended on grant administration during this quarter were only used to pay for the proportion of the salary of the City's Grant Coordinator equal to the proportion of time spent by the Grant Coordinator in performing the NSP administrative and planning activities described in the Overall Progress Narrative in this report. No other administrative expenditures were incurred during this quarter.

**Performance Measures**

No Performance Measures found.

**Activity Locations**

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

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<b>Grantee Activity Number:</b>	<b>2</b>
<b>Activity Title:</b>	<b>Purchase/Remodel/Sell Program</b>

**Activity Category:**

Rehabilitation/reconstruction of residential structures

**Activity Status:**

Planned

**Project Number:**

BCKT

**Project Title:**

Bucket Project

**Projected Start Date:**

04/01/2009

**Projected End Date:**

09/01/2010

**National Objective:**

NSP Only - LMMI

**Responsible Organization:**

City of Mesquite

<b>Overall</b>	<b>Oct 1 thru Dec 31, 2009</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	\$1,000,000.00
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$1,000,000.00
<b>Program Funds Drawdown</b>	\$0.00	\$0.00
<b>Obligated CDBG DR Funds</b>	\$0.00	\$0.00
<b>Expended CDBG DR Funds</b>	\$0.00	\$0.00
City of Mesquite	\$0.00	\$0.00
<b>Match Contributed</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Program Income Drawdown</b>	\$0.00	\$0.00

**Activity Description:**

This activity will carry out the CDBG-eligible activities 570.201(a) Acquisition, 570.201(b) Disposition, and 570.202 Rehabilitation. The City will purchase and remodel 8-10 homes in a targeted area where foreclosures are highest and lower housing values will impact the surrounding area. Creek Crossing will most likely be the target area. These homes will then be sold to families meeting the 120% AMI or below income range. Income generated from home sales will be reinvested into the Purchase/Remodel/Sell Program in the same defined area. Homes will be purchased at least 10% below market value based on the lenders future costs to maintain the vacant structure. The City will maintain the property until sold. The sale of the property will be below the market value.

**Location Description:**

The Creek Crossing neighborhood (173.061, 173.062) will be the primary target for the funds due to the high number of foreclosed properties concentrated in this area.

**Activity Progress Narrative:**

No NSP properties have been acquired to date. As a result, no residential structures were rehabilitated or reconstructed in connection with this activity. Program staff has put significant effort into designing processes that will enable the City to acquire properties for rehabilitation and resale during the next quarter.

**Performance Measures**

	<b>This Report Period</b>			<b>Cumulative Actual Total / Expected</b>		
	<b>Low</b>	<b>Mod</b>	<b>Total</b>	<b>Low</b>	<b>Mod</b>	<b>Total</b>
<b># of Properties</b>	0	0	0	0/0	0/0	0/8
<b># of housing units</b>	0	0	0	0/0	0/0	0/8
<b># of Households benefitting</b>	0	0	0	0/0	0/8	0/8

**Activity Locations**

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

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<b>Grantee Activity Number:</b>	<b>3</b>
<b>Activity Title:</b>	<b>Purchase/Demolish/Rebuild Program</b>

**Activity Category:**

Construction of new replacement housing

**Activity Status:**

Planned

**Project Number:**

BCKT

**Project Title:**

Bucket Project

**Projected Start Date:**

04/01/2009

**Projected End Date:**

09/01/2010

**National Objective:**

NSP Only - LMMI

**Responsible Organization:**

City of Mesquite

<b>Overall</b>	<b>Oct 1 thru Dec 31, 2009</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	\$362,000.00
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$362,000.00
<b>Program Funds Drawdown</b>	\$0.00	\$0.00
<b>Obligated CDBG DR Funds</b>	\$0.00	\$0.00
<b>Expended CDBG DR Funds</b>	\$0.00	\$0.00
<b>Match Contributed</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Program Income Drawdown</b>	\$0.00	\$0.00

**Activity Description:**

This activity will include CDBG-eligible activities 570.201(a) Acquisition, 570.201(b) Disposition, 570.201(d) Clearance, and 570.202 Rehabilitation. The City will purchase at or below 10% of market value 3-4 vacant lots or foreclosed homes in extremely poor condition. Properties will be demolished and 3-4 new structures will be constructed. Income from the program will be reinvested in acquiring additional foreclosed properties. The City will seek a partnership with a non-profit entity experienced in building new affordable housing. These properties will be located in one or two of the target neighborhoods and it is anticipated that eligible buyers will be in the 51-80% AMI level.

**Location Description:**

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)

**Activity Progress Narrative:**

No NSP properties have been acquired to date. As a result, no construction of new replacement housing has been carried out in connection with this activity. Program staff has put significant effort into designing processes that will enable the City to acquire properties for this purpose during the next quarter.

**Performance Measures**

	<b>This Report Period</b>			<b>Cumulative Actual Total / Expected</b>		
	<b>Low</b>	<b>Mod</b>	<b>Total</b>	<b>Low</b>	<b>Mod</b>	<b>Total</b>
<b># of housing units</b>	0	0	0	0/0	0/0	0/3
<b># of Households benefitting</b>	0	0	0	0/3	0/0	0/3

**Activity Locations**

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

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<b>Grantee Activity Number:</b>	<b>4</b>
<b>Activity Title:</b>	<b>50% AMI Program</b>

**Activity Category:**

Rehabilitation/reconstruction of residential structures

**Activity Status:**

Planned

**Project Number:**

BCKT

**Project Title:**

Bucket Project

**Projected Start Date:**

04/01/2009

**Projected End Date:**

09/01/2010

**National Objective:**

NSP Only - LH - 25% Set-Aside

**Responsible Organization:**

City of Mesquite

<b>Overall</b>	<b>Oct 1 thru Dec 31, 2009</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	\$520,983.52
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$520,983.52
<b>Program Funds Drawdown</b>	\$0.00	\$0.00
<b>Obligated CDBG DR Funds</b>	\$0.00	\$0.00
<b>Expended CDBG DR Funds</b>	\$0.00	\$0.00
<b>Match Contributed</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Program Income Drawdown</b>	\$0.00	\$0.00

**Activity Description:**

This activity will include the CDBG-eligible activities 570.201(a) Acquisition, 570.201(b) Disposition, and 570.202 Rehabilitation. The City will purchase 5 homes/vacant properties which will be redeveloped into new housing and provided to families in the 50% AMI range through a program that provides financial counseling, buyer assistance and ensures long-term ownership.

**Location Description:**

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)

**Activity Progress Narrative:**

No NSP properties have been acquired to date. As a result, no residential structures were rehabilitated or reconstructed in connection with this activity. Program staff has put significant effort into designing processes that should enable the City to acquire properties during the next quarter.

**Performance Measures**

	<b>This Report Period</b>			<b>Cumulative Actual Total / Expected</b>		
	<b>Low</b>	<b>Mod</b>	<b>Total</b>	<b>Low</b>	<b>Mod</b>	<b>Total</b>
<b># of Properties</b>	0	0	0	0/0	0/0	0/5
<b># of housing units</b>	0	0	0	0/0	0/0	0/5
<b># of Households benefitting</b>	0	0	0	0/5	0/0	0/5

**Activity Locations**

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

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