

THE NSP SUBSTANTIAL AMENDMENT

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Introduction

The U.S. Department of Housing and Urban Development (HUD) Neighborhood Stabilization Program (NSP) provided emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities. For more information about the NSP program in general, please visit www.hud.gov/nsp.

This Substantial Amendment is intended to provide clarification of definitions provided in Nashville-Davidson's NSP1 Substantial Amendment #1 that was approved by HUD on December 12, 2011 and to allow greater flexibility of beneficiaries for New Construction projects with multiple sources of funding.

The Nashville-Davidson Metropolitan Development Housing Agency (MDHA) will act as the lead agency for administering NSP funds for Nashville-Davidson. MDHA encourages residents of Davidson County to provide comments and feedback on this amendment. All written comments received by MDHA during the public comment period will be considered before submitting a final amendment to HUD. All comments should be addressed to: Angela Harrell, P.O. Box 846, Nashville, Tennessee 37202 or by email nspcomments@nashville-mdha.org.

A. Areas of Greatest Need – NO CHANGE

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

MDHA analyzed and mapped data sources provided by HUD to determine the areas of greatest need within its jurisdiction:

- **MAP #1: HUD Estimated Foreclosure/Abandonment Risk Score:** To assist communities in identifying neighborhoods that face a high risk of foreclosure and abandonment, HUD created a data model* that ranks each Census Block Group and assigns a risk factor on a scale of one to ten, with a rank one indicating relatively low risk and ten indicating the greatest risk.
- **MAP #2: Federal Reserve Home Mortgage Disclosure Act (HMDA):** HUD also provided data at the Census Tract level on the percent of all loans made between 2004 and 2006 that are considered to be high cost.
- **MAP #3: Foreclosure Rate:** This map shows Census Tracts with high foreclosure rates based on the data collected by HUD for all foreclosure starts from January 2007 through June 2008 divided by total mortgages during that time period.
- **MAP #4: Number of foreclosures:** This map illustrates total estimated foreclosure counts by Census Tract using data from the Mortgage Bankers Association National Delinquency Survey as of June 2008. HUD calculated the approximate number of foreclosure starts for all of 2007 and the first six months of 2008.

B. Distribution and Uses of Funds – NO CHANGE

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.

MDHA will target NSP Program Income funds to the greatest needs areas as demonstrated by the maps for HUD Risk Score by Census Block, High Cost Loans by Census Tract, Foreclosure Rate by Census Tract, and Foreclosure Count by Census Tract, as identified in the existing substantial amendment and action plan.

C. Definitions and Descriptions

For the purposes of the NSP program, MDHA will adopt and use the following definitions.

Blighted Structure: NO CHANGE

Adapted from State of Tennessee Code 13-20-201 definition of blighted area.

Buildings or improvements that, by reason of dilapidation, obsolescence, overcrowding, lack of ventilation, light and sanitary facilities, deleterious land use, or any combination of these or other factors, are detrimental to the safety, health, morals, or welfare of the community.

Affordable Rents - REVISED

For the purposes of the NSP program, MDHA will utilize the rents levels (low and high) outlined in the HOME Investment Partnership program as a base for affordable rents. Units that are set-aside for occupancy by households with income at 50% AMI or below will be rented at levels that are no greater than the Low HOME Rent published by HUD in effect at initial occupancy including allowances for utilities. The cost of utilities can be based on the latest approved PHA or THDA Utility Allowance. Units that are set-aside for occupancy by households with incomes between 80 – 120% AMI will be rented at levels that are no greater than 120% of the High HOME Rent published by HUD in effect at initial occupancy excluding utilities.

** If a project has a federal or state project-based rental subsidy and the tenant pays no more than 30% of his or her adjusted income toward rent, the maximum rent may be the rent allowable under the project-based rental subsidy program.

Continued Affordability - REVISED

For the purposes of the NSP program, MDHA will utilize deed restrictions to enforce the period of affordability for assisted properties. The length of affordability will resemble those for the HOME Investment Partnerships program and will range from 5-30 years depending on the amount of NSP investment.

- For properties that are sold to income-eligible homebuyers, the deed restriction will ensure that if the property is sold within the affordability period, the NSP investment will be subject to recapture. MDHA's Recapture Provisions permit the original homebuyer to sell the property to any willing buyer during the period of affordability while MDHA is able to recapture all or a portion of the NSP-assistance provided to the original buyer. MDHA is committed to utilize these funds in ways that effectively promote neighborhood stabilization.

- For rental properties the deed restriction will ensure that all NSP assisted units are rented to households earning less than 120 percent of median area income. The deed restriction will remain in effect for no less than 20 years.

Rehabilitation Standards – NO CHANGE

For the purposes of the NSP program, MDHA will utilize the same rehabilitation standards used for its HOME-funded Owner-Occupied Rehabilitation Program. These standards are based upon local housing codes and comply with the International Building Code.

D. LOW INCOME TARGETING –NO CHANGE

*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. **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.*

MDHA will receive approximately \$1,000,000 in NSP program income. Twenty-five percent of these funds will be reserved to purchase and redevelop abandoned or foreclosed upon properties that will be rented or sold to households earning less than 50% of area median income.

E. Acquisitions & Relocation – NO CHANGE

Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units. If so, include the number of low- and moderate-income dwelling units 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 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), and the number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.

MDHA intends to use NSP Program Income funds to demolish or convert 10 residential properties for households whose income is at or below 120 percent of area median income. All properties assisted with NSP funds will remain residential.

F. Public Comment

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

MDHA published a public notice announcing the availability of the NSP Substantial Amendment for review and comment in the Tennessee Tribune, El Crucero on October 18, 2018 and the Tennessean on October 19, 2018.

MDHA is following the procedures for meeting notices and public comment as outlined in the adopted Citizen Participation Plan by advertising the NSP Substantial Amendment in two weekly minority newspapers and one daily newspaper.

The public comment period started on October 19, 2018 and ends on November 5, 2018. In addition, MDHA posted a copy of the draft amendment on its website at: <http://www.nashville.gov/mdha/>.

All written comments received by MDHA during the public comment period will be considered before submitting a final amendment to HUD. All comments should be addressed to: Angela Harrell, P.O. Box 846, Nashville, TN 37202 or by email nspcomments@nashville-mdha.org.

G. NSP Information by Activity

ACTIVITY #4: REDEVELOP DEMOLISHED OR VACANT PROPERTIES-REVISED

- (1) Activity Name: Redevelopment
- (2) Activity Type: NSP eligible use: 2301(c)(3)(B) – Redevelop demolished or vacant properties; CDBG eligible activity: 24 CFR 570.201(a) Acquisition, (b) Disposition, (c) Public Facilities and Improvements, (e) Public Services for housing counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties, (l) Relocation, and (n) Direct homeownership assistance.
- (3) National Objective: Low-Mod-Middle Income (LMMI) – Provides or improves residential structures that will be occupied by a household whose income is at or below 120 percent of area median income.
- (4) Projected Start Date: January 1, 2017
- (5) Projected End Date: May 31, 2019
- (6) Responsible Organization: Metropolitan Development Housing Agency (MDHA)
701 South Sixth Street, Nashville, Tennessee 37206
Contact: Angela Harrell
Phone: 615-252-8224
Email: aharrell@nashville-mdha.org
- (7) Location Description: Areas with greatest need as depicted on Maps 1-4
- (8) Activity Description: Vacant land will be redeveloped by construction of new housing units to increase the stock of affordable rental and homeownership opportunities for households whose income is at or below 120 percent of area median income. Projects layered with private financing may include market rate units proportionate to the amount of private assistance contributed to the total project development cost. MDHA will secure a deed restriction to ensure that all NSP-assisted units are available to households earning less than 120 percent of median area income. The deed restriction will remain in effect for no less than 20 years.
- (9) Total Budget: NSP Funds: \$550,000.00
- (10) Performance Measures 5 units

Certifications

- (1) **Affirmatively furthering fair housing.** The jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- (2) **Anti-lobbying.** The jurisdiction will comply with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (3) **Authority of Jurisdiction.** The jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (4) **Consistency with Plan.** The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.
- (5) **Acquisition and relocation.** The jurisdiction will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the Notice for the NSP program published by HUD.
- (6) **Section 3.** The jurisdiction will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- (7) **Citizen Participation.** The jurisdiction is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.
- (8) **Following Plan.** The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.
- (9) **Use of funds in 18 months.** The jurisdiction will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the NSP Notice, all of its grant funds within 18 months of receipt of the grant.
- (10) **Use NSP funds \leq 120 of AMI.** The jurisdiction will comply with the requirement that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income.
- (11) **Assessments.** The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment

attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) **Excessive Force.** The jurisdiction certifies that it has adopted and is enforcing: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) a policy of enforcing applicable State and local laws against physically barring entrance to or exit from, a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws.** The NSP grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(14) **Compliance with lead-based paint procedures.** The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) **Compliance with laws.** The jurisdiction will comply with applicable laws.

Signature/Authorized Official

Date

Title