

EL PASO COLLABORATIVE FOR COMMUNITY AND ECONOMIC DEVELOPMENT  
(EPC), NSP2 GRANT #B-09-CN-TX-0042

INTRODUCTION

This request for a substantial amendment is being submitted to reduce the number of census tracts in which the grantee, El Paso Collaborative, implemented its NPS2 Program. The sections that are affected by this amendment are: 1) Need/Extent of Problem (Subsection a. – Target Geography); 4) Leveraging (Subsection b. – Rubric); and Section 6) Neighborhood Transformation and Economic Opportunity (Subsection b. - How proposed activities relate to and increase effectiveness of established plan)

1) Need/Extend of Problem

a. Target Geography – Using HUD’s original mapping system for NSP2 applications the Collaborative identified 22 eligible census tracts scattered throughout the greater El Paso area (*city and outlying areas of El Paso County*), and was able to work in 11. Areas Worked: 103.11, 103.13, 103.14, 103.15, 103.20, 103.21, 43.15, 1.07, 102.06, 103.09, and 104.03. Areas Not Worked: 103.07, 103.12, 40.04, 41.04, 43.07, 43.14, 43.16, 102.04, 102.09, 104.04, and 105.01.

In 2009, when EPC submitted its NSP2 application, the highest concentration of foreclosures was occurring in the City of El Paso’s “Eastside” where there were 12 eligible census tracts: 103.07, 103.11, 103.12, 103.13, 103.14, 103.15, 103.2, 103.21, 43.0, 43.14, 43.15, and 43.16. Five of these 12 census tracts were ranked with the highest foreclosure score (20): 103.13, 103.14, 103.15, 103.2, and 103.21. EPC worked in all 5 of these high foreclosure census tracts, as well as 2 other Eastside tracts: one with a score of 19 (43.15) and the other with a score of 17 (103.11). EPC did not work in the 5 remaining Eastside census tracts: 103.07, 103.12, 43.07, 43.14, and 43.16.

In Northeast El Paso, EPC identified 2 eligible census tracts (1.07 and 102.06) and worked in both tracts. In the County of El Paso (outside the limits of the City of El Paso), EPC identified 4 eligible census tracts --103.09 in Horizon City, 104.03 in San Elizario, 104.04 in Clint and 105.01 in Tornillo. EPC was able to work in 103.09 and 104.03 but not in 104.04 or 105.01. In the City of El Paso’s Lower Valley, EPC originally identified 2 eligible census tracts 40.04 and 41.04, but did not work in either of them. On El Paso’s Westside, EPC originally identified 2 eligible tracts (102.04 and 102.09).

There were a variety of factors that led to EPC not being able to work in 11 of the 22 originally targeted census tracts, including:

- a) EPC could not identify foreclosed, vacant properties in certain tracts (40.04, 41.04, 104.04, and 105.01). Either there were too few foreclosed properties that became

available or they were owned by private investors that foreclosed and resold the properties prior to EPC becoming aware of their foreclosed status.

- b) Cost and/or square footage were too high and not appropriate for households with incomes up to 120% AMFI. In some cases, properties that EPC thought to be suitable for purchase became failed acquisitions as the sellers refused to sell the property at the required 1% below appraised value. In both Westside census tracts (102.09 and 102.04) and two Eastside tracts (43.16 and 43.07) the acquisition costs were prohibitive.
- c) Properties needed excessive rehabilitation at prohibitive costs that would have rendered EPC unable to meet its goal of returning 125 single-family units back to active use by NSP2 eligible households. EPC encountered this in 7 properties (in tracts 43.16, 43.14, and 103.12).
- d) Properties were built prior to 1978 and would require costly lead-based paint testing and possible remediation (103.07);
- e) Properties were in flood plains (102.09);
- f) Properties had swimming pools (102.09 and 102.04);
- g) Inability to obtain verification that property had been vacant for a minimum of 90 days;
- h) Suitable properties had title issues that could not be resolved in a reasonable amount of time that resulted in withdrawal of acquisition offers;

b. Market Conditions and Demand Factors – this amendment would not affect this portion of the rating factor. Warm market conditions existed in 2009 when the original proposal was submitted and the likeliness of absorption of foreclosed properties remained static. Additionally, this amendment would not affect the information submitted regarding the extent to which over-building, over-valuation or loss of employment was a critical factor, or the most critical factor, causing abandonment and foreclosure in target geography.

In the original application, under b. Market Conditions and Demand Factors, there were 5 subsection listed.

1. Likelihood of market to absorb foreclosed/abandoned properties. This subsection would not be affected by this amendment.
2. Extent to which over-building, over-valuation or loss of employment is a critical factor, or the most critical factor, causing abandonment and foreclosure in target geography. This subsection would not be affected by this amendment.
3. Income characteristics of households in target geography and information on housing cost burden for households at 50%, 80% and 120% of AMFI and Housing Cost Burden. This subsection would not be affected by this amendment.
4. Relevant social, governmental, educational, or economic factors contributing to local market conditions and neighborhood decline or instability. This subsection would not be affected by this amendment.

5. Description of which NSP2 activity categories are most likely to stabilize target geography and why. This subsection would not be affected by this amendment.

- 2) Demonstrated Capacity and Relevant Organizational Staff and
  - a. Past Experience of the Applicant
  - b. Management Structure

This amendment would not affect any section or subsection of this rating factor.

- 3) Soundness of Approach- this Substantial Amendment will not significantly change the design of the program, with the exception of homebuyer assistance, and reduction of census tracts.  
Homebuyer Assistance- originally, EPC had designed a more complicated structure of providing homebuyer assistance. This was simplified to allow NSP 2 homebuyers to qualify for up to \$20,000 in the form of a forgivable, zero percent interest loan with either five or ten year recapture periods based upon the amount of assistance provided.  
Location and Address Information- originally EPC targeted all 22 census tracts , but this Substantial Amendment is to reduce the number of tracts to 11. Although all tracts were targeted and efforts were made to identify projects in all 22 tracts, EPC was not able to identify suitable properties in 11 tracts. In all in which NSP2 properties were acquired, consideration was given to access supportive services and transportation for both homeowners and renters.

- 4)
  - a. Proposed Activities
  - b. Project Completion Schedule
  - c. Income Targeting
  - d. Continued Affordability
  - e. Consultation, Outreach, Communications
  - f. Performance and Monitoring

This amendment would not affect any section or subsection of this rating factor.

- 5) Leveraging
  - a. Leveraged Funds – this amendment would not affect this subsection.
  - b. Rubric (get TA as to whether to use 100/125/or 135 units) Original rubric score was .31 and would change to (100 units =.54; 125 units =.68; 135 units=.73)
- 6) Energy Efficiency Improvements and Sustainable Development Factors
  - a. Transit accessibility – this amendment will not affect this subsection
  - b. Green Building Standards – this amendment will not affect this subsection
  - c. Re-use of Cleared Sites – was not applicable in original application and amendment will not affect this subsection;

- d. Deconstruction – was not applicable in original application and amendment will not affect this subsection;
- e. Other sustainable development practices-While the original application mentions police stations and elementary schools as related to 22 census tracts, this amendment acknowledges that EPC was only able to work in 11 tracts. The basic sustainability issue of marketing and selling/renting to people who work in area to reduce carbon emissions of vehicle travel did not change with the reduction of census tracts.

7) Neighborhood Transformation and Economic Opportunity

- a. Certification that NSP2 activities are consistent with established plan – this amendment will not affect this subsection
- b. How proposed activities relate to and increase effectiveness of that plan – the City of El Paso did not target 103.20 in its plan. Only .03% of this tract was part of the City of El Paso, and the remainder was outside. EPC was able to work in this tract. However, EPC targeted 102.09 even though the City did not select it for its NSP1 Program but, as stated in EPC’s original NSP2 application, confirmed that properties in this tract could be affordable to households with incomes  $\leq 120\%$  AMFI. Unfortunately, for reasons stated in P. 2, EPC was unable to work in this tract. In the City’s Amended Plan they addressed 103.21 as having both a high ranking of foreclosures and homes financed by subprime mortgages, however, it was not selected for their NSP1 Program. EPC was able to work in this tract. In our original proposal, EPC took the position (in concurrence with the City’s Amended Plan (that acquisition and rehabilitation activities for homeownership for households  $\leq 50\%$  was not practical. However, the Consortium was able to sell 17 homes to households in this income category.