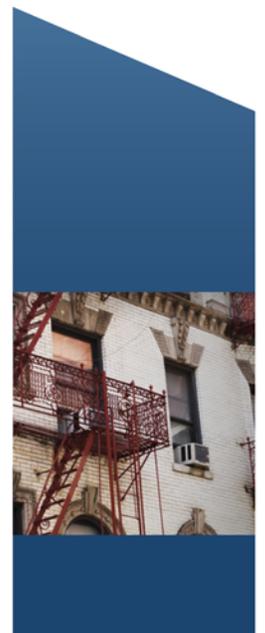
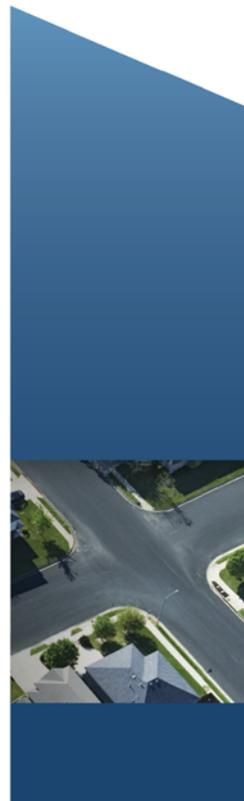




Instructions for Completing the NSP3 Substantial Amendment or Abbreviated Action Plan



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Part I. Overview

On October 19, 2010, HUD released the NSP3 Notice with the requirements for the new allocation of NSP funds that were authorized in the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Act provides \$970 million in new NSP funds to states and local governments to continue to assist in the redevelopment of abandoned and foreclosed homes. These Instructions should be used to complete the required submissions for NSP3 funding. An optional template is also included in Part III of these instructions to assist NSP3 grantees in completing Substantial Amendments (for states and entitlement communities) or Abbreviated Plans (non-entitlement communities).

1. General Information and Deadlines

Notice

NSP3 grantees can download the NSP3 Notice at:

<http://hudnsphelp.info/index.cfm?do=viewResource&ResourceID=790>. Before beginning work on the NSP3 Action Plan, grantees are strongly encouraged to download and read the Notice in its entirety. A webinar on the NSP3 Notice was held on October 19th 2010 and can be used as supplemental guidance.

NSP3 grantees can download the webinar transcript and power point presentation at:

<http://hudnsphelp.info/learning/index.cfm?do=viewLearningCenter>.

Forms of Submission

All local and state entitlement jurisdictions must submit a **Substantial Amendment** to their current HUD approved Consolidated Plan and 2010 Annual Action Plan describing their NSP3 program. Non-entitlement jurisdictions that do not have a HUD approved Consolidated Plan must submit an **Abbreviated Plan** describing their NSP3 program. The Abbreviated Plan must include all the required elements that entitlement communities provide as part of the NSP3 Action Plan.

NOTE: Throughout these instructions the term "Action Plan" is sometimes used to refer to "Substantial Amendment or Abbreviated Plan."

Grantees can submit their Action Plan one of two ways:

- Electronically through the Disaster Recovery Grant Reporting system (DRGR)
- Paper submission (electronic versions of paper submissions should be sent via email to the local HUD field office)

Grantees should contact their local field office for the DRGR submission directions. Paper submissions are allowed but each grantee must set up its action plan in DRGR prior to the deadline for the first required performance report after receiving a grant.

Due Date

The NSP3 Action Plan incorporating all public comments is due to each grantee's designated HUD field office representative no later than **March 1, 2011**. A list of NSP3 grantees and the designated field offices can be found on the NSP Resource Exchange Website (www.hud.gov/nspta) by clicking on "Grantees" at the top of the web page. Failure to submit a substantially complete application by March 1, 2011 or submitting an application for less than the total allocation amount will result in a cancellation of all or part of the allocation amount. For local jurisdictions, the funds will be reallocated to the state in which the jurisdiction is located. For states or insular areas, the funds will be reallocated to the ten highest-need states based on original rankings of need.

Joint Implementation

There are three options for jurisdictions if they are interested in implementing a joint program:

- **Option 1:** Jurisdictions may cooperate to carry out their grant programs through a joint request to HUD. HUD is providing regulatory waivers and alternative requirements to allow joint requests among units of general local government and to allow joint requests between units of general local government and a state. Grantees that want to consider joint implementation with another jurisdiction should consult the Notice for further details and contact their local field office as soon as possible for technical guidance on how to complete the NSP3 action plan.
- **Option 2:** Any existing cooperation agreements between a local government and an urban county governing FY2010 CDBG funding (for purposes of either an urban county or a joint program) automatically cover NSP funding.
- **Option 3:** A jurisdiction may choose to apply for its entire grant, and then enter into a subrecipient agreement with another jurisdiction or nonprofit entity to administer the grant. In this manner, for example, all of the grantees operating in a single metropolitan area could designate the same land-bank entity (or the state housing finance agency) as a subrecipient for some or all of their NSP activities.

Submission Format

The Action Plan has nine required sections. The instructions for completing each of these sections is included in **Part II. Required Sections and Information**. Each section includes an explanation of the required topics that must be covered and where applicable, where it is required to provide the information in a particular format. An optional template recommended for submission of NSP3 Action Plans is included in **Part III. Submitting Your NSP3 Action Plan**. Grantees are also required to submit a map of their Areas of Greatest Need in the format described in Part II.

Page Limits

An adequate and acceptable Substantial Amendment or Abbreviated Plan should be no longer than 25 pages. Grantees may incorporate additional information, such as detailed rehabilitation standards, by referencing a website in their plans where the information is posted.

Designing Your NSP3 Action Plan

NSP3 Action Plans are intended to reflect the community's vision of how it can make its neighborhoods not only more stable, but also more sustainable, inclusive, competitive, and integrated into the overall metropolitan fabric, including access to transit, affordable housing, employers, and services. HUD has also published the **NSP3 Program Design Guidebook** to assist grantees with design strategies based on

local market conditions and grantee capacity. This guidebook is available on the NSP Resource Exchange (www.hud.gov/nspta).

Where to go for Assistance

Grantees are strongly encouraged to contact their field office representative if they have any questions, concerns or need advice while completing their NSP3 Action Plan.

Part II. Required Sections and Information

Below is a list of required sections and information that must be included in the NSP3 Action Plan.

- | | |
|--|---------------------------------------|
| 1. NSP3 Grantee Information | 5. Acquisition and Relocation |
| 2. Areas of Greatest Need | 6. Public Comment |
| 3. Definitions and Descriptions | 7. NSP Information by Activity |
| 4. Low-Income Targeting | 8. Certifications |

Each required section and the information that must be included in each section are explained below.

1. NSP3 Grantee Information

All NSP3 grantees are required to provide the contact information for the grantee program administrator so that citizens and other interested parties know whom to contact for additional information.

2. Areas of Greatest Need

In this section, grantees identify the specific geography where they expect to carry out their NSP3 program. Each grantee must use the HUD Foreclosure Need website (<http://www.huduser.org/portal/datasets/NSP.html>) to submit to HUD the locations of its NSP3 areas of greatest need. On this site, HUD provides estimates of foreclosure need and a foreclosure related needs scores at the Census Tract level. The scores range from 1 to 20, with a score of 20 indicating census tracts with the HUD-estimated greatest need. The HUDuser site provides additional information and instructions.

The neighborhood or neighborhoods identified by the NSP3 grantee as being the areas of greatest need must have an individual score for the grantee's identified target geography that is not less than the lesser of 17 or the twentieth percentile most needy score in an individual state. For example, if a state's twentieth percentile most needy census tract is 18, the requirement will be a minimum need of 17. If, however, a state's twentieth percentile most needy census tract is 15, the requirement will be a minimum need of 15. HUD will provide the minimum threshold for each state at its website at www.hud.gov/nsp. If more than one neighborhood is identified in the Action Plan, HUD will average the neighborhood NSP3 scores, weighting the scores by the estimated number of housing units in each identified neighborhood. HUD is developing a new tool to allow communities to assess the weighted average score of multiple target areas. This will be available soon on the Mapping site.

Map Submission

The Areas of Greatest Need map should be created by following the instructions at the HUD NSP3 Mapping Tool for Preparing Action Plan website at <http://www.huduser.org/NSP/NSP3.html>. The tool assists NSP3 applicants to prepare data to provide to citizens during the public comment period and to submit with their grant application by allowing applicants to draw the exact location of their target neighborhood. The tool then calculates the number of housing units, Neighborhood NSP3 Score, and State Minimum threshold NSP3 score of the area drawn and sends an email back to the applicant within 24 hours. The email has an attachment containing the necessary data for the NSP3 application, along with information HUD can use to confirm the intended program area. This document should be included with the Action Plan submission to HUD due no later than March 1, 2011.

Information for States

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 jurisdiction's consolidated plan and NSP needs by reference and hyperlink to the Internet, or state the needs for that jurisdiction in the State's 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 entity's own plan.

3. Definitions and Descriptions

There are some definitions and descriptions that must be included in the NSP3 Action Plan. These definitions and descriptions are to be determined by the grantee and applied to all properties assisted with NSP3 funds. Listed below are the terms that must be defined in your NSP3 Action Plan.

- **Blighted Structures:** Most states and localities have official statutes or regulations that define "blighted" structure for that jurisdiction. If there is no definition of "blighted structure" to be found in state or local law, grantees must determine an alternate definition and apply it consistently throughout the NSP3 program. Under NSP, structures must be "blighted" to qualify for demolition, which is why defining the term is so important for NSP grantees.
- **Affordable Rents:** Grantees may use the definition adopted for their CDBG or HOME programs but should carefully review their existing definition to ensure compliance with NSP and its specific requirements including continued affordability. HOME program standards can be used as a safe harbor, but if an alternative standard is applied it must be equal to or exceed the HOME standard.
- **Ensuring Continued Affordability:** Under NSP, all grantees are required to adopt a definition of continued affordability that at a minimum is at least as strict as the HOME program standards at 24 CFR 92.252(a), (c), (e), and (f), and 92.254. HOME program standards can be used as a safe harbor, but if an alternative standard is applied it must be equal to or exceed the HOME standard.
- **Applicable Housing Rehabilitation Standards:** The rehabilitation and new construction standards that will apply for NSP-assisted projects must be included in the Action Plan. Specifically, HUD requires that:
 - All gut rehabilitation or new construction (i.e., general replacement of the interior of a building that may or may not include changes to structural elements such as flooring systems, columns or load bearing interior or exterior walls) of residential buildings up to three stories must be designed to meet the standard for Energy Star Qualified New Homes.
 - All gut rehabilitation or new construction of mid -or high-rise multifamily housing must be designed to meet American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Standard 90.1-2004, Appendix G plus 20 percent (which is the Energy Star standard for multifamily buildings piloted by the Environmental Protection Agency and the Department of Energy).
 - Other rehabilitation must meet these standards to the extent applicable to the rehabilitation work undertaken, e.g., replace older obsolete products and appliances (such

- as windows, doors, lighting, hot water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers and dishwashers) with Energy Star-46 labeled products.
- Water efficient toilets, showers, and faucets, such as those with the WaterSense label, must be installed.
 - Where relevant, the housing should be improved to mitigate the impact of disasters (e.g., earthquake, hurricane, flooding, fires).

HUD also encourages the adoption of energy efficient and environmentally-friendly green elements as part of NSP3 program design. Attachment C to the NSP3 Notice describes in more detail how energy efficient and environmentally-friendly green elements can be incorporated and additional tools on incorporating green rehabilitation standards can be found on the NSP Resource Exchange at www.hud.gov/nspta.

4. Low-Income Targeting

NSP3 grantees are required to allocate at least 25 percent of their NSP3 funding allocation to housing for individuals and families with incomes at or below 50 percent of the area median income. NSP grantees may rehabilitate or redevelop abandoned or foreclosed residential property and vacant or demolished residential or nonresidential property to meet this requirement. This section must:

- Identify the estimated amount of funds appropriated or otherwise made available under the NSP 3 to be used to provide housing for individuals or families whose incomes do not exceed 50 percent of area median income:
- Provide a summary that describes the manner in which the grantee's low income targeting goals will be met.

5. Acquisition and Relocation

When a grantee or one of its partners acquires a property, there are certain tenant protection requirements that may be applicable under the Tenant Protection Act of 2009 and certain relocation requirements that may be applicable under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970. For details on the circumstances that trigger these requirements and the steps that must be taken to ensure compliance, read the *NSP Tenant Protections at Foreclosure Under the Recovery Act* guidance at <http://www.hud.gov/offices/cpd/library/relocation/nsp/pdf/nsp-tenant-protection-8122010.pdf> and the *Real Estate Acquisition and Relocation Policy and Guidance* at <http://www.hud.gov/offices/cpd/library/relocation/policyandguidance/handbook1378.cfm>.

6. Public Comment

NSP3 grantees are required to follow their citizen participation process as described in the Consolidated Plan and as modified by the NSP3 Notice in order to ensure the public is aware of the NSP3 substantial amendment. Non-entitlement grantees must follow the same abbreviated citizen participation requirements as NSP3 entitlement grantees.

A grantee's proposed NSP3 Action Plan must be published and posted on the jurisdiction's website for no less than 15 calendar days for public comment. NSP3 grantees should provide a summary of all public comments in an appendix attached to the Action Plan that is submitted to HUD.

7. NSP Information by Activity

Grantees must describe the activities they plan to implement with their NSP3 awards in the NSP3 Action Plans submitted to HUD. The following information must be included by activity:

- Eligible CDBG activity or activities
- Eligible use of funds under NSP3
- Brief description of the activity and the general terms under which assistance will be provided including:
 - how the activity will address local housing market conditions
 - range of interest rates (if any)
 - duration or term of assistance
 - tenure of beneficiaries (e.g. renters or homeowners)
 - expected benefit to income-qualified persons or households or areas
 - if the activity produces housing, how the design of the activity will ensure continued affordability
 - how the grantee shall, to the maximum extent possible, provide for the hiring of employees who reside in the vicinity of NSP3 projects or contract with small businesses that are owned and operated by persons residing in the vicinity of the project including information on existing local ordinances that address these requirements
 - the procedures used to create preferences for the development of affordable rental housing developed with NSP3 funds
- Areas of greatest need addressed by the activity or activities
- Amount of funds budgeted for the activity
- Appropriate performance measures for the activity (e.g. units of housing to be acquired rehabilitated or demolished for the income levels represented in DRGR)
- Expected start and end dates of the activity
- Name and location of the entity that will carry out the activity

Figure 2-1 provides a summary of eligible uses for NSP3 funds and the correlated CDBG eligible activities that can be used under NSP3.

Figure 2-1: Eligible Uses for NSP3 Funds and Correlated CDBG Eligible Activities

| NSP Eligible Uses | Correlated Eligible Activities From the CDBG Entitlement Regulations |
|--|---|
| (A) Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers | As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206. Also, the eligible activities listed below to the extent financing mechanisms are used to carry them out. |
| (B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties | 24 CFR 570.201(a) Acquisition (b) Disposition, (i) Relocation, and (n) Direct homeownership assistance (as modified below); 24 CFR 570.202 eligible rehabilitation and preservation activities for homes and other residential properties. HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost |
| (C) Establish and operate land banks for homes and residential properties that have been foreclosed upon | 24 CFR 570.201(a) Acquisition and (b) Disposition. HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost |
| (D) Demolish blighted structures | 24 CFR 570.201(d) Clearance for blighted structures only. |
| (E) Redevelop demolished or vacant properties as housing | 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, (i) Relocation, and (n) Direct homeownership assistance (as modified below). 24 CFR 570.202 Eligible rehabilitation and preservation activities for demolished or vacant properties. 24 CFR 570.204 Community based development organizations. HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost. New construction of housing is eligible as part of the redevelopment of demolished or vacant properties. |

8. Certifications

The certification forms located in Part III (9) of these instructions must be signed and submitted with the NSP3 Substantial Amendment. Note that there is one set of certifications that must be signed and submitted by state and entitlement communities and another set of certifications that must be signed and submitted by non-entitlement communities.

It is anticipated that grantees will abide by the approved NSP3 Action Plan and the signed certifications. These two documents will be used to measure program compliance as they contain the approved program design and the grantees legal certification to operate a program that is compliant with all applicable federal, state, and local laws, regulations, and executive orders. In order to ensure program compliance, HUD will monitor grantees, using the approved Substantial Amendment or Abbreviated Plans and certifications as a basis for the review. Also, for the purposes of grantee monitoring, HUD will use the applicable chapters and accompanying exhibits that are contained within the *Community Planning and Development Grantee Monitoring Handbook 6509.2* and all applicable laws, regulations, and executive orders. Grantees are strongly encouraged to maintain a level of documentation that sufficiently demonstrates compliance with all program requirements. Grantees are reminded that they have certified their administration of NSP-3 funds, and are therefore held accountable for the use of those funds and the compliance with all of the program requirements. Moreover, HUD will use the monitoring review as an opportunity for grantees to demonstrate compliance. If HUD finds any noncompliance issues pertaining to the administration of NSP-3 funding, HUD will address any concerns and/or findings, seek remedies for noncompliance, and if needed may exercise sanction authority and/or notify the Office of the Inspector General of any known or suspected cases of fraud, waste and abuse.

The NSP3 allocation included statutory language requiring grantees to —establish procedures to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds. HUD is requiring grantees to describe such procedures as part of their substantial amendments or abbreviated plans.

Grantees also must, to the maximum extent feasible, provide for the hiring of employees that reside in the vicinity of NSP3 funded projects or contract with small businesses that are owned and operated by persons residing in the vicinity of NSP3 projects. For the purposes of administering this requirement, HUD is adopting the Section 3 applicability thresholds for community development assistance at 24 CFR 135.3(a)(3)(ii). Note that the NSP3 local hiring requirement does not replace the responsibilities of grantees under Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135, except to the extent the obligations may be in direct conflict. For the purposes of NSP3, HUD defines vicinity as each neighborhood identified by the NSP3 grantee as being the areas of greatest need.

Part III. NSP3 Action Plan

Below is an optional template recommended for submission of the NSP3 Action Plan. Please follow the instructions below to enable document protection so that the fillable fields, text boxes, and check boxes included in this template can be used. When these protections are enabled, the rest of the document is not editable.

If you are not sure how to fill in a particular field, click once to place your cursor in the field and then press F1.

If using this template, please note that the map generated at the HUD NSP3 Mapping Tool for Preparing Action Plan website and a summary of public comments should be included as attachments.

Enabling Protection in Word 2007

1. Click the round Office button on the top left-hand corner of the menu.
2. Click on the “Word Options” button at the bottom of the dropdown.
3. The “Popular” menu item should be selected by default. In this menu, click on the third checkbox down -- next to “Show Developer Tab.”
4. Click OK.
5. The “Developer” ribbon should now display as the last tab on the ribbon menu. Click on it.
6. Click the “Protect Document” button and click on “Restrict Formatting and Editing” in the dropdown. A menu will appear in the right panel of Word.
7. Click the checkbox next to “Allow only this type of editing in the document.”
8. Select “Filling in Forms” from the dropdown below the checkbox.
9. Click on “Yes, Start Enforcing Protection.” If this button is greyed out, you are probably in design mode and you will need to exit design mode before you can click the box.
10. A popup box will appear. Click OK. As long as you don’t enter a password, no password protection will be applied.

Enabling Protection in Word 2003

1. Click on Tools in the top menu bar.
2. Click on “Protect Document” in the dropdown.
3. A popup box will appear. Follow steps 7 through 10 above.

Deleting Extraneous Activity Number Tables

The template below provides space to enter seven different activities. If you have fewer than seven activities, you should delete the extraneous tables in **Section 8**. To delete an extra table, take the following steps:

- 1) Ensure that the top of the unwanted table is visible on your screen.
- 2) Click one to place the cursor anywhere in the table.
- 3) Click on the crosshatch that appears in either the upper left-hand corner of the table. This should highlight the entire table.
- 4) Press the “Backspace” button on your keyboard. (Do not use the “Delete” button, as this will only delete the content of the table and not the table itself)

1. NSP3 Grantee Information

| NSP3 Program Administrator Contact Information | |
|--|--|
| Name (Last, First) | Turkel, David B. |
| Email Address | david.turkel@csd.hctx.net |
| Phone Number | 713-578-2000 |
| Mailing Address | 8410 Lantern Point Dr, Houston, TX 77054 |

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

Describe the data sources used to determine the areas of greatest need.

Response:

Harris County used the HUD NSP3 mapping tool to identify areas of greatest need. Harris County also used area foreclosure data available through the Houston Association of Realtors website (www.har.com) to include the most up to date information on listed foreclosures. The HAR website foreclosure search tool identifies current foreclosures in the Houston Metro and Harris County service areas. The County used the HAR data to support the findings of the HUD NSP3 mapping tool.

Determination of Areas of Greatest Need and Applicable Tiers

Describe how the areas of greatest need were established and whether a tiered approach is being utilized to determine the distribution of funding.

Response:

Harris County is unique in its experience with the foreclosure crisis, as comparatively low costs for housing have resulted in less of a housing bubble. Due to Harris County's large size, foreclosures are present across the service area rather than concentrated in a particular area. In some cases, new construction continues in subdivisions with a high number of foreclosed properties.

Harris County used the NSP3 GIS mapping tool to identify the NSP need score for each census tract in the service area. Harris County further analyzed the housing make up for each census tract with an NSP need score of 16 or higher. This analysis determined the number of rental, multi-family and single family housing in each census tract with a high needs score.

The Houston Association of Realtors foreclosure data tool identified current foreclosed properties in the selected census tracts. Three subdivisions were identified as having a high percentage of foreclosure activity resulting from new home builders providing high cost or predatory loans. The HUD NSP3 GIS mapping tool derived an NSP need score of 17 for the three selected subdivisions. Harris County selected these three neighborhoods based on the needs score and the expectation that targeting these areas will have the greatest impact. The selected subdivisions offer a range of prices that will allow for

affordability for LMMI beneficiaries. Acquiring, rehabbing and reselling homes in the selected subdivisions will increase the efforts of stabilizing the neighborhoods in a concentrated area, while also extending homeownership opportunities. Harris County has purchased, rehabilitated and sold homes to homebuyers in these subdivisions as part of the original Neighborhood Stabilization Program (NSP1).

The County also recognizes the need to develop affordable rental housing for very low income residents. Harris County will satisfy the 25% requirement by funding the redevelopment of a foreclosed and vacant lot into affordable rental housing. Because this development is located in an area with a need score of 17, based on the HUD provided mapping tool, the County will use NSP 3 funds to provide affordable rental housing for residents at or below 50 percent of area median income.

3. Definitions and Descriptions

Definitions

| Term | Definition |
|--------------------|--|
| Blighted Structure | A building that has been maintained in a manner that is structurally unsafe or constitutes a hazard to safety, health, or public welfare because of inadequate maintenance, unsanitary conditions, dilapidation, obsolescence, disaster, damage, or abandonment or because it constitutes a fire hazard. |
| Affordable Rents | Harris County's Affordable Housing Policy uses the most current HOME Investment Partnerships (HOME) Program rent schedule to ensure affordable rents. The HCCSD Director shall reserve the right to adjust rent schedules on a project-by-project basis to best serve the low-income residents of Harris County and/or ensure project feasibility. |

Descriptions

| Term | Definition |
|----------------------------------|---|
| Long-Term Affordability | Harris County uses the HOME affordability standards to ensure affordability for a minimum of five years for all Harris County residents receiving assistance with homeownership through the Neighborhood Stabilization Program. Currently, the minimum affordability periods are five years for homeowners receiving less than \$15,000 in assistance, 10 years for homeowners receiving \$15,000 - \$40,000 in assistance and 15 years for homeowners receiving more than \$40,000 in assistance. Assistance includes the a reduction in sales price from Harris County's acquisition price and Harris County's contribution for eligible closing costs. |
| Housing Rehabilitation Standards | Harris County will use its Minimum Acceptable Standards for Residential Acquisition, Construction and Rehabilitation to guide rehabilitation. This document establishes minimum standards for single-family and multiple-family housing that receives federal assistance. The requirements establish a minimum standard for the health and safety of a home's occupants. To ensure increased energy efficiency in the single family homes funded using NSP3, Harris County proposes to acquire only homes constructed within the |

| | |
|--|--|
| | <p>last twelve years. Multifamily structures funded through NSP3 will be required to meet or exceed Energy Star Certification.</p> <p>The complete Minimum Acceptable Standards document can be found at http://www.csd.hctx.net/PS_HomeRepairProgram.aspx</p> |
|--|--|

4. Low-Income Targeting

Low-Income Set-Aside Amount

Enter the low-income set-aside percentage in the first field. The field for total funds set aside will populate based on the percentage entered in the first field and the total NSP3 grant.

| |
|--|
| <p>Identify the estimated amount of funds appropriated or otherwise made available under the NSP3 to be used to provide housing for individuals or families whose incomes do not exceed 50 percent of area median income.</p> |
| <p>Response:</p> <p>Total low-income set-aside percentage (must be no less than 25 percent): 25.00%</p> <p>Total funds set aside for low-income individuals = \$0.00</p> |

Meeting Low-Income Target

| |
|---|
| <p>Provide a summary that describes the manner in which the low-income targeting goals will be met.</p> |
| <p>Response:</p> <p>Harris County will set aside \$481,479.25 in NSP3 funds for families whose incomes do not exceed 50 percent of the area median income. Harris County is investing this into a multi-family property that will be available for low-income families. The new multi-family development is on an formerly vacant, foreclosed upon lot.</p> |

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 |
|---|----|

If yes, fill in the table below.

| Question | 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. | 0 |
| 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). | 0 |

| | |
|---|---|
| The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income. | 0 |
|---|---|

6. Public Comment

Citizen Participation Plan

| |
|--|
| Briefly describe how the grantee followed its citizen participation plan regarding this proposed substantial amendment or abbreviated plan. |
| Response: Per HUD's requirement, the County published its draft amendment for comment beginning February 7, 2011. The draft was available on the Harris County Community Services Department website for 15 days. In addition, the County published notification in the Houston Chronicle. Harris County received one comment on uses of funding for the proposed plan. |

Summary of Public Comments Received.

The summary of public comments received is included as an attachment.

7. NSP Information by Activity

Enter each activity name and fill in the corresponding information. If you have fewer than seven activities, please delete any extra activity fields. (For example, if you have three activities, you should delete the tables labeled "Activity Number 4," "Activity Number 5," "Activity Number 6," and "Activity Number 7." If you are unsure how to delete a table, see the instructions [above](#).)

The field labeled "Total Budget for Activity" will populate based on the figures entered in the fields above it.

Consult the [NSP3 Program Design Guidebook](#) for guidance on completing the "Performance Measures" component of the activity tables below.

| Activity Number 1 | |
|------------------------------------|---|
| Activity Name | Single Family Acquisition, Rehab and Disposition Program |
| 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 type="checkbox"/> Eligible Use E: Redevelopment |
| CDBG Activity or Activities | Acquisition; direct homeownership assistance through rehabilitation activities for homes |
| National Objective | Low Moderate Middle Income Housing (LMMH) |
| Activity Description | The Single Family Housing and Rehabilitation program under NSP3 will stabilize housing in a concentrated area of Harris County, while extending homeownership opportunities to LMMI beneficiaries. Harris County proposes to acquire foreclosed properties and hire contractor to perform rehabilitation. |

| | | |
|----------------------------------|---|--|
| | All potential homebuyers must qualify for fixed rate mortgage loan and be income eligible as determined by "Part 5 income definition" found in 24 CFR 5.609. Affordability period will be determined by the amount of assistance provided and as outlined in this Amendment to the Action Plan. Harris County will ensure affordability by placing a lien on the property in the form of a forgivable loan. | |
| Location Description | North Central Harris County, between I-45 on the West and the Hardy Toll Road to the East and Rankin Road to the south in the Remington Ranch, Imperial Trace and Meadowview Farms subdivisions. Census Tract 482012407.001 | |
| Budget | Source of Funding | Dollar Amount |
| | NSP3 | \$\$1,251,846.05 |
| | (Other funding source) | \$ |
| Total Budget for Activity | | \$1,251,846.05 |
| Performance Measures | 10 single family homes | |
| Projected Start Date | 7/1/2011 | |
| Projected End Date | 6/30/14 | |
| Responsible Organization | Name | Harris County |
| | Location | 8410 Lantern Point Dr, Houston, TX 77054 |
| | Administrator Contact Info | (713)578-2000 david.turkel@csd.hctx.net |

| Activity Number 2 | |
|------------------------------------|---|
| Activity Name | Multifamily Acquisition and Redevelopment |
| 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 | Acquisition and Disposition |
| National Objective | Low-Income Housing to Meet 25% Set-Aside (LH25) |
| Activity Description | The multifamily housing program under NSP 3 will stabilize housing in Harris County through the redevelopment of a foreclosed upon and vacant property into affordable, multi-family housing. This project will directly benefit low-income residents of Harris County by expanding the stock of affordable rental housing. Benefits to renters will continue as long as a resident is income eligible. The requirements of the property owner and manager will depend on the total NSP subsidy to the project and will comply with the affordability period established in the Action Plan. Benefits to renters will comply with NSP Rent Schedule and will not to exceed 30% of renter income. Harris County will advertise heavily in the areas where the project will take place to encourage hiring and contracting with small businesses from the vicinity. In the census tract where the proposed project is located, Harris |

| | | |
|----------------------------------|--|--|
| | County compared the concentration of single family units to rental units. Based on this analysis, redevelopment of the abandoned property to establish affordable rental housing was given preference. | |
| Location Description | The property is located in the Census Tract 482015504.001 in Northwest Harris County near the intersection of FM 1960 and Kuykendall | |
| Budget | Source of Funding | Dollar Amount |
| | NSP3 | \$\$481,479.25 |
| | pending | \$\$0.00 |
| | pending | \$\$0.00 |
| Total Budget for Activity | \$481,479.25 | |
| Performance Measures | 88 multifamily rental units | |
| Projected Start Date | 7/1/2011 | |
| Projected End Date | 6/30/2014 | |
| Responsible Organization | Name | Harris County |
| | Location | 8410 Lantern Point Dr, Houston, TX 77054 |
| | Administrator Contact Info | (713) 578-2000 |

| Activity Number 3 | | |
|------------------------------------|--|--|
| Activity Name | Administration | |
| 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 type="checkbox"/> | Eligible Use E: Redevelopment | |
| CDBG Activity or Activities | Administration | |
| National Objective | (Select One) | |
| Activity Description | Program administration costs related to project selection and oversight on all activities funded through the NSP3. | |
| Location Description | N/A | |
| Budget | Source of Funding | Dollar Amount |
| | NSP3 | \$192,591.70 |
| | (Other funding source) | \$0 |
| | (Other funding source) | 0 |
| Total Budget for Activity | \$192,591.70 | |
| Performance Measures | N/A | |
| Projected Start Date | 7/1/2011 | |
| Projected End Date | 6/30/2014 | |
| Responsible Organization | Name | Harris County |
| | Location | 8410 Lantern Point Dr, Houston, TX 77054 |
| | Administrator Contact Info | (713)578-2000 |

8. Certifications

Certifications for State and Entitlement Communities

(1) **Affirmatively furthering fair housing.** The jurisdiction certifies that it 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-displacement and relocation plan.** The applicant certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan.

(3) **Anti-lobbying.** The jurisdiction must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.

(4) **Authority of jurisdiction.** The jurisdiction certifies that the consolidated plan or abbreviated plan, as applicable, is authorized under state and local law (as applicable) and that 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.

(5) **Consistency with plan.** The jurisdiction certifies that the housing activities to be undertaken with NSP funds are consistent with its consolidated plan or abbreviated plan, as applicable.

(6) **Acquisition and relocation.** The jurisdiction certifies that it 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.

(7) **Section 3.** The jurisdiction certifies that it 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.

(8) **Citizen participation.** The jurisdiction certifies that it 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.

(9) **Following a plan.** The jurisdiction certifies it is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD. [Only States and entitlement jurisdictions use this certification.]

(10) **Use of funds.** The jurisdiction certifies that it will comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act and Title XII of Division A of the American Recovery and Reinvestment Act of 2009 by spending 50 percent of its grant funds within 2 years, and spending 100 percent within 3 years, of receipt of the grant.

(11) **The jurisdiction certifies:**

- a. 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; and

- b. 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:

- a. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and
- b. 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 nonviolent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws.** The jurisdiction certifies that 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 jurisdiction certifies that its 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 certifies that it will comply with applicable laws.

(16) **Vicinity hiring.** The jurisdiction certifies that it will, to the maximum extent feasible, provide for hiring of employees that reside in the vicinity of NSP3 funded projects or contract with small businesses that are owned and operated by persons residing in the vicinity of NSP3 projects.

(17) **Development of affordable rental housing.** The jurisdiction certifies that it will abide by the procedures described in its NSP3 Abbreviated Plan to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds.

Signature/Authorized Official

February 22, 2011

Date

Director
Title

Certifications for Non-Entitlement Local Governments

- (1) **Affirmatively furthering fair housing.** The jurisdiction certifies that it will affirmatively further fair housing.
- (2) **Anti-displacement and relocation plan.** The applicant certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan.
- (3) **Anti-lobbying.** The jurisdiction must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (4) **Authority of jurisdiction.** The jurisdiction certifies that the consolidated plan or abbreviated plan, as applicable, is authorized under state and local law (as applicable) and that 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.
- (5) **Consistency with plan.** The jurisdiction certifies that the housing activities to be undertaken with NSP funds are consistent with its consolidated plan or abbreviated plan, as applicable.
- (6) **Acquisition and relocation.** The jurisdiction certifies that it 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.
- (7) **Section 3.** The jurisdiction certifies that it 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.
- (8) **Citizen participation.** The jurisdiction certifies that it 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.
- (9) **Use of funds.** The jurisdiction certifies that it will comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act and Title XII of Division A of the American Recovery and Reinvestment Act of 2009 by spending 50 percent of its grant funds within 2 years, and spending 100 percent within 3 years, of receipt of the grant.
- (10) **The jurisdiction certifies:**
 - a. 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; and
 - b. 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.

(11) **Excessive force.** The jurisdiction certifies that it has adopted and is enforcing:

- a. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and
- b. 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 nonviolent civil rights demonstrations within its jurisdiction.

(12) **Compliance with anti-discrimination laws.** The jurisdiction certifies that 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.

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

(14) **Compliance with laws.** The jurisdiction certifies that it will comply with applicable laws.

(15) **Vicinity hiring.** The jurisdiction certifies that it will, to the maximum extent feasible, provide for hiring of employees that reside in the vicinity of NSP3 funded projects or contract with small businesses that are owned and operated by persons residing in the vicinity of NSP3 projects.

(16) **Development of affordable rental housing.** The jurisdiction certifies that it will abide by the procedures described in its NSP3 Abbreviated Plan to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds.

Signature/Authorized Official

February 22, 2011
Date

Director
Title

Appendix: NSP3 Action Plan Contents Checklist

The checklist below is an optional tool for NSP3 grantees to help to ensure that all required elements of the NSP3 Substantial Amendment or the Abbreviated Plan are submitted to HUD. This checklist only includes the minimum required elements that must be included in the NSP3 Action Plan and grantees may want to add additional details. This document must be protected, as described above, in order to use the checkboxes in this checklist.

1. NSP3 Grantee Information

| | Yes |
|--|--------------------------|
| Did you include the Program Administrator's name, address, phone, and email address? | <input type="checkbox"/> |

2. Areas of Greatest Need

| | Yes |
|--|--------------------------|
| Does the narrative description describe how funds will give priority emphasis to areas of greatest need? | <input type="checkbox"/> |
| Does the narrative description specifically address how the funds will give priority emphasis to those areas: | |
| • With the highest percentage of home foreclosures? | <input type="checkbox"/> |
| • With the highest percentage of homes financed by subprime mortgage related loan?; and | <input type="checkbox"/> |
| • Identified by the grantee as likely to face a significant rise in the rate of home foreclosures? | <input type="checkbox"/> |
| Did you create the area of greatest needs map at http://www.huduser.org/NSP/NSP3.html ? | <input type="checkbox"/> |
| Did you include the map as an attachment to your Action Plan? | <input type="checkbox"/> |
| <i>ONLY Applicable for States:</i> Did you include the needs of all entitlement communities in the State? | <input type="checkbox"/> |

3. Definitions and Descriptions

| | Yes |
|---|--------------------------|
| Are the following definitions and topics included in your substantial amendment?: | <input type="checkbox"/> |
| • Blighted structure in context of state or local law, | <input type="checkbox"/> |

| | |
|--|--------------------------|
| • Eligible use or uses? | <input type="checkbox"/> |
| • Correlated eligible CDBG activity or activities? | <input type="checkbox"/> |
| • Associated national objective? | <input type="checkbox"/> |
| • How the activity will address local market conditions? | <input type="checkbox"/> |
| • Range of interest rates (if any)? | <input type="checkbox"/> |
| • Duration or term of assistance? | <input type="checkbox"/> |
| • Tenure of beneficiaries (e.g. rental or homeowner)? | <input type="checkbox"/> |
| • If the activity produces housing, how the design of the activity will ensure continued affordability? | <input type="checkbox"/> |
| • How you will, to the maximum extent possible, provide for vicinity hiring? | <input type="checkbox"/> |
| • Procedures used to create affordable rental housing preferences? | <input type="checkbox"/> |
| • Areas of greatest need addressed by the activity or activities? | <input type="checkbox"/> |
| • Amount of funds budgeted for the activity? | <input type="checkbox"/> |
| • Appropriate performance measures for the activity (e.g. units of housing to be acquired, rehabilitated, or demolished for the income levels represented in DRGR) ? | <input type="checkbox"/> |
| • Expected start and end dates of the activity? | <input type="checkbox"/> |
| • Name and location of the entity that will carry out the activity? | <input type="checkbox"/> |

8. Certifications

| | Yes |
|---|--------------------------|
| Did you sign and submit the certification form applicable to your jurisdiction? | <input type="checkbox"/> |

9. Additional Documentation

| | Yes |
|----------------------------------|--------------------------|
| Did you include a signed SF-424? | <input type="checkbox"/> |

