CITY OF LAS VEGAS

NEIGHBORHOOD STABILIZATION PROGRAM (NSP) 1

SUBSTANTIAL AMENDMENT #2 OF THE FY11 HUD ACTION PLAN

GRANT NUMBER: B-08-MN-32-0002

I. Background

Due to the housing market crash that began nationally in 2003, the U.S. Department of Housing and Urban Development (HUD) established the Neighborhood Stabilization Programs (NSP) to stabilize communities that have suffered from foreclosures and abandonment. Las Vegas was one of the hardest hit because it had the largest gains. Home prices plummeted by 60 percent, which was nearly twice the national rate. (Channel 13 KTNV Las Vegas, 2018) Therefore, to stave off long lasting devastation to communities and the housing market, HUD awarded the City NSP 1 and NSP 3 grants. The NSP 1, program funds authorized under Division B, Title III of the Housing and Economic Recovery Act (HERA) of 2008, was the first round of neighborhood stabilization grants to all states and select governments on a formula basis.

Since the local housing market has recovered, the City submits a second substantial amendment to its FY11 NSP 1 HUD Action Plan. This substantial amendment proposes utilizing its NSP 1 funds in a new target area, Historic Westside to facilitate significant economic development and revitalization of the area that has not realized the benefits of the strong Las Vegas economy.

City of Las Vegas' NSP 1 Program

The City discussed in its FY11 HUD Action Plan the utilization of NSP 1 funds for Acquisition and Rehabilitation (Eligible Use E) of abandoned and foreclosed homes in the following target areas: 89101, 89104, 89107, 89108, 89110, 89131, 89129, 89128, and 89117. Through the purchase of 172 residential homes, the City stabilized these communities and maintained them as livable, vibrant neighborhoods while having met the following National Objectives:

1. *Rent the residential property to a family at or below 120% Area Median Income (AM)* – The City exceeded the requirement to set aside 25% of funds, as required by HUD, to serve households earning at or below 50% area median income. There are currently 54 long-term rental properties used to serve families earning at or below 50% AMI. The Southern Nevada Regional Housing Authority, as a partner with the City, is managing those properties.

2. *Sell the property to a family at or below 120% AMI: Homeownership Assistance* – 118 of the 172 homes were sold to persons earning up to 120% AMI with deed

restrictions to maintain ownership for 5 years. The program provided mortgage down payment assistance and/or closing costs assistance not to exceed $50,000. Homebuyers had to attend a minimum 8 hours housing counseling facilitated through a HUD certified housing counselor.

3. *Land Bank,* which is in holding for future planning.

The targeted NSP 1 neighborhoods have fully recovered from the housing crash and resultantly, there is little inventory available for purchase.

II. Amendment to Area(s) of Greatest Need

The full housing recovery in the original target areas compels the City to remove them from the NSP 1 program and refocus resources to the revitalization of the Historic Westside in zip code 89106.

The proposed target area, Historic Westside, is part of a larger, more comprehensive redevelopment plan. This community has a rich African American history that includes the first integrated casino in Las Vegas, the Moulin Rouge. It spans 3.5 square miles, is centrally located in the City and in close proximity to Interstate 15 and US-95. It is bounded by Owens on the north, Washington on the south, I-15 to the east, and H Street on the west. The area currently has a greater population of extremely low-income residents and is predominantly made up of African American and Hispanic ethnicities. Median home prices are well below that of homes in the immediate surrounding area in West Las Vegas and vacant lots make up the second largest land use category, comprising 15.5% (248.2 acres) of the total land area[1].

Revitalizing the Historic Westside is a high priority of the City Council and the City Manager's Office. Plans include creating affordable housing, improving infrastructure for mixed-use, mixed-income units that will allow for economic development and workforce opportunities for residents within the community.

III. Amendment to Apply the 'Change of Use' Provision for the Sale of Rental Properties

Under this substantial amendment, the City will be selling its 54 rental properties at Fair Market Value through application of the Change of Use provision under the Guidance on NSP Disposition and Demolition instead of maintaining them in its affordable rental housing stock for 15 years as discussed it its NSP 1 Action Plan. Since the initial end use

[1] Attached is HUD's Areas of Greatest Need Map that combines foreclosures, pre-foreclosures, real-estate owned, and vacant property transactions at the Census Tract level. This mapping tool, and data from the American Community Survey was used to determine the new target area.

goal '*Rent or sell the residential property to a family at or below 120% AMI*' for 41 households has been met and exceeded, the City would reinvest the program income generated by the proceeds of those sales towards substantial redevelopment, economic development activities, and revitalization of the Historic Westside.

IV. Amendment to Add the Redevelopment Activity (Eligible Use E)

The City proposes adding the 'Redevelopment Activity (Eligible Use E) to its NSP 1 HUD Action Plan in support of its redevelopment and revitalization efforts in the Historic Westside. Estimated current program income of $1,265,658, the remaining grant award of $562,417, and program income generated by the sale of its rental properties will support the economic development activities in the proposed target area.

As previously mentioned, the Historic Westside is part of larger, more comprehensive development plan. A part of the overall plan includes the initiative 'Ward 5 Works'. This effort focuses on employment training, stability, and opportunities by increasing economic mobility through employer partnerships and career pathways. Plans are underway for the construction of a Building and Trades/Construction facility.

Under the Redevelopment Activity using NSP 1 funds, the City will create more affordable housing and economic development. The City owns 1100 D Street that is four contiguous parcels in the Historic Westside along the block of Jefferson & D Street (1 acre), 6 parcels along Jefferson Street between D & E streets (0.80 acres), and two non-contiguous parcels along Madison Street (0.16 acres) – all of which are in close proximity to one another. See attached Site Map

Adjacent the Building and Trades/Construction facility is 1100 D Street where the City will develop a significant mixed-use, mixed-income project for which NSP 1 funds will support construction of the housing portion. This catalyst development may galvanize further land redevelopment with private investment, create shopping amenities, substantially improve the aesthetic and create a more positive impression of the community. Moreover, it will offer a live-work environment with retail on the ground floors and residential units on the upper stories.

Newly constructed multi-unit housing or single-family dwellings will be developed on the parcels along Jefferson Street between D & E Streets and on the two non-contiguous parcels along Madison Street.

These new construction projects under the Redevelopment activity will provide affordable housing to families at or below 120% of AMI.

V. Summary of Public Comments Received

Neighborhood ID: 6522939

NSP3 Planning Data

Grantee Address: 495 S Main St Las Vegas Nevada 89101
Grantee Email: dklesper@lasvegasnevada.gov

Neighborhood Name: Las Vegas Historic Westside
Date:2019-06-11 00:00:00

NEW NSP Score

New target neighborhoods identified by the NSP3 grantee as being the areas of greatest need must have an individual or average combined index score for the grantee's identified new 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. If more than one neighborhood is identified in the Action Plan, HUD will average the Neighborhood Scores, weighting the scores by the estimated number of housing units in each identified neighborhood.

Neighborhood NSP3 Score: 20
State Minimum Threshold NSP3 Score: 17
Total Housing Units in Neighborhood: 634

Neighborhood Attributes (Estimates)

Vacancy Estimate

USPS data on addresses not receiving mail in the last 90 days or "NoStat" can be a useful measure of whether or not a target area has a serious vacancy problem. For urban neighborhoods, HUD has found that neighborhoods with a very high number vacant addresses relative to the total addresses in an area to be a very good indicator of a current for potentially serious blight problem.

The USPS "NoStat" indicator can mean different things. In rural areas, it is an indicator of vacancy. However, it can also be an address that has been issued but not ever used, it can indicate units under development, and it can be a very distressed property (most of the still flood damaged properties in New Orleans are NoStat). When using this variable, users need to understand the target area identified.

In addition, the housing unit counts HUD gets from the US Census indicated above are usually close to the residential address counts from the USPS below. However, if the Census and USPS counts are substantially different for your identified target area, users are advised to use the information below with caution. For example if there are many NoStats in an area for units never built, the USPS residential address count may be larger than the Census number; if the area is a rural area largely served by PO boxes it may have fewer addresses than housing units.

USPS Residential Addresses in Neighborhood: 4016
Residential Addresses Vacant 90 or more days (USPS, March 2010): 600
Residential Addresses NoStat (USPS, March 2010): 205

Foreclosure Data (NEW)

HUD has assembled recent data on foreclosure activity and vacant foreclosed properties from the firm RealtyTrac. Recognizing that the foreclosure patterns have shifted in many communities over the past several years, HUD is providing updated foreclosure measures to ensure that remaining NSP funds and program income are targeted to the neediest communities. Data points include:

Total Housing Units ACS 2005-2009: 634
REO Transaction since third quarter 2011 (as of October 2012): 9
Currently Vacant Properties (as of October 2013) with a previous REO Sale the past 7 years: 5
Vacant Properties previous REO or Foreclosure Action: 38
Total of Pre-Foreclosures & REO since 3rd quarter 2011, and Vacant with a Previous Pre-Foreclosure or REO Transaction since 2005: 56
Combined Pre-Foreclosures & REO since 3rd quarter 2011, and Vacant with a Previous Pre-Foreclosure or REO Per 1000 Housing Units: 100

HUD is encouraging grantees to have small enough target areas for NSP 3 such that their dollars will have a visible impact on the neighborhood.

Estimated number of properties needed to make an impact in identified target area (20% of currently vacant properties with a previous REO or Foreclosure action): 7.6

Supporting Data

To assist grantees in planning for their target neighborhood investment, HUD is providing sales data from the firm DataQuick at the census tract level. While this data covers a large number of neighborhoods in large metropolitan areas, some areas where transaction volumes are low may not contain data.
Number of Sales transactions 2002-2004: 588
Number of Distressed Sales transactions 2002-2004 (REO SLD): 0
Median Sale Price 2002-2004 (non-distressed): 75500
Median Sale Price 2002-2004 (distressed): 0
Number of Sales transactions 2004-2006: 342
Number of Distressed Sales transactions 2004-2006 (REO SLD): 3
Median Sale Price 2004-2006 (non-distressed): 135000
Median Sale Price 2004-2006 (distressed): 0
Number of Sales transactions 2006-2008: 190
Number of Distressed Sales transactions 2006-2008 (REO SLD): 68
Median Sale Price 2006-2008 (non-distressed): 99999
Median Sale Price 2006-2008 (distressed): 103662
Number of Sales transactions 2008-2010: 214
Number of Distressed Sales transactions 2008-2010 (REO SLD): 109
Median Sale Price 2008-2010 (non-distressed): 29900
Median Sale Price 2008-2010 (distressed): 56000
Number of Sales transactions 2010-2012: 37
Number of Distressed Sales transactions 2010-2012 (REO SLD): 47
Median Sale Price 2010-2012 (non-distressed): 34500
Median Sale Price 2010-2012 (distressed): 30800

Market Analysis:

HUD is providing the data above as a tool for both neighborhood targeting and to help inform the strategy development. Some things to consider:

1. Persistent Unemployment. Is this an area with persistently high unemployment? Serious consideration should be given to a rental strategy rather than a homeownership strategy.

2. Home Value Change and Vacancy. Is this an area where foreclosures are largely due to a combination of falling home values, a recent spike in unemployment, and a relatively low vacancy rate? A down payment assistance program may be an effective strategy.

3. Persistently High Vacancy. Are there a high number of substandard vacant addresses in the target area of a community with persistently high unemployment? A demolition/land bank strategy with selected acquisition rehab for rental or lease-purchase might be considered.

4. Historically low vacancy that is now rising. A targeted strategy of acquisition for homeownership and rental to retain or regain neighborhood stability might be considered.

5. Historically high cost rental market. Does this market historically have very high rents with low vacancies? A strategy of acquiring properties and developing them as long-term affordable rental might be considered.

Latitude and Longitude of corner points

-115.14371587213964 36.18839445659165 -115.15195561823339 36.18839445659165
-115.15186978754491 36.1807048620909 -115.14564706263036 36.18091269889466
-115.14435960230321 36.18316422892577 -115.14393044886083 36.184307288635765
-115.14397336420507 36.18569279319396 -115.14397336420507 36.1866626318026
-115.14388753351659 36.187424639427626 -115.14371587213964 36.18839445659165

Blocks Comprising Target Neighborhood

320030003012015, 320030003012014, 320030003012013, 320030003012012, 320030003012011, 320030003012010, 320030003012009, 320030003012008, 320030003012004, 320030003012005, 320030003012007, 320030003012006, 320030003013000, 320030003013016, 320030003013015, 320030003013014, 320030003013013, 320030003013012, 320030003013011, 320030003013010, 320030003013009, 320030003013008, 320030003013017, 320030003013003, 320030003013004, 320030003013005, 320030003013007, 320030003013006, 320030003013002, 320030003013001, 320030003014004, 320030003014006, 320030003014008, 320030003014010, 320030003014011, 320030003014009, 320030003014007, 320030003014005, 320030003014002, 320030003015006, 320030003015008, 320030003015007, 320030003015003,

Map Options : Clear | Reset

NSP3 Legend (%): — Tract Outline

LOG OUT

Click here for an Overview

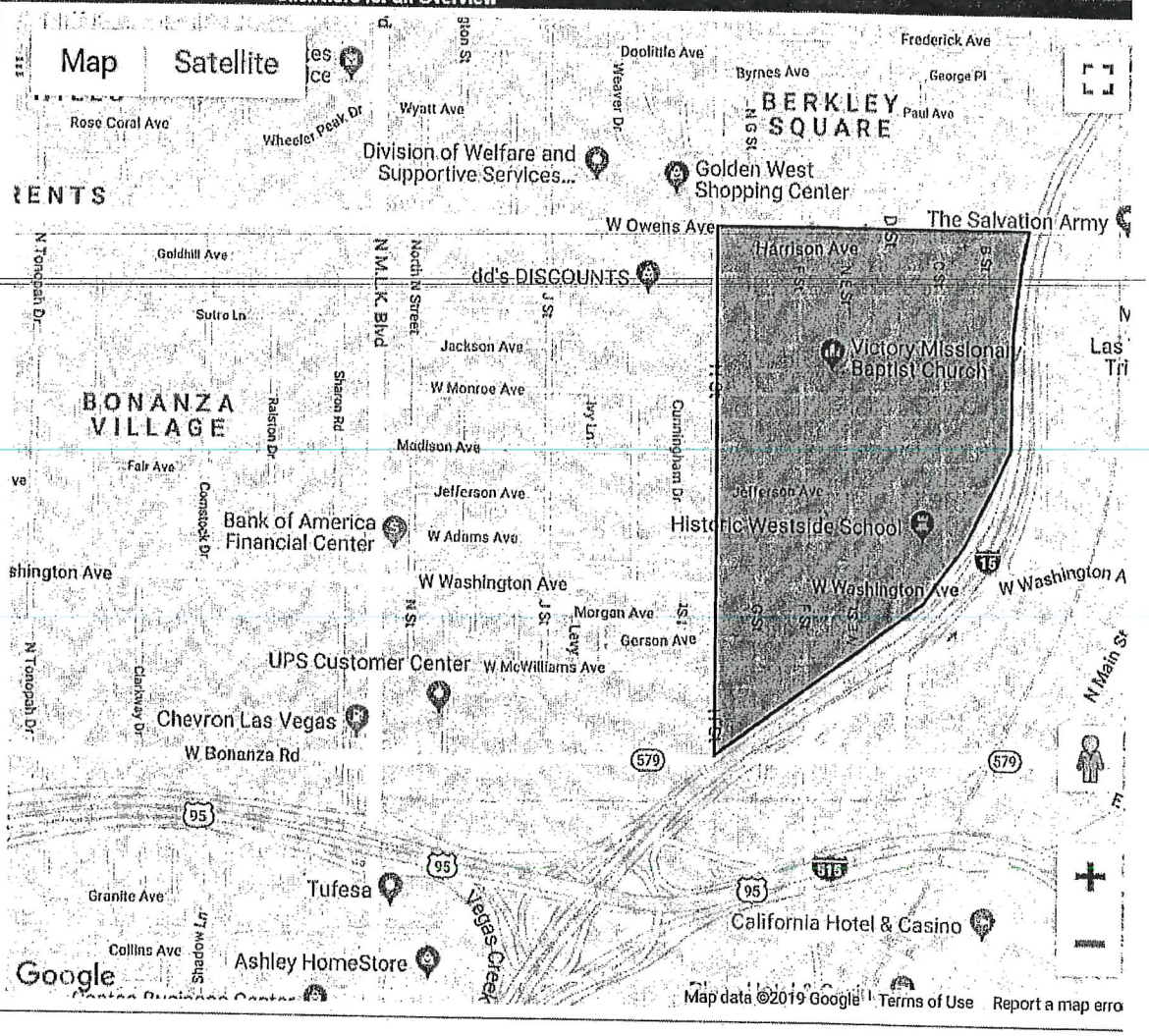
NSP3 Options.

15 Current Zoom Level

☐ Show Tracts Outline (Zoom 11+)

DRAW | FINISH

VIEW DATA

VIEW PROJECTS

METHODOLOGY | INSTRUCTIONS