

CITY OF LAS VEGAS
NEIGHBORHOOD STABILIZATION PROGRAM (NSP) 3
SUBSTANTIAL 3rd AMENDMENT OF THE FY12 HUD ACTION PLAN
GRANT NUMBER: B-11-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 3, program funds authorized under the Dodd–Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) of 2010, was a third 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 substantial amendment to its FY12 NSP 3 HUD Action Plan. This substantial amendment proposes utilizing its NSP 3 funds in a new target area, Historic Westside to provide 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 3 Program

The City discussed in its FY12 HUD Action Plan the utilization of NSP 3 funds for Acquisition and Rehabilitation (Eligible Use E) of abandoned and foreclosed homes in target area 89129. Through the purchase of 62 residential homes, the City stabilized the community and maintained it as a livable, vibrant neighborhood 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 18 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* – 44 of the 62 homes were sold to persons earning up to 120% AMI with deed restrictions requiring 5-year of ownership. 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.

The targeted neighborhood has fully recovered from the housing crash. Resultantly, there is little inventory available for purchase and the median home prices have surged to \$299k.

II. Amendment to Area(s) of Greatest Need

The full housing recovery in the original target area compels the City to redefine the target area from zip code 89129 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 area¹.

Revitalizing the Historic Westside is a high priority of the City Council and 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 18 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 in its NSP 3 Action Plan. Since the initial end use goal *'Rent or sell the residential property to a family at or below 120% AMI'* for 16 households has been met and exceeded, the City would reinvest the program income

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.

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 3 HUD Action Plan in support of its redevelopment and revitalization efforts in the Historic Westside. Current program income of \$1,300,000, the remaining grant award of \$721,170, 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 3 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 3 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.

The City has received HUD's approval to sell its NSP 3 long term rental properties at Fair Market Value. The City will provide relocation assistance to tenants who are currently in the homes as required by the Uniform Relocation Act: Section 104(d).

V. Summary of Public Comments Received