



**CITY OF SAN ANTONIO
NEIGHBORHOOD STABILIZATION PROGRAM APPLICATION**

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PROGRAM SUMMARY

The City of San Antonio, a unit of local government, is submitting Application ID 205712670 for funding in the amount of \$58,978,400.00, in response to the Notice of Funding Availability for the Neighborhood Stabilization Program 2 (NSP2) under the American Recovery and Reinvestment Act, 2009. The City of San Antonio will use NSP2 funds to assist in the prevention of decline in neighborhoods where foreclosures have occurred; assist with the acquisition, rehabilitation and resale of foreclosed properties; provide decent living opportunities for qualified families by establishing financing mechanisms for the purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans. Financing mechanisms will also include first mortgages, bridge loans, and direct homeownership assistance, such as down-payment assistance programs. The City of San Antonio will also 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 and redevelop demolished or vacant properties. The City of San Antonio will utilize the assistance of its housing partners (subrecipients), through the use of binding contractual agreements, to implement the following NSP2 activities:

1. Financing Mechanisms - NSP2 Eligible Use (A) Establish finance mechanisms for purchase and redevelopment of abandoned homes, foreclosed upon homes, and rehabilitated or reconstructed residential properties. The City of San Antonio's financing mechanisms may include the following activities:
 - a. Acquisition;
 - b. Direct homeownership assistance;
 - c. Eligible rehabilitation and preservation activities for homes and other residential properties; and,
 - d. Housing counseling for those seeking to take part in the activity.

2. Acquisition and Rehabilitation of Abandoned and Foreclosed Properties - NSP2 Eligible Use (B) Acquire and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties. This activity will be used to meet the requirement that 25% of the NSP2 funds be used to house individuals or families whose incomes do not exceed 50% of area median income. The City of San Antonio's acquisition of abandoned and foreclosed properties may include the following activities:
 - a. Acquisition;
 - b. Disposition;
 - c. Relocation;
 - d. Direct homeownership assistance;
 - e. Eligible rehabilitation and preservation activities for homes and other residential properties; and,
 - f. Housing counseling for homebuyers participating in the program.

3. Land Banking - NSP2 Eligible Use (C) Establishing land banks for home and residential properties that have been foreclosed upon.

4. Clearance (Removal of Blight) - NSP2 Eligible Use (D) Demolish Blighted Structures.
5. Redevelop demolished or vacant properties as housing - NSP2 eligible use (E) Redevelop Demolished or Vacant Properties. This activity will be used to meet the requirement that 25% of the NSP2 funds be used to house individuals or families whose incomes do not exceed 50% of area median income. to include:
 - a. Acquisition;
 - b. Disposition;
 - c. Public Facilities and improvements;
 - d. Public Services for housing counseling for homebuyers and tenants of redeveloped properties;
 - e. Relocation; and,
 - f. Homebuyer assistance

Income Targeting

The City of San Antonio’s NSP2 funds will be used to acquire or improve homes that will be occupied by households whose incomes do not exceed 120% of median income for San Antonio, Texas. Twenty-five percent (25%) of all NSP2 Funds allocated to the City will be used to purchase and rehabilitate homes for households whose incomes do not exceed 50% of San Antonio’s median income. Each home assisted with NSP2 program funds must remain affordable to low, moderate and middle income households to the maximum extent practicable and for the longest feasible term.

Citizen Participation

Consistent with the Notice of Fund Availability (NOFA) for the Neighborhood Stabilization Program 2 under the American Recovery and Reinvestment Act, 2009, the City of posted public notice in the San Antonio Express News (paper of general circulation) on July 3, 2009. Public Notice was also placed on the Office of Grants Monitoring and Administration’s website, located at <http://www.sanantonio.gov/gma>. The City of San Antonio’s public notice informed the public of the City’s plans to respond to the NSP2 NOFA, the amount of the funding request, the planned geographic service area, and the URL where a detailed map illustrating the planned service areas could be found.

The City of San Antonio received two inquires in response to the public notice. The first inquiry was a contractor, who after seeing the public notice, wanted more information on how to bid on the home requiring rehabilitation. The second inquiry was regarding detailed information contained in the application, not required by the NOFA. In response to the inquiry, the City of San Antonio updated its website to include a narrative descriptor of the planned geographic service areas.

In addition to the public notice, the City of San Antonio, Office of Grants Monitoring and Administration held stakeholders’ meetings on May 20th, May 27th, June 3rd, June 17th, June 18th, and June 25th to explain the program and San Antonio’s implementation strategy to potential partners. As a result of these meetings, the following organizations are ready assist in the implementation of the City of San Antonio’s NSP2:

- San Antonio Alternative Housing Corporation – Eligible uses A, B, C, D, and E.
- San Antonio Neighborhood Services – Eligible uses A and B.

- Avenida Guadalupe Association - Eligible uses A and B.
- Habitat for Humanity - Eligible use E.
- Merced Housing of Texas - Eligible use E.
- Housing and Community Services, Inc. - Eligible uses A, B, and E.
- Alamo Area Mutual Housing - Eligible use E.
- San Antonio Housing Trust - Eligible uses A and B.
- San Antonio Housing Authority - Eligible use E.
- City of San Antonio’s Housing and Neighborhood Services Department - Eligible uses A, B, and E.
- City of San Antonio’s Department of Community Initiatives - Eligible uses A, B, and E.

NRP2 Geographic Need

The City of San Antonio NSP2 will be administered by the Office of Grants Monitoring and Administration, as a citywide program with eight (8) specific target areas. The cumulative average maximum foreclosure/vacancy score for the citywide geographic area is 18.06. Each specific target area has an average Foreclosure or Vacancy Index score of at least 18 as determined by HUD’s Foreclosure Need Map. The 8 target areas for program implementation are designated as areas A, B, C, D, E, F, G, and H. The target areas are described as follows:

Area A - (Bounded by Hwy 281, IH-35, Loop 410, and IH-10)

Census Tract	Foreclosure Index	Vacancy Index	Max Score
1102.00	14	17	17
1109.00	13	17	17
1110.00	16	20	20
1301.00	13	19	19
1302.00	15	19	19
1303.00	17	19	19
1304.00	16	17	17
1305.00	16	18	18
1306.00	16	20	20
1307.00	16	18	18
1308.00	17	19	19
1309.00	15	17	17
1310.00	17	18	18
1311.00	17	18	18
1401.00	16	19	19
1402.00	15	19	19
1403.00	15	18	18
1404.00	12	17	17
1408.00	15	18	18
1413.00	14	19	19
1414.01	17	11	17
1501.00	12	16	16
1503.00	16	19	19

1504.00	15	16	16
1507.00	15	16	16
Average Max Score			18.04

Area B (Bounded by Loop 410, Hwy 281, IH-35 and IH-10)

Census Tract	Foreclosure Index	Vacancy Index	Max Score
1701.01	17	19	19
1701.02	16	18	18
1704.01	14	18	18
1705.00	14	18	18
1801.00	17	18	18
1901.00	12	18	18
1905.01	17	17	17
1905.02	12	18	18
1906.01	14	18	18
1910.02	18	16	18
Average Max Score			18

Area C (Bounded by Loop 1604, IH 10, Loop 410 and Hwy 151)

Census Tract	Foreclosure Score	Vacancy Score	Max Score
1817.14	19	11	19
1817.15	18	12	18
1817.16	19	9	19
1817.17	19	8	19
Average Max Score			18.75

Area D (Bounded by Loop 1604, IH 10, Loop 410 and Hwy 151)

Census Tract	Foreclosure Score	Vacancy Score	Max Score
1818.12	18	12	18
Average Max Score			18

Area E (Bounded by Hwy 281, Loop 1604, IH-35 and Loop 410)

Census Tract	Foreclosure Index	Vacancy Index	Max Score
1211.09	18	10	18
1211.14	18	9	18
Average Max Score			18

Area F (Bounded by Hwy 281, Loop 1604, IH-35 and Loop 410)

Census Tract	Foreclosure Index	Vacancy Index	Max Score
1212.06	18	15	18
Average Max Score			18

Area G (Bounded by IH-35, Hwy 90, IH-37 and Loop 410)

Census Tract	Foreclosure Index	Vacancy Index	Max Score
1611.00	18	14	18
Average Max Score			18

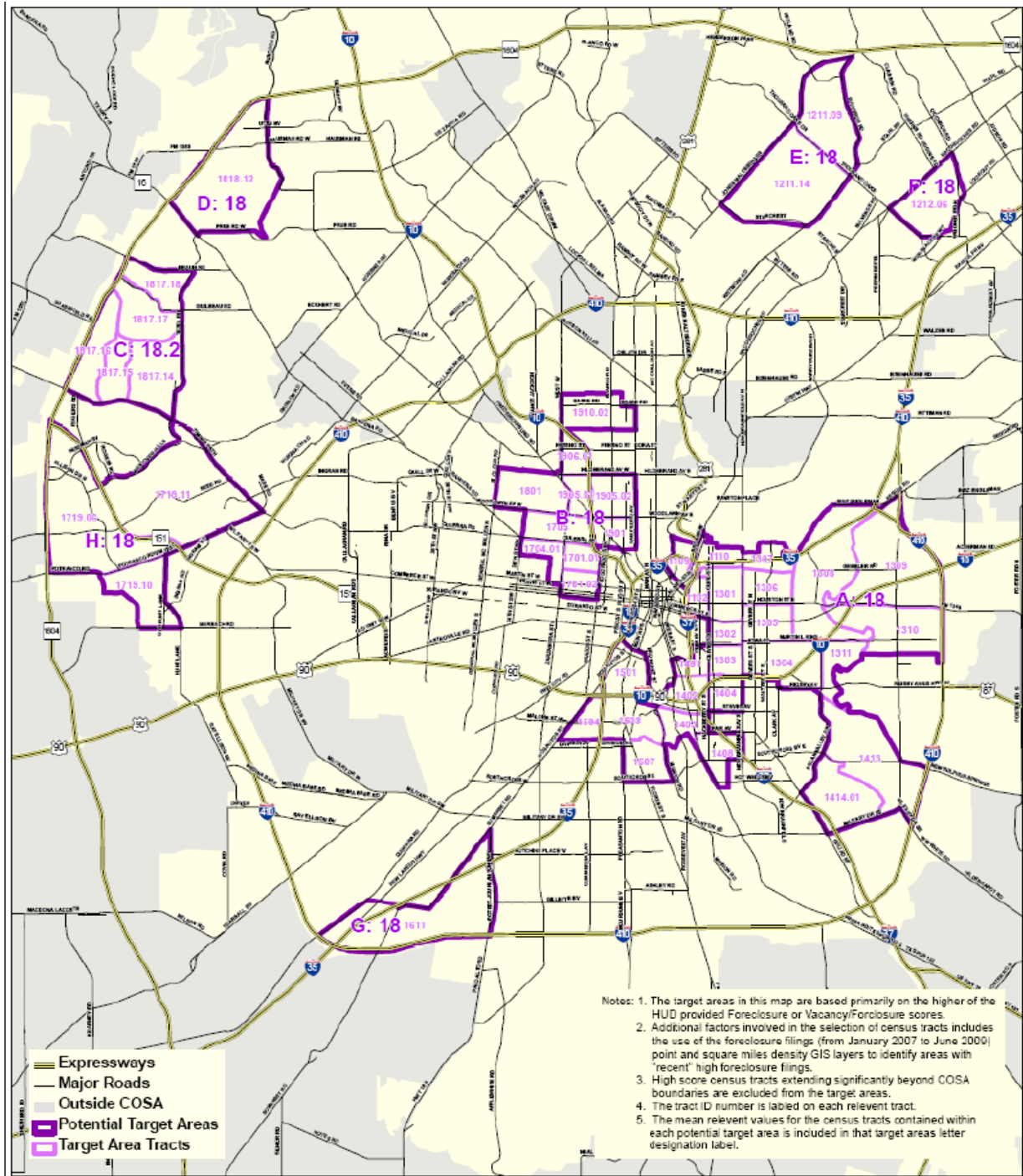
Area: H (Bounded by Loop 1604, Hwy 151, Loop 410 and Hwy 90)

Census Tract	Foreclosure Index	Vacancy Index	Max Score
1719.06	17	9	17
1719.07	18	16	18
1719.08	18	11	18
1719.10	18	13	18
1719.11	19	10	19
Average Max Score			18

Definitions

Please refer to Appendix F for the definition of blighted structures, affordable rents, and a description of the City of San Antonio’s rehabilitation standards. Additional definitions are also provided in Appendix F.

Map of Target Areas



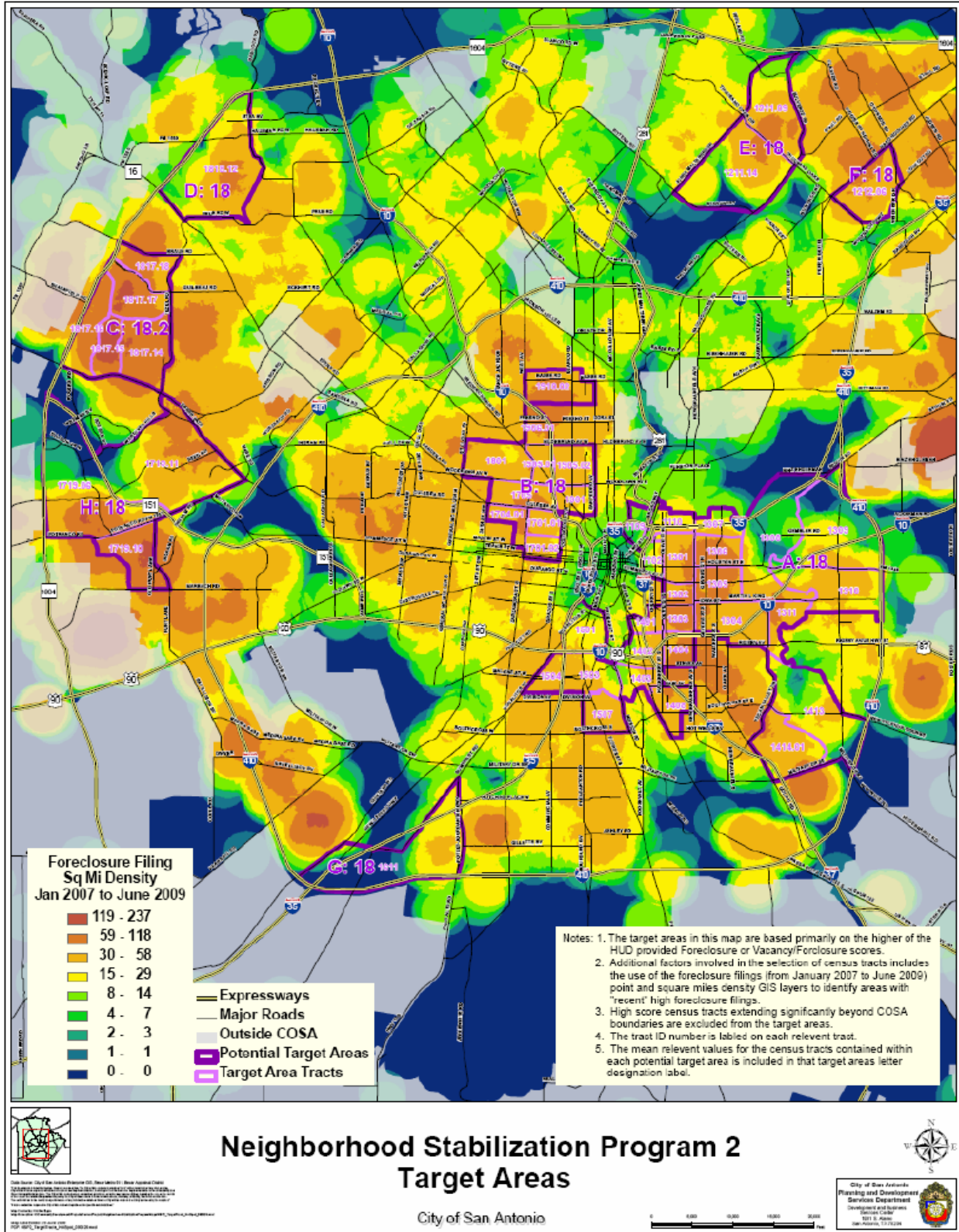
**Neighborhood Stabilization Program 2
Target Areas**

City of San Antonio



City of San Antonio
Planning and Development
Services Center
1001 E. Mariposa
San Antonio, TX 78204





FACTOR 1: NEED AND EXTENT OF THE PROBLEM

The need and market conditions for the specific target areas in San Antonio's NSP2 were determined using a citywide real estate market value analysis (MVA). MVA was a result of a cooperative effort by the City of San Antonio, UTSA and The Reinvestment Fund. A variety of datasets, some refined through field verification, were collected. The most significant data variables were: Housing Units; Percent Owner Occupied Housing Units; Median Residential Sales Price; Foreclosure Filings per 100 Sales; Percent Vacant Parcel Area; Percent Commercial Parcel Area; Section 8 per 1,000 Renter Occupied Units; New Construction Permits per 1,000 Residential Parcels; Dangerous Buildings per 1,000 Housing Units; and Ratio of Owner Occupied Units to Residential Parcels.

Those datasets were used in a cluster analysis, ultimately producing a set of eight distinct MVA Categories for most block groups within Bexar County. These categories are: Anchor Neighborhood, Residential Enclave, Steady Growth, Incipient Growth, Steady Transition, Variable Transition, Restoration, and Reclamation. Market conditions, although varying in details, can generally be interpreted as progressing from the highly stable Anchor Neighborhoods to 'in need of intervention' Reclamation areas. An additional MVA category, Insufficient Data, is designated for some block groups for which there was insufficient data, usually regarding residential housing sales due to a predominantly commercial or rural nature of the area, to meet minimum cluster analysis threshold values. Each of the market value types has associated appropriate community development policies and investment strategies for improving overall quality of life.

Overall Target Area Summary

Analysis of the MVA values for the eight City of San Antonio Neighborhood Stabilization Plan II submitted target areas has revealed the presence of five MVA categories: Steady Transition, Variable Transition, Restoration, Reclamation and Insufficient Data. Steady Transition means the area is capable of supporting transition; specific trouble area can be identified and will respond to community investment. Variable Transition means that the area will respond rapidly to foreclosures and vacancies and can support compatible commercial/residential mixed-use market activity. Restoration means that the area has market strength and responds rapidly to foreclosures and code complaints. Reclamation means that conditions can be created that will re-establish the market and the area will respond rapidly to foreclosures and code complaints; initiate vacant property reclamation strategies.

The MVA category of Steady Transition comprises 24% of the targeted areas and is characterized by: average housing values; high construction activity; and moderate rates of vacant parcels compared to the average San Antonio block group. The strategy for this category is to manage successful evolution of this higher level transitional area to thriving area. The Infill and Reinvestment Policy provides incentives to support this transition, primarily through the identification of specific trouble areas and the application of appropriate responses.

The MVA category of Variable Transition comprises 20% of the targeted areas and is characterized by: Average to low housing values; significant foreclosure rate, high rate of vacant parcels; the highest construction activity and a mix of commercial and residential uses compared

to the average San Antonio block group. The strategy for this category is to manage the successful evolution of this lower level transitional area to higher level transitional area and then to a thriving area. The Infill and Reinvestment Policy provides incentives to support this transition, primarily through the rapid response to foreclosures and vacancies and the support of compatible commercial/residential mixed-use market activity.

The MVA category of Restoration comprises 16% of the targeted areas and is characterized by: low housing values; very high foreclosure rates; moderate rates of vacant parcels; lowest levels of construction activity; and high rates of code complaints compared to the average San Antonio block group. The strategy for this category is targeted development of the area to assist in its progression to first a transitional area and then to a thriving area. The Infill and Reinvestment Policy provides incentives to support this transition, primarily through the identification and support of sub-areas of market strength and the rapid response to foreclosures and code complaints.

The MVA category of Reclamation comprises 27% of the targeted areas and is characterized by: the lowest housing values, highest foreclosure rates; highest rates of vacant parcels; very low construction activity; and the highest rates of code complaints compared to the average San Antonio block group. The strategy for this category is targeted development of the area to assist in its progression to first a transitional area and then to a thriving area. The Infill and Reinvestment Policy provides incentives to support this transition, primarily through the creation of conditions to re-establish market value; the identification and support of sub-areas of market strength; rapid response to foreclosures and code complaints; and the initiation of vacant property reclamation strategies.

The MVA category of Insufficient Data comprises 13% of the targeted areas. While most data used in the MVA exists for this type of area, the block groups with this designation lacked threshold values of one or more data variables and thus were not included in the cluster analysis. The strategy to address this category is to identify the MVA values along the perimeter of individual block groups with the Insufficient Data category designation and then to verify conditions within the block groups via field surveys. The Infill and Reinvestment Policy will then be consulted to identify the appropriate polices to address existing conditions.

Target Areas		MVA Category	Percentage of Target Area
A	Total for Target Area	Variable Transition	13%
		Restoration	15%
		Reclamation	54%
		Insufficient Data	18%
B	Total for Target Area	Steady Transition	15%
		Variable Transition	16%
		Restoration	40%
		Reclamation	22%
		Insufficient Data	7%
C	Total for Target Area	Steady Transition	10%
		Variable Transition	48%
		Restoration	42%
D	Total For Target Area	Steady Transition	100%
E	Total for Target Area	Steady Transition	51%
		Variable Transition	35%
		Restoration	15%
F	Total for Target Area	Variable Transition	62%
		Restoration	38%
G	Total For Target Area	Restoration	20%
		Reclamation	20%
		Insufficient Data	60%
H	Total For Target Area	Steady Transition	69%
		Variable Transition	27%
		Restoration	5%

FACTOR 2: DEMONSTRATED CAPACITY

Past Experience

The City of San Antonio has been the recipient of Community Development Block Grant (CDBG) funds since 1974 and HOME Investment Partnerships (HOME) funds since 1992. The City's community development programs have been successful whilst partnering with local non-profit organizations (Subrecipients), interdepartmental housing and community development partners, CHDOs and for-profit developers. Through the use of HOME, CDBG, LIHTC and the leveraging of private and public dollars, San Antonio's housing providers have made significant progress in stabilizing neighborhoods and preserving existing housing stock. The chart below provides examples of housing initiatives of the City of San Antonio and its Subrecipients, which include but are not limited to the Alamo Area Mutual Housing Corporation, Avenida Guadalupe Association (AGA), the City of San Antonio's Department of Community Initiatives (DCI), the City of San Antonio's Housing and Neighborhood Services Department (HNSD), Habitat for Humanity, Housing and Community Services (HCS), Neighborhood Housing Services of San Antonio (NHS, SA), and the San Antonio Alternative Housing Corporation (SAAHC) and the San Antonio Housing Trust.

Type of Activity	Calendar Year 2007	Calendar Year 2008	Total
Acquisition of property			
<i>Land Acquisition</i>			
Lots (single-family)	108	0	108
Acreage (subdivision development)	9 <i>(72 single family lots)</i>	0	9
<i>Residential Acquisition</i>			
Single Family	4	5	9
Multi-Family	434	503	937
New Construction			
Single Family units	58	42	100
Multi-Family units	1772	371	2143
Homebuyer Activities			
Down payment Assistance	138	114	252
Soft Seconds/Gap financing	54	8	62
Housing Counseling	224	207	431
Rehabilitation			
Single Family	91	55	146
Multi-Family	3713	3149	6862
Minor Repair	654	300	954
Lead Based Paint	47	359	406
Total Unit Production	7306	5113	12419

The accomplishments reported in the above listed table are a fraction of the accomplishments that have aided in the stabilization of neighborhoods in San Antonio. Infrastructure improvements, facility improvements, economic and workforce development, and supportive services funded with the City's General Fund, public and private foundations, federal and state

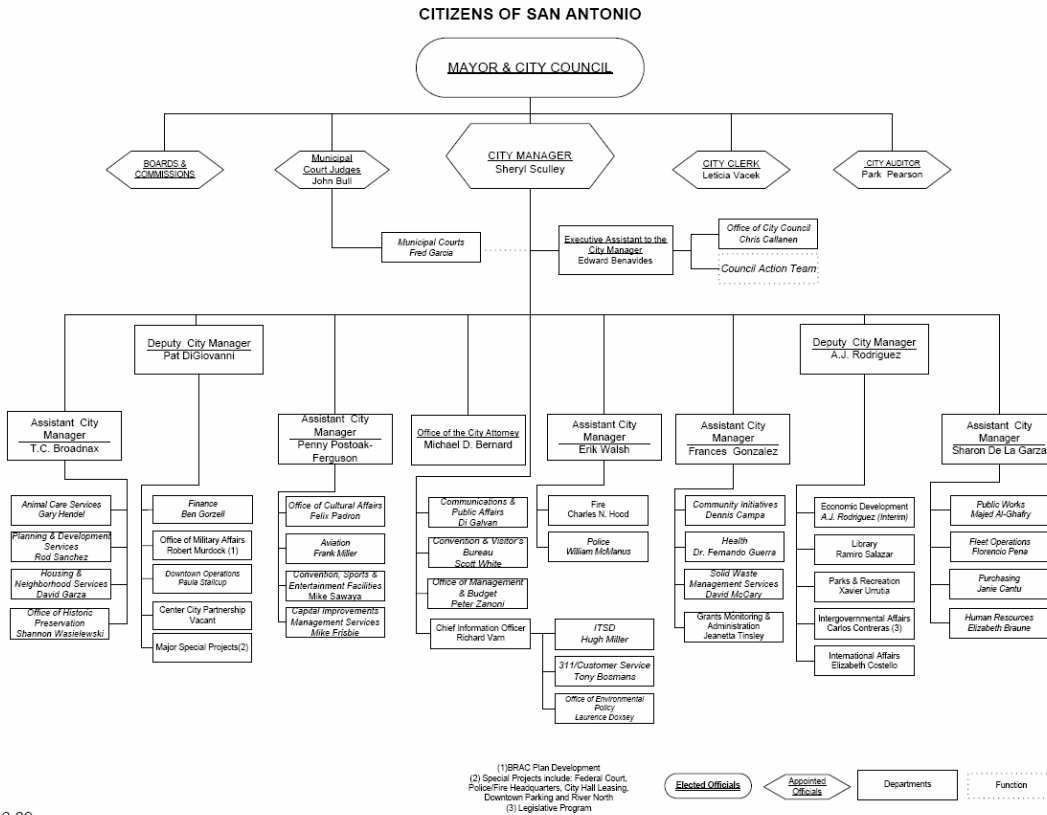
grants have assisted in the City of San Antonio’s efforts to stabilize the economic and structural deterioration in San Antonio neighborhoods.

Management Structure

The City of San Antonio is a municipality that utilizes the council-manager form of government. The Mayor and City Council are the community’s key decision makers. The Mayor and Council members focus on how City policies not only meet the needs of their constituents, but also how they meet the goals of the entire community.

The City Manager is responsible for carrying out the actions and policies of the council by overseeing the day-to-day operation of the organization. Council members also rely on the city manager to provide them with professional advice before they take action on a specific issue. Today, San Antonio’s City Manager oversees more than 12,000 employees in 37 departments who provide a wide range of municipal services. Amongst these 37 departments are the City Auditor’s Office and the Office of Grants Management and Administration. Both departments have been tasked with the responsibility of ensuring programmatic compliance, fiscal accountability and transparency. The City of San Antonio’s organizational chart can be found at <http://www.sanantonio.gov/pdf/OrgChart7-6-09.pdf>.

City of San Antonio Organizational Chart

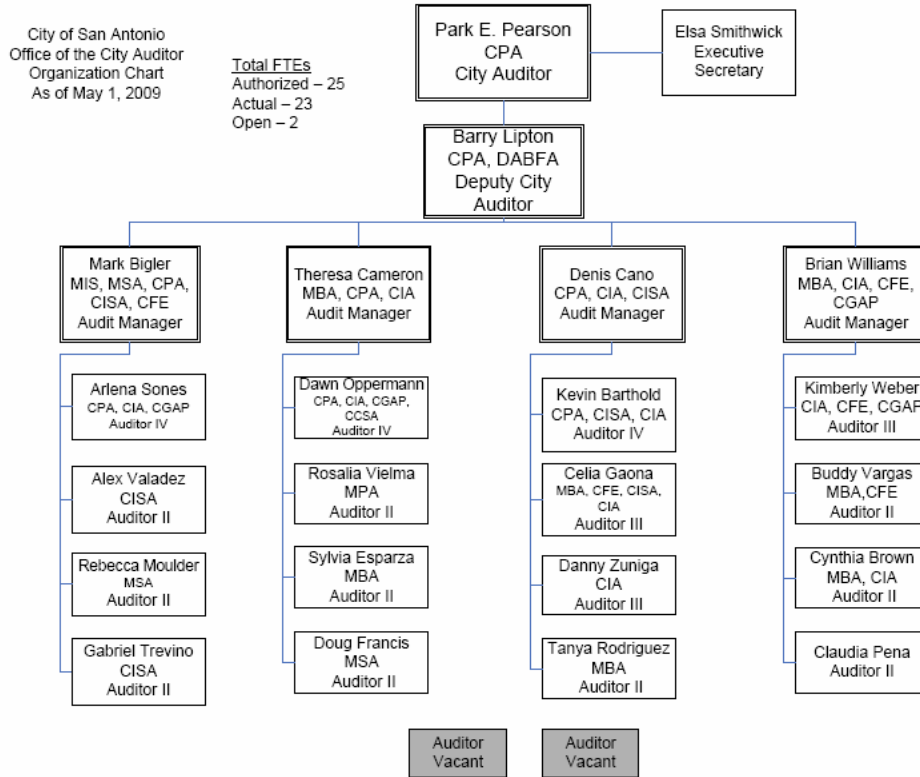


7.6.09

The San Antonio City auditor is appointed by and reports to the City Council. It is the goal of the City Auditor’s Office to provide transparent and accurate information to the citizens, elected

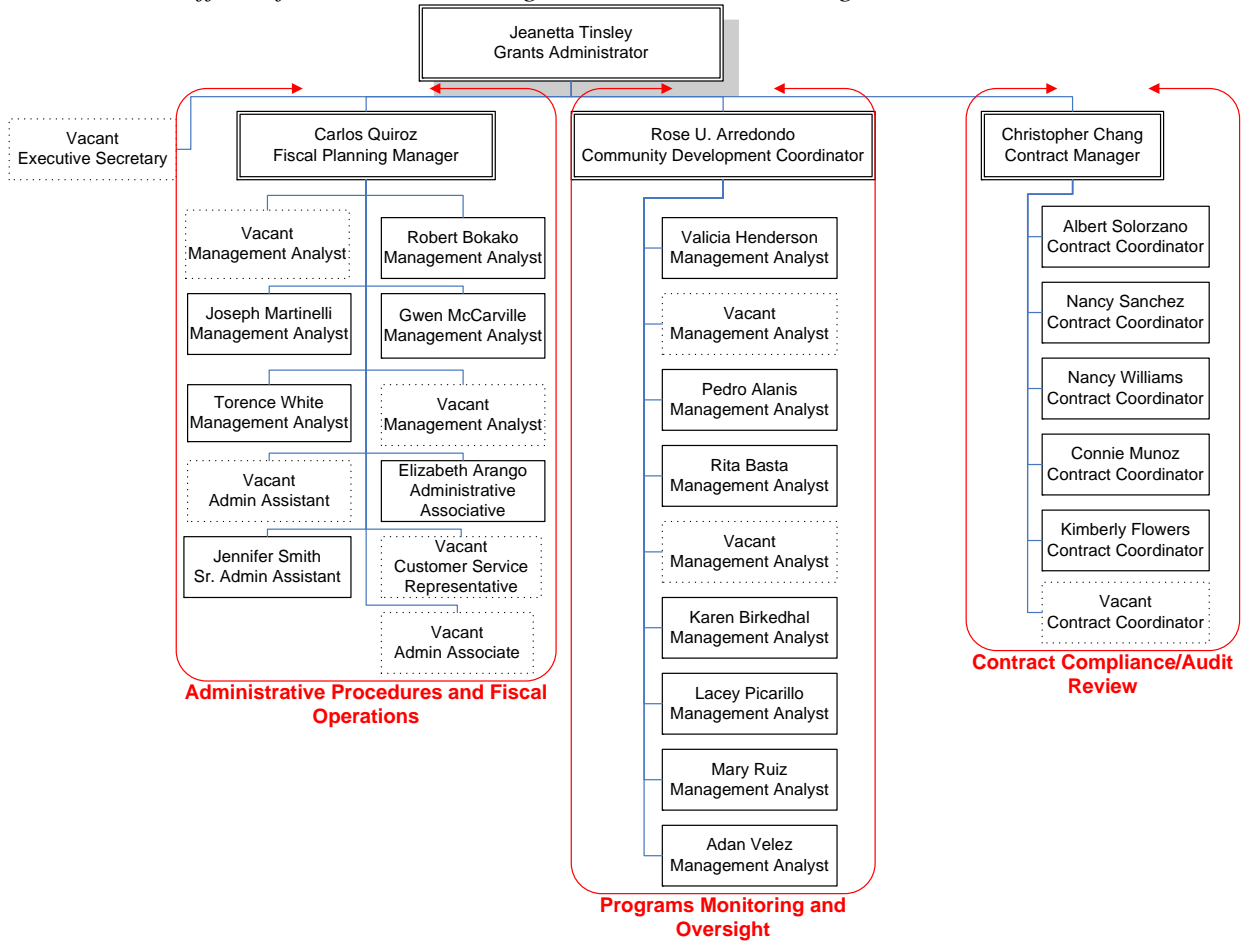
officials, city managers and community leaders of San Antonio. The City Auditor’s work is vital to maintaining citizens’ trust and confidence in the City’s effective, efficient, and economic deployment and use of its resources. The Office of the City Auditor champions an atmosphere of continuous improvement, integrity, honesty, accountability and mutual trust through independent appraisal of City programs, activities and functions.

City Auditor’s Organizational Chart



The Office of Grants Monitoring and Administration (GMA) has the primary responsibility for the planning, organizing, implementation and monitoring of the City’s Community Development Block Grant (CDBG) Program. In addition, Community Development staff coordinates the activities of other supporting City departments responsible for implementing required procedures to ensure City compliance with specific U. S. Department of Housing and Urban Development (HUD) and other federal regulations. Acceptable annual performance reviews of City activities to comply with the Davis-Bacon Act, Fair Labor Standards Act, Equal Employment Opportunities (EEO) compliance standards, Affirmative Fair Housing activities, accepted standard general accounting and audit procedures, Capital Projects Administration, and CDBG project management and monitoring for timely implementation and fund draw down are required to ensure that the City receives the maximum annual funding allocations for which is entitled.

Office of Grants Monitoring and Administration Organizational Chart



FACTOR 3 SOUNDNESS OF APPROACH

Through the use of a formal Request for Proposal, the City of San Antonio will contract with non-profit, for-profit and governmental entities that have demonstrated experience using Community Development Block Grant funds and professional community development experience, to undertake the activities of the City's NSP2. The City of San Antonio proposes to undertake the following eligible NSP2 activities:

Financing Mechanisms

Activity Type: NSP2 Eligible Use (A) Establish finance mechanisms for purchase and redevelopment of abandoned homes, foreclosed upon homes, and rehabilitated or reconstructed residential properties.

CDBG Eligible Activities: 24 CFR 570.206 Activity delivery costs; 24 CFR 570.201 (a) Acquisition, (b) Disposition, (i) Relocation, (n) Homeownership Assistance; 24 CFR 570.202 Rehabilitation.

National Objective: Benefits low, moderate and middle-income persons as defined in the NSP2 Notice ($\leq 120\%$ of area median income). (LMMH)

Activity Description:

This activity will provide affordable homeownership opportunities by providing financing mechanisms to assist homebuyers to purchase a foreclosed property at a discount and/or rehabilitate the property. Appraisals will be required for the purposes of determining the 15% purchase discount. The acquisition of foreclosed properties may be financed if the acquisition of the property is for not more than 85% of the approved appraisal fair market value of the property at the time of foreclosure. The acquisition of abandoned and foreclosed upon property will only be funded if the property has been vacant for at least 90 days. In the case of abandoned property, the seller must not have made payment on the mortgage or taxes for at least 90 days. The subsequent acquisition or conversion of eligible rehabilitated or redeveloped property activities may also be considered a financing mechanism.

The eligible types of homeownership assistance are as follows:

- Down payment and closing cost assistance: The NSP2 Down payment Assistance Program in an amount not to exceed \$12,000 will be available to households at or below 120% AMI and the City's HOME funded down payment assistance will be made available to families not eligible to participate in the NSP2. All program participants will be subject to income verification to document program compliance. A combination of down payment assistance and soft second loans will be made to families as needed.
- Individual Development Accounts (IDA): Each Individual Development Account will be capitalized with \$4,000 of NSP2 funds which will leverage \$4,000 of other funds for the purpose of down payment assistance. This program will provide assistance to families below 80% of the AMI.

- Interest rate buy-down: For fixed-rate first mortgages for eligible purchasers of residential properties acquired, acquired/rehabilitated, newly constructed, or reconstructed using NSP2 funds, for the purpose of ensuring the purchase is affordable to the eligible buyer. Interest rate buy-down of the eligible homebuyer's first mortgage to a rate of 250 basis points below current market, non-subprime interest rates.
- Lease Purchase (Lease to own): Families with earnings at or below 80% AMI will be given the option to participate in the Lease Purchase Program. Each household will have up to five years to convert into homeownership. The ultimate terms of the long-term affordability restrictions must be clearly disclosed to tenants at the time that they choose to execute the lease agreement.
- Soft Second Mortgage Loans: Soft second mortgage loans will be made to the homebuyer in an amount not to exceed \$35,000 and at an interest rate not to exceed 3%. The loan will be subordinate to the primary mortgage loan. If necessary, the soft second mortgage may be deferred or forgiven (in whole or in part) over a period of time. A combination of down payment assistance and soft second loans will be made to families as needed.

The following loan structures are allowed contingent upon the eligible homebuyer continuing to own, occupy as principal residence, and maintain the NSP2-assisted home for the full applicable affordability period:

- 0% - 50% of AMI - Households earning less than 50% of AMI may obtain up to 100% mortgage financing to purchase and rehabilitate a foreclosed or abandoned single family home which will be the primary residence within 30 days of closing the mortgage loan. The mortgage loans will be for 30 years with a 0% interest rate. Closing costs will be financed with the loan proceeds.
- 51% to 80% AMI - Homebuyers with a household income between 51 - 80% AMI will be eligible for NSP2 eligible rehabilitation costs, down payment assistance, reasonable closing costs, principal reductions, and gap financing needed to qualify for private mortgage financing. Assistance will be in the form of a deferred forgivable loan at 0-3% interest and a term based upon the amount of funds provided in accordance with HUD affordability requirements.
- 81% to 12% AMI - Homebuyers with a household income between 81% - 120% AMI will be eligible for NSP2 eligible rehabilitation costs, down payment assistance, reasonable closing costs, principal reductions, and gap financing needed to qualify for private mortgage financing. Assistance will be in the form of a low interest loan at 0-3% interest and a term based upon the amount of funds provided in accordance with the HUD affordability requirements.

Specific Activity Requirements:

- The mortgage loans will be for 30 years with a 0%-3% interest rate.
- Repayment obligations are allowed to be deferred for a period of time.

- Mortgage documents (Promissory Note and Deed of Trust) will be utilized to provide security for the repayment of the loan, registered against the property, with stated rights and remedies in the event of default. Again, recapture will be based on shared net proceeds as described above.
- Mortgage documents (Promissory Note, Deed of Trust and Perpetual Lien) will be utilized to provide security for the repayment of the loan, registered against the property, with stated rights and remedies in the event of default.
- First mortgages must be of a fixed interest rate and not exceed a 30 year term.
- All NSP2 assisted homebuyers will be required to complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan.

Mortgage underwriting criteria to determine the homebuyer's ability to repay the proposed debt will be supported by the homebuyers' income, creditworthiness, assets, and the quality and present value of the property in relation to the loan amount requested.

Resale/Recapture Provisions

If the buyer chooses to sell the home, move, or fails to maintain the NSP2-assisted home, the buyer shall repay to the City of San Antonio the pro rata amount of the NSP2 assistance for the unexpired term of affordability. Regardless of the level of AMI, the loans are to be repaid at the time of resale of the property; refinance of the first lien; repayment of first lien or if the unit ceases to be the assisted homebuyer's principal residence. The amount of recapture will be based upon the recapture provision at 24 CFR 92.254(a)(5)(ii) as follows:

1. Recapture of the amount of the NSP2 investment reduced on a prorata share based on the time the homeowner has owned and occupied the unit measured against the required affordability period. The recapture amount is subject to available shared net proceeds in the event of sale or foreclosure of the housing unit.
2. In the event of sale or foreclosure of the housing unit, if the shared net proceeds (i.e., the sales price minus closing costs; any other necessary transaction costs; and loan repayment, other than NSP2 funds) are in excess of the amount of the NSP2 investment that is subject to recapture, then the net proceeds may be divided proportionately between the City of San Antonio and the homeowner as set forth in the following mathematical formulas:

Affordability:

- For homeownership activities, housing cost burden, which is the homebuyers costs for principal, interest, taxes and insurance (PITI), shall not exceed 30% of the household's gross monthly income.
- Long-term affordability requirements of the HOME Investment Partnerships Program requirements found at 24 CFR 92.254 will apply. The long-term affordability period is based on the dollar amount of final direct subsidy (i.e., the amount of the NSP2 assistance that enabled the homebuyer to purchase the home) in the project and specific regulations for addressing the issues of the sale of a property prior to the end of the long-term affordability period, known as recapture apply. Resale provisions will not be an allowed affordability

mechanism under the City of San Antonio’s NSP2, with the exception of Habitat for Humanity projects.

The long-term affordability period is based on the amount of NSP2 assistance.

Less than \$15,000	5 years affordability period
\$15,000 to \$40,000	10 years affordability period
More than \$40,000	15 years affordability period

The long-term affordability regulation is enforced through the use of a mortgage lien recorded on the property for the length of that period.

Acquisition of Abandoned and Foreclosed Property

Activity Type: NSP2 Eligible Use (B) Purchase and rehabilitate homes and residential properties that have been abandon or foreclosed upon, in order to sell, rent or redevelop such homes and properties.

CDBG Eligible Activities: 24 CFR 570.201(a) Acquisition, (b) Disposition

National Objective: Benefit to low, moderate and middle income persons as defined in the NSP2 Notice (≤ 120% of area median income) (LMMH).

Activity Description: This activity will provide homeownership and rental opportunities to households with incomes at or below 120% of the area median income, and the improvement and reuse of vacant and abandoned properties. This activity may include:

- acquisition/rehabilitation/rental or resale, where the property is purchased by the City of San Antonio or NSP2 Housing Partner, rehabilitated to meet the program standards and resold or rented to an income eligible household;
- direct purchase by an income eligible household, with NSP2 assistance (following an inspection of the property), which is then rehabilitated, as necessary, to meet the appropriate rehabilitation standards; or
- demolition of a blighted house, with a new house built on the site and sold or rented to an income qualified household. Such foreclosed properties must be purchased at a discount to ensure purchasers are paying below-market value for the property. Appraisals will be required for the purposes of determining the purchase discount.

All properties acquired using NSP2 funds shall be appraised in conformity with the appraisal requirements of the Uniform Relocation Act (URA) at 49 CFR 24.103 by a licensed appraiser at least sixty (60) days prior to an offer to purchase the property. All residential property acquired using NSP2 funds shall be discounted by at least 15% from the current market appraised value of the property.

In cases where abandoned substandard lots are not build-able, the city will purchase and transfer ownership of the lot so the property can be maintained and placed back on the tax roles. In the case of abandoned or foreclosed multi-family projects, NSP2 funds may be used to acquire and rehabilitate multi-family rental property. A proportionate share of the units will be required to be

affordable to persons at or below the 120% AMI for a period of not less than ten years. Multi-family projects developed in partnership with the San Antonio Housing Authority as a public housing set-aside units, may be assisted with NSP2 funds. All multi-family projects assisted with NSP2 funds must be consistent with HUD maximum unit subsidy requirements.

In every case, a vacant and abandoned property is purchased, and the final outcome is homeownership or rental by an income eligible household. Each household benefiting from homeownership through this activity will be required to attend eight hours of homebuyer education from a HUD approved housing counseling agency.

Resale of residential properties acquired or acquired/rehabilitated using NSP2 funds: All NSP2-assisted sales shall be in an amount equal to or less than the cost to acquire and redevelopment or rehabilitate such home or property to a decent, safe, and habitable condition. Costs associated with boarding, lawn care, or maintenance of the property may not be included in the total cost for purposes of calculating the required reduced sale price. **NO** profit can be earned on the sale of an NSP2-assisted property to an individual as a primary residence. Any profit realized from the sale of a NSP2-assisted multi-family property will be used to repay the NSP2 loan.

Transitional Housing

For transitional housing, units will be purchased, renovated, and held by a local housing non-profit to provide temporary housing for families that have become homeless due to loss of income. The City's Department of Community Initiatives will identify and refer families to a housing non-profit program partner. Temporary housing will be provided to families for up to one year. While in transitional housing, families will receive support services through the City's Department of Community Initiatives.

Specific Activity Requirements:

- Properties shall be purchased at a discount of at least 15% from the current market appraised value. The appraisal will be used to determine the purchase discount.
- Appraisals are required on all acquisitions using NSP2 funds, including the purchase of foreclosed/abandoned homes, residential properties and voluntary acquisitions.
- Tenure will principally be homeownership; however, single and multifamily rental properties are anticipated to meet the HUD requirement for 25% of NSP2 used to fund activities benefiting households at 50% AMI and below.
- Compliance with the HOME Program property standards and affordability requirements for both rental and homeownership activities.
- Each NSP2 Housing Partners and Subrecipients shall implement written procedures for establishing an offer to purchase property using NSP2 funds with such procedures applied consistently to all NSP2 purchases. Such methodology must result in a discount equal to the total carrying costs anticipated to be incurred by the seller if the property is not purchased using NSP2 funds. Carrying costs shall include but not be limited to: taxes, insurance, maintenance, marketing, overhead, and interest.
- Each NSP2 Housing Partner and Subrecipient must maintain sufficient documentation on the acquisition and resale of each property to enable the Office of Grants Monitoring and Administration and HUD to determine compliance with the requirement to sell each property at an amount equal to or less than the cost to acquire and redevelop the property.

- ALL NSP2-assisted property acquisitions must be voluntary acquisitions and not acquired through eminent domain proceedings.
- Properties shall not be acquired in excess of \$90,000 per single family residence (land and structure).
- Temporary housing will be provided to families for up to one year.
- Transitional housing units must remain transitional units for ten years.

Resale of Acquired/Rehabilitated Properties

1. The resale price must not exceed the costs incurred by the City of San Antonio or the NSP2 Housing Partner to purchase and develop the unit.
2. The amount of assistance provided must be reasonable, and justifiable by the NSP2 Housing Partner.
3. Housing Partners are required to be efficient in the use of NSP2 funds in order to adequately assist those most in need.
4. When properties are redeveloped or rehabilitated, an effort must be made to make the units more accessible and energy efficient, and that green building practices are used, where possible.

Affordability:

1. For homeownership activities, housing cost burden, which is the homebuyers costs for principal, interest, taxes and insurance (PITI), shall not exceed 30% of the household’s gross monthly income.
2. Long-term affordability requirements of the HOME Investment Partnerships Program requirements found at 24 CFR 92.254 will apply. The long-term affordability period is based on the dollar amount of final direct subsidy (i.e., the amount of the NSP2 assistance that enabled the homebuyer to purchase the dwelling unit) in the project and specific regulations for addressing the issues of the sale of a property prior to the end of the long-term affordability period, known as recapture apply. Resale provisions will not be an allowed affordability mechanism under the City of San Antonio’s NSP2, with the exception of Habitat for Humanity projects.

The long-term affordability period is based on the amount of NSP2 assistance.

Less than \$15,000	5 years affordability period
\$15,000 to \$40,000	10 years affordability period
More than \$40,000	15 years affordability period

The long-term affordability regulation is enforced through the use of a mortgage lien recorded on the property for the length of that period.

Rehabilitation of Abandoned and Foreclosed Property

Activity Type: NSP2 Eligible Use (B) Rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent or redevelop such homes and properties.

CDBG Eligible Activities: 24 CFR 570.202 Rehabilitation, Reconstruction and New Construction

National Objective: Benefit to low, moderate and middle income persons as defined in the NSP2 Notice ($\leq 120\%$ of area median income). (LMMH)

Activity Description: This activity will rehabilitate properties foreclosed and abandoned properties acquired with NSP2 funds. The purpose of the financial assistance is to provide decent, safe, and sanitary housing for low to middle income residents by the rehabilitation and/or improvement of existing structures to a condition that brings the structure into compliance with State and Local Code to ensure all repairs and improvements will contribute to the long term structurally sound housing stock in the area.

Demolition of a structure will only be allowed if the appraised value of the structure is less than 50% of the total appraised value of the property (lot and structure) which has major structural conditions that were either inadequate original construction, or has failing foundation, floor, wall, ceiling, roof, and exterior systems.

The NSP2 program will not be used for emergency rehabilitation. In the event that minor and or cosmetic renovations are needed to an acquired property, such renovations will be permitted. The cost of rehabilitation activities will not exceed \$25,000.

In the case of abandoned or foreclosed multi-family projects, NSP2 funds may be used to acquire and rehabilitate the units. A proportionate share of the units will be required to be affordable to persons at or below the 120% of AMI for a period of not less than ten years. Multi-family projects developed in partnership with the San Antonio Housing Authority that contain Public Housing set-aside units, may be assisted with NSP2 funds. All multi-family projects assisted with NSP2 funds must be consistent with HUD maximum unit subsidy requirements.

Transitional Housing

For transitional housing, units will be purchased, renovated, and held by a local housing non-profit to provide temporary housing for families that have become homeless due to loss of income. The City's Department of Community Initiatives will identify and refer families to a housing non-profit program partner. Temporary housing will be provided to families for up to one year. While in transitional housing, families will receive support services through the City's Department of Community Initiatives.

Specific Activity Requirements:

- Permanent financing is available for multi-family properties targeting households at or below 50% AMI.
- Tenure will principally be homeownership; however, single and multifamily rental properties are anticipated to meet the HUD requirement for 25% of NSP2 used to fund activities benefiting households at 50% AMI and below.
- Compliance with the HOME Program property standards and affordability requirements for both rental and owner-occupied units.
- Temporary housing will be provided to families for up to one year.
- Transitional housing units must remain transitional units for ten years.

Establishing Land Banks

Activity Type: NSP Eligible Use (C) Establish land banks for homes and residential properties that have been foreclosed upon.

CDBG Eligibility Activity: 24 CFR 570.201(a) Acquisition; and (b) Disposition

National Objective: Benefits areas with low, moderate and middle-income persons as defined in the NSP2 Notice ($\leq 120\%$ of area median income) (LMMA).

Activity Description:

The City of San Antonio's Planning and Development Services Department will establish land banks to operate in the City's NSP Target Areas A and B. The City will purchase properties that have been foreclosed upon and maintain, assemble, facilitate redevelopment of, market, and dispose of the land-banked properties.

Specific Activity Requirements:

- Acquisition of foreclosed homes and residential properties for resale, lease or lease purchase to persons at or below the 120% of AMI.
- A re-use plan will be developed for each foreclosed upon home or residential property acquired with NSP2 funds.
- Acquired foreclosed upon homes and residential properties will not be hold for more than 2 years without obligating the property for a specific, eligible NSP2 use.

Clearance (Removal of Blight)

Activity Type: NSP2 Eligible Use (D) Demolish Blighted Structures

CDBG Eligible Activity: 24 CFR 570.201(d) Clearance of blighted structures only

National Objective: Benefits areas with low, moderate and middle-income persons as defined in the NSP2 Notice ($\leq 120\%$ of area median income) (LMMA). The demolition of blighted structures (where no acquisition of property occurs) is also eligible with no required reuse in areas with at least a 51% concentration of LMMI households.

Activity Description:

This activity, when funded exclusive of other eligible activities, is anticipated to be used on a limited basis to address urbanized areas of greatest need where NSP2 Housing Partners and Subrecipients can prove that blighted structures, as defined herein, are affecting property values in the area. This activity will allow NSP2 Housing Partners and Subrecipients to remove dangerous structures that pose a threat to human health, safety, and public welfare and allow for the future private redevelopment of the property. This activity will not be utilized to target the 25% requirement for 50% AMI. The City of San Antonio does not expect to demolish any residential structures that do not fall under the category of substandard property as defined herein.

Demolition of a structure will only be allowed if the appraised value of the structure is less than 50% of the total appraised value of the property (lot and structure) which has major structural conditions that were either inadequate original construction, or has failing foundation, floor, wall, ceiling, roof, and exterior systems. The City of San Antonio does not expect to demolish any residential structures that do not fall under the category of substandard property as defined herein.

Specific Activity Requirements:

- The demolition of structures which are not blighted is prohibited.
- Documentation must be maintained on the purchase and resale amounts of each property and the sources and uses of funds for each activity.
- Appraisals are required on all acquisitions using NSP2 funds, and must be completed at least 60 days prior to an offer made on the property. This requirement applies to the purchase of foreclosed/abandoned homes, residential properties and voluntary acquisitions.
- Foreclosed homes shall be purchased at a discount of at least 15% from the current market appraised value. The appraisal will be used to determine the purchase discount.
- Properties acquired with NSP2 funds will not be demolished unless the City of San Antonio's Dangerous Structure Determination Board (DSDB) declares them dangerous.
- Residential structures will not be demolished that do not fall under the category of substandard property as defined herein.

When demolition activities are approved, GMA will require Housing Partners and Subrecipients consider the efficient (green) use of resources, including the possibility of deconstruction. When using deconstruction techniques, the value of reusing resources must be weighed against the added costs and concerns about environmental hazards such as lead-based paint that may be present on the building components.

Redevelopment (New Construction)

Activity Type: NSP2 eligible use (E) Redevelop Demolished or Vacant Properties

CDBG Eligible activities: 24 CFR 570.201(a) Acquisition, (b) Disposition, (c) Public Facilities, (e) Public Services, (i) Relocation, (n) Homeownership Assistance (restricted)

National Objective: Benefit to low, moderate and middle income persons as defined in the NSP2 Notice ($\leq 120\%$ of area median income). (LMMH)

Activity Description: Redevelopment of demolished or vacant, but previously improved properties will address areas of greatest need throughout the City wherever there are large amounts of demolished or vacant properties, but were previously improved, that are contributing to declining land values. Funding priority will be given to the acquisition and rehabilitation of foreclosed upon multifamily rental properties that will assist the City's income targeting requirements (25% requirement for 50% AMI).

Transitional Housing/Emergency Shelters

On a case-by-case basis, with the approval of the Office of Grants Monitoring and Administration, NSP2 funds may be used for the construction of a new facility or rehabilitation

of a vacant structure into emergency shelters for the homeless, transitional housing for the homeless, or domestic violence shelters. Emergency shelters and/or transitional housing and Domestic Violence shelters must meet all applicable program and code requirements. The Office of Grants Monitoring and Administration will also require a justification of need for the facility and an explanation for how the facility will cover operating expenses on an on-going basis.

For Rental Projects: Rental projects completed with NSP2 funds must be leased to households with incomes at or below 120% of AMI adjusted for household size. The rents must not exceed the HOME affordable rents for the period of affordability. Rents and incomes must be re-verified annually during the period of affordability.

Financing mechanisms for rental projects are as follows:

- 30% and below AMI - Grant/deferred forgivable loans for up to 100% financing for public housing units or projects/units serving households earning 30% and below AMI with terms to coincide with applicable period of affordability and with balloon provision for refinancing at end of applicable repayment term.
- 31% - 50% AMI - 3-year redevelopment loans for up to 100% financing at 0% interest serving households earning 31-50% AMI with repayment terms to coincide with applicable period of affordability and with balloon provision for refinancing at end of applicable repayment term.
- 51% - 80% AMI - 3-year redevelopment loans for up to 50% financing at 0-3% interest serving households earning 51-80% AMI with repayment terms to coincide with applicable period of affordability and with balloon provision for refinancing at end of applicable repayment term.
- 81% - 120% AMI - 3-year redevelopment loans for up to 20% financing at 0-3% interest serving households earning 81-120% AMI with repayment terms to coincide with applicable period of affordability and with balloon provision for refinancing at end of applicable repayment term.

Affordability: Long-term affordability requirements of the HOME Investment Partnerships Program, found at 24 CFR 92.252 (a), (c), (e) and (f), will apply. The long-term affordability period for acquisition and rehabilitation of a foreclosed multi-family project is based on the NSP2 dollar amount per unit.

Less than \$15,000	5 years affordability period
\$15,000 to \$40,000	10 years affordability period
More than \$40,000	15 years affordability period

For Rental Redevelopment (New Construction) Projects: A minimum 20 year affordability period. The long-term affordability regulation is enforced through the use of a mortgage lien, deed restrictions, covenants running with the land, or other mechanisms recorded on the property for the length of that period.

Specific Activity Requirements:

- Affordable rents will be consistent with the HOME rents published annually by the U. S. Department of Housing and Urban Development (HUD).
- If a property is sold before the end of the contract period, NSP2 funds will be recaptured and returned to the City as program income.
- Permanent financing is available for multifamily properties targeting households at or below 50% AMI
- Compliance with the HOME Program property standards and affordability requirements for both rental and owner-occupied units.
- Temporary housing will be provided to families for up to one year.
- Transitional housing units must remain transitional units for ten years.

Performance and Monitoring

All NSP2 contracts entered into by the City are subject to on-going monitoring throughout the term of the contract. The primary methods of monitoring include:

- Daily/weekly desk reviews;
- review of monthly/quarterly reports;
- review of final reports (due 30 days after the expiration of the contract);
- periodic site visits, including review of randomly-selected case files; and,
- on-going telephone contact with program staff.

Subrecipients must ensure that financial records, documents and other evidence pertaining to costs and expenses under the NSP2 program are maintained to reflect all costs of materials, equipment, supplies, services, building costs and all other costs and expenses for which reimbursement is claimed or payment is made. All expenditures are reported on an accrual basis. The City requires direct access to any records relevant to the project, including books, documents, photographs, correspondence and records to make an audit, examinations, transcripts, and excerpts. All records pertaining to the grant including financial audits, budget, plans/drafts, supporting documents, statistical records, etc., are retained for a period of at least four years following submission of the final expenditure report. In the event that any claim, audit, litigation, or state/federal investigation is started before the expiration of the record retention period, the records are retained by the subrecipient until all claims or findings are resolved.

The contractual agreement requires subrecipients to submit monthly, quarterly and final reports. Monthly and quarterly reports describe a project's progress during the quarter through a detailed narrative describing contract activities and the results achieved. To meet HUD's reporting requirements, statistical data is also reported to track the type of activity carried out, and the number of individuals and families assisted, including data on the racial/ethnic characteristics of the participants.

Final reports verify fulfillment of all contractual requirements and tabulate final demographic data on the program participants. They also trigger final reimbursement for contractual activities. The narrative follows the basic format established for monthly and quarterly reports, but emphasizes final outcomes. Subrecipients are advised that unless all reporting requirements are satisfactorily met, requests for reimbursement are not processed for payment.

The following briefly describes the procedures employed by the City's of San Antonio Office of Grants Monitoring and Administration to monitor subrecipients who are awarded NSP2 funds to develop multifamily rental projects.

Project Desk Reviews

The monthly and quarterly NSP2 reports are used to track performance in the following areas: production (commitment to specific projects and funds expended for completed units); regulatory compliance (income group targeting, tenant assistance, unit affordability); performance in meeting Federal- and locally-identified goals and targets; trends in committing and completing projects; tenant characteristics; project selection characteristics; and leveraging of public and private funds.

Additionally, routine processing of NSP2 activity set-up reports by address, disbursement requests and other paperwork submitted to the Office of Grants Monitoring and Administration provide additional opportunities to monitor program activity. Requests for reimbursement are examined to ensure that reimbursements are made only for approved program expenditures. Performance reports are required to be submitted on a monthly basis. If a performance report does not accompany the payment voucher or if documentation that is submitted is problematic, the payment voucher is held pending resolution of GMA's concerns. Resolution may include technical assistance or additional site visits.

On-site Monitoring

The Grants Monitoring and Administration Department staff monitors locally-administered programs for both fiscal and programmatic compliance. Periodic site visits are conducted by GMA staff. In addition to examinations of program and project records for statutory and regulatory compliance, staff visits several project sites to ensure that work is being completed as reported, and in compliance with HQS and applicable codes. Staff also provide technical assistance on the day-to-day operation of the program, and examine the integration of the program with overall local goals, (including how the program addresses community needs), any barriers to operation, and ways the program could become more effective.

Post-Completion Monitoring

Rental rehabilitation and redevelopment programs will have ongoing occupancy compliance issues that require more extensive on-going monitoring. The Office of Grants Monitoring and Administration staff will review selected tenant and project files to ensure that tenant selection, tenant certification, and unit inspection activities have been undertaken consistent with the sub-recipient's administrative plan and HOME regulations. The Office of Grants Monitoring and Administration staff also surveys recipients who have undertaken rental rehabilitation or redevelopment programs to collect information on recipients' annual property inspections.

Annual Multi-family Project Monitoring

NSP2 Multi-family rental projects will be monitored in the same manner as HOME rental projects. HOME rental projects are subject to annual on-site inspections and periodic desk reviews to ensure ongoing compliance with HOME regulations involving tenant selection and income eligibility, rents charged, housing quality, file maintenance and financial reporting. These monitoring activities are performed by the Office of Grants Monitoring and

Administration staff who periodically visits the project management offices, review tenant files and application logs, sample financial records and inspect units to verify compliance with housing quality standards as a minimum level of habitability.

The Office of Grants Monitoring and Administration’s monitoring procedure is substantially equivalent to 24 CFR Part 84 requirements identified for HOME funded not-for-profits. Public entities are subject to federal single audit requirements and the related cost principles and compliance supplements and are required to submit a copy of the audit to the Office of Grants Monitoring and Administration.

Uses of NSP2 Funds

Eligible Activities	Single Family		Multi-Family		Total	
	Funds	Units	Funds	Units	Funds	Units
A. financing mechanisms	5,060,000.00	250	0.00	0	5,060,000.00	250
B. Acquisition & Rehab	11,000,000.00	180	18,500,000.00	437	29,500,000.00	617
C. Land banks	250,000.00	50	0.00	0	250,000.00	50
D. Demolish blighted structures	200,000.00	50	200,000.00	2	400,000.00	52
E. Redevelop demolished or vacant properties	9,000,000.00	150	12,500,000.00	623	21,500,000.00	773
Subtotal*	\$25,510,000.00	680	\$31,200,000.00	1062	\$56,710,000	1742
Administration (4%)	\$1,020,400.00	0	\$1,248,000.00	0	\$2,268,400.00	0
Total	\$26,530,400.00	680	\$32,448,000.00	1062	\$58,978,400.00	1742
25% Income Targeting	\$6,377,500.00	83	\$3,120,000.00	265	\$9,497,500.00	348

Project Completion Schedule

	Calendar Year 2010					
	Jan	Feb	Mar	April – Dec	Total	# Units
Request for Proposal	X					
Allocate Funds (City Council Action)		X				
Perform Environmental Reviews			X			
Execute Contracts			X			
Administration	68,739.00	68,739.00	68,739.00	618,651.00	824,868.00	0
Acquisition/Rehabilitation (Single Family)	N/A	N/A	N/A	4,124,997.00	4,124,997.00	90
Acquisition/Rehabilitation (Multifamily)	N/A	N/A	N/A	10,791,662.00	10,791,662.00	218
Demolition	N/A	N/A	N/A	399,995.00	399,995.00	36
Land Bank	N/A	N/A	N/A	0.00	0.00	0
Financing Mechanisms	N/A	N/A	N/A	1,897,497.00	1,897,497.00	125
Redevelopment (Single Family)	N/A	N/A	N/A	3,375,000.00	3,375,000.00	75
Redevelopment (Multifamily)	N/A	N/A	N/A	9,374,994.00	9,374,994.00	311
2010 Sub-Total	\$68,739.00	\$68,739.00	\$68,739.00	\$30,582,796.00	\$30,789,013.00	855

<i>Calendar Year 2011</i>						
	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>April –Dec</i>	<i>Total</i>	<i># Units</i>
Perform Annual Progress Review	X					
Reallocate funds (if necessary)		X				
Perform Environmental Reviews		X				
Execute/Amend Contracts		X				
Administration	68,739.00	68,739.00	68,739.00	618,651.00	824,868.00	0.00
Acquisition/Rehabilitation (Single Family)	458,333.00	458,333.00	458,333.00	4,124,997.00	5,499,996.00	90
Acquisition/Rehabilitation (Multifamily)	1,541,666.00	1,541,666.00	1,541,666.00	4,624,998.00	9,249,996.00	219
Demolition	16,666.00	16,666.00	16,667.00	16,667.00	66,666.00	16
Land Bank	10,147.00	10,147.00	10,147.00	91,323.00	121,764.00	50
Financing Mechanisms	210,833.00	210,833.00	210,833.00	1,897,497.00	2,529,996.00	125
Redevelopment (Single Family)	375,000.00	375,000.00	375,000.00	3,375,000.00	4,500,000.00	75
Redevelopment (Multifamily)	1,041,666.00	1,041,666.00	1,041,666.00	1,324,471.00	4,449,469.00	312
2011 Sub-Total	3,723,050.00	\$3,723,050.00	\$3,723,051.00	\$16,073,604.00	\$27,242,755.00	887

<i>Calendar Year 2012</i>						
	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>April –Dec</i>	<i>Total</i>	<i># Units</i>
Perform Annual Progress Review	X					
Reallocate funds (if necessary)		X				
Perform Environmental Reviews		X				
Execute/Amend Contracts		X				
Administration	68,739.00	68,739.00	68,739.00	618,651.00	824,868.00	
Land Bank	10,147.00	10,147.00	10,147.00	91,323.00	121,764.00	
Acquisition/Rehabilitation (Single Family)	All funds are programmatic activities are anticipated to be expended in the first 24 months of the program.				0.00	
Acquisition/Rehabilitation (Multifamily)					0.00	
Demolition					0.00	
Financing Mechanisms					0.00	
Redevelopment (Single Family)					0.00	
Redevelopment (Multifamily)					0.00	
2012 Sub-Total					78,886.00	
NSP2 Timeline & Total	3,870,676.00	3,870,676.00	3,870,676.00	\$47,366,374.00	58,978,400.00	

FACTOR 4 LEVERAGING, INTEGRATION, REMOVAL OF NEGATIVE EFFECTS

The City of San Antonio is taking a comprehensive approach to stabilizing its neighborhoods. Numerous initiatives are taking place throughout San Antonio citywide. The eight specific target areas for the NSP2 are being integrated with the City’s 2007-2012 Bond Program, which is a \$550 million capital improvement program. There are a total of 151 projects included in the 2007 Bond Program that are designed to improve and enhance existing, as well as acquire or construct, new, local streets, bridges, sidewalks, drainage facilities, parks, athletics facilities, libraries and public health centers. The table below provides a summary of the Bond Program project allocations specific to the eight NSP2 target areas and assist the City’s stabilization efforts. Project names and scopes of work can be provided upon request.

Target Area	2007 Bond Commitment to NSP2 Target Areas
A	37,857,000.00
B	33,270,000.00
C	10,426,000.00
D	16,254,167.00
E	17,462,000.00
F	0.00
G	400,000.00
H	21,730,000
Total	\$137,389,167.00

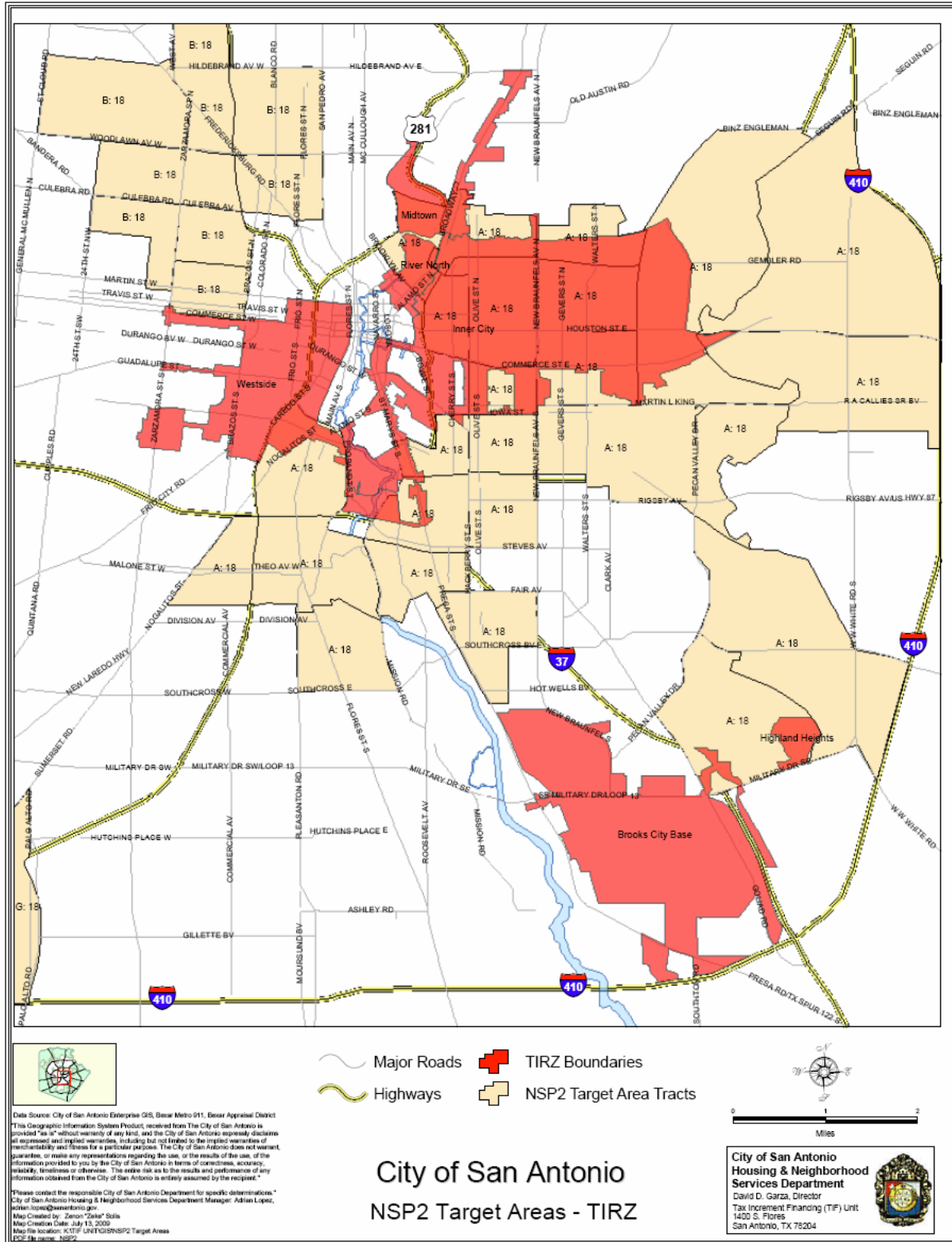
The City of San Antonio is also integrating its stabilization efforts in the NSP2 target areas with its Tax Increment Financing (TIF) program. TIF is a financing tool used to attract development or redevelopment to areas that are currently not benefiting from private-sector investment. The City of San Antonio’s highest priority use of TIF is the revitalization of inner-city neighborhoods and commercial districts. The area in which TIF is being used is known as a Tax Increment Reinvestment Zone (TIRZ).

A TIRZ is one of the few planning tools available to the City that contains a built-in mechanism to finance implementation. A TIRZ acts as economic stimuli to surrounding areas. By leveraging private investment for certain types of development within a targeted area, TIF can be used to finance new and/or enhanced public improvements and infrastructure. These improvements and infrastructure, in turn, attract additional private investment in surrounding areas.

TIF allows future ad valorem and sales tax revenue to pay for the construction of public infrastructure improvements. A Finance Plan is drawn up to show how new development or redevelopment will generate new tax revenue (“tax increment”), and to what extent that tax increment can pay for the public infrastructure that is required to support the new development.

There are seven (Highland Heights TIRZ #4, Houston Street TIRZ #9, Inner City TIRZ #11, Brooks City-Base TIRZ #16, River North TIRZ #27, Westside TIRZ #30, Midtown TIRZ #31) TIRZ initiatives located in the City’s NSP2 target areas, resulting in \$312 million in additional

investment that will contribute to the stabilization of these areas. The TIRZ map provides the locations the seven TIRZ in relation to the NSP2 target areas.



A detailed list of TIRZ boundaries and project descriptions can be found at <http://www.sanantonio.gov/nad/devdiv/tif/profile.asp>.

In addition to the 2007 Bond Capital Improvement and the TIF programs, the City of San Antonio’s housing partners (Subrecipients) have demonstrated their commitment to the spirit and mission of the NSP2 and have agreed to integrate their non-federal resources with the NSP2. The City’s Housing Partners (Subrecipients) have pledged approximately \$25,833,823.00 of leveraged funding to accomplish those goals. Please refer to Appendix B for copies of commitment letters.

Rubric formula

As part of its NSP2, the City of San Antonio has proposed demolition, and acquisition and rehabilitation as stabilizing activities. The City of San Antonio is demonstrating the value of removing destabilizing influences by completing HUD’s rubric for addressing vacant properties.

$$1.5 X (\text{Sum total of vacant properties to be addressed through acquisition \& rehabilitation}) + (\text{Sum total of all vacant residential properties in target area})$$

$$\text{Sum total of all vacant residential properties in target area}$$

The City of San Antonio’s rubric for addressing vacant properties is as follows:

Target Area	Foreclosure Filings (Vacancies) June 2008 To June 2009
A	556
B	218
C	258
D	83
E	104
F	40
G	33
H	281
Total	1,573

The calculation is as follows:

$$\frac{1.5 \times 617 + 1573}{1573} = 2.08$$

The calculation is based on the number of foreclosure filings recorded at the Bexar County courthouse during the period of June 2008 through June 2009. This data was obtained from RexReports by the City’s Planning and Development Services Department. Data represents residential foreclosure filings, not actual foreclosures. As such, an assumption is made that the foreclosure filings are a true representation of actual foreclosures and the residential units are indeed vacant. The City of San Antonio plans to demolish or acquire and rehabilitate a total of

1,710 vacant properties under the NSP2. The total number of vacant residential properties in the target area is 1,573. Utilizing HUD's formula, the City of San Antonio's rubric is 2.08.

FACTOR 5 - ENERGY EFFICIENCY

The City of San Antonio is committed to energy efficiency and green building. In January 2009, the City of San Antonio adopted the Mission Verde Plan. Mission Verde is based on a simple principle: in meeting our needs today we cannot compromise the ability of future generations of San Antonians to meet their needs. Mission Verde was drafted after close study of the economic conditions in San Antonio and pays careful attention to the City's assets and challenges in building a sustainable economy. The intent of the plan was to invest in energy saving initiatives that would save the citizens of San Antonio and the community money and serve as a catalyst for job creation and innovation.

Rehabilitation Activities

All properties acquired with NSP2 funds will undergo an energy audit. The City of San Antonio will utilize ARRA stimulus funds it received for energy efficiency to address any energy deficiencies identified during the Energy Audit as well as strategically planting trees to shade the home and reduce energy consumption. NSP2 funds will be used to make improvements to increase the efficient use of energy in structures through such means as installation of storm windows and doors, siding, wall and attic insulation, and conversion, modification, or replacement of heating and cooling equipment, including the use of solar energy equipment (where necessary and feasible). Improvements may include fixtures to increase the efficient use of water through such means as water savings faucets and shower heads and repair of water leaks. All residential rehabilitation activities will bring homes to Energy Star level (15% above 2004 IRC code).

Residential homes that are rehabilitated will comply with the International Energy Conservation Code (IECC) for residential buildings. The work consists of the following:

- HVAC: Current Manual "J" load calculations; Programmable thermostat; Duct blast test not to exceed 6%; A/C unit: Seers 14; Use MERV-8 or higher (Max.MERV-11) filter for Central air conditioning.
- Insulation: Wall: R-13 batting; Ceilings: R-30 batting or R-30 rock wool (blown insulation); Acoustical-Full thickness of all bathroom wall
- Foundation: New room addition consisting of pier foundation will be floor insulated.
- Water Lines: Insulate all water lines
- Windows: Double-pane insulating glass, low-E type
- Exterior Doors: Insulated storm doors
- Weatherization: Seal all openings around doors and windows
- Low flow toilet: install toilets 1.6 gallons per flush
- All appliances must be energy star

Demolition and Redevelopment

All residential units that are redeveloped (reconstructed) are certified energy star homes and green building, level I. To earn the Energy Star®, a home must meet the guidelines for energy efficiency set by U.S. Environmental Protection Agency (EPA).

Re-use of cleared sites

The City of San Antonio and its housing partners are committed to productive use of cleared/demolished home sites. Any site that has been cleared or demolished will either be used for replacement housing or if deemed unviable, will be used to provide an environmental function such as a pocket park or floodplain impound area.

Deconstruction

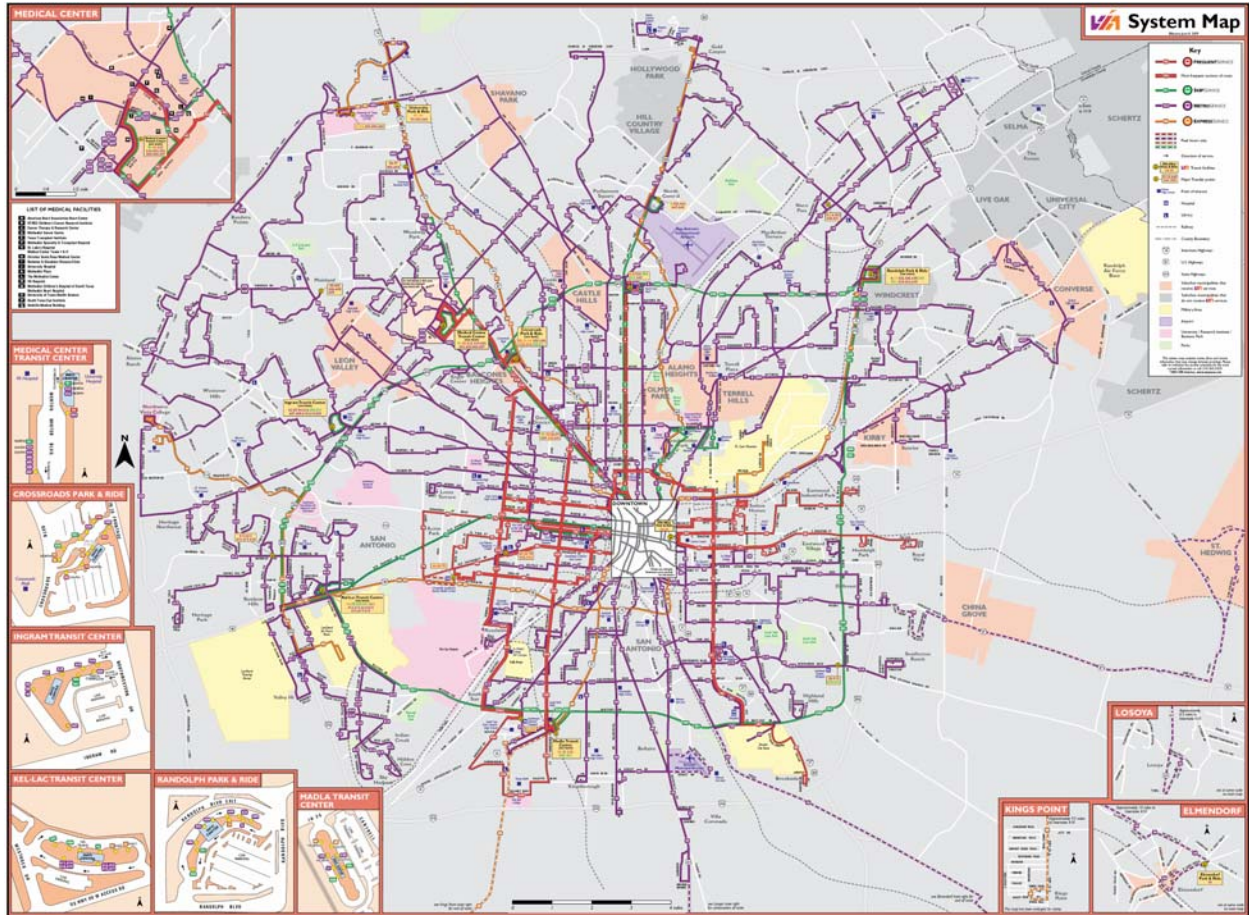
When deemed feasible, the City of San Antonio will ensure that any materials resulting from demolition activities be salvaged and re-used.

Transit Accessibility

VIA Metropolitan Transit is the City of San Antonio's public transportation system. VIA's bus service is designed to get riders where they need to go quickly and easily. VIA has numerous bus routes. Some operate more frequently than others. Some operate with fewer stops along the way. Some routes run seven days a week while others operate weekdays only. Bus service is provided throughout the San Antonio area and offers almost 7000 bus stops. For those rare areas where bus service is not available, VIA offers Park & Rides with free parking for bus riders. There are six (6) Park and Ride locations centrally located in San Antonio. These locations offer lighted and secured parking (to a total of 1,265 parking spaces) during bus operating hours. Some Park & Rides have Information Centers with bus schedules, restrooms, vending machines and staff to assist bus riders. Park & Rides are used by commuters going to work, by other riders transferring from one route to another and for special event service. VIA has plans to construct two additional Park and Rides that will offer the following:

- Staff ticket window – route, schedule, general information, and ticket sales
- System map display – displays of VIA routes throughout the service area
- Waiting area –inside lobby with seating for 60
- Parking – vehicle parking for 128 spaces and additional parking for the disabled
- Covered waiting area – overhead canopies for customer waiting outside
- Bike racks
- Real-time travel information –outside as well as inside the building
- On-site security and installed security cameras

VIA Metropolitan Transit Map for City of San Antonio



FACTOR 6 NEIGHBORHOOD TRANSFORMATION AND ECONOMIC OPPORTUNITY

The City of San Antonio certifies the proposed NSP2 activities contained herein, are consistent with the City's Infill and Reinvestment Policy. It is the policy of the City of San Antonio to promote growth and development in the heart of the City, specifically in areas that are currently served by public infrastructure and transit, but underserved by residential and commercial real estate markets. It is the intent of this policy to coordinate public initiatives within targeted areas in order to stimulate private investment in walk-able urban communities that are the building blocks of a sustainable region. To accomplish the objectives of the Infill and Reinvestment Policy, the entire range of public incentives is provided under this policy, including regulatory, procedural, and financing incentives.

The goals of the Infill & Reinvestment Policy are:

- Increase new development (housing and commercial) on vacant lots.
- Increase redevelopment of underused buildings and sites.
- Increase rehabilitation, upgrade, and adaptive reuse of existing buildings.
- Improve maintenance of existing buildings and sites.
- Increase Business recruitment and assistance.

The Infill & Reinvestment Strategy (I&RS) is designed to implement the goals of the Infill & Reinvestment Policy (I&RP). The I&RS are based on the five key principles outlined in the I&RP:

- Comprehensive Reinvestment;
- Coordination: Reinvestment is a Public Private Partnership;
- Concentrate Efforts: Targeted Areas;
- Address the Challenges to Infill; and,
- Establish Sustainable Design and Development Standards

The benefits of a successful Infill & Reinvestment Policy (I&RP) accrue not only to targeted neighborhoods, but to the City as a whole. In addition to placing vacant properties back into productive activity, the I&RP reduces development pressure on sensitive agricultural and environmental land on the periphery of the City of San Antonio, and reduces the need to build new infrastructure by making more efficient use of existing infrastructure. The I&RS promotes infill development and reinvestment in targeted areas through four coordinated initiatives.

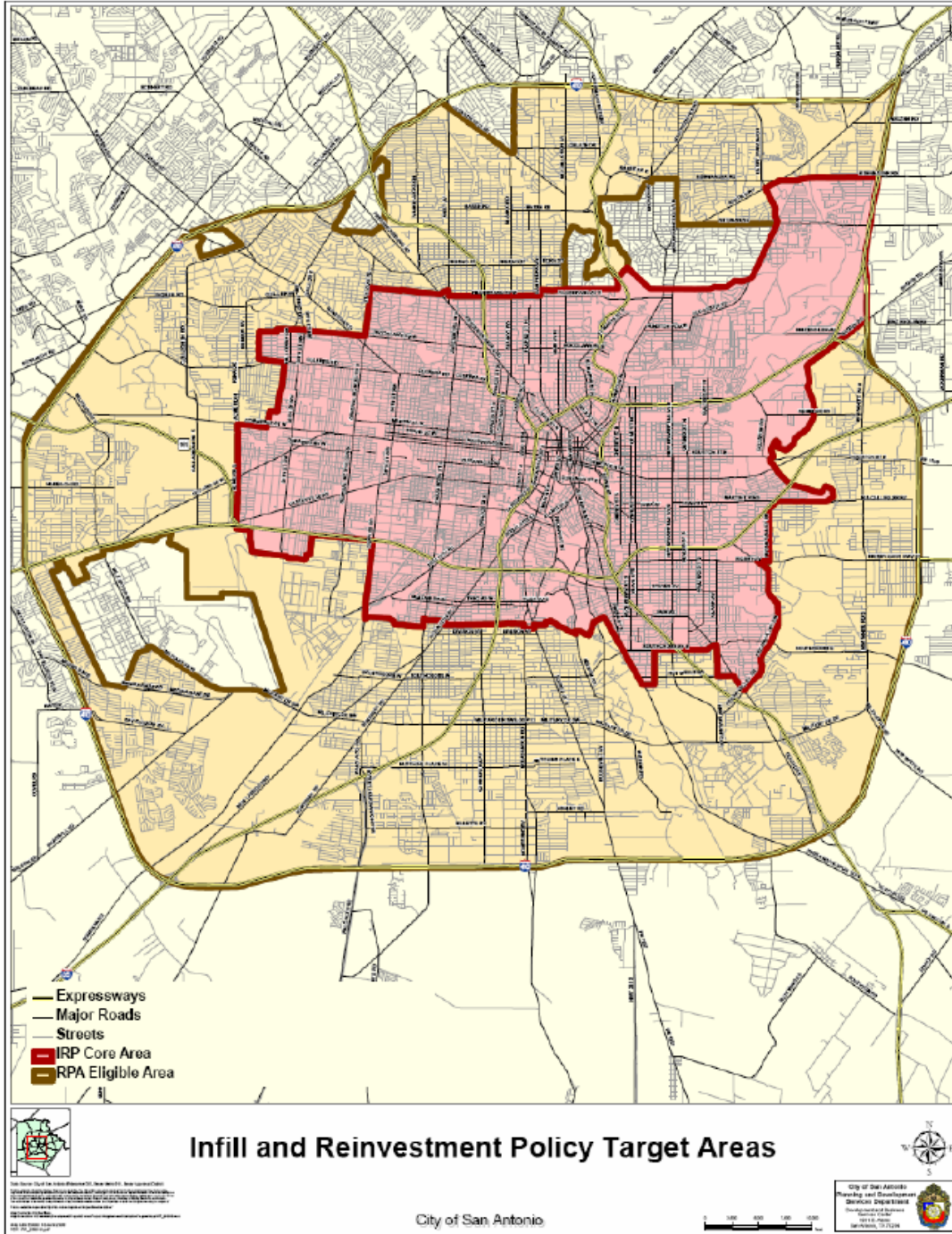
I&RS Targeted Areas

In order to make the best use of limited public resources, the I&RS identifies targeted areas where infill and reinvestment incentives can be coordinated to provide maximum leverage.

- Core Infill & Reinvestment Strategy Area -The core area is defined by the boundaries of four established initiatives: the Community Revitalization Action Group (CRAG), the Ft. Sam Houston Growth Management Plan, the Westside Development Corporation, and the Arts & Entertainment District. Project Incentives are broadly available within these boundaries.
- Reinvestment Plan Areas -Reinvestment Plan Areas are selected on an annual basis by the Community Development Advisory Committee. Within these areas, Reinvestment

Plans are drafted to coordinate, fund and finance significant infrastructure, drainage, zoning, and revitalization incentives. Reinvestment Plans coordinate both public and private resources, and may be created anywhere inside of Loop 410.

Infill and Reinvestment Plan Target Areas Map



A copy of the Infill and Reinvestment Strategy can be obtained from <http://www.sanantonio.gov/planning/CD.asp>.