

## **ATTACHMENT A**

### **PROPOSED NSP TARGET AREAS/RSAs**

Department of Housing and Neighborhood Revitalization (Housing) requests an amendment to its Neighborhood Stabilization Program (NSP) target areas to better accommodate uses of NSP funds in areas of greatest need under its NSP 1 and NSP 3 grants (Grant #B-08-MN-4802 and Grant #B-11-MN-4802, respectively). Since the approval of the City's original NSP Action Plan, the needs of the City's neighborhoods have shifted and targeting the program to different areas of the City will result in the most effective use and impact of NSP funds. Pursuant to HUD's Notice of Neighborhood Stabilization Program; Changes to Closeout Requirements Related to Program Income Amendment [FR-6170-N-01] (Notice) published on September 19, 2019, which amended the process for identifying and requesting changes to NSP target areas, the City presents the following information for HUD's consideration: (1) a description of how the City will use NSP funds in amended target areas; and (2) identification of amended areas of greatest need or, if addressing other areas, the nature and extent for neighborhood stabilization. In conducting this assessment, the City considered the local housing market, credit, and employment needs contributing to the decline and opportunities in the proposed target areas.

**(1) Description of how the City will use NSP funds in amended target areas:**

The City will continue to use its NSP funds for acquisition and construction of affordable housing in the proposed target areas similar to the uses contemplated under its original Action Plan. Uses of funds may include the acquisition of dilapidated homes to be redeveloped into safe, decent, affordable housing. Properties to be acquired may include those with a history of violence and blight, properties on the City's demolition docket, nuisance properties, and properties that offer opportunities to stabilize neighborhoods and preserve affordable housing opportunities. The City will target the use of funds primarily on multi-family rental development to be carried out through the procurement of local developers.

**(2) Identification of amended areas of greatest need or other areas:**

NSP requires that a grantee establishes areas of greatest need, or target areas, in its Action Plan and that NSP funds be invested in those areas. Pursuant to HUD guidance, these areas of greatest need are determined by taking into consideration the following factors:

- the greatest percentage of home foreclosures;
- the highest percentage of homes financed by sub-prime mortgage related loans;
- areas identified as likely to face a significant rise in the rate of home foreclosure over the next 18 months.

The landscape of the real estate market and the needs of communities have changed significantly since the launch of NSP. To that end, the Notice allows for grantees to amend target areas by identifying areas of greatest need that are different from those in the original or previously-modified plans. A grantee may also suggest other areas by describing the nature and extent for neighborhood stabilization. Data to be considered may include data that highlights the local housing market, credit, and employment needs. The Notice also encourages grantees to use NSP funds within designated

Opportunity Zones. In the Notice, HUD notes that grantees have a unique chance to leverage Opportunity Zone capital with NSP funds to accelerate activities.

The City wishes to amend its target areas to align with the Redevelopment Strategy areas (RSAs) in the City's Comprehensive Housing Policy ("Housing Policy"). The Housing Policy was adopted on May 9, 2018 and amended on June 26, 2019. The Housing Policy serves the following goals: (a) create and maintain affordable housing throughout Dallas; (2) promote greater fair housing choices, and (c) overcome patterns of segregation and concentrations of poverty through incentives and requirements. In the development of the Housing Policy, the City conducted a Market Value Analysis to assess the residential real estate market throughout the entire City to determine with detail where market strength, transition, and stress exists. The Housing Policy established tiered RSAs to address three types of needs in the City: Redevelopment Areas, Stabilization Areas, and Emerging Market Areas. These areas offer possibilities for creating and preserving affordable housing in areas of opportunity and areas that are in need of investment.

*The City wishes to identify all RSAs as target areas under its NSP1 and 3 programs so that NSP funds can be leveraged by the intensive efforts underway through the Housing Policy. In addition, these RSA target areas often include or are adjacent to designated Opportunity Zones. NSP investments in these areas will further assist in leveraging the efforts supported by the Opportunity Zone program, and so, the City also wishes to identify all Opportunity Zones as NSP target areas.*

**Attachment A** lists the proposed RSA target areas, which fall within City-identified RSAs, along with a justification for making each a target area. **Attachment B** provides a map detailing the overlay of the RSAs and designated Opportunity Zones that the City wishes to establish as target areas. **Attachment C** includes the RSA data reviewed in requesting this modification.

The City looks forward to HUD's review of this proposed use of NSP funds and its request to align the NSP target areas with the City's RSAs and Opportunity Zones. Upon approval of this request, the City will amend the City's Action Plan in the Disaster Recovery Grant Reporting (DRGR) system and submit the modified Action Plan reflecting the new target areas to HUD. If you'd like to discuss this request, then we would be happy to talk with you at your convenience.

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<b>RSA Type</b>	<b>Proposed Target Area</b>	<b>Justification</b>
Redevelopment	Midtown	Midtown is home to commercial corridors with newer apartment complexes. This area offers significant opportunity for growth and mixed-use development. Midtown has a slightly higher than average vacancy rate and the second highest home prices as compared to the other proposed target areas. The City proposes Midtown as a target area to take advantage of the vacant lots for affordable housing development in an area that would not otherwise be accessible for lower income families.
Redevelopment	High Speed Rail	The High Speed Rail area is a hot spot with older, beautiful brick homes. The population of this area is predominantly Black. The commercial side includes opportunities for redevelopment. This area has the fourth highest vacancy rate and tied for fourth in the highest percentage of foreclosures. In addition, the High Speed Rail Area includes a designated Opportunity Zone. The City proposes the High Speed Rail area as a target area to secure properties for long term affordability near transit before prices increase.
Redevelopment	Wynnewood	This neighborhood is located in the Oak Cliff area. The area is known for a very large shopping center and has older housing stock. It has recently been the focus of redevelopment including new senior housing, a new family complex, and the rehab of an existing family complex. The Wynnewood area has the third highest unemployment rate of the proposed target areas. In addition, Wynnewood is adjacent to a designated Opportunity Zone. The City proposes this area as a target area to leverage the other development already underway.
Redevelopment	Red Bird	This area is mostly known for the Red Bird Mall, which was built in the 1960s. However, there is a large project underway called Palladium that is taking over some of the Mall property. The Mall is mostly vacant with all anchor stores vacated. The Mall adjoins apartment complexes with high crime rates and is surrounded by other commercial corridors. Red Bird is tied for fourth for the highest percentage of foreclosures. The City proposes Red Bird as a target area to assist in stabilizing the area and helping to anchor redevelopment that is underway.

Stabilization	LBJ-Skillman	The LBJ-Skillman neighborhood contains a significant commercial property on the mid-east side of Dallas. The area has very large pockets of redevelopment for big box shopping centers, but also has a mix of old housing stock in very good condition. This area is home to many seniors and adjoins the Vickery Meadow neighborhood. The neighborhood lacks some lighting and has seen some higher crime rates. LBJ Skillman is adjacent to a designated Opportunity Zone. The City proposes LBJ-Skillman as a target area for the opportunity to provide affordable units near commercial amenities.
Stabilization	Vickery Meadow	The Vickery Meadow neighborhood has a high concentration of old rental buildings with a lot of turnover in residents. Vickery Meadow has the second highest average vacancy rate and the highest average foreclosure percentage among the proposed target areas. The City proposes Vickery Meadow as a target area to assist in stabilizing this neighborhood.
Stabilization	Casa View	Casa View is an upcoming, transitional area. This neighborhood adjoins with the White Rock Lake neighborhood, which is a desirable area with high end homes. Because of the proximity to White Rock Lake, Casa View is becoming a popular area for investment. Casa View is tied for second for the highest average percentage of foreclosures among the proposed target areas. Further, Casa View includes a designated Opportunity Zone. The City proposes Casa View as a target area for its opportunities to convert older apartment complexes and preserve affordable housing stock in a soon-to-be revitalized area.
Stabilization	East Downtown	East Downtown Dallas is changing very rapidly due to redevelopment. This area used to be predominantly old, large southern homes. This area is desirable because it is off of the freeway, but, as a result, rents are high. In addition, East Downtown is adjacent to a designated Opportunity Zone. The City proposes East Downtown as a target area to secure affordable housing in this area for lower income households.
Stabilization	The Bottom	The Bottom is one of Dallas' older neighborhoods. While it is a low lying area, it is desirable real estate due to its views of Trinity and Downtown. The Bottom has the third highest average vacancy rate and the highest average unemployment rate among the proposed target areas. In addition, The Bottom includes a designated Opportunity Zone. The City proposes The Bottom as a target area because it has many land-banked lots here and is hoping to invest to

		preserve affordable housing opportunities for the City's lower income residents.
Stabilization	West Dallas	West Dallas is changing rapidly due to redevelopment. The area has different corridors with most of the redevelopment currently happening along the corridor closest to Trinity. All of the property along Trinity has changed to high-end, multi-family rental properties. Developers have bought out old businesses and housing stock. West Dallas includes a designated Opportunity Zone. Once developers run out of property along Trinity corridor, they will begin moving into other parts of this area. The City proposes West Dallas as a target area because it would like to invest to preserve the affordable housing currently in this area, which is older run down shot gun homes that are in need of rehab. West Dallas is also home to some of the City's predominantly Hispanic areas.
Stabilization	Forest Heights	Forest Heights is an older neighborhood in Dallas that contains many vacant lots and older homes in need of rehabilitation. Forest Heights has the second highest average vacancy rate, the highest average unemployment rate, and highest average foreclosure rate among the proposed target areas. In addition, Forest Heights is adjacent to a designated Opportunity Zone. The City proposes Forest Heights as a target area to assist in stabilizing the neighborhood.
Emerging Market	Southern Gateway	The Southern Gateway neighborhood runs along Fair Park and Downtown. This area is changing fast as developers take advantage of vacant lots. Homes in this area are mostly single family, older units or smaller, multi-family rental complexes. Part of this neighborhood is historic, and, due to its proximity to Downtown, is seeing rising property values. In addition, Southern Gateway includes a designated Opportunity Zone. The City proposes Southern Gateway as a target area because it sees opportunities for preserving affordable housing in this area.
Emerging Market	Pleasant Grove	Pleasant Grove is at the southern tip of Dallas. It is partly surrounded by wooded areas with older single-family housing. The crime rate in this area is high, but the areas offer opportunities for redevelopment because it is near the freeway and parks. Pleasant Grove includes a designated Opportunity Zone. The City proposes Pleasant Grove as a target area because it includes some older apartment complexes that could be targeted for redevelopment to help with overcrowding situations in this highly populated area.

		Pleasant Grove has the second lowest average vacancy percentage among the target areas proposed.
Emerging Market	University Hills	University Hills is close to the high speed rail and features older brick homes. University Hills has the third highest average foreclosure rate among the proposed target areas. The City proposes University Hills as a target area for the opportunities to secure affordable housing in an emerging area.