

Grantee: Utah

Grant: B-08-DN-49-0001

October 1, 2017 thru December 31, 2017

Grant Number: B-08-DN-49-0001	Obligation Date:	Award Date:
Grantee Name: Utah	Contract End Date:	Review by HUD: Reviewed and Approved
Grant Award Amount: \$19,600,000.00	Grant Status: Active	QPR Contact: Jennifer Domenici
LOCCS Authorized Amount: \$19,600,000.00	Estimated PI/RL Funds: \$31,569,334.00	
Total Budget: \$51,169,334.00		

Disasters:

Declaration Number

NSP

Narratives

Areas of Greatest Need:

Utah Foreclosures Utah communities are beginning to feel the impact of the national foreclosure and mortgage crisis. The total number of home foreclosures by 2008 was 1.02 percent of total mortgage loans while the national rate was 2.46 percent. Typically, Utah's rate lags the national rate and could increase to 3.0 percent by 2009. There is no compelling evidence from either historical trends nor local market conditions that Utah will be able to avoid foreclosure rates that approach at least the national rate. The foreclosure problem is particularly pronounced in Salt Lake County, followed by Weber, Washington, Davis and Utah counties. Defaults and foreclosures are increasing as the overall Utah economy and housing market weakens. Utah's economy has created fewer new jobs in 2008 with job growth down to .04 percent in 2008.2 Home sales are down in most areas. Moreover, it is often difficult for homeowners who are experiencing employment and financial difficulties to sell their homes at a price high enough to cover mortgage obligations. The increase in defaults and foreclosures is also a function of predatory lending practices, variable rate mortgages, and compounding effects of individual household's consumer debt. The estimated number of for subprime loans in Utah is 50,000 with 75 percent resetting in 2008 and 2009. The low number of potential buyers who can afford or qualify for home mortgages, and the high number of households losing their homes, has created pressure on the overall rental market. In the past year, Class A, B, and C rental units experienced a 9.3 percent increase in rents in Salt Lake County compared with the 15-year average of 6.1 percent. Statewide, rents increased between 4.0 and 9.0 percent. Utah is also experiencing low vacancy rates in rental housing stock with counties statewide reporting between 4.9 and 7.0 percent vacancies. Salt Lake County has a mere 5.3 percent vacancy rate. Class B and C apartments have experienced more demand as people have countered the effects of the tough economy by choosing less expensive housing options. The decrease in affordable rental housing puts Utah's low-income households at risk. Utah has approximately 163,000 low-income renter households (0 to 80 percent AMI) or one in four of all households. Last year, Utah's rental units averaged \$703 per month for a two-bedroom unit, compared with \$678 per two-bedroom unit in FY07. A family must earn \$2,344 monthly or \$28,128 annually to afford this level of rent and utilities, without paying more than 30 percent of their household's income. This level of income translates into a housing wage of \$13.52 per hour for a two-bedroom unit; however, the average renter only earns \$11.05 per hour.5 This results in low-income households migrating to older and less-functional Class C apartments that need repairs or updating and that are located in more economically depressed neighborhoods. With waiting lists of 1-3 years for affordable units, the number of families entering Utah homeless shelters has more than doubled. Communities are also affected. The unavailability of rental housing is now impairing local communities as businesses and government find it difficult to hire and retain a workforce. The Utah League of Cities and Towns has identified the need for workforce housing as a priority for 2008. Utah's cumulative need in affordable rental un

Areas of Greatest Need:

its alone has been estimated at 51,000 units, or an annual gap of 8,855 affordable units (populations earning less than 50 percent AMI.)6 Utah's housing trust fund, the Olene Walker Housing Loan Funds (OWHLF), and low income housing tax credits cannot fill this gap.7 In these perilous economic times, more funding is needed to meet the rental housing needs of Utah's low income populations. Summary Although the foreclosure crisis is felt statewide, the crisis is more pronounce

Distribution and and Uses of Funds:

Although Utah has not been impacted by the foreclosure crises to the extent seen in most of the country, we do expect the mortgage crisis to escalate. To date much of the foreclosure activity has been in the higher income range of homes. This provides Utah the opportunity to use the NSP funds strategically, to stabilize neighborhoods by addressing issues such as the availability and affordability of basic housing. A certified public managers (CPM) team was chartered to collect and study the data on the foreclosure problem state wide. A brief summary of the data is attached as Exhibit I. The majority of foreclosed property is in Salt Lake County, followed by Utah, Washington, Weber and Davis Counties.



Utah plans to use 10% for administration of the NSP funds. The state may contract on a limited basis with a third party to administer a portion of this funding but the majority of the administration will be handled by state staff. Our objective is to use the limited NSP funding as directed by congress through HUD to address the areas of greatest need; therefore, most of the funding will be used in Salt Lake County with smaller amounts for other counties. Data on foreclosed property is currently not available below the county level. The state is taking a long term strategic view of neighborhood stabilization. The intent is to leverage this money to the greatest extent possible by working with our local partners to provide long term solutions for affordable housing and neighborhood stabilization. Per the regulations, funds will only be available to assist those at less than 120% area medium income. At a minimum, 25% of NSP funds will be dedicated to individuals making less than 50% of the area medium income (AMI). Section G describes the eligible activities that will be pursued and the amount of funds that will be applied to each activity. Due to the short time allowed in writing this plan specific projects have yet to be selected. HCD will determine specific projects to be funded and will identify those projects in the annual consolidated plan. Emphasis will be on stabilizing neighborhoods that have been most affected by the foreclosure crisis. The majority of funding will focus on land banks/trusts and on redevelopment. A portion of NSP funds will be used to revitalize foreclosed properties and make them available to families including homeless families. It is the State of Utah's goal to provide safe, affordable housing and improve the quality of life for low-to-moderate income persons and families.

Definitions and Descriptions:

(1) Definition of "blighted structure" in context of state or local law. Response: Slum and Blight Area: An activity will be considered to address prevention or elimination of slums or blight in an area if: Spot basis: Acquisition, clearance, relocation, historic preservation and building rehabilitation activities which eliminate specific conditions of blight or physical decay on a spot basis not located in a slum or blighted area will meet this objective. Under this criterion, rehabilitation is limited to the extent necessary to eliminate specific conditions detrimental to public health and safety. To be considered to be detrimental to public health and safety, a condition must pose a threat to the public in general. (2) Definition of "affordable rents." Note: Grantees may use the definition they have adopted for their CDBG program but should review their existing definition to ensure compliance with NSP program –specific requirements such as continued affordability. Affordable rents - the generally accepted affordability standard is that households pay no more than 30 percent of income for rent and utilities. For projects receiving HOME funds, rents cannot exceed the current HUD rent limits for the locality. (3) Describe how the grantee will ensure continued affordability for NSP assisted housing. Affordability will be maintained for the NSP-funded projects in accordance with HOME regulation at 24 CFR Part 92.254(a)(5) which states, "to ensure affordability, the participating jurisdiction must impose either resale or recapture requirements, at its option." Participating Jurisdiction (PJ's) must choose one option or the other for each unit assisted. Accordingly, DHCD has chosen the recapture option based upon HUD HOMEfires - Vol. 5 No. 5, November, 2003 which states: The recapture option for HOME-assisted homebuyer units is described at 24 CFR 92.254(a)(5)(ii). Under the recapture option, the PJ recovers all or a portion of the HOME assistance to the homebuyers, if the housing does not continue to be the principal residence of the qualified low-income family that purchased the unit for the duration of the period of affordability. A PJ may adopt any one of four options in designing its recapture provisions. First, a PJ can recapture the entire amount of the HOME investment from the homebuyer upon sale of the property during the period of affordability. A PJ can also elect to reduce the amount to be repaid on a pro-rata basis according to the time the homebuyer has owned and occupied the housing measured against the required affordability period. Another option is for the PJ and the homebuyer to share the net proceeds based upon the ratio of the HOME subsidy to the sum of the homebuyer's investment plus the HOME subsidy. Finally, the PJ may allow the homebuyer to recover his or her entire investment before any of the HOME investment is repaid to the PJ from the remaining net proceeds. In addition to these recapture options, the PJ may adopt, modify or develop its own recapture requirements for HUD approval. (Note: PJs concerned about the possibility of repaying funds in case of foreclosure may wish to consider adopting recapture provisions that base the recapture amount on the net proceeds available from the sale rather than the entire amount of the HOME investment. More guidance is provided on this subject in the recent HOMEfires - Vol. 5 No. 2, June, 2003.) (4) Describe housing rehab

Definitions and Descriptions:

itation standards that will apply to NSP assisted activities. The Division of Housing and Community Development will inspect all NSP-funded projects and assess the adherence to rehabilitation standards using the same schedule and checklists as the HOME-funded programs. The HOME final rule (92.251(a)(1)) requires that every unit being rehabilitated with HOME funds meet one of the following rehabilitation standards: local housing code; or the articles on property or sanitary standards in one of

Low Income Targeting:

At least \$5,000,000 (more than 25%) will be spent on activities that benefit those with incomes at or below 50% of the area median income.

Acquisition and Relocation:

The state does not intend to use NSP funds to demolish or convert low income dwelling units.

Public Comment:

The Utah Division of Housing and Community Development held a public hearing on October 29th to solicit public input on how the NSP funding should be spent in Utah. The hearing was advertised in the State's major newspapers, on the state website, direct e-mail and word of mouth. Over 100 people were in attendance. Division Director Gordon D. Walker explained the parameters of the program and opened up the hearing for public comment. Fifteen people addressed the group petitioning for a share of the funding. There were representatives from all areas of the state including municipalities as well as non-profit organizations. The minutes of the meeting can be found attached in Exhibit II.

EXHIBIT II
Minutes from Neighborhood Stabilization Public Hearing
October 29, 2008
Start: 9:00 a.m.
Introductions

\$19.6 million for the Neighborhood Stabilization Program being brought through the CDBG program through the state.

A brief summary handout of the rules and regulations was provided at registration. Funds need to be issued within 18 months. State of Utah has a short time frame to plan for these funds. A 15 day public comment is required. The plan will be posted no later than November 15.

Rules Overview



Five minutes for comments.

Heather Hoyt, Uintah County and Uintah Basin Assistance Council Housing Authority

There is a housing crisis in the Basin. Very difficult for people to find affordable housing. This money to pick up some housing stock. Housing counselor matching people with affordable housing. Land has been purchased to start affordable housing projects but two years before these start. Barely starting to see foreclosures.

Darin Brush, Executive Director of CDC Community Development Corporation of Utah

94 foreclosed homes have been rehab'd and sold. CDC serves the entire state. Uniquely positioned to assist the state with using this money. Three recommendations 1) Work with the state to be successful 2) Working with Salt Lake County 3) Kathleen Cooper with Myton City. CDC has won a competitive grant from HUD, quarter of a million to invest in Myton. Cooper has asked an additional \$100K to invest along with the grant monies.

Randy Jepperson, Salt Lake County Handouts, summary of projects.

Recent study by the mortgage association. 84118 (Kearns) having the highest default rate. Currently working in Kearns and Magna buying up foreclosed homes. Have taken a different approach, CDC, RMP, Thermwise, the Idea house a different approach to rehabilitating houses. Met with the jurisdiction across the Wasatch front. The Webster's School Cottage development project (handout).

Heidi Miller, edar City Housing Authority

Monies given in smaller portions can make a big difference in the rural communities.

Scott Harmon, Utah Housing Corporation, Housing Development Dept
Crown, Echo, Reach programs, which provides affordable housing in Utah.
Wayne Pyle, City Manager, WVC
Partnered with the state on aus

Public Comment:

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accomplished is being threatened. WVC is in great need.

Claire Gillmor, WVC, organizational capacity and demonstrated ability to turn these funds around in 18 months or less. Highest percentage of families in below to moderate income range. Three years ago, WVC started pulling funds together and coordinating resources for their community preservation committee. There's a history of demonstrated progress from the Harvey Street and Arlington Park projects. 50% of all foreclosures with less than \$200k are in WVC.

Luann Clark, Director of Housing & Neighborhood Development for Salt Lake City
Goal is to rehab 110 homes, which they have reached every year. Most homes are west of I-15, 745 homes in SLC in stages of foreclosures. 95 are currently in foreclosures. 75% of sub prime mortgages will reset within 12-18 months. The NSP money will help to get ahead.

Arati Raqhavan, SITLA/Big Water
City of Big Water in Southern Utah, Kane County. Great number of abandoned homes in this area. It is within the income range to qualify. 33% of homes currently have mortgages that are significantly higher than statewide figures.

Rusaw, Community Action Provo
Wants to create traditional and affordable housing. Money aside for housing counseling agencies for homeownership counseling and mitigation.

Gay Jamieson, CDBG Coordinator of Logan
City of Logan, prevention of foreclosures. Stabilization of homes in older neighborhoods in the heart of the city.

Paul Glauser, Provo City Re-development Agency
Handout memo. Stabilizing homes hit by foreclosure. Help neighborhoods where property values on non foreclosed properties that may have properties foreclosing. NSP money allow to stabilize neighborhoods and to purchase, rehab and resale of properties. Propose partnerships with the larger cities whom have experience expending CDBG funds.

Michelle Flynn, Road Home
Increase in homelessness result from foreclosures. 100% increase in homelessness at the Road Home. Purchase some abandoned and foreclosed properties and partner with non profits to provide affordable housing. This will prevent from building a bigger shelter.

Cindy Bilkie, BRAG
Housing authority and staff the homelessness council. Working on transitional housing projects and programs. Experiencing foreclosures with recent lay-offs and more lay-offs to come. Please consider Northern Utah.
Richard Walker, Representing Rural Communities
Creating a rural set aside, to keep them competitive in this process to enable them to do priority projects. Concerned areas are Ashley Valley, Uintah County, City of Moab, City of Logan Reward communities that have shown a level of commitment Maturity of projects take into consideration.

City of South Salt Lake, significant amount of smaller homes planned for rehabilitation.

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Public Comment:

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Secure a lot and build a house, sell the house and lease the land. Once it is resold it needs to go to another low income family. Provides financial education to the homeowner. Landscape every home. Target subdivisions that build in the \$200K range.

Comments on the NSP Substantial Amendment Draft

Manufactured homes have been providing an unsubsidized affordable housing choice for many years in Utah. The 2000 Census data shows that 84,000 Utahns chose this type of home. Two thirds are manufactured homeowners, and one third are renters. The 2007 American Survey reports 21,817 (+/- 2,047) manufactured homes are owner occupied and 7,459 (+/- 1,457) are renter occupied. The average cost of a manufactured home is around \$65,000. Homes can be singlewide, doublewide, or multi section, a great improvement in structure and aesthetics from the old ?mobile? homes or trailers. Due to such improvements, there is a greater demand for larger lots to accommodate the bigger

size homes. Most banks offer loans at higher rates for purchasing a manufactured home. Individuals rely on loans given directly by the manufacturer or are caught in subprime loans with very high adjustable rates. Most of the homeowners are low income and senior citizens. Due to this type of housing, most owners rent a lot to have their home placed. In Salt Lake County, lot ranges from \$300 to \$450 a month. The rent amount accumulated with the monthly loan payment provides to homeowners an affordable housing choice. Manufactured homes can be a good investment and can create long term financial stability. Preservation and new capacity building of manufactured home communities should be integrated in the states plan. Currently, parks that are placed in urban areas are surrounded by new residential, commercial, or retail development. In the rural area, they provide workforce housing for many individuals working in small towns. We strongly feel that the rural areas of the state should not be excluded from the states plan. We encourage the integration of new manufactured home community developments in the land banks/trusts plan of the state. Foreclosed land, in urban or rural area should be looked at as a very reliable investment for such development. With a right plan in place and with the addition of other financial and community partners, thland can be developed into a new manufactured home community where the residents own the park in a cooperative format, or a nonprofit organization or a housing authority can own the community thus providing homeowners a stable place to live. Through such process of longterm financial stability, homeowners build equity, the property value increases, and lending institutions will look at manufactured homes as a stable affordable housing and provide similar mortgage rates like for traditional homes. There are already several non?profit organizations in Utah, including Utah Housing Coalition, who work and advocate for manufactured home communities? preservation through resident cooperatives. Through a nationwide network of experts on manufactured housing and advocacy groups, we will be able to provide input, plans of purchase, and cooperation throughout the process of implementing a financial stable plan for manufactured homeowners. Purchasing land inual areas mrecot efectveth

Public Comment:

rald,eoterkvaeadtshgdensity areas. We encourage you to oversee also the manufactured homes with high adjustable rates that might result in foreclosures and building new capacity of manufactured home communities in rural and urban areas through resident cooperatives, ownership by a non profit organization or a housing authority.

Submitted by

Francisca Blanc Tara Rollins

Policy & Outreach Specialist Executive Director

Comments on the Draft NSP Program Description

Utah Housing Coalition

In summary, the Utah Housing Coalition has some significant concerns about the NSP program description available for comment at this time. The draft program description prepared by DHCD limits flexibility, does not focus on the lower incomes and precludes rural areas of the state from participation in the program, contrary to the program regulation seeking jurisdiction-wide coverage.

1. The proposed state program focuses on the large urban areas of the state based solely on the incidence of foreclosures. Given this logic the state could focus all of the resources on Salt Lake County alone and still meet its expenditure requirements. The Housing Coalition suggests that the state create a rural set-aside program for at least one year allowing some additional counties access to the program. The second tier of counties in the foreclosure list specifically Tooele, Summit, Wasatch, Box Elder, Iron, Uintah and Sevier Counties are also feeling a significant effect of the foreclosure crisis and should not be precluded from participating in the program. Summit County for example, has more abandoned or vacant homes than all other counties in the state except for Salt Lake County itself. Please consider setting aside a relatively small amount of funding in these areas because it will make an important difference in these areas, where a significant affordable housing problem exists with very few financial resources available to address it.

We suggest that the statcreate a 20% rural set-aside program (\$3.9 mill.) allowing rural jurisdictions to apply for one year and then it would be allowed to focus back on other areas in the priority urban areas, if not used. Program income should also be allowed to be spent statewide as it accumulates due to loan repayment.

2. The Housing Coalition feels like the state is limiting the benefits available to those who need it the most by adopting the federal minimum 25% expenditure requirement for persons/families with less than 50% of AMI. Although the federal guidelines allow incomes of up to 120% of AMI to qualify, it is hoped that lower income families will also benefit particularly in obtaining new housing capacity created by this program. We feel the state should increase this percentage up to at least 33% or even 50%.

3. The Housing Coalition is also concerned that the state is being shortsighted by limiting the allowance of demolition and conversion of properties in communities that may need this option as part of their comprehensive program. The state may limit this option but to simply say that these options are not avaiable intheUtahprorammay aritrailyimt a/p&g stailiza neghboowheresigifcant detrior

Public Comment:

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property, this option should be available to them. If the program guidelines allow the option, the state should not preclude it.

Thank you for your consideration of these comments.

Richard Walker, Chair, Utah Housing Coalition

Dear Mr. Heaton:



I am writing regarding the neighborhood stabilization program. I read in the NSP Substantial Amendment that most of the available funds will go to Salt Lake County with smaller amounts going to other Counties such as Davis, Washington, Weber and Utah Counties. Although I understand there is a great need in the metropolitan counties of Utah, I ask that you allot some of the funds to the smaller, rural counties. Iron County ranked 10th in your summary of foreclosures and delinquencies. In communities such as Cedar City, monies given in smaller portions can make a big difference.

Thank you for your attention to this letter. Please email or call me at (435) 586-2953 if you have questions.

Sincerely yours,
Ronald F. Chandler
Cedar City Manager

Keith-

Thanks for the effort you and others have put in to drafting the NSP Substantial Amendment. I would like to provide you with a couple of comments.

G-2 (8)b.ii - reference is made to negotiate the purchase of property at 15% below market value - later in the same section, under "Discount rate:" it states at least 15% depending on negotiations.

G-3 (8)b.viii - reference is made to negotiating purchase at at least 5% below market value with an average of 15% - later in the same section, under "Discount rate:" it states 5% minimum and an average of 15%

My concern with the above is that by stipulating minimum percentage discount for the land bank (G-2) or redevelopment (G-3) options, the program may be hamstrung if a below-market deal cannot be struck. Rather than mandate a minimum percentage below market, another option may be to either request or require a contribution from the seller that will go towards the development of the property to make it more affordable.

Thanks for opportunity to comment.

Regards,
Jonathan A. Hanks
V.P. Multifamily Finance
Utah Housing Corporation
2479 Lake Park Boulevard
West Valley City, UT 84120
tel (801) 902-8221 fax (801) 902-8321
email jhanks@uthc.org

Hello Keith,

Thank you for the opportunity to comment on behalf of Community Development Corporation of Utah on the State of Utah's draft Neighborhood Stabilization Plan (NSP) Substantial Amendment. Community Development Corporation of Utah (CDC) is an 18-year-old affordable homeownership and neighborhood revitalization non-profit agency with a statewide footprint. We have served more than 2000 Utah residents and built or preserved nearly 200 affordable homes throughout Utah. This history of accomplishment gives us a unique perspective from which to view the distribution and uses of funds you propose.

The US Department of Housing and Urban Development (HUD) had stated that the purpose of NSP is to "provide grants to certain local communities to purchase or abandoned homes and to rehabilitate, resell, or redevelop these homes in order to stabilize neighborhoods and stem the decline of housing values of neighborhoods." Clearly that is the intent of the program.

Public Comment:

Let these resources be leveraged as high velocity dollars to slow depreciation and stabilize neighborhoods. A tremendous opportunity exists to help preserve affordable housing, which is critical for continued economic growth in our state.

Our experience suggests that the most cost-effective way to maintain the overall supply of affordable housing is through the preservation of affordable single-family homes. The costs of building new single- and multi-family housing is typically twice as expensive (or more) as single-family home rehabilitation and preservation.

The draft Plan would allocate on \$3 million for the purchase, rehabilitation, and resale of foreclosed properties to income-eligible households, while nearly \$10 million would be set aside to establish land banks/trust that could take a decade to begin to realize any impact. We believe this amount for purchase and rehabilitation is too low and should at least be doubled. Land banking is an important activity but does not provide affordable housing, stabilize neighborhoods in the short term, nor stem the decline of home values. What is more, moving taxpayers back into neighborhoods damaged by foreclosures returns critical lost tax revenue for municipalities.

Therefore, we respectfully request the following:

- all the possible uses of the funding as listed by HUD be instated in the Plan as allowable;
- a stakeholder committee be formed and charged with the authority to recommend uses for the money that have the greatest positive impact in the geographic areas of greatest need; and
- the funding distributions proposed in the plan be changed to at least double the amount available for purchase and rehabilitation of foreclosed properties, and that all amounts be noted as "flexible" or "conceptual" to ensure that they can be adjusted as needed.

We are grateful for the State of Utah's leadership on these issues. Thank you again for the opportunity to comment in order to ensure that the best possible outcomes are realized during this historic period.

Respectfully,

--Darin Brush

Darin Brush, Executive Director
Community Development Corporation of Utah
501 East 1700 South
Salt Lake City, Utah 84105
801.994.7222 X101 (w)/801.209.1008 (m)
cdc.utah.org

Mike, Can you provide information regarding the application process for obtaining NSP funds for Provo City and our local non-profits? We are talking to our local Housing Authority and other non-profits and they would like information regarding the application process for specific projects, staff contact information and timing of the process. Our local agencies are uniquely positioned to partner with the State in this program and we look forward to working with you.

Julie Beck

>>> "Julie Beck" <JBeck@provo.utah.gov> 11/26/2008 9:00 AM >>>



Keith,
Here is The Road Home's input on the State of Utah NSP Plan.

&ns;
&g;he Road Home would like to partner with the State of Utah to utilize NSP funds to create housing opportunities for families experiencing homelessness in Salt Lake County.
e are interested in providing single family and/or multi-family

Public Comment:

that can be purchased and rehabilitated to provide transitional or permanent supportive housing. The Road Home is also interested in land banking for future permanent supportive housing for chronically homeless individuals.

TRH is also interested in partnering with the State to develop, operate and provide supportive services for any housing that might be developed with this initiative. Thank you for your support of the Ten Year Plan to End Chronic Homelessness.

Michelle
"Michelle Flynn" MFLYNN@theroadhome.org

Keith,
I recommend that a 5% set aside for rural areas be considered. We may have lower rates of foreclosure but the impact on our small county has been significant. We have had a great number of land foreclosures. Current land foreclosures are currently on the market for \$25,000, this is less than 50% of the original sales price.

Please consider the rural areas. The rural areas make up the majority of this state, to not consider them for any amount, even in its smallest portion, could not be in the best interest of the state.

Heidi Miller
Cedar City Housing Authority
"Heidi Miller" heidi@cedarcity.org

Lloyd
This is an excellent project for Weber County that is well on its way as far as planning and acquisition goes but lacks the funds to construct. I would like to submit this for consideration of funding for the neighborhood revitalization funds. Expanding affordable medical services in our county would have a tremendous impact for those struggling with medical cost which is one of the key factors in bankruptcy leading to foreclosure. I failed to get contact information from the individuals from DCC. Would you please forward either this email or the contact info to me?

I am hoping the meeting that we discussed will be scheduled soon by John's office.
Thanks
Jan.
jzogmaister@co.weber.ut.us

Mike -
We received the following email alert from HUD this afternoon - directed to us as a housing counseling agency.

All HUD Approved Housing Counseling Agencies:
Housing Counseling update on HUD's new Neighborhood Stabilization Program (NSP)

As some of you may already know, Congress recently passed the Housing and Economic Recovery Act of 2008, which authorized and appropriated \$3.92 billion for the establishment of HUD's new Neighborhood Stabilization Program (NSP). NSP provides emergency assistance to State and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities.

Specifically, NSP provides grants to every state and certain local communities to purchase foreclosed or abandoned homes and to rehabilitate, resell, or redevelop these homes in order to stabilize neighborhoods and stem the decline in home values. The program is administered through HUD's Office of Community Planning and Development (CPD) as a component of the Community Development Block Grant Program (DBG).

Overall, NSP funds may be used to support activities which include, but are not limited to:

Public Comment:

- * Establishing financing mechanisms for purchase and redevelopment of foreclosed homes and residential properties;
- * Purchasing and rehabilitating homes and residential properties abandoned or foreclosed;
- * Establishing land banks for foreclosed homes;
- * Demolishing blighted structures; or
- * Redeveloping demolished or vacant properties

To help prevent future foreclosures the legislation also requires each homebuyer that purchases a home through an NSP assisted program to receive "8 hours of housing counseling" from a HUD-approved housing counseling agency before obtaining a mortgage loan. Despite the word choice in the legislation, CPD has indicated that 8 hours of homebuyer education will satisfy the requirement.

Due to this specific requirement to receive housing counseling education from a HUD-approved housing counseling agency many of you may be requested to provide housing counseling education services for State or local agencies responsible for administering the NSP. Housing counseling/education is an eligible expense under NSP. Funding decisions are made by the state or local government agency responsible for administering the block grant, so counseling agencies are encouraged to enter into a dialogue with these agencies to discuss partnership and reimbursement.



We also spoke with Utah Housing Corporation on several occasions. We agree that it is very unfortunate that they choose not to apply for Utah. Because specific housing counseling is required - is it not in Utah's best interest to include even the narrow definition of housing counseling in the plan? This would allow grantees and existing housing counseling agencies to be paid to do the counseling for those who participate in NSP. Even this small amount would make a difference for Utah's HUD certified housing counseling agencies.

Let me know what you think.

Thanks,
Myla
Myla J. Dutton
Executive Director
Community Action Services and Food Bank
Helping people. Changing lives.
www.CommunityActionUC.org
815 South Freedom Blvd., Ste. 100
Provo, UT 84601
801.691.5250
Fax 801.373.8228

Dear Keith,

I have reviewed the NSP Substantial Amendment and offer the following as public comment to the draft.

You note that the NSP will target the counties with the highest need in terms of foreclosure. I offer that you consider not only the number of foreclosures in a county but the rate of foreclosure. Doing so may prompt you to include additional counties in Utah's target (please note that Wasatch, Summit and Tooele Counties might be included according to the attached rudimentary spreadsheet).

Upon meeting with Stan Gimont, Director of the Office of Block Grant Assistance, I have found that addressing the portion of the NSP that is to be utilized for 50% AMI populations is going to be a major act that they will consider in their approval of state docaplas. I note that while Utah's plan mentions the 25% for 50% target three times, it does not seem to fully explain the plan to utilize these funds. While this target is reached at the end of section G-3, it is not fully explored and does not seem to be with the best of the election.

Public Comment:

amp;bsp;
Thank you for your consideration on these points.
Shawn
shawn@utahcap.org
November 18, 2008

Mr. Gordon D. Walker
Division Director
Utah Division of Housing and Community Development
324 South State Street, 5th Floor
Salt Lake City, UT 84111

Re: Draft Neighborhood Stabilization Program
Substantial Amendment

Dear Mr. Walker:

We appreciated the opportunity on October 29 to offer comments at your Division's hearing on the HUD Neighborhood Stabilization Program. As the agency administering Provo's CDBG and HOME funds, we realize the daunting task it will be to make effective use of these new funds, roughly equivalent to the combined CDBG awarded by HUD to all Utah jurisdictions in a typical year, and to do so within the tight time frame mandated by Congress and within the existing administrative capacities of public, nonprofit, and private sector organizations.

Having reviewed the November 13 draft Substantial Amendment posted on your Division's website, may we now offer a few additional thoughts which we hope you will consider prior to submitting the Substantial Amendment to HUD:
From our reading of the NSP regulations in the Federal Register, NSP funds are intended primarily to mitigate the impact of a flood of foreclosures on the nation's neighborhoods, by returning affordable foreclosed homes to productive use as soon as possible. (Although some foreclosed homes are priced beyond the reach of low and middle income households, we are finding that many are affordable or near-affordable to these households.) Consequently, we are surprised to learn that the State proposes to allocate only \$3 million toward getting homebuyers into these homes – enough to do only 15-25 homes statewide.

We are equally surprised to learn that the State proposes to use \$5 million for purchase redevelopment of multifamily housing and \$9.64 million to purchase land for future housing development. While redevelopment of existing substandard housing stock may help to stabilize neighborhoods, neither this redevelopment nor land banking will provide immediate relief to the foreclosure problem for which Congress has established NSP. Furthermore, the cities identified in the Substantial Amendment as having the majority of need tend to be those with already the highest rates of rental housing. To these communities, true neighborhood stabilization mainly involves striking a better balance between owner-occupied and rental housing.

We respectfully suggest that Utah's NSP grant address strategies quickly get foreclosed homes back into the hands of well-qualified, moderate- and middle-income



homeowners. In our experience, soft second mortgages are a highly effective way of gap faced by would-be homebuyers as they try to purchase homes by means they rely on, particularly in areas where the market is soft. Second, administrative costs are kept low because conventional loans are used. Finally, much of the marketing and borrower qualifying for these loans, consistent with responsible lending practices.

Public Comment:

Second mortgage underwriting standards set forth by the State or other experienced agencies. Finally, because the money goes out as loans, there is the opportunity to multiply the impact many times over as loans pay off and the funds revolve.

The definition of "blighted area" used in the Substantial Amendment cites a section of Utah redevelopment law which was repealed in 2006 and replaced by a new, significantly different section 17C-2-303. This 2006 standard for blight is quite rigorous. You may want to review whether it is truly appropriate for determining properties to be landbanked. Furthermore, this way of determining blight has been controversial enough over the years that the Legislature mandates that each redevelopment blight determination be based on completion of an elaborate blight study. In adopting this blight definition, does the Division anticipate that such a blight study will be performed for each property considered for land-banking?

The Substantial Amendment states that no NSP funds will be used to demolish or convert low income dwellings. Given that demolition may only be used on blighted dwellings, and that most blighted dwellings will tend to be low income dwellings, it would be well to keep a window open for demolishing low income dwellings in some limited situations. Maybe this can be done with a commitment to one-for-one replacement of demolished low income dwellings.

The specifics of such program issues as determining areas of greatest need, of the process for determining projects to fund, of recapture requirements, and of rehabilitation standards could not be addressed in the short time frame HUD has given you to respond. Naturally, both we and the nonprofits which work in the Provo area are interested in how these points will be addressed. We would be happy to serve as a resource to you in addressing these, if that would be helpful.

In closing: we are excited for the added opportunities which Neighborhood Stabilization Program funds offer for meeting housing and neighborhood stabilization needs in Utah. We hope the comments offered here are helpful. Candidly, we are having a hard time understanding how the package of grant activities the Division is proposing will do much to address Congressional intent for these monies.

Congress and HUD have given the Housing and Community Development Division a very full plate in administering these one-time monies according to such a rigorous schedule. Please call on us if we can be of help with this in any way.

Sincerely yours,
REDEVELOPMENT AGENCY OF PROVO CITY
Paul Glaser
<Direct>
"Paul Glaser" PGlaser@provo.utah.gov

Keith-
Did the committee proposal to HUD include anything for ALLOME?
<Our website is not explaining things well yet. We are really working on it.
Seth Butterfield allhomeinamerica@mac.com
<Direct>
I just read through the draft copy of the NSP Substantial Amendment and had a few questions

I understand there was not a lot of time given to prepare this report; therefore, specific projects

Public Comment:

projects have not been selected. Will these exact projects be listed by December 1, 2008 or will we have to wait until the annual consolidated plan?

Under the G-3 NSP Information by Activity the Activity Description states:

A. Needs exist in Salt Lake Metro area, Provo, Ogden, Layton-Clearfield area and St. George area. Since Clearfield City was listed are we required to complete an application to request funding? I realize your office received this grant and can distribute it how you see fit. Do you anticipate overseeing the whole project or does your office plan on contributing funds to these cities or counties listed in your plan?

If you have any questions, please do not hesitate to call me. Also, I would like to thank you in advance for your time. It is greatly appreciated!

Respectfully,
Stacy Reel
Clearfield City
CDBG Coordinator
525-2781
"Stacy Reel" stacy.reel@clearfieldcity.org

>>> "Gay Jamieson" <GJAMIESO@loganutah.org> 11/17/08 1:51 PM >>>
Mr. Heaton,
I have read the NSP Substantial Amendment submitted by the State to HUD. I see the City of Logan was not identified by the State of Utah as an area of need. The minutes of the Utah NSP hearing last month did not fully capture Logan's purpose in our presentation. However, I am not criticizing the minutes, I am merely hoping to ensure



that we are allowed adequate opportunity to better state our issues in appropriate detail.
Is there an NSP grant application form available from the State of Utah at this time? If so, please direct me to it.

Is Logan being precluded from submitting an application form if we are not identified as an area of greatest need by the State in their NSP application to HUD?
Thank you for your assistance and consideration.

Gay
D. Gay Jamieson
CDBG Coordinator
City of Logan
Phone: (435) 716-9008
Fax: (435) 716-9001
>>> "Gay Jamieson" <GJAMIESO@loganutah.org> 11/17/08 1:51 PM >>>

Keith: I have read the proposed NSP Draft, and presented a copy to Mayor Godfrey. My understanding is that land banked property under section G-2, and redeveloped property under G-3 must be foreclosed or abandoned property. Since your description of each of these activities does not specifically mention that purchased property must be abandoned or foreclosed, Mayor Godfrey has questioned whether we could undertake activities on properties obtained through other means.

Please respond with clarification on whether land banked property and redeveloped property must be obtained from abandoned or foreclosed inventory.

Ward Ogden
Senior Project Coordinator
Ogden City Community Development
(801) 629-8942
(801) 629-8996 fax
wardo@ogdencity.com

Keith:
I have read the NSP substantial amendment and just had a couple of questions.

Question No. 1 - Under the Section of Responsible Organizations you mentioned Partners, including for profit and non-profit housing agencies. Are local government agencies going to be considered as a partner and eligible for funding or just for profit and non-profit housing agencies?

Public Comment:

nsidered as a partner and eligible for funding or just for profit and non-profit housing agencies?

Question No. 2 – How will projects/partners be chosen under each of the categories? I know you mentioned that the projects would be identified in your consolidated plan update but not how the projects/partners will be chosen. Will you have an application process and if so will the Olene Walker Fund Board be selecting the project? Or is the State going to be the lead on all of the projects with no direct funding going to any other organization?

I know you are incredible busy and appreciate you taking the time to answer my questions.

Attached is a scanned copy of a letter I am sending in the mail with my comments on the State's NSP Substantial Amendment. Please let me know if you have any questions.

Thanks,
LuAnn Clark
Director
Housing and Neighborhood Development
451 South State Street,
Salt Lake City, Utah 84111
(801)535-6136
"Clark, Luann" Luann.Clark@slcgov.com

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$31,441,304.55
Total Budget	\$0.00	\$31,441,304.55
Total Obligated	\$0.00	\$31,441,122.55
Total Funds Drawdown	\$0.00	\$31,260,941.14
Program Funds Drawdown	\$0.00	\$19,598,455.75
Program Income Drawdown	\$0.00	\$11,662,485.39
Program Income Received	\$0.00	\$18,405,536.48
Total Funds Expended	\$0.00	\$26,763,084.73
Most Impacted and Distressed Expended	\$0.00	\$0.00
Match Contributed	\$0.00	\$36,093,245.00



Progress Toward Required Numeric Targets

Requirement	Target	Actual
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$72,186,490.00
Limit on Public Services	\$2,940,000.00	\$0.00
Limit on Admin/Planning	\$1,960,000.00	\$1,653,871.54
Limit on Admin	\$0.00	\$1,653,871.54
Most Impacted and Distressed Threshold (Projected)	\$0.00	\$0.00
Progress towards LH25 Requirement	\$12,792,333.50	\$7,902,608.85

Overall Progress Narrative:

The last QPR submitted was for the period ending 12/31/16. Updated information will be provided in the QPR period ending 9/30/19.

Project Summary

Project #, Project Title	This Report	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
UT-G-Adm, State NSP Admin	\$0.00	\$392,000.00	\$390,456.00
UT-G1, Acquisition & Rehabilitate	\$0.00	\$25,207,231.00	\$15,027,642.50
UT-G2, Land Banks/Trusts	\$0.00	\$4,218,215.05	\$3,982,444.88
UT-G3, Redevelopment	\$0.00	\$0.00	\$0.00
UT-G5, UCAH Admin	\$0.00	\$1,262,193.54	\$104,121.21
UT-G6, Finance Mechanisms	\$0.00	\$361,665.08	\$93,791.16



