

# THE NSP SUBSTANTIAL AMENDMENT

Jurisdiction(s): State of Utah <i>(identify lead entity in case of joint agreements)</i> Jurisdiction Web Address: www.housing.utah.gov <i>(URL where NSP Substantial Amendment materials are posted)</i>	NSP Contact Person: Keith Heaton Address: 324 S. St., SLC, Ut. 84111 Telephone: (801) 538-8732 Fax: (801) 538-8888 Email: <a href="mailto:kheaton@utah.gov">kheaton@utah.gov</a>
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## **A. AREAS OF GREATEST NEED**

*The Utah Division of Housing and Community Development (HCD), a division of the Utah Department of Community and Culture, administers eleven community-targeted programs and the four HUD programs (ESG, HOWPA, HOME, and CDBG) per the Utah Consolidated Plan. The overall annual division budget is \$177,989,900.*

### 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.<sup>1</sup> 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.<sup>2</sup> Home sales are down in most areas.<sup>3</sup> 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.<sup>4</sup>*

*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*

<sup>1</sup> Wood, James, "Utah Foreclosures Likely to Set Record in 2009," Bureau of Economic and Business Research, University of Utah, August 2008.

<sup>2</sup> *Ibid.*, page 2.

<sup>3</sup> *Deseret News*, October 29, 2008, page 1 reports a study by Kendall Oliphant, senior vice president of Thredgold Economic Associates. According to that study, the credit crunch has had a profound impact on the sale of single-family home and condominiums in the five most heavily populated Utah counties with decreases in median sale prices in 65 of 81 ZIP codes.

<sup>4</sup> Wood, James, page 2.

*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.<sup>5</sup> 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 inavailability 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 units alone has been estimated at 51,000 units, or an annual gap of 8,855 affordable units (populations earning less than 50 percent AMI).<sup>6</sup> Utah's housing trust fund, the Olene Walker Housing Loan Funds (OWHLF), and low income housing tax credits cannot fill this gap.<sup>7</sup> In these perilous economic times, more funding is needed to meet the rental housing needs of Utah's low-income populations.*

Provide summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction.

### Summary

*Although the foreclosure crisis is felt statewide, the crisis is more pronounced in five of the most populous counties: Salt Lake, Weber, Washington, Davis and Utah. The*

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<sup>5</sup> National Low Income Housing Coalition, Washington, D.C. per [www.nlihc.org/oor/oor2008/data\\_cfm?getstate=on&getnonmetro=on&state=Ut](http://www.nlihc.org/oor/oor2008/data_cfm?getstate=on&getnonmetro=on&state=Ut)

<sup>6</sup> "Out of Reach 2006" published by the National Low Income Housing Coalition, Washington D.C.

<sup>7</sup> The gap is estimated based upon low income (0 to 50% AMI) households' demand for new units (an estimated 1% increase per year or 2,958 units) plus all units needing rehabilitation each year (an estimated 5% of all existing units or 6,786 units per year) less the 889 units (0-50% AMI) receiving funds from OWHLF for a total of 8,855 units needed each year. This does not consider the 570 units funded by Private Activity Bonds in FY08 which serves a population of 60-80% AMI. Much of the affordable housing in this country is funded through the sale of tax credits, and the biggest buyers of credits are financial institutions, which are still recovering from the mortgage crisis. Waning demand for the tax credits has driven down the price, leaving projects with large funding gaps.

*foreclosure crisis has added to the already unmet demand for affordable housing units estimated at 51,000 units. HCD believes that the strategic allocation of NSP funds can help mitigate the effects of the foreclosure crisis within these counties while increasing the overall state capacity in affordable housing units.*

**Note:** An NSP substantial amendment must include the needs of the entire jurisdiction(s) covered by the program; states must include the needs of communities receiving their own NSP allocation. To include the needs of an entitlement community, the State may either incorporate an entitlement jurisdiction's consolidated plan and NSP needs by reference and hyperlink on the Internet, or state the needs for that jurisdiction in the State's own plan. The lead entity for a joint program may likewise incorporate the consolidated plan and needs of other participating entitlement jurisdictions' consolidated plans by reference and hyperlink or state the needs for each jurisdiction in the lead entity's own plan.

HUD has developed a foreclosure and abandonment risk score to assist grantees in targeting the areas of greatest need within their jurisdictions. Grantees may wish to consult this data [LINK – to HUD USER data], in developing this section of the Substantial Amendment.

#### ***B. DISTRIBUTION AND USES OF FUNDS***

Provide a narrative describing how the distribution and uses of the grantee's NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures. **Note:** The grantee's narrative must address these three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.

#### **Response:**

*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.*

### **C. 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 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 rehabilitation standards that will apply to NSP assisted activities.

*The Division of Housing and Community Development will inspect all NSP-funded projects and access 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 three model codes (Uniform Building Code (ICBO), the National Building Code (BOCA), or the Council of American Building Officials (CABO) one or two family code; or the Minimum Property Standards (MPS) in 24 CFR 200.925 or 200.926.*

#### **D. LOW INCOME TARGETING**

Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income.

**Note:** At least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50 percent of area median income.

Response: *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.*

#### **E. ACQUISITIONS & RELOCATION**

Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e.,  $\leq 80\%$  of area median income).

If so, include:

- The number of low- and moderate-income dwelling units—i.e.,  $\leq 80\%$  of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.
- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e.,  $\leq 120\%$  of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion).
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.

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

#### **F. PUBLIC COMMENT**

Provide a summary of public comments received to the proposed NSP Substantial Amendment.

Response: *The Utah Division of Housing and Community Development held a public hearing on October 29<sup>th</sup> 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.

#### **G-1. NSP Information by Activity**

- (1) Activity Name: **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 per NSP eligible activity B.
- (2) Activity Type: Correlated Eligible Activities from the CDBG Entitlement Regulations - 24 CFR 570.201 (A) Acquisition, (b) Disposition, (n) Direct Homeownership Assistance (as modified below);
  - 570.202 eligible rehabilitation and preservation activities for homes and other residential properties.
- (3) National Objective: Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice – i.e. <120% of area median income. All projects will benefit low, moderate and middle income persons below 120% AMI. This will be added as a specific objective in Table 2-c of the State of Utah's 2009 Consolidated Plan Update and Action Plan.
- (4) Projected Start Date: March 1, 2009
- (5) Projected End Date: Continued acquisition/reconstruction/rent/lease to own through July 2013.
- (6) Responsible Organization: Describe the responsible organization that will implement the NSP activity, including its name, location and administrator contact information. *The State of Utah, Department of Community and Culture, Division of Housing and Community Development, located at 324 South State, Suite 500, Salt Lake City, Utah 84111. Administrator: Keith Heaton, 801-538-8732, [kheaton@utah.gov](mailto:kheaton@utah.gov). Partners, including for profit and non-profit housing agencies, will work with Division of Housing and Community Development to purchase homes, rehabilitate, select tenants, provide property management, etc. The title of the property will be dedicated to the Partners and the State will be a lien holder. A Memorandum of Understanding will be negotiated with appropriate partners.*

- (7) Location: Description may include specific addresses, blocks or neighborhoods to the extent known. *The state will target limited funding to the area of greatest need within the parameters of the program.*
- (8) Activity Description: Include a narrative describing the area of greatest need that the activity addresses: the expected benefit to income-qualified persons: and whether funds used for this activity will be used to meet the low income housing requirement for those below 120% of area median income.
- a. The state intends to develop a program that provides permanent housing for people that fall below the 120% average medium income level.*
- a. *Planned Activities:*
- i. *Identify potential sites;*
  - ii. *Negotiate for purchase of property below market value at least 5% with and average of 15%.*
  - iii. *Purchase single-family homes in locations that can best serve the needs of low income families, i.e., close to public transportation corridors, health services, shopping options, food pantries, work opportunities and that contribute to neighborhood stabilization.*
  - iv. *Rent/lease/sell to families including homeless families that fall below the 120% average median income.*

For housing related activities, include:

- Tenure of beneficiaries: *Permanent*
- Duration or term of assistance: *Income-eligible households may rent or purchase the units after completing homebuyer counseling and after securing private sector fixed rate mortgages. Proceeds from the sale of units will be considered program income and can revolve for the purchase of other units. Thereafter, proceeds shall be used for other NSP-eligible activities including redevelopment under eligible use E.*
- A description of how the design of the activity will ensure continued affordability: *Rent or mortgage will not exceed 30% of the family's adjusted gross income. In addition, the Division of Housing and Community Development has adopted HUD's recapture provisions for properties assisted.*

For acquisition activities, include:

- Discount rate: *5% minimum and an average of at least 15% depending on negotiations. The lower the AMI target the higher discount rate requested.*

For financing activities, include: *NA*

Total Budget: Include public and private components: *The initial budget is set at \$3 million in NSP funds. Effort will be made to leverage wherever possible with other sources including individual development accounts (IDAs), local government community development funds, neighborhood initiatives, and local lending institutions. HCD currently has excellent relationships with partners in government, non-profit and private sectors to leverage available funds at a high level. For example, for single-family projects, our housing loan fund leveraged \$3.24 for every \$1.00 they invested in FY2008.*

Performance Measures e.g., units of housing for the income levels of households that are below 120% of area median income. *The goal is to rehabilitate and make available approximately 15-25 homes with the initial \$3 million and purchase additional units from program income as the units are sold.*

## **G-2 NSP Information by Activity**

- (1) Activity Name: *Establish **land banks/trusts** for properties per NSP eligible activity C.*
- (2) Activity Type: *Correlated Eligible Activities from the CDBG Entitlement Regulations - 24 CFR 570.201 (A) Acquisition, (b) Disposition.*
- (3) National Objective: *Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice – i.e. <120% of area median income. No project will include participants making more than 120% of area's median income. This activity will be added as a specific objective in Tables 2-c to the State of Utah's 2009 Consolidated Plan Update and Action Plan.*
- (4) Projected Start Date: *December 1, 2008*
- (5) Projected End Date: *Continued acquisition/rent/lease to own through July 2018.*
- (6) Responsible Organization: *Describe the responsible organization that will implement the NSP activity, including its name, location and administrator contact information. The State of Utah, Department of Community and Culture, Division of Housing and Community Development, located at 324 South State, Suite 500, Salt Lake City, Utah 84111. Administrator: Keith Heaton, 801-538-8732, [kheaton@utah.gov](mailto:kheaton@utah.gov). Partners, including for profit and non-profit housing agencies, will work with Division of Housing and Community Development to purchase land for future development. The title of the property will be dedicated to the Partners and the State will be a lien holder. A Memorandum of Understanding will be negotiated with appropriate partners.*

- (7) Location: Description may include specific addresses, blocks or neighborhoods to the extent known. *The majority of need exists in Salt Lake metro area, Provo, Ogden, Layton-Clearfield area, St. George and surrounding communities. These individual jurisdictions have indicated certain redevelopment and stabilization areas as possible vacant land or demolished property sites.*
- (8) Activity Description: Include a narrative describing the area of greatest need that the activity addresses: the expected benefit to income-qualified persons: and whether funds used for this activity will be used to meet the low income housing requirement for those below 120% of area median income.
- a. *The state will target limited funding the area of greatest need within the parameters of the program.*
  - b. *Planned activities:*
    - i. *Identify potential sites;*
    - ii. *Negotiate for purchase of property below market value by 15%*
    - iii. *Purchase property in locations that can best serve needs of low income individuals, i.e., close to public transportation corridors, health services, shopping options, food pantries, work opportunities and that contribute to neighborhood stabilization;*
    - iv. *Hold property until appropriate partners are identified.*
    - v. *Work with developers to create housing opportunities using land to provide housing opportunities to individuals making below 120% of area median income;*
    - vi. *Priority consideration will be given to land acquisitions that stabilize surrounding neighborhoods and that are sustainable.*

For housing related activities, include:

- *Tenure of beneficiaries: Unknown; however, owners/renters will be able to participate in NSP effort as long as income is less than 120% of average median income.*
- *Duration or term of assistance: Land acquired will be redeveloped within the 10-year requirement.*
- *A description of how the design of the activity will ensure continued affordability: Rent or mortgage will not exceed 30% of the family's adjusted gross income.*

For acquisition activities, include:

- *Discount rate: At least 15% depending on negotiations. The lower the AMI target the higher the discount rate requested.*

For financing activities, include:

- Range of interest rates: *NA*.

Total Budget: Include public and private components: *The initial budget is set at \$9,640,000. Acquisitions will be grouped either geographically depending upon communities and neighborhood prioritized for long-term redevelopment. Effort will be made to leverage wherever possible for land purchase and long-term development. Development projects may rely on NSP funds, Olene Walker Housing Loan Fund, LIHTC program, Community Reinvestment Act funds from financial partners, private activity bonds, etc. HCD currently has excellent relationships with partners in governmental, non-profit and private sectors to leverage available funds at a high level. For example, for single-family projects, our housing loan fund leverage \$3.24 for every \$1.00 they invested in FY2008.*

Performance Measures e.g., units of housing for the income levels of households that are below 120% of area median income. *Properties will not be land banked for more than 10 years. The goal is to set up long term land trust properties to provide affordable housing indefinitely. Outcome will be measured by number of low-income housing projects created.*

### **G-3 NSP Information by Activity:**

- (1) Activity Name: **Redevelop** vacant or demolished properties per NSP eligible activity E to create housing for individuals below 120% area medium income.
- (2) Activity Type: Correlated Eligible Activities from the CDBG Entitlement Regulations - 24 CFR 570.201 (A) Acquisition, (b) Disposition, (n) Direct Homeownership Assistance.
- (3) National Objective: Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice – i.e. <120% of area median income. *No project will include beneficiaries making more than 120% of area's median income. This activity will be added as a specific objective in Table 2-c to The State of Utah's 2009 Consolidated Plan Update and Action Plan.*
- (4) Projected Start Date: *December 1, 2008*
- (5) Projected End Date: *Continued acquisition/construction/rent/lease to own through July 2013.*
- (6) Responsible Organization: Describe the responsible organization that will implement the NSP activity, including its name, location and administrator contact information. *The State of Utah, Department of Community and Culture, Division of Housing and Community Development, located at 324*

*South State, Suite 500, Salt Lake City, Utah 84111. Administrator: Keith Heaton, 801-538-8732, [kheaton@utah.gov](mailto:kheaton@utah.gov). Partners, including for profit and non-profit housing agencies, will work with Division of Housing and Community Development to purchase land, redevelop and construct facilities, select tenants, provide property management, etc. The title of the property will be dedicated to the Partners and the State will be a lien holder. A Memorandum of Understanding will be negotiated with appropriate partners.*

- (7) Location: Description may include specific addresses, blocks or neighborhoods to the extent known. *The majority of need is in Salt Lake City metro area, Provo, Ogden, Layton-Clearfield area, and St. George area. These individual jurisdictions have indicated certain redevelopment and stabilization areas as possible sites.*
- (8) Activity Description: Include a narrative describing the area of greatest need that the activity addresses: the expected benefit to income-qualified persons: and whether funds used for this activity will be used to meet the low income housing requirement for those below 120% of area median income..
- a. *Need exists in Salt Lake Metro area, Provo, Ogden, Layton-Clearfield area and St. George area.*
  - b. *Activities:*
    - vii. *Identify potential sites using Utah Bankers Association, Multiple Listing Service, local governments and housing authorities;*
    - viii. *Negotiate for purchase of property below market value at least 5% with and average of 15%.*
    - ix. *Purchase property in locations that can best serve needs of low income individuals, i.e., close to public transportation corridors, health services, shopping options, food pantries, work opportunities and that contribute to neighborhood stabilization*
    - x. *Redevelop with multifamily housing units including permanent supportive housing units.*
    - xi. *Rent to tenants below the 120% average median income.*
    - xii. *Priority consideration given to land acquisitions and redevelopments that stabilize surrounding neighborhood and that are sustainable.*

For housing related activities, include:

- *Tenure of beneficiaries: Unknown; however, owners or renters will be able to participate in NSP effort as long as income is less than 120% of average median income.*
- *Duration or term of assistance: Loan terms will depend on individual project economics.*

- A description of how the design of the activity will ensure continued affordability: *Rent or mortgage will not exceed 30% of the family's adjusted gross income.*

For acquisition activities, include:

- Discount rate: *5% minimum and an average of at least 15% depending on negotiations. The lower the AMI target the higher discount rate requested.*

For financing activities, include:

- Range of interest rates: *0% – 3% depending on targeted AMI of project.*

Total Budget: Include public and private components: *The initial budget is set at \$5 million. Projects will be grouped either geographically or by lender, depending on negotiations. Efforts will be made to leverage wherever possible with various public and private organizations including housing authorities, Utah Housing Corporation, cities and counties, developers, financial institutions, etc.*

Performance Measures e.g., units of housing for the income levels of households that are below 50% of area median income. *With leveraging, the goal is to make available at least 250 multi-family units.*

## CERTIFICATIONS

- (1) **Affirmatively furthering fair housing.** The jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- (2) **Anti-lobbying.** The jurisdiction will comply with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (3) **Authority of Jurisdiction.** The jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (4) **Consistency with Plan.** The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.
- (5) **Acquisition and relocation.** The jurisdiction will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the Notice for the NSP program published by HUD.
- (6) **Section 3.** The jurisdiction will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- (7) **Citizen Participation.** The jurisdiction is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.
- (8) **Following Plan.** The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.
- (9) **Use of funds in 18 months.** The jurisdiction will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the NSP Notice, all of its grant funds within 18 months of receipt of the grant.
- (10) **Use NSP funds ≤ 120 of AMI.** The jurisdiction will comply with the requirement that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income.

(11) **Assessments.** The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) **Excessive Force.** The jurisdiction certifies that it has adopted and is enforcing: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) a policy of enforcing applicable State and local laws against physically barring entrance to or exit from, a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws.** The NSP grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(14) **Compliance with lead-based paint procedures.** The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) **Compliance with laws.** The jurisdiction will comply with applicable laws.

\_\_\_\_\_  
Signature/Authorized Official

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title



**Exhibit I**  
**Summary of Foreclosures and Delinquencies as of 10-1-08**  
**State of Utah**

Rank	County	Number of Foreclosure	Number(1) Subprime Mortgages	# Bank Owned Mortgages	# Mortgages Delinquency	Number of Vacant Addresses	Relative Foreclosure	Relative Subprimes	Relative Defaults	Relative Delinquency	Relative Vacancy
	Weight	5.91	4.06	2.48	1.59	1	5.91	4.06	2.48		1
1	Salt Lake	3,827	10,159	3,039	2,192	15,847	1	1	1	1	1
2	Utah	1,659	3,468	1,124	766	4,378	2	2	3	2	6
3	Washington	1,453	1,148	1,276	601	6,539	3	5	2	3	3
4	Weber	900	2,394	998	6	4,980	4	3	4	5	4
5	Davis	759	2,289	696	5	2,913	5	4	5	6	11
6	Tooele	141	609	128	-	1,135	6	6	6	20	25
7	Summit	129	276	124	-	14,314	7	10	7	20	2
8	Wasatch	114	218	100	1	3,642	8	12	8	8.5	7
9	Box Elder	73	325	63	1	1,065	9	9	10	8.5	26
10	Iron	72	336	67	7	2,991	10	8	9	4	10
11	Uintah	19	244	13	4	1,706	11	11	11	7	18
12	Sevier	12	143	12	-	1,870	12	15	12	20	17
13	Cache	5	504	5	-	1,492	13	7	13	20	19
14	Duchesne	1	113	-	-	4,858	15	16	20	20	5
15	Millard	1	81	1	-	1,364	15	18	14	20	21
16	Carbon	1	73	-	-	2,656	15	19	20	20	14
17	Sanpete	-	182	-	-	2,664	23	13	20	20	13
18	Emery	-	164	-	-	1,250	23	14	20	20	24
19	Juab	-	99	-	-	708	23	17	20	20	28
20	Kane	-	36	-	-	3,060	23	23	20	20	9
21	Beaver	-	67	-	-	1,356	23	20	20	20	22
22	Morgan	-	37	-	-	2,122	23	22	20	20	16
23	Grand	-	43	-	-	1,256	23	21	20	20	23
24	San Juan	-	28	-	-	2,720	23	24	20	20	12
25	Garfield	-	21	-	-	2,382	23	25	20	20	15
26	Rich	-	-	-	-	3,526	23	28	20	20	8
27	Daggett	-	-	-	-	1,488	23	28	20	20	20
28	Piute	-	7	-	-	472	23	26	20	20	29
29	Wayne	-	-	-	-	878	23	28	20	20	27
	<b>TOTAL</b>	9,166		7,646	3,583	95,632					

(1) Effective April 1, 2008

Sources: Federal Reserve, Foreclosures.Com, Realty Tract.Com, Federal Financial Institution Examination Council

**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, Cedar City Housing Authority**

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

**EXHIBIT II**  
**Minutes from Neighborhood Stabilization Public Hearing**  
**October 29, 2008**

**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 a number of projects. They feel a lot of the progress 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.

**EXHIBIT II**  
**Minutes from Neighborhood Stabilization Public Hearing**  
**October 29, 2008**

**Cindy Bilskie, 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.

**Seth Butterfield, Exec. Affordable Landing Homes Incorp.**

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.

## **State of Utah NSP Public Comments**

November 30, 2008

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 state?s 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 state?s 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, the land can be developed into a new manufactured home community where the residents own the park in a cooperative format, or a non?profit 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 in rural area is more cost effective than urban land, due to the market values and the size and high cost of land in high?density 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 state create 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 available in the Utah program may arbitrarily limit a community in its use of this option. If this tool is needed in a community's plan to stabilize a neighborhood where significant deterioration is present, in a foreclosed 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 10<sup>th</sup> 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 a 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](mailto: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 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 of house values of neighboring homes."** Clearly the intent of Congress and HUD is that 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](mailto: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.

The 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.

We are interested in identifying single family and/or multi family properties 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](mailto: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 of areas. The rural areas make up the majority of this state, to not consider them for any amount, even in it smallest portion, could not be in the best interest of the state.

Heidi Miller

Cedar City Housing Authority

"Heidi Miller" [heidi@cedarcity.org](mailto:heidi@cedarcity.org)

Lloyd

This is an excellent project for Weber county that is well on it's 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 Johns office.

Thanks

Jan.  
jzogaister@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 of house values of neighboring homes. The program is administered through HUD's Office of Community Planning and Development (CPD) as a component of the Community Development Block Grant Program (CDBG).

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

- \* 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](http://www.CommunityActionUC.org)  
815 South Freedom Blvd., Ste. 100  
Provo, UT 84601  
801.691.5250  
Fax 801.373.8228

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 factor that they will consider in their approval of state and local plans. 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 referenced at the end of section G-3, it is not fully explored and does not seem to jibe with the rest of the section.

Please contact me if you would like to discuss the topics of my meeting with Stan Gimont or my public comment.

Thank you for your consideration on these points.

Shawn

[shawn@utahcap.org](mailto:shawn@utahcap.org)

November 18, 2008

Mr. Gordon D. Walker  
Division Director  
Utah Division of Housing and Community Development  
324 South State Street, 5<sup>th</sup> 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 to quickly get more 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 doing this. First, these mortgages leverage first mortgage dollars by filling a financing gap faced by would-be homebuyers as they try to purchase homes by means they truly can afford. Second, administrative costs are kept low because conventional lenders do much of the marketing and borrower qualifying for these loans, consistent with responsible 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 land-banked. 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 Glauser

Director

"Paul Glauser" [PGlauser@provo.utah.gov](mailto:PGlauser@provo.utah.gov)

Keith-

Did the committee proposal to HUD include anything for ALL HOME?

Our website is not explaining things well yet. We are really working on it.

Seth Butterfield

allhomeinamerica [allhomeinamerica@mac.com](mailto:allhomeinamerica@mac.com)

**Mr. Heaton,**

**I just read through the draft copy of the NSP Substantial Amendment for Utah and I just had a few questions.**

**I understand there was not a lot of time given to prepare this report; therefore, specific 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 exists 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](mailto: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?

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](mailto:Luann.Clark@slcgov.com)



November 18, 2008

Mr. Gordon D. Walker  
Division Director  
Utah Division of Housing and Community Development  
324 South State Street, 5<sup>th</sup> 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

- 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  
A. Paul Glauser  
Director

cc: Katherine A. Smith  
Michael Glenn

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 to quickly get more 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 doing this. First, these mortgages leverage first mortgage dollars by filling a financing gap faced by would-be homebuyers as they try to purchase homes by means they truly can afford. Second, administrative costs are kept low because conventional lenders do much of the marketing and borrower qualifying for these loans, consistent with responsible 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 land-banked. 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?



**SALT LAKE  
COUNTY**

PETER M. CORROON  
Salt Lake County Mayor

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Salt Lake City, UT 84190-1020

801 / 468-2500  
801 / 468-3535 fax

November 25, 2008

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

Re: Draft Neighborhood Stabilization Program  
Substantial Amendment

*Gordon*  
Dear Mr. Walker:

On behalf of Salt Lake County, I am pleased to provide comments on the proposed State Plan for the Neighborhood Stabilization Program (NSP). Funding through NSP will provide opportunities for the State of Utah to help preserve and develop affordable housing, which is necessary for the continued growth in our economy.

According to the HUD data information for the NSP, there are 14,079 foreclosed properties in the State of Utah. Of these, 5,995 - or 43% - are located in Salt Lake County. The three areas of greatest concern are Kearns, Magna and West Valley City. The impact on these neighborhoods and city are huge and challenging.

The preservation of affordable, single-family homes is the most cost-effective way to maintain the overall supply of affordable housing. The cost of building new single-family homes and apartments is often double the cost of preserving single family homes.

The current NSP plan suggests that only \$3,000,000 be set aside for the purchase, rehabilitation and sale of foreclosed properties. I believe this amount is too low and should be at least doubled, with the difference coming in a reduction of funds proposed for land banking. It is projected that the state of Utah has not hit the peak in foreclosures and that next year will see a significant increase. Having resources set aside for that possibility seems prudent. Although land banking is an important and eligible activity, it does not provide immediate affordable housing. The stabilization of neighborhoods is important in the preservation of housing. It is more cost effective to rehabilitate and preserve single-family homes, but also is more *timely* to preserve existing housing.

Flexibility in the use of the funding is key in this economic climate. To that end Salt Lake County recommends and asks for the following:

1. All the possible uses as listed by HUD of the funding be allowed:
  - Establish financing mechanisms for purchase and redevelopment of foreclosed homes and residential properties;
  - Purchase and rehabilitate homes and residential properties abandoned or foreclosed;
  - Establish land banks for foreclosed homes;
  - Demolish blighted structures;
  - Redevelop demolished or vacant properties.
  
2. That a standard application and application process be developed and that a NSP steering committee be created.
  
3. That the following phrase should be added to the State of Utah Amended Stabilization Plan: "Please note that these budget amounts are conceptual ideals and goals only. The State of Utah reserves the right to adjust these percentages and budgeted amounts in order to meet the 18-month obligation deadline. The State of Utah plans to re-review budget and target-needs data after 9 months and may review it every 60 days under the direction of the NSP Steering Committee."
  
4. That a substantial portion of the funding be committed to projects in Salt Lake County through existing neighborhood stabilization programs, such as Salt Lake City, Salt Lake County and West Valley City, and through nonprofit developers and Housing Authorities.
  
5. That Salt Lake County work with the State of Utah on a comprehensive approach to deal with the current crisis. That local banks and credit unions be invited to participate. That additional funding from the State of Utah be considered for short-term rental assistance, homelessness prevention and foreclosure prevention.

Over the years Salt Lake County has worked closely with the State of Utah to help fund many critically needed rental housing and special-needs projects and chronically homeless projects. We ask that this partnership continue and that we work closer together on how best to meet the needs of all the community.

Thank you for your consideration.

Sincerely,



Mayor Peter Corroon  
Salt Lake County



November 24, 2008

Keith Heaton  
Utah Division of Housing and Community Development  
324 South State Street, Fifth Floor  
Salt Lake City, Utah 84111

Dear Mr. Heaton:

We are writing in behalf of the Mountainland Continuum of Care. It is critical that the new Neighborhood Stabilization Program provide significant funding for all activities allowed within the Act. In addition the Continuum urges the state to ensure that funding is allocated proportionally throughout the state.

Our Continuum especially urges the state to substantially fund the following priorities in this order:

- Funding for specific housing counseling services (within NSP guidelines);
- Purchase and rehabilitation of foreclosed property to create permanent supportive housing projects for homeless individuals and families;
- Purchase of residential property to convert into apartments or to construct an apartment complex for homeless persons.
- Redeveloping demolished or vacant properties;
- Financing for purchase and redevelopment of foreclosed homes;
- Purchase or rehabilitating homes and residential properties that have been abandoned or foreclosed.

The draft of the state plan states that housing counseling activities are an ineligible cost. We believe that very specific housing counseling services is an eligible expense. We have attached the documents published on HUD.gov which supports housing counseling as an eligible cost. We urge the state to revise the state plan to include this language so that HUD certified housing counseling agencies in Utah may apply for funding to meet the housing counseling requirements within the NSP as stated in the attached.

Our communities have been seriously impacted by the mortgage crisis. We have a growing number of mortgage foreclosures and mortgage defaults. It is essential that we increase our capacity to provide housing counseling to save as many homes as we can. It is also essential that we have funding so that we may purchase and rehabilitate/redevelop

foreclosed properties. Many of our Continuum members will seek funding to help meet these community needs including cities and private nonprofits.

Thank you for your consideration. We await further information regarding the funding application process.

Sincerely,



Larry Ellertson  
Utah County Commission  
Co-Chair  
Mountainland Continuum of Care



Bill Hulterstrom  
United Way of Utah County  
Co-Chair  
Mountainland Continuum of Care

Language from Eligible Uses HUD Document:

5. **REDEVELOPMENT**

*§2301(c)(3)(E) redevelop demolished or vacant properties*

- Grantees may fund costs, such as sales costs, closing costs, and reasonable developer's fees, related to NSP-assisted housing, rehabilitation, or construction activities.
- New construction of housing and building infrastructure for housing is an eligible use.
- Grantees may redevelop property to be used as rental housing.
- Grantees are encouraged to acquire and redevelop FHA foreclosed properties. HUD provides information on such properties at <http://www.hud.gov/offices/hsg/sfh/reo/reohome.cfm>. Grantees may also contact their local HUD FHA office for further information.

Correlated Eligible Activities from the CDBG Entitlement Regulations

- 24 CFR 570.201
  - (a) Acquisition
  - (b) Disposition
  - (c) Public facilities and improvements
  - (e) Public services for housing counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties
  - (i) Relocation
  - (n) Direct homeownership assistance (for persons whose income does not exceed 120% of median income)

HOMEOWNERSHIP COUNSELING

**If a homebuyer has previously completed homeownership counseling or previously owned a home, is additional counseling necessary to comply with the NSP housing counseling requirement?**

HUD will consider granting an alternative requirement for homebuyers who have previously completed homeownership counseling on a case-by-case basis. For homebuyers who previously owned a home, NSP grantees are expected to verify whether or not these homebuyers completed adequate homeownership counseling in the past to satisfy the NSP housing counseling requirement.

*Posted 10/31/08*

**Does the required homeownership counseling for purchasers of foreclosed homes count as a public service and is this activity subject to the 15% public service cap?**

Yes, homeownership counseling is considered a public service. HUD is in the process of clarifying that counseling can be eligible under Eligible Use B, where it is currently categorized as part of housing rehabilitation. HUD envisions that homeownership counseling is one of the few, and perhaps the only, public service that would be eligible in the NSP program. Therefore, while the CDBG 15% public service cap applies to NSP as well, it is highly unlikely that any grantee will approach that limit.

*Posted 10/31/08*

**Can NSP grantees provide homeownership counseling directly rather than contracting with a HUD-certified non-profit?**

Yes, a unit of general local government may provide homeownership counseling directly, as long as its counseling program meets the HUD standards for such counseling at 24 CFR 214, which was made final on September 28, 2007 and may be found at: <http://www.hud.gov/offices/hsg/sfh/hcc/final.pdf>

LUANN CLARK  
DIRECTOR

**SALT LAKE CITY CORPORATION**  
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT  
DIVISION OF HOUSING AND NEIGHBORHOOD DEVELOPMENT

RALPH BECKER  
MAYOR

November 24, 2008

Mr. Keith Heaton  
Utah Division of Housing and Community Development  
324 South State Street, 5<sup>th</sup> floor  
Salt Lake City, Utah 84111

Dear Mr. Heaton:

Thank you for the opportunity to comment on the draft of the Neighborhood Stabilization Program Substantial Amendment Plan for the State of Utah (the Plan). The funding provided by Congress, through the Department of Housing and Urban Development, was a great commitment from Congress to resolve the growing issue of foreclosed and abandoned homes throughout the Country and the negative impact these homes have on neighborhoods and communities.

After reviewing the Plan I could find no opportunities listed for local governments to partner with the State of Utah to stabilize neighborhoods by addressing the impacts that foreclosed and abandoned properties will have on local communities. Many local government agencies operate very successful first time homebuyers programs and/or rehabilitation programs making them a perfect experienced partner for the State of Utah. The NSP funding could have easily been incorporated into these current programs and lowered the amount of administrative funding needed to operate the NSP projects, thereby freeing up additional funding for housing projects.

As I mentioned in my comments at the public hearing, a key component in the NSP regulations was the ability to assist households at 120% and below and I appreciate the State including this flexibility in the Plan. However, the allocation of \$3 million dollars for the purchase and rehabilitation of homes is very low in comparison to the number of foreclosed and abandoned homes forecasted for Salt Lake County let alone the entire State of Utah.

The Plan indicates that \$9.6 million will be used for land banks/trusts for properties. This category appears to be more useful for neighborhoods already determined as lost and ready for redevelopment activities; not for established neighborhoods trying to survive the high number of foreclosures in the area. In these types of established neighborhoods, having a home demolished, left vacant or an empty lot while additional property is acquired to land bank, for any length of time is not good for the health and vitality of any neighborhood. If the goal of the NSP funding was to assist neighborhoods with high foreclosures or abandoned properties the use of funding to purchase and resell properties is a much better fit than to hold properties up to ten years for land banks/land trusts.

Many of the homes in foreclosure throughout the State are higher valued properties that low to moderate income buyers will not be able to purchase and should not receive any NSP funding. However, in Salt Lake City the areas that appear to have a high number of potential foreclosed properties are some of the most affordable areas. In these areas a concentrated effort with NSP funding would make a huge impact and bring more affordable homeownership opportunities to families making less than 120% AMI. Based on the needs and the amount of subprime lending in Salt Lake City, I would encourage the State of Utah to increase the level of funding appropriated for the purchase and rehabilitation of homes category in the Plan.

If the homes purchased under the rehabilitation/resell program are to be turned over to the general public, it may be difficult for them to qualify for housing without some down payment or soft second mortgage assistance especially the lower income households. The tightening of the mortgage criteria may take some very qualified buyers out of the market when all they needed was some down payment assistance. Many of the homes were on the market before they were foreclosed upon and many of them are in good selling condition but did not sell.

In the NSP Plan there is no mention of how the State of Utah will determine where the funding appropriated for each NSP category will be spent or how projects will be chosen for funding. It would be very helpful to anyone applying for funding to have an application or some criteria established as well as what public process the State is going to use for selecting specific projects. As with all public funding it is important that the public process and the priorities be clearly defined in the Plan. This eliminates any questions on what type of proposals the State of Utah would like to fund that meet the intent of the NSP Plan.

The success of the NSP funding is critical to affordable neighborhoods with high foreclosure and abandoned properties. For many families their home is their greatest asset and the foundation for the success of their future whether it be raising children or retiring with some financial security. These families are depending on us to spend the NSP funding in a way that assists them now and not in ten years.

Salt Lake City and our partners are available to assist the State of Utah in any way we can. I understand the administrative impacts created by the timeframe Congress and HUD placed on your agency and appreciate the efforts made by the staff in getting the draft Plan ready for review. If you have any questions regarding my comments, please feel free to contact me.

Sincerely,



LuAnn Clark  
Director  
Salt Lake City  
Housing and Neighborhood Development  
P.O. Box 145488  
Salt Lake City, Utah 84114-5488

Utah Balance of State  
Continuum of Care

Salt Lake County  
Continuum of Care



Salt Lake County  
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Coordinating  
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November 12, 2008

Gordon D. Walker, Director  
Utah Division of Housing and Community Development  
324 South State Street, Suite 500  
Salt Lake City, Utah 84111

Dear Mr. Walker:

On behalf of the Salt Lake County Homeless Coordinating Council, I would like to thank you for your leadership in making our state a forerunner in addressing problems of homelessness. Through your efforts, and your co-workers, strong partnerships with homeless providers across the state have been established. Working together we have seen people come off the streets and into housing. We see the fruits of your commitment and work everyday in the faces of those who live at the Sunrise Metro Apartments and Grace Mary Manor. These permanent supportive housing communities, as well as the upcoming Palmer Court and Kelly Benson Apartments, are examples of your exemplary work and dedication. Another example is the state-funded Right in Right Out program to reduce the number of homeless mentally ill persons in the Salt Lake County jail.

Together we have made tremendous strides in addressing the problems of homelessness. But there is still much work to be done, especially now, in these increasingly tough economic times. Already we have received reports of longer waiting lists for housing assistance and greater demand for shelter.



The members of the Salt Lake County Homeless Coordinating Council are asking for your continued support as we struggle to address these growing needs. We would respectfully like to request that a portion of the new federally allocated "Neighborhood Stabilization Program" funds be used to help with this effort.



Continuum of Care

There are a growing number of homeless individuals and families who are homeless or on the brink of homelessness. We believe the additional development of multifamily housing aimed at the homeless and those at risk of being homeless is an important and vital use of these new dollars.

Thanks for all your support in the past. We look forward to working with you in the future and recognize all that you do to better our community. If there is a forum or platform where our voice on this issue will assist you as we all move forward on this issue please let us know.

With gratitude,



Mitzy Stewart  
Chair

cc: Executive Committee