

**2008**

**WEST VIRGINIA**  
**NEIGHBORHOOD STABILIZATION PROGRAM**

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# **NEIGHBORHOOD STABILIZATION PROGRAM**

## **SUBSTANTIAL AMENDMENT #3 TO FISCAL YEAR 2008 ACTION PLAN**

**May 24, 2011**

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# **SECTION A**

## **AREAS OF GREATEST NEED**

The State of West Virginia (the “Grantee”) has identified and prioritized the geographic areas of greatest need for the Neighborhood Stabilization Program (NSP) where the use of NSP funds will have the most meaningful impact. The statewide rate of foreclosure remains low when compared to other states; however, concentrations of foreclosures are scattered throughout the State in mostly urban and surrounding rural areas with subprime mortgages with the highest interest rates generally located in scattered remote parts of the State. Due to the method of recording and tracking foreclosure information by county, the geographic areas are prioritized in three levels of priority by county.

West Virginia’s statewide foreclosure rate is 3.8% and the statewide abandonment risk is considered low as determined by HUD in its State and Local NSP Allocations (see Attachment A-1). While the State as a whole has a low (relative to other states) percentage of home foreclosures, homes financed by subprime mortgage loans, and homes in default or delinquency, some areas have experienced foreclosures at much higher rates.

The Grantee does not have (and does not believe it exists) current, comprehensive, dependable data on the number or location of subprime mortgages, delinquencies and defaults in the State. The Grantee has relied upon the information presented by HUD’s statistician, Todd Richardson, at the Summit on Housing in Washington, DC, on October 7-8, 2008. During his presentation, Mr. Richardson stated that HUD found, in developing it’s methodology for allocation of the \$3.92 billion of Emergency Assistance for the NSP across the nation, that in those states where reasonably good information could be developed regarding subprime mortgages, delinquencies, defaults and abandoned properties, the numbers always tracked very closely in geographic location with the more reliable available foreclosure data.

The Grantee believes this situation is replicated in the State and that the prioritized levels of need for the NSP identified by the Grantee listed below are those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and are likely to face a significant rise in the rate of home foreclosures in the future.

The Grantee used a combination of sources of information, and some degree of subjective judgment, to identify and prioritize the geographic areas of greatest need for the NSP in the State.

The Grantee was exceptionally fortunate to have as a resource a copy of a well researched newspaper article printed in the September 21, 2008, edition of the *Charleston Gazette-Mail* which included a county-by-county chart showing the actual

number of foreclosed property sales reported in each of the 55 county courthouses in all of 2007 (See Attachment A-2). This information was developed during the early summer of 2008 when the *Charleston Gazette-Mail*, with the cooperation and participation of county clerk staff in all 55 courthouses, counted the records of trustee sales (foreclosures) for 2007. It should be noted that county records in the State do not distinguish or breakdown foreclosed property sales between homes and other types of foreclosed properties such as land or business property.

While the focus of the story was on the underreporting of foreclosures in the State by a company called RealtyTrac, rather than as an added source for the NSP, the Grantee was able to use the actual foreclosure sales data to identify on a county-by-county basis where foreclosures were most numerous in 2007. The Grantee was also able to compare actual foreclosure sales data at the State level and on a county-by-county basis to the HUD posted “estimated number of foreclosure starts” data. From this comparison the Grantee was able to determine that the correlation comparison between the two sets of data was very low. Even allowing for a 50% reduction between foreclosure starts turning into actual foreclosures (the rate experienced by the State’s housing finance agency) the correlation remained quite low. The Grantee spoke with Mr. Richardson regarding this situation and was advised to follow the recommendation in HUD’s Revised 10-20-08 Methodology which was to use the actual local data to determine the State’s areas of greatest need rather than the posted HUD data.

Using the actual number of foreclosures data and the projected 2007 data from Claritas, Inc. (a nationally-recognized data company) for the actual number of owner-occupied single-family homes, the Grantee was able to develop a ration and a ranking of the counties based upon the number of owner-occupied homes per each foreclosure in each county. A lower number of owner occupied homes per each foreclosure would indicate a worse situation (see Attachment A-2, left side).

A second valuable resource used by the Grantee to identify and prioritize the geographic areas of greatest need for the NSP was an article entitled, “Mortgage Foreclosures: How Did We Get Here?” in the Spring/Summer 2008 edition of *MarketWise*, a community economic development publication of the Federal Reserve Bank of Richmond. A portion of the article particular to the State has been summarized in Attachment A-3. This section describes the foreclosure situation in the State including a description of where the owner-occupied subprime mortgages are located, as follows:

*“Owner-occupied subprime mortgages in West Virginia are concentrated in:*

- 1) the Eastern Panhandle, which is part of the Washington, D.C., metro area;*
- 2) portions of other cross-border metro areas such as the Cumberland, MD-WV metro area and the Parkersburg, WV-Marietta, OH metro area;*
- 3) Beckley, WV metro area; and*
- 4) A few small towns and very remote areas.*

*Three additional cross-border metro areas are classified as moderately risky for the First Quarter 2008: Huntington, WV-Ashland, KY MSA; Parkersburg, WV-Marietta, OH MSA; and Martinsburg, WV, which is part of the Washington D.C., metro area”.*

The article made the point that subprime mortgages with the highest rates tend to be located in scattered remote parts of the State and that the top five zip codes for foreclosure filings in the State are spread across four metropolitan areas that border other states: Martinsburg and Charles Town, Weirton, Wheeling and Parkersburg.

A third recourse included three slides dated April 2008 from a presentation given by the Federal Reserve to West Virginia bankers during the second week in October (see Attachment A-4). The first slide is a State map showing the location of the percentage of owner-occupied homes with subprime mortgages more than 90 days delinquent. The second slide is a State map showing the location of the percentage of owner-occupied homes with subprime mortgages that are in foreclosure or Real Estate Owned (REO). The third slide is a chart showing the top 20 zip codes by percentage of owner-occupied households with subprime loans in the State including information on percentages in foreclosure or REO and those 60 and 90 days past due. This chart is also dated April 2008.

Neither the article, maps, nor the chart mentioned above is as current or as comprehensive as the Grantee would like. However, taken together they strongly validate the scattered nature of the foreclosure crisis in the State, the Grantee’s method of prioritizing geographic areas of need for the NSP into three levels of priority by county, and the Grantee’s selection of specific areas of need for the NSP.

The Grantee was also able to obtain two graphs from the Mortgage Bankers Association National Delinquency Survey which clearly show the worsening subprime adjustable rate mortgage foreclosure crises in West Virginia through June 2008 (See Attachment A-5). The graphs show the increasing percentages of subprime adjustable rate mortgages becoming delinquent and those falling into foreclosure, reaching levels that equal or exceed those reached in 2001.

Based upon an analysis of the actual foreclosure data, some verification and correction of actual recording data to conform with county records, the information and methodology discussed above, and with some consideration to available unemployment and decreased real estate value information, and a considerable degree of subjective judgment, the Grantee identified the following three levels of greatest need for the NSP in the State as well as the method of priority emphasis described below.

#### Level One:

The 12 geographic areas of greatest need for the NSP where the Grantee will give first priority emphasis to use of the NSP funds are as follows: Berkeley, Brooke, Cabell, Fayette, Hancock, Jefferson, Marshall, Kanawha, Raleigh, Ohio, Wayne and Wood counties. Within these 12 counties the Grantee will give first priority emphasis to the

use of the NSP funds in those Census Block Groups that HUD has identified in its NSP Targeting Table as areas "...meeting the requirement for area benefit that would satisfy the statutory requirement that the funds be used to serve persons with incomes that do not exceed 120% of HUD's Area Median Income".

#### Level Two:

The 13 geographic area of moderate need for the NSP where the Grantee will give second priority emphasis to the use of the NSP funds are as follows: Doddridge, Hampshire, Harrison, Lewis, Mason, Mercer, Pleasants, Pocahontas, Putnam, Roane, Summers, Tyler and Wirt counties. These counties have lower ratios of foreclosed properties to owner-occupied homes than the remaining 30 counties. Within these 13 counties the Grantee will give second priority emphasis to the use of the NSP funds in those Census Block Groups that HUD has identified in its Neighborhood Stabilization Target Table as areas "...meeting the requirement for area benefit that would satisfy the statutory requirement that the funds be used to serve persons with incomes that do not exceed 120% of HUD's Area Median Income".

#### Level Three:

The third geographic area of need for the NSP where the Grantee will give third priority emphasis to the use of the NSP funds will include the remaining 30 counties. Within these 30 counties the Grantee will give third priority emphasis to the use of the NSP funds in those Census Block Groups that HUD has identified in its NSP Targeting Table as areas "...meeting the requirement for area benefit that would satisfy the statutory requirement that the funds be used to serve persons with incomes that do not exceed 120% of HUD's Area Median Income".

Due to the time constraints of the NSP, priority emphasis will be established and enforced as follows. During the first six months after the date HUD signs the NSP grant agreement, activities described under this Action Plan (the "NSP Substantial Amendment") will be focused on and limited to the Level One areas described above. At the conclusion of this six-month period, activities described under this Action Plan will be extended to the Level Two areas described above while continuing activities in the Level One areas as before. Eight months after the date HUD signs the NSP grant agreement, activities described under this Action Plan will be extended to the Level Three areas described above while continuing activities in the Level One and Level Two areas as before.

This method will place emphasis on those geographic areas of greatest need for the NSP and where the NSP funds will have a meaningful impact while allowing the Grantee sufficient time to utilize 100% of the funds within the time constraints of the NSP. There is no breakdown of the State allocation to specific pre-identified areas and no guarantee that NSP funds will be sufficient to address Level Two or Level Three priority areas (or Level One priority areas in its entirety). Activities will be undertaken (and NSP funds used) as they are found and evaluated by the Grantee. The awarding

of funds will end when all grant funds, including program income, are fully expended by the Grantee to specific properties, unless additional funds become available.

**NOTE:** For the purposes of the **Continuum of Care projects only**, applications from all tiers for NSP funding will be submitted to the Grantee within four months from the date HUD signs the NSP grant agreement. They will then be processed, evaluated, funded, or rejected. Subsequent rounds may be scheduled on an as-needed basis.

## SECTION B

### **DISTRIBUTION AND USES OF FUNDS**

The Grantee anticipates receiving an allocation of \$19,600,000 through the NSP. The Grantee proposes to use a method of distribution that will:

- Serve only low-, moderate- and middle-income persons (LMMI) as defined in the NSP Notice, i.e.,  $\leq 120\%$  of area median income with at least 25% of funds being used for housing individuals and families whose incomes do not exceed 50% of area median income; and
- Allow maximum flexibility within the requirements of the NSP while giving priority emphasis and consideration to those areas of greatest need as identified in Section A above; and
- Satisfy the Grantee's goal of administering the NSP to provide, to the extent feasible in a state with both very rural and urban areas, for neighborhoods affected by the foreclosure crisis that will help stabilize and strengthen the local community.

The Grantee has chosen the following NSP eligible activities because they:

- Meet the LMMI national objective identified in the requirements of 2301(c)(2);
- Will have maximum effect in stabilizing neighborhoods in the areas of greatest need; and
- Can be implemented within the time limits imposed by the NSP requirements including the maximum 18-month requirement between HUD's signing of the NSP grant agreement and the time the NSP funds are used.

The actual activities used to distribute and use the NSP funds will depend upon the needs and investment/development opportunities found within each of the geographic areas of greatest need identified in Section A above. The State has a very experienced state housing finance agency, the West Virginia Housing Development Fund, and a very active community of Nonprofit housing and group home developers, some of whom have already begun locating properties for NSP development or redevelopment. The State expects to contract with the Housing Development Fund and the Governor's Office of Economic Opportunity (OEO), to administer the NSP program. Either directly or indirectly through the Housing Development Fund and OEO and/or for-profit and nonprofit developers, the Grantee's method of distribution of NSP funds will include all or some of the following activities:

- **Section 2301(c)(3)(B) Purchase and Rehabilitation** of abandoned, vacant or foreclosed-upon homes and other residential property, including multifamily apartments, in order to sell, rent or redevelop such homes and properties to

house individuals meeting the program's income requirements (**Housing Activities**);

- **Section 2301(c)(3)(E) Redevelopment** of demolished or vacant properties (**Area Benefit Activities**);
- **Section 2301(c)(3)(D) Demolition** of abandoned, foreclosed or blighted properties (**Area Benefit Activities**);
- **Section 2301(c)(3)(A) Establish Financing Mechanisms** for the purchase and redevelopment of foreclosed homes and residential properties such as (**Housing Activities**)
- Offer down payment and closing cost assistance to low- to moderate-income homebuyers;
- Provide financing for property purchasers such as soft second mortgage, loan loss reserves, and shared-equity loans;
- Provide new homes for qualifying families;
- Provide homeownership counseling for prospective home purchasers and housing counseling for rental property tenants; and
- Establish facilities such as group homes (**Limited Clientele Activities**):
- **Section 2301(c)(3)(C) Establish Land Banks** for homes that have been foreclosed upon (**Area Benefit Activities**); and
- **Section 2301(c)(3) Administration and Planning Costs.**

As stated in Section A above, the Grantee believes that by using actual foreclosure data and other information to target its NSP activities to the Census Block Groups that HUD has identified in those geographic areas the Grantee has identified as the areas of greatest need, the Grantee is meeting the requirement of Section 2301(c)(2) of HERA that funds be distributed to the area 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 that are likely to face a significant rise in the rate of home foreclosures in the future.

### **Recapture Provisions, Homebuyer Subsidies and Developer Subsidies**

Homebuyers, as the recipient of the NSP Loan from the WVDO, must ensure continued affordability for NSP-assisted housing. The grantee enforces this requirement by an enforceable recorded Restrictive Covenants lien against the property for the maximum affordability period. If the homebuyer(s) sells, transfers, or ceases to occupy the property as his or her principal residence before the expiration of the affordability period,

they will be required to repay to the WVDO an amount as calculated under the terms of their Promissory Note. The NSP assistance that is subject to recapture is based on the amount of NSP assistance that enabled the purchase of the property that has not been forgiven per the term of the homebuyer's Promissory Note, subject to net proceeds. The net proceeds are the sales price minus loan repayments (other than NSP funds) and closing costs.

## SECTION C

### **DEFINITIONS AND DESCRIPTIONS**

The definition of “blighted property” in the State Code reads as follows: *“Blighted property” means a tract or parcel of land that, by reason of abandonment, dilapidation, age or obsolescence, inadequate provisions for ventilation, light, air or sanitation, high density of population and overcrowding, deterioration of site or other improvements or the existence of conditions that endanger life or property by fire or other causes, or any combination of such factor, is detrimental to the public health, safety or welfare.”*

Affordable Rents: WV has two tiers of rents:

- Set Aside Units for families with incomes below 50% Area Median Income (AMI) – The maximum rent set for these units can be no higher than the published Low HOME rents less the appropriate Utility Allowance. The Utility Allowance is determined for each community by the local Public Housing Authority.
- Units for families between 51% to 120% of AMI – The maximum rent set for these units can be no higher than 30% of 100% of AMI adjusted for family size and the appropriate Utility Allowance. Rents must be calculated as follows:
  1. To determine 100% of AMI, go to the HUD website for the latest income limits. <http://www.huduser.org/portal/datasets/il/il10/index.html>.
  2. On this chart, Very Low Income is 50% of AMI, so double this number to determine 100% AMI for each bedroom size. For 1-BR units, use the 2-person income limit; for 2-BR units, use the 4-person income limit; for 3-BR units, use the 6-person income limit; for 4-BR, use the 8-person income limit.
  3. Multiply each income limit by .3 (30%)
  4. Divide by 12
  5. Subtract the appropriate Utility Allowance. That number is the monthly maximum allowable rent per bedroom size. The Utility Allowance is determined for each community by the local Public Housing Authority.
  6. The subgrantee should set the rent at an amount less than the maximum allowed, and it should be reasonable given comparable units in the local market. Also, the rents should not be so high as to unduly enrich the subrecipient or developer. Consequently, WVHDF and WVDO must approve the rents that are to be charged in this tier.
- If a project receives federal or state project-based subsidies and the tenant pays no more than 30 percent of his or her rent, the maximum rent may be the rent allowable under the project based subsidy program.

Ensure continued affordability for NSP assisted housing. The Grantee will ensure by the use of enforceable recorded liens, written agreements and contracts that, to the

maximum extent practicable and for the longest feasible term, the sale, rental, or redevelopment of abandoned and foreclosed-upon homes and residential properties developed with NSP funds will remain affordable to individuals or families whose incomes do not exceed 120% of area median income or, for units originally assisted with funds under the requirements of Section 2301(f)(3)(A)(ii), will remain affordable to individuals and families whose incomes do not exceed 50% of area median income. Adoption of 24 CFR 92.252(a), (c), (e) and (f) and also 92.254 supports this commitment.

Continued affordability will be further demonstrated through homeownership education and counseling. NSP homebuyers will be required to receive and complete a minimum of eight hours of homebuyer education counseling before obtaining a mortgage loan. Current providers of homebuyer education services training in homebuyer education programs designed, approved and administered by HUD, NeighborWorks America, and the Housing Development Fund will conduct face-to-face group homeownership education utilizing interactive techniques, a training manual and other relevant material(s). The course will include an overall view of homeownership, credit, budgeting, the mortgage process, home maintenance, repairs and improvements. Educators will collect and maintain specific information from education clients in accordance with the laws and governing organizations.

Housing rehabilitation standards that will apply to NSP assisted activities: Rehabilitation of a foreclosed-upon home or residential property shall meet all applicable local codes, rehabilitation standards, ordinances and zoning ordinances at the time of project completion. Standards set forth in the State Building Code (West Virginia Code 87-4-1) will be utilized as the minimum requirements and standards for residential structures and all existing premises, including equipment and facilities for light, ventilation, space, heating, sanitation, protection from the elements, life safety, safety from fire and other hazards and for safe and sanitary maintenance.

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.

## **SECTION D**

### **LOW-INCOME TARGETING**

Below is an estimate of the amount budgeted per activity (See Section G), for this set aside. Actual activities used to distribute the NSP funds and final line item amounts actually expended will depend upon the needs and investment/development opportunities found within each of the geographic areas of greatest need (Levels 1, 2, and 3) identified in Section A.

Purchase and Rehabilitation – NSP Activity #1	\$2,110,920
Redevelopment – NSP Activity #2	759,696
Establish Financing Mechanism –NSP Activity #4	<u>2,110,920</u>
TOTAL	\$4,981,536

**No less than \$4,900,000 of the total grant, or 25% of the total grant funds actually used, will be set aside for this purpose.**

## **SECTION E**

### **ACQUISITION AND RELOCATION**

The Grantee may choose to include this activity within its NSP Action Plan. However, at this early planning stage the Grantee does not know the number of low- and moderate-income dwelling units reasonably expected to be demolished, converted, or created as a direct result of NSP-assisted activities. Nor does the Grantee know the number of dwelling units reasonably expected to be made available for households whose income does not exceed 50% of area median income. Should the Grantee receive an NSP grant, the Grantee will immediately begin developing this information as the Grantee assesses the needs and investment/development opportunities found within each of the geographic areas of greatest need identified in Section A above.

# **SECTION F**

## **PUBLIC COMMENT**

The NSP 1 Amendment #3 was made available for public review and comment. The comment period started on May 2, 2011, and ended at close of business on May 16, 2011. No public comments were received.

The NSP was made available for public review and comment. The comment period started on November 10, 2008 and ended at close of business on November 24, 2008. All written comments were responded to. That documentation has been summarized below and made a part of this final NSP packet submitted to HUD on November 26, 2008.

### **1<sup>st</sup> Group of Questions/Response**

1. When the state gets it's approval from HUD, is it our plan to issue an RFP to non-profit or for-profit entities in the priority target areas for the qualified activities that have been identified, receive and evaluate those proposals and then make awards to selected "projects" or do we envision some other type of process?
2. What is the envisioned type table for this above mentioned process?
3. What is the date we anticipate the State will take applications from the Level 1 communities?
4. What would the application process consist of?
5. Are communities allowed to directly apply for the NSP funds, or are housing agencies allowed to apply? Or both?
6. Will the line item for administration be shared with the communities to assist in implementing their projects? Or does the State keep all the money?
7. How will the funds be awarded or who will be eligible to apply for funding?
8. Will there be a request for proposal process, automatic award based on the levels or need, or will these programs be designed and run by the State?
9. If you are a non-profit, what is the process for contact regarding the possibility of funding?

## **Response:**

I am responding to each of your email inquiries regarding the NSP with this email as all of your inquiries asked essentially the same questions.

After the State of West Virginia receives an NSP grant award, the Board of the West Virginia Housing Development Fund (Fund) must approve Fund participation in the NSP. A contract to administer a portion of the grant funds must be executed between the West Virginia Development Office (WVDO) and the Fund. The Fund will then seek qualified, experienced Partners [for-profit and nonprofit development entities, community housing development organizations (CHDOs), lenders, contractors and other interested parties] in the Level One geographic areas of greatest need for the NSP as identified in the NSP Substantial Amendment posted on the WVDO website. The Partners chosen to assist the Fund in the delivery of the NSP program will have previously demonstrated their proficiency and ability to quickly deliver programs similar to the NSP such as HOME and CDBG.

Potential Partners will be invited to submit address-specific activities proposed to be undertaken by the applicant and funded by NSP funds within their level of proven expertise and demonstrated capacity. Due to the strict time requirements included in the NSP, proposals will be required to include unambiguous evidence, in the sole judgement of the Fund, that the potential Partner has sufficient past direct experience and current relevant capacity and expertise, including staff and other resources, to undertake and successfully complete the planned activities described in the potential Partner's proposal within the time frames and development budget, and at the locations it proposes. Proposed NSP activity sites must be located within the Level One geographic areas of greatest need in those Census Block Groups that HUD has identified in its NSP Targeting Table as areas "...meeting the requirement for area benefit that would satisfy the statutory requirement that the funds be used to serve persons with incomes that do not exceed 120% of HUD's Area Median Income".

The proposal process is being developed but will require, at a minimum, that sufficient information be submitted to assure, in the sole judgement of the Fund, that both the activity proposed and the proposed activity site are NSP eligible. Please review the NSP Substantial Amendment posted on the WVDO website and HUD's NSP website for NSP eligible activities. Proposals will be processed, evaluated, funded or rejected and NSP activities undertaken on an ongoing basis as proposals are received or developed by the Fund (see below). The Fund will reserve the right to hold individual proposals for future processing, evaluation, funding or rejection at its discretion.

In order for the State to fully use the NSP funds within the 18-month period allowed, the Fund may perform with its own staff some or all of the activities listed below in those targeted areas of the State where it cannot find or reach satisfactory agreements and execute contracts with suitable Partners. The Fund will closely monitor each Partner's performance and payment of developer's fees with NSP funds to assure acceptable Partner performance. Some or all of the following activities will be performed either by the Fund or Fund Partners:

- Actively solicit lenders and other owners of abandoned and/or foreclosed properties;
- Identify potential qualifying properties in the HUD approved census blocks;
- Evaluate each property for suitability for the NSP and the interests of the Fund (including employment of professionals in areas such as lead-based paint, asbestos removal, structural/architectural and appraisal);
- Negotiate and purchase each property at the appropriate discount;
- For each property, hire contractors to demolish, rehabilitate, construct new housing, or perform other activities consistent with the purpose of the NSP;
- Establish financing mechanisms for the purchase or other reuse of each property;
- Identify buyers and tenants and sell or rent each property;
- Set up land banks of foreclosed properties and plan for the properties' reuse; and
- Other activities as required consistent with meeting the purposes of the NSP such as reporting program progress and expenditures to the State.

It is our understanding that "The Secretary of HUD has stated that HUD will review and approve amendments as quickly as possible. The absolute deadline for completing the action plan amendment review process is February 13, 2009."

Potential Partners should:

- Carefully review HUD's NSP website and the NSP Substantial Amendment posted on the WVDO website to understand the program;
- Begin identifying NSP eligible abandoned, vacant or foreclosed-upon homes located in the HUD approved census blocks; and
- Begin preparing proposals that meet the NSP program and Fund requirements including documentation of past and present experience, capacity and expertise.

## **2<sup>nd</sup> Group of Questions/Response:**

Thanks for sharing this information with those of us in the communities who are active in our Continuum of Care.

I have read over your plan and am impressed at the information you were able to gather to determine priority needs. I also have a far better understanding of the activities allowed within this program. It is exciting to know that we can further address some of our most serious housing issues with these funds.

As I look over this and start to think about all that we could do in our community, I realize that I have many questions.

1. I am not clear as to how the funds will be awarded once they are received within WV. Or by whom?

**The \$4.9 million will be awarded by OEO to those applicants using the money to provide housing to those persons falling under the 50% AMI.**

2. It looks like most of these programs are those currently offered ( but with limited funds) through our CDBG/HOME program. Will this be an open application process or will so many slots/ dollars be awarded to each community based on priority need?

**OEO will use an application process.**

3. And will the applicant agency for the community programs be OEO or WVHDF?

**I'm not sure what this question means...I need a bit more clarification.**

4. And will the money go to the City if we are an entitlement city or will each non-profit compete individually across the state?

**OEO will defer to WV Development office and follow their protocol for CDBG entitlement areas and work with WVDO to distribute the money according to their guidelines.**

**Additional response continued to above questions/comments as it relates to the WVHDF:**

After the State of West Virginia receives an NSP grant award, the Board of the West Virginia Housing Development Fund (Fund) must approve Fund participation in the NSP. A contract to administer a portion of the grant funds must be executed between the West Virginia Development Office (WVDO) and the Fund. The Fund will then seek qualified, experienced Partners [for-profit and nonprofit development entities, community housing development organizations (CHDOs), lenders, contractors and other interested parties] in the Level One geographic areas of greatest need for the NSP as identified in the NSP Substantial Amendment posted on the WVDO website. The Partners chosen to assist the Fund in the delivery of the NSP program will have previously demonstrated their proficiency and ability to quickly deliver programs similar to the NSP such as HOME and CDBG.

Potential Partners will be invited to submit address-specific activities proposed to be undertaken by the applicant and funded by NSP funds within their level of proven expertise and demonstrated capacity. Due to the strict time requirements included in the NSP, proposals will be required to include unambiguous evidence, in the sole judgement of the Fund, that the potential Partner has sufficient past direct experience and current relevant capacity and expertise, including staff and other resources, to undertake and successfully complete the planned activities described in the potential Partner's proposal within the time frames and development budget, and at the locations it proposes. Proposed NSP activity sites must be located within the Level One geographic areas of greatest need in those Census Block Groups that HUD has identified in its NSP Targeting Table as areas "...meeting the requirement for area benefit that would satisfy the statutory requirement that the funds be used to serve persons with incomes that do not exceed 120% of HUD's Area Median Income".

The proposal process is being developed but will require, at a minimum, that sufficient information be submitted to assure, in the sole judgement of the Fund, that both the activity

proposed and the proposed activity site are NSP eligible. Please review the NSP Substantial Amendment posted on the WVDO website and HUD's NSP website for NSP eligible activities. Proposals will be processed, evaluated, funded or rejected and NSP activities undertaken on an ongoing basis as proposals are received or developed by the Fund (see below). The Fund will reserve the right to hold individual proposals for future processing, evaluation, funding or rejection at its discretion. No funds will be held back for subsequent funding competitions or other geographic areas of need.

In order for the State to fully use the NSP funds within the 18-month period allowed, the Fund may perform with its own staff some or all of the activities listed below in those targeted areas of the State where it cannot find or reach satisfactory agreements and execute contracts with suitable Partners. The Fund will closely monitor each Partner's performance and payment of developer's fees with NSP funds to assure acceptable Partner performance. Some or all of the following activities will be performed either by the Fund or Fund Partners:

- Actively solicit lenders and other owners of abandoned and/or foreclosed properties;
- Identify potential qualifying properties in the HUD approved census blocks;
- Evaluate each property for suitability for the NSP and the interests of the Fund (including employment of professionals in areas such as lead-based paint, asbestos removal, structural/architectural and appraisal);
- Negotiate and purchase each property at the appropriate discount;
- For each property, hire contractors to demolish, rehabilitate, construct new housing, or perform other activities consistent with the purpose of the NSP;
- Establish financing mechanisms for the purchase or other reuse of each property;
- Identify buyers and tenants and sell or rent each property;
- Set up land banks of foreclosed properties and plan for the properties' reuse; and
- Other activities as required consistent with meeting the purposes of the NSP such as reporting program progress and expenditures to the State.

It is our understanding that "The Secretary of HUD has stated that HUD will review and approve amendments as quickly as possible. The absolute deadline for completing the action plan amendment review process is February 13, 2009."

Potential Partners should:

- Carefully review HUD's NSP website and the NSP Substantial Amendment posted on the WVDO website to understand the program;
- Begin identifying NSP eligible abandoned, vacant or foreclosed-upon homes located in the HUD approved census blocks; and

- Begin preparing proposals that meet the NSP program and Fund requirements including documentation of past and present experience, capacity and expertise.

### **3<sup>rd</sup> Group of Questions/Comments:**

1. Fifty percent (50%) of total grant monies should be earmarked to assist Very Low-Income West Virginians, i.e., those at or below 50% of area median income (“AMI”).
2. To the extent that such compliance shall be federally required of at least some potential subrecipients of NSP grant monies (e.g., public housing authorities), the Plan should clarify what efforts the WVDO shall undertake, if any, to ensure compliance on the part of such subrecipients with Section 3 of the Housing and Urban Development Act.
3. The Plan should include a definition of “affordable rent” which is consistent with the HERA requirement that at least 25% of total funding be used for households at or below 50% of AMI.
4. The Plan should emphasize the goal of maintaining existing occupancy in foreclosed properties.
5. Given the statistics cited in paragraph 1, above, Legal Aid of West Virginia believes that very low-income West Virginians should be the WVDO’s highest priority with respect to continued affordability for NSP housing.

### **Response:**

The State of West Virginia agrees with your statement that the State leads the nation in the poverty indicators cited in your correspondence, dated November 24, 2008. However, it should be noted that poverty levels in the 12 counties in the Level I Target Areas appear to be inconsistent with the poverty levels in the Level II and Level III Target Areas. While poverty levels are a typical factor in the decision to target federal and State assistance, it is not a primary factor that is taken into consideration in the identification of target areas under HERA. As you are aware, the State of West Virginia is required to give primary consideration to those census block groups that HUD has identified in its NSP Targeting Table as areas “...meeting the requirements for area benefit that would satisfy the statutory requirement that the funds be used to serve persons with incomes that do not exceed 120% of HUD’s Area Median Income.” Since the Level I Target Areas do not significantly differ from the national poverty level, we see no basis for committing any more than 25% of the NSP for families whose incomes are at or below 50% of the Area Median Income.

The State of West Virginia, as well as all contractors and subrecipients, are subject to compliance with Section 3 of the Housing and Community Development Act. The West Virginia Development Office, in its capacity as a Participating Jurisdiction under 24 CFR Part 91 and 24 CFR Part 570, is responsible for the implementation of a Section 3 Plan. In as much as the same may apply to any work, such as the

rehabilitation or construction of housing assisted under the NSP, the contractors and subrecipients shall be responsible for compliance with the Section 3 Plan adopted by the State of West Virginia. A copy of that Plan is available from the West Virginia Development Office.

The State of West Virginia elected to use the definition of “affordable rents” as set forth at 24 CFR Part 92.252(a), (c), (e) and (f), and 92.254 of the HOME Program regulations. These regulations establish a standard definition of affordable rents that can be applied through the State of West Virginia. They also establish a minimum rent that can be used to prepare a proforma that would allow the State of West Virginia to more accurately evaluate the financial feasibility and viability of unsubsidized rental housing projects. NSP rental projects that do not generate enough revenues to offset basic operating and maintenance costs would represent an unwise investment under the NSP. The proposal to 30% of 50% of Area Median Income and 30% of 30% of Area Median Income as the parameters for establishing affordable rents would make it very difficult to develop or consider any rental housing projects under the NSP.

The State of West Virginia elected to disqualify occupied properties, both rental and owner-occupied, for consideration under the NSP because the tenants or owner-occupants still in residence would be eligible for relocation assistance as required under the Uniform Relocation Act as set forth at 49 CFR Part 24. The cost of the relocation assistance and operation of a relocation assistance program would divert the limited financial resources available under the NSP. While we share your concern for those residents of foreclosed properties, we do not believe that we have adequate financial resources under the NSP to offset both the direct and indirect costs of relocation assistance.

The State of West Virginia has elected to use the affordability requirements set forth at 24 CFR Part 92.252(a), (c), (e) and (f), and 92.254 of the HOME Program regulations. These regulations are consistent with provisions set forth in the HERA. The unit of local government or non-profit organization shall be responsible for the decision to either recapture the original NSP investment if the sale of the assisted property should occur prior to the expiration of the required affordability period or limit the resale of an NSP-assisted property to a very-low income family. The use of any program generated as the result of the sale of an assisted shall be subject to the requirements of the HERA and applicable provisions of 24 CFR Part 570.

#### **4<sup>th</sup> Group of Questions/Comments:**

Since 1986, the Coalition has provided the Northern Panhandle of WV with homeless services and during this time we have acquired an expressed understanding of the community and population served. Through on going needs assessments and by identifying gaps in the service delivery system the Coalition has adapted its programming and evolved into a housing provider. This expansion was a direct result of the housing market necessitating a need for accessible, affordable housing for the homeless population. As an established housing developer and the lead agency of the Northern Panhandle Continuum of Care, the Coalition is fully confident in our ability to offer a quality housing stock that parallels our outstanding level of client care and in our capacity to review the aforementioned Action Plan and express our comments.

According to the U.S. Department of Housing and Urban Development homeless programs can utilize these funds in several ways such as, creating a permanent supportive housing program for homeless people through acquisition or new construction. I would like clarification on the Housing Activities section that states “establish facilities such as group homes (Limited Clientele Activities). Are “group homes” inclusive of permanent housing for homeless people? As with Supportive Housing Programs, such as Permanent Housing for People with Disabilities, does this only include individuals? Does “Limited Clientele Activities” pertain to all homeless or to only those who are diagnosed with a disabling condition, as the term group home would imply? What will the stipulations on acquisition be when it pertains to a establishing a group home?

Looking further into the application process, who will the applicant for each project? In non-profits can make application directly for housing for the homeless will they have to be members of an established Continuum of Care? Will matching funds be required? Will agencies in CDBD entitlement areas or HOME Consortium areas be permitted to apply, with equal consideration?

It is expected that households with marginal incomes will be looking to maintain their existing housing and or rental situations as opposed to over extending their already over taxed budget on new housing purchases increasing the demand for already scarce affordable, quality rentals. With this in mind, the Coalition commends the WV Development Office, the Office of Economic Opportunity and the WV Housing Development Fund on their timely response to the appropriation and their proactive thinking in considering the impact that the financial crisis will present to those with special needs who be seeking housing in an ever growing competitive rental and housing market. Thank you for your time and consideration.

#### **Response:**

**With regards to the questions for applicants from the CDBG entitlement areas or HOME Consortium areas to apply, with equal consideration, yes. For WV, the**

**NSP will be for all the identified areas of greatest need regardless of entitlement/non-entitlement areas.**

**I saw where Mr. Bailey took care of one of the questions from Ms. Badia. Here's OEO's response to the others:**

- **Group homes would not be only for those persons with disabilities. However, the intent of this program would not strictly be for development of groups homes. Single family homes or apartments would be the preference. Group homes pose the potential problem of continued subsidy to operate and may not be feasible for many non-profits.**
- **Permanent Housing for People with Disabilities would include individuals and families.**
- **The implication that the term "group home" only refers to those with a disability is a false one. If an applicant chose a group home for persons without disabilities it would be okay.**
- **As far as stipulations regarding acquisition of a group home city zoning constraints would be the only issue of "stipulations".**
- **Interested non-profits would be the applicants**
- **All who apply must be a member of an established Continuum of Care.**
- **No matching funds are required but would be viewed as advantageous.**

"You may acquire residential property under Eligible Use B or non-residential property (Vacant land or vacant structures) under Eligible Use E. Under B, you could construct residential housing that is permanent housing (e.g. residential group home). In this case, if you can document that the residents are below 50% of area median income it would count toward the 25% set-aside. Under E, redevelopment, you could construct such facilities. Most shelters are not considered housing, since they are short term. You could assist with their construction as public facilities, but this would not count toward the 25% set-aside."

## SECTION G

### **NSP INFORMATION BY ACTIVITY**

#### **NSP #1: Neighborhood Stabilization Foreclosed Housing Acquisition, Purchase and Rehabilitation Program.**

Activity Type: NSP eligible use 2301(c)(3)(B) Purchase and Rehabilitation of abandoned, vacant or foreclosed-upon homes and other residential property, including multifamily apartments, in order to sell, rent, or redevelop such homes and properties to house individuals meeting the program's income requirements (**Housing Activities**); **CDBG eligible activity 24 CFR 570.201 Acquisition, Disposition, Relocation, Direct Homeownership Assistance**; and **24 CFR 570.202 Rehabilitation and Preservation** activities for homes and other residential properties including counseling for those seeking to take part in this activity.

#### Total Budget for NSP #1:

\$5,880,000 of NSP grant funds (30% of grant); 0% private funds.

#### Performance Measures for NSP #1:

Less than 50% of Area Median Income:	14 units
51% to 80% of Area Median Income:	10 units
81% to 120% Area Median Income:	<u>15 units</u>
TOTAL	39 units

#### **NSP #2: Neighborhood Stabilization Redevelopment of Demolished or Vacant Properties Program.**

Activity Type: NSP eligible use Section 2301(c)(3)(E) Redevelopment of demolished or vacant properties (**Area Benefit Activities**); **CDBG eligible activity 24 CFR 570.201 Acquisition; Disposition; Public facilities and improvements; Public Services for housing counseling** but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties; **Relocation**; and **Direct homeownership assistance** (for persons whose income does not exceed 120% of median income) and **24 CFR 570.204 Community-based development organizations and new housing construction.**

## Activity Description (Applicable for both NSP #1 and NSP #2)

Both NSP #1 and NSP #2 activities will address the following needs:

- Abandoned, vacant or foreclosed-upon homes and other residential property, including multifamily apartments that would otherwise sit for months or years while continuing to deteriorate, will be purchased, rehabilitated, and sold or rented to persons whose incomes do not exceed 120% of HUD's Area Median Income and/or to individuals and families whose incomes do not exceed 50% of HUD's Area median Income. This will provide housing for the targeted population, put properties back on the tax rolls of local government, and dramatically improve the neighborhoods where the properties are located.
- The tenure of beneficiaries may be either rental or homeownership.
- The duration or term of assistance will vary depending upon the tenure of the beneficiaries but will be as long as practically possible.
- The Grantee will ensure by the use of enforceable recorded liens, written agreements and contracts that, to the maximum extent practicable and for the longest feasible term, the sale, rental, or redevelopment of abandoned and foreclosed-upon homes and residential properties developed with NSP funds will remain affordable to individuals or families whose income do not exceed 120% of area median income or, for units originally assisted with funds under the requirements of Section 2301(f)(3)(A)(ii), will remain affordable to individuals and families whose incomes do not exceed 50% of area median income. Adoption of 24 CFR 92.252(a), (c), (e) and (f) and also 92.254 supports this commitment.
- Continued affordability will be further demonstrated through homeownership education and counseling. NSP homebuyers will be required to receive and complete a minimum of eight hours of homebuyer education counseling before obtaining a mortgage loan. Current providers of homebuyer education services trained in homebuyer education programs designed, approved and administered by HUD, NeighborWorks America and the Housing Development Fund will conduct face-to-face group homeownership education utilizing interactive techniques, a training view of homeownership, credit, budgeting, the mortgage process, home maintenance, repairs and improvements. Educators will collect and maintain specific information from education clients in accordance with the laws and governing organizations.
- For acquisition transactions in the aggregate, the average purchase discount will depend upon how the purchase discount for an individual property is determined.

Note: The Grantee will favor the purchase of foreclosed homes from lenders who offer deeper discounts than those described below. Also, all properties, regardless of discount or other terms, must be favorably located for the proposed targeted

population, financially feasibly habitable, and acceptable for the NSP in the sole judgment of the Grantee.

- The average purchase discount shall be at least 10% if the Grantee, a unit of local government, or subrecipient determines the discount for each purchase transaction through use of a methodology that results in a discount equivalent to the total carrying costs that would be incurred by the seller if the property were not purchased with NSP funds (provided the discount is at least 5%).
- Such methodology shall provide for an analysis of the estimated holding period for the property and the nature and amount of the carrying costs of holding the property for this period.
- Carrying costs shall include, but not be limited to, taxes, insurance, maintenance, marketing, overhead, and interest.
- If this methodology is not used, the minimum average discount shall be at least 15%.
- Interest rates may vary within a range of 0% to 3 percentage points above the yield of a comparably termed U.S. Treasury.

Total Budget NSP #2

\$3,332,000 of NSP grant funds (17% of grant); 0% private funds.

Performance Measures NSP #2

Less than 50% of Area Median Income	5 units
51% to 80% of Area Median Income	10 units
81% to 120% Area Median Income	<u>7 units</u>
TOTAL	22 units

**NSP #3: Neighborhood Stabilization Demolition or Rehabilitation of Abandoned, Foreclosed or Blighted Properties Program.**

Activity Type: NSP eligible use Section 2301(c)(3)(D) Demolition of abandoned, foreclosed or blighted properties (**Area Benefit Activities**); **CDBG eligible activity 24 CFR 570.201 (d) Clearance** for blighted structures only.

Activity Description for NSP #3: This activity will address the following needs: Blighted structures will be demolished in areas where middle-income persons, as defined in the NSP Notice, live and who have incomes that are ≤ 120% of the HUD's Area Median

Income and/or individuals and families whose incomes do not exceed 50% of HUD's Area Median Income.

Total Budget for NSP #3

\$1,960,000 of NSP grant funds (10% of grant); 0% private funds

Performance Measures for NSP #3

Less than 50% of Area Median Income	10 units
51% to 80% of Area Median Income	20 units
81% to 120% Area Median Income	<u>3 units</u>
TOTAL	33 units

**NSP #4: Neighborhood Stabilization Finance and Construction Program**

Activity Type: NSP eligible use Section 2301(c)(3)(A) Establish Financing Mechanisms for the purchase and redevelopment of foreclosed homes and residential properties **(Housing Activities):**

- Offer down payment and closing cost assistance to low-to-moderate income homebuyers;
- Provide financing for property purchasers such as soft second mortgages, loan loss reserves, shared-equity loans;
- Provide new homes for qualifying families;
- Provide homeownership counseling for prospective home purchasers and housing counseling for rental property tenants; and
- Establish facilities such as group homes **CDBG eligible activity 24 CFR 570.201(c)(Limited Clientele Activities).**

**NOTE:** For the purposes of the **Continuum of Care projects only**, applications from all tiers for NSP funding will be submitted to the Grantee within four months from the date HUD signs the NSP grant agreement. They will then be processed, evaluated, funded, or rejected. Subsequent rounds may be scheduled on an as-needed basis.

Activity Description for NSP #4: This activity will address the following needs:

- Establish financing mechanisms for the purchase and redevelopment of foreclosed homes and residential properties such as :
  - Offer down payment and closing cost assistance to low- to moderate-income homebuyers;
  - Provide financing for property purchasers;
  - Provide new homes for qualifying families;
  - Provide homeownership counseling for prospective home purchasers and housing counseling for rental property tenants; and
  - Establish facilities such as emergency shelters and group homes.
- Abandoned, vacant or foreclosed-upon homes and other residential property, including multifamily apartments that would otherwise sit for months or years while continuing to deteriorate, will be purchased, rehabilitated, and sold or rented to persons whose incomes do not exceed 120% of HUD's Area Median Income and/or to individuals and families whose incomes do not exceed 50% of HUD's Area median Income. This will provide housing for the targeted population, put properties back on the tax rolls of local government, and dramatically improve the neighborhoods where the properties are located.
- The tenure of beneficiaries may be either rental or homeownership.
- The duration or term of assistance will vary depending upon the tenure of the beneficiaries but will be as long as practically possible.
- The Grantee will ensure by the use of enforceable recorded liens, written agreements and contracts that, to the maximum extent practicable and for the longest feasible term, the sale, rental, or redevelopment of abandoned and foreclosed-upon homes and residential properties developed with NSP funds will remain affordable to individuals or families whose income do not exceed 120% of area median income or, for units originally assisted with funds under the requirements of Section 2301(f)(3)(A)(ii), will remain affordable to individuals and families whose incomes do not exceed 50% of area median income. Adoption of 24 CFR 92.252(a), (c), (e) and (f) and also 92.254 supports this commitment.
- Continued affordability will be further demonstrated through homeownership education and counseling. NSP homebuyers will be required to receive and complete a minimum of eight hours of homebuyer education counseling before obtaining a mortgage loan. Current providers of homebuyer education services trained in homebuyer education programs designed, approved and administered by HUD, NeighborWorks America and the Housing Development Fund will

conduct face-to-face group homeownership education utilizing interactive techniques, a training view of homeownership, credit, budgeting, the mortgage process, home maintenance, repairs and improvements. Educators will collect and maintain specific information from education clients in accordance with the laws and governing organizations.

- For acquisition transactions in the aggregate, the average purchase discount will depend upon how the purchase discount for an individual property is determined.

Note: The Grantee will favor the purchase of foreclosed homes from lenders who offer deeper discounts than those described below. Also, all properties, regardless of discount or other terms, must be favorably located for the proposed targeted population, financially feasibly habitable, and acceptable for the NSP in the sole judgment of the Grantee.

- The average purchase discount shall be at least 10% if the Grantee, a unit of local government, or subrecipient determines the discount for each purchase transaction through use of a methodology that results in a discount equivalent to the total carrying costs that would be incurred by the seller if the property were not purchased with NSP funds (provided the discount is at least 5%).
- Such methodology shall provide for an analysis of the estimated holding period for the property and the nature and amount of the carrying costs of holding the property for this period.
- Carrying costs shall include, but not be limited to, taxes, insurance, maintenance, marketing, overhead, and interest.
- If this methodology is not used, the minimum average discount shall be at least 15%.
- Interest rates may vary within a range of 0% to 3 percentage points above the yield of a comparably termed U.S. Treasury.

Total Budget for NSP #4

\$5,880,000 of NSP grant funds (30% of Grant); 0% private funds.

Performance Measures for NSP #4

Less than 50% of Area Median Income	14 units
51% to 80% of Area Median Income	10 units
81% to 120% Area Median Income	<u>15 units</u>
TOTAL	39 units

## **NSP #5: Neighborhood Stabilization Land Bank Program**

**Activity Type:** NSP eligible use Section 2301(c)(3)(C) Establish Land Banks for homes that have been foreclosed upon (**Area Benefit Activities**); **CDBG eligible activities 24 CFR 570.201 Acquisition and Disposition.**

**Activity Description:** This activity will establish a land bank that will provide funds only for the acquisition of property eligible for redevelopment in accordance with NSP requirements for the purpose of stabilizing neighborhoods and encouraging re-use or redevelopment of urban property. Eligible properties must have been abandoned or foreclosed upon. Since the Grantee is a governmental entity, it may also maintain abandoned or foreclosed property that it does not own, provided it charges the owner of the property the full cost of the service or places a lien on the property for the full cost of the service.

### **Section 8a - For acquisition activities, include:**

- Discount rate

The discount rate for NSP-5 would be the same as that shown for activities NSP-1 and NSP-2.

### **Regarding a plan to dispose of Land banked property in 10 years:**

**It is anticipated that any Land banked property purchased with NSP funds would be held, redeveloped and sold by Partners within four years from the date HUD signs the Grant Agreement with the State of West Virginia. It is anticipated that Land banked property not developed by Partners within this four year period would be conveyed back to the West Virginia Housing Development Fund where it would be used for HOME or WVRDA 502 building sites within two years from the date of the conveyance.**

### **Total Budget for NSP #5**

\$588,000 of NSP grant funds (3% of grant); 0% private funds.

### **Performance Measures for NSP #5**

81% to 120% Area Median Income: ± 4 Acres

### **National Objective:**

### **NSP # 1 through 5 will accomplish one or more of the following:**

- Provide or improve permanent residential structures that will be occupied by a household whose income is ≤ 120% of area median income with at least 25% of

overall funding to be used for individuals and families whose incomes do not exceed 50% of area median income;

- Serve an area in which at least 50% of the residents have incomes  $\leq$  120% of area median income with at least 25% of overall funding to be used for individuals and families whose incomes do not exceed 50% of area median income;
- Create or retain jobs for persons whose household incomes are  $\leq$  120% of area median income;
- Serve a limited clientele whose incomes are  $\leq$  120% of area median income; or
- Serve a limited clientele whose incomes are less than 50% of the area median income.

### **NSP #6: Neighborhood Stabilization Program Administration and Planning Costs**

Activity Type: NSP eligible use Section 2301(c)(3)(Administration and Planning Costs) An amount of up to 10% of an NSP grant provided to a jurisdiction and up to 10% of program income earned may be used for general administration and planning activities; **CDBG eligible activities 24 CFR 570.206, 24 CFR 570.200(h) and 24 CFR 570.489(h).**

**National Objective for NSP #6:** Administration and planning activities of the Grantee's NSP will achieve the LMMI national objective by responsibly and efficiently providing Housing Benefits, Area Benefits and Limited Clientele Benefits to persons, as defined in the NSP Notice, whose incomes do not exceed 120% of HUD's Area Median Income, and who live in areas of priority emphasis and in the greatest need as defined in the NSP Notice.

Activity Description: See individual Activity Descriptions for the following activities:

- **Section 2301(c)(3)(B) Purchase and Rehabilitation** of abandoned, vacant or foreclosed upon homes and other residential property, including multifamily apartments, in order to sell, rent, or redevelop such homes and properties to house individuals meeting the program's income requirements (**Housing Activities**) (NSP #1);
- **Section 2301(c)(3)(E) Redevelopment** of demolished or vacant properties (**Area Benefit Activities**) (NSP#2);
- **Section 2301(c)(3)(D) Demolition** of abandoned, foreclosed or blighted properties (**Area Benefit Activities**) (NSP#3);

- **Section 2301(c)(3)(A) Establish Financing Mechanisms** for the purchase and redevelopment of foreclosed homes and residential properties such as **(Housing Activities) (NSP #4)**:
  - Offer down payment and closing cost assistance to low- to moderate-income homebuyers;
  - Provide financing for property purchasers such as soft second mortgages, loan loss reserves, and shared-equity loans;
  - Provide new homes for qualifying families;
  - Provide homeownership counseling for prospective home purchasers and housing counseling for rental property tenants; and
  - Establish facilities such as group homes **(limited Clientele Activities)**; and
- **Section 2301(c)(3)(C) Establish Land Banks** for homes that have been foreclosed upon **(Area Benefit Activities) (NSP #5)**

**Total Budget:**

2301(c)(3)(B) Purchase and Rehabilitation - NSP #1	\$ 5,880,000
2301(c)(3)(E) Redevelopment – NSP #2	3,332,000
2301(c)(3)(D) Demolition – NSP #3	1,960,000
2301(c)(3)(A) Establish Financing Mechanism - NSP #4	5,880,000
2301(c)(3)(C) Establish Land Banks	588,000
2301(c)(3) Administration and Planning Costs – NSP #6	<u>1,960,000</u>
<b>TOTAL</b>	<b>\$19,600,000</b>

**NOTE: Budget line items above are estimates.** Actual activities used to distribute the NSP funds and final line item amounts actually expended will depend upon the needs and investment/development opportunities found within each of the geographic areas of greatest need (Levels 1, 2 and 3) identified in Section A of the Grantee’s NSP SUBSTANTIAL AMENDMENT above.

**Location Description for ALL NSP Activities (1 through 6)**

Level One:

The 12 geographic areas of greatest need for the NSP where the Grantee will give first priority emphasis to use of the NSP funds are as follows: Berkeley, Brooke, Cabell, Fayette, Hancock, Jefferson, Marshall, Kanawha, Raleigh, Ohio, Wayne and Wood counties. Within these 12 counties the Grantee will give first priority emphasis to the use of the NSP funds in those Census Block Groups that HUD has identified in its NSP Targeting Table as areas "...meeting the requirement for area benefit that would satisfy the statutory requirement that the funds be used to serve persons with incomes that do not exceed 120% of HUD's Area Median Income".

Level Two:

The 13 geographic area of moderate need for the NSP where the Grantee will give second priority emphasis to the use of the NSP funds are as follows: Doddridge, Hampshire, Harrison, Lewis, Mason, Mercer, Pleasants, Pocahontas, Putnam, Roane, Summers, Tyler and Wirt counties. These counties have lower ratios of foreclosed properties to owner-occupied homes than the remaining 30 counties. Within these 13 counties the Grantee will give second priority emphasis to the use of the NSP funds in those Census Block Groups that HUD has identified in its Neighborhood Stabilization that would satisfy the statutory requirement that the funds be used to serve persons with incomes that do not exceed 120% of HUD's Area Median Income".

Level Three:

The third geographic area of need for the NSP where the Grantee will give third priority emphasis to the use of the NSP funds will include the remaining 30 counties. Within these 30 counties the Grantee will give third priority emphasis to the use of the NSP funds in those Census Block Groups that HUD has identified in its NSP Targeting Table as areas "...meeting the requirement for area benefit that would satisfy the statutory requirement that the funds be used to serve persons with incomes that do not exceed 120% of HUD's Area Median Income".

**Projected Start Date for all Activities (NSP #1 through 6):**

The date HUD signs the NSP grant agreement or amendment thereof.

**Projected End Date for all Activities (NSP #1 through 6):**

Eighteen months from the date HUD signs the NSP grant agreement or amendment thereof to use the NSP funds and four years from the date HUD signs the NSP grant agreement to expend the NSP funds.

**Responsible Organization:**

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