

# THE NSP SUBSTANTIAL AMENDMENT

<p>Jurisdiction(s): <i>(identify lead entity in case of joint agreements)</i> Wyoming Community Development Authority</p> <p>Jurisdiction Web Address:</p> <ul style="list-style-type: none"><li>• <i>(URL where NSP Substantial Amendment materials are posted)</i></li><li>• <a href="http://www.wyomingcda.com">www.wyomingcda.com</a></li></ul>	<p>NSP Contact Person: Cheryl Gillum Address: Wyoming Community Development Authority 155 North Beech Street Casper, WY 82601 Telephone: 307-265-0603 Fax: 307-266-5414 Email: <a href="mailto:gillum@wyomingcda.com">gillum@wyomingcda.com</a></p>
---	---

The Wyoming Community Development Authority (WCDA) is the state housing finance agency for Wyoming. WCDA administers several housing programs in the State of Wyoming, the largest of which is the Single Family Mortgage Purchase Program under which WCDA Participating Lenders are provided permanent loan financing at below market interest rates for first time homebuyers meeting the requirements of the federal Mortgage Revenue Bond Program.

The Wyoming Community Development Authority will be responsible agency for the administration of the Disaster Reporting Grant Recovery System (DRGR) and the quarterly reporting submissions to the HUD field office in Denver.

## **NSP Assisted Programs for the State of Wyoming - \$19,600,000**

1. **Foreclosure Financing Option, \$3,875,000** – Financing for the purchase of foreclosed and abandoned homes to be owner occupied. The eligible locations include the following counties:
  - a. Big Horn, Campbell, Carbon, Converse, Fremont, Goshen, Hot Springs, Laramie, Lincoln, Natrona, Niobrara, Platte, Sweetwater, Uinta, Washakie
  - b. Counties may be added or removed in the future depending on the foreclosure market.
2. **Wyoming Acquisition and Rehabilitation Program (WARP), \$8,750,000** – WCDA will acquire and rehabilitate foreclosed properties which will be sold to low and moderate income eligible buyers via a lottery system. The targeted locations include the following counties:
  - a. Campbell, Fremont, Laramie, Natrona, Sweetwater, Uinta
  - b. Counties may be added or removed in the future depending on the foreclosure market.

3. **NSP Rental Opportunities (ReOpp), \$3,000,000** – Financing for for-profit developers, non-profit entities and housing authorities to purchase and rehabilitate foreclosed and abandoned homes to be used as rental properties for low income persons. The eligible locations include the following counties:
  - a. Big Horn, Campbell, Carbon, Converse, Fremont, Goshen, Hot Springs, Laramie, Lincoln, Natrona, Niobrara, Platte, Sweetwater, Uinta, Washakie
  - b. Counties may be added or removed in the future depending on the foreclosure market.
4. **Land Banking Program, \$1,000,000** – Financing for the purchase of foreclosed properties for the purpose of land banking. The eligible locations include the following areas:
  - a. All NSP eligible qualified census tracts.
  - b. Specific counties may be added or removed in the future depending on the foreclosure market. It is anticipated that counties will be identified as eligible after the initial 18 month expenditure period has been met.
5. **Demolition for Housing Program, \$1,015,000** – Financing for cities working with developers or property owners to demolish blighted structures and produce a housing unit on the cleared land. The housing unit may either be sold to an income eligible homebuyer or used as low, moderate, or middle income rental property. The eligible locations include the following counties:
  - a. Big Horn, Carbon, Converse, Crook, Fremont, Goshen, Hot Springs, Johnson, Natrona, Niobrara, Platte, Sheridan, and Weston.
  - b. Counties may be added or removed in the future depending on the foreclosure market.
6. **NSP Allowable Administrative Fees, \$1,960,000** – The NSP program allows an amount up to ten percent (10%) of the NSP grant amount to be used for general administration and planning activities as defined at 24 CFR 570.205 and 206. The NSP program also allows 10% of program income earned to be used for administrative fees.

**The dollar amounts listed for each eligible program are estimates only.** HUD requires an estimated allocation of funds for each eligible program. Once the NSP requirement that 25% of the funding must benefit households at or below 50% of AMI has been met, the NSP funds will be directed to the programs utilizing the funds in the most efficient manner. There are no specific funding set-asides designated under the NSP programs. The above funding amounts are estimates only.

#### ***A. AREAS OF GREATEST NEED***

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

**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](#), in developing this section of the Substantial Amendment.

Response:

## **Neighborhood Stabilization Program (NSP) Needs Assessment**

### **Anticipated Distribution of NSP Funds**

The NSP Program requires states to distribute NSP funds to the areas of greatest need including those areas with the greatest percentage of home foreclosures, those areas with the highest percentage of homes financed by a subprime mortgage and to those areas identified by the grantee as likely to face a significant rise in the rate of home foreclosures.

While Wyoming's economy tends to remain strong, every county in the state has NSP Qualifying Census Tracts which are determined by having 51 percent of the population earning under 120% of HUD's Area Median Income. It is anticipated that approximately 50% of Wyoming counties will benefit in some fashion from the NSP funding. Approximately 68% of the foreclosed homes can be found in the counties of Campbell, Fremont, Laramie, Natrona, Sweetwater, and Uinta.

### **Summary of Needs**

As discussed earlier, every county in the state has several NSP Qualifying Census Tracts which are determined by having 51 percent of the population earning under 120% of HUD's Area Median Income.

All Counties have more than 60% of the population under 120% of AMI with Big Horn, Fremont, Goshen, Hot Springs, Niobrara all above 65% of the population under 120% AMI. On average, the State of Wyoming's population is 62.8% below 120% of AMI.

Big Horn, Carbon, Goshen, Hot Springs, Laramie, Natrona, Platte, Sweetwater and Uinta all have an Estimated Foreclosure Abandonment Risk Score of 4 or higher. Those counties with a Predicted 18 Month Underlying Problem Foreclosure Rate of 2% or higher are Big Horn, Goshen, Hot Springs, Lincoln, Platte, Sweetwater and Uinta.

Twenty-two percent of the first and second mortgage loans originated in the State of Wyoming from 2004 through 2007 were High Annual Percentage Rate Loans. The Counties of Big Horn,

Goshen and Sweetwater all have more than 30% of first and second mortgages originated with High Annual Percentage Rate loans.

The counties that have the highest Estimated Number of Foreclosures are Laramie and Natrona both with more than 200 foreclosures; 285 and 256 respectively. Sweetwater County has more than 155 Estimated Number of Foreclosures and Campbell, Fremont, Lincoln and Uinta have Estimated Number of Foreclosures in the 70's.

The counties with a Rate of Foreclosure higher than 1.9 percent are: Big Horn, Carbon, Goshen, Hot Springs, Lincoln, Niobrara, Platte, Sweetwater and Uinta.

The Counties of Big Horn, Goshen, Hot Springs, Niobrara and Platte are counties with smaller populations. The total combined Estimated Number of Foreclosures in these five counties are 85.

### **Summary of Data**

The data, tables and maps described in the Summary of Data can be found in Appendix A.

Table 1 presents the total number of loan applications in the state, by loan purpose. Over the 2004 through 2007 time period, this represents nearly 200,000 mortgage applications. Please note these data include both first and second mortgages.

Table 2 shows the just under 86,000 loan applications that were originated over this same period. Table 3 has separated these into High Annual Percentage Rate Loans (HALs), and non-HALs. The former represents loans originated more than three percentage points higher than comparable treasury instruments, and five percentage points for refinance loans. Over the four year period there were 18,875 such loans throughout Wyoming.

Table 4 details the NSP data released by HUD early in October 2008, aggregated to census tract and totaled by county. While not all census tracts can be considered as NSP qualifying areas, all counties can be. Since these data mostly represent percentage terms and a risk score, they do not actually give you an idea as to the actual scale of the potential foreclosure or abandonment problems facing Wyoming. The estimated number of foreclosures and rate of foreclosure may be found in Tables 6 and 7.

Table 5 breaks down the information summarized in Table 3 by the number of HALs per census tract and county.

Map I illustrates NSP income qualifying and non-qualifying census tracts. To help you identify where the tracts actually are located, this map contains the tract number. Maps II through VI depict each of the concepts presented in Tables 4 and 5. Please note that Map VI presents the actual number of HALs seen in the respective census tract.

Maps VII through XI demonstrate concepts similar to those in Maps I through VI, except that these are by county. Since all counties are NSP qualified, a map showing qualifying and non-qualifying counties was not prepared.

Tables 6 and 7 and Maps XII and XIII correspond with the HUD data on the number of foreclosures by census tract and county.

### ***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:

#### **Summary of Needs**

The NSP Program requires states to distribute NSP funds to the areas of greatest need including those areas with the greatest percentage of home foreclosures, those areas with the highest percentage of homes financed by a subprime mortgage and to those areas identified by the grantee as likely to face a significant rise in the rate of home foreclosures.

While Wyoming's economy tends to remain strong, every county in the state has NSP Qualifying Census Tracts which are determined by having 51 percent of the population earning under 120% of HUD's Area Median Income. It is anticipated that more than 50% of the counties in Wyoming will benefit from the NSP funding. However, the majority of the funding for acquisition and rehabilitation of foreclosed and abandoned homes (for homeownership and rental purposes) will be distributed in the Counties of Laramie, Natrona, Sweetwater, Campbell, Fremont, and Uinta due to the larger number of foreclosed homes in these counties. Over 68% of the estimated foreclosures are in Campbell, Fremont, Laramie, Natrona, Sweetwater and Uinta counties.

WCDA is anticipating also using some of the NSP funds as a financing mechanism providing low interest financing to purchase foreclosed and abandoned homes. This funding will be available in selected counties through WCDA Participating Lenders. By making this program available through participating lenders, we will be able to provide immediate financing not only to those counties mentioned above with the highest number of foreclosures, but also to those areas that are likely to face a significant rise in the rate of home foreclosures that may be due to subprime mortgages like Big Horn and Goshen. Those counties having a Predicted 18 Month Underlying Problem Foreclosure Rate of 2% or higher not mentioned above such as Hot

Springs, Lincoln, and Platte will also be able to benefit from the NSP funding under this financing mechanism.

Funding that will be available for demolition of blighted structures. In order to restrict areas in need a copy of the 2007 Wyoming Housing Conditions report is included as Attachment A. Map I.2 of the Housing Conditions report shows the county breakdown of housing stock considered to be in poor condition. The counties with a higher percentage of unsuitable housing stock are included as eligible areas in the Demolition for Housing component.

The Tables and Maps located in Appendix A illustrate the areas of greatest need for Wyoming.

All recipients need to be aware that due to the environmental review requirements and specifically 24 CFR Part 58.22, neither a recipient nor any participant in the development process, including public or private nonprofit or for-profit entities, or any of their contractors, may commit HUD assistance under a program listed in Sec. 58.1(b) on an activity or project until HUD or the state has approved the recipient's Request for Release of Funds (RROF) and the related certification from the responsible entity. In addition, until the RROF and the related certification have been approved, neither a recipient nor any participant in the development process may commit non-HUD funds on or undertake an activity or project under a program listed in Sec. 58.1(b) if the activity or project would have an adverse environmental impact or limit the choice of reasonable alternatives.

This means that once a decision has been made to use federal money for the project no action can be taken on the property by either the recipient, sub-recipient or a third party (such as a contractor or developer) until after the project has received environmental clearance. This rule is triggered by intent rather than when application is made. For acquisition the environmental review must be completed prior to the use of NSP funds. For rehabilitation, no activity can be started until after environmental clearance is received. For public infrastructure, clearance of sites, and new construction of public facilities no dirt can be moved on or adjacent to the site and no development action can be taken until environmental clearance is received.

### ***C. DEFINITIONS AND DESCRIPTIONS***

(1) Definition of “blighted structure” in context of state or local law.

#### **Response:**

"Blighted area" means an area which by reason of the presence of a substantial number of slums, deteriorated or deteriorating structures, predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessments, delinquency exceeding the fair value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or any combination of those factors, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or

social liability and is a menace to the public health, safety, morals or welfare in its present condition and use. However, if the blighted area consists of open land, the conditions contained in W.S. 15-9-110(b) apply and any disaster area referred to in W.S. 15-9-112 constitutes a "blighted area".

"Slum area" means an area in which there is a predominance of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, or the existence of conditions which endanger life or property by fire and other causes, or any combination of those factors is conducive to ill health and is detrimental to the public safety, morals or welfare.

(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.

Response:

Affordable rent is determined to be the HUD Low HOME Rents or fair market rent whichever is less. Fair market rent is determined by HUD guidelines and includes tenant paid utilities. Please refer to the HUD website for the current rents.

<http://www.hud.gov/offices/cpd/affordablehousing/programs/home/limits/rent/2008/wy.pdf>

(3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

Response:

All residential properties will have a 30-year mortgage placed upon them. The property may also have a soft second mortgage and/or an equity share provision triggered by the sale of the property or transfer of title.

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

Response:

At minimum, all properties financed utilizing NSP funds must meet Housing Quality Standards. In addition, all properties to be rehabilitated must meet the Property Rehabilitation Standards as outlined in Appendix B and ensure local, state or national building codes will be followed.

Properties financed under the Foreclosure Financing Option must meet FHA Property Standards, as defined in HUD Handbook 4910.1, Minimum Property Standards for Housing, 1994 Edition.

Properties under the Wyoming Acquisition & Rehabilitation Program (WARP) will be visited by WCDA staff and evaluated for participation in the WARP program prior to any offers being submitted. All properties must be structurally sound or have the ability to be made structurally sound. In the event that a property is not structurally sound and/or the cost of rehabilitation would exceed the after rehabilitation value it would be possible under the WARP program to demolish the current structure and place a new structure on the existing site. New properties may be stick built or modular construction. Properties must be attached to a permanent foundation. A preliminary inspection, including photographs, will be completed at that time using at minimum the Housing Quality Standards, which will note all health and safety violations along with other potential concerns which may require specialized inspection at a later date, and the Property Rehabilitation Standards as outlined in Appendix B. The property will also be evaluated for environmental concerns. All properties selected for the WARP program will be brought up to local, state, or national building code (whichever is more restrictive). The major systems of the property, such as electrical, plumbing, heating, roofing, and foundation, will be addressed first. It is the intent of the WARP program to bring the properties to a standard of functionally new.

***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: \$8,350,000

**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:

As required under the NSP Program at least 25% of the \$19.6 million allocation must benefit individuals or families whose income does not exceed 50 percent of area median income. Wyoming has chosen to specifically target all eligible housing activities towards low income households. Lower interest rates or a preference within the program design will be available in an effort to encourage homeownership or benefit to households at or below 50% of AMI. Specifically, there are three activities that will be utilized to meet the low income targeting requirement. They are the foreclosure financing option, the WARP program and the ReOpp program.

The following tables list the low (50%), moderate (80%), and middle (120%) income levels broken down by county and family size.

**Low Income - 50% of HUD’s Area Median Income as of November 2008**

COUNTY	FAMILY SIZE							
	1	2	3	4	5	6	7	8
Campbell	\$25,150	\$28,700	\$32,300	\$35,900	\$38,750	\$41,650	\$44,500	\$47,400

Laramie	\$21,900	\$25,050	\$28,150	\$31,300	\$33,800	\$36,300	\$38,800	\$41,300
Natrona	\$21,250	\$24,300	\$27,300	\$30,350	\$32,800	\$35,200	\$37,650	\$40,050
Sublette	\$22,050	\$25,200	\$28,350	\$31,500	\$34,000	\$36,550	\$39,050	\$41,600
Sweetwater	\$24,950	\$28,500	\$32,100	\$35,650	\$38,500	\$41,350	\$44,200	\$47,050
Teton	\$29,150	\$33,300	\$37,500	\$41,650	\$45,000	\$48,300	\$51,650	\$55,000
Uinta	\$22,800	\$26,050	\$29,300	\$32,550	\$35,150	\$37,750	\$40,350	\$42,950
All Others	\$21,050	\$24,050	\$27,050	\$30,050	\$32,450	\$34,850	\$37,250	\$39,650

**Moderate Income - 80% of HUD's Area Median Income as of November 2008**

COUNTY	FAMILY SIZE							
	1	2	3	4	5	6	7	8
Campbell	\$40,200	\$45,950	\$51,700	\$57,450	\$62,050	\$66,650	\$71,250	\$75,800
Laramie	\$35,050	\$40,100	\$45,100	\$50,100	\$54,100	\$58,100	\$62,100	\$66,150
Natrona	\$34,000	\$38,850	\$43,700	\$48,550	\$52,450	\$56,300	\$60,200	\$64,100
Sublette	\$35,300	\$40,300	\$45,350	\$50,400	\$54,450	\$58,450	\$62,500	\$66,550
Sweetwater	\$39,950	\$45,650	\$51,350	\$57,050	\$61,600	\$66,200	\$70,750	\$75,300
Teton	\$43,050	\$49,200	\$55,350	\$61,500	\$66,400	\$71,350	\$76,250	\$81,200
Uinta	\$36,450	\$41,700	\$46,900	\$52,100	\$56,250	\$60,450	\$64,600	\$68,750
All Others	\$33,650	\$38,500	\$43,300	\$48,100	\$51,950	\$55,800	\$59,650	\$63,500

**Middle Income - 120% of HUD's Area Median Income as of November 2008**

COUNTY	FAMILY SIZE							
	1	2	3	4	5	6	7	8
Campbell	\$60,300	\$68,950	\$77,550	\$86,150	\$93,050	\$99,950	\$106,850	\$113,750
Laramie	\$52,600	\$60,100	\$67,600	\$75,100	\$81,150	\$87,150	\$93,150	\$99,150
Natrona	\$51,000	\$58,250	\$65,550	\$72,850	\$78,650	\$84,500	\$90,300	\$96,150
Sublette	\$52,900	\$60,500	\$68,050	\$75,600	\$81,650	\$87,700	\$93,750	\$99,800
Sweetwater	\$59,900	\$68,450	\$77,000	\$85,550	\$92,400	\$99,250	\$106,100	\$112,950
Teton	\$69,950	\$79,950	\$89,950	\$99,950	\$107,950	\$115,950	\$123,950	\$131,950

Uinta	\$54,700	\$62,500	\$70,300	\$78,100	\$84,350	\$90,600	\$96,850	\$103,100
All Others	\$50,500	\$57,700	\$64,900	\$72,100	\$77,900	\$83,650	\$89,450	\$95,200

**E. ACQUISITIONS & RELOCATION**

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

If so, include:

- The number of low- and moderate-income dwelling units—i.e., = 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., = 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:

Demolition is an eligible activity. Any structure that is demolished must meet the requirement of being a blighted structure. If a structure is demolished there must be a benefit to low, moderate and middle income persons.

It is anticipated that properties selected under the WARP and the ReOpp programs may include demolition of a previously foreclosed property. If a structure is demolished under the Demolition for Housing Program a housing unit must be produced following the demolition of the existing structure. It is noted that the NSP Program has officially waived the One-for-One Replacement requirement; however, Wyoming is in serious need of affordable, quality housing so the replacement of the demolished unit will be required when the activity is funded under a housing component, such as the acquisition and rehabilitation, rental opportunities, and the demolition for housing options. If a property is demolished under a housing program then a replacement dwelling must be constructed and the property made available to a low income (50% AMI) or moderate income (80%) persons. Preference under this option will be for low income persons. The estimate for demolition under the WARP program, the ReOpp Program, and the Demolition for Housing Program is ten (10) units.

**F. PUBLIC COMMENT**

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

**Note:** proposed NSP Substantial Amendment must be published via the usual methods and posted on the jurisdiction’s website for no less than 15 calendar days for public comment.

Response:

A Notice of Public Comment was published in the Casper Star-Tribune and the Wyoming Eagle Tribune on Thursday, November 6, 2008. Approximately 360 copies of the Notice of Public Comment were mailed on November 3, 2008, to Cities, Towns, Counties, developers, and various other agencies. The draft Substantial Amendment was available on the WCDA website at [www.wyomingcda.com](http://www.wyomingcda.com) and the Wyoming Business Council website at [www.wybusiness.org](http://www.wybusiness.org) from Thursday, November 6, 2008 through Friday, November 21, 2008. A summary of the public comments received during the comment period were made available on Wednesday, November 26, 2008, at [www.wyomingcda.com](http://www.wyomingcda.com) and [www.wybusiness.org](http://www.wybusiness.org). The final Substantial Amendment was posted on [www.wyomingcda.com](http://www.wyomingcda.com) and [www.wybusiness.org](http://www.wybusiness.org) on Wednesday, November 26, 2008.

Summary of comments received during the public comment period:

**Comment 1:** Comment was received from Governor Dave Freudenthal's office stating that the Governor does not support using any of the new federal neighborhood stabilization plan funding for demolition/blighted structure efforts. As that State continues to struggle with the huge need for affordable housing, he would like to see that the total federal funding be directed to WCDA for rehab and resale programs that offer a higher chance of developing needed housing.

**Response 1:** The plan has been amended per the Governor's comments and the proposed demolition/blighted structure component has been removed. The funding previously identified with the demolition/blighted structure component has been reallocated among the other NSP eligible programs.

**Comment 2:** Informal comments were received by WCDA staff during training sessions in Kemmerer and Casper that included the NSP program. During those discussions the land banking option was discussed and strong argument was made that establishing a small pool of funds would be appropriate. While everyone agreed that land banking does not solve the current housing shortage issues it could provide opportunity in the future.

**Response 2:** As a direct result of these conversations WCDA has chosen to allocate \$1,000,000 to land banking activities with the understanding that the NSP funding may be utilized by another NSP eligible activity if the funds are not allocated in a timely manner.

**Comment 3:** There is concern that the fund allocations currently proposed in the NSP Substantial Amendment focus more on persons earning between 50% to 80% AMI. While the NSP Substantial Agreement meets the minimum criteria that not less than 25% of these funds will be used to house individuals or families whose incomes do not exceed 50% of area median income, I advocate that a much higher proportion of the funds be used to benefit those earning less than 50% AMI. I also advocate that a greater proportion of the funds be allocated for rental housing rather than homeownership.

The total amount of funds allocated for those earning less than 50% AMI in the Substantial Amendment is \$7.8M, which is 40% of the total NSP allocation for Wyoming. The \$7.8M total is calculated as follows:

Foreclosure Financing Option	\$450,000
WARP	\$4,900,000
ReOpp	\$2,450,00
TOTAL funds dedicated to = 50%AMI	\$7,800,000

**Response 3:** The dollar amounts listed for each eligible program are estimates only. HUD requires an estimated allocation of funds for each eligible program. Once the 25% at 50% of AMI requirement has been met, the NSP funds will be directed to the programs utilizing the funds in the most efficient manner. There are no specific funding set-asides designated under the NSP programs at this time. The State of Wyoming is under a strict 18 month timeline in which the NSP funds must be utilized. All NSP funds must be committed to a specific project in order for HUD to recognize a commitment. In order to be committed, HUD requires the funds be committed to a project address rather than a set-aside to a particular activity, program, or subrecipient.

Financing for rental properties is an NSP eligible activity which has been included for the State of Wyoming. As for the request to increase rental opportunities funded with NSP money the WCDA does not feel it is appropriate to pursue additional rental activities at this time. There are other programs designed by HUD and the IRS that can be used to construct rental housing. However, there are extremely limited opportunities to assist low, moderate, and middle income families with homeownership.

**Comment 4:** The monthly payment on a \$150,000 loan amortized for 30 years at 1%, 3% and 5% is as follows:

1%	\$482.50 plus insurance and taxes
3%	\$632.50 plus insurance and taxes
5%	\$805.00 plus insurance and taxes

Even with the discounted interest rates, the monthly payments are unaffordable for households earning less than 50% AMI and homeownership with its additional financial responsibilities is problematic.

I agree that homeownership is the goal for all Americans. It is a cornerstone of financial security, a way to build equity and realize tax benefits. However, it is also not currently a possibility for many households. Therefore, providing affordable rental options is preferable. Affordable rental housing is the greater need in the State of Wyoming for those earning less than 50% AMI.

**Response 4:** The WARP program is designed to make homeownership possible for households with income at 50% or less of AMI. Please refer to the WARP program description for the

programmatic details and also an example of how funding is specific to the property and the household. Also, please refer to Response 3.

**Comment 5:** In the “Guide to Neighborhood Stabilization Program (NSP) Eligible Uses” published by HUD and found at [www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/](http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/) there is indication that rental housing is the principal way to comply with the NSP. The comment is made on page 3 under **Meeting the 50% of area median income requirement**. It states:

- Principal way to comply will be through rental housing:
  - New construction or conversion
  - Acquisition
  - Rehabilitation

Yet, the allocations for homeownership in the NSP Substantial Amendment far outweigh the allocations for rental housing. The total anticipated allocation for homeownership, including the Foreclosure Financing Option (\$3M) and the Wyoming Acquisition and Rehabilitation Program (\$7.9M) is \$10.9M. The anticipated allocation for rental housing under NSP Rental Opportunities is \$2,450,000.

I advocate for a substantial increase to the ReOpp program even if it requires a decrease in the homeownership programs.

**Response 5:** Please refer to Response 3.

**Comment 6:** The inclusion of repayment of loans is an excellent use of funds.

The State has ensured continued use of funds to address foreclosure activities in future years by including loan programs with program income.

**Recommendation:**

*Resulting program income will sustain the loan fund and provide a mechanism for assisting others after the initial program funds are expended.*

**Response 6:** The NSP programs were designed to generate future program income so that the programs will be available to address the issue of foreclosed and blighted properties after the one time allocation of \$19.6 million has been expended.

**Comment 7:** The focus of eligible activities under the national Neighborhood Stabilization Program (NSP) is being restricted through Wyoming’s application.

- a. The State’s proposed amendment’s eligible activities are more restrictive than the national program. The national program allows for-profit entities to use NSP funds for eligible activities. Capacity and ability to complete projects should be the determining criteria to use NSP funds. The criteria should not preclude the

use of for-profit entities. The number of capable “for-profit” developers is limited in Wyoming. The number of capable “not-for-profit” developers is even more limited.

- b. The one for one replacement of demolished housing units is not required by the national program; however, the State’s plan will require a one for one replacement of demolished housing units with additional housing units.
- c. The national program establishes economic and community development as eligible activities in qualified census tracts and the State’s plan prohibits this eligible activity. Although the legislation does not provide for direct assistance to keep families in their homes by providing foreclosure prevention activities, the national legislation allows for blight removal and some community development activities. Economic growth is the basis for a stable neighborhood, employment opportunities and keeping families in their homes. Keeping this eligible activity within the State program allows for the creation of jobs and provides the necessary income for families to stay in their homes!

**Recommendations:**

- a. *“For-profit entities” that apply for NSP funds through the State or Entitlement Communities should use the funds for eligible activities with the following limitations:*
  - *Jobs are created in a qualifying census tract so that persons who live in the neighborhood will benefit from the jobs created. There must be an agreed upon number of jobs created as related to the amount of funds used – i.e. one full time equivalent job created for each \$30,000 borrowed;*
  - *For profit entities must use the funds for eligible activities that fit in with an approved neighborhood or redevelopment plan; and,*
  - *For profit entities must repay funds through a low interest rate loan process.*
  - *Preference will be given to for profits that are female or minority owned and whose proposal meets the goals of the neighborhood or redevelopment plan.*
- b. *Remove the one for one replacement on demolished housing units and allow the community or sponsored applicants to submit projects that meet the overall national objectives for stabilization. As an example, rebuilding housing units in neighborhoods that have evolved into primarily commercial use may not be the best use of the land or in the best interest of the neighborhood’s future viability.*
- c. *Retain the community development component in the State proposed program.*

**Response 7:** Please refer to Comment 1 and Response 1. At this time the Governor has stated he does not support the use of NSP funds for economic development activities. As a result the economic development component of the draft plan was removed. It may be possible to amend the plan and introduce an economic development component in the future.

The draft plan has been amended to allow for-profit developers to participate in the ReOpp program.

Regarding the one-for-one replacement, there is no specific requirement for one-for-one replacement, however, following the Governor's recommendation that the NSP funds be used to support housing there is a requirement that any demolition undertaken must result in a housing unit that benefits low, moderate, and middle income persons.

**Comment 8:** Entitlement communities in the State should be allocated a percentage of funds to be used for NSP eligible activities within their corporate boundaries and in eligible census tracts.

A portion of the comment has been under the current proposed amendment, the City would not be eligible to use NSP funds for purchasing foreclosed and abandoned homes for acquisition and rehabilitation of foreclosed properties or for homeownership or rental use. Yet Natrona County, where Casper is situated, is identified as one of the State's counties where such programs are eligible. Since Casper is the metropolitan area, it is predicted that Casper would experience a higher number of homes in foreclosure, a higher number of homes purchased with sub-prime mortgages and a higher number of rentals. The census tracts in the core of the City are eligible census tracts and 35% of the mortgages obtained in Census Tract 200 are considered sub-prime mortgages and at risk of foreclosure.

The City has the capacity and ability to manage an allocation of NSP funds to be used for NSP eligible activities within the City. Casper has an approved Annual Action Plan with the U. S. Department of Housing and Urban Development (HUD). Through its Five Year Consolidated Plan and its Annual Action Plan, the City has identified specific community needs. Specifically, the Plan's first, second and fourth visions support eligible activities in the Neighborhood Stabilization Program. The visions of the Five Year Plan for the period ending June 30, 2010 are:

- To promote, support and encourage quality child care.
- To promote and support affordable housing development efforts.
- To promote and support programs for persons and families who are homeless.
- To continue to support economic development efforts.
- To promote and support programs that benefit children and youth.
- To promote and support programs that assist special needs populations.
- To continue to support community transit systems.
- To address illegal drug issues in the community.

The City recognizes the State's concern for timely obligation, use, and reporting of funds spent. WCDA already has a process in place regarding the allocation, use and reporting of use of HOME funds. The same process could be duplicated for all of the NSP programs identified in the proposed amendment.

The City of Casper has an approved plan for the redevelopment of the Old Yellowstone District, approximately 150 acres located between the downtown area and the Platte River Commons, the redevelopment site of the old Amoco Refinery. This area was declared as blighted and the City is committed to redeveloping this area. Efforts began with the completion of the Old Fire Station #1 that was redeveloped into office space. Private investors used New Market Tax Credits (NMTC) and Section 108 Loan Guarantee funds from the City and their own funds. This project was the FIRST project in the country that married the use of NMTC with Section 108 funds. As a result, jobs are being created for low-moderate income persons. The City also has used some of its CDBG funds to assist with the purchase of property to re-develop an old VFW building into a nice restaurant. Again, nearly twenty (20) jobs have been created. The City is poised to assist for-profit and not-for-profit businesses to grow jobs. Economic growth is the basis for a stable neighborhood and keeping families in their homes.

**Recommendation:**

*The City of Casper proposes that the State of Wyoming allocate an amount of the Neighborhood Stabilization Program funds to the entitlement cities.*

**Response 8:** The City of Casper is encouraged to work with entities who would like to make application for NSP eligible activities. Due to the short timeframe in which the NSP funds could be allocated it was not appropriate to set-aside funding for any one recipient or activity. The entitlement cities are eligible to participate in the NSP programs and both Laramie and Natrona counties are targeted areas for NSP programs.

**Comment 9:** When the State submits its substantial amendment to HUD, the amendment should include a process to allow for program amendments at a later date.

With the very short time frames given, it is impossible to completely consider all potential applications for the use of NSP funds. Therefore, the City urges the State to provide for an amendment process within its substantial amendment to accommodate programmatic changes as new information comes to the State.

**Recommendation:**

*Insert an amendment process in the final submission to HUD.*

**Response 9:** Amendment of the NSP Program will be handled according to HUD's amendment process. Clarification was recently received that HUD will allow amendment during the program year provided the process required for a substantial amendment is followed. NSP activities will become part of the 2010 Consolidated Plan and it is believed that amendments could be incorporated in the 2010 Consolidated Plan.

**Comment 10:** The figures regarding approximate monthly payments on a 30-year \$150,000 loan are as follows:

1%	\$482.50
3%	632.50
5%	\$805.00

These monthly payments do not include taxes, insurance or utilities. Persons in certain income levels can pay for total housing costs in order to keep it within 30% of their income:

30% AMI	\$456.00
50% AMI	\$759.00

Even those at 50% AMI can't afford homeownership even at these discounted interest rates. The utilities costs alone would drive the price above their level of affordability. Homeownership is not a realistic option for those earning less than 50% AMI. More funding is needed in the Rental Opportunities portion to address their housing needs.

**Response 10:** Please refer to Response 3.

**Comment 11:** What is the difference between the Blight clearance and Neighborhood Preservation Program and the Demolition for Housing Program? I understand that Blights Clearance and Neighborhood Preservation Program has been eliminated from the NSP Substantial Amendment, but isn't Clearance of Blight still a fundable activity under the Demolition for Housing Program?

**Response 11:** Demolition will be eligible under the Demolition for Housing Program. Under that program it is required that a housing unit or units be produced for use by low, moderate or middle income persons. The Blight Clearance and Neighborhood Preservation Program did not incorporate a housing component.

**Comment 12:** What does "site control" mean? Does an entity need to hold title on a property at the time of application for funds through the Demolition for Housing Program? Or can "site control" also mean that they have a contract to purchase the property?

**Response 12:** Under the Demolition for Housing Program the applicant must be in control of the property either through ownership, option to purchase, or purchase contract, prior to making application for NSP funds. NSP funds will not be used to finance acquisition of the property under the Demolition for Housing Program.

**Comment 13:** What will the application process for ReOpp involve? Will it be similar to the application process for HOME? If so will appraisals also be required and is there a mechanism in the NSP Substantial Agreement to cover those costs before grants are awarded? Appraisals can cost up to \$550. If an agency were to apply for funding for 7-8 units, the appraisals for that many properties could be prohibitive to their ability to apply.

**Response 13:** The application process for the ReOpp program will be similar to that of the HOME Investment Partnerships Program. A current appraisal is required under the NSP Regulations for all properties acquired using NSP funds. All properties must also be acquired at no more that 85% of the current appraised value. The entity applying for the NSP funds will be responsible for the cost of the appraisal and, if successful in the application process, the cost of the appraisal may be an eligible cost for reimbursement.

**Comment 14:** The figures for total amounts for each program and the detailed breakdown in the program do not match.

**Response 14:** The draft plan failed to specifically identify administrative fees. The NSP Program allows for up to 10% of the NSP Grant can be used for administrative purposes. The funding breakdown is as follows:

Foreclosure Financing Option	\$ 3,875,000
Wyoming Acquisition and Rehabilitation Option	\$ 8,750,000
NSP Rental Opportunities	\$ 3,000,000
Land Banking Program	\$ 1,000,000
Demolition for Housing Program	\$ 1,015,000
Administrative Fees	\$ 1,960,000
Total NSP Allocation	\$19,600,000

**Comment 15:** Need to include 50-80%AMI in ReOpp because there are people who earn just over 50%AMI who do not qualify for other subsidized housing yet cannot afford to pay market rents.

**Response 15:** The ReOpp program was designed to help meet the requirement that 25% of the allocation be used to benefit households at or below 50% of AMI. It is possible that once that requirement has been met and also based on demand that the program will be opened to higher income limits.

**Comment 16:** The latest changes suggest that the monies for Blight Clearance and Neighborhood Preservation Program be eliminated and that Demolition for Housing Program be increased. The purpose of both these programs is the removal of buildings that are dilapidated and unusable, therefore, make land available for new construction. What is the difference between the two programs? If Blight Clearance is just the removal of a business building deemed to be blight, as long as that land can be used to housing, then this program should be reinstated with strict parameters.

**Response 16:** The Demolition for Housing Program does not limit the type of structure being demolished and therefore the demolition of a business building would be eligible as long as the cleared site would be used for housing.

**Comment 17:** Before homes are purchased, an appraisal needs to be completed before a grant proposal is submitted. It does not state who is responsible for appraisals so if agencies are to pay for this service and then they are not awarded the grant, this may deter anyone from applying, as they do not have the extra funds to do this step first.

**Response 17:** Please refer to Response 13.

**Comment 18:** There should be more money dedicated to the NSP Rental Opportunities (ReOpp). The grant indicates that 25% of the total funds (ReOpp) are to be dedicated to households who are at 50% of the annual medium income and it does not appear that it is not reflective of the 25% so if that is true then the ReOpp should be funded at the full 25% total or be increased as in

Laramie County more families are struggling to pay for affordable rent and home ownership is distant dream for many households.

**Response 18:** The 25% at 50% of AMI requirement will also be met through the WARP program and the Foreclosure Financing Option. Also, please refer to Response 3.

**Comment 19:** There are a few reported figures that appear to be incorrect. One basis for this submission appears to be Table 6 on p.54: “Neighborhood Stabilization Program Selected Statistics by County for the State of Wyoming”. Below is a table from the Department of Housing and Urban Development, NSP foreclosure statistics from October 2008. The discrepancies are highlighted in order of severity:

**Local Level Foreclosure Data provided by the Department of Housing and Urban Development:**  
([http://www.huduser.org/publications/commdevl/nsp\\_foreclosure\\_data.html](http://www.huduser.org/publications/commdevl/nsp_foreclosure_data.html))

county name	Households	Number of Foreclosures	Reported in WY NSP Application	Number of Mortgages	Reported in NSP Application
Albany County	13,289	28	23	5,401	4,092
Big Horn County	4,315	15	15	585	
Campbell County	12,242	97	78	6,237	4,713
Carbon County	6,159	50	47	2,649	
Converse County	4,709	41	41	2,236	
Crook County	2,306	8	8	693	
Fremont County	13,553	77	76	4,824	
Goshen County	5,067	33	33	1,389	
Hot Springs County	2,117	12	11	531	
Johnson County	2,972	17	17	1,389	
Laramie County	32,032	377	285	25,035	15,748
Lincoln County	5,295	68	68	3,578	
Natrona County	26,801	298	256	19,487	14,107
Niobrara County	1,023	5	5	225	
Park County	10,321	34	34	2,543	
Platte County	3,635	21	21	910	
Sheridan County	11,169	48	44	4,360	
Sublette County	2,372	13	13	1,361	
Sweetwater County	14,105	179	155	7,916	6,850
Teton County	7,698	1	3	3,424	
Uinta County	6,844	72	73	3,368	
Washakie County	3,294	19	20	1,141	
Weston County	2,641	14	14	856	

These figures, as reported by HUD in October 2008, show some significant errors, especially in Laramie, Natrona, and Sweetwater County. It is our concern that these errors may negatively affect the potential for funding.

**Response 19:** A specific study regarding the number of foreclosure was commissioned for the NSP Program. The counties identified as having potential errors have not been negatively affected by the possible discrepancies. All identified counties have been included as eligible locations for participation in the NSP Programs with the noted exception that Albany County is not included in the WARP program and the Demolition for Housing Program. The possible

discrepancies for Albany County had no affect on the condition of the housing in Albany County.

**Comment 20:** Page 7 states “over 68% of the estimated foreclosures are in these three counties.” Six counties are listed, please state which three counties.

**Response 20:** The reference should have indicated six counties, Campbell, Fremont, Laramie, Natrona, Sweetwater and Uinta.

**Comments 21:** Page 9. Housing rehabilitation standards are only directed to the WARP program. Please clarify what standards would be used for each of the other programs.

**Response 21:** All programs will be required to follow the same housing rehabilitation standards. Please see Appendix B.

**Comment 22:** For-Profit businesses are not allowed to apply for most of the activities. Several private businesses in Wyoming would be interested in the WARP and ReOpp opportunities, but the way the amendment is written, they would not be given the opportunity to participate. There is a very limited number of not-for-profit organizations in the State that have the resources and skill sets necessary for home rehabilitation. Considering the limited time available to obligate these funds, it may be prudent to remove some limits on what entities can participate.

**Response 22:** The draft plan has been amended to allow for-profit developers to participate in the ReOpp program. The NSP Regulations, as written, does not provide for the participating entities to make a substantial profit which may be a deterrent to for-profit developers. In fact, any excess profits are required to be treated as program income and returned to the State NSP funding pool. The subrecipient or entity administering the program is specifically prohibited from retaining program income.

At this time the WARP program is not open for developer participations. It is possible that in the future the program could be opened up to additional eligible applicants.

**Comment 23:** Under the Demolition for Housing Program it states that “the applicant must be in control of the property prior to making an application for NSP funds.” Please clarify “in control of the property.” Please further clarify the reason this activity is limited to agencies that have “control of” properties. This statement precludes the many properties currently in foreclosure that require demolition. This further restricts entities from purchasing and then demolishing these properties.

**Response 23:** NSP regulations require that a property must be completely through the foreclosure process, including any redemption periods, before it would be eligible for inclusion in the NSP programs. An entity may purchase a property and then apply for funding to demolish said property. Also, please refer to Response 12.

**Comment 24:** Affordable housing is a central issue in Wyoming. Plenty of housing stock exists, but little is affordable to households in the 50 – 100% AMI range. Projections confirm an

increase in foreclosures for the next several years, yet this plan designates a disproportionate amount of funds to home ownership. The designated funding, \$10,900,000 for ownership programs and \$2,450,000 for rental programs, which may act to increase the housing problem. At least 25% of the NSP funding is required to address households below 50% AMI, and this group is increasing annually. The Laramie County Community Partnership recently released a GAPS Analysis and appointed an Affordable Housing Action team due to address specifically the critical need for rental housing for the population below 50% AMI.

**Response 24:** Please refer to Response 3.

**Comment 25:** Upon comparing regional submissions, there is an overall concern that the Wyoming plan may endure heightened scrutiny for some of the activities advanced. Specifically, the significant allocation to purchase WCDA-owned properties, rehabilitate and sell with a subsidized ‘soft second.’

**Response 25:** All foreclosed properties must be acquired at no more than 85% of the current appraised value. This requires the selling entity to agree to accept an amount that is less than the current appraised value. The seller of the property cannot be compensated or recapture any part of that 15% discount.

WCDA has identified future REO properties held in their portfolio as being eligible for purchase. However, a list of other foreclosure sources has been identified and at no time will the program be exclusive to WCDA REO property. Please refer to the WARP program description or the “waiver” section of the application. Full disclosure has been made in an attempt to avoid any conflict of interest.

**Comment 26:** Regarding the WARP program, there is little explanation of the lottery process. Since this program purports to support the 25% below 50% AMI requirement, please clarify the process the lottery would take to ensure participation from this group.

**Response 26:** Outreach will be done for all programs once HUD approval has been received. It is anticipated that the counties listed as eligible locations will have additional efforts focused there including, but not limited to, marketing, public services announcements, media, and in person presentations. Please refer to the WARP program description for details on the application and lottery process.

**Comment 27:** Please consider assignment of NSP funds to the State’s two entitlement communities. Casper and Cheyenne have the highest levels of foreclosures in the State. The City of Cheyenne has the capacity and ability to manage an allocation of NSP funds, and have identified several non-profit agencies and non-governmental organizations who are interested in the NSP funds.

Local control would offer a more meaningful leverage position to maximize effectiveness of this funding. Opportunities for matching funds and assistance in revolving programs could be found more readily on a local level.

**Response 27:** For-profit developers, non-profit agencies and non-governmental organizations are encouraged to apply directly for NSP eligible activities. All applicants must meet the program guidelines.

Also, please note that subrecipients are not eligible to retain any program income generated under the NSP Program.

**Comment 28:** The City of Cheyenne's Comprehensive Consolidated Plan 2005 – 2010 has several goals for housing:

- *Housing for developmentally disabled individuals will increase by 20%*
- *Housing for first-time homebuyers will increase by 20%*
- *Housing for seniors will increase by 20%*
- *Housing for veterans will increase by 20%*
- *Housing for special needs will increase by 20%*
- *Affordable housing construction for potential homeowners will increase by 20%*

All of these goals can be accomplished with NSP funding. Not-profit agencies representing each of these groups have shown interest in this program, but do not have the ability to purchase and rehabilitate homes. A responsible entity must allocate, purchase, rehabilitate, and resell, lease, or grant these homes.

**Response 28:** An agency would have to prove capacity in which to undertake the activity regardless of who administers the funding. The City of Cheyenne is encouraged to work with these entities to prepare them for the submission of an application. The entities are encouraged to apply directly for the NSP funds providing they meet the program guidelines.

**Comment 29:** Regarding the WARP program, Idaho's Shared Appreciation program states "all funds recaptured as resale of assisted properties will be treated as program income and reinvested in Idaho's NSP funding pool until such time that NSP funds must be repaid to HUD." Wyoming's Warp program states "The payment of principal and interest becomes program income to the NSP Program and will be recycled for NSP eligible activities." Please describe whether this money will ever be distributed beyond the WCDA mortgage funding pool already in existence.

**Response 29:** Program income regardless of the NSP program it originated from must be used to fund the next eligible NSP program draw. Any activity identified in this Substantial Amendment will be eligible to utilize program income. Program income received after July 30, 2013 must be returned to the U.S. Treasury and is no longer available for use in the State of Wyoming.

**Comment 30:** The requests for apportionment of these funds to entitlement communities appear to be echoed through several NSP plans nationally. North Dakota appears to have offered entitlement cities to draft their own allocation schemes.

**Response 30:** Each state has the ability to design a program based on their needs. The entitlement cities for the State of Wyoming were included in early discussions regarding the NSP

funds. Their jurisdictions are eligible to participate in the NSP programs designed for the State of Wyoming. Both Laramie and Natrona counties are targeted areas in the NSP programs.

**Comment 31:** The proportion of WARP to ReOpp allocations appears to follow the distribution of owners versus renters in the State of Wyoming. It further assumes that home ownership is always the preferred situation. Current trends are showing otherwise. In order to affect real assistance and opportunity with these funds, effectiveness would be disproportionately increased through rental opportunities as well as redevelopment of rental in lieu of for-sale property. Please reconsider the allocation of these two programs in order to effectively address the true need of the community.

**Response 31:** Please refer to Response 3.

**Comment 32:** Please clarify the process of reinvestment the WARP proceeds would take.

**Response 32:** Any money received through monthly mortgage payments or loan payoffs would be considered program income. Please refer to Response 29.

**Comment 33:** Please clarify the lottery process. Are program requirements simply met by sale price? That is, can someone in the 80% AMI range be in the running for a house priced for someone in the 40% AMI range?

**Response 33:** The program requirements are not met by the sales price but rather the income of the household receiving benefit. A household at 80% of AMI would not receive the same benefit as a household at 50% AMI. Please refer to the WARP program description for further detail.

**Comment 34:** The Neighborhood Stabilization Program offers much-needed funding to begin addressing this need. While extremely thankful for this opportunity, I am concerned about the greater focus on homeownership over rental housing.

Experience has shown me and research has indicated (throughout the 2005 Needs Assessment and 2008 GAPS Analysis produced by the Laramie County Community Partnership, for example), that a very vulnerable population is having difficulty securing and maintaining affordable housing. This population does not have a goal of homeownership for a variety of different reasons: they don't qualify, they can't afford the mortgage, they can't afford the taxes, etc. The individuals and families that I am concerned about are worried about basic needs: emergency shelter, eating, finding childcare for their children, finding necessary transportation options, etc. With this focus, homeownership is not currently, nor may never be, a goal they can reach.

Affordable *rental* housing is the greater need in the State of Wyoming for those earning less than 50% AMI. It is also a greater need for many in the 50 – 80% range: statistics, economic woes, and non-profit experience all agree.

**Response 34:** Please refer to Response 15.

**Comment 35:** I would respectfully request that the allocations for homeownership and rental housing in the NSP be reevaluated to reflect the greater need for rental housing. Additionally, I would ask that the Blight Clearance and Neighborhood Preservation program be reconsidered to allow for more affordable rental units to be built.

**Response 35:** Please refer to Response 3 and Response 16.

**Comment 36:** Those in need could benefit greatly if WCDA considered putting the largest amount of funds into ReOpp.

**Response 36:** Please refer to Response 3.

**Comment 37:** A comment was received from a non-profit that indicated they were in support of the NSP Program and in particular the Wyoming Acquisition and Rehabilitation Program. The entity is designed to support and prepare lower income working families who have children with the necessary resources to successfully achieve first time home ownership and so move families out of poverty and into self-sufficiency and independence. The entity feels that their program has prepared families to apply under the WARP program. The entity looks forward to partnering with WCDA in building the Wyoming Family through Home Ownership! (this comment has been shortened.)

**Response 37:** WCDA is looking forward to working with the residents of the State of Wyoming on all of the NSP programs.

Comments on the NSP programs are welcome at any time and may be directed to [jcrawford@wyomingcda.com](mailto:jcrawford@wyomingcda.com) or WCDA – NSP Comments, P.O. Box 634, Casper, WY 82602. Please note that official plan changes can only be made as part of a substantial amendment or during the annual consolidated plan process. Comments received outside of an official comment period will be included in the next official public comment period. If you have questions at any time please contact WCDA at 307-265-0603.

**G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)**

**(1) Activity Name: Foreclosure Financing Option (FFO)**

**(2) Activity Type:** *(include NSP eligible use & CDBG eligible activity)*

**NSP Eligible Use**

§2301(c)(3)(A) establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low- and moderate- income homebuyers

**CDBG Eligible Use**

- As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206.
- Financing mechanisms used to carry out CDBG eligible activities listed.

**(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 activities will meet the national objective of benefiting low, moderate and middle income persons.

**(4) 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 50% of area median income.*

Under the NSP Foreclosure Financing Option, the Wyoming Community Development Authority (WCDA) will make approximately \$3,000,000 available to WCDA Participating Lenders to provide first mortgage financing for the purchase of foreclosed and abandoned homes in the State of Wyoming. Loans originated under this program, will need to meet the following requirements:

**A. Eligible Properties** – One unit single family foreclosed property. A foreclosed property is one under state or local law, the mortgage or tax foreclosure is complete. HUD generally will not consider a foreclosure to be complete until after the title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transfer in lieu of foreclosure, in accordance with Wyoming law.

1. Single Family Properties are permitted, which includes modular construction.

2. Manufactured Homes are **NOT** permitted. A Manufactured Home is a home that is transportable in one or more sections and was built on a permanent chassis and remains on a permanent chassis. Typically, the weight bearing support structure of a Manufactured Home is not the exterior walls.

- B. Maximum Loan to Value** – 100% of the lower of the sales price or the appraised value.
- C. Interest Rate** – 1% for persons at or below 50% of AMI  
3% for persons at 51% to 80% of AMI  
5% for persons at or below WCDA’s standard income limits of 120% of AMI
- D. Term** – 30 years
- E. Property Standards** – the home must meet FHA Property Standards. Even though the loan will not be insured by FHA, the lender must order an FHA Appraisal to determine whether or not the property meets FHA Property Standards.
- F. The NSP Purchase Price Limit** - \$237,000. Purchase Price Requirement – The acquisition cost of a home under this program may not exceed \$237,000 for all counties. Acquisition cost is defined in Section 1.503 of the WCDA *Seller Servicer* Guide.
- G. Income Requirement** – The Total Annual Family Income may not exceed 120% of HUD’s Area Median Income. Income is to be determined in accordance with WCDA’s standard program definition of “Annual Family Income”.
- H. Residence Requirement** – The home must be a one unit, single-family owner-occupied home located in the State of Wyoming and must be the principal residence of the Borrower(s). “Residence” does not include personal property such as an appliance, piece of furniture, radio, etc., which, under applicable Wyoming law is not a fixture. All terms of the Residence Requirement of the WCDA standard program as outlined in the WCDA *Seller Servicer* Guide Section 1.501 applies to this program. Lenders will need to use *MPP Form 001NSP* Rider to the Mortgage.
- I. Three Year Requirement** – The Three Year Requirement does apply to this program. Borrower(s) must be first-time homebuyers meaning each mortgagor must have had no “present ownership interest” in a principal Residence at any time during the three-year period prior to the date on which the Mortgage Loan is executed. For purposes of the preceding sentence, the mortgagor’s interest in the Residence with respect to which the financing is being provided shall not be taken into account. In the event that there is more than one mortgagor with respect to a particular Residence, each of such mortgagors must meet the Three-Year Requirement.
- J. Credit Guidelines** – FHA Mortgage Loan Credit standards must be met.

**K. Servicing** – The servicing of all loans will be by WCDA.

**M. Homebuyer Education**

WCDA is requesting a waiver of the 8 hour homebuyer education class required by the NSP program and asking HUD to accept the 5 hour course that WCDA offers in conjunction with the Wyoming Partners in Homebuyer Education, Inc. and Wyoming Housing Network, Inc. This course is offered over the State of Wyoming Compressed Video Teleconferencing System in 10 to 14 locations monthly. Homebuyers receiving funding through the NSP Foreclosure Financing Option Program will be required to take this course. A copy of the workbook which is used as the course outline is enclosed.

**N. Loan Documentation**

The following required WCDA documents will be required in order to participate in the program.

1. **Form of Note and Mortgage** – Lenders will be required to use the Multi-state Fixed Rate Note – Single Family Fannie Mae/Freddie Mac Uniform Instrument Form 3200 and the Wyoming-Single Family-Fannie Mae/Freddie Mac Uniform Instrument Mortgage Form 3051.
2. **NSP Rider** – This original, signed Rider will be a requirement for all mortgages delivered under the NSP Program, and must be attached and recorded with the Mortgage. Due on Sale Clause – A Mortgage Loan may only be assumed if the Residence Requirement, the Three-Year Requirement, the Purchase Price Requirement, and the Income Requirement is met at the time of assumption. The NSP Rider contains a broad “due on sale” clause which precludes all transfer of interest without full payment of the loan or the prior written consent of the Authority. The Rider requires that the home must remain the principal residence of the mortgagor as long as the loan is outstanding.
3. **Total Annual Family Income and Family Income Worksheet** – Total annual family income may not exceed 120% of HUD’s Area Median Income. The Income must be determined in accordance with definition of Annual Family income as per the WCDA *Seller Servicer* Guide and MPP Form 275 (revised 12/97) must be signed by borrower(s) and submitted with all mortgage loan files delivered under the NSP Program.
4. **Affidavit of Seller** – *MPP Form 002 NSP*. This form must be signed by the Seller and submitted with all mortgage loan files delivered under the NSP Program. This document will be required to be signed by the sellers of properties

financed under this program in order to meet the requirements under the Uniform Real Property Acquisition and Relocation Act

5. **Mortgagor's Affidavit of Eligibility** – *MPP Form 003 NSP*. This form must be signed by the Borrower(s) and the real estate professional and submitted with mortgage loan files delivered under the NSP Program. This form should be submitted with all loans. This document lists all of the requirements of the loan program.
6. **Lead Based Paint Notice** – This form will be required to be given to all Mortgagor(s) purchasing a home that was built prior to 1978.
7. **Affordability Requirements** – The loans will have an affordability period of 30 years. If at any point during that first 30 years, the homebuyer should sell the property or cease to occupy the property as their principal residence the NSP Note will be called due and payable. If the borrower should pay the NSP funds Note off prior to the 30 years, the borrower will still be required to participate in the Shared Equity provision of the second mortgage which states they will share the profits of the sale of the home at any time during that first 30 years.
8. **Environmental Review** – According to Notice CPD-01-11 issued July 17, 2001, HUD has determined that certain categorically excluded activities would not alter any conditions that would require an environmental review or compliance determination under Federal laws and authorities cited in 24CFR 58.5. Examples of activities that are categorical exclusions not subject to §58.5 include activities to assist homebuyer to purchase existing dwelling units or dwelling units under construction, including closing costs and down payment assistance, interest buydowns, and similar activities that result in the transfer of title. As the NSP funds will be used as a first mortgage financing option, it has been determined these properties will be categorically excluded and not subject to §58.5 authorities.
9. **Davis Bacon** – Not applicable, no construction financing.
10. **Flood Insurance** – Flood Insurance will be required on properties located in a FEMA designated 100-year flood plain.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

The foreclosure financing option will encompass the counties of Big Horn, Campbell, Carbon, Converse, Fremont, Goshen, Hot Springs, Laramie, Lincoln, Natrona, Niobrara, Platte, Sweetwater, Uinta, and Washakie. Additional locations may be added in the future.

Eligible counties for the Financing Foreclosure Option were determined first by selecting the counties whose estimated number of foreclosures exceeded the county average number of 58. (Campbell, Lincoln,

Natrona, Fremont, Laramie, Sweetwater, Uinta) A second group was added by looking at those counties having at least two out of three categories higher than the state average in that category. The three categories reviewed were: Rate of Foreclosures, Loans with High Annual Percentage Rate Loans and counties with higher than the state's average for the Percent of Population under 120% of AMI. (Big Horn, Carbon, Converse, Niobrara, Platte, Goshen, Hot Springs, Washakie)

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

We hope to be able to finance 25 homes at an average price of \$150,000. The estimated income levels of households benefiting are:

= 50% AMI	3 units
51% to 80%	9 units
81% to 120%	13 units

(7) Total Budget: (Include public and private components)

\$3,875,000 - NSP funds

Funds may be reallocated on a first come first serve basis for other eligible NSP activities.

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Wyoming Community Development Authority  
155 North Beech Street  
Casper WY 82601  
307-265-0603  
Cheryl G. Gillum

(9) Projected Start Date: February 1, 2009 (anticipated)

(10) Projected End Date: June 30, 2010 (All NSP monies must be allocated to a specific property by this date. The program will continue beyond June 30, 2010 through the use of program income.)

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate – not applicable

For financing activities, include:

- range of interest rates

50% or less AMI    one percent (1%)

51% to 80% AMI    three percent (3%)

81% to 120% AMI    five percent (5%)

For housing related activities, include:

- duration or term of assistance;
- tenure of beneficiaries--rental or homeownership;
- a description of how the design of the activity will ensure continued affordability

Duration – 30 year mortgage

Tenure – homeownership

Affordability – A 30 year mortgage will be placed on all properties. The acquisition cost of the home will be 100% recaptured through the repayment of the loan either through normal amortization of the principal and interest or by full payment of the loan principal at the time the home is sold, transferred or ceases to be the principal residence of the mortgagor. The payment of principal and interest becomes revenue to the NSP Program and will be recycled for NSP eligible activities. Revenue, regardless of the NSP program it originated from must be used to fund the next eligible NSP program draw.

(1) Activity Name: **Wyoming Acquisition & Rehabilitation Program (WARP)**

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

**NSP Eligible Use**

§2301(c)(3)(B) 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.

**CDBG Eligible Activity**

- 24 CFR 570.201
- (a) Acquisition
- (b) Disposition
- (i) Relocation
- (n) Direct homeownership assistance to persons whose incomes do not exceed 120% of median income
- 24 CFR 570.202 Eligible rehabilitation and preservation acquisition activities for homes and other residential properties. Note that rehabilitation may include counseling for those seeking to take part in the activity.

(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 activities will meet the national objective of benefiting low, moderate and middle income persons.

(4) 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 50% of area median income.

The WARP program will be used to meet the low income housing requirement for those at or below 50% of AMI.

Under the WARP program WCDA will use NSP funding to purchase not only WCDA's own foreclosed properties, but also properties from the Department of Housing and Urban Development (HUD), the Veterans Administration (VA), Rural Development (RD), Wyoming lending institutions, Private Mortgage Insurance (PMI) companies, and from public foreclosure proceedings. The foreclosed properties will be rehabilitated and sold to low and moderate income eligible buyers via a lottery system in order to provide homeownership opportunities while preserving existing housing stock and revitalizing neighborhoods.

The Wyoming Community Development Authority (WCDA) is the housing finance agency for the State of Wyoming. WCDA's major housing program is the Tax Exempt Mortgage Revenue Bond (MRB) Program. WCDA issues tax – exempt mortgage revenue bonds and from those proceeds, purchases eligible first time homebuyer loans from participating lenders across the State of Wyoming. WCDA acts like an in-state Fannie Mae or Freddie Mac as the investor on these loans.

As the investor on these mortgages, WCDA is also required to manage the foreclosure process. WCDA purchases four loan types: FHA Insured Loans, VA Guaranteed loans, USDA Rural Guaranteed loans and Conventional loans with Primary Mortgage Insurance issued through one of two companies; Radian Guaranty, Inc. or Genworth Mortgage Insurance Corporation.

When a loan becomes delinquent, each loan type has special processes and procedures that WCDA must follow through each phase of delinquency, foreclosure, redemption periods and property disposition.

Under the Wyoming Acquisition and Rehabilitation NSP Program, WCDA intends to use the NSP funds to purchase WCDA foreclosed properties. In order to be eligible for the NSP Program, the mortgage insurer/guarantor must be willing to sell the property for not more than 85% of the current appraised value as defined in the NSP regulations.

Each mortgage insurer/guarantor handles their REO portfolio a little differently and WCDA will need to follow the requirements of that mortgage insurer in order to be able to purchase a foreclosed property with NSP funds.

WCDA will provide a complete paper trail for each of these transactions. Among the documents to be provided in WCDA's NSP files will be current appraisals, purchase agreements, rehabilitation costs and complete resell documents for the sale of the property to the homebuyer.

WCDA has a fiduciary responsibility to the bond holders on all WCDA loans under the Mortgage Revenue Bond Program. All proceeds from any sale of a foreclosed property belong to the trust indenture for the bond issue under which the loan was purchased. These funds are not general funds of the WCDA.

### **WARP Program Eligibility**

Basic applicant eligibility requirements include:

1. The applicant must be a Wyoming resident.
2. The applicant must be at least eighteen (18) years of age.
3. The applicant must be a United States citizen or a resident alien.
4. The applicant must meet specific income and credit requirements.
5. The applicant must pay a \$20.00 application fee.
6. The applicant must be a first-time homebuyer (cannot have owed a home within the last three years).
7. The property must be the applicant's primary residence for the term of the loan.
8. The applicant must have a steady income stream.

9. The applicant must have a credit record that demonstrates they are financially responsible. The applicant must have a minimum 575 FICO score and meet FHA credit underwriting standards.
10. The applicant must be able to contribute a minimum of 25% of their gross income towards the principal, interest, taxes, and insurance payment, a maximum housing debt to income ratio of 31%, and not exceed a total debt to income ratio of 43%. A minimum gross income of \$1,135 per month is required ( $\$6.55 \times 40 \times 52 / 12$ ).
11. The applicant's total assets cannot exceed \$50,000.

The applicant must attend and complete a homebuyer education program prior to closing on an NSP assisted property. WCDA is requesting a waiver of the 8 hour homebuyer education class through a HUD approved housing counseling agency required by the NSP program and asking HUD to accept the 5 hour course that WCDA offers in conjunction with the Wyoming Partners in Homebuyer Education, Inc. and Wyoming Housing Network, Inc. This course is offered over the State of Wyoming Compressed Video Teleconferencing System in 10 to 14 locations monthly. Homebuyers receiving funding through the WARP program will be required to take this course. A copy of the workbook which is used as the course outline is enclosed.

Preference will be given to applicants who currently work or reside in the city, town, or county of the NSP assisted foreclosed property. WCDA employees or members of the WCDA Board of Directors are not eligible to participate in the Program.

Homeownership opportunities for households at or below 50% of the area median income (AMI) are limited. Therefore, the WARP program will primarily target those households at or below 50% AMI. However, if a higher cost property comes available that would otherwise qualify for the program and is located in a priority area it may be acquired, rehabilitated, and sold to a household at or below 80% AMI. If it is determined that an eligible property is accessible or is easily rehabilitated to be accessible the household selected must demonstrate a need for the accommodations and the household income must be at or below 80% of AMI.

### **Property Selection**

All properties selected must have been foreclosed upon and WCDA, through the WARP program, must be the first purchaser following said foreclosure proceedings. All properties must have an appraisal completed within 60 days of the offer date and the purchase price cannot exceed 85% of the current market value. It is WCDA's intent to purchase the properties at the lowest reasonable price possible. Properties will be visited by WCDA staff and evaluated for participation in the program prior to any offers being submitted. All properties must be structurally sound or have the ability to be made structurally sound. In the event that a property is not structurally sound and/or the cost of rehabilitation would exceed the after rehabilitation value WCDA has the option to demolish the current structure and place a new structure on the existing site. New properties may be stick built or modular construction. Properties must be attached to a permanent foundation. A preliminary inspection, including photographs, will be completed using at minimum the Housing Quality Standards which will note all health and safety violations along with other potential concerns which may require specialized inspection at a later

date. The property will also be evaluated for environmental concerns. All properties selected for the program will be brought up to local, state, or national building code (whichever is more restrictive). The major systems of the property, such as electrical, plumbing, heating, roofing, and foundation, will be addressed first. It is the intent of the WARP program to bring the properties to a standard of functionally new. However, that does not mean that the property will automatically receive a cosmetic update.

Properties will also be evaluated based on the economic feasibility and the affordability of the as repaired home for low and moderate income homeowners. The maximum amount of NSP funds to be expended on any one property is \$200,000, which includes the cost of acquisition, rehabilitation, and carrying costs. The location of the properties is subject to the availability of foreclosed properties and therefore specific neighborhoods cannot be targeted for improvement using NSP funds.

A HUD Environmental Review is required of all assisted properties. All properties constructed prior to 1978 will also require a lead based paint inspection. If lead based paint is present then lead safe work practices must be used and the contractors must be certified.

The Davis-Bacon Act will apply to all projects with 8 or more units. It is anticipated that at most 7 homes will be selected in a city at any one time and under a single contract and therefore would not trigger Davis-Bacon. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, the Fair Housing Act, Title VI of the Civil Rights Act of 1964, and the Lead Safe Housing Rule will also apply.

### **Property Rehabilitation**

Once a property has been selected for the WARP program WCDA staff will prepare a detailed work write-up and cost estimate for the property. All properties built prior to 1978 will be tested for lead-based paint and any rehabilitation required will be completed in accordance with lead safe work practices and all contractors must be lead certified. An environmental review must be completed for all properties prior to purchase and the start of any rehabilitation.

Properties will be evaluated for health, safety, and code violations. Repair of those items will be completed for all properties using NSP funds. Once the health, safety and code violations have been address the property will be evaluated for cosmetic and general wear and tear items. Cosmetic and general wear and tear items will be addressed if the budget allows. At a minimum, all properties will receive a thorough cleaning, both inside and out. The appliances will only be considered for replacement if they are not functioning properly, and/or repair is not economically feasible, or if appliances are not currently present in the property.

### **Application for Properties**

Application packets for the WARP program will be made available at the WCDA office, via the internet, and by U.S. Postal Service, by request. WCDA will also market and provide outreach

in the eligible counties in order to solicit participation in the program from persons with household incomes at or below 50% of AMI. Households with incomes in excess of 50% AMI will not be eligible to participate in the lottery unless:

1. There are no households at or below 50% of AMI interest in the specific property.
2. The households at or below 50% of AMI who are interest in the specific property cannot meet minimum underwriting standards.
3. The property is considered accessible and then households up to 80% of AMI are eligible to participate in the lottery, however, preference will not be given to either income group.
4. The property following rehabilitation exceeds an affordable amount for a 50% or less AMI household. Keep in mind that while the mortgage may be written to an affordable level the cost of the taxes and insurance and general property maintenance on a more expensive home will be higher and may not be considered affordable for a 50% or less AMI household.

Households at 51% to 80% of AMI will only be allowed to participate in the program on a property by property basis and the announcement of a 51% to 80% AMI property will be made in the community in order to solicit applications for that property. Applications will be accepted at any time from households at 51% to 80% of AMI, however, the applications will not be processed to determine eligibility unless one or more of the above-reference criteria are met.

The application packet will contain an initial application, the WARP program description, applicant responsibilities if awarded a property, and a listing of selected properties (if available). The applicant must return the completed initial application along with verification information at least two weeks prior to any property lottery drawing to be eligible for said drawing. All initial applications will be reviewed by WCDA staff to determine if the applicant meets the basic eligibility requirements. Applicants may be referred for credit counseling to assist them in repairing credit in order to be “mortgage ready”. The review will include verification of data relating to income, employment, financial/banking/investment information, rental history, and credit report. If an applicant is not eligible they will receive notification in writing of said determination. All applicants who meet the basic eligibility requirements will be contacted by telephone to discuss the program requirements and to make sure that the applicant understands the process and the requirements. If the applicant confirms that they are in fact interested in the program and agree to the conditions, their name will be entered into a lottery drawing for the homes they have selected within their eligibility level.

In addition to having to meet income and credit requirements the applications will also be reviewed and a determination will be made as to the appropriateness of the size of the property to prevent overcrowding or overhousing. The standards are as follows:

- A single or two person household is eligible to apply for a house with one (1) or two (2) bedrooms. A household must have three or more persons to apply for a three (3) + bedroom home.
- Families shall be housed with no more than two persons per bedroom.

- Exceptions may be made to the occupancy requirements for unusual circumstances and will be made on a case by case basis.

Those who are successful in the lottery drawing will be required to have a meeting with WCDA staff within 1 week of the drawing to discuss the terms and to collect additional information in order to determine if they meet the full underwriting criteria. FHA underwriting standards will be used. WCDA will originate all WARP program loans. The loan underwriting must take place within 4 weeks of the drawing date and the applicant must be approved before they are officially awarded a home. If an applicant fails to meet the underwriting criteria or it is determined that they did not meet the basic eligibility requirements the property will be returned to the lottery pool or offered to the second place designee (if drawn). Applicants who were determined to be eligible but who were not selected during the initial drawing will be notified of future drawings, and if said drawing takes place more than six months from the date of the original application an update to the application must be made to verify current eligibility before the applicant may be entered in future drawings.

### **Notification of Open House and Three-Day Cooling Off Period**

Eligible applicants will be notified of the open house date and times on the properties for which they are eligible. They will also have a “three-day cooling off period” in which they can make the decision whether or not they wish to participate in the WARP program. The cooling off period also gives the applicants time to gauge their interest in a particular property therefore avoiding buyer’s remorse should they be selected to purchase the property.

### **Execution of the Property Lottery**

Properties will be distributed through a lottery system. Qualified applicants will be entered into a drawing on the properties for which they are eligible. The size of the household, the income of the household, credit eligibility, debt ratios, cost of property taxes, future upkeep, and property insurance will all be taken into consideration when determining the eligibility criteria of the household. Applicants may be eligible for more than one property; however, they will only be able to take possession of one property. The lottery will be a public drawing held in the community that the properties are located and eligible households along with members of the public are encouraged to attend.

After the lottery has been conducted and applicants selected a meeting will be held to discuss what the applicant should expect.

1. They will be required to execute a 30 year loan for the property during which time they are expected to occupy the property as their primary residence. The residence may not be used as rental property at any time.
2. The amount of the loan will be discussed and possibly set if full underwriting has taken place. The terms of the soft second mortgage and equity-share upon sale provision (if applicable) will be discussed as well as any additional restrictions placed

upon the property. The first mortgage will be calculated using the applicant's income and at least 25% of their gross income must be contributed towards the mortgage payment. The balance of the cost of the property will be taken as a soft second and an equity share provision may be incorporated into the mortgage.

**Example** – The Smith family (dad, mom, and 2 children) live in Cheyenne and together they earn \$24,000 a year. The 50% AMI limit for a family of 4 in Laramie County is \$31,300 so the household is determined to be income eligible for the WARP program. The household must contribute a minimum of 25% of their gross monthly income towards the principal, interest, taxes and insurance payment (PITI) each month. The maximum debt to income ratio for housing cannot exceed 31% so it is possible that the required monthly contribution would be higher than 25%. In this example the minimum monthly contribution required is \$500 ( $\$24,000 \times 25\% / 12$ ). It is estimated that approximately \$150 per month is required for taxes and insurance so the household would have at least \$350 per month to pay the principal and interest on a mortgage. If the total acquisition cost of the home was \$150,000, 30 year term, 1% interest rate, the principal and interest payment would be \$482.46. The family could not reasonably afford the PITI payment of \$632.46 ( $\$482.46 + \$150$ ) without assistance. Under the WARP program, the mortgage on the property would include both an amortized loan amount (requiring a monthly payment) and a deferred loan amount (requiring repayment at the time of sale, transfer of title, or when the property ceases to be the primary residence of the family). In this example, it would be reasonable to structure the \$150,000 loan as \$110,000 amortized and \$40,000 deferred. A \$110,000 amortized loan for 30 years at a 1 % interest rate would require a monthly principal and interest payment of \$353.80. When you add the taxes and insurance payment of \$150 per month, the total payment for the household is estimated to be \$503.80 (a monthly savings of approximately \$128.66 and a PITI ratio of 25.2%).

3. The applicant will be made aware of their responsibilities as a homeowner such as utility payments, taxes, insurance and routine maintenance. The applicant will also be made aware of the rehabilitation work that was performed on the property and any warranties that may apply.
4. The applicant will be questioned regarding their participation in the WARP program and whether or not they have any reservations about the program or the property.
5. Closing for the properties is expected to take place within 45 days from the date of the lottery.

### **Mortgage Loan Financing Structure**

1. The amount of the mortgage will be based on the applicant's income and their ability to qualify for a loan covering the cost of the purchase, rehabilitation and carrying costs. The difference between the actual cost of purchase, rehabilitation and carrying costs and the amount the borrower can qualify for will be recaptured as a deferred loan which will be part of the mortgage and will be recaptured upon sale of the

- property, transfer of title, or when the property ceases to be the primary residence of the mortgage holder.
2. The amount of equity (current appraised value less the first mortgage) may be recaptured on a shared equity basis at the time of sale if before the 30 year affordability period expires. The shared equity provision will expire at the end of the 30 year mortgage period, if applicable.
  3. If, in the future, market conditions are such that the mortgage holder cannot sell the property a market rate high enough to repay the mortgage (both the amortized and deferred portions) in full then that specific mortgage will be reviewed to determine if it is appropriate to forgive the deferred portion of the mortgage.

Applicants will be required to contribute at least 25% of their gross monthly income towards the first mortgage payment. Their housing debt to income ratio cannot exceed 31% and their total debt to income ratio cannot exceed 43%. FHA credit underwriting standards will be used to underwrite the loan.

All loans will have a 30 year term. The interest rate of the loan is fixed and based upon household income.

Percentage of Area Median Income	Interest Rate
Up to 50%	1.00%
51% to 80%	3.00%
81% to 120%	5.00%

The monthly payments collected on the loans (program income) will be returned to the general NSP program and recycled for future use by any and all NSP eligible activities. All mortgages will be serviced by the WCDA.

- (5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

The counties identified as having the highest number and percentages of foreclosed homes include Campbell, Fremont, Laramie, Natrona, Sweetwater and Uinta. Additional locations may be added depending on the foreclosure market.

The specific location of the properties will vary depending on where the foreclosures take place, who owns the foreclosed properties, and if the owner is willing to sell the property to WCDA and the WARP program at a discounted rate. Properties located in areas identified as higher risk may be given priority evaluation for selection into the program. It is likely that several properties, if available, may be selected in a community at one time to encourage economies of scale in the rehabilitation process and also to allow some choice for the applicants. The initial selection of Campbell, Fremont, Laramie, Natrona, Sweetwater and Uinta Counties is based on the estimated number of foreclosures as listed in Table 6 of Appendix A. These counties have been identified as have at least 70 foreclosures. Laramie and Natrona counties have 285 and 256 respectively.

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

We hope to be able to finance 59 homes at an average price of \$150,000. The estimated income levels of households benefiting are:

= 50% AMI	50 units (to meet the 25% at or below 50% of AMI requirement)
51% to 80%	9 units
81% to 120%	0 units

(7) Total Budget: (Include public and private components)

\$4,900,000 million of the NSP allocation will be used to assist households at or below 50% of AMI. It is estimated that 35 homes can be acquired, rehabilitated and sold to income eligible borrowers who are at or below 50% AMI. This estimated funding amount represents the NSP required benefit of 25% of the funding allocation must benefit households at or below 50% AMI.

\$3,850,000 million of the NSP allocation will be used to assist households at or below 80% of AMI which also includes households at or below 50% of AMI. It is estimated that 15 homes can be acquired, rehabilitated and sold to income eligible borrowers who are at or below 50% AMI and another 9 homes can be acquired, rehabilitated and sold to income eligible borrowers who are at or below 80% of AMI.

Funds may be reallocated on a first come first serve basis for other eligible NSP activities.

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Wyoming Community Development Authority  
155 North Beech Street  
Casper WY 82601  
307-265-0603  
Jennifer Crawford

(9) Projected Start Date: February 1, 2009 (anticipated)

(10) Projected End Date: June 30, 2010 (All NSP monies must be allocated to a specific property by this date. The program will continue beyond June 30, 2010 through the use of program income.)

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate – all properties must be acquired at a minimum discount of 15% provided that each property is evaluated individually to determine an appropriate discount taking into account the estimated carrying costs and holding period if the property were not purchased with NSP funds. WCDA will attempt to acquire properties at a greater discount if possible.

For financing activities, include:

- range of interest rates

Percentage of Area Median Income	Interest Rate
Up to 50%	1.00%
51% to 80%	3.00%
81% to 120%	5.00%

For housing related activities, include:

- duration or term of assistance;
- tenure of beneficiaries--rental or homeownership;
- a description of how the design of the activity will ensure continued affordability

Duration – 30 year mortgage

Tenure – homeownership

Affordability – A 30 year mortgage will be placed on all properties. The amount of the mortgage will be equal to the purchase price of the property, the rehabilitation cost, and any carrying costs. The mortgage will most likely consist of an amortized portion and a deferred portion of the loan. There may also be a soft second mortgage executed to recapture a shared equity interest in the difference between the amount of the first mortgage and the after repair appraisal. If a homeowner sells the property, transfers title to the property, or the property ceases to be the homeowner's primary residence during the 30 year term the mortgage(s) will become due and payable and the funds returned to the NSP Program as program income and will be used for NSP eligible activities. Program income, regardless of the NSP program it originated from must be used to fund the next eligible NSP program draw. The payment of principal and interest becomes program income to the NSP Program and will be recycled for NSP eligible activities.

(1) Activity Name: **NSP Rental Opportunities Program (ReOpp)**

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

**NSP Eligible Use**

§2301(c)(3)(B) 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.

**CDBG Eligible Activity**

- 24 CFR 570.201
- (a) Acquisition
- (b) Disposition
- (i) Relocation
- (n) Direct homeownership assistance to persons whose incomes do not exceed 120% of median income
- 24 CFR 570.202 Eligible rehabilitation and preservation acquisition activities for homes and other residential properties. Note that rehabilitation may include counseling for those seeking to take part in the activity.

(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 activities will meet the national objective of benefiting low, moderate and middle income persons.

(4) 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 50% of area median income.

The ReOpp program is designed for for-profit developers, non-profit entities, or housing authorities to be able to purchase and rehabilitate vacant, foreclosed residential properties and/or vacant properties in NSP eligible census tracts. We anticipate the majority of these properties will be single family homes. The NSP funds can be used to purchase the property and then bring the property to set quality standards by rehabilitating, or demolishing and rebuilding housing units for households at or below 50% of Area Median Income. The maximum purchase price of the foreclosed property must be at or below 85% of the current (within 60 days of the offer) appraised value, taking into account the as-is condition. The maximum cost funded with NSP funds for the acquisition, rehabilitation, demolition and/or rebuilding of a single family property cannot exceed \$200,000, and for multi-family properties the HOME underwriting guidelines and per unit subsidies apply. There is a \$1,000,000 NSP funding limit. The limit applies to the

amount of NSP funding any applicant, developer, or owner may receive regardless of the number of applications submitted or properties financed under the ReOpp program, Land Banking Program or Demolition for Housing.

The maximum rent from all sources is as listed on the HUD website

(<http://www.hud.gov/offices/cpd/affordablehousing/programs/home/limits/rent/2008/wy.pd>) and may be adjusted by WCDA when new income limits are made available. The current maximum rents limits are based on the lesser of 50% of the AMI or Fair Market Rent. These rent limits include an allowance for tenant-paid utilities. The affordability restrictions will remain in place for the life of the loan and is hereinafter referred to as the Affordability Period.

The NSP funds will be loaned to the for-profit developer, non-profit entities, or housing authority in the form of an amortized loan, deferred loan or combination thereof. The maximum amount financed will not exceed the purchase price plus rehabilitation costs and closing costs or \$1,000,000, whichever is less. The Monthly Repayment Amount will be determined by taking the maximum rent (adjusted for utility allowances) minus \$300.00 operating expense allowance for single family properties and for multi-family properties the HOME underwriting guidelines apply. The amount of the amortized loan, deferred loan, and interest rate will be determined by WCDA to coincide with Monthly Repayment Amount. The term of the loan and the affordability period will be 30 years. However, if the loan is paid in full prior to the end of the 30 year term then the loan is subject to an acceleration clause which includes a higher interest rate, which may be up to 10%, and the repayment in full of the amortized and deferred portions of the loan according to the acceleration clause will terminate any restrictions imposed under the ReOpp Agreement. All ReOpp projects will be underwritten in the same manner as projects under the HOME Investment Partnerships Program (HOME).

All properties assisted must complete a HUD environmental review before any NSP funds can be used to assist the property or any work can begin on the project. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, the Fair Housing Act, Title VI of the Civil Rights Act of 1964, and the Lead Safe Housing Rule will apply.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

The ReOpp program will encompass the counties of Big Horn, Campbell, Carbon, Converse, Fremont, Goshen, Hot Springs, Laramie, Lincoln, Natrona, Niobrara, Platte, Sweetwater, Uinta, and Washakie. Additional locations may be added in the future.

Eligible counties for the ReOpp program were determined first by selecting the counties whose estimated number of foreclosures exceeded the county average number of 58. (Campbell, Lincoln, Natrona, Fremont, Laramie, Sweetwater, Uinta) A second group was added by looking at those counties having at least two out of three categories higher than the state average in that category. The three categories reviewed were: Rate of Foreclosures, Loans with High Annual Percentage Rate Loans and counties with higher than the state's average for the Percent of Population under 120% of AMI. (Big Horn, Carbon, Converse, Niobrara, Platte, Goshen, Hot Springs, Washakie)

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

We hope to be able to finance 20 homes at an average price of \$150,000. The estimated income levels of households benefiting are:

= 50% AMI	20 units
51% to 80%	0 units
81% to 120%	0 units

(7) Total Budget: (Include public and private components)

\$3,000,000 - NSP funds

Funds may be reallocated on a first come first serve basis for other eligible NSP activities.

There is a \$200,000 NSP limit for single family properties. The NSP funding limit for multi-family properties will be subject to the HOME subsidy dollar limits and underwriting guidelines. There is an overall NSP funding limit of \$1,000,000. The limit applies to the amount of NSP funding any applicant, developer, or owner may receive regardless of the number of applications submitted or properties financed under the ReOpp program, Land Banking Program or Demolition for Housing. .

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Wyoming Community Development Authority  
155 North Beech Street  
Casper WY 82601  
307-265-0603  
Gayle Brownlee

(9) Projected Start Date: February 1, 2009

(10) Projected End Date: June 30, 2010 (All NSP monies must be allocated to a specific property by this date. The program will continue through the use of program income.)

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate – minimum discount will be 15%.

For financing activities, include:

- range of interest rates

The interest rate will not exceed 3% for non-profit entities and housing authorities.  
The interest rate will not exceed 6% for for-profit developers.

For housing related activities, include:

- duration or term of assistance;
- tenure of beneficiaries--rental or homeownership;
- a description of how the design of the activity will ensure continued affordability

Duration – 30 year mortgage

Tenure – rental

Affordability – A 30 year mortgage and ReOpp Agreement will be placed on all properties. If an owner sells the property or transfers title to that property during that 30 year period the mortgage will become due and payable subject to an acceleration clause which includes a higher interest rate, which may be up to 10%, and the repayment in full of the amortized and deferred portions of the loan according to the acceleration clause will terminate any restrictions imposed under the ReOpp Agreement. The funds returned to the NSP Program as program income and will be used for NSP eligible activities. The payment of principal and interest becomes program income to the NSP Program and will be recycled for NSP eligible activities. Program income, regardless of the NSP program it originated from must be used to fund the next eligible NSP program draw.

(1) Activity Name: **Land Banking Program**

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

NSP Eligible Use

§2301(c)(3)(C) Establish land banks for homes that have been foreclosed

CDBG Eligible Activity

- 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).

All activities will meet the national objective of benefiting low, moderate and middle income persons.

(4) 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 50% of area median income.

Foreclosed properties may be acquired using NSP funds for the purpose of land banking. From time to time, affordable housing entities may have a need to acquire a vacant foreclosed property suitable for NSP-eligible affordable housing opportunities sometime in the near future. This set-aside will allow them to acquire and hold that property until a housing plan and a full financing package can be put in place. Non-profit entities 501 (c) (3) or (c) (4) or Public Housing Authorities may apply to WCDA for a loan under this set-aside.

WCDA will hold a Note and Mortgage for the amount borrowed. The loan will be a three percent (3%) simple interest rate loan for a term not to exceed five years. This funding may be used for acquisition only and may not be used for other development activities. Applicants will be required to pay off the loan on or before the five year term and the property may only be used for affordable housing that meets the requirements of the NSP Program. If not paid in full sooner, the entire principal balance plus accrued interest will be due and payable at the end of the five year term.

WCDA will also require the applicant to execute a NSP Program Agreement which will outline the requirements of the funding and will be recorded in the office of the county clerk. This NSP Agreement will remain as a restriction on the title of the property even if the NSP funds are paid back. At the time an acceptable replacement use agreement, outlining a project which will provide affordable NSP-eligible housing, is put in its place, the NSP Agreement may be

released. Some examples of acceptable replacement use agreements are: the Land Use Restrictive Covenants Agreement under the Low Income Housing Tax Credit Program, the HOME Agreement under the HOME Program, and other land use restrictions that may be used by various affordable housing programs under the U.S. Department of Housing and Urban Development or USDA Rural Development.

The definition of a land bank in the Federal Register Notice refers to “vacant” land, it is referring to unoccupied properties. Land banking activities may include properties with or without structures, as long as they are foreclosed upon as required by the land bank eligible use as described in the Notice.

HUD does not believe the benefits of just holding property are sufficient to stabilize most neighborhoods or that this is the best use of limited NSP funds absent a re-use plan. Therefore, HUD is requiring that a land bank may not hold a property for more than 10 years without obligating the property for a specific, eligible redevelopment of that property in accordance with NSP requirements. The State of Wyoming is further restricting the length of time land can be held in a land bank to not more than five (5) years. By the end of the maximum five (5) year holding period the property must have a housing development plan showing benefit to low, moderate, or middle income households. At the point in time that development commences the NSP mortgage must be refinanced. The intent of the land banking option is to finance foreclosed property that will be held for future housing development. Activities financed under the land banking program will not include development of the foreclosed property.

All land banking activities must demonstrate how they will benefit low, moderate, and middle income households and specifically what the anticipated housing benefit will be once a housing development plan is created.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

The eligible areas for land banking activities consist of all NSP eligible census tracts identified in Table 7.

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

= 50% AMI	0 units
51% to 80%	0 units
81% to 120%	0 units

A maximum of \$500,000 may be requested by a project. It is not known at this time how many housing units or persons will benefit from the NSP funds in land banking activities. The NSP funds will be used for acquisition of foreclosed property only. At the point the land will be developed the NSP mortgage will need to be refinanced. The program income received through

repayment of principal and interest financed under a land banking activity will be returned to the NSP program and used for other NSP eligible activities.

(7) Total Budget: (Include public and private components)

\$1,000,000 - NSP funds

Funds may be reallocated on a first come first serve basis for other eligible NSP activities.

There is an NSP per project funding limitation of \$500,000. There is an overall NSP funding limit of \$1,000,000. The limit applies to the amount of NSP funding any applicant, developer, or owner may receive regardless of the number of applications submitted or properties financed under the ReOpp program, Land Banking Program or Demolition for Housing.

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Wyoming Community Development Authority  
155 North Beech Street  
Casper WY 82601  
307-265-0603  
Jennifer Crawford

(9) Projected Start Date: February 1, 2009

(10) Projected End Date: June 30, 2010 (All NSP monies must be allocated to a specific property by this date. The program will continue through the use of program income.)

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate – minimum discount will be 15%.

For financing activities, include:

- range of interest rates - the interest rate will be 3%.

For housing related activities, include:

- duration or term of assistance;
- tenure of beneficiaries--rental or homeownership;
- a description of how the design of the activity will ensure continued affordability

The term of the loan is not to exceed 5 years.

The beneficiaries may be assisted through rental or homeownership once the land is developed. There will be a mortgage placed on the land. There will also be an NSP agreement to ensure benefit to low, moderate and middle income persons. The payment of principal and interest becomes program income to the NSP Program and will be recycled for NSP eligible activities.

Program income, regardless of the NSP program it originated from must be used to fund the next eligible NSP program draw.

(1) Activity Name: **Demolition for Housing Program**

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

NSP Eligible Use

§2301(c)(3)(D) Demolish Blighted Structures

§2301(c)(3)(E) Redevelop Demolished or Vacant Properties

CDBG Eligible Activity

- 24 CFR 570.201
- (d) Clearance for blighted structures only
- 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 (as modified below)
  - o 204 Community based development organizations

(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 activities will meet the national objective of benefiting low, moderate and middle income persons.

(4) 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 50% of area median income.

Clearance alone does not prove benefit to low, moderate and middle income persons. All demolition activities must result in the production of a housing unit and the applicant must demonstrate how the demolition activity will directly benefit low, moderate, and middle income households. If the property is used as rental housing it must be affordable as defined above. If the property is to be sold it must be sold at a price equal to or less than the cost of demolition, rehabilitation, carrying costs, and closing costs. The maximum amount of NSP funds that any one demolition project may request is \$200,000. There is an overall NSP funding limit of \$1,000,000. The limit applies to the amount of NSP funding any applicant, developer, or owner

may receive regardless of the number of applications submitted or properties financed under the ReOpp program, Land Banking Program or Demolition for Housing.

Under the demolition program the applicant must be in control of the property either through ownership, option to purchase, or purchase contract, prior to making application for NSP funds. NSP funds will not be used to finance acquisition under the Demolition for Housing Program.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

The counties identified as having the highest percentages of substandard housing stock include Big Horn, Carbon, Converse, Crook, Fremont, Goshen, Hot Springs, Johnson, Natrona, Niobrara, Platte, Sheridan, and Weston. Additional locations may be added depending on the market.

The demolition for housing program is not restricted to foreclosed properties, therefore additional reference materials were used to establish where the greatest need was located. The 2007 Wyoming Housing Conditions report (Attachment A) Map I.2 has the percent of single-family homes in worn out or badly worn condition by county. The Housing Conditions report utilizes data gathered from the county assessors. The report indicates that Natrona County as of December 2006 had the largest number of worn out or badly worn housing units at 4,906. Table II.11 of the report lists the conditions of single-family homes by county and current condition. For reference, the definition of worn out includes repair and overhaul needed on painted surfaces, roofing, plumbing, heating, numerous functional inadequacies, substandard utilities, etc. (found only in extraordinary circumstances). Excessive deferred maintenance and abuse, limited value-in-use, approaching abandonment or major reconstruction, reuse or change in occupancy is imminent. Effective age is near the end of the scale regardless of the actual chronological age. The definition of badly worn includes much repair needed. Many items need refinishing or overhauling, deferred maintenance obvious, inadequate building utility and services all shortening the life expectancy and increasing the effective age.

Taking information directly from Map I.2, the counties identified as having more than 15% of the housing stock in worn out or badly worn conditions are: Niobrara, 34.5%, Big Horn 34.31%, Carbon 27.83%, Hot Springs 27.55%, Crook 27.35%, Sheridan 26.4%, Goshen 25.41%, Weston 23.77%, Natrona 22.26%, Johnson 22.12%, Platte 19.01%, Fremont 16.97%, and Converse 16.53%. Seven counties have more than 25% of the existing housing stock identified as worn out or badly worn. Because of these findings the 13 counties with more than 15% of the existing housing stock identified as worn out or badly work were selected as eligible locations for the demolition for housing program.

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

We hope to be able to finance demolition and reconstruction of 6 homes at an average price of \$150,000. The estimated income levels of households benefiting are:

= 50% AMI     3 units  
 51% to 80%    2 units  
 81% to 120%   2 units

(7) Total Budget: (Include public and private components)

\$1,015,000 - NSP Funding

There is a \$200,000 limit per demolition project. There is an overall NSP funding limit of \$1,000,000. The limit applies to the amount of NSP funding any applicant, developer, or owner may receive regardless of the number of applications submitted or properties financed under the ReOpp program, Land Banking Program or Demolition for Housing. .

Funds may be reallocated on a first come first serve basis for other eligible NSP activities.

At this time Wyoming is experiencing an immediate need for affordable housing and that will be the focus of the NSP Program during the initial 18 month period. Proposals will be considered on a case by case basis regarding demolition activities providing the activity results in a housing unit occupied by a low, moderate, or middle income family following demolition. After the initial 18 month deadline has been met additional demolition activities may be eligible.

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Wyoming Community Development Authority  
 155 North Beech Street  
 Casper WY 82601  
 307-265-0603  
 Jennifer Crawford

(9) Projected Start Date: February 1, 2009 (anticipated)

(10) Projected End Date: June 30, 2010 (All NSP monies must be allocated to a specific property by this date. The program will continue through the use of program income.)

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate – not applicable

For financing activities, include:

- range of interest rates

Percentage of Area Median Income	Interest Rate
Up to 50%	1.00%
51% to 80%	3.00%
81% to 120%	5.00%

For housing related activities, include:

- duration or term of assistance;
- tenure of beneficiaries--rental or homeownership;
- a description of how the design of the activity will ensure continued affordability

Duration – 30 year mortgage

Tenure – homeownership or rental

Affordability – a 30 year mortgage will be placed on all properties and if the property is sold or if the title to that property is transferred during that time the mortgage will become due and payable. Depending on the activity, homeownership or rental, additional restrictions may apply and trigger repayment of the mortgage. Any fund repaid will be returned to the NSP Program as revenue. The payment of principal and interest becomes revenue to the NSP Program and will be recycled for NSP eligible activities.

## **Waiver Requests**

### **Program Income**

The State of Wyoming is making a waiver request of HUD to allow all revenue and program income to be retained by the State of Wyoming and used for eligible NSP programs. Each eligible housing activity has been designed to include repayment of the NSP funds either through an amortized loan with a monthly payment, through some form of recapture of subsidy, through a shared equity agreement at the time of sale of the property, or through a combination thereof so that funds may be recycled to assist additional NSP activities in the future.

According to the NSP Regulation, revenue received through the Foreclosure Financing Option can be retained indefinitely and recycled back to the NSP program. Under the Wyoming Acquisition and Rehabilitation program (WARP) and the Rental Opportunities Program ReOpp, the NSP funds will be also end up as loans either to homeowners or to for-profit developers, non-profit entities, or Public Housing Authorities. The State of Wyoming is making a request of HUD to allow the payment of these loans to be considered revenue and therefore retained by the State of Wyoming NSP program. This waiver will allow the State of Wyoming to retain the funds for assisting additional NSP eligible activities rather than returning the funds to the Treasury after July 30, 2013.

The program income will be accounted for based on the originating program; however, it may be re-used to fund any eligible NSP activity. Program income will be expended as it is earned.

### **Homebuyer Counseling**

As per the NSP regulation, each NSP assisted homebuyer is required to receive and complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan. This regulation will put an undue hardship on the State of Wyoming as the State does not have HUD-approved housing counseling agencies in many areas of the State in which program funds will be used. The State of Wyoming is making a waiver request of HUD to allow the Homebuyer Counseling requirement to be met with the five hour homebuyer education course that is taught over a compressed video system by the Wyoming Community Development Authority, the Wyoming Housing Partners, Inc. and the Wyoming Housing Network, Inc (WHN). This course is offered over the State of Wyoming Compressed Video Teleconferencing System in 10 to 14 locations monthly. Homebuyers receiving funding through the NSP Foreclosure Financing Option and the Wyoming Acquisition and Rehabilitation Program (WARP) will be required to take this course. A copy of the workbook which is used as the course outline is enclosed as Attachment B.

The Wyoming Community Development Authority is the state housing finance agency and has financed over 47,000 mortgages in Wyoming. The Wyoming Housing Network, Inc. is a statewide housing non-profit and is a Neighborworks affiliate and has staff on board with the Neighborworks Housing Counseling certification.

The current homebuyer education program offered through WCDA and WHN in conjunction with Wyoming Housing Partners, Inc. has been operating since June of 2000 and has provide homebuyer education to over 14,000 students in Wyoming. Our recent research shows that foreclosures on WCDA loans with our homebuyer education class is 1.1% and foreclosures on our loans without the class is 4%.

The current HUD-approved housing counseling agencies do not concentrate on homebuyer counseling but lean more towards credit counseling and post purchase counseling. Two of the four HUD approved Counseling agencies listed on HUD's web-site have home offices outside the State of Wyoming, one of the agencies is on the Wind River Indian Reservation and deals more with tenant counseling and the fourth agency deals mostly with tenants or homeowners who cannot make their house payment or rent for the month.

### **Eligible Properties**

The Wyoming Community Development Authority (WCDA) is the housing finance agency for the State of Wyoming. WCDA's major housing program is the Tax Exempt Mortgage Revenue Bond (MRB) Program. WCDA issues tax – exempt mortgage revenue bonds and from those proceeds, purchases eligible first time homebuyer loans from participating lenders across the State of Wyoming. WCDA acts like an instate Fannie Mae or Freddie Mac as the investor on these loans.

As the investor on these mortgages, WCDA is also required to manage the foreclosure process. WCDA purchases four loan types: FHA Insured Loans, VA Guaranteed loans, USDA Rural Guaranteed loans and Conventional loans with Primary Mortgage Insurance issued through one of two companies; Radian Guaranty, Inc. or Genworth Mortgage Insurance Corporation.

When a loan becomes delinquent, each loan type has special processes and procedures that WCDA must follow through each phase of delinquency, foreclosure, redemption and property disposition.

Under the Wyoming Acquisition and Rehabilitation NSP Program, WCDA intends to use the NSP funds to purchase WCDA foreclosed properties. In order to be eligible for the NSP Program, the mortgage insurer/guarantor must be willing to sell the property for not more than 85% of the current appraised value as defined in the NSP regulations.

Each mortgage insurer/guarantor handles their REO portfolio a little differently and WCDA will need to follow the requirements of that mortgage insurer in order to be able to purchase a foreclosed property with NSP funds.

WCDA will provide a complete paper trail for each of these transactions. Among the documents to be provided in WCDA's NSP files will be current appraisals, purchase agreements, rehabilitation costs and complete resell documents for the sale of the property to the homebuyer.