

**Grantee: West Virginia**

**Grant: B-11-DN-54-0001**

**January 1, 2015 thru March 31, 2015 Performance Report**

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**Grant Number:**

B-11-DN-54-0001

**Obligation Date:****Award Date:****Grantee Name:**

West Virginia

**Contract End Date:****Review by HUD:**

Submitted - Await for Review

**Grant Award Amount:**

\$5,000,000.00

**Grant Status:**

Active

**QPR Contact:**

James Marshall

**LOCCS Authorized Amount:**

\$5,000,000.00

**Estimated PI/RL Funds:****Total Budget:**

\$5,000,000.00

## Disasters:

### Declaration Number

NSP

## Narratives

### Summary of Distribution and Uses of NSP Funds:

\$500,000.00 - The State of West Virginia, WV Development Office, will use up to 10 percent of the NSP3 funds for the planning and administration of program activities. Administrative costs will include staffing for overall program management, reporting, and other direct and indirect charges.

\$1,500,000.00 - Mount Hope - West Virginia was successful in landing the Boy Scouts of America's (BSA) "The Summit Bechtel Family National Scout Reserve in West Virginia." This is creating a wonderful opportunity for Mount Hope, as the city has been designated as a "Gateway Community" for the Summit. The community, located in a census tract that shows 54.6% low- to moderate-income persons, has embraced this opportunity by conducting a needs assessment and developing a Comprehensive Plan for clear direction of the obstacles they need to tackle. As a result, they have identified 35 residential properties along with a few commercial properties throughout the city that meet the definition of "Blighted Property" as defined in the West Virginia State Code. These properties pose a detrimental threat to the public health, safety, and/or welfare of the community due to their existing conditions. These funds will demolish those properties and relieve the community of a "slums and blighted" condition. All properties are located within the target area identified on the HUD Mapping Tool, meeting the National Objective of a benefit to low- and moderate-middle-income (LMMI) persons. This demolition will make a significant impact toward stabilizing and beautifying the community in preparation for the status of "Gateway Community."

\$3,000,000.00 - Charleston/Kanawha Housing - This activity will involve the redevelopment of an obsolete, vacant residential multi-family rental property within the blocks comprising the target neighborhood noted under "Location Description." The proposed project will create 16 units for rent by families whose incomes do not exceed 50% of AMI. Most, if not all, of these families will be recipients of Section 8 vouchers. The target area selected for funding will give priority emphasis and consideration to a community in which the NSP3 investment will:

- (1) Prevent further decline of property values in the surrounding area and become the catalyst of neighborhood stabilization and revitalization;
- (2) Decrease the number of dilapidated and/or vacant housing units;
- (3) Attract new residents to the target area;
- (4) Enhance the affordability of rental housing that will remain desirable for the longest period of time;
- (5) Increase the availability of energy-efficient rental housing; and
- (6) Optimize economic activity, to the greatest extent possible, and the number of jobs created or retained that will provide other long-term economic benefits.

### How Fund Use Addresses Market Conditions:

The State of West Virginia has identified the areas of greatest need mainly through the use of data from the HUD Foreclosure Need Website combined with the availability of suitable foreclosed, abandoned, or vacant multi-family properties and commercial properties that can be converted to multi-family rental properties. In particular, the HUD NSP3 Mapping Tool (which identifies an area's Foreclosure Related Needs Score by considering unemployment rates, fall in home values, vacant addresses as reported by the U.S. Postal Service, rates of



foreclosures, delinquencies, and subprime loans within a census tract) was used to determine areas that exceed the State's minimum threshold score of 7 as identified by HUD. The entire State was taken into consideration, which, therefore, includes all entitlement communities in the State. The use of targeted areas with a Foreclosure Related Needs Score in excess of the State's minimum threshold ensures that only areas which fall in the top 20% of areas most affected by the foreclosure crisis in West Virginia will be considered.

According to the annual report Out of Reach 2010 published by the National Low Income Housing Coalition, the demand for rental housing continues to increase as more and more people are either forced out of ownership due to foreclosure or choose to rent rather than own in light of the tightening credit markets and now-obvious risks involved with home ownership. Approximately 50% of low-income American households are renters who often have lower incomes than owners and pay a larger proportion of their income on housing costs and utilities. This makes them more vulnerable to a weak job market than traditional homeowners. As a result of the increased number of unemployed and number of households that have been foreclosed upon, a larger number of households will be searching for a decent, affordable place to rent.

Census data shows a significant number of renters experience severe housing cost burdens, with housing costs consuming more than 50% of their family income. Federal standards indicate that affordable housing should consume no more than 30% of family income. Data from the Consumer Expenditure Survey (produced by the U. S. Department of Labor, Bureau of Labor Statistics) indicates that families that pay more than half of their income for housing are more likely than others to live in housing with serious physical condition problems. Such problems may include lack of functional plumbing, inadequate heating, or exposed electrical wiring.

### **Ensuring Continued Affordability:**

Subrecipients must ensure continued affordability for NSP-assisted housing by the use of WVDO-approved enforceable recorded liens, written agreements, and contracts that ensure that, to the maximum extent practical and longest feasible term, property assisted with NSP funds will remain affordable to individuals or families whose incomes do not exceed 120% AMI or, for units originally assisted with funds that meet the 25% setaside, will remain affordable to individuals and families whose incomes do not exceed 50% AMI.

The minimum affordability requirements for NSP are:

#### **Rental Projects**

NSP Subsidy per Unit	Affordability Period
Less than \$15,000	5 years
\$15,000 - \$40,000	10 years
More than \$40,000	15 years
Acquisition or Building of New Construction Unit	20 years

These are minimum requirements. The subrecipient may propose to implement more stringent affordability requirements than the minimum listed above to ensure that the properties remain affordable for as long as possible.

Rental property owners/managers will be required to document that the units are occupied by income-qualified households during the period of affordability, both upon initial occupancy of the units and each time they are vacated and re-occupied.

### **Definition of Blighted Structure:**

As defined in the WV State Code: "Blighted property" means a tract or parcel of land that, by reason of abandonment, dilapidation, age of obsolescence, inadequate provisions for ventilation, light, air, or sanitation, high density of population and overcrowding, deterioration of site or other improvements, or the existence of conditions that endanger life or property by fire or other causes, or any combination of such factors, is detrimental to the public health, safety, or welfare.

### **Definition of Affordable Rents:**

West Virginia has two tiers of rents.

- Set Aside Units for families with incomes below 50% Area Median Income (AMI) — The maximum rent set for these units can be no higher than the published Low HOME rents less the appropriate Utility Allowance. The Utility Allowance is determined for each community by



the local Public Housing Authority.

• Units for families between 51% to 120% of AMI &ndash The maximum rent set for these units can be no higher than 30% of 100% of AMI adjusted for family size and the appropriate Utility Allowance. Rents must be calculated as follows:

1. To determine 100% of AMI, go to the HUD website for the latest income limits. <http://www.huduser.org/portal/datasets/il/il10/index.html>.
2. On this chart, Very Low Income is 50% of AMI, so double this number to determine 100% AMI for each bedroom size. For 1-BR units, use the 2 person income limit; for 2-BR units, use the 4 person income limit; for 3-BR units, use the 6 person income limit; for 4 BR, use the 8 person income limit.
3. Multiply each income limit by .3 (30%).
4. Divide by 12.
5. Subtract the appropriate Utility Allowance . That number is the monthly maximum allowable rent per bedroom size. The Utility Allowance is determined for each community by the local Public Housing Authority.
6. The subrecipient should set the rent at an amount less than the maximum allowed, and it should be reasonable given comparable units in the local market. Also, the rents should not be so high as to unduly enrich the subrecipient.

**Housing Rehabilitation/New Construction Standards:**

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

-All gut rehabilitation or new construction (i.e., general replacement of the interior of a building that may or may not include changes to structural elements such as flooring systems, columns, or load bearing interior or exterior walls) of a residential building up to 3 stories must be designed to meet the standard for Energy Star Qualified New Homes.

-All gut rehabilitation or new construction of mid- or high-rise multi-family housing must be designed to meet American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Standard 90.1-2004, Appendix G plus 20 percent (which is the Energy Star standard for multi-family buildings piloted by the Environmental Protection Agency and the Department of Energy).

-Other rehabilitation must meet these standards to the extent applicable to the rehabilitation work undertaken, e.g., replace older obsolete products and appliances (such as windows, doors, lighting, hot water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers, and dishwashers) with Energy Star-46 labeled products.

-Water efficient toilets, showers, and faucets, such as those with the WaterSense label, must be installed.

-Where relevant, the housing should be improved to mitigate the impact of disasters (e.g., earthquake, hurricane, flooding, and fires).

**Vicinity Hiring:**

The subrecipient will, to the maximum extent feasible, meet a target of 30% of new hires that reside in the vicinity of the NSP3 funded project or contract with businesses that are owned and operated by persons residing in the vicinity of the NSP3 project. For purposes of NSP3, HUD defines &ldquovicinity&rdquo as each neighborhood identified by the State of West Virginia as being within the areas of greatest need.

Section 3 of the HUD Act of 1968: The subrecipient will develop a plan to provide job training, employment, and contract opportunities for low- or very-low-income residents in connection with the NSP3 project in their neighborhood.



**Procedures for Preferences for Affordable Rental Dev.:**

If a project receives federal or state project-based subsidies and the tenant pays no more than 30 percent of his or her rent, the maximum rent may be the rent allowable under the project based subsidy program.

**Grantee Contact Information:**

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Overall	This Report Period	To Date
<b>Total Projected Budget from All Sources</b>	N/A	\$5,000,000.00
<b>Total Budget</b>	\$0.00	\$5,000,000.00
<b>Total Obligated</b>	\$0.00	\$5,000,000.00
<b>Total Funds Drawdown</b>	\$0.00	\$5,000,000.00
<b>Program Funds Drawdown</b>	\$0.00	\$5,000,000.00
<b>Program Income Drawdown</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Total Funds Expended</b>	\$0.00	\$5,000,000.00
<b>Match Contributed</b>	\$0.00	\$0.00

**Progress Toward Required Numeric Targets**

Requirement	Required	To Date
<b>Overall Benefit Percentage (Projected)</b>		0.00%
<b>Overall Benefit Percentage (Actual)</b>		0.00%
<b>Minimum Non-Federal Match</b>	\$0.00	\$0.00
<b>Limit on Public Services</b>	\$750,000.00	\$0.00
<b>Limit on Admin/Planning</b>	\$500,000.00	\$467,088.88
<b>Limit on State Admin</b>	\$0.00	\$467,088.88

**Progress Toward Activity Type Targets**

Activity Type	Target	Actual
<b>Administration</b>	\$500,000.00	\$467,088.88

**Progress Toward National Objective Targets**

National Objective	Target	Actual
<b>NSP Only - LH - 25% Set-Aside</b>	\$1,250,000.00	\$3,488,651.56

**Overall Progress Narrative:**

No activity occurred during the first quarter of 2015, however we will begin closing out some of the completed projects soon.



# Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
10-06N3, Mt Hope Demo	\$0.00	\$1,011,348.44	\$1,011,348.44
11-00N3, Admin.	\$0.00	\$467,088.88	\$467,088.88
11-061N3, Chas. Kan. Housing	\$0.00	\$3,488,651.56	\$3,488,651.56
15-0072N, Huntington H.A.	\$0.00	\$32,911.12	\$32,911.12
9999, Restricted Balance	\$0.00	\$0.00	\$0.00



