

The Salt Lake Tribune

<http://www.sltrib.com>

New nonprofit learning the housing rehab ropes

Government » Deals pending but federal housing dollars are still untapped.

By Cathy McKittrick
The Salt Lake Tribune

Salt Lake Tribune

Updated: 10/05/2009 12:24:01 PM MDT

The Salt Lake Tribune

<http://www.sltrib.com>

The new Utah Center for Affordable Housing (UCAH) is struggling to spend the state's initial \$20 million in federal neighborhood stabilization funds and state affordable housing officials chose not to apply for the second round of grants.

Meanwhile, more seasoned Utah nonprofits await word on whether they will receive Round 2 funding and continue to purchase, refurbish and sell blighted properties using existing grants.

UCAH says it is poised to begin a property-acquisition blitz after getting up to speed on complex regulations and financing options.

"We're looking at 11 properties right now, some with multiple units" -- potential housing for more than 300 families, said Mike Plaizier, a Zions Bank executive and member of the fledgling nonprofit's board.

"We should have several million dollars worth of properties purchased in the next 45 to 60 days," Plaizier projected.

Utah received the first-round funds in March, and the state's Division of Housing and Community Development awarded the bid to UCAH in late May. But outcry from long-time housing advocates, who believed they'd been shut out of that process, forced a re-bid resulting in the same outcome two months later.

Plaizier said that UCAH finalized its contract with the state in August, then signed on with the National Community Stabilization Trust, which allows a sneak preview of foreclosure lists before real estate agents get a peek.

Federal guidelines require the first-round funding -- aimed at putting low to moderate-income families into abandoned and foreclosed homes -- to be obligated by October 2010 and spent by 2013.

That task is complicated because of government regulations, thick contracts and the need to interface with several banks, said Gordon Walker, director of Utah's division of Housing and Community Development.

At least \$5 million of Utah's cash must target the population at or below 50 percent area median income (AMI), the remainder for those up to 120 percent AMI.

And while federal guidelines allow Neighborhood Stabilization Program (NSP) money to be used for subsidies such as deferred second mortgages, the state's more restrictive plan excluded that option.

Still, Walker is enthused about the center's future.

"This was money that would have been very easy to hand out and you'd never see it again," Walker said. "But we set it up so it would revolve, so the dollars will be leveraged and used many times over."

Howard Headlee, president of the Utah Bankers Association, was recently elected as chairman of the center's board.

"I do sense that this housing market is starting to turn around," Headlee said. "We'll have to be more nimble than we were six months ago."

A glimpse of foreclosure lists revealed another challenge as well.

"A lot of the stuff you see out there are more expensive homes on bigger lots that won't qualify for what we're trying to do," Headlee said.

--

Round 2 » Meanwhile, Salt Lake County teamed with the nonprofit Community Development Corp. (CDC) to apply for \$6 million of Round 2 NSP funding.

"We expect to hear back soon," said Salt Lake County Housing Manager Randy Jepperson.

Their plan is to use the money over three years to refurbish 90 houses and make them energy-efficient and to build 30 new homes.

"We're already doing this in the Magna-Kearns area," Jepperson said. "The new funding would be for West Valley City, Taylorsville and West Jordan."

Jepperson explained how the county's Idea House program works: "We take the most blighted homes and make them the best on the block."

That makeover includes upgrades for porches and kitchens, installing new water heaters and furnaces, and beefing up a home's insulation to lower energy costs.

It also means providing down payment assistance and zero-interest deferred loans to bridge the gap between the property's worth and a family's ability to pay.

"We've actually done this for about 15 years," Jepperson said.

The Community Development Corp. has put under contract 18 foreclosed properties in the past 90 days, said Darin Brush, the nonprofit's executive director.

"You don't cherry-pick the homes," Brush said. "You pick those that really need work and do a good rehab job, then sell it to a family who can qualify."

UCAH Executive Director Dan Peterson reached out to CDC, Brush said, for future collaboration.

"We're remaining optimistic but we're moving on with our own programs," Brush said, noting that the state's subsidy ban limits their reach.

"They've created a more rigid structure than needed," Brush said. "We want to take projects where we raise the neighborhood, and that often requires extensive rehab and incentives for the homebuyers."

--

Homeless demand rising » While bankers try to make the deals pencil, Matt Minkevitch, executive director for The Road Home, juggles rising demand at Salt Lake County's homeless shelters with dwindling donations.

"We have 32 families in our shelter and 21 families staying in our lobby," Minkevitch said of the disturbing surge that began two years ago. "The other counterbalance to this -- we're seeing a drop-off in private donations that keep our traditional services in place."

Minkevitch blames both factors on the recession's effect on family budgets. Two years ago, The Road Home served 3,700 people. That number spiked to 5,300 last year, Minkevitch said.

The bright spot in that grim picture is a few million in one-time federal stimulus dollars that can be used for "rapid re-housing" -- namely, deposits, rent and utility assistance.

"We're talking about executing contracts as early as Oct. 1," Minkevitch said. "If local landlords have vacant units, we can move families out of the shelter more quickly than ever in the past, thanks to these resources."

However, time is of the essence as the days shorten and temperatures continue to drop, Minkevitch.

"We don't have the luxury of tarrying."

cmckitrick@sltrib.com

Neighborhood Stabilization Program timeline

March » Utah received \$19.6 million in Round 1 funds.

Late May » The state awarded the bid to the new Utah Center for Affordable Housing.

Late July » After complaints about the process, the state re-bid the project, but again awarded the contract to UCAH.

July 17, 2009 » The deadline to apply for NSP Round 2 funding.

Required use of NSP-1 funds:

At least one-fourth of the dollars must target people and families below 50 percent area median income. In Salt Lake County, median family income is set at \$67,800.

The remaining funds can target individuals and families up to 120 percent area median income.

Source » www.huduser.org

Close Window

Send To Printer