

Grantee: State of Kansas

Grant: B-11-DN-20-0001

July 1, 2011 thru September 30, 2011 Performance Report



Grant Number:

B-11-DN-20-0001

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

State of Kansas

Contract End Date:

03/11/2014

Review by HUD:

Reviewed and Approved

Grant Amount:

\$5,000,000.00

Grant Status:

Active

QPR Contact:

No QPR Contact Found

Estimated PI/RL Funds:

\$0.00

Total Budget:

\$5,000,000.00

Disasters:

Declaration Number

No Disasters Found

Narratives

Summary of Distribution and Uses of NSP Funds:

State of Kansas NSP III Summary of Distribution and Uses of NSP III Funds Eligible
 Use Description Allocation Local Proposed Activity Match Accomplishments Administration State of Kansas \$150,000 Wyandotte Co \$339,490
 Eligible Use B Acquisition & Rehabilitation <120% LMMI \$1,943,850 \$44,670 15 houses Eligible Use B Acquisition & Rehabilitation < 50%
 LMMI \$647,950 \$0 5 houses Eligible Use E Purchase, Demolition, and Redevelopment <120% LMMI \$1,279,140 \$0 6 houses Eligible Use
 E Purchase, Demolition, and Redevelopment <50% LMMI \$639,570 \$0 3 houses Totals \$5,000,000 \$44,670 29 houses

How Fund Use Addresses Market Conditions:

General Conditions/ Low Income Targeting

Wyandotte County represents 15 percent of the foreclosures in Kansas even though it has less than 6 percent of the total population. In 2009, there were 1,456 foreclosures in Wyandotte County, or about 1 foreclosure per every 40 occupied housing units. The foreclosure rate is the highest in the state, with 26 out of 70 total census tracts at or above the HUD Foreclosure Risk Factor score of 12 (20 being the highest). Wyandotte County is the only "urban" county suffering from such drastic levels of risk and will require the enlistment of enormous financial resources to continue engaging the issue of arresting economic and social disinvestment.

According to the 2009 American Community Survey (ACS), 10,441 or 15 percent of the 67,959 housing units in Wyandotte County were vacant. This reflects a 3.4 percent homeowner and an 11.9 percent rental vacancy rate. While there was a general rise in new home values overall, due to the housing boom in western Wyandotte County, it is not indicative of the concurrent 6 percent reduction in housing value in areas north of I-70 and east of I-635 over the same period [1]. In addition to negative home values, housing redevelopment and rehabilitation costs rise with an increase in housing age. Case in point, sixty-two percent of housing units in Wyandotte County were built prior to 1970. In fact, one in five houses was built prior to 1940.

A high proportion of low- and moderate-income residents and families are experiencing prolonged, high-level unemployment and extreme foreclosure risk in this densely populated County. Although nearly 52 housing units have been acquired, demolished, rehabbed, or redeveloped with funds from NSP 1 (Housing and Economic Recovery Act of 2008); the continued rise in unemployment and housing foreclosures has created a stronger need for continued stabilization efforts. Some common economic indicators help to provide illustration of this need more clearly. For example, the county's 2010 population of 155,085, was ranked 4th out of 105 counties in Kansas. Also, unemployment rose 5.1 percent over the period from 2005-2009, moving from 8.8 percent to nearly 13.9 percent. Despite this rise in unemployment, Wyandotte County is still an important employment center in the metropolitan area. However, nearly 44 percent of the workforce that comes here lives outside of Wyandotte County, despite its relatively cheaper cost of living compared to adjacent counties and communities. This is in part, due to the poor condition of the housing stock, with 85 percent of residential structures being 50 years or older. In addition, many of these structures built prior to 1960, were rarely insulated to achieve energy efficiency; signifying a large economic cost to today's homeowner in increased heating and cooling bills and renovations to modernize.

NSP3 regulations require that all funds be used with respect to individuals or families whose income does not exceed 120 percent of the area median income (AMI). The county's AMI was \$44,224 and 120 percent of that is \$53,069 (ACS, 2009). The 2009 estimate also shows that there are 56 percent of families with incomes under \$49,999, making them eligible for this program. It i



How Fund Use Addresses Market Conditions:

at nearly 22 percent of the county population lives at or below the federal poverty line, and 29 percent of homeowners with a mortgage have housing burdens of 35 percent or greater, compared with the state of Kansas at 13 and 18 percent respectively. Higher cost burdens and falling home values, often equates into a more tenuous economic situation for owners and renters alike. For owners, the most likely outcome is an inability to continue meeting debt obligations and the likely outcome resulting in foreclosure proceedings by lenders.

Method Used To Identify Areas:

To determine the areas of greatest need, the UG used the NSP 3 HUD required Mapping Tool located at the Foreclosure Need website (<http://www.huduser.org/portal/datasets/NSP.html>). (See Exhibit D) The information includes estimates of foreclosure need and foreclosure related needs scores at the Census Tract Level. The scores range from 1 to 20, with 20 being census tracts with the HUD-estimated greatest need. Identified target geography must meet criteria of not less than the lesser of 17 or the twentieth percentile most needy score in an individual state. The State of Kansas has a minimum requirement need score rating of 14 or higher. Wyandotte County has 2 areas with scores of 19 at Census tracts 407 and 439. Therefore, after evaluation of all eligible greatest need areas by score, it was then determined that the following criteria would be used for each of the census tracts with risk scores of 19 and contiguous areas to comply with other HUD criteria for outcomes, which are as follows:

Areas with the highest number of foreclosed homes to make an impact

- Areas most likely to meet the "deep targeting" requirement of no less than 25 percent of funds used to provide housing for households whose income do not exceed 50 percent of area median income
- Need to invest in neighborhoods with greatest need to be reconnected and revitalized with the economy, housing market, and social networks of the community and metropolitan area as to make a visible difference.

Using the methods described above, the Target Area was developed based on the following guidelines:

- It includes the overall highest scoring census tract, and has an overall foreclosure capacity no more than 150 percent of the UG capacity to redevelop over the three year period
- The neighborhoods should be located within the 2010 Consolidated Plan Area One which is targeted for redevelopment and described as a predominance of low income, with a high number of homes in need of major rehabilitation and/or demolition. This area is east of I-635 and north of I-70.
- It integrates existing expenditures from NSP 1 to create a substantial impact.

Description of Proposed Target Area

The Target Area includes census tracts 402, 403, 404, 407, and 412. Of these five census tracts, 407 represents not only the most distressed in the county, but in the state with a risk score of 19 and a high-cost/ sub-prime mortgage rate.

How Fund Use Addresses Market Conditions:

almost 8 out of every 10 mortgages. In addition to this, the area suffers from a 23 percent vacancy rate. It is geographically bounded on the north by the Burlington Northern Santa-Fe Line, the east by 10th Street, the west by I-635, and the south by Washington Blvd/18th Street. There are 707 housing units with a mortgage in this area, with 42 units foreclosed upon and Real Estate Owned (REO). The 20 percent REO level to create a substantial impact is estimated to be 10 units. This area consists of the Northeast and Northwest neighborhoods which are identified in the Consolidated Plan, each representing the highest and second-highest vacancy rates per neighborhood in Kansas City, Kansas respectively. They also represent some of the most negatively impacted areas, with poverty rates of 32.4 percent and 19 percent respectively. These two areas are in need of strategic housing redevelopment due to the precipitous drop in owner-occupied housing units, representing a combined 34.1 percent over the period from 1990 to 2000.

Census tracts in this target area already receiving assistance from NSP 1 are:

- 402- \$266,899.52
- 404- \$141,731.33
- 412- \$158,201.38
-

As required by NSP3 regulations, to ensure that deep targeting of funds is directed toward the stabilization of housing in very low-income areas, the UG shall require that not less than 25 percent of the appropriated NSP3 funding is distributed to households that are at or below 50 percent AML. About 34.1 percent of all persons had incomes below this amount.

Specific Measures for Targeting NSP3 low-Income Set Aside Applicants

Our strongest opportunity for generating eligible low-income applicants will be facilitated through use of the following:

- 1) Marketing through our local housing agency (Kansas City Kansas Public Housing Authority) and community housing development organizations, the Social Rehabilitation Service Agency, as well as specific notification on the county website.
- 2) Applicant intake measures through our existing Community Housing Investment Program (CHIP), Specifically using the intake period as an opportunity for homebuyer counseling on the NSP process.
- 3) While social media has proven to be a useful tool in disseminating information and will be used in NSP 3 by the Unified Government, it has been suggested by recent data that many in our affected target area do not have adequate internet access and therefore, the Unified Government shall continue to utilize traditional print media. Inserts in local periodicals and neighborhood papers will provide information on whom to call for further information on NSP as well as who is eligible.
- 4) Lenders Consortium- A local group of commercial lenders under agreement with the Unified Government to market and educate potential homebuyers on the NSP requirements, and underwriting criteria, as well as making referrals to the Unified Government as applicable.
- 5) &nbs



How Fund Use Addresses Market Conditions:

p;Community Housing Development Organizations/ Neighborhood Groups- Agencies in the target area that engage in housing related activities and that engage .local realtors to generate potential sales leads as well as enlisting initial income eligibility, explicitly noting the need to find low-income buyers for rehabbed houses.

6) Use of an independent housing consultant hired by the Unified Government to assess the target area's inventory of vacant an foreclosed properties for eligible rehab projects as well as identifying market demographics for selected breakout by census block groups (Realty Trac and Policy Map tools).

Funds equal to 25% of the grant shall be set identified for use by low-income applicants. In addition to traditional sales and NSP subsidies for affordability,the UG may utilize a lease-purchase mechanism for eligible applicants <50% AMI. The terms for the lease-purchase shall be governed by the HOME affordability requirements; applying to both the rental period and ownership period. The Unified Government will work with the prospective homebuyer on structuring the rent to include an amortized portion of the needed down-payment less assistance as provided with NSP funding. This portion will help to reduce both the 'out-of-pocket expense to the buyer at closing and the subsidy from the lender (UG).

[1] Statistic taken from HUD NSP3 Mapping Tool Data Summary for Wyandotte County, December 2010

Marketing Strategy- The UG marketing strategy will include the use of print and digital media, as well as community networking, to effectively and responsibly place rehabbed and redeveloped units into the housing market. Examples of these vehicles are:

- Printed brochures
- Listings on the Unified Government website
- Listings in the Multiple Listing Service (MLS)
- Partnerships with consultant real estate professionals
- Community-based/ religious organization outreach
- Local banks and mortgage brokerages such as the members of the KC Lender's Consortium

Affordable Rental Strategy - While the Unified Government recognizes the national focus and local need for more affordable rental accommodations; a recent survey of the Wyandotte County area reveals a need for single-family housing over apartment/rentals, 66 percent to 33 percent. It is the county's policy that rental issues and creation will be handled by the Kansas City, Kansas Public Housing Authority (KCKPHA). Their approach to meeting the area rental need for low- and extremely-low income families will utilize the following resources:

- Housing Choice Voucher Program (Section 8)
- Section 202 and Low-Income Housing Tax Credits

Ensuring Continued Affordability:

Long Term Affordability

Home Ownership Affordability Requirements

Homebuyers under the NSP III program must obtain a fee simple title of the home from the NSP III grantee. Perspective homebuyers must purchase their home from the NSP III grantee after securing a loan from a bank or other lending institution. Homebuyers are prohibited from securing variable rate loans in order to "afford" the housing unit. As part of securing a mortgage, perspective buyers must enroll and complete an eight hour credit counseling course offered by HUD accredited organizations.

Once an NSP III home is ready for sale, the grantee must secure an appraisal that arrives at the fair market value. Upon this determination, the grantee may write down the sales price on the home in order to make the sale possible to income qualified homebuyers. The guidelines for writing down the sales price of homes must be in writing and applied equally to all perspective buyers. For example, buyers earning less than 50% of Area Median-Income (AMI) will receive a 40% write down on the appraised value of the home they are interest in purchasing. While buyers earning less than 120% of AMI will receive a 20% write down of the appraised value of the home they are interested in purchasing.

After a perspective buyer has decided to purchase an NSP III home, and the NSP III grantee has discussed write down provisions of the program, the buyer must secure a loan from a bank or other lending institution. As part of the closing documents, the buyer must enter into a repayment agreement for a prescribed period of time depending on the write down amount, Or if the repayment agreement will require the homeowner to repay the "write down" subsidy at a prorated amount if he or she decides to sell the home prior to the expiration of the repayment agreement. The repayment agreement must be calculated based on a monthly write down of the subsidy amount. For example, if a buyer receives a \$10,000 subsidy, the monthly repayment is calculated by dividing \$10,000 by 60 months. Thus, the monthly write down is \$166. In the event an owner sells his or her home after a year of occupancy, the owner is forgiven \$2,000 (\$166 X 12). The remaining proceeds must be returned to the NSP III grantee at the time of sale of the home. Upon the completion of the repayment agreement term, the repayment agreement will become null and void and the home owner is free to dispose of the home as he or she sees fit.

Affordability Periods

Affordability Period

Subsidy Amount

5 years (60 months)

Less than \$14,999

10 years (120 Months)

Between 15,000 -\$40,000

15 years (180 Months)

Over \$40,000

The sale of the NSP III home to a perspective buyer hinges on the willingness of the buyer to enter into a repayment agreement. Once signed, the repayment agreement is filed, along with the deed with the county registrar of deeds. Thus, the future sale of the home will hinge



on clearing the title and settling the repayment agreement.

If repaying the proceeds from the sale of the house is not an option, the owner may resell the original home to another income-eligible homebuyer. This sale must be at a price that is affordable to the purchaser,

Ensuring Continued Affordability:

Although the owner is allowed a fair return on the sale. The period of affordability will continue on to the new homeowner. Under HOME regulations, the grantee defines both the term of affordability and a fair return.

Properties assisted through NSP and operated as affordable rental housing will utilize the current Fair Market Rents as published by the U.S. Department of Housing and Urban Development as the maximum rent limit (Exhibit D).

Grantees must obtain current Section 8 utility allowance for tenant-paid utilities, as established by the local public housing authority. In determining compliance with the above paragraph, the contract rent of the unit(s) shall not exceed the current Fair Market Rent minus the current Section 8 utility allowance.

Regardless of subsequent changes in fair market rents over time, the NSP rents for a project are not required to be lower than the rent limits for the project at the time of project commitment. Any increase in rents for NSP-assisted units is subject to the provisions of outstanding leases, and in any event, the owner must provide tenants of those units no less than 90 days prior written notice before implementing any increase in rents.

Rental units shall be restricted to households at or below 120% of the AMI, and no more than 120% of AMI, as established annually by HUD. Priority should be given to providing rental units to individuals and families earning no more than 50% of AMI to ensure the sub-grantee addresses the 25% very low-income requirement of the program.

NSP-assisted rental units continue to qualify as affordable housing despite a temporary noncompliance caused by increases in the incomes of existing tenants provided that actions are being taken to ensure that all vacancies are filled in accordance with the above requirements, until the noncompliance is corrected.

Continued Affordability for NSP assisted housing

To ensure continued affordability of NSP assisted rental housing, sub-grantees will be required to enter into contracts or restrictive covenants with any entities to which it sells or provides housing. Such contracts must ensure the continued affordability of the properties to persons within NSP affordability guidelines. However, sub-grantees will have the discretion to make a number of units available to persons earning up to 120% of the area median income, so long as at least 25% of the dwellings are provided to persons or households at or below 50% of AMI. The NSP assisted owner occupied dwelling units must remain affordable for a period of 10 years.

Sub-grantees must bear in mind Congress's mandate of providing up to 25% of NSP funds for the benefit of persons earning less than 50% of the grantee's area median-income.

Definition of Blighted Structure:

Pursuant to K.S.A.12-1770a., the definition for blighted area includes blighted structure.

In the State of Kansas, a blighted area means an area which, because of the presence of a majority of the following factors, substantially impairs or arrests the development and growth of the municipality or constitutes an economic or social liability or is a menace to the public health, safety, morals or welfare in its present condition and use.

The majority of factors include a substantial number of deteriorated or deteriorating structures; a predominance of defective or inadequate street layout; unsanitary or unsafe conditions; deterioration of site improvements; tax or special assessment delinquency exceeding the fair market value of the real property; defective or unusual conditions of title including but not limited to cloudy or defective titles, multiple or unknown ownership interests to the property; improper subdivision or obsolete platting or land uses; the existence of conditions which endanger life or property by fire or other causes; or conditions which create economic obsolescence; or has been identified by any state or federal environmental agency as being environmentally contaminated to an extent that requires a remedial investigations; feasibility study and remediation or other similar state or federal action; or a majority of the property in a 100-year floodplain area; or was previously found by resolution of the governing body to be a slum or a blighted area under K.S.A. 17-4742 et seq., and K.S.A. 17-4760 and amendments thereto.

K.S.A. 17-4760

(h) "Slum area" shall mean 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 such factors is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime, and is detrimental to the public health, safety, morals or welfare.

K.S.A. 17-4760

(i) "Blighted area" shall mean an area (other than a slum area) which by reason of the presence of a substantial number of slum, deteriorated or deteriorating structures, predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness, insanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such 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: Provided, That if such blighted area consists of open land the conditions contained in the provision in K.S.A. 17-4747(d) shall apply.



Definition of Affordable Rents:

Any NSP-assisted rental housing sold prior to the expiration of the 10-year affordability contract must be sold to an entity willing to maintain the affordability objective until the affordability contract clause has been satisfied. Rental property bought under NSP that is sold to a for-profit entity not willing to maintain the rental restriction must return the proceeds of the sale as program income to the U.S. Treasury.

The NSP-assisted rental units must meet the affordability requirements for not less than the applicable period specified in the following table, beginning after project completion. The affordability requirements apply without regard to the term of any loan or mortgage or the transfer of ownership, and will be imposed by covenants running with the land, except that the affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure. The grantee may use purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure or deed in lieu of foreclosure to preserve affordability.

The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the foreclosure, or deed in lieu of foreclosure, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the project or property.

| | |
|--------------------------|----------------------------------|
| NSP Funding per Unit | Period of affordability in years |
| At or less than \$40,000 | 10 |
| Over \$40,000 | 15 |

Owners must annually provide the grantee with information on rents and occupancy of NSP assisted units to demonstrate compliance with this section. Sub-grantees will use Section 8 Fair Market Rents as the maximum rent limit for NSP rental activities.

Housing Rehabilitation/New Construction Standards:

NSP 3 Housing Quality Standards

I. Introduction

These physical guidelines for the rehabilitation of existing residential properties have been developed to provide minimum design and construction criteria on a statewide basis. The provisions are extended to serve as an important aid in carrying out the objectives of state and local programs for neglected and run-down properties. These objectives seek the large-scale physical, social and economic regeneration of neighborhoods, which have, in general, seriously deteriorated. These Housing Quality Standards are divided into two parts: a) health and safety standards (which includes weatherization) and, b) livability standards. Health and safety standards outline the minimal basic standards to address health and safety issues for the residents of the unit. However, we have not included weatherization into health and safety. The goal of the livability standards is to add 20 years to useful life to the housing unit, addressing issues beyond those considered a health or safety threat. All housing units receiving NSP assistance must comply with the health and safety standards; a minimum of 80 percent of funds for housing rehabilitation assistance must be spent to enable a unit to meet the higher standard of livability. If it is determined that a house cannot be brought up to livability standards for the monies available, the grantee should address only the health and safety standards if the grantee’s “walk-away” policy does not affect the decision.

The purpose and intent of the guidelines are threefold:

- To assure improved housing that is livable, healthful, safe and physically sound, and at the same time is low enough in cost for present neighborhood residents to afford.
- To provide an acceptable minimum level for residential rehabilitation based on performance, which has maximum flexibility to meet local conditions.
- To encourage innovation and improved technology, which give the promise of reduced construction costs.

A. Contrast with New Construction Standards

These guidelines for rehabilitation are significantly different from standards for new construction. These deteriorating buildings were built many years ago by standards quite different from those practiced today. Former patterns of living and the use of space are now likely to be considered inefficient or inconvenient. Properties, in many cases, will have become substandard because of overcrowding, lack of sanitary conditions and general neglect.

B. Other Codes and Regulations

These guidelines, while setting forth basic objectives and provisions specifically related to rehabilitation, shall not be construed as relieving the property owner, project sponsor or their builder of his/her responsibility for compliance with local ordinances, codes and regulations, including established requirements of health officers or other auth

Housing Rehabilitation/New Construction Standards:

ving jurisdiction.

1. Local Codes - Where a local code, regulation or requirement is incomplete or does not fulfill the purpose and intent of these guidelines, this document or local standards derived from these guidelines shall apply.
2. Fire Administration Authorization Act of 1992 - This Act requires all dwelling units to be equipped with either hard-wired or battery-operated smoke detectors. Refer to this Act for additional guidelines for all housing other than single family dwellings.

II. NSP Standards

A. Health and Safety Standards, includes Weatherization



Health and Safety Standards were developed to provide guidelines for the general well-being of the individuals residing in the home. A maximum of 20 percent of Housing Rehabilitation Activity funds may be used to meet Health & Safety Standards. NSP funds may be spent on emergency issues or for handicap accessibility only, outside of the targeted area. Funds spent outside the target area on emergencies or accessibility must be included in the 20 percent of funds designated for Health & Safety Standards.

1. Utilities: Utilities shall be provided for each property or project, including water sewer, and electrical utilities. Approvable utilities include:
 - a. State approved city/Rural Water District (RWD) or county supplied water, sewer, electrical and gas utilities.
 - b. Privately owned water, sewer, electrical and gas utilities that have been approved by the state and local public institutions for use for residential dwellings.
 - c. For structures connected to an on-site water well, water must be tested and meet water quality standards for drinking water as required by the Kansas Department of Health & Environment (KDHE) for public water supplies; or water supply must be connected to an on-site package disinfecting facility and water must not contain toxic substances determined, in the concentrations present, to be harmful to human health by the KDHE or the Environmental Protection Agency.
 - d. For structures connected to existing on-site septic systems, the design of the system shall ensure that effluent from the septic system and disposal field is not discharging into public and private drinking water supplies, stagnating in pools on the surface or backing up into the residences. For septic systems installed, grantees are required to obtain a permit from the applicable state agency involved. Construction specifications shall follow guidelines established by the applicable state agency.
 - e. For structures connected to on-site propane tanks, propane lines connecting the tank to the building shall conform to Bidng

Housing Rehabilitation/New Construction Standards:

Officials and Code Administrators (BOCA) codes.

- f. Structures connected to gas, propane, water, electrical or sewer shall be connected with piping or conduit that is not corroded, does not leak, or is otherwise not allowed by these standards. Bare steel gas lines must be inspected for safety by a local gas company and repaired, if necessary. The inspection report must be in each file.
2. Structural: All floors, stairs, ceilings or other load bearing structural members shall be free of hazards that would indicate a potential for the building or individual members of the building to collapse.
3. Roofs: Roofs shall be repaired or replaced if they have serious defects indicating the potential for structural collapse or if they allow the infiltration of significant amounts of water or air. If repaired, all critical joints in exterior roof construction shall be protected by appropriately installed sheet metal, flashing material or rubberized roofing membrane.
4. Weatherization: All water piping in non-insulated spaces shall be insulated so as to keep them from freezing. All foundation and mobile home crawl spaces shall be enclosed to prevent pipes from freezing in the winter. Pipes shall not be insulated with asbestos material. All asbestos insulating material shall be replaced with non-asbestos material or encapsulated with high-temperature paint or other Environmental Protection Agency (EPA) approved material.
5. Lead-Based Paint: The issue of lead-based paint must be addressed in every house built prior to 1978 receiving rehabilitation assistance in all HUD programs according to the new regulations that went into effect on September 15, 2000. There are additional notification requirements, new standards that must be met for reduction or abatement of lead-based paint, and safe work practices and clearance must be adhered to in all rehabilitation. See Attachment 20 herein for the new regulations, the new Kansas program regarding certification of lead-based paint professionals, and the Kansas NSP policy regarding the costs involved. These lead-based paint regulations are a part of the health and safety NSP housing standards and are applicable as to the amount of dollars spent on the housing rehabilitations activity.
6. Heating Appliances: All mechanical equipment shall be inspected for faulty operation, fire and other hazards. Repairs and replacement shall be made as needed and necessary to eliminate the hazard. Heating facilities shall be provided for each living unit. All new installations of heating appliances shall comply with the manufacturer's recommendations for installation and placement. All gas, propane, liquid and solid fuel burning appliances must be vented to the outer air. Existing masonry chimneys or metal flues shall not have cracks or holes that permit smoke or fumes to be discharged. Deteriorated pipes or chimneys that have been determined by the inspector or thgrntetsitu

Housing Rehabilitation/New Construction Standards:

e a potential threat to the safety of the occupant shall be replaced. Existing unlined masonry chimneys which permit flames or fumes to be discharged should be removed and replaced with corrosion-resistant pipe, or, if not replaced, shall be lined with corrosion-resistant pipe one inch less in diameter than the interior of the chimney, or shall be lined with terra cotta. Vent pipes shall slope upward not less than 1/4" per foot.

Any asbestos-containing materials wrapped around vent pipes shall be removed or encapsulated with high temperature paint. Asbestos removal procedures shall conform to EPA regulations.

All heating applications shall be located in unconfined spaces that will provide adequate combustion air as recommended by the manufacturer of the appliances. Located in a confined space, adequate ventilation between the confined area and unconfined space shall be provided to allow adequate combustion air to enter the confined space.



7. Solid Fuel Burning Appliances: All existing chimneys and vents for solid fuel burning appliances shall be cleaned as part of the rehabilitation process. All chimneys and vents for solid fuel burning appliances shall terminate at least two feet above any part of the roof located horizontally with ten feet of the chimney or vent.

a. Metal Flues: (1) Solid fuel burning appliances (wood, coal, etc.) shall be vented so that single walled pipe shall have at least 16" clearance from combustible material; (2) double walled pipe shall have at least 8" clearance from combustible material; and (3) triple walled pipe shall have at least 2" clearance from combustible material. Double walled insulated stainless steel pipe shall have at least 3" clearance from combustible material. All pipe-venting solid fuel-burning appliances shall have been approved by Underwriters Laboratories to withstand heat of 1,500 degrees or more for three hours. All galvanized pipe shall be of #10 thickness or of superior fire resistance.

b. Masonry Chimneys: Existing masonry chimneys being used to vent solid fuel burning appliances shall be constructed of at least 8" of solid masonry around the vent below the roof line and 4" of solid masonry around the vent above the roof line. Combustible material above the roofline shall have at least a 2" clearance from a flue built of less than 8" of solid masonry. All such chimneys shall be lined with terra cotta or firebrick.

c. Placement: Solid fuel burning heaters shall not be placed within 36" of any unprotected walls or within 18" of an unprotected floor. Protection of walls and floors may be provided with or without ventilated spaces between the protection and the wall. Ventilating spaces shall consist of one-inch space between a listed noncombustible material and the wall. Spacers and ties between the material and the wall shall be noncombustible and shall be resistant to heat conduction. Spacers shall not be placed between the appliance and the wall. With wall protection and ventilated space, clearance between the appliance and the wall may not be less than 12".

Housing Rehabilitation/New Construction Standards:

ion and no ventilated space, clearance between the appliance and wall may not be less than 24" unless more than 4" of solid masonry is used as the protection.

8. Plumbing: Plumbing systems shall operate free of clogging and shall not have cross connections that permit contamination of water supplies or back siphoning between fixtures.

a. Water and sewer lines shall be free of major leaks that cause serious and persistent levels of rust or contamination of the water, or which damage other elements of the building. All water lines in unheated areas shall be insulated so as to keep them from freezing.

b. All natural and liquid propane gas piping shall be free of leaks. Pipes feeding each individual gas fueled appliance shall have a shut-off valve. Gas lines shall be free of corrosion that potentially could cause a gas leak. Soft copper piping and other non-rigid piping shall not be used in replacing and installing natural gas lines. Soft copper piping used in installing or replacing propane gas lines shall not be located in areas where it is accessible to tampering by children or located in passageways where it can be potentially kicked, stepped on or bent, so as to cause leakage of gas around flange connections.

9. Electrical: Existing wiring and electrical equipment, where its continued service is contemplated, shall not be a potential source of electrical hazard or ignition of combustible materials. Wherever potential hazards are determined to be present, replacement of existing wiring or equipment shall be made. Existing facilities that are inadequate to meet anticipated demand shall be replaced to meet that demand. Inadequate facilities include the use of power strips if more than two appliances are used regularly by that outlet. Hazards such as broken wiring, non-insulated wiring, frayed wiring, a light fixture hanging from an electrical wire without other visible means of support, missing cover plates on switches, outlets and junction boxes exposed to the occupants of the dwelling or which are covered with combustible material, knob and tube, aluminum or obsolete wiring systems, badly corroded outlets, exposed fuse box connections, and overloaded circuits evidenced by frequently blown fuses, shall be eliminated.

a. New electrical work shall be installed using the appropriate provisions of the National Electrical Code as it has existed within the last ten years. Not less than two general lighting circuits (15 amp.) and one appliance circuit (20 amp.) shall be provided.

10. Bathroom: Commode: Bathrooms must have a working commode for the exclusive use of the occupant. The commode must be connected to a water supply and sewer. The commode must not be located in a bathroom.

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es or have a sewer line that is clogged or backs up.

a. Lavatory: Bathrooms must have a fixed wash basin or lavatory that is permanently and securely fastened to the wall. The lavatory must be equipped with hot and cold running water and have a working drain with a gas trap.

b. Bathtubs and Showers: Bathrooms must be equipped with a working tub or shower with hot and cold running water and have a working drain with a gas trap.

11. Termite Treatment: Chemicals applied as a termite treatment shall only be applied to a house by a person that is a licensed commercial applicator. Persons who are licensed shall not assign persons who are not licensed responsibility for treating a house. Grantees shall keep documentation showing that the person chosen to undertake termite treatment is a licensed applicator. EPA has banned use of chlordane; therefore it is also not allowed on NSP-funded rehabilitation projects.

12. Materials: All materials shall be installed in locations and for purposes that are recommended by the manufacturer of the materials.

13. Smoke Detectors: All units shall be equipped with at least one hard-wired operating smoke detector (if the unit is being rewired) or a battery-operated smoke detector located near the sleeping quarters, and on each level of the house, including basement.



B. Weatherization: All houses shall be equipped with the following weatherizing improvements:

a. Windows: All windows shall be equipped with two layers of glass (storm windows count as one layer) and glass panes shall be intact. Windows shall not allow the significant entry of air or water into the structure from around the windows, sashes, or window casings. Window casings that are replaced shall be filled with insulation.

b. Doors: All exterior doors shall be weather-stripped. Weather-stripped doors that allow the significant entry of air or water into the structure shall be replaced or repaired to eliminate this problem.

c. Ceiling Insulation: Ceiling insulation shall be provided over all habitable areas. Combustible materials, such as beadboard or styrofoam, shall not be used for attic insulation. All ceilings shall be insulated to at least

R-30 or as can be determined for a particular structure using HUD's Cost Effective Energy Conservation Standards for Rehabilitation Projects.

d. Side Wall Insulation: All side walls shall be insulated to R-11 or better or as can be determined for a particular structure using HUD's Cost Effective Energy Conservation Standards for Rehabilitation Projects. Wa

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Is in spaces heated with solid fuel-burning heating appliances are exempt from this requirement. Sidewall insulation shall not be installed using beadboard, styrofoam or other combustible materials. When exterior walls are repaired by, removing existing sheathing or interior wall covering, insulation shall be provided to the exposed portion of the wall cavity; a vapor barrier shall be provided on the warm side of the cavity or furring when insulation is added.

B. Livability Standards

The following livability standards apply to 80 percent of funds for units rehabilitated with NSP funds. These standards include all of the provisions listed as "Health and Safety Standards," and all of the provisions listed under this section.

1. Access to the Unit

a. Where access to the structure is outdoors and more than 12" above grade, steps shall be provided for all-weather access to the building and constructed so as to provide safety and reasonable durability.

b. Where access to the unit is on the interior of the structure, each unit shall not have its only access through another unit.

c. A primary entrance readily accessible to the handicapped in accordance with the provisions on ANSI A117.1 shall be provided to any residential structure intended for occupancy by the physically handicapped.

2. Dilapidated Elements: All dilapidated portions of existing properties which are not economically repairable or which are not of historic significance and which pose safety hazards to the occupants of the dwelling shall be removed from the building.

3. Dirt and Debris: Properties that are rehabilitated shall be free of dirt, debris or other unsightly elements that are the result of the rehabilitation process.

4. Space Standards: Each living unit shall be provided with space necessary for suitable sleeping, cooking, dining, storage and sanitary facilities and provide space of such size and dimensions so as to permit placement of furniture and essential equipment. There shall be at least one bedroom for every two

residents, a kitchen, living room and bathroom. Minimum sizes for these rooms are as follows:

| Room Dimension | Space |
|----------------|-------------|
| Living Room | 120 sq. ft. |
| Bedroom | 70 sq. ft. |
| Bathroom | 24 sq. ft. |
| Kitchen | 30 sq. ft. |

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| | |
|-------------|-------------|
| Living Room | 120 sq. ft. |
| Bedroom | 70 sq. ft. |
| Bathroom | 24 sq. ft. |
| Kitchen | 30 sq. ft. |

Total area required:

400 sq. ft. Minimum average ceiling height for all rooms: 7' 2 "

5. Light and Ventilation

a. Ventilation: Natural ventilation of spaces such as attics, enclosed basements and crawl spaces, shall be provided by openings of sufficient sizes to overcome dampness and minimize the effect of conditions to decay and deterioration of the structure, and prevent excess heat in attics. Exterior openings shall be effectively screened where needed.

b. Ventilation of utility spaces: Utility spaces which contain solid, liquid or gas-burning heat-producing or air conditioning equipment shall



be ventilated to allow adequate combustion.

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6. Doors and Access Openings

- a. Exterior Doors: Exterior doors installed with the use of NSP funds shall have safety locks.
- b. Stairways: All stairways shall provide for safety of ascent and descent and shall be equipped with handrails at an appropriate height for the owner of the residence. Risers shall not be more than 12" in height and not less than 10" in width, unless conditions make the installation of risers less than 12" in height impossible.

7. Structural Components: All structural components of the building shall be in sound condition and considered serviceable for the expected full life of the rehabilitated buildings. Individual structural members in seriously deteriorated condition shall be replaced.

- a. Ceilings: Ceilings shall not have large cracks or holes that allow significant entry of air into the unit. Ceilings shall not buckle or bulge, have missing parts or have loose surface materials other than paper.
- b. Interior Wall Conditions: Interior walls shall not have loose structural members, large holes (over 1" X 1" in size), or allow the significant infiltration of air or water into the structure.
- c. Floor Conditions: Floors shall not have threats to safety (e.g. tripping) or large cracks or holes that allow substantial drafts to enter the structure. Floors shall not significantly move under walking stress and shall not have damaged or missing parts such as: floor joists, band joists, plates and sub-flooring.
- d. Foundations: Foundations shall provide for the adequate support of structural members and loads placed upon them. Foundations shall prevent the entrance of water or excessive moisture. Serious defects shall be repaired and cracks effectively sealed. Foundation walls shall not allow the significant entry of ground water. "Significant" means that the majority of the basement floor or crawl space area is covered with ground water. Any new footings installed shall provide for subsurface drainage away from the foundation.
- e. Drainage: Any deficiencies in proper grading, guttering or paving adjacent to the building shall be corrected to assure surface drainage away from the basement or crawl space.
- f. Exterior Walls: Exterior walls shall provide safe and adequate support for all loads placed upon them and shall prevent the excessive infiltration of air or moisture. Serious defects shall be repaired and cracks effectively sealed.
- g. Roofs: All roofs shall have suitable watertight and reasonably durable covering free of holes, cracks, excessively worn surfaces or other defects that would indicate the potential for

Housing Rehabilitation/New Construction Standards:

significant infiltration of air, water or excessive moisture. Repairs to roofs shall be completed in accordance with new construction standards unless the area to be repaired is less than 1/10 of the surface of the roof. If gutters, soffits, fascia or other elements allow the significant entry of water or air into the structure, they shall be replaced to eliminate this problem. Roofs should not need replacement for at least a five-year period.

8. Kitchens and Baths

- a. Kitchens: Kitchens must be supplied with a sink that has hot and cold running water. Sinks should have a working drain with a gas trap and must be securely fastened to the wall. Kitchens must have a stove or a range with an oven. Top burners and oven must be operable. A refrigerator must be present and working, and it must maintain a temperature low enough so that food does not spoil over a reasonable period of time.
- b. Bathrooms: Bathtub and shower bases shall be appropriately sealed to prevent water from damaging the floor. Bathroom floors shall be covered with a waterproof covering. Showers or tubs installed in housing for the elderly and handicapped shall be provided with two grab bars installed to sustain a dead weight of 250 pounds for five minutes. Tub or shower bottom surfaces shall be slip resistant. Shower enclosure areas shall be tiled or covered with a waterproof surface from the floor to five feet above the floor. Barriers shall exist between all drains and water supplies on bathroom fixtures to ensure that wastewater does not flood water supply systems.

9. Plumbing

- a. Domestic Hot Water Heating and Storage: Each building or unit within the building shall have domestic hot water in quantities sufficient for the needs of the occupants. Existing water heating and storage equipment shall be in good serviceable condition. Water heaters shall not be installed in rooms designed and used for sleeping purposes. All fuel-burning water heaters shall be connected to a vent leading to the exterior of the building. As required for venting of heating equipment, vents shall not have cracks or holes that allow fumes to be discharged. All water heaters shall have a shutoff valve on the water supply line close to the heater. All water heaters shall have a temperature/pressure relief valve and discharge pipe.
- b. Water and Sewer Lines: All water and sewer lines that have the potential for major leaks that could cause serious and persistent levels of rust or contamination of the water, or which potentially could damage other elements of the building, should be replaced. Sewer lines



servicing a building shall be equipped with a clean-out screw. Building wastewater shall be appropriately vented to the outside air to prevent the buildup of gases in the sewer lines. When using NSP funding, all water supply lines feeding toilets, sinks, showers, lavatories, hot water

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sinks and other plumbing fixtures shall be installed with shutoff valves. All lead water and waste disposal lines shall be replaced with non-lead material. Lead-based solder shall not be used to connect copper water supply lines. Gas traps will be provided for washing machine waste disposal lines unless airtight connections have been made.

10. Mechanical: Heating facilities shall be provided for each living unit, which are safe to operate, economical to operate and are free from objectionable drafts. Flue connections shall not allow exhaust gases to enter the living areas. Fuel tanks shall not be in close proximity to heat sources (at least 10 feet, or the standard recommended by the manufacturer or regulating code). Combustible materials shall not be stored in close proximity to heat sources and flues.

11. Electrical: All habitable rooms and other spaces requiring electrical service shall be provided with a system of wiring, wiring devices, and equipment to safely provide electrical energy for proper illumination, appliances, resident security and other electrical equipment. There shall be at least two working outlets or one working outlet and one light switch in kitchens, corridors, bathrooms, bedrooms, utility rooms and living rooms. At least 100 amp. service shall be provided for houses that have 220-volt receptacles.

HUD NSP 3 Green Standards

- Applicable Housing Rehabilitation Standards: The rehabilitation and new construction standards that will apply for NSP-assisted projects must be included in the Action Plan. Specifically, HUD requires that:
 - o 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 residential buildings up to three stories must be designed to meet the standard for Energy Star Qualified New Homes.
 - o All gut rehabilitation or new construction of mid- or high-rise multifamily 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 multifamily buildings piloted by the Environmental Protection Agency and the Department of Energy).
 - o 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.
 - o Water efficient toilets, showers, and faucets, such as those with the WaterSense label, must be installed.
 - o Where relevant, the housing should be improved to mitigate the impact of disasters (e.g., earthquake, hurricane, flooding, fires).

HUD also encourages the adoption of energy efficient and environmentally-friendly green elements as part of NSP3 program design. Attachment C to the NSP3 Notice describes in more detail

Housing Rehabilitation/New Construction Standards:

detail how energy efficient and environmentally-friendly green elements can be incorporated and additional tools on incorporating green rehabilitation standards can be found on the NSP Resource Exchange at www.hud.gov/nspta.

Vicinity Hiring:

Section 3/Vicinity Hiring Preference

In order to ensure to the greatest extent possible, the full availability of local access to jobs funded with NSP dollars, the Unified Government shall undertake the following measures.

- Will solicit proposals for a Section 3 coordinator that will work in the target area to provide resident training on becoming Section 3 certified and will train on the proper procedures for becoming a certified Section 3 business concern.
- The Unified Government will conduct a minimum of 1 community-wide training on Section 3, prior to undertaking NSP 3 activities and will include all affected residents in the proposed target area as well as eligible contractors and others interested in doing business with the Unified Government.
- The proposed coordinator shall serve as the main source of outreach and education for the community and the Unified Government. She/he will provide continued notice of upcoming Section 3 opportunities for both construction and non-construction related activities.
- The proposed Section 3 coordinator will keep a monthly record of all outreach efforts and shall submit this record for review by the Unified Government to ensure a continued and aggressive presence in the community. The information included for tracking shall reflect the data needed for creating the annual Section 3 Summary Report (HUD Form 60002).

This is not an exhaustive list of the Unified Government's outreach efforts. All efforts will meet or exceed requirements as stated in 24 CFR 135.

Procedures for Preferences for Affordable Rental Dev.:

Affordable Rental Strategy - While the Unified Government recognizes the national focus and local need for more affordable rental accommodations; a recent survey of the Wyandotte County area reveals a need for single-family housing over apartment/rentals, 66 percent to 33 percent. It is the county's policy that rental issues and creation will be handled by the Kansas City, Kansas Public Housing Authority (KCKPHA). Their approach to meeting the area rental need for low- and extremely-low income families will utilize the following resources:



- Housing Choice Voucher Program (Section 8)
- Section 202 and Low-Income Housing Tax Credits

Grantee Contact Information:

State of Kansas
 Kansas Department of Commerce Rural Development Division
 1000 SW Jackson Suite 100
 Topeka, Kansas 66612
 Ken Morgan NSP III Manager 785-296-3074
 Le Ann Thurman NSP III Field Representative 785-296-4100
 Salih Doughramaji NSP III Field Representative 785-296-3610

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

Progress Toward Required Numeric Targets

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

Progress Toward Activity Type Targets

| Activity Type | Target | Actual |
|-----------------------|--------------|--------------|
| Administration | \$500,000.00 | \$489,490.00 |

Progress Toward National Objective Targets

| National Objective | Target | Actual |
|--------------------------------------|----------------|----------------|
| NSP Only - LH - 25% Set-Aside | \$1,250,000.00 | \$1,287,520.00 |

Overall Progress Narrative:

Wyandotte Co has completed the preliminary census tract mapping this past quarter and will complete Tier I



Environmental Review this next quarter for the NSP 3 program . The County should begin the process of identifying and purchasing properties next quarter.

Project Summary

| Project #, Project Title | This Report Period | To Date | |
|------------------------------------|------------------------|------------------------|------------------------|
| | Program Funds Drawdown | Project Funds Budgeted | Program Funds Drawdown |
| NSP III Projects, NSP III Projects | \$0.00 | \$5,000,000.00 | \$0.00 |



