

PUBLIC COMMENT

The NSP Substantial Amendment was prepared with significant citizen participation.

A press release was issued on September 26, 2008, the day we learned of the allocation. A copy of the release is enclosed.

The requirements of the program were explained at a public meeting, the Third District Council Meeting on October 13, 2008.

A website was established on October 17, 2008. Information regarding the program was made available on the website.

<http://www.kcmo.org/neigh.nsf/web/HUDNSP?opendocument>

Requirements of the program were presented at a city council housing committee hearing on October 22, 2008. These hearings were televised live and repeated during the week. There is also video footage of the hearing available through the website of the City Clerk for viewing at any time.

A copy of the first draft of the Substantial Amendment was posted on the website on October 29, 2008. Many of the suggestions and comments that had been received were included in this draft.

The draft of the Substantial Amendment was presented at the city council housing committee hearing on October 29, 2008. At least 13 people provided public testimony. The enclosed summary of public comments summarizes their testimony.

A second draft was prepared and included revisions based upon testimony received at the October 29, 2008 city council hearing. A press release was issued on November 3, 2008, announcing that public comment was being sought on the Substantial Amendment. The second draft was posted on the website on November 4, 2008.

The second draft was presented at the city council housing committee hearing on November 5, 2008. Nine people provided testimony at this hearing. Their comments and suggestions are included in the enclosed summary of public comments. The city council adopted Resolution 081110, which authorized the submittal of the NSP Substantial Amendment.

The final draft of the Substantial Amendment was posted on the website on November 6, 2008. This summary was prepared on November 26, 2008. The Substantial Amendment was therefore available for public comment for a 20-day period.

SUMMARY OF PUBLIC COMMENTS RECEIVED

10/29/2008 William Jones, Swope Community Builders

Mr. Jones suggested including short-term rental with option to purchase. Also that we should leverage financing, and include non-profit and small for-profit developers. An estimate of \$2,000 per property acquisition in the land bank activity is too low.

[Response: The final draft incorporated these suggestions.](#)

10/29/2008 Chester Thompson, Black Economic Union

Mr. Thompson said plans should align with redevelopment plans and Section 3 needs to be included.

[Response: We agree.](#)

10/29/2008 Tamika Bryant

Ms Bryant said there needs to be extensive marketing to ensure we locate buyers for renovated houses.

[Response: We agree](#)

10/29/2008 Robert Stout, East 23rd Street PAC

Mr. Stout said the neighborhood needs homeowners, not absentee owners.

[Response: Emphasis will be placed on projects that lead to owner-occupants, but rental is still eligible.](#)

10/29/2008 Mindy Forbes

Credit counseling is needed for program participants.

[Response: It is not eligible for NSP funding, but we agree credit counseling needs to be available in the community.](#)

10/29/2008 Jerry Mitchell, Ruskin

Wanted to see an expanded target area for the land banking activity.

[Response: The target area was expanded in the final draft.](#)

10/29/2008 Kathryn Walker, Westside Housing Organization

Suggested we reconsider the 35% level (it was reduced to 25% of 50% AMI) and involve urban homesteading and use of the abandoned housing act. She said there will need to be a method of ensuring accountability of developers.

[Response: The level was reduced to 25% of 50% AMI in the final draft. Urban homesteading is possible. The abandoned housing act is not likely to be useful for NSP funded projects. We agree with ensuring accountability.](#)

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10/29/2008 Herman Johnson

Said there needs to be minimum standards for rehab to ensure quality construction and there needs to be MBE/WBE participation.

[Response: We agree. Standards are present and MBE/WBE participation will be required.](#)

10/29/2008 Charlie Cyshel

The \$2,000 per property for acquisition in the land banking activity is too low. Any "soft seconds" that are included should be made available to mortgage brokers too. He said to be careful with demolition and to involve smaller non-profits and for-profits that already work in the area.

[Response: The per property cost estimate was increased in the final plan.](#)

10/29/2008 Margaret May, Ivanhoe Neighborhood Council

Suggested we develop a strategic approach and work with the neighborhood on demolitions. She said we should utilize minority contractors and area residents. There should be incentives for city workers, teachers, police, etc. and for people of other income levels to move into the central city. She suggested a task force be established. She said there needs to be a carefully structured lease-purchase program for folks who may not be able to qualify for a mortgage right away.

[Response: We basically agree with the comments and suggestions.](#)

10/29/2008 Twelfth Street Heritage

Funds for maintenance of land banked properties was too low. The budget needed to be examined.

[Response: The budget was adjusted in the final plan.](#)

10/29/2008 Ron Lindsey, Concord Church

Mr. Lindsey said they are a CDC that wants to participate.

[Response: They will be able to submit proposals.](#)

10/29/2008 Sharon Sanders-Brooks

Said the funds should be limited to persons below 80% of AMI. Don't go up to 120% even though it is allowable.

[Response: The suggestion was considered, but the 120% of AMI remained in the final plan.](#)

10/30/2008 Mike Barnhart

I viewed the October 22nd Housing Committee meeting online a couple of days ago and was intrigued by the land bank concept. Visiting Genesee Counties Land Bank website shows how successful that concept can be. I attended yesterday's meeting. Among the

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many great comments and ideas, Mendy Read-Forbs made a public comment about using this federal money as a way of “assisting” prospective homebuyers who would also seek third party financing by more traditional means.

As a traditional developer, that usually markets lots and new construction to potential homebuyers, I have an idea for this project that might be new to the table.

Imagine a land bank similar to the one in Genesee County that markets their inventory very much like a new home subdivision would. Marketing materials and the land banks website would present each “project house” as you would a model.

The buyer could see the floor plan, the exterior details, the lot and the neighborhood of the “project house”. They would also be able to see what a completed project looks like. A realtor would then set up a meeting with a builder (refurbisher) so the buyer could select a home, choose the flooring, paint colors a few other details. The builder would work up a sale price and if accepted the buyer and realtor would utilize all of the available assistance to get the property under contract.

Buying a “classic” refurbished home through the land bank could be just as exciting and interactive as buying a new home from a developer. But it must be presented in an exciting and professional manner.

This just might be a way to turn a six million dollar program into a 25 million dollar program.

I represent Cedarwood Homes www.cedarwoodhomes.net , an experienced (licensed in Kansas City) homebuilding and development company. We’d love to be involved any way we can.

Response: We will encourage continued participation as the land bank is established.

11/1/2008 Florina Bee

Ms Bee was very disappointed in the plan. She said the way of dealing with foreclosures in the "weak market" areas seems to only consist of demolishing buildings. She felt we should focus more on rehabilitating houses.

Response: Demolition will be more common in weak market areas than in other areas, but that is not the only activity expected to occur. Rehabilitation of homes is still the first priority.

11/3/2008 East 23rd St. PAC/Blue Valley Neighborhood/Truman Road Corridor

The three associations provided a written proposal to use the funds to establish a \$1 million reserve fund to leverage investments for owner occupied homes to be rehabilitated. It calls for organizations active in the area to use the funds for rehabilitation of foreclosed homes. The proposal provided documentation on the need for such a program in the described area. The funds would essentially be used to provide

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acquisition and renovation financing - either directly as loans or as guarantee for private loans.

[Response: Proposals will be solicited if HUD approves the plan.](#)

11/3/2008 April Cushing, Ruskin Heights

Ms Cushing reported that Ruskin Village and Ruskin Heights have 250 vacant houses out of 1,875 properties. Ruskin Hills has 100 out of 749. The information was reported to document the need for NSP funds in the area - the neighborhoods are included in the target area.

[Response: The information was noted.](#)

11/3/2008 Sue Svec

Ms. Svec commends the City for seeking funding through the NSP and agrees that there is a need for the program in Kansas City. She complimented Blue Hills Neighborhood and Ivanhoe Neighborhood associations in how they work to improve their areas and said they could serve as role models.

[Response: The information was noted.](#)

11/3/2008 S.M. Merritt

Ms Merritt said the funds should be used to replace sewer lines in Armour Hills, especially east of Wornall and between 65th and 65th Terr. She said the old sewer lines are caving in and damaging garages and other structures.

[Response: The area is not in the target area and the proposed use is not an eligible activity.](#)

11/3/2008 Ron Heldstab, Lykins Neighborhood

Mr. Heldstab provided a list of 19 houses in the neighborhood that may qualify for the program.

[Response: The information was noted.](#)

11/4/2008 Martin Goedken, Catholic Charities

Mr. Goedken, Michael Halterman, and Susan Engel of Catholic Charities of Kansas City - St. Joseph, met with David Park to learn more about the NSP. They believe their organization will be able to assist with accomplishing the objectives of the program.

[Response: They will be able to submit proposals and assist in other ways as the program is implemented.](#)

11/4/2008 Josh Christophersen

He lives in the Independence Plaza neighborhood, which is included in the target area, and agrees there is a need for the program. He said a good start would be the demolition of apartment buildings on Chestnut, between 9th and 11th.

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[Response: The information was noted.](#)

11/4/2008 Ms. S. Hill

Ms Hill said the NSP funds are definitely needed, but asked us to ensure houses that are not in areas with organized neighborhood associations are not left out. There is a feeling that funds typically go to preferred neighborhood associations but there are needs outside those areas too.

[Response: The information was noted.](#)

11/4/2008 Elma Warrick, HomeFree-USA Kansas City

After reviewing the proposed plan for use of the NSP funds, I am concerned that there is no mention of plans to stabilize people providing them the opportunity to successfully purchase the rehabilitated or redeveloped properties. Neighborhoods are stabilized by the residents who live in those neighborhoods. Certainly renters are a part of the mix, but have little stake in stabilizing neighborhoods as this population tends to be transitory.

While there is mention of the fact that the funds cannot be used for foreclosure prevention, there is clear language in bill that calls for home buyer counseling and education. The City should state forthrightly that it intends to provide support for prospective home buyers to receive the home buyer pre and post purchase counseling and education. While the details of those services can be defined more clearly going forward, there needs to be an intention of the City to have a process in place that will promote success for neighborhood residents. At minimum, the services must include credit counseling, debt reduction techniques that work, budgeting and savings. The City must avoid setting people up to fail. Data has shown that 98% of persons losing their homes to foreclosure never sought assistance, guidance or support from HUD approved Housing Counseling Organizations. Rather than speaking to what is not allowed. I urge the City to include what is allowed in our plan--housing counseling and education.

[Response: We agree and will work to ensure education and counseling are available in the community even though they cannot be funded with NSP funds.](#)

11/5/2008 Steve Rinne, Homeless Services Coalition

The Homeless Services Coalition should be included in the HUD application. The HSC and member organizations can fully vet the clients to ensure appropriate candidates are selected to maximize the effectiveness of this program.

[Response: Their assistance with implementing the program will be welcomed.](#)

11/5/2008 Yahna Gibson, Habitat for Humanity

Ms. Gibson pointed out the history and success of Habitat for Humanity, Kansas City. They are interested in obtaining funding to further our common goals.

[Response: They can submit proposals for projects.](#)

11/6/2008 ABG Properties, LLC

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The Ballesteros of ABG Properties, LLC, say they own seven rehabilitated homes in Kansas City. They suggest using the funds to make loans to investors for purchase and rehabilitation of inner city properties at a low interest rate. Once the renovation is complete, a conventional mortgage would be obtained and the NSP loan paid off. This will allow for the funds to be an ongoing financing resource. They have had trouble finding this kind of financing. They get calls all the time wondering when they will have another house available so they know there is a pent up demand for quality rental housing. They also said some funds should be used to tear down blighted properties that are beyond repair, then finance an investor to build a new house on the lot.

[Response: This will be an eligible activity and proposals can be submitted if the plan is approved by HUD.](#)

11/7/2008 Mike Barnhart, Cedarwood Homes, LLC

Mr. Barnhart said it will be hard to get builders or developers interested in taking on a project for less than a 14% return. Not allowing a reasonable return can have a negative impact on quality of workmanship and length of time to complete a project.

[Response: We believe the 14% will be sufficient.](#)

11/10/2008 Forestine Beasley

As President of the Greater Kansas City Association of Real Estate Brokers, Ms Beasley said the association can assist with implementation of the NSP. She also said city employees should be considered a good source for buyers of acquired and renovated homes.

[Response: City employees will be made aware of the program.](#)

11/10/2008 Larry Goldblatt

Comments were also presented at the Housing Committee hearing on November 5. Mr. Goldblatt recommends placing all of the NSP funds in a trust and using the income from the trust to carry out program activities. He proposes contracting with the "Office of the Public Advocate", a business he operates, to administer the program.

[Response: Establishing a trust is not an eligible activity. The City intends to administer the program.](#)

11/11/2008 Greg Atkinson

Mr. Atkinson said Northeast KC Youth Services purchased a foreclosed home on E. 7th St. to use as a ministry site. They will be renovating it and using it with neighborhood youth and families. They would be interested in participating in the NSP to purchase and rehab another property for a low-income family.

[Response: They will be able to submit proposals for projects.](#)

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11/11/2008 Tom Herrera

Mr. Herrera is a mortgage professional and has experience originating FHA, USDA, Conventional and VA loans. He volunteered to offer ideas on how to effectively use the NSP funds.

[Response: The information was noted.](#)

11/13/2008 Rick Shirk, Rick's Home Inspections

Mr. Shirk suggested that we involve home inspections for houses that may be acquired with NSP funds.

[Response: The plan does provide for inspection services to be included.](#)

11/24/2008 Kenneth B. Mabrie

Mr. Mabrie recommends that we buy REO properties listed on the MLS. The properties are already discounted by 15% under appraised value. He said there are currently 339 properties listed under \$25,000. He also suggested allowing buyers select from properties listed in target areas before making an offer to purchase to limit holding and maintenance costs. This will also ensure there is a buyer for the property when it is completed.

[Response: The information was noted.](#)

11/24/2008 Deborah Parish

Ms Parish said nobody wants to live in the areas that have been targeted because of high crime and that fixing up some houses will not reduce crime. The targeting discriminates against areas north of the river. She feels landlords will snap up the funds to use in the poor areas and people do not want to live there. She feels the funds should be used in areas that are safe.

[Response: We disagree with this position.](#)

11/24/2008 John Santner, NeighborWorks

I also want to congratulate the efforts of the city to put together your NSP plan so quickly. In conversations with my NeighborWorks colleagues nationally, I know many a state and municipality are struggling to figure out how to leverage their NSP resources for maximum impact to battle foreclosures.

I would only suggest that the City look at including a deeper lending portion to the plan as well as the current development and land banking strategy. I think risk is mitigated through lending as opposed to a hold and develop strategy that development or land banking would require. Certainly the city will want to participate in some land banking and development activities -- as to what level --the City will need to decide.

Specifically, I am suggesting that the City look at a Risk Sharing Agreement with an investor (either NHSA through the NHS or other investor locally) that establishes a

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portion of the NSP allocation as an 10% first-layer stop-loss. A portion of the funds (perhaps one to two million) could be in the loan loss reserve account and then drawn upon as an escrow to cover losses per the Agreement. The city could monitor the escrow balance and report quarterly to the Dept. of Commerce (NSP Grantee) and to the investor partner. Additionally the city could use a small portion of these funds to provide a permanent rate buy down (one million to 500,000) to households to get their PITI below 30% (but not less than 25%) - this will assist assuring that 25% of the funds benefit households earning 50% of the AMI, as well as insuring long term affordability.

As Mark Stalsworth mentions below -- a ten to one ratio is what we think a Loan Loss Reserve (LLR) could trigger for leverage by an investor. I would urge that any loan program is required to have Home Buyer Education (HBE) attached with the loan product. The NHS is qualified and certified by NeighborWorks America to provide such HBE -- it is another layer of protection for neighborhoods and investors that the loans made would be sustainability.

Thank you for the opportunity to respond to the city's NSP -- we wish you the best of luck and please know you have a willing partner to assist you in NeighborWorks America and our chartered member the KCMO NHS. I am copying Leon Gray on this e-mail --he is the districts lending expert and can answer additional questions you may have about a LLR and interest rate buy down program.

[Response: The information was noted.](#)

11/24/2008 Mark Stalsworth

I wanted to submit a few comments regarding the discussion in last Friday's meeting that focused on the Neighborhood Stabilization Program.

First, I would repeat my comment that the City has done an excellent job of developing a framework to support programs that will meet the program goals specified by Congress. This is a difficult undertaking with a short delivery window, and I maintain the program addresses the various topics it is intended to address. Given that the program focus is on rehabilitating and re-selling homes, I believe that the final application submitted to HUD should include a reference to supporting financing provided to the purchasers of these homes. Utilizing layering of several programs would provide the greatest benefit.

John Santner touched on possible use of a portion of these funds as a loss layer protector to encourage investors to participate in lending programs. I believe this would be an excellent use for a portion of these funds. The scenario outlined by John will deliver \$10 of assistance for every \$1 invested by NSP. That is impressive leveraging.

The potential buyers of these homes could require expanded underwriting guidelines not currently available at all mortgage lenders. Neighborhood Housing Services, America is the captive financing arm of NeighborWorks, a national not for profit. NHSA has a lending goal that is more mission driven than most lenders, and they continue to offer loan products that are flexible, while being aware of the best needs of the client.

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One example of how the NSP could be used to maximum effect is a combining of all these aspects into a single loan. By using a Loss Layer protector, losses to the portfolio would be minimized, encouraging lower interest rates from the lender. By combining existing programs (the KC Dream program and the Section 8 for Homeownership program), we could maximize subsidy, and assist below 50% of AMI households, as required by the NSP. By combining all of the above with the City Maintenance Reserve Account program, the homebuyer would purchase a home that had been recently repaired, they would receive grants to lower the monthly payment, the Housing Authority would make their house payment (for Section 8 clients), the Maintenance Reserve Account would keep the major components of the home in good condition going forward, and if NHSA were used as the lender, they would be able to submit their payment and maintenance account payment in a single payment, ensuring a higher percentage of ongoing participation in the MR program than if the payments must be mailed separately.

I believe that by working together, the City and the non-profit sector can provide services that will make the purchase, rehab and resale of these homes not only possible but efficient and beneficial to the targeted household. I am looking forward to working with the City to design a program that will be a model for the Nation.

[Response: The information was noted. These are good comments and suggestions. We expect NHS and NeighborWorks to be very helpful resources as the NSP is implemented.](#)