

**Grantee: Franklin County, OH**

**Grant: B-08-UN-39-0003**

**April 1, 2009 thru June 30, 2009 Performance Report**

**Grant Number:**

B-08-UN-39-0003

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

Franklin County, OH

**Award Date:****Grant Amount:**

\$5,439,664.00

**Contract End Date:****Grant Status:**

Active

**Review by HUD:**

Reviewed and Approved

**Submitted By:**

No Submitter Found

## Disasters:

### Declaration Number

NSP

## Plan Description:

The County selected the Northland and Westland neighborhoods for NSP funding based primarily on the programs standard for greatest need and secondarily on neighborhoods that have strong enough housing markets to warrant those investments. The specific reasons the Northland neighborhood (Clinton township) was selected are: (1) it was assessed as the County neighborhood with the greatest need owing to the highest percentage of census tracts receiving a score of 10 under HUDs foreclosure and abandonment risk index (15 out of 21 census tracts); (2) In a review of the 30 County villages, townships and cities (with a minimum of 1,000 residential properties) Northland ranked 5th in terms of the greatest percentage of home foreclosures; (3) In a review of the 30 County villages, townships and cities (with a minimum of 1,000 residential properties) Northland ranked 6th in terms of the highest percentage of homes financed by a subprime related loan; (4) In a review of the 30 County villages, townships and cities (with a minimum of 1,000 residential properties) Northland ranked 17th in terms of the County identifying the area likely facing the most significant increase in the rate of home foreclosures; (5) In a review of the 30 County villages, townships and cities (with a minimum of 1,000 residential properties) Northland ranked 5th in terms of Sheriffs sold properties. In comparison, the median sales price countywide rose by 9%; the idea that this is a potential tipping point neighborhood and a strategic infusion of funding could save/leverage hundreds of thousands in home values. The specific reasons the Westland neighborhood (Prairie township) was selected are: (1) the Westland tracts under consideration received scores of 8 under HUDs foreclosure and abandonment risk index; (2) In a review of the 30 County villages, townships and cities (with a minimum of 1,000 residential properties) Westland ranked 9th in terms of the greatest percentage of home foreclosures; (3) In a review of the 30 County villages, townships and cities (with a minimum of 1,000 residential properties) Westland ranked 13th in terms of the highest percentage of homes financed by a subprime related loan; (4) In a review of the 30 County villages, townships and cities (with a minimum of 1,000 residential properties) Westland ranked 22nd in terms of the County identifying the area likely facing the most significant increase in the rate of home foreclosures; (5) In a review of the 30 County villages, townships and cities (with a minimum of 1,000 residential properties) Westland ranked 10th in terms of Sheriffs sold properties. Appreciation of housing values - during the period of January 2006 through March 2008, the median single-family sales price was \$103,000, representing an increase of 8% from five years ago speaking to its still desirability/marketability. In regards to meeting the NSP requirement that the County expend at least 25% of its allocation to benefit individuals that dont exceed the 50% of area median income threshold: the County will be meeting this standard by funding a Rebuilding Lives /Continuum of care project because 1) the opportunity to assist the Countys most neediest citizens its homeless community; 2) cost effectiveness by stabilizing the lives of these individuals through sheltering them it mitigates the demands they would otherwise placed on County social systems (i.e. health care, police etc.) Demands that according to HUD equate to an outlay of \$40,000 per individual, per year and 3) assist the current Continuum of Care process by allowing it to incorporate and fund new initiatives (currently almost 95% of all Continuum of Care applications are comprised of renewals.)

## Recovery Needs:

With the \$5,439,664 the County was awarded under the Neighborhood Stabilization Program it intends to use those funds in four primary activities, plus administration:

- 1) Acquisition/rehabilitation and resale (NSP-1 a,b,c) 2301(c)(3)(b)  
CDBG: 24 CFR 570.201 (a) Acquisition (b) Disposition (i) Relocation  
(n) Direct homeownership assistance to persons whose incomes do not exceed 120% of median income; 24 CFR 570.202 Eligible rehabilitation and preservation activities for homes and other residential properties. Note that rehabilitation may include counseling for those seeking to take part in the activity.
- 2) Redevelopment (NSP-2) 2301(c)(3)(e) redevelop demolished or vacant properties  
CDBG: 24 CFR 570.201 (a) Acquisition (b) Disposition  
(c) Public facilities and improvements
- 3) Demolition (NSP-3) 2301(c)(3)(d)  
CDBG: 24 CFR 570.201 (d) Clearance, for blighted structures only
- 4) Acquisition/rehabilitation and rental (NSP-4 a,b) 2301(c)(3)(b)- meeting the requirement that at least 25% of the Countys allocation be used to serve residents earning at or below 50% of the area median income  
CDBG: 24 CFR 570.201(a), acquisition, and 570.202, rehabilitation
- 5) Administration of the program (NSP-5) 2301(c)(3) - will not exceed 10% of the NSP grant and 10% of program income.  
CDBG: 24 CFR 570.205 and 206.

The NSP funds will disperse funds in the following amounts to the identified partners and neighborhoods:

- o (NSP 1 a) \$1,350,000 to the Columbus Housing Partnership for the Northland Neighborhood for acquisition, disposition, direct homeownership assistance, eligible rehabilitation and preservation activities and housing counseling) and
- o (NSP 1 b) \$900,000 to Homes on the Hills for the Westland neighborhood (acquisition, disposition, direct homeownership assistance, eligible rehabilitation and preservation activities and housing counseling)
- o (NSP 1 c) \$900,000 to the Mid-Ohio Regional Planning Commission for the Westland neighborhood (acquisition, disposition, direct homeownership assistance, eligible rehabilitation and preservation activities and housing counseling)
- o (NSP 2) \$400,000 to the Columbus Housing Partnership for the Heart of Ohio Family Health Center at Capital Park to be located at 2365 Innis Road (Innis Road at Westerville Road.) The project will include the demolition of 10 blighted housing units and the construction of the Center which will provide health care services to low income families.
- o (NSP 3) \$230,000 to Franklin County for the demolition of blighted residential and nonresidential structures.
- o (NSP 4a) \$250,000 to the Columbus/Franklin County Continuum of Care to purchase and rehabilitate residential properties for multi-family rental purposes (acquisition and rehabilitation) this allocation is intended to meet the requirement that at least 25% of a jurisdictions allocation go to house individuals/families with incomes at or below 50% of the area median income the Maryhaven Project in conjunction with the Community Housing Network for the construction of a sixty (60) unit permanent supportive housing project at 3700 Sullivant Avenue. The project will serve individuals with severe mental disabilities, some of whom also have co-occurring alcohol and other drug dependencies.
- o (NSP 4b) \$1,250,000 to the Columbus/Franklin County Continuum of Care to purchase and rehabilitate residential properties for multi-family rental purposes (acquisition and rehabilitation) this alocis intended to meet the requirement that at least 25% of a jurisdictions allocation go to house individuals/families with incomes at or below 50% of the area median income the Edgehill Place project in conjunction with the National Church Residences for the construction of a one hundred (100) unit apartment building for low-income disabled individuals. The project site is 1280-1290 Norton Avenue near the residential community of Grandview Heights.
- o (NSP 5) \$159,664 for administration

#### Acquisition/Rehabilitation and Resale (NSP 1 a,b,c)

The County will acquire and rehabilitate foreclosed, abandoned single-family units and sell them to income-eligible homebuyers. This will be done through direct purchases. The final sales price will be no greater than the initial acquisition and rehabilitation costs. All acquisitions will be for at least 15% below an appraised value determined no more than 60 days prior to the date of the offer to purchase.

The Countys program will encourage subrecipients to acquire and redevelop FHA foreclosed properties, <http://www.hud.gov/offices/hsg/sfh/reo/reohome.cfm>. Any rehabilitation of a foreclosed upon home or residential property shall be to the extent necessary to comply with applicable laws, codes and other requirements relating to housing safety, quality, and habitability, in order to sell, rent, or redevelop such homes and properties.

Homebuyers shall not be earning greater than 120% AMI as defined by HUD. The prospective homebuyers will be required to attend both pre-acquisition HUD certified homebuyer counseling, and post-acquisition homebuyer counseling.

If an abandoned or foreclosed upon home or residential property is to be sold to an individual as a primary residence, no profit may be earned on such sale. Section 2301(d)(2) directs that the sale of such property shall be in an amount equal to or less than the cost to acquire and redevelop or rehabilitate such home or property up to a decent, safe, and habitable condition. The maximum sales price for a property is determined by aggregating all

costs of acquisition, rehabilitation, and redevelopment (including related activity delivery costs, which generally include, among other things, costs related to the sale of property).

#### Redevelopment (NSP-2)

Per 2301(c)(3)(e) the County is allowed to use NSP funds to redevelop demolished or vacant properties.

Grantees may fund costs, such as sales costs, closing costs, and reasonable developers fees, related to NSP-assisted housing, rehabilitation, or construction activities.

New construction of housing and building infrastructure for housing is an eligible use.

Grantees may redevelop property to be used as rental housing.

Grantees are encouraged to acquire and redevelop FHA foreclosed properties. HUD provides information on such properties at <http://www.hud.gov/offices/hsg/sfh/reo/reohome.cfm>. Grantees may also contact their local HUD FHA office for further information.

Correlated Eligible Activities from the CDBG Entitlement Regulations include:

24 CFR 570.201 (a) Acquisition; (b) Disposition; (c) Public facilities and improvements; (e) Public services for housing counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties; (i) Relocation and (n) Direct homeownership assistance (for persons whose income does not exceed 120% of median income)

#### Demolition(NS )

The Countys utilizes Section 117.1 of the 2006 Residential Code of Ohio to define a blighted structure: Structures or existing equipment that are unsafe or unsanitary due to inadequate means of egress facilities, inadequate light and ventilation, or which constitute a fire hazard, or are otherwise dangerous to human life, shall be deemed a serious hazard, such hazard shall be eliminated or the building shall be vacated, and where such building, when vacated, remains a serious hazard, it shall be razed.

In terms of demolition under the Neighborhood Stabilization program the CDBG national objectives related to prevention and elimination of slums and blight and addressing urgent community development needs (24 CFR 570.208(b) and (c) and 570.483(c) and (d)) are not applicable. Further the NSP does not require grantees to meet the requirements of 42 U.S.C. 5304(d) as implemented at 24 CFR 42.375, which mandates one-for-one replacement of low- and moderate-income dwellings units that are demolished or converted for activities assisted with NSP funds.

#### Acquisition/rehabilitation and rental (NSP-4)

Per 2301(c)(3)(b)- the County may purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.

The County intends to utilize this eligible activity to meet the requirement that at least 25% of its allocation (\$1,359,911.00) to serve residents earning at or below 50% of the area median income.

Definitions the County will utilize:

Abandoned. A home is abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, no mortgage or tax payments have been made by the property owner for at least 90 days, AND the property has been vacant for at least 90 days.

Current market appraised value. The current market appraised value means the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the URA at 49 CFR 24.103 and completed within 60 days prior to an offer made for the property by a grantee, subrecipient, developer, or individual homebuyer.

Section 2301(d)(1) of HERA requires any purchase of a foreclosed-upon home or residential property under NSP be at a discount from the current market-appraised value of the home or property. Such discount shall ensure that purchasers are paying below-market value for the home or property.

For mortgagee foreclosed properties, grantees must seek to obtain the maximum reasonable discount from the mortgagee, taking into consideration likely carrying costs of the mortgagee if it were to not sell the property to the grantee or subrecipient.

Section 301 of the URA, regarding just compensation, does not apply to voluntary acquisitions.

All acquisitions of property under NSP require an appraisal for purposes of determining the statutory purchase discount.

For individual purchase transactions, the purchase discount is to be at least 5% from the current market appraised value of the home or property.

For purchase transactions in the aggregate, the average purchase discount depends on how the purchase discount for an individual property is determined.

o The average purchase discount shall be at least 10% if the State, unit of general local government, or subrecipient determines the discount for each purchase transaction through use of a methodology that results in a discount equivalent

to the total carrying costs that would be incurred by the seller if the property were not purchased with NSP funds (provided the discount is at least 5%).

• Such methodology shall provide for an analysis of the estimated holding period for the property and the nature and amount of the carrying costs of holding the property for this period.

• Carrying costs shall include, but not be limited to: taxes, insurance, maintenance, marketing, overhead, and interest.

o If this methodology is not used, the minimum average discount shall be at least 15%.

An NSP recipient may NOT provide NSP funds to another party to finance an acquisition of tax foreclosed (or any other) properties from itself, other than to pay the necessary and reasonable costs related to the appraisal and transfer of title.

Grantees that are contemplating using NSP funds to assist an acquisition involving an eminent domain action are advised to consult legal counsel before taking action, as this may present problems with the Takings Clause of the Fifth Amendment to the U.S. Constitution and prior Supreme Court rulings.

HUD is not specifying alternative requirements to the relocation assistance provisions at 42 U.S.C. 5304(d).

Grantees are encouraged to acquire and redevelop FHA foreclosed properties. HUD provides information on such properties at <http://www.hud.gov/offices/hsg/sfh/reo/reohome.cfm>. Grantees may also contact their local HUD FHA office for further information.

Any rehabilitation of a foreclosed upon home or residential property shall be to the extent necessary to comply with applicable laws, codes and other requirements relating to housing safety, quality, and habitability, in order to sell, rent, or redevelop such homes and properties. In their substantial amendment, grantees must define their housing rehabilitation standards that will apply to NSP assisted activities.

Funds may be used for preservation, improving energy efficiency or conservation, or providing renewable energy source(s).

o HUD encourages grantees to strategically incorporate modern green building and energy efficiency improvements to provide for long-term affordability and increased sustainability and attractiveness of housing and neighborhoods.

Grantees may fund costs, such as sales costs, closing costs, and reasonable developers fees, related to NSP-assisted housing, rehabilitation, or construction activities.

NSP funds may be used to redevelop acquired property for nonresidential uses, such as a public parks or mixed residential and commercial use.

Grantees may rehabilitate property to be operated as rental housing by the grantee, by a subrecipient, by a lessee or by a purchaser. Grantees should note that the costs of purchase, rehabilitation, conversion and sale of such properties are eligible NSP activities, but the expenses of actually operating the rental housing (such as maintenance, insurance, deficits in monthly operating income) and tenant-based rental subsidies are not eligible NSP activities.

24 CFR 570.202 Eligible rehabilitation and preservation activities for homes and other residential properties. Note that rehabilitation may include counseling for those seeking to take part in the activity.

#### Administration (NSP-5)

An amount of up to 10% of an NSP grant provided to a jurisdiction and up to 10% of program income earned may be used for general administration and planning activities as defined at 24 CFR 570.205 and 206.

Activity delivery costs, as defined in 24 CFR 570.206, may be charged to the particular activity performed above and will not count as general administration and planning costs.

Pre-award Costs: A grantee may incur pre-award costs necessary to develop the NSP Application and undertake other administrative and planning actions necessary to receive the NSP grant, in compliance with 24 CFR 570.200(h). States may allow subrecipients to incur pre-award costs pursuant to 24 CFR 570.489(h).

<b>Overall</b>	<b>This Report Period</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	N/A	\$10,879,328.00
<b>Total CDBG Program Funds Budgeted</b>	N/A	\$5,439,664.00
<b>Program Funds Drawdown</b>	\$0.00	\$0.00
<b>Obligated CDBG DR Funds</b>	\$0.00	\$0.00
<b>Expended CDBG DR Funds</b>	\$0.00	\$0.00
<b>Match Contributed</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Program Income Drawdown</b>	\$0.00	\$0.00

## Progress Toward Required Numeric Targets

Requirement	Required	To Date
Minimum Overall Benefit Percentage	\$99.99	\$0.00
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$815,949.60	\$0.00
Limit on Admin/Planning	\$543,966.40	\$0.00
Limit on State Admin	\$0.00	\$0.00

## Progress Toward Activity Type Targets

## Progress Toward National Objective Targets

### Overall Progress Narrative:

NSP contracts are proposed for Commission approval on July 28, 2009. Further, Franklin County published a program amendment in the July 19, 2009 Dispatch. The amendment proposes the cancellation of NSP 4-a and NSP 4-b (both projects failed to garner the tax credits necessary for them to go forward;) and the initiation of NSP 4-c to meet the 25% requirement by initiating a project for \$1.36 million with Habitat of Humanity for Greater Columbus.

### Project Summary

Project #, Project Title	This Report Period		To Date	
	Project Funds Budgeted	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
9999, Restricted Balance	\$0.00	\$0.00	\$0.00	\$0.00
NSP P-1-b, Purchase Rehab HOH Westland	\$900,000.00	\$0.00	\$900,000.00	\$0.00
NSP - 6, Habitat for Humanity	\$0.00	\$0.00	\$0.00	\$0.00
NSP P-1-A, Purchase Rehab CHP Northland	\$1,750,000.00	\$0.00	\$1,750,000.00	\$0.00
NSP P-1-C, Purchase Rehab MORPC Westland	\$900,000.00	\$0.00	\$900,000.00	\$0.00
NSP P-3, Demolition	\$230,000.00	\$0.00	\$230,000.00	\$0.00
NSP P-4-b, Redevelopment - 25% setaside - Edgehill	\$1,250,000.00	\$0.00	\$1,250,000.00	\$0.00
NSP P-5, Administration	\$159,664.00	\$0.00	\$159,664.00	\$0.00
NSP-P-4-A, Redevelopment-25% setaside Maryhaven	\$250,000.00	\$0.00	\$250,000.00	\$0.00
bckt, bucketproject	\$0.00	\$0.00	\$0.00	\$0.00

