

Draft FY 2008
Ohio Consolidated Plan Amendment

Action Plan for the
Neighborhood Stabilization Program

<p>Jurisdiction: Ohio Department of Development</p> <p>Web Address for NSP Amendment: http://www.development.ohio.gov/cdd/ohcp/NeighborhoodStabilizationProgram.htm</p>	<p>NSP Contact Person: Michael A. Hiler, Office Chief Ohio Department of Development Office of Housing and Community Partnerships (OHCP) 77 South High Street, 24th Floor P.O. Box 1001 Columbus, Ohio 43216-1001 Fax Number: (614) 752-4575 Email Address: Michael.Hiler@development.ohio.gov</p>
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A. AREAS OF GREATEST NEED

The Ohio Department of Development (ODOD) developed a need-based allocation of the Ohio Neighborhood Stabilization Program (NSP) award to local areas using a replication of the nation-to-state U.S. Department of Housing and Urban Development (HUD) formula. The HUD formula calculates states' allocations on the basis of foreclosures, subprime loans, loans in default and delinquent loans – all slightly modified with local vacancy rates in high-cost loan areas.

Data

Need-based allocation data that could be used in the allocation formula were purchased from First America Core Logic (FACL). The dataset contained an inventory of total area loans, foreclosures, subprime loans, default, and delinquent loans from January 2005 through July 2008. The data sets were provided by zip code geography. The dataset contained a monthly inventory of total area loans, foreclosures, subprime loans, default and delinquent loans, as well as monthly counts of loan originations from January 2005 through July 2008. The data sets were provided by loan type (Alt-A, BC, Jumbo Prime and Conforming Prime) and zip code geography.

Secondary needs data were compiled from HUD foreclosure risk indicators by Census block group, Home Mortgage Disclosure Act (HMDA) foreclosure data by county, and 2000 Census housing units by county, place, zip code, and block group. The count of 2000 Census housing units in Census block groups was used to geographically reconstitute zip code foreclosure data to counties and sub-county jurisdictions. United States Postal Service (USPS) vacancy estimates and high-cost loan areas from the HMDA data were used in the 10 percent constraining expression.

Procedures

The first task in arriving at a needs-based allocation was to replicate the national-to-state formula. Data points were derived from the above data sets for Ohio, 88 counties, 35 entitlement cities and those Ohio cities eligible to receive Ohio Small Cities Community Development Block Grant (CDBG) Community Development Program funds (jurisdictional level). The following is a step-by-step procedure used to derive the preliminary allocations:

1. Ascertain the geographic completeness of the combined FACL foreclosure data.
2. Based on 2000 Census housing unit count weighting, disaggregate the zip-code level data to jurisdictional level.
3. Using the FACL data, replicate the HUD national-to-state allocation formula for state-to-local allocation.
 - a. Foreclosures and rates were calculated as an 18-month average of total loans and foreclosures from February 2007 through July 2008; rates were then converted to a factor weight by dividing each local area rate by the overall state foreclosure rate. As per HUD instructions, factor weights were not allowed to vary the original rate by more than plus or minus 30 percent.

- b. Subprime loans and rates were calculated on the sum of subprime loan originations from January 2005 through December 2006. Factor weights for subprime loans were constructed in the same manner as those for foreclosure rates.
- c. Defaults and rates were calculated on the sum of default starts from February 2007 through July 2008. Factor weights for subprime loans were constructed in the same manner as those for foreclosure rates.
- d. Delinquencies and rates were calculated on the sum of 60-89 day delinquency occurrences from February 2007 through July 2008. Factor weights for subprime loans were constructed in the same manner as those for foreclosure rates.
- e. USPS vacancy rates in census tracts with 40 percent or more high-cost loans were disaggregated to county and jurisdiction level based on Census 2000 housing unit counts. The local to state ratio of vacancy rates, limited to plus or minus 10 percent, was the final factor employed.

B. DISTRIBUTION AND USES OF FUNDS

ODOD will allocate \$116,859,223 of Neighborhood Stabilization Program (NSP) funds by April 1, 2009 as follows:

Administrative Funds

- ODOD will allocate approximately 10 percent of the total allocation for administration, with approximately 60 percent of the NSP administrative dollars allocated to award recipients.

Rental Reserve

- ODOD will award 25 percent of Ohio's NSP (\$29,214,900) allocation as a rental reserve through an Affordable Rental Housing Initiative. The Affordable Rental Housing Initiative will encourage the redevelopment of demolished, foreclosed or vacant structures into affordable rental housing serving households with incomes at or below 50 percent of the area median income and provide additional resources to both the Ohio NSP direct award recipients, where vacant rental properties are abundant, as well as in rural communities through a nonprofit organization.

Balance of Funds Eligible Applicants

- ODOD will compile a list of Ohio's counties, 35 entitlement cities and those Ohio cities eligible to receive Ohio Small Cities CDBG Community Development Program funds, including direct NSP recipients, and rank the jurisdictions in order of need based on the formula allocation outlined above
- ODOD will then determine, based on the ranking, if and how much additional funds should be allocated to direct NSP recipients by comparing the amount of funds awarded to the NSP entitlements by HUD to the amount of need determined by ODOD's need calculations.
- The amount of funds to be allocated to direct NSP recipients by ODOD will then be subtracted from the state of Ohio's balance of funds (\$116,859,223 minus administration minus rental reserve).
- The remaining funds (\$116,859,223 minus administration, minus rental reserve, minus direct NSP additional allocation) will be awarded to Ohio's other eligible jurisdictions, based on ODOD's need calculations, and above a minimum grant amount, which ODOD will set to ensure impact at the local level.
- If the calculations determine that an eligible jurisdiction's need results in an amount less than a minimum grant amount to be determined by ODOD, ODOD will work in cooperation with those jurisdictions to form collaborative regions. The communities combined into a region will be required to determine a lead entity. The lead entity will be required to expend the Ohio NSP funds on eligible activities in the area(s) of greatest need in that region.

- The Ohio NSP funds, except those awarded for the Affordable Rental Housing Initiative, will be awarded to eligible program applicants through an application process to assist persons/families with incomes at or below 120 percent of the area median income.
- Eligible applicants, including the lead entity in a region, will then be required to submit an application to express interest in participating in the program; indicate administrative capacity; and provide documentation that the Ohio NSP funds will be used in the areas of greatest need in the jurisdiction/region.
- The full NSP application will be distributed to the interested, eligible applicants on or about January 15, 2009, with applications due on or about February 27, 2009.

Eligible Activities

The following activities will be eligible for funding:

Residential Development

- establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft seconds, loan loss reserves, and share equity loans for low-and moderate income homebuyers;
- purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent or redevelop such homes and property;
- establish land banks for homes that have been foreclosed upon;
- demolish blighted structures; and
- redevelop demolished or vacant properties (including new construction).

Land Banks/Demolition

- establish land banks for homes that have been foreclosed upon; and
- demolish blighted structures.

Affordable Housing Rental Initiative

- 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; and
- redevelop demolished or vacant properties.

Award Announcements

Award announcements will be made on or about April 1, 2009. The program's grant period will be a maximum of four years.

C. DEFINITIONS AND DESCRIPTIONS

1. Blighted Structure

Ohio Revised Code Section 1.08 (Blighted Area Defined – Excluded Consideration) defines blighted area/parcel/structure as follows:

(A) “Blighted area” and “slum” mean an area in which at least seventy percent of the parcels are blighted parcels and those blighted parcels substantially impair or arrest the sound growth of the state or a political subdivision of the state, retard the provision of housing accommodations, constitute an economic or social liability, or are a menace to the public health, safety, morals, or welfare in their present condition and use.

(B) “Blighted parcel” means either of the following:

(1) A parcel that has one or more of the following conditions:

(a) A structure that is dilapidated, unsanitary, unsafe, or vermin infested and that because of its condition has been designated by an agency that is responsible for the enforcement of housing, building, or fire codes as unfit for human habitation or use*;

(b) The property poses a direct threat to public health or safety in its present condition by reason of environmentally hazardous conditions, solid waste pollution, or contamination;

(c) Tax or special assessment delinquencies exceeding the fair value of the land that remains unpaid thirty-five days after notice to pay has been mailed.

* In jurisdictions without an agency that is responsible for the enforcement of housing, building or fire codes, “blighted” as defined above must be determined by a qualified rehabilitation specialist or local code enforcement officer.

(2) A parcel that has two or more of the following conditions that, collectively considered, adversely affect surrounding or community property values or entail land use relationships that cannot reasonably be corrected through existing zoning codes or other land use regulations:

(a) Dilapidation and deterioration;

(b) Age and obsolescence;

(c) Inadequate provision for ventilation, light, air, sanitation, or open spaces;

(d) Unsafe and unsanitary conditions;

(e) Hazards that endanger lives or properties by fire or other causes;

(f) Noncompliance with building, housing, or other codes;

(g) Nonworking or disconnected utilities;

(h) Is vacant or contains an abandoned structure;

- (i) Excessive dwelling unit density;
 - (j) Is located in an area of defective or inadequate street layout;
 - (k) Overcrowding of buildings on the land;
 - (l) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
 - (m) Vermin infestation;
 - (n) Extensive damage or destruction caused by a major disaster when the damage has not been remediated within a reasonable time;
 - (o) Identified hazards to health and safety that are conducive to ill health, transmission of disease, juvenile delinquency, or crime;
 - (p) Ownership or multiple ownership of a single parcel when the owner, or a majority of the owners of a parcel in the case of multiple ownership, cannot be located.
- (C) When determining whether a property is a blighted parcel or whether an area is a blighted area or slum for the purposes of this section, no person shall consider whether there is a comparatively better use for any premises, property, structure, area, or portion of an area, or whether the property could generate more tax revenues if put to another use.
- (D) (1) Notwithstanding any other provision of this section, absent any environmental or public health hazard that cannot be corrected under its current use or ownership, a property is not a blighted parcel because of any condition listed in division (B) of this section if the condition is consistent with conditions that are normally incident to generally accepted agricultural practices and the land is used for agricultural purposes as defined in section 303.01 or 519.01 of the Revised Code, or the county auditor of the county in which the land is located has determined under section 5713.31 of the Revised Code that the land is "land devoted exclusively to agricultural use" as defined in section 5713.30 of the Revised Code.
- (2) A property that under division (D)(1) of this section is not a blighted parcel shall not be included in a blighted area or slum.

2. Affordable Rents

NSP-assisted rental units must be affordable to households with incomes at or below 50 percent of the area median income, adjusted for family size and county. Owners must calculate affordable rents using the definition of affordable rents for the Low-Income Housing Tax Credit (LIHTC) Program (Section 42(g) of the Internal Revenue Code).

3. Continued Affordability

ODOD will enforce the minimum continued affordability requirements defined by the HOME Program final rule (24 CFR 92.252 and 92.254) for the Ohio NSP-funded residential development projects.

Projects receiving rental assistance will have a 30-year affordability period. An exception will be provided for projects involving the sale of the units to eligible residents after the 15th year in the compliance period. Rent and income restrictions will be enforced through a restrictive covenant land use agreement. Existing procedures in place for the LIHTC Program and Housing Development Assistance Program (HDAP) to monitor compliance with the restrictions will be implemented, including annual certification reports from the owners and routine, on-site file and physical inspections by qualified staff.

4. Housing Rehabilitation Standards

Ohio NSP award recipients must comply with ODOD **Housing Handbook Part II – 2008 Residential Rehabilitation Standards (RRS)**, which is posted on <http://www.development.ohio.gov/cdd/ohcp/publications.htm>. In addition, for housing rehabilitation of pre-1978 structures, Ohio NSP award recipients must comply with applicable state and federal laws, rules and regulations governing the testing and treatment of lead-based paint, including disclosures to residents/buyers; and the ODOD lead-based paint policy included in the **FY 2008 Ohio Consolidated Plan**, which is also posted on <http://www.development.ohio.gov/cdd/ohcp/publications.htm>.

Exceptions:

- If local housing codes are more stringent than the RRS, Ohio NSP award recipients must comply with the local housing code standard.
- If the Ohio NSP award recipient is currently a HUD Community Development Block Grant (CDBG) Program Entitlement Community and/or a HOME Investment Partnerships Program Participating Jurisdiction and is administering a housing rehabilitation program funded through the CDBG/HOME Programs, the Ohio NSP award recipient may use *either* the locally adopted standards *or* the RRS when implementing the Ohio NSP locally. However, if the local standards will be used to implement the Ohio NSP, the Ohio NSP award recipient must submit a copy of the standards to ODOD at the address listed on page one of this document.

ODOD will encourage energy efficiency standards, such as the Leadership in Energy and Environmental Design Green Building Rating System or the Enterprise Green Communities Initiative.

D. LOW-INCOME TARGETING

ODOD will award 25 percent of Ohio's NSP (\$29,214,900) as a rental reserve through an Affordable Rental Housing Initiative. The Affordable Rental Housing Initiative will encourage the redevelopment of demolished, foreclosed or vacant structures into affordable rental housing serving households with incomes at or below 50 percent of the area median income and provide additional resources to both the Ohio NSP direct award recipients, where vacant rental properties are abundant, as well as in rural communities, through a nonprofit organization.

E. ACQUISITION & RELOCATION

ODOD will mitigate the loss of low- and moderate-income housing units demolished, rehabilitated or converted with Ohio NSP funds by requiring housing units to be vacant at least 90 days prior to the purchase of a unit for demolition, rehabilitation or conversion. In addition, Ohio NSP award recipients may only acquire property through voluntary acquisition, and a voluntary acquisition form must be signed by the seller, indicating that the property was offered for sale willingly, that the transition did not involve the use of eminent domain and the property's value was properly appraised.

F. PUBLIC COMMENT

On September 4, September 9, October 15 and November 7, 2008, ODOD conducted conference calls with a myriad of stakeholders representing urban and rural areas across the state. During the calls, the following topics were discussed: housing needs; time constraints; rational uses of funds and data; administrative capacity and income requirements. Subsequently, a summary of the calls were e-mailed to the call participants and posted on <http://www.development.ohio.gov/cdd/ohcp/NeighborhoodStabilizationProgram.htm>.

On November 14, 2008, ODOD published the **Public Notice of a Substantial Amendment to the FY 2008 State of Ohio Consolidated Plan** (see below) in the following 13 newspapers:

Columbus Dispatch
Canton Repository
Akron Beacon Journal
Cincinnati Enquirer
Dayton Daily News
Youngtown Vindicator
Cleveland Plain Dealer

Athens Messenger
Lima News
Toledo Blade
Wheeling Intelligencer
Marietta Times
Call and Post

Public Notice of a Substantial Amendment to the FY 2008 State of Ohio Consolidated Plan

The State of Ohio plans to substantially amend the FY 2008 State of Ohio Consolidated Plan. The amendment will describe the State of Ohio's action plan for administering Ohio's Neighborhood Stabilization Program. On 11/14/2008, the proposed amendment will be posted on <http://www.development.ohio.gov/cdd/ohcp/NeighborhoodStabilizationProgram.htm>. Written comments regarding the amendment will be accepted during a 15-day comment period, 11/14/08 through 11/28/08, and must be delivered to Michael A. Hiler, Ohio Department of Development, Office of Housing and Community Partnerships (OHCP), 77 South High Street, 24th Floor, P.O. Box 1001, Columbus, Ohio 43216-1001. Mailed comments must be postmarked no later than 11/28/08. Copies of the amendment can also be obtained from OHCP at the address listed above or by calling (614) 466-2285.

In addition, a memorandum was direct mailed to approximately 1,050 interested persons stating that written comments regarding the **Draft FY 2008 Ohio Consolidated Plan Amendment** will be accepted during a 15-day comment period (November 14-28, 2008) and must be delivered to:

Michael A. Hiler, Office Chief
Ohio Department of Development
Office of Housing and Community Partnerships
77 South High Street, 24th Floor
P.O. Box 1001
Columbus, Ohio 43216-1001
Fax Number: (614) 752-4575
Telephone Number: (614) 466-2285
E-Mail Address: Michael.Hiler@development.ohio.gov

At the conclusion of the public comment period, ODOD will compile a summary of the comments received and add the summary to the amendment prior to submitting the document to HUD.

G. NSP INFORMATION BY ACTIVITY

1. Activity Name:

Residential Development

2. Activity Type:

NSP Eligible Activity

- establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft seconds, loan loss reserves, and share equity loans for low-and moderate income homebuyers;
- purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent or redevelop such homes and property;
- establish land banks for homes that have been foreclosed upon;
- demolish blighted structures; and
- redevelop demolished or vacant properties (including new construction).

CDBG Eligible Activity

- 24 CFR 570.201 -- (a) Acquisition; (b) Disposition; (d) Clearance and remediation activities; (m) Construction of housing; (n) Direct homeownership assistance to persons whose incomes do not exceed 120 percent of median income;
- 24 CFR 570.202 -- Eligible rehabilitation and preservation activities; and
- As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.26.

3. National Objective:

Meets the national objective of benefiting low-, moderate- and middle-income persons at or below 120 percent AMI.

4. Activity Description:

This activity will provide homeownership opportunities to households with incomes at or below 120 percent of the area median income (also see the discussion of needs in 5 below); and the improvement and reuse of vacant and abandoned properties. ODOD anticipates that approximately 20 percent of its allocation will be spent to purchase and rehabilitate abandoned and foreclosed residential properties for resale. This activity may include:

- acquisition/rehabilitation/resale, where the property is purchased by the program administrator (e.g., a nonprofit organization or other entity administering the grant for the community), rehabilitated to meet the program standards and resold to an income eligible household;
- direct purchase by an income eligible household, with assistance by the program (following an inspection of the property and approval of the program), then rehabilitated, as necessary, to meet the standards; or
- demolition of a blighted house, with a new house built on the site and sold to an income qualified household.

In every case, a vacant and abandoned property is purchased, and the final outcome is homeownership by an income eligible household. The finance mechanism for any direct assistance provided to homebuyers will be in the form of zero percent interest loans, which may be deferred and forgiven over time. However, HOME affordability regulations must be followed to ensure that all monthly housing expenses associated with the principle, interest, taxes, and insurance (PITI) for an Ohio NSP-assisted house will not exceed 30 percent of the household's monthly income. Each household benefitting from this activity will be required to attend eight hours of homebuyer education.

5. Location Description:

Residential development activities will take place in the areas of greatest need as determined by the Ohio NSP eligible award recipients. Eligible Ohio NSP award recipients will be responsible for determining both the geographic need for assistance and the types of assistance best suited to implement the Ohio NSP locally and within the federal and state guidelines. To ensure compliance, eligible Ohio NSP award recipients will be required to undertake a planning process, which includes meeting with local housing providers, analyzing data to determine the local needs and determining how those identified needs can be met. Based on the information collected during the planning process, eligible award recipients will submit a plan to the state describing how the Ohio NSP funds will be used within the jurisdiction/region.

6. Performance Measures:

Approximately 400 units (The actual budget and number of units to be determined by the Ohio NSP award recipients based upon their determined need.)

7. Total Budget:

\$23,371,901

8. Responsible Organization:

Ohio Department of Development
Office of Housing and Community Partnerships
77 South High Street
P.O. Box 1001
Columbus, Ohio 43216-1001
Michael Hiler, Office Chief

9. Projected Start Date:

April 1, 2009

10. Projected End Date:

March 30, 2013

11. Specific Activity Requirements:

Discount Rate – There will be a required minimum discount of 15 percent for each residential property purchased with NSP funds.

The finance mechanism for any direct assistance provided to homebuyers will be in the form of zero percent interest loans, which may be deferred and forgiven over time.

1. Activity Name:

Land Banks/Demolition

2. Activity Type:

NSP Eligible Activity

- establish land banks for homes that have been foreclosed upon; and
- demolish blighted structures.

CDBG Eligible Activity

- 24 CFR 570.201 -- (a) Acquisition; (b) Disposition; (d) Clearance for blighted structures.

3. National Objective:

Meets the national objective of benefiting low-, moderate- and middle-income persons at or below 120 percent of area median income.

4. Activity Description:

ODOD anticipates that approximately 45 percent of its allocation will be spent on the demolition of blighted structures and/or the establishment of land banks resulting from blighted vacant and abandoned properties. However, acquisition may be the first step in undertaking demolition and/or land banking (see the note in 5 below regarding the determination of need). Subsequent redevelopment of the properties will be subject to the requirements outlined in the NSP regulations. However, redevelopment using NSP funds will be limited to the housing activities included in the Residential Development and Affordable Housing Rental Initiative portions of this document.

5. Location Description:

Land banks/demolition activities will take place in the areas of greatest need as determined by the Ohio NSP eligible award recipients. Eligible Ohio NSP award recipients will be responsible for determining both the geographic need for assistance and the types of assistance best suited to implement the Ohio NSP locally and within the federal and state guidelines. To ensure compliance, eligible Ohio NSP award recipients will be required to undertake a planning process, which includes meeting with local housing providers, analyzing data to determine the local needs and determining how those identified needs can be met. Based on the information collected during the planning process, eligible award recipients will submit a plan to the state describing how the Ohio NSP funds will be used within the jurisdiction/region.

6. Performance Measures:

Approximately 2,200 units (The actual budget and number of units to be determined by the Ohio NSP award recipients, based upon their determined need.)

7. Total Budget:

\$52,586,500

8. Responsible Organization:

Ohio Department of Development
Office of Housing and Community Partnerships
77 South High Street
P.O. Box 1001
Columbus, Ohio 43216-1001
Michael Hiler, Office Chief

9. Projected Start Date:

April 1, 2009

10. Projected End Date:

March 30, 2013

11. Specific Activity Requirements:

Not applicable.

1. Activity Name:

Affordable Housing Rental Initiative

2. Activity Type:

NSP Eligible Activity

- purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent or redevelop such homes and property; and
- redevelop demolished or vacant properties.

CDBG Eligible Activity

- 24 CFR 570.201 (a) Acquisition, (b) Disposition and (d) Clearance, for blighted structures only; and
- 24 CFR 570.202 Rehabilitation/Preservation.

3. National Objective:

Meets the national objective of benefiting low-income persons at or below 50 percent of area median income.

4. Activity Description:

The purpose of this activity is to encourage nonprofit organizations [i.e., 501(c)(3)] and public housing authorities to rehabilitate vacant (within the last two years) and abandoned residential property for households with incomes at or below 50 percent of the area median income; and redevelop of demolished or vacant structures into affordable rental housing for households with incomes at or below 50 percent of the area median income. Eligible applicants must demonstrate that a proposed development contributes to an existing community redevelopment plan, and is consistent with the community's identified needs. In addition, for projects in communities with direct NSP allocations, the community must contribute at least \$250,000 of their funds toward the financing of the project. NSP funds will combine with HDAP, LIHTC, Housing Development Gap Financing (HDGF) and Housing Development Loan (HDL) programs in order to create sustainable rental communities.

Projects will be required to meet the property standards (CFR 92.251) and rental housing qualification standard (CFR 92.252) for the HOME Program. Standard funding terms will be grants or loans with interest rate of two percent, repayments based on available cash flow. A structure will be used similar to the existing HDAP structure.

For projects involving **new construction**:

- Site and Neighborhood Standards – 24 CFR 983.57.
- State and Local Code Requirements. If no state and local codes apply, the project must use a nationally recognized model code.
- Model Energy Code.
- Handicapped Accessibility Requirements.
- Manufactured Housing must be constructed following the manufacturer's written instructions and must meet the construction and safety standards of 24 CFR 3280.

For projects involving **rehabilitation**:

- State and Local Code Requirements. If no state and local codes apply, the project must use the ODOB RRS.
- Handicapped Accessibility Requirements.

For projects involving **reconstruction** - defined as rebuilding on the same lot as existing housing present at the time the project is funded without changing the total number of units in the project. This can include replacing substandard units of manufactured housing with a new manufactured housing unit.

- State and Local Code Requirements. If no state and local codes apply, the project must use a nationally recognized model code.
- Handicapped Accessibility Requirements.
- ODOT RRS.
- Manufactured Housing must be constructed following the manufacturer's written instructions and must meet the construction and safety standards of 24 CFR 3280.

For the rehabilitation of **pre-1978 structures**, Ohio NSP award recipients must comply with applicable state and federal laws, rules and regulations governing the testing and treatment of lead-based paint, including disclosures to residents/buyers; and the ODOT lead-based paint policy included in the **FY 2008 Ohio Consolidated Plan**, which is also posted on <http://www.development.ohio.gov/cdd/ohcp/publications.htm>.

5. Location Description:

Projects must be located in areas of greatest need, as defined by an eligible NSP award recipient.

6. Performance Measures:

ODOD's goal is to fund approximately 20 developments for a total of at least 600 NSP-assisted units.

7. Total Budget:

\$29,214,900

8. Responsible Organization:

Ohio Department of Development
Office of Housing and Community Partnerships
77 South High Street
P.O. Box 1001
Columbus, Ohio 43216-1001
Michael Hiler, Office Chief

9. Projected Start Date:

The NSP funds will be awarded to eligible award recipients for eligible projects in three funding rounds:

- 2009 LIHTC funding round. Applications due on March 19, 2009 and NSP funds committed in July 2009. Applicants cannot combine NSP funds with the HDAP in this round.
- 2009 HDGF rental funding round. Applications due on August 1, 2009 and NSP funds committed in October 2009.
- If funds are available, 2010 LIHTC funding round. Applications due in January 2010 and NSP funds committed in May 2010. Applicants cannot combine NSP funds with HDAP in this round.

10. Projected End Date:

March 30, 2013

11. Specific Activity Requirements:

There will be a required minimum discount of 15 percent for each residential property purchased with NSP funds.

Standard funding terms will be grants or loans with interest rate of two percent, repayments based on available cash flow. OHFA will use a structure similar to the existing HDAP structure.

**APPLICATION FOR
FEDERAL ASSISTANCE**

OMB Approved No. 3076-0006

Version 7/03

1. TYPE OF SUBMISSION: Application <input type="checkbox"/> Construction <input checked="" type="checkbox"/> Non-Construction	<input type="checkbox"/> Pre-application <input type="checkbox"/> Construction <input checked="" type="checkbox"/> Non-Construction	2. DATE SUBMITTED 12/01/2008	Applicant Identifier
		3. DATE RECEIVED BY STATE	State Application Identifier
		4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier

5. APPLICANT INFORMATION

Legal Name: State of Ohio	Organizational Unit: Department: Ohio Department of Development
Organizational DUNS: 808847743	Division: Community Development Division
Address: Street: 77 South High Street, P.O. Box 1001	Name and telephone number of person to be contacted on matters involving this application (give area code) Prefix: Mr. First Name: Michael
City: Columbus	Middle Name A.
County: Franklin	Last Name Hiler
State: Ohio Zip Code 43216-1001	Suffix:
Country: United States of America	Email: michael.hiler@development.ohio.gov

6. EMPLOYER IDENTIFICATION NUMBER (EIN): 	Phone Number (give area code) (614) 466-2285	Fax Number (give area code) (614) 752-4575
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8. TYPE OF APPLICATION: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision If Revision, enter appropriate letter(s) in box(es) (See back of form for description of letters.)	7. TYPE OF APPLICANT: (See back of form for Application Types) State Other (specify)
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9. NAME OF FEDERAL AGENCY: U. S. Department of Housing and Urban Development
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10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: TITLE (Name of Program): Neighborhood Stabilization Program	11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT: Ohio's NSP will assist areas with the greatest need, with 25 percent of the funds assisting households with incomes at or below 50 percent of the area median income, 65 percent of the funds assisting households with incomes at or below 120 percent of the area median income and the remaining 10 percent reserved for administration.
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12. AREAS AFFECTED BY PROJECT (Cities, Counties, States, etc.): State

13. PROPOSED PROJECT Start Date: April 1, 2009	Ending Date: March 30, 2013	14. CONGRESSIONAL DISTRICTS OF: a. Applicant All	b. Project All
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15. ESTIMATED FUNDING:	16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?																												
<table border="1"> <tr><td>a. Federal</td><td>\$</td><td>116,859,223</td><td>00</td></tr> <tr><td>b. Applicant</td><td>\$</td><td></td><td>00</td></tr> <tr><td>c. State</td><td>\$</td><td></td><td>00</td></tr> <tr><td>d. Local</td><td>\$</td><td></td><td>00</td></tr> <tr><td>e. Other</td><td>\$</td><td></td><td>00</td></tr> <tr><td>f. Program Income</td><td>\$</td><td></td><td>00</td></tr> <tr><td>g. TOTAL</td><td>\$</td><td>116,859,223</td><td>00</td></tr> </table>	a. Federal	\$	116,859,223	00	b. Applicant	\$		00	c. State	\$		00	d. Local	\$		00	e. Other	\$		00	f. Program Income	\$		00	g. TOTAL	\$	116,859,223	00	a. Yes. <input type="checkbox"/> THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON DATE: b. No. <input checked="" type="checkbox"/> PROGRAM IS NOT COVERED BY E. O. 12372 <input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW
a. Federal	\$	116,859,223	00																										
b. Applicant	\$		00																										
c. State	\$		00																										
d. Local	\$		00																										
e. Other	\$		00																										
f. Program Income	\$		00																										
g. TOTAL	\$	116,859,223	00																										
17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT? <input type="checkbox"/> Yes If "Yes" attach an explanation. <input checked="" type="checkbox"/> No																													

18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.

a. Authorized Representative		
Prefix Mr.	First Name Mark	Middle Name
Last Name Barbash		Suffix
b. Title Chief Economic Development Officer		c. Telephone Number (give area code) (614) 466-3379
d. Signature of Authorized Representative 		e. Date Signed 11/13/08

CERTIFICATIONS

- (1) Affirmatively furthering fair housing. The jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- (2) Anti-lobbying. The jurisdiction will comply with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (3) Authority of Jurisdiction. The jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (4) Consistency with Plan. The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.
- (5) Acquisition and relocation. The jurisdiction will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the Notice for the NSP program published by HUD.
- (6) Section 3. The jurisdiction will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- (7) Citizen Participation. The jurisdiction is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.
- (8) Following Plan. The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.
- (9) Use of funds in 18 months. The jurisdiction will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the NSP Notice, all of its grant funds within 18 months of receipt of the grant.
- (10) Use NSP funds \leq 120 of AMI. The jurisdiction will comply with the requirement that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income.
- (11) Assessments. The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public

improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) Excessive Force. The jurisdiction certifies that it has adopted and is enforcing: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) a policy of enforcing applicable State and local laws against physically barring entrance to or exit from, a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.

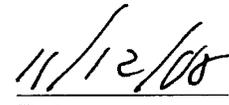
(13) Compliance with anti-discrimination laws. The NSP grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(14) Compliance with lead-based paint procedures. The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) Compliance with laws. The jurisdiction will comply with applicable laws.



Signature/Authorized Official



Date

Chief Economic Development Officer
Title

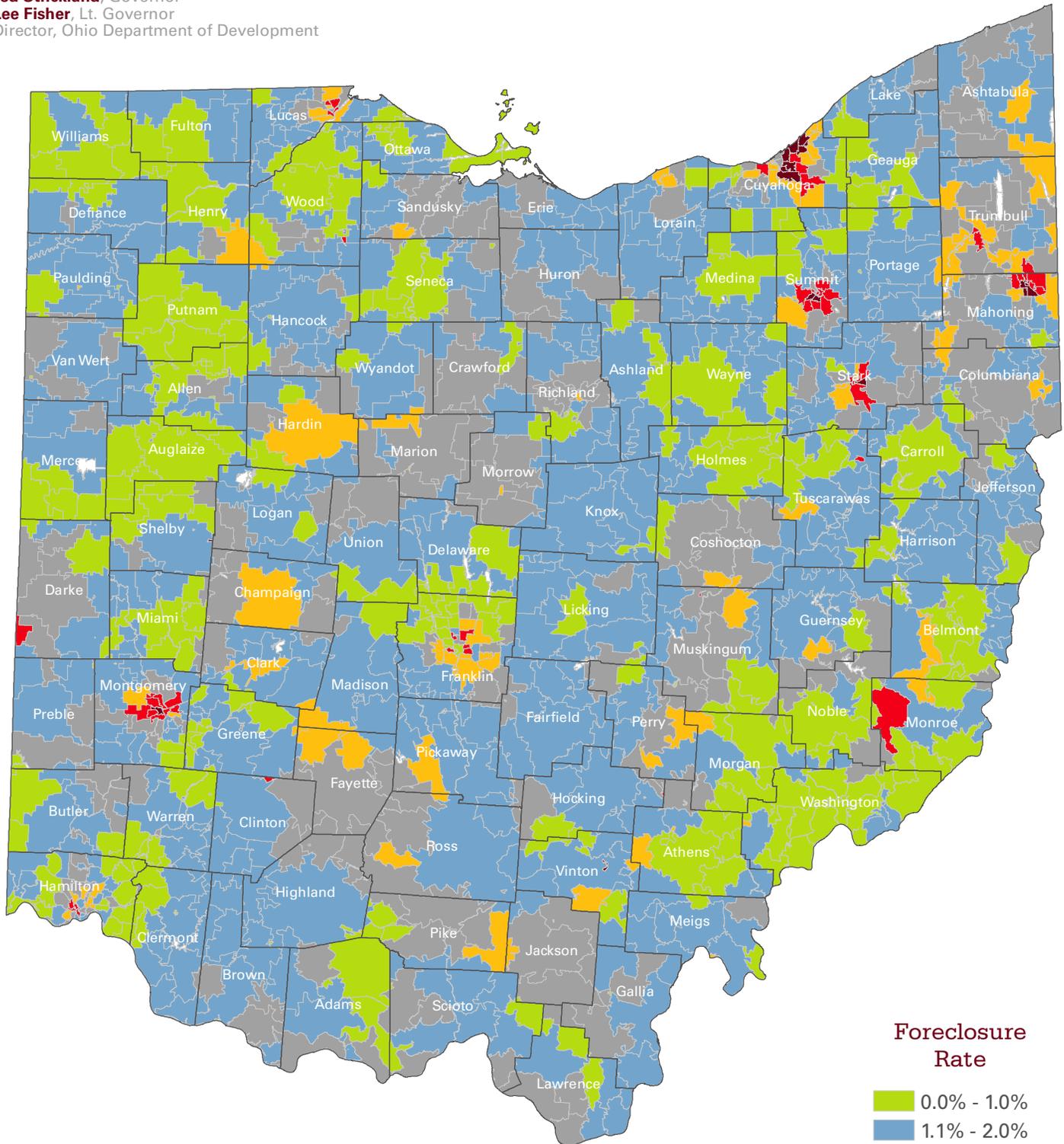
Foreclosure Rates By ZIP Code Tabulation Area

18-Month Average
February 2007 - July 2008



Department of
Development

Ted Strickland, Governor
Lee Fisher, Lt. Governor
Director, Ohio Department of Development



Foreclosure Rate

- 0.0% - 1.0%
- 1.1% - 2.0%
- 2.1% - 3.0%
- 3.1% - 5.0%
- 5.1% - 10.0%
- 10.1% - 17.7%

Foreclosure rate based on average monthly inventory for the 18-month period from February 2007 through July 2008 as reported by First American Core Logic.

Source: First American Core Logic

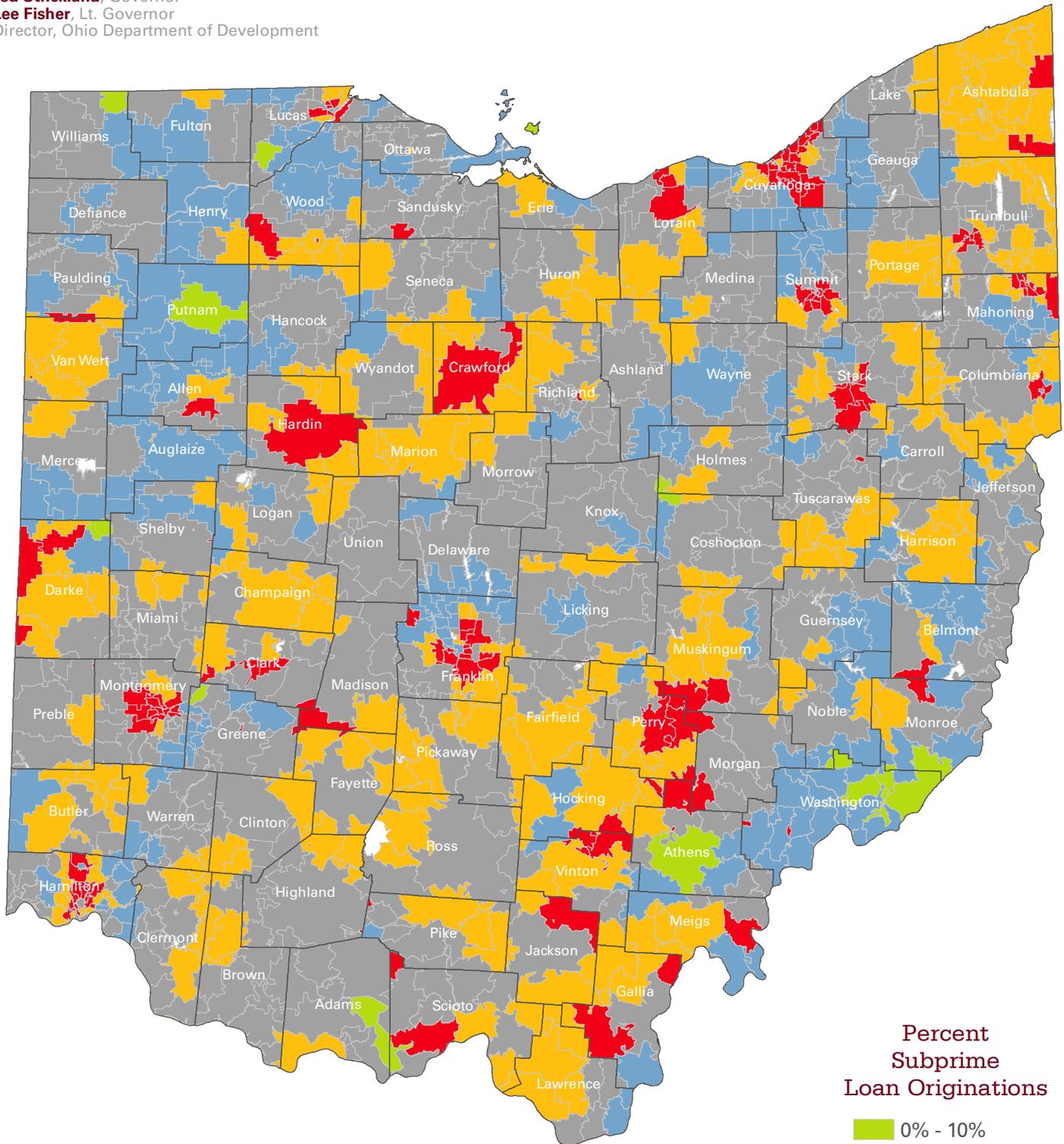
Prepared by: Ohio Department of Development, Policy Research and Strategic Planning (November 2008)

Subprime Loan Rate By ZIP Code Tabulation Area January 2005 - December 2006



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Development

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Lee Fisher, Lt. Governor
Director, Ohio Department of Development



Percent
Subprime
Loan Originations

- 0% - 10%
- 10.01% - 20%
- 20.01% - 30%
- 30.01% - 40%
- 40.01% - 100%

Alt-A and BC loan originations as percentage of all loan originations for the 24-month period from January 2005 through December 2006 as reported by First American Core Logic.

Source: First American Core Logic

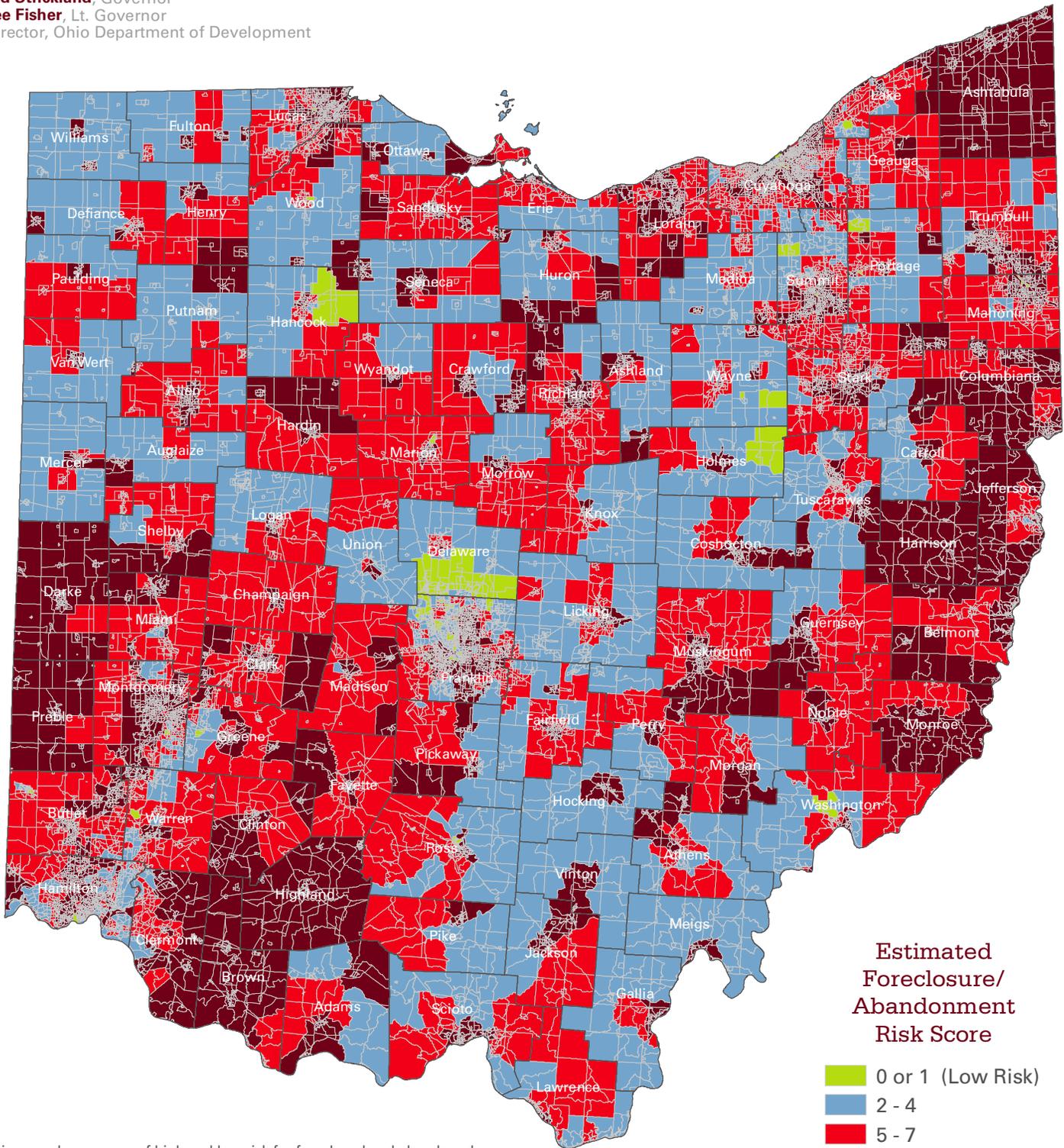
Prepared by: Ohio Department of Development, Policy Research and Strategic Planning (October 2008)

Estimated Foreclosure and Abandonment Risk Score



Department of Development

Ted Strickland, Governor
 Lee Fisher, Lt. Governor
 Director, Ohio Department of Development



Estimated Foreclosure/Abandonment Risk Score

- 0 or 1 (Low Risk)
- 2 - 4
- 5 - 7
- 8 - 10 (High Risk)

This map shows areas of high and low risk for foreclosed and abandoned homes. Scores range from 0 to 10, where 0 indicates that HUD data suggest a very low risk and 10 suggest a very high risk. Data used to calculate the risk scores include the following: Office of Federal Housing Enterprise Oversight (OFHEO) data on decline in home values as of June 2008 compared to peak home value since 2000 at the Metropolitan/Micropolitan/Non-Metropolitan level; Federal Reserve Home Mortgage Disclosure Act (HMDA) data on percent of all loans made between 2004 and 2006 that are high cost at the Census Tract level; Labor Department data on unemployment rates in places and counties as of June 2008; and USPS data on residential addresses identified as being vacant for 90 days or longer as of June 2008 at the Census Tract level.

Source: Neighborhood Stabilization Program Targeting, www.huduser.org/publications/commdev/nsp_target.html; geographic data from www.huduser.org/geo/summarylevel.asp

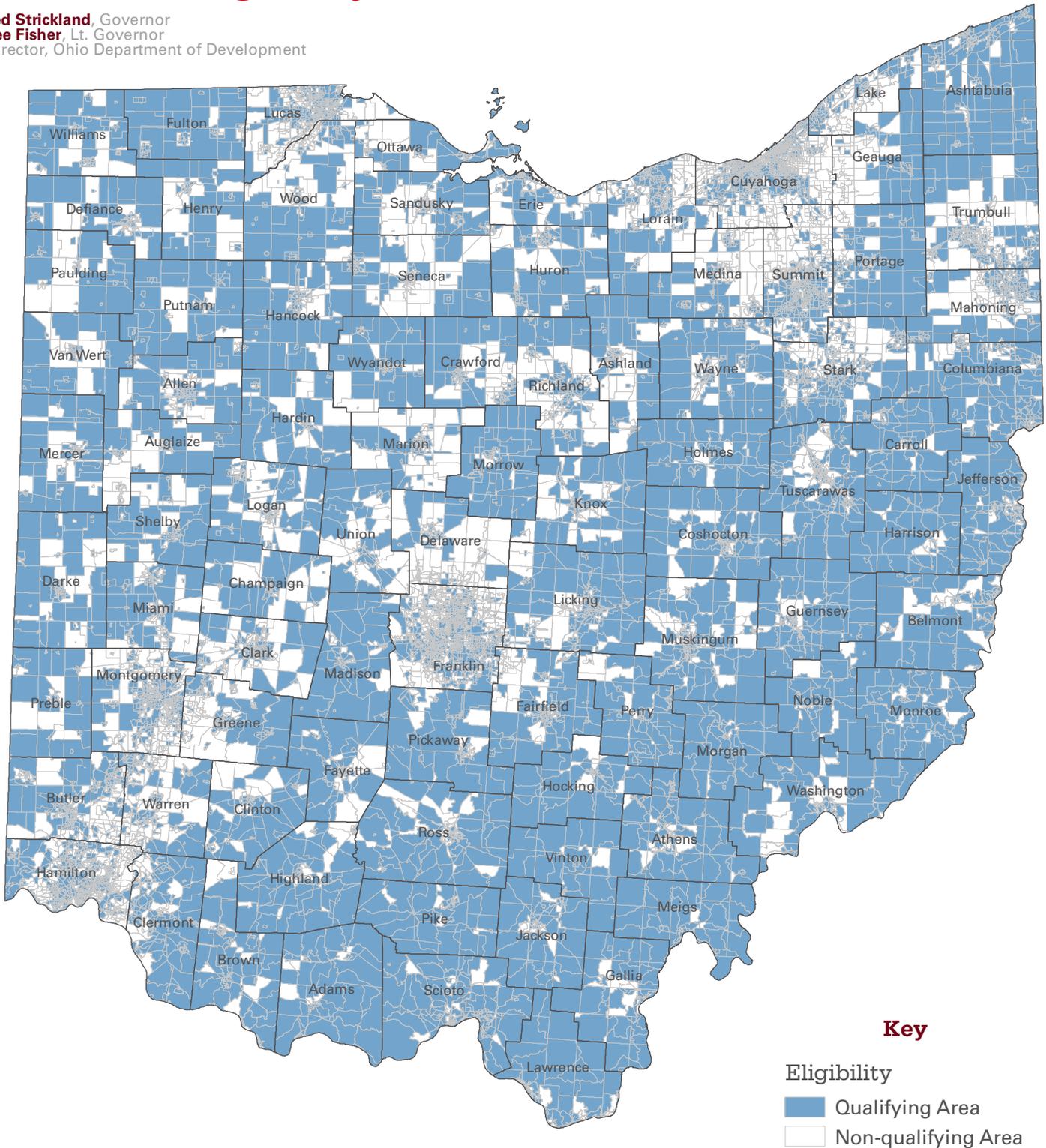
Prepared by: Ohio Department of Development, Policy Research and Strategic Planning (October 2008)

Areas Meeting the 120% Area Median Income Criterion for HERA Eligibility



Department of Development

Ted Strickland, Governor
 Lee Fisher, Lt. Governor
 Director, Ohio Department of Development



The Housing and Economic Recovery Act of 2008 (HERA) specifies that all of the funds appropriated under the Neighborhood Stabilization Program shall be used with respect to individuals and families whose income does not exceed 120 percent of area median income. This map shows every Census Block Group (part) and whether or not it qualifies as an area of low-, moderate, and middle-income (LMMH) benefit, where more than 51 percent of the people in the area had incomes in 2000 less than 120 percent of Area Median Income.

Source: Neighborhood Stabilization Program Targeting, www.huduser.org/publications/commdev/nsp_target.html; geographic data from www.huduser.org/geo/summarylevel.asp

Prepared by: Ohio Department of Development, Policy Research and Strategic Planning (October 2008)

NSP Substantial Amendment Checklist

For the purposes of expediting review, HUD asks that applicants submit the following checklist along with the NSP Substantial Amendment and SF-424.

Contents of an NSP Action Plan Substantial Amendment

Jurisdiction: State of Ohio	NSP Contact Person: Michael A. Hiler, Office Chief Ohio Department of Development Office of Housing and Community Partnerships (OHCP) 77 South High Street, 24 th Floor P.O. Box 1001 Columbus, Ohio 43216-1001 Fax Number: (614) 752-4575 Email Address: Michael.Hiler@development.ohio.gov
Lead Agency Jurisdiction Web Address: http://www.development.ohio.gov/cdd/ohcp/NeighborhoodStabilizationProgram.htm	

The elements in the substantial amendment required for the Neighborhood Stabilization Program are:

A. AREAS OF GREATEST NEED

Does the submission include summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction?

Yes No . Verification found on attached maps.

B. DISTRIBUTION AND USES OF FUNDS

Does the submission contain a narrative describing how the distribution and uses of the grantee's NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures?

Yes No . Verification found on page 1-2.

Note: The grantee's narrative must address the three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.

C. DEFINITIONS AND DESCRIPTIONS

For the purposes of the NSP, do the narratives include:

- a definition of "blighted structure" in the context of state or local law,
Yes No . Verification found on page 3-4.
- a definition of "affordable rents,"
Yes No . Verification found on page 5.

- a description of how the grantee will ensure continued affordability for NSP assisted housing,
Yes No . Verification found on page 5.
- a description of housing rehabilitation standards that will apply to NSP assisted activities?
Yes No . Verification found on page 5-6.

D. LOW INCOME TARGETING

- Has the grantee described how it will meet the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of area median income?
Yes No . Verification found on page 6.
- Has the grantee identified how the estimated amount of funds appropriated or otherwise made available will be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50% of area median income?
Yes No . Verification found on page 12-13.
Amount budgeted = \$29,214,900.

E. ACQUISITIONS & RELOCATION

Does grantee plan to demolish or convert any low- and moderate-income dwelling units?

Yes No . (If no, continue to next heading)
Verification found on page 6.

If so, does the substantial amendment include:

- The number of low- and moderate-income dwelling units—i.e., $\leq 80\%$ of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities?
Yes No . Verification found on page _____.
- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., $\leq 120\%$ of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion)?
Yes No . Verification found on page _____.
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income?
Yes No . Verification found on page _____.

F. PUBLIC COMMENT PERIOD

Was the proposed action plan amendment published via the grantee jurisdiction's usual methods and on the Internet for no less than 15 calendar days of public comment?

Yes No . Verification found on page ____.

Is there a summary of citizen comments included in the final amendment?

Yes No . Verification found on page ____.

G. INFORMATION BY ACTIVITY

Does the submission contain information by activity describing how the grantee will use the funds, identifying:

- eligible use of funds under NSP,
Yes No . Verification found on page 8-13.
- correlated eligible activity under CDBG,
Yes No . Verification found on page 8-13.
- the areas of greatest need addressed by the activity or activities,
Yes No . Verification found on page 8-13.
- expected benefit to income-qualified persons or households or areas,
Yes No . Verification found on page 8-13.
- does the applicant indicate which activities will count toward the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of area median income?
Yes No . Verification found on page 12.
- appropriate performance measures for the activity,
Yes No . Verification found on page 8-13.
- amount of funds budgeted for the activity,
Yes No . Verification found on page 8-13.
- the name, location and contact information for the entity that will carry out the activity,
Yes No . Verification found on page 8-13.
- expected start and end dates of the activity?
Yes No . Verification found on page 8-13.
- If the activity includes acquisition of real property, the discount required for acquisition of foreclosed upon properties,
Yes No . Verification found on page 8-13.

- If the activity provides financing, the range of interest rates (if any),
Yes No . Verification found on page 8-13.
- If the activity provides housing, duration or term of assistance,
Yes No . Verification found on page 8-13.
- tenure of beneficiaries (e.g., rental or homeownership),
Yes No . Verification found on page 8-13.
- does it ensure continued affordability?
Yes No . Verification found on page 8-13.

H. CERTIFICATIONS

The following certifications are complete and accurate:

- | | | |
|--|---|-----------------------------|
| (1) Affirmatively furthering fair housing | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (2) Anti-lobbying | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (3) Authority of Jurisdiction | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (4) Consistency with Plan | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (5) Acquisition and relocation | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (6) Section 3 | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (7) Citizen Participation | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (8) Following Plan | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (9) Use of funds in 18 months | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (10) Use NSP funds \leq 120 of AMI | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (11) No recovery of capital costs thru special assessments | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (12) Excessive Force | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (13) Compliance with anti-discrimination laws | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (14) Compliance with lead-based paint procedures | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (15) Compliance with laws | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |