

Apr 1, 2011 thru Jun 30, 2011 Performance Report

Grant Number:
B-11-MN-39-0005

Obligation Date:

Grantee Name:
Columbus, OH

Award Date:

Grant Amount:
\$4,843,460.00

Contract End Date:
03/03/2014

Grant Status:
Active

Reviewed By HUD:
Reviewed and Approved

QPR Contact:
No QPR Contact Found

Disasters: Declaration Number

NSP

Summary of Distribution and Uses of NSP Funds:

Three separate areas are identified as the areas of greatest need on the attached "NSP 3 Map" and submitted on the NSP 3 Mapping Tool. The boundaries are established based on the anticipated amount of NSP 3 funds and the ability to address the required minimum number of units within each area. The City has selected areas based on the results and recommendations of the 2009 Market Study (VWB Research and Community Research Partners) completed under the NSP1 program and in consideration of the capacity of nonprofit developers working in the areas. Specifics are given for the areas outlined below. For each area, the City will utilize a tiered approach by focusing funds for redevelopment in a smaller sub-area and by allowing a larger area for demolition and land banking. The larger area is also used to permit flexibility on the location of the primary target area, depending on the ultimate availability of foreclosed or vacant property. The Land Bank is activity pursuing blighted properties via tax foreclosure, thus permitting the City to address blighted properties and redevelop homes in a coordinated manner. Our rental development strategy is formed out of the findings and suggested investment strategies in the Market Study. Specifically, the City is targeting its 25% set aside to develop affordable rental housing by investing in a Low Income Housing Tax Credit project in the South Side. The Market Study identified the South Side area as a "Distressed" neighborhood (see description below). However, the Market Study also recommended specific strategies as means to move "distressed" neighborhoods toward recovery and revitalization. The following narrative from the Market Study provides the rationale for our rental development strategy.

Broad Strategies

Due to the level of decline that has permeated in Distressed typology neighborhoods for generations, nearly every community development tool available could be applied. Housing market incentives are in effect in at least a part of 9 of the 10 neighborhoods through Columbus' residential tax abatement program. Consideration should be given to expanding this program to cover all the neighborhoods in this typology. Code enforcement must continue to be vigilant and not let decay and blight become an acceptable condition and work to ameliorate adverse land uses to improve the future marketability of the community. Acquisition, demolition and land banking are better short-term strategies for vacant and abandoned homes. When possible, parcels should be targeted that allow for a consolidation with existing assets. This will make short to long-term uses more viable, whether for urban agriculture or future housing.

Quality rental developments should also be pursued.

Demand

Many of the Distressed neighborhoods are saturated with homes for sale on the open market. These homes

tend to range in price from \$10,000 to \$80,000 with many appearing to be in need of at least moderate repair. Unless a home has unique architectural features or a desirable location within the sub-market, it will be difficult to find buyers able or willing to carry a mortgage exceeding \$80,000 to \$90,000. Columbus should note that this pool of perspective buyers is relatively small and a willingness to lower the price might be necessary to avoid

significant delays in absorption. The Distressed typology variations in demand for rental housing units affordable to households at or below 50% AMHI. East Columbus, Milo-Grogan and North Hilltop have a modest need for 8 to 12 per year over the next five years. There is a significant need for 100 to 250 units per neighborhood in Central Hilltop, Near East, South Linden, Southside, Weinland Park and West Franklinton during the same period of time.

The areas of greatest need are as follows (see Maps in Exhibit A and Planning Data in Attachments):

1. Linden Village/ North Central Area

A thriving bedroom community until the post-war interstate highway era, South Linden has struggled to find economic stability despite decades of effort and investment. Wrapped on either side of Cleveland Avenue (State Route 3) from Bonham Avenue to Hudson Street, the community is one of the hardest hit by the foreclosure crisis with approximately 11.4% of all vacant parcels in Columbus located within its boundaries. That equates to 14.1% of all housing parcels in South Linden. Often a favorite location for Tax Credit projects and Housing Choice Vouchers, South Linden saw significant investment concentrated in a relatively small geographic area in the mid/late 1990s. The housing stock in South Linden is oldest in the south and along the Cleveland Avenue corridor, with most of these units pre-dating the Great Depression. Although newer, housing found in the balance of the neighborhood is often significantly smaller. Of all structures found in South Linden, 98% were built by the end of the Eisenhower administration. The most typical houses in the community are wood frame, and the bulk of the brick structures are multifamily buildings. Like many urban neighborhoods in Columbus, South Linden has a significant number of doubles, accounting for 14.5% of the overall housing stock. Linden has a significant number of vacant and abandoned units that hinders revitalization of the neighborhood. Recent investments include the Windsor Terrace Public Housing project which was demolished through the Hope VI program and replaced with the lower density Rosewind development. One block west of Rosewind at Cleveland and 11th Avenues, the Four Corners district created a mixed-use nodal development and a model strategy discussed in national forums. This investment, combined with a new branch of the Columbus Metropolitan Library and a new fire station, positions Linden to become a more stable community.

According to the market study Linden is considered a "Distressed Neighborhood". The statistics below provide a snapshot of distress.

- ↳ Percentage Multifamily Parcels* 15.7%
- ↳ Percentage of Vacant Residential Properties** 14.1%
- ↳ Percentage of Properties with Owner Present** 46.4%
- ↳ Median Appraisal Value Per Square Foot** \$51
- ↳ Rate of Foreclosure Filings per 100 Residential Properties** 18.6

Linden Village, which is being developed by Greater Linden CDC, is the focal point of the NSP3 investment. The Village includes acquisition, rehab, demolition and new construction of vacant, abandoned and foreclosed housing centered on the renovation of Linden McKinley High School and the STEM education program being developed at the school. Greater Linden CDC is an active CHDO that engages in both housing and economic development in the Linden neighborhood and North Central. Contiguous to Linden the North Central area is a combination of several smaller established and recognized communities, including Devon Triangle, Shepard, St. Mary's, Americrest, Oriole Heights, Teakwood, Brentnell, Brittany Hills, Woodland Holt and Argyle Park. A considerable portion of the existing land uses throughout the entire community are industrial and warehousing, although the south is especially well served by rail. Ohio Dominican University dominates the southeast corner and is currently expanding its campus. In the north, the Mock Road corridor has seen significant investment by several non-profit organizations. The St. Mary's, Shepard and Devon Triangle areas in the south of the North Central district have the oldest housing stock, with much of it built in the 1920s. The vast majority of housing was built in the 1950s and 1960s and there are very few multifamily structures. Foreclosure and vacancy rates in the area have not reached epidemic levels; rather, they are only at 2.9%. Several hundred new homes have been built within the past decade, ranging from scattered site Tax Credit units, site-specific Tax Credit projects, HUD Section 202 senior housing, scattered site subsidized homeownership, site-specific subsidized home ownership and market-rate homeownership. This illustrates the great diversity in the economic and housing opportunities of the area.

According to the market study North Central is considered a "Destabilizing Neighborhood". The statistics below provide a snapshot of distress.

↳ Percentage Multifamily Parcels* 2.7%
 ↳ Percentage of Vacant Residential Properties** 2.9%
 ↳ Percentage of Properties with Owner Present** 63.4%
 ↳ Median Appraisal Value Per Square Foot** \$61
 ↳ Rate of Foreclosure Filings per 100 Residential Properties** 13.5

The primary focus of NSP3 investment is to support HOME, CDBG and NSP2 investments in North Central by continuing to acquire, demolish and land bank vacant and foreclosed housing in the area. If funding permits, redevelopment opportunities will be pursued. Otherwise this will set the stage for future redevelopment in the area with non-NSP funds. MiraCit CDC is an active, faith-based CHDO that engages in both housing and economic development in the North Central neighborhood.

2. Innis Ave Area

There is an amalgamation of neighborhoods that comprise the Southside sub-market. Different housing stock, different land uses and different characteristics abound throughout the geography. From the Arts and Crafts bungalows of Driving Park, to the wood frame doubles of Reeb-Hosack, diversity is the norm in the Southside. The neighborhood is unified by an economic commonality, a vacant housing parcel rate of 9.2% and a moderate level of investment in recent years. The Parsons Avenue commercial corridor remains moderately viable, largely due to the proximity of higher incomes in the German Village, Schumacher Place and the Merrion Village areas to the west. An improvement in the housing and economy of the Southside could turn Parsons Avenue into one of the central city's most viable commercial corridors, balancing the daily and specialized needs of its consumer base.

According to the market study South Side is considered a "Distressed Neighborhood";. The statistics below provide a snapshot of distress.

↳ Percentage Multifamily Parcels* 18.8%
 ↳ Percentage of Vacant Residential Properties** 9.2%
 ↳ Percentage of Properties with Owner Present** 53.0%
 ↳ Median Appraisal Value Per Square Foot** \$46
 ↳ Rate of Foreclosure Filings per 100 Residential Properties** 18.0

Housing improvements have been sparse and scattered throughout the area, however the planned redevelopment of the former Schottenstein Department Store site on Parsons and Innis provides the impetus for investing in the surrounding residential areas west of the site. The Innis Ave area has significant vacant and abandoned housing that has plagued the community for several years. Housing that is in support of economic development on Parsons is the focal point of the NSP3 investment. The Innis Ave investment includes acquisition, rehab, demolition and new construction of vacant, abandoned and foreclosed housing to create new lease purchase opportunities (50% AMI) on the South Side. Community Development for All People (CD4AP) is an active, faith-based CHDO that engages in both housing and economic development in the South Side neighborhood. CD4AP is an active partner in both the NSP1 and NSP2 initiatives.

3. Franklinton Area

Central Ohio's oldest community and settled by Europeans, Franklinton was surveyed by Lucas Sullivan and officially founded in 1797 as land to be given to Revolutionary War veterans in exchange for their service in combat against the British. A significant amount of housing stock was demolished by the growing Mt. Carmel Hospital (now known as Mt. Carmel West) and the construction of the below grade State Route 315. State Route 315 now serves as a strong barrier that separates West Franklinton, with its traditional Jeffersonian grid and neighborhood scale, from East Franklinton, a geography with relatively few housing units, a predominance of light industrial and warehouse uses and several large Public Housing projects that are scheduled to be vacated by the end of 2010. By 1983, Franklinton's location in the floodplain not only mandated that residents had to carry flood insurance, but that no significant rehabilitation or new construction could occur in the neighborhood. In 2003, the West Columbus Local Protection Project (commonly known as the Franklinton Floodwall) was completed by the Army Corp of Engineers and the building restrictions were lifted.

According to the market study Franklinton is split between East and West. West Franklinton is considered a "Distressed Neighborhood" while East is considered Potential Recovery. East Franklinton's current land uses, proximity to downtown and the closing of Sunshine Terrace, Sunshine Annex and Riverside-Bradley all suggest that it is well positioned for future investment as a Downtown submarket. The statistics below

provide a snapshot of each.

West

¿« Percentage Multifamily Parcels* 23.7%
 ¿« Percentage of Vacant Residential Properties** 14.1%
 ¿« Percentage of Properties with Owner Present** 36.4%
 ¿« Median Appraisal Value Per Square Foot** \$29
 ¿« Rate of Foreclosure Filings per 100 Residential Properties** 13.0

East

¿« Percentage Multifamily Parcels* 22.8%
 ¿« Percentage of Vacant Residential Properties** 14.8%
 ¿« Percentage of Properties with Owner Present** 24.3%
 ¿« Median Appraisal Value Per Square Foot** \$23
 ¿« Rate of Foreclosure Filings per 100 Residential Properties** 5.9

The primary focus of NSP3 investment is to support NSP1 investments in West Franklinton and NSP2 investments in East Franklinton by continuing to acquire, demolish and land bank vacant and foreclosed housing in the area. If funding permits, redevelopment opportunities will be pursued. Otherwise, this will set the stage for future redevelopment in the area with non-NSP funds. Franklinton Development Association is an active CHDO that engages in both housing and economic development in the Franklinton neighborhood.

How Fund Use Addresses Market Conditions:

See above "Summary of Distribution and Uses of NSP Funds".

Ensuring Continued Affordability:

The length of continued affordability will be governed by the rules as established by HUD for the HOME Investment Partnerships Program. Sites funded by the City will have both a mortgage and restrictive covenant with recapture requirement in the event that the term of affordability is not met. Recapture of any funds will be out of net proceeds of sale. Continued affordability of homeownership properties will be assured based on the liens on the title of each home from the mortgage and restrictive covenant. Any change in ownership will require notification to the city because it is in the chain of title. Continued affordability of rental and short term lease-purchase properties will be documented with annual owner reports to the city indicating occupancy of each unit, the income of the occupants and the rents charged for each unit. The city will reserve the right to monitor the units during the affordability period.

Definition of Blighted Structure:

In 2004, the City of Columbus updated the Columbus City Code (CCC) as a response to the increase of vacant structures (see Section 47 CCC link: <http://ordlink.com/codes/columbus/>). The update includes a set of definitions of structures deemed to constitute a public nuisance and establishes a process by which a structure is classified as a hazardous building. A building classified as hazardous is, by definition, both unoccupied and in violation of one or more City codes related to building, housing, nuisance abatement, fire, health, etc. Once identified as hazardous the building is declared a hazard and is noted as such in City records. For the purposes of NSP funded demolitions, any structure that is vacant and considered in violation of City building, health, housing, or nuisance abatement Codes will qualify as a "blighted structure" under the NSP rules and may be subject to demolition.

In addition, City Building Officials may declare a building unsafe for human habitation under State of Ohio and Columbus Building Codes and order the demolition of that building. In such cases, the City will be obligated to demolish the building or correct the Building Code Violation(s).

Definition of Affordable Rents:

For purposes of the 50% AMI projects, the City will use the HUD Income Guidelines for the Columbus MSA and rents will be capped at the lower of the Low HOME rent or the Fair Market Rent (FMR) with allowance for utilities (HUD-52267 Metropolitan Housing Authority Section 8 utility allowances). The maximum allowable rent for each year will be based on the rents as established by HUD for that year.

For purposes of projects funded outside of the 50% AMI set aside, the City will use the HUD Income Guidelines for the Columbus MSA and rents will be capped at 125% of the FMR with allowance for utilities (HUD-52267 Metropolitan Housing Authority Section 8 utility allowances). The maximum allowable rent for each year will be based on 125% of the FMR as established by HUD for that year.

Housing Rehabilitation/New Construction Standards:

All housing projects under NSP3 will be energy efficient, green, healthy, environmentally friendly, lead safe, by using Energy Star rated, green compliant methods/materials/products/planning/design as mandated in Columbus and Franklin County's AWARE Green/Universal Design Manual. See link to AWARE manual: <http://development.columbus.gov//housing/content.aspx?id=22682>

Some units will incorporate universal design features as described in the AWARE Manual. The AWARE standards shall be used in the writing of all project work specifications. This will insure that all NSP3 housing projects shall meet or exceed all the Energy Star and Enterprise Green Communities mandatory criteria for substantial rehabilitation and new construction.

The City of Columbus and Franklin County have collaboratively created and adopted the AWARE Manual in an effort to reach the highest level of green and universal design standards in federally funded projects. The City desires to obtain the highest level of green possible within the parameters of funding and feasibility of each project. Water efficient toilets, showers and faucets such as those with the WaterSense label must be installed.

All renovation work will be performed by City of Columbus Home Improvement Contractor (HIC) licensed contractors and licensed trade contractors. All renovation work will comply with all City of Columbus, Ohio Building, CABO, OBOA current building and housing codes. All work standards will meet or exceed the City of Columbus' Performance Manual for housing rehabilitation programs. All lead work will be performed by State of Ohio licensed lead abatement contractors and all renovation work will be performed by certified lead safe workers. All projects will be in compliance with HUD Environmental Review Regulations found at 24 CFR Part 58.[CoC3]. All construction will be performed at the highest quality and in a timely fashion. All workmanship is covered under an 12 Month Building Industry of America Approved Warranty. Final inspection, commissioning, energy audit and lead safe clearance will be conducted on every unit.

Additional Standards for Pre-and Post-development Work

1. An on-site preliminary inspection will be conducted to determine whether "gut-to-the-studs" is appropriate, and whether or not the unit is feasible for further pre-development work and renovation.
2. A licensed Structural Engineer will perform a Structural Inspection and provide a letter of opinion as the integrity of the structure. This letter is stamped with the engineer's seal from the State of Ohio. The engineer's letter and architectural plans will be used in correlation to renovate the structure.
3. A sewer camera will be used in a Sewer Inspection to determine the status of the sewer and recommend replacement or not.
4. Architectural Specifications will include instructions for: Fireproofing/Rating, (per Code as needed), specifications for bearing walls, Structural reinforcement including new headers for windows and doors, applying modern building codes to floor systems (reinforcing floor joists with 2x8 or 2x10 as needed) and adding steel beams if a determination is made that the old balloon system is not able to support the new load during renovation. (Structural Inspection input).
5. Gut to Studs. As determined in pre-inspection, the property is to be completely gutted, allowing for lead, rodent and pest abatement. All load bearing walls are marked. Structure is cleaned and all nails pulled from the studs. Property is to be cleared of all electrical wiring and fixtures, all plumbing lines and drains, and old HVAC systems. Property is then boarded up to code until renovation construction begins. If gut to studs is not appropriate, rehabilitation will be done based on work specifications noted below.
6. Building Maintenance Manual. Provide to property owners a manual that includes the following: a routine maintenance plan; instructions for all appliances, HVAC operation, water-system turnoffs, lighting equipment, paving materials and landscaping, pest control and other systems that are part of each

occupancy unit; an occupancy turnover plan (rental properties) that describes the process of educating the tenant about proper use and maintenance of all building systems.

7. Homeowner and New Resident Orientation with Occupant Manual

Provide an Occupant Manual (compact disc and/or printed) for homeowners and renters that explains the intent, benefits, use and maintenance of green building features and encourages additional green activities such as recycling, gardening and use of healthy cleaning materials, alternate measures for pest control, and purchase of green power. Provide a walk-through and orientation to the homeowner or new resident using the Occupant Manual that reviews the building's green features, operations and maintenance along with neighborhood conveniences.

For the sale of land bank NSP acquired housing to homeowners or investors who are not utilizing NSP funding for development, all renovation work will be performed by the homeowners or a City of Columbus Home Improvement Contractor (HIC) licensed contractors and licensed trade contractors. All renovation work will comply with all City of Columbus, Ohio Building, CABO, OBOA current building and housing codes. All work standards will meet or exceed the City of Columbus' Performance Manual for housing rehabilitation programs. All lead work will be performed by State of Ohio licensed lead abatement contractors and all renovation work will be performed by certified lead safe workers. All projects will be in compliance with HUD Environmental Review Regulations found at 24 CFR Part 58.[CoC3]. All construction will be performed at the highest quality and in a timely fashion. Every effort will be made to work with these purchasers to incorporate as many aspects of the AWARE standard of construction as possible.

Vicinity Hiring:

The NSP3 requirement to utilize vicinity hiring will be incorporated into the pre-construction conference to emphasize the importance of it.

Procedures for Preferences for Affordable Rental Dev.:

The City of Columbus' rental development strategy is formed out of the findings and suggested investment strategies in the Market Study. Specifically, the City is targeting its 25% set aside to develop affordable rental housing by investing in a Low Income Housing Tax Credit project in the South Side. The Market Study identified the South Side area as a "Distressed" neighborhood.

Grantee Contact Information:

NSP3 Program Administrator Contact Information: Ms Rita Parise, City of Columbus Department of Development, 50 W. Gay St. Third Floor, Columbus, Ohio 43215.

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	195,568
Total CDBG Program Funds Budgeted	N/A	195,568
Program Funds Drawdown	0	0
Program Funds Obligated	0	0
Program Funds Expended	0	0
Match Contributed	0	0
Program Income Received	0	0
Program Income Drawdown	0	0

Progress Toward Required Numeric Targets

Requirement	Required	To Date
Overall Benefit Percentage (Projected):		0%
Overall Benefit Percentage (Actual):		0%
Minimum Non-Federal Match	0	0
Limit on Public Services	726,519	0
Limit on Admin/Planning	484,346	0
Limit on State Admin	0	0

Progress Toward Activity Type Targets

Activity Type	Target	Actual
Administration	484,346	195,568

Progress Toward National Objective Targets

National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	1,210,865	0

Overall Progress Narrative:

Limited discussions regarding NSP3 projects connected with related NSP2 projects have taken place during the quarter. The individual Action Plans for Administration on this grant will be entered on DRGR in the upcoming quarter as more activity begins to take place that directly affects NSP3 projects.

Project Summary

Project#, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
Admin-P&A, 10% Planning & Admin	0	302,314	0
B,C,D,E - Project Delivery, B,C,D,E - Project Delivery	0	732,686	0
B-441111-50% AMI, B(Purchase & Rehab) 441111-25% Set Aside - Rental	0	1,210,865	0
C-441105-Acq & Demo Fund, C(Land Banking) 441105-Acquisitions	0	168,595	0
D-441106-Acq & Demo Fund, D (Demolish) 441106-Demolitions	0	484,000	0
E-441110-HO 120% AMI, E (Redevelop) 441110-NSF-Homeownership Opportunities	0	1,945,000	0

Project/Activity Index:

Project #	Project Title	Grantee Activity #	Activity Title
Admin-P&A	10% Planning & Admin	<i>No activities in this project</i>	
D-441106-Acq & Demo Fund	D(Demolish) 441106-Demolitions	<i>No activities in this project</i>	
B,C,D,E - Project	B,C,D,E - Project Delivery	<i>No activities in this project</i>	

Delivery		
E-441110-HO 120% AMI	E(Redevelop) 441110-NSF-Homeownership Opportunities	<i>No activities in this project</i>
B-441111-50% AMI	B(Purchase & Rehab) 441111-25% Set Aside - Rental	<i>No activities in this project</i>
C-441105-Acq & Demo Fund	C(Land Banking) 441105-Acquisitions	<i>No activities in this project</i>

Activities