

City of Columbus
Department of Development
Housing Division

**NEIGHBORHOOD STABILIZATION PROGRAM (NSP)
RENTAL HOUSING**

The City receives funds from the U. S. Department of Housing and Urban Development (“HUD”) to conduct activities that are in compliance with the Neighborhood Stabilization Program and Community Development Block Grant Program (“CDBG”). These regulations can be found at 73 FR 58830 and 24 CFR Part 570, respectively. Of the total funds received for this program up to \$2,000,000 is available for rental housing activities. The Federal government continuously reviews and from time to time may make modifications that the City of Columbus may have to institute to remain in compliance with the programs.

I. Geographic Location

Map 7 (Areas of Greatest Need) of the Columbus NSP application is attached.

II. Eligible Property

This program is designed to address abandoned and foreclosed residential properties to be utilized as rental property for the periods stated below under Section VII Financial Assistance. Under the HUD regulations an abandoned property is in the process of foreclosure, has had no mortgage or tax payments for 90 days and has been vacant for 90 days. The definition of a foreclosed property is one that under state or local law the title for the property has been transferred from the former homeowner under some type of proceeding. Please note that the City of Columbus requires the foreclosing party to retain ownership until title transfers to the City Land Bank or a funding agreement with a recipient has been executed. Site control is required at application in the form of deed, option or purchase contract.

III. Eligible Activities

- A. Rehabilitation – Gut to Studs or substantial renovation.
- B. New Construction and Conversion – Construction of new units as residential rental housing.
- C. Acquisition – The preferred choice is property from the City Land Bank to develop multifamily or single-family rental housing. In the alternative certification from the City Land Bank that the property meets the NSP eligibility for intended use (eligible use B).
- D. Demolition – Structures that cannot be utilized for rehabilitation or conversion, and meet the City’s definition of blight as determined by the City of Columbus Land Bank.

IV. Eligible Applicants

An investor-owner is defined as one of the following:

- A. Sole Proprietor
- B. For-profit and not-for-profit corporations
- C. Partnerships and limited liability companies

V. Beneficiaries

Rental housing projects must serve and be affordable to households earning 50% or less of the median income as defined by HUD. All rental units funded under the program must, at a minimum, meet HUD HOME funding standards for rents and tenant income. More stringent affordability requirements may be applied to projects based on intentions set forth in the applications for funding or needs identified in the Consolidated Plan.

VI. Eligible Projects

- A. Single family rental units
- B. Multifamily rental units (2 or more units)
- C. Supportive Housing for persons with special needs (supportive services included) Note: See IX. The City reserves the right to the extent that a Permanent Supportive Housing project is funded with NSP funds to reduce its commitment for the 2009 – 2014 Community Shelter Board initiative on a dollar for dollar basis.
- D. Single Room Occupancy (SRO) units

VII. Financial Assistance

Financing conditions are:

- A. Loans: The amount and terms of the loan will be structured based on the minimum required to make the housing affordable. This enables the City to maximize affordable housing production with the resources available.
 - 1. Amount – the amount of funding necessary to assure ongoing financial feasibility of the development. The amount funded cannot exceed development costs associated with the project less five percent equity.
 - 2. Term – the term of the loan will be based on the greater of the NSP affordability restrictions detailed below or the affordability restrictions imposed by other funding programs utilized in conjunction with this funding.
 - 3. Interest rate – negotiable based on the lesser of 8% or the Applicable Federal Rate of Interest at time of closing if required for LIHTC projects.
 - 4. Equity required – 5% minimum
 - 5. The assumability of loans will be addressed on a case-by-case basis depending on the project requirements. (Based on competitive scoring criteria for capacity, the ability to transfer ownership may be restricted).
 - 6. Preference will be given to projects that leverage other assets including low income housing tax credits.
- B. Grants
 - 1. Grants in the form of forgivable loans may be available for projects servicing the homeless, special needs populations or lowest-income households (households earning 30 percent or less of the area median income). These grants will be considered on a case-by-case basis.
 - 2. Funds may be available from Lead Safe Columbus to cover some of or all of the cost of identified lead-based paint hazards.
- C. The owner must execute a restrictive covenant to ensure a minimum period of affordability as outlined below. Other agreements will be executed based on the assistance provided.

Per Unit Assistance	Minimum period of affordability in years
Rehabilitation or Acquisition of existing housing	
Amount of NSP funds	
Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000	15
New construction or acquisition of newly constructed housing	20

D. Eligible Projects Costs include

1. Acquisition – must meet the NSP eligible use (eligible use B) as determined by the Office of Land Redevelopment (Land Bank). NSP acquisition and vacancy documentation required by the regulations must be provided.
2. New Construction
3. Green Building (must comply with Green Standard in the NSP Application)
4. Rehabilitation that addresses the following items:
 - Correction of all building code violations/incipient code violations.
 - Making energy efficiency improvements
 - Making general property improvements
 - Lead Hazard reduction activities per Title X
 - Eligible Soft costs include, but are not limited to, the following:
 - Loan Origination fees
 - Credit reports
 - Title reports and updates
 - Recordation fee
 - Preparation and filing legal documents
 - Appraisals
 - Attorney's fees
 - Loan processing fees
 - Architectural fees
 - Engineering fees
 - Preparation of work write-ups/cost estimates
 - Audits
 - Affirmative marketing and fair housing
 - Construction management
 - Environmental testing and/or site cleanup (not related to lead-based paint testing)
 - Developer Fees (maximum of 10% of total project costs)
 - Temporary and/or permanent relocation

E. Donated labor and materials must be clearly identified in project specifications.

F. City will not reimburse an applicant for costs related to:

1. Legal Organizational or syndication expenses associated with development of low-income housing tax credit projects.
2. The creation of the organization itself
3. Construction contingency fund – 5% - 10% of hard construction/rehab costs (no City reimbursement)
4. Costs incurred prior to the agreement between the City and the applicant.

H. City may elect to target funds to specific project costs.

I. The final 10% of the rehabilitation and construction payments will be available only after final inspection is completed and final certificate of occupancy is granted.

VIII. Additional Obligation for Funds

A. Acquisition/Relocation Compliance

If either of the following conditions applies, there are certain obligations that must be met to ensure federal compliance. Please contact **Joe Gothard, Program Manager, Office of Acquisition and Relocation Compliance Services**, prior to submitting an application. The Relocation Office is located at 750 Piedmont Road, 645-7452.

1. You have acquired the real property within the last year or plan to purchase property as part of the project and/or
 2. There are occupants in the property at the time you plan to acquire or on acquisition
- B. Historic Review
Clearance from the City of Columbus, Historic Review Preservation Officer. The rehabilitation must comply with Section 106 standards by the Secretary of the Interior.
- C. Environmental Review
The project must receive Environmental Review clearance as defined by the National Environmental Policy Act, including the Historic Preservation Review.
- D. Federal Prevailing Wage requirements will apply to projects in which the following numbers of units are funded:
- NSP funded projects – eight or more units
- E. Title X CFR Part 35 and Lead Grant Regulations
- F. Applicants are required to submit their proposals to the appropriate Area Commission or, in areas not covered by an authorized area commission, to the appropriate coalition of civic associations for disclosure and review ***prior to submission to the Department of Development.*** If presentation is not made by the application due date – please submit notation of contact and date of presentation (presentation should be prior to Tuesday, January 19, 2010). All proposals lacking documentation as supplied by the area commission will be considered incomplete and will not be considered for this funding round. For assistance in identifying the appropriate reviewing agency, please **contact Michael Puckett at 645-3219. Please be advised the area commission process can take 2 – 3 months. This process should be started as soon as possible.**

IX. City Reservation of Rights

The City reserves the right to waive the provisions of these guidelines within the limits of the Federal HOME, CDBG, NSP, City and State regulations in order to advance its mission and the goals of the Consolidated Plan. Such waiver shall not be construed as a general set aside of the provisions and is at the sole discretion of the Director of the Department of Development.

CRITERION	POINTS
Percentage of units with rents set at 50% AMI or less	20
Proximity to transit, schools, shopping – amenities (note distance on site map)	10
Percentage of properties owned or acquired by the City of Columbus, Land Bank	20
Ability to leverage funds	5
Organizational and management capacity and experience with low income rental housing (as determined by number of low income units owned and operated)	10
Feasibility and readiness to proceed (zoning, plan approval, partnership, contractor and management agreements in place, e.g. logic related to market study, neighborhood and if rehabilitation, degree to which units are market competitive, and least number of uncertainties in project)	10
Market demand for the area as noted in market study (table attached as Appendix A)	15
Projects that rehabilitate abandoned multi-family properties that have been off line for over 5 years.	10
TOTAL	100

Submission Process

Please complete entire multi-page Microsoft Excel electronic application, burn the Excel application onto a disk, and submit your package including Excel application and all attachments.

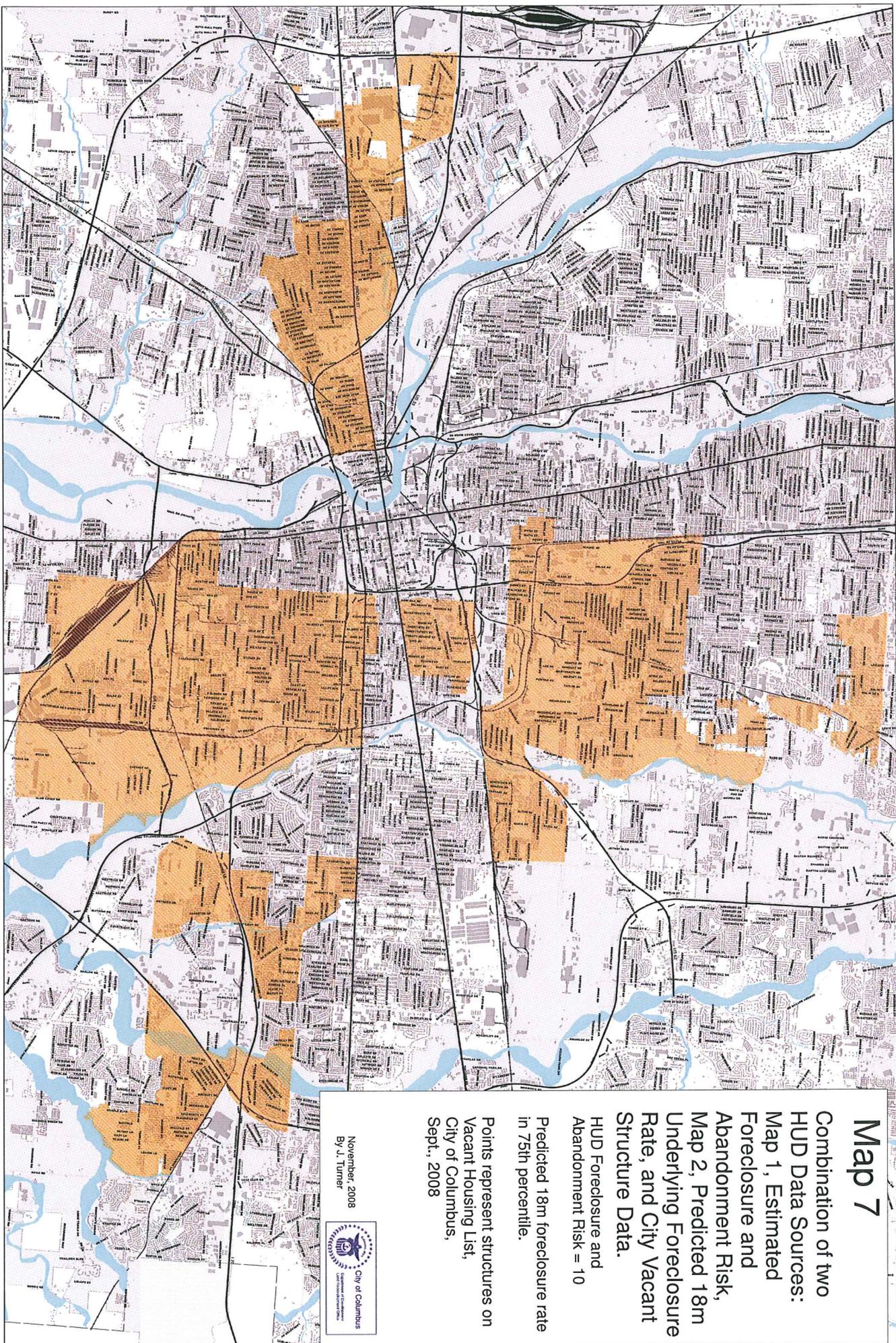
The deadline for the application has been extended!!!!

All packages are due by 3:00 p.m. Tuesday, February 23, 2010 to:

City of Columbus
Department of Development
Attn: Tracy Swanson, Program Manager
50 W. Gay St, 3rd FL
Columbus, OH 43215

Appendix A

MARKET DEMAND		Proposed Units	Net Demand	Proposed Points
SOUTH OF MAIN	-40		-40	Rejected
SOUTHERN ORCHARD	27	-40	-13	Rejected
PINE HILLS	-8		-8	Rejected
VALLEYVIEW HEIGHTS	8		8	5
EAST COLUMBUS	61	0	61	5
OLD OAKS	11		11	5
WALNUT HEIGHTS	12		12	5
FAR SOUTHSIDE	13		13	5
GLENBROOK	16		16	5
NEAR SOUTHEAST	21		21	5
BERWYN	40		40	10
MILO-GROGAN	41		41	10
LOWER EASTMOOR	51		51	10
NORTHLAND	52		52	10
KING-LINCOLN	65		65	10
NORTH HILLTOP	65		65	10
NORTH CENTRAL	66		66	10
WEST FRANKLINTON	163	-92	71	10
MIFFLIN	98		98	10
SOUTHSIDE	108		108	15
WEINLAND PARK	128		128	15
SOUTH LINDEN	137		137	15
LOWER NORTH LINDEN	155		155	15
CENTRAL HILLTOP	223	-30	193	15
NEAR EAST	239		239	15
TOTALS	1810			



Map 7

Combination of two HUD Data Sources: Map 1, Estimated Foreclosure and Abandonment Risk, Map 2, Predicted 18m Underlying Foreclosure Rate, and City Vacant Structure Data.

HUD Foreclosure and Abandonment Risk = 10

Predicted 18m foreclosure rate in 75th percentile.

Points represent structures on Vacant Housing List, City of Columbus, Sept., 2008

November, 2008
By J. Turner

