

THE NSP 2 COMPETITIVE APPLICATION

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THE CITY OF COLUMBUS IS THE LEAD APPLICANT IN THE COLUMBUS AND FRANKLIN COUNTY NSP2 CONSORTIUM (NSP2 CONSORTIUM). THE NSP2 CONSORTIUM IS AN ASSOCIATION OF EIGHT ORGANIZATIONS AND GOVERNMENT ENTITIES RESPONDING TO A NOTICE OF FUNDING AVAILABILITY (NOFA) PUBLISHED BY THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) MAY 4, 2009 UNDER THE AMERICAN REINVESTMENT AND RECOVERY ACT OF 2009(PUBLIC LAW 111-005)(RECOVERY ACT) FOR ADDITIONAL ACTIVITIES UNDER DIVISION B, TITLE III OF THE HOUSING AND ECONOMIC RECOVERY ACT OF 2008 (PUBLIC LAW 110-289)(HERA), AS AMENDED, FOR THE PURPOSE OF ASSISTING IN THE REDEVELOPMENT OF ABANDONED AND FORECLOSED HOMES UNDER THE EMERGENCY ASSISTANCE FOR REDEVELOPMENT OF ABANDONED AND FORECLOSED HOMES HEADING, REFERRED TO THROUGHOUT THIS NOTICE AS THE NEIGHBORHOOD STABILIZATION PROGRAM (NSP2).

On July 4, 2009, the City begins a 10 day public comment period on this proposed NSP2 competitive application and will accept public comments through July 13, 2009. Columbus City Council will hold a public hearing on the proposed application July 8, 2009 at 5:30 in the City Council Chambers. The City will submit the NSP2 competitive application to HUD by July 17, 2009.

A. NEED EXTENT OF PROBLEM

The NSP2 Consortium Response:

Summary needs data identifying the NSP2 Focus Areas within the Columbus and Franklin County area.

1. Target geography.

The NSP 2 Consortium proposes to target 56 Census Tracts within the City of Columbus and Franklin County, Ohio as an integrated, comprehensive effort to stabilize and revitalize neighborhoods. These tracts were selected based on a variety of factors between the partners of the consortium and illustrated on the “NSP2 Focus Area” map, as follows:

Census Tract	Map Label	Neighborhood Name	Combined Score
39049002900	29.00	King Lincoln	20
39049002800	28.00	King Lincoln	20
39049003600	36.00	King Lincoln	20
39049004200	42.00	East Franklinton	17
39049005300	53.00	Model Zone	20
39049005610	56.10	Model Zone	20
39049004500	45.00	Hilltop	19
39049004620	46.20	Hilltop	20

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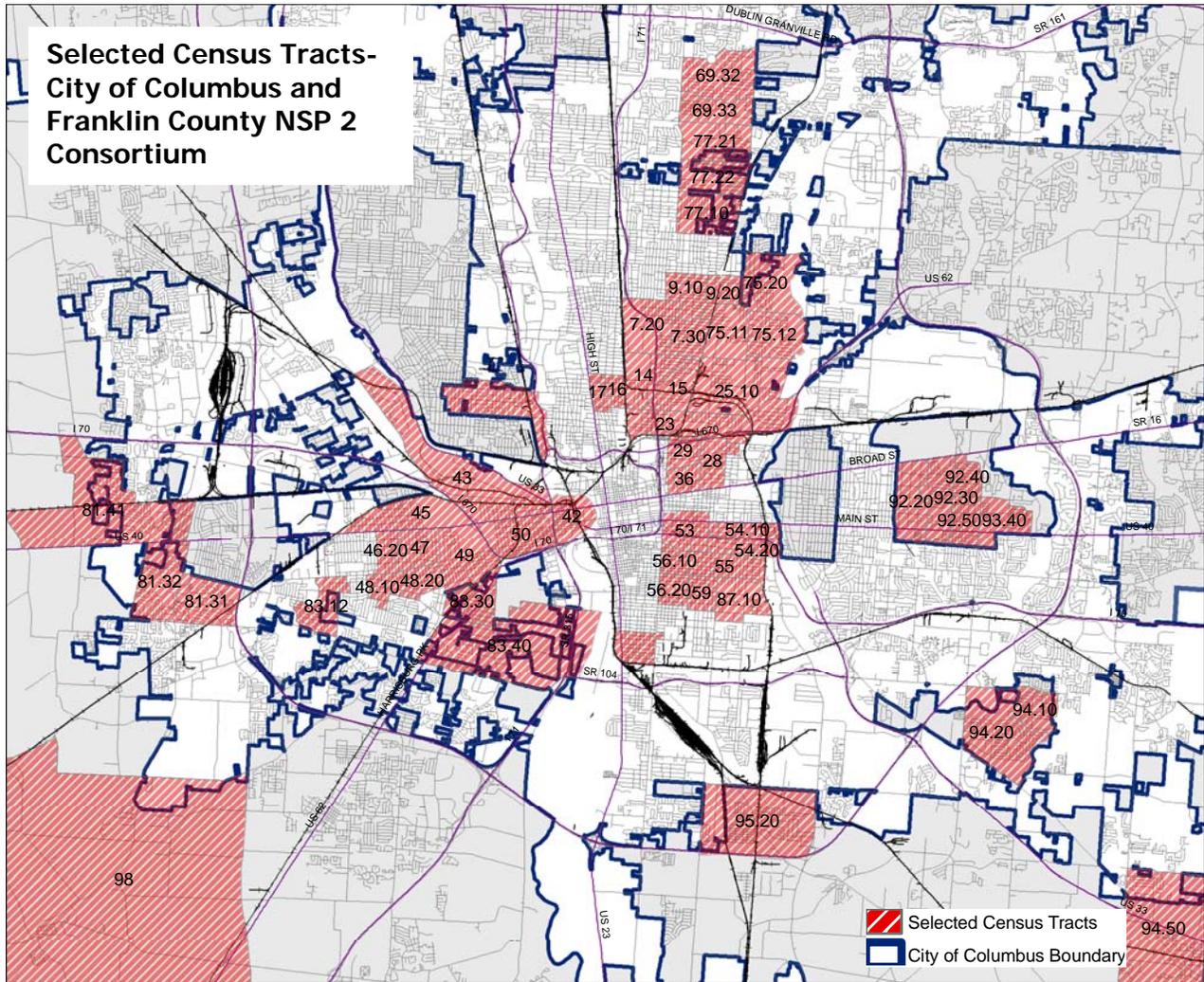
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39049004700	47.00	Hilltop	20
39049004900	49.00	Hilltop	20
39049004820	48.20	Hilltop	20
39049004810	48.10	Hilltop	18
39049001700	17.00	Weinland Park	16
39049001600	16.00	Weinland Park	20
39049004300	43.00	Franklinton	17
39049005000	50.00	Franklinton	20
39049005620	56.20	Southside	19
39049005900	59.00	Southside	20
39049008710	87.10	Southside	20
39049005500	55.00	Southside	20
39049005420	54.20	Southside	20
39049006100	61.00	Southside	20
39049005410	54.10	Southside	20
39049000910	9.10	Linden	20
39049000720	7.20	Linden	20
39049000730	7.30	Linden	20
39049001400	14.00	Linden	20
39049001500	15.00	Linden	20
39049002300	23.00	Milo-Grogan- Devon Triangle	20
39049000920	9.20	North Central	20
39049007512	75.12	North Central	20
39049007511	75.11	North Central	20
39049007520	75.20	North Central	20
39049002510	25.10	American Addition	20
39049006932	69.32	Northland	19
39049006933	69.33	Northland	19
39049007721	77.21	Northland	19
39049007722	77.22	Northland	20
39049007710	77.10	Northland	19
39049009410	94.10	Blacklick Estates	18
39049009420	94.20	Blacklick Estates	19
39049009220	92.20	Whitehall	19
39049009250	92.50	Whitehall	19
39049009230	92.30	Whitehall	19
39049009340	93.40	Whitehall	19
39049009450	94.50	Canal Winchester	19
39049009240	92.40	Whitehall	18
39049008340	83.40	Southwest	19
39049008330	83.30	Southwest	18
39049009800	98.00	Far Southwest	19
39049009520	95.20	Obetz	18
39049008312	83.12	Westland	18
39049008131	81.31	Westland	18
39049008132	81.32	Westland	18
39049008141	81.41	Westland	17
39049001900	19.00	Grandview	4

Average Score= **19**

Map of Focus Areas in Columbus and Franklin County



HUD has assigned each Census Tract two scores based on foreclosures and vacancies, labeled “Foreclosure Risk Score” and “Foreclosure-Vacancy Risk Score.” More information about the underlying calculation of the Scores is available at <http://www.huduser.org/nspgis/NSPdatadesc.html>. As required in the NSP2 Correction NOFA, the higher of the two Risk Scores is listed for each Tract. As shown on the above list, the combined Risk Score is an **average of 19**-- more than the minimum 18 Risk Score threshold established by the NSP2 Program. The tracts do not include all areas of Columbus and Franklin County in need and that score greater than 18, but a subset selected by the Consortium. The selected areas are large enough to make a viable impact on the community at large, but small enough to not outstrip the collective abilities of the Consortium members.

B. APPROACH: DISTRIBUTION AND USES OF FUNDS**The NSP2 Consortium Response:**

The **NSP 2 Consortium** is an association of eight organizations and government entities applying for NSP2 funds, as well as, pooling their resources and services for achieving a common goal: *Creating vital, healthy neighborhoods by implementing strategies that build a stronger housing real-estate market in weak-market areas of Columbus and Franklin County.* Members of the NSP2 Consortium include:

1. The City of Columbus – Lead Applicant for the Columbus NSP2 Consortium
2. Franklin County
3. Affordable Housing Trust of Columbus and Franklin County
4. Campus Partners
5. Columbus Housing Partnership
6. Columbus Metropolitan Housing Authority
7. Community Development Collaborative of Greater Columbus
8. Habitat for Humanity of Greater Columbus

If NSP2 funds are awarded to the NSP2 Consortium, those funds will be distributed among Consortium members through individual funding agreements. Each member will develop homeownership, short term lease purchase and/or rental projects within its NSP2 Focus Areas and in accordance with the Eligible Activities of the NSP2 NOFA and program guidelines. See Details in Section D Activity. The NSP2 Consortium has determined to use the NSP2 funds in the most efficient manner possible. Each Consortium member will be responsible for establishing a Recycling Fund that will allow program income generated from the sales of NSP2 homes to be recycled into new projects. This recycling approach generates a greater amount of units for the NSP2 funds awarded, allows absorption of units developed into the market at an effective pace, and provides incentives for Consortium members to develop, market and sell homes efficiently. Funds will be established as outlined below. Details are found in Section D. Activity.

- 1) Neighborhood Stabilization Fund (545 Properties with \$36,354,000)**
- 2) Acquisition and Demolition Fund (\$1,750,000)**
- 3) 50% AMI Fund (205 Properties with \$14,943,846)**
- 4) Administration (\$5,977,539)**

Total NSP2 Request: \$59,775,385 (750 Housing Units)

Leveraged and Committed Resources:

Potential eligible NSP2 leveraged resources:

- The NPS2 Consortium is leveraging local resources of an estimated \$47 million through several of its Consortium members. Sources of leveraging include the Affordable Housing Trust of Columbus and Franklin County, Campus Partners, Chase Bank, City of Columbus, Columbus Foundation, Columbus Housing Partnership, Federal Home Loan Bank, Habitat Adopt-a-House Partners, Nationwide Children’s Hospital, Softwood Lumber, and Wagenbrenner Development.
- In addition, the NSP2 Consortium intends to participate through its Consortium member, the Affordable Housing Trust of Columbus and Franklin County, in the REO property acquisition and leveraged financing programs offered by the National Community

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Stabilization Trust (Stabilization Trust). These activities are complementary with and non-duplicative of neighborhood stabilization activities that we are undertaking locally. In order to participate in the financing programs offered by the Stabilization Trust, we intend to establish a financing approach consistent with HUD NSP requirements which, through collaboration with the Stabilization Trust, will leverage significantly more private loan capital to finance the acquisition and rehabilitation of vacant and foreclosed homes than would be possible without coordination with the Stabilization Trust.

Committed Resources (not eligible as NSP2 Leverage) include: United Way of Central Ohio and Columbus Metropolitan Housing Authority.

C. DEFINITIONS AND DESCRIPTIONS

Construction Standards for All Projects

NSP2 Consortium will use The **AWARE** Green/Universal Design Manual which provides building standards and contractor requirements for all residential projects awarded federal funds through the City of Columbus and Franklin County. The green and universal design standards are applicable to both new construction and housing rehabilitation. The City and County are committed to promoting AWARE standards of construction throughout Columbus and Franklin County.

The **AWARE** Green/Universal Design Manual is designed to achieve Enterprise Green Communities Standards (<http://www.greencommunitiesonline.org/>). The Columbus NSP2 Consortium desires to reach the highest level of green and universal design standards possible within parameters of funding and feasibility of the project.

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's 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 construction will be performed at the highest quality and in a timely fashion. All workmanship is covered under an 18 Month Building Industry of America Approved Warranty.

All projects will be in compliance with HUD Environmental Review Regulations found at 24 CFR Part 58.[CoC3]. Final inspection, energy audit and lead safe clearance will be conducted on every unit.

The NSP2 Consortium Response:

Definition of "blighted structure" in the context of state or local building/housing code

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 substantial violation of one or more City codes related to building, housing, nuisance abatement, fire, health, etc.

Once identified as hazardous, a notice is affixed to the building declaring the hazard and is noted as such in City records. For the purposes of NSP2 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 NSP2 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 NSP2 Program

The City will use the HUD Income Guidelines for the Columbus MSA and rents will be capped at 30% of the 50% Area Median Income 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.

Continued affordability for NSP2 assisted housing

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.

D. ACTIVITY #1 *NSP2 INFORMATION BY ACTIVITY*

- (1) Activity Name: **NEIGHBORHOOD STABILIZATION FUND**
- (2) Activity Type: NSP2 Eligible Uses – Activities B. and E.: CDBG Eligible-24 CFR 570.201& 202; HUD Matrix - 14A, 14B, 14F, 14I and 12
- (3) National Objective: LMMH and LMMC
- (4) Projected Start Date: December 2009
- (5) Projected End Date: December 2012
- (6) Responsible Organization: City of Columbus, Department of Development 50 W. Gay St. Columbus, OH 43215; Director Boyce Safford III
- (7) Location Description: Activities will be focused within the areas as described in “A. *FOCUS AREAS*”.
- (8) Activity Description:

Gut to Studs Program: A pre-inspection will determine whether residential structures acquired by the Land Bank or Consortium members with NSP2 funds are to be completely gutted. If deemed feasible and appropriate, the structure will be gutted allowing for lead, rodent and pest abatement. All 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, the property will be boarded to code until renovation can be done based on rehabilitation work specifications.

Homeownership Opportunities Program: provides acquisition, construction and permanent financing (e.g. loans, grants, equity positions and soft second mortgages) for the rehabilitation or redevelopment of vacant, abandoned or foreclosed single family properties that have been acquired in designated NSP2 Focus Areas. Eligible activities include acquisition, demolition, housing rehabilitation, new construction of residential housing, financial assistance to eligible homebuyers, short term (36 months or less) lease purchase housing and homebuyer counseling/education. This program will reduce the number of vacant, abandoned and foreclosed residential properties, increase the number of decent, safe and sanitary occupied residential properties, increase housing values, and increase the rate of homeownership in the City's designated NSP2 Focus Areas.

Rental Opportunities Program: provides acquisition, construction and permanent financing (e.g. loans, grants and equity positions) for the rehabilitation or redevelopment of vacant, abandoned or foreclosed multi family properties that have been acquired in designated NSP2 Focus Areas. Eligible activities include acquisition, housing rehabilitation and new construction of residential housing for eligible tenant households. This program will reduce the number of vacant, abandoned and foreclosed multi family

residential properties and increase the number of available decent, safe and sanitary occupied residential properties in the City's designated NSP2 Focus Areas.

Financing mechanisms will include interest rates ranging from 0% to an interest rate not to exceed AFR (Applicable Federal Rate). Financing will include construction financing, loans, forgivable loans, equity positions and grants to be used for development and/or affordability gap financing. City of Columbus will provide financing to nonprofit and for profits developers to accomplish this activity. Households at 50% AMI may benefit from this activity, therefore counting toward the 25% statutory requirement. Contract services may include market analysis, homebuyer counseling, energy auditing, and training for contractors and other related services. Continued affordability will be governed by the rules as established by HUD for the HOME Investments Partnership 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.

I. Proposed Budget: The initial budget for NSP2 funds is \$36,354,000.

J. Performance Measures: Initial performance measure for use of NSP2 funds, including the recycling of program income, is a total of 545 units. Units will be developed for sale, short-term lease purchase and rental housing. All units will be affordable to households at or below 120% AMI.

D. ACTIVITY #2 *NSP2 INFORMATION BY ACTIVITY*

(1) Activity Name: **ACQUISITION AND DEMOLITION FUND**

(2) Activity Type: NSP2 Eligible – Activity C & D.: CDBG Eligible- 24 CFR 570.201(a) & (b) & (d); HUD Matrix – 14G and 01, and 02

(3) National Objective: LMMA

(4) Projected Start Date: December 2009

(5) Projected End Date: December 2012

(6) Responsible Organization: City of Columbus, Department of Development 50 W. Gay St. Columbus, OH 43215; Director Boyce Safford III

(7) Location Description: Activities will be primarily within the areas as described in “A. **FOCUS AREAS**”.

(8) Activity Description:

The City of Columbus Land Redevelopment Office (Land Bank) will coordinate the acquisition of property with funds provided by NSP2 and utilize a three-part strategy within the Focus Areas:

1. Negotiate with those entities that hold large inventories of foreclosed properties, including banks, HUD, Fannie Mae, etc. The Land Bank and Consortium members will focus on obtaining bulk purchases of these properties located within the areas identified with the greatest need. It is anticipated this strategy will result in the majority of the acquisition inventory and a large increase in the Columbus Land Bank holdings. However, this strategy may result in supply of houses scattered throughout these areas. Some of these sites may be sold to nonprofit and for profit development organizations to redevelop without NSP2 funds.
2. Acquisitions to complement the bulk purchases and gain properties in close proximity to each other, for focused redevelopment opportunities. The Land Bank will work with local community development organizations and Consortium members to accumulate an inventory suitable for neighborhood redevelopment projects.
3. Seek to acquire abandoned and blighted properties specifically for demolition.

I. Proposed Budget: The initial budget from NSP2 funds is \$2,500,000.

J. Performance Measures: Initial performance measure for acquisition is 50 units for Land Banking. A total of 100 units will be demolished, all of which are presumed to be low or moderate income units. The units demolished will be those acquired by either the Land Bank or Consortium members.

D. ACTIVITY #3 *NSP2 INFORMATION BY ACTIVITY*

(1) Activity Name: **50%AMI FUND**

(2) Activity Type: NSP2 Eligible – Activities B. and E.: CDBG Eligible-24 CFR 570.201& 202; HUD Matrix - 14A, 14B, 14F, 14I and 12

(3) National Objective: LMMH

(4) Projected Start Date: December 2009

(5) Projected End Date: December 2012

(6) Responsible Organization: City of Columbus, Department of Development 50 W. Gay St. Columbus, OH 43215; Director Boyce Safford III

(7) Location Description: Activities will be focused within the areas as described in “**A. FOCUS AREAS**”.

(8) Activity Description:

Homeownership Opportunities Program: provides financing (e.g. loans, grants, soft second mortgages) for the acquisition, rehabilitation or redevelopment of abandoned or foreclosed single family properties in designated NSP2 Focus Areas. Eligible activities include acquisition, demolition, housing rehabilitation, new construction of residential housing, financial assistance to eligible homebuyers and homebuyer counseling/education. This program will reduce the number of vacant, abandoned and foreclosed residential properties, increase the number of decent, safe and sanitary occupied residential properties, increase housing values, and increase the rate of homeownership in the City's designated NSP2 Focus Areas. Because of the low income population served, the city will make every effort to provide funds for this activity in instances in which additional subsidy is being leveraged from other sources including very low interest loans and other sources of development and affordability subsidy. An example of this kind of subsidy would be homeownership development done by Habitat for Humanity of Greater Columbus.

Rental Opportunities Program: provides financing (e.g. loans, grants and equity positions) for the acquisition, rehabilitation or redevelopment of abandoned or foreclosed multi family properties in designated NSP2 Focus Areas. Eligible activities include acquisition, demolition, housing rehabilitation and new construction of residential housing for eligible tenant households. This program will reduce the number of vacant, abandoned and foreclosed multi family residential properties and increase the number of available decent, safe and sanitary occupied residential properties in the City's designated NSP2 Focus Areas. In order to leverage funds for this effort, rental development entities will be encouraged to seek low income housing tax credits from the Ohio Housing Finance Agency. Recognizing the competitive nature of this resource, it will not be the only strategy employed.

Financing mechanisms will include interest rates ranging from 0% to an interest rate not to exceed AFR (Applicable Federal Rate). Financing will include construction financing, loans, forgivable loans, grants and equity positions to be used for development and/or affordability gap financing. City of Columbus will provide financing to Consortium members to accomplish the activity. **Only** households at 50% AMI will benefit from this activity, therefore counting toward the 25% statutory requirement. 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.

I. Proposed Budget: \$14,943,846

J. Performance Measures

- a. 60 homeownership units (50% AMI and below)
- b. 145 rental units (50% AMI and below)

D. ACTIVITY #4 *NSP2 INFORMATION BY ACTIVITY*

- (1) Activity Name: **ADMINISTRATION**
- (2) Activity Type: NSP2 Eligible – Yes: CDBG Eligible- 24 CFR 570.205 and 206; HUD Matrix - 21A
- (3) National Objective: N/A
- (4) Projected Start Date: December 2009
- (5) Projected End Date: December 2012
- (6) Responsible Organization: City of Columbus, Department of Development 50 W. Gay St. Columbus, OH 43215; Director Boyce Safford III
- (7) Location Description: N/A
- (8) Activity Description:

The **NSP 2 Consortium** is an association of eight organizations and government entities pooling their resources and services for achieving a common goal: *Creating vital, healthy neighborhoods by implementing strategies that build a stronger housing real-estate market in weak-market areas of Columbus and Franklin County.*

The City Staff Management Plan describes the city of Columbus' capacity to administer the Neighborhood Stabilization Program Two (NSP 2) as the Lead Applicant of the **NSP 2 Consortium**. The City of Columbus will use the existing administrative infrastructure which supports the Community Development Block Grant (CDBG), Home Investment Partnerships Grant (HOME), as well as city general fund supported housing programs, to implement the NSP 2 program. The City's longstanding relationship with these federally and locally funded community development type programs has produced staff that has experience implementing activities that involve: land acquisition, land banking, nuisance abatement, code enforcement, housing demolition, housing rehabilitation and housing development. These programs have also established an experienced staff in grant financial management services as well as financial and regulatory internal controls. If awarded funds under NSP2, the City will continue to examine its administrative and program delivery needs in order to successfully implement the NSP2 funds. Other Consortium members will also share in administrative and program delivery funds under this activity.

I. Proposed Budget: \$5,977,539