

**CITY OF TOLEDO**  
**NEIGHBORHOOD STABILIZATION PROGRAM**  
**SUBSTANTIAL AMENDMENT**

Jurisdiction(s): City of Toledo, OH Jurisdiction web address: <a href="http://www.toledo.oh.gov">http://www.toledo.oh.gov</a>	NSP Contact Person: Ebenzer Osei-Kwame Address: One Government Center Department of Neighborhoods Suite 1800 Toledo, 43604 Telephone: 419-245-1416 Fax: 419-245-1413 Email: <a href="mailto:ebenezer.osei-kwame@toledo.oh.gov">ebenezer.osei-kwame@toledo.oh.gov</a>
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**A. AREAS OF GREATEST NEED**

Provide summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction.

Response

Toledo, located on the western corner of Lake Erie, is not only the largest city in Lucas County in the State of Ohio, but also the principal city in the Toledo Metropolitan Statistical Area. It is the fourth largest city in the state and has a population of 313,619 (2000 census). The City of Toledo has been severely impacted by home foreclosures. According to RealtyTrac, a recognized leader in collection of foreclosed data, foreclosure filings in metro-Toledo rose from 2,086 in the first six months in 2006 to 3,152 in the first half of 2007- a 51% increase. RealtyTrac stated that metro-Toledo ranked 20<sup>th</sup> worst among the nation's 100 biggest cities in foreclosure activity for the third quarter of 2007. Toledo placed 37<sup>th</sup> among the nation's top 46 metropolitan areas in the number of foreclosures in the first quarter of 2008. There is little indication that the problem is abating.

The data from RealtyTrac portrays a very serious foreclosure situation in Toledo. It is noteworthy to stress that foreclosed properties are not confined in the central city, but scattered throughout the city. In order to have a visual overview of the enormity of the problem, Map 1 shows various census tract areas that were severely impacted by home foreclosures in the City of Toledo. Additionally, you will find Map 2 that identifies the individual properties that have been sold at the Lucas County Sheriff's Sale from October 1, 2007 through September 30, 2008.

In Ohio, mortgages are foreclosed when a lender goes to Common Pleas Court in a judicial proceeding in which mortgaged property is sold to pay the loan of the defaulting borrower. The defendant has 28 days to file an answer, otherwise a default judgment is entered. The property must be advertised in a local newspaper for 30 days prior to a

sheriff foreclosed sale. Sheriff foreclosure sales are held in the county courthouse. At sheriff sales, the sheriff or his deputy auctions the properties and sell to the highest bidder and returns a writ of execution after the sale of the property. A party whose property has been foreclosed may reclaim that property by making payment in full of the unpaid loan plus legal costs before the sale is confirmed. It takes 30 days to typically confirm a sheriff's sale.

A map, created from data compiled by HUD, and Lucas County Sheriff's Sale of foreclosed properties from October 2007 to September 2008, shows very clearly that the City of Toledo has been severely impacted by foreclosed properties (see attached Map 3). A total of 1,897 properties with Toledo addresses were sold at the Lucas County Sheriff's Sales from October 1, 2007 through September 30, 2008.

The City of Toledo created a five-step priority ranking from the HUD-provided Census Tract Block Group data, with ten as the areas of greatest risk of foreclosures and further deterioration. The rankings are as follows:

<b>Risk Factor (See Map 1)</b>	<b>Affected Neighborhoods</b> (NOTE: nearly all census tracts are impacted by foreclosed homes)
10	Census tracts 10, 11, 16, 17, 18, 19, 21, 22, 23, 25, 26, 33, 34
9	Census tracts 2, 37, 12.01, 43.02, 73.03, 63, 65, 62, 57.03
8	Census tracts 79.02, 59.01, 60, 61, 75, 72.04, 86, 75
7	Census tracts 78, 77, 73.01, 72.05, 72.02, 72.03
1-6	Census tracts 83.02, 83.01, 45.04, 13.01, 13.04, 100.01, 100.02

The other two areas of greatest need; namely, areas with highest percentage of homes financed by a subprime loan and areas identified by the grantee as likely to face a significant rise in the rate of home foreclosures, are shown on Map 4 and Map 5 (see attached maps).

**B. DISTRIBUTION OF FUNDS**

Provide 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 home foreclosures.

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

### Response

The NSP funds will be spent in the three stipulated need categories which include areas with greatest percentage of home foreclosures, areas with the highest percentage of homes financed by subprime mortgage-related loans, and areas identified as likely to face a significant rise in the rate of home foreclosure. To comply with NSP regulations, 100% of the NSP funds (\$12,270,706) shall be used to benefit individuals and households whose incomes do not exceed 120% Area Median Income (AMI) (see Attachment A). As required by the regulations, the City of Toledo will ensure that at least 25% (\$3,067,678.50) of the NSP funds shall be used to benefit individuals and households whose income does not exceed 50% of AMI. Administration cost of the program will not exceed 10% (\$1,227,070.60) of the NSP grant and 10% of the program income.

The City of Toledo intends to use the funds in five primary activities, plus administration:

- 1) Acquisition/Rehabilitation (NSP 1);
- 2) Demolition (NSP 2);
- 3) Redevelopment/New Construction (NSP 3);
- 4) Landbanking (NSP 4);
- 5) Financing Mechanisms (NSP 5); and
- 6) Administration (NSP 6).

### **Acquisition/Rehabilitation (NSP 1)**

The City of Toledo intends through partnership or subcontracts with third-party developers to spend \$7.270 million to purchase and rehabilitate 75 foreclosed units that will be occupied by income-eligible households whose earnings do not exceed 120 AMI.

These third-party developers will have to meet minimum developer standards, including current capacity, demonstrated experience, and access to private financing (lines of credit) for the housing redevelopment. Potential developers who have expressed an interest in participating or who are being recruited include, but are not limited to Lucas Metropolitan Housing Authority (LMHA), Preferred Properties, Neighborhood Properties, Inc. (NPI), Neighborhood Housing Services of Toledo (NHS), Lagrange Development Corporation (LDC), NorthRiver Development Corporation (NRDC), Friendship New Vision (FNV), Toledo Community Development Corporation (TCDC), Economic Opportunity Planning Association (EOPA), Mount Pilgrim Baptist Church, Stanbery Homes, American Working Family Inc., and Community Builders, Inc. It is the City's intent to issue an NSP Request For Proposal (RFP) for acquisition and rehabilitation and redevelopment activities no later than March 2009 to select subrecipients and vendors to undertake those NSP-eligible activities. The City will memorialize its relationships with selected third-party developers in development agreements.

The development agreements will contain specifics as to particular properties to be undertaken, the rehab standards to be employed, and the financing, among other matters. In general, the City will provide to the developers NSP grants to cover the total project costs (acquisition, construction, developer fees, insurance, and other soft costs) in excess of the after-rehab appraisal. This process is similar to the process currently employed in the City of Toledo's Community Housing Development Organization (CHDO) Grant Program. In addition to a development subsidy grant, the City of Toledo may provide a construction loan up to 100% of the remaining project cost, depending on a developers' ability to secure private construction financing, at a 0% interest rate.

If the developer intends to rent or lease the properties, the City may provide permanent financing, either in the form of loans and/or grants. The loan term will be for a minimum of 20 years at an interest rate not to exceed the applicable federal rate (AFR), depending upon the debt coverage ratio (DCR). The debt coverage ratio to be used in determining the developer's loan term is between 1.15 and 1.30 for projects with ten or more units, and 1.30 and 1.50 DCR for projects with less than ten units.

All rents for NSP-funded rental projects shall be restricted. All units shall be occupied by households at or below 120% AMI. For all rental units intended to be rented for households with incomes between 81% and 120% AMI, the rents shall be established at or below HUD's published 65% rent limits. For all rental units to be occupied by households between 51% to 80% area median income, the rents shall be established at fair-market rents (FMR). For rental units intended for household with incomes at or below 50% area median income, the rents shall be established at or below HUD's published 50% rent limits.

To select specific properties for the NSP program, the City of Toledo NSP Program Manager and Administrator, in conjunction with area nonprofits and citizen organizations, will identify potential abandoned or foreclosed-upon properties within target neighborhoods for consideration to purchase. In conjunction with the Greater Toledo Homebuilders Association, the City of Toledo's NSP Rehabilitation Specialist and Rehabilitation Technician will inspect the properties, perform paint inspections and risk assessments, develop work specifications to bring the house up to the City's housing standards, and estimate the total costs to rehabilitate the structures, including a developer fee of up to 15%. The specifications and estimated costs will be discussed among the NSP Program Manager, NSP Program Administrator and the neighborhood's third-party project developers to determine whether to proceed with the purchases.

Following identification of desired projects, the City of Toledo NSP Program Administrator, who has a real estate and developer background, will order record searches from a qualified title company. Following reviews to identify any existing liens on the properties, the NSP Program Manager will order appraisals, made in conformity with appraisal requirements of Uniform Relocation Act (URA) at 49 CFR 24.103, from a qualified appraisal company. Following reception of the appraisals, the NSP Project Manager, in conjunction with approved third-party developer, will negotiate with current owners for the purchase of foreclosed-upon or abandoned properties purchase prices and

make purchase offers within 60 days of reception of the receipt. For negotiations regarding individual properties, the mutually agreeable purchase prices will be at least 5% below the appraised values for individual properties and at least 15% below the appraised for multiple-parcel purchases.

Third-party developers will purchase the subject properties and become the owner of record. The City of Toledo NSP Rehab staff, in conjunction with the Home Builders Association of Greater Toledo and third-party developers, will develop bid packages in compliance with HUD and City of Toledo bid procedures. The bid packages will be sent by the developer to at least three qualified contractors for each project on the NSP-qualified contractor list. Bids will be open at the publicized date, time and place, recording the bids on a bid-opening sheet. The third-party developers will then select the lowest and best bid and award the bid. Then, contracts will be prepared and executed by all parties. The selected contractors undertake the property rehabilitation based upon work specifications following execution of rehab contracts. Draws will be requested and approved by the NSP rehab specialist/technician and the developer/owner prior to payment.

The sale prices of NSP-financed homes will be either the appraised value or the total project costs (acquisition, rehabilitation, including 15% developer fee, and other eligible soft costs), whichever is less. When NSP-funded projects are sold to eligible homebuyers (households at or below 120% AMI adjusted for family size), the developers will pay off the outstanding construction loans with the income generated by the sale proceeds.

To entice purchasers, the City will offer 20% down-payment assistance in the form of a forgivable loan as long as the property is occupied as the primary residence. The term of the loan will be the same as the period of affordability and will be secured by a mortgage. The period of affordability will be the same as that prescribed for HOME projects:

- \$0 to \$14,999.99 of NSP funding will require a 5-year term;
- \$15,000 to \$39,999.99 of NSP funding will require a 10-year term; and
- \$40,000 of NSP funding and above will require a 15-year term.

There will be a 0% interest rate charged for families at or below 50% AMI, 2% charged for families with incomes 50% to 80% AMI, and 4% for families with incomes 80% to 120% AMI. The forgiveness of the loans will be prorated monthly by the period of occupancy. The source of the down-payment assistance will be from the developer's construction loan repayments.

For potential homebuyers who meet the program eligibility but are unable to secure private mortgage financing due to the tight credit market, they may secure an NSP mortgage for the remaining balance. The developer/property owner will present the permanent financing requests and recommendations to the Department of Neighborhoods' Loan Committee. Minimally, approval is contingent upon the following criteria:

- Homeowners will have to complete eight hours of housing counseling from one of the qualified HUD housing counseling agencies;
- Total debt ratios must be at or below 45%;

- Housing debt ratios must be at or below 38%;
- The date of discharge of bankruptcy must be at least two years prior to property closing;
- No late credit payments may have occurred in the past six months;
- No outstanding judgments or collections, excepting collections for medical expenses;
- Nontraditional credit sources may be used to determine credit-worthiness;
- If homebuyers are eligible for the Individual Development Accounts (IDA) program, there must be at least six months timely payment into IDA for home repairs, with no late payments and continued payments for life of the period of affordability;
- If homebuyers are not eligible for the IDA program, they will be required to set up a home repair escrow account with at least \$300 prior to the time of closing and make at least \$50 per month payments for the life of the period of affordability;
- Homebuyers will need to have a minimum \$500 equity invested in the purchase of the units. Homebuyers will be given credit for payment of fees and costs associated with the mortgage application or home purchase, including but not limited to earnest moneys, application fees, home inspection fees, pest inspection fees or any combination of eligible fees and costs; and
- No cosignors will be allowed.

Any funds over \$300 returned to the borrower must be used to write down the City's mortgages, applying to the mortgages with the highest mortgage balance.

The City anticipates spending \$2,426,770.70 to acquire and rehabilitate 25 houses for occupancy by individuals and families whose income do not exceed 50% AMI. With these funds, it is anticipated that at least 25 households with incomes at or below 50% AMI will be able to occupy the rehabilitated units. The City of Toledo anticipates LMHA will create homeownership opportunities through direct sale or short-term lease purchase to income-qualified homebuyers. In cases where potential homebuyers lack appropriate credit to enable them to purchase houses, LMHA may take title to the homes and lease them on a rent-to-own basis, as a strategy for eventual ownership by the renters. Two local nonprofit organizations, Preferred Properties and NPI, have expressed interest in providing supportive housing rental opportunities.

Initially, the City of Toledo will first target its acquisition and rehabilitation of abandoned, or foreclosed properties in the tipping-point neighborhoods to include zip codes 43612 & 43613 (Library Village/Close Park neighborhood), 43605 (East Toledo), 43607 (Secor Gardens/Sleepy Hollow neighborhood) and 43609 (Highland Heights/Burroughs School neighborhoods) (See Map 6 and Tipping Point Neighborhood chart below for details). The primary strategy in these neighborhoods will be purchasing and rehabilitating foreclosed properties to arrest deterioration of those properties and subsequent degeneration of these neighborhoods. It is anticipated that properties in these neighborhoods may have higher values than central city properties and that rehabilitation costs may be lower compared to central city properties because foreclosed properties in

these neighborhoods may suffer little or no damage. Then the City anticipates that it will, along with its third-party partners, complete the acquisition and rehabilitation of 49 units in the tipping-point neighborhoods and 26 in targeted central city neighborhoods.

### **Tipping Point Neighborhoods**

<b>Zip Codes</b>	<b>Neighborhood</b>	<b>Census Tracts</b>
43612 & 43613	Library Village/Close Park	57.03, 61, 62, 2, 3, 4, 6, 7, 13.03 (partial), 63
43605	East Toledo	46, 47.01, 47.02, 48, 49, 50, 51, 52, 53
43607	Secor Gardens/ Sleepy Hollow	66 (partial), 67 (partial), 74 (partial)
43609	Highland Heights/ Burrough School	39, 40, (partial), 43.02 (partial), 43.02 (partial), 44

The targeted areas include tipping point and central city neighborhoods with the highest percent of homes financed by subprime mortgage-related loans (See Map 4). Some of the impacted areas include census tracts 74, 73.02, 73.03, 57.03, 4, 3, 2, 7, 40, and 44, to highlight a few. The priority central city neighborhoods include the four New School New Neighborhoods (designated blocks within the Chase, Garfield, Sherman and Stewart Elementary School districts), the Dorr Street Corridor area, the Old South Toledo La Onda neighborhood, Victoria Hill Coalition/Prentice Park neighborhood, St. Vincent Legacy neighborhood, Ironwood neighborhood and Hi-Level neighborhood (See Map 6 and CDC Target Neighborhood chart below for details). All are areas where there are existing revitalization plans, making it easier for NSP activities to tie into current development. NSP acquisition and rehabilitation activities will also target other CDC areas where substantial investments have already occurred.

### **CDC Target Neighborhoods**

<b>Zip Codes</b>	<b>Neighborhood</b>	<b>Census Tracts</b>
43611	Chase School	12.02 (partial)
43607	Dorr Street Corridor/ Stewart School	24.02 (partial), 25 (partial), 26 (partial), 31 (partial), 32, 33, 36 (partial), 37, 67 (partial)
43605	Garfield School	47.01
43605	Hi-Level	48 (partial), 51 (partial)
43605	Ironwood	53
43609	La Onda	38 (partial), 41 (partial)
43608	Sherman School	17, 18, 19 (partial)
43620	St. Vincent Legacy	16 (partial), 22
43605	Victorian Hill/ Prentice Park	48

## Demolition (NSP 2)

The City of Toledo plans to spend \$1,618,110 to demolish 220 housing units. Demolition will be used as a strategy to remove blighted structures in the targeted neighborhoods within the central city. The priority central city neighborhoods include: Chase, Garfield, Sherman and Stewart Elementary School districts, the Dorr Street Corridor area, the Old South Toledo La Onda neighborhood, Victoria Hill Coalition/Prentice Park neighborhood, St. Vincent Legacy neighborhood, Ironwood neighborhood and Hi-Level neighborhood (See Map 6 and CDC Target Neighborhoods chart below for details). Targeted demolitions will be undertaken to remove blighting and criminal influences in order to promote property values in those neighborhoods and support existing, or planned investment. Demolition activities will be prioritized based upon their proximity to recent or planned development and areas where demolitions will help to stabilize the neighborhoods. Within tipping-point neighborhoods, demolitions will primarily occur where homes will be rebuilt.

## CDC Target Neighborhoods

Zip Codes	Neighborhood	Census Tracts
43611	Chase School	12.02 (partial)
43607	Dorr Street Corridor/ Stewart School	24.02 (partial), 25 (partial), 26 (partial), 31 (partial), 32, 33, 36 (partial), 37, 67 (partial)
43605	Garfield School	47.01
43605	Hi-Level	48 (partial), 51 (partial)
43605	Ironwood	53
43609	La Onda	38 (partial), 41 (partial)
43608	Sherman School	17, 18, 19 (partial)
43620	St. Vincent Legacy	16 (partial), 22
43605	Victorian Hill/ Prentice Park	48

## Redevelopment/New Construction (NSP 3)

The City intends to have limited new construction activities under the NSP grant. Redevelopment activities would be used as infill in some tipping-point neighborhoods, or be used to implement adopted New School New Neighborhood strategies. Twelve single-family houses, or rental units are planned for construction at an estimated cost of \$1,920,000. The City of Toledo plans to subcontract with third-party developers for this activity.

Third-party developers would have to meet minimum developer standards, including current capacity, demonstrated experience and access to private financing (lines of credit) for the housing redevelopment. Potential developers who have expressed an interest in participating or who are being recruited include, but are not limited to LMHA, Preferred

Properties, NPI, NHS, LDC, NRDC, FNV, TCDC, EOPA, Mount Pilgrim Baptist Church, Stanbery Homes, American Working Family Inc., and Community Builders, Inc. It is the City's intent to issue an NSP Request For Proposal (RFP) for redevelopment and new construction activities no later than March 2009 to select subrecipients and vendors to undertake those NSP-eligible activities. The City will memorialize its relationships with those selected third-party developers in development agreements.

The development agreements will contain specifics as to particular properties to be undertaken, the development standards to be employed, and the financing, as well as all other aspects. In general, the City will provide to the developers NSP grants to cover the amount of funds for total project costs (acquisition, construction, developer fees, insurance, and other soft costs) that exceed the after-construction appraisal. This process is similar to the process currently employed in the City of Toledo's CHDO Grant Program. In addition to a development subsidy grant, the City of Toledo may provide a construction loan up to 100% of the remaining project cost, depending on the developer chosen, at 0%.

If the developer intends to rent or lease the properties, the City may provide permanent financing, either in the form of loans and/or grants. The loan term will be for a minimum of 20 years at an interest rate not to exceed the applicable federal rate (AFR), depending upon the DCR. The debt coverage ratio to be used in determining the developer's loan term is between 1.15 and 1.30 for projects with ten or more units and 1.30, and 1.50 DCR for projects with less than ten units.

Rents for rental projects shall be restrictive. All units shall be occupied by households at or below 120% area median income (AMI), based upon bedroom size. For all rental units that are intended to be rented by households with incomes between 81% to 120% area median income, the rents shall be established at or below HUD's published 65% rent limits base, based upon bedroom size. For all rental units to be occupied by households between 51% to 80% area median income, the rents shall be established at fair-market rents (FMR) based upon bedroom size. For rental units intended for households with incomes at or below 50% area median income, the rents shall be established at or below HUD's published 50% rent limits, but no more than FMR.

To select specific redevelopment properties for the NSP program, the City of Toledo NSP Program Manager and Administrator, in conjunction with area nonprofits and citizen organizations, will identify abandoned or foreclosed-upon properties within target neighborhoods for consideration to potentially purchase, demolish and redevelop. Following preliminary approvals, an architect will need to be hired by the developer to prepare construction drawings specifications and costs. The specifications and estimated costs will be discussed among the NSP Program Manager, NSP Program Administrator and the neighborhood's third-party project developers to determine whether to proceed with the purchases.

Following identification of desired projects, the City of Toledo NSP Program Administrator, who has a real estate and developer background, will order record

searches from a qualified title company. Following reviews to identify any existing liens on the properties, the NSP Program Manager will order appraisals, made in conformity with appraisal requirements of URA at 49 CFR 24.103 from a qualified appraisal company. Following reception of the appraisals, the NSP Project Manager, in conjunction with an approved third-party developer, will negotiate with current owners for the purchase prices of foreclosed-upon or abandoned properties and make purchase offers within 60 days. For negotiations regarding individual properties, the mutually agreeable purchase prices will be at least 5% below the appraised values for individual properties and at least 15% below the appraised values for multiple-parcel purchases.

Following a decision to purchase, third-party developers will become the property owners. The City of Toledo NSP Rehabilitation staff and third-party developers will develop bid packages in compliance with HUD and City bid procedures. The bid packages will be sent to at least three qualified contractors for each project on the NSP-qualified contractor list. Bids will be open at the publicized date, time and place, recording the bids on a bid-opening sheet. The third-party developers will then select the lowest and best bid, and award the bid. Then, contracts will be prepared and executed by all parties. The selected contractors will undertake the property rehabilitation based upon work specifications following execution of rehab contracts. Draws will be requested and approved by the NSP rehab specialist/technician and the developer/owner prior to payment.

The sale prices of NSP-financed homes will be either the appraised value or the total project costs (acquisition, rehabilitation, including 15% developer fee, and other eligible soft costs), whichever is less. When NSP-funded projects are sold to eligible homebuyers (households at or below 120% AMI), the developers will pay off the outstanding construction loans with the income generated by the sale proceeds.

To entice purchasers, the City will offer 20% down-payment assistance in the form of a forgivable loan for as long as the property is occupied as the primary residence. The term of the loan will be the same as the period of affordability and will be secured by a mortgage. The period of affordability will be the same as that prescribed for HOME projects:

- \$0 to \$14,999.99 of NSP funding will require a 5-year term;
- \$15,000 to \$39,999.99 of NSP funding will require a 10-year term; and
- \$40,000 of NSP funding and above will require a 15-year term.

There will be a 0% interest rate charged for families at or below 50% AMI, 2% charged for families with incomes 50% to 80% AMI, and 4% for families with incomes 80% to 120% AMI. The forgiveness of the loans will be prorated monthly by the period of occupancy. The source of the down-payment assistance will be from the developer's construction loan repayments.

For those potential homebuyers who met the program eligibility but are unable to secure private mortgage financing due to the tight credit market, they may be able to secure an NSP mortgage for the remaining balance. The developer/property owner will make

present potential homebuyer cases and recommendations to the Department of Neighborhoods' Loan Committee. Minimally, approval is contingent upon the following criteria:

- Homeowners will have to complete eight hours of housing counseling from one of the qualified HUD housing counseling agencies;
- Total debt ratios must be at or below 45%;
- Housing debt ratios must be at or below 38%;
- The date of discharge of bankruptcy must be at least two years prior to property closing;
- No late credit payments have occurred in the past six months;
- No outstanding judgments or collections, except collections for medical expenses;
- Nontraditional credit sources may be used to determine credit-worthiness;
- If eligible for IDA program, there must be at least six months timely payment into IDA for home repairs, with no late payments and continued payments for life of the period of affordability;
- If not eligible for IDA program, homebuyers will be required to set up a home repair escrow account with at least \$300 at the time of closing and make at least \$50 per month payments for life of period of affordability;
- Homebuyer will need to have a minimum \$500 equity in the purchase. Homebuyers will be given credit for payment of fees and costs associated with the mortgage application or home purchase, including but not limited to earnest moneys, application fees, home inspection fees, pest inspection fees, or any combination of eligible fees and costs; and
- No cosigners will be allowed.

Any funds returned to the borrower over \$300 must be used to write down the City's mortgages, applying to the mortgages with the highest mortgage balance. At least \$640,907.80 of the acquisition and redevelopment funds will be set aside specifically for units that will be occupied by individuals, or families at or below 50% AMI. With these funds, it is anticipated that at least four households with incomes at or below 50% AMI will be able to occupy the redeveloped units. The City of Toledo anticipates LMHA will create homeownership opportunities through direct sale or short-term lease purchase to income-qualified homebuyers. In cases where potential homebuyers lack appropriate credit to enable them to purchase houses, LMHA may take title to the houses and lease them on a rent-to-own basis, as a strategy for eventual ownership by the renters. Two local nonprofit organizations, Preferred Properties and NPI, have expressed interest in providing supportive housing rental opportunities.

The City of Toledo will first target redevelopment of abandoned or foreclosed properties activities in the tipping-point neighborhoods to include zip codes 43612 & 43613 (Library Village/Close Park neighborhood), 43605 (East Toledo), 43607 (Secor Gardens/Sleepy Hollow neighborhood) and 43609 (Highland Heights/Burroughs School neighborhoods) (See Map 6 and Tipping Point Neighborhood chart below for details). The primary strategy in these neighborhoods will be purchasing and rehabilitating

foreclosed properties to arrest the deterioration of properties and subsequent degeneration of these neighborhoods.

### **Tipping Point Neighborhoods**

<b>Zip Codes</b>	<b>Neighborhood</b>	<b>Census Tracts</b>
43612 & 43613	Library Village/Close Park	57.03, 61, 62, 2, 3, 4, 6, 7, 13.03 (partial), 63
43605	East Toledo	46, 47.01, 47.02, 48, 49, 50, 51, 52, 53
43607	Secor Gardens/ Sleepy Hollow	66 (partial), 67 (partial), 74 (partial)
43609	Highland Heights/ Burrough School	39, 40, (partial), 43.02 (partial), 43.02 (partial), 44

The second priority in central city neighborhoods include the four New Schools New Neighborhoods (designated blocks within the Chase, Garfield, Sherman and Stewart Elementary School districts), the Dorr Street Corridor area, the Old South Toledo La Onda neighborhood, Victoria Hill Coalition/Prentice Park neighborhood, St. Vincent Legacy neighborhood, the Ironwood neighborhood and Hi-Level neighborhood (See Map 6 and CDC Target Neighborhood chart below for details). All are areas where current revitalization plans exist, making it easier to tie in with NSP activities. NSP acquisition and rehabilitation activities will also target other CDC areas where substantial investments have already occurred.

### **CDC Target Neighborhoods**

<b>Zip Codes</b>	<b>Neighborhood</b>	<b>Census Tracts</b>
43611	Chase School	12.02 (partial)
43607	Dorr Street Corridor/ Stewart School	24.02 (partial), 25 (partial), 26 (partial), 31 (partial), 32, 33, 36 (partial), 37, 67 (partial)
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43605	Hi-Level	48 (partial), 51 (partial)
43605	Ironwood	53
43609	La Onda	38 (partial), 41 (partial)
43608	Sherman School	17, 18, 19 (partial)
43620	St. Vincent Legacy	16 (partial), 22
43605	Victorian Hill/ Prentice Park	48

The City anticipates that the City and its third-party partners will complete the redevelopment of 12 units in the tipping-point neighborhoods and in targeted central city neighborhoods.

### **Landbanking (NSP 4)**

The City of Toledo has budgeted \$235,535.40 towards landbanking activities. Most of the funds under this activity will be used to clean, mow, and maintain privately owned, vacant properties for which the city will bill the owner for actual costs. Some of the funds may be used to purchase properties and demolish them for future development. Other possible uses under this activity may include acquisition and demolition to allow for expansion or improvement of a public facility.

### **Financing Mechanism (NSP 5)**

Financing Mechanisms may include down-payment assistance and permanent financing loans, and grants for rental and owner-occupied housing. The down-payment assistance and permanent financing loans, and grants for rental and owner-occupied housing will come from program income generated from payments of construction financing.

If the developer intends to rent or lease the properties, the City may provide permanent financing, either in the form of loans and/or grants. The loan term will be for a minimum period of 20 years at an interest rate not to exceed the AFR, depending upon the DCR. The DCR to be used in determining the developer's loan term is between 1.15 and 1.30 for projects with ten or more units, and 1.30 and 1.50 DCR for projects with less than ten units.

Rents for rental projects shall be restricted. All units shall be occupied by households at or below 120% area median income (AMI) based upon bedroom size. For all rental units intended for households with incomes 81% to 120% area median income, the rents shall be established at or below HUD's published 65% rent limit base, factored by bedroom size. For all rental units to be occupied by households 51% to 80% area median income, the rents shall be established at fair-market rents (FMR) based upon bedroom size. For rental units intended for households with incomes at or below 50% area median income, the rents shall be established at or below HUD's published 50% rent limits, but no more than FMR.

To entice purchasers, the City will offer 20% down-payment assistance in the form of a forgivable loan for as long as the property is occupied as the primary residence. The term of the loan will be the same as the period of affordability and will be secured by a mortgage. The period of affordability will be the same as that prescribed for HOME projects:

- \$0 to \$14,999.99 of NSP funding will require a 5-year term;
- \$15,000 to \$39,999.99 of NSP funding will require a 10-year term; and
- \$40,000 of NSP funding and above will require a 15-year term.

There will be a 0% interest rate charged for families at or below 50% AMI, 2% charged for families with incomes 50% to 80% AMI, and 4% for families with incomes 80% to 120% AMI. The forgiveness of the loans will be prorated monthly based on the period of occupancy. The source of the down-payment assistance will be from the developer's construction loan repayments.

For those potential homebuyers who met the program eligibility but are unable to secure private mortgage financing due to the tight credit market, they may be able to secure an NSP mortgage for the remaining balance. The developer/property owner will present potential homebuyer cases and recommendations to the Department of Neighborhoods' Loan Committee. Minimally, approval is contingent upon the following criteria:

- Homeowners will have to complete eight hours of housing counseling from one of the qualified HUD housing counseling agencies;
- Total debt ratios must be at or below 45%;
- Housing debt ratios must be at or below 38%;
- The date of discharge of bankruptcy must be at least two years prior to property closing;
- No late credit payments may have occurred in the past six months;
- No outstanding judgments or collections, with the exception of collections for medical expenses;
- Nontraditional credit sources may be used to determine credit-worthiness;
- If eligible for IDA program, there must be at least six months timely payment into IDA for home repairs, with no late payments and continued payments for life of the period of affordability;
- If not eligible for IDA program, homebuyers will be required to set up a home repair escrow account with at least \$300 at the time of closing and make at least \$50 per month payments for life of period of affordability;
- Homebuyers will need to have a minimum \$500 equity in the purchase. Homebuyers will be given credit for payment of fees and costs associated with the mortgage application or home purchase, including but not limited to earnest moneys, application fees, home inspection fees, pest inspection fees, or any combination of eligible fees and costs; and
- No cosigners will be allowed.

Any funds over \$300 returned to the borrower must be used to write down the City's mortgages, applying to the mortgages with the highest mortgage balance.

### **Administration (NSP 6)**

From the original NSP allocation of \$12,207,706, the City of Toledo will budget 10%, or \$1,227,070.60 for administrative purposes. While \$435,420.60 is budgeted to the City of Toledo for personnel costs to administer its Neighborhood Stabilization Program, the remaining funds (\$791,650.00) will pay for the administrative costs of

It is the intent of the City to advertise the availability of NSP-funded housing units to create pools of potential occupants, potential homebuyers and renters, in order to facilitate the rapid re-occupancy of rehabbed units. Once the City receives notice from HUD regarding approval of its NSP grant, the City will formally notify qualified vendors of a Request For Proposal (RFP) to market the Neighborhood Stabilization Program. The budget for marketing is \$200,000.

Each owner-occupant will be required to attend and complete an eight-hour homeownership training session from a qualified HUD-approved housing counseling

agency. It is anticipated that one out of ten applicants who completes homeownership training will eventually purchase a housing unit. As the City of Toledo anticipates selling 87 units, either directly or through lease-purchase agreements, the City has budgeted \$345,600 to pay selected HUD-approved housing counseling agencies, including Catholic Charities, FNV, NHS and Northwest Ohio Development Agency (NODA) to provide homeownership counseling training sessions.

To increase the chances of new homeowners remaining as owner-occupants, the City intends to contract with one of the housing counseling agencies for an after-care housing counselor at a cost of \$70,000 over the course of the grant period. This after-care housing counselor will meet with new homeowners on a monthly basis to identify and address potential issues that may threaten their ability to remain homeowners.

Within Northwest Ohio, there is a shortage of qualified contractors who possess the necessary training to undertake lead-hazard control work, which is further compounded by the additional duties required under the NSP and the City's Lead Hazard Demonstration Grant. To increase the capacity of properly trained contractors, the City has budgeted \$25,000 for lead training.

The City has an adequate number of trained personnel to undertake lead-paint inspections and risk assessments for this program, but is in need of an additional X-Ray Fluorescence (XRF) analyzer to undertake lead-paint inspections. The City has budgeted \$20,000 for the purchase and licensing of an additional XRF analyzer.

While the City intends to charge appraisals, title work and termite inspections to each project if the project moves forward, the City has also identified the need to budget a total of \$19,890 from its administrative costs for these activities for properties that are not purchased. The specific breakdown is as follows:

- Appraisals \$7,800
- Title work \$9,750
- Termite inspection \$2,340

In addition to the other costs, the City has budgeted \$30,000 for printing and \$25,000 for postage.

### **C. DEFINITIONS AND DESCRIPTIONS**

(1) Definition of "blighted structure" in context of state or local law.

#### Response:

Using Ohio Revised Code Section 1.08(B) as its guide, the City of Toledo has for this grant defined "blighted structure" to mean either of the following:

(1) A structure 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) A structure that 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 remain unpaid 35 days after notice to pay has been mailed.

(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.

(2) Definition of “affordable rents.” *Note:* Grantees may use the definition they have adopted for their CDBG program but should review their existing definition to ensure compliance with NSP program-specific requirements such as continued affordability.

Response:

Rents for rental projects shall be restricted. All units shall be occupied by households at or below 120% area median income (AMI) based upon bedroom size. For all rental units intended for households with incomes between 81% and 120% AMI, the rents shall be established at or below HUD’s published 65% rent limits, based upon bedroom size. For all rental units to be occupied by households between 51% and 80% AMI, the rents shall be established at FMR based upon bedroom size. For rental units intended for

households with incomes at or below 50% AMI, the rents shall be established at or below HUD’s published 50% rent limits based upon bedroom size, but no higher than fair-market rate (FMR).

The gross rent schedule for NSP rental units will be as follows (see attachment C for more detail):

Bedrooms	Eff.	1	2	3	4	5	6
50% rent limit	\$526	\$563	\$676	\$781	\$871	\$ 961	\$1051
FMR	476	539	656	846	922	1060	1199
65% rent limit	664	713	857	981	1075	1167	1261

Net rents will be determined by reducing gross rents by LMHA utility allowance schedule.

(3) Describe how the grantee will ensure continued affordability for NSP-assisted housing.

Response:

The City of Toledo will require deed restrictions to be placed on the properties at the time of property transfer from the lender to the City or the City’s agents, including NSP subrecipients or NSP contractors. Additionally, the affordability requirement will be included as one of the conditions within any grant agreements, loan agreements, and mortgages. The City of Toledo currently provides for affordability requirements within its current HOME grant and loan documents.

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

Response:

The City of Toledo will utilize the City of Toledo housing standards currently utilized for its Owner-Occupied Rehabilitation Program and its Housing Development Fund Program, both funded in part with HOME funding. The components of the City of Toledo’s housing standards include the following:

- Code violations – All building, nuisance and housing code violations will be corrected. Properties will be inspected to identify code violations and rehab specifications with estimated cost being developed to clearly identify corrections of all such violations.
- Lead-Based Paint Hazards – A Lead-Based Paint Inspection (XRF testing and dust-wipe sampling) and Risk Assessment by licensed personnel will be performed on each property to identify the existence and scope of any lead-based paint hazards. The standards of “Lead-Based Paint Poisoning Prevention in Federally Owned or Federally Assisted Housing,” found in 24 CFR Part 35, will apply.
- Energy Efficiency – All newly constructed residential buildings shall meet HUD’s Energy-Efficiency Model Code. All rehabbed buildings will be made as

energy efficient as possible within the program guideline limits. Anticipated work will include sealing exterior openings; insulating walls, attics, and crawl spaces; replacement of energy-inefficient windows and furnaces, etc. Where financially feasible, NSP-funded homes will utilize green building materials.

- Incipient Code items – New homeowners, especially lower-income households, often have limited access to resources necessary for large maintenance and capital expenses in the short term. Once costs for corrections of code violations, lead-based hazard control work and energy-efficiency have been completed, additional program improvements may be used to replace structural and mechanical systems, including roofs, hot water tanks, furnaces, plumbing/lighting fixtures, that have a short remaining life.

#### **D. LOW INCOME TARGETING**

Identify the estimated amount of funds to be appropriated or otherwise made available under the NSP to 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 percent of area median income

##### Response

The City of Toledo will make at least \$3,067,678.50 million (25% of the city's allocation) available for acquisition, rehabilitation and redevelopment of at least 29 units for persons and families whose incomes do exceed 50% AMI.

#### **E. ACQUISITIONS & RELOCATION**

Indicate whether grantee intends to demolish or convert any low-and moderate-income dwelling units (i.e.,  $\leq 80\%$  of area median income).

##### **If so, 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.
- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households-i.e.,  $\leq 120\%$  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).
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50% of area median income.

##### Response

The City of Toledo intends to demolish 220 housing units using NSP funds, primarily in targeted central city neighborhoods, to remove blighting influences in the targeted areas

and support the remaining property owners who have maintained their loans and properties. The number of demolitions in tipping-point neighborhoods will be very limited, and new homes will be built where the demolitions have occurred within tipping point neighborhoods. All NSP demolition activities will commence when the funds are released in the 2009 calendar year and completed within 18 months.

For households at or below 12% AMI, the City of Toledo intends to spend \$9.19 million towards acquisition, rehabilitation and redevelopment of 87 units. The City of Toledo intends to spend \$3,067,678.50 for households at or below 50% AMI towards the acquisition, rehabilitation and redevelopment of 29 units. The average current acquisition and rehabilitation cost per unit is estimated to be \$110,000 in targeted central city neighborhoods and \$90,000 in tipping-point neighborhoods. All acquisition and rehabilitation NSP activities will commence when the funds are released in the 2009 calendar year and completed within four years, anticipated to be completed by February 2013. While it is anticipated that most of the acquired and rehabilitated homes will be sold to owner-occupied, some units may be dedicated for short-term lease-to-own or for multi-unit affordable renting.

No relocation expenses are anticipated.

#### **F. PUBLIC COMMENT**

**Provide a summary of the public comments received to the proposed NSP Substantial Amendment.**

Response

???

**G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)**

1) Activity Name: **Acquisition/Rehabilitation (NSP 1)**

2) Activity Type: (include NSP eligible use & CDBG eligible activity).

NSP eligible uses include acquisition/rehabilitation/resale which may involve a finance mechanism; CDBG – 24 CFR 570.201(a) acquisition, and (b) disposition, and 570.202, rehabilitation

3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice -  $\leq$  120% of area median income).

The City of Toledo intends to comply with NSP regulations by using the funds to benefit persons and families whose incomes do not exceed 120% area median income.

4) Projected Start Date: January 2009

5) Projected End Date: December 2012

6) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information).

The City of Toledo will be the lead entity, One Government Center, Suite 1800, Toledo, OH 43604. Program Manager: Ebenezer Osei-Kwame, 419-245-1416, [ebenezer.osei-kwame@toledo.oh.gov](mailto:ebenezer.osei-kwame@toledo.oh.gov). Other partners with special capacities will be used to provide expertise in other areas:

- HUD-approved housing counseling agencies include NHS, NODA, FNV, and Catholic Charities to perform housing counseling activities;
- Licensed appraisers to perform appraisals;
- Licensed title companies to perform record searches and full title searches;
- City of Toledo NSP Administrator to negotiate purchase prices and third-party partners to acquire property;
- City of Toledo's Neighborhood Development Specialists to prepare loan documents, with legal review by City of Toledo Department of Law, City of Toledo Rehab Technicians and/or Homebuilder Association of Greater Toledo and/or third-party rehab specialists to prepare work specifications and cost estimates, City of Toledo Rehab Specialists to review and approve work specifications and cost estimates; and City of Toledo Rehab Specialist/Technician to prepare bid packages;
- Owner/Developer (third-party partners like LMHA, NHS, United North, FNV, Mount Pilgrim Church, Preferred Properties, NPI, Maumee Valley Habitat for Humanity, American Working Family, private developers) to act as developers,
- Property management companies to manage rental properties); and
- Real estate agents to sell units.

7) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known).

Initially, the City of Toledo will target its acquisition and rehabilitation of abandoned or foreclosed properties activities in the tipping-point neighborhoods to include zip codes 43612 & 43613 (Library Village/Close Park neighborhood), 43605 (East Toledo), 43607 (Secor Gardens/Sleepy Hollow neighborhood) and 43609 (Highland Heights/Burroughs School neighborhoods) (See Map 6 and Tipping-Point Neighborhood chart below for details). The primary strategy in these neighborhoods will be purchasing and rehabilitating foreclosed properties to arrest the deterioration of properties and subsequent degeneration of these neighborhoods. The City anticipates that it and its third-party partners will complete the acquisition and rehabilitation of 49 units in the tipping-point neighborhoods and 26 in targeted central city neighborhoods.

### **Tipping Point Neighborhoods**

<b>Zip Codes</b>	<b>Neighborhood</b>	<b>Census Tracts</b>
43612 & 43613	Library Village/Close Park	57.03, 61, 62, 2, 3, 4, 6, 7, 13.03 (partial), 63
43605	East Toledo	46, 47.01, 47.02, 48, 49, 50, 51, 52, 53
43607	Secor Gardens/ Sleepy Hollow	66 (partial), 67 (partial), 74 (partial)
43609	Highland Heights/ Burroughs School	39, 40, (partial), 43.02 (partial), 43.02 (partial), 44

The targeted areas include tipping point and central city neighborhoods with the highest percent of homes financed by subprime mortgage-related loans (see Map 4). Some of the impacted areas include census tracts 74, 73.02, 73.03, 57.03, 4,3,2,7,40, and 44, to highlight a few. The priority central city neighborhoods include the four New Schools, New Neighborhoods, the Dorr Street Corridor area, the Old South Toledo La Onda neighborhood, Victoria Hill Coalition/Prentice Park neighborhood, St. Vincent Legacy neighborhood, the Ironwood neighborhood and Hi-Level neighborhood (See Map 6 and CDC Target Neighborhoods chart below for details). All are areas where there revitalization plans currently exist, making it easier for NSP activities to tie into current development. NSP acquisition and rehabilitation activities will also target other CDC areas where substantial investments have already occurred.

### **CDC Target Neighborhoods**

<b>Zip Codes</b>	<b>Neighborhood</b>	<b>Census Tracts</b>
43611	Chase School	12.02 (partial)
43607	Dorr Street Corridor/ Stewart School	24.02 (partial), 25 (partial), 26 (partial), 31 (partial), 32, 33, 36 (partial), 37, 67 (partial)
43605	Garfield School	47.01
43605	Hi-Level	48 (partial), 51 (partial)
43605	Ironwood	53

43609	La Onda	38 (partial), 41 (partial)
43608	Sherman School	17, 18, 19 (partial)
43620	St. Vincent Legacy	16 (partial), 22
43605	Victorian Hill/ Prentice Park	48

8) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low-income housing requirement for those below 50% of area median income.

For housing related activities, include:

- tenure of beneficiaries-rental or homeownership;
- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include

- discount rate

For financing activities, include:

- range of interest rates

Response

The activity will be the acquisition/rehabilitation of homes to income-eligible homebuyers, all of which will have incomes at or below 120% of the area median income, adjusted by family size. Tenure of beneficiaries would be homeownership, lease-purchase, or rental. Per HUD regulations, the City of Toledo will ensure that at least 25% of the NSP funds shall be used to benefit individuals and households whose income does not exceed 50% of AMI.

Following negotiations by the City of Toledo NSP Administrator, third-partner partners will purchase abandoned or foreclosed-upon properties at a discount. For properties purchased individually, the properties will be purchased at least 5% below appraised value. For multiple parcel purchases, the properties will be purchased at least 15% below appraised value. The overall purchase discount shall be 10%.

Development subsidy grants will be provided for the total project costs that exceed the appraised value. Deferred payment construction loans or grants at 0% interest shall be made by the City of Toledo to the third-party developer for the amount up to the appraised value or total acquisition, rehabilitation, and related eligible soft costs, including a 15% developer fee, whichever is less.

For rental or lease-purchase properties, the City may make a permanent loan to developers at no more than the applicable federal rate, secured by a mortgage, for up to

20 years. A ten-year pro forma will determine the interest rate, term and repayment schedule, using a debt coverage ratio between 1.15 and 1.3 for larger projects, and 1.15 to 1.5 for smaller projects. The annual repayment schedule shall be net revenue.

Financial strategies such as down-payment assistance will be used under NSP to help income-qualified homebuyers purchase houses. Down-payment assistance will be in an amount equal to 20% of the appraised value. Down-payment assistance is intended to encourage a quick sale, avoid the payment of private insurance, and be structured as a forgivable loan. The loan will be for a term equal to the schedule below:

- \$1 to \$14,999.00 NSP funds - 5-year term,
- \$15,000.00 to \$39,999.99 NSP funds – 10-year term, or
- \$40,999.00 or more NSP funds – 15-year term.

Down-payment assistance loans will be forgiven on a prorated basis as long as the property is occupied as the primary residence. Loan and equity share will be required if there is a change in property title. There will be a 0% interest rate charged for families at or below 50% AMI, 2% charged for families with incomes 50% to 80% AMI, and 4% for families with incomes 80% to 120% AMI.

All potential homebuyers must complete an eight-hour homeownership counseling by one of the HUD-approved housing counseling agencies that are on the City of Toledo's partner list. These include Catholic Charities, FNV, NHS and NODA.

For those potential homebuyers who met the program eligibility but are unable to secure private mortgage financing due to the tight credit market, they may be able to secure an NSP mortgage for the remaining balance. The developer/property owner will present potential homebuyer cases and recommendations to the Department of Neighborhoods' Loan Committee. Minimally, approval is contingent upon the following criteria:

- Homeowners will have to complete eight hours of housing counseling from one of the qualified HUD housing counseling agencies;
- Total debt ratios must be at or below 45%;
- Housing debt ratios must be at or below 38%;
- The date of discharge of bankruptcy must be at least two years prior to property closing;
- No late credit payments may have occurred in the past six months;
- No outstanding judgments or collections, except collections for medical expenses;
- Nontraditional credit sources may be used to determine credit-worthiness;
- If eligible for IDA program, there must be at least six months timely payment into IDA for home repairs, with no late payments and continued payments for life of the period of affordability;
- If not eligible for an IDA program, homebuyers will be required to set up a home repair escrow account with at least \$300 at the time of closing and make at least \$50 per month payments for the life of the period of affordability;
- Homebuyers will need to have a minimum \$500 equity in the purchase. Homebuyers will be given credit for payment of fees and costs associated with

the mortgage application or home purchase, including but not limited to earnest moneys, application fees, home inspection fees, pest inspection fees, or any combination of eligible fees and costs; and

- No cosigners will be allowed.

Any funds returned to the borrower over \$300 must be used to write down the City's mortgages, applying first to the mortgages with the highest mortgage balance.

For permanent financing, there will be a 0% interest rate charged for families at or below 50% AMI, 2% charged for families with incomes 50% to 80% AMI, and 4% for families with incomes 80% to 120% AMI.

To reduce costs, the properties will have to meet the City's housing standards, which have been developed to minimize operating costs and future capital expenditures. The City of Toledo will utilize the City of Toledo housing standards that it currently utilizes for its Owner-Occupied Rehabilitation Program and its Housing Development Fund Program, both funded in part with HOME funding. The components of the City of Toledo's housing standards include the following:

- Code violations – All building, nuisance and housing code violations will be corrected. Properties will be inspected to identify code violations and rehab specifications with estimated costs being developed to clearly identify corrections of all such violations.
- Lead-Based Paint Hazards – A Lead-Based Paint Inspection (XRF testing and dust-wipe sampling) and Risk Assessment by licensed personnel will be performed on each property to identify the existence and scope of any lead-based paint hazards. The standards of "Lead-Based Paint Poisoning Prevention in Federally Owned or Federally Assisted Housing," found in 24 CFR Part 35, will apply.
- Energy Efficiency – All buildings will be made as energy efficient as possible within the program guideline limits. Anticipated work will include sealing exterior openings; insulating walls, attics, and crawl spaces; replacement of energy-inefficient windows and furnaces, etc.
- Incipient Code Items – New homeowners, especially lower-income households, often have limited access to resources necessary for short-term large maintenance and capital expenses. Once costs for corrections of code violations, lead-based hazard control work and energy efficiency have been completed, additional program improvements may be used to replace structural and mechanical systems, including roofs, hot water tanks, furnaces, plumbing/lighting fixtures that have a short remaining life.

The properties will remain affordable depending on the total amount of NSP funds spent on the project, according to the following schedule:

- \$1 to \$14,999.99 NSP funds - 5-year term,
- \$15,000.00 to \$39,999.99 NSP funds – 10-year term, or
- \$40,999.00 or more NSP funds – 15-year term.

To ensure continued affordability, a deed restriction will be placed upon the property at closing to reflect the appropriate period of affordability.

9) Total Budget:

The City of Toledo intends to spend \$7.270 million to purchase and rehabilitate 75 foreclosed units that will benefit income-eligible homebuyers whose earnings do not exceed 120 AMI. The final sale prices of the rehabilitated homes will not exceed the initial acquisition and rehabilitation cost. All acquisitions for individual parcel purchases will be at least 5% below the appraised values, issued no more than 60 days before the properties are purchased; and for acquisitions for multiple parcel purchases, will be at least 15% below the appraised values issued no more than 60 days before the properties are purchased. The 75 units to be acquired and rehabilitated will include rental units to address rent-to-own and affordable multi-family households needs. Where necessary, some of these units may be set aside to address special needs housing. (See attachment B).

10 Performance Measurement: (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50% of area median income and below, 51-80%, and 81-120%):

This activity is acquisition and rehabilitation of units to benefit income-eligible homebuyers. The City of Toledo intends to spend \$7.270 million to purchase and rehabilitate 75 foreclosed units, some of which will be sold to income-eligible homebuyers whose earnings do not exceed 120 AMI. The performance measurement outcomes will be measured by the number of affordable units sold to income-eligible persons with incomes at or below 120% area median income and families whose incomes are greater than 50% AMI, but do not exceed 120% AMI.

It is anticipated that the amount of funding allocated to households with incomes at or below 50% AMI will not be less than \$2,426,770.70. With the amount of NSP allocated, it is projected that a minimum of 25 housing units will be occupied by individuals and families with incomes at or below 50% AMI.

The remaining portion of the NSP funds, estimated to be \$4,843,229.30 will be dedicated to individuals and families with incomes between 51% and 120% AMI. Therefore, individuals and households with incomes between 51% and 120% AMI will occupy at least 50 housing units.

**G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)**

1) Activity Name: **Demolition (NSP 2)**

2) Activity Type: (include NSP eligible use & CDBG eligible activity).  
NSP eligible uses include CDBG – 24 CFR 570.201(a) acquisition, and (b) disposition.

3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice - ≤ 120% of area median income). The City of Toledo intends to comply with NSP regulations by using the funds to benefit persons and families whose incomes do not exceed 120% area median income.

4) Projected Start Date: January 2009

5) Projected End Date: December 2012

It is anticipated that the vast majority of demolitions will occur within 2009 while some structures may be demolished during 2010 through 2012.

6) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information).

The City of Toledo will be the lead entity, One Government Center, Suite 1800, Toledo, OH 43604. Program Manager: Ebenezer Osei-Kwame, 419-245-1416, [ebenezer.osei-kwame@toledo.oh.gov](mailto:ebenezer.osei-kwame@toledo.oh.gov). Other partners who will carry out the demolition and related activities include the following:

- City of Toledo/Division of Street, Bridges and Harbor and/or private developers to undertake demolition; and
- Toledo-Lucas County Health Department licensed rat baiter, City of Toledo licensed rat baiter, or licensed private contractor to undertake rat baiting prior to demolition.

7) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known).

All demolitions will occur within census tracts or census tract block groups that have at least 50% of the units occupied by households with 120% or less area median incomes, adjusted for family size. Most demolitions will occur within targeted central city and East Toledo neighborhoods, that have at least 50% of the units occupied by households at 80% or less AMI, adjusted for family size. These priority central city and East Toledo neighborhoods include the following neighborhoods: Chase, Garfield, Sherman and Stewart Elementary School districts, the Dorr Street Corridor area, the Old South Toledo La Onda neighborhood, Victoria Hill Coalition/Prentice Park neighborhood, St. Vincent Legacy neighborhood, Ironwood neighborhood and Hi-Level neighborhood (See Map 6 and CDC Target Neighborhoods chart below for details).

## CDC Target Neighborhoods

Zip Codes	Neighborhood	Census Tracts
43611	Chase School	12.02 (partial)
43607	Dorr Street Corridor/ Stewart School	24.02 (partial), 25 (partial), 26 (partial), 31 (partial), 32, 33, 36 (partial), 37, 67 (partial)
43605	Garfield School	47.01
43605	Hi-Level	48 (partial), 51 (partial)
43605	Ironwood	53
43609	La Onda	38 (partial), 41 (partial)
43608	Sherman School	17, 18, 19 (partial)
43620	St. Vincent Legacy	16 (partial), 22
43605	Victorian Hill/ Prentice Park	48

Within tipping-point neighborhoods, demolition will primarily occur where homes will be rebuilt.

### 8) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

For housing related activities, include:

- tenure of beneficiaries-rental or homeownership;
- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include

- discount rate

For financing activities, include:

- range of interest rates

The activity is for demolition of foreclosed/abandoned single-family properties that will be considered economically infeasible to rehabilitate. The City of Toledo has budgeted \$1,618,110 to demolish 220 housing units. Demolition activities will be used as a strategy to remove blighted structures in the three identified areas of greatest need. Targeted demolitions will be undertaken to remove blighting and eliminate potential criminal influences in order to promote property values in those neighborhoods. Demolition activities will be prioritized based upon their proximity to recent or planned

development and areas where minimal demolition activities will help to stabilize the neighborhoods.

Owners will be billed for demolitions and rodenticide costs (baiting for rats).

9) Total Budget

The City of Toledo has budgeted \$1,618,110 to demolish and to bait for rats at 220 housing units. Prior to the demolition of buildings, the properties will be baited with rat poisoning.

10) Performance Measurement: (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50% of area median income and below, 51-80%, and 81-120%):

The measurement for this activity includes the number of units baited and demolished utilizing NSP funds, in whole or in part. It is anticipated that the City will demolish 220 units.

All properties demolished will be in census tract block groups in which at least 51% of the households have incomes at, or less than 120% AMI.

**G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)**

1) Activity Name: **Redevelopment/New Construction (NSP 3)**

2) Activity Type: (include NSP eligible use & CDBG eligible activity).  
CDBG – 24 CFR 570.202 housing.

3) National Objective: (Must be a national objective benefiting low-, moderate- and middle-income persons, as defined in the NSP Notice - ≤ 120% of area median income).  
The City of Toledo will comply with NSP regulations by using the funds to benefit persons and families whose incomes do not exceed 120% area median income.

4) Projected Start Date: January 2009

5) Projected End Date: December 2012

6) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information).  
The City of Toledo will be the lead entity, One Government Center, Suite 1800, Toledo, OH 43604. Program Manager: Ebenezer Osei-Kwame, 419-245-1416, [ebenezer.osei-kwame@toledo.oh.gov](mailto:ebenezer.osei-kwame@toledo.oh.gov). Other partners with special capacities may be used to provide expertise in other areas:

- HUD-approved housing counseling agencies – NHS, NODA, FNV, and Catholic Charities to perform housing counseling activities to undertake homebuyer training;
- Licensed appraisers to perform appraisals;
- Licensed title companies to perform record searches and full title searches;
- City of Toledo NSP Administrator to negotiate purchase prices and third-party partners to acquire property;
- City of Toledo's Neighborhood Development Specialists to prepare loan documents, with legal review by City of Toledo Department of Law;
- City of Toledo Rehab Technicians and/or Homebuilder Association of Greater Toledo and/or third-party rehab specialists to prepare work specifications and cost estimates, City of Toledo Rehab Specialists to review and approve work specifications and cost estimates, City of Toledo Rehab Specialist/Technician to prepare bid packages;
- Owners/Developers (third-party partners like LMHA, NHS, United North, FNV, Mount Pilgrim Church, Preferred Properties, NPI., Maumee Valley Habitat for Humanity, American Working Family, private developers) will own and act as developers;
- Property management companies to manage rental properties); and
- Real estate agents to sell units.

7) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known).

The activity will be the redevelopment of infill affordable housing units for income-eligible homebuyers, all of which will have incomes at or below 120% of AMI, adjusted for family size. The City of Toledo will first target redevelopment of abandoned or foreclosed properties activities in the tipping-point neighborhoods to include zip codes 43612 & 43613 (Library Village/Close Park neighborhood), 43605 (East Toledo), 43607 (Secor Gardens/Sleepy Hollow neighborhood) and 43609 (Highland Heights/Burroughs School neighborhoods) (See Map 6 and Tipping Point Neighborhoods chart below for details). The primary strategy in these neighborhoods will be purchasing and redeveloping foreclosed properties to arrest the deterioration of properties and subsequent degeneration of these neighborhoods.

### **Tipping Point Neighborhoods**

<b>Zip Codes</b>	<b>Neighborhood</b>	<b>Census Tracts</b>
43612 & 43613	Library Village/Close Park	57.03, 61, 62, 2, 3, 4, 6, 7, 13.03 (partial), 63
43605	East Toledo	46, 47.01, 47.02, 48, 49, 50, 51, 52, 53
43607	Secor Gardens/ Sleepy Hollow	66 (partial), 67 (partial), 74 (partial)
43609	Highland Heights/ Burroughs School	39, 40, (partial), 43.02 (partial), 43.02 (partial), 44

The second priority in central city neighborhoods include the four New Schools, New Neighborhoods (designated blocks within the Chase, Garfield, Sherman and Stewart Elementary School districts), the Dorr Street Corridor area, the Old South Toledo La Onda neighborhood, Victoria Hill Coalition/Prentice Park neighborhood, St. Vincent Legacy neighborhood, the Ironwood neighborhood and Hi-Level neighborhood (See Map 6 and CDC Target Neighborhoods chart below for details). All are areas where current revitalization plans exist, making it easier to tie in with NSP activities. NSP redevelopment funds will also target other CDC areas where substantial investments have already occurred.

### **CDC Target Neighborhoods**

<b>Zip Codes</b>	<b>Neighborhood</b>	<b>Census Tracts</b>
43611	Chase School	12.02 (partial)
43607	Dorr Street Corridor/ Stewart School	24.02 (partial), 25 (partial), 26 (partial), 31 (partial), 32, 33, 36 (partial), 37, 67 (partial)
43605	Garfield School	47.01
43605	Hi-Level	48 (partial), 51 (partial)
43605	Ironwood	53
43609	La Onda	38 (partial), 41 (partial)
43608	Sherman School	17, 18, 19 (partial)

43620	St. Vincent Legacy	16 (partial), 22
43605	Victorian Hill/ Prentice Park	48

The City anticipates that it and its third-party partners will complete the redevelopment of 12 units in the tipping-point neighborhoods and in targeted central city neighborhoods.

8) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

For housing related activities, include:

- tenure of beneficiaries-rental or homeownership;
- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include

- discount rate

For financing activities, include:

- range of interest rates

Response

The activity will be the redevelopment of infill affordable units for income-eligible homebuyers all of which will have incomes at or below 120% of AMI, adjusted for family size. The tenure of beneficiaries would be homeownership, lease-purchase or rental.

Third-party partners will purchase abandoned or foreclosed-upon properties at a discount. For properties purchased individually, the properties will be purchased at least 5% below appraised value. For multiple parcel purchases, the properties will be purchased at least 15% below appraised value. The overall purchase discount shall be 10%.

Development subsidy grants will be provided for the total project costs that exceed the appraised value. Deferred payment construction loans or grants at 0% interest shall be made by the City of Toledo to the third-party developer for the amount up to the appraised value or total acquisition, rehabilitation, and related eligible soft costs, including a 15% developer fee, whichever is less.

For rental or lease purchase properties, the City may make a permanent loan to developers at no more than the applicable federal rate, secured by a mortgage, for up to 20 years. A ten-year pro forma will determine the interest rate, term and repayment schedule, using a debt coverage ratio between 1.15 and 1.5. The annual repayment schedule shall be net revenue.

Financial strategies, such as down-payment assistance, will be used under NSP to help income-qualified homebuyers purchase homes. Down-payment assistance will be in an amount equal to 20% of the appraised value. Down payment assistance is intended to encourage a quick sale and avoid private insurance payments. The assistance would be in the form of a forgivable loan. The loan will be for a term equal to the schedule below:

- \$1 to \$14,999.99 NSP funds - 5-year term
- \$15,000.00 to \$39,999.99 NSP funds – 10-year term, and
- \$40,999.00 or more NSP funds – 15-year term.

Down-payment assistance loans will be forgiven on a prorated basis as long as the property remains their primary residence. Loan repayment will be required if there is a change in title of the property. There will be a 0% interest rate charged for families at or below 50% AMI, 2% charged for families with incomes between 50% and 80% AMI, and 4% for families with incomes between 80% and 120% AMI.

To reduce costs, the properties will have to meet the City's housing standards, which have been developed to minimize operating costs and future capital expenditures. The City of Toledo will utilize its housing standards that it currently has adopted for its Owner-Occupied Rehabilitation Program and its Housing Development Fund Program, both funded in part with HOME funding. The components of the City of Toledo's housing standards include the following:

- Code violations – All building, nuisance and housing code violations will be corrected. Properties will be inspected to identify code violations and rehab specifications with estimated costs being developed to clearly identify corrections of all such violations.
- Lead-Based Paint Hazards – A Lead-Based Paint Inspection (XRF testing and dust-wipe sampling) and Risk Assessment by licensed personnel will be performed on each property to identify the existence and scope of any lead-based paint hazards. The standards of "Lead-Based Paint Poisoning Prevention in Federally Owned or Federally Assisted Housing," found in 24 CFR Part 35, will apply.
- Energy Efficiency – All buildings will be made as energy efficient as possible within the program guideline limits. Anticipated work will include sealing exterior openings, insulating walls, attics, and crawl spaces, replacement of energy-inefficient windows and furnaces, etc.
- Incipient Code Items – New homeowners, especially lower-income households, often have limited access to resources necessary for short-term large maintenance and capital expenses. Once costs for corrections of code violations, lead-based hazard control work and energy efficiency have been completed, additional program improvements may be used to replace structural and mechanical systems, including roofs, hot water tanks, furnaces, plumbing/lighting fixtures that have a short remaining life.

The properties will remain affordable depending on the total amount of NSP funds available according to the following schedule:

- \$1 to \$14,999.99 NSP funds - 5-year term,
- \$15,000.00 to \$39,999.99 NSP funds – 10-year term, or
- \$40,999.00 or more NSP funds – 15-year term.

To ensure the affordability, a deed restriction will be placed upon the property at closing to reflect the appropriate period of affordability.

9) Total Budget:

A total of 12 units are planned at an estimated cost of \$1,920,000.

10) Performance Measurement: (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50% of area median income and below, 51-80%, and 81-120%):

The City intends to have limited number of newly constructed units under the NSP grant. Redevelopment activities would occur as infill in some tipping-point neighborhoods, or be used to implement adopted New Schools, New Neighborhood strategies in the Chase, Garfield, Sherman and Stewart Elementary School districts. A total of 12 new housing units are scheduled for completion under the redevelopment activity category at an estimated cost of \$1,920,000. All newly constructed units attributable to this activity will be occupied by households with incomes at or below 120% AMI adjusted for family size.

It is anticipated that the amount of funding allocated to households with incomes at or below 50% AMI will be no less than \$640,907.80. With this amount of NSP allocated, it is projected that a minimum of four housing units will be occupied by individuals and families with incomes at or below 50% AMI.

The remaining portion of the NSP funds that is dedicated for individuals and families with incomes between 51% and 120% AMI is estimated to be \$1,279,092.20. Therefore, individuals and households with incomes between 51% and 120% AMI will occupy at least eight housing units under the redevelopment activity.

The actual number of units constructed with NSP funds will be measured against the projected numbers. For a newly completed unit to be counted, the Certificates of Occupancy must be issued.

**G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)**

1) Activity Name: **Landbanking (NSP 4)**

2) Activity Type: (include NSP eligible use & CDBG eligible activity).  
CDBG – 24 CFR 570.201(a), acquisition.

3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice - ≤ 120% of area median income).

The City of Toledo will adhere to NSP regulations by spending the funds to benefit persons and families whose incomes do not exceed 120% area median income.

4) Projected Start Date: January 2009

5) Projected End Date: December 2012

6) Responsible Organization: (Describe the responsible organization that will implement NSP activity, including its name, location, and administrator contact information).

The City of Toledo will be the lead entity, One Government Center, Suite 1800, Toledo, OH 43604. Program Manager: Ebenezer Osei-Kwame, 419-245-1416, [ebenezer.osei-kwame@toledo.oh.gov](mailto:ebenezer.osei-kwame@toledo.oh.gov). Other partners with special capacities to maintain may be used to provide expertise, including the following entities:

- The Department of Neighborhoods' Neighborhood Beautification Action team or private contractors to maintain abandoned and foreclosed-upon properties owned by entities other than the City; and
- The City of Toledo, Division of Code Enforcement to bill property owners for maintenance of abandoned and foreclosed-upon properties through the NSP landbanking activity.

7) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known).

The City will only authorize the maintenance of abandoned and foreclosed-upon properties that are in the census tracts that have at least 50% of its households with incomes at or less than 120% AMI. Within these neighborhoods, the priority census tracts include neighborhoods such as the four New Schools, New Neighborhoods, the Dorr Street Corridor area, the Old South Toledo La Onda neighborhood, Victoria Hill Coalition/Prentice Park neighborhood, St. Vincent Legacy neighborhood, Ironwood neighborhood and Hi-Level neighborhood (See Map 6 and CDC Target Neighborhoods chart below for details).

**CDC Target Neighborhoods**

<b>Zip Codes</b>	<b>Neighborhood</b>	<b>Census Tracts</b>
43611	Chase School	12.02 (partial)
43607	Dorr Street Corridor/	24.02 (partial), 25 (partial), 26 (partial),

	Stewart School	31 (partial), 32, 33, 36 (partial), 37, 67 (partial)
43605	Garfield School	47.01
43605	Hi-Level	48 (partial), 51 (partial)
43605	Ironwood	53
43609	La Onda	38 (partial), 41 (partial)
43608	Sherman School	17, 18, 19 (partial)
43620	St. Vincent Legacy	16 (partial), 22
43605	Victorian Hill/ Prentice Park	48

The secondary target area for landbanking will be tipping-point neighborhoods that include zip codes 43612 & 43613 (Library Village/Close Park neighborhood), 43605 (East Toledo), 43607 (Secor Gardens/Sleepy Hollow neighborhood) and 43609 (Highland Heights/Burroughs School neighborhoods) (See Map 6 and Tipping Point Neighborhoods chart below for details).

### **Tipping Point Neighborhoods**

<b>Zip Codes</b>	<b>Neighborhood</b>	<b>Census Tracts</b>
43612 & 43613	Library Village/Close Park	57.03, 61, 62, 2, 3, 4, 6, 7, 13.03 (partial), 63
43605	East Toledo	46, 47.01, 47.02, 48, 49, 50, 51, 52, 53
43607	Secor Gardens/ Sleepy Hollow	66 (partial), 67 (partial), 74 (partial)
43609	Highland Heights/ Burroughs School	39, 40, (partial), 43.02 (partial), 43.02 (partial), 44

#### 8) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

For housing related activities, include:

- tenure of beneficiaries-rental or homeownership;
- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include

- discount rate

For financing activities, include:

- range of interest rates

## Response

The City of Toledo has budgeted \$235,535.40 towards landbanking activities. Most of the funds under this activity will be used to clean, mow, and maintain privately owned, abandoned and foreclosed-upon properties for which the city will bill the owner for actual costs. Some of the funds may be used to purchase properties and demolish them for future development. Other possible uses under this activity may include acquisition and demolition to allow for expansion or improvement of a public facility, or conversion to public green space/park.

### 9) Total Budget:

The City of Toledo has budgeted \$235,535.40 towards landbanking activities. (See attachment B)

10) Performance Measurement: (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 % of AMI and below, 51-80%, and 81-120%):

All abandoned or foreclosed-upon properties that will be acquired and landbanked and/or that will be maintained will be within census tracts that have at least 51% of households with incomes at or below 120% AMI, adjusted for family size. Most of these landbanked and/or maintained properties will be within central city and East Toledo neighborhoods, especially within the following neighborhoods: Chase, Garfield, Sherman and Stewart Elementary School districts, the Dorr Street Corridor area, the Old South Toledo La Onda neighborhood, Victoria Hill Coalition/Prentice Park neighborhood, St. Vincent Legacy neighborhood, Ironwood neighborhood and Hi-Level neighborhood (See Map 6 for details). Secondary target areas for landbanking will be tipping-point neighborhoods that include zip codes 43612 & 43613 (Library Village/Close Park neighborhood), 43605 (East Toledo), 43607 (Secor Gardens/Sleepy Hollow neighborhood) and 43609 (Highland Heights/Burroughs School neighborhoods) (See Map 6 for details).

**G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)**

1) Activity Name: **Financing Mechanisms (NSP 5)**

2) Activity Type: (include NSP eligible use & CDBG eligible activity).

NSP eligible financing mechanisms; CDBG – 24 CFR 570.202, homeownership assistance.

3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice - ≤ 120% of area median income).

The City of Toledo intends to comply with NSP regulations by using the funds to benefit persons and families whose incomes do not exceed 120% area median income.

4) Projected Start Date: January 2009

5) Projected End Date: December 2012

6) Responsible Organization: (Describe the responsible organization that will implement NSP activity, including its name, location, and administrator contact information). The City of Toledo will be the lead entity, One Government Center, Suite 1800, Toledo, OH 43604. Program Manager: Ebenezer Osei-Kwame, 419-245-1416, [ebenezer.osei-kwame@toledo.oh.gov](mailto:ebenezer.osei-kwame@toledo.oh.gov). Other partners with special capacities will be used to provide expertise in areas such as loan processing and property management of rental properties:

- HUD-approved housing counseling agencies – NHS, NODA, FNV, and Catholic Charities will provide eight hours of housing counseling;
- Loan processing will be performed by City of Toledo's Neighborhood Development Specialists;
- Loan collections will be provided by City of Toledo and/or third-party property owners like LMHA, NHS, LDC, NRDC, FNV, Mount Pilgrim Church, Preferred Properties, NPI., Maumee Valley Habitat for Humanity, American Working Family, and other qualified private developers; and
- Experienced property management companies will provide property management services.

7) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known).

The City of Toledo will first target its financing mechanism for abandoned or foreclosed properties activities in the tipping point neighborhoods, which include zip codes 43612 & 43613 (Library Village/Close Park neighborhood), 43605 (East Toledo), 43607 (Secor Gardens/Sleepy Hollow neighborhood) and 43609 (Highland Heights/Burroughs School neighborhoods) (See Map 6 and Tipping Point Neighborhoods chart below for details). The primary strategy in these neighborhoods will be the purchase and rehabilitation of foreclosed properties to arrest deterioration of properties and subsequent degeneration of these neighborhoods. The City anticipates that it and its third-party partners will complete the acquisition and rehabilitation of 49 units in the tipping-point neighborhoods and 26 in targeted central city neighborhoods.

### Tipping Point Neighborhoods

Zip Codes	Neighborhood	Census Tracts
43612 & 43613	Library Village/Close Park	57.03, 61, 62, 2, 3, 4, 6, 7, 13.03 (partial), 63
43605	East Toledo	46, 47.01, 47.02, 48, 49, 50, 51, 52, 53
43607	Secor Gardens/ Sleepy Hollow	66 (partial), 67 (partial), 74 (partial)
43609	Highland Heights/ Burroughs School	39, 40, (partial), 43.02 (partial), 43.02 (partial), 44

The second priority in central city neighborhoods include the four New Schools, New Neighborhoods (designated blocks within the Chase, Garfield, Sherman and Stewart Elementary School districts), the Dorr Street Corridor area, the Old South Toledo La Onda neighborhood, Victoria Hill Coalition/Prentice Park neighborhood, St. Vincent Legacy neighborhood, Ironwood neighborhood and Hi-Level neighborhood (See Map 6 and CDC Target Neighborhoods chart for details). All are areas where current revitalization plans are active, making it easier to tie in NSP activities. NSP acquisition and rehabilitation activities will also target other CDC areas where substantial investments have already occurred.

### CDC Target Neighborhoods

Zip Codes	Neighborhood	Census Tracts
43611	Chase School	12.02 (partial)
43607	Dorr Street Corridor/ Stewart School	24.02 (partial), 25 (partial), 26 (partial), 31 (partial), 32, 33, 36 (partial), 37, 67 (partial)
43605	Garfield School	47.01
43605	Hi-Level	48 (partial), 51 (partial)
43605	Ironwood	53
43609	La Onda	38 (partial), 41 (partial)
43608	Sherman School	17, 18, 19 (partial)
43620	St. Vincent Legacy	16 (partial), 22
43605	Victorian Hill/ Prentice Park	48

#### 8) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

For housing related activities, include:

- tenure of beneficiaries-rental or homeownership;

- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include

- discount rate

For financing activities, include:

- range of interest rates

This activity will be used under NSP to help income-qualified homebuyers purchase houses. Down-payment assistance will be in an amount equal to 20% of the appraised value. Down-payment assistance is intended to encourage a quick sale and avoid the need to obtain private insurance. Assistance will be in the form of a forgivable loan and for a term equal to the schedule below:

- \$1 to \$14,999.99 NSP funds - 5-year term;
- \$15,000.00 to \$39,999.99 NSP funds – 10-year term;
- \$40,999.00 or more NSP funds – 15-year term.

The loan will be forgiven on a prorated basis as long as the property remains the primary residence. Loan repayment will be required if there is a change in the property title. There will be a 0% interest rate charged for families at or below 50% AMI, 2% charged for families with incomes between 50% and 80% AMI, and 4% for families with incomes between 80% and 120% AMI.

For those potential homebuyers who meet the program eligibility but are unable to secure private mortgage financing due to the tight credit market, they may be able to secure an NSP mortgage for the remaining balance. The developer/property owner will present potential homebuyer cases and recommendations to the Department of Neighborhoods' Loan Committee. Minimally, approval is contingent upon the following criteria:

- Homeowners will have to complete eight hours of housing counseling from one of the qualified HUD housing counseling agencies;
- Total debt ratios must be at or below 45%;
- Housing debt ratios must be at or below 38%;
- The date of discharge of bankruptcy must be at least two years prior to property closing;
- No late credit payments may have occurred in the past six months;
- No outstanding judgments or collections, excepting collections for medical expenses;
- Nontraditional credit sources may be used to determine credit-worthiness;
- If eligible for IDA program, there must be at least six months timely payment into IDA for home repairs, with no late payments and continued payments for life of the period of affordability;

- If not eligible for IDA program, homebuyers will be required to set up a home repair escrow account with at least \$300 at the time of closing and make at least \$50 per month payments for life of period of affordability;
- Homebuyer will need to have a minimum \$500 equity in the purchase. Homebuyers will be given credit for payment of fees and costs associated with the mortgage application or home purchase, including but not limited to earnest moneys, application fees, home inspection fees, pest inspection fees or any combination of eligible fees and costs; and
- No cosigners will be allowed.

Any funds over \$300 returned to the borrower must be used to write down the City's mortgages, applying to the mortgages with the highest mortgage balance.

For permanent financing, there will be a 0% interest rate charged for families at or below 50% AMI, 2% charged for families with incomes between 50% and 80% AMI, and 4% for families with incomes between 80% and 120% AMI. The term shall be up to 30 years.

9) Total Budget:

Funding for this activity will come from developers' construction loan repayments upon the sale of subject properties to qualified homebuyer whose income will not exceed 120% AMI.

10) Performance Measurement: (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50% of AMI and below, 51-80%, and 81-120%):

While it is anticipated that third-party partners under contract with the City will acquire and rehabilitate 75 housing units, not all property will be sold. At this time, the City is unable to determine how many of the units will be sold to eligible households during the four-year period of time. Program income generated at sale to qualified individuals and households will be available for both down-payment and permanent financing, if needed.

**G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY**

**Activity Name: Administration NSP 6)**

2) Activity Type: (include NSP eligible use & CDBG eligible activity).  
CDBG – 24 CFR 570.206

3) National Objective: (Must be a national objective benefiting low-, moderate- and middle-income persons, as defined in the NSP Notice - ≤ 120% of area median income).  
The City of Toledo will adhere to NSP regulations by using the funds to benefit persons and families whose incomes do not exceed 120% area median income.

4) Projected Start Date: January 2009

5) Projected End Date: December 2012

6) Responsible Organization: (Describe the responsible organization that will implement NSP activity, including its name, location, and administrator contact information).  
The City of Toledo will be the lead entity, One Government Center, Suite 1800, Toledo, OH 43604. Program Manager: Ebenezer Osei-Kwame, 419-245-1416, [ebenezer.osei-kwame@toledo.oh.gov](mailto:ebenezer.osei-kwame@toledo.oh.gov). The Department of Neighborhoods, Division of Administrative Services, will assist the program director in carrying out the administrative activities.

7) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known).

The City of Toledo will be the lead entity, One Government Center, Suite 1800, Toledo, OH 43604.

8) Activity Description:

For housing related activities, include:

- tenure of beneficiaries-rental or homeownership;
- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include

- discount rate

For financing activities, include:

- range of interest rates

Not applicable under administration.

9) Total Budget: \$1,227,070.60 or 10% of the NSP grant.

From the original NSP allocation, the City of Toledo will budget 10% or \$1,227,070.60. While \$435,420.60 is budgeted to City of Toledo personnel for the administration and planning of the NSP, the remaining funds will pay for administrative costs to outside contractors, vendors, equipment and supplies.

The City of Toledo will advertise the availability of NSP-funded housing units to create pools of occupants, both owners and renters, in order to facilitate rapid occupancy of rehabbed units. Once the City is notified by HUD regarding approval of NSP grant, the City will give notice to qualified vendors of an RFP for marketing of the NSP. The budget for marketing is \$200,000.

Each owner-occupant will be required to attend and complete an eight-hour homeownership training session from a qualified HUD-approved housing counseling agency. It is anticipated that one out of every nine applicants who completes the homeownership training will purchase a house. As there may be as many as 87 units sold, the City has budgeted \$345,600 to pay selected HUD-approved housing counseling agencies.

To increase the chances of new homeowners remaining owner-occupants, the City will contract with one of the housing counseling agencies for an after-care housing counselor at a cost of \$70,000. This after-care housing counselor will meet with new homeowners on a monthly basis to identify and address potential issues that may threaten their ability to remain homeowners.

Within Northwest Ohio, there is a shortage of qualified contractors who possess the necessary training to undertake lead-hazard control work. This is compounded by the increased workload anticipated under the NSP and the City's recent award of Lead Hazard Demonstration Grant. To increase the capacity of properly trained contractors, the City has budgeted \$25,000 for lead training.

The City has an adequate number of trained personnel to undertake lead-paint inspections and risk assessments for this program, but is in need of an additional XRF analyzer to undertake lead-paint inspections. The City has budgeted \$20,000 for purchase and licensing of an additional XRF analyzer.

While the City intends to charge appraisals, title work and termite inspections to each project once project approval is obtained, the City has identified the need to budget a total of \$19,890 from its administrative costs for these activities for properties that are not purchased. The specific breakdown is as follows:

- Appraisals \$7,800
- Title work \$9,750
- Termite inspection \$2,340

In addition to the other costs, the City has budgeted \$30,000 for printing and \$25,000 for postage.

10) Performance Measurement: (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50% of area median income and below, 51-80%, and 81-120%):

Performance measurement will be based upon comparing the actual total administrative expenditures over the four years compared to budget amount.

# 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

\_\_\_\_\_  
Title

**City of Toledo**  
**Neighborhood Stabilization Program (NSP)**  
**Initial Budget**

Activity 1	\$7,270,000.00	Acquisition/Rehab/Resale
Activity 2	\$1,618,110.00	Demolition
Activity 3	\$1,920,000.00	Redevelopment
Activity 4	\$ 235,535.40	Landbanking
Activity 5	Program income	Financial Mechanisms
Activity 6	\$1,227,070.60	Administration
	\$12,207,706.00	